

**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”

October 7, 2015

REGULAR MEETING AGENDA MINUTES

Trustees Present:

Laura P. Basua	Greg Baxter
Dr. Rod Coburn, III	Robert Dowell
Eulalio Gomez	Steven Jolly
Mary Ann Rogozinski, Alternate	

Trustees Absent:

Vicki Crow
Paul Dictos, CPA
Vacant Seat

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Jeffrey Rieger, Reed Smith, via tele-conference
Jeffrey MacLean, Verus
Jackie Rantanen, Hamilton Lane
Grant Saul, Hamilton Lane
Paul Yett, Hamilton Lane
Chris Gunther, Warburg Pincus

Members of the Public that Addressed the Board:

None.

1. Call to Order

Chair Jolly called the meeting to order at 8:33 AM. It was noted that, in addition to the current vacancy, Trustees Crow and Dictos were absent.

2. Pledge of Allegiance

Recited.

3. Public Comment

Donald Kendig, Retirement Administrator, noted ministerial corrections (typos) to Consent Items 4.D. and 4.E. It was also noted Item 5.A. (9/16/15 Minutes), page 3 was corrected to reflect that Trustee Coburn was nominated as Voting Delegate. He did not nominate himself.

4. Consent Agenda

A motion was made by Trustee Coburn, seconded by Trustee Gomez, to approve Consent Items 4.A. – 4.G. with noted corrections. VOTE: Unanimous (Absent – Crow, Dictos)

- A. Approval of Retirements for September 2015 – **RECEIVED AND FILED; APPROVED**
- B. Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- C. FCERA Cash Flow Position as of August 2015 – **RECEIVED AND FILED**
- D. Approval of an Additional Trustee, Basua, to attend the Due Diligence trip to Bernstein Litowitz Berger & Grossmann LLP (BLB&G) San Diego Office - **APPROVED**
- E. Approval of Ministerial Updates to the Election Procedures – **RECEIVED AND FILED; APPROVED**
- F. Waddell & Reed Investment and Operational Due Diligence Update - **RECEIVED AND FILED**
- G. Approve Taxation Legal Counsel Contract – **RECEIVED AND FILED; APPROVED**

5. Minutes

- A. Consideration of September 2, 2015 Retirement Board Regular Meeting Minutes

A motion was made by Trustee Gomez, seconded by Trustee Basua, to approve Item 5.A. as presented. VOTE: Unanimous (Absent – Crow, Dictos)

- B. Consideration of September 16, 2015 Retirement Board Regular Meeting Minutes

A motion was made by Trustee Gomez, seconded by Trustee Coburn, to approve Item 5.B. with noted corrections (See Public Comment). VOTE: Unanimous (Absent – Crow, Dictos)

- C. Consideration of September 16, 2015 Retirement Board Personnel Committee Meeting Minutes

A motion was made by Trustee Dowell, seconded by Trustee Gomez, to approve Item 5.C. as presented. VOTE: Unanimous (Absent – Crow, Dictos)

6. Discussion

A. Consideration of Value-Add Real Estate Search presented by Jeffrey MacLean, Verus

The Board heard from and engaged in discussion with Jeffrey MacLean, Verus, on the Value-Add Real Estate Manager search.

Discussions ensued regarding the strategies, processes, risk management, and fee structures of the various managers being considered for this mandate which included:

- American Realty
- Invesco
- Kennedy Wilson
- TA Associates
- Oaktree
- Westport Capital
- Gerding Edlen

A motion was made by Trustee Coburn, seconded by Trustee Baxter, to invite TA Associates and Kennedy Wilson, to present their Value-Add strategies for the Board's consideration at the November 4, 2015 Regular meeting. VOTE: Unanimous (Absent – Crow, Dictos) Alternate Trustee Rogozinski voted on this Item as Trustee Dowell was not present to vote.

A motion was made by Trustee Baxter, seconded by Trustee Coburn, to invite Oaktree and Gerding Edlen, to present their Opportunistic strategies for the Board's consideration at the November 4, 2015 Regular meeting. VOTE: Unanimous (Absent – Crow, Dictos)

B. Consideration of FCERA Charters presented by Donald Kendig, Retirement Administrator

A motion was made by Trustee Coburn, seconded by Trustee Dowell, to approve Item 6.B. as presented. VOTE: Unanimous (Absent – Crow, Dictos)

C. Consideration of FCERA Policies presented by Donald Kendig, Retirement Administrator: Actuarial Funding, Administrative Proceedings and Appeals to the Board, Board Consultants Evaluation, Board Member Appointments to Special Committees, Capitalization of Assets, Code of Conduct, Conflict of Interest, and Control of Capital and Controlled Capital Type Assets

A motion was made by Trustee Coburn, seconded by Trustee Gomez, to approve Item 6.C. as presented. VOTE: Unanimous (Absent – Crow, Dictos)

The Board directed Staff to assess FCERA's technology capabilities as they relate to video appearances for disability hearings and to revise the Administrative Proceedings and Appeals to the Board Policy if it is determined that the technology exists to allow audio appearances.

- D. Consideration of Educational Attendance Reports: Oral reports from Trustees Laura Basua and Eulalio Gomez on the 2015 Public Funds Forum

Both Trustees Basua and Gomez commented on their attendance at the 2015 Public Funds Forum noting that the subject matter was informative and timely. The Forum covered various subjects including Socially Responsible Investing. Trustee Gomez suggested that the subject be considered at a later meeting and the Board concurred that ESG and Proxy voting would be placed on the next off-site agenda.

A motion was made by Trustee Jolly, seconded by Trustee Gomez, to receive the oral reports as presented. VOTE: Unanimous (Absent – Crow, Dictos)

- E. Consideration of Creation of ad hoc Committee to Perform On-Site Due Diligence of Candidates for Board Legal Counsel

Becky Van Wyk, Assistant Retirement Administrator, recommended the creation of an ad hoc Committee consisting of the three Board members, Retirement Administrator, and Assistant Retirement Administrator to perform due diligence on the final candidates for Board Legal Counsel.

A motion was made by Trustee Coburn, seconded by Trustee Dowell to create an ad hoc Committee consisting of Trustees Basua, Baxter, and Gomez (Alternate Jolly), the Retirement Administrator, and Assistant Retirement Administrator as recommended. VOTE: Unanimous (Absent – Crow, Dictos)

- F. Consideration of State Association of County Retirement Systems (SACRS) 2016 Legislative Proposals

1. District Status for 1937 Act County Employee Retirement Systems
2. Optional Employee Sworn statements
3. Alternate Retiree Voting
4. BOR Trustee Per Diem

A motion was made by Trustee Coburn, seconded by Trustee Gomez, to direct the Voting Delegate to support SACRS Items 1, 2, and 4. VOTE: Unanimous (Absent – Crow, Dictos)

A motion was made by Trustee Jolly, seconded by Trustee Basua, to direct the Voting Delegate to express opposition to SACRS Item 3. VOTE: Unanimous (Absent – Crow, Dictos)

- G. Consideration of Private Equity Manager Selection

2. Hamilton Lane

The Board heard a presentation from representatives of Hamilton Lane that included a review of their organizational structure, investment strategy and processes, and fee structure.

Detailed discussions ensued regarding the investment strategy, approach, and fee structure of the firm. In addition, the Board heard from its investment consultant Jeffrey MacLean, Verus.

A motion was made by Trustee Baxter, seconded by Trustee Gomez, to begin contract negotiations with Hamilton Lane committing \$70 million to its Fund IX. VOTE: Unanimous (Absent – Crow, Dictos)

1. Warburg Pincus

The Board moved to Closed Session to hear the Warburg Pincus presentation.

7. Closed Session:

- A. Consideration of Purchase or Sale of Particular, Specific Pension Fund Investments, pursuant to G.C. §54956.81 (two investments) – APPROPRIATE ACTION
- B. Conference with Legal Counsel – Existing Litigation – pursuant to G.C. §54956.9: *Leticia Contreras v. Fresno County Employees' Retirement Association; and, County of Fresno, Department of Social Services, Fresno County Superior Court Case No. 15 CE CG 02892* – APPROPRIATE ACTION
- C. Conference with Legal Counsel – Existing Litigation and Settlement Negotiations/Agreement – pursuant to G.C. §54956.9: *Robert Santos v. Board of Retirement of FCERA, Fresno County Superior Court Case No. 15 CE CG 01609*

8. Oral Reports:

A. Report out of Closed Session

7.A. No reportable action.

7.B. **A motion was made by Trustee Baxter, seconded by Trustee Gomez, to approve and confirm Mr. Bruce Johnson, Principal Deputy County Counsel, to represent FCERA in defense of the Complaint. VOTE: Unanimous (Absent – Crow, Dictos)**

7C. No reportable action.

B. FCERA Administration

- 1. The RFP for Specialty Consultants for Hedge Funds will be issued Thursday or Friday of this week with a submission deadline of November 20, 2015. The short list will be presented to the Board on December 16, 2015 with finalist being presented February 3, 2016.
- 2. The Retirement Coordinator position was offered to a candidate, but it was rejected due to salary issues. Jared Wong was promoted to one of the two Retirement Coordinator positions. Staff has extended an offer to a candidate that is currently employed with the County.
- 3. Diane Didulo has returned to her position as Retirement Coordinator after an extended leave of absence.
- 4. Staff distributed a Press Release stating that Jean Rousseau has been hired as the Fresno County Administrative Officer.

C. Board Counsel

None.

D. Committee Reports

Eulalio Gomez reported that the Retirement Administrator Evaluation forms had been distributed. The deadline to complete and return the form is October 22, 2015.

E. Board Members

None.

There being no further business, the meeting adjourned at 12:45 PM.

Donald C. Kendig, CPA
Secretary to the Board