

**BOARD OF RETIREMENT
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

December 15, 2010

Trustees Present:

Michael Cardenas	Nick Cornacchia	Franz Criego
Eulalio Gomez	James E. Hackett	Steven Jolly
Phil Larson	Ronald S. Frye – for John Souza	

Trustees Absent:

Vicki Crow	John Souza
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Others Present:

Michael Cunningham, FCERA Member
Ron Madsen, FCERA Member
Kelly Prinz, Retirement Benefits Manager
Pamela Fine, FCERA Accounting Unit
Kay Vang, FCERA Accounting Unit
Loretta Morales, FCERA Accounting Unit
Dolores Racca, FCERA Accounting Unit
Edith Balanon, FCERA Accounting Unit
Laurie DuChateau, Reed Smith
Connie Perez, Brown Armstrong
Eric Berman, Brown Armstrong
Attorney Jeffrey Rieger, Reed Smith via tele-conference
Thomas Tusan, Attorney for Glen Green
Susan Coberly, Senior Deputy County Counsel
Roberto L. Peña, Retirement Administrator
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Administrative Secretary

1. Call to Order

Chair Gomez called the meeting to order at 8:36 AM.

2. Pledge of Allegiance

Recited.

3. Presentation of Plaques to Ronald S. Frye and James E. Hackett for their years of service on the Board of Retirement of the Fresno County Employees' Retirement Association.

Roberto L. Peña, Retirement Administrator, presented plaques to James E. Hackett and Ronald S. Frye and thanked them for the service as Trustees on the Board of Retirement.

Trustee Hackett and Alternate Trustee Frye commented on their years of service.

Trustee Cardenas joined the Board at 8:40 AM.

4. Public Presentations

None.

Consent Agenda/Opportunity for Public Comment

A motion was made by Trustee Hackett, seconded by Alternate Trustee Frye, to Accept Consent Agenda Items 5-11. VOTE: Unanimous (Absent – Crow)

*5. Approve the December 1, 2010 Retirement Board Regular Meeting Minutes

RECEIVED AND FILED; APPROVED

*6. Summary of monthly statistics from the Retirement Association Office on service credit purchases, retirement benefit estimates, public service, age adjustments, final compensation calculations, and disability retirement applications for November 2010

RECEIVED AND FILED

*7. Public Records Requests and/or Retirement Related Correspondence from Christopher Smith, Mandate Wire; Jakema Lewis, Investment Management Weekly; John Hock, Dix Hills Partners; William Deuchler, Cain Brothers Asset Management; Kenneth McRay, PineBridge Investments; Howard Phillips, Public; Carl Winfield, Money Management Letter; Christine Balbas, Fresno County Department of Social Services; and Adrian Missen, Kleinwort Benson Investors

RECEIVED AND FILED

*8. Update of Board of Retirement directives to FCERA Administration

RECEIVED AND FILED

*9. Educational Reading Materials

RECEIVED AND FILED

- November 29, 2010 Pensions & Investments article – *Pension adequacy in an aging world*
- November 29, 2010 Pensions & Investments article – *Insider trading probe fallout*
- November 29, 2010 Pensions & Investments article – *State of the industry: flux*
- December 1, 2010 Aronson Johnson Ortiz correspondence – *Thank you*
- December 1, 2010 Top 1000 Funds article – *Mercer buyout of Hammond augurs boutiques' demise*
- December 2, 2010 Devin Nunes press release – *Public Employee Pension Transparency Needed*

- December 6, 2010 Asset International article – Following FBI Probe, Pensions Keep Watchful Eye on Investments
- Fall 2010 Sonoma County Employees' Retirement Association Newsletter
- December 2010 The Monitor Newsletter
- CALAPRS Trustees' Roundtable January 28, 2010 San Jose, CA
- 2011 NCPERS Legislative Conference January 30, 2010 – February 1, 2011 Washington, DC
- 2011 General Assembly March 5-8, 2011 Monterey, CA

***10. Memorandum from Harvey Leiderman, Reed Smith, regarding 2010 Legislation affecting FCERA**

RECEIVED AND FILED

***11. Approve FCERA temporary office closure on Friday, December 17, 2010 from 3:00 PM to 5:00 PM for staff holiday function**

RECEIVED AND FILED; APPROVED

12. Discussion and appropriate action on Internal Revenue Service filings and proposed Compliance Policies presented by Laurie DuChateau, Reed Smith

Laurie DuChateau, Reed Smith, opened discussions with an overview of the Internal Revenue Service's (IRS) program that requires pension systems such as FCERA to file a determination letter detailing how the plan will operate in conformity with Internal Revenue Code Section 401(a). Ms. DuChateau summarized the progress towards the preparation of the IRS Determination Letter application and the IRS Voluntary Compliance Program application letter and reviewed the processes to obtaining a determination letter and the advantages of maintaining qualified plan status.

Ms. DuChateau reviewed the proposed 2010 Internal Revenue Code Compliance policy and noted that it is anticipated that the application letters will be submitted to the IRS no later than January 31, 2011.

A motion was made by Trustee Larson, seconded by Trustee Frye, to Approve the proposed 2010 Internal Revenue Code Compliance Policy as presented. VOTE: Unanimous (Absent – Crow)

RECEIVED AND FILED; APPROVED

13. Discussion and appropriate action on FCERA's Audited Financial Statements and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010 presented by Connie Perez, CPA Audit Partner Brown Armstrong

Connie Perez, Audit Partner Brown Armstrong, summarized the purpose of the audit and gave a brief overview of the audit process and responsibilities. Ms. Perez noted that audit tests are designed to identify high risk areas such as investments and employer and employee contributions that have potential for material errors, irregularities, and fraud.

Ms. Perez stated that FCERA's financial statements are fairly presented in accordance with generally accepted accounting principles and earned an unqualified ("clean") opinion. She noted that the opinion is the highest opinion that an independent audit firm can issue and congratulated the FCERA team.

Ms. Perez stated that five recommendations were made to help FCERA make improvements and achieve operational efficiencies. It was noted that findings and recommendations are intended to improve the internal control structure or result in other efficiencies.

Ms. Perez thanked the FCERA staff for their diligence in collecting and supplying information timely when requested.

Eric Berman, Brown Armstrong, reported on upcoming GASB standards that may have an impact on FCERA. Discussions ensued.

Trustee Jolly departed at 11:00 AM.

Mr. Peña expressed his appreciation for the knowledge gained through the audit process and thanked the Brown Armstrong firm and Becky Van Wyk, Assistant Retirement Administrator congratulated the FCERA accounting staff for their efforts.

A motion was made by Trustee Cardenas, seconded by Chair Gomez, to Accept FCERA's Audited Financial Statements and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010 as presented. VOTE: Unanimous (Absent – Crow, Jolly)

RECEIVED AND FILED; APPROVED

14. Discussion and appropriate action on FCERA's Administrative Proceedings and Appeals Policy to the Board presented by Jeffrey Rieger, Reed Smith

Attorney Jeffrey Rieger, Reed Smith, opened discussions with a brief overview of the Policy Re Administrative Proceedings and Appeals to the Board (Hearings Policy) noting the proposed changes. In addition, Attorney Rieger recommended that a third option be added to page 10, section 5 B, to reflect that the Board "can conditionally reject the application, subject to the Board's receipt of additional evidence of disability. For example, but without limitation, if the Administrator did not initially require an independent examination, the Board may require an independent examination."

Trustee Criego recommended that the language on page 9, first paragraph of section two, be changed to reflect "It is the Board's policy that the Administrator shall have broad discretion in making the initial *recommendation* as to whether one or more examinations are necessary..."

A motion was made by Trustee Criego, seconded by Chair Gomez, to Adopt the Policy Re Administrative Proceedings and Appeals to the Board with noted changes. VOTE: Unanimous (Absent – Crow, Jolly)

RECEIVED AND FILED; APPROVED

15. Discussion and appropriate action on FCERA's Overpayment/Underpayment of Contributions Policy presented by Jeffrey Rieger, Reed Smith

Roberto L. Peña, Retirement Administrator, opened discussions by informing the Board that the proposed Overpayment/Underpayment of Contributions Policy is designed to be consistent with the Overpayment/Underpayment of Benefits Policy adopted by the Board in October 2004.

Attorney Jeffrey Rieger, Reed Smith, reminded the Board of the events of the Final Comp project that lead to the implementation of the Overpayment/Underpayment of Benefits Policy.

A motion was made by Trustee Criego, seconded by Chair Gomez, to Adopt the Overpayment/Underpayment of Contributions Policy as presented. VOTE: Unanimous (Absent – Crow, Jolly)

RECEIVED AND FILED; APPROVED

16. Discussion and appropriate action on request from Lawrence McMeen for Repayment Modification

Roberto L. Peña, Retirement Administrator, opened discussions by reviewing the circumstances of Lawrence McMeen's request for repayment modification and the recommended revised repayment agreement. Based on Mr. McMeen's change in circumstances Mr. Peña recommended that the Board approve a reduction in Mr. McMeen's installment beginning January 31, 2011.

A motion was made by Vice Chair Hackett, seconded by Chair Gomez, to Approve the repayment modification as presented. VOTE: Unanimous (Absent – Crow, Jolly)

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Roberto L. Peña, Retirement Administrator, pulled Closed Session Item 17.A.1. as there was nothing to discuss.

17. Closed Session:

A. Conference with Legal Counsel – Actual Litigation - pursuant to G.C. §54956.9(a)

1. *Geraldine Chisom, et al. v. Board of Retirement, etc., et al., Fresno County Superior Court Case No. 10 CECG 02372*

B. Conference with Real Property Negotiators – pursuant to G.C. §54956.8

**1. Property: 1713 Tulare Street, Fresno, CA 93721
Agency Negotiators: Brian Decker of Colliers Tingey**

C. Disability Retirement Applications – Personnel Exception (G.C. §54957):

1. Glen Green

18. Report from Closed Session

17.A.1. Pulled.

17.B.1. Nothing to Report

17.C.1. Glen Green – Decision – To direct the Administrator to notify the applicant that the request to modify the effective date of disability retirement was denied pending a request for hearing. **M – Gomez. S – Larson. VOTE: Unanimous (Abstain – Criego) (Absent – Crow, Jolly)**

19. Report from FCERA Administration

Administration had nothing to report.

20. Report from County Counsel

County Counsel had nothing to report.

21. Board Member Announcements or Reports

The Board Members had nothing to report.

There being no further business the meeting adjourned at 12:24 PM.

Roberto L. Peña
Secretary to the Board