



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

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**MINUTES OF THE BOARD OF RETIREMENT**  
REGULAR RETIREMENT BOARD MEETING  
**Wednesday, August 28, 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, Ross, Reed, Young, Crawford, Vander Poel  
Members Absent: Mauro, Watson  
Alternates Present: Vasquez, Taylor, Sampietro  
Others Present: Leanne Malison, Retirement Administrator; Mary Warner, Administrative Services Officer; Barbara Grunwald and Marit Erickson, Deputy County Counsel; Paul Guerrero, CAO-Administrative Analyst; and Scott Whalen, Verus Investments.

Let the record show that Ms. Crawford arrived at 8:35 a.m. Mr. Vander Poel departed at 11:00 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**

None.

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.

**IV. X-AGENDA ITEMS**

None.

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

1. Request from disability applicant Angela Dodson to withdraw her application.

MOTION to approve the request from Angela Dodson to withdraw her disability application.

Vander Poel/Young      Approved Unanimously  
Absent:                  Mauro, Watson

## VI. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:
  - a. Retirement Board Minutes of August 14, 2019.
2. Approve payments to:
  - a. BNY Mellon – invoice for master trust custodial services for the quarter ended June, 2019, in the amount of \$83,729.30.
  - b. Verus – invoice for investment consulting services for the period ended July, 2019, in the amount of \$20,000.00.

MOTION to approve the Consent Calendar.

Cook/Vasquez                      Approved Unanimously  
Absent:                              Mauro, Watson

## VII. COMMITTEE REPORTS

1. Update by Jim Young regarding the Investment Committee meeting of August 21, 2019. Discussion and possible action regarding the following items:
  - a. Asset Allocation Status

Mr. Young noted that the Committee reviewed the report. American Realty Advisors has been added to the report. The contract is pending legal review. During the Board meeting, Ms. Malison reported that the funding for PGIM was accomplished before the end of August.

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

The timeline had been updated with the progress on the Emerging Market Debt (PGIM) and Value Added Real Estate (American Realty Advisors) allocations. During the Committee meeting, Ms. Malison noted that she has started work on the agenda for the joint meeting with the Board of Supervisors to be held October 9<sup>th</sup>. She has spoken with Cheiron regarding the requested actuarial education and has asked the CAO's office to provide her with any additional requested agenda items. Ms. Malison mentioned to the Board that the Mr. Britt, CAO, has responded and Cheiron has been notified. Ms. Malison also noted that TA Realty is scheduled for a presentation at the September 11, 2019 meeting. The properties are all sold with only required reserves remaining in the account. The Board directed Staff to cancel the TA Realty presentation.

- c. Investment Policy - Investment Presentation Format and Standard Reporting Format

The Committee reviewed the current formats. The Committee is considering the following changes:

- 1) Remove the format from the Investment Policy to allow the Board, Staff, and the Investment Committee greater flexibility when providing direction to investment managers regarding their presentations. The updated formats would be adopted as guidelines rather than policy.
- 2) Provide timeframes for each of the topics to ensure that the items of most interest are allocated adequate time for presentation and discussion.
- 3) Clarify and consolidate the performance and process portions of the presentation, requesting instead that the firm's philosophy and performance expectations be clearly identified in the presentation. The managers will be asked to assess their performance based on those expectations in light of the market conditions that existed in the various reporting periods.
- 4) Create a separate format for managers of alternative asset classes that more closely aligns with their portfolios.
- 5) Add an additional item in the General Discussion category for information regarding the firm's fee schedule.

The Committee directed Staff to update the presentation format with the suggested changes and bring it back to the Committee for further consideration.

d. Total Policy Benchmark Review

During the Committee meeting, Mr. Whalen reviewed the action that was taken by the Board of Retirement on January 15, 2019 to update its Total Policy Benchmark. After discussing the options available, the Committee determined that the bulk of the tracking error issue has been resolved and recommends no change at this time.

e. Investment Managers

1) Verus Flash Report – All Managers

The Committee reviewed the report and noted that the plan's performance will be discussed in detail later on during today's Board meeting.

2) Managers of Interest

a) Lee Munder – Manager Review

During the Committee meeting, Mr. Whalen reviewed the performance of Lee Munder (LMCG) as requested. He indicated that although LMCG has exhibited an extended period of underperformance, the performance is as expected for a manager that has a process designed for downside protection. The Committee requested that LMCG remain on the agenda for the next meeting for further review. During the Board meeting, Ms. Malison, indicated that the Manager of Interest section of TCERA's Investment Policy will be placed on the next Investment Committee agenda for review.

## VIII. INVESTMENTS

1. Presentation from Verus regarding TCERA's Real Estate Debt Manager Search. Discussion and possible action.

MOTION to invited Brookfield, PGIM, and Invesco to make presentations to the Board of Retirement.

Ross/Young                      Approved Unanimously  
Absent:                          Mauro, Watson

2. Presentation from Verus regarding TCERA's Second Quarter 2019 Investment Performance Report. Discussion and possible action.

The presentation was given by Scott Whalen of Verus Investments.

3. Presentation from Verus regarding TCERA's Investment Portfolio Review. Discussion and possible action.
  - a. Plan Performance

Mr. Whalen reviewed the Plan's performance.

- b. Diversification

Mr. Whalen reviewed the reasons and outlook for diversification.

- c. Manager Monitoring

Mr. Whalen reviewed Verus' approach to investment manager monitoring.

- d. Number of Investment Managers and Fees

Mr. Whalen provided comparison information on this topic. The Board directed the Investment Committee to review Active/Passive management in the domestic equity portion of the portfolio.

- e. International Equity

Mr. Whalen reviewed the outlook for investments in International investments.

f. Commodities

Mr. Whalen reviewed performance and addressed the role of Commodities in the portfolio.

g. Strategic Asset Allocation Review

Mr. Whalen reviewed the 10-year return and risk assumptions used to develop asset mixes for consideration.

MOTION to select the asset allocation as presented in the presentation materials that eliminates Hedge Funds and Commodities.

Reed/Cook	Approved	
	Ayes:	Cook, Hill, Reed, Crawford, Taylor
	Noes:	Ross, Young, Vasquez
	Absent:	Mauro, Watson, Vander Poel

Mr. Roland Hill, Chair, approved two hours and forty-five minutes of educational hours to Trustees and Staff present for the presentations in the investment section of the agenda.

**IX. NEW BUSINESS**

1. Discussion and possible action regarding crediting of interest to member accounts and TCERA's reserves for the period ending June 30, 2019.

MOTION for members in Tiers 1-4, allocate a sufficient amount to maintain the Contingency Reserve at 3.0% of total assets. For Tiers 1-3, credit member accounts and reserves entitled to interest at a rate of 2.8408% for the period ending June 30, 2019. For members in Tier 4, credit member accounts and reserves entitled to interest at a rate of 2.2357% for the period ending June 30, 2019.

**X. EDUCATION ITEMS**

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

No action taken.

**XI. UPCOMING MEETINGS**

1. 09/11/2019 Retirement Board meeting @ 8:30 a.m.
2. 09/18/2019 Investment Committee meeting @ 3:30 p.m.
3. 09/19/2019 Administrative Committee meeting @ 2:00 p.m.
4. 09/25/2019 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. COMMUNICATIONS**

1. For Your Information:
  - a. Treasurer's Quarterly Investment Report for the quarter ended June 30, 2019.

**XIV. ADJOURNED: 11:51 a.m.**



Roland Hill, Chairman