



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

**David J. Kehler**  
Retirement Administrator

136 N. AKERS STREET  
VISALIA, CA 93291

TELEPHONE (559) 713-2900  
FAX (559) 730-2631  
WEBSITE: www.tcera.org

**MINUTES OF THE BOARD OF RETIREMENT**  
REGULAR RETIREMENT BOARD MEETING  
**Wednesday, March 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, Ross, Reed, Young, Watson, Crawford, Vander Poel  
Alternates Present: Taylor  
Alternates Absent: Norman, Sampietro  
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator; Jeanette Burks, Retirement Specialist; Paul Guerrero, CAO-Administrative Analyst; Scott Whalen, Verus Investments; Deanne Peterson, County Counsel; Jennifer Flores, Chief Deputy County Counsel; and Susan Cox, Risk Manager.  
Clerk: Rebecca Pendleton

Let the record show that Mr. Cook and Mr. Vander Poel departed at 9:50 a.m. No Counsel was present to represent the Board of Retirement due to the disability matter listed and the Pension Obligation Bonds discussion.

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 8:37 to 8:42 a.m. regarding disability matters listed on the Agenda.
2. In the matter of the disability application of Tamara Tharp, consider and take action regarding the application for a disability retirement.

Deanne Peterson, County Counsel, briefly addressed the Board on the employer generated disability application filed on Tamara Tharp's behalf.

MOTION to approve the non-service connected disability retirement application of Tamara Tharp.

Vander Poel/Young      Approved Unanimously

3. Accepted as filed: Disability Status Report Overview.

## **VI. CONSENT CALENDAR**

1. Approve Minutes of the following Meetings:
  - a. Retirement Board Minutes of March 14, 2018.
2. Approve payments to:
  - a. County Counsel – invoice for legal services to the Board of Retirement for the period ending February, 2018, in the amount of \$2,837.20.
  - b. County Counsel – invoice for disability legal services to the Board of Retirement for the period ending February, 2018, in the amount of \$2,650.20.
3. Approve reports:
  - a. Retirement applications and option selections: deceased pensioners, through February, 2018.

MOTION to approve the Consent Calendar.

Young/Ross              Approved Unanimously

## **VII. COMMITTEE REPORTS**

1. Update by Jim Young regarding the Investment Committee meeting of March 20, 2018. Discussion and possible action regarding the following items:
  - a. Asset Allocation Status

Mr. Young mentioned that the asset allocation status report was reviewed by the Committee. The Committee was reminded that the strategic agenda for discussion regarding the upcoming Pension asset allocation review was scheduled with the Board for the meeting of March 28<sup>th</sup>. There would also be an item on the Obligation Bond (POB) issuance.

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

Mr. Young noted that the Committee reviewed the goals and objectives. During the Committee meeting Ms. Malison noted that the due diligence visit to SGA originally scheduled for March 8<sup>th</sup> was canceled due to weather conditions on the east coast. Mr. Watson informed the Committee that the new travel dates for the visit are April 12<sup>th</sup>-13<sup>th</sup>. It is expected that the team will be able to report the results of the due diligence at the April 25<sup>th</sup> meeting of the Board of Retirement. Ms. Malison also informed the Committee that a tentative date for a joint meeting of the Board of Supervisors has been added to the calendar for May 23<sup>rd</sup>. Mr. Whalen indicated that in anticipation of the proceeds of the POB's, his firm is recommending the completion of an asset/liability study to assist the trustees in determining the effect of the proceeds on projections for the portfolio. If so, a time for the presentation of that information will need to be added to the calendar.

- c. TSSP Adjacent Opportunities Contingent Fund – Consideration of Investment

Mr. Young requested that Mr. Whalen review the investment opportunity available from TPG Sixth Street Partners (TSSP), the current investment manager for TCERA's private credit allocation. Mr. Whalen is recommending this investment as an Opportunistic Investment as allowed under TCERA's current investment policy. He described the fund, its objectives, and noted that it differs from the plan's current investment in the TSSP Adjacent Opportunities

Fund in that this new fund will only be activated if the manager determines that the right combination of economic factors and investment opportunities exist in the market. Investment manager fees will only be charged if the fund is activated.

Mr. Kehler also noted that San Luis Obispo County Pension Trust is preparing to invest in the fund as well and is requesting to share the cost of the legal document review.

MOTION to approve a \$50 million opportunistic investment in TAO and direct Staff to work with San Luis Obispo County Pension Trust in regards to sharing the cost of the legal document review.

Young/Watson                      Approved Unanimously

- d.        Investment Managers
- 1) Verus Flash Report – All Managers

Mr. Young mentioned that during the Committee meeting Mr. Whalen reviewed the flash reporting noting the negative performance for the month. He also noted that some of the lost ground has been regained in March, but the market remains volatile. Ms. Malison reminded the Committee that although the fiscal year to date return reflects strong performance, the excess returns from the first half of the year have already been transferred to the Market Stabilization Reserve as part of the December 31<sup>st</sup> interest posting/10-year smoothing process. Performance will need to be strong through June 30<sup>th</sup> to avoid losing ground for the second half of the year.

- 2) Managers of Interest

No discussion was held.

## **VIII. INVESTMENTS**

- 1. Presentation from Verus regarding TCERA's Strategic Asset Allocation review. Discussion and possible action.

Mr. Whalen made the presentation on behalf of Verus. The Chair authorized all Trustees and Staff in attendance to received thirty minutes of continuing education.

## **IX. NEW BUSINESS**

- 1. Discussion and possible action regarding the Financial and Budget Reports for the period ending February, 2018.

MOTION to approve the Financial and Budget Reports for the period ending February, 2018.

Vander Poel/Ross                      Approved Unanimously

- 2. Discussion and possible action regarding additional contribution from County of Tulare in the amount of \$250 million from Pension Obligation Bond (POB) proceeds.

Cass Cook, Pete Vander Poel, and Paul Sampietro recused themselves from participating in the discussion due to a potential conflict of interest. Mr. Cook and Mr. Sampietro both recused themselves because their employing department is directly involved in the POB topic that the County has brought to the Board of Retirement. Mr. Vander Poel recused himself because he is a member of the Board of Supervisors that is proposed as a counterparty to the Board of Retirement with respect to the POB topic. Messrs. Cook and Vander Poel left the room at 9:50 a.m. for the remainder of the meeting. Mr. Sampietro was not in attendance for any part of the meeting. Retirement Board Counsel did not attend the meeting because the Office of County Counsel represents the Board of Supervisors on this topic and thus declared a conflict of interest in representing the Board of Retirement on the same topic.

- a. Memorandum of Understanding (MOU) between Tulare County and TCERA.

Mr. Reed expressed concern regarding restrictions in the draft language of the County's proposed MOU. Mr. Kehler informed the Board that outside Counsel, Ashley Dunning, has reviewed the MOU and provided suggested revisions and will be advising the Board separately on the topic. The County is hoping that the Board of Retirement will take action to approve a fund agreement at its April 11, 2018 meeting. The Trustees expressed concern regarding being able to make an informed decision in that time frame. Mr. Kehler will provide the revised language to the Trustees, excluding those who have conflicted out of the agenda item.

- b. Impact of POB proceeds on TCERA's asset allocation model.

Mr. Kehler noted that \$250 million would bring the fund to between 90-95% funded level. Some issues to consider are those of Risk Profile/Downside Protection and the Asset/Liability Study. Staff indicated that it supports having an Asset/Liability Study completed to assist Trustees with asset allocation and other investment related issues. The Board directed Staff to work with the Investment Consultant and Actuary in completing the Asset/Liability Study.

## **X. OLD BUSINESS**

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

Mr. Kehler updated the Board regarding SB1270 noting that there will be discussion at the SACRS Conference in May in regards to TCERA's proposal.

## **XI. EDUCATION ITEMS**

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

No action taken.

## **XII. UPCOMING MEETINGS**

1. 04/11/2018 Retirement Board meeting @ 8:30 a.m.
2. 04/17/2018 Investment Committee meeting @ 3:00 p.m.
3. 04/19/2018 Administrative Committee meeting @ 2:00 p.m.
4. 04/25/2018 Retirement Board meeting @ 8:30 a.m.

## **XIII. 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. Ross acknowledged receipt of the flowers from the Board and Staff following his mother's passing.

Ms. Crawford made an additional comment stating her concerns regarding the seriousness of the MOU pertaining to how any POB proceeds should be handled.

**ADJOURNED: 10:45 a.m.**

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Roland Hill, Chair