

**Texas County & District Retirement System
Minutes of the Board of Trustees' Meeting
September 14, 2023**

Agenda Number	Description
1	Call meeting to order
2	Receive report of executive director
3	Receive report of fiduciary counsel
4	Public comment
5	Consider consent agenda items
a	June 2023 regular meeting minutes
b	Quarterly financial statements
c	Participation of new districts
d	Special service provision for Brazos County Emergency Services District #2
6	Consider executive director's monitoring report
7	Consider chief investment officer's monitoring report
8	Receive investment performance measurement and investment consultant reports
9	Consider hedge funds, distressed debt, private real estate, strategic credit, direct lending and private equity investments
10	Consider REIT managers due diligence review report
11	Consider amendment(s) and update(s) to investment policy
12	Receive education on TCDRS Funding Policy
13	Receive report on customer feedback
14	Receive operations report
15	Review governance policy and consider amendment(s) to board governance policies
16	Receive report of legal counsel
17	Consider 2024 trustee meeting dates
21	Receive report of chair
22	Consider compliance at this meeting with board's governance policies
23	Adjournment

The Board of Trustees of the Texas County & District Retirement System met on September 14, 2023, in Austin, TX.

Attendees:

Trustees:

1. Mary Louise Nicholson, Chair
2. Deborah Hunt, Vice-Chair
3. Susan Fletcher
4. Chris Taylor
5. Holly Williamson

Trustees Not Attending:

1. Tammy Biggar
2. Chris Davis
3. Sammy Farias
4. Kara Sands

Staff:

Amy Bishop, Executive Director
Casey Wolf, Chief Investment Officer
Karen Correa, Deputy Executive Director
Sandra Bragg, Deputy Investment Officer – Operations
Jon Shoen, Deputy Investment Officer – Investments
Ann McGeehan, General Counsel
Michelle Kranes, Chief Operating Officer
Kathy Thrift, Chief Experience Officer
Chris Bucknall, Director, Actuarial Services
Nathan Joiner, Accounting Manager, Finance
Julie Dwiggin, Executive Assistant
Tina Silguero, Records & Information Analyst
Chad Estes, Business Analyst

Consultants:

Matt Larrabee, Milliman, Inc.
Kathy Barchick, Cliffwater, LLC
Chuck Campbell, Jackson Walker
Jason McElvaney, McElvaney Public Affairs

Note: The following minutes are referenced by permanent item and agenda numbers.

5050 (agenda no. 1) Call meeting to order

Chair Nicholson called the meeting to order at 8:33 a.m.

5051 (agenda no. 2) Receive report of executive director

Amy Bishop, Executive Director, presented her report which included a review of the successful TCDRS annual conference held on July 20-21, and updates on the renovation of the 4th and 5th floors of the TCDRS building and the strategic planning process.

5052 (agenda no. 5) Consider consent agenda items

Karen Correa, Deputy Executive Director, presented four consent agenda items.

5a. Approval of June 14, 2023, regular meeting minutes.

5b. Approval of quarterly financial statements as of June 30, 2023.

5c. Approval of participation of six new districts (Bell County Public Health District, Bowie County Soil & Water Conservation District, Brazos County Emergency Services District #2, Corpus Christi Downtown Management District, Galveston County Emergency Services District #2, Harris County Emergency Services District #21, Harris County Emergency Services District #3 and Pecos County Memorial Hospital District).

5d. Special service provision for Brazos County Emergency Services District #2

Motion: After discussion, Trustee Fletcher made a motion to approve the consent agenda items. Vice-chair Hunt seconded. Motion carried.

5053 (agenda no. 3) Receive report of fiduciary counsel

Chuck Campbell, with Jackson Walker, had no report for this meeting.

5054 (agenda no. 4) Public comment

No members of the public were present at this meeting.

5055 (agenda no. 6) Consider executive director's monitoring report

Amy Bishop presented the executive director's monitoring report, which included a review of performance against the Ends Policy (E1). Ms. Bishop also reviewed Executive Limitation 5 – Financial Activities (EL5). Ms. Bishop discussed each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual with two exceptions to EL5 Policy #7.

Motion: After discussion, Trustee Williamson made a motion to approve the director's monitoring report. Trustee Fletcher seconded. Motion carried.

5056 (agenda no. 7) Consider chief investment officer's monitoring report

Casey Wolf, Chief Investment Officer, presented the chief investment officer's monitoring report, which included the annual Ends Policy (E1) report and the quarterly monitoring reports on Executive Limitation 5 – Financial Activities (EL5) and Executive Limitation 11-Investment Policies (EL11). Mr. Wolf discussed each monitoring report and reported compliance with the executive limitations as required by the Board of Trustees' Policy Manual.

Motion: After discussion, Trustee Taylor made a motion to approve the chief investment officer's monitoring report. Vice-chair Hunt seconded. Motion carried.

5057 (agenda no. 8) Receive investment performance measurement and investment consultant reports

Casey Wolf and Kathy Barchick, with Cliffwater, presented the investment performance measurement and investment consultant reports for the period which ended June 30, 2023.

5058 (agenda no. 9) Consider hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments

The report on hedge funds, distressed debt, private real estate, opportunistic credit, direct lending and private equity investments was combined with agenda item 5057 above.

Motion: After discussion, Trustee Taylor made a motion to accept the *Board Resolution for Approval of Investments*, proposed by Cliffwater and the chief investment officer, regarding acquiring equity interests in hedge funds, distressed debt, private real estate, direct lending and private equity investments. Trustee Williamson seconded. Motion carried.

Board Resolution for Approval of Investments

WHEREAS, the Board has reviewed the Investment Officer's Investment Recommendations to use TCDRS assets to acquire equity interests (collectively, the "Investments") in those certain private equity, distressed debt, direct lending, strategic credit, real estate, and hedge funds (each, a "Fund" and collectively, the "Funds") named on Schedule 1 attached hereto; and

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed Investments as described in those certain Investment Recommendations dated September 14, 2023, for the Funds be approved; and be it further

RESOLVED, that the Investment Officer be, and he hereby is, authorized to make such further revisions to the terms and provisions of each of the proposed Investments as may be necessary or in the best interests of TCDRS; and be it further

RESOLVED, that for private equity, distressed debt, and real estate funds approved in this and prior Board resolutions, the Investment Officer is authorized to invest an amount in each such approved fund equal to the maximum amount listed below that corresponds to such fund's category of investment:

Buyout	\$300 million	Distressed Debt commingled funds	\$200 million or equivalent in € or £
Venture Capital	\$150 million	Real Estate	\$175 million or equivalent in € or £
Real Assets	\$200 million	Direct Lending commingled funds	\$300 million or equivalent in € or £
Non-U.S.	\$250 million or equivalent in € or £		

RESOLVED, that for hedge funds approved in this and prior Board resolutions, the Investment Officer is authorized to invest amounts in such approved funds consistent with the investment objectives, guidelines, and style targets described in Section 14 of the TCDRS Investment Policy and the allocation bands in Table 1 of the TCDRS Investment Policy.

RESOLVED, that for all strategic credit funds, distressed debt funds-of-one, and direct lending funds-of-one approved in this and prior Board resolutions, the Investment Officer is authorized to invest amounts in such approved funds consistent with the investment objectives and guidelines described in Section 13 of the TCDRS Investment Policy and the allocation bands in Table 1 of the TCDRS Investment Policy.

RESOLVED, that, from the date the Board adopts this resolution until the date of the next regularly scheduled Board meeting (the "Interim Period"), the Investment Officer be, and he hereby is, authorized to use TCDRS assets to acquire (or commit to acquire) an equity interest in a Fund that is not named on Schedule 1 attached hereto or in a prior Board resolution (a "Non-Scheduled Fund"), provided that (A) no more than \$500 million may be used during the Interim Period to acquire (or commit to acquire) Non-Scheduled Funds, (B) such acquisition or commitment is otherwise in compliance with the TCDRS Investment Policy and applicable law, and (C) the Investment Officer promptly notifies the Board of any acquisition of (or commitment to acquire) a Non-Scheduled Fund that occurs during the Interim Period, and be it further

RESOLVED, that during the Interim Period, the Investment Officer be, and he hereby is, authorized to transfer assets from any previously Board-approved private markets fund, as well as commit additional assets, to a continuation vehicle managed by the existing general partner, even though such investments are not named on Schedule 1 attached hereto or in a prior Board resolution, provided that the Investment Officer notifies the Board of the continuation fund investment at the next regularly scheduled meeting of the Board, and be it further

RESOLVED, that during the Interim Period, the Investment Officer be, and he hereby is, authorized to use TCDRS assets to acquire (or commit to acquire) a direct interest in companies or other entities through co-investments with an existing general partner in a private markets fund, even though such investments are not named on Schedule 1 attached hereto or in a prior Board resolution, provided that (A) no more than \$100 million may be used during the Interim Period for co-investments (or commitments for co-investments), (B) such co-investments are otherwise in compliance with the TCDRS Investment Policy and applicable law, and (C) the Investment Officer notifies the Board of co-investments that occur during the Interim Period prior to or at the next regularly scheduled meeting of the Board, and be it further

RESOLVED, that the Investment Officer be, and he hereby is, authorized and empowered to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investments), in the name and on behalf of TCDRS, or otherwise, as the Investment Officer may deem necessary, advisable, or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of TCDRS under the Investments and the instruments referred to therein.

SCHEDULE I

Direct Lending

Blue Owl Funding Partners

Distressed Deb

Marblegate Partners Fund III

Strategic Credit

- * ArrowMark Global Opportunity Fund IV & ArrowMark fund of one
Blackstone RST & Blackstone fund of one
- * Chorus Capital Credit Fund V & Chorus Capital fund of one
- * Man Group CRS & Man Group fund of one

Private Real Estate

Blackstone Real Estate Partners Europe VII
Carlyle Realty Partners X – Opportunistic
Related Real Estate Fund IV -- Opportunistic
Starwood Global Opportunity XIII -- Opportunistic

Private Equity & Co-Investments

- * CIVC VII – Buyout
BPE Asia Co-Invest 2 – Buyout
- * Gauge IV – Buyout
GTCR Co-Invest 1 – Buyout
Linden VI & Linden Co-Invest VI – Buyout
- * NexPhase V – Buyout
Summit Growth XII – Buyout
- * Tower Arch III – Buyout
TSG Co-Invest 3 – Buyout
Veritas IX – Buyout
Baring Asia Mid-Market Fund – Non-US
- * Main Capital VIII & Main Foundation II – Non-US
- * Vendis Capital IV – Non-US
Spark Capital VIII – Venture
Spark Growth V – Venture
Carnelian Co-Invest 1 – Real Assets

* potential new manager relationship

Note: The Resolution for Approval of Investments is essentially a forward calendar of possible investments that may be made by the Investment Officer following successful due diligence. There is no assurance that any of the authorized investments will ultimately result in commitments by TCDRS. Actual commitments are reported as they close on the Our Investments page on the TCDRS website. (<https://www.tcdrs.org/OurInvestments/Pages/OurInvestments.aspx>)

5059 (agenda no. 10) Consider REIT managers due diligence review report

Kathy Barchick presented a formal review of the current REIT managers. Ms. Barchick recommended retaining both Cohen & Steers and Dimensional Fund Advisors as REIT managers.

Motion: After discussion, Vice-chair Hunt made a motion to retain both Cohen & Steers and Dimensional Fund Advisors as REIT managers. Trustee Williamson seconded. Motion carried.

5060 (agenda no. 11) Consider amendment(s) and update(s) to investment policy

No amendments or updates to the investment policy at this meeting.

5061 (agenda no. 12) Receive education on TCDRS Funding Policy

Matt Larrabee, with Milliman, presented education on the TCDRS Funding Policy in which he explained the goals of the policy and its main components.

Mr. Larrabee discussed a possible update to the policy recommending a level-dollar method rather than a level-percent-of-pay method to amortize unfunded accrued actuarial liabilities. This update will be considered by the board at their December meeting.

5062 (agenda no. 13) Receive report on customer feedback

Kathy Thrift, Chief Experience Officer, presented the annual assessment of customer feedback including employer feedback gathered from the annual linkage survey and surveys conducted after services; and member feedback collected via the web and surveys.

5063 (agenda no. 14) Receive operations report

Karen Correa, Deputy Executive Director, and Michelle Kranes, Chief Operating Officer, presented the operations report.

Ms. Correa updated the board concerning the strategic projects accomplished in 2023, including work optimization, time reduction enhancements and web registration. She also discussed the timeline for strategic projects scheduled for late 2023, 2024 and beyond. Ms. Kranes discussed the impact of the paperless initiative, including employers' high adoption rate of digital processes and significant increases in the number of members that have claimed their online account.

5064 (agenda no. 15) Review governance policy and consider amendment(s) to board's governance policies

Amy Bishop presented *GP7 – Trustee Conduct*, *GP8 – Board Committee Principles*, *GP9 – Board Committee Structure* and *BSR5 – Monitoring Director & Investment Officer Performance* for board review. No amendments were made at this meeting.

5065 (agenda no. 16) Receive report of legal counsel

Ann McGeehan, General Counsel, presented the legal counsel report.

Ms. McGeehan presented a report on the TCDRS building. She reported that the building is fully leased and discussed building improvements completed or scheduled for 2023.

Ms. McGeehan also reported that there has been no activity on an administrative appeal pending with the State Office of Administrative Hearings.

5066 (agenda no. 17) Consider 2024 trustee meeting dates

The board discussed the 2024 trustee meeting dates.

Motion: After discussion, Vice-chair Hunt made a motion that the first through fourth regular meetings for 2024 be held on March 21, June 20, September 12 and December 12. Trustee Williamson seconded. Motion carried.

5067 (agenda no. 18) Receive report of chair

Chair Nicholson had no report for this meeting.

5068 (agenda no. 19) Consider compliance at this meeting with the board's governance policies

The board discussed and determined its compliance with its governance policies during this meeting as required by Governance Process 5 – Agenda Planning (GP5).

5069 (agenda no. 20) Adjournment

There being no further business to come before the board, Chair Nicholson adjourned the meeting at 12:06 p.m.

APPROVED BY THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM BOARD OF TRUSTEES ON THE 7th DAY OF DECEMBER 2023.

ATTESTED BY:



Amy Bishop
Executive Director & Secretary to the
TCDRS Board of Trustees

12/07/2023

Date