

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

"Our mission is to administer the retirement benefits for the members and beneficiaries in a courteous, accurate, prompt and professional manner, while administering fund assets in a manner that achieves investment and funding objectives within prudent levels of risk."

May 2, 2018

**REGULAR MEETING
ACTION SUMMARY MINUTES**

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

Trustees Present:

John Adams
Oscar Garcia
John Robinson

Dr. Rauden Coburn, III
Steven Jolly
Riley Talford

Robert Dowell
Nathan Magsig

Trustees Absent:

Mary Ann Rogozinski, Alternate

Staff and Service Providers Present:

Donald Kendig, Retirement Administrator
Doris Rentschler, Assistant Retirement Administrator
Elizabeth Avalos, Executive Assistant
Kenneth Price, Board Counsel
Conor Hinds, Supervising Accountant
Rebecca Lor, Retirement Specialist
Matthew Gonzalez, Retirement Specialist
Jeffrey MacLean, Verus
Ryan Buntain, Carlyle
Jeffrey Levin, Carlyle
Lauren Dillard, Carlyle
Joe O'Connor, Carlyle
Paul Yett, Hamilton Lane
Natalie Fitch, Hamilton Lane
Rebecca Billman, Hamilton Lane

Members of the Public that Addressed the Board:

Attorney Thomas Tusan for John Swenning, FCERA Member
Margaret Castellano, FCERA Member
Michael Estrada, FCERA Member

1. CALL TO ORDER

Chair Magsig called the meeting to order at 8:30 AM.

2. PLEDGE OF ALLEGIANCE

Pledge was led by Trustee Oscar Garcia.

3. PUBLIC COMMENT

None.

Housekeeping: It was noted that, although the meeting was being recorded, Staff experienced broadcasting issues at the beginning of the meeting.

Donald Kendig, Retirement Administrator, introduced and welcomed Elizabeth Vardapetian to the FCERA Team. Ms. Vardapetian will be working with the Accounting Unit as an Accountant I.

Trustee Talford joined the Board at 8:34 AM.

4. CONSENT AGENDA

Trustee Garcia pulled Consent Item 4.A. for discussion. Trustee Coburn suggested an educational presentation on Interest Crediting as related to Consent Item 4.D.

AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE DOWELL, TO APPROVE/ACCEPT CONSENT ITEMS 4.B. THROUGH 4.I. AS PRESENTED. VOTE: UNANIMOUS.

A. Receipt and Filing of the FCERA Cash Flow Position as of March 2018

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. AT THE REQUEST OF TRUSTEE GARCIA, STAFF ADDRESSED CONCERNS REGARDING CAPITAL CALLS AND DISTRIBUTIONS WITHIN THE SAME MONTH FROM HAMILTON LANE. STAFF ALSO COMMENTED ON THE LONG TERM GOALS FOR CAPITAL CALLS AND PUTS. A MOTION WAS MADE BY TRUSTEE GARCIA, SECONDED BY TRUSTEE JOLLY, TO APPROVE CONSENT ITEM 4.A. AS PRESENTED. VOTE: UNANIMOUS.

B. Receipt and Filing of Educational Attendance Report: Pension Bridge Annual – **RECEIVED AND FILED**

C. Receipt and Filing of the Budget Status for the Quarter ended March 31, 2018 – **RECEIVED AND FILED**

D. Receipt and Filing of Unaudited Comparative Financial Statements for the Six Months Ended December 31, 2017 and June 30, 2017 with the Statement of Fiduciary Net Position – **RECEIVED AND FILED**

E. Receipt and Filing of Quarterly Investment & Information Technology Status Report for march 31, 2018 – **RECEIVED AND FILED**

F. Receipt and Filing of Zeno Transaction Cost Analysis – **RECEIVED AND FILED**

G. Approval of Retirements for April 2018 – **APPROVED**

H. Adoption of Resolution regarding Pending Prior Public Service Purchase Requests – **ADOPTED**

- I. Approval of Statement of Work to Update the NAV Account Software and a Total Project Amount Not to Exceed \$100,000, and Authorization for Administrator to Execute an Agreement with Sikich – **APPROVED AND AUTHORIZED**

5. MINUTES

- A. Consideration of the April 18, 2018 Retirement Board Regular Meeting Minutes

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

TRUSTEE DOWELL RE-OPENED CONSENT ITEM 5.A. AND WITHDREW HIS SECOND AS HE WAS NOT PRESENT AT THE APRIL 18, 2018 MEETING.

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

6. DISCUSSION

- A. Presentation of the GFOA Certificate of Achievement for Excellence in Financial Reporting

PRESENTED. NO ACTION TAKEN. RECEIVED AND FILED.

- B. Consideration of Ivy Termination Recommendation

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE COBURN, TO APPROVE THE TERMINATION OF IVY CONTINGENT UPON THE SECURING OF A REPLACEMENT. THE BOARD DIRECTED VERUS TO CONDUCT A SEARCH TO REPLACE IVY. VOTE: UNANIMOUS.

- C. Consideration of FCERA Asset Liability Study Phase 4: FCERA Portfolio Refinement

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. THE BOARD FURTHER NARROWED THE ALLOCATION OPTIONS, DIRECTING VERUS TO MODIFY/BLEND OPTIONS 4 AND 6 WITH NO LEVERAGE FOR FURTHER CONSIDERATION. NO ACTION TAKEN.

- D. Receive Performance and Economic Summary Report: Carlyle, Private Credit

PRESENTED, RECEIVED AND FILED.

- E. Receive Performance and Economic Summary Report: Hamilton Lane, Private Equity

PRESENTED, RECEIVED AND FILED.

Trustee Coburn departed at 11:00 AM.

- F. Consideration of RV Kuhn’s Pubic Fund Analysis Report as of December 31, 2017

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE ADAMS, SECONDED BY TRUSTEE TALFORD, TO ACCEPT ITEM 6.F. AS PRESENTED. VOTE: UNANIMOUS. ABSENT: COBURN

- G. Consideration of State Association of County Retirement Systems (SACRS) Items

- 1. Business Meeting Packet - **RECEIVED AND FILED**
- 2. SACRS Legislation – SB 1270 (Vidak)

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE DOWELL, SECONDED BY TRUSTEE ADAMS, TO SUPPORT THE LEGISLATION AS PRESENTED. VOTE: UNANIMOUS. ABSENT: COBURN

7. FCERA REALTY GROUP, LLC

- A. Receipt and Filing of Financial Statements for FCERA Realty Group LLC for the Year Ended December 31, 2017 and the Accompanying Independent Auditor Reports

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. STAFF WILL ADD AN INVESTMENT HEADING THAT WILL BETTER IDENTIFY THE RENTAL PROPERTY AS AN INVESTMENT. A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE GARCIA, TO RECEIVE ITEM 7.A. WITH NOTED CHANGE. VOTE: UNANIMOUS. ABSENT: COBURN

- B. Consideration of Property Management Proposal

PRESENTED AND DISCUSSED. AN OPPORTUNITY WAS PROVIDED FOR PUBLIC COMMENT. A MOTION WAS MADE BY TRUSTEE ADMAS, SECONDED BY TRUSTEE DOWELL, TO APPROVE THE PROPERTY MANAGEMENT PROPOSAL AS PRESENTED. VOTE: UNANIMOUS. ABSENT: COBURN

8. CLOSED SESSION

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

- 1. John Swenning
- 2. Margaret Castellano
- 3. Diana Rosales
- 4. Michael Estrada

9. ORAL REPORTS:

- A. Report out of Closed Session

8.A.1. SWENNING – DECISION – A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE ROBINSON, TO ADOPT THE HEARING OFFICER’S RECOMMENDATION TO DENY THE SERVICE CONNECTED DISABILITY BENEFITS FOR JOHN SWENNING AND TO GRANT NON-SERVICE CONNECTED DIABILITY BENEFITS. VOTE: UNANIMOUS. ABSENT: COBURN.

8.A.2. **CASTELLANO – DECISION – A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE DOWELL, TO DENY SERVICE CONNECTED DISABILITY BENEFITS FOR MARGARET CASTELLANO. VOTE: UNANIMOUS. ABSENT: COBURN.**

8.A.3. **ROSALES – DECISION – A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE DOWELL, TO DENY SERVICE CONNECTED DISABILITY BENEFITS FOR DIANA ROSALES SUBJECT TO THE APPLICANT’S RIGHT TO REQUEST A HEARING. VOTE: UNANIMOUS. ABSENT: COBURN.**

8.A.4. **ESTRADA – DECISION – A MOTION WAS MADE BY TRUSTEE JOLLY, SECONDED BY TRUSTEE TALFORD, TO GRANT SERVICE CONNECTED DISABILITY BENEFITS FOR MICHAEL ESTRADA. VOTE: UNANIMOUS. ABSENT: COBURN.**

B. FCERA Administration

1. Administration recapped the actions/directions of the day’s meeting as follows:

- The Board approved the consent agenda, more specifically with a resolution that will result in staff sending out notices to a handful of members, and staff contracting to upgrade FCERA's accounting software. The Board also directed that staff return with education on the interest crediting policy.
- The Board approved the termination of Ivy contingent upon the securing of a replacement, and directed Verus to conduct a search to replace Ivy.
- The Board directed Verus to return to the Board in June with analysis for a mix of option 4 and option 6, with no total portfolio leverage.
- The Board instructed the SACRS voting delegate and alternate voting delegate to support the SACRS sponsorship of SB1270.
- The Board directed Staff to add an investment header above rental property in the LLC financials for future years
- The Board approved the property management proposal that will result in staff contracting with Dana Butcher and Associates to manager 7772 & 7778 N Palm Ave.

2. An Audit Committee meeting is scheduled for May 23, 2018 with a time to be determined.

3. Hamilton Lane provided copies of a thought piece regarding Private Equity.

4. A Budget Committee meeting is scheduled for May 3, 2018 at 8:30 AM.

5. The Personnel Committee will meet immediately following this meeting.

C. Board Counsel

Counsel had nothing to report.

D. Committee Reports

There were no Committee Reports.

E. Board Members

Trustee Jolly expressed interest in possibly participating on the advisory Board of Carlyle should they have one.

There being no further business, the meeting adjourned at 12:34 PM.