

**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"

December 7, 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
Oscar J. Garcia	Mary Ann Rogozinski, Alternate

Trustees Absent:

Robert Dowell	Eulalio Gomez
Steven Jolly	Vacant Seat

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
Paul Yett, Hamilton Lane
Jackie Rantanen, Hamilton Lane
Grant Saul, Hamilton Lane
Miguel Luina, Hamilton Lane
James Reinhardt, Pathway Capital
Jason Jenkins, Pathway Capital
Linda Chaffin, Pathway Capital
Glenn Youngkin, Carlyle Group
Michael Hart, Carlyle Group
Jeff Levin, Carlyle Group
Mark Herschel, Carlyle Group
Daniel Barenbaum, Berman DeValerio
Matthew Maynard, Foster Pepper

Members of the Public that Addressed the Board:

None.

1. Call to Order

Vice Chair Coburn called the meeting to order at 8:33 AM, noting that, in addition to the current vacancy, Trustees Dowell, Gomez, and Jolly were absent.

2. Pledge of Allegiance

Recited.

3. Public Comment

None.

4. Consent Agenda

A MOTION WAS MADE BY ALTERNATE TRUSTEE ROGOZINSKI, SECONDED BY TRUSTEE CADE, TO APPROVE/ADOPT CONSENT ITEMS 4.A. THROUGH 4.L. AS PRESENTED. VOTE: UNANIMOUS (ABSENT – DOWELL, GOMEZ, JOLLY)

- A. Approval of Retirements for November 2016 – **RECEIVED AND FILED; APPROVED**
- B. Receipt and Filing of the October 2016 Activity Report – **RECEIVED AND FILED**
- C. Receipt and Filing of Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- D. Receipt and Filing of Administrative Budget Status for the Quarter Ended September 30, 2016 – **RECEIVED AND FILED**
- E. Receipt and filing of Quarterly Investment & Information Technology Status Report – **RECEIVED AND FILED**
- F. Receipt and Filing of the FCERA Cash Flow Position as of October 2016 – **RECEIVED AND FILED**
- G. Receipt and Filing of RV Khun's Public Fund Universe Analysis Report for the Period Ending June 30, 2016 – **RECEIVED AND FILED**
- H. Receipt and Filing of Educational Attendance Report from Trustee Gregory Baxter and Donald Kendig, Retirement Administrator, on their attendance at the Public Pension & Investment 2016 Fiduciary Forum – **RECEIVED AND FILED**
- I. Receipt and Filing of Educational Attendance Report from Donald Kendig, Retirement Administrator, on his attendance at the SACRS Fall 2016 Conference – **RECEIVED AND FILED**

- J. Approval of Travel Request from Chair Steven Jolly to attend the 2017 Investment Forum for Public, Endowment & Foundation and Canadian Institutional CIO's on February 15-16, 2017 in Newport Beach CA – **APPROVED**
- K. Approval of Parametric Portfolio Associates LLC Contract - **APPROVED**
- L. Approval of 2017 PEPRA Compensation Limit – **APPROVED**

5. Minutes

- A. Consideration of the October 19-20, 2016 Educational Off-Site Meeting Minutes

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE CADE, TO APPROVE ITEM 5.A. AS PRESENTED. VOTE: YES – BASUA, BAXTER, CADE, GARCIA, ROGOZINSKI. ABSTAIN – COBURN. (ABSENT – DOWELL, GOMEZ, JOLLY) (VICE CHAIR COBURN WAS NOT PRESENT AT THE OCTOBER 19-20, 2016 MEETING)

- B. Consideration of the November 2, 2016 Retirement Board Regular Meeting Minutes

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE BASUA, TO APPROVE ITEM 5.B. AS PRESENTED. VOTE: UNANIMOUS (ABSENT – DOWELL, GOMEZ, JOLLY)

6. Discussion

- A. Review and Consideration of On-Site Visit Reports for the Offices of Northern Trust, Grosvenor, Berman De Valerio, Reed Smith, and Segal Consulting

The Board heard oral reports from Trustees Baxter and Basua, and Alternate Trustee Rogozinski on their attendance to the offices of Northern Trust and Grosvenor as well as the CII Fall Conference in Chicago. It was noted that a collaborative written report would be submitted for the Board's reference at a later meeting.

Donald Kendig, Retirement Administrator, reminded the Board that the CII membership was extended for another year to allow attendance and further input from Trustees on whether to continue the membership in coming years.

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE BASUA, TO RECEIVE ITEM 6.A. AS REPORTED. VOTE: UNANIMOUS (ABSENT – DOWELL, GOMEZ, JOLLY)

- B. Consideration of Proposed Changes to the 2017 & 2018 Educational Off-site Meetings and the Rescheduling of the December 20, 2017 Regular Meeting to December 13, 2017

Donald Kendig, Retirement Administrator, noted that due to scheduling conflicts the Wonder Valley Resort venue is not available for the Board's annual Educational Off-site meeting in October 2017 and suggested several alternatives for the Board's consideration. In addition, Staff recommended rescheduling the December 20, 2017 meeting to December 13, 2017 due the Christmas holiday.

As it relates to the Board's calendar, Mr. Kendig informed the Board that he is in the process of scheduling a joint meeting with the Board of Supervisors for either March 15, 2017 or April 19, 2017.

THE BOARD DIRECTED STAFF TO SECURE ACCOMMODATIONS AT THE WONDER VALLEY RESORT VENUE FOR NOVEMBER 1-2, 2017 AND APPROVED THE RECOMMENDATION TO RESCHEDULE THE DECEMBER 20, 2017 MEETING AS RECOMMENDED.

C. Review of Quarterly Investment Reports for the Period Ended September 30, 2016

1. Research Report
2. Investment Performance
3. Guideline Compliance – NO EXCEPTIONS TO REPORT.

Jeffrey MacLean, Verus, reviewed the quarterly reports noting any significant investment gains or losses. Staff discussed the RV Kuhn's report as it relates to FCERA's Fixed Income performance. The performance was listed in the report as only Global and did not include Domestic and International. In addition, the Board discussed the Commodities allocation as it relates to inflation and diversification.

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE CADE, TO RECEIVE THE QUARTERLY INVESTMENT REPORTS AS PRESENTED. VOTE: UNANIMOUS (ABSENT – DOWELL, GOMEZ, JOLLY)

D. Consideration and Selection of Private Equity and Credit Investment Manager

The Board heard public presentations from representatives of Hamilton Lane, Pathway Capital Management, and the Carlyle Group with each reviewing their organizational structures, investment strategies and processes, and fee structures.

Detailed discussions ensued regarding the various investment strategies, approaches, and fee structures of each of the firms. In addition, the Board heard from and engaged in discussion with its investment consultant, Jeffrey MacLean of Verus. The chairman asked if this is something that Verus could do with a contract modification and Mr. MacLean confirmed that it was possible.

The Chair directed trustees to submit any supplemental questions that they might have after the meeting to staff for answering by the presenters.

THE BOARD DIRECTED VERUS TO COMPOSE A COMPREHENSIVE SUMMARY OUTLINING THE FIRMS KEY DIFFERENTIATORS FOR THE BOARD'S CONSIDERATION AT A FUTURE MEETING AND STAFF TO BRING THE ITEM BACK FOR FURTHER DELIBERATION.

Staff confirmed the Board's direction and noted the subsequent deliberations on the particulars of each option will likely be deliberated in closed session.

7. Closed Session:

- A. Consideration of Purchase or Sale of Particular, Specific Pension Fund Investments, pursuant to G.C. §54956.81 (one investment): - APPROPRIATE ACTION(S)
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (pursuant to G.C. §54956.8)
Sale of 1111 H Street, Fresno, CA 93721
Negotiators: Donald Kendig, Kenneth Price, and Craig Armstrong
- C. Under Negotiation: Price and Terms of Payment
Consideration of whether to initiate litigation – pursuant to G.C. §54956 (a)(4) – Potential Initiation of Litigation (one case)
- D. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957)
 - 1. Kris Kelstrom
 - 2. Lynn Marzet Reese
 - 3. Ivan Janssens

Vice Chair Coburn departed after Closed Session, leaving Trustee Cade to Chair the remainder of the meeting. Trustees Basua and Garcia departed after Closed Session as well.

8. Oral Reports:

- A. Report out of Closed Session
 - 7.A. Approval of \$30 million allocation to Horsley Bridge XI Growth Buyout. **M – BASUA. S – BAXTER. VOTE: YES – BASUA, BAXTER, CADE GARCIA. NO – COBURN, ROGOZINSKI. (ABSENT – DOWELL, GOMEZ, JOLLY) MOTION PASSED.**
 - 7.B. No reportable action.
 - 7.C. No reportable action.
 - 7.D.1. Kelstrom – **A MOTION WAS MADE BY TRUSTEE CADE, SECONDED BY TRUSTEE BASUA TO GRANT THE APPLICANT SERVICE CONNECTED DISABILITY BENEFITS WITH AN EFFECTIVE DATE OF AUGUST 8, 2012, WHICH IS THE DAY FOLLOWING THE LAST DATE PAID, BASED ON THE FINDINGS OF FACT AND DECISION INCLUDING DR. BUTLER’S EVALUATION AND THE APPLICANT’S MEDICAL AND PERSONNEL RECORDS. VOTE: YES – BASUA, BAXTER, CADE, ROGOZINSKI. NO – COBURN, GARCIA. (ABSENT – DOWELL, GOMEZ, JOLLY) MOTION PASSED.**
 - 7.D.2. Marzet Reese – **A MOTION WAS MADE BY BASUA, SECONDED BY ROGOZINSKI, TO GRANT THE APPLICANT 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. VOTE: YES – BASUA, CADE, ROGOZINSKI. NO – BAXTER, COBURN, GARCIA. (ABSENT – DOWELL, GOMEZ, JOLLY) MOTION FAILED.**

A MOTION WAS MADE BY CADE, SECONDED BY GARCIA, TO GRANT THE APPLICANT NON-SERVICE CONNECTED DISABILITY BENEFITS. VOTE: UNANIMOUS. (ABSENT – DOWELL, GOMEZ, JOLLY) MOTION PASSED.

B. FCERA Administration

1. FCERA's Large Cap Domestic Growth manager, Waddell & Reed, changed the firm name to IVY.
2. A Personnel Committee meeting is scheduled for December 20, 2016 at 8:30 AM.
3. An Audit Committee meeting is scheduled for December 14, 2016 at 8:30 AM.
4. The Trustee Hosted Staff Holiday Breakfast is scheduled for December 15, 2016 at 8:00 AM.

C. Board Counsel

Board Counsel had nothing to report.

D. Committee Reports

There were no Committee reports.

E. Board Members

There were no Board Member reports.

There being no further business, the meeting adjourned at 2:30 PM.

Donald C. Kendig, CPA
Secretary to the Board