



COUNTY OF TULARE
BOARD OF RETIREMENT

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Tulare County Employees' Retirement Association

Investment Consultant RFP Questions and Answers

December 14, 2020

1. How many manager searches have been conducted each year, over the last 3 years, related to this Fund?

2018 – International Growth Equity

2019 – Emerging Market Debt, Value Added Real Estate

2020 – Real Estate Debt, Small Cap Value Equity (Search canceled, existing manager was retained)

2. In light of current events surrounding COVID-19, would the Board and Investment Committee be open to the hired consultant attending meetings via a virtual platform?

The TCERA Board has tried to maintain in person meetings as much as possible during the pandemic. Some temporary accommodations have been made for remote participation of consultants and investment managers to ensure the health and safety of trustees, staff and members of the public. It is likely that the Board would move back to in person participation once the emergency is over and meeting restrictions are lifted.

3. Can you please provide a list of any turnover that has occurred at the Board and/or Investment Committee level within the last 10 years?

The Board Chair assigns trustees from the full Board to the Investment Committee annually on a rotating basis. The turnover, therefore, would be the same as the full Board as follows:

Changes between fiscal years:

2010-2011 – None

2011-2012 – None

2012-2013 – One appointed member did not seek reappointment.

2013-2014 – Alternate Retiree Trustee did not see re-election. New Alternate Retiree Trustee was elected to fill the position. Appointed member seat vacated in 2013 remained vacant.

2014-2015 – One appointed member did not see reappointment. Seat filled by appointment of Board of Supervisors. The appointed member seat vacated in 2013 remained vacant.

2015-2016 – One General Member Elected Trustee did not seek re-election. New General Member Elected Trustee was elected to fill the position. An Alternate Safety Member Trustee was elected for the first time. The appointed member seat vacated in 2013 was filled by appointment of Board of Supervisors.

2016-2017 – Board of Supervisors Trustee retired. New Board of Supervisors Trustee was appointed by the Board of Supervisors. The Auditor-Controller/Treasurer Tax Collector Ex-Officio Trustee appointed a new Alternate in anticipation of the previous appointee's retirement.

2017-2018 – One General Member Elected Trustee resigned due to retirement. The election for a replacement had not taken place as of the fiscal year end. The Auditor-Controller/Treasurer Tax Collector Ex-Officio Trustee retired. The incumbent Alternate Trustee moved into that position and a new Alternate was appointed.

2018-2019 – The General Member Elected Trustee seat was filled by election. The Alternate Safety Member Trustee did not seek re-election. The position was filled by election.

2019-2020 – One General Member Elected Trustee was replaced by election. The Retiree Trustee and Alternate Retiree Trustee did not seek re-election. Both positions were filled by election. The Safety Member Trustee retired. The position was filled by election.

4. Can you also provide the name(s) of any Board Member(s) that have been with TCERA for more than 15 years?

Roland Hill, General Member Elected Trustee

5. The Fidelity Bond insurance requirements as outlined in the RFP are significantly higher than those we have seen in other public RFPs. Our firm carries a \$3 million Fidelity Bond which we and our nearly 200 clients believe to be a sufficient level of insurance for a non-discretionary investment consulting firm. With this as context, can you please advise if the insurance coverage such as ours—which meets or exceeds current industry standards—would be considered adequate by TCERA?

Please identify the requested exception in your response. TCERA will review the information and make a determination as part of the evaluation process.

6. It has come to our attention that there will be an email outage for employees of the County of Tulare and TCERA at the end of December and your email address is changing. Will there be consideration given to the deadline of January 4th for submission of intention to participate given the transition is occurring immediately before the deadline?

The email outage was unknown at the time the RFP was issued. The January 4th deadline is now extended to January 6th to allow for email delays caused by the transition. Additional consideration will be given if unforeseen problems in receiving emails occurs as a result of the transition. The new email address for Leanne Malison, Retirement Administrator, for correspondence on and after January 4th is:

lmalison@tularecounty.ca.gov

7. The RFP has stated that the Plan will conduct an ALM study in 2021. Is the Board open to discussing the assumed rate of return and can you provide historical assumed rate of returns over the last 10 years?

The Board of Retirement formally reviews the assumed rate of return each year in conjunction with the actuarial valuation prepared by TCERA's consulting actuary. The Board of Retirement reduced the rate from 7.25% to 7.00% for the valuation dated June 30 2020. The following is the history of the rates of return in effect for the fiscal year end actuarial valuations:

2020 – 7.00%
2019 – 7.25%
2018 – 7.25%
2017 – 7.25%
2016 – 7.60%
2015 – 7.65%
2014 – 7.70%
2013 – 7.75%
2012 – 7.75%
2011 – 7.75%

8. There is a question on tactical/dynamic asset allocation. Is the Plan contemplating incorporating tactical/dynamic asset allocation in all or part of the portfolio?

The topic comes up periodically for discussion and education. TCERA is interested in the proposer's general views on this type of allocation. There are no plans currently in place to incorporate tactical/dynamic asset allocation in the portfolio.

9. What responsibilities does the investment committee have, and how frequently do you expect it to meet with your investment consultant in future years?

The Investment Committee is a sub-committee of the full Board. The members are appointed annually by the Board Chair and participation rotates among all trustees over time. The Committee plays an advisory role, providing recommendations to the Board on issues as determined by the Board. In addition, the Committee is responsible for reviewing monthly performance reports, monitoring investment managers, and reviewing the status of the asset allocation at each meeting. The Committee generally meets monthly. The investment consultant participates in the meeting via conference call in most circumstances. Occasional in person attendance may be necessary depending on the agenda topics.

10. Are there formal pacing plans available for TCERA's private market asset classes (private equity, credit, and real estate)? Are you currently making or expecting to make regular annual commitments to closed-end strategies in each of these areas?

Private markets are reviewed annually by the Board, including an updated pacing schedule provided by the investment consultant. It is the intention of the Board to make additional commitments every one to two years to ensure TCERA keeps pace with its target for the individual asset classes as well as maintains diversity through consecutive or staggered vintage years. Commitments may be made to existing managers if a fund is open and exhibits the desired characteristics for the portfolio. The Board also reserves the right to consider new managers for future commitments.