

**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”*

**November 2, 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
Steven Jolly	Mary Ann Rogozinski, Alternate

**Trustees Absent:**

Eulalio Gomez	Vacant Seat
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**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  
Jeffrey MacLean, Verus  
Michael Kamell, Verus – via tele-conference  
John Nicolini, Verus – via tele-conference  
Graham Schmidt, Cheiron  
Anne Harper, Cheiron  
Paul Angelo, Segal Consultants  
Molly Calcagno, Segal Consultants  
Alfred Wong, Segal Consultants

**Members of the Public that Addressed the Board:**

Robert Skowronski, FCERA Member  
Joyce Mantooth, FCERA Member

## 1. Call to Order

Chair Jolly called the meeting to order at 8:35 AM, noting that, in addition to the current vacancy, Trustee Gomez was absent.

## 2. Pledge of Allegiance

Recited.

### Housekeeping

Donald Kendig, Retirement Administrator, noted the following:

1. In considering presenter schedules, Closed Session Item 7.A. be heard after 6.B.
2. Lunch will be served due to the lengthy meeting time.
3. Due to technical difficulties, audio broadcast is unavailable for most of the morning session. The meeting is still being recorded.

Chair Jolly welcomed new Trustee Oscar J. Garcia to the Board. Mr. Garcia was recently appointed as Auditor-Controller/Treasurer-Tax Collector by the Board of Supervisors.

## 3. Public Comment

Robert Skowronski, FCERA Member, commented on the recent allocation of 8% to Hedge Funds and inquired whether the actuary had been informed of the allocation. In addition, Mr. Skowronski commented on AB2833 as it relates to fees.

## 4. Appointments to the Board Standing Committees

- A. Appointments to the Retirement Board Standing Committees: Audit and Budget presented by Donald Kendig, Retirement Administrator – APPROPRIATE ACTION

**Chair Jolly appointed Trustee Garcia to the Audit and Budget Standing Committees.**

In response to a question from Trustee Dowell regarding the Personnel Committee, it was noted that a meeting to discuss the Retirement Administrator evaluation is scheduled for December 7, 2016 at 8:05 AM.

## 5. Consent Agenda

On behalf of Robert Skowronski, FCERA Member, Chair Jolly pulled Consent Item 5.D. for discussion.

**A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE DOWELL, TO APPROVE/ADOPT CONSENT ITEMS 5.A. THROUGH 5.C. AND 5.E. AND 5.F. AS PRESENTED. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

- A. Approval of Retirements for October 2016 – **RECEIVED AND FILED; APPROVED**

- B. Receipt and Filing of Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- C. Receipt and Filing of the FCERA Cash Flow Position as of September 2016 – **RECEIVED AND FILED**
- D. Receipt and Filing of Budget Status for the Quarter Ended September 30, 2016

Robert Skowronski, FCERA Member, raised concerns that Grosvenor's fees were not readily available on the Budget Status report. Staff noted that the details were not routinely reported under the capital calls section on the status report and that Staff will work with Trustee Cade in providing supplemental reports for the Board's consideration in the future.

**NO ACTION TAKEN**

- E. Receipt and Filing of Educational Attendance Report from Alternate Trustee Mary Ann Rogozinski – **RECEIVED AND FILED**
- F. Approval of Travel Request from Trustee Robert Dowell to attend the California Institutional Investor Forum on December 8, 2016 in Napa CA – **APPROVED**

**6. Discussion**

- A. Consideration of Eaton Vance Investment Recommendation

Jeffrey McLean, Verus, reminded the Board that at the October 5, 2016 Regular meeting Eaton Vance reviewed a proposal for their Senior Loan Plus strategy for the Board's consideration. Eaton Vance intends to launch an institutional version of the strategy, with a structure and investment thesis very similar to FCERA's current investment in the Eaton Vance Senior Loan portfolio.

Mr. McLean recommended transitioning \$20 million of the \$200 million current investment in order to lock in the founder's fee share class of the plus strategy and to consider the suitability of transitioning the remaining \$180 million once the weighted average price of the loans falls below 80 cents on the dollar.

Robert Skowronski, FCERA Member, commented on concerns about the bank and leverage increasing risk. Mr. McLean responded that it is not a problem with the bank, it is with the borrowers.

**A MOTION WAS MADE BY TRUSTEE CADE, SECONDED BY TRUSTEE DOWELL, TO APPROVE THE RECOMMENDATION AS PRESENTED. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

- B. Review and Consideration of Investment Policy Statement

Jeffrey McLean, Verus, and Donald Kendig, Retirement Administrator, reviewed the proposed Investment Policy Statement noting any that there are no significant changes other than minor formatting.

Robert Skowronski, FCERA Member, commented on the proposed policy noting his concerns with investment fees, transitory investment theory, investment objectives, and inflation.

In response to Mr. Skowronski's concerns, Mr. McLean briefly outlined the Board's primary investment objectives.

**A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE DOWELL, TO APPROVE THE INVESTMENT POLICY RECOMMENDATION WITH MINOR FORMATTING CHANGES. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

**7. Closed Session:**

- A. Consideration of Purchase or Sale of Particular, Specific Pension Fund Investments, pursuant to G.C. §54956.81 (two investments): - APPROPRIATE ACTION(S)

**Report from Closed Session: NO REPORTABLE ACTION**

**6. Discussion - Continued**

- C. Receive Finals Presentations for Actuarial Services and Select one Finalist for Contract Negotiations; Cheiron and Segal Consulting

The Board heard presentations from representatives of Cheiron and Segal Consulting with each reviewing their organizational structures, methodologies, and proposed fees.

Detailed discussions ensued regarding the various methodologies and services as well as the fee structures of each of the firms.

**A MOTION WAS MADE BY TRUSTEE CADE, SECONDED BY TRUSTEE COBURN, TO DIRECT STAFF TO BEGIN CONTRACT NEGOTIATIONS WITH SEGAL CONSULTING. VOTE: YES – BASUA, BAXTER, CADE, COBURN, DOWELL, JOLLY. NO – GARCIA. (ABSENT – GOMEZ)**

- D. Consideration of the Consolidated Education and Travel Policy

Donald Kendig, Retirement Administrator, reviewed the proposed Education and Travel Policy noting the changes requested by the Board at the Educational Offsite.

**A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE BASUA, TO ADOPT THE EDUCATION AND TRAVEL POLICY AS PRESENTED. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

In considering member participation, the Board heard Closed Session Items 7.B. and 7.C. 1. at this time.

**7. Closed Session:**

- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant Exposure to Litigation (pursuant to subdivision (d) of G.C. §54956.9) (one case)

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

1. Joyce Mantooth

**Report from Closed Session:**

7.B. No reportable action.

7.C.1. Joyce Mantooth – **Decision** – to dismiss the application without prejudice. **M – JOLLY. S – DOWELL. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

**6. Discussion - Continued**

E. Consideration of Solar for new FCERA Offices

Donald Kendig, Retirement Administrator, informed that Board that, because of FCERA’s tax exempt status, solar panels for the new FCERA office buildings are not cost effective and recommended taking a construction credit in the amount of \$53,100 for the elimination of solar. Should the use of solar become cost effective in the future, the Board will re-consider the option.

**A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE BASUA, TO APPROVE THE RECOMMENDATION TO REMOVE THE SOLAR PANELS AND TO DIRECT STAFF TO HAVE THE BUILDINGS CONSTRUCTED WITH “PIPING” FOR SOLAR INSTALLATION AT A LATER TIME SHOULD THE BOARD CHOOSE. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

F. Consideration of State Association of County Retirement Systems Fall 2016 Conference Items

1. Business Meeting Packet – **RECEIVED AND FILED**
2. SACRS Proposed Legislation – **RECEIVED AND FILED**
3. SACRS Voting Proxy

Chair Jolly nominated Trustee Dowell as Voting Delegate and Trustee Rogozinski as Alternate Voting Delegate.

**A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE BAXTER, TO APPROVE THE NOMINATIONS BY CHAIR JOLLY. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

**7. Closed Session - Continued:**

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

2. Adreanna Pacini

**8. Oral Reports:**

A. Report out of Closed Session

7.B.2. Adreanna Pacini – **Decision** – Grant the Applicant Non-Service Connected Disability benefits based on the Findings of Fact and Decision including Dr. Butler’s evaluation and the Applicant’s medical and personnel records. **M – DOWELL. S – COBURN. VOTE: UNANIMOUS (ABSENT – GOMEZ)**

B. FCERA Administration

1. The Board reviewed a cost analysis of the 2016 Educational Off-Site meeting in Sanger CA at the Wonder Valley Resort and directed Staff to secure the same accommodations for the 2017 meeting.

C. Board Counsel

Counsel had nothing to report.

D. Committee Reports

The Personnel Committee meeting for December 7, 2016 at 8:05 AM was confirmed. In addition, the Audit Committee meeting on December 14, 2016 at 8:30 AM was confirmed.

E. Board Members

The Board Members had nothing to report.

There being no further business, the Board adjourned at 1:15 PM.

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Donald C. Kendig, CPA  
Secretary to the Board