

**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."

May 3, 2017

**REGULAR MEETING
ACTION SUMMARY MINUTES**

**AN AUDIO RECORDING OF THE OPEN SESSION DISCUSSION ITEMS CAN BE FOUND ON OUR WEBSITE AT
WWW.FCERA.ORG**

Trustees Present:

Laura P. Basua
Dr. Rauden Coburn, III
Eulalio Gomez
Mary Ann Rogozinski, Alternate

Gregory Baxter
Robert Dowell
Steven J. Jolly

Alan Cade, Jr.
Oscar Garcia
Nathan Magsig

Trustees Absent:

None.

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
Conor Hinds, Supervising Accountant
Dan Kim, IFM Global
Dave Gluch, INVESCO
Brooks Monroe, INVESCO
Rob Moriarti, INVESCO

Members of the Public that Addressed the Board:

None.

1. CALL TO ORDER

Chair Coburn called the meeting to order at 8:33 AM.

2. PLEDGE OF ALLEGIANCE

Recited.

3. PUBLIC COMMENT

None.

4. CONSENT AGENDA

Consent Items 4.B., 4.D., 4.F., and 4.G. were pulled for discussion/comment.

A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE BASUA, TO APPROVE/ACCEPT CONSENT ITEMS 4.A. 4.C., 4.E., AND 4.H. THROUGH 4.J. AS PRESENTED. VOTE: UNANIMOUS.

- 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 March 2017

PRIOR TO APPROVING CONSENT ITEM 4.B., TRUSTEE GARCIA REQUESTED THAT THE REPORT FORMATING BE CONSISTENT GOING FORWARD AS IT RELATES TO NEGATIVE/POSITIVE CASH FLOW NUMBERS.

- C. Approval of Retirements for April 2017 – **APPROVED**
- D. Receipt and Filing of the Budget Status for the Quarter ended March 31, 2017

PRIOR TO APPROVING CONSENT ITEM 4.D., IT WAS CLARIFIED THAT EXHIBIT A IS BASED ON A 9 MONTH REPORTING PERIOD OF A FISCAL YEAR.

- E. Receipt and Filing of Quarterly Investment & Information Technology Status Report – **RECEIVED AND FILED**
- F. Receipt and Filing of RVK, Inc. Public Fund Universe Analysis Report for the Period Ending December 31, 2016

PRIOR TO APPROVING CONSENT ITEM 4.F., DETAILED DISCUSSIONS ENSUED REGARDING THE PLAN'S PERFORMANCE, CURRENT ASSET ALLOCATION, AND BENCHMARKING IN RELATION TO ITS PEERS.

- G. Receipt and Filing of Notification of Eaton Vance Firm-Level Watch Status

PRIOR TO APPROVING CONSENT ITEM 4.G., IT WAS CLARIFIED THAT THE PLAN'S INVESTMENTS WERE NOT AFFECTED BY THE REPORTED FRAUD. THE FIRM CONTINUES TO BE MONITORED AND ANY ADDITIONAL CONCERNS WILL BE REPORTED TO THE BOARD GOING FORWARD.

- H. Approval of Travel Request from Trustee Laura Basua to attend the Public Funds Forum on September 5-7, 2017 in San Diego CA – **APPROVED**

- I. Approval of Carlyle Private Credit Investment Structure Recommendation – **APPROVED**
- J. Approval of Pensionable Earn Code OIS/ICD – **APPROVED**

A MOTION WAS MADE BY TRUSTEE BAXTER, SECONDED BY TRUSTEE GOMEZ, TO APPROVE/ACCEPT CONSENT ITEMS 4.B. 4.D., 4.F., AND 4.G. AS PRESENTED. VOTE: UNANIMOUS.

5. MINUTES

- A. Consideration of the April 19, 2017 Retirement Board Regular Meeting Minutes

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE GOMEZ, TO APPROVE ITEM 5.A. AS PRESENTED. VOTE: UNANIMOUS.

- B. Consideration of the April 19, 2017 Disability Committee Meeting Minutes

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE DOWELL, TO APPROVE ITEM 5.B. AS PRESENTED. VOTE: UNANIMOUS.

6. DISCUSSION

- A. Consideration of FCERA's Real Assets Portfolio

- 1. IFM Global Infrastructure Fund 2. Invesco Commodities 3. Ivesco Core Real Estate

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. NO ACTION TAKEN.

- B. Consideration of Transaction Cost Analysis Proposal

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE BASUA, TO HIRE ZENO CONSULTING TO PROVIDE A HISTORICAL BACK-DATA ANALYSIS OF INVESTMENT TRANSACTION PROCESSES AND IMPLEMENTATION PRACTICES FOR THE 2015-2016 FISCAL YEARS. COSTS ARE NOT TO EXCEED \$34,500. VOTE: YES – BASUA, BAXTER, CADE, COBURN, DOWELL, GOMEZ, JOLLY, MAGSIG. NO – GARCIA. MOTION PASSED.

- C. Consideration of Portfolio Rebalancing Policy Recommendation

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE CADE, TO PROCEED WITH THE PORTFOLIO REBALANCING POLICY RECOMMENDATION AS PRESENTED. VOTE: UNANIMOUS. ABSENT: MAGSIG. (TRUSTEE MAGSIG DEPARTED DURING ITEM 6.C. DISCUSSION, 11:47 AM.)

D. Consideration of Treasurer Cash

ITEM 6.D. WAS CONTINUED UNTIL JUNE 7, 2017.

Due to timing issues, the Board heard Closed Session Items 7.B. and 7.C.1. at this time.

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(S)

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (pursuant to G.C. §54956.8)
 Property: 7766 N. Palm Ave. Fresno, CA 93711
 Agency Negotiators: Donald Kendig, Kenneth Price, Beau Plumlee and Brian Decker
 Under Negotiation: 7766 N Palm Avenue

C. DISABILITY RETIREMENT APPLICATIONS – PERSONNEL EXCEPTION (pursuant to G.C. §54957)

1. Porotesano Faapouli

Trustee Baxter departed during the Closed Session discussions at approximately 12:40 PM.

REPORT FROM CLOSED SESSION

7.A. **PRESENTED AND DISCUSSED. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE BASUA, TO APPROVE A \$75 MILLION COMMITMENT TO HAMILTON LANE SECONDARIES FUND IV. VOTE: UNANIMOUS. ABSENT: BAXTER, DOWELL, MAGSIG. (TRUSTEE DOWELL WAS TEMPORARILY AWAY) (NOTE: ITEM 7.A. WAS HEARD AFTER ITEMS 7.B. AND 7.C.1.)**

7.A. **PRESENTED AND DISCUSSED. A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE JOLLY, TO APPROVE A \$40 MILLION COMMITMENT TO EQT CREDIT OPPORTUNITIES FUND III. VOTE: UNANIMOUS. ABSENT: BAXTER, DOWELL, MAGSIG. (TRUSTEE DOWELL WAS TEMPORARILY AWAY)**

7.B. **NO REPORTABLE ACTION. (NOTE: ITEM 7.B. WAS HEARD PRIOR TO ITEM 7.A.)**

7.C.1. **FAAPOULI – DECISION – A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE BASUA, TO GRANT SERVICE CONNECTED DISABILITY BENEFITS BASED ON THE FINDINGS OF FACT AND DECISION. ROLL CALL VOTE: YES – BASUA, BAXTER, CADE, DOWELL, GARCIA, GOMEZ, JOLLY. NO – COBURN. ABSENT – MAGSIG. (NOTE: ITEM 7.C.1. WAS HEARD PRIOR TO ITEM 7.A.)**

6. DISCUSSION - Continued

E. Consideration of Investment Officer

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD DIRECTED STAFF TO DEFINE THE ROLE/JOB DESCRIPTION OF THE INVESTMENT OFFICER DUTIES AND TO PROVIDE ALTERNATIVES SUCH AS OUTSOURCING THE POSITION OR USING AN INVESTMENT ANALYST. NO ACTION TAKEN.

F. Consideration of Final Consultants Evaluation Reports

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE GOMEZ, TO APPROVE AND DISTRIBUTE THE FINAL CONSULTANT EVALUATION REPORT LETTERS AS PRESENTED. VOTE: UNANIMOUS. ABSENT: BAXTER, MAGSIG.

G. Consideration of Sub-Rosa Investigation Contracts

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE GOMEZ, SECONDED BY TRUSTEE GARCIA, TO AUTHORIZE THE USE OF BAKER MANOCK & JENSEN FOR THE HIRING OF INVESTIGATIVE AGENCIES FOR DISABILITY APPLICATIONS. VOTE: UNANIMOUS. ABSENT: BAXTER, MAGSIG.

8. Oral Reports:

A. Report out of Closed Session

Please see report following Closed Session on the previous page.

B. FCERA Administration

Administration reported on the following:

1. Announcing that the Annual FCERA BBQ was held at Woodward Park on April 29th. Trustee Magsig attend.
2. Providing a reminder of the upcoming SACRS Spring Conference.
3. Giving an opportunity for Staff and Trustees to congratulate Trustee Jolly on his 26th Wedding Anniversary.

C. Board Counsel

1. Counsel Craig Armstrong confirmed his attendance at the upcoming SACRS Spring Conference.

D. Committee Reports

1. An Audit Committee meeting is scheduled for May 24, 2017 at 11:00 AM in the FCERA Boardroom. Committee Member Garcia is unable to attend.

E. Board Members

1. Trustee Jolly requested that Staff confirm with Verus that the Board has the ability to source private credit and private equity deals given the arrangement with Carlyle and Hamilton Lane.
2. Trustee Jolly requested that Staff research the possibility of Fresno County hosting a SACRS Conference.
3. Chair Coburn reminded the Board of the recent passing of SACRS Immediate Past President, Yves Chery and suggested that a cash donation from the Trustees be made to the family.

There being no further business, the meeting adjourned at 2:00 PM.

Donald C. Kendig, CPA
Secretary to the Board