

# Pension Trust

1000 Mill Street  
San Luis Obispo, CA 93408  
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[www.SLOPensionTrust.org](http://www.SLOPensionTrust.org)



## AGENDA

**Monday, December 17, 2018 9:30 AM**

### **PENSION TRUST BOARD OF TRUSTEES**

Room 161/162  
County Government Center  
San Luis Obispo, CA 93408

*Materials for the meeting may be found at  
<http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees>*

## **PUBLIC COMMENT**

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

## **ORGANIZATIONAL**

2. Announcement of Elected Trustee Vacancy Appointment effective December 17, 2018 (elected Trustees Janssen and Clemens)

## **CONSENT**

3. Minutes of the Regular Meeting of November 26, 2018 (Approve Without Correction).
4. Report of Deposits and Contributions for the month of November 2018 (Receive and File).
5. Report of Service Retirements, Disability Retirements and DROP Participants for the month of November 2018 (Receive, Approve and File).
6. Applications & Elections to participate in the Deferred Retirement Option Program (DROP) received through November 30, 2018 (Receive, Approve and File).

## **APPLICATIONS FOR DISABILITY RETIREMENT**

7. Application for Ordinary Disability Retirement – Case 2017-09 (Recommend Denial).

## **OLD BUSINESS**

None

## **NEW BUSINESS**

8. Actuarial Assumptions Peer Comparison (Receive and File).

## **INVESTMENTS**

9. Monthly Investment Report for November 2018 (Receive and File).
10. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

## **OPERATIONS**

11. Staff Reports

12. General Counsel Reports

13. Committee Reports:

- |                              |           |
|------------------------------|-----------|
| a. Audit Committee           | No Report |
| b. Personnel Committee       | No Report |
| c. PAS Replacement Committee | No Report |

14. Upcoming Board Topics (subject to change):

- a. January 29, 2019
  - i. Disability case - TBD
  - ii. Elected Trustee Replacement Appointee
  - iii. Election of Officers
  - iv. Board Independence
  - v. Board Training Self Assessment
  - vi. Organizational Planning
- b. February 25, 2019
  - i. Disability case - TBD

- ii. 2019 Retiree COLA
  - iii. Member Portal Preview and Discussion
  - iv. Quarterly Investment Report
  - v. Capital Market Expectations & Asset Allocation Policy – Verus
  - vi. Investment Policy Peer Comparisons
- c. March 25, 2019
- i. 2019 Actuarial Valuation Planning and Assumptions – Gabriel Roeder Smith
  - ii. Employer Contributions Prefunding
  - iii. Fiduciary Refresher Training

15. Trustee Comments

**REFERRED ITEMS**

None

**ADDED ITEMS**

None

**CLOSED SESSION**

None

**ADJOURNMENT**

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# Board of Trustees

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## NOVEMBER 26, 2018 MINUTES OF THE REGULAR MEETING OF THE PENSION TRUST BOARD OF TRUSTEES

**BOARD MEMBERS PRESENT:** Matt Janssen, President  
Will Clemens, Vice President  
Jim Erb  
Gere Sibbach  
Jim Hamilton  
Jeff Hamm  
Guy Savage

**BOARD MEMBERS ABSENT:** none

**STAFF:** Carl Nelson  
Amy Burke

**COUNSEL:** Chris Waddell

**OTHERS:** Larry Batchelder, SLOCREA  
Michelle Shoresman, County employee  
Jennifer Alderete, Pension Trust  
Dan Andoetoe, retiree

The meeting was called to order by President Janssen at 9:33 AM, who presided over same.

### **Agenda Item 1: PUBLIC COMMENT.**

None.

**CONSENT:**

**Agenda Items 2-6: CONSENT.**

Public comment: None

Upon the motion of Mr. Savage, seconded by Mr. Erb, and unanimously passed, the following action was taken:

- ITEM 2:** The Minutes of the Regular Meeting of October 22, 2018 were approved without correction.
- ITEM 3:** The Report of Deposits and Contributions for the Month of October 2018, was received and filed.
- ITEM 4:** The Report of Service Retirements, Disability and DROP Retirements for the month of October 2018, was received, approved and filed.
- ITEM 5:** The Report of Applications for participation in the Deferred Retirement Option Program received through November 9, 2018 was received, approved and filed.
- ITEM 6:** Request for Reinstatement from Retirement of D. Fahey was approved.

**ORGANIZATIONAL:**

**Agenda Item 7: Resolution Number 2018-03 – A Resolution Honoring James P. Erb for His Service as a Trustee.**

Public comment: None

President Janssen read the resolution honoring Jim Erb for his years of service as the ex officio Trustee on the Board of Trustees. Mr. Erb expressed his satisfaction with serving the Pension Trust. All other Trustees in turn extended their compliments and appreciation to Mr. Erb for his service followed by applause. Upon the motion of Mr. Savage, seconded by Mr. Janssen, and unanimously passed, Resolution 2018-03 was approved.

**APPLICATIONS FOR DISABILITY RETIREMENT:**

None

**OLD BUSINESS:**

None

**NEW BUSINESS:**

**Agenda Item 8:** Resolution Number 2018-04: A Resolution Establishing the Policy for Annual Pensionable Compensation Limits pursuant to the Public Employees Pension Reform Act (Tier 3)

Public comment: None

Upon the motion of Mr. Janssen, seconded by Mr. Hamm, and unanimously passed, Resolution 2018-04 was approved.

**Agenda Item 9:** Resolution Number 2018–05: A Resolution Establishing the Rate of Interest to be Paid on the Normal Contributions of Members

Public comment: None

Upon the motion of Mr. Sibbach, seconded by Mr. Clemens, and unanimously passed, Resolution 2018-05 setting the interest rate to be paid on Normal contributions for 2019 at 6.00% was approved.

**Agenda Item 10:** Resolution Number 2018-06: A Resolution Establishing the Rate of Interest to be Paid on the Additional Contributions of Members

Public comment: None

Upon the motion of Mr. Hamm, seconded by Mr. Janssen, and unanimously passed, Resolution 2018-06 setting the interest rate to be paid on Additional contributions for 2019 at 2.94% was approved.

**Agenda Item 11:** SLOCPT Staff Compensation and Benefit Revisions

President Janssen and General Counsel Waddell reported on the deliberations of the Personnel Committee at their meeting of November 14, 2018. The Personnel Committee recommends adjustments to Pension Trust non-management staff compensation identical to those applied by the County for unrepresented employees consisting of a 0.5% pay increase and adjustments to

cafeteria benefit amounts. General Counsel Waddell noted that such changes are typically done as part of the Pension Trust's annual budget process, but that recent County compensation changes were off-cycle relative to the budget process necessitating this discrete action.

Public comment: None

Upon the motion of Mr. Erb, seconded by Mr. Savage, and unanimously passed, the recommended adjustments to Pension Trust non-management staff compensation were approved.

**Agenda Item 12:** Interim adjustment to Executive Secretary and Deputy Executive Secretary Compensation and Benefits

President Janssen and General Counsel Waddell reported on the deliberations of the Personnel Committee at their meeting of November 14, 2018. The Personnel Committee recommends interim adjustments to Pension Trust management staff compensation identical to those applied by the County for unrepresented employees consisting of a 0.5% pay increase and adjustments to cafeteria benefit amounts. General Counsel Waddell noted that such changes are typically done biennially in conjunction with survey-based consideration by the Personnel Committee of Pension Trust management compensation, but that recent County compensation changes were off-cycle relative to the typical biennial cycle necessitating this discretionary action.

Public comment: None

Upon the motion of Mr. Savage, seconded by Mr. Janssen, and unanimously passed, the recommended adjustments to Pension Trust management staff compensation were approved.

**INVESTMENTS:**

**Agenda Item 13:** Quarterly Investment Report for the 3rd Quarter of 2018 – Verus

Mr. Scott Whalen of Verus, the Pension Trust's investment consultant delivered a presentation on the Trust's investments for the Third Quarter of 2018 and answered trustee questions.

Public comment: None

Upon the motion of Mr. Hamm, seconded by Mr. Janssen, and unanimously passed, the Quarterly Investment Report for the Third Quarter of 2018 was received and filed.

**Agenda Item 14:** Monthly Investment Report for October 2018

Mr. Scott Whalen of Verus, the Pension Trust's investment consultant discussed recent investment performance in October and early November and answered Trustee questions.

Public comment: None

Upon the motion of Mr. Hamm, seconded by Mr. Janssen, and unanimously passed, Monthly Investment Report for October was received and filed.

**Agenda Item 15:** Emerging Market Bonds – Addition of Hard Currency Investments to Current Strategy - Verus

Mr. Scott Whalen of Verus, the Pension Trust's investment consultant presented a recommendation to modify the current Emerging market Debt strategy from a local currency only mandate to a blended hard currency (US dollar denominated bonds) and local currency and answered Trustee questions.

Public comment: None

Upon the motion of Mr. Savage, seconded by Mr. Janssen, and unanimously passed, the recommended Emerging Market Debt strategy change and an associated search for an investment manager over the Emerging Market Debt strategy was approved.

**Agenda Item 16:** Private Credit – TPG-TSSP-Capital Solutions Fund Addition

Mr. Scott Whalen of Verus, the Pension Trust's investment consultant presented a recommendation to add a fourth TPG fund to the three other TPG funds presently included in the Pension Trusts TPG-TSSP Diversified Credit Program private credit strategy. The recommendation is to authorize an additional fund – the TSSP Credit Solutions Fund and increase the commitment to the TPG-TSSP Diversified Credit Program from \$75 million to \$95 million. Mr. Whalen discussed the proposal at length and answered Trustee questions.

Public comment: None

Upon the motion of Mr. Hamm, seconded by Mr. Savage, and unanimously passed, the recommended addition of the TSSP Credit Solutions Fund and \$20 million increase in commitment to the TPG-TSSP Diversified Credit Program was approved.

**Agenda Item 17: Liquidity Study – Assessing Illiquidity Risk**

Mr. Scott Whalen of Verus, the Pension Trust’s investment consultant presented an educational item on liquidity measurements relative to Pension Trust investments and answered Trustee questions.

Public comment: None

Upon the motion of Mr. Sibbach, seconded by Mr. Clemens, and unanimously passed, the report was received and filed.

**Agenda Item 18: Rebalancing Policy and Procedures – Verus**

Mr. Scott Whalen of Verus, the Pension Trust’s investment consultant presented an educational and discussion item on rebalancing procedures relative to Pension Trust investments and answered Trustee questions.

Public comment: None

Upon the motion of Mr. Savage, seconded by Mr. Janssen, and unanimously passed, the report was received and filed without any further direction to Staff to change the current rebalancing procedures.

***11:30 AM, President Janssen called for a short break***

***11:37 AM, the meeting was reconvened***

**Agenda Item 19: Asset Allocation**

Staff reported on the completion of previously discussed rebalancing and liquidity accommodating asset shifts. This was a no action item regarding investment asset allocations except to apprise the Board of rebalancing activity.

## **OPERATIONS:**

### **Agenda Item 20: Staff Reports**

- A)** Staff reported that a final agreement documents retaining Brown Armstrong Accountancy for a five year financial audit engagement as previously approved by the Board were progressing.
- B)** Staff reported that in the FPI local real estate portfolio that the sale of the Tenwise property for \$5.725 million was scheduled to close escrow on November 28<sup>th</sup>.
- C)** Staff reported relative to the upcoming appointment of a replacement elected Trustee to serve out the remainder of Mr. Hamilton's term that two letters of interest were received from well-qualified applicants. The remaining elected Trustees, Messr.s Janssen and Clemens, will interview the candidates on December 11th.
- D)** The Executive Secretary reported that the prospective strike of limited duration by SLOCEA employees was not expected to disrupt Pension Trust operations.

### **Agenda Item 21: General Counsel Reports**

General Counsel reported on the status of an ongoing California Supreme Court case CalFire and the purchase of "airtime" as banned by PEPRA.

### **Agenda Item 22: Committee Reports – as needed**

- A)** Audit Committee: Nothing to report.
- B)** Personnel Committee: Trustee Janssen reported briefly on the November 14, 2018 meeting relative to agenda items 11 and 12 from above.
- C)** Pension Administration System Replacement Committee: Nothing to report.

### **Agenda Item 23: Upcoming Board Topics**

The planned topics for the next three board meetings were included in the agenda summary. This is an information item, nothing further to report.

**AGENDA ITEM NO. 24: TRUSTEE COMMENTS.**

None

**REFERRED ITEMS:**

None.

**ADDED ITEMS:**

None.

**CLOSED SESSION:**

None.

**ADJOURNMENT.**

There being no further business, the meeting was adjourned at 11:48 AM. The next Regular Meeting was set for December 17, 2018, at 9:30 AM, in room 161/162, County Government Center, San Luis Obispo, California 93408.

**Respectfully submitted,**

**Carl Nelson  
Executive Secretary**

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF  
NOVEMBER 2018**

PP 23 11/9/2018	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
					Employee Contributions					
By Employer and Tier:										
County Tier 1	3,823,188.92	894,093.17	23.39%	436,505.92	326,122.25	19.95%	43.33%	1,287.50	648.63	1,658,657.47
County Tier 2	976,816.18	234,504.64	24.01%	47,337.97	82,339.55	13.28%	37.28%	72.78	709.70	364,964.64
County Tier 3	2,650,428.87	592,192.76	22.34%	309,771.42	-	11.67%	34.01%	-	1,217.94	903,182.12
Superior Court Tier 1	265,273.98	66,645.66	25.12%	43,127.33	-	16.26%	41.38%	-	-	109,772.99
Superior Court Tier 3	78,642.93	18,811.21	23.92%	8,754.37	-	11.13%	35.05%	-	114.54	27,680.12
APCD Tier 1	62,324.51	13,754.34	22.07%	7,830.63	4,255.49	19.39%	41.46%	-	-	25,840.46
APCD Tier 3	10,196.80	2,204.01	21.61%	1,325.91	-	13.00%	34.62%	-	-	3,529.92
Pension Trust Staff Tier 1	7,168.55	1,647.33	22.98%	873.13	665.96	21.47%	44.45%	-	-	3,186.42
Pension Trust Staff Tier 2	8,332.80	1,914.88	22.98%	220.82	774.11	11.94%	34.92%	-	-	2,909.81
Pension Trust Staff Tier 3	11,023.81	2,479.25	22.49%	1,375.01	-	12.47%	34.96%	-	-	3,854.26
LAFCO Tier 1	13,227.91	3,882.79	29.35%	716.94	1,228.88	14.71%	44.06%	-	-	5,828.61
	7,906,625.26	1,832,130.04	23.17%	857,839.45	415,386.24	16.10%	39.28%	1,360.28	2,690.81	\$ 3,109,406.82

  

PP 24 11/23/2018	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
					Employee Contributions					
By Employer and Tier:										
County Tier 1	3,708,961.83	868,765.84	23.42%	424,805.20	315,841.49	19.97%	43.39%	1,287.50	147,071.23	1,757,771.26
County Tier 2	957,008.18	230,126.33	24.05%	48,109.73	80,574.04	13.45%	37.49%	70.66	709.70	359,590.46
County Tier 3	2,574,284.29	575,532.16	22.36%	300,724.37	-	11.66%	34.02%	-	1,307.40	877,563.93
Superior Court Tier 1	267,049.47	67,025.28	25.10%	43,351.54	-	16.23%	41.33%	-	-	110,376.82
Superior Court Tier 3	74,110.30	17,519.18	23.64%	8,257.21	-	11.14%	34.78%	-	114.54	25,890.93
APCD Tier 1	61,312.38	13,535.02	22.08%	7,684.76	4,197.29	19.38%	41.46%	-	-	25,417.07
APCD Tier 3	10,653.60	2,300.76	21.60%	1,372.73	-	12.89%	34.48%	-	-	3,673.49
Pension Trust Staff Tier 1	7,168.55	1,647.33	22.98%	873.13	665.96	21.47%	44.45%	-	-	3,186.42
Pension Trust Staff Tier 2	8,332.80	1,914.88	22.98%	220.82	774.11	11.94%	34.92%	-	-	2,909.81
Pension Trust Staff Tier 3	11,052.97	2,485.81	22.49%	1,378.86	-	12.48%	34.96%	-	-	3,864.67
LAFCO Tier 1	13,227.91	3,882.79	29.35%	716.94	1,228.88	14.71%	44.06%	-	-	5,828.61
	7,693,162.28	1,784,735.38	23.20%	837,495.29	403,281.77	16.13%	39.33%	1,358.16	149,202.87	\$ 3,176,073.47

  

<b>TOTAL FOR THE MONTH</b>	<b>15,599,787.54</b>	<b>3,616,865.42</b>	<b>23.19%</b>	<b>1,695,334.74</b>	<b>818,668.01</b>	<b>16.12%</b>	<b>39.30%</b>	<b>2,718.44</b>	<b>151,893.68</b>	<b>\$ 6,285,480.29</b>
<b>TOTAL YEAR TO DATE</b>	<b>184,186,440.65</b>	<b>42,616,930.34</b>	<b>23.14%</b>	<b>19,919,799.58</b>	<b>10,057,997.12</b>	<b>16.28%</b>	<b>39.41%</b>	<b>36,482.55</b>	<b>359,287.55</b>	<b>\$ 72,990,497.14</b>

**REPORT OF SERVICE & DISABILITY RETIREMENTS & DROP PARTICIPANTS FOR THE MONTH OF:**

**NOVEMBER 2018**

<b>RETIREE NAME</b>	<b>DEPARTMENT</b>	<b>DATE</b>	<b>MONTHLY ALLOWANCE</b>
BERGERON, CHRIS (DROP)	SHERIFF-CORONER	11-01-2018	3191.02 42.24*
EARL-PEARSON, SHERRI	PUBLIC HEALTH	11-02-2018	2644.78
HARTMAN, VINCE (DROP)	SHERIFF-CORONER	11-01-2018	4237.65
HEILMAN, DEBORAH	SOCIAL SERVICES	11-30-2018	Option selection
HOFFMAN, SUSAN	COUNTY COUNSEL	11-24-2018	4045.40
KOPECKY, RICHARD (DROP)	PUBLIC WORKS ISF	11-01-2018	5091.22
LAWRENCE, ANN	PROBATION	11-24-2018	4477.86
McGARVEY, MARK	SHERIFF-CORONER	11-17-2018	4717.48
MUCCITELLI, ROBIN	DISTRICT ATTORNEY	11-15-2018	941.12
PASCUA, DEBBI J. (DROP)	DISTRICT ATTORNEY	11-01-2018	3807.78 3.39*
<b>ADDENDUM:</b>			
MINSK, JANNA	PLANNING & BUILDING / RECIPROCAL	06-13-2018	158.41
DeCARLI, RONALD	PLANNING & BUILDING / RECIPROCAL	09-08-2018	3566.19
KOVAL, ANDREW B	FACILITIES MANAGEMENT	09-29-2018	Awaiting calcs
LANGO, MICHAEL	GENERAL SERVICES / RECIPROCAL	09-08-2018	Awaiting calcs
STAGG, MONICA	BEHAVIORAL HEALTH / RECIPROCAL	10-21-2018	Awaiting calcs
YOUNG, ANNETTE	PUBLIC WORKS ISF	10-27-2018	4059.36 1676.00** 93.20*

\* Employee Additional Contribution Allowance (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)

\*\* Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan)

## Board of Trustees

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Date: December 17, 2018  
To: Board of Trustees  
From: Carl Nelson – Executive Secretary

**Agenda Item 6: Applications & Elections to Participate in the Deferred Retirement  
Option Program (DROP) (revised)**

**Recomendation:**

It is recommended that you receive and approve the Application & Election to Participate in DROP for the individuals listed below.

**Discussion:**

The San Luis Obispo County Pension Trust has received an Application & Election to Participate in DROP from the following members listed below:

**JANUARY 1, 2019**  
**JANUARY 1, 2019**

**James D. Cronin, Sheriff-Coroner**  
**Patrick McCracken, Public Works ISF**  
**Brendan Adams, Sheriff-Coroner**  
**Gloria Guerero-Gonzales, Sheriff-Coroner**  
**John Blank, Sheriff-Coroner**  
**Robert Winter, Sheriff Department**  
**Mark Martin, Sheriff Department**

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Date: December 17, 2018

To: Board of Trustees

From: Carl Nelson – Executive Secretary  
Amy Burke – Deputy Executive Secretary

### **Agenda Item 8: Actuarial Assumptions Peer Comparisons**

The report will be distributed under separate cover prior to the December 17<sup>th</sup> Board of Trustees meeting, assuming 2018 Actuarial Valuations have been published for peer systems. This item will be deferred to the January Board of Trustees regular meeting if sufficient data is not yet available.

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Date: December 17, 2018

To: Board of Trustees

From: Carl Nelson – Executive Secretary  
Amy Burke – Deputy Executive Secretary

### **Agenda Item 9: Monthly Investment Report for November 2018**

The report will be distributed under separate cover following the receipt of the monthly analysis from the investment consultant. The preparation of the monthly performance report is dependent on custody bank statements that are not due until the 11<sup>th</sup> business day of the month.

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Date: December 17, 2018

To: Board of Trustees

From: Carl Nelson – Executive Secretary  
Amy Burke – Deputy Executive Secretary

### **Agenda Item 10: Asset Allocation December 2018**

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action if necessary regarding asset allocation and related investment matters.

No Board action is necessary at this point.

Respectfully submitted

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