

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

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 1st. 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 49th 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 29th. As of 3:00 p.m. of February 27, 2024 the status of Departments:

Status	# of Departments
Accepted	118
Draft	11
Start	104
Grand Total	233

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 29th. 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

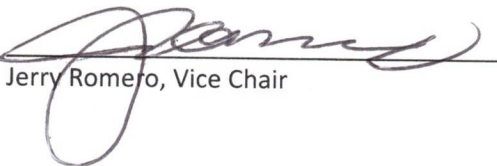
The board members agreed for May 16, 2024 and August 29, 2024.

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