

**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."

June 7, 2017

**REGULAR MEETING
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
Steven J. Jolly

Gregory Baxter
Robert Dowell
Nathan Magsig

Alan Cade, Jr.
Eulalio Gomez

Trustees Absent:

Oscar Garcia

Mary Ann Rogozinski, Alternate

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Doris Rentschler, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Lauren Layne, Board Counsel
Kenneth Price, Board Counsel
Craig Armstrong, Board Counsel
Deborah Coe, Board Counsel
Maria Baker, Communications Officer
Conor Hinds, Supervising Accountant
Pamela Fine, Senior Accountant
Bryan Anderson, Accountant
Jeffrey MacLean, Veurs

Members of the Public that Addressed the Board:

Kevin Smith, SEIU

1. CALL TO ORDER

Chair Coburn called the meeting to order at 8:35 AM.

2. PLEDGE OF ALLEGIANCE

Recited.

3. PUBLIC COMMENT

None.

4. CONSENT AGENDA

Consent Items 4.H., 4.O., and 4.R. were pulled for discussion/comment.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE DOWELL, TO APPROVE/ACCEPT CONSENT ITEMS 4.A. THROUGH 4.E., 4.G., 4.I. THROUGH 4.N., 4.P., AND 4.Q. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.

- A. Receipt and Filing of Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- B. Receipt and Filing of the April 2017 Activity Report – **RECEIVED AND FILED**
- C. Receipt and Filing of the Business Expense Account Statement for April 2017 – **RECEIVED AND FILED**
- D. Receipt and Filing of the FCERA Cash Flow Position as of April 2017 – **RECEIVED AND FILED**
- E. Receipt and Filing of Educational Attendance Report, Institutional Investor Public Funds Roundtable: Trustee Baxter and Donald Kendig, Retirement Administrator – **RECEIVED AND FILED**
- F. Receipt and Filing of Educational Attendance Report, SACRS Spring Conference: Trustees Basua, Baxter, Cade, Coburn, Dowell, Gomez, Rogozinski, and Donald Kendig, Retirement Administrator
PRIOR TO ACCEPTING CONSENT ITEM 4.F., IT WAS CLARIFIED THAT TRUSTEE MAGSIG ATTENDED THE SACRS “SPRING” CONFERENCE ALONG WITH THE OTHER TRUSTEES NOTED.
- G. Receipt and Filing of Due Diligence Attendance Report, IFM and Systematic: Trustees Basua, Baxter, Gomez, Magsig, and Donald Kendig, Retirement Administrator – **RECEIVED AND FILED**
- H. Receipt and Filing of Active Employee Trustee County Guidelines

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BASUA, TO TABLE ITEM 4.H. WITH DIRECTION TO STAFF TO WORK WITH THE COUNTY TO REFINE CONCERNS SUCH AS MEET & CONFER, TRAINING VS. MEETINGS, LEGAL PROTECTIONS, AND WEEKDAY VS. WEEKEND TRAINING FOR FURTHER CONSIDERATION. VOTE: UNANIMOUS. ABSENT – GARCIA.

- I. Receipt and Filing of Updates on Eaton Vance and Parametric Firm-Level Watch – **RECEIVED AND FILED**
- J. Receipt and Filing of Update on PIMCO Firm-Level Watch – **RECEIVED AND FILED**
- K. Approval of Retirements for May 2017 – **APPROVED**
- L. Approval to Bind Coverage for the Fiduciary Liability Insurance Program (FLIP) – **APPROVED**
- M. Approval of Travel Request from Trustee Alan Cade to attend the 22nd Annual Global Indexing and ETF's Conference on June 25-27, 2017 in Dana Point CA - **APPROVED**
- N. Approval of Travel Request from Trustee Eulalio Gomez to attend the 2017 Public Funds Forum on September 5-7, 2017 in San Diego CA – **APPROVED**
- O. Approval of Travel Request from Trustee Laura Basua to attend the Mondrian Site Visit, and attendance at IFM and up to 3 additional manager offices in London, England

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. CONCERNS WERE RAISED BY TRUSTEE DOWELL REGARDING THE COSTS EFFECTIVENESS OF MORE THAN ONE TRUSTEE AT A TIME ATTENDING INTERNATIONAL DUE DILIGENCE. TRUSTEE DOWELL MOTIONED TO REJECT THE TRAVEL REQUEST ON THE BASIS OF DUPLICITY. DUE TO THE LACK OF A SECOND, THE MOTION DIED.

A MOTION WAS MADE BY TRUSTEE BASUA, SECONDED BY TRUSTEE BAXTER, TO APPROVE ITEM 4.O. AS PRESENTED. ROLL CALL VOTE: YES – BASUA, BAXTER, CADE, GOMEZ, JOLLY, MAGSIG, COBURN. NO – DOWELL. ABSENT – GARCIA. MOTION PASSED.

- P. Approval of Travel Request from Trustee Robert Dowell to attend the Gerding Edlen Green Cities III Annual Meeting on October 11, 2017 in San Francisco CA – **APPROVED**
- Q. Approval of Travel Requests from Trustees Rod Coburn and Eulalio Gomez to attend the Nossaman's Annual Fiduciaries' Forum on November 30 – December 1, 2017 in San Francisco CA – **APPROVED**
- R. Receipt and Filing of Bid Results, Approval of Winning Bid to Construct Tenant Improvements at 7772 and 7778 N Palm Avenue as well as Associated Budgets for Construction and Contingency, and Authority to Execute

PLEASE SEE ITEM FOLLOWING 7.E.

5. MINUTES

- A. Consideration of the May 3, 2017 Retirement Board Regular Meeting Minutes

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE BASUA, TO APPROVE ITEM 5.A. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.

- B. Consideration of the May 24, 2017 Audit Committee Meeting Minutes – APPROPRIATE ACTION

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE CADE, TO APPROVE ITEM 5.B. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.

6. DISCUSSION

- A. Presentation of the GFOA Certificate of Achievement for Excellence in Financial Reporting

ADMINSTRATION AND THE BOARD COMMENDED THE ACCOUNTING STAFF FOR A JOB WELL DONE. NO ACTION TAKEN.

- B. Review of Quarterly Investment Reports for the Period Ended March 31, 2017

1. Investment Landscape
2. Investment Performance
3. Guideline Compliance

PRESENTED AND REVEIWED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. ITEM 6.B. WAS RECEIVED AND FILED WITH NO ACTION TAKEN.

- C. Consideration and Review of FCERA Asset Liability Study Primer

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD DIRECTED STAFF TO SCHEDULE A DETAILED ASSET LIABILITY STUDY DISCUSSION DURING THE ANNUAL EDUCATIONAL OFF-SITE MEETING IN OCTOBER. NO ACTION TAKEN.

- D. Consideration of Replacement Candidates for the Small Cap Growth Mandate (Kalmar replacement)

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE BASUA, TO SELECT PIMCO AND GENEVA FOR FURTHER CONSIDERATION FOR THE SMALL CAP GROWTH MANDATE. VOTE: UNANIMOUS. ABSENT – GARCIA.

- E. Review and Update on FCERA Investment Policy Statement, including Private Markets Mandates, Rebalancing Policy, and Overlay and Benchmarking Changes

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE DOWELL, TO APPROVE ITEM 6.E. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.

Due to time constraints, and to allow input from Trustee Jolly, item 6.H. was heard at this time.

- H. Consideration of Holding the Majority of FCERA Cash in the Treasurer Cash Account (continued)

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. IN RESPONSE TO SEVERAL CONCERNS NOTED BY TRUSTEE JOLLY, THE BOARD DIRECTED STAFF TO ADDRESS THE CONCERNS AS OUTLINED FOR THE BOARD'S CONSIDERATION AT A MEETING DATE TO BE DETERMINED. NO ACTION TAKEN.

Trustee Jolly departed at 12:10 PM.

- F. Consideration of Proposed Methodology for the Development of FCERA's next Strategic Plan

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD CONCEPTUALLY APPROVED STAFF'S PROPOSED METHODOLOGY AND DIRECTED STAFF TO SUBMIT A DRAFT PLAN FOR CONSIDERATION DURING THE ANNUAL OFF-SITE EDUCATIONAL MEETING WITH FINAL CONSIDERATION DURING THE DECEMBER 6, 2017 REGULAR MEETING. NO ACTION TAKEN.

- G. Consideration of the Fiscal Year 2017-18 Proposed Budget

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE CADE, SECONDED BY TRUSTEE BASUA, TO DIRECT STAFF TO INCORPORATE THE COSTS OF THE NEW OFFICE CONSTRUCTION AND REMOVE THE CII MEMBERSHIP FEE FROM THE PROPOSED BUDGET FOR FURTHER CONSIDERATION DURING THE JUNE 21, 2017 REGULAR MEETING. VOTE: UNANIMOUS. ABSENT: GARCIA, JOLLY.

- H. Consideration of Holding the Majority of FCERA Cash in the Treasurer Cash Account (continued)

Please see discussion following Item 6.E.

- I. Oral Solicitation of Off-Site Educational Topics and Locations

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD DIRECTED STAFF TO ADD A DISCUSSION REGARDING DIRECT/LOCAL LENDING TO THE OFF-SITE EDUCATIONAL MEETING AGENDA. NO ACTION TAKEN.

7. FCERA REALTY GROUP, LLC

- A. Consideration of FCERA Realty Group LLC's Acceptable Use Policy (second reading)

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE MAGSIG, SECONDED BY TRUSTEE GOMEZ, TO APPROVE ITEM 7.A. AS PRESENTED. VOTE: UNANIMOUS. ABSENT: GARCIA, JOLLY.

- B. Consideration and Review of FCERA Realty Group Initial Financial Reports

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD DIRECTED STAFF TO APPLY FOR TAX EXEMPTION STATUS ON THE TWO PROPERTIES HELD IN THE LLC. NO ACTION TAKEN.

C. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to subdivision (d) of Government Code section 54956.9. Number of Cases: 1
2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (pursuant to G.C. §54956.8)
Property: 7766 N. Palm Ave. Fresno, CA 93711
Agency Negotiators: Donald Kendig, Kenneth Price, Beau Plumlee and Brian Decker
Under Negotiation: 7766 N Palm Avenue

D. REPORT OUT OF CLOSED SESSION

- 7.C.1. No reportable action.
- 7.C.2. No reportable action.

Kenneth Price, Board Counsel, informed the Board of an issue needing immediate action and requested that it be placed on the agenda for discussion. It was noted that the issue arose after the posting of the June 7, 2017 Regular agenda.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BAXTER, TO ADD THE DISCUSSION ITEM AS REQUESTED. VOTE: UNANIMOUS. ABSENT: GARCIA, JOLLY.

- E. Consideration to Authorize Staff to Execute an Agreement with Belfor for up to \$650,000 pertaining to the Office Buildings Palm Bluffs

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE MAGSIG, TO APPROVE ITEM 7.E. AS PRESENTED. VOTE: UNANIMOUS. ABSENT: GARCIA, JOLLY.

Consent Item 4.R. was heard at this time.

- R. Receipt and Filing of Bid Results, Approval of Winning Bid to Construct Tenant Improvements at 7772 and 7778 N Palm Avenue as well as Associated Budgets for Construction and Contingency, and Authority to Execute

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE MAGSIG, TO APPROVE CONSENT ITEM 4.R. AS PRESENTED. VOTE: UNANIMOUS. ABSENT: GARCIA, JOLLY.

8. CLOSED SESSION:

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (pursuant to Gov. Code § 54956.9(a)):
Rodriguez v. Board of Retirement of FCERA (Case No. 17CECG01497)

9. ORAL REPORTS:

A. Report out of Closed Session

8.A. Tabled. The Item is scheduled for discussion during the June 21, 2017 Regular meeting.

B. FCERA Administration

1. A recent article in Pensions and Investments misquoted the percentage allocation for private credit. It was clarified that the correct allocation is 8% in Private Credit and 6% in Private Equity.

C. Board Counsel

Nothing to report.

D. Committee Reports

1. A Disability Committee meeting is scheduled to immediately follow the June 21, 2017 Regular meeting.

E. Board Members

1. Trustee Gomez expressed concern regarding the recent resignation of Thanaphat Srisukwatana and requested that Staff work with Human Resources to establish a potential career path for Mr. Srisukwatana in an attempt to retain his experience and knowledge.

2. Trustee Magsig requested that a Closed Session Item be added to the June 21, 2017 Regular meeting to consider a potential local investment opportunity.

There being no further business, the meeting adjourned at 2:01 PM.

Donald C. Kendig, CPA
Secretary to the Board