



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
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MINUTES OF THE BOARD OF RETIREMENT
REGULAR RETIREMENT BOARD MEETING
Wednesday, March 25, 2020 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 Roland Hill, Chair

II. ROLL CALL

Voting Members Present: Cook, Hill, Hernandez, Ross, Reed, Young, Watson, Kehler, Vander Poel,
Alternates Present: Vasquez, Finney
Alternates Absent: Sampietro
Others Present: Leanne Malison, Retirement Administrator; Barbara Grunwald, Deputy County Counsel

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.

Mr. Hill congratulated Captain Watson and Ms Grunwald on their upcoming retirements. He presented plaques honoring them for their service to TCERA.

IV. X-AGENDA ITEMS

Ms. Malison informed the Board that a matter requiring Board action as an X-Agenda item was brought to her attention:

Subject of Item: Discussion and possible action regarding Amendment to Resolution Regarding Pay Codes Included as Pensionable Income.

Reason item cannot be placed on a future agenda: Three new pay codes have been adopted by the County in response to the COVID-19 emergency for immediate implementation. The Board of Retirement is charged with determining if these codes are to be included as pensionable income. This action needs to be taken in order for pensionable income reporting to be correct for county employees.

Statement of reason for emergency or why need for action arose after the agenda was posted: TCERA Staff was made aware of the new codes at approximately 5:00 p.m. on March 24, 2020, too late to post the matter as a regular agenda item.

Motion to accept X-Agenda item for discussion and possible action.

Motion: Kehler

Second: Ross

Motion passed unanimously.

V. CONSENT CALENDAR

1. Approve Minutes of the following Meetings:

a. Retirement Board Minutes of March 11, 2020.

2. Approve payments to:

a. Verus – invoice for investment consulting services for the month ended February 29, 2020, in the amount of \$20,430.00.

b. Brown Armstrong Accountancy Corporation – invoice for tax preparation services for the period ending February 23, in the amount of \$349.65.

c. BNY Mellon – invoice for master trust custodial services for the quarter ended December 31, 2019, in the amount of \$77,861.94.

Motion to approve Consent Calendar

Motion: Young

Second: Watson

Motion passed unanimously.

VI. COMMITTEE REPORTS

1. Update by Dave Kehler regarding the Investment Committee meeting of March 11, 2020. Discussion and possible action regarding the following items:

a. Approve Investment Committee Minutes from January 15, 2020.

Mr. Kehler reported that the Committee is requesting formal approval of the Committee minutes at this meeting because no members in attendance at the Committee meeting were members of the Committee at that time.

Motion to approve minutes as presented.

Motion: Young

Second: Vander Poel

Motion passed unanimously.

b. Asset Allocation Status

Mr. Kehler reported that the Committee reviewed the report. Mr. Whalen informed the Board that due to the recent market volatility, the actual versus target percentages for TCERA investments are outside of the approved ranges. He suggested that the Board consider rebalancing in a measured approach rather than a strict rebalancing regimen dictated by the percentages at any given time. This would allow for dollar cost averaging over a specified time period. He indicated that this could be handled internally by Staff or delegated to Parametric using synthetic rebalancing. After discussion the Board agreed that the measured approach was preferable but declined to use synthetic rebalancing.

Motion to delegate authority to the Retirement Administrator in association with input from the investment consultant to rebalance over the next six months. The Retirement Administrator will report to the Investment Committee on the progress each month.

Motion: Ross

Second: Reed

Motion passed unanimously.

- c. 2020 Investment Committee Goals and Objectives Timeline and 2020 Education Calendar.

Mr. Kehler reported that the Committee reviewed the timeline and calendar. The Board discussed the schedule of upcoming investment managers in light of travel restrictions that are currently in place. It was agreed that conference calls or web meetings were not conducive to discussion and should not be used for the presentations. The Board directed Staff to postpone upcoming presentations until later in the year. The calendar will be updated with proposed dates.

- d. Update to BlackRock Financial Management, Inc. Guidelines.

Mr. Kehler reported that the Committee has reviewed the requested changes and recommends approval.

Motion to approve the update to BlackRock Financial Management, Inc. Guidelines as presented.

Motion: Kehler

Second: Ross

Motion passed unanimously.

- e. Investment Managers

1) Verus Flash Report

2) Managers of Interest

a) Franklin Templeton Acquisition of Legg Mason

TPG/TSSP Organizational Changes

Mr. Kehler reported that the Committee reviewed all of the items under the Investment Managers item. No action is recommended or required.

VII. INVESTMENTS

1. Discussion and possible action regarding report and recommendation from the TCERA Due Diligence Team regarding the Real Estate Debt manager search.

The due diligence team comprised of Pete Vander Poel and Scott Whalen reported on the due diligence visits to Brookfield and Invesco. They noted that both firms are well qualified for the mandate. Their recommendation based on the analysis of the data and the results of the visits is to hire Invesco as TCERA's manager for the real estate debt allocation.

Motion to select Invesco as TCERA's real estate debt manager, authorizing staff to complete contract negotiations. The allocation will be 5% of TCERA's total assets under management.

Motion: Vander Poel

Second: Reed

Motion approved unanimously.

2. Discussion and possible action regarding Parametric Cash Overlay Program.

Ms. Malison reported that due to the severe market downturn, TCERA's cash was being impacted by capital calls from Parametric, TCERA's cash overlay program manager, to replenish the funds necessary for implementation of the program. In discussion with the Board Chair and the investment consultant, the Retirement Administrator temporarily suspended the program to protect TCERA's cash position. Ms. Malison asked that the Board ratify that decision and provide direction regarding the cash overlay program.

Motion to ratify the Retirement Administrator's action to temporarily suspend the cash overlay program.

Motion: Kehler

Second: Vander Poel

Motion passed unanimously.

Motion to authorize the Retirement Administrator, the investment consultant, and the Board Chair to determine when to reactivate the program.

Motion: Kehler

Second: Hernandez

Motion passed unanimously.

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

No discussion or action.

VIII. NEW BUSINESS

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

This item was pulled from the agenda. The matter will be addressed as part of the X-Agenda item.

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

Ms. Malison reviewed the new pay codes requiring action. The HR1 code is related to overtime and should not be designated as pensionable. Pay codes SDW, UDW, and ALP are direct replacements of regular pay implemented to clearly define the type of pay earned by the employee during a federal, state, or local emergency. These codes, therefore, should be designated as pensionable compensation.

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

Motion: Reed

Second: Young

Motion passed unanimously.

2. Discussion and possible action regarding Executive Department, State of California, Executive Order N-25-20.

The trustees discussed the governor's executive order noting that since the issuance of the order, additional clarifying orders have been issued. Ms. Malison noted that the subject of interest to the Board of Retirement is the suspension of some Brown Act regulations applicable to public meetings. Most significantly, trustees may participate in meetings via conference call or web meeting without special posting requirements. There is also additional latitude regarding participation from the public. The Board directed Staff to continue to schedule Board of Retirement meetings on site with access to the public. Appropriate social distancing is to be observed. Arrangements for access via conference call or web meeting are to be made for trustees.

3. Discussion and possible action regarding COVID-19 issues affecting TCERA activities and processes.

- a. Update regarding Tulare County response.

Ms. Malison acknowledged the hard work of County departments and expressed appreciation for the regular updates and accessibility to department head conference calls. She noted that the HHSA Public Health website is a great resource for getting reliable information regarding COVID-19 issues in Tulare County.

- b. Update regarding TCERA response.

Ms. Malison referred to the memorandum in which she provided information regarding TCERA's response to COVID-19. She provided an update regarding actions taken since the date of the memorandum. TCERA's office is now closed to the public except for posted public meetings. Staff are on rotating schedules with approximately one third of TCERA's employees on site at any one time. Staff have individual offices which provide an extra measure of social distance while working on site. All other staff members are working at home or are on call as Reserve Disaster Service Workers. All contact with members is via phone, email, and fax. Currently there is no delay in providing essential functions. Non-essential functions will be monitored during the emergency and will be prioritized for action when staff are authorized to return to work under non-emergency protocols.

c. Direction regarding implementation of protective measures.

Ms. Malison requested input regarding the measures taken to date. The Board confirmed that the actions are appropriate and necessary. The Board directed Board Committee Chairs to review proposed agenda items and make determinations whether Committee meetings will be held or if agenda items will be moved to the regular Board meeting agenda.

Ms. Malison also requested that the Board consider authorizing the Retirement Administrator to allow exceptions to the requirement for certain original documents in processing applications for retirement and continuance benefits. During the crisis it may be difficult for payees to obtain the required documents. They may also be retiring with very little notice making it difficult to provide the documents in time for processing given the closure of the office.

Motion to authorize the Retirement Administrator to make exceptions regarding providing required original documents for processing applications for retirement and continuance benefits. The documents may be provided via email or fax with the provision that the original documents must be provided when the declared emergency is over. If required documents are not provided when requested, the benefit will be suspended until such time as the documents are provided. If the information in the original documents results in a change in the benefit calculation, the payment will be adjusted and overpayments, if any, will be collected from future payments. The payee will sign a request form that informs them of these requirements.

Motion: Ross
Second: Vander Poel
Motion passed unanimously.

IX. EDUCATION ITEMS

1. Discussion and possible action regarding Summary Education Reports as filed:
 - a. Wayne Ross – BlackRock Financial Web Conference – “Making Sense of Market Turmoil” – March 4, 2020 – 35 minutes of continuing education.
 - b. Leanne Malison – CALAPRS General Assembly – March 8-10, 2020 – 10 hours of continuing education.

Motion to approve Summary Education Reports as filed.

Motion: Vander Poel
Second: Young
Motion passed unanimously.

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

No discussion or action.

X. UPCOMING MEETINGS

1. March, 26, 2020 Administrative Committee meeting at 3:00 p.m.
2. April 8, 2020 Retirement Board meeting at 8:30 a.m.
3. April 8, 2020 Investment Committee meeting at 11:30 a.m.

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.

Trustees again congratulated Captain Watson and Barbara Grunwald on their upcoming retirements, thanking them for their service to the Board of Retirement.

Ms. Malison noted that due to the COVID-19 emergency the previously discussed 75-Year Anniversary celebration for TCERA is canceled.

XII. ADJOURN

The meeting was adjourned at 10:31 a.m.



Roland Hill, Chair