



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, April 25, 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: Hill, Ross, Reed, Young, Watson, Crawford, Vander Poel
Members Absent: Cook
Alternates Present: Taylor, Sampietro
Alternates Absent: Norman
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator; Adriana Gonzales-Chang and Jeanette Burks, Retirement Specialist; Mary Warner, TCERA's Administrative Services Officer; Barbara Grunwald and Marit Erickson, Deputy County Counsel; Paul Guerrero, CAO-Administrative Analyst; Scott Whalen, Verus Investments.

Let the record show that Ms. Crawford arrived at 8:38 a.m. Mr. Reed departed at 9:15 a.m.

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.

Mr. Kehler noted that the Board of Supervisors declared today as Denim Day in recognition of the problem of sexual assaults all over the world and of the efforts to find solutions to the issue. He mentioned that TCERA Staff is dressed accordingly in recognition of Denim Day.

IV. X-AGENDA ITEMS

None.

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

1. Closed session was held from 8:34 to 8:43 a.m. regarding disability matters listed on the Agenda.

2. In the matter of the disability application of Keith Harmon, reconsider the Retirement Board's decision of February 14, 2018, and take action regarding the application for a disability retirement.

MOTION to grant Keith Harmon a service connected disability retirement and find that the application was filed in a timely manner.

Watson/Ross Approved Unanimously
Absent: Cook

3. Accepted as filed: Disability Status Report Overview.

VI. LEGAL REPORT

1. Accepted as filed: County Counsel Case Status Report.

VII. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:
 - a. Retirement Board Minutes of April 11, 2018.
 - b. Retirement Board Special Meeting Minutes of April 12, 2018.
2. Approve payments to:
 - a. Parametric Clifton – invoice for investment management services for the quarter ended March, 2018, in the amount of \$12,593.00.
 - b. LMCG – invoice for investment management services for the quarter ended March, 2018, in the amount of \$51,793.59.
 - c. Cheiron – invoice for actuarial services for the quarter ended March, 2018, in the amount of \$32,451.25.
 - d. Verus – invoice for investment consulting services for the month ended March, 2018, in the amount of \$20,313.14.
3. Approve reports:
 - a. Retirement applications and option selections: deceased pensioners, through March, 2018.

MOTION to approve the Consent Calendar.

Young/Watson Approved Unanimously
Absent: Cook

VIII. COMMITTEE REPORTS

1. Update by Jim Young regarding the Investment Committee meeting of April 17, 2018. Discussion and possible action regarding the following items:
 - a. Asset Allocation Status

Mr. Young indicated that the Asset Allocation Status Report was reviewed by the Committee, noting that comments on the report had been updated to reflect the Strategic Asset Allocation discussion at the March 28th Board of Retirement meeting.

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

The Committee reviewed the timeline and calendar. During the Committee meeting, Ms. Malison indicated that the timeline had been updated to include the latest information on the International Growth Equity Manager Search as well as the Asset/Liability Study and Strategic Asset Allocation items from the Board of Retirement meeting of March 28th. Mr. Whalen indicated that he will have the Asset/Liability Study ready to present at the May 23rd Retirement Board meeting.

c. TCERA Private Equity Allocation – Consideration of Additional Commitments

During the Committing meeting Mr. Whalen reviewed the Private Equity presentation materials. Key discussion items included recommitment strategies, program structures, private equity managers/funds, and the appropriate amount for an additional commitment. The Committee recommends the Board approve the following:

*Recommitment Strategy – Dynamic Recombination Approach

*Program Structure – Fund of Funds

*Commitment Amount – \$20 million immediately with additional commitments to be made at future dates.

*Manager/Fund – Pathway (current Private Equity manager) if Fund 9 timing is appropriate for implementation. If not, Verus is to provide additional options.

It was noted that additional investment options will be discussed as part of the Asset/Liability Study discussion.

MOTION to approve the Investment Committee recommendation.

Young/Vander Poel Approved Unanimously
Absent: Cook

d. Investment Managers

- 1) Verus Flash Report – All Managers

Mr. Whalen reviewed the Flash Report at the Committee meeting.

- 2) Managers of Interest

- a) Ivy Investments/Waddell & Reed – Notification of changes to portfolio management personnel

The Committee discussed the portfolio management changes as well as other personnel changes that have occurred recently with this manager. Daniel Becker was the architect of the strategy and his departure may be significant. Mr. Whalen indicated that Verus is concerned about these changes as well as asset attrition and is looking at the impact they may have on the management of the portfolio very carefully. Verus is in the process of preparing a formal memorandum for the Board. The Committee directed staff to leave Ivy Investments/Waddell & Reed on the agenda as a manager of interest until further notice.

IX. INVESTMENTS

1. Discussion and possible action regarding report and recommendation from the TCERA Due Diligence Team regarding International Growth Equity manager search.

Mr. Reed recused himself due to potential conflict of interest and left for the remainder of the meeting. He has prior and current business dealings with one of the managers under consideration.

The due diligence team reviewed the site visits to WCM Investment Management, Capital Group Institutional Investment Services, and Sustainable Growth Advisers (SGA).

MOTION to select Sustainable Growth Advisers (SGA) for International Growth Equity Manager to replace the current Fidelity portfolio.

Vander Poel/Watson Approved Unanimously
Absent: Cook, Reed
Recused: Reed

X. OLD BUSINESS

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

Mr. Kehler discussed the TCERA Legislation indicating that San Mateo County has concerns with how the language of the legislative proposal might impact their status as a “Charter” County.

XI. EDUCATION ITEMS

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

MOTION to approve expenses for Paul Sampietro to attend the CALAPRS, Principles of Pension Management for Trustees, August 27-30, 2018, at the Pepperdine University in Malibu, CA.

Watson/Young Approved Unanimously
Absent: Cook, Reed

XII. UPCOMING MEETINGS

1. 05/09/2018 Retirement Board meeting @ 8:30 a.m.
2. 05/15-18/2018 SACRS Spring Conference
3. 05/22/2018 Investment Committee meeting @ 3:00 p.m.
4. 05/23/2018 Retirement Board meeting @ 8:30 a.m.
5. 05/23/2018 Administrative Committee meeting – *Immediately following the Retirement Board meeting.*

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. Reed requested that a notification be sent to Trustees in regards to special days like “Denim Day”.

Ms. Grunwald mentioned that the County of San Diego is suing that County’s Retirement Board regarding implementation of their new benefit tier.

Mr. Vander Poel noted that the Board of Supervisors made the final approval of \$250 Million in Pension Obligation Bonds at its April 24, 2018 meeting.

XIV. COMMUNICATIONS

1. For Your Information:
 - a. E-mail message from TCERA retiree, Donna M. Villegas, regarding status of and amounts paid from the Supplemental Retiree Benefit Reserve.

XV. ADJOURNED: 9:40 a.m.

Roland Hill