

**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"*

**February 1, 2017**

**REGULAR MEETING AGENDA  
ACTION SUMMARY MINUTES**

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

**Trustees Present:**

Laura P. Basua  
Dr. Rauden Coburn, III  
Steven J. Jolly

Gregory Baxter  
Robert Dowell  
Nathan Magsig

Alan Cade, Jr.  
Eulalio Gomez  
Mary Ann Rogozinski, Alternate

**Trustees Absent:**

Oscar J. Garcia

**Staff and Service Providers Present:**

Donald Kendig, Retirement Administrator  
Doris Rentschler, Assistant Retirement Administrator  
Elizabeth Avalos, Executive Assistant  
Kenneth Price, Board Counsel  
Craig Armstrong, Board Counsel  
Jeffrey MacLean, Verus  
Michael Kamell, Verus – via teleconference  
Shaun Apperson, Core Business Interiors  
Charles Seaman, Reed Smith – via teleconference  
Jay Butterfield, American Realty Advisors – via teleconference  
Dan Robinson, American Realty Advisors – via teleconference

**Members of the Public that Addressed the Board:**

None.

**1. Call to Order**

Chair Coburn called the meeting to order at 8:31 AM.

**2. Pledge of Allegiance**

Recited.

### 3. Public Comment

None.

### 4. Consent Agenda

Chair Coburn pulled Consent Item 4.F. for discussion.

**A MOTION WAS MADE BY TRUSTEE MAGSIG, SECONDED BY TRUSTEE JOLLY, TO APPROVE/ACCEPT CONSENT ITEMS 4.A. THROUGH 4.E AND 4.G. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.**

- A. Receipt and Filing of Public Records Requests and/or Retirement Related Correspondence – **RECEIVED AND FILED**
- B. Receipt and Filing of the FCERA Cash Flow Position as of December 2016– **RECEIVED AND FILED**
- C. Receipt and Filing of Educational Attendance Reports from Donald Kendig, Retirement Administrator and Doris Rentschler, Assistant Retirement Administrator – **RECEIVED AND FILED**
- D. Receipt and Filing of Kalmar Investments Growth-with-Value Small Cap Update – **RECEIVED AND FILED**
- E. Approval of Retirements for January 2017 – **APPROVED**
- F. Approval of Annual Retiree Cost of Living Adjustment of 2.0%

Doris Rentschler, Assistant Retirement Administrator, noted a formatting error on the COLA Table which resulted in an error in the COLA Bank table. It was noted that the COLA calculation was not affected by the formatting error.

**A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE GOMEZ, TO APPROVE ITEM 4.F. AS CORRECTED. VOTE: UNANIMOUS. ABSENT – GARCIA.**

- G. Approval of Internal Revenue Code Compliance Policy – **APPROVED**

### 5. Minutes

- A. Consideration of the January 18, 2017 Retirement Board Regular Meeting Minutes

The Board requested that the Minutes be revised to better clarify the departures of Trustees Jolly and Magsig during Closed Session.

**A MOTION WAS MADE BY TRUSTEE MAGSIG, SECONDED BY TRUSTEE GOMEZ, TO APPROVE ITEM 5.A. WITH NOTED CLARIFICATION. VOTE: UNANIMOUS. ABSENT – GARCIA.**

B. Consideration of the January 18, 2017 BCEC Meeting Minutes – APPROPRIATE ACTION

**A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE BASUA, TO APPROVE ITEM 5.B. AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.**

Trustee Baxter reminded the Trustees that the Consultant Evaluation forms are due February 15, 2017.

**6. Discussion**

A. Review of the FCERA On-site Due Diligence Update

As per FCERA's due diligence policy, Verus is required to visit FCERA's investment managers and perform investment and operational due-diligence on a rotating three-year timeframe.

Jeffrey MacLean provided a brief summary of the recent on-site due diligence, noting that there were no significant concerns.

Trustees interested in attending future site visits were encouraged to notify Staff.

**NO ACTION TAKEN - RECEIVED AND FILED**

B. Consideration of the FCERA Offices at Palm Bluffs presented by Donald Kendig, Retirement Administrator:

1. Receipt and Filing of Statement of Work by IDSolutions

Staff reviewed the Audio/Visual Statement of Work, including the work plan and schedule of costs. The Board and Staff engaged in discussion regarding potential areas for downgrading and/or elimination as to control costs.

Staff will provide a revised proposal at a future Regular meeting for the Board's consideration.

**NO ACTION TAKEN - RECEIVED AND FILED**

2. Receipt and Filing of Furniture Proposals and Presentation by Core Business Interiors along with an approval of Expenditure Limit and Authorization of the Retirement Administrator to Purchase

Staff reviewed the Furniture proposals comprising of three primary options consisting of Requested, Value, and Sit-Stand for the Board's consideration.

Donald Kendig, Retirement Administrator, noted that the Sit Stand proposal provides a good budgetary and expenditure limit and recommended authorizing the Administrator to purchase furniture for the proposed area not to exceed \$359,000, while allowing the Administrator to make adjustments within that limit for specific staff needs.

Shaun Apperson of Core Business Interiors gave a brief summary of the service options, project execution & delivery, warranties, standards.

Trustee Magsig recommended that the Board table this matter for thirty (30) days allowing open items (escrow on the new buildings and negotiations with HSR on the current property) to resolve.

Mr. Apperson confirmed that the proposed furniture costs would remain the same through June 30, allowing the Board to Table the item, should they choose.

For the record, Trustees Basua, Baxter, and Gomez, and Alternate Trustee Rogozinski expressed their support for Option 1 "Requested".

**A MOTION WAS MADE BY TRUSTEE MAGSIG, SECONDED BY TRUSTEE JOLLY, TO TABLE ITEM 6.B.2. FOR FURTHER AT THE MARCH 1, 2017 REGULAR MEETING WITH DIRECTION FOR STAFF TO PREPARE A REVISED PROPOSAL BASED ON THIS DISCUSSION FOR THE BOARD'S CONSIDERATION. VOTE: UNANIMOUS. ABSENT – GARCIA.**

3. Approval of LLC Holding Company Formation for Real Property, Assignment of Escrow for the FCERA Offices to the Holding Company, and Splitting of the Single Escrow into Three

Charlie Seaman of Reed Smith joined the Board via teleconference summarizing the benefits of forming a Limited Liability Company (LLC) including protecting assets by limiting exposure and IRS tax benefits by holding the new offices as an investment.

Donald Kendig, Retirement Administrator, recommended the following:

1. Approve the formation of an LLC Holding Company for Real Property,
2. Approve the assignment of escrow for the FCERA offices to the Holding Company, and
3. Approve the splitting of the single escrow for the three office buildings into three separate escrows and authorize the Retirement Administrator to purchase.

The Board engaged in discussions regarding the fees associated with forming a LLC.

**A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE MAGSIG, TO APPROVE THE PROPOSED ACTIONS (3) AS PRESENTED. VOTE: UNANIMOUS. ABSENT – GARCIA.**

4. Receipt and filing of QPAM Proposal for Advisory Services along with a Proposed Investment Management Agreement

Charlie Seaman of Reed Smith, Jay Butterfield and Dan Robinson of American Realty Advisors joined the Board via teleconference.

The Board engaged in detailed discussions on the scope and costs of the Advisory Services and proposed agreement.

**A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE GOMEZ, TO TABLE ITEM 6.B.4. UNTIL NO LATER THAN THE MARCH 1, 2017 REGULAR MEETING WITH DIRECTION TO STAFF TO FURTHER DEVELOPE THE COST AND SCOPE OF THE AGREEMENT FOR THE BOARD'S CONSIDERATION. VOTE: YES – BASUA, BASTER, CADE, DOWELL, GOMEZ, JOLLY, MAGSIG. NO – COBURN. MOTION PASSED. ABSENT – GARCIA.**

**7. Closed Session:**

- A. Consideration of Purchase or Sale of Particular, Specific Pension Fund Investments (pursuant to G.C. §54956.81) (one investment) – APPROPRIATE ACTION(S)
- B. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957) – APPROPRIATE ACTION(S)
  - 1. Glenda Vidad
  - 2. Faith Young
  - 3. Andres Rodriguez
  - 4. Ivan Janssens

**8. Oral Reports:**

- A. Report out of Closed Session
  - 7.A. No reportable action.
  - 7.B.1. Vidad – **A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE JOLLY, TO DENY THE APPLICANT SERVICE CONNECTED DISABILITY BENEFITS BASED ON DR. BUTLER'S EVALUATION INCLUDING COUNSEL'S LEGAL ANALYSIS AND THE APPLICANT'S MEDICAL AND PERSONNEL RECORDS. VOTE: UNANIMOUS. ABSENT – GARCIA.**
  - 7.B.2. Young – **A MOTION WAS MADE BY TRUSTEE MAGSIG, SECONDED BY TRUSTEE JOLLY, TO DIRECT STAFF TO NOTIFY THE APPLICANT THAT THE APPLICATION FOR SERVICE CONNECTED DISABILITY IS DENIED BASED ON THE WRITTEN OBJECTION SUBMITTED BY FCERA'S ATTORNEY, RECOMMENDING THAT THE BOARD "NOT ADOPT THE HEARING OFFICER'S FINDINGS, CONCLUSIONS AND RECOMMENDATIONS...". VOTE: UNANIMOUS. ABSENT – GARCIA.**
  - 7.B.3. Rodriguez – **A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE DOWELL, TO ADOPT THE FINDINGS OF FACT AND DECISION AND DENY THE APPLICANT'S APPLICATION FOR SERVICE-CONNECTED DISABILITY RETIREMENT. VOTE: UNANIMOUS (ALL THAT ATTEND THE HEARING WERE PRESENT WITH THE EXCEPTION OF GARCIA). ABSENT – GARCIA.**
  - 7.B.4. Janssens – **A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE BAXTER, TO ADOPT THE AMENDED AND RESTATED FINDINGS OF FACT AND DECISION AND DENY THE APPLICANT'S APPLICATION FOR SERVICE-CONNECTED DISABILITY RETIREMENT. VOTE: UNANIMOUS (ALL THAT ATTENDED THE HEARING WERE PRESENT).**

Trustees Jolly and Magsig, and Trustee Rogozinski departed at 12:02 PM (prior to the Rodriguez and Janssens discussions).

B. FCERA Administration

1. The FCERA Office will be closed February 2-3, 2017 for Staff Training – Covey, 7 Habits of Highly Effective People.
2. Doris Rentschler, Assistant Retirement Administrator, will be staffing the March 1, 2017 Regular meeting in Mr. Kendig's absence.
3. A Joint meeting with the Board of Supervisors is scheduled for Thursday, March 23, 2017. This meeting is for educational purposes – no actions will be taken.
4. Staff is receiving good reviews on the Member Portal. There are currently 1,663 members registered users.

C. Board Counsel

Nothing to report.

D. Committee Reports

Personnel Committee Chair Basua announced a Disability Committee meeting will be held February 15, 2017 immediately following the Regular meeting.

E. Board Members

Nothing to report.

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

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Donald C. Kendig, CPA  
Secretary to the Board