



COUNTY OF TULARE
BOARD OF RETIREMENT

David J. Kehler
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MINUTES OF THE BOARD OF RETIREMENT
REGULAR RETIREMENT BOARD MEETING
Wednesday, November 7, 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, Chairman.

II. ROLL CALL

Members Present: Cook, Hill, Mauro, Reed, Ross, Young, Crawford, Watson, and Vander Poel
Members Absent: None
Alternates Present: Sampietro
Alternates Absent: Taylor
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator;
Barbara Grunwald, Deputy County Counsel; Sophia Almanza, Deputy Admin Officer; and
Paul Guerrero, CAO-Administrative Analyst
Clerk: Susie Brown

Let the record show Member Crawford arrived at 8:56 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.

None.

IV. X-AGENDA ITEMS

None.

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

Closed session was held from 8:35 a.m. to 8:39 a.m. regarding disability matters listed on the Agenda.

1. In the matter of the disability application of Adam Davison, consider and take action regarding the application for a disability retirement.

MOTION to deny the application of Adam Davison due to an untimely application and member has not met the burden of proof to show permanent disability.

Watson/Ross Approved Unanimously
Absent: Crawford

2. In the matter of the disability application of Amelia Torres, consider and take action regarding the application for a disability retirement.

MOTION to grant the application of Amelia Torres for a non-service connected disability retirement.

Vander Poel/Norman Approved Unanimously
Absent: Crawford

VI. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:
 - a. Retirement Board Minutes of October 24, 2018.
2. Approve payments to:
 - a. Boston Partners – invoice investment management services for the quarter ended September 30, 2018, in the amount of \$62,462.81.
 - b. William Blair – invoice for investment management services for the quarter ended September 30, 2018, in the amount of \$66,877.49.
 - c. Waddell & Reed – invoice for investment management services for the quarter ended September 30, 2018, in the amount of \$83,747.15.
 - d. QMA – invoice for investment management services for the quarter ended September 30, 2018, in the amount of \$51,757.48
 - e. Shenkman Capital – invoice for investment management services for the quarter ended September 30, 2018, in the amount of \$25,942.69.
 - f. LMCG – invoice for investment management services for the quarter ended September 30, 2018, in the amount of \$55,939.39.
 - g. SSGA – invoice for MSCI ACWI Fund investment management services for the quarter ended September 30, 2018, in the amount of \$16,213.30.
 - h. SSGA – invoice for TIPS Index Fund investment management services for the quarter ended September 30, 2018, in the amount of \$2,500.
 - i. SSGA – invoice for S&P 500 Fund investment management services for the quarter ended September 30, 2018, in the amount of \$4,496.95.
 - j. SSGA – invoice for Russell Small Cap Fund investment management services for the quarter ended September 30, 2018, in the amount of \$3,221.01.
 - k. County Counsel – invoice for legal services to the Board of Retirement for the period ending September 30, 2018, in the amount of \$1,913.50.
 - l. County Counsel – invoice for disability legal services to the Board of Retirement for the period ending September 30, 2018, in the amount of \$1,705.10.

MOTION to approve the Consent Calendar.

Watson/Vander Poel Approved Unanimously
Absent: Crawford

VII. COMMITTEE REPORTS

1. Update by Pete Vander Poel regarding the Administrative Committee meeting of October 18, 2018. Discussion and possible action regarding the following items:
 - a. Financial and Budget reports for the period ending July 31 and August 31, 2018.

MOTION to approve financial and budget reports.

Young/Vander Poel Approved Unanimously
Absent: Crawford

- b. Benefit overpayments made and remaining amounts owed to former TCERA members, deceased retirees, and beneficiaries.

Member Vander Poel reported the Committee made additional changes to the Board's "Correction of Errors and Omissions" policy. A TCERA's practice of requiring a promissory note is now included in the policy. The Administrator's current approval amount of \$1,000 is increased to \$2,500.

MOTION to approve policy changes.

Reed/Norman Approved Unanimous
 Absent: Crawford

- c. Review of TCERA policy regarding travel reimbursements.

Trustee Vander Poel indicated that the Committee recommends no changes to the policy. Mr. Kehler recommended advance approval for actual expense reimbursement if a Trustee thinks the per diem is not adequate for the area and type of travel. Staff will provide periodic education on travel policies.

No action required.

VIII. NEW BUSINESS

1. Presentation by Cheiron of TCERA's June 30, 2018, Actuarial Valuation Report

- a. Discussion and possible action regarding TCERA's actuarial assumptions, methodologies, and contribution rates for plan members and employers.

Presenters were Graham Schmidt and Steven Hastings from Cheiron. The Board directed Cheiron to add a footnote to the report that discloses employer contribution rates do not include the County's POB debt service.

Ms. Malison requested presenters provide a brief overview on the Level 3 Supplemental Benefit for Continuances. Mr. Kehler reported the Board approved this in 2001, and funds for its use are taken from the SRBR. The Trustees should consider the funding source within the SRBR as it could be exhausted in the future. The Board will need to look at the legality and the options that the Trustees need to be aware of moving forward. He explained the qualifying factors for a Continuance benefit.

Mr. Kehler commented on the total rate paid by TCERA plan sponsors that, combined with the POB debt servicing, is approximately 20% of covered payroll, versus the 13.5% reported in the Actuarial report. He reported this data will be included in the CAFR. Mr. Kehler asked the Actuaries what changes might they recommend going forward? Cheiron commented that the current amortization schedule and methodology is good and TCERA's asset allocation is not much different from other Act 37 Plans. They have seen other Plans reducing the investment return assumption, but all of our factors look good as the ten year smoothing of gains and losses is helping. Mr. Kehler asked the Trustees to consider not only the future employer contributions, but also the employee contribution rates.

Member Vander Poel reminded the Board the County has set aside funds for supplemental contributions (PARS).

MOTION to adopt the recommended Actuarial assumptions, methodologies and contribution rates for plan members and employers.

Vander Poel/Ross Approved Unanimous

Chair Hill authorized one hour of education credit.

2. Discussion and possible action regarding steps to fill pending Retirement Administrator position vacancy.

a. It is the intention of the Board to meet in closed session concerning: Public Employee Appointment/
Employment (Gov.Code 54957): Title of position: Retirement Administrator

Closed session was held from 9:58 a.m. to 10:35 a.m.

The Chair reported the following action taken in closed session.

MOTION: Appoint Leanne Malison as Retirement Administrator following the retirement of David Kehler, subject to salary negotiations.

Vander Poel/Reed Approved Unanimous
Absent: Crawford

The Board intends to take action after January 1, 2019 regarding the Assistant Retirement Administrator position.

IX. OLD BUSINESS

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

Ms. Barb Grunwald reported on an unpublished Superior Court case regarding San Diego County benefit formula.
Ms. Grunwald reported on a challenge to PEPRAs forfeiture rules in Contra Costa County.

X. EDUCATION ITEMS

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

No action.

XI. UPCOMING MEETINGS

1. 11/19/2018 Administrative Committee meeting @ 2:00 p.m. (*Change of meeting date*)
2. 11/20/2018 Investment Committee meeting @ 3:00 p.m.
3. 11/28/2018 Retirement Board meeting @ 8:30 a.m. (*Due to Holiday*)

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.

Ms. Malison reminded the Board about the required, "Quiet Time" required by Board policy during Manager searches. Trustees are encouraged to provide names of Managers for consideration in the upcoming searches.

XIII. ADJOURNED: 10:52 a.m

Roland Hill, Chair