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"

July 16, 2014

REGULAR MEETING AGENDA MINUTES

Trustees Present:

Laura P. Basua	Judith Case McNairy	Dr. Rod Coburn, III
Vicki Crow	Robert Dowell	Eulalio Gomez
Steven Jolly		

Trustees Absent:

Marion Austin

Others Present:

Paul Angelo, Segal Company
Andy Yeung, Segal Company
Connie Perez, Brown Armstrong
Ron Madsen, FCERA Members
Kimberly Kampling, California Superior Courts
Dean Stuckenschmidt, County Counsel
Becky Van Wyk, Interim Retirement Administrator
Kelly Prinz, Retirement Benefits Manager
Elizabeth Avalos, Administrative Services Assistant

1. Call to Order

Chair Coburn called the meeting to order at 8:32 AM.

2. Pledge of Allegiance

Recited.

3. Public Presentations

None.

Consent Agenda/Opportunity for Public Comment

Trustee Case McNairy pulled Consent Item 11 for clarification/discussion.

A motion was made by Trustee Gomez, seconded by Trustee Dowell, to accept Consent Items 4-10 and 12-20 as presented. VOTE: Unanimous (Absent – Austin, Crow)

***4. Approve the June 18, 2014 Retirement Board Regular Meeting Minutes**

RECEIVED AND FILED; APPROVED

***5. Summary of monthly statistics from the Retirement Association Office on service credit purchases, retirement benefit estimates, public service, age adjustments, final compensation calculations, and disability retirement applications for June 2014**

RECEIVED AND FILED

***6. Retirements**

RECEIVED AND FILED; APPROVED

Name	Department	Yrs of Svs
Robyn Aguiar	Library	14.29
Valerie A. Alvarez	Community Health, Deferred	6.01
Mayurkumar A. Amin	Community Health	21.08
Lori J. Anderson	VMC, Deferred	13.21
Elia E. Bonilla	California Superior Court	11.57
Donna C. Carrell	Sheriff	19.28
Michael Chapman	Sheriff	24.06
Steven P. Davison	Community Health	18.87
Marlene DeBenedetto	Probation	10.66
Josie L. DeHart	Behavorial Health, Deferred	14.75
Robert Duarte	Department of Social Services	10.44
Cheryl Edwards	Sheriff	21.63
Gloria P. Garcia	Department of Social Services	22.63
Richard N. Gonzales	Public Works and Planning	10.40
Kimberly S. Hall	Public Defender, Deferred	8.96
John L. Jacobs	Internal Services	11.04
Robert C. Lyness	Community Health, Deferred	18.04
Dora A. Marquez	Public Defender	13.18
Kathleen Mendez	Community Health	10.89
Jeanette Molina	Sheriff	22.84
Carolyn R. Montanez	Department of Social Services	13.72
Carolyn Nixon	Public Works and Planning	16.94
Beatrice Oatie-Clark	Department of Social Services	13.19
Christina Ontiveros	FMAAA	10.02
Harish P. Patel	Assessor/Recorder, Deferred	5.99
Crispulo Saldana	Internal Services	30.20
Stephen Schurr	Public Works and Planning	14.14
Wanda M. Seay	Department of Social Services	20.08
Erlinda Trujillo	Behavioral Health	15.48
Linda J. Yerke	Public Works and Planning	13.83
Wallace R. Zoerb	NCFPD, Deferred	29.51

***7. Disability Retirements**

RECEIVED AND FILED; APPROVED

Name	**Department**	**Yrs of Svs**
Socorro O. Alvarez	Dept of Social Services	7.51
Conni L. Washington	Behavioral Health	10.74

***8. Quarterly Trustee Travel and Anticipated Travel Report**

RECEIVED AND FILED

***9. Public Records Requests and/or Retirement Related Correspondence from Hiren Kapadia, IPREO; Tonia Louden, S&P Capital; Joel Kranc, Kranc Communications; and Mark Boslet, Venture Capital Journal**

RECEIVED AND FILED

***10. Educational Reading Material**

RECEIVED AND FILED

- Fiscal Year 2013 <u>Pension Benefit Guaranty Corporation</u> - *Projections Report*
- June 27, 2014 <u>Aronson Johnson Ortiz – *Research Enhancements*</u>
- June 2014 <u>Landmark Partners</u> - *Real Estate Private Equity Funds: How useful are class distinctions?*
- June 2014 <u>Winslow Capital</u> – *Thought Leadership in Sustained Alpha Creation*
- July-August 2014 <u>Harvard Business Review</u> – *The Crisis in Retirement Planning*

Trustee Crow joined the Board at 8:35 AM.

***11. June 2014 Business Expense Account Statement**

Trustee Case McNairy inquired as to the difference in hotel costs noted on the hotel folio for Kelly Prinz. Elizabeth Avalos, Administrative Services Assistant, explained that the difference in cost was due to the hotel block expiring for the second night of the hotel stay.

A motion was made by Trustee Gomez, seconded by Trustee Crow, to accept Consent Item 11 as presented. VOTE: Unanimous (Absent – Austin)

RECEIVED AND FILED

***12. Most recent investment returns, performance summaries and general investment information from investment managers**

RECEIVED AND FILED

***13. FCERA Cash Flow position as of June 2014**

RECEIVED AND FILED

***14. Travel Reports from Trustee Vicki Crow, former Trustee Alan Cade, and Becky Van Wyk, Interim Retirement Administrator, on their attendance at the SACRS Spring Conference on May 13-16, 2014 in Sacramento, CA**

RECEIVED AND FILED

***15. Travel Report from Becky Van Wyk, Interim Retirement Administrator, on her attendance at the GFOA Annual Conference on May 18-21, 2014 in Minneapolis, MN**

RECEIVED AND FILED

***16. Travel Report from Becky Van Wyk, Interim Retirement Administrator, on her attendance at the Brown Armstrong GASB and Accounting Updates seminar on May 29-30, 2014 in Bakersfield, CA**

RECEIVED AND FILED

***17. Travel request from Trustee Case McNairy to attend the 25th Annual Public Retirement Seminar on September 25, 2014 in Sacramento, CA**

RECEIVED AND FILED; APPROVED

***18. Travel request from Trustee Austin to attend the International Investing and Emerging Markets Wharton Course on July 28-30, 2014 in San Francisco, CA**

RECEIVED AND FILED; APPROVED

***19. Request by Tegrit Group to Assign Contract to Tegrit Software Ventures, Inc.**

RECEIVED AND FILED; APPROVED

***20. Third Amendment to Master Agreement with Segal Company**

RECEIVED AND FILED; APPROVED

21. Discussion and appropriate action on IFM Contract

Noting that favorable terms were successfully negotiated, Administration recommended that the Board approve the IFM side letter and subscription document as presented.

A motion was made by Trustee Gomez, seconded by Trustee Basua, to approve the side letter agreement and subscription document as requested. VOTE: Unanimous (Absent – Austin)

RECEIVED AND FILED; APPRVED

22. Discussion and appropriate action on request from PIMCO to establish a sub-account in Romania

Becky Van Wyk, Interim Retirement Administrator, informed the Board that PIMCO is requesting a Power of Attorney (POA) be executed in order to allow Northern Trust to establish a sub-account for PIMCO to trade in the Romanian market.

Administration reminded the Board that it had executed a POA earlier in the year to allow PIMCO to trade in the Russian market and recommend that the Board approve PIMCO's request and direct the Chair to execute the Power of Attorney as presented.

A motion was made by Trustee Jolly, seconded by Trustee Dowell, to approve PIMCO's request for a Power of Attorney as presented. VOTE: Unanimous

RECEIVED AND FILED; APPROVED

23. Discussion and appropriate action on GASB 67/68 Implementation Plan

Paul Angelo, The Segal Company, and Connie M. Perez, CPA, Brown Armstrong, delivered a joint presentation and recommendations for the Board's consideration on the implementation of Governmental Accounting Standards Board (GASB) Statements 67 and 68 related to the disclosure of pension liability on the financial statements of both the Plan (FCERA) and the Plan Sponsors (employers). They described the working group that has met several times, both in person and telephonically, to discuss the choices available to each group and the possible impact on reporting of each of those choices. The working group also developed recommendations which are included in the presentation.

The working group consisted of FCERA staff, audit team, and actuaries, and representatives from each Plan Sponsor and their auditors. The goal was to understand the implications of the two statements, identify the information that FCERA would include in its financial reporting as a result of Statement 67 beginning with the year ended June 30, 2014, and articulate the information that FCERA would be able to provide to the Plan Sponsors for their implementation of Statement 68 beginning with the year ended June 30, 2015.

The new Statements specify requirements for measuring both the pension liability and the annual pension expense incurred by the employers.

The new GASB requirements are only for financial reporting and do not affect how the Association determines funding requirements for its employers. The Statements require the Plan Sponsors to report the Net Pension Liability on their Balance Sheets, decouples expense from funding, modified the accounting requirements for cost-sharing plans such as FCERA, and expanded the disclosure information for both FCERA and the Plan sponsors. The GASB has been very vocal in stating that the statements have no impact on funding the benefits only on reporting the pension expense. This is a big change from the current policy.

As a result of the new statements, pension expense moved from an actuarially determined funding requirement to *the change in the net pension liability with deferred recognition of only certain elements*. This is a "redefinition" of pension expense; it has no impact on contributions and does not preclude employers and plans from developing and adopting funding policies following current practices.

The Statements use a "blended" discount rate that uses projected benefits and assets, including future contributions to fund benefits for current employees. FCERA will be able to use its long-term earnings assumption as the discount rate. However, the discount rate **cannot be** net of administrative expenses, as it is currently. Thus a new assumption for an explicit administrative expense loading must be developed as well as a determination on the allocation of administrative cost between employers and members.

The allocation of the net pension liability is to be reported proportionally by each Plan Sponsor. FCERA's Unfunded Actuarial Accrued Liability (UAAL) is allocated between General and Safety, thus all the Safety net pension liability will be allocated to the County of Fresno.

The working group recommended that the General net pension liability be shared proportionally based on the ratio of the each employer's payroll to the total payroll multiplied by the net pension liability. As a cost-sharing system, this is consistent with the methodology used to determine rates where all plan sponsors share the gains and losses resulting from individual decisions, for example the decision to retain a higher benefit tier .

Two approaches were identified for implementing Statement 67. Approach # 1 would use the valuation date of June 30, 2013 and the measurement and reporting date of June 30, 2014. The use of these dates would allow FCERA to provide timely information to the Plan Sponsors to allow them to complete their financial reporting within the standard deadlines. Approach #1 "rolls forward" the liabilities from the valuation completed for June 30, 2013 to determine the net pension liability. The "roll forward" would take into account any material changes to the Plan provisions or member composition.

Approach #2, would use June 30, 2014 for the valuation date, report date, and measurement date. Given the timing of FCERA's valuation, this approach would delay providing information to the Plan Sponsors until after the new year since FCERA's auditors would not be able to complete their audit until early to mid December. This approach would cause the Plan Sponsors to miss their financial reporting deadlines, but would use the most recent calculation of net pension liability.

The working group recommends the use of Approach #1.

Three approaches were identified for implementing Statement 68. Approach #1 would use the valuation date of June 30, 2014, and reporting and measurement date of June 30, 2015. Approach #2 would use the valuation date of June 30, 2013, measurement date of June 30, 2014 and report date of June 30, 2105. While Approach #3 would use the valuation and measurement date of June 30, 2014 and report date of June 30, 2015. Although the FCERA and its Board have no impact on which date the Plan Sponsors must use, the working group does agree that Approach #2 is the most reasonable and would allow the auditors for the Plan Sponsors sufficient time to audit the information provided by FCERA.

Ms. Perez discussed Brown Armstrong's engagement with FCERA as it relates to the implementation of Statement 67. Brown Armstrong will work with FCERA staff to develop the expanded plan and employer disclosures, including:

- Description of the plan and assumptions
- Changes in the NPL for the past 10 yrs
- Development of long-term earnings assumption
- Policy for determining contributions
- Annual rates of investment return for past 10 years (plan only)
- Sensitivity analysis of the impact on NPL of a one percentage point increase and decrease in the discount rate

Becky Van Wyk, Interim Retirement Administrator, stated that Segal will make every effort to segregate their time between that required to provide information for FCERA and that required to provide information for the Plan Sponsors as we have a legal opinion that the costs to provide the Plan Sponsor information is not a legitimate expense of the Plan. The costs will be billed back to the Plan Sponsors on a pro-rata share.

A motion was made by Trustee Crow, seconded by Trustee Case McNairy to adopt Approach #1 (using 6/30/14 valuation date) for applying GASB 67. VOTE: Unanimous (Absent – Austin)

The discussion moved to the topic of the assumed rate of return to be used in determining the net pension liability. The discussion was led by Mr. Angelo.

- The same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) will be used to measure pension liability as FCERA uses for funding. This means that the GASB "Total Pension Liability" measure for financial reporting will be determined on the same basis as FCERA's "Actuarial Accrued Liability" measure for funding. This is a generally favorable feature of the new GASB rules that should largely preclude the need to explain why FCERA has two different measures of pension liability. We note that the same is true for the "Normal Cost" component of the annual plan cost for both funding and financial reporting.

- The new statements do require a more rapid recognition of investment gains or losses and much shorter amortization of changes in the pension liability (whether due to actuarial gains or losses, actuarial assumption changes or plan amendments) when measuring annual pension expense. Because of the more rapid recognition of those changes, retirement systems that have generally used the same "annual required contribution" amount for both funding (contributions) and financial reporting (pension expense) will now have to prepare and disclose two different annual cost results, one for contributions and one for financial reporting under the new GASB Statements.

The liabilities and Normal Costs are generally the same, and the differences in annual costs are due to differences in how changes in liability are recognized.

The difference is due to the discount rate that is used for financial reporting purposes is based on the long-term expected rate of return on a retirement system's investments, *net of investment expenses but not net of administrative expenses (i.e., without reduction for administrative expenses).* Currently, FCERA's investment return assumption used for the annual funding valuation is developed net of both investment and administrative expenses.

While FCERA could continue to develop its funding investment return assumption net of both investment and administrative expenses, that would mean that the Association would then have two slightly different investment return assumptions, one for funding and one for financial reporting. To avoid this inconsistency, and to maintain the consistency of liability and Normal Cost measures described above, **Segal recommends that it would be preferable to use the same investment return assumption for both funding and financial reporting purposes.** This means that the assumption for funding purposes would be developed on a basis that is net of only investment expenses, along with an explicit assumption for administrative expenses.

Using the same assumption for both purposes would be easier for FCERA's stakeholders to understand and should result in being able to report FCERA's Actuarial Accrued Liability (AAL) for funding purposes as the Total Pension Liability (TPL) for financial reporting purposes.

For reference in this discussion, the table below is from Segal's report entitled "Review of Economic Actuarial Assumptions for the June 30, 2013 Actuarial Valuation" dated August 9, 2013. It contains the information used to develop the expense assumption that was used in the recommendation for the investment return assumption shown in that report.

Administrative and Investment Expenses as a Percentage of
Actuarial Value of Assets (All dollars in 000's)

Year Ending June 30	Actuarial Value of Assets[1]	Admin and Other Expenses	Investment Expenses[2]	Admin %	Investment %	Total %
2008	$2,942,900	$3,569	$13,191	0.12%	0.45%	0.57%
2009	2,940,486	3,855	10,092	0.13%	0.34%	0.47%
2010	3,028,181	3,570	12,724	0.12%	0.42%	0.54%
2011	3,151,541	4,108	14,934	0.13%	0.47%	0.60%
2012	3,333,856	3,598	14,817	0.11%	0.44%	0.55%
Average				0.12%	0.43%	0.55%
Assumed Administrative and Investment Expenses Assumption:						0.55%

[1] *As of beginning of plan year.*

[2] *Excludes securities lending expenses. Because we do not assume any additional net return for this program, we effectively assume that any securities lending expenses will be offset by related income.*

Development of Investment Return Assumption for Funding on a Gross of Administrative Expenses Basis so the Same Assumption Can Also Be Used for Financial Reporting
("Interim Option A")

In order to develop a single investment return assumption for both finding and financial reporting purposes, it would be necessary to exclude the administrative expense component of 0.12% from the development of the *7.25%* investment return. One way to do this would be to increase the investment return assumption by 0.12% resulting in an irregular assumption of 7.37%. This result would be inconsistent with the established practice of setting economic assumptions in ¼% increments.

Segal believes that a more straightforward approach would be to leave the investment return assumption at *7.25%,* and instead increase the "risk adjustment" component of the assumption by 0.12%. This would result in an increase in the margin for adverse deviation or "confidence level" associated with this assumption from *59%* to 61%.

There would also be a new explicit loading (additional contribution component) for administrative expenses.

This approach is described as an "interim option" only because it would not involve reevaluating the investment return assumption ahead of its next scheduled review in 2015/2016 before the June 30, 2016 valuation. In that 2015/2016 review, the investment return assumption would be developed without reference to administrative expenses, and the explicit administrative expense assumption would be reviewed as well.

This approach and Segal's recommendation that the Board leave the investment return assumption at *7.25%* for the June 30, 2014 valuation, thereby modestly increasing the confidence level associated with achieving that assumption is presented in the following table[1].

Calculation of Net Investment Return Assumption - Interim Option A

Assumption Component	June 30, 2013 Adopted Values	June 30, 2014 Recommendation
Inflation	3.25%	3.25%
Plus Portfolio Real Rate of Return	5.23%	5.23%
Minus Expense Adjustment	(0.55%)	(0.43%)
Minus Risk Adjustment	(0.68%)	(0.80%)
Total	7.25%	7.25%
Confidence Level	59%	61%
Increase in combined Employer and Employee Contributions Due to Explicit Load for Administrative Expenses (Cost as a % of Payroll	N/A	1.1% of payroll

There is an additional complication associated with eliminating the administrative expense in developing the investment return assumption used for funding that relates to the allocation of administrative expense between the employers and employees:

FCERA' s current approach of subtracting the administrative expense in the development of the investment return assumption results in the *implicit funding* of the annual administrative expense by effectively deducting it from future expected investment returns. Since an investment return assumption net of investment and administrative expenses has been used historically to establish both the employer's and the employee's contribution requirements, *these administrative expenses have been funded implicitly by both the employer and the employees*.

GASB requires the exclusion of the administrative expense from the investment return assumption although such expense would continue to accrue for the retirement system. For private sector retirement plans, where the investment return is developed using an approach similar to that required by GASB (i.e., without deducting administrative expenses), contribution requirements are increased explicitly by the anticipated annual administrative expense.

FCERA needs to determine how to handle the administrative expenses in the contribution rate calculation. The alternatives are (1) share the cost of administrative expenses using a method that reproduces the current allocation or (2) treat administrative expenses as a loading applied <u>only</u> to the employer contribution rates.

Legislative changes under AB 340 imposed major modifications to both the level of benefits and the cost-sharing of the funding of those benefits for county employees' retirement systems. Included in such modifications is the requirement (for future hires) to fund the Normal Cost on a 50:50 basis between the employer and the employee. Under current practice, part of the implicit funding of administrative expenses is in the Normal Cost and so would be shared between the employer and the employees. This would not necessarily continue when the administrative expense loading is developed separate from the Normal Cost.

Segal Recommendations:

a. Develop a single investment return assumption for both funding and financial reporting purposes that incorporates an explicit allocation of administrative expenses.

b. Develop a separate, explicit administrative expense load assumption that is approximately equivalent to about $4 million annually, which is about 1.1% of payroll.

c. Determine the allocation of administrative expense between employers and employees, if any.

   - If the Board decides to allocate all of the expected administrative expenses to the employer only, then (as noted above) the cost to the employer of using an explicit expense assumption would be about $4 million annually or 1.1% of payroll.

   - If the Board decides to continue to allocate administrative expenses to both the employers and the employees, Segal proposes that the administrative expenses would be allocated based on the components of the total contribution rate (before expenses) for the employers and the employees (employee Normal Cost contributions, employer Normal Cost contributions and employer UAAL contributions). Based on the June 30, 2013 valuation, of the total administrative expenses of about $4 million or 1.1% of payroll, this would result in about $0.6 million or 0.17% of payroll being allocated to the employees and $3.4 million or 0.93% of payroll being allocated to the employers in the aggregate.

Development** of **Investment Return Assumption on** a Net of **Administrative Expenses Basis But use that Same Assumption for Financial Reporting Development ("Interim Option B")

Alternatively, the Board could leave the investment return assumption at 7.25% on a net of administrative expense basis for both funding and financial reporting purposes, but with a slight modification for financial reporting purposes. Under this approach, what appears to be the same 7.25% assumption would actually be two slightly different assumptions: *7.25%* net of administrative expenses for funding, and *7.25%* gross of administrative expenses for financial reporting. This would indirectly result in an increase in the margin for adverse deviation or "confidence level" associated with the use of the recommended 7.25% assumption from 59% as used for funding purposes to 61% only as used for financial reporting purposes.

Segal believes that both assumptions (7.25% net of administrative expenses and 7.25% gross) would be compliant with Actuarial Standards of Practice (ASOP5), and as such, this approach should be acceptable under the new GASB Statements. This is because the new GASB Statements do not appear to require that the funding and financial reporting assumptions be the same, but only that the assumptions comply with ASOPs.

The following table summarizes the components of the investment return assumption as currently adopted for funding and as proposed for financial reporting purposes under this Interim Option B:

Calculation of Net Investment Return Assumption - Interim Option B

Assumption Component	June 30, 2014 Recommended Values if Used Only for Funding	June 30, 2014 June 30, 2014 Alternative Values for Financial Reporting
Inflation	3.25%	3.25%
Plus Portfolio Real Rate of Return	5.23%	5.23%
Minus Expense Adjustment	(0.55%)	(0.43%)
Minus Risk Adjustment	(0.68%)	(0.80%)
Total	7.25%	7.25%
Confidence Level	59%	61%

If this Interim Option B approach were to be adopted, Segal recommends revisiting this issue as part of the review of economic actuarial assumptions before the June 30, 2016 valuation. This would be along with any other changes that may affect that study, including guidance from the revised ASOP 27 regarding investment expenses and active and passive returns. Segal believes that when adopted in conjunction with that complete review of the economic assumptions, the Board may find that the approach described earlier under Interim Option A is a preferable approach to adopt for a long-term resolution of this issue.

Unless otherwise noted, all of the above calculations are based on the June 30, 2013 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based.’’

A detailed discussion and question and answer period ensued.

A motion was made by Trustee Crow, seconded by Trustee Jolly, to adopt Interim Option A for financial reporting purposes and to continue the discussion on administrative expense reporting until a time specific notification is made to all stakeholders. ROLL CALL VOTE: Yes – Case McNairy, Crow, Dowell, Jolly, Coburn. No – Basua, Gomez. (Absent – Austin) MOTION PASSED.

The Board directed Administration to work with Counsel in determining whether Administrative Expenses can be shared between employer and employee. Administration agreed.

RECEIVED AND FILED; APPROVED

24. Discussion and appropriate action on California Superior Court Earn Codes Resolution

Becky Van Wyk, Interim Retirement Administrator, informed the Board that the Superior Court of California requested a determination of pensionability on a recently negotiated pay item (earn code) VRI – Video Remote Interpreting. This pay item is a cash payment for additional work completed during the normal work day, similar to bilingual pay or interpreter pay.

Administration noted that, after reviewing the information provided by the Courts, and in consultation with Attorney Jeffrey Rieger of Reed Smith, it was determined that the pay item meets the requirements for inclusion as a pensionable item for those members enrolled in Tier I but must be excluded from pensionable income for those members enrolled in Tier V and recommended that the Board adopt the new pay item VRI – Video Remote Interpreting as presented.

A motion was made by Trustee Jolly, seconded by Trustee Crow, to adopt pay item VRI – Video Remote Interpreting as presented. VOTE: Yes – Basua, Case McNairy, Coburn, Crow, Dowell, Jolly. No – Gomez. (Absent – Austin) Motion Passed.

RECEIVED AND FILED; APPROVED

25. Discussion and appropriate action on request by Jacqueline Ybarra to establish eligibility for a minors' continuance

Becky Van Wyk, Interim Retirement Administrator, informed the Board that Member, Manuel Ybarra Jr., a retired Deputy Sheriff for Fresno County, died March 18. 2014. He elected the unmodified option at retirement and named his daughter, Jacqueline Ybarra, as his beneficiary.

It was noted that California Government Code Section 31760.1 provides payment of a continuing benefit to an eligible child through the age of 21 (until the 22nd birthday) provided the child remains unmarried and is regularly enrolled as a full-time student in an accredited school as determined by the Board. Ms. Ybarra will be 22 years old on her next birthday, is currently unmarried, and although regularly enrolled at Fresno City College, she was only carrying 9 units at the time of her father's death. Fresno City College considers 12 units to be full-time. Ms. Ybarra is enrolled in the summer session and as a full-time student in the fall sessions and is requesting that your Board grant her the continuance until she turns 22. Ms. Ybarra submitted her 2013 tax return and a notarized declaration of non-married status.

As a matter of practice, FCERA staff normally contacts the individual school to determine the requirements for full-time status at that particular school. In this case, Fresno City College has confirmed that full-time status requires enrolling in 12 units during the regular session (spring or fall). As a result, staff advised Ms. Ybarra that she is not eligible for a continuance since she was not enrolled as a full-time student at the time of her father's death. Ms. Ybarra has asked the Board authorize that a continuance be paid until her 22nd birthday based on her statement that she will be enrolled in the summer session and plans on carrying at least 12 units in the fall semester.

Ms. Van Wyk noted that the Board's attorney has advised that the Board "could reasonably find that taking 9 units in the spring and 3 units in the summer satisfies the "full time" standard".

Ms. Van Wyk recommended that the Board deny the request to provide a minor's continuance to Jacqueline Ybarra based on not qualifying at the time of her father's death.

A majority of the Board opposed the recommendation in that the Board agreed with their Attorney that it is reasonable to find that taking 9 units in the spring and 3 units in the summer satisfies the "full time" standard".

A motion was made by Trustee Gomez, seconded by Trustee Basua, to approve a minor's continuance to Jacqueline Ybarra as requested. VOTE: Yes – Basua, Case McNairy, Coburn, Gomez, Jolly. No – Crow, Dowell. (Absent – Austin) Motion Passed.

RECEIVED AND FILED; APPROVED

Trustee Jolly departed at 12:15 PM.

26. Discussion and appropriate action on Status of SACRS' approach to sustaining Public DB Plans

The Board reviewed the status of SACRS establishing an educational program on the positive benefits of providing defined benefit plans and noted their opposition to funding the "educational" concept as they are fiduciaries and this matter is a plan sponsor and labor organization issue.

The Board directed administration to draft a letter to the SACRS President reflecting their opposition to establishing an educational program. Administration agreed.

RECEIVE AND FILE; APPROPRIATE ACTION

Closed Session Item 27.B. was pulled as there was nothing to discuss.

27. Closed Session:

A. Disability Retirement Applications – Personnel Exception (G.C. §54957):

1. Jose P. Franco
2. Andres Rodriguez
3. Luella Z. Theus
4. Ivan Janssens

B. Personnel G.C. §54957(b)(1) – Appointment/Employment of Public Employee; Position: Retirement Administrator

28. Report from Closed Session

27.A.1. Franco – **Decision** – Grant the applicant service connected disability benefits based on the Findings of Fact and Decision. **M – Dowell. S – Basua. VOTE: Yes – Basua, Case McNairy, Crow, Dowell. No – Coburn, Gomez. (Absent – Austin, Jolly) Motion Passed.**

27.A.2. Rodriguez – **Decision** – Direct the Administrator to notify the Applicant that the service connected disability application will be denied unless the Applicant requests a hearing in accordance with the Policy Re Administrative Proceedings and Appeals to the Board. **M – Dowell. S – Crow. VOTE: Unanimous (Absent – Austin, Jolly)**

27.A.3. Theus – **Decision** – Direct the Administrator to notify the Applicant that the service connected disability application will be denied unless the Applicant requests a hearing in accordance with the Policy Re Administrative Proceedings and Appeals to the Board. In addition, the Board determined the applicant may have satisfied the requirements of a non-service connected and may grant the non-service connected disability if the applicant submits an application for a non-service connected disability. **M – Coburn. S – Gomez. VOTE: Unanimous (Absent – Austin, Jolly)**

27.A.4. Janssens – **Decision** – Direct the Administrator to notify the Applicant that the service connected disability application will be denied unless the Applicant requests a hearing in accordance with the Policy Re Administrative Proceedings and Appeals to the Board. **M – Gomez. S – Dowell. VOTE: Unanimous (Absent – Austin, Jolly)**

27.B. Pulled.

29. Report from FCERA Administration

Becky Van Wyk, Interim Retirement Administrator, reported on the following:

1. The Retirement Coordinator Extra-Help position has been filled. Daniel Gutierrez will start on July 21, 2014.
2. Staff has begun parallel testing of the new pension system. Staff is on schedule to go "llve" on October 26, 2014.
3. The Board of Supervisors approved a Special Election to fill the seat vacated by Alan Cade. The election will be held September 25, 2014.
4. Five FCERA members participated in the first of a series of Retirement Workshops aimed at members retiring within the 1 to 3 years. The workshop was well received.
5. As of present, Administration has not received any feedback from Personnel regarding the Board of Retirement's request to add 3 positions to the salary resolution. Chair Coburn noted that he and Trustee Austin met with Supervisor Case McNairy and two Personnel representative to discuss the positions along with other issues and asked Administration to contact Trustee Austin for further direction on the issue. Administration agreed.
6. Personnel changes at Wurts & Associates.
7. A Retirement Seminar is scheduled for July 17, 2014. Trustees were encouraged to attend.

30. Report from County Counsel

Nothing to report.

31. Board/Committee Member Announcements and Reports

Nothing to report.

There being no further business, the meeting adjourned at 12:35 PM.

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Becky Van Wyk
Interim Retirement Administrator/Secretary to the Board