



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, November 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, Mauro, Ross, Reed, Young, Watson
Members Absent: Crawford, Vander Poel
Alternates Present: Norman, Taylor, Sampietro
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Alternate Retirement Administrator; Adriana Gonzales-Chang, Retirement Specialist; Mary Warner, Administrative Services Officer III; Barbara Grunwald, Deputy County Counsel; Scott Whalen, Verus Investments; and Paul Guerrero; CAO-Administrative Analyst

Let the record show that Mr. Cook arrived at 8:35 and participated in Closed Session.

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 introduced Ms. Bridgette Mosley as TCERA's newest Office Assistant II.

IV. X-AGENDA ITEMS

None.

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

1. Closed session was held from 8:35 to 8:39 a.m. regarding disability matters listed on the Agenda.
2. In the matter of the disability application of Cynthia Perez, consider and take action regarding the application for a disability retirement.

Ms. Marie Waite was present on behalf of the Child Support Services Department to answer any questions the Board may have.

MOTION to approve the non-service connected disability retirement application of Cynthia Perez.

Watson/Young Approved Unanimously
Absent: Crawford/Vander Poel

3. Accept as filed: Disability Status Report Overview.

VI. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:
 - a. Retirement Board Minutes of November 7, 2018.
2. Approve payments to:
 - a. Franklin Templeton – invoice for investment management services for the quarter ended September, 2018, in the amount of \$76,167.74.
 - b. Parametric – invoice for investment management services for the quarter ended September, 2018, in the amount of \$10,365.00.
 - c. BlackRock – invoice for investment management services for the quarter ended September, 2018, in the amount of \$47,781.93.
 - d. Verus – invoice for investment consulting services for the period ended October, 2018, in the amount of \$20,000.00.
3. Approve reports:
 - a. Retirement applications and option selections: deceased pensioners, through October, 2018.

MOTION to approve the Consent Calendar.

Young/Cook Approved Unanimously
Absent: Crawford, Vander Poel

VII. COMMITTEE REPORTS

1. Update by Wayne Ross regarding the Administrative Committee meeting of November 19, 2018. Discussion and possible action regarding the following items:
 - a. Financial and Budget reports for the period ending September 30, 2018.

Mr. Ross indicated the Administrative Committee reviewed the Financial and Budget reports and recommends approval from the full Board.

MOTION to approve the Financial and Budget reports for the period ending September 30, 2018.

Ross/Young Approved Unanimously
Absent: Crawford, Vander Poel

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

Mr. Kehler reported to the Administrative Committee and full Board regarding the list of overpayments made to beneficiaries of deceased retired members. TCERA staff has attempted to contact each of the individuals involved but with no success in achieving further recovery. He mentioned that seven former members on the list received overpayments as part of individual refunds of member contributions and interest. Mr. Kehler stated that a long period of time has transpired since the errors were made and that staff was directed by the Administrative Committee to make a final attempt at contacting the former members for possible recovery of the overpayments. Ms. Malison also reported to the full Board that overpayments are now recorded in the Financial Statements to prevent a similar problem from occurring in the future. No action taken at this time.

- c. Transition to Tulare County Active Directory domain.

This item was pulled from this agenda. It is to be placed on the next Retirement Board agenda with a presentation from TCiCT.

VII. COMMITTEE REPORTS - ADDENDUM

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

Mr. Young indicated that the Investment Committee reviewed the report, noting the continued deployment of the Pension Obligation Bond proceeds.

- b. 2018/2019 Investment Committee Goals and Objectives Timeline and 2018/2019 Education Calendar

Mr. Young noted that during the Investment Committee meeting Ms. Malison reviewed the updates to the timeline and calendar, which include a schedule for manager searches for Emerging Market Debt, Value Added Real Estate, and Real Estate Debt. The timeline allows for implementation of the new asset classes by calendar year end 2019.

- c. TCERA Investment Policy – Revisions to Asset Allocation

Mr. Young stated that Ms. Malison reported to the Investment Committee that the revisions to the Investment Policy were a result of the changes to the Strategic Asset Allocation adopted by the Board. Mr. Whalen reviewed the specifics of the proposed changes at the Investment Committee meeting and to the full Board also. The Investment Committee recommends approval of the revised Investment Policy by the full Board.

MOTION to approve the revised Investment Policy.

Young/Cook Approved Unanimously
Absent: Crawford, Vander Poel

- d. TCERA Core Real Estate Investment Portfolio

Mr. Young mentioned at the Investment Committee a discussion was held regarding the shortfall to target for the Core Real Estate Portfolio. Mr. Whalen reviewed the options available to the full Board and then provided the Committee with the reasons for Verus' confidence in TCERA's current Core Real Estate manager, RREEF. Ms. Malison noted in the Investment Committee that the information she has from RREEF regarding the current queue for the RREEF America II Fund indicates that capital calls for a new commitment would likely begin in the first quarter of 2019 and should allow for the full commitment to be drawn by the end of calendar year 2019. The Investment Committee recommends the full Board approve an additional \$50 million commitment to RREEF America II.

Motion to approve an additional \$50 million commitment to RREEF America II.

Young/Mauro Approved Unanimously
Absent: Crawford, Vander Poel

- e. Annual Manager Fee Review

Ms. Malison reminded the Committee and the full Board that this report is provided annually at the request of the Board. The fee analysis is completed in conjunction with the compilation of data for TCERA's annual audit. The Committee requested that information regarding the fees as a percentage of assets under management be included in the report. Ms. Malison indicated that this would be provided in future reports along with a footnote that would

caution the reader that the calculation would be based on assets under management at a point in time and would not account for inflows and outflows of assets during the reporting period.

f. AB2833 Annual Report

Ms. Malison informed the Investment Committee and the full Board that this report is provided in compliance with AB2833. This information will be provided annually as required by law.

g. Investment Managers

1) Verus Flash Report – All Managers

The Investment Committee reviewed the Flash Report, noting that fiscal year to date returns have moved into negative territory. The measured approach to invest the Pension Obligation Bonds worked in TCERA's favor for this time period.

2) Managers of Interest

a) Ivy Investments – Manager Review

No new information provided to the Investment Committee.

b) MacKay Shields – Personnel Changes

No action required.

c) DWS (RREEF) – Personnel Changes

No action required.

d) Titan Masters International Fund – Share Class Transfer

Mr. Whalen reviewed the details of the new share class to the Investment Committee and full Board. Based on Verus' analysis, the recommendation is to transfer from Class D to Class M shares. The Investment Committee recommends approval by the full Board.

MOTION to approve the transfer from Class D to Class M in the new shares.

Young/Watson Approved Unanimously
Absent: Crawford, Vander Poel

VIII. INVESTMENTS

1. Presentation from Verus regarding TCERA's Third Quarter 2018 Investment Performance Report. Discussion and possible action.

Mr. Whalen made the presentation on behalf of Verus Investments. The Chair authorized thirty minutes of continuing educational hours for Trustees and Staff present.

2. Discussion and possible ratification of TCERA's Retirement Administrator decision to seek Lead Plaintiff status in securities fraud litigation involving Bank OZK.

Mr. Kehler reviewed the information regarding possible Lead Plaintiff status in a class action suit against Bank OZK.

IX. OLD BUSINESS

1. 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 not held regarding this matter.

MOTION to authorize Mr. Hill, Chair, and Mr. Watson, Vice Chair, to work on salary negotiations and report back to the Board.

Reed/Ross Approved Unanimously
Absent: Crawford, Vander Poel

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

No items to report at this time.

X. EDUCATION ITEMS

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

No action at this time.

XI. UPCOMING MEETINGS

1. 12/12/2018 Retirement Board meeting @ 8:30 a.m.
2. 12/18/2018 Investment Committee meeting @ 3:00 p.m.
3. 12/20/2018 Administrative Committee meeting @ 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.

None.

XIII. COMMUNICATIONS

1. For Your Information:
 - a. Treasurer's Quarterly Investment Report for the Quarter Ending September 30, 2018.

XIV. ADJOURNED: 9:47 a.m.

Roland Hill, Chair