

**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."

March 15, 2017

**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 P. Basua
Dr. Rauden Coburn, III
Eulalio Gomez
Mary Ann Rogozinski, Alternate

Gregory Baxter
Robert Dowell
Steven J. Jolly

Alan Cade, Jr.
Oscar Garcia
Nathan Magsig

Trustees Absent:

None

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Doris Rentschler, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Kenneth Price, Board Counsel
Craig Armstrong, Board Counsel
Matthew Gonzalez, Retirement Specialist
Virginia Meza, Retirement Specialist

Members of the Public that Addressed the Board:

Nou Vang, FCERA Member

1. Call to Order

Chair Coburn called the meeting to order at 8:33 AM, noting that Trustee Cade was absent.

2. Pledge of Allegiance

Recited.

3. Public Comment

None.

4. Consent Agenda

Trustee Garcia pulled Consent Item 4.C. for discussion. Staff pulled Consent Item 4.F. for clarification.

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

- A. Receipt and Filing of Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- B. Receipt and Filing of the February 2017 Activity Report – **RECEIVED AND FILED**
- C. Receipt and Filing of the Business Expense Account Statements for February 2017

Trustee Garcia suggested that Staff include a more detailed explanation of expenses as they relate to lunches and snacks provided to Staff during training.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BAXTER, TO ACCEPT CONSENT ITEM 4.C. WITH A NOTATION THAT THE EXPENSES ON PAGE 33 & 35 WERE FOR ALL DAY TRAINING AND DIRECTION TO PROVIDE MORE PERTINENT DESCRIPTORS ON FUTURE STATEMENTS, AS REQUESTED BY TRUSTEE GARCIA. VOTE: UNANIMOUS. ABSENT – CADE.

- D. Receipt and Filing of Educational Attendance Reports - **RECEIVED AND FILED**
 - 1. Trustee Steven Jolly
 - 2. Trustee Oscar Garcia, and Donald Kendig, Retirement Administrator
 - 3. Trustees Basua, Baxter, Coburn, Dowell, Gomez, and Donald Kendig, Retirement Administrator
- E. Approval to Escheat Moneys for Members 70.5 Years and Above – **APPROVED**
- F. Approval of Travel Requests from Trustees Baxter, Cade, and Magisg to attend the Institutional Investor Public Funds Roundtable on April 26-28, 2017 in Los Angeles CA

Staff advised the Board that Trustees Cade and Magisg were incorrectly included on the travel request as neither requested to attend the Roundtable. In addition, it was noted, that should Trustee Baxter attend the Roundtable, he would reach the maximum of four optional training conferences for the calendar year.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BAXTER, TO APPROVE CONSENT ITEM 4.F. WITH NOTED CORRECTIONS. VOTE: UNANIMOUS. ABSENT – CADE.

5. Minutes

A. Consideration of the March 1, 2017 Retirement Board Regular Meeting Minutes

A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE GOMEZ, TO APPROVE ITEM 5.A. AS PRESENTED. VOTE: YES – BASUA, COBURN, DOWELL, GARCIA, GOMEZ, JOLLY, MAGSIG. ABSTAIN – BAXTER (WAS NOT PRESENT AT 3/1/17 MEETING). ABSENT – CADE.

6. Discussion

A. Consideration of Funding Policy (prefunding, penalties, terminated sponsor)

It was noted that the revised policy reflects a name change from Actuarial Funding Policy to Funding Policy to align with the broader guidelines that relate to prepayment of contributions, penalty for late payment of contributions and termination of sponsor participation.

The Board engaged in detailed discussions regarding the financial impact of prepayment of employer contributions (paying the anticipated employer contribution in a lump sum at the beginning of the fiscal year) to obtain a discount (in the form of reduced interest charges) on the amount due.

The Board raised questions and requested clarification on the following:

- Confirmation that the time value of the Sponsors' streams of payments is factored into the rates that they pay. Is it the assumed rate of return that is applied (if not, what rate)? What would the net benefit be of prepaying (percentage wise) to make it a TVM wash?
- Does Segal have an opinion on what an appropriate discount rate is? How often should the discount rate be reviewed? Is a larger discount warranted if the employer agrees to prepay annually for multiple years?
- If FCERA accepted prepayment of employer contributions, would it cause an increase in the cost of the actuarial valuation? If so, how much would the valuation cost increase? Would this change depending on whether all, some or only one employer prepaid?
- Does prepayment increase the complexity of the actuarial valuation? Does complexity increase if all employers are not using the same payment schedule (one prepay, others pay installments).
- Are there any other costs associated with pre-funding not yet contemplated? How does prepayment impact UAAL? Are plan costs impacted differently if only one employer (not all employers) opt to prepay?
- Since FCERA is a cost-sharing plan, if prepayment causes increased costs, is that cost allocated to all employers? Just the one that prepaid? How is the increased cost allocated? Is this something that can/should be addressed by policy?
- What policy provisions would the Actuary recommend, such that FCERA could handle a sponsor prepaying their entire UAAL on a voluntary basis? How are costs affected?
- Could FCERA, or does FCERA have to, accept excess payments if a sponsor makes them? How are costs affected?
- What additional changes would the Actuary make to the proposed policy?

Staff will research the questions noted and return to the Board for its consideration.

NO ACTION TAKEN

Trustee Cade joined the Board at 8:38 AM (during Item 6.A. discussion).

B. Solicitation of Budgetary Items from the Board

The Board directed Staff to ensure adequate funds for Board training.

Staff will prepare and present a draft budget to the Budget Committee for its review and consideration on April 5, 2017.

NO ACTION TAKEN

C. Consideration of State Association of County Retirement Systems (SACRS) Board of Director, Recommended Ballot 2017-2018 BOD Elections and withdrawal of Treasurer Candidate

A MOTION WAS MADE BY TRUSTEE BASUA, SECONDED BY TRUSTEE DOWELL, TO APPROVE THE SACRS BOARD OF DIRECTOR RECOMMENDED BALLOT, 2017-2018 BOD ELECTIONS AS PRESENTED. VOTE: UNANIMOUS.

7. Closed Session:

A. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957)

1. Nou Vang
2. Benjamin Flores

8. Oral Reports:

A. Report out of Closed Session

7.A.1. Vang - **A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BASUA, TO GRANT THE APPLICANT NON-SERVICE CONNECTED DISABILITY BENEFITS BASED ON THE FINDINGS OF FACT AND DECISION. VOTE: UNANIMOUS.**

7.A.1. Flores - **A MOTION WAS MADE BY TRUSTEE GARCIA, SECONDED BY TRUSTEE BAXTER, TO GRANT THE APPLICANT NON-SERVICE CONNECTED DISABILITY BENEFITS BASED ON THE FINDINGS OF FACT AND DECISION. VOTE: UNANIMOUS.**

B. FCERA Administration

1. Staff provided the Trustees with an Continuing Education Calendar
2. Staff announced a Special Joint Meeting (BoS & BoR) scheduled for March 23, 2017 at 9:00 AM.
3. Staff invited Trustees to the Annual FCERA Picnic scheduled for April 29, 2017.
4. Staff provided a brief update on the High Speed Rail Authority purchase proposal and counter-offer with a new move date prior to September 1, 2017.

5. Staff reported that, with the recent job openings, it is in a position to potentially lose over 50% of its Retirement Specialists, and over 50% of its Office Assistants, due to promotional opportunities within the County. Staff commented that compensation was the main factor when deciding to promote out of the office and reminded the Board that earlier attempts to classify the Retirement Specialists as Analysts were unsuccessful. Account Clerks continue to be a difficult position to retain in all departments of the County. Members of the Board indicated that this would be a good subject for the joint meeting.
 6. Staff reported that it is looking at disability re-evaluations and staff will bring a proposal to the disability committee in the near future.
- C. Board Counsel
1. Counsel gave a brief update on the escrow and closing of the new FCERA offices. Comments were received from Trustee Magsig regarding “impact fees” and to ensure they are paid by the Seller. Counsel communicated its understanding that they will be and that Counsel will confirm prior to close of escrow.
- D. Committee Reports
1. Both a Board Consultants Evaluation Committee meeting and a Disability Committee meeting are scheduled to immediately follow.
- E. Board Members
- The Board Members had nothing to report.

There being no further business, the meeting adjourned at 9:52 AM.

Donald C. Kendig, CPA
Secretary to the Board