

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

*"Our mission is to provide secure retirement benefits to our members and beneficiaries
while investing the assets of the plan within prudent levels of risk."*

August 5, 2020

**REGULAR MEETING
ACTION SUMMARY MINUTES**

**[AN AUDIO RECORDING OF THE OPEN SESSION DISCUSSION ITEMS CAN BE FOUND ON THE FCERA WEBSITE AT
WWW.FRESNOCOUNTYRETIREMENT.ORG](http://WWW.FRESNOCOUNTYRETIREMENT.ORG)**

Trustees Present:

John Adams, via Tele-Conference	Laura Basua
Dr. Rod Coburn, III, via Tele-Conference	Oscar Garcia
Steven Jolly, via Tele-Conference	Nathan Magsig
Stanley McDivitt	Douglas Papagni, Alternate
John Robinson	Riley Talford

Trustees Absent:

None

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Douglas Kidd, Retirement Investment Officer
Elizabeth Avalos, Executive Assistant
Merelle Buttner, Administrative Assistant
Kenneth Price, Board Counsel
Craig Armstrong, Board Counsel
Jeffrey MacLean, Verus via Tele-conference
Michael Kamell, Verus via Tele-conference
Pramol Dhawan, Benjamin Ruffel, and Sasha Talcott of PIMCO via Tele-conference
Andrew Stobart and Tim Erskine-Murray of Baillie Gifford via Tele-conference

Members of the Public that Addressed the Board:

Eulalio Gomez, FCERA Member
Victor Prado, FCERA Member
Julie Hornback, FCERA Member – Via Webmail

1. CALL TO ORDER

Chair Magsig called the meeting to order at 8:30 AM.

2. PLEDGE OF ALLEGIANCE

Alternate Trustee Doug Papagni led the Pledge.

3. PUBLIC COMMENT

None.

4. CONSENT AGENDA

AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE MCDIVITT, SECONDED BY TRUSTEE TALFORD, TO ACCEPT/APPROVE CONSENT ITEMS 4.A. THROUGH 4.D. AS PRESENTED. ROLL CALL VOTE: YES – ADAMS, BASUA, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. ABSENT: COBURN. MOTION PASSED.

- A. Receipt and Filing of the FCERA Cash Flow Position as of May 2020 – **RECEIVED AND FILED**
- B. Receipt and Filing of Investment Fee Disclosure Report (AB 2833) – **RECEIVED AND FILED**
- C. Approval of Retirements for July 2020 – **APPROVED**
- D. Approval of Second One-Year Actuarial Services Contract Extension and Retirement Administrator’s Authority to Execute – **APPROVED**

5. MINUTES

- A. Consideration of the July 15, 2020 Retirement Board Regular Meeting Minutes

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE GARCIA, SECONDED BY TRUSTEE TALFORD, TO APPROVE ITEM 5.A. AS PRESENTED. ROLL CALL VOTE: YES – ADAMS, BASUA, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. ABSENT: COBURN. MOTION PASSED.

6. DISCUSSION

- A. Review Performance and Economic Summary Report: PIMCO, Emerging Debt

PRESENTED, RECEIVED AND FILED. NO ACTION TAKEN.

- B. Review Performance and Economic Summary Report: Baillie Gifford, Emerging Market

PRESENTED, RECEIVED AND FILED. NO ACTION TAKEN.

- C. Consideration of Fixed Income Update and Recommended Actions to Adjust Fixed Income Allocations

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE TALFORD, SECONDED BY TRUSTEE MCDIVITT, TO TAKE THE UNCALLED TALF ALLOCATION OF \$36M AND PUT TO WORK IN CORE BY SYNTHETICALLY OVERLAYING \$36M OF THE GROSVENOR PROCEEDS, UTILIZE THE HIGH YIELD QUARTILE SPREAD, TO LIQUIDATE SET AMOUNTS OF HIGH YIELD, BANK LOANS AND GLOBAL SOVEREIGN, LIQUIDATING 25% NOW, AND TO INSTRUCT WAMCO TO BUILD OUT A BARCLAYS GLOBAL AGGREGATE ALLOCATION FROM THE PROCEEDS OF THE OTHER BOND SALES AS RECOMMENDED. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

D. Consideration of Aronson Johnson Ortiz Termination

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE TALFORD, SECONDED BY TRUSTEE MCDIVITT, TO TERMINATE AJO AND OVERLAY WITH THE MSCI USA BENCHMARK INDEX UNTIL A PERMANENT ALLOCATION IS DECIDED. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

E. Consideration of Fiscal Year 2019-20 Due Diligence Report, and Fiscal Year 2020-2021 Due Diligence Plan, and Proposed Revisions to the Due Diligence Policy

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE BASUA, SECONDED BY TRUSTEE ADAMS, TO APPROVE THE REVISIONS TO THE FCERA DUE DILIGENCE POLICY AS PRESENTED. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

F. Consideration of Loomis Sayles Guideline Clarification Request, EQT Sale Consent and Future Discussion of Board and Staff Responsibilities

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE TALFORD, SECONDED BY TRUSTEE MAGSIG, TO AFFIRM THAT THE INVESTMENT GUIDELINES FOR LOOMIS SAYLES DO INDEED PERMIT THE PURCHASE OF CLO'S AND ACCEPT THE MANAGER'S SELF-IMPOSED CEILING AT 5% OF PORTFOLIO ASSETS RATED BBB OR HIGHER IN THESE SECURITIES; PROVIDE CONSENT FOR THE SALE OF THE EQT CREDIT PLATFORM TO BRIDGEPOINT, WITH NO DISCERNABLE IMPACT ON THE FCERA INVESTMENT IN EQT OPPORTUNITIES FUND III; AND, CONSIDER FUTURE EXPLORATION AND EDUCATION INTO FIDUCIARY DUTY, ROLES AND RESPONSIBILITIES IN ORDER TO STREAMLINE SIMILAR FUTURE DECISIONS AS RECOMMENDED. ROLL CALL VOTE: YES – ADAMS, BASUA, GARCIA, MAGSIG, TALFORD. NO – COBURN, JOLLY, MCDIVITT, ROBINSON. MOTION PASSED.

G. Consideration of Cash Liquidity Policy (2nd Read)

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE MCDIVITT, TO APPROVE THE CASH LIQUIDITY POLICY AS RECOMMENDED. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, JOLLY, MCDIVITT, ROBINSON, TALFORD. NO – GARCIA, MAGSIG. MOTION PASSED.

H. Consideration of Working After Retirement Policy

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD HEARD FOR FCERA MEMBERS EULALIO GOMEZ, VICTOR PRADO, AND JULIE HORNBACK.

A MOTION WAS MADE BY TRUSTEE BASUA TO APPROVE NEW FIRST READING AS AMENDED FOR LANGUAGE THAT SUSPENDS BENEFITS IN THE MONTH OR MONTHS THE RETIREE CONTINUES TO WORK IN EXCESS OF THE 960-LIMIT, DELETING SUB PARAGRAPH D. AND LAST PART OF B. AFTER COMMA. MOTION FAILED FOR LACK OF A SECOND.

A MOTION WAS MADE BY TRUSTEE COBURN, SECONDED BY TRUSTEE TALFORD, TO BRING THE ITEM BACK FOR FURTHER DISCUSSION AT THE SEPTEMBER 2, 2020 REGULAR MEETING AND TO FORM AN AD HOC COMMITTEE CONSISTING OF TRUSTEES GARCIA, MCDIVITT, & TALFORD AND ALTERNATE TRUSTEE PAPAGNI. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. ABSENT: GARCIA. MOTION PASSED.

- I. Consideration of Direction to Execute a New Three-Year Agreement with Baker Manock and Jensen PC for Board Legal Counsel Services or Direction to Issue a Request for Proposal (RFP)

BOARD COUNSEL, KENNETH PRICE, RECUSED HIMSELF. PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE TALFORD, SECONDED BY TRUSTEE BASUA, TO DIRECT THE RETIREMENT ADMINISTRATOR TO RETURN TO THE BOARD WITH A NEGOTIATED THREE-YEAR CONTRACT WITH BAKER MANOCK AND JENSEN PC OF BOARD COUNSEL FOR CONSIDERATION AND APPROVAL. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

7. FCERA REALTY GROUP, LLC – CONSENT/DISCUSSION:

- A. Receipt and Filing of Quarterly Staff Reporting on Revenues and Expenditures, and Investment Performance

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE MCDIVITT, SECONDED BY TRUSTEE TALFORD, TO RECEIVE ITEM 7.A. AS PRESENTED. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

8. CLOSED SESSION:

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code section 54956.9. Number of Cases: 2
- B. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957)
1. William Vincent
 2. William Dull
 3. Carl McSwain

Trustee McDivitt departed at 12:15 AM.

9. ORAL REPORTS:

- A. Report from Closed Session
- 8.A. NO REPORTABLE ACTION.**
- 8.B.1. VINCENT – DECISION – TO GRANT THE SERVICE CONNECTED DISABILITY APPLICATION AS PRESENTED. THE MOTION WAS MADE BY TRUSTEE TALFORD, SECONDED BY TRUSTEE BASUA. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.**
- 8.B.2. DULL – DECISION – TO GRANT THE SERVICE CONNECTED DISABILITY APPLICATION AS PRESENTED. THE MOTION WAS MADE BY TRUSTEE BASUA, SECONDED BY TRUSTEE ROBINSON. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG,**

MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

8.B.3. MCSWAIN – DECISION – TO GRANT THE SERVICE CONNECTED DISABILITY APPLICATION AS PRESENTED. THE MOTION WAS MADE BY TRUSTEE ROBINSON, SECONDED BY TRUSTEE JOLLY. ROLL CALL VOTE: YES – ADAMS, BASUA, COBURN, GARCIA, JOLLY, MAGSIG, MCDIVITT, ROBINSON, TALFORD. MOTION PASSED.

B. FCERA Administration

Administration reported on the California Supreme Court's decision on the Alameda case. Staff and Counsel are analyzing its potential effect on our earn codes. Staff will return in September with an update as to whether or not any action is required.

C. Board Counsel

Nothing to Report.

D. Committee Reports

Nothing to Report.

E. Board Members

1. Trustee Coburn requested additional information on the Alameda decision.
2. Trustee Talford is looking forward to meeting the newly formed Ad Hoc Committee.
3. Trustee Adams expressed concerns regarding the election procedures noting that Members can only return ballots by mail or in person drop off. Trustee Adams also expressed concern with potential conflict with Department Heads running for a seat on the BOR.

There being no further business, the meeting adjourned at 12:22 AM.

Donald C. Kendig, CPA
Secretary to the Board