



COUNTY OF TULARE BOARD OF RETIREMENT

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MINUTES OF THE BOARD OF RETIREMENT REGULAR RETIREMENT BOARD MEETING Wednesday, May 26, 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, Laura Hernandez, Wayne Ross, Gary Reed, Jim Young, Dave Kehler, Pete Vander Poel, Nathan Polk (departed 10:30 a.m.)
Alternate Trustees Present:	Paul Sampietro
Alternate Trustees Participating Remotely:	George Finney
Alternate Trustees Absent:	David Vasquez
Staff Members Present:	Leanne Malison, Retirement Administrator Mary Warner, Assistant Retirement Administrator
Board Counsel Participating Remotely:	Jennifer Shiffert and Aaron Zaheen, Deputy County Counsel
Consultants Present:	Scott Whalen and Mike Kamell, 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 so that all interested parties have an opportunity to speak. Please state your name for the record.

None

V. X-AGENDA ITEMS

None

VI. DISABILITIES

1. Closed session to be held regarding disability matters listed on this agenda.

Closed session was held from 8:33 to 8:38 a.m. regarding the disability matters listed on this agenda.

2. In the matter of the disability application of Sean Woods, consider and take action regarding the application for a disability retirement.

Motion to grant a Service Connected Disability Retirement. Based on the medical evidence submitted, the applicant has met the burden of proof on the question of permanent disability and the question of job causation.

Motion: Hernandez
Second: Cook
Motion passed unanimously.

3. In the matter of the disability application of Myrna Ramos, consider and take action regarding the Hearing Officer's Proposed Decision

Motion to accept and adopt the Hearing Officer's Proposed decision to deny the Service Connected Disability Retirement.

Motion: Vander Poel
Second: Young
Motion passed unanimously.

4. Accept as filed the Disability Status Report Overview.

VII. LEGAL REPORT

1. Accept as filed the County Counsel Case Status Report

VIII. CONSENT CALENDAR

1. Approve Minutes of the following meetings:
 - a. Retirement Board Minutes of April 28, 2021.
 - b. Retirement Board Minutes of April 29, 2021.
2. Approve payments to:
 - a. Franklin Templeton – invoice for investment management services in the amount of \$89,707.25 for the quarter ended March 31, 2021.
 - b. State Street Global Advisors – invoice for investment management services (Russell Small Cap Completeness) in the amount of \$5,734.84 for the quarter ended March 31, 2021.
 - c. State Street Global Advisors – invoice for investment management services (S&P 500 Flagship) in the amount of \$10,249.14 for the quarter ended March 31, 2021.
 - d. State Street Global Advisors – invoice for investment management services (MSCI ACWI) in the amount of \$20,007.96 for the quarter ended March 31, 2021.
 - e. William Blair – invoice for investment management services in the amount of \$81,249.99 for the quarter ended March 31, 2021.
 - f. Boston Partners – invoice for investment management services in the amount of \$82,063.87 for the quarter ended March 31, 2021.
 - g. LMCG – invoice for investment management services in the amount of \$76,513.05 for the quarter ended March 31, 2021.
 - h. Verus – invoice for investment consulting services in the amount of \$20,169.23 for the month ended April 30, 2021.
 - i. Brown Armstrong – invoice TCERA Property, Inc. tax preparation in the amount of \$342.50.
3. Pension Board Reports
 - a. Ratify Retirement Administrator actions regarding Retirement Application approvals and Option Selections for the month of April 2021.

- b. Approve Reports regarding Retirement Applications, Option Selections and Deceased Pensioners and 30-Year Members for the month of April 2021.

Motion to approve the Consent Calendar as presented.

Motion: Vander Poel

Second: Young

Motion passed unanimously.

IX. ADMINISTRATIVE COMMITTEE REPORT

1. TCERA and TCERA Property, Inc. Financial Statements – February 28, 2021 and March 31, 2021. Discussion and possible action.

Mr. Kehler reported that the Committee reviewed the financial statements.

Motion to approve the February 28, 2021 and March 31, 2021 TCERA and TCERA Property, Inc. Financial Statements as presented.

Motion: Kehler

Second: Young

Motion passed unanimously.

2. Fiscal Year 2021-2022 TCERA and TCERA Property, Inc. Draft Administrative Budget. Discussion and possible action.

Mr. Kehler reported that this is the first draft of the budget. The final numbers will be presented next month.

3. TCERA's Actuarial Services. Discussion and possible action.

Mr. Kehler reported that the contract with Cheiron for actuarial services expires on June 30, 2021. The Committee directed staff to obtain one-year and three-year extension proposals from Cheiron as well as a proposal for actuarial audit services for consideration.

X. INVESTMENT COMMITTEE REPORT

1. Update by Gary Reed regarding the Investment Committee meeting of April 14, 2021. Discussion and possible action regarding the following items:

- a. Asset Allocation Status

Mr. Reed informed the Board that the report was reviewed and that Ms. Malison indicated that the requested rebalancing activity would be completed by April 30th. Ms. Malison confirmed that the rebalancing is complete.

- b. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar

Mr. Reed reported that the Committee reviewed the updated reports.

- c. Index Fund Review

Mr. Kamell reviewed the information that Verus compiled regarding index funds available for TCERA investment. The Committee reviewed the options and discussed the fee differences,

the inclusion of securities lending, and the cost associated with a transition to a new manager. The Committee recommends moving to the State Street (SSgA) index funds that allow securities lending.

Motion to accept the fee reduction associated with SSgA index funds that include securities lending, instruct SSgA to transition TCERA's investments to such funds, and authorize Staff to execute an amendment to the Participation Agreement to that effect.

Motion: Reed

Second: Vander Poel

Motion passed unanimously.

The Board directed Staff to place an item on a future Investment Committee agenda to discuss how often fees should be formally reviewed by the Investment Consultant. The Committee also requested education regarding securities lending at a future Board meeting.

d. Active Manager Expense Review

Mr. Kamell reviewed the recommendation associated with Verus' analysis of TCERA's active manager fees, including fee reductions already negotiated with some TCERA managers. Franklin Templeton and PGIM are in the high range in comparison to their peers and warrant discussion with the managers.

Motion to direct Verus to review fee structures with Franklin Templeton and PGIM.

Motion: Reed

Second: Hernandez

Motion passed unanimously.

e. Active/Passive Investment Allocation Review

Mr. Reed reported that the Committee reviewed the analysis prepared by Verus and recommend moving to a 50% Active/50% Passive domestic equity target portfolio. No changes to managers are recommended at this time.

Motion to authorize Staff to work with Verus to transition the domestic equity portfolio to 50% active/50% passive investments.

Motion: Kehler

Second: Reed

Motion passed unanimously.

f. Investment Managers

1) Verus Flash Report – All Managers – No action.

2) Managers of Interest

a) Franklin Templeton – Manager Review – No action.

b) Sixth Street – Dyal Capital Partners – No action.

g. Standard Questions for Investment Consulting RFP Finalist Presentations

Mr. Reed reported that the guidance regarding preparing questions was given to Staff and the standard questions were asked of each firm during their recent presentations.

XI. INVESTMENTS

1. Presentation from Verus regarding TCERA's March 31, 2021 Investment Performance Report. Discussion and possible action.

Mr. Whalen and Mr. Kamell reviewed the performance report including a review of current market conditions and TCERA's investment performance as of March 31, 2021.

2. Presentation from Verus regarding TCERA's Asset/Liability Study. Discussion and possible action.

Mr. Whalen reviewed the Asset/Liability Study presentation materials. Extensive discussion followed regarding the Board's risk tolerance and both the Board's and the County of Tulare's appetite for additional risk in the portfolio. The relative financial health of the plan sponsor and the funding status of the plan allow for consideration of a moderate increase in risk in TCERA's investment portfolio. The Board directed Verus to prepare some options with somewhat higher risk than the current portfolio for further consideration. The information will be reviewed at a future meeting.

3. Presentation from Verus regarding TCERA's Strategic Asset Allocation Review. Discussion and possible action.

Discussion regarding this item was included in the Asset/Liability Study review.

4. Discussion and possible action regarding Amendment to the Participation Agreement with State Street Global Advisors Trust Company.

Ms. Malison informed the Board that this item was placed on the agenda pursuant to the recommendation by the Investment Committee previously discussed.

Motion to approve the Amendment to the Participation Agreement with State Street Global Advisors Trust Company as presented.

Motion: Kehler
Second: Vander Poel
Motion passed unanimously, absent Polk

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

No discussion or action.

XII. NEW BUSINESS

1. Discussion and possible action regarding addition of new TCERA staff position – Retirement Specialist I.

Ms. Malison reported that because of unanticipated staffing issues, Staff is requesting the addition of a Retirement Specialist I position. Request for this position had been planned for fiscal year 2022/2023 but recent events have made it necessary to move up the timing of the personnel change.

Motion to approve the addition of one new Retirement Specialist I position.

Motion: Hernandez
Second: Cook
Motion passed unanimously, absent Polk

2. Discussion and possible action regarding Resolution Ordering Board of Retirement Trustee Election – Second Member Position (General Member Representative), Seventh Member (Safety Member Representative), and Seventh Member Alternate (Alternate Safety Member Representative).

Ms. Malison reported that 2021 elections are required for these seats. According to Board policy, the election day will be December 7, 2021 upon approval by the Board. She also reminded the Board that a special election for the second member position vacancy is currently in progress and will take place in July. That seat will be up for re-election for the term beginning January 1, 2022 and is included in this resolution.

Motion to approve the Resolution Ordering Board of Retirement Trustee Election as presented.

Motion: Kehler
Second: Young
Motion passed unanimously, absent Polk

3. Discussion and possible action regarding Cheiron Agreement for Actuarial Services.

Ms. Malison reported that Cheiron submitted one-year and three-year proposals for the extension of the agreement for actuarial services as requested by the Administrative Committee.

Motion to accept the three-year proposal from Cheiron and authorize Staff to execute an amendment to the existing agreement pursuant to this action.

Motion: Reed,
Second: Hernandez
Motion passed unanimously, absent Polk

4. Discussion and possible action regarding an actuarial audit.

Ms. Malison reported that Roeder Financial submitted a proposal for an actuarial audit as requested by the Administrative Committee. Due to the three-year extension of the actuarial agreement with Cheiron, the Board considers it prudent to have the actuarial process reviewed by an independent actuary.

Motion to accept the proposal from Roeder Financial for an actuarial audit and authorize Staff to enter into an agreement for services pursuant to this action.

Motion: Reed
Second: Kehler
Motion passed unanimously, absent Polk

5. Update regarding COVID pandemic status – impact on TCERA office and board meetings.

Ms. Malison informed the Board that she expects lessening and/or elimination of some COVID restrictions as of June 15th pursuant to Governor Newsom's expected announcement on that date. She reminded the Board, however, that CalOSHA requirements apply to TCERA employees and restrictions imposed by that entity may not be adjusted immediately. TCERA will follow the guidance provided by Tulare County Human Resources & Development regarding any required restrictions. She also indicated that the June 15th announcement is not expected to completely remove the emergency order that temporarily lifted some of the Brown Act's requirements for Board meetings. She reminded the Board that when that order is lifted, the original Brown Act requirements will be restored.

XIII. EDUCATION ITEMS

1. Discussion and possible action regarding Summary Education Reports as filed:
 - a. Jim Young – PIMCO Economic Outlook, April 7, 2021, 1 hour.
 - b. Jim Young – BlackRock Future Forum, April 20, 2021, 1.5 hours.
 - c. Leanne Malison – PIMCO Webinar, Dealing with an Inflation Head Fake, April 7, 2021, 1.25 hours.
 - d. Leanne Malison – BlackRock Future Forum: Sustainability: The Path to Net Zero, April 20, 2021, 1.5 hours.
 - e. Leanne Malison – Verus Second Quarter Conference Call/Webinar, April 27, 2021, 1 hour.
 - f. Mary Warner – BlackRock Future Forum Virtual Event, April 20, 2021, 1.5 hours.
 - g. Mary Warner – Verus Second Quarter Investment Landscape Webinar, April 27, 2021, 1 hour.

Motion to approve Summary Education Reports as filed.

Motion: Kehler

Second: Cook

Motion passed unanimously, absent Polk

2. Discussion and possible action regarding available educational events.

No discussion or action.

XIV. COMMUNICATIONS

1. SACRS Legislative Update – May 6, 2021.

XV. UPCOMING MEETINGS

1. Board of Retirement Meeting June 9, 2021, 8:30 a.m.
2. Investment Committee Meeting June 9, 2021, 10:30 a.m.
3. Board of Retirement Meeting June 23, 2021, 8:30 a.m.
4. Administrative Committee Meeting June 23, 2021, 10:30 a.m.

XVI. TRUSTEE/STAFF COMMENTS


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

Ms. Hernandez requested consideration of continued remote access to Board meetings for members of the public after the Brown Act requirements are restored. Ms. Malison indicated that she will be requesting guidance from the Board at that time regarding access and live-streaming of TCERA's Board and Committee meetings for the public.

Mr. Ross authorized 3.5 hours of continuing education for today's investment matters.

XVII. ADJOURNMENT

The meeting was adjourned at 12:30 p.m.



Wayne Ross, Chair