

**BOARD OF RETIREMENT
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

"Our mission is to administer the retirement benefits for the members and beneficiaries in a prudent, accurate, timely and cost-effective manner, while administering fund assets in a manner that achieves investment and funding objectives within prudent levels of risk"

December 21, 2016

**REGULAR MEETING AGENDA
ACTION SUMMARY MINUTES**

[AN AUDIO RECORDING OF THE OPEN SESSION DISCUSSION ITEMS CAN BE FOUND ON OUR WEBSITE AT
WWW.FCERA.ORG](http://WWW.FCERA.ORG)

Trustees Present:

Laura Basua	Gregory Baxter	Alan Cade, Jr.
Dr. Rod Coburn, III	Robert Dowell	Oscar J. Garcia
Eulalio Gomez	Steven Jolly	Mary Ann Rogozinski, Alternate

Trustees Absent:

Vacant Seat

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Doris Rentschler, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Conor Hinds, Supervising Accountant
Kenneth Price, Board Counsel
Craig Armstrong, Board Counsel
Rosalva Flores, Brown Armstrong
Ashley Casey, Brown Armstrong
Paul Angelo, Segal Consulting
Molly Calcagno, Segal Consulting
Jeffrey Rieger, Reed Smith – via tele-conference

Members of the Public that Addressed the Board:

Lisa R. Flores, Deputy County Counsel

1. Call to Order

Chair Jolly called the meeting to order at 8:30 AM, noting that, in addition to the current vacancy, Trustee Cade was absent.

2. Pledge of Allegiance

Recited.

3. Public Comment

None.

4. Consent Agenda

Trustee Garcia pulled Consent Item 4.B. and 4.E. for discussion/comment.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE COBURN, TO APPROVE/ACCEPT CONSENT ITEMS 4.A., 4.C., 4.D. AND 4.F. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – CADE.

A. Receipt and Filing of the November 2016 Activity Report – **RECEIVED AND FILED**

B. Business Expense Account Statements for November 2016

Trustee Garcia expressed concerned that Retirement funds were used to purchase a personal item. It was clarified that a plant purchased for Trustee Basua due her father’s passing.

It was the consensus of the majority of the Board that the expense is part of the normal course of business and is not a frequent occurrence and agreed that such expenses could be authorized by the Administrator as an office expense.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BASUA, TO ACCEPT CONSENT ITEM 4.B. AS PRESENTED. VOTE: YES – BASUA, BAXTER, CADE, COBURN, DOWELL, GOMEZ, JOLLY. NO – GARCIA. ABSENT – CADE. MOTION PASSED.

C. Receipt and Filing of Pension Payment Payroll Schedule for 2017 – **RECEIVE AND FILE**

D. Approval of Board of Retirement Regular Meeting Schedule and Rolling Calendar for 2017 – **APPROVED**

E. Approval of Actuarial Contract with Segal Consulting

Trustee Garcia expressed concern that Staff was unable to negotiate the lowest fees possible and questioned why the Board did not further consider the firm with the lower fees. It was noted that other factors such as subjective qualifications of the firms were also considered in the previous regular Board meeting’s deliberations.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE COBURN, TO ACCEPT CONSENT ITEM 4.E. AS PRESENTED. VOTE: YES – BASUA, BAXTER, CADE, COBURN, DOWELL, GOMEZ, JOLLY. NO – GARCIA. ABSTAIN – CADE (CADE ARRIVED IN THE MIDDLE OF THE VOTE). MOTION PASSED.

Trustee Cade joined the Board at 9:45 (during the voting of Item 4.E.)

- F. Approval of Updates to FCERA Policies: Reciprocity Policy; Optional Settlement 4 Benefit; Records Retention - **APPROVED**

5. Minutes

- A. Consideration of the December 7, 2016 Retirement Board Regular Meeting Minutes

A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE BASUA, TO APPROVE ITEM 5.A. AS PRESENTED. VOTE: YES – BASUA, BAXTER, CADE, COBURN, GARCIA, GOMEZ. ABSTAIN – DOWELL, JOLLY (NEITHER WERE PRESENT AT THE 12/7/16 REGULAR MEETING). MOTION PASSED.

- B. Consideration of the December 14, 2016 Retirement Board Audit Committee Meeting Minutes

A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE CADE, TO APPROVE ITEM 5.B. AS PRESENTED. VOTE: UNANIMOUS.

6. Discussion

- A. Consideration of the final Independent Auditor Reports and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016

Rosalva Flores and Ashley Casey of Brown Armstrong, opened discussions with a summary of the purpose of the audit and gave a brief overview of the audit process and responsibilities noting that audit tests are designed to identify high risk areas such as investments and employer and employee contributions that have potential for material errors, irregularities, and fraud.

The Board reviewed the June 30, 2016 Comprehensive Annual Financial Report (CAFR), and Auditor Reports and Required Communications, and discussed the current year conditions and recommendations (consisting of 1) as well as the disposition of the prior year conditions (consisting of 3).

The Board engaged in detailed discussions regarding the current audit procedures, the outcome of requests for various audit tests: member stratifications, recalculations, and the recent retirements of the Assistant Retirement Administrator and Retirement Benefits Manager.

Ms. Flores stated that FCERA's financial statements are fairly presented in accordance with generally accepted accounting principles and that FCERA earned an unqualified ("clean") opinion. She noted that the opinion is the highest opinion that an independent audit firm can issue and congratulated the FCERA team.

The Retirement Administrator, Board of Retirement, and Brown Armstrong thanked the FCERA staff for a job well done.

A MOTION WAS MADE BY TRUSTEE CADE, SECONDED BY TRUSTEE COBURN, TO APPROVE ITEM 6.A. AS PRESENTED. VOTE: UNANIMOUS.

B. Consideration of FCERA Actuarial Report

Paul Angelo, Segal Consulting, opened discussions by noting that the valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and reviewed the actuarial valuation key findings.

In addition, Mr. Angelo reviewed the changes in the recommended employer contribution rates from the prior valuation to the current year's valuation and the average member contribution rates noting the rates vary based on tier and age.

The Board engaged in detailed discussion regarding employer contribution prefunding, contribution phase-in rates, asset smoothing and appropriate corridors.

Chair Jolly directed Staff to engage the County in the seriousness of its desire to potentially pre-fund contributions in anticipation of drafting a Pre-funding Policy.

Detailed discussions, questions, and comments ensued regarding the demographic and financial data provided in the valuation.

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE COBURN, TO ADOPT THE ACTUARIAL VALUATION AS OF JUNE 30, 2016 AND RECOMMENDED ACTIONS AS PRESENTED. VOTE: UNANIMOUS

C. Consideration of FCERA GAS 67 Report

Paul Angelo and Molly Calcagno, Segal Consulting, presented and briefly reviewed the Government Accounting Standards Board (GASB) 67 Actuarial Valuation as of June 30, 2015. It was noted that the objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. For defined benefit pension plans, GASB 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability for benefits provided through the pension plan (the net pension liability), about which information is required to be presented in each entity's Comprehensive Annual Financial Report (CAFR).

A MOTION WAS MADE BY TRUSTEE BASUA, SECONDED BY TRUSTEE COBURN, TO RECEIVE AND FILE/ACCEPT THE GASB 67 VALUATION AS OF JUNE 30, 2016 AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GOMEZ.

D. Consideration of Retirement Administrator Salary Upgrade

Personnel Committee Chair Gomez gave a brief summary of the Personnel Committee meeting held on December 20, 2016 noting that Committee discussed several salary upgrade options, one of which included a two tiered phase-in approach adopting a salary of \$169,751 as soon as possible, and then increasing the salary to \$181,751 commencing July 2, 2017.

The Board engaged in detailed discussions regarding its desire to increase the Retirement Administrator's salary to \$181,751 to be in sync with the County Counsel salary as he has demonstrated the skills necessary to perform the required duties. In addition, the current compensation is substantially trailing (up to 55%) typical comparison counties.

A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE BASUA, TO APPROVE A TWO TIERED PHASE-IN APPROACH, ADOPTING A SALARY OF \$169,751 AS SOON AS POSSIBLE, AND THEN INCREASING THE SALARY TO \$181,751 COMMENCING JULY 2, 2017. VOTE: UNANIMOUS.

E. Consideration of Duties of Elected Active Member Trustees Board Policy

After extensive board discussion, Lisa R. Flores, Deputy County Counsel, spoke and requested a continuance of Item 6.E. until a time that County Counsel could properly review and respond to the proposed Duties of Elected Active Member Trustees Board Policy.

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE CADE, TO TABLE ITEM 6.E. UNTIL A TIME TO BE DETERMINED. VOTE: YES – BASUA, BAXTER, CADE, COBURN, DOWELL, GARCIA, JOLLY. NO – GOMEZ. MOTION PASSED.

F. Consideration of Fiscal Year 2016-2017 Budget Revision

Donald Kendig, Retirement Administrator, provided summary of the estimated expenditures for the new FCERA Office located at Palm Bluffs and recommended several budget revisions to accommodate the build.

Detailed discussions ensued regarding IT and Administrative expenditures, excludable IT expenditures, and investment expenses.

A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE COBURN, TO APPROVE STAFF RECOMMENDATIONS AS PRESENTED. VOTE: UNANIMOUS.

G. Appointment of Chair and Vice Chair for the Calendar Year 2017

Trustee Dowell nominated Dr. Rod Coburn, III as Chair and Steven J. Jolly as Vice Chair for the calendar year 2017.

A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE BAXTER, TO APPROVE THE NOMINATIONS AS PRESENTED. VOTE: UNANIMOUS.

The Board moved to Closed Session to hear Item 7.A. at this time. Item 7.B. will be heard following Item 8.

7. Closed Session:

- A. Discussion and appropriate action regarding the Annual Review of the Retirement Administrator – Personnel Exception – pursuant to G.C. §54957

8. Oral Reports:

- A. Report out of Closed Session
 - 7.A. No reportable action.
- B. FCERA Administration
 - 1. FCERA recently implemented an automated telephone system that includes a variety of options for callers.
 - 2. FCERA received a card of thanks from Trustee Basua for the peace plant sent in her father's memory.
 - 3. Staff presented the Board with a card of thanks for the Trustee sponsored Holiday breakfast. The breakfast was very much appreciated and enjoyed.
 - 4. The next Regular meeting is scheduled for January 18, 2017 at 8:30 AM – the January 4, 2017 is dark.
 - 5. Staff expressed Holiday wishes to everyone.
- C. Board Counsel
 - 1. Board Counsel expressed Holiday wishes to everyone.
- D. Committee Reports

There were no Committee reports.
- E. Board Members
 - 1. The Board members expressed Holiday wishes to everyone.

7. Closed Session (Continued):

- B. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957)
 - 1. Ivan Janssens

8. Oral Reports (Continued):

- A. Report out of Closed Session
 - 7.B.1. Janssens – Decision – to Deny the disability application and to approve the Findings of Fact and Decision as presented. **MOTION – DOWELL. SECOND – CADE. VOTE: UNANIMOUS, WITH THE MAJORITY OF THE TRUSTEES THAT PARTICIPATED IN THE HEARING WHICH INCLUDED TRUSTEES CADE, DOWELL, GOMEZ.**

There being no further business, the meeting adjourned at 1:03 PM.

Donald C. Kendig, CPA
Secretary to the Board