



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
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
INVESTMENT COMMITTEE MEETING
Monday, November 18, 2019 @ 3:30 p.m.
TCERA Executive Room, 136 N. Akers Street, Visalia, CA 93291

I. CALL TO ORDER

The meeting was called to order at 3:30 p.m.

II. ROLL CALL

Present: Jim Young, Chair; Mike Watson, John Mauro, Pete Vander Poel
Leanne Malison, Mary Warner, Scott Whalen (via conference call)
George Finney (alternate retiree trustee-elect)

III. PUBLIC COMMENT

None

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from October 16, 2019.
Motion to approve minutes as presented.
Motion: Mauro
Second: Vander Poel
Motion passed unanimously
 - b. Asset Allocation Status
The Committee reviewed the report.
 - c. 2019/2020 Investment Committee Goals and Objectives Timeline and 2019/2020 Education Calendar
Ms. Malison noted that the timeline has been updated to include the first quarter of 2020, which will include the due diligence on site visits for the real estate debt allocation. A draft 2020 Education Calendar has also been included. The calendar will be finalized when decisions are made regarding the domestic equity active/passive allocation.
 - d. Investment Manager Fee Report
This report is provided annually to give fee detail not available in the monthly financial reports. A new column has been added this year at the request of the Committee. Information regarding the fees as a percent of assets as of fiscal year end is provided. The Committee was reminded that this calculation may not provide a completely accurate picture because it does not account for partial year activity nor does it account for cash flows occurring during the year. In spite of the shortcomings of the information, the Committee requested that the information remain on the report to provide a broad picture of TCERA's investment management fees.

- e. **AB2833 Annual Report**
This report is provided to meet the legal requirement under AB2833. The Committee reviewed the report and noted that fee information was already provided in the Investment Manager Fee Report discussed earlier.
- f. **Active/Passive Equity Management Analysis – Domestic Equity Portfolio**
Scott Whalen reviewed the Verus presentation materials regarding the analysis of TCERA’s active and passive management allocation in its domestic equity portfolio. Mr. Whalen noted that active managers tend to have a better track record during downturns in the market, exhibiting more difficulty with outperformance during strong equity markets. He also noted that small and mid-cap equity portfolios may provide greater opportunities for active management than large cap portfolios. He then reviewed TCERA’s managers in detail. At the conclusion of his review, Mr. Whalen recommended that the Board of Retirement consider transitioning to 100% passive management for its domestic large cap equity portfolio. He also recommended that TCERA retain active management in the small and mid-cap domestic equity portfolio, but consider conducting a search for a replacement for LMCG, TCERA’s small cap value domestic equity manager, due to underperformance. Ms. Malison reminded the Committee that the Investment Policy outlines a process for manager termination, including inviting managers to make a presentation to the Board of Retirement prior to a final decision. The policy provides for exceptions to that process and any action that represents a policy exception should be so noted.

Motion to recommend to the Board of Retirement that TCERA transition the domestic large cap equity portfolio to 100% passive management, terminating QMA, Boston Partners, and Ivy, and initiate a small cap value domestic equity search to select a replacement for LMCG.

Motion: Vander Poel
Second: Mauro
Motion passed unanimously

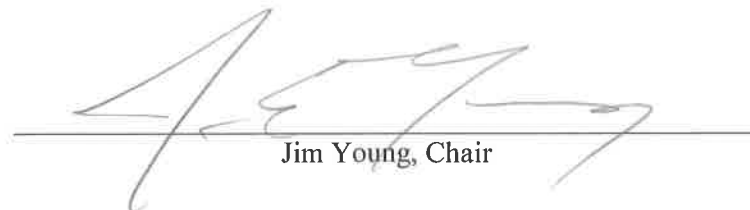
- g. **Investment Managers**
- 1) **Verus Flash Report – All Managers**
The Committee reviewed the report.
 - 2) **Managers of Interest**
 - a) **Boston Partners – Organizational Change Notification**
The change will have a slightly positive impact, allowing more focus on portfolio management – no action required.

V. UPCOMING MEETING

1. Wednesday, December 18, 2019, 3:30 p.m.

VI. ADJOURN

The meeting was adjourned at 4:41 p.m.



Jim Young, Chair