



**Texas Emergency Services Retirement System  
Board Meeting**

May 16, 2024

Cambria Austin Airport  
7800 Ben White Blvd.  
Austin, Texas 78741



**Texas Emergency Services Retirement System (TESRS)**  
**BOARD MEETING AGENDA**  
**May 16, 2024 8:30 a.m.**  
**Cambria Hotel Austin Airport**  
**7800 E. Ben White Blvd., Austin, TX 78741**

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This meeting may be held by videoconference call pursuant to Texas Government Code § 551.127. The member presiding over the meeting will be physically present at the location of the meeting listed above and will preside over the meeting at that location. The meeting will be accessible to the public at the physical location listed above. If the meeting is held by videoconference call, an audio recording of the meeting will be available on the TESRS website at [www.tesrs.org](http://www.tesrs.org).

The meeting will be accessible to the public at the physical location listed above. An audio recording of the meeting will be available upon request after May 16, 2024. To obtain a copy of the recording, please email: [info@tesrs.texas.gov](mailto:info@tesrs.texas.gov) or call (512) 936-3422

The TESRS Board may discuss, consider, and act on any agenda item listed below. The TESRS Board may meet in closed session regarding any agenda item listed below as authorized by the Texas Open Meetings Act, Chapter 551, Texas Government Code.

1. Roll Call and Excuse of Board Member Absences
2. Invitation for Public Comment
3. Meetings Minutes February 29, 2024 and April 18, 2024 Meeting
4. Financial Budget Report
  - A. FY2024 Non-Appropriated Budget and Expenditures
  - B. FY2024 Appropriated Budget and Expenditures
  - C. Cash Flow Projection
5. Investment Committee
  - A. Investment Consultant Report on Investment Performance
  - B. Investment Performance Report for the Quarter Ending March 31, 2024
  - C. Investment Manager Watch List Report
  - D. Written Investment Policy and Asset Allocation
6. Actuarial Best Practice by Rudd & Wisdom, Inc.
7. State Office of Risk Management (SORM) – Agency Overview
8. IT Committee Report
  - A. CBIZ Cybersecurity Project Update
  - B. CBIZ Contract Extension for FY 2025
  - C. Cybersecurity Security Assessments and Deployments
  - D. TESRS Network Administration and Budget

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*This agenda may be amended at the request of the Executive Director or a Board Member prior to the meeting to the extent allowed by the Open Meetings Act. Persons who do not speak English or persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services, such as language interpreters or interpreters for the deaf or hearing impaired, readers, large print or Braille, are requested to contact the agency at (512) 936-3372 or [info@tesrs.texas.gov](mailto:info@tesrs.texas.gov) no less than five weekdays prior to the meeting so that arrangements can be made.*

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9. Rules Committee Report
  - A. Proposing in the Texas Register a 4-year rule review of the following chapters in 34 Texas Administrative Code: 302, General Provisions Relating to the Texas Emergency Services Retirement System; 304, Membership in the Texas Emergency Services Retirement System; 306, Creditable Service for Members of the Texas Emergency Services Retirement; Chapter 308, Benefits from the Texas Emergency Services Retirement System; Chapter 310, Administration of the Texas Emergency Services Retirement System.
10. New Office Facility Update
11. Director of Compliance & Marketing Update
  - A. Department Recruiting and Department Visits
  - B. Department Annual Reports
  - C. Texas Panhandle Wildfire Investigation Report
  - D. State Firefighters' & Fire Marshals' Association of Texas (SFFMA) Conference
12. Executive Director Report
  - A. Contract Solicitation Update
  - B. Personnel Updates
  - C. 2025 Legislative Update
    - I. Baseline Reconciliation Report
    - II. 2025-2029 Strategic Plan Review
    - III. Legislative Appropriations Report (LAR)
13. Board Education and Training Opportunities
  - A. State Firefighters' & Fire Marshals' Association of Texas (SFFMA) Conference in San Marcos, Texas on June 27-30, 2024.
  - B. Texas Annual Fire Training School – Municipal Fire School in College, Texas on July 7-12, 2024.
  - C. TEXPERS 2024 Summer Educational Forum in San Antonio, Texas on August 18 – 20, 2024.
14. Proposed Board Meeting Dates, Locations, and Future Agenda Items
15. Adjourn

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*This agenda may be amended at the request of the Executive Director or a Board Member prior to the meeting to the extent allowed by the Open Meetings Act. Persons who do not speak English or persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services, such as language interpreters or interpreters for the deaf or hearing impaired, readers, large print or Braille, are requested to contact the agency at (512) 936-3372 or [info@tesrs.texas.gov](mailto:info@tesrs.texas.gov) no less than five weekdays prior to the meeting so that arrangements can be made.*

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**Agenda Item: 1**

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## **Agenda Item: 2**

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## **Agenda Item: 3**

## **Texas Emergency Services Retirement System**

Board Meeting Minutes

February 29, 2024 8:30 a.m.

Cambria Hotel Austin Airport

7800 E. Ben White Blvd., Austin, TX 78741

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### **Members Present:**

Pilar Rodriguez, Chairman  
Jerry Romero, Vice Chair  
Matthew Graves, Trustee  
Rod Ryalls, Trustee (Via Zoom)  
Brad Landi, Trustee  
Nathan Douglas, Trustee (Via Zoom)  
Rupal Chaudhari, Trustee  
Brian Smith, Trustee

### **Members Absent:**

Edward Keenan, Secretary

### **Staff and Others Present:**

Jessica O'Brien, Acting Executive Director, TESRS  
Michael Villanueva, Executive Assistant, TESRS  
Krystyn Garcia, Contract Manager, TESRS  
Scott Miller, Director of Compliance and Marketing, TESRS  
Cassandra Davis, Staff Services Officer, TESRS (Via Zoom)  
Rosalind Hunt, Assistant Attorney General, OAG  
Rebecca Darling, Weaver and Tidwell, L.L.P.  
Kim Bradley, CBIZ  
George Peterson, CBIZ  
Jon Breth, AndCo Consulting L.L.C. (Via Zoom)  
A.J. Weber, Lauterbach & Amen, L.L.P. (Via Zoom)  
Lindsey Rappeport, Lauterbach & Amen, L.L.P. (Via Zoom)

Chairman Rodriguez called the meeting to order at 8:31 a.m.

### **1) Roll Call and Excuse of Board Member Absences**

Michael Villanueva, Executive Assistant, called the roll. Eight board members were present. Secretary Keenan was absent. Chairman Rodriguez announced that a quorum of the board was present.

Trustee Smith arrived at 8:33.

### **2) Invitation for Public Comment**

Chairman Rodriguez called for public comment. No public comments were made.

No action was taken on this agenda item.

### **3) Approval of Minutes for November 29, 2023 Meeting**

Trustee Graves moved to adopt the minutes for November 29, 2023 as presented. The motion was seconded by Vice Chair Romero and unanimously passed by the board.

#### **4) Annual Financial Report**

Rebecca Darling, Weaver and Tidwell, L.L.P., presented information regarding the Annual Financial Report (AFR). Ms. Darling report included an TESRS Governance Letter, Audited AFR for the Year Ending of August 31, 2023 and TESRS Report on Pension Information for August 31, 2023.

No action was taken on this agenda item.

#### **5) Financial Budget Report**

- A. FY2024 Non-Appropriated Budget and Expenditures**
- B. FY2024 Appropriated Budget and Expenditures**

A.J. Weber and Lindsey Rappeport, Lauterbach & Amen, L.L.P. via Zoom presented information regarding the FY 2024 Non-Appropriated Fund Budget and Expenditures, and FY 2024 Appropriated Budget and Expenditures.

No Action was taken regarding the agenda item.

#### **6) Investment Committee**

- A. Investment Consultant Report on Investment Performance**

Jon Breth, CFP, AndCo Consulting, L.L.C., via Zoom brought news about AndCo Consulting L.L.C. had agreed to enter into acquisition by a national wealth firm called Mariner. Mr. Breth discussed the benefits of being under Mariner and what effects it will have for TESRS.

- B. Investment Performance Report for the Quarter Ending December 31, 2023**

Mr. Breth presented his report entitled Investment Consultant Report on Investment Performance and Investment Performance Report for the Quarter Ending December 31, 2023. Mr. Breth report included an overview of the market environment and economy, domestic and international equities, fixed income, and market themes.

- C. Cash Flow Projection**

Jessica O'Brien, Acting Executive Director, discussed the Cash Flow Projection. She shared details about the projected expenses, member contributions, drawdown deposit, and cash balances. Ms. O'Brien stated that after the March payroll of \$739,000 pension payrolls will be left with about \$25,000, so that she would need \$740,000 drawn down to help pay for the next pension payroll. That doesn't include a possible on duty death that we were notified on Wednesday.

The amount of on duty death might increase depending on type of duty death but that will be on the local board to report. Ms. O'Brien also stated that we will receive another member contribution since they had just completed the membership uninstallation process.



The agency is expecting receive around \$1.7 million at the end of April and that the agency should be fine using those funds moving forward until our next supposed drawdown in June for \$610,000. The drawdown in June will help cover July and August.

Trustee Romero had asked Ms. O'Brien about the duty death on what we are waiting on. Ms. O'Brien stated to Trustee Romero that we are waiting to hear the cause of death and was it on-duty or off-duty from Hays County.

Trustee Smith had asked Ms. O'Brien about operating account that had a yield on it in the money market. Ms. O'Brien stated she didn't find a definite fixed value to our cash at the comptroller's office, but we do earn interest ranging from 3% to 5%.

#### **D. Investment Manager Watch List Report**

Mr. Breth presented the Investment Manager Watch List Report. He wanted to remind the board that Jackson Square SMID Growth Fund was removed from the watch list. Replace it with Fiera Capital SMID Growth Fund and will start the clock on performance for them on February 1<sup>st</sup>. Mr. Breth did not have any other watch list recommendations to share with the board.

#### **E. Written Investment Policy and Asset Allocation**

Mr. Breth provided an update on the Written Investment Policy and Asset Allocation. He reminded the board that he and agency reached to RVK to do a review of the system. To make sure that we would be in line with the Pension Review Board (PRB) guidelines. RVK had made some recommendation to the language of the investment policy statement. In which Mr. Breth had pointed out those changes in the investment policy and any question for the board. The board.

Chairman Rodriguez asked for a motion to accept the investment report and the recommendations to amend the investment policy report. Vice Chairman Romero moved to accept the investment report and the recommendations to amend the investment policy as presented. The motion was seconded by Trustee Chaudhari and unanimously passed by the board.

At 9:34 a.m. the Board took a 10-minute break.

Meeting back in session at 9:48.

#### **7) IT Committee – CBIZ Cybersecurity Project Update**

Kim Bradley and George Peterson, CBIZ, presented overview of the CBIZ Cybersecurity Project Status Update. Ms. Bradley discussed the key items that CBIZ Risk and Advisory, is proving to TESRS are remediating TESRS Cybersecurity Framework (CSF) Assessment reporting findings, developing TESRS cybersecurity policies & procedures, conducting cybersecurity awareness training and addressing TESRS cybersecurity question, concerns and guidance.

Ms. Bradley discussed some items that were completed with TESRS during September 2023 – February 2024, such as drafting the policies for Acceptance Use Policy, Change and Configuration Management, Security Incident Response, Continuity of Operations, Disaster Recovery, Cybersecurity Committee Chapter and Mobile Device Management.

Ms. Bradley noted what was in progress as of February 2024. Such as finalizing the drafted policies, working with TESRS Staff and IT Committee on Continuity of Operations Plan (COOP) and addressing TESRS cybersecurity questions or concerns and providing guidance as requested.

Ms. Bradley discussed the next steps planned for March 2024 through May 2024, to finalize drafted policies. That CBIZ will continue to provide assistances to TESRS to remediate CSF report findings and the 2024 Information Resources Deployment Review (IRDR). Then complete drafting of the TESRS Continuity of Operations Plan and drafting additional policies and documentation for Disaster Recovery Plan, Incident Response and Reporting Plan and Information Security Policy.

No Action was taken regarding the agenda item.

## 8) Rules Committee Report

**A. Proposing in the Texas Register a 4-year rule review of the following chapters in 34 Texas Administrative Code: 302, General Provisions Relating to the Texas Emergency Services Retirement System; 304, Membership in the Texas Emergency Services Retirement System; 306, Creditable Service for Members of the Texas Emergency Services Retirement System; Chapter 308, Benefits from the Texas Emergency Services Retirement System; Chapter 310, Administration of the Texas Emergency Services Retirement System.**

Jessica O'Brien, Acting Executive Director, discussed the process of the rules review. That the rules review gives the agency and board an option to readopt rules or amendments. Ms. O'Brien stated by doing the rules review gives us a review each chapter to determine whether it is up to date and reflect current goals.

Trustee Landi made the motion based on the recommendation of the Rules committee to authorize staff to take any and all necessary action to propose in the Texas Register a 4-year rule review of the following chapters in 34 Texas Administrative Code: 302, General Provisions Relating to the Texas Emergency Services Retirement System; 304, Membership in the Texas Emergency Services Retirement System; 306, Creditable Service for Members of the Texas Emergency Services Retirement System; Chapter 308, Benefits from the Texas Emergency Services Retirement System; Chapter 310, Administration of the Texas Emergency Services Retirement System. The motion was second by Vice Chairman Romero and unanimously passed by the board.

## 9) Contracts Overview

### A. Contract Solicitation Updates

- i. Investment Accounting and Financial Reporting Services
- ii. Custodial Services for the Fund
- iii. Outside Legal Counsel Service Benefits – Employee Benefits
- iv. Outside Legal Counsel Services – Investments

Krystyn Garcia, Contract Manager, presented update on contract solicitation on Investment Accounting and Financial Report Services, Custodial Services for the Fund, Outside Legal Counsel Service Benefits – Employee Benefits and Investments. Ms. Garcia provided internal calendar of events for the contract solicitation process for each contract proposal. Ms. Garcia stated that Administration and Actuarial Committee may be asked to attend certain internal events to provide input and feedback to review certain documentation for the solicitation process kickoff.

**B. CBIZ Cybersecurity Consultant Services**

Ms. Garcia, presented information on CBIZ Cybersecurity Consultant Services. CBIZ contract will be expiring and that she will have a proposed statement of work available for the board to review and approve at the next board meeting.

No motion was taken on the agenda item.

**10) System Activity Report**

**A. Department Recruiting and Department Visits**

Scott Miller, Director of Compliance and Marketing, presented the Department Recruiting and Department Visit. Scott provided department update on Washington County ESD, Cooper VFD and Beach City VFD. Scott stated that Washington County ESD had signed their contract on February 20, 2024. TESRS staff produced MRR for all 10 departments with 140 new members joining and that they will have their annual meeting the week of February 26, 2024. Cooper VFD had signed a contract and is retroactive back to October 1, 2022. TESRS staff produced MRR for all 15 active members at a contribution rate of \$75 per member per month back to original contract date for their 2023 annual meeting. The final bill was for Cooper VFD was for \$18,000. Beach City VFD had their contract signed on March 1, 2023 and TESRS staff produced MRR for all 10 active members at a contribution rate of \$50 per month per member.

Mr. Miller provided recruiting update for Kenedy County Fire & Rescue that TESRS staff member Brent Zunker had did a recruiting presentation for Kenedy County on October 11, 2023. Mr. Leo Villareal followed up with additional questions and requested documents to take back to his board meeting on March 24, 2024. Jones Creek had provided buy back estimates and sample copy of the contract to Corey Thomas on February 12, 2024. TESRS had provided Tiki Island Treasure Helen Korb with TESRS application and they are also researching grants for buyback.

Mr. Zunker had done a recruiting presentation to Johnson County ESD on October 19, 2023. Johnson County ESD has 11 departments not currently enrolled and 3 departments that are enrolled in TESRS. Henrietta had provided buyback information to departments on February 26, 2024. Henrietta will be presenting to department February 29, 2024 and to City Council on March 11, 2024.

Mr. Miller provided information regarding department site visits update. The agency has visited 18 departments so far this year. The performance measures require them to visit 48 locations per year. Mr. Miller mention that he visited the Randall County ESU to help present the surviving spouse of Mario Acosta Line-of-Duty death benefit check and State of Texas Flag.

**B. SAFE-D Conference**

Scott Miller, Director of Compliance and Marketing, presented information after attending SAFE-D 2024 Annual Conference in Irving, Texas. Mr. Miller stated that TESRS staff member and Board of Trustees attended: Michael Villanueva, Brad Landi, Matt Graves and Rupal Chaudhari. TESRS created and distributed new handouts at the conference. Trustee Landi provided a general session on small department mental health at the conference. TESRS booth had visit from 30 plus active members from various ESD's and also potential new ESD from Brewster County ESD # 1, Harris County ESD #20, Irving FD, Limestone County ESD #2, Harris-Fort Bend ESD # 100, Harris County ESD #25, Wilson County ESD #2 and San Jacinto County ESD are requesting follow-up information. Trustee Landi and Trustee Graves both discuss how SAFE-D Conference was this year.

**C. New Office Facility**

Jessica O'Brien, Acting Executive Director presented an update on the proposed new office facility. Ms. O'Brien discuss that the agency had spent two to three months focused on this project, but no action has been taken as of yet, because the agency was waiting for quotes. Ms. O'Brien had been working with Texas Facilities Commission (TFC) regarding the second floor regarding the construction and design. After further discussion with TFC they had recommended that the agency look at the third floor of the building. This is due to less construction and design of the third-floor area. Both agencies had agreed to start over and look at third floor in building. Scott Miller, Director of Compliance and Marketing, stated that Texas Commission on Fire Protection (TCFP) has already moved into the building. Mr. Miller stated that the move would be beneficial for the agency because of all the TCFP foot traffic, shared services, training and conference rooms that would be available to us. Ms. O'Brien explained that the building is located off North Lamar and 49<sup>th</sup> street next to the Brown Building. Ms. O'Brien mention that Krystyn Garcia TESRS Contract Manager has been assisting her in the process of the new office facility along with TFC. Some of the Board of Trustees had ask questions regarding the building, conference rooms, reception area and any hotel accommodations in area.

**D. TESRS Highlights, Including Personnel Updates, System Retiree Numbers, and Ongoing Projects**

Jessica O'Brien, Acting Executive Director, presented TESRS Highlights which included the following Personnel Updates, System Retiree Numbers, and Ongoing Projects.

Ms. O'Brien introduced new hire employee Cassandra Davis as the Staff Service Officer. Ms. O'Brien explained that Ms. Davis was a former employee of the agency and was returning back. Ms. Davis gave a brief description of her work history & experience to the board members.

Ms. O'Brien informed the board of trustees that Dr. Susan Johnson had voluntary resigned from TESRS as the Staff Service Officer at the end of January 2024.

Ms. O'Brien also wanted to acknowledge that Scott Miller had been promoted to Director of Compliance and Marketing.

Ms. O’Brien stated that TESRS had removed dormant access user from financial portal system.

Ms. O’Brien stated that TESRS Staff went on a field trip to Jollyville Fire Department to learn essential training on CPA, AED and Fire Extinguishing. Some staff members were able to ride in a Fire Emergency Vehicle and also go up on the Fire Truck Bucket.

Ms. O’Brien provide information on System Retiree Numbers. The Department’s Annual Reports were due on February 29<sup>th</sup>. As of 3:00 p.m. of February 27, 2024 the status of Departments:

Status	# of Departments
Accepted	118
Draft	11
Start	104
<b>Grand Total</b>	<b>233</b>

The number of current retirees’ information:

Month	# Current Retirees
December	3,945
January	3,951
February	3,940

Ms. O’Brien stated that Benefit Statement Review will begin in April and May. Retiree counts expected to increase.

Ms. O’Brien discussed on-going projects with oversight agencies such as State Office of Risk Management (SORM), Information Resources Deployment Review (IRDR), and Legislative Budget Board (LBB). Ms. O’Brien explained that the agency had been working with SORM to complete an Ergonomic Workstation Assessment for each employee and completed a Risk Management Program Review (RMPR) on February 9, 2024. SORM will be working with the agency in reviewing the Continuity of Operations Plan (COOP). IRDR will be due on March 31, 2024, Ms. O’Brien informed the board that IRDR is a self-assessment tool designed to reveal the agency’s technology strengths and weaknesses and the assessment is due on March 31, 2024. Ms. O’Brien stated that she is currently working with the LBB regarding the Strategic Plan for budget structure to make changes to the agency goals, objectives and strategies.

The Strategic Plan for budget structure is due to LBB on March 29<sup>th</sup>. Ms. O’Brien mention that she is currently working on the Agency’s Strategic Plan which the components include the Title Page, Table of Contents, Agency Mission, Agency Goals and Action Plan, and Redundancies and Impediments. Budget The second part of Agency’s Strategic Plan is the Supplemental Schedules such as Budget Structure – Goals, Objectives, and Performance Measures, List of Measure Definitions, Historically Underutilized Business Plan, Statewide Capital Plan, Agency Workforce Plan, Workforce Development System Strategic Planning, Report on Customer Service, Certification of Compliance with Cybersecurity Training and Reports on Projects and Acquisitions Financed by Certain Fund Sources.

No Motion was taken on these agenda item.

### **11) TESRS Online Pension System Enhancement Budget Request**

Jessica O'Brien, Acting Executive Director, presented information regarding TESRS Online Pension System Enhancement Budget Request. Ms. O'Brien discuss the 1099 process and issues with TESRS Online Pension Database. Ms. O'Brien stated that the database system needs upgrade to process the Internal Revenue 1099R Forms. She is requesting a motion to ask for funds of \$36,000 to upgrade to database system for TESRS programming and accounting support.

Trustee Glaves made the motion to accept the Budget Fund Request for Database Maintenance for TESRS Online Pension System up to \$36, 000. The motion was second by Vice Chairman Romero and unanimously passed by the board.

At 10:48 a.m. the Board took a 10-minute break.

Meeting back in session at 10:58.

### **12) EXECUTIVE CLOSED SESSION: Executive Director Hiring Committee**

#### **A. Personnel matters regarding appointment, employment, evaluation, reassignment, and duties of the of the Executive Director, including Evaluate, Interview, Review applicants for the position of Executive Director**

Chairman Rodriguez announced that the time 10:59 a.m. and the board will now go into executive closed session to discuss Item 12 on the agenda, pursuant to Texas Government Code Section 551.074. The board will discuss personnel matters regarding the appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director.

The board reconvened the meeting at 11:25 a.m.

No action was taken regarding the agenda 12 item.

### **13) Board Education and Training Opportunities**

Jessica O'Brien, Acting Executive Director, presented information that was provided from Michael Villanueva, TESRS Executive Assistant regarding upcoming conference or training opportunities for the board to attend.

The following upcoming conferences TEXPERS Basic Trustee Training & Advanced Trustee in Dallas, Texas on April 6, 2024. TEXPERS 35th Annual Conference in Dallas, Texas on April 7-10, 2024, TEXPERS Summer Educational Forum in San Antonio, Texas on August 18-20, 2024, State Firefighters' & Fire Marshals' Association of Texas Conference in San Marcos, Texas on June 27-30, 2024, and Texas Fire Marshals' Association Conference in San Marcos, Texas on November 4-8, 2024.

No Motion was taken on these agenda item.

**14) Proposed Board Meeting Dates, Locations and Agenda Items**

Jessica O'Brien proposed the following next board meeting dates:

- May 16, 2024 or May 30, 2024
- August 22, 2024 or August 29, 2024

The board members agreed for May 16, 2024 and August 29, 2024.

No Motion was taken on these agenda item.

**15) Adjourn**

Chairman Rodriguez called for a second motion to adjourn at 11:28 a.m. The second motion was made by Vice Chairman Romero, and unanimously passed by the board.

Minutes Approved by:

\_\_\_\_\_  
Jerry Romero, Vice Chair

\_\_\_\_\_  
05/16/2024

Date

## **Texas Emergency Services Retirement System**

Board Meeting Minutes

April 18, 2024 8:30 a.m.

North Lamar Blvd. Building, Texas Commission on Fire Protection Conference Room  
4800 N. Lamar Blvd., Suite 390., Austin, TX 78756

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### **Members Present:**

Pilar Rodriguez, Chairman  
Jerry Romero, Vice Chair  
Edward Keenan, Secretary  
Matthew Glaves, Trustee  
Rod Ryalls, Trustee  
Brad Landi, Trustee  
Nathan Douglas, Trustee  
Rupal Chaudhari, Trustee  
Brian Smith, Trustee

### **Members Absent:**

None

### **Staff and Others Present:**

Jessica O'Brien, Acting Executive Director, TESRS  
Michael Villanueva, Executive Assistant, TESRS  
Cassandra Davis, Staff Services Officer, TESRS  
Tiara Bouldwin, Benefits Specialist, TESRS  
Rosalind Hunt, Assistant Attorney General, OAG

Chairman Rodriguez called the meeting to order at 8:31 a.m.

### **1) Roll Call and Excuse of Board Member Absences**

Michael Villanueva, Executive Assistant, called the roll. Nine board members were present. Chairman Rodriguez announced that a quorum of the board was present.

### **2) Invitation for Public Comment**

Chairman Rodriguez called for public comment. No public comments were made.

No action was taken on this agenda item.

### **3) Personnel matters, regarding appointment, employment, compensation, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director, including:**

**A. Applicant Interview Process and Selection Criteria.**

**B. Evaluate and Interview applicants for the position of Executive Director.**

Chairman Rodriguez announced that the time 8:40 a.m. and the board will now go into executive closed session to discuss Item 3A on the agenda, pursuant to Texas Government Code Section 551.074. The board will discuss the application interview process and selection criteria. Also discuss item 3B on the agenda, pursuant to Texas Government Code Section 551.074. The board will discuss the evaluate and interview applicants for the position of Executive Director.



The board reconvened the meeting at 2:33 p.m. No action was taken regarding the agenda 3A item and 3B item.

**C. Selection of Executive Director or final candidates for Executive Director.**

Chairman Rodriguez announced that the board had completed the interviews of the four candidates for the position of Executive Director.

Vice Chairman made the motion based on the recommendation of the board to prepare an offer to hire Jessica O'Brien to be the next executive director of TESRS at a salary of \$110,000 pending appropriate background checks. The motion was second by Trustee Glaves and unanimously passed by the board.

**4) Adjourn**

Chairman Rodriguez called for a second motion to adjourn at 3:15 p.m. The motion unanimously passed by the board.

Minutes Approved by:

\_\_\_\_\_  
Edward Keenan, Secretary

\_\_\_\_\_  
05/16/2024  
Date

## **Agenda Item: 4**

**Texas Emergency Services Retirement System  
Non-Appropriated Fund Budget for FY 2024(Managed)  
Cash Basis Expenditures as of April 30, 2024**

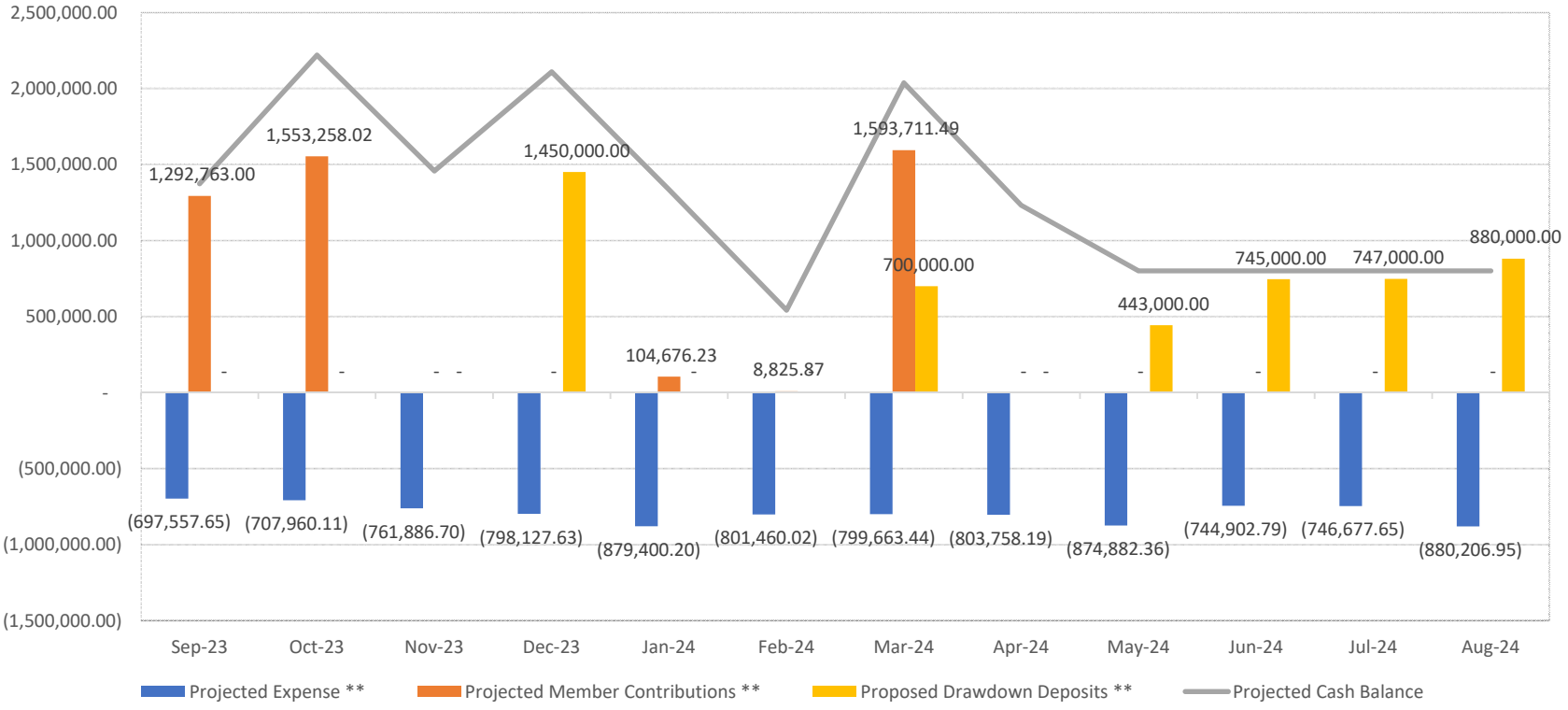
Service	Payee	Budgeted	Expenses	Percent	Balance
<b>Professional Fees (Actuarial, Audit, Financial, Legal, etc.)</b>					
Actuarial Fees	Rudd Wisdom	\$75,000	\$6,469	9%	\$68,531
Annual Financial Audit	Weaver	\$42,000	\$42,000	100%	\$0
Outside Contract Counsel	Jackson & Walker	\$50,000	\$4,875	10%	\$45,125
IT Services	Various	\$5,000		0%	\$5,000
IT Services	Indus Mokshum LLC	\$45,000	\$12,500	28%	\$32,500
Cyber Security Consulting	CBIZ	\$67,500	\$45,000	67%	\$22,500
Accounting	Lauterbach & Amen	\$37,150	\$28,870	78%	\$8,280
Interim CFO Services	Lauterbach & Amen	\$42,500	\$21,703	51%	\$20,798
1099 Improvement Project	Various	\$36,000		0%	\$36,000
Medical Review Board Services		\$10,000		0%	\$10,000
	Subtotal	\$410,150	\$161,417	39%	\$248,734
<b>Training Fees (Membership, Registration, Educational)</b>					
Board Training		\$6,000	\$1,070	18%	\$4,930
Marketing		\$1,500		0%	\$1,500
	Subtotal	\$7,500	\$1,070	14%	\$6,430
<b>Investment Expenses</b>					
Investment Consultant Annual Charge	AndCo	\$75,000	\$42,500	57%	\$32,500
Investment Management	Various	\$410,000	\$81,441	20%	\$328,559
Custodial Fee	Bank of Texas	\$42,000	\$12,807	30%	\$29,193
	Subtotal	\$527,000	\$136,748	26%	\$390,252
<b>Board Travel</b>					
Board Travel		\$35,000	\$20,796	59%	\$14,204
	Subtotal	\$35,000	\$20,796	59%	\$14,204
<b>Payroll Allocation</b>					
Allocated - CFO		\$0		0%	\$0
	Subtotal	\$0	\$0	0%	\$0
<b>Other</b>					
Miscellaneous Expenses		\$2,000	\$4,898	245%	-\$2,898
	Subtotal	\$2,000	\$4,898	245%	-\$2,898
<b>Grand Total</b>					
	Grand Total	\$981,650	\$324,928	33%	\$656,722

**Texas Emergency Services Retirement System  
Appropriated Fund Budget for FY 2024-0001  
Cash Basis Expenditures as of April 30, 2024**

Strategy Description	LBB Object	LBB Object Description	Budget	Actual Expenditures	(Over)/Under Budget	Percentage Remaining
Maintain Actuarial Sound Pension Fund	1001	Salaries and Wages	529,192.00	290,595.26	238,596.74	45.09%
	1002	Other Personnel Costs	9,143.00	5,828.69	3,314.31	
	2001	Professional Fees and Services	66,239.00	36,655.86	29,583.14	
	2003	Consumable Supplies	1,000.00	3,527.24	(2,527.24)	
	2004	Utilities	640.00	1,371.34	(731.34)	
	2005	Travel	2,248.00	1,309.43	938.57	
	2006	Rent - Building	-	-	-	
	2009	Other Operating Expense	45,488.00	27,599.35	17,888.65	
	9999	Other	-	802.78	(802.78)	
			Subtotal	<u>653,950.00</u>	<u>367,689.95</u>	<u>286,260.05</u>
* General Revenue - Dedication Appropriation	9999	GR Appropriation	1,292,763.00	1,292,763.00	-	
		Total Maintain Actuarial Sound Pension Fund	<u>1,946,713.00</u>	<u>1,660,452.95</u>	<u>286,260.05</u>	
Recruiting and Technical Assistance	1001	Salaries and Wages	108,658.00	75,819.90	32,838.10	30.22%
	1002	Other Personnel Costs	2,862.00	1,840.00	1,022.00	
	2001	Professional Fees and Services	7,000.00	100.00	6,900.00	
	2003	Consumable Supplies	2,000.00	449.05	1,550.95	
	2004	Utilities	-	-	-	
	2005	Travel	7,000.00	3,616.12	3,383.88	
	2009	Other Operating Expense	6,000.00	3,155.87	2,844.13	
			Total Recruiting and Technical Assistance	<u>133,520.00</u>	<u>84,980.94</u>	<u>48,539.06</u>
Grand Total(Less General Revenue Dedicated)			<u>787,470.00</u>	<u>452,670.89</u>	<u>334,799.11</u>	42.52%
Unbudgeted Amounts - General Fund						
Strategy 3991: Payroll Related	1002	Other Personnel Costs	N/A	96,514.74	N/A	
		Unbudgeted General Fund Expenses	<u>-</u>	<u>96,514.74</u>	<u>-</u>	

\*- We recognize this appropriation immediately in FY to make the pension system actuarially sound

### FY 2024 Cash Flow Projections - With Proposed Drawdown Deposits



**Per Projections Graph: A total of 4,965,000.00 might need to be drawn from investments to cover Pension Fund Expenses in FY24**

*\*\* September thru April reflect actual expenses and contributions*

## **Agenda Item: 5**

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# Texas Emergency Services Retirement System

Investment Performance Review  
Period Ending March 31, 2024

**MARINER**

# **1st Quarter 2024 Market Environment**



## The Economy

- The US Federal Reserve (the Fed) held rates steady during the first quarter. However, domestic equities rallied on the prospect that the Fed could cut rates later in 2024. In its press release for the March meeting, the Fed stated that “In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks.” In addition, the Fed will continue reducing its balance sheet as described in its previously announced plans.
- The Fed’s prolonged pause in its rate-hiking cycle and the insertion of the word “any” in its December press release gave the market hope that the Fed may be ready to pivot in its stance and begin reducing rates to a less restrictive level in 2024. The Fed’s published “Dot Plot” shared expectations of three quarter-point rate cuts during the year, which would be the first rate cut since the COVID pandemic in 2020.
- Growth in the US labor market continued in March, as nonfarm payrolls increased by 303,000 and unemployment held steady at 3.8%. Federal Reserve Chair Jerome Powell stated, “Strong hiring in and of itself would not be a reason to hold off on rate cuts,” adding that the job market is not a primary cause for concern around inflation. Powell added “an unexpected weakening in the labor market could also warrant a policy response.”

## Equity (Domestic and International)

- US equities moved broadly higher during the first quarter based on expectations of a more favorable interest rate environment in the coming year. The S&P 500 Index rose 10.6% for the quarter.
- International stocks experienced robust growth to begin the year, albeit muted by a strengthening US Dollar (USD). USD performance lagged local currency (LCL) performance in most regions for the quarter, though both currency readings were positive.
- GDP growth across regions remains mixed as many regions are dealing with local headwinds and tailwinds as much of the world continues to navigate sticky inflation with varying degrees of success. Conflicts abroad have dragged on performance, but as we have seen with the Russia-Ukraine conflict, market conditions will typically normalize once the broader impact has been reasonably assessed.

## Fixed Income

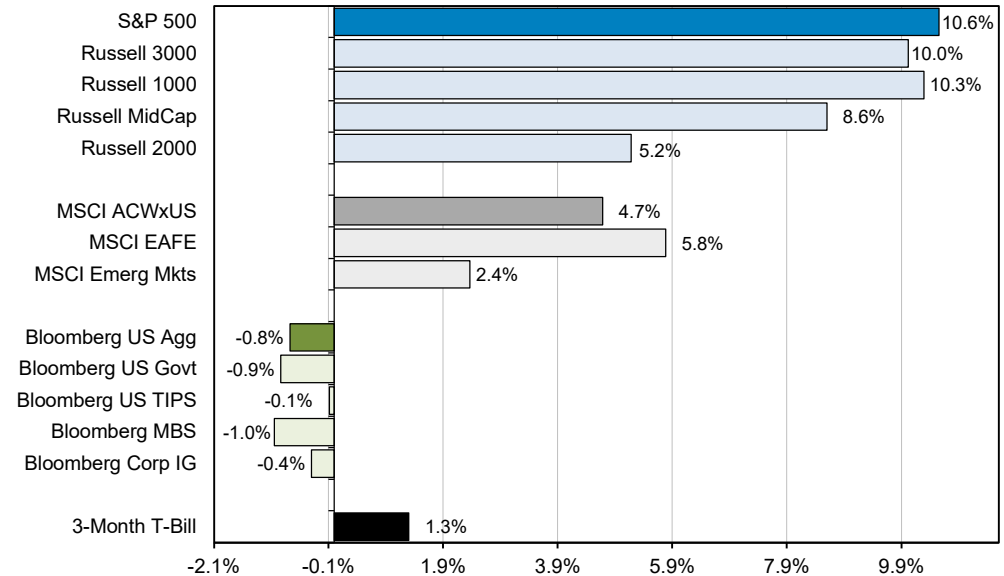
- While sticky inflation numbers and a robust job market likely prompted the Fed to keep the fed funds rate unchanged during the quarter, this lack of action also tempered expectations for potential rate cuts in 2024. Fixed-income markets fell in March (yield rose) on the belief that rates could be higher for longer.
- High-yield bonds outperformed investment-grade issues for the quarter, largely due to narrowing credit spreads and higher coupons. Although the high-yield bond benchmark’s duration is almost half of the US Aggregate Bond index’s duration, the high-yield index edged out the bellwether bond benchmark due to a relatively stable yield curve and the aforementioned narrowing credit spreads.
- Global bonds lagged the domestic bond market with the US Aggregate Index beating the Global Aggregate ex-US Index by 2.4%. This broke the two indexes’ tie in 2023 and left global bonds 2.4% behind the domestic bond market for the full year.

## Market Themes

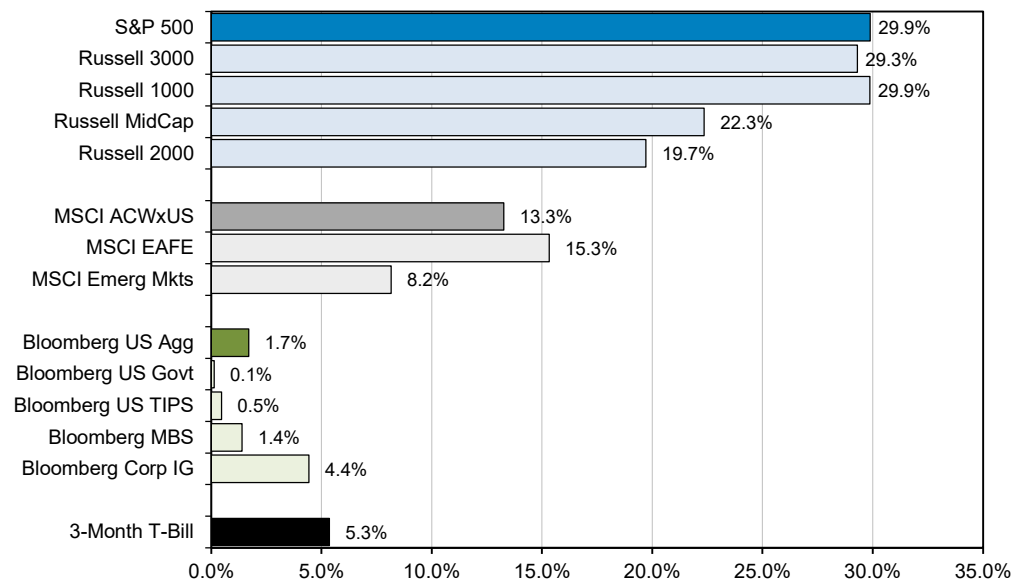
- 2024 opened with strong results in domestic and international equity markets, continuing what was a robust 2023. Growth sectors continued to outpace value sectors but by a narrower margin than 2023, showcasing increased breadth across many markets.
- Central banks remained vigilant in their stances to bring inflation under control. While inflation readings remain stubbornly elevated, signs of stable-to-cooling price pressures have shown up in most regions around the world.
- Policy rates remained relatively stable across most developed markets as central banks continued their tight policy stance. However, there are expectations of looser monetary policy to take hold as 2024 progresses.
- Ongoing military conflicts coupled with economic uncertainty around the globe continue to act as headwinds in international markets. While global disruptions from the Russia-Ukraine conflict seemed to subside, the proxy war in the Middle East has spread to other countries in the region and unsettled shipping channels globally.

- Domestic equity markets carried their momentum from late 2023 into the first quarter of 2024. Economic indicators continued to signal improving conditions for growth and softening inflation, resulting in an ongoing tailwind for risk assets. For the period, the S&P 500 large-cap benchmark returned 10.6% versus 8.6% for the Russell Mid Cap Index and 5.2% for the Russell 2000 small-cap index.
- International developed and emerging market equities also posted solid results. European markets continue to face geopolitical risks related to the conflict in Ukraine, the Middle East is grappling with a proxy war that has spread beyond Israel and Palestine, and Asia is feeling contagion effects from China's economic uncertainty. Despite the uncertainty, the developed market MSCI EAFE Index returned 5.8% for the quarter, while the MSCI Emerging Markets Index advanced 2.4%.
- Most broad fixed income indexes fell slightly during the first quarter of 2024. While market participants were generally optimistic about the possibility of a Fed rate cut during the first half of the year, sticky inflation pushed out these expectations and caused markets to re-think the timing of 2024's potential rate cuts. The Bloomberg (BB) US Aggregate Index returned -0.8% for the quarter while investment-grade corporate bonds were down less, returning -0.4%.
- US equity markets posted a stellar 29.9% during the trailing one-year period. The weakest relative performance for the year was the Russell 2000 Index, which nonetheless climbed 19.7% over the last 12 months.
- International markets also showcased a healthy rebound in 2023. Over the trailing one-year period, the MSCI EAFE Index was the best international performer, returning 15.3% while the MSCI Emerging Markets Index added a more modest 8.2%.
- Bond markets were relatively flat over the previous 12 months. Investment-grade corporate bonds were the best-performing sector, up by 4.4%. Meanwhile, Treasuries have lagged, returning just 0.1% over the previous 12 months. The bellwether fixed-income benchmark, the Bloomberg US Aggregate Index, returned a muted 1.7% for the year.

### Quarter Performance

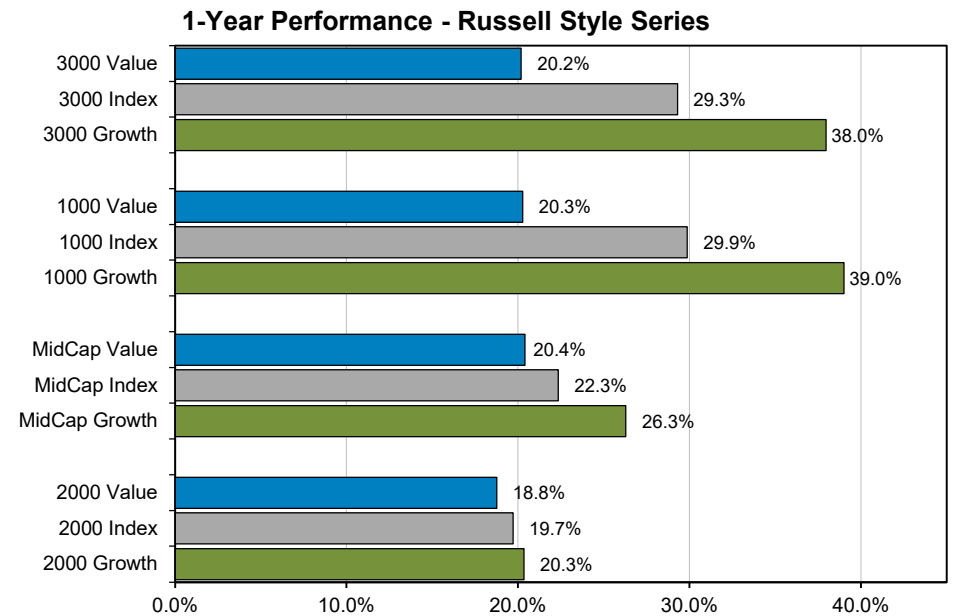
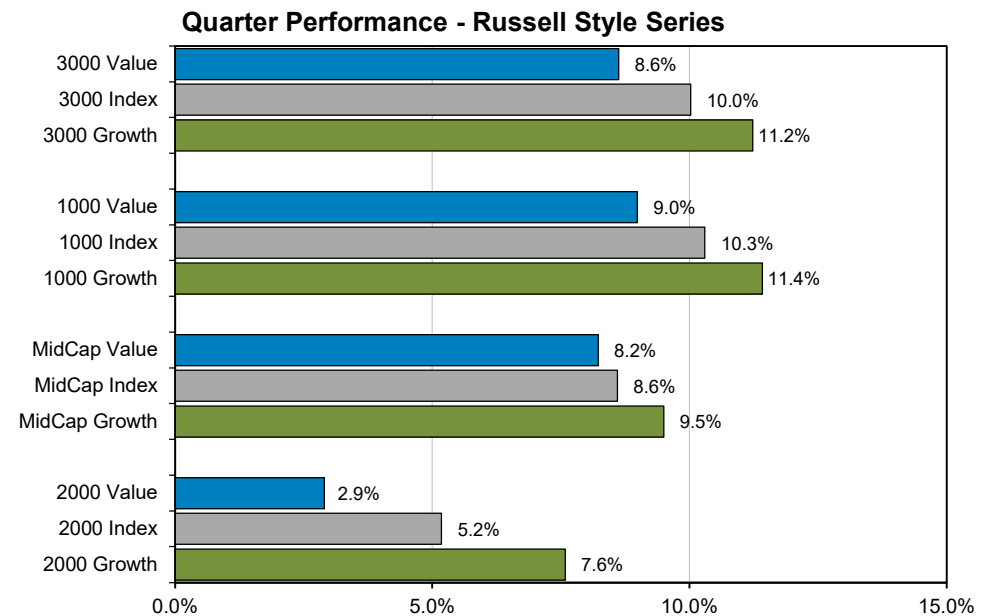


### 1-Year Performance



Source: Investment Metrics

- Domestic equity benchmarks were positive for the second consecutive quarter and growth style issues continued to outpace value. The best-performing area of the equity market was large-cap growth, with the Russell 1000 Growth index returning 11.4%. The worst performing area of the market was small-cap value, with the Russell 2000 Value index returning just 2.9% for the quarter. From a market capitalization perspective, large-cap stocks led their small-cap counterparts, with the Russell 1000 Index returning 10.3% and the Russell 2000 Index lagging with a lower, but still solid, 5.2%.
- The market continued its growth-led rally as growth stocks outpaced value stocks across the market-capitalization spectrum. While growth led the way during the quarter, value benchmarks largely kept pace, signaling that the rally seen in domestic equities may be broadening to other areas of the market.
- For the year, within large-cap stocks, the Russell 1000 Growth Index returned an impressive 39.0%, leading the way among style and market capitalization classifications. The weakest performing index for the year was the Russell 2000 Value, which still posted a double-digit return of 18.8%.
- The dominance of growth sectors is evident in the chart, with all growth benchmarks handily outpacing their core and value index counterparts. However, the strength of the outperformance differs meaningfully between the large cap and small cap segments of the market. The Russell 2000 Growth Index returned 20.3%, outpacing the Russell 2000 Value index return by a narrow margin of just 1.5%. However, this spread widens to 5.9% for the Russell Midcap Growth benchmarks and blows out to a span of 18.7% for the large cap benchmarks.



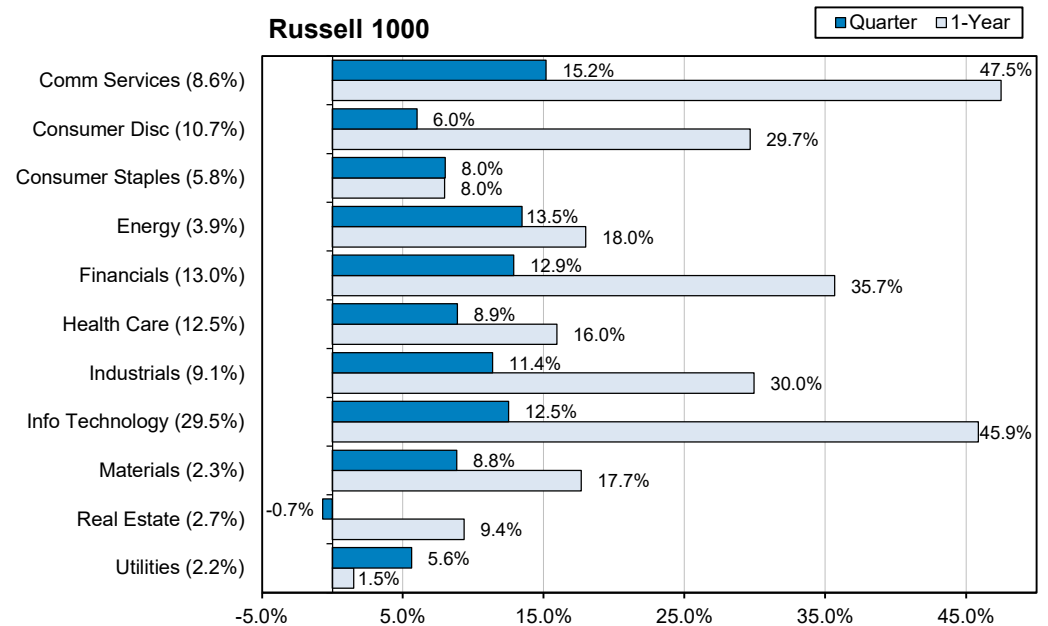
Source: Investment Metrics

- 2023's year-end rally continued into the first quarter of 2024 and expanded its breadth across styles and market capitalizations.
- Ten of the 11 GICS economic sectors in the large-cap Russell 1000 Index moved higher during the first quarter. Five of the 11 sectors outpaced the broad index return of 10.0%. Communication services led the way at 15.2% followed by energy (up 13.5%), financials (12.9%), information technology (12.5%), and industrials (11.4%).
- For the full year, all 11 economic sectors finished in positive territory with communication services leading the way at 47.5% and information technology following in lock step at 45.9%. Of the 11 sectors, four were up at least 30.0% the past year. Utilities (up 1.5%), consumer staples (8.0%), and real estate (9.4%) were the only three sectors that did not post double-digit results over the trailing year.

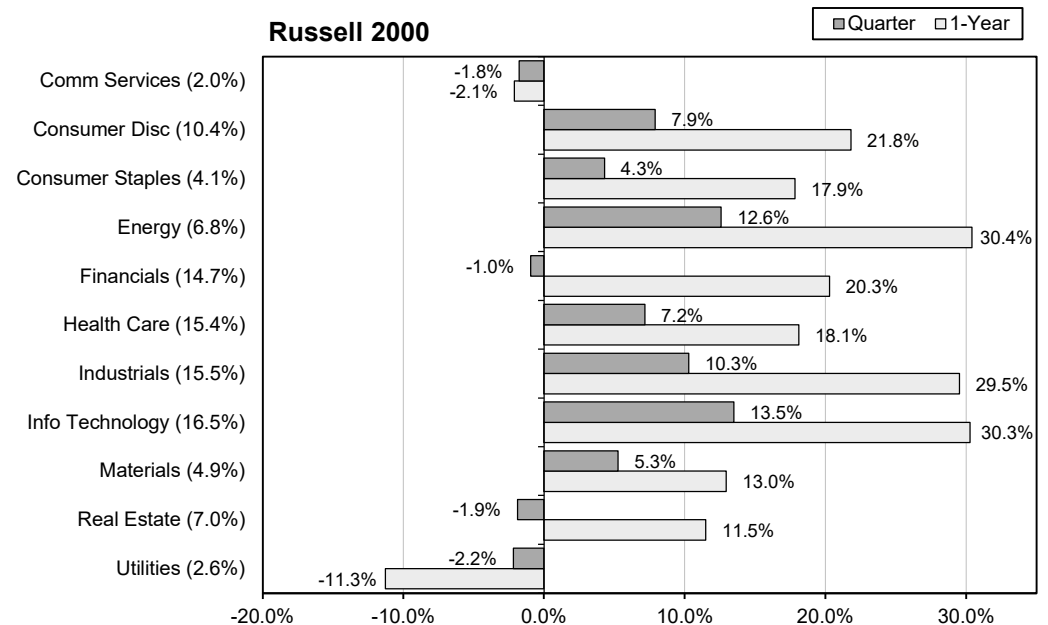
- Seven small-cap economic sectors posted positive results during the quarter with six of those sectors exceeding the 5.2% return of the Russell 2000 Index. The information technology (up 13.5%), energy (12.6%), and industrials (10.3%) sectors led the way as the only three sectors to showcase double-digit performance for the quarter. Utilities (-2.2%), real estate (-1.9%), communication services (-1.8%), and financials (-1.0%) sectors all lost ground during the quarter.

- Similar to large-cap sector performance, nine of the 11 small cap sectors were positive over the trailing year. Energy posted the strongest sector results (30.4%) with the information technology (30.3%) sector not far behind. Industrials (29.5%), consumer discretionary (21.8%) and financials (20.3%) each also returned more than 20.0% for the period. Six of the 11 economic sectors fell short of the core small-cap benchmark's return of 19.7% over the trailing year. The two negative sectors for the year were utilities with a return of -11.3% and communication services, which returned -2.1%.

**Russell 1000**



**Russell 2000**



Source: Morningstar Direct  
 As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of March 31, 2024

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	6.5%	12.1%	47.1%	Information Technology
Apple Inc	5.2%	-10.8%	4.5%	Information Technology
NVIDIA Corp	4.5%	82.5%	225.4%	Information Technology
Amazon.com Inc	3.4%	18.7%	74.6%	Consumer Discretionary
Meta Platforms Inc Class A	2.2%	37.3%	129.4%	Communication Services
Alphabet Inc Class A	1.9%	8.0%	45.5%	Communication Services
Berkshire Hathaway Inc Class B	1.6%	17.9%	36.2%	Financials
Alphabet Inc Class C	1.6%	8.0%	46.4%	Communication Services
Eli Lilly and Co	1.4%	33.7%	128.4%	Health Care
JPMorgan Chase & Co	1.2%	18.5%	58.1%	Financials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
NVIDIA Corp	4.5%	82.5%	225.4%	Information Technology
Vistra Corp	0.1%	81.4%	197.1%	Utilities
AppLovin Corp Ordinary Shares	0.0%	73.7%	339.5%	Information Technology
Shockwave Medical Inc	0.0%	70.9%	50.2%	Health Care
Vertiv Holdings Co Class A	0.1%	70.1%	471.2%	Industrials
Cava Group Inc	0.0%	63.0%	N/A	Consumer Discretionary
EMCOR Group Inc	0.0%	62.7%	116.2%	Industrials
Maplebear Inc	0.0%	58.9%	N/A	Consumer Staples
Constellation Energy Corp	0.1%	58.5%	138.0%	Utilities
Williams-Sonoma Inc	0.0%	58.0%	167.4%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
New York Community Bancorp Inc	0.0%	-68.2%	-62.3%	Financials
SSR Mining Inc	0.0%	-58.7%	-70.1%	Materials
Rivian Automotive Inc Class A	0.0%	-53.3%	-29.3%	Consumer Discretionary
Agilon Health Inc	0.0%	-51.4%	-74.3%	Health Care
AMC Entertainment Holdings Inc	0.0%	-39.2%	-91.6%	Communication Services
Iridium Communications Inc	0.0%	-36.1%	-57.2%	Communication Services
Viasat Inc	0.0%	-35.3%	-46.5%	Information Technology
QuidelOrtho Corp	0.0%	-35.0%	-46.2%	Health Care
Unity Software Inc Ordinary Shares	0.0%	-34.7%	-17.7%	Information Technology
10x Genomics Inc Ordinary Shares	0.0%	-32.9%	-32.7%	Health Care

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Super Micro Computer Inc	1.9%	255.3%	847.9%	Information Technology
MicroStrategy Inc Class A	0.9%	169.9%	483.1%	Information Technology
Comfort Systems USA Inc	0.4%	54.6%	118.7%	Industrials
e.l.f. Beauty Inc	0.4%	35.8%	138.0%	Consumer Staples
Light & Wonder Inc Ordinary Shares	0.3%	24.3%	70.0%	Consumer Discretionary
Carvana Co Class A	0.3%	66.1%	798.0%	Consumer Discretionary
Onto Innovation Inc	0.3%	18.4%	106.1%	Information Technology
Simpson Manufacturing Co Inc	0.3%	3.8%	88.6%	Industrials
Viking Therapeutics Inc	0.3%	340.6%	392.5%	Health Care
Weatherford International PLC	0.3%	18.0%	94.5%	Energy

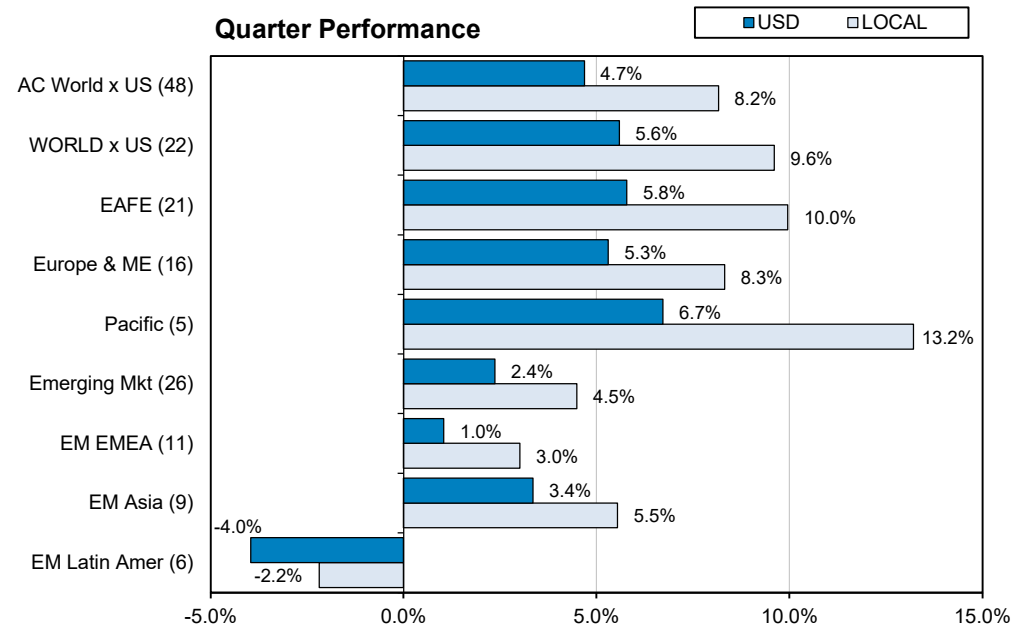
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Ocean Biomedical Inc	0.0%	473.5%	-43.0%	Health Care
Viking Therapeutics Inc	0.3%	340.6%	392.5%	Health Care
Longboard Pharmaceuticals Inc	0.0%	258.2%	438.7%	Health Care
Super Micro Computer Inc	1.9%	255.3%	847.9%	Information Technology
Janux Therapeutics Inc	0.0%	250.9%	211.2%	Health Care
Arcutis Biotherapeutics Inc	0.0%	206.8%	-9.9%	Health Care
Veritone Inc	0.0%	190.6%	-9.8%	Information Technology
Avidity Biosciences Inc	0.1%	182.0%	66.3%	Health Care
Vera Therapeutics Inc Class A	0.1%	180.4%	455.7%	Health Care
SoundHound AI Inc Ordinary Shares	0.0%	177.8%	113.4%	Information Technology

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Amylyx Pharmaceuticals Inc	0.0%	-80.7%	-90.3%	Health Care
Bakkt Holdings Inc Ordinary Shares	0.0%	-79.4%	-73.3%	Financials
WW International Inc	0.0%	-78.9%	-55.1%	Consumer Discretionary
iRobot Corp	0.0%	-77.4%	-79.9%	Consumer Discretionary
LivePerson Inc	0.0%	-73.7%	-77.4%	Information Technology
Office Properties Income Trust	0.0%	-72.1%	-81.1%	Real Estate
Spirit Airlines Inc	0.0%	-69.6%	-69.3%	Industrials
2U Inc	0.0%	-68.3%	-94.3%	Consumer Discretionary
CareMax Inc Ordinary Shares	0.0%	-67.8%	-94.0%	Health Care
Presto Automation Inc	0.0%	-67.3%	-89.0%	Information Technology

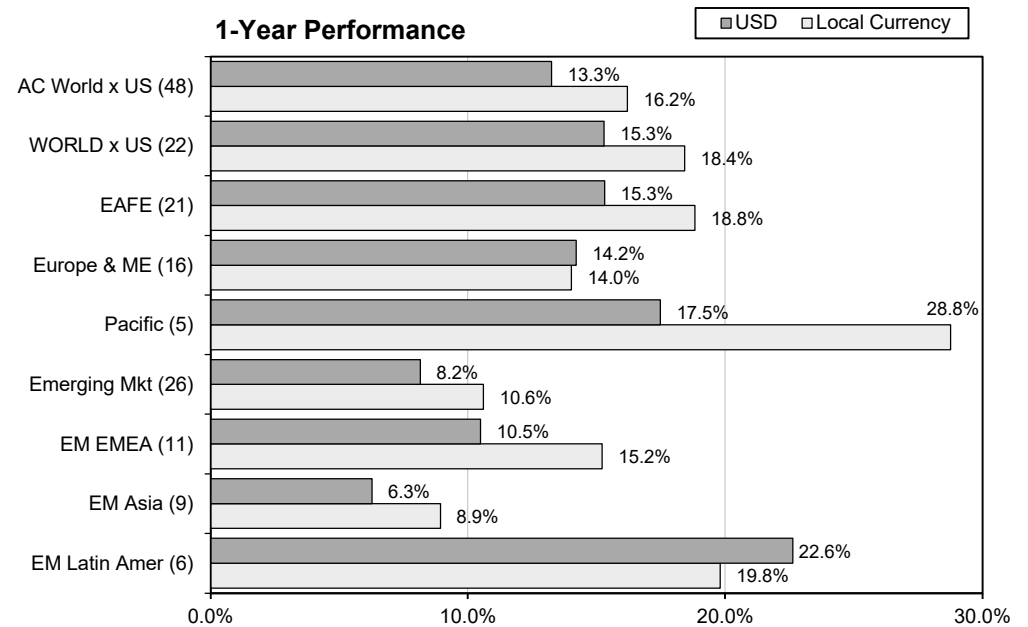
Source: Morningstar Direct

- Many of the international developed- and emerging-market benchmarks posted positive performance in both USD and LCL terms for the first quarter. A strengthening of the USD during the period was a drag on domestic non-US index performance across all regions. The developed-market MSCI EAFE Index still returned a solid 5.8% in USD and 10.0% in LCL terms. The MSCI Emerging Markets Index rose by 2.4% in USD and 4.5% in LCL terms.
- Latin America was the only region to post negative performance for the quarter in both USD and LCL terms. The cyclicality of demand for commodity exports in the region has resulted in greater volatility due to continued uncertainty over central bank policies and global demand.
- The heaviest weighted country in the emerging market index (China, 7.0%) continued its drag on broad index returns, returning -2.2% during the quarter. The Chinese economy grew at a rate of 5.2% in 2023, lower than its pre-pandemic rate of 6.0% which was a headwind for performance. Troubles in the commercial property and banking sectors have also created challenges for growth in the region.
- Much like domestic markets, trailing one-year results for international developed and emerging markets benchmarks were strong. Outside of EM Latin America, the USD showed strength over broad and regional benchmarks for the year, and as a result, LCL returns finished higher than USD performance.
- MSCI Pacific results led the way in LCL currency terms at 28.8% for the trailing year. USD returns for the region were still strong but returned a more muted 17.5% due to softening currency in the region. Due to demand for commodity exports and rising oil prices, EM Latin America was the only region where the USD weakened relative to LCL returns, resulting in higher USD returns (22.6% vs. 19.8%). The EM Asia regional benchmark was the weakest relative-performing region in the emerging market index, with the EM Asia index returning 6.3% in USD and 8.9% in LCL terms.

**Quarter Performance**



**1-Year Performance**



Source: MSCI Global Index Monitor (Returns are Net)

**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of March 31, 2024

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	4.0%	4.1%	6.6%
Consumer Discretionary	12.5%	11.1%	15.5%
Consumer Staples	8.6%	-3.1%	-5.9%
Energy	4.1%	2.2%	14.6%
Financials	19.3%	8.6%	25.8%
Health Care	12.7%	4.7%	8.6%
Industrials	16.8%	7.9%	23.1%
Information Technology	9.4%	14.3%	31.1%
Materials	7.2%	-1.1%	10.2%
Real Estate	2.3%	1.5%	13.0%
Utilities	3.1%	-5.0%	2.7%
<b>Total</b>	<b>100.0%</b>	<b>5.8%</b>	<b>15.3%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.1%	2.1%	-3.0%
Consumer Discretionary	11.8%	7.2%	8.6%
Consumer Staples	7.4%	-3.2%	-4.6%
Energy	5.5%	5.2%	21.4%
Financials	21.4%	5.9%	21.4%
Health Care	9.2%	3.7%	7.5%
Industrials	13.8%	6.9%	19.8%
Information Technology	13.4%	11.4%	29.4%
Materials	7.4%	-1.6%	4.1%
Real Estate	2.0%	-0.3%	6.8%
Utilities	3.0%	-3.0%	5.2%
<b>Total</b>	<b>100.0%</b>	<b>4.7%</b>	<b>13.3%</b>

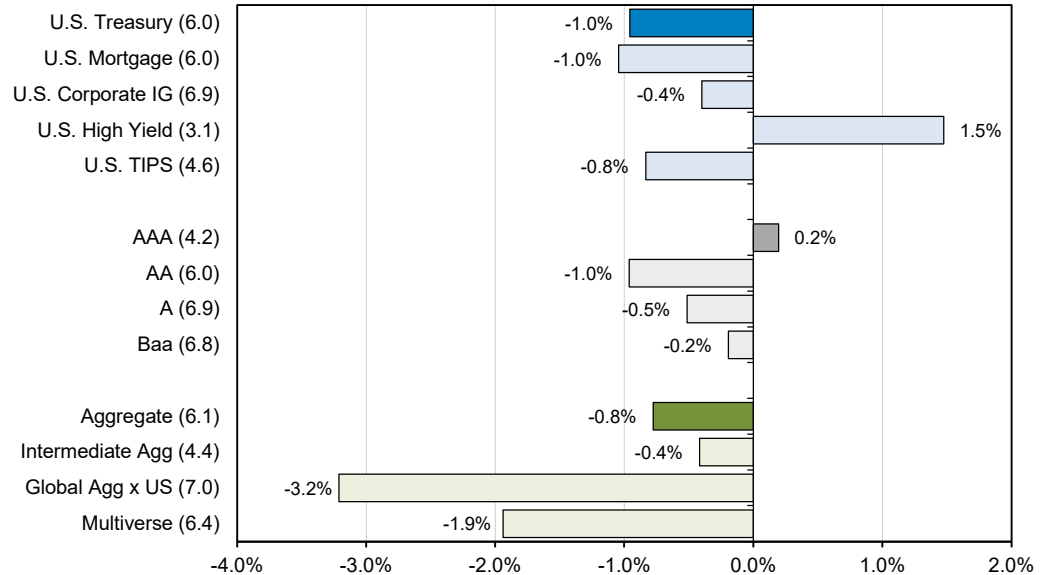
MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	8.6%	0.8%	-11.5%
Consumer Discretionary	12.4%	-0.5%	-5.3%
Consumer Staples	5.6%	-4.3%	-2.6%
Energy	5.3%	6.9%	36.0%
Financials	22.4%	2.3%	15.0%
Health Care	3.5%	-4.5%	-0.9%
Industrials	7.0%	1.4%	4.6%
Information Technology	23.7%	9.9%	26.7%
Materials	7.2%	-4.6%	-5.4%
Real Estate	1.5%	-6.0%	-11.3%
Utilities	2.8%	3.5%	17.9%
<b>Total</b>	<b>100.0%</b>	<b>2.4%</b>	<b>8.2%</b>

Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	23.3%	15.0%	10.2%	23.5%
United Kingdom	14.6%	9.4%	1.9%	6.4%
France	12.1%	7.8%	5.7%	9.7%
Switzerland	9.3%	6.0%	-2.1%	4.9%
Germany	8.7%	5.6%	6.8%	12.0%
Australia	7.3%	4.7%	-0.5%	8.1%
Netherlands	5.2%	3.3%	15.4%	22.5%
Denmark	3.6%	2.3%	14.4%	33.0%
Sweden	3.1%	2.0%	0.2%	11.6%
Italy	2.8%	1.8%	13.1%	30.6%
Spain	2.7%	1.7%	7.7%	19.6%
Hong Kong	1.8%	1.2%	-12.2%	-25.8%
Singapore	1.3%	0.9%	-0.1%	-6.1%
Finland	1.0%	0.6%	-6.0%	-12.8%
Belgium	0.9%	0.6%	1.7%	-0.2%
Israel	0.7%	0.5%	12.2%	22.1%
Norway	0.6%	0.4%	-7.9%	-0.2%
Ireland	0.4%	0.2%	14.8%	16.9%
Portugal	0.2%	0.1%	-17.9%	-16.6%
New Zealand	0.2%	0.1%	-4.9%	-8.2%
Austria	0.2%	0.1%	0.5%	10.5%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>64.5%</b>	<b>5.8%</b>	<b>15.3%</b>
Canada		7.7%	3.4%	12.3%
<b>Total Developed Countries</b>		<b>71.9%</b>	<b>5.6%</b>	<b>15.3%</b>
China		7.0%	-2.2%	-17.1%
India		5.0%	6.1%	36.8%
Taiwan		4.9%	12.4%	27.8%
Korea		3.5%	1.6%	14.2%
Brazil		1.4%	-7.4%	27.0%
Saudi Arabia		1.2%	4.7%	15.8%
South Africa		0.8%	-6.8%	-4.9%
Mexico		0.8%	0.5%	17.7%
Indonesia		0.5%	2.1%	3.4%
Thailand		0.4%	-8.2%	-16.4%
Malaysia		0.4%	3.0%	3.1%
United Arab Emirates		0.3%	0.4%	9.2%
Poland		0.3%	3.5%	55.3%
Qatar		0.2%	-3.6%	-1.4%
Kuwait		0.2%	8.3%	4.1%
Turkey		0.2%	14.6%	19.3%
Philippines		0.2%	6.1%	7.2%
Chile		0.1%	-4.5%	-5.9%
Greece		0.1%	6.5%	37.4%
Peru		0.1%	15.8%	46.2%
Hungary		0.1%	0.5%	47.4%
Czech Republic		0.0%	-7.7%	-7.6%
Colombia		0.0%	14.2%	48.3%
Egypt		0.0%	-29.7%	3.2%
<b>Total Emerging Countries</b>		<b>27.9%</b>	<b>2.4%</b>	<b>8.2%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>4.7%</b>	<b>13.3%</b>

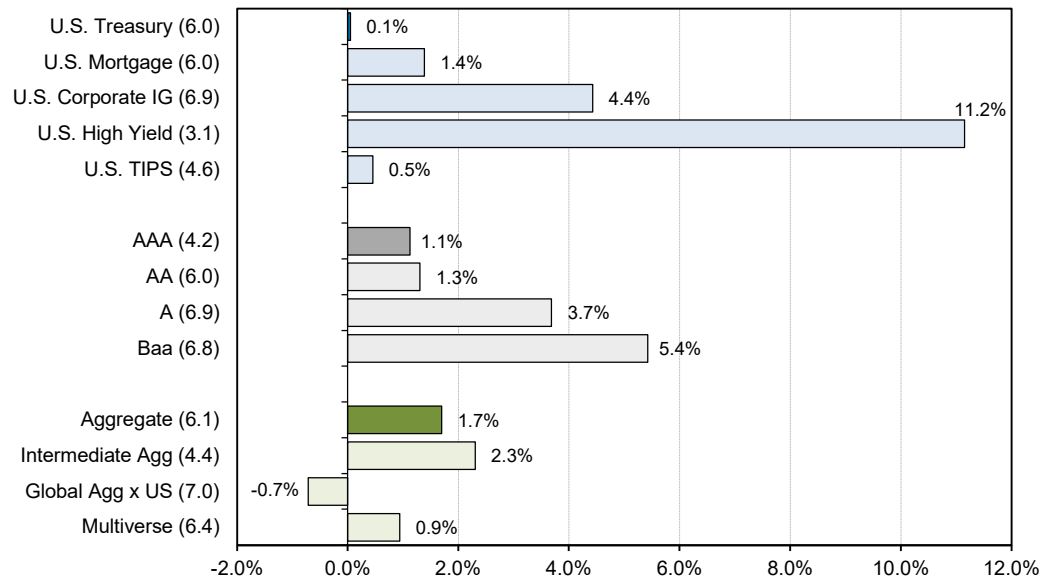
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)  
As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

- Fixed-income markets pulled back slightly to start the year with many domestic and international bond indexes finishing modestly lower during the quarter. Yields remain elevated due to the Federal Reserve's decision to maintain rates at their current levels. While market expectations are that the Fed will eventually begin cutting rates in 2024, which will be a jolt to bond holder performance as yield fall, higher yields and coupon rates on bonds also are also offer an attractive stabilizing, lower-risk benefit for bond allocations in diversified portfolios.
- The Bloomberg US Aggregate Bond Index, the bellwether US investment grade benchmark, returned a mild negative result of -0.8% for the quarter. Performance across the investment grade index's segments finished the period with similar performance with the Bloomberg US Corporate Investment Grade Index returning -0.4% and the US Mortgage Index sliding by -1.0%.
- Outside of the Aggregate index's sub-components, high-yield bonds continued to rise with a return of 1.5% as credit spreads narrowed during the quarter. US TIPS fell -0.8% for the quarter. The Bloomberg Global Aggregate ex-US Index return of -3.2% for the quarter lagged all domestic fixed-income indexes as well as the multiverse benchmark's return of -1.9%.
- Over the trailing one-year period, the Bloomberg US Aggregate Bond Index climbed 1.7%. The benchmark's sub-components also posted positive performance over the trailing 12 months with the Bloomberg US Corporate Investment Grade Index rising 4.4% and the US Mortgage Index posting a more modest 1.4% return. US TIPS, which are excluded from the aggregate index, rose 0.5% for the year. High-yield corporate bonds, which have a much shorter duration, outpaced their investment grade counterparts with the Bloomberg US High Yield Index posting an equity-like return of 11.2% for the last year.
- Performance for non-US bonds were negative for the trailing year with the Bloomberg Global Aggregate ex-US Index falling by -0.7%. With foreign central banks largely tracking the Fed's tight monetary stance, the negative performance of global bonds is largely attributable to USD strength over the last year.

**Quarter Performance**



**1-Year Performance**

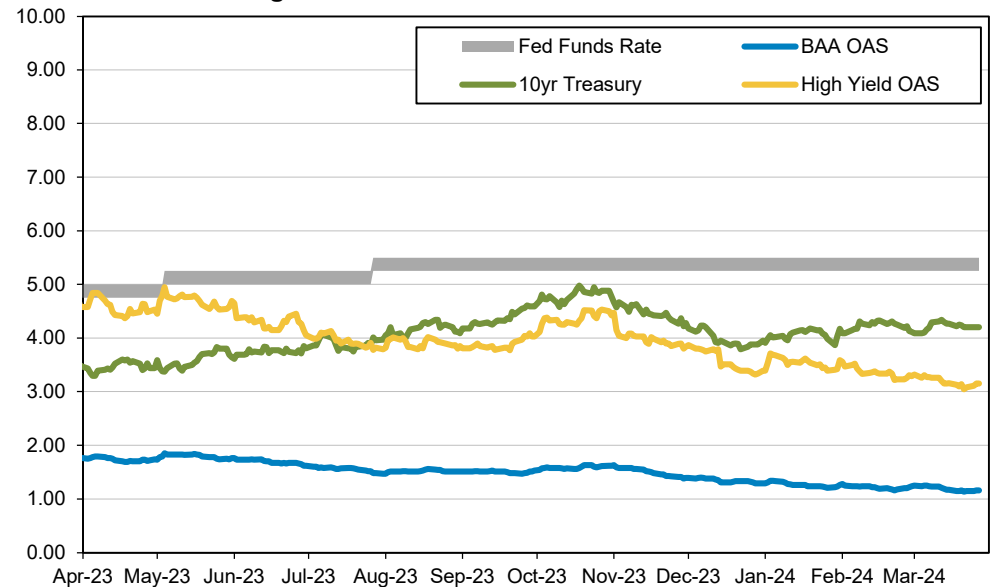


Source: Bloomberg

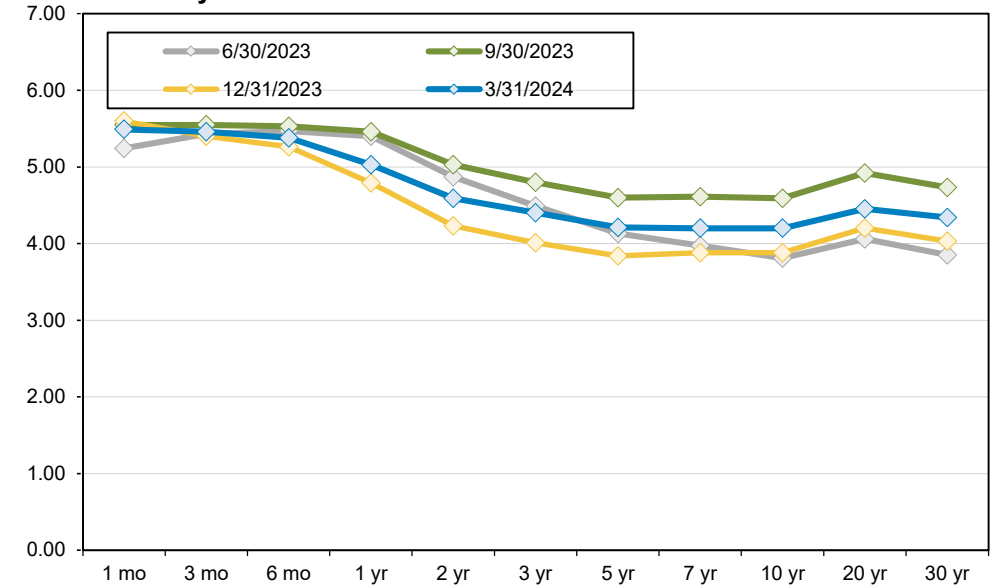


- The gray band across the graph illustrates the range of the current Fed Funds target rate. During the first quarter, the Federal Open Market Committee (FOMC) continued to hold the rates steady in the 5.25%-5.50% target range. The last rate increase in the current cycle occurred at the FOMC's July 2023 meeting and while their press releases have continued to push economic data-dependent outcomes, subtle press release rewordings since last July have increased the likelihood there will be no additional rate increase in this cycle. With early April's inflation surprise, the CME FedWatch tool, which forecasts rates based on Fed Fund futures pricing, is predicting two 0.25% rate cuts for 2024, with the first occurring in September. Fed officials and market participants have expressed concern about leaving rates at their current levels for an extended period could tip the US economy into a recession, but inflation remains stubbornly elevated and higher rates are the FOMC's primary inflation-fighting tool. Additionally, the FOMC continues to remove liquidity from the market by allowing bonds held on its balance sheet to mature without reinvesting maturity proceeds.
- The yield on the US 10-year Treasury (green line of the top chart) rose modestly, opening at the at 3.88% and finishing the quarter at 4.20%. The 0.32% increase was largely attributable to sticky inflation data released throughout the quarter. The benchmark's rate peaked in October 2023, cresting at just under 5.00% before pulling back in the remainder of the year.
- The blue line in the top chart illustrates changes in the Option Adjusted Spread (OAS) for BAA-rated corporate bonds. This measure quantifies the additional yield premium that investors require to purchase and hold non-US Treasury issues with the lowest investment grade rating. During the quarter, the spread narrowed from 1.29% to 1.17%, which is equivalent to falling rates for BAA bonds. The spread measure has continued to narrow over the trailing 12-month period after concerns about the regional banking sector during March 2023 caused credit spreads to spike. High-yield OAS spreads (represented by the yellow line in the top chart) have also continued to narrow from 3.39% at the end of 2023 to 3.15% at the end of March 2024. This narrowing provided an additional boost to high yield performance.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four quarters. If the anticipated rate cuts materialize in 2024, the yield curve will steepen into a positively sloped yield curve, which is the normal shape of the yield. Historically, a persistent inversion of the yield curve, as measured by the spread between 2 and 10-year Treasuries, has been a precursor of an economic recession within six to 24 months. As of quarter-end, the current yield curve inversion has persisted for 21 months.

**1-Year Trailing Market Rates**



**Treasury Yield Curve**



Source: US Department of Treasury, FRED (Federal Reserve of St. Louis), Federal Reserve of New York

[Fed Minutes Suggest Rate Hikes Are Over, but Offer No Timetable on Cuts - WSJ](#)

[Fed meeting today: Live updates on March Fed rate decision \(cnbc.com\)](#)

[CME FedWatch Tool - CME Group](#)

[Effective Federal Funds Rate - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](#)

[ICE BofA US High Yield Index Option-Adjusted Spread \(BAMLH0A0HYM2\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

[The quarter in review: what happened in the first three months of 2024? | J.P. Morgan Asset Management \(jpmorgan.com\)](#)

[When will the Federal Reserve start cutting interest rates? | J.P. Morgan Asset Management \(jpmorgan.com\)](#)

[Resource Center | U.S. Department of the Treasury](#)

[The S&P 500 Clinches Best Start to Year Since 2019 - WSJ](#)

[China's Economy Limpes Into 2024 - WSJ](#)

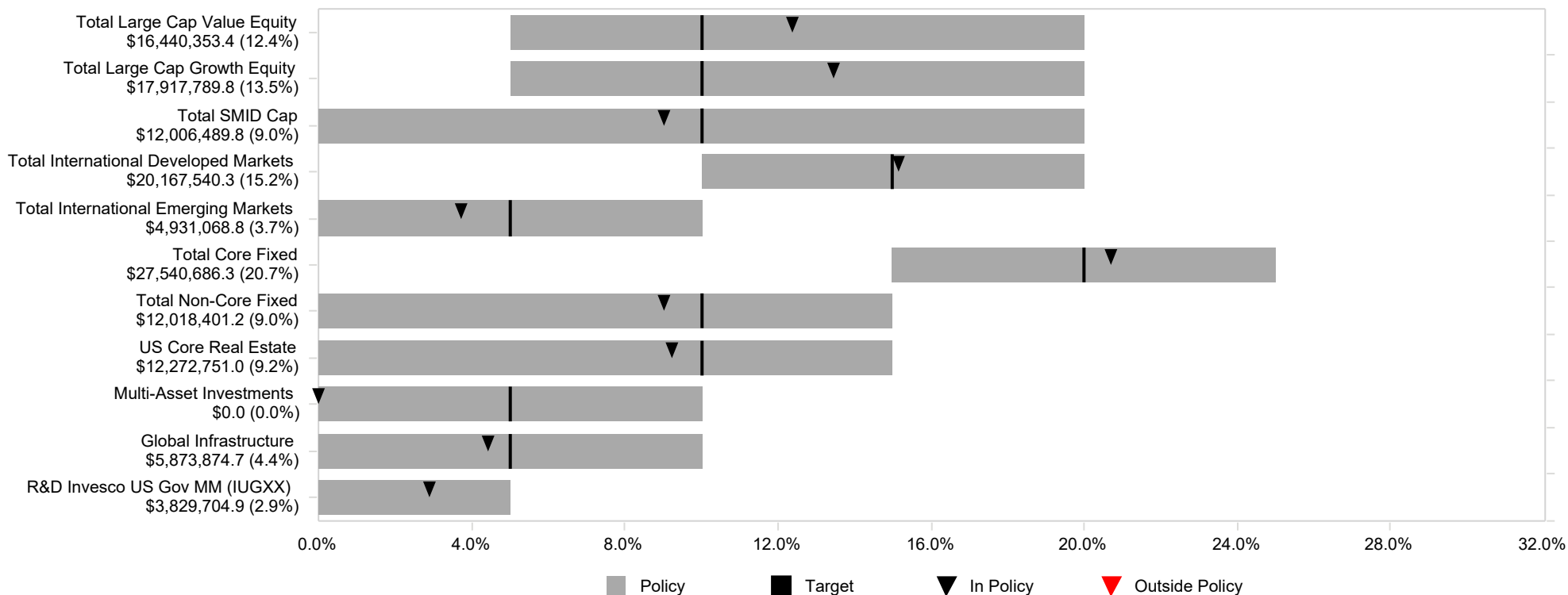
[Support Site - Global Index Lens: Index Returns - MSCI](#)

[Q1 2024 CIO Review and Outlook - Matthews Asia - Commentaries - Advisor Perspectives](#)

[Treasuries Selloff Deepens as Traders Push Back First Rate Cut - Articles - Advisor Perspectives](#)

[Federal Reserve issues FOMC statement](#)

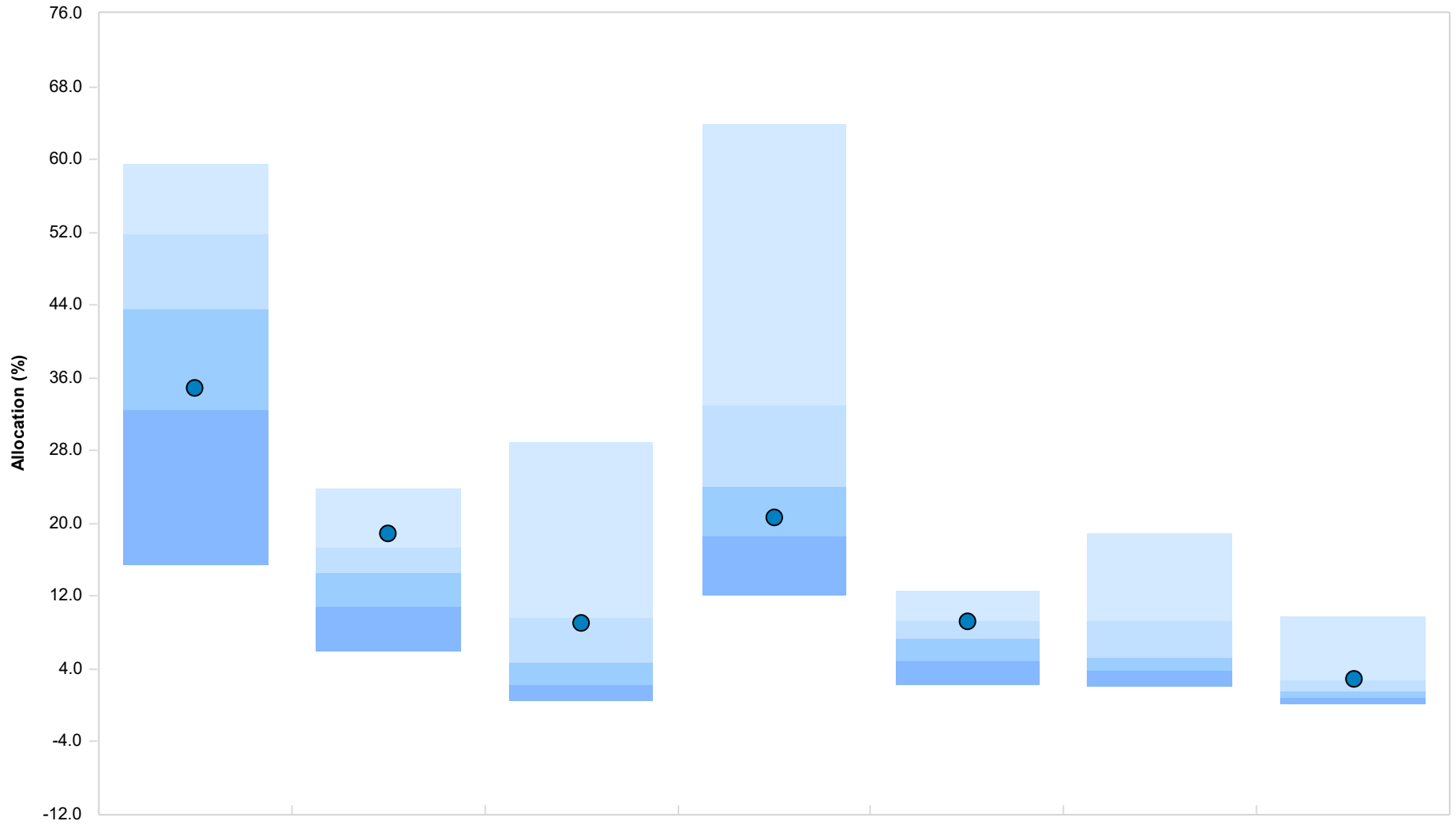
Executive Summary



Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebal. (\$000)
<b>Total Retirement System</b>	<b>132,998,660</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>100.0</b>	<b>-</b>
Total Large Cap Value Equity	16,440,353	12.4	5.0	20.0	10.0	-3,140,487
Total Large Cap Growth Equity	17,917,790	13.5	5.0	20.0	10.0	-4,617,924
Total SMID Cap	12,006,490	9.0	0.0	20.0	10.0	1,293,376
Total International Developed Markets	20,167,540	15.2	10.0	20.0	15.0	-217,741
Total International Emerging Markets	4,931,069	3.7	0.0	10.0	5.0	1,718,864
Total Core Fixed	27,540,686	20.7	15.0	25.0	20.0	-940,954
Total Non-Core Fixed	12,018,401	9.0	0.0	15.0	10.0	1,281,465
US Core Real Estate	12,272,751	9.2	0.0	15.0	10.0	1,027,115
Multi-Asset Investments	-	0.0	0.0	10.0	5.0	6,649,933
Global Infrastructure	5,873,875	4.4	0.0	10.0	5.0	776,058
R&D Invesco US Gov MM (IUGXX)	3,829,705	2.9	0.0	5.0	0.0	-3,829,705

Plan Sponsor TF Asset Allocation vs. All Public Plans-Total Fund

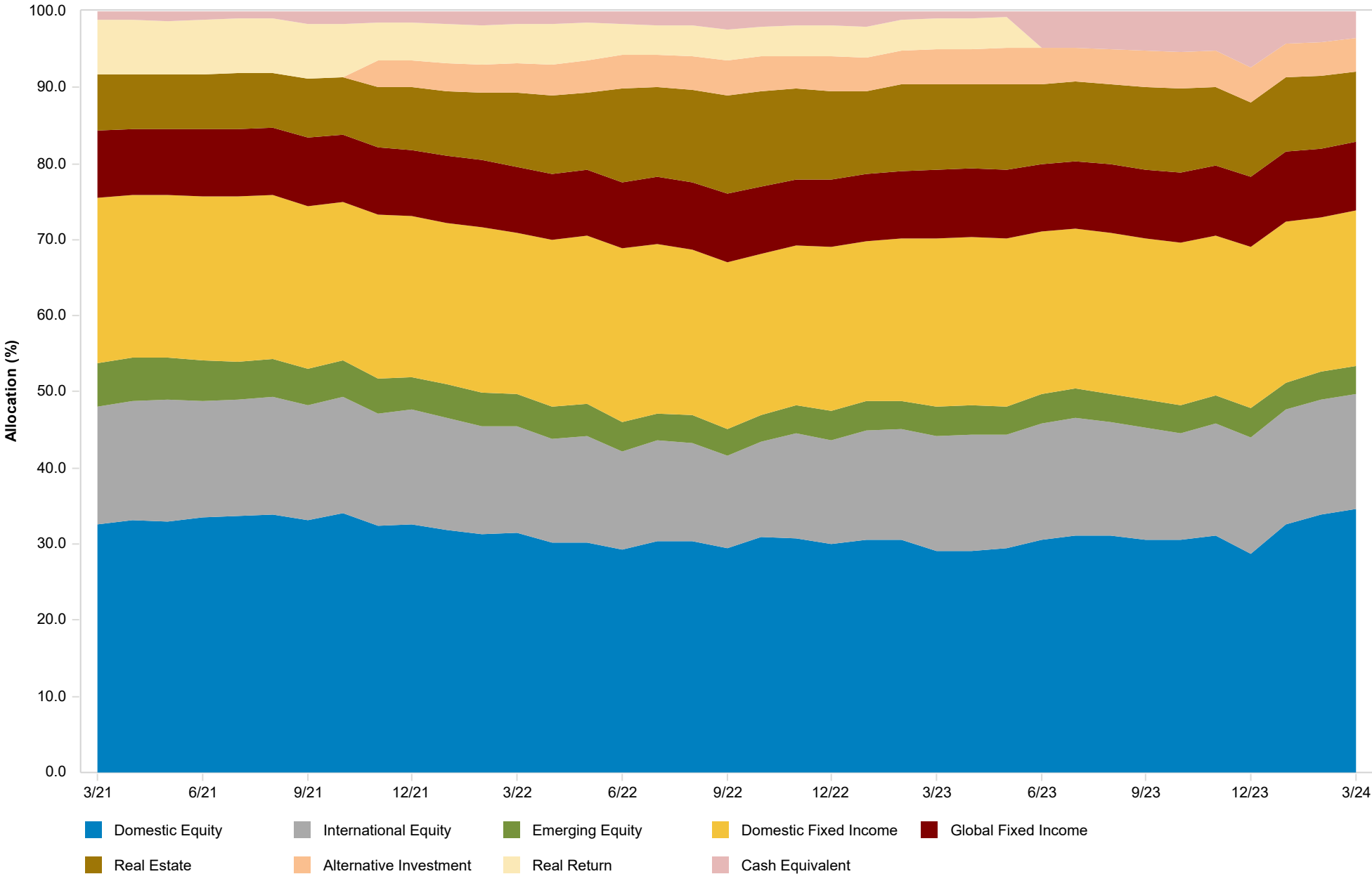


	US Equity	Global ex-US Equity	Global Fixed Income	US Fixed	Total Real Estate	Global TAA	Cash & Equivalents
● Total Retirement System	34.86 (69)	18.87 (19)	9.04 (26)	20.71 (65)	9.23 (26)	N/A	2.88 (25)
5th Percentile	59.41	23.75	29.00	63.92	12.57	18.94	9.70
1st Quartile	51.71	17.38	9.54	32.89	9.26	9.34	2.84
Median	43.57	14.50	4.61	23.93	7.30	5.20	1.48
3rd Quartile	32.46	10.87	2.15	18.52	4.84	3.75	0.74
95th Percentile	15.40	5.97	0.47	12.10	2.27	2.10	0.09

Parentheses contain percentile rankings.  
 Calculation based on <Periodicity> periodicity.

**Historical Asset Allocation by Segment**  
**Total Retirement System**  
**3 Years Ending March 31, 2024**

**Historical Asset Allocation by Segment**



**Financial Reconciliation**  
**Quarter to Date**  
**1 Quarter Ending March 31, 2024**

<b>Financial Reconciliation</b>									
	<b>Market Value 01/01/2024</b>	<b>Net Transfers</b>	<b>Contributions</b>	<b>Distributions</b>	<b>Management Fees</b>	<b>Other Expenses</b>	<b>Income</b>	<b>Apprec./ Deprec.</b>	<b>Market Value 03/31/2024</b>
<b>Total Equity</b>	<b>61,852,412</b>	<b>4,021,609</b>	<b>40,922</b>	<b>-</b>	<b>-40,922</b>	<b>-</b>	<b>72,637</b>	<b>5,516,584</b>	<b>71,463,242</b>
<b>Total Domestic Equity</b>	<b>37,304,544</b>	<b>4,021,609</b>	<b>24,500</b>	<b>-</b>	<b>-24,500</b>	<b>-</b>	<b>72,618</b>	<b>4,965,861</b>	<b>46,364,633</b>
Boston Partners LCV	14,678,293	-	24,500	-	-24,500	-	66,263	1,695,797	16,440,353
ClearBridge LCG	14,163	-14,163	-	-	-	-	-63	63	-
Alger Capital App-Y (ACAYX)	15,330,235	-	-	-	-	-	3	2,587,553	17,917,790
Clarkston Partners (CISMX)	7,281,854	-	-	-	-	-	2	308,857	7,590,713
Mainstay Fiera SMID Growth (APSDX)	-	4,035,772	-	-	-	-	6,413	373,592	4,415,777
<b>Total International Equity</b>	<b>24,547,868</b>	<b>-</b>	<b>16,421</b>	<b>-</b>	<b>-16,421</b>	<b>-</b>	<b>18</b>	<b>550,723</b>	<b>25,098,609</b>
Invesco Int'l Growth 2 Class A	10,039,941	-	16,421	-	-16,421	-	-	482,316	10,522,258
Oakmark Int'l (OANIX)	9,630,876	-	-	-	-	-	18	14,388	9,645,283
Allspring Emerging Mkts R6 (EMGDY)	4,877,051	-	-	-	-	-	-	54,018	4,931,069
<b>Total Fixed Income</b>	<b>39,650,420</b>	<b>-</b>	<b>17,215</b>	<b>-</b>	<b>-17,215</b>	<b>-</b>	<b>390,229</b>	<b>-481,561</b>	<b>39,559,088</b>
Garcia Hamilton	13,625,801	-	8,403	-	-8,403	-	101,988	-280,354	13,447,435
Richmond Capital	14,168,630	-	8,812	-	-8,812	-	139,099	-214,477	14,093,251
Pimco Diversified (PDIIX)	11,855,990	-	-	-	-	-	149,142	13,269	12,018,401
<b>US Core Real Estate</b>	<b>12,565,853</b>	<b>-124,154</b>	<b>-</b>	<b>-</b>	<b>-26,388</b>	<b>-</b>	<b>124,154</b>	<b>-266,714</b>	<b>12,272,751</b>
Morgan Stanley Prime Property	12,565,853	-124,154	-	-	-26,388	-	124,154	-266,714	12,272,751
<b>Global Infrastructure</b>	<b>5,939,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-11,214</b>	<b>-</b>	<b>-</b>	<b>-54,013</b>	<b>5,873,875</b>
IFM Global Infrastructure (US), L.P. Class A	5,939,101	-	-	-	-11,214	-	-	-54,013	5,873,875
<b>R&amp;D Invesco US Gov MM (IUGXX)</b>	<b>8,372,281</b>	<b>-3,897,455</b>	<b>-</b>	<b>-700,000</b>	<b>-</b>	<b>-</b>	<b>42,340</b>	<b>12,539</b>	<b>3,829,705</b>
<b>Total Retirement System</b>	<b>128,380,067</b>	<b>-</b>	<b>58,137</b>	<b>-700,000</b>	<b>-95,739</b>	<b>-</b>	<b>629,359</b>	<b>4,726,836</b>	<b>132,998,660</b>

**Financial Reconciliation**  
**Fiscal Year to Date**  
September 1, 2023 To March 31, 2024

<b>Financial Reconciliation</b>									
	<b>Market Value 09/01/2023</b>	<b>Net Transfers</b>	<b>Contributions</b>	<b>Distributions</b>	<b>Management Fees</b>	<b>Other Expenses</b>	<b>Income</b>	<b>Apprec./ Deprec.</b>	<b>Market Value 03/31/2024</b>
<b>Total Equity</b>	<b>62,218,206</b>	<b>-1,561</b>	<b>115,603</b>	<b>-</b>	<b>-115,603</b>	<b>-</b>	<b>443,710</b>	<b>8,802,887</b>	<b>71,463,242</b>
<b>Total Domestic Equity</b>	<b>38,960,404</b>	<b>-1,561</b>	<b>68,974</b>	<b>-</b>	<b>-68,974</b>	<b>-</b>	<b>179,323</b>	<b>7,226,467</b>	<b>46,364,633</b>
Boston Partners LCV	13,808,129	-	68,974	-	-68,974	-	150,089	2,482,135	16,440,353
Clarkston Partners (CISMX)	6,909,663	-	-	-	-	-	22,628	658,421	7,590,713
Jackson Square Partners (DCGTX)	4,095,335	-4,023,170	-	-	-	-	4	-72,169	-
Mainstay Fiera SMID Growth (APSDX)	-	4,035,772	-	-	-	-	6,413	373,592	4,415,777
ClearBridge LCG	13,918	-14,163	-	-	-	-	183	63	-
Alger Capital App-Y (ACAYX)	14,133,359	-	-	-	-	-	6	3,784,425	17,917,790
<b>Total International Equity</b>	<b>23,257,802</b>	<b>-</b>	<b>46,629</b>	<b>-</b>	<b>-46,629</b>	<b>-</b>	<b>264,387</b>	<b>1,576,421</b>	<b>25,098,609</b>
Invesco Int'l Growth 2 Class A	9,263,800	-	46,629	-	-46,629	-	-	1,258,458	10,522,258
Oakmark Int'l (OANIX)	9,349,673	-	-	-	-	-	199,161	96,449	9,645,283
Allspring Emerging Mkts R6 (EMGDX)	4,644,329	-	-	-	-	-	65,226	221,514	4,931,069
<b>Total Fixed Income</b>	<b>37,880,992</b>	<b>-</b>	<b>50,710</b>	<b>-</b>	<b>-50,710</b>	<b>-</b>	<b>888,781</b>	<b>789,315</b>	<b>39,559,088</b>
Garcia Hamilton	13,099,767	-	24,808	-	-24,808	-	236,657	111,011	13,447,435
Richmond Capital	13,572,103	-	25,902	-	-25,902	-	315,841	205,307	14,093,251
Pimco Diversified (PDIIX)	11,209,122	-	-	-	-	-	336,283	472,996	12,018,401
<b>US Core Real Estate</b>	<b>13,138,375</b>	<b>-381,772</b>	<b>-</b>	<b>-</b>	<b>-81,237</b>	<b>-</b>	<b>252,032</b>	<b>-654,646</b>	<b>12,272,751</b>
Morgan Stanley Prime Property	13,138,375	-381,772	-	-	-81,237	-	252,032	-654,646	12,272,751
<b>Global Infrastructure</b>	<b>5,711,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-33,756</b>	<b>-</b>	<b>-</b>	<b>196,618</b>	<b>5,873,875</b>
IFM Global Infrastructure (US), L.P. Class A	5,711,013	-	-	-	-33,756	-	-	196,618	5,873,875
<b>R&amp;D Invesco US Gov MM (IUGXX)</b>	<b>5,434,090</b>	<b>383,334</b>	<b>-</b>	<b>-2,150,000</b>	<b>-</b>	<b>-</b>	<b>149,744</b>	<b>12,537</b>	<b>3,829,705</b>
<b>Total Retirement System</b>	<b>124,382,676</b>	<b>-</b>	<b>166,314</b>	<b>-2,150,000</b>	<b>-281,307</b>	<b>-</b>	<b>1,734,267</b>	<b>9,146,710</b>	<b>132,998,660</b>

**Comparative Performance**  
**Trailing Returns**  
**As of March 31, 2024**

<b>Comparative Performance</b>																		
	<b>QTR</b>		<b>FYTD</b>		<b>YTD</b>		<b>1 YR</b>		<b>3 YR</b>		<b>5 YR</b>		<b>7 YR</b>		<b>Inception</b>		<b>Inception Date</b>	
<b>Total Retirement System (Net)</b>	<b>4.11</b>	<b>(78)</b>	<b>8.59</b>	<b>(78)</b>	<b>4.11</b>	<b>(78)</b>	<b>11.14</b>	<b>(84)</b>	<b>1.67</b>	<b>(98)</b>	<b>6.12</b>	<b>(95)</b>	<b>6.65</b>	<b>(84)</b>	<b>6.36</b>	<b>(35)</b>	<b>10/01/1999</b>	
Total Fund Policy	3.80	(83)	8.47	(79)	3.80	(83)	11.49	(83)	2.99	(83)	6.05	(96)	6.38	(90)	7.20	(7)		
Difference	0.31		0.12		0.31		-0.35		-1.32		0.07		0.27		-0.84			
All Public Plans-Total Fund Median	4.98		9.97		4.98		14.21		4.11		7.77		7.61		6.13			
<b>Total Retirement System (Gross)</b>	<b>4.18</b>		<b>8.83</b>		<b>4.18</b>		<b>11.47</b>		<b>2.03</b>		<b>6.50</b>		<b>7.02</b>		<b>6.71</b>		<b>10/01/1999</b>	
Total Fund Policy	3.80		8.47		3.80		11.49		2.99		6.05		6.38		7.20			
Difference	0.38		0.36		0.38		-0.02		-0.96		0.45		0.64		-0.49			
<b>Total Equity</b>	<b>8.50</b>		<b>15.13</b>		<b>8.50</b>		<b>21.69</b>		<b>3.43</b>		<b>10.12</b>		<b>10.28</b>		<b>7.24</b>		<b>11/01/1999</b>	
<b>Total Domestic Equity</b>	<b>12.29</b>	<b>(17)</b>	<b>19.52</b>	<b>(22)</b>	<b>12.29</b>	<b>(17)</b>	<b>29.98</b>	<b>(26)</b>	<b>6.24</b>	<b>(65)</b>	<b>12.53</b>	<b>(51)</b>	<b>12.57</b>	<b>(42)</b>	<b>8.28</b>	<b>(83)</b>	<b>10/01/1999</b>	
Domestic Equity Policy	9.30	(47)	16.65	(47)	9.30	(47)	26.91	(39)	7.92	(54)	13.04	(46)	12.45	(43)	7.88	(93)		
Difference	2.99		2.87		2.99		3.07		-1.68		-0.51		0.12		0.40			
IM U.S. Equity (SA+CF) Median	8.97		16.29		8.97		24.05		8.28		12.56		11.75		9.92			
Boston Partners LCV	12.00	(16)	19.06	(24)	12.00	(16)	28.68	(21)	11.96	(21)	13.48	(38)	11.72	(38)	12.48	(33)	01/01/2010	
Russell 1000 Value Index	8.99	(59)	14.73	(75)	8.99	(59)	20.27	(73)	8.11	(85)	10.31	(89)	9.16	(90)	10.97	(85)		
Difference	3.01		4.33		3.01		8.41		3.85		3.17		2.56		1.51			
IM U.S. Large Cap Value Equity (SA+CF) Median	9.64		16.79		9.64		23.52		10.41		12.53		11.16		11.91			
Alger Capital App-Y (ACAYX)	16.88	(4)	26.78	(8)	16.88	(4)	47.56	(10)	N/A		N/A		N/A		31.40	(30)	07/01/2022	
Russell 1000 Growth Index	11.41	(69)	20.28	(70)	11.41	(69)	39.00	(66)	12.50	(21)	18.52	(13)	18.06	(24)	29.22	(57)		
Difference	5.47		6.50		5.47		8.56		N/A		N/A		N/A		2.18			
IM U.S. Large Cap Growth Equity (MF) Median	12.74		22.45		12.74		41.04		10.52		16.85		16.96		29.85			
Clarkston Partners (CISMx)	4.24	(96)	9.86	(99)	4.24	(96)	10.91	(100)	1.83	(100)	9.50	(82)	N/A		8.59	(65)	06/01/2017	
Russell 2500 Value Index	6.07	(72)	14.21	(37)	6.07	(72)	21.33	(28)	5.36	(79)	9.38	(84)	7.74	(73)	8.30	(70)		
Difference	-1.83		-4.35		-1.83		-10.42		-3.53		0.12		N/A		0.29			
IM U.S. SMID Cap Value Equity (MF) Median	6.39		12.89		6.39		19.55		7.82		10.83		8.69		8.94			
Mainstay Fiera SMID Growth (APSDX)	9.42	(32)	N/A		9.42	(32)	N/A		N/A		N/A		N/A		8.43	(83)	02/01/2024	
Russell 2500 Growth Index	8.51	(39)	14.82	(54)	8.51	(39)	21.12	(49)	-0.81	(68)	9.39	(63)	10.57	(62)	11.02	(35)		
Difference	0.91		N/A		0.91		N/A		N/A		N/A		N/A		-2.59			
IM U.S. SMID Cap Growth Equity (MF) Median	7.99		14.93		7.99		20.92		0.83		10.18		11.26		9.90			

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
\*Returns prior to 10/1/2012, consist of a blend of net and gross returns.



**Comparative Performance  
Trailing Returns  
As of March 31, 2024**

	QTR	FYTD	YTD	1 YR	3 YR	5 YR	7 YR	Inception	Inception Date
<b>Total International Equity</b>	<b>2.24 (80)</b>	<b>7.91 (81)</b>	<b>2.24 (80)</b>	<b>8.93 (81)</b>	<b>-1.18 (83)</b>	<b>5.80 (79)</b>	<b>5.41 (86)</b>	<b>5.99 (63)</b>	<b>10/01/1999</b>
Total International Equity Hybrid	4.96 (51)	11.52 (48)	4.96 (51)	13.56 (52)	2.34 (60)	6.14 (75)	6.04 (76)	5.14 (89)	
Difference	-2.72	-3.61	-2.72	-4.63	-3.52	-0.34	-0.63	0.85	
IM International Equity (SA+CF) Median	5.01	11.20	5.01	13.80	3.40	7.63	7.08	6.48	
Invesco Int'l Growth 2 Class A	4.80 (77)	13.58 (42)	4.80 (77)	15.13 (54)	1.68 (85)	8.38 (35)	7.04 (58)	8.21 (44)	01/01/2012
MSCI EAFE (Net) Index	5.78 (56)	12.82 (49)	5.78 (56)	15.32 (52)	4.78 (42)	7.33 (61)	6.70 (69)	7.10 (85)	
Difference	-0.98	0.76	-0.98	-0.19	-3.10	1.05	0.34	1.11	
IM International Large Cap Core Equity (SA+CF) Median	5.98	12.67	5.98	15.43	4.06	7.69	7.25	8.06	
Oakmark Int'l (OANIX)	0.15 (100)	3.16 (100)	0.15 (100)	4.66 (100)	0.35 (95)	5.74 (72)	N/A	7.22 (78)	01/01/2019
MSCI World ex-U.S. (net)	5.59 (43)	12.75 (34)	5.59 (43)	15.29 (31)	4.93 (22)	7.48 (22)	6.78 (19)	9.16 (20)	
Difference	-5.44	-9.59	-5.44	-10.63	-4.58	-1.74	N/A	-1.94	
IM International Multi-Cap Core Equity (MF) Median	5.14	11.73	5.14	13.66	3.30	6.53	5.98	8.19	
Allspring Emerging Mkts R6 (EMGDX)	1.11 (84)	6.17 (74)	1.11 (84)	5.23 (78)	-8.48 (78)	1.49 (72)	2.89 (70)	2.88 (74)	01/01/2012
MSCI Emerging Markets (Net) Index	2.37 (62)	7.53 (54)	2.37 (62)	8.15 (56)	-5.05 (46)	2.22 (60)	3.72 (49)	3.55 (51)	
Difference	-1.26	-1.36	-1.26	-2.92	-3.43	-0.73	-0.83	-0.67	
IM Emerging Markets Equity (MF) Median	3.05	7.71	3.05	8.97	-5.51	2.66	3.64	3.57	
<b>Total Fixed Income</b>	<b>-0.23 (71)</b>	<b>4.43 (39)</b>	<b>-0.23 (71)</b>	<b>3.54 (54)</b>	<b>-1.49 (68)</b>	<b>1.28 (71)</b>	<b>1.82 (67)</b>	<b>4.61 (40)</b>	<b>10/01/1999</b>
Total Fixed Income Policy	-0.39 (78)	4.14 (45)	-0.39 (78)	3.30 (58)	-1.99 (80)	0.88 (85)	1.43 (87)	4.04 (65)	
Difference	0.16	0.29	0.16	0.24	0.50	0.40	0.39	0.57	
IM U.S. Fixed Income (SA+CF) Median	0.20	3.93	0.20	3.71	-0.40	1.77	2.11	4.33	
Garcia Hamilton	-1.31 (100)	2.65 (99)	-1.31 (100)	0.01 (98)	-2.30 (69)	0.55 (82)	1.29 (80)	1.51 (78)	10/01/2015
Blmbg. U.S. Aggregate Index	-0.78 (91)	3.30 (81)	-0.78 (91)	1.70 (80)	-2.46 (88)	0.36 (96)	1.06 (98)	1.21 (96)	
Difference	-0.53	-0.65	-0.53	-1.69	0.16	0.19	0.23	0.30	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.44	3.66	-0.44	2.36	-2.04	0.93	1.57	1.76	
Richmond Capital	-0.53 (58)	3.84 (39)	-0.53 (58)	2.56 (39)	-1.90 (35)	0.77 (67)	1.44 (69)	1.58 (71)	10/01/2015
Blmbg. U.S. Aggregate Index	-0.78 (91)	3.30 (81)	-0.78 (91)	1.70 (80)	-2.46 (88)	0.36 (96)	1.06 (98)	1.21 (96)	
Difference	0.25	0.54	0.25	0.86	0.56	0.41	0.38	0.37	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.44	3.66	-0.44	2.36	-2.04	0.93	1.57	1.76	
Pimco Diversified (PDIIX)	1.37 (6)	7.22 (4)	1.37 (6)	9.08 (4)	-0.20 (13)	N/A	N/A	0.14 (12)	09/01/2020
Blmbg. Global Credit (Hedged)	0.40 (25)	5.88 (13)	0.40 (25)	6.63 (14)	-1.05 (26)	1.65 (19)	2.34 (12)	-0.83 (28)	
Difference	0.97	1.34	0.97	2.45	0.85	N/A	N/A	0.97	
IM Global Fixed Income (MF) Median	-0.35	3.99	-0.35	3.35	-2.33	0.25	0.92	-2.15	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
\*Returns prior to 10/1/2012, consist of a blend of net and gross returns.

**Comparative Performance  
Trailing Returns  
As of March 31, 2024**

	QTR	FYTD	YTD	1 YR	3 YR	5 YR	7 YR	Inception	Inception Date
<b>US Core Real Estate</b>	<b>-1.14</b>	<b>-3.12</b>	<b>-1.14</b>	<b>-5.09</b>	<b>6.47</b>	<b>5.91</b>	<b>N/A</b>	<b>6.17</b>	<b>07/01/2018</b>
Morgan Stanley Prime Property	-1.14	-3.12	-1.14	-5.09	6.47	5.91	N/A	6.17	07/01/2018
NCREIF Fund Index-Open End Diversified Core (EW)	-2.20	-9.09	-2.20	-11.69	3.64	3.82	4.98	4.28	
Difference	1.06	5.97	1.06	6.60	2.83	2.09	N/A	1.89	
<b>Global Infrastructure</b>	<b>-1.10</b>	<b>2.85</b>	<b>-1.10</b>	<b>4.75</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>8.19</b>	<b>12/01/2021</b>
IFM Global Infrastructure (US), L.P. Class A	-1.10 (85)	2.85 (90)	-1.10 (85)	4.75 (29)	N/A	N/A	N/A	8.19 (3)	12/01/2021
50% MSCI World / 50% BC Agg	3.99 (11)	9.59 (13)	3.99 (11)	12.97 (3)	3.14 (39)	6.40 (9)	6.26 (16)	1.18 (59)	
Difference	-5.09	-6.74	-5.09	-8.22	N/A	N/A	N/A	7.01	
IM Global Infrastructure (MF) Median	0.29	6.85	0.29	2.28	2.92	4.37	4.98	1.57	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
\*Returns prior to 10/1/2012, consist of a blend of net and gross returns.

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**Texas Emergency Services Retirement System  
Manager Compliance Checklist**

March 31, 2024

Domestic Equity:	Boston LCV			Alger			Clarkston			Mainstay Fiera		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
A. Less than four (4) consecutive quarters of relative under-performance verses the benchmark.	•			•			•					•
B. Three (3) year trailing return within the top 50th percentile and performance exceeding the benchmark.	•					•		•				•
C. Five (5) year trailing return within the top 50th percentile and performance exceeding the benchmark.	•					•		•				•
D. Three (3) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.	•					•						•
E. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.	•					•						•
F. Style consistency, no drift from the mandate.	•			•			•				•	
G. No management turnover in portfolio team or senior management.	•			•			•				•	
H. No investment process change, including varying the index or benchmark.	•			•			•				•	
I. Adherence to the Investment Policy Statement, and no other compliance issues.	•			•			•				•	
J. No investigation of the firm by the Securities and Exchange Commission (SEC).	•			•			•				•	
K. No significant asset flows into or out of the company.	•			•			•				•	
L. No merger or sale of firm.	•			•			•				•	
M. No fee increases outside of the competitive range.	•			•			•				•	

Compliance is based off live data, not composite level data.

International Equity:	Invesco Int'l			Allspring Emer			Oakmark Int'l					
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
A. Less than four (4) consecutive quarters of relative under-performance verses the benchmark.	•			•			•					
B. Three (3) year trailing return within the top 50th percentile and performance exceeding the benchmark.		•			•			•				
C. Five (5) year trailing return within the top 50th percentile and performance exceeding the benchmark.	•				•			•				
D. Three (3) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.		•			•			•				
E. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.		•			•			•				
F. Style consistency, no drift from the mandate.	•			•			•					
G. No management turnover in portfolio team or senior management.	•			•			•					
H. No investment process change, including varying the index or benchmark.	•			•			•					
I. Adherence to the Investment Policy Statement, and no other compliance issues.	•			•			•					
J. No investigation of the firm by the Securities and Exchange Commission (SEC).	•			•			•					
K. No significant asset flows into or out of the company.	•			•			•					
L. No merger or sale of firm.	•			•			•					
M. No fee increases outside of the competitive range.	•			•			•					

A "Yes" result means the Fund is In compliance with the IPS. Some criteria are N/A for index funds and are not included in the Compliance Checklist.

Compliance is based off live data, not composite level data.

**Texas Emergency Services Retirement System  
Manager Compliance Checklist**

March 31, 2024

Multi-Asset:	IFM Global											
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
A. Less than four (4) consecutive quarters of relative under-performance verses the benchmark.	•											
B. Three (3) year trailing return within the top 50th percentile and performance exceeding the benchmark.			•									
C. Five (5) year trailing return within the top 50th percentile and performance exceeding the benchmark.			•									
D. Three (3) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.			•									
E. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.			•									
F. Style consistency, no drift from the mandate.	•											
G. No management turnover in portfolio team or senior management.	•											
H. No investment process change, including varying the index or benchmark.	•											
I. Adherence to the Investment Policy Statement, and no other compliance issues.	•											
J. No investigation of the firm by the Securities and Exchange Commission (SEC).	•											
K. No significant asset flows into or out of the company.	•											
L. No merger or sale of firm.	•											
M. No fee increases outside of the competitive range.	•											

Fixed Income:	Garcia			Richmond			Pimco					
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
A. Less than four (4) consecutive quarters of relative under-performance verses the benchmark.	•			•			•					
B. Three (3) year trailing return within the top 50th percentile and performance exceeding the benchmark.		•		•			•					
C. Five (5) year trailing return within the top 50th percentile and performance exceeding the benchmark.		•			•				•			
D. Three (3) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.		•		•				•				
E. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture ratio.		•			•				•			
F. Style consistency, no drift from the mandate.	•			•			•					
G. No management turnover in portfolio team or senior management.	•			•			•					
H. No investment process change, including varying the index or benchmark.	•			•			•					
I. Adherence to the Investment Policy Statement, and no other compliance issues.	•			•			•					
J. No investigation of the firm by the Securities and Exchange Commission (SEC).	•			•			•					
K. No significant asset flows into or out of the company.	•			•			•					
L. No merger or sale of firm.	•			•			•					
M. No fee increases outside of the competitive range.	•			•			•					

A "Yes" result means the Fund is In compliance with the IPS. Some criteria are N/A for index funds and are not included in the Compliance Checklist.

Compliance is based off live data, not composite level data.

**Benchmark History**  
**Total Fund Policy**  
As of March 31, 2024

	Weight (%)
<b>Jan-1999</b>	
zz- TESRS Historical Total Fund Policy	100.00
<b>Dec-2016</b>	
Russell 1000 Value Index	16.00
Russell 1000 Growth Index	16.00
Russell 2000 Index	5.00
Russell 2000 Growth Index	5.00
MSCI EAFE (Net) Index	21.00
MSCI Emerging Markets (Net) Index	6.00
Blmbg. U.S. Aggregate Index	26.00
Alerian MLP Index	5.00
<b>Jun-2017</b>	
Russell 1000 Value Index	16.00
Russell 1000 Growth Index	16.00
Russell 2500 Value Index	7.50
Russell 2500 Growth Index	7.50
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	28.00
Alerian MLP Index	5.00
<b>Jun-2018</b>	
Russell 1000 Value Index	16.00
Russell 1000 Growth Index	16.00
Russell 2500 Value Index	7.50
Russell 2500 Growth Index	7.50
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	23.00
Alerian MLP Index	5.00
NCREIF Fund Index-Open End Diversified Core (EW)	5.00

	Weight (%)
<b>Oct-2018</b>	
Russell 1000 Value Index	15.00
Russell 1000 Growth Index	15.00
Russell 2500 Value Index	7.50
Russell 2500 Growth Index	7.50
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	20.00
Alerian MLP Index	5.00
NCREIF Fund Index-Open End Diversified Core (EW)	5.00
50% MSCI World / 50% BC Agg	5.00
<b>Jun-2020</b>	
Russell 1000 Value Index	10.00
Russell 1000 Growth Index	10.00
Russell 2500 Value Index	5.00
Russell 2500 Growth Index	5.00
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	35.00
NCREIF Fund Index-Open End Diversified Core (EW)	5.00
50% MSCI World / 50% BC Agg	10.00
<b>Aug-2020</b>	
Russell 1000 Value Index	10.00
Russell 1000 Growth Index	10.00
Russell 2500 Value Index	5.00
Russell 2500 Growth Index	5.00
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	25.00
Blmbg. Global Credit (Hedged)	10.00
NCREIF Fund Index-Open End Diversified Core (EW)	5.00
50% MSCI World / 50% BC Agg	10.00

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	<b>Weight (%)</b>
<b>Nov-2021</b>	
Russell 1000 Value Index	10.00
Russell 1000 Growth Index	10.00
Russell 2500 Value Index	5.00
Russell 2500 Growth Index	5.00
MSCI EAFE (Net) Index	15.00
MSCI Emerging Markets (Net) Index	5.00
Blmbg. U.S. Aggregate Index	20.00
Blmbg. Global Credit (Hedged)	10.00
NCREIF Fund Index-Open End Diversified Core (EW)	10.00
50% MSCI World / 50% BC Agg	10.00

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**Benchmark Policies  
Investment Policy Benchmarks**

As of March 31, 2024

**SMID Cap Policy**

Allocation Mandate	Weight (%)
<b>Jun-2017</b>	
Russell 2500 Growth Index	50.00
Russell 2500 Value Index	50.00

**Domestic Equity Policy**

Allocation Mandate	Weight (%)
<b>Oct-1999</b>	
Russell 3000 Index	100.00
<b>Jun-2017</b>	
Russell 1000 Value Index	34.00
Russell 1000 Growth Index	34.00
Russell 2500 Value Index	16.00
Russell 2500 Growth Index	16.00

**International Equity Policy**

Allocation Mandate	Weight (%)
<b>Oct-1999</b>	
MSCI EAFE (Net) Index	100.00
<b>Jan-2001</b>	
MSCI EAFE (Net) Index	77.00
MSCI Emerging Markets (Net) Index	23.00
<b>Jun-2017</b>	
MSCI EAFE (Net) Index	75.00
MSCI Emerging Markets (Net) Index	25.00

**Total Equity Policy**

Allocation Mandate	Weight (%)
<b>Jun-2017</b>	
Russell 1000 Value Index	24.00
Russell 1000 Growth Index	24.00
Russell 2500 Growth Index	11.00
Russell 2500 Value Index	11.00
MSCI EAFE (Net) Index	22.00
MSCI Emerging Markets (Net) Index	8.00
<b>Oct-2018</b>	
Russell 1000 Value Index	23.00
Russell 1000 Growth Index	23.00
Russell 2500 Growth Index	12.00
Russell 2500 Value Index	12.00
MSCI EAFE (Net) Index	23.00
MSCI Emerging Markets (Net) Index	7.00
<b>Jun-2020</b>	
Russell 1000 Value Index	20.00
Russell 1000 Growth Index	20.00
Russell 2500 Growth Index	10.00
Russell 2500 Value Index	10.00
MSCI EAFE (Net) Index	30.00
MSCI Emerging Markets (Net) Index	10.00

**Domestic Fixed Policy**

Allocation Mandate	Weight (%)
<b>Oct-1999</b>	
Blmbg. U.S. Aggregate Index	100.00
<b>Aug-2020</b>	
Blmbg. U.S. Aggregate Index	67.00
Blmbg. Global Credit (Hedged)	33.00

**50% MSCI World, 50% Barclays Agg**

Allocation Mandate	Weight (%)
<b>Mar-2017</b>	
MSCI World (net)	50.00
Blmbg. U.S. Aggregate Index	50.00
<b>Sep-2018</b>	
MSCI World (net)	50.00
Blmbg. U.S. Aggregate Index	50.00



**Texas Emergency Services Retirement System**

**Fee Analysis**

**As of March 31, 2024**

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Boston Partners LCV	0.62	16,440,353	102,202	0.70 % of First \$10 M 0.50 % of Next \$40 M 0.40 % of Next \$50 M 0.30 % Thereafter
Alger Capital App-Y (ACAYX)	0.75	17,917,790	134,383	0.75 % of Assets
Clarkston Partners (CISMX)	1.00	7,590,713	75,907	1.00 % of Assets
Mainstay Fiera SMID Growth (APSDX)	0.84	4,415,777	37,093	0.84 % of Assets
Invesco Int'l Growth 2 Class A	0.65	10,522,258	68,395	0.65 % of First \$50 M 0.60 % of Next \$50 M 0.50 % Thereafter
Allspring Emerging Mkts R6 (EMGDX)	1.02	4,931,069	50,297	1.02 % of Assets
Oakmark Int'l (OANIX)	0.78	9,645,283	75,233	0.78 % of Assets
Garcia Hamilton	0.25	13,447,435	33,619	0.25 % of Assets
Richmond Capital	0.25	14,093,251	35,233	0.25 % of First \$40 M 0.15 % Thereafter
Pimco Diversified (PDIIX)	0.79	12,018,401	94,945	0.79 % of Assets
Morgan Stanley Prime Property	0.90	12,272,751	110,455	0.90 % of Assets
IFM Global Infrastructure (US), L.P. Class A	0.77	5,873,875	45,229	0.77 % of Assets
R&D Invesco US Gov MM (IUGXX)	0.17	3,829,705	6,511	0.17 % of Assets
<b>Total Retirement System</b>	<b>0.65</b>	<b>132,998,660</b>	<b>869,501</b>	

Fee information on this page is an illustrative estimate of management fees based on current reported portfolio values. Fee estimates do not reflect actual calculation methodologies or applicable carried interest.

<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Distributed to Paid In (DPI)</b>	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Public Market Equivalent (PME)</b>	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Total Value to Paid In (TVPI)</b>	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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Mariner Institutional compiled this report for the sole use of the client for which it was prepared. Mariner Institutional is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. Mariner Institutional uses the results from this evaluation to make observations and recommendations to the client.

Mariner Institutional uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. Mariner Institutional analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides Mariner Institutional with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides Mariner Institutional with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause Mariner Institutional to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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**\*IMPORTANT DISCLOSURE INFORMATION RE GREENWICH QUALITY LEADER AWARD**

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Methodology for this Award: For the 2022 Greenwich Quality Award for Overall U.S. Investment Consulting – Midsize Consultants – Between February and November 2022, Coalition Greenwich conducted interviews with 727 individuals from 590 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate and union funds, public funds, and endowment and foundation funds, with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends.

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# MARINER

*Access to a wealth of knowledge and solutions.*

## TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Manager Watch Status:

Investment Policy Section XII (b)

*Manager Return Objectives :*

The individual advisor’s total return should perform at least at the upper fiftieth (50) percentile compared to investment style peers of similar type as found in the appropriate peer universe of Managers measured over a minimum period of three (3) to five (5) years.

As of March 31, 2024 the Portfolio’s manager status:

Manager	3-Yr Ranking	5-Yr vs Benchmark	5-Yr Ranking	5-Yr vs Benchmark	Watch Status	On Watch Since
Boston Partners	21	Above	49	Above	No Action	
Alger Capital Appreciation Fund	NA	NA	NA	NA	No Action	
Clarkston Partners Fund	82	Below	87	Below	Watch Status	May-24
Fiera SMID Growth	NA	NA	NA	NA	No Action	
Invesco International Growth Fund	85	Below	35	Above	No Action	
Oakmark International Fund	95	Below	72	Below	No Action	
Allspring Emerging Markets Fund	78	Below	72	Below	No Action	
Garcia Hamilton	69	Above	82	Above	Watch Status	May-24
Richmond Capital	35	Above	67	Above	No Action	
PIMCO Diversified Income Fund	13	Above	NA	NA	No Action	
Morgan Stanley Prime Property Fund	NA	Above	NA	Above	No Action	
IFM Infrastructure Fund	NA	NA	NA	NA	No Action	

**PORTFOLIO RECOMMENDATION(S)**

1. Board place Clarkson SMID on effective May 2024
2. Board place Garcia Hamilton on watch effective May 2025

# Texas Emergency Services Retirement System



Pilar Rodriguez, Chairman  
Jessica O'Brien, Executive Director

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P.O.Box 12577 Austin, TX 78711-2577

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## Investment Policy February 2024

### I. Introduction

The Texas Emergency Services Retirement System (System) is a pension trust fund operating under the constitutional and statutory provisions of the State of Texas. A Board of Trustees ("Board") governs the System.

- A. The System provides service, disability, death, and survivor benefits for volunteer fire fighters and EMS personnel in departments in the System and for their beneficiaries. Benefits are funded by contributions of the governing entities of participating departments, state contributions, and investment returns.
- B. The assets of the pension system are for the exclusive benefit of the members of the System.
- C. The assets of the pension system shall be invested and reinvested in accordance with Section 67, Article XVI, Texas Constitution and Title 8 Gov Code, Title H. Sections 865.007 and 865.008.
- D. The Texas Emergency Services Retirement Fund ("Fund") is a trust fund established with the comptroller.

### II. Purpose

- A. The purpose of the Investment Policy is to define policies to guide the implementation of the Board's investment goals and objectives in addition to establishing delegations of authority and responsibility, with the end result being effective management and control of the investment process.
- B. This investment policy applies to all financial assets of the System with the exception of cash residing in the state treasury for routine operating expenses and benefit payments.
- C. This investment policy is binding upon all persons with authority over the System's assets, including:
  - 1. investment managers/advisors;
  - 2. custodians;
  - 3. consultants;
  - 4. brokers/dealers; and
  - 5. the Executive Director.
- D. Board Members, the Executive Director, and System employees shall observe the Ethics Policy, and avoid conflicts of interest and prohibited transactions.

### III. Investment Objective

The Board's investment objectives over extended periods of time (generally, ten to twenty years) are to achieve an annualized investment return that equals or exceeds the actuarial investment return assumption of the System. The assumed rate of return as of is 7.50%.

### IV. Investment Strategy

- A. It is the policy of the Board to invest funds in a manner that will provide investment return with security while meeting the daily cash flow demands of the System and conforming to all state statutes governing the investment of public funds.
- B. The Board may acquire, hold, manage, purchase, sell, assign, trade, transfer, and dispose of any security, evidence of debt, or other investment in which the System's assets may be invested.
- C. The objectives of the Board will be implemented based on the following principles:
  - 1. Asset allocation is the most important determinant of investment performance.
  - 2. Reasonable liquidity shall be maintained by the System to meet benefit payment requirements.
  - 3. The investment strategy is long-term, recognizing that the average age of the System's liabilities is relatively long. For this reason, emphasis will be placed upon long-term or strategic decisions rather than tactical or short-term market timing decisions.
  - 4. All major sectors of the capital markets should be considered in order to diversify and minimize total investment program risk.
  - 5. Periodic rebalancing of the allocation of assets among asset classes will be performed to maintain the asset allocation after consultation with the System's investment advisor.
  - 6. The Board of Trustees has delegated to the Investment Committee the responsibility for monitoring the implementation of policies approved by Board and for making appropriate recommendations to the Board.
  - 7. Ongoing due diligence will emphasize investment manager performance over a market cycle, typically a three to five-year period or as otherwise determined by the Board of Trustees.
  - 8. Cost control is valued, particularly regarding investment management fees, and the focus will be on returns net of fees.
  - 9. Economic justification for investment proposals will override social and/or local justifications. Social and/or local investments will only be considered when they provide reasonable and competitive rate of return expectations versus other comparable investments.
  - 10. Formal asset allocation studies will be conducted at least every 5 years, with annual evaluations of the validity of the adopted asset allocation based on updated return projections.

## **V. Responsibilities of the Board of Trustees**

The Board, as fiduciaries of the System, shall:

- A. Oversee the hiring of the executive director of the system, the investment consultant, the actuary, custodian, and investment managers
  - B. manage the assets for the exclusive benefit of the members of the System;
  - C. establish prudent investment policies defining investment objectives and strategies;
  - D. seek to maximize investment return while maintaining the safety of principal;
  - E. diversify the assets to reduce risk of loss;
-

- F. monitor and document investment performance; and
- G. efficiently manage the costs associated with implementation of its investment program.

#### **VI. Responsibilities of the Investment Committee of the Board of Trustees**

- A. The Investment Committee is composed of three board members selected by the Chairman.
- B. The Investment Committee receives regular reports from the investment consultant.
- C. The Investment Committee shall make regular reports on discussions to the Board and make recommendations on the investment programs of the System and compliance of the investment programs with Board policies.
- D. The Investment Committee shall be responsible for preparing and maintaining an Investment Policy for the Board.
- E. The Investment Committee shall advise the Board and make recommendations with respect to the appointment of the following service providers:
  - 1. investment managers;
  - 2. transition managers;
  - 3. investment consultants; and
  - 4. custodian banks.
- F. The Investment Committee will recommend to the Board specific actions to achieve the investment goals and objectives of the System
- G. Duties of the Investment Committee:
  - 1. monitor the System's compliance with the Investment Policy and report to the Board as appropriate;
  - 2. monitor asset allocation to individual asset classes utilized in the investment programs;
  - 3. review the performance of each asset class within the investment programs
  - 4. review investment manager performance;
  - 5. conduct due diligence activities concerning the selection of investment managers and consultants to assure that they are consistent with the policies of the Board;
  - 6. review the net of fee performance of the investment program; and
  - 7. review the performance and independence of the investment consultant.

#### **VII. Responsibilities of the Executive Director**

- A. The Executive Director is delegated full authority and responsibility by the Board of Trustees in the implementation and administration of its investment programs subject to Board policies, rules, regulations, and directives consistent with constitutional and statutory limitations.
  - B. Under the authority of the Board of Trustees, the Executive Director will carry out the following duties:
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1. Assist the Board in the procurement of investment managers, consultants and custodians;
2. Authorize guidelines and contracts for each investment manager retained by the System;
3. Recommend to the Investment Committee revisions to the Investment Policy; and
4. Supervise staff in carrying out actions of the Board and Investment Committee.

#### **VIII. Responsibilities of the Investment Consultant**

The Board shall use a third party investment consultant working with the Investment Committee to:

- A. assist in appraising performance,
- B. to provide performance comparison data as requested,
- C. assist in evaluating advisor style discipline and peer comparisons,
- D. perform manager search and evaluation and perform ongoing manager due diligence,
- E. recommend replacement managers and perform fund evaluations as necessary,
- F. assist in asset allocation studies, and
- G. other duties the Board or Investment Committee deems appropriate.

#### **IX. Responsibilities of the Investment Manager**

- A. Act as a fiduciary to the System
- B. Due Diligence: Each Investment Advisor shall utilize the same due care, skill, prudence and diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity, as a fiduciary, and fully familiar with such matters would use in like activities for like plans with like aims, while maintaining appropriate diversification to avoid the risks of large losses, in accordance and compliance with all applicable laws, rules and regulations from local, state, federal and international political entities as it pertains to fiduciary duties and responsibilities.
- C. The duties and responsibilities of each of the registered investment managers retained by the Board include managing the assets under its management in accordance with the policy guidelines and objectives expressed herein in addition to any separate written agreement.

#### **X. Proxy Voting Policy**

Voting of proxies shall vest with each manager. Each manager's voting guidelines and procedures shall be submitted to the System. Managers will submit proxy voting records to the System on an annual basis.

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**XI. Asset Allocation**

A. The most important component of an investment strategy is the asset mix, or the resource allocation among the various classes of securities available to the System for investment purposes. The Board of Trustees should set long-term asset allocation targets or ranges that will best meet the needs of the plans and their beneficiaries.

B. Within each asset class, the Board of Trustees should adopt implementation strategies and investment styles to meet the overall investment objective of each asset class.

C. The Board should periodically rebalance the asset allocation of the investment portfolios to maintain appropriate diversification.

Target Allocations	Lower Limit	Target	Upper Limit	Benchmark
U.S. Market Equities – Large Cap				
Value	5.0%	10.0%	20.0%	Russell 1000 Value
Growth	5.0%	10.0%	20.0%	Russell 1000 Growth
U.S. Market Equities – Small/Mid Cap				
Value	0%	5.0%	10.0%	Russell 2500 Value
Growth	0%	5.0%	10.0%	Russell 2500 Growth
International Equity – Developed Markets	10.0%	15.0%	20.0%	MSCI EAFE
International Equity – Emerging Markets	0.0%	5.0%	10.0%	MSCI Emerging Markets
Core Fixed Income	15.0%	25.0%	30.0%	Bloomberg Aggregate
Non-Core Fixed Income^^	0%	10%	15%	Strategy Specific
Cash & Equivalents	0.0%	0.0%	5.0%	
Global Infrastructure^	0.0%	5.0%	10.0%	50% MSCI World/50% Bloomberg Aggregate
US Core Real Estate*	0.0%	10.0%	15.0%	NCREIF ODCE Equal Weighted

\*The unallocated or uncalled portion of the target allocation to Real Estate will be allocated to Core Fixed Income.

^The unallocated or uncalled portion of the target allocation to Infrastructure will be allocated to Multi Asset Investments

^^ The unallocated or uncalled portion of the target allocation to Non-Core fixed income will be allocated to Core fixed income

At each calendar quarterly meeting of the Investment Committee, the Staff, Investment Consultant, and Investment Committee will review the asset allocation structure of the System relative to the target allocation ranges adopted by the Board.

Staff and Investment Consultant are responsible for providing the Investment Committee with a recommendation to rebalance the portfolio based upon the pre-determined target allocation ranges, the System's current allocation relative to those targets, and the cost of reallocation. Based upon the recommendation of the Investment Committee, the Board shall take any appropriate action, if necessary, to affect the asset re-balancing within thirty days.

Due to the volatility of financial markets, the requirement to make benefit and expense payments, and the contractual obligation to make capital calls, the Board authorizes the Executive Director, with input from the Investment Consultant, to conduct intra-quarter re-balancing transactions within the allowable ranges outlined below. Intra-quarter re-balancing transactions will be reported to the Investment Committee and the Board at the next meeting.

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## **XII. Investment Performance Benchmarks**

### **A. Total Portfolio Performance**

1. To earn an average rate of return over the long term (3 to 5 years) which exceeds the return of a Target Index. The Target Index for the Plan is defined in the TARGET ALLOCATIONS table.
2. On a relative basis, it is expected the total portfolio performance will rank in the top 50th percentile of the appropriate peer universe over three- and five-year time periods.

### **B. Investment Manager Performance**

1. The specific investment objectives for each investment manager employing use of a managed account will be outlined in addenda to this overall Statement of Investment Policy. Fund investments will be governed by prospectus/offering memorandum.
2. On a timely basis, but not less than four times a year, the Board will review actual investment results achieved by each manager (with a perspective toward a five-year time horizon) to establish manager adherence with performance guidelines established herein.
3. The Board wishes to adopt standards by which judgments of the ongoing performance of a portfolio manager may be made. If, at any time, any three of the following are breached, the portfolio manager may be warned of the Board's serious concern for the Plan's continued safety and performance. If any five of these are violated, the consultant may recommend a manager search for that mandate.
  - a) Four (4) consecutive quarters of relative under-performance verses the benchmark.
  - b) Three (3) year trailing return below the top 50th percentile within the appropriate peer group and under performance verses the benchmark.
  - c) Five (5) year trailing return below the top 50th percentile and under performance verses the benchmark.
  - d) Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
  - e) Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
  - f) Style consistency or purity drift from the mandate.
  - g) Management turnover in portfolio team or senior management.
  - h) Investment process change, including varying the index or benchmark.
  - i) Failure to adhere to the IPS or other compliance issues.
  - j) Investigation of the firm by the Securities and Exchange Commission (SEC).
  - k) Significant asset flows into or out of the company.
  - l) Merger or sale of firm.

- m) Fee increases outside of the competitive range.
  - n) Servicing issues – key personnel stop servicing the account without proper notification.
  - o) Failure to attain a majority vote of confidence by the Board.
4. Nothing in this section shall limit or diminish the Board’s right to terminate the manager at any time for any reason.

### **XIII. Allowable Investments**

Unless otherwise specifically stated by the Trustees in an official document separate from this policy, each investment manager may invest and reinvest the assets in a diversified portfolio of fully negotiable, US dollar denominated fixed income, equity and money market securities provided they meet the following criteria:

#### **A. Equity Securities**

- 1. Investment in all equity securities shall be limited to those actively traded on a national exchange or network; and
- 2. Not more than five percent (5%) of the System’s assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding capital stock of the company; and
- 3. Additional criteria may be outlined in the manager’s addendum
- 4. Pooled vehicles as defined under the Pooled Investment Funds section of the policy.

#### **B. Fixed Income Securities**

- 1. Direct fixed income investments at purchase must have a minimum rating of investment grade as reported by a major credit rating service. In the case of split ratings, fixed income securities are permissible when rated investment grade or higher by at least one major rating agency. Fixed income securities, which are downgraded below the minimum rating by the rating agency used to justify the purchase, shall be sold at the earliest beneficial opportunity.
- 2. The value of bonds issued by any single corporation shall not exceed five percent (5%) of the total fund; and
- 3. Additional criteria may be outlined in the manager’s addendum
- 4. Pooled vehicles as defined under the Pooled Investment Funds section of the policy.

#### **C. Real Estate**

- 1. Investments in real estate shall not exceed 15% of the market value of the total Plan assets at the time of purchase.
  - 2. The Plan will seek to diversify its real estate investments by property type (multi-family residential, industrial, office, retail, timberland, etc.) and property location (geographic region).
  - 3. Real estate investments are intended to provide a high level of income, low volatility of
-

total return, and a low correlation to other asset classes.

4. All real estate investments shall be managed by experienced and qualified professional real property investment managers.

D. Pooled Investment Funds: Investments made by the Trustees may include pooled funds. For purposes of this policy pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

1. Such funds may be governed by separate policy which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Trustees into a fund the Plan will adopt the prospectus of that fund as the stated addendum to this Investment Policy Statement.

2. The asset classification of the fund will be based upon its investment objective.

3. All pooled funds should have investment objectives that are consistent with the Plan's to qualify for investment by the Plan.

E. Use of Derivatives:

1. Derivatives may be used for the purpose of reducing or controlling risk, reducing transaction costs or shifting an asset mix.

2. Prior to the use of specific derivative methodologies, the Investment Manager will seek approval of the Board. The Investment Manager must identify the purpose of the derivative exposure. The Investment Manager must demonstrate the expertise, strategy and internal controls to effectively manage the derivative positions. If the Investment Manager cannot explain the use and purpose of derivatives to be used in lay terms, derivatives may not be used in the System's portfolio.

3. Investment Managers using derivatives will have a written policy in place and the capability to readily report on the derivative instruments and exposures. In the Investment Manager's quarterly report, or more frequently as requested by the Board, the Investment Manager will outline the derivative(s) used currently in the portfolio and include a statement identifying that the Investment Manager is in compliance with the Investment Policy Statement.

#### **XIV. PROHIBITED INVESTMENTS**

Unless otherwise specifically approved by the Trustees, the following investments and/or transactions are prohibited: use of derivatives, short sales or margin purchases of securities, the use of commodities, private placements or restricted securities, investments in interest only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, venture capital, futures contracts or options contracts.

#### **XV. Evaluation and Due Diligence Process for Investment Managers**

##### **Closed End Funds**

In the development of a diversified investment portfolio of Closed End Funds within the System's overall target allocation, it is the intent of the Board, pursuant to recommendations made by the Investment

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Committee, to implement this portion of the portfolio through the recommendation of various investment offerings that are typically structured as illiquid interests in Closed End Funds.

The Investment Committee's due diligence process and ultimate fund selection criteria considers a variety of attributes of individual managers. This enables the Investment Committee to recommend funds that show the greatest potential for superior future financial returns. Although the following criteria may not apply to all Closed End Fund opportunities, the items listed do outline the qualities and attributes to be sought in identifying appropriate Closed End Funds for the Board's consideration.

A. People/Organization – Stable, established organization with a committed team that has successfully worked together for a significant period of time, indicating high compatibility and low organizational risk. Key areas of focus include:

1. Assets under management;
2. Industry presence/tenure;
3. Significant general partner, manager or similar position commitment to the fund;
4. Significant and relevant experience of senior professionals;
5. Low turnover rates and significant tenures;
6. Alignment of interests, including:
7. Reasonable distribution of ownership among senior professionals
8. Reasonable compensation, including the sharing of carried interest
9. Regular performance reviews
10. Sufficient staffing to support the attention and needs of the portfolio;
11. Good "bench strength" and a business that is not overly reliant on any single person;  
and
12. With respect to "next generation" funds, a history of the principals working together as a team and a clear attribution of prior success to that team.

B. Operational Expertise – Operational expertise, either internal or through some proprietary relationship, especially that gained through prior difficult market cycles or leveraged situations specific to the Closed End Fund's underlying strategy. Exceptional returns are driven by post-acquisition operational improvements and not so much by financial engineering. In addition, operational expertise can be crucial in attracting deals and facilitating transactions.

C. Independence – Preference is given to truly independent managers because of the lower tendency for conflicts of interests, widely variable investment focus, and potential misalignment of interests among the principals. In general, situations to be avoided include:

1. Funds sponsored by investment banks or large financial institutions engaged in other activities focused on investment or financing businesses.
2. Firms with large or controlling interests.

D. Investment Strategy/Philosophy – A clearly defined and articulated strategy that is supported by the experience of the manager's professionals and consistently applied. Preference is given to firms

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whose funds are appropriately sized for the stated strategy since they are better able to deliver the type of return required from this potentially illiquid asset class.

E. Track Record – Manager track records are examined as an indicator of their ability to add value to companies in which they invest. However, it is often difficult to evaluate managers on fund returns alone, because data is often immature. As such, considerable emphasis is placed on qualitative factors (i.e., adherence to strategy; team dynamics; etc.). It is important that the track record provide evidence that the strategy employed has been successful and will likely remain so in the future. The track record information will be reviewed in the following manner:

1. Historical rates of return – Internal Rates of Return (IRR) are calculated on a consistent basis in order to assure accuracy and some degree of comparability between managers. Returns are analyzed in a variety of ways: absolute and relative to benchmarks; realized and unrealized; returns attributable to current principals; returns attributable to deals following the current strategy, etc. In addition to IRR, cash-on-cash returns are also considered.
2. Historical quality of returns – The quality and consistency of returns are as important as the absolute level of returns. Therefore, examination will be conducted of the concentration of returns and the timing of capital deployment and exits. The manager's rate of deploying capital in past funds is analyzed against the size of the new fund and any difference between past and prevailing market conditions, which may affect future deployment.
3. Record of realizations – A record of realizations from past investments shall be reviewed. This provides a valuable measurement of returns; it indicates a manager's ability to properly manage exits; and it lessens the time required by the manager to manage past funds' investments (where such activity would dilute their attention to the new fund).
4. Financing Experience – Managers with solid reputations in the leveraged finance markets, proven ability to access debt and other capital, and a demonstrated ability to manage through difficult periods in the capital markets cycle. A manager's history of dealing with problem investments, loan workouts, and restructurings will be addressed.
5. Deal Flow/Research – Managers with proprietary sources of deal flow and, therefore, the ability to make acquisitions at reasonable multiples. In addition, preference will be given to firms that perform target-market research to help focus investment activity and deal sourcing.
6. Decision Making – Defined processes and shared decision-making. A concentration of decision-making power is not desirable. A diversity of backgrounds and experience within a firm may add to the quality of decision-making.
7. Investor Base – Managers that have a significant number of returning institutional investors. It can be a warning sign when investors opt not to return or reduce their commitments to subsequent funds. The quality and diversity of the investor base is also considered.
8. Terms – Investments will have suitable financial terms (management fees, carried interest, claw back, key man, etc.) and governance provisions, which will be properly reflected in the underlying governing documents.

#### **Traditional Public Traded Investment Manager Allocations**

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When selecting investment managers, the Board, with the assistance of the investment consultant, will:

- A. Follow a due-diligence process to make prudent selections of investment managers. The due-diligence process will involve analyzing investment manager candidates in terms of certain:
  - 1. Qualitative Characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
  - 2. Quantitative Characteristics, such as CFA Institute-compliant composite return data, risk-adjusted rates of return (e.g., information ratios), and other risk factors.
  - 3. Organizational Factors, such as type and size of firm, ownership structure, client-servicing capabilities, record of gaining and keeping clients, and fees.

Other factors may be considered as part of the due-diligence process as facts and circumstances warrant.

- B. Use third-party database(s) to access appropriate screening information and ensure an unbiased and objective search process.
  - C. With respect to qualified retirement plans, select only entities that meet the definition of “investment manager” under Section 3(38) of ERISA (a bank, insurance company, or investment adviser registered under the Investment Advisers Act of 1940).
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**XVI. Investment Policy History**

Date	Action	Comments
August 29, 2007	Board adopted new asset allocation	Added international fixed bonds as an asset class and adjusted target allocations accordingly.
August 26, 2009	Board recommended update to performance benchmarks	Eliminated Section XII. "Performance Benchmarks For Asset Classes" column, "Percentile Expectation Relative to other managers" and related information in the paragraph B.1. Also updated Lehman Brothers Index to Barclays Capital Global Aggregate Bond and Barclays Capital US Aggregate Bond Index.
December 10, 2009	Board adopted new Investment Policy as recommended August 26, 2009.	
August 31, 2010	Board adopted updated Investment Policy	Changed Section III. Investment Objective actuarial rate of interest from 8.0 to 7.75%. Also changed Section XII Performance Benchmarks from 40 <sup>th</sup> to 50 <sup>th</sup> percentile expectation relative to style peers and adjusted Total Fixed Income Annualized return relative to Index. Added language to A.2. and B. in the same section to reflect the change.
August 31, 2011	Board adopted new asset allocation	Added International Equity – Emerging Markets as an asset class and adjusted target allocations accordingly.
December 2013	Board adopted Master Limited Partnerships as a new asset class with an allocation of 5%	
June 2014	Board presented with an updated Investment Policy for approval	References to 'Commissioner' and 'Firefighter Pension Commission' were changed; reference to the Ethics Policy adopted in April 2014 was added; and, the asset allocation method was adjusted per the addition of an MLP asset class.
June 2015	Board presented with an updated Investment Policy for approval	Use of the word 'Core' was dropped from the description of US Market Equities, after the words 'Large Cap' and 'Small Cap' on Page 4. The asset class name for 'Core Bond' was changed to 'Domestic Fixed Income' on Page 4.
June 2016	Board Revised Asset Allocation	Removed International Bonds as an asset class and increased allocation to Domestic Fixed Income.

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May 2017	Board adopted updated investment policy language and revised asset allocation	Updated language on manager performance measurement, allowable investments, and the use of derivatives.  Asset allocation replaced the use of small growth and value with small/mid growth and value. Core real estate was introduced.
August 2017	Board revised asset allocation	Asset allocation was amended to reflect the use of core real estate
August 2018	Board revised asset allocation	Asset allocation was amended to reflect the use of multi-asset class fund investments
March 2020	Consultant Responsibilities Updated  Board Revised asset allocation	Responsibilities of the investment consultant were updated  Asset allocation updated to reflect a new target allocation to non-core fixed income, a new target allocation to global infrastructure, and a revised target to MLPs
February 2024	Board revised asset allocation	Asset allocation was amended to increase the target to core fixed income while removing the target allocation to multi-asset class fund investments
February 2024	Board adopted language on rebalancing	The asset allocation section was updated to formally address rebalancing within the investment portfolio
February 2024	Manager Due Diligence	The manager evaluation section was expanded to include guidance on the search and selection process for traditional investment strategies which focus on publicly traded equity and fixed income

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**Agenda Item: 6**  
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## **Agenda Item: 7**

## PROPERTY INSURANCE

Voluntary Participants: FY06 = 11      FY24 = 47  
Covered Property TIV: FY06 = \$2.7BB      FY24 = \$15.7BB  
Annual Premium: FY06 = \$3,138,179      FY24 = \$19,229,309  
Blended Rate: FY06 = \$0.1180      FY24 = \$0.1223

## AUTOMOBILE INSURANCE

Voluntary Participants: FY04 = 2      FY24 = 63  
Annual Premium: FY04 = \$220      FY24 = \$3,458,041  
Vehicles Insured: FY04 = 0 (HNO)      FY24 = 2,191

## DIRECTORS' & OFFICERS' INSURANCE

Voluntary Participants: FY03 = 21      FY24 = 35  
Annual Premium: FY03 = \$734,331      FY24 = \$2,477,384

## VOLUNTEER INSURANCE

Voluntary Participants: FY04 = 5      FY24 = 16  
Annual Premium: FY04 = \$37,331      FY24 = \$32,748  
Number of Volunteers Insured:      FY24 = 4,442

## BUILDER'S RISK INSURANCE

Voluntary Participants: FY19 = 1      FY24 = 4  
Annual Premium: FY19 = \$203,314      FY22 = \$926,945

## FINE ARTS INSURANCE

Voluntary Participants: FY19 = 5      FY24 = 8  
Annual Premium: FY19 = \$45,813      FY22 = \$232,932



## STATE OFFICE OF RISK MANAGEMENT

300 W. 15th Street, 6<sup>th</sup> Floor  
Austin, Texas 78701  
[www.sorm.texas.gov](http://www.sorm.texas.gov)

## CONTACT INFORMATION

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ASSETS STUDIES



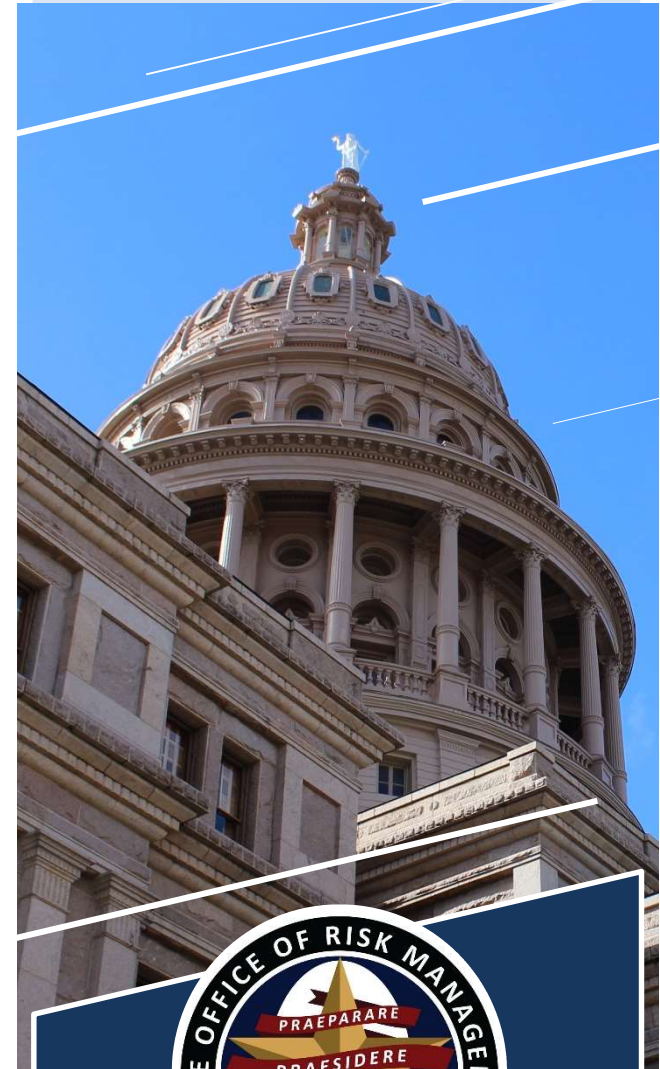
TERM GUIDELINES



Legge Rev. 2024.05

# SORM

State Office of Risk Management



## AGENCY OVERVIEW

The State Office of Risk Management is administratively attached to the Office of the Attorney General and is governed by a five-member Board. The Office is charged by law to operate as a full-service enterprise risk and insurance manager for state agencies, including the enterprise risk and insurance management programs, the continuity of government operations program, and the self-insured government employees workers' compensation program. Its mission is to enable state of Texas agencies to protect their employees, the general public, and the State's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

The Office is financed wholly through interagency contracts with other state agencies. The funding program allocates an assessment, similar to a premium, to all participating agencies based on risk profile and other relevant factors identified by the Board. A major reorganization of the agency's structure is completed, streamlining existing divisions and focusing on increasing accountability, communications, and efficiency. Risk Management is now a foundational focus in all departments.

## RISK MANAGEMENT

Risk management assists state agencies and institutions of higher education in establishing and maintaining comprehensive risk management programs designed to control, reduce, and finance risk. Enterprise risk specialists implement statewide guidelines and are instrumental in assisting state entities in identifying and managing enterprise risks at all levels of operations.

## CONTINUITY OF OPERATIONS

In cooperation with the Department of Public Safety, Office of Homeland Security, Texas Division of Emergency Management, and Department of Information Resources, the Office has implemented a statutory, comprehensive Continuity Planning program for Texas state entities. Policy and standards have been established to ensure expansive continuity planning, testing, training, and exercising across the state enterprise

## RISK TRANSFER

Under the current statutory insurance program, each state agency makes an individual decision to transfer or retain risk. Except for workers' compensation, there are no other statutory retention programs. The Office procures and negotiates insurance programs tailored for the unique exposures and liabilities of the State and encourages continuing competition to ensure that the state of Texas obtains the best value. The Office currently sponsors six lines of insurance: property; directors' and officers'; automobile; volunteer, builder's risk, and fine arts. Other lines are under active review.

## RISK RETENTION

The state of Texas self-insures for the purposes of workers' compensation through the Office. The program currently encompasses 146 state entities and 122 CSCDs, covering approximately 184,000 individual employees. The Office employs licensed claims professionals that handle all aspects of work-related injury claims as required by law and policy.

## KEY METRICS

**Authorized FTEs:** 131.6

**Funding Source:** Non-GR, IAC only

**Operating Cost:** \$12.9MM

**Annual OSCs/RMPRs:** 229/25

**Total State Agencies Served:** 146

## AGENCY HIGHLIGHTS

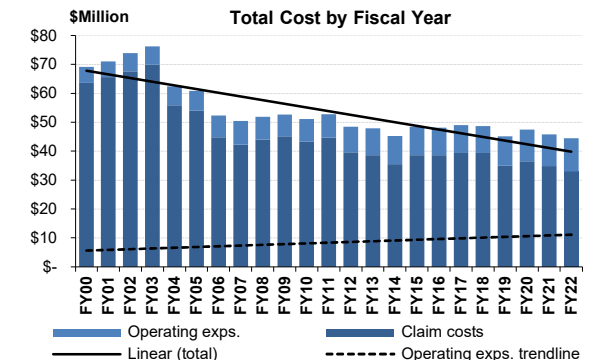
The Office engages in continuous improvement processes and has undergone substantial and sustained evolution in its operations and program oversight over the last few biennia:

- Volunteers from several state agencies and universities participated in the update of the enterprise risk management guidelines. This project took almost two years to complete. Teams of volunteers shared their expertise and collaborated to develop a new guidebook that follows a simplified

framework that adheres to the global risk management standards adopted by the International Organization for Standardization (ISO 31000).

- In 2013, the first Continuity Policy Letter was jointly issued by the Texas Department of Public Safety, Texas Department of Information Resources and the Office. The 2022 Continuity Policy Letter acknowledges the advances made in the last nine years and sets forth the goals and objectives for the next five-year period.
- The Office restructured its property insurance program in 2021 in response to the insurance market increasing premium or price and decreasing coverage options. The separate towers approach for institutions of higher education and public entities was collapsed into one program to leverage lower premiums while maintaining beneficial coverage options. Another program change was the introduction of a "virtual captive." The virtual captive functions as a self-insured retention (SIR) (i.e., pre-funded deductible) in the amount of \$2 million per occurrence and \$4 million annual aggregate, without the administrative oversight required for an SIR.
- Full-scale analysis and implemented reorganization of all agency operations, including structural consolidation and focus on mission-essential strategic initiatives.
- Timely metrics-based reporting and analysis of all agency deliverables directly to executive management and the Board of Directors.
- Revision of agency public presence through redesign of the agency website and emphasis on dynamic, media-rich content to client agencies and the general public, and the planning and sponsorship of multiple annual client educational conferences.

## WORKERS' COMPENSATION



## **Agenda Item: 8**





# Texas Emergency Services Retirement System (TESRS)

Cybersecurity Services

TESRS Board Meeting | May 16, 2024



## Cybersecurity Services: Key Items

- Provide resources to TESRS to assist in:
  - *Remediating TESRS Cybersecurity Framework (CSF) Assessment Report findings*
  - *Developing TESRS cybersecurity policies, procedures and plans*
  - *Conducting cybersecurity awareness training*
  - *Addressing TESRS cybersecurity questions or concerns and providing guidance as requested*

# CBIZ Cybersecurity Services

*TESRS Board Meeting – Project Status Update*



## **Drafted Cybersecurity Policies**

- Acceptable Use Policy
- Change and Configuration Management Policy
- Continuity of Operations Policy
- Data Classification and Management Policy
- Disaster Recovery Policy
- Electronic Communication Policy
- Mobile Device Management Policy
- Password Policy
- Preventing Use of Prohibited Technology Policy
- Security Incident Response Policy
- Telework Policy

## Drafted Documentation

- Information Technology Committee Charter
  - The Information Technology (IT) Committee exists to provide recommendations to TESRS Executive Management and the State Board of Trustees regarding all cybersecurity efforts undertaken by the agency. The committee also coordinates and communicates the direction, current state, and oversight of the cybersecurity program.
- Continuity of Operations Plan (COOP)
  - A predetermined set of instructions and procedures that describe how TESRS mission essential functions will be sustained within 12 hours and for up to 30 days after a disaster event before returning to normal operations.

# CBIZ Cybersecurity Services

*TESRS Board Meeting – Project Status Update*



## **Next steps for Policies:**

- TESRS management review
- Finalize policies
- TESRS Board approval
- Rollout policies to the agency

## **Next steps for Continuity of Operations Plan (COOP):**

- State Office of Risk Management (SORM) review and recommendations
- Finalize COOP
- TESRS Board approval
- Rollout COOP to the agency

## Next Steps...

- Assist with finalization of drafted policies and COOP
- Continue to provide assistance to TESRS to remediate CSF report findings
- Continue to draft additional policies and documentation, expected to include:
  - *Disaster Recovery Plan*
  - *Incident Response and Reporting Plan*
  - *Information Security Policy*
- Provide other cyber assistance as needed, expected to include:
  - *Assistance with completion of the 2024 Information Resources Corrective Action Plan (IR-CAP)*



# Questions?

We're Here to Help.



**Statement of Work (SOW) – Cybersecurity Consulting Services  
 Texas Emergency Services Retirement System (TESRS)**

**I. Introduction**

The State of Texas Emergency Services Retirement System (TESRS) has engaged CBIZ Risk & Advisory Services, LLC (“CBIZ”) to provide cybersecurity consulting services as part of a multi-year engagement. The requested services are being performed under the CBIZ statewide contract with the Texas Department of Information Resources (DIR) for deliverables-based information technology services (DBITS), specifically DIR contract number DIR-CPO-4967. This SOW, along with the previously executed SOW dated June 3, 2022 and incorporated *Cybersecurity Consulting Services Proposal* dated March 30, 2022, and the aforementioned DIR contract, set forth our understanding of the nature and extent of services we will be providing to TESRS.

**II. Timeline**

The previously executed SOW, effective June 3, 2022, covered Years 1, 2, and 3<sup>1</sup>. The services outlined in this SOW are scheduled to commence June 1, 2024, and continue through August 31, 2025. For reference, Year 4 = State Fiscal Year (SFY) 2024 (06/1/24–08/31/24)<sup>2</sup> and Year 5 = SFY 2025 (09/01/24–08/31/25).

The start date of the engagement is contingent on receipt of this signed SOW.

**III. Scope**

This engagement is for TESRS to acquire professional services from CBIZ, specifically cybersecurity consulting services. CBIZ will continue to assist TESRS in the implementation of cybersecurity governance and their ongoing efforts to improve TESRS’ overall security posture. The scope will include various cybersecurity consulting services and activities that support the overall project tasks and deliverables outlined in the table below.

<b>TESRS Cybersecurity Consulting Services Project Tasks/Deliverables</b>
<b>Project Tasks/Deliverables (Years 4 &amp; 5)</b>
DIR Information Security Plan
Cybersecurity Awareness Training
DIR Information Security Gap Assessment & Roadmap
Incident Response Plan (IRP) Update
Disaster Recovery Plan (DRP) Update
Continuity of Operations Plan (COOP) Development
Vendor Risk Management Program
Cybersecurity Governance Activities
Information Resources - Corrective Action Plan (IR-CAP)
Reporting and Presentation
Other Miscellaneous Tasks / Deliverables

Additional details regarding each of the project tasks and deliverables listed above were outlined in the aforementioned proposal provided to TESRS prior to execution of the previous SOW and have been discussed with TESRS management during Year 1, 2, and 3, and prior to execution of the current SOW for Year 4 and 5.

<sup>1</sup> For reference, Year 1 = State Fiscal Year (SFY) 2022 (06/1/22–08/31/22); Year 2 = SFY 2023 (09/1/22–08/31/23); and Year 3 = SFY 2024 (09/01/23–05/31/24).

<sup>2</sup> The Texas SFY is from September 1<sup>st</sup> to August 31<sup>st</sup>. However, given the scheduled commencement of services on June 1, 2024 (due to the previous SOW end date of 05/31/24), the work performed during Year 4 is limited to June through August 31, 2024.



**IV. Deliverables**

CBIZ will work with TESRS on each project task or deliverable to establish a customized and tailored solution that best meets TESRS’ specific needs and expectations. Upon completion of the agreed-upon services, CBIZ will provide the corresponding draft report(s) or deliverable(s) for TESRS’ review and feedback prior to providing the final report(s) and/or deliverable(s). For example, CBIZ would expect to deliver various deliverables to TESRS at different points in the multi-year engagement. This would likely include, but not be limited to additional policies and plan development (e.g., Information Security Policy, DRP, and COOP), information security gap assessment results/report; security roadmap; tabletop results and updated IRP; cybersecurity awareness training program and materials; assessment of backup processes; and other items as noted above and as determined pertinent by TESRS throughout the engagement.

**V. Estimated Fees & Payment Schedule**

For the services and deliverables to be provided from June 1, 2024 through August 31, 2025, TESRS will pay the aggregate, fixed fee of \$135,000, and fees will be invoiced quarterly based on the milestone dates and payment schedule outlined below.

<b>Cybersecurity Consulting Services: Fees / Payment Schedule</b>		
#	Project Milestone Dates	Fee / Payment
1	Upon execution of SOW – to be invoiced on June 1, 2024	\$10,000
2	Q4 SFY 2024 (June 1 thru August 31) – to be invoiced on August 31, 2024	\$25,000
3	Q1 SFY 2025 (September 1 thru November 30) – to be invoiced on November 30, 2024	\$25,000
4	Q2 SFY 2025 (December 1 thru February 28) – to be invoiced on February 28, 2025	\$25,000
5	Q3 SFY 2025 (March 1 thru May 31) – to be invoiced on May 31, 2025	\$25,000
6	Q4 SFY 2025 (June 1 thru August 31) – to be invoiced on August 31, 2025	\$25,000
Total (06/01/24 – 08/31/25)		\$135,000

The fees estimated per quarter are based on the not-to-exceed fixed fee applicable to this SOW scope and timeline. We anticipate that the specific project tasks and deliverables schedule could vary slightly for each quarter and/or year for a multitude of reasons, including delays due to various project factors, changes to priorities or timelines from year to year based on TESRS input, and the actual level of effort and resources required to complete a project task or deliverable.

**VI. Assumptions**

- The majority of testing and work performed will be conducted from CBIZ offices during business hours.
- TESRS will provide CBIZ with all necessary access to the information, systems, and data during the engagement.
- TESRS subject matter experts will be made available to meet with CBIZ as required.
- Fees assume that travel to TESRS location (in Austin, Texas) and local board meetings will be required; however, travel to other locations will not be required.
- TESRS may be expected to provide assistance such as scheduling meetings and obtaining documentation, as needed, with the necessary TESRS subject matter experts and responsible parties.

**VII. Approval**

The signatures below denote acceptance of this SOW, including the referenced DIR contract, terms, and conditions.

***State of Texas Emergency Services Retirement System***

Agreed by: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***CBIZ Risk & Advisory Services, LLC***

Agreed by: \_\_\_\_\_

Name: Tiffany Garcia

Title: Managing Director

Date: \_\_\_\_\_

DRAFT

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**Agenda Item: 10**  
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## **Agenda Item: 11**

# Texas Emergency Services Retirement System

## Department Recruiting & Site Visits



### New Department Updates:

1. **Washington County ESD**
  - Local Board established and all members enrolled and earning their Qualified Service.
2. **Cooper VFD**
  - Local Board established and all members enrolled and earning their Qualified Service.
3. **Beach City VFD**
  - Local Board established and all members enrolled and earning their Qualified Service.

### Recruiting Update:

- Kenedy Co Fire & Rescue - Leo Villareal followed up with additional questions and requested documents to take back to his board meeting.
- Jones Creek - According to Corey Thomas they are ready to move forward.
- Tiki Island - Provided Tiki Island TESRS application form to Treasure Helen Korb. They are researching Grants for buyback.
- Henrietta - Provided buyback information to department 2/26/24. Presenting to department 2/29/2024 & City Council.
- Upshur County ESD 1 - Presented to 9 departments and ESD 5-13-2024.
- Williamson County ESD 10 - Requested paper work to start the onboarding process.
- Randall County ESD - Existing 2 departments in TESRS system. According to County Judge Dyer they are adding 4 more departments by the end of September.

### Department Visits Update:

- We have visited 24 departments so far this year. Performance measures requires 48 on-site visits per year.

# Texas Emergency Services Retirement System Department Annual Report



**We had 96% of departments that submitted their Annual Report on time**

## **Non-Compliant Departments Annual Reports:**

1. Alamo VFD - Non-Compliant or late the past (Past 5 years late, accessed penalty this year)
2. Brownfield FD - Non-Compliant year after year (No submissions or service given to members in past 5 years, accessed penalty at least last two years)
3. Hamlin VFD - Problems in the past (First year to be late or non responsive or accessed penalty. Normally ahead or on time.)
4. Iraan VFD - Non-Compliant year after year (Late or non responsive in last five years. Had zoom meeting last year, still non responsive this year and access penalty)
5. Nixon VFD - City may want to revoke membership (Tiara is working with the department)
6. Sanger VFD - Has a history of reports being late and receiving a administrative invoice penalty in the years of 2021, 2022
7. Sunray VFD - Has not submitted or approved any reports since 2023 and prior years reports are always submitted late in April

## **Departments Local Board:**

- Currently working with 40 departments that have not submitted their 602A forms

## **Possible Process Improvement:**

- Open Annual Reports the first of January each year.
- Review submission of Authorized Users

# Texas Emergency Services Retirement System

## Panhandle Wildfires Investigation



### Investigative Committee:

- Representative Ken King, Canadian (Chairman)
- Representative Todd Hunter, Corpus Christi
- Representative Dustin Burrows, Lubbock
- Public Member Jason Abraham
- Public Member James Henderson

### Investigative Inquiries:

- Factors contributing to the wildfires
- Allocation of resources to and effectiveness of the wildfire disaster preparedness and responses
- Coordination between local, state, and federal governmental entities

### Lost Due To Wildfires:

- Three individuals were killed due to the wildfire
- More than 1,500 head of cattle perished
- Estimated 138 homes and businesses were destroyed
- Over 2500 miles of fencing were destroyed (Estimated repair cost approx. \$15,000 to \$20,000 per mile)
- Excess of over \$1 billion in economic loss
- Over one million acres of land were consumed with fire measuring more than 35 miles wide
- Some volunteer firefighters were terminated from their jobs due to responding to wildfires



# Texas Emergency Services Retirement System

## Panhandle Wildfires Investigation



### Summary / Findings:

- Wildfires were caused by electric power poles and lines
- Volunteer fire departments (VFD) are grossly underfunded in both equipment and resources
- Texas should obtain and control its own firefighting air fleet
- Less government intervention, not more. (TIFMAS and Texas Forest Service)
- Insufficient funding for H.B. 2604 grants and complexity of applications; recommend to fully fund the \$172 million grant requests
- Establish a new program tailored to meet the needs of VFD with less than 50 volunteers
- Introduce law protecting Firefighters from job loss (Amend section 201.012, Labor Code , the Texas Unemployment Compensation Act)
- Reimbursement to Volunteer Firefighters for training-related expenses (SFFMA is questioning volunteer requirements to be in TESRS stating only 10% of VFD meet this requirement)

# *Texas Emergency Services Retirement System*

## State Firefighters' & Fire Marshals' Association

### 148<sup>th</sup> 2024 Annual Training & Conference



#### **Conference Information:**

- San Marcos Conference and Convention Center (Embassy Suits)
- June 27<sup>th</sup> - 30<sup>th</sup>
- Move-in Friday June 28, 2024 at 8:00 AM
- Exhibit Hall opens at 12:00 PM June 28<sup>th</sup> (12:00 - 5:00) and June 29<sup>th</sup> (7:30 - 1:00)
- Hospitality Night June 28<sup>th</sup> from 7:00 - 9:00 PM
- Presidents Dinner and Dance June 29<sup>th</sup> 7:00 - 10:00 PM

#### **TESRS Attendees:**

- Trustees:
- TESRS Staff: Jessica O'Brien, Michael Villanueva, & Scott Miller

## **Agenda Item: 12**

# Texas Emergency Services Retirement System



Pilar Rodriguez, Chairman  
Jessica O'Brien, Executive Director

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P.O. Box 12577 Austin, TX 78711-2577

(800) 919-3372

www.tesrs.org

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## MEMORANDUM

**TO:** Board of Trustees  
**FROM:** Jessica O'Brien, Acting Executive Director  
**DATE:** Thursday, May 16, 2024  
**RE:** **Update on FY25 Contract Solicitations**

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The following are updates on our contract solicitations:

- **Investment Master Custodian Services – RFP 326-25-001**
  - Submitted to Statewide Purchasing Division (SPD) for review: May 6, 2024
  - Planned Issuance Date: June 6, 2024
- **Outside Legal Counsel (Investments) – RFP 326-25-002**
  - Drafting RFP
  - A kick-off meeting with the Administration and Actuarial Committee will be scheduled.
- **Outside Legal Counsel (Employee Benefits) – RFP 326-25-003**
  - Drafting RFP
  - A kick-off meeting with the Administration and Actuarial Committee will be scheduled.
- **Investment Accounting and Financial Reporting – RFQ 326-25-004**
  - Submitted to Statewide Purchasing Division (SPD) for review – May 9, 2024
  - Planned Issuance Date: June 6, 2024

### NOTE:

Statewide Procurement Division's policy is that the review and approval of all submitted solicitation requests will be finalized no later than 30 days after submission.

# *Texas Emergency Services Retirement System*

## Legislative Report Update



TESRS is working on creating a list or database to help promote outreach and awareness of our agency to the following groups:

1. Texas House of Representatives
2. Texas State Senate
3. Texas House of Representatives and Texas Senate Oversight Committees
4. Texas County Judges
5. Volunteer Fire Department
6. Volunteer Fire Department Combination & Part-Paid

This will help identify what TESRS & Non-TESRS Departments are under each House of Representatives, State Senate and County Judge. Then creating a new one-page handout to send TESRS message to promote outreach and awareness to Capitals Leadership and County Judges. This will help prepare us for the next Legislative Session.

**326 Texas Emergency Services Retirement System**

METHOD OF FINANCING	Exp 2023	Est 2024	Bud 2025
<b><u>GENERAL REVENUE</u></b>			
<b><u>1</u> General Revenue Fund</b>			
<i>REGULAR APPROPRIATIONS</i>			
Regular Appropriations from MOF Table (2022-23 GAA)	\$680,662	\$0	\$0
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$787,470	\$815,413
<i>TRANSFERS</i>			
5% Salary Increase	\$4,284	\$0	\$0
<b>Comments:</b> 5% Salary Increase			
Unused 5% Salary Increase	\$(4,284)	\$0	\$0
<b>Comments:</b> Unused 5%			
<i>LAPSED APPROPRIATIONS</i>			
Regular Appropriations from MOF Table (2022-23 GAA)	\$(86,499)	\$0	\$0
<b>Comments:</b> Lapsed			
<b>TOTAL, General Revenue Fund</b>	<b>\$594,163</b>	<b>\$787,470</b>	<b>\$815,413</b>
<b>TOTAL, ALL GENERAL REVENUE</b>	<b>\$594,163</b>	<b>\$787,470</b>	<b>\$815,413</b>

**GENERAL REVENUE FUND - DEDICATED**

**5064** GR Dedicated - Volunteer Fire Department Assistance Account No. 5064

*REGULAR APPROPRIATIONS*

**Summary of Base Reconciliation by Method of Finance**  
 89th Regular Session, Base Recon, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

5/2/2024 2:41:40PM

**326 Texas Emergency Services Retirement System**

<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>
Regular Appropriations from MOF Table (2022-23 GAA)	\$1,262,763	\$0	\$0
Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$1,292,763	\$1,292,763
<b>TOTAL, GR Dedicated - Volunteer Fire Department Assistance Account No. 5064</b>	<b>\$1,262,763</b>	<b>\$1,292,763</b>	<b>\$1,292,763</b>
<b>TOTAL, ALL GENERAL REVENUE FUND - DEDICATED</b>	<b>\$1,262,763</b>	<b>\$1,292,763</b>	<b>\$1,292,763</b>
<b>GRAND TOTAL</b>	<b>\$1,856,926</b>	<b>\$2,080,233</b>	<b>\$2,108,176</b>

**FULL-TIME-EQUIVALENT POSITIONS**

*REGULAR APPROPRIATIONS*

Regular Appropriations from MOF Table (2022-23 GAA)	10.0	0.0	0.0
Regular Appropriations from MOF Table (2024-25 GAA)	0.0	10.0	10.0

*UNAUTHORIZED NUMBER*

FTE lower below CAP	(1.7)	0.0	0.0
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**Comments:** FTE lower below CAP

<b>Total Adjusted FTES</b>	<b>8.3</b>	<b>10.0</b>	<b>10.0</b>
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**NUMBER OF 100% FEDERALLY FUNDED FTEs**

# AGENCY STRATEGIC PLAN

FISCAL YEARS 2025 to 2029

BY

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

**Board Member**

**Hometown**

Pilar Rodriguez, Chairman

Edinburg

Jerry Romero, Vice-Chairman

El Paso

Edward J. Keenan, Secretary

Pasadena

Rodney Alan Ryalls, Trustee

Burkburnett

Rupal Chaudhari, Trustee

Leander

Brian Smith, Trustee

Austin

Matthew Graves, Trustee

Alvin

Nathan Douglas, Trustee

Seabrook

Brad Landi, Trustee

Austin

May 22, 2024

Signed: \_\_\_\_\_  
Pilar Rodriguez, Chair

Signed: \_\_\_\_\_  
Jessica Almaguer (O'Brien), Executive Director



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## Texas Emergency Services Retirement System Strategic Plan (2025-2029)

### Agency Mission

Our mission is to provide secure and meaningful benefits for members and their families, prudently manage assets, and recruit/retain additional members by offering a cost-effective solution to the sponsoring entities.

### Agency Goals and Action Plan

AGENCY OPERATIONAL GOAL AND ACTION PLAN
<b>Ensure Sound Pension System for Emergency Services Personnel:</b> To ensure that pension funds for emergency services personnel are actuarially sound and that they receive the benefits to which they are entitled.
SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL
<p>Maintain a disciplined investment process that minimizes risk while achieving long-term money-weighted investment returns of 7.5 percent.</p> <ol style="list-style-type: none"><li>1. Seek supplemental contributions from the state, municipalities, counties, and emergency service districts when TESRS's amortization period exceeds 30 years.</li><li>2. Protect against financial losses related to cyber-crime by continuing cybersecurity risk governance processes and activities.</li><li>3. Recruit emergency services departments and their governmental entities to participate in the system and provide pension system benefits to their members who provide fire and emergency services to their communities.</li><li>4. Conduct reviews of participating departments, local boards, and their sponsoring governmental entities and provide training and assistance to improve compliance with pension system requirements, including the pension system enrollment of all eligible department members, and to ensure that system members receive their entitled benefits.</li></ol>

***Specific Action Items to Achieve Your Goal***

**1. Maintain an actuarially sound pension fund.**

Article 16 Section 67 of the Texas Constitution directs that the financing of benefits must be based on sound actuarial principles and that the assets of a system are held in trust for the benefit of members and may not be diverted. The enabling statute of TESRS also directs that the fund must be maintained for the exclusive benefit of members, retirees, and their beneficiaries.

The long-term actuarial soundness and viability of the System is dependent upon the success of the investment program. The Board will continue to refine its investment policy to clarify the roles and duties of the investment consultant and investment managers and will diversify its asset allocation to create a portfolio that balances the appropriate levels of risk and return. It will continue to monitor the performance of each investment manager against appropriate benchmarks and will replace underperforming managers when appropriate.

Each Board member will continue to receive training in plan governance, investments, actuarial matters, benefits administration and risk management as required Government Code section 802.2011. The Board and agency staff will also work closely with its contract programmers and its actuary to enhance the functionality of its information management systems to support the administration of benefits and the valuation of future liabilities.

In the event that the actuarial valuation indicates that the System is actuarially unsound, the Board will consider making changes to the plan design and/or to collecting supplemental contributions (“Part Two”) from local departments to assist the System in achieving an adequate contribution rate for System obligations.

**Related Outcome Measures**

- Period to Amortize the Unfunded Actuarial Accrued Liability
- Annual Investment Return
- Actuarial Funding Percentage of Plan Assets to Liabilities

**2. Administer the System with an emphasis on customer service for internal and external customers.**

Administration of the System includes having well trained employees who recruit departments and their governmental entities to join the System; who provide compliance training and technical assistance to participating departments, their local boards, and their sponsoring governmental entities, and who make benefit determinations for active members, retirees, and their beneficiaries, including the processing of benefit payments.

The agency administers the System to ensure that all members receive accurate information to make informed decisions about their membership benefits. We also provide compliance technical assistance and training to participating departments, local board members, and community leaders regarding their statutory roles and responsibilities in the enrollment of department members into the System and in providing benefits and ensuring the quality of the System.

The recruitment of new participating departments and their governmental entities promotes the value of System membership to provide on- and off-duty and retirement benefits for their emergency services personnel through monthly contributions paid by the governmental entity and at no cost to the member. By recruiting new participation in the System and by ensuring the pension system enrollment of all participating department members, TESRS provides benefits to additional Texas firefighters, emergency services personnel, and related support staff. Additional

contributions to the fund paid by the sponsoring governmental entity on behalf of each active member provide support to enable TESRS through its investment policy to provide current and future retirement benefits to members of the System.

We have a responsibility to our members, their families, and communities to administer the TESRS System with accuracy and excellent customer service. We monitor our performance through targeted Customer Service Surveys and through our performance measures.

**Related Efficiency Measures**

- Average Annual Administrative Cost Per Pension Plan Member
- Average Days to Respond to Inquiries from TESRS Participants

**Related Explanatory Measures**

- Number of Active Members
- Number of Benefit Recipients
- Number of Vested-Terminated Service Records

**Related Output Measure**

- Number of Benefit Payments Distributed
- Number of Benefit Determinations for Emergency Services Personnel

**3. Recruit new departments into the System.**

There are thousands of emergency services personnel who are not protected by a public retirement system offering member death, disability, and retirement benefits. Approximately 1,600 Texas fire departments (both volunteer and combination paid/volunteer departments) do not participate in the pension system. Through the recruitment strategy, TESRS works with many of these departments and their local governmental leaders to offer secure retirement system benefits for those who volunteer and work in service to their communities. The recruitment of new departments into TESRS offers department members an incentive to serve and to protect their families with member death and disability benefits while growing system retirement benefits that are unique to the TESRS System.

Following the recruitment strategy, agency staff provide information about the benefits of participating in the TESRS System to department chiefs, department fire and emergency services personnel, civic leaders and decision makers. Staff attend emergency services-related conventions, conduct virtual and onsite meetings with individual departments and local governing bodies, provide educational material to department members and the general public, host virtual webinars and webcasts, and provide web and email-based communication. TESRS staff provides membership seminars at conferences and at other recruiting events to promote TESRS benefits for fire and emergency services personnel. Agency staff work with interested departments and their local governing entities. Staff also develop targeted recruiting campaigns designed to solicit inquiries about system membership from Emergency Services Districts and other governmental entities across the state.

**Related Explanatory Measures**

- Departments Participating in the Texas Emergency Services Retirement System

**Related Output Measure**

- Number of Recruiting Events
- Number of On-Site Visits

#### **4. Monitor Compliance.**

To monitor compliance with pension system requirements, TESRS staff consult with member department chiefs, local board members, and sponsoring governmental entity staff regarding local operations and compliance with TESRS statutes and rules. Through on-site visits, online virtual meetings, teleconferences, and webcasts, TESRS staff review the adherence to requirements and provide technical assistance and training to improve compliance and to provide updates due to Texas legislative changes and publication of TESRS rules.

System membership is provided at no cost to the member. The sponsoring governmental entity pays monthly contributions to the fund on behalf of each member enrolled in the pension system who is an active member of the participating department. Monitoring member departments and local board operations for compliance with TESRS statutes and rules provides the opportunity to ensure all eligible members of the System is covered by TESRS retirement benefits.

Monitoring includes review of department processes and procedures as well as local board operations. During an on-site monitoring visit, staff may interview the department chief, department members, members of the local board, and employees of the governing entity and review local records. If needed, training and technical assistance regarding roles and responsibilities is provided to improve compliance. Required improvements to meet compliance are provided to the department, the local board, and the governing entity and staff conduct follow-up reviews to ensure requirements are met.

TESRS staff are dedicated to ensuring that all eligible members of a participating department are enrolled as members of the pension system. TESRS finds it imperative that local department and governmental leaders are made aware of and understand their statutory and TESRS rule responsibilities to enroll the active members of their department as members of TESRS since enrollment in the system is key to a firefighter having on- and off-duty death benefits and disability benefits and credit toward a pension benefit. TESRS staff recognizes the need to provide training and technical assistance to our local partners. The staff will continue to develop its written material and its website, including expanding its offerings of informational videos, virtual meetings, conferences and webcasts to ensure participating department chiefs/participating department heads, local board members, and other local stakeholders understand System rules and reporting requirements and procedures.

#### **Related Output Measure**

- Number of On-Site Visits

***Describe How Your Goals and Action Items Support Each Statewide Objective***

**1. Accountable to tax and fee payers of Texas.**

The Board and each TESRS staff member share in the responsibility to preserve the fund for its beneficiaries. Each TESRS Board member has a fiduciary duty to act solely in the interest of the beneficiaries of the fund. This is the strictest duty of care recognized by the US legal system. As fiduciaries, the Board is responsible for:

1. Managing the assets for the exclusive benefit of the members of the System;
2. Establishing prudent investment policies defining investment objectives and strategies;
3. Seeking to maximize investment return while maintaining the safety of principal;
4. Diversifying the assets to reduce risk of loss;
5. Monitoring and documenting investment performance; and
6. Efficiently managing the costs associated with implementation of its investment program.

Due diligence requires that the Board and staff exercise prudence in selecting service providers such as investment managers, actuaries, and consultants and that the quality of their work is monitored. The TESRS Board uses competitive processes, such as the Request for Proposals, which encourage competition and transparency.

We appreciate every dollar provided to our mission by the taxpayers of Texas. As public servants we will:

- Earn our pay each and every day;
- Treat each person with respect;
- Take responsibility for our mistakes;
- Be courteous and professional;
- Promptly return phone calls and emails; and
- Help the public to the best of our ability.

**2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.**

TESRS recognizes that the administrative costs of the pension system are funded by state and local tax-payers. TESRS also acknowledges that much of the administration of the pension system is provided locally by unpaid hours worked by firefighters and first responders, as well as local citizens who volunteer to serve on the local board. This requires the agency staff to always consider the total cost of its program to all taxpayers when considering rule and procedural changes.

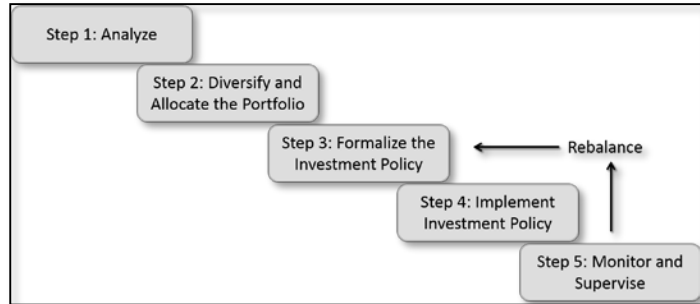
An example of this approach is the steps taken by the Board during 2019 to reduce the administrative burden on local boards. The Board recognized that there were burdensome, unnecessary responsibilities tasked to the local board. Through statutory changes and rule amendments, the Board simplified the duties of the local board. The number of required annual local board meetings was reduced from four to two, during which routine tasks can be accomplished. Local boards no longer need to meet and approve each retirement application. Uncontested retirement applications are now approved by the TESRS executive director, expediting the receipt of the first retirement payment. Applicants who disagree with their calculated benefit and the years of service credit reported to TESRS by the local board must appeal to the local board which has the responsibility to hear and resolve such contested claims.

**3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.**

The TESRS investment program is an example of an effective core function that is built upon performance measurement, continuous policy review, and strategic planning. Its success is dependent upon the combined efforts of the Board, agency staff, investment consultants, and individual investment managers.

The Board’s investment process is best described as a five-step investment process that is intended to minimize risk while funding the long-term liabilities of promised benefits. The Board’s Investment Committee focuses on investment policies and monitors the activities of the investment consultant and the performance of fund managers. However, all decisions regarding the investment program are made by actions taken by the Board.

Although the Board is a long-term investor, it monitors investment performance for the System and for each individual investment manager on a quarterly basis. Performance is measured against established benchmarks using quarterly, annual, three-year and five-year performance.



**4. Attentive to providing excellent customer service.**

Providing customer service permeates each functional aspect of the agency. In the administration of the System and in recruiting new member departments, we frequently communicate with state and local officials and employees, volunteer firefighters and first responders, civic leaders, and community members. Each communication is considered an opportunity to provide the customer with accurate information and assistance in a professional manner that reflects the mission and vision of the agency. Our most recent Customer Service Survey Project results provide guidance to plan and develop customer service surveys and conduct periodic surveys near the time of first service delivery. Also, it is important to inform and encourage our customers that their opinions and feedback about our customer service are key to identifying and implementing changes that will improve our processes, forms, written communication, virtual and onsite meetings, and other aspects of our interactions with our customers.

**5. Transparent such that agency actions can be understood by any Texan.**

Information about our Board meetings (agendas, locations, approved minutes) are posted on our website and are available to the public. Through public access to our website and communications with our customers and members, we take steps to be informative in a manner that is easily understood.

### Redundancies and Impediments

<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)</b>	<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFITS ASSOCIATED WITH THE RECOMMENDED CHANGE</b>
<p>During the 86<sup>th</sup> Texas Legislative Session, HB3247 was passed which streamlined local administration and provided needed updates to pension system operations and administration; therefore, TESRS has determined that there are no redundancies or impediments in service, statutes, rules or regulations.</p>			



## Part 2. Supplemental Schedules

The supplemental schedules are on the following pages.

## Schedule A: Budget Structure:

The Texas Emergency Services Retirement System (TESRS) was created by the 83<sup>rd</sup> Legislature as a standalone agency and assumed the duty of administering the TESRS pension fund, which has been in existence since 1977. Associated with this task are the following goals, objectives, and strategies.

## Agency Goals, Objectives and Strategies

### AGENCY GOAL: SOUND PENSION FUND

To ensure that pension funds for emergency services personnel are actuarially sound and that they receive the benefits to which they are entitled.

### AGENCY OBJECTIVE 1.1: ADMINISTER VOLUNTEER PENSION FUND

Administer a pension fund for emergency services personnel by receiving contributions from sponsoring entities; investing surplus funds; servicing the member database; and providing services and benefit payments to members and their dependents.

### AGENCY STRATEGY 1.1.1: ADMINISTER PENSION FUND

Administer a pension fund for emergency services personnel by receiving contributions from member entities; investing surplus funds; servicing member database; and providing services and benefit payments to members and their dependents.

### AGENCY OBJECTIVE 1.2: RECRUITING AND TECHNICAL ASSISTANCE

Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources to recruit new departments.

### AGENCY STRATEGY 1.2.1: RECRUITING AND TECHNICAL ASSISTANCE

Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources into recruiting new departments.

Schedule B: List of Measures Definitions

**Outcome Measures**

<b>Outcome Measure 1.1.1 Amortization Period</b>	
Definition	The number of years required to amortize the unfunded actuarial accrued liability.
Purpose	The importance of the actuarial valuation is to determine the financial soundness of the plan. This valuation determines the liabilities of the plan versus the assets available to pay those liabilities. The valuation reports the percentage of funding of the plan, an analysis of the progress toward funding the benefits payable under the plan, the amount of unfunded liability, if any, and the period, in years, required to amortize that accrued liability based on the calculations of the actuary.
Data Source	The plan actuary calculates this measure in every even numbered year. The study date coincides with the end of the state fiscal year of August 31. The actuarial valuation is performed by a qualified actuary, who must be a member of the American Academy of Actuaries or a fellow of the Society of Actuaries, and has at least five years of experience with public retirement systems.
Methodology	The plan actuary calculates the period to amortize the unfunded actuarial accrued liability. The actuary uses the ratio of the unfunded actuarial accrued liability to the amortization amount, and this ratio is compared to a table of amortization factors to determine the resulting amortization period. The precise period is determined by interpolating between the two applicable factors.
Calculation Method	Non-Cumulative
Data Limitations	This measure is only updated every two years when an actuarial valuation is completed on the fund.
Target Attainment	Low
New Measure	Yes

<b>Outcome Measure 1.1.2 Annual Investment Return</b>	
Definition	The net investment return achieved by TESRS each year.
Purpose	TESRS uses a money weighted rate of return calculation to determine the effective return of the fund relative to the long-term actuarial assumed investment rate of return of the fund.
Data Source	The TESRS Actuary calculates the annual money-weighted net rate of return based upon the following reports provided by the TESRS CFO (Combined Balance Sheet/Statement of Net Position, Combined Statement of Fiduciary Net Position, schedules of contributions and timing of those contributions which fall outside normal billing cycles) after the close of the Fiscal Year.
Methodology	The money-weighted rate of return is calculated by the TESRS Actuary, and expresses investment performance, net of investment expenses, reflecting the changing amounts actually invested during the year.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Outcome Measure 1.1.3 Actuarial Funding Percentage</b>	
Definition	The actuarial funding percentage (ratio) is calculated by dividing the actuarial value of the plan's assets by its actuarial liabilities accrued to-date.
Purpose	A pension plan whose assets equal its liabilities is funded at 100% and is considered fully funded; any shortfall of assets is an unfunded liability, and a plan with an unfunded liability is underfunded. Underfunded typically does not mean that a plan is unable to pay the benefits for which it is presently obligated-in fact, substantially all underfunded public pension plans are able to meet their current obligations. The funding percentage compares liabilities to assets to provide a basic determination of the actuarial health of the plan.
Data Source	The plan actuary calculates this number during even number years as part of the actuarial valuation of the plan.
Methodology	The actuary divides the actuarial value of assets by the actuarial liabilities accrued to date.
Calculation Method	Non-Cumulative
Data Limitations	Actuarial valuations are only performed during even number years. During odd-numbered years, the actuary will be using projected numbers to estimate this value.
Target Attainment	High
New Measure	No

**Output Measures**

<b>Output Measure 1.1.1.1      Number of Benefit Payments Distributed</b>	
Definition	The number of payments distributed to volunteer emergency services personnel pensioners for retirement, disability, alternate payees, and survivor benefits.
Purpose	The number of benefit payments distributed is the total number of payments made from the pension program to retirees, those who are disabled, alternate payees, and survivors.
Data Source	The agency's internal pension database system and its internal accounting system (MIP) are the source of this number.
Methodology	The number of benefit payments distributed is the total number of payments made from the pension program for retirement, disability, alternate payees and survivor benefit payments.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Output Measure 1.1.1.4      Number of TESRS Benefit Determinations</b>	
Definition	Benefit determinations are prepared by agency staff for each TESRS benefit provided; retirement, disability, spouse, alternate payees, and death benefit.
Purpose	A benefit determination is the process of making a decision on whether or not an application for benefits is approved or denied.
Data Source	The Applications Tracking System Database.
Methodology	The number of benefit determinations is totaled by counting the number of applications for benefits received that show determinations were made during the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Output Measure 1.2.1.1      Number of Recruiting Events</b>	
Definition	Recruiting events means trade shows and conferences, where a booth or presentation is set up for attendees to obtain information, other recruiting events such as onsite presentations to individual departments, oral presentations at events, and live marketing webcasts and webinars with departments and governmental entities. Recruiting events are essential to the success of the strategy and these events are counted to measure efforts made towards that end.
Purpose	Used to measure outreach which is the purpose of the strategy.
Data Source	The Site Visit Database.
Methodology	The Site Visit Database will be used to count the number of recruiting events attended or hosted in the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Output Measure 1.2.1.2      Number of Onsite Visits</b>	
Definition	Onsite visit means that a member of the TESRS staff travels to a member department location to visit with related parties and discuss compliance with TESRS Administrative Rules and the Texas Government Code and related procedures. This measure tracks resources put into the strategy by tracking onsite visits.
Purpose	Onsite visits are essential to achieving the goals of the strategy, which is to increase compliance among member departments.
Data Source	The Site Visit Database.
Methodology	The Site Visit Database is used to count actual onsite monitoring and technical assistance visits conducted during the reporting period.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

**Efficiency Measures**

<b>Efficiency Measure 1.1.1.1 Cost Per Pension Plan Member</b>	
Definition	The average administrative costs per pension plan member is a calculation of the cost of providing service to active, retired and vested terminated plan participants.
Purpose	The cost allocation is used to verify that the cost of service is not exceeding the benefits to the members.
Data Source	The fund accountant determines the total administrative costs exclusive of investment related contract service costs. Payments for pension benefits and investment related services are not included. The pension administrator obtains the number of all active members, retirees, vested terminated and other beneficiaries from the database report.
Methodology	The average annual administrative cost, exclusive of investment related contract services costs, is determined by dividing total administrative costs by the number of all active, retired and vested terminated plan participants.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	No

<b>Efficiency Measure 1.1.1.2 TESRS Inquiry Response Time</b>	
Definition	Inquiry means any request received via the U.S. mail or emailed through the agency website from TESRS local board members and plan participants. Inquiries and response times are tracked to determine the average response time.
Purpose	This information affords the opportunity to determine the average response time.
Data Source	Inquiries are tracked in an Excel spreadsheet maintained by Staff, who receives all incoming mail and website inquiries. The spreadsheet tracks the receipt date, the requestor, the source of the inquiry, a summary of the inquiry, the staff member assigned, the resolution date, and the calculated number of days to respond.
Methodology	The number of days on each inquiry is added up at the end of the quarter and divided by the number of inquiries received.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	No

<b>Efficiency Measure 1.1.1.3      Days to Approve Benefit Applications</b>	
Definition	The average number of calendar days elapsed from the date a claim for Service Retirement Annuity benefits under Rule §308.2, Texas Administrative Code is filed, to the date the request for payment is sent to the Comptroller.
Purpose	This measure shows the efficiency of the agency's efforts to provide retirement benefits under Rule §308.2, Texas Administrative Code.
Data Source	This data is obtained from a report that is created from the TESRS Application Tracking System
Methodology	Average Number of Calendar Days is calculated by the Total Number of Calendar Days divided by Total Number of Payments.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	Low
New Measure	Yes



**Explanatory Measures**

<b>Explanatory Measure 1.1.1.1 Cities in Pension System</b>	
Definition	The number of departments participating in the TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency.
Data Source	The pension system database is the source of this measure.
Methodology	The number of participating departments is tallied.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Explanatory Measure 1.1.1.2 Number of Active Members</b>	
Definition	The total number of active members serving in departments that participate in TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency.
Data Source	The pension system database provides a listing of all active members participating in the plan.
Methodology	The pension system database totals the number of active members in the system quarterly.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Explanatory Measure 1.1.1.3 Number of Benefit Recipients</b>	
Definition	The number of members and payees receiving service retirement, disability, alternate payees and survivor benefits from the System.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency. The more retirees and payees, the more services the agency must provide to those members.
Data Source	The pension system database is the source of this measure.
Methodology	The pension system database calculates the number of benefit recipients.
Calculation Method	Cumulative
Data Limitations	None
Target Attainment	High
New Measure	No

<b>Explanatory Measure 1.1.1.4 Number of Vested Terminated Service Records</b>	
Definition	The total number of vested terminated members eligible for retirement, disability, and survivor benefit credit from the TESRS.
Purpose	This measure is helpful in determining the staffing and financial needs of the agency. The more retired, active and vested terminated members, the more services the agency must provide to those members.
Data Source	The agency's pension system database.
Methodology	The pension system database provides a listing of all vested terminated members and is the source for this measure.
Calculation Method	Non-Cumulative
Data Limitations	None
Target Attainment	High
New Measure	Yes

## Schedule C: Historically Underutilized Business Plan

### Texas Emergency Services Retirement System Historically Underutilized Business Plan for FY 2025

**Purpose:** The purpose of this Historically Underutilized Business Plan is to increase agency's use of historically underutilized businesses in purchasing and contracting as required by Government Code Sec. 2161.123.

**Policy:** It is the policy of TESRS to promote and encourage contracting and subcontracting opportunities for historically underutilized businesses (HUBs) in all contracts.

**Goal:** TESRS will promote fair and competitive business opportunities that maximize the inclusion of minority-owned and women-owned businesses that are certified HUBs.

**Objective:** TESRS strives to meet or exceed the Statewide Annual HUB Utilization Goals that are identified each fiscal year in the procurement categories related to TESRS' current strategies and programs.

**Strategy:** TESRS will:

- 1) make a concerted effort in the professional services category to identify, solicit, and utilize qualified HUBs;
- 2) attend HUB Expos and events to stay informed on HUB business owners in the marketplace; and
- 3) continue consideration of qualified businesses owned by economically disadvantaged groups in the procurement process.

### INTERNAL HUB UTILIZATION ASSESSMENT

TESRS assessment on utilization of HUBs demonstrates that when general revenue funds are considered, TESRS expenditures exceed or are close to achieving statewide HUB goals for each of the applicable categories. HUB expenditures in *Other Services* category exceeded the State HUB purchasing goals in FY 2024.

TESRS is a small agency and does not have a large operating budget for which HUB purchasing is applicable. However, for purchases using appropriated funds, a concerted effort is made to purchase from HUB vendors when possible. Agency procurement staff attend local HUB vendor fairs and regularly search for new HUB vendors to satisfy agency needs. The Analysis of HUB Expenses for TESRS (see below) demonstrates that the agency's utilization of HUB vendors significantly surpasses state HUB goals.

#### A Historically Underutilized Business

(HUB) is a for profit business that can be a sole proprietorship, partnership, joint venture, corporation, limited partnership or company with its principal place of business located in the State of Texas.

HUBs must have at least 51% of the assets and interests of all classes of stock and securities owned by one or more persons who are members of the following groups that have been identified as economically disadvantaged: Native Americans, American Women, Black Americans, Hispanic Americans, and Pacific Asian Americans.

The agency used Consolidated HUB Reports published by CPA for 2022 and 2023 and performed the following adjustments to reverse pension fund expenses out of the results:

<b>FY 2022 Procurement Data</b>				
<b>Procurement Categories</b>	<b>Total Appropriated Expenditures</b>	<b>HUB Expenditures</b>	<b>%HUB Expenditures</b>	<b>State HUB Goals</b>
Heavy Construction	\$0	\$0	N/A	11.20%
Building	\$0	\$0	N/A	21.10%
Special Trade	\$0	\$0	N/A	32.90%
Professional	\$0	\$0	N/A	23.70%
Other Services	\$102,745	\$40,457	39.4%	26.00%
Commodity Purchasing	\$23,836	\$6,864	28.8%	21.10%
<b>Totals</b>	<b>\$126,581</b>	<b>\$47,321</b>	<b>37.4%</b>	

<b>FY 2023 Procurement Data</b>				
<b>Procurement Categories</b>	<b>Total Appropriated Expenditures</b>	<b>HUB Expenditures</b>	<b>%HUB Expenditures</b>	<b>State HUB Goals</b>
Heavy Construction	\$0	\$0	N/A	11.20%
Building	\$0	\$0	N/A	21.10%
Special Trade	\$0	\$0	N/A	32.90%
Professional	\$0	\$0	N/A	23.70%
Other Services	\$68,858	\$36,633	53.2%	26.00%
Commodity Purchasing	\$23,557	\$4,068	17.3%	21.10%
<b>Totals</b>	<b>\$92,415</b>	<b>\$40,701</b>	<b>44.0%</b>	

## Schedule D: Statewide Capital Plan

The Texas Emergency Services Retirement System does not have a Statewide Capital Plan.

## Schedule F: Agency Workforce Plan

# Texas Emergency Services Retirement System Workforce Plan (2025-2029)

## Phase 1: Agency Overview (Strategic Direction)

The State of Texas created Texas Emergency Services Retirement System (TESRS) in 1977 to finance a pension system for volunteer firefighters and first responders. TESRS offers emergency services departments the opportunity to recognize, protect, and financially reward volunteers, paid and part-paid emergency services personnel for their years of dedicated service to their communities. There are currently 247 departments participating in the pension system.

Authority for the agency exists under Title 8 of the Texas Government Code, Subtitle H, entitled Texas Emergency Services Retirement System.

Article 16 Section 67 of the Texas Constitution directs that the financing of benefits must be based on sound actuarial principles and that the assets of a system are held in trust for the benefit of members and may not be diverted.

### Agency Mission

The agency's mission is to provide secure and meaningful benefits for members and their families, prudently manage assets, and recruit/retain additional members by offering a cost-effective solution to the sponsoring entities.

Sec. 2056.0021. WORKFORCE PLANNING.  
As part of the strategic plan required under Section 2056.002, a state agency shall conduct a strategic staffing analysis and develop a workforce plan, according to guidelines developed by the state auditor, to address critical staffing and training needs of the agency, including the need for experienced employees to impart knowledge to their potential successors.

Added by Acts 2001, 77th Leg., Ch. 715, Sec. 2, eff. Sept. 1, 2001.

### Agency Strategic Goals and Objectives

#### Agency Goal: SOUND PENSION FUND

To ensure that pension funds for volunteer emergency services personnel are actuarially sound and that their members receive the benefits to which they are entitled.

#### Agency Objective 1.1: ADMINISTER VOLUNTEER PENSION FUND

Administer a pension fund for volunteer and emergency services personnel by receiving contributions from member entities; investing surplus funds; servicing member database; and providing services and benefit payments to members and their dependents.

#### Agency Objective 1.2: RECRUITING AND TECHNICAL ASSISTANCE

Manage both new and existing member departments by providing needed program monitoring and technical assistance and by directing resources into recruiting new departments.

## Core Business Functions

The primary responsibility of the agency is to administer pension benefits, which requires the staff to work with retirees, active members, departments, and Local Board members, in addition to providing technical assistance to participating departments, and recruiting new departments. The agency distributes pension benefits to retirees on a monthly basis, as well as death and disability benefits.

The TESRS Board of Trustees (Board) outsources the most critical functions of the pension system to firms with the required professional and technical expertise. These include:

- Actuarial Services
- Investment Counsel
- Outside Legal Counsel
- Financial Audit Services
- Securities Custody Services
- Investment Management
- Database Administration
- Information Management Systems
- Cybersecurity
- Web Hosting

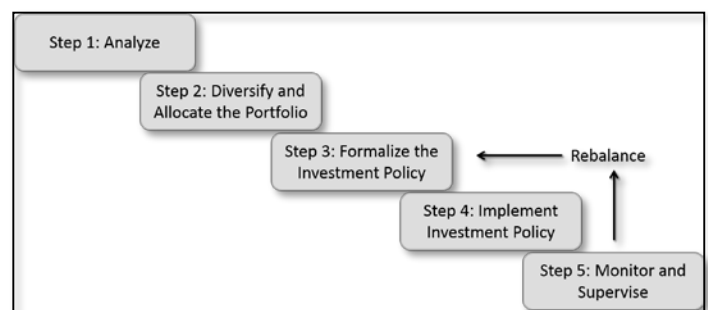
### Administration

The Administrative functional area is responsible for supporting the Board, scheduling and hosting Board meetings, implementing the investment program, implementing the actuarial valuation of the System, and administering human resources.

Managing the TESRS investment process is the most dynamic business function of the agency. Success is dependent upon the combined efforts of the Board, agency staff, investment consultants, and individual investment managers.

The Board's investment process is best described as a Five-Step Investment Process. The Board's investment program is intended to minimize risk and fund the long-term liabilities of promised benefits.

The Board's Investment Committee focuses on investment policies and monitors the activities of the investment consultant and the investment performance of fund managers. However, all decisions regarding the investment program are made by actions taken by the Board.



Although the Board is a long-term investor, it monitors investment performance for the System and for each individual investment manager on a quarterly basis. Performance is measured against established benchmarks using quarterly, annual, three-year and five-year performance.

The executive director is delegated full authority and responsibility by the Board in the implementation and administration of its investment programs subject to Board policies, rules, regulations, and directives. The executive director is responsible for the following duties:

1. Assist the Board in the procurement of investment managers, consultants, and custodians;
2. Authorize guidelines and contracts for each investment manager retained by the System;
3. Recommend to the Investment Committee revisions to the Investment Policy; and
4. Supervise staff in carrying out actions of the Board and Investment Committee.

### **Accounting Program**

The TESRS accounting program is directed by a certified public accountant who serves as the chief financial officer (CFO) for the agency and the System. The CFO is responsible for:

- Financial risk management,
- Financial planning and budgeting,
- Record keeping,
- Reporting, and
- Related compliance.

The CFO supervises monthly the activities of the securities custodian and reconciles the account of each investment manager. The CFO also serves as the TESRS liaison to the Legislative Budget Board, the State Auditor's Office, and the Comptroller of Public Accounts (CPA).

The CFO is responsible for invoicing governmental entities and collecting contributions payments paid on behalf of each active member of the system. Local accounts payable staff and TESRS staff work to resolve any issues related to invoicing and payment.

The CFO reports to the Board each quarter on agency budgets and cash balances. At the end of each fiscal year the CFO prepares and submits the annual financial report (AFR) to the CPA for inclusion in the state's comprehensive annual financial report. The AFR is then audited by outside certified public accountants to obtain objective opinions regarding the accuracy of the system's financial statements.

### **Operations**

The Operations functional area includes the day-to-day administration of the pension system, customer support, marketing, and information management.

TESRS staff work with participating departments, their chiefs, Local Boards, and governing entities to administer a retirement system in which each member is supported and encouraged to meet eligibility requirements and receive a well-deserved retirement annuity.

When a TESRS member meets eligibility requirements to retire, TESRS staff work closely with the member and the respective Local Board to ensure accuracy and to facilitate the retirement application and approval process, which includes reviewing qualified service details, preparing documentation, and obtaining appropriate signatures in a timely manner.



For each participating department, it is required by statute that a Local Board be established. Each Local Board must include six members: one member from the governing body of the department's political subdivision, two members from the community the department serves, and three active members of the participating department.

TESRS staff provides frequent customer service with Local Board members regarding a wide array of required actions that are the responsibility of the Local Board. We meet with Local Board members and provided technical assistance and training regarding the roles and responsibilities of the Local Board. We have email, phone, and face-to-face contact with Local Board members regarding TESRS membership enrollment, required reporting, the review and certification of retirement benefits, and other duties of the Local Board.

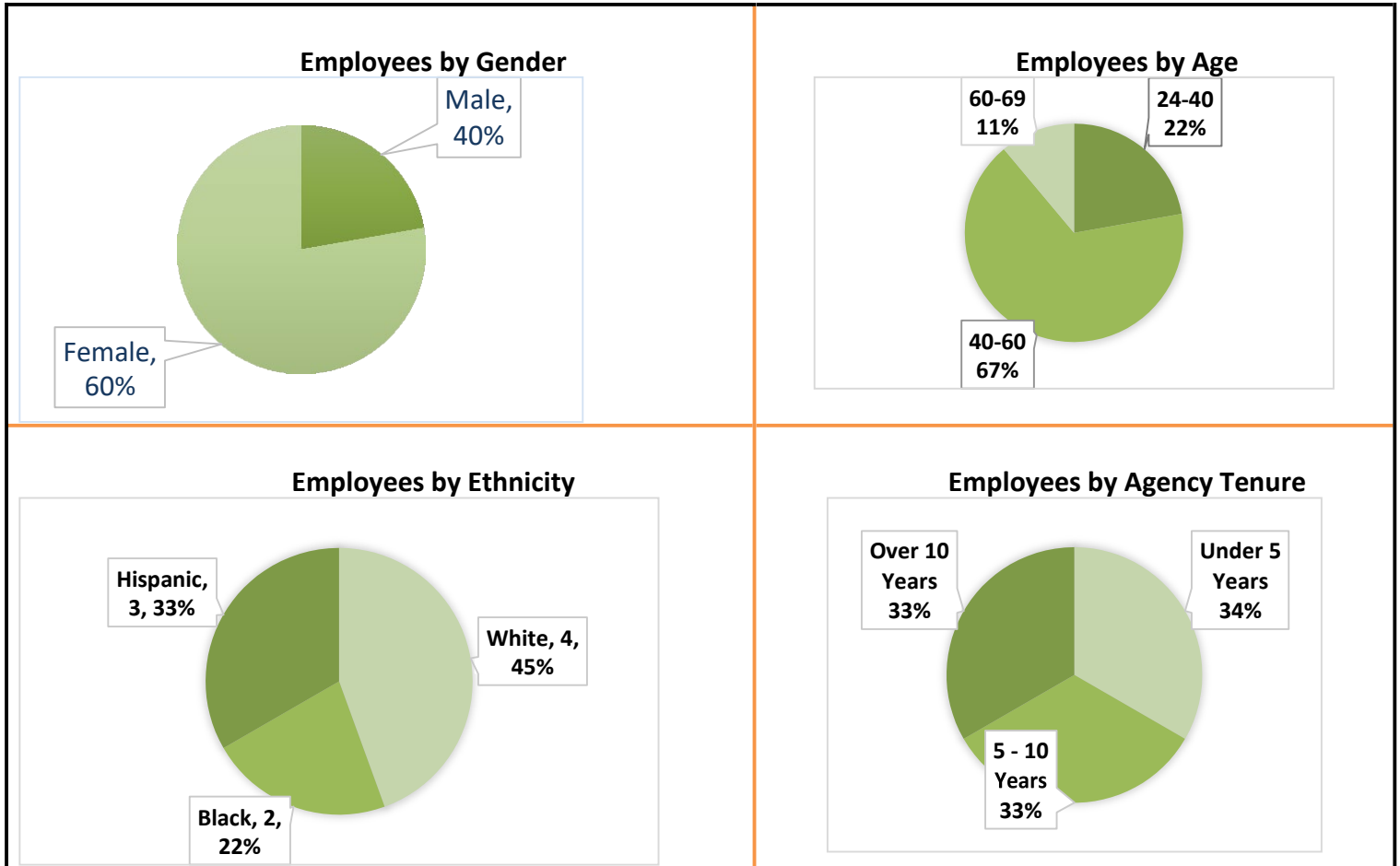
### Anticipated changes to the mission, strategies, and goals during the next five years.

The Agency does not anticipate any changes to the mission, strategies, and goals of the agency during the next five years.

## Phase 2: Current Workforce Profile (Supply Analysis)

### Workforce Demographics

As of April 26, 2024, TESRS had 8.5 employees to carry out its mission. The following charts illustrate the demographic make-up of TESRS' workforce.



Occupational Category	Black	Hispanic	White
Accounting, Auditing, and Finance		1	
Administrative Support	2	2	2.5
Human Resources		1	
Information and Communication			
Information Technology			
Insurance			
Property Management and Procurement			
<b>Total</b>	<b>2</b>	<b>4</b>	<b>2.5</b>

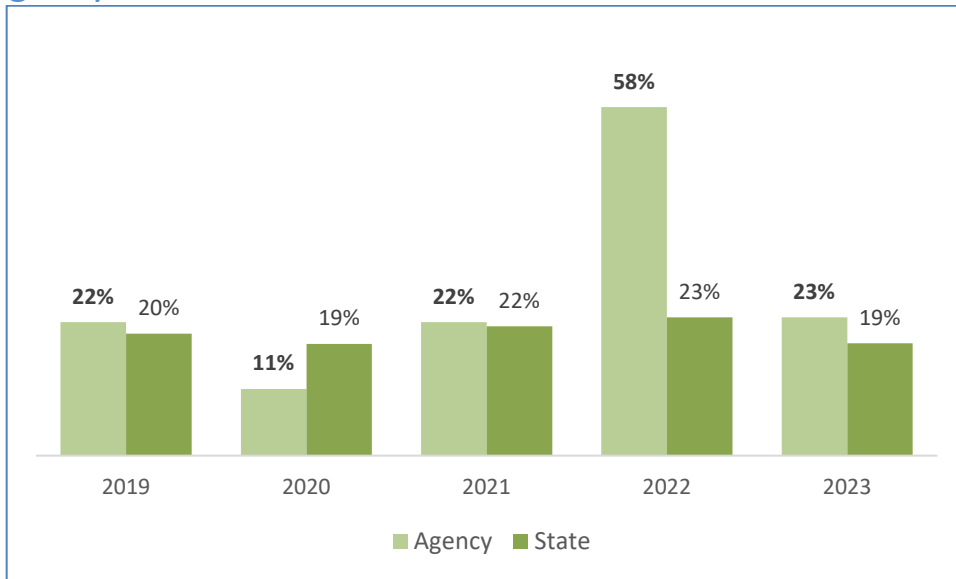
## Percent of workforce eligible to retire and return to work

The agency projects that during the next four fiscal years, approximately 25% of agency's workforce will be eligible to retire, taking with them institutional knowledge and expertise. This will require that the agency to prepare for the retirement of these critical employees through succession planning, cross-training and employee development.

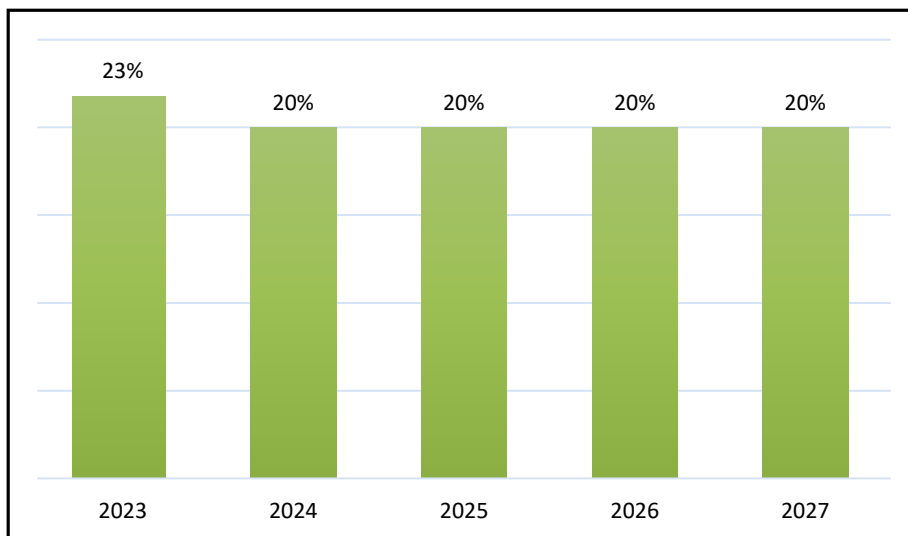
## Percent of veterans employed by the agency

The agency does not currently employ any veterans.

## Agency Turnover



## Projected employee turnover rate during the next five years



## Future Workforce Analysis

The agency is making the following assumptions regarding the 2025-2029 planning period:

- **Growth in Retirees:** The agency anticipates that the number of retirees receiving retirement benefits will increase by over 25 percent by 2029. This will substantially change the allocation of staff time away from supporting Local Boards and active member enrollment to processing retirement applications and maintaining retirement accounts.
- **Increased Cybersecurity Complexity and Cost:** Cyber-related risk is the most challenging risk faced by the agency and will require the Board and agency to continue cybersecurity and risk governance practices to improve information security. It will also require the agency to continue to be more realistic about its vulnerability to cyber-attack and become more resilient in the face of cyber-attacks.
- **Increased Productivity Needed:** Productivity will need to increase in order to process the growing number of retirement applications because it does not anticipate a growth in the number of employees. This will require the agency to carefully review each task and to determine its necessity in meeting the objectives of the program. It will also require the implementation of new technologies and the retraining of agency staff.
- **Team Performance Focus:** Management will continue to focus on team performance instead of individual performance. This will require each staff member to become more flexible, learn new tasks, and assume responsibility for decision-making. Management will also need to identify team goals and provide financial incentives to the team members when program goals are exceeded.
- **Increase in State Red-Tape:** The agency expects the overhead associated with being a state agency to grow due to additional reporting requirement which will reduce the time dedicated to the core mission of the agency.

## Critical Workforce Skills

There are several skills that are critical to TESRS ability to serve its members and to maintain an actuarially sound pension system. Without these skills, TESRS could not provide basic benefit and retirement services. These skills are the:

- Ability to interpret legislation;
- Ability to communicate detailed information;
- Ability to write guidelines and procedures for a targeted audience;
- Ability to use automated benefit systems;
- Ability to develop long-term and short-term goals for the investment program;
- Risk management skills;
- Quality assurance skills;
- Ability to effectively and efficiently manage projects;
- Ability to develop and monitor complex contract plans; and
- Ability to think critically.

## Future Workforce Skills Needed

The workforce skills needed by the agency are the same skills that have been necessary for the past 20 years. The following skill sets are most needed in new hires:

- Critical thinking and problem solving;
- Interpersonal skills, cybersecurity, information technology resources and
- Ability to adapt with change.

## Gap Analysis

During the 2025-2029 planning period, the agency anticipates routine turnover of 25 percent each year.

The real cost to TESRS related to employee turnover is not related to short-term productivity losses but to the loss of institutional knowledge about the agency, its mission, and the performance of routine tasks that are not well-documented. Reducing these costs in the future will require the agency to reduce the complexity of program while also improving the clarity of process documentation.

Succession planning has always been a problem at the agency because it does not have a “bench” of qualified employees that can move up the organization when a vacancy occurs. In the case of the retirement of key personnel, the agency does have the advantage of time to conduct an analysis of the functions performed by each position and document key process. Generally, TESRS will plan to recruit applicants for vacant positions from outside of agency.

The agency faces significant knowledge-gaps in its ability to manage its information technologies and to deploy cyber-defense strategies. As a result, the agency will continue to outsource critical cybersecurity functions to third-party firms with the technical capacity to assist the agency implement cyber-defense strategies and mitigation plans.

## Schedule G: Workforce Development System Strategic Planning

The Texas Emergency Services Retirement System is not a partner agency with workforce programs or services.

## Schedule H: Report on Customer Service

### Texas Emergency Services Retirement System 2024 Report on Customer Service

#### Agency Overview

The Texas Emergency Services Retirement System (TESRS) administers a public retirement system for emergency services personnel and combination emergency services departments in communities throughout Texas. TESRS participation offers sponsoring governmental entities cost-effective membership for department personnel in a professionally managed retirement system. TESRS collects membership contributions from governmental entities, manages the distribution of benefits, including the issuance of payments to retirees and member beneficiaries. TESRS is led by an executive director who is hired by the system's nine-member board, all of whom are appointed by the Governor of the State of Texas.

#### PART 1. INVENTORY OF EXTERNAL CUSTOMERS

##### a) System Retirees

When a TESRS member meets eligibility requirements to retire, TESRS staff work closely with the member to ensure accuracy of the member's monthly retirement benefit, including reviewing the member's qualified service details, preparing documents, and obtaining appropriate signatures and approvals in a timely manner.

Surveys were sent to retirees for whom we have an email address and who receives their monthly retirement benefit.

##### b) Local Board

It is required by state statute that each participating department and its governmental entity establish a six-member local board. Each local board must include one member from the governmental entity, two members from the community, and three active members of the participating department who are members of TESRS. Each local board is required to annually elect a chair, vice-chair, and secretary.

TESRS staff have frequent contact with local board chairs regarding the responsibilities of local boards. We also meet with local board members and officers to provide technical assistance and training regarding roles, responsibilities, and reporting. We have frequent email and phone contact and virtual and onsite meetings with local board chairs regarding TESRS membership enrollment, required reporting, the review and approval of certain retirement system benefits, and other duties of the local board.

Surveys were sent to each current Local Board Chairman on record for whom we have an email address.

##### c) Local Fire Department Chief

TESRS staff communicate with local Fire Chief of the department who are directly involved with membership participation of TESRS at the local level. TESRS provides Fire Chiefs with training to resolve any membership compliant issues and makes sure that all department members that participate in the system are covered in the plan.

Surveys were sent to each current department Fire Chiefs on record for whom we have an email address.

## PART 2. DESCRIPTION OF INFORMATION GATHERING METHODS

In May 2024, TESRS conducted customer service surveys with each of the above-named groups using SurveyMonkey®, an online survey collection tool.

Surveys were collected from three customer groups: System Retirees, Local Board, and Fire Chief contacts.

## PART 3. CUSTOMER-DETERMINED SERVICE QUALITY

Each of the statutorily identified customer service quality elements were included in each group-specific survey:

- a) Facilities – How satisfied are you with the agency’s facilities, including your ability to access the agency, the office location, signs, and cleanliness?
- b) Agency Staff – How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeable ability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?
- c) Communications – How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?
- d) Internet Site – How satisfied are you with the agency’s Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?
- e) Complaint Handling Process – How satisfied are you with the agency’s complaint handling process, including whether it is easy to file a complaint and whether responses are timely?
- f) Timely Service – How satisfied are you with the agency’s ability to timely serve you, including the amount of time you wait for service in person?
- g) Printed Materials - How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?

Each group surveyed responded to questions relevant to the group. The section below lists by group surveyed the agency-specific questions asked of each group.

A table for each group provides details of the responses to each agency-specific question and the levels of customer-determined service quality for each statutorily identified customer service quality element. Respondents who did not respond to questions but “Skipped” the questions were not included in the summation of “Total Responses.”



1. System Retirees:

TABLE – SYSTEM RETIREES:

	RETIREES	Very Unsatisfied	Satisfied	Neutral	Satisfied	Very Satisfied	Not Applicable	Total Responses	Total Satisfied - Very Satisfied	Percent Satisfied - Very Satisfied
a)	Facilities	22	2	13	28	87	171	323	115	35.60%
b)	Agency Staff	29	7	12	29	133	113	323	162	50.15%
c)	Communications	37	8	21	36	150	71	323	186	57.59%
d)	Internet Site	33	14	19	40	123	94	323	163	50.46%
e)	Complaint Handling Process	23	8	18	27	62	185	323	89	27.55%
f)	Timely Service	32	5	20	39	125	102	323	164	50.08%
g)	Printed Materials	26	9	19	34	100	135	323	134	41.49%
	Overall Satisfaction	35	11	18	52	179	28	323	231	71.52%

2. Local Board

TABLE – LOCAL BOARD:

	LOCAL BOARD	Very Unsatisfied	Satisfied	Neutral	Satisfied	Very Satisfied	Not Applicable	Total Responses	Total Satisfied - Very Satisfied	Percent Satisfied - Very Satisfied
a)	Facilities	2	0	0	1	2	12	17	3	17.65%
b)	Agency Staff	3	1	0	2	6	5	17	8	47.06%
c)	Communications	3	2	2	4	5	1	17	9	52.94%
d)	Internet Site	4	3	2	3	5	0	17	8	47.06%
e)	Complaint Handling Process	3	0	0	0	6	8	17	6	35.29%
f)	Timely Service	3	1	1	3	7	2	17	10	58.82%
g)	Printed Materials	5	0	0	4	6	2	17	10	58.82%
	Overall Satisfaction	4	2	0	4	7	0	17	11	64.71%

3. Local Fire Chief Contact

TABLE – LOCAL FIRE CHIEF CONTACT:

	DEPARTMENT CHIEF	Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied	Not Applicable	Total Responses	Total Satisfied - Very Satisfied	Percent Satisfied-Very Satisfied
a)	Facilities	1	0	0	2	2	6	11	4	36.36%
b)	Agency Staff	0	0	1	3	6	1	11	9	81.82%
c)	Communications	0	1	2	3	5	0	11	8	72.73%
d)	Internet Site	1	5	1	1	3	0	11	4	36.36%
e)	Complaint Handling Process	1	1	1	4	2	2	11	6	54.55%
f)	Timely Service	1	1	0	5	2	2	11	7	63.64%
g)	Printed Materials	1	1	0	3	5	1	11	8	72.73%
	Overall Satisfaction	1	1	1	2	6	0	11	8	72.73%

**PART 4. ANALYSIS OF FINDINGS**

**a) Improvements to the Survey Process**

As a public retirement system, our primary customers are our members and retirees. We have daily contact with our retirement system members. Each participating department and sponsoring governmental entity (city, county, emergency services district) are required to establish a six-member local pension board, and we work with these local partners to administer the membership enrollment and the benefits available to each member of the retirement system.

The following were identified as improvements to be made to the survey process:

1. Prepare potential respondents. Inform and educate our customers about the importance of our receiving their opinions and feedback. Provide a notification that an online survey will be made available to them on a particular date.
2. Conduct periodic surveys. Periodic surveys will provide feedback about customer service, agency processes, new statutory and rule requirements, and other aspects of agency administration.
3. Expand survey questions. Surveys should include questions that will provide details about the customer’s experience with the agency.

**b) Summary of Findings**

It is important to state that TESRS has one physical office which is the headquarters location in Austin, Texas. Very few, if any, system members, local board officers, or accounts payable contacts come to our office.

Responses from each survey for each key question were summed and the results are in the table below:

	SUMMARY	Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied	Not Applicable	Total Responses	Total Satisfied - Very Satisfied	Percent Satisfied- Very Satisfied
a)	Facilities	25	2	13	31	91	189	351	122	34.76%
b)	Agency Staff	32	8	13	34	145	119	351	179	50.10%
c)	Communications	40	11	25	43	160	72	351	203	57.83%
d)	Internet Site	38	22	22	44	131	94	351	175	49.86%
e)	Complaint Handling Process	27	9	19	31	70	195	351	101	28.77%
f)	Timely Service	36	7	21	47	134	106	351	181	51.57%
g)	Printed Materials	32	10	19	41	111	138	351	152	43.30%
	Overall Satisfaction	40	14	19	58	192	28	351	250	71.23%

It is significant to note that many respondents selected “Not Applicable” for several of the survey questions. Since all selections of “Not Applicable” are included in the count of Total Responses, which is the denominator used to determine “Percent Satisfied – Very Satisfied,” the resulting percentage indicator of customer satisfaction is significantly reduced.

The table below illustrates the level of customer satisfaction with regard to the key questions when calculated using the five options for satisfaction and eliminating the selections of “Not Applicable.”

	SUMMARY	Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied	Total Responses (Excluding Not Applicable)	Total Satisfied - Very Satisfied	Percent Satisfied-Very Satisfied
a)	Facilities	25	2	13	31	91	162	122	75.31%
b)	Agency Staff	32	8	13	34	145	232	179	77.16%
c)	Communications	40	11	25	43	160	279	203	72.76%
d)	Internet Site	38	22	22	44	131	257	175	68.09%
e)	Complaint Handling Process	27	9	19	31	70	156	101	64.74%
f)	Timely Service	36	7	21	47	134	245	181	73.88%
g)	Printed Materials	32	10	19	41	111	213	152	71.36%
	Overall Satisfaction	40	14	19	58	192	323	250	77.40%

Using an evaluation of those responses that indicated a range of “Very Unsatisfied” to “Very Satisfied” provides information indicating our customers’ opinions of agency customer service, as shown in the comparison table below:

	SUMMARY	Percent Satisfied-Very Satisfied Includes N/A	Percent Satisfied - Very Satisfied
a)	Facilities	34.76%	75.31%
b)	Agency Staff	50.10%	77.16%
c)	Communications	57.83%	72.76%
d)	Internet Site	49.86%	68.09%
e)	Complaint Handling Process	28.77%	64.74%
f)	Timely Service	51.57%	73.88%
g)	Printed Materials	43.30%	71.36%
	Overall Satisfaction	71.23%	77.40%

**PART 5. OUTCOME, OUTPUT, EFFICIENCY, AND EXPLANATORY MEASURES**

OUTCOME MEASURES:	
Percent of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received:	71.23% (1)
OUTPUT MEASURES:	
Total Customers Surveyed:	3484
response Rate:	10.88%
Total Customer Served:	10,973
EFFICIENCY MEASURES:	\$0.69
Total Customers Identified:	3484
Total Customer Groups Inventoried:	3

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<sup>1</sup> The denominator to determine Percent of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received includes “Neutral” and “Not Applicable” responses.

Appendix 10. Certification of Compliance with Cybersecurity Training



C E R T I F I C A T E

**Texas Emergency Services Retirement System**

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2054.5191 and 2054.5192.

**Chief Executive Officer or Presiding Judge**

**Board or Commission Chair**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

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Date

\_\_\_\_\_  
Date

## **Agenda Item: 13**



# *Texas Emergency Services Retirement System*

## Board Education and Training Opportunities



### **Upcoming Conference & Training**

- **TEXPERS Summer Educational Forum in San Antonio, Texas on August 18-20, 2024.**
- **State Firefighters' & Fire Marshals' Association of Texas Conference in San Marcos, Texas on June 27-30, 2024**
- **Texas Fire Marshals' Association Conference in San Marcos, Texas on November 4-8, 2024.**

## **Agenda Item: 14**

# Texas Emergency Services Retirement System



Pilar Rodriguez, Chairman  
Jessica O'Brien, Executive Director

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P.O. Box 12577 Austin, TX 78711-2577

(800) 919-3372

[www.tesrs.org](http://www.tesrs.org)

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## MEMORANDUM

TO: Board of Trustees  
FROM: Jessica O'Brien, Executive Director  
DATE: May 16, 2024  
RE: Tentative Schedule of Board Meeting Dates

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To assist the Board in planning for board meetings for state fiscal year 2025, staff requests that the Board Consider the following tentative dates:

- November 14<sup>th</sup> or November 21<sup>st</sup>
- February 13<sup>th</sup> or February 20<sup>th</sup>