



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

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**MINUTES OF THE BOARD OF RETIREMENT**  
**REGULAR RETIREMENT BOARD MEETING**

**Wednesday, January 23, 2019 @ 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, Crawford, Vander Poel  
Alternates Present: Taylor, Vasquez  
Alternates Absent: Sampietro  
Others Present: David Kehler, Retirement Administrator; Leanne Malison, Assistant Administrator;  
Adriana Gonzales-Chang, Jeanette Burks, and Christene Brown, Retirement Specialists;  
Barbara Grunwald and Marit Erickson, Deputy County Counsel; Paul Guerrero, CAO-  
Administrative Analyst; Scott Whalen, Verus.

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 8:34 to 9:19 a.m. regarding disability matters listed on the Agenda.
2. In the matter of the disability application of Barbara Ramirez, consider and take action regarding the application for a disability retirement.

MOTION to grant Barbara Ramirez a non-service connected disability retirement and consider the issue of job causation at a future date.

Vander Poel/Cook      Approved Unanimously

3. In the matter of the disability application of Adam Johnson, reconsider the Board's action of August 22, 2018.

MOTION to takes no action.

Ross/Mauro                    Approved  
Ayes:                       Cook, Hill, Mauro, Ross, Reed, Young, VanderPoel, Vasquez  
Noes:                       Crawford  
Recused:                   Watson

Let the record show that Capt. Watson announced he had previously supervised the applicant and would continue to recuse himself from the discussion and any Board actions related to Mr. Johnson's disability application. He left the meeting at 8:44 and returned at 9:19 a.m.

4. In the matter of the disability application of Christina Reeves (Groves), consider and take action on the recommendations filed by the Hearing Officer.

MOTION to accept the findings and recommendations of the Hearing Officer.

Mauro/Crawford            Approved Unanimously.

The Board Chair approved 30 minutes of disability administration education for Trustees and staff related to the disability matters discussed at today's meeting.

5. Accept as filed: Disability Status Report Overview.

Accepted as filed.

## **VI. CONSENT CALENDAR**

1. Approve Minutes of the following Meetings:
  - a. Retirement Board Minutes of January 9, 2019.
2. Approve payments to:
  - a. Verus – invoice for investment consulting services for the quarter ended November, 2018, in the amount of \$20,000.00.

MOTION to approve Consent Calendar.

Young/Mauro                Approved Unanimously.

## **VII. COMMITTEE REPORTS**

1. Update by Jim Young regarding the Investment Committee meeting of January 15, 2019. Discussion and possible action regarding the following items:
  - a. Asset Allocation Status

Mr. Young reported that the Committee reviewed this month's report. Mr. Kehler informed the Committee that the deployment of the Pension Obligation Bond funds is progressing as planned with nearly half of the amount allocated to managers and the remainder currently in cash. Mr. Kehler also informed the Committee that the new Ocean Avenue private equity fund and the new TSSP private credit fund are still undergoing legal review. Finally, the paperwork for the \$50 million additional commitment to RREEF has been completed and the initial capital call of \$12.5 million was made on January 2nd.

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

Mr. Young stated that the Committee reviewed the timeline and calendar with no recommendations for changes.

c. Total Plan Policy Benchmark

Mr. Whalen explained the issue and proposal coming from Verus. He stated that TCERA's investments in private markets result in tracking differences at the end of a measurement period between the Policy Index (or target) portfolio and TCERA's actual portfolio. Verus suggests that TCERA recalculates the Policy Index with the goal of eliminating the time lag effect that occurs when funds are held with public equity and fixed income managers while TCERA waits for private market managers to issue capital calls. Mr. Whalen stated that two methods can be used going forward: 1) compare the private markets investments to a public markets benchmark; 2) use actual time-weighted returns from the private markets investment for the calculation of the Policy Index. Verus would continue to include private markets performance metrics in quarterly performance reports and would also conduct assessments of the private markets programs on a periodic basis.

Mr. Young indicated that the Committee prefers the second approach and is recommending that the full Board directs that it be followed by Verus until all of the amounts resulting from the Pension Obligation Bonds have been fully deployed. At that point, a reconsideration of the first approach is suggested.

MOTION to follow the second approach as outlined by Verus and recommended by the Investment Committee.

Young/Reed                      Approved Unanimously

d. Zeno AN Solutions – Transaction Cost Management

Mr. Young reported that discussion was held regarding the proposal from Zeno to measure the cost of trading securities (transaction costs) of applicable TCERA investment managers. Based on prior discussions related to this topic, Zeno has analyzed three of TCERA's managers and states that savings could be realized by all three of the managers reviewed if trading efficiencies were implemented. Discussion was also held regarding the analytical process followed by Zeno, the annual cost of their services, possible reaction by TCERA's managers to the Zeno reports, the extent to which other '37 Act county plans utilize Zeno's services, and TCERA's ability to end the agreement when so desired.

Mr. Young also indicated that the Committee suggests the TCERA Board considers inviting Zeno representatives to address any remaining questions that the TCERA Trustees may have related to this matter.

MOTION to invite representatives of Zeno AN to present to the Board regarding this topic at the meeting of February 6, 2019.

Young/Crawford                      Approved Unanimously

- e. Investment Managers
  - 1) Verus Flash Report – All Managers
  - 2) Managers of Interest
    - a) Ivy Investments – Manager Review

No actions taken.

**VIII. INVESTMENTS**

- 1. Presentation by Scott Whalen of Verus regarding TCERA's Emerging Market Debt manager search. Discussion and possible action.

Scott Whalen from Verus presented his firm's findings and recommendations regarding the manager search in the Emerging Market Debt space. Discussion followed regarding the pros and cons of each of the prospective firms.

MOTION to invite the firms Ashmore and Prudential to make presentations before the Board of Retirement at a future date.

Vander Poel/Reed                      Approved Unanimously.

TCERA staff will work with Mr. Whalen to arrange the date and times of the presentations.

#### **IX. NEW BUSINESS**

1. Discussion and possible action regarding SACRS Board of Directors Elections 2019-2020.

No action taken.

2. Discussion and possible action regarding possible lawsuits involving TCERA's outside consultants.

Mr. Kehler reported that there are no lawsuits pending among TCERA's outside consultants – Brown Armstrong, Cheiron, and Verus – that would have an impact on their relationships with TCERA.

#### **X. EDUCATION ITEMS**

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

Ms. Grunwald requested approval for attendance by her and one disability advocate counsel to the "Disability Roundtable" to be held on March 29, 2019 in Oakland, CA.

MOTION for approval.

Reed/Ross                      Approved Unanimously

Mr. Hill requested approval for his attendance at the "Pension Bridge" to be held on April 9&10, 2019, in San Francisco, CA.

MOTION for approval.

Reed/Watson                      Approved Unanimously.

#### **XI. UPCOMING MEETINGS**

1. 02/06/2019 Retirement Board meeting @ 8:30 a.m. (*1<sup>st</sup> Wednesday of month*)
2. 02/20/2019 Investment Committee meeting @ 2:00 p.m.
3. 02/21/2019 Administrative Committee meeting @ 2:00 p.m. (*Tentative*)
4. 02/27/2019 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.

None.

#### **XIII. ADJOURNED: 10:35 a.m.**

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Roland Hill, Chair