



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
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MINUTES OF THE BOARD OF RETIREMENT
REGULAR RETIREMENT BOARD MEETING
Wednesday, October 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: Hill, Mauro, Ross, Reed, Young, Watson, Crawford, Vander Poel
Members Absent: Cook
Alternates Present: Vasquez, Sampietro
Alternates Absent: Taylor
Others Present: Leanne Malison, Retirement Administrator; Mary Warner, Assistant Administrator; Barbara Grunwald and Marit Erickson, Deputy County Counsel; Paul Guerrero, CAO-Administrative Analyst; and Scott Whalen, Verus Investments – via conference call.
Clerk: Rebecca Pendleton

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.

Ms. Malison introduced Patricia Arroyo Reyes as TCERA's newest employee. Ms. Reyes holds the title of Office Assistant II.

IV. X-AGENDA ITEMS

None.

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

1. Accept as filed the request from Adam Johnson to withdraw his request for hearing regarding his disability retirement application. The Board of Retirement's decision on February 27, 2019 to deny the application is final.

Accepted as filed.

VI. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:
 - a. Retirement Board Minutes of October 9, 2019.

2. Approve payments to:
 - a. Cheiron – invoice for actuarial services for the quarter ended September 30, 2019, in the amount of \$31,867.50.
 - b. Verus – invoice for investment consulting services for the quarter ended September 30, 2019, in the amount of \$20,000.00.

Request to pull the Retirement Board Minutes of October 9, 2019. The Assistant CAO's name is listed incorrectly as Paul Hess, it should be John Hess.

MOTION to approve the Consent Calendar with the correction to the Minutes.

Young/Watson Approved Unanimously
 Absent: Cook

VII. COMMITTEE REPORTS

1. Update by Jim Young regarding the Investment Committee meeting of October 16, 2019. Discussion and possible action regarding the following items:
 - a. Asset Allocation Status

Mr. Young indicated that Committee reviewed the report. Ms. Malison noted that the report reflects the liquidation of the Commodities portfolio.

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

Mr. Young reported that the Committee reviewed the timeline and calendar. Ms. Malison informed the Board that due diligence visit dates for the Real Estate Debt manager search are still pending. There are no common dates of availability for trustees in October and November. The Committee recommends postponing the visits until January or February. Mr. Whalen will provide a list of available dates.

- c. Proposed Changes to the Investment Policy Statement

During the Committee meeting, Mr. Whalen and Ms. Malison reviewed the proposed changes to the Investment Policy Statement. The primary changes incorporate the recent Board of Retirement actions regarding the strategic asset allocation and the manager presentation formats. Other changes include updated index references and revised descriptions for Private Equity, Private Credit and Hedge Fund investments.

During the full Board meeting, discussion was held regarding the use of style indices. Mr. Whalen joined the Board meeting via a conference call and answered questions in further detail.

MOTION to approve the Investment Policy Statement as presented.

Young/Mauro Approved Unanimously
 Absent: Cook

- d. TCERA Private Equity Allocation – Consideration of Additional Commitments

During the Committee meeting, Mr. Whalen reviewed TCERA's current Private Equity allocation. In order to continue to move toward TCERA's 5% target in Private Equity and to ensure vintage year diversification, Mr. Whalen recommended an additional \$10 million commitment in 2019. The Committee discussed the options regarding further commitments to the portfolio. Pathway, one of TCERA's current Private Equity managers, is accepting commitments for its Fund 10. The fund is set for a final close in March. Investing late in the fund-raising period allows TCERA to participate in the positive performance recognized in the fund to date. In addition, because of the existing relationship with Pathway, it is likely that a fee reduction will be applied to the investment.

MOTION to approve a \$10 million commitment to Pathway Fund 10.

Young/Watson Approved Unanimously
Absent: Cook

- e. Investment Managers
 - 1) Verus Flash Report – All Managers

Mr. Whalen reviewed the Verus Flash Report noting the positive performance for September.

- 2) Managers of Interest
 - a) MacKay Shields – Personnel Changes

Mr. Whalen reviewed the notice regarding the personnel changes at MacKay Shields. The changes are part of the firm's succession plan that has been implemented over the last four years. At the time the firm was hired, TCERA was aware that members of the team would be retiring and a succession plan was in place, so these changes are not unexpected. Verus will continue to monitor the manager and will notify TCERA if any concerns arise. No action is recommended at this time.

VIII. NEW BUSINESS

- 1. Discussion and possible action regarding TCERA's Authorized Signers / Certificate of Incumbency.

Ms. Malison noted that with the recent appointment of Mary Warner to the position of Assistant Retirement Administrator, a new Authorized Signers / Certificate of Incumbency is necessary.

MOTION to approve the Authorized Signers / Certificate of Incumbency.

Young/Mauro Approved Unanimously
Absent: Cook

- 2. Discussion and possible action regarding Amendment to Resolution Regarding Pay Codes Included as Pensionable Income.

Discussion was held regarding the new pay codes that were recently approved by the Tulare County Board of Supervisors. Ms Malison reported that the code should be pensionable for Tiers 1-3 and non-pensionable for Tier 4 according to case law and TCERA's previous actions regarding codes of this type.

MOTION to approve the Amendment to Resolution Regarding Pay Codes Included as Pensionable Income.

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

IX. EDUCATION ITEMS

- 1. Discussion and possible action regarding Summary Education Report as filed: Leanne Malison, CALAPRS Administrators' Institute, September 25-27, 2019.

MOTION to approve the Summary Education Report as filed.

Reed/Vander Poel Approved Unanimously
Absent: Cook

2. Discussion and possible action regarding all listed educational events.

It was noted that the CALAPRS 2020 calendar of events will be added when it becomes available.

X. UPCOMING MEETINGS

1. 11/06/2019 Retirement Board meeting @ 8:30 a.m. *(Date change due to SACRS Conference.)*
2. 11/12-15/2019 SACRS Fall Conference in Monterey, CA.
3. 11/18/2019 Investment Committee meeting @ 3:30 p.m. *(Monday)*
4. 11/20/2019 Retirement Board meeting @ 8:30 a.m.
5. 11/20/2019 Administrative Committee meeting *(Immediately following Retirement Board meeting.)*

XI. TRUSTEE / STAFF COMMENTS

1. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time.

Mr. Vander Poel requested information regarding the upcoming TCERA Board of Retirement Election. Ms. Malison reported that Mr. George Finney ran unopposed and will be the Retired Member Alternate (Seat 8 Alt). Mr. David Kehler ran unopposed and will hold the Retired Member (Seat 8). Both positions have been certified and they will be effective January 1, 2020. There will be an election held on December 4th for the General Member position (Seat 3).

Mr. Reed requested historical information regarding inflation rates. Ms. Malison indicated that she would provide the information at the next Board meeting.

XII. COMMUNICATIONS

1. For Your Information:
 - a. SACRS Business Meeting Packet dated November 15, 2019.

XIII. ADJOURNED: 9:21 a.m.



Roland Hill, Chair