



# COUNTY OF TULARE BOARD OF RETIREMENT

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## MINUTES OF THE BOARD OF RETIREMENT REGULAR RETIREMENT BOARD MEETING Wednesday, March 23, 2022, 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, Wayne Ross, Gary Reed, Dave Kehler, Nathan Polk, Pete Vander Poel, Jim Young, Laura Hernandez and Ty Inman

Alternate Trustees  
Present: Dave Vasquez, Paul Sampietro, George Finney

Staff Members Present: Leanne Malison, Retirement Administrator  
Mary Warner, Assistant Retirement Administrator, Susie Brown, Secretary

Board Counsel Present: Aaron Zaheen, Deputy County Counsel  
Makenzie Dunckel, Deputy County Counsel

Consultants Present: Mike Kamell, Verus  
Consultants Remotely: Scott Whalen, Verus

### III. PLEDGE OF ALLEGIANCE

### IV. PUBLIC COMMENT

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. Please state your name for the record.

Ms. Malison introduced Makenzie Dunckel, Deputy County Counsel. Ms. Dunckel is training with Mr. Zaheen in order to provide backup to TCERA for legal support.

### V. X-AGENDA ITEMS

None.

### VI. CONSENT CALENDAR

1. Approve Minutes of the following meetings:
  - a. Retirement Board Minutes of March 9, 2022.
2. Approve payments to:

- a. Verus – invoice for investment consulting services in the amount of \$22,500.00 for the month ended February 28, 2022.
- b. County Counsel – invoice for legal services to the Board of Retirement in the amount of \$1,310.70 for the period ending December 31, 2021.
- c. County Counsel – invoice for legal services to the Board of Retirement in the amount of \$5,700.80 for the period ending January 31, 2022.
- d. County Counsel – invoice for legal services to the Board of Retirement in the amount of \$1,764.90 for the period ending February 28, 2022.

Motion to approve Consent Calendar as presented.

Motion: Young

Second: Vander Poel

Motion passed unanimously.

## VII. INVESTMENT COMMITTEE REPORT

1. Update by Gary Reed, acting Chair, regarding the Investment Committee meeting of March 9, 2022. Discussion and possible action regarding the following items:

- a. Asset Allocation Status

Mr. Reed noted that the report has been updated for recent activity. A transfer from the SSGA REIT index is in process to fund a capital call from American Realty Advisors. Withdrawals from fixed income managers are expected to cover upcoming cash needs.

- b. 2022 Investment Committee Goals and Objectives Timeline and 2022 Education Calendar

Mr. Reed stated the Committee reviewed the reports. It was noted that the ESG education requested at the March 9th Board of Retirement meeting will be added to the calendar when a date is confirmed.

- c. Private Markets Documentation – Legal Review Under Verus Discretionary Mandate

Mr. Reed provided background information regarding information provided by Nossaman. The article provided, authored by Nossaman, was offered to ensure that the Board of Retirement is fully informed when determining the extent of the legal review of investment documents under the discretionary mandate with Verus.

Mr. Reed reported that during the committee meeting, Mr. Whalen and Mr. Spencer discussed the document review process in place at Verus and what the plan can expect when individual investments are evaluated.

Mr. Kamell reported that internal counsel for Verus does not legally represent TCERA. However, as fiduciaries Verus must act in the interests of TCERA when entering into an investment contract.

Mr. Whalen provided a summary of the process of reviewing documents.

Motion to recommend that TCERA rely on the document review conducted by Verus' legal counsel for investments under the discretionary mandate. Verus will contact the Retirement Administrator to discuss any unusual issues with a contract. The Retirement Administrator will determine if a full legal review is necessary.

Motion: Reed

Second: Young

Ayes: Cook, Inman, Reed, Young, Polk, Vander Poel

Noes: Hernandez, Ross, Kehler

Motion passed 6/3.

- d. Verus TCERA Compliance Evaluation Report
  - 1) Replacement for BNY Mellon Compliance Service

Mr. Reed informed the Board that, under the most recent contract, Verus is to monitor manager guideline compliance. The report presented is the first report provided to the Board of Retirement to meet that requirement. Ms. Malison noted that TCERA currently pays BNY Mellon \$20,000 per year for its compliance monitoring service.

Mr. Whalen reviewed the process used to prepare the report and noted the differences between the Verus report and the BNY Mellon report.

Ms. Malison reported that TCERA has used the BNY Mellon service since 2015. Aside from one compliance issue with a manager that ultimately resulted in a change to the guidelines and a second issue with interpretation of a guideline, there have been no findings from this reporting.

Motion to recommend acceptance of the reporting methodology provided by Verus and terminate the BNY Mellon compliance monitoring service.

Motion: Reed

Second: Young

Motion passed unanimously.

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

Mr. Reed reviewed the report, noting that the markets have been volatile due to the Russia/Ukraine situation.

- 2) Managers of Interest
  - a) State Street Global Advisors – Personnel Changes

No action.

## VIII. INVESTMENTS

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

Mr. Kehler expressed concern regarding the extent of the background information provided by the Investment Committee. Discussion was held regarding items handled at the Committee level vs. during a Board meeting, and using ad hoc Committees.

No action.

## IX. NEW BUSINESS

- 1. Presentation of Actuarial Audit by Rick Roeder, Roeder Financial

Mr. Roeder presented the Roeder Financial Level 2 actuarial audit. Mr. Roeder answered questions regarding the implications of investment and inflation assumption rates, pension obligation bonds, unfunded liabilities, the Supplemental Retirees Benefit Reserve, and PEPRA. He stated that he is pleased overall with the results of Cheiron's actuarial valuation.

- 2. Presentation of Response to Actuarial Audit by Graham Schmidt, Cheiron Inc.

Mr. Schmidt presented his response memo to the Roeder Financial audit and took questions. He identified the recommendations that would be implemented by Cheiron for the next actuarial valuation as described in the memo. Mr Schmidt and Mr. Roeder clarified their positions regarding the recommendations from the audit.

3. Discussion and possible action regarding Actuarial Audit findings and recommendations.

No additional direction was given to Staff or the actuary regarding the audit.  
Motion to accept the actuarial audit report by Roeder Financial as presented.

Motion: Vander Poel

Second: Hernandez

Motion passed unanimously.

4. Discussion and possible action regarding Cheiron Pension Alert – Revised Actuarial Standard.

Mr. Schmidt reviewed the revised Actuarial Standard of Practice No. 4 (ASOP 4) that will take effect for the June 30, 2023 actuarial valuation. The revised standard requires the actuary to include disclosure of market-based liability information in the valuation. He discussed the rate options available for use in calculating the liability. He recommended and the Board agreed the rate that is currently used in the GASB 57/68 reports would be the logical choice for the calculation.

5. Discussion and possible action regarding actuarial issues.

No action.

Chair authorized 1.5 hours for education.

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

1. Discussion and possible action regarding available educational events.

No action.

#### **XI. COMMUNICATIONS**

1. SACRS Legislative Update – March 2022. Discussion and possible action.

No action.

#### **XII. UPCOMING MEETINGS**

1. Administrative Committee Meeting, March 23, 2022, 10:00 a.m.
2. Board of Retirement Meeting April 13, 2022, 8:30 a.m.
3. Investment Committee Meeting April 13, 2022, 10:00 a.m.
4. Board of Retirement Meeting April 27, 2022, 8:30 a.m.
5. Administrative Committee Meeting April 27, 2022, 10:00 a.m.

#### **XIII. TRUSTEE/STAFF COMMENTS**

Mr. Reed requested further discussion on committee structure and authority, indicating it could be included in a strategic planning retreat or as a separate agenda item on a future Board agenda.


Ms. Malison reported an agenda item regarding a strategic planning session will be on the April Administrative Committee agenda.

Ms. Hernandez thanked staff for coordinating the presentations by the actuaries.

Mr. Ross expressed sincere condolences to George Finney and his family for the loss of his daughter.

**XIV. ADJOURNMENT**

The meeting was adjourned at 10:45 a.m.

  
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Wayne Ross, Chair