

Texas Emergency Services Retirement System
Board Meeting Minutes
July 20, 2018 10:30 a.m.
DoubleTree Hotel
8181 Airport Boulevard, Houston, TX 77061

Members Present:

Frank Torres, Chairman
Jenny Moore, Vice-Chair
Ron Larson, Secretary
Courtney Gibson Bechtol, Trustee
Dan Key, Trustee
Steve Williams, Trustee

Members Absent:

Taylor Allen, Trustee
Pilar Rodriguez, Trustee
Don Shipman, Trustee

Staff and Other Present

Kevin Deiters, Executive Director, TESRS
Judy Johnson, Chief Financial Officer, CPA, TESRS
Shirley Hays, Contract Manager, CTCM, TESRS
Jessica O'Brien, Data and Technology Officer, TESRS
Charles, Bray, Marketing Specialist, TESRS
David Gordon, Assistant Attorney General
Bryan Guinn, Denim Group
Todd Schroeder, Lauterbach & Amen, LLP
Stephen Earnhardt, Lauterbach & Amen, LLP

Chairman Torres called the meeting to order at 10:30 a.m.

1. Roll Call

Secretary Larson called the roll and announced that a quorum of the Board was present. Six Trustees were present and Trustees Allen, Rodriguez, and Shipman were absent.

2. Invitation for Public Comment

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

3. Approval of Minutes for May 23, 2018

Secretary Larson requested the attendance list for the May 23, 2018 meeting be amended by including Chana Kramer and Cassandra Davis and by removing Jessica O'Brien.

Vice-Chair Moore made the motion to adopt the minutes of the meeting of March 23, 2018. The motion was seconded by Trustee Williams and unanimously passed by the Board.

4. Approval of Minutes for May 24, 2018

Trustee Key made the motion to adopt the minutes of the meeting of March 24, 2018. The motion was seconded by Trustee Williams and unanimously passed by the Board.

5. Information Management Systems Security Consultant Interview – Discussion and Possible Action

Bryan Guinn with the Denim Group made a presentation to the Board regarding Denim's proposal, entitled *TESRS – Enterprise Security Services Consulting*, to provide cybersecurity services to the Board and Agency. He provided an overview of the proposed scope of services that would be provided between September 1, 2018 and August 31, 2021 for an amount not to exceed \$180,000.00. The proposed services included:

- Assisting the Board in developing cybersecurity governance policies and practices;
- Performing cybersecurity awareness training for the Board and staff;
- Performing a security gap analysis; and
- Creating an incident response plan.

Vice-Chair Moore made the motion to hire Denim Group to serve as the Board's cybersecurity consultant for a three-year term beginning September 1, 2018 in the total amount not to exceed \$180,000 and to authorize the Executive Director to take any and all action necessary to execute the contract.

The motion was seconded by Secretary Larson and unanimously passed by the Board.

6. Certified Public Accountant Interviews - Discussion and Possible Action

Todd Schroeder and Stephen Earnhardt with Lauterbach & Amen, LLP made a presentation to the Board regarding the firm's proposal, entitled *Proposal to Provide Investment Accounting and Financial Reporting Services*, to provide accounting services to the Board. They provided an overview about the firm, key personnel, the proposed scope of services, and fee schedule.

Trustee Williams made the motion to engage Lauterbach & Amen, LLP to provide investment accounting and financial reporting service services.

The motion was seconded by Vice-Chair Moore and unanimously passed by the Board.

7. Non-appropriated Budget for the Period Ending June 30, 2018 - Discussion and Possible Action

Ms. Johnson, Chief Financial Officer, provided an overview of the report *Texas Emergency Services Retirement System Non-Appropriated Fund Budget for FY 2018 and Cash Basis Expenditures as of June 30, 2018*.

No action was taken regarding this agenda item.

8. Legislative Appropriations Request – Discussion and Possible Action

Mr. Deiters provided the Board with an overview of the legislative appropriations request (LAR) process for agency budget submissions for fiscal years 2020 and 2021. He explained that the agency LAR was due on August 10, 2018 and that the leadership had limited agency baseline requests to no more than the amount expended in FY 2018 and budgeted for FY 2019.

Mr. Deiters requested the Board's authority to submit the LAR based upon the following:

- The baseline agency request will equal \$4,091,420, which includes \$2,658,448 for state contributions to the pension system.
- No changes in staffing.
- Requests for new funding (exceptional item requests)
 - \$ 107,520 to make up the short-fall of state contributions to the pension fund not covered by the baseline LAR;
 - \$ 170,000 to fund cybersecurity projects needed to comply with the requirements of House Bill 8 and to protect our member's information from hackers; and
 - \$ 80,000 to outsource investment accounting and pension system annual reporting functions.

Trustee Bechtol made the motion to authorize the Executive Director under the authority of the administrative committee to submit the Legislative Appropriations Request as required by state law.

The motion was seconded by Trustee Williams and unanimously passed by the Board.

9. Strategic Planning Committee Update

Trustee Key provide the Board with an overview of the planning committee meeting with outside counsel Chuck Campbell and Alyca Riley on July 6, 2018 regarding a review of the enabling statute, the responsibilities of local boards, and the enrollment of paid members into the pension system.

He explained that the objective of the meeting was to identify statutory changes that could

reduce the administrative burden placed on local boards by authorizing routine administrative tasks (enrollment, member termination) to be performed by an authorized representative of the department or governing entity.

Trustee Key stated that the planning committee would meet again before the August 16, 2018 Board meeting to discuss the proposal.

No action was taken regarding this agenda item.

10. Request for Future Agenda Items and Meeting Dates


Chairman Torres announced that the next Board meeting will be August 16, 2018 in Austin and he requested that the Board to submit any requests for agenda items to the Executive Director.

11. Adjourn


Chairman Torres requested a motion to adjourn at 12:27 p.m.

The motion was made by Trustee Williams, seconded by Vice-Chair Moore and passed unanimously.

Minutes Approved By:



Ron Larson, Secretary



Date: