



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

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**MINUTES OF THE BOARD OF RETIREMENT**  
REGULAR RETIREMENT BOARD MEETING  
**Wednesday, February 28, 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, Embrey, Ross, Reed, Watson, Crawford  
Members Absent: Young, Vander Poel  
Alternates Present: Norman, Taylor, Samprietro  
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator; Adriana Gonzales-Chang and Jeanette Burks, Retirement Specialist; Barbara Grunwald and Marit Erickson, Deputy County Counsel; Paul Guerrero, CAO-Administrative Analyst; Scott Whalen and Thomas Garrett, Verus Investments; and David Chang and Charles Ruch, Wellington Management.

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. Swearing-in of newly appointed Ex-officio TCERA Alternate Trustee.

Roland Hill, Assessor/Clerk-Recorder, swore-in Paul Samprieto as TCERA's Ex-officio Alternate Trustee.

3. 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.

David Kehler reported that the Board of Supervisors approved a \$250 million Pension Obligation Bond at its February 27, 2018 meeting and noted that the Board of Retirement will need to decide how and where to invest the funds.

**IV. X-AGENDA ITEMS**

None.

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

1. Closed session was held from 8:47 to 9:02 a.m. regarding disability matters listed on the Agenda.
2. In the matter of the disability application of Michael Maloney, consider and take action regarding the application for a disability retirement.

Mr. Maloney briefly addressed the Board.

MOTION to dismiss the application of Michael Maloney, with prejudice, due to: 1) As to the issue of the applicant's back, a matter already decided by the TCERA Board in the actions of January 28 and September 23, 2015; and 2) As to the issue of diabetic neuropathy and complications due to diabetes, an untimely application.

Ross/Watson                      Approved Unanimously  
Absent:                      Young, Vander Poel

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

Mr. Smith briefly addressed the Board.

MOTION to grant the service connected disability retirement application of Gregory Smith.

Watson/Embrey                      Approved Unanimously  
Absent:                      Young, Vander Poel

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

MOTION to deny the disability application of Angelina Matlock.

Cook/Reed                      Approved Unanimously  
Absent:                      Young, Vander Poel

5. In the matter of the disability application of Matthew Hardy, consider and take action regarding the Hearing Officer's Proposed Decision.

Mr. Hardy briefly addressed the Board.

MOTION to accept and adopt the Hearing Officer's Proposed Decision to deny Matthew Hardy's application for a service connected disability retirement.

Ross/Cook                      Approved Unanimously  
Absent:                      Young, Vander Poel

6. Accepted as filed: Disability Status Report Overview.

## **VI. CONSENT CALENDAR**

1. Approve Minutes of the following Meetings:
  - a. Retirement Board Minutes of February 14, 2018.
2. Approve reports:
  - a. Retirement applications and option selections: deceased pensioners, through January, 2018.

MOTION to accept the Consent Calendar.

Reed/Embrey                      Approved Unanimously  
Absent:                      Young, Vander Poel

## **VII. COMMITTEE REPORTS**

1. Update by Jim Young regarding the Investment Committee meeting of February 20, 2018. Discussion and possible action regarding the following items:

a. Asset Allocation Status

Ms. Malison mentioned that the Committee reviewed the Asset Allocation Status report. During the Committee meeting, Mr. Whalen noted those asset classes that are slated for transition as capital calls are received to fund the private equity and private credit allocations. Asset classes that are outside of their target percentages will be discussed in greater detail during the Board's strategic asset allocation discussion in March.

b. 2018 Investment Committee Goals and Objectives Timeline and 2018 Education Calendar

Ms. Malison reported that the Committee reviewed the timeline and calendar, also noting that this was the first calendar that showed the investment manager presentations. The international manager search is moving forward with due diligence visits scheduled in March. During the Committee meeting, Mr. Kehler also noted that the Board of Supervisors will be discussing and possibly taking action regarding the issuance of pension obligation bonds at its meeting of February 27<sup>th</sup>. If bonds are issued, the Investment Committee/Board of Retirement will need to provide direction regarding the investment of the proceeds. During the full Board meeting, Mr. Kehler reported that the Board of Supervisors and Board of Retirement may possibly have a Joint Board meeting to further discuss the pension obligation bond issue in either April or May, 2018.

c. U.S. Tax Reform – Verus Memorandum

Ms. Malison indicated that during the Committee meeting, Mr. Whalen reviewed the memorandum for the Committee, highlighting the areas of the tax reform bill that have the greatest impact on institutional investors.

d. Investment Managers

1) Verus Flash Report – All Managers

Ms. Malison noted that the Committee reviewed the flash report. The Committee was reminded that the performance numbers on this report are always preliminary and do not include recent performance for some segments of the portfolio that provide performance information after the deadline for the flash report.

2) Managers of Interest

a) Shenkman Personnel Change – No Action Required

During the Committee meeting, Mr. Whalen reminded the Committee that the Shenkman portfolio is in transition so the personnel change is not a concern at this time.

b) Gresham Investment Management TAP-Based Strategies Process Change – No Action Required

During the Committee meeting, Mr. Whalen reviewed the Verus analysis of the process change and confirmed that Verus is comfortable with the process enhancement.

## VIII. INVESTMENTS

1. Presentation from Wellington Management and Verus Investments regarding the pros and cons of Commodities investing. Discussion and possible action.

David Chang of Wellington Management and Thomas Garrett of Verus Investments discussed the pros and cons of Commodities investing. The Chair authorized all Trustees and Staff present to receive one hour of continuing education credit.

2. Presentation from Verus Investments regarding use of Private Equity Investments in the TCERA portfolio. Discussion and possible action.

Scott Whalen of Verus Investments made the presentation on Private Equity Investments in the TCERA portfolio. The Chair authorized all Trustees and Staff present to receive thirty minutes of continuing education credit.

3. Presentation from Verus Investments regarding TCERA's Fourth Quarter 2017 Investment Performance Report. Discussion and possible action.

TCERA's Fourth Quarter 2017 Investment Performance Report was made by Scott Whalen of Verus Investments. The Chair authorized all Trustees and Staff present to receive thirty minutes of continuing education credit.

4. Discussion and possible action regarding attendance at the TA Realty Fund VIII Annual Meetings.

No action was taken.

5. Discussion and possible action regarding TA Realty Fund VIII proxy for the annual meeting of March 27, 2018.

MOTION to vote in support of the listed slate.

Ross/Embrey                      Approved Unanimously  
Absent:                      Young, Vander Poel

### **IX. OLD BUSINESS**

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

Mr. Kehler updated the status of the legislation sponsored by TCERA. He reported that Andy Vidak will be the bill sponsor of SB 1270 and this matter will be discussed at the SACRS Spring Conference held in May, 2018.

### **X. EDUCATION ITEMS**

1. Accept Summary Education Report as filed: Barbara Grunwald, CALAPRS Attorneys' Roundtable, February 2, 2018.

MOTION to approve the Summary Education Report as filed.

Ross/Reed                      Approved Unanimously  
Absent:                      Young, Vander Poel

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

No action was taken.

### **XI. UPCOMING MEETINGS**

1. 03/14/2018 Retirement Board meeting @ 8:30 a.m.
2. 03/20/2018 Investment Committee meeting @ 3:00 p.m.
3. 03/22/2018 Administrative Committee meeting @ 2:00 p.m.
4. 03/28/2018 Retirement Board meeting @ 8:30 a.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. Reed mentioned that the Board needs to be careful not to politicize the issues surrounding the bond issue.

### **XIII. COMMUNICATIONS**

1. For Your Information:
  - a. Correspondence from Cass Cook, Tulare County Auditor-Controller, regarding appointment of Paul Sampietro as Board of Retirement Alternate.

### **XIV. ADJOURNED: 11:27 a.m.**

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Roland Hill, Chair