



COUNTY OF TULARE
BOARD OF RETIREMENT

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MINUTES OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, March 20, 2019 @ 2:00 p.m.
TCERA Executive Room, 136 N. Akers Street, Visalia, CA 93291

I. CALL TO ORDER

The meeting was called to order at 2:11 p.m.

II. ROLL CALL

Present: Pete Vander Poel, Acting Chair; Dave Vasquez, Mike Watson
Dave Kehler, Leanne Malison, Scott Whalen (via conference call)

III. PUBLIC COMMENT

None

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:

a. Approve Investment Committee Minutes from January 15, 2019

Motion to approve minutes as presented.

Motion: Mike Watson

Second: Dave Vasquez

Motion approved unanimously.

b. Asset Allocation Status

The Committee reviewed the Asset Allocation Status Report including changes associated with the deployment of the Pension Obligation Bond proceeds. Ms. Malison informed the Committee that the deployment of the proceeds would be completed ahead of schedule because operating cash is needed until the County makes its annual contribution in July. Verus is accounting for funds used for operating cash as part of the process for developing the investment recommendations for the Pension Obligation Bond cash on hand.

c. 2019 Investment Committee Goals and Objectives Timeline and 2019 Education Calendar

The Committee reviewed the timeline and calendar. Ms. Malison noted that the timeline has been updated to reflect the Board action regarding due diligence visits to Ashmore and PGIM for the Emerging Market Debt allocation. The due diligence team of Dave Vasquez and Paul Sampietro will conduct the visits the week of April 15th.

In reviewing the calendar, the Committee noted that October Board meeting dates are open for a possible joint meeting with the Board of Supervisors. Because several members of the Board of Supervisors have limited experience with TCERA's actuarial assumptions and the impact of the Pension Obligation Bonds on TCERA's funded status and actuarial projections, the Committee requested that a representative from Cheiron attend to make a presentation and answer questions regarding actuarial topics. The meeting will be added to the calendar as a tentative date. Staff will work with the CAO's office and Cheiron to confirm a date.

d. MacKay Shields Core Plus Investment – Transition to CIT (Commingled Investment Trust)

Ms. Malison and Mr. Whalen reviewed the offer from MacKay Shields to transition TCERA's investment to a CIT. The benefits of this change are daily liquidity, daily valuation, and a fee reduction of up to 20 basis points. The current fee structure allows for a 35 basis point fee with expenses to be charged up to an additional 15 basis points. The new fee structure would be a flat fee of 30 basis points. Ms. Malison noted that one of TCERA's other managers, SGA, is invested in a CIT with the same trustee. The only administrative issues have been related to the frequency and detail of the reporting that is available with this type of trust. This will result in less detailed information recorded for these managers in TCERA's monthly financial records. Year end reports will reflect the required detail for fiscal year end financial statements. TCERA has reviewed the trust reporting with its independent auditors and they have confirmed that the reports that will be provided are acceptable.

Motion to recommend that the Board of Retirement authorize the transition of the MacKay Shields allocation to the CIT investment vehicle.

Motion: Mike Watson
Second: Dave Vasquez
Motion approved unanimously.

e. Review of Benchmarks – PIMCO RAE and SGA

Mr. Whalen reviewed the existing benchmarks for PIMCO RAE and SGA. He noted that at the time of the initial investment with these firms, the appropriate benchmarks were assigned. He indicated that either a core benchmark or a value/growth benchmark would work for these managers. His recommendation is to change PIMCO RAE's benchmark to the MSCI ACWI Ex USA Value index to ensure consistent reporting between the manager and the investment consultant. He recommends no change to the SGA index or any other manager indices at this time.

Motion to recommend that the Board of Retirement adopt the MSCI ACWI Ex USA Value index as the performance benchmark for PIMCO RAE.

Motion: Mike Watson
Second: Dave Vasquez
Motion approved unanimously.

f. Investment Managers

1) Verus Flash Report – All Managers

The Committee reviewed the Flash Report, noting the improved performance in the current quarter.

2) Managers of Interest

a) Ivy Investments – Manager Review

Mr. Whalen noted that Ivy has posted good returns since being assigned as a manager of interest. He will prepare formal comments for the Board regarding the status of the manager after the firm's presentation to the Board of Retirement on July 10th as requested.

- b) TSSP – Notification of Personnel Administrative Leave
The Committee noted the information. The referenced employee has no association with TCERA's investments. No action is required.
- c) Parametric – Personnel Changes
The changes in personnel have no effect on the strategy managed for TCERA. No action is required.

V. UPCOMING MEETING

- 1. Wednesday, April 17, 2019, 2:00 p.m.

VI. ADJOURN

The meeting was adjourned at 2:52 p.m.



Pete Vander Poel, Acting Chair