



COUNTY OF TULARE  
**BOARD OF RETIREMENT**

**Leanne Malison**  
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**MINUTES OF THE BOARD OF RETIREMENT**  
**INVESTMENT COMMITTEE MEETING**  
**Wednesday, July 8, 2020 @ 10:30 a.m.**  
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

**I. CALL TO ORDER**

The meeting was called to order at 10:30 a.m.

**II. ROLL CALL**

Voting Trustees Present: Dave Kehler, Chair; Gary Reed, Pete Vander Poel, Wayne Ross  
Alternate Trustee Present: George Finney  
Staff Present: Leanne Malison, Retirement Administrator  
Staff Participating Remotely: Mary Warner, Assistant Retirement Administrator  
Consultants Participating Remotely: Scott Whalen and Mike Kamell, Verus

**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. AGENDA ITEMS**

1. Discussion and possible action regarding the following items:
  - a. Approve Investment Committee Minutes from June 10, 2020.

Motion to approve minutes as presented.

Motion: Reed

Second: Vander Poel

Motion passed unanimously

- b. Introduction of Michael Kamell, Senior Consultant, Verus Investments

Mr. Whalen introduced Mr. Kamell to the Committee and briefly reviewed his biography and experience. Mr. Kamell will be assisting Scott Whalen with advising TCERA. In addition, Mr. Kamell will participate in meetings if Mr. Whalen is unable to attend.

c. Asset Allocation Status

Ms. Malison distributed the June 30, 2020 Asset Allocation Status report for the Committee's review. She noted that there were no significant changes and no rebalancing activity for the month of June.

d. 2020 Investment Committee Goals and Objectives Timeline and 2020 Education Calendar

The Committee reviewed the Investment Committee Goals and Objectives. Ms. Malison informed the Committee that she has been in contact with the managers that are scheduled to make presentations for the remainder of the year. All of the managers are still under travel restrictions. The Committee expressed concern over delaying formal reports from the managers and discussed possible alternatives to in-person presentations.

Motion to recommend to the Board that Staff request written presentation materials from the managers on the 2020 schedule that have not been able to and/or will not likely be able to make in-person presentations this calendar year. The materials would be placed on future agendas for the Board of Retirement's review and discussion.

Motion: Reed  
Second: Ross  
Motion passed unanimously.

e. Abel/Noser

Ms. Malison reminded the Committee that the Board entered into a one-year contract for trade analytics services on April 1, 2019. The contract automatically expired on March 31, 2020. The expectation was that the firm would be able to save TCERA money through working with investment managers to improve their trading practices. Ms. Malison reported disappointing service from the firm and indicated that she is still waiting for the final March 31, 2020 report as well as an analysis of TCERA's cost savings from the program.

Motion to recommend to the Board that TCERA does not extend the contract with Abel/Noser.

Motion: Reed  
Second: Vander Poel  
Motion passed unanimously.

f. Strategic Asset Allocation Review

Mr. Whalen provided a recap of the information presented to the Board at the June 24, 2020 meeting as well as highlighting the new selection of asset mixes provided in the materials presented to the Committee.

The Committee also asked that Mr. Whalen review the analysis that went into Verus' recommendations regarding TCERA's historic domestic/international equity targets. Mr. Whalen discussed Verus' approach to its capital markets assumptions which drive the development of asset allocation decisions. Those assumptions, that took into account potential return enhancement and the value of diversification, resulted in the recommendations for TCERA's portfolio.

The Committee then reviewed the possible asset mixes presented for discussion, noting the advantages and disadvantages of the various options. No specific recommendation was agreed upon.

In addition, the Committee asked Mr. Whalen if the current market environment was offering up any opportunistic investments that might be included in the allocation. Mr. Whalen indicated that his firm is analyzing areas where market dislocation might be offering attractive return potential. This led to discussion regarding the possibility of including short-term tactical adjustments to TCERA's portfolio to respond quickly to changing market conditions. TCERA's current governance structure does not allow for this type of adjustment to the established strategic targets. The Committee requested that Mr. Whalen provide education on this topic at the next Investment Committee meeting.

g. Investment Managers

1) Verus Flash Report – All Managers

The Committee reviewed the May 31, 2020 report, noting some limited recovery in the portfolio. Mr. Whalen indicated that the fixed income portfolio continues to be the primary detractor to performance.

2) Managers of Interest

a) Franklin Templeton

Mr. Whalen reviewed his conversation with representatives of Franklin Templeton. He reminded the Committee that this manager is expected to have high tracking error as compared to the benchmark. The firm has taken risk off the table which has led to the recent underperformance. They believe that there is still significant risk and expect their posture to pay off. TCERA will continue to monitor performance.

The Committee also discussed an additional manager, KBI. Mr. Kehler provided a recap of discussion from the Board of Retirement meeting earlier in the day, noting that discussion is being delayed because of travel restrictions. Mr. Whalen was asked if he would be willing to participate in a conference call with KBI that would include Dave Kehler and Leanne Malison. The results of the call would be reported to the Board of Retirement at a future meeting. The Committee directed Staff to arrange for the call.

## V. UPCOMING MEETING

1. Wednesday, August 12, 2020 at 10:30 a.m.

## VI. ADJOURN

The meeting was adjourned at 11:59 a.m.

  
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Dave Kehler, Chair