



# COUNTY OF TULARE BOARD OF RETIREMENT

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**MINUTES OF THE BOARD OF RETIREMENT  
REGULAR RETIREMENT BOARD MEETING  
Wednesday, February 24, 2021 at 8:30 a.m.  
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291**

## I. CALL TO ORDER

The meeting was called to order at 8:30 a.m. by Wayne Ross, Chair.

## II. ROLL CALL

Voting Trustees Present: Cass Cook, Roland Hill, Laura Hernandez, Wayne Ross, Gary Reed,  
Jim Young, Nathan Polk, Dave Kehler, Pete Vander Poel

Voting Alternate Trustees  
Present: George Finney

Alternate Trustees Participating  
Remotely: Paul Sampietro (departed 10:58 a.m.)

Alternate Trustees Absent: David Vasquez

Staff Members Present: Leanne Malison, Retirement Administrator

Staff Members Participating  
Remotely: Mary Warner, Assistant Retirement Administrator

Board Counsel Participating  
Remotely: Marit Erickson, Deputy County Counsel  
Jennifer Shiffert, Deputy County Counsel

Consultants Present: Scott Whalen, Jeffrey MacLean, Verus

Consultants Participating  
Remotely: Mike Kamell, Verus

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. INVESTMENTS

1. Educational Presentation – Active/Passive Investment Panel. Presentations by Scott Whalen, Thomas Gilbert and Wes Johnston.

Scott Whalen, Verus, Thomas Gilbert, University of Washington, and Wes Johnston, Sands Capital provided a presentation addressing the issues involving decisions regarding implementing actively and passively managed investments in an institutional portfolio. The Board referred this matter to the investment committee for further analysis and discussion including a review of the fees charged for TCERA's passive investments.

The Chair authorized 1.5 hours of education credit for trustees and staff in attendance.

2. Presentation from Verus regarding TCERA's December 31, 2020 Investment Performance Report.

Mr. Whalen reviewed the report, noting the shift in trends as well as improved performance for the quarter. The trustees discussed the challenge ahead in achieving the investment return assumption rate. The Board directed the Investment Committee to develop asset allocation, risk, and return questions to be addressed as part of the upcoming Asset/Liability Study. Mr. Whalen provided an update on the performance of Franklin Templeton and provided materials showing the cyclical nature of the investment. Mr. Whalen also reviewed his recommendation for rebalancing due to the increase in the equity portfolio as a result of the positive performance in recent months.

Motion to authorize Staff to work with the Investment Consultant to rebalance the portfolio by moving 3.5% of the investment portfolio from domestic equity to domestic fixed income.

Motion: Hill

Second: Hernandez

Motion passed unanimously.

The Chair authorized 0.5 hours of education credit for trustees and staff in attendance.

3. Discussion and possible action regarding TCERA's investment allocation and investment managers, including performance, contracts, and fees.

No discussion or action.

#### VI. INVESTMENT COMMITTEE REPORT

Update from Gary Reed regarding the February 10, 2021 Investment Committee meeting. Discussion and possible action regarding the following items:

1. Asset Allocation Status

Mr. Reed reported that the Committee reviewed the report and discussed the current overweight to equities. The asset classes are within approved ranges, but rebalancing considerations are under review as reported by Mr. Whalen in his quarterly report earlier in the meeting.

2. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar

Mr. Reed reported that the "Investment Refresher Course" educational item has been added to the calendar for March 24, 2021. Letters have been sent to the investment managers scheduled for presentations in 2021, notifying them that remote presentations are acceptable during the pandemic, but in-person presentations will be expected when restrictions are lifted.

3. Investment Managers

a. Verus Flash Report – All Managers

Mr. Reed reported that the Committee reviewed the report and discussed the improved performance. The Committee requested that Verus focus on performance measurement in the quarterly performance reports presented to the Board.

b. Managers of Interest – Franklin Templeton – Manager Review

Mr. Reed reported that the manager continues to be monitored with the expectation of a performance recovery.

## VII. LEGAL REPORT

1. Presentation from Marit Erickson, Deputy County Counsel regarding *Wilmot v. CCCERA*.

Ms. Erickson reviewed her memorandum to the Board regarding the recent appeals court decision in *Wilmot v. Contra Costa County Employees' Retirement Association*. The court upheld the prior court ruling.

## VIII. CONSENT CALENDAR

1. Approve February 10, 2021 Retirement Board Meeting Minutes
2. Approve Payment to Verus – invoice for investment consulting services for the month ended January 31, 2021 in the amount of \$20,000.00.

Motion to approve the Consent Calendar as presented.

Motion: Young

Second: Kehler

Motion approved unanimously.

## IX. NEW BUSINESS

1. Discussion and possible action regarding the rates for crediting interest to TCERA member accounts and reserves for the six-month period ended December 31, 2020.

Ms. Malison reviewed the result of the calculations for interest posting for December 31, 2020 and the options available to the Board.

Motion to maintain the contingency reserves at 3% of total assets, authorizing interest posting to member accounts and reserves of 2.8536% for Tiers 1, 2, and 3 and 2.7021% for Tier 4.

Motion: Kehler

Second: Vander Poel

Motion approved unanimously.

2. Discussion and possible action regarding supplemental benefits paid to TCERA retirees from the Supplement Retiree Benefit Reserve.

Ms. Malison reviewed her memorandum to the Board regarding the status of the Supplemental Retiree Benefits Reserve (SRBR) and the three levels of benefits currently paid out of the SRBR. The trustees expressed concern over the continued drawdown of the reserve. The Board directed the Administrative Committee to develop some scenarios for changes to the SRBR benefits to be forwarded to the actuary for analysis. Information regarding the expected effect of various benefit structures will assist the Board in preparing for discussion when the results of the June 30, 2021 actuarial valuation are available.

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

1. Discussion and possible action regarding Summary Education Reports as filed:

- a. Leanne Malison – CALAPRS Administrators Round Table, Virtual Event – February 11, 2021, 4 hours.

Motion to approve the Summary Education Report as filed.

Motion: Young

Second: Reed

Motion approved unanimously.

2. Discussion and possible action regarding available educational events.

Ms. Malison noted that events continue to be scheduled in virtual environments and she will continue to forward educational opportunities to the Board.

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

1. February 24, 2021 Administrative Committee meeting at 10:30 a.m.
2. March 10, 2021 Retirement Board meeting at 8:30 a.m.
3. March 10, 2021 Investment Committee meeting at 10:30 a.m.

#### **XII. COMMUNICATIONS**

1. SACRS Legislative Update – February 2021
2. County of Tulare Treasurer’s Quarterly Investment Report for the quarter ending December 31, 2020.

#### **XIII. 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. Ross presented Mr. Hill with a plaque honoring his years of service as Chair of the Board of Retirement.


Ms. Hernandez commented on her attendance at a TCERA retirement seminar held via Zoom and thanked Staff for making these seminars available. She asked how many employees participated. Ms. Malison will provide her with the number.

Mr. Vander Poel commented on the Active/Passive Panel presentation at today’s meeting. He found it extremely helpful and educational.

Ms. Malison updated the Board on the direction that Staff submit a request for the SACRS Legislative Committee to consider legislation that would allow for the Board of Retirement to appoint someone to an elected member vacancy in the event that there were no qualified candidates for an election. Ms. Malison reported that she contacted the SACRS Legislative Committee and received a response indicating that the committee would not support such legislation and that it would face significant opposition from labor groups. The result of the option to appoint a person to an elected position vacancy would result in an unfair advantage in a future election for that position and would establish a trustee for that seat that had not been selected by the represented membership.

#### **XIV. ADJOURN**

The meeting was adjourned at 11:51 by Wayne Ross, Chair.



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Wayne Ross, Chair