

**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"

January 20, 2016

REGULAR MEETING AGENDA MINUTES

Trustees Present:

Laura P. Basua	Greg Baxter
Dr. Rod Coburn, III	Alan Cade, Jr.
Vicki Crow	Robert Dowell
Eulalio Gomez	Steven Jolly
Mary Rogozinski, Alternate	

Trustees Absent:

Vacant Seat

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Kelly Prinz, Retirement Benefits Manager
Conor Hinds, Supervising Accountant
Pamela Fine, Senior Accountant
Maria Benningfield, Retirement Specialist
Dolores Racca, Account Clerk III
Ken Price, Board Counsel
Craig Armstrong, Board Counsel
Dean Stuckenschmidt, County Counsel
John Seyler, ConvergeEx
Beau Plumlee, Colliers International

Members of the Public that Addressed the Board:

None were present.

1. Call to Order

Chair Jolly called the meeting to order at 8:33 AM, noting the current vacancy.

2. Pledge of Allegiance

Recited.

3. Public Comment

Chair Jolly welcomed Trustee Alan Cade, Jr. to the Board.

4. Board Standing Committee Appointments – APPROVED

Audit Committee
Board Consultants Evaluation Committee
Budget Committee
Disability Committee
Personnel Committee

Appointments to the Standing Committees were recommended by Chair Jolly as follows:
(changes are noted in bold)

Audit Committee

Dr. Rod Coburn, III – Chair
Alan Cade, Jr.
Vicki Crow
Steven J. Jolly

Board Consultants Evaluation Committee

Gregory Baxter – Chair
Laura P. Basua
Robert Dowell
Eulalio Gomez

Budget Committee

Alan Cade, Jr. – Chair
Vicki Crow
Robert Dowell
Steven J. Jolly

Disability Committee

Eulalio Gomez - Chair
Laura P. Basua
Robert Dowell
Steven J. Jolly

Personnel Committee

Eulalio Gomez – Chair
Laura P. Basua
Robert Dowell
Mary Ann Rogozinski

A motion was made by Trustee Gomez, seconded by Trustee Basua, to appoint the Standing Committee members as recommended. VOTE: Unanimous

5. Consent Agenda

Trustee Baxter pulled Consent Item 5.I. for discussion.

A. Retirements for December 2015 – **RECEIVED AND FILED; APPROVED**

B. Activity Report for December 2015 – **RECEIVED AND FILED**

- C. Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- D. Board of Retirement Annual Attendance Report for Calendar Year 2015 – **RECEIVED AND FILED**
- E. Quarterly Trustee Travel Report and Anticipated Trustee Travel – **RECEIVED AND FILED**
- F. Annual Trustee Educational Activities Report/Trustee Education Compliance Report – **RECEIVED AND FILED**
- G. AB 1234 Code of Ethics Training Reminder – **RECEIVED AND FILED**
- H. November 2015 Business Expense Account Statement – **RECEIVED AND FILED**
- J. Quarterly Written Administrator Report – **RECEIVED AND FILED**
- I. FCERA Cash Flow Position for November and December 2015 – **RECEIVED AND FILED**

In response to a question from Trustee Baxter regarding the increase in Administrative costs from November to December, Conor Hinds, Supervising Accountant noted that difference are related to timing issues and costs related to the implementation of the new Pension Administration. [After further review and during Item 7.B., Mr. Hinds noted that the majority of the increase was due to having a third pay period in December.]

A motion was made by Trustee Baxter, seconded by Trustee Crow, to accept Item 5.I. as presented. VOTE: Unanimous

6. Minutes

- A. Consideration of the December 16, 2015 Retirement Board Regular Meeting Minutes – **APPROVED**

A motion was made by Trustee Crow, seconded by Trustee Coburn, to approve Item 6.A. as presented. VOTE: Unanimous. Abstain – Cade.

7. Discussion

- A. Receive Commission Recapture Presentation by John Seyler, ConvergeEx – **RECEIVED**

John Seyler, ConvergeEx, began the presentation with an overview of a Commission Recapture program noting that it is a program that is designed to reduce fund expenses and increase cash flow and helps reduce transactions costs and conserve assets. Mr. Seyler explained how the program works and the characteristics of a successful program.

The Board engaged in discussion regarding FCERA's investment managers that use the recapture services and directed Staff to work with ConvergeEx and Verus to compile a list of the managers that are not currently participating. In addition, the Board requested that ConvergeEx submit a summary of the firm's philosophy, organizational structure, and strategy for the Boards reference.

B. Review of Annual Cash Flow Projection Report presented by Conor Hinds, Supervising Accountant - **RECEIVED AND FILED**

Conor Hinds, Supervising Accountant, began the presentation by providing the cash flow history since 2008, as well as a projection 18 months into the future, through June 30, 2017. Mr. Hinds provided the Board with an update on the core operational areas that have the largest impact on the liquidity of the Plan. There is presently approximately two months retiree payroll and operating cash (or slightly over \$50m net) on hand.

Currently, the monthly retirement benefit payments outpace incoming employer and employee contributions by approximately \$1.2 million per month. In order to meet the ongoing obligation to pay benefits to the retirees while preserving existing managed investments, FCERA relies on periodic distributions from its private equity, private credit and real estate investments to shore up this short fall. With these periodic distributions FCERA has benefited from an overall cash positive position during the past three years. It is projected the next 18 months will remain cash positive, however, Staff continues to monitor for any slowdowns in distributions and accelerations in funding calls which could impact the ability to meet benefit obligations from existing cash balances.

Discussions ensued regarding the investment distribution process.

C. Presentation of Service Awards for 15 Years of Service to Elizabeth Avalos, Pamela Fine, and Dolores Racca – **RECEIVED AND FILED**

Elizabeth Avalos, Pamela Fine, and Dolores Racca were presented with Service Awards and thanked for their 15 years of service to the FCERA.

D. Adoption of Resolution Thanking Maria Benningfield for Her Years of Service to the Fresno County Employees' Retirement Association - **APPROVED**

Chair Jolly read and presented Maria Benningfield with a Resolution thanking her for her years of service to the FCERA.

A motion was made by Trustee Basua, seconded by Trustee Baxter, to adopt the Resolution as presented. VOTE: Unanimous

The Board went into Closed Session at time to receive a briefing on Items 7.E. and 7.F.

8. Closed Session:

A. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to subdivision (d) of Government Code section 54956.9 (two cases) – APPROPRIATE ACTION(S)

Report from Closed Session

8.A. No reportable action.

7. Discussion (cont.)

- E. Consideration of request to reconsider motion to reject recommendation of the Hearing Officer on the disability application of Andres Rodriguez

Trustee Coburn moved, seconded by Trustee Baxter, that the Board schedule a reconsideration of its December 16, 2015 action regarding Mr. Andres Rodriguez's service connected disability retirement application, with direction to Staff to calendar the reconsideration for February 17, 2016 Regular meeting. VOTE: Unanimous

Trustee Coburn noted that it was brought to his attention that Andres Rodriguez's attorney desired to address the Board prior to its December 16, 2015 decision but was not given the opportunity to do so.

- F. Approve an architectural firm for the provision of space planning services presented by Donald Kendig, Retirement Administrator

Donald Kendig, Retirement Administrator, opened discussions by stating that Staff received a County of Fresno list of preapproved architects, and the Architect, Robert (Rob) Tomasevich of RDT Architects, which built our current building, is on that list and at an attractive negotiated rate. Staff recommended Mr. Tomasevich as a potential architect. Clay Davis of Teter is not on the County's preapproved list, but has built the Kern County Employees' Retirement Association (KCERA) building, and a number of others with Board Chambers. Staff also recommended Mr. Davis for consideration and requested that the Board select one of them for preliminary space planning and analysis for both a new facility and expansion of the current office.

It was noted that costs for space planning will be incurred at an hourly rate and not anticipated to exceed \$25,000 to be expended from the Professional Services budget appropriation totaling \$100,000 for FCERA's anticipated relocation.

A motion was made by Trustee Dowell, seconded by Trustee Basua, to select RDT for preliminary space planning and analysis for both a new facility and expansion of the current office. VOTE: Unanimous

8. Closed Session (Cont.):

- A. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (d) of Government Code section 54956.9 (one case) – APPROPRIATE ACTION(S)
- B. Disability Retirement Applications – Personnel Exception – pursuant to G.C. §54957: -
APPROPRIATE ACTION(S)
1. Norma Bolanos-Banuelos
 2. Saundra DiNuzzo
 3. Ralph White

9. Oral Reports:

A. Report out of Closed Session

8.A. **A motion was made by Trustee Crow, seconded by Trustee Dowell, to form an Ad Hoc High Speed Rail and Relocation Committee consisting of Trustees Basua, Baxter, Coburn, and Gomez. VOTE: Unanimous**

8.B.1. Bolanos-Banuelos – **Decision** – To grant the Applicant service connected disability benefits based on the Findings of Fact and Decision. **M – Coburn. S – Gomez. VOTE: Unanimous**

Bolanos-Banuelos – **Decision** – To grant an effect date of retirement benefits of January 26, 2008, the day after her last date compensated. **M – Gomez. S – Coburn. VOTE: Unanimous**

8.B.2. DiNuzzo – **Decision** – To grant the Applicant service connected disability benefits based on the Findings of Fact and Decision. **M – Baxter. S – Basua. VOTE: Unanimous**

8.B.3. White – **Decision** – To approve the recommendation that the disability application was timely filed in accordance with GC §31724, based upon the treating physicians' statement dated November 7, 2013, that the Applicant's disability had been continuous and permanent. Further the Board granted the Applicant service connected disability benefits based on the Findings of Fact and Decision with the effective date of November 9, 2012, the day after the Applicant was last compensated. **M – Crow. S – Basua. VOTE: Unanimous**

B. FCERA Administration

Administration reported/commented on the following:

1. Trustees Dowell and Rogozinski were photographed as part of the 2015 Principles of Pension Management for Trustees graduates.
2. The CALAPRS 2016 Program Calendar.
3. P&I Editorial cartoon regarding Assumed Rates of Return.
4. Retiree Cost of Living Adjustment will be brought to the Board on February 3, 2016.
5. Form 700 Training will be available immediately following the February 17, 2016 Regular meeting.
6. 1099's will be issued this month for the Trustees who earn a stipend above \$600.
7. The new iPad Air II's will be distributed to the Trustees in February 2016.
8. A Pre-retirement Seminar is scheduled for January 21, 2016. The Trustees were encouraged to attend.
9. Maria Benningfield's photos.

C. Board Counsel

1. Craig Armstrong, Board Counsel, will be attending the CAPLAPRS Attorney Roundtable on January 22, 2016 in Burbank CA .

D. Committee Reports

The Committee Members had nothing to report.

E. Board Members

The Board Members had nothing to report.

There being no further business, the meeting adjourned at 11:07 AM.

Donald C. Kendig, CPA
Secretary to the Board