

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

June 6, 2012

Trustee Present:

Marion Austin
Franz Criego
Steve Jolly

Laura P. Basua
Vicki Crow
John Souza

Dr. Rod Coburn, III
Eulalio Gomez

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 Ornelas	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

- May 31, 2012 Wellington Management update – *SEC Update on Wellington Management’s Policies and Practices regarding material, non-public information (MNPI)*

- *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

***18. Primary Fiduciary Insurance Coverage – May 31, 2012 through May 31, 2013**

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.

RECEIVED AND FILED

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.

RECEIVED AND FILED

21. Presentation of the March 31, 2012 Guideline Compliance Report presented by Jeffrey MacLean, Wurts & Associates

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

RECEIVED AND FILED

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)

RECEIVED AND FILED; APPROVED

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 contracts 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 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)

RECEIVED AND FILED; APPROVED

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.A.1. Pulled.

25.B. Nothing to report.

25.C. Pulled.

25.D.1. Decision – **Dennis Cooper** – The Board conditionally denied the application pending an additional Independent Medical Examiner evaluation. **M-Coburn. S-Souza. VOTE: Unanimous (Absent – Crow, Larson)**

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.
2. Ms. Van Wyk will attend the GFOA Conference in Chicago, IL on June 9-11, 2012.
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.

Eulalio Gomez
Chair to the Board