



Board of Trustees Meeting

April 14, 2021

ERS

EMPLOYEES  RETIREMENT
SYSTEM OF TEXAS

Presented for Review and Approval

May 26, 2021

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**BOARD OF TRUSTEES MEETING
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
April 14, 2021**

The April 14, 2021 meeting of the ERS Board of Trustees was held by video conference call as authorized under Section 551.127 of the Texas Government Code, in accordance with the governor's authorization concerning suspension of certain open meeting law requirements in response to the covid-19 (coronavirus) disaster. A quorum of members of the Board participated in the meeting remotely and will be visible and/or audible to the public.

TRUSTEES PRESENT

I. Craig Hester, Board Chair
Catherine Melvin, Board Vice Chair
Brian Barth, Member
Ilesa Daniels, Member
Dr. Jim Kee, Member

ERS DIRECTORS PRESENT

Porter Wilson, Executive Director
Cathy Terrell, Deputy Executive Director
Cynthia Hamilton, Acting General Counsel
Bernie Hajovsky, Director of Enterprise Planning Office
Kathryn Tesar, Director of Benefits Communications
Tom Tull, Chief Investment Officer

ERS STAFF PRESENT

Anthony Curtiss, Investments
Kelley Davenport, Executive Office
Aaron Ismail, Investment Compliance Officer
Panayiotis Lambropoulos, Investments
Bruce Marton, Information Systems
Crystal Olvera, Benefits Communications
Brene Washington, Benefits Communications

Meeting of the ERS Board of Trustees

1. Call Meeting of the ERS Board of Trustees to Order

Mr. Craig Hester, Chair of the Board of Trustees of the Employees Retirement System of Texas (ERS), noting a quorum was present, called the meeting to order at 5:27 p.m. on Wednesday, April 14, 2021 and read the following statement:

“A public notice of the ERS Board of Trustees meeting containing all items on the proposed agenda was filed with the Office of the Secretary of State at 10:59 a.m. on Tuesday, April 6, 2021, as required by Chapter 551 Texas Government Code, referred to as the Open Meetings Law.”

2. In accordance with Section 815.3016, Texas Government Code, the ERS Board of Trustees will meet to discuss and consider taking appropriate action on an alternative investment or a potential alternative investment in a special situations Fund – (Action)

Mr. Tom Tull, Chief Investment Officer, stated that based on information and discussion from the earlier Asset Class Investment Committee meeting, the Hedge Fund team is recommending Board approval of an investment allocation of \$175 million and alternatives for inclusion into the overall trust consistent with past practice. These funds are to reside within the Trust's Special Situations Portfolio.

There being no further questions or discussion, Mr. Hester opened the floor for a motion.

Move that the Board of Trustees of the Employees Retirement System of Texas authorize the Executive Director to increase the investment in an alternative investment fund under Texas Government Code Section 815.3016 by negotiating and executing documentation for the investment, with terms and conditions acceptable to ERS; and to authorize the Executive Director to thereafter administer the investment in accordance with negotiated terms and conditions.

Motion by Brian Barth second by Catherine Melvin

Final Resolution: Motion Carries

Aye: Craig Hester, Brian Barth, Ilesa Daniels, Jim Kee, Catherine Melvin

3. Review, Discussion and Approve Revised Calendar for Board of Trustees Election– (ACTION)

Mr. Bernie Hajovsky presented proposed changes to this year's Board of Trustees election calendar. Mr. Hajovsky reported that five state employees expressed interest in filling the seat held by Ms. Daniels, but only one individual satisfied the requirements for certification. On April 8, Neika Clark of the Health and Human Services Commission was certified as the lone candidate. With only one candidate eligible for election, ERS reviewed options for the remaining election activities. Staff determined there is no statute or rule that authorizes cancelling the election when only one candidate is certified. Neither statute nor rules allow for "write-in" candidates, so voters would not be able to cast a vote for someone that is not listed on the ballot. ERS would spend approximately \$225,000 in printing, postage and other administrative expenses if it went forward with the planned election activities.

Based on the circumstances, staff recommended to stop election activities and revise the remaining election calendar as presented in Exhibit A. Staff will propose a rule amendment at the May 26 board meeting to authorize the cancellation of an election if only one candidate is certified. If adopted, the rule amendment would certify the lone candidate as the trustee-elect for the six-year term beginning September 1. Mr. Hajovsky recognized Ms. Cynthia Hamilton, ERS' Acting General Counsel, for her research and guidance in developing the staff recommendation.

Mr. Hester asked if the other potential candidates indicated reasons for not satisfying the certification requirements. Mr. Hajovsky noted that staff reached out to all potential candidates prior to the end of the nomination period to remind them of the deadline. While reasons varied, potential candidates cited difficulty in getting voter signatures.

There being no further questions or discussion, Mr. Hester opened the floor for a motion.

Move that the Board of Trustees of the Employees Retirement System of Texas postpone all remaining 2021 election activities and approve the revised 2021 election calendar as presented in Exhibit A of this agenda item.

Motion by Ilesa Daniels, Second by Brian Barth

Final Resolution: Motion Carries

Aye: Craig Hester, Brian Barth, Ilesa Daniels, Jim Kee, Catherine Melvin

There being no further questions or discussion, Mr. Hester opened the floor for a motion.

4. Adjournment of the Board of Trustees meeting.

The Board of Trustees adjourned at 5:41 p.m. on Wednesday, April 14, 2021