



COUNTY OF TULARE
BOARD OF RETIREMENT

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MINUTES OF THE BOARD OF RETIREMENT
REGULAR RETIREMENT BOARD MEETING
Wednesday, October 27, 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, Ty Inman, Laura Hernandez, Wayne Ross, Gary Reed, Jim Young, Nathan Polk, Dave Kehler, Pete Vander Poel (arrived 8:36 a.m.)
Alternate Trustees Present:	George Finney, David Vasquez
Alternate Trustees Absent:	Paul Sampietro
Staff Members Present:	Leanne Malison, Retirement Administrator, Mary Warner, Assistant Retirement Administrator, Susie Brown, Secretary I
Board Counsel Present:	Jennifer Shiffert, Deputy County Counsel
Consultants Present:	Scott Whalen, Verus 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 held regarding disability matters listed on this agenda. 8:32 a.m.- 8:46 a.m.
2. In the matter of the disability application of Rose Lujano, consider and take action regarding the application for a disability retirement.

Motion to deny a disability retirement by determining that, based on the medical evidence submitted, the applicant has not met the burden of proof on the question of permanent disability and job causation because the member could have been accommodated by the employer.

Motion: Young
Second: Vander Poel
Motion failed 4/5

Ayes: Ross, Young, Polk, Vander Poel
Noes: Cook, Inman, Hernandez, Reed, Kehler

Motion to grant a service connected disability retirement by determining that, 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: Kehler
Second: Reed
Motion failed 4/5

Ayes: Cook, Inman, Reed, Kehler
Noes: Hernandez, Ross, Young, Polk, Vander Poel

Motion to deny a disability retirement by determining that, based on the medical evidence submitted, the applicant has not met the burden of proof on the question of permanent disability and job causation because the member could have been accommodated by the employer.

Motion: Young
Second: Vander Poel
Motion passed 5/4

Ayes: Hernandez, Ross, Young, Polk, Vander Poel
Noes: Cook, Inman, Reed, Kehler

3. Accept as filed the Disability Status Report Overview.

VII. CONSENT CALENDAR

1. Approve Minutes of the following meetings:
 - a. Retirement Board Minutes of October 13, 2021.
2. Approve payments to:
 - a. KBI Global Investors – invoice for investment management services in the amount of \$20,579.00 for the quarter ended March 31, 2021.
 - b. KBI Global Investors – invoice for investment management services in the amount of \$42,007.00 for the quarter ended June 30, 2021.
 - c. LMCG Investments – invoice for investment management services in the amount of \$55,759.72 for the quarter ended September 30, 2021.
 - d. BNY Mellon – invoice for master trust custodial services in the amount of \$78,917.05 for the quarter ended June 30, 2021.
 - e. Brown Armstrong – invoice for work in progress on audit processes in the amount of \$2,354.00.
 - f. County Counsel – invoice for legal services to the Board of Retirement in the amount of \$78,917.05 for the period ending September 30, 2021.

Motion to approve the consent calendar.

Motion: Young

Second: Cook

Motion passed unanimously.

VIII. INVESTMENT COMMITTEE REPORT

1. Update by Gary Reed regarding the Investment Committee meeting of October 13, 2021.
Discussion and possible action regarding the following items:

- a. Asset Allocation Status.
No action

- b. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar.
No action.

- c. Investment of funds pending capital calls and manager selection – Consideration of State Street REIT Index Fund (new) and State Street SMID Index Fund (existing).

Motion to use the State Street (SSGA) REIT Index Fund and the State Street (SSGA) SMID Index Fund for funds pending capital calls for private equity and real estate investments, including authorizing Staff to execute the documents necessary to establish the SSGA REIT Index Fund account.

Motion: Reed

Second: Kehler

Motion passed unanimously.

- d. Infrastructure investment manager candidates.

Mr. Reed reported on the Committee's discussion of the qualifications of the firms.
Mr. Whalen and Mr. Kamell were present to answer any questions.

Motion to invite IFM to make a presentation to the Board regarding the firm's Global Infrastructure Fund.

Motion: Reed

Second: Vander Poel

Motion passed unanimously.

IFM will be invited to the November 17, Board meeting.

- e. Private Equity investment structure.

Mr. Reed reported that Mr. Whalen disclosed a conflict of interest with a recommendation for direct funds investing because Verus offers consulting services for this type of investment. He further reported the Committee discussed the options including fee and staffing implications.

Motion to use direct fund investing with the use of a consultant.

Motion: Reed
Second: Hernandez
Motion passed unanimously.

- f. Private Equity and Real Estate investment implementation – consultant or fund search.

Mr. Whalen and Mr. Kamell disclosed a conflict of interest and left the meeting for the duration of the discussion and action. Mr. Reed noted that there are two decisions that need to be made in order to implement the recommendation from the prior agenda item regarding the investment structure for private equity investments.

1. Discretionary vs. Non-Discretionary Mandate – Mr. Reed informed the Board that the Committee reviewed the advantages and disadvantages of the two consulting approaches. The Committee discussed the impact of each on Board and Staff resources. The Committee also considered the complexity of the investments and the expertise necessary to select these investments.

Motion to hire a consultant under a discretionary mandate.

Motion: Reed
Second: Cook
Motion passed unanimously

2. Consultant Selection Process – Mr. Reed informed the Board that the Committee reviewed various options for selecting the consultant.

Motion to invite the Verus private markets team to make a presentation to the Board of Retirement regarding discretionary private markets consulting services.

Motion: Reed
Second: Hernandez
Motion passed unanimously

- g. Large Cap Growth Equity Manager Review.

Mr. Reed reported that the Committee discussed the details for each manager noting their similarities and differences.

Mr. Kehler asked if TCERA's existing international equity manager, SGA, should be included in this review since the firm offers a large cap growth equity product. Mr. Kamell indicated that he would provide information to the Investment Committee for consideration.

Motion to invite Sands Capital and William Blair to make presentations to the Board of Retirement. Ivy will not be invited to make a presentation at this time.

Motion: Reed
Second: Cook
Motion passed unanimously

- h. Vendor/Investment Firm Referral Report submitted by Dave Kehler – WP Global Partners

Mr. Reed reported that individual fund recommendations are not applicable to TCERA's current private equity structure nor the structures under consideration. The Committee took no action at this time. Mr. Whalen reported that Verus would continue to consider trustee recommendations and that such recommendations would be forwarded to the applicable Verus research team.

No action taken.

i. Delegation of decision-making authority to the Investment Committee.

Mr. Reed reported the Committee reviewed a number of possible investment-related activities that could be considered for delegation to the Committee. They also discussed the policy that the Board has regarding rotation of members on committees and the impact that the policy could have if the Board chooses to delegate additional authority to the Investment Committee.

Ms. Hernandez asked if trustees not assigned to the Investment Committee could attend the meetings. Ms. Malison noted that the most recent counsel opinion regarding this option indicates that trustees could attend without violating the Brown Act as long as the trustees observe the meeting only and do not participate in any way. The opinion also cautioned that a Brown Act violation could nullify committee action and that even the appearance of a violation should be avoided if possible. Ms. Malison will check with counsel regarding updated guidance.

Motion to grant authority to the Investment Committee for decisions and actions regarding the following:

- Select finalists for investment manager searches.
- Initiate due diligence visits for finalists.
- Approve opportunistic investments.
- Approve investment contract amendments (e.g. fee schedules investment guidelines).
- Approve changes to investment manager benchmarks.
- Approve Lead Plaintiff Status for securities litigation.
- Approve rebalancing decisions that fall outside of the Retirement Administrator's authority.

Motion: Reed

Second: Young

Motion passed 8/1

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

Noes: Kehler

1) Review of Board Policy – Board of Retirement Committee Tenure and Responsibilities.

Ms. Malison reported the policy would not require a revision. The policy gives discretion to the Board Chair to extend the tenure of individual trustees on a committee if the trustee provides expertise and experience that would benefit the committee.

No action

i. Investment Managers.

1) Verus Flash Report – All Managers.

No action

2) Managers of Interest.

- a) Franklin Templeton – Manager Review.
- b) DoubleLine – Notice of Fee Reduction.
- c) PGIM – Organizational Update.
- d) QMA – Organizational Update.

No action

IX. INVESTMENTS

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

None

X. EDUCATION ITEMS

1. Discussion and possible action regarding available educational events.

No action.

XI. COMMUNICATIONS

1. Discussion and possible action regarding SACRS November 12, 2021 business meeting packet.

Ms. Malison reported this information is required to be provided to the Board according to SACRS by-laws. The information is included in an agenda prior to every SACRS conference.

No action

2. Discussion and possible action regarding SACRS Legislative Update.

Ms. Malison commented on AB 845 – Covid 19 Presumptions noting that the bill is effective beginning January 1, 2022 and sunsets January 1, 2023.

Mr. Kehler asked if AB 826 was now inactive. Ms. Malison indicated that the bill is inactive but may be considered in a future legislative session.

XII. UPCOMING MEETINGS

1. Administrative Committee Meeting October 27, 2021, 10:30 a.m.- CANCELED
2. Board of Retirement Meeting November 3, 2021, 8:30 a.m.
3. Investment Committee Meeting November 3, 2021, 10:30 a.m.
4. Board of Retirement Meeting November 17, 2021, 10:30 a.m.
5. Administrative Committee Meeting November 17, 2021, 10:30 a.m.

XIII. TRUSTEE/STAFF COMMENTS

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


Mr. Kehler asked about adding an item to the Administrative Committee meeting for discussing a policy for Tier 4 excess earnings to prepare for the possibility that such earnings occur in future interest posting periods.

Mr. Kehler reminded the Board that a special study is being prepared to provide information for the review of the Supplemental Retiree Benefits Reserve. Ms. Malison confirmed that the study will be presented along with the actuarial valuation report at the November 3, 2021, Board meeting.

Mr. Reed requested that a copy of TCERA's fiduciary insurance policy be forwarded to each trustee.
Ms. Malison will provide the information requested

XIV. ADJOURNMENT

The meeting was adjourned at 9:56 a.m.



Wayne Ross, Chair