



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

**David J. Kehler**  
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**MINUTES OF THE BOARD OF RETIREMENT**  
REGULAR RETIREMENT BOARD MEETING  
**Wednesday, February 14, 2018 @ 8:30 a.m.**  
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

**I. CALL TO ORDER**

Called to Order by Roland Hill, Chair.

**II. ROLL CALL**

Members Present: Cook, Hill, Reed, Young, Watson, Crawford, Vander Poel  
Members Absent: Embrey, Ross  
Alternates Present: Norman, Taylor  
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator; Adriana Gonzales-Chang and Jeanette Burks, Retirement Specialist; Barbara Grunwald, Matt Wang, and Amy Myers, Deputy County Counsel; Paul Guerrero, CAO-Administrative Analyst

Let the record show that Mr. Norman is voting in the absence of Mr. Embrey.

1. As a courtesy to those in attendance, all individuals are requested to place cell phones and other electronic devices in the non-audible alert mode.
2. Pledge of Allegiance and Moment of Silence

**III. PUBLIC COMMENT**

1. At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

None.

**IV. X-AGENDA ITEMS**

None.

**V. DISABILITIES – Time Certain: 8:30 a.m.**

1. Closed session was held from 8:39 to 9:28 a.m. regarding disability matters listed on the Agenda.
2. In the matter of the disability application of Valerie Hinojosa, consider and take action regarding the disability retirement hearing.

Amy Myers, Deputy County Counsel, briefly spoke to the Board on as TCERA's legal representative in this case.

MOTION to deny the Hearing Officer's request for an additional Independent Medical Examination and direct Staff to assign a different Hearing Officer for this matter.

Vander Poel/Watson Approved Unanimously  
Absent: Embrey, Ross

3. In the matter of the disability application of Christina Reeves, consider and take action regarding the application for a disability retirement.

MOTION to deny the disability application of Christina Reeves.

Vander Poel/Norman      Approved Unanimously  
Absent:                  Embrey, Ross

4. In the matter of the disability application of Keith Harmon, consider and take action regarding the application for a disability retirement.

MOTION to deny the disability application of Keith Harman due to untimely filing.

Norman/Watson         Approved Unanimously  
Absent:                  Embrey, Ross

5. In the matter of the disability application of Robert Carter, consider and take action regarding the application for a disability retirement.

Mr. Carter briefly addressed the Board.

MOTION to dismiss the disability application of Robert Carter with prejudice.

Cook/Vander Poel       Approved Unanimously  
Absent:                  Embrey, Ross

6. In the matter of the disability application of Scott Mock, consider and take action regarding the application for a disability retirement.

MOTION to grant the disability application of Scott Mock for a Service Connected Disability Retirement.

Watson/Reed            Approved Unanimously  
Absent:                  Embrey, Ross

7. Accepted as filed: Disability Status Report Overview.

## **VI. CONSENT CALENDAR**

1. Approve Minutes of the following Meetings:
  - a. Retirement Board Minutes of January 24, 2018.
  - b. Special Meeting Retirement Board Minutes of January 24, 2018.
2. Approve payments to:
  - a. Boston Partners – invoice investment management services for the quarter ended December, 2017, in the amount of \$59,249.61.
  - b. William Blair – invoice for investment management services for the quarter ended December, 2017, in the amount of \$56,259.81.
  - c. Waddell & Reed – invoice for investment management services for the quarter ended December, 2017, in the amount of \$73,795.06.
  - d. Franklin Templeton – invoice for investment management services for the quarter ended December, 2017, in the amount of \$72,575.90.
  - e. QMA – invoice for investment management services for the quarter ended December, 2017, in the amount of \$47,340.64.
  - f. BlackRock – invoice for investment management services for the quarter ended December, 2017, in the amount of \$47,507.74.

- g. SSGA – invoice for MSCI ACWI Fund investment management services for the quarter ended December, 2017, in the amount of \$16,343.47.
- h. SSGA – invoice for TIPS Index Fund investment management services for the quarter ended December, 2017, in the amount of \$1,664.24.
- i. SSGA – invoice for S&P 500 Fund investment management services for the quarter ended December, 2017, in the amount of \$4,055.02.
- j. SSGA – invoice for Russell Small Cap Fund investment management services for the quarter ended December, 2017, in the amount of \$2,885.93.
- k. Verus – invoice for investment consulting services for the period ended January, 2018, in the amount of \$20,000.00.
- l. HansonBridgett – invoice for services provided regarding Public Retirement System Tax Compliance for the period ended December, 2017, in the amount of \$5,793.75.

Request from Mr. Reed to pull the HansonBridgett invoice for further clarification.

MOTION to approve the Consent Calendar, except the HansonBridgett invoice.

Young/Norman            Approved Unanimously  
Absent:                  Embrey, Ross

Mr. Kehler clarified that HansonBridgett is an outside law firm that TCERA uses for advise on tax related issues and that the amount was not excessive for the work performed.

MOTION to approve the HansonBridgett invoice in the amount of \$5,793.75.

Reed/Watson            Approved Unanimously  
Absent:                  Embrey, Ross

## **VII. COMMITTEE REPORTS**

- 1. Update by David Kehler regarding the Administrative Committee meeting of January 22, 2018. Discussion and possible action regarding the following items:
  - a. Financial and budget reports for the period ending November 30, 2017.

Mr. Kehler reported that during the Committee meeting Mr. Ross requested clarification on the reason for the repayment agreements (Other Receivables, line #1790) shown on the Combined Balance Sheet Comparison. Mr. Kehler explained that these represent recoveries of overpayments made to two plan members/beneficiaries. It was also noted that line #5250 (Investment Consultant/Custodial Fees) of the same report was in error as it shows the percentage change from last year to the current year to be a decrease when the amount has actually increased. Mr. Kehler noted that the corrected report is included in the full Board packet today.

MOTION to approve the Financial and Budget Report for the period ending November 30, 2017.

Vander Poel/Young    Approved Unanimously  
Absent:                  Embrey, Ross

- b. Findings and recommendations related to the actuarial audit performed by Roeder Financial.

During the Committee meeting discussion was held regarding the recommendations included in the audit report. Mr. Kehler indicated that a response from TCERA’s primary actuarial firm, Cheiron, is pending. He also asked if the Committee members had other issues of concern that should be addressed by Cheiron. Mr. Ross stated that he would like to learn more about how the impact of pay amounts received in the latter stages of an employee’s career affects pension liabilities. Staff has requested comment from Cheiron and will bring the matter back to the Committee for further discussion. No action was taken.

- c. Consideration of Board of Retirement policy related to Trustee recusals from participation in quasi-judicial matters.

Mr. Kehler noted that the Committee discussed regarding the need for a policy and the language as drafted. The Committee decided that it would recommend approval of a Board policy for when and how recusals are to be handled. The Committee also directed Staff to clarify the language for how documents pertaining to a specific matter are to be treated by a Trustee who has recused himself from participation in discussion and consideration of the issue. The clarifications are included in the draft policy the Board is considering today.

MOTION to accept the Board of Retirement Policy - Recusal from Participation in Quasi-Judicial Matters.

Young/Cook                      Approved Unanimously  
Absent:                      Embrey/Ross

### VIII. NEW BUSINESS

- 1. Discussion and possible action regarding posting of interest to member accounts and TCERA reserves for the period ended December 31, 2017.

MOTION to approve the following posting of interest to member accounts and TCERA reserves for the period ended December 31, 2017:

**For Members in Tiers 1-3:**

Allocate a sufficient amount to maintain the Contingency Reserve at 3.0% of total assets as previously approved by the Board. The amount required to increase the Contingency Reserve to 3.0% at December 31, 2017 is \$1,045,524.17. Credit member accounts and reserves entitled to interest at a rate of 2.6027% for the period ending December 31, 2017.

**For Members in Tier 4:**

Allocate a sufficient amount to maintain the Contingency Reserve at 3.0% of total assets. The amount required to increase the Contingency Reserve to 3.0% at December 31, 2017 is \$92,079.22. Credit member accounts and reserves entitled to interest at a rate of 2.3767% for the period ending December 31, 2017.

Watson/Norman                      Approved Unanimously  
Absent:                      Embrey, Ross

- 2. Discussion and possible action regarding 2018 retiree Cost-Of-Living-Adjustment (COLA).

MOTION to approve TCERA's 2018 Cost-Of-Living-Adjustment for retirees that were on pension payroll as of April 1, 2018 or earlier as follows: All Tier 1 retirees – 3%, and all Tier 2-4 retirees – 2%.

Watson/Norman                      Approved Unanimously  
Absent:                      Embrey, Ross

- 3. Discussion and possible action regarding TCERA's Continuing Education Report for the period of January 1, 2017 through December 31, 2017.

MOTION to approve TCERA's Continuing Education Report for the period of January 1, 2017 through December 31, 2017.

Young/Vander Poel                      Approved Unanimously  
Absent:                      Embrey, Ross

- 4. Discussion and possible action regarding SACRS Board of Director 2018-2019 Elections.

No action taken.

5. Discussion and possible action regarding TCERA's Authorized Signers / Certificate of Incumbency.

MOTION to approve the changes naming Roland Hill, Chairman of the Board; Mike Watson, Vice Chairman of the Board; David J. Kehler, Retirement Administrator; and Leanne Malison, Assistant Retirement Administrator, as authorized signers.

Vander Poel/Young      Approved Unanimously  
Absent:                  Embrey, Ross

**IX. OLD BUSINESS**

1. CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION (Gov. Code, sec. 54956.9, subd. (d)(2))  
Number of potential cases: 1  
Request by former plan member to redeposit withdrawn contributions and interest.

This matter was held in closed session between 8:39 and 9:28 a.m. No action was taken.

2. Discussion regarding new laws, proposed legislation, and topics of interest impacting public pension plans.

Nothing to report at this time.

**X. EDUCATION ITEMS**

1. Accept Summary Education Reports as filed: Hiley Wallis, Treasury Oversight Committee, January 25, 2018; Barbara Grunwald, CALAPRS Attorney's Roundtable, February 2, 2018.

MOTION to approved the Summary Education Reports as filed.

Norman/Reed              Approved Unanimously  
Absent:                      Embry, Ross

2. Discussion and possible action regarding all education items listed in Trustee binders.

No action taken.

**XI. UPCOMING MEETINGS**

1. 02/20/2018 Investment Committee meeting @ 1:30 p.m. (Tuesday)
- ~~2. 02/26/2018 Administrative Committee meeting @ 3:00 p.m. (Tentatively)~~
3. 02/28/2018 Retirement Board meeting @ 8:30 a.m.

It was noted that the Administrative Committee has changed it schedule to the third Thursday of each month at 2:00 p.m.

**XII. TRUSTEE / STAFF COMMENTS**

1. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. Mr. Vander Poel reported that the Board of Supervisors will be discussing, and/or taking action, on a \$250 million Pension Obligation Bond (POB) issuance at its February 27, 2018 meeting.

Mr. Kehler noted that he received a dinner invitation for Trustees and Staff for March 13, 2018. Only one has responded to attend. He request that Trustees let him know if they wish to attend otherwise he will inform the investment manager that the dinner should be canceled.

Mr. Watson expressed concerns in regards to the first Board of Retirement meeting conflicting with the Farm Show. He requested the first February Board meeting be held on a different date. Mr. Kehler indicated that it would be possible to have that Board meeting on the first Wednesday of February, 2019.

**XIII. ADJOURNED: 10:00 a.m.**

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Roland Hill, Chairman