

**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"

April 6, 2016

REGULAR MEETING AGENDA MINUTES

Trustees Present:

Laura P. Basua	Alan Cade
Dr. Rod Coburn, III	Vicki Crow
Robert Dowell	Eulalio Gomez
Mary Ann Rogozinski, Alternate	

Trustees Absent:

Gregory Baxter
Steven Jolly
Vacant Seat

Staff and Service Providers Present:

Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Maria Millburg, Retirement Communications Officer
Craig Armstrong, Board Counsel
Jeffrey MacLean, Verus
Eileen Kwei, Artisan Partners

Members of the Public that Addressed the Board:

Robert Skowronski, FCERA Member

1. Call to Order

Vice Chair Coburn called the meeting to order at 8:30 AM, noting that, in addition to the current vacancy, Trustees Baxter and Jolly were absent.

2. Pledge of Allegiance

Recited.

3. Public Comment

Robert Skowronski, FCERA Member, commented on the Board's fiduciary responsibility to its members and the Assumed Rate of Return.

4. Consent Agenda

Trustee Cade pulled Consent Item 4.F. for discussion.

A motion was made by Trustee Gomez, seconded by Trustee Basua, to accept/approve Consent Items 4.A. through 4.E. and 4.G. through 4.N. as presented. VOTE: Unanimous (Absent – Baxter, Jolly)

- A. Approval of Retirements for March 2016 – **RECEIVED AND FILED; APPROVED**
- B. Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- C. FCERA Cash Flow Position as of February 2016 – **RECEIVED AND FILED**
- D. Receipt and Filing of Educational Attendance Reports from Eulalio Gomez, Trustee and Donald Kendig, Retirement Administrator, on the CII Spring Conference – **RECEIVED AND FILED**
- E. Receipt and Filing of Educational Attendance Reports from Rod Coburn, Vice Chair and Becky Van Wyk, Assistant Retirement Administrator, on the CALAPRS General Assembly – **RECEIVED AND FILED**
- G. Receipt and Filing of Angelo, Gordon & Co. Organizational Changes: Departure of Larry Schloss – **RECEIVED AND FILED**
- H. Receipt and Filing of Waddell & Reed Update: Assets Under Management – **RECEIVED AND FILED**
- I. Receipt and Filing of ConvergeX Update: Commission Recapture – **RECEIVED AND FILED**
- J. Receipt and Filing of Unaudited Comparative Financial Statements for the Six Months Ended December 31, 2015 and June 30, 2015 with the Statement of Fiduciary Net Position – **RECEIVED AND FILED**
- K. Approval of Travel Request from Donald Kendig, Retirement Administrator, to attend the Brown Armstrong Certified Public Accountants Continuing Professional Education Program on April 28-29, 2016 in Bakersfield CA – **RECEIVED AND FILED; APPROVED**
- L. Approval of Travel Request from Trustees Gregory Baxter and Alan Cade, Jr. to attend the 2016 PIMCO Institute on June 13-16, 2016 in Newport Beach CA – **RECEIVED AND FILED; APPROVED**
- M. Approval of Travel Request from Trustees Gregory Baxter and Alan Cade, Jr. to attend the IMN's 21st Annual Global Indexing & ETF's Conference on June 26-28 in Monarch Beach CA – **RECEIVED AND FILED; APPROVED**

- N. Approval of Travel Request from Trustee Laura Basua to attend the 62nd Annual Employee Benefits Conference on November 13-16, 2016 in Orlando FL – **RECEIVED AND FILED; APPROVED**
- F. Receipt and Filing of Three-Year Phase-in of Increase in Employer Contributions Rate Starting Fiscal Year 2017-18 Due to Changes in Actuarial Assumptions

In response to a question from Trustee Cade regarding the increase in Normal Costs for General members versus Safety members, Becky Van Wyk, Assistant Retirement Administrator, stated that she would pose the question to Paul Angelo (Board's Actuary) and get back to the Board with clarification.

Vice Chair Coburn questioned whether the County representatives were aware that there is a cost to phasing-in the decrease of the investment return assumption. It was stated that Jean Rousseau, CAO, was present during the discussion on March 16, 2016 noting his support for the phase-in.

A motion was made by Trustee Gomez, seconded by Trustee Crow, to accept Consent Item 4.F. as presented. VOTE: Unanimous (Absent – Baxter, Jolly)

5. Discussion

- A. Receipt and Filing of Artisan International Investment Update

The Board heard a presentation from Eileen Kwei, Artisan Partners, which included an review of the firm's philosophy, organizational structure, and investment strategy.

Ms. Kwei commented on the market environment and its impact on the Plan's investment returns since inception and addressed various comments and questions from the Board in regard to the Plan's overall investment performance and market environment going forward.

NO ACTION TAKEN

- B. Receipt and Filing of Educational Presentation – *Inflation*

Jeffrey MacLean, Verus, reviewed the presentation noting the current inflation environment, inflation protecting assets, and possible inflation scenarios such as deflation, rising inflation, and high inflation.

NO ACTION TAKEN

- C. Receipt and Filing of Asset Allocation Outlook

Jeffrey MacLean, Verus, reviewed the target and current asset allocation noting that the largest variances to the target allocation are private credit, hedge funds, and private equity. Mr. Maclean reminded that Board that FCERA is still in the process of implementing the portfolio identified during the last asset-liability study.

NO ACTION TAKEN

D. Receipt and Filing of Capital Markets Assumptions

Jeffrey MacLean, Verus, reviewed the capital market assumptions which included a summary of the return methodology, 10 year return forecast of the various asset classes, and risk assumptions.

NO ACTION TAKEN

E. Consideration of Advisory Board Seats for Hamilton Lane Fund IX, Gerding Edlen Greene Cities III, and Kennedy Wilson Real Estate Fund V

It was recommended to designate Trustee Jolly for the Hamilton Lane Fund IX advisory board, Donald Kendig for Kennedy Wilson Real Estate Fund V advisory board, and Robert Dowell for the Gerding Edlen Green cities III advisory board.

A motion was made by Trustee Gomez, seconded by Trustee Crow, to approve the designations as recommended. VOTE: Unanimous (Absent – Baxter, Jolly)

F. State Association of County Retirement Systems (SACRS) Items presented by Becky Van Wyk, Assistant Retirement Administrator – RECEIVE AND FILE; APPROPRIATE ACTION

1. Spring Conference Information - **RECEIVED AND FILED**
2. Voting Proxy

It was recommended to designate Trustee Dowell as the Voting Delegate and Trustee Basua as the Alternate Voting Delegate.

A motion was made by Trustee Dowell, seconded by Trustee Basua, to approve the designation as recommended. VOTE: Unanimous (Absent – Baxter, Jolly)

3. SACRS Board of Directors Elections 2016-2017 Final Ballot

NO ACTION TAKEN

4. SACRS Legislation: Assembly Bill (AB) 1853

A motion was made by Trustee Crow, seconded by Trustee Gomez, to participate in SACRS AB 1853 discussions. VOTE: Unanimous (Absent – Baxter, Jolly)

6. Closed Session:

- A. Consideration of Purchase or Sale of Particular, Specific Pension Fund Investments, pursuant to G.C. §54956.81 (one investment)

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

1. Ia Vue Yang
2. Michael Huckeba
3. Diane Glenn

7. **Oral Reports:**

A. Report out of Closed Session

6.A. No reportable action.

6.B.1. Yang – Decision – To direct the Administrator to notify the applicant that the Service-Connected application is denied. **M – Crow. S – Dowell. VOTE: Unanimous (Absent – Baxter, Jolly)**

6.B.2. Huckeba – Decision – To direct the Administrator to notify the applicant that the Service-Connected application is denied. **M – Gomez. S – Basua. VOTE: Unanimous (Absent – Baxter, Jolly)**

6.B.3. Glenn – Decision – To granting the Applicant service-connected disability benefits based on the Findings of Fact and Decision. **M – Dowell. S – Basua. VOTE: Unanimous (Absent – Baxter, Jolly)**

B. FCERA Administration

1. Emotional Intelligence training for Staff and Trustees is scheduled for April 7, 2016 in the FCERA Boardroom.
2. A Disability Committee meeting is scheduled for April 6, 2016 at 1:00 PM.
3. An issue with the Retiree California state tax reporting for 2015 was resolved.
4. In response to Trustee Cade’s question regarding Normal Costs (Item 4.F.), it was noted that the normal cost is impacted by the set of active decrement assumptions and the interactions of those assumptions which impact the normal costs for General and Safety members.

C. Board Counsel – None.

D. Committee Reports – None.

E. Board Members

1. Trustee Dowell noted an article in the SACRS Newsletter “Beyond the Glitter” and encouraged the Trustees to read it.
2. Vice Chair Coburn notified the Board of difficulties with scheduling the Rodriguez and Janssens hearings and requested that the Trustees be prepared to confirm hearing dates at the April 20, 2016 Regular meeting.

There being no further business, the meeting adjourned at 11:33 AM.

Donald C. Kendig, CPA
Secretary to the Board