BOARD OF RETIREMENT
FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

June 6, 2012

Trustee Present:

Marion Austin  Laura P. Basua  Dr. Rod Coburn, III
Franz Criego  Vicki Crow  Eulalio Gomez
Steve Jolly  John Souza

Trustee Absent:

Phil Larson

Others Present:

Regina Wheeler, Alternate Trustee
Jeffrey MacLean, Wurts & Associates
Blair Nicholas, BLBG ~ via tele-conference
Steve Toll, Cohen Milstein ~ via tele-conference
Julie Reiser, Cohen Milstein ~ via tele-conference
Susan Coberly, Senior Deputy County Counsel
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Administrative Secretary

1. Call to Order
Chair Gomez called the meeting to order at 8:34 AM.

2. Pledge of Allegiance
Recited.

3. Public Presentations
None.

Consent Agenda/Opportunity for Public Comment

Trustee Coburn pulled Consent Item 11 for discussion.

Trustees Jolly and Wheeler joined the Board at 8:36 AM.

A motion was made by Trustee Coburn, seconded by Trustee Souza, to Approve Consent Items 4-10 and 12-18. VOTE: Unanimous (Absent – Crow, Larson)

*4. Approve the May 2, 2012 Retirement Board Regular Meeting Minutes

RECEIVED AND FILED; APPROVED
*5. Retirement

RECEIVED AND FILED; APPROVED

Annette Ackerman  ITSD  22.12
Joanne Baldwin  Public Health, Deferred  12.60
Tony B. Britten  General Services  27.03
David B. Brodie  Behavioral Health, Deferred  4.14
Dayle Conroy  Behavioral Health  13.15
Gloria Contreras  Sheriff  23.81
Ofelia Cuenca  Superior Court  22.95
Judy L. DeVecchio  District Attorney  16.18
Catherine Drusen  Department of Social Services  9.85
Guadalupe B. Fernandez  Department of Social Services  33.08
Teresita E. Gan  Department of Social Services  22.06
Donna A. Gonzalez  District Attorney  10.14
Jose Gonzalez  Department of Social Services  10.35
Valerie Gonzalez  Superior Court  28.13
Clyde B. Gosser  Department of Social Services  11.23
Denise R. Howerton  Department of Social Services  12.30
Nelia I. Marquez  Behavioral Health  18.04
Laura L. McComb  VMC, Deferred  14.30
Martha E. McKinney  Department of Social Services  25.11
Richard Morgott  Behavioral Health  15.10
Arthur Omelas  Superior Court  26.34
Wendy Patrick  Department of Social Services  17.21
Kathleen E. Puckett  Behavioral Health  23.81
Irma A. Pytlak  Community Health  22.14
Gloria P. Ramirez  Department of Social Services  24.46
Janie Rostro  Department of Social Services  33.54
Theresa J. Rothschild  Probation  32.59
Susan B. Schotters  Sheriff, Deferred  5.57
Mary A. Silva  Department of Social Services  19.62
Kelly Smith  Probation  26.48
Melvin E. Turnbow  Department of Social Services  18.52
Bershoua Yang  Behavioral Health  21.48

*6. Deferred Retirement

RECEIVED AND FILED; APPROVED

Roberto L. Peña  FCERA  9.23
Robert W. Sloan  Sheriff  9.69

*7. Request to Rescind Deferred Retirement

RECEIVED AND FILED; APPROVED

Sharon R. Cameron  Library  6.95
Rosa M. Betancourt  VMC  12.98
*8.  Public Records Requests and/or Retirement Related Correspondence from Annette Cleary, LACERA; Amy Acevedo, RV Kuhns & Associates; Henna Jaisinghani, IPREO; Peter Koitsopoulos, CEM Benchmarking; DeAnn VonBerg, Fresno County Personnel; Jackie Purter, SCERA; Brian Schafer, VanGuard Axis; and Franz Criego, PACE

RECEIVED AND FILED

*9.  Educational Reading Material

RECEIVED AND FILED


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

RECEIVED AND FILED

Trustee Crow joined the Board at 8:40 AM.

*11.  Unaudited Financial Statements for the Fresno County Employees’ Retirement Association for the period ended December 31, 2011

Trustee Coburn noted various “typos” on the memo submitted by Administration and requested that they be corrected. Administration agreed.

A motion was made by Trustee Coburn, seconded by Chair Gomez, to Accept Item 11 with noted corrections. VOTE: Unanimous (Absent – Larson)

RECEIVED AND FILED

*12.  Report from Trustees on attendance at the SACRS Spring Conference 2012

RECEIVED AND FILED

*13.  Most recent investment returns, performance summaries and general investment information from investment managers

RECEIVED AND FILED

*14.  FCERA Cash Flow position as of April 2012

RECEIVED AND FILED

*15.  RV Kuhns Public Fund Universe Analysis for the period ended December 31, 2011

RECEIVED AND FILED
16. **Equity Rebalance Review**

RECEIVED AND FILED

17. **Correspondence from Mark L. Attanasio, TCW Asset Management Company, regarding Notice of Extension of the Term of the Fund (Shared Opportunity Fund III, L.P.)**

RECEIVED AND FILED


RECEIVED AND FILED; APPROVED

19. **Presentation of the March 31, 2012 Quarterly Research Report presented by Jeffrey MacLean, Wurts & Associates**

Jeffrey MacLean, Wurts & Associates, began the presentation with an overview of the current economic environment and its impact on the investment markets noting that debt continues to hold back U.S. economic growth.

In addition, Mr. MacLean noted that, though economic growth seems to be on firmer footing than earlier in the recovery, Wurt’s views have not substantially changed from last quarter. While global economic growth appears to be accelerating, any removal of global monetary stimulus will lead to a substantial slowdown. Growth is likely to remain subdued compared to historical growth rates as a number of headwinds lay unavoidably ahead. Specifically, these include continued fiscal tightening in the US, deleveraging, continued financial market instability in Europe and rising prices in the emerging markets.

The Board engaged in a general discussion regarding the current market environment.

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20. **Presentation of the March 31, 2012 Investment Performance Review presented by Jeffrey MacLean, Wurts & Associates**

Jeffrey MacLean, Wurts & Associates reviewed the Plan’s various asset classes and the individual managers within the asset classes noting any significant over or under performance over the three and five year periods.

The Board engaged in a general discussion regarding the overall investment performance.

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Jeffrey MacLean, Wurts & Associates, had no violations to report.

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22. Discussion and appropriate action on revised Fee Schedule for BlackRock

Jeffrey MacLean, Wurts & Associates, opened discussions by reminding the Board of its direction to Wurts to negotiate a reduced fee schedule with BlackRock due to their since-inception underperformance. Mr. MacLean noted that Wurts successfully negotiated a reduced investment management fee for the BlackRock core plus fixed income mandate. The reduced fee schedule is expected to generate $50,000 in savings per year.

The Board reviewed and commented on the revised fee schedule.

A motion was made by Chair Gomez, seconded by Trustee Crow, to Approve the revised fee schedule as presented. VOTE: Unanimous (Absent – Larson)

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23. Discussion and appropriate action on Custody Search timeline and Request for Proposal

Becky Van Wyk, Assistant Retirement Administrator, opened discussions by reminding the Board of its policy requiring the Administrator to review contacts every three years and to recommend whether a Request for Proposal (RFP) should be issued or if the contract should be amended.

Ms. Van Wyk noted that because FCERA is in the process of implementing a new pension administration system that will include changes in the way benefit checks are processed and how data is moved between various reporting systems, now is a good time to look at the Custody and Benefits Disbursement market.

The Board reviewed the proposed RFP and timeline and discussed the release of the RFP. It was noted that specific vendors such as State Street Global Advisors, Northern Trust, BNYMellon, and JPMorgan will be notified directly of the RFP.

A motion was made by Trustee Crow, seconded by Chair Gomez, to Approve the release of the RFP for Custody and Benefits Disbursement services as presented. VOTE: Unanimous (Absent – Larson)

RECEIVED AND FILED; APPROVED

24. Discussion and appropriate action on Retirement Administrator Employment Contract

Attorney Jeffrey Rieger, Reed Smith, opened discussions by stating that, just moments after the Board of Retirement’s (BOR) Regular meeting had been called to order, the BOR received a letter from Deborah Poochigian, Chair of the Board of Supervisors (BOS), outlining the their position of authority on the proposed employment contract between the BOR and Mr. Phillip Kapler (Retirement Administrator).

Attorney Rieger noted the BOR’s position is that the Board of Retirement has full authority to enter into the employment agreement with Mr. Kapler and set compensation.
The Board reviewed and discussed the proposed contracts (Version A and Version B). It was noted that Version A is the agreement that the BOR initially proposed and Version B contains minor language changes submitted by Mr. Kapler.

A motion was made by Trustee Crow, seconded by Trustee Souza, to Approve the Employment Agreement (Version A) between the Board of Retirement and Phillip Kapler. VOTE: Unanimous (Absent – Larson)

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Trustee Crow departed at 11:06 AM.

25. Closed Session:

A. Conference with Legal Counsel – Actual Litigation - pursuant to G.C. §54956.9(a)
   1. Thomas Alberda v. Board of Retirement of Fresno County Employees’ Retirement Association, Fresno County Superior Court Case No. 10 CECG 02961

B. Conference with Legal Counsel – Potential Litigation – pursuant to G.C. §54956.9(c) – possible initiation of litigation (one case)

C. Public Employee Appointment – pursuant to G.C. §54957(b) (Retirement Administrator)

D. Disability Retirement Applications – Personnel Exception (G.C. §54957):
   1. Dennis Cooper

26. Report from Closed Session

25.B. Nothing to report.
25.C. Pulled.

27. Report from FCERA Administration

Becky Van Wyk, Assistant Retirement Administrator, reported on the following:

1. Contract help was hired to work on the EDMS and Health Benefit projects.
3. Due to recent changes made by the County and Courts, staff has been working overtime to keep up with the increase in retirements and counseling sessions.
4. Ms. Van Wyk noted her attempts to communicate with the County Administrative Officer regarding identifying topics for future meetings have gone unanswered.
28. **Report from County Counsel**

Susan Coberly, Senior Deputy Counsel, had nothing to report.

29. **Board Member Announcements or Reports**

In response to a question from Chair Gomez regarding the topics of discussion for the Annual Off-Site Educational Meeting, Ms. Van Wyk noted that Administration will begin preparing the agenda when the new Administrator comes on Board and encouraged the Board to submit topics of interest.

There being no further business the meeting adjourned at 12:04 PM.

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Eulalio Gomez  
Chair to the Board