



**CITY OF FRESNO RETIREMENT SYSTEMS**  
**REGULAR JOINT MEETING OF THE RETIREMENT BOARDS**

**MINUTES**

**July 22, 2016**

The Employees and Fire and Police Retirement Boards met in a joint session in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 9:00 AM on the day above written.

---

**ROLL CALL AT 9:27 AM**

Members Present for the EMPLOYEES RETIREMENT BOARD

Phillip Hardcastle, TJ Miller, David Cain, Renena Smith

Members Absent: Marvell French

Members present for the FIRE AND POLICE RETIREMENT BOARD

Oscar Williams, David Newton, Michael Reid, Jonathan Lusk, Theodore Semonious

Members absent: None

Also Present: Russ Richeda, Legal Counsel, Don Stracke, Investment Consultant, Robert Theller, Retirement Administrator, Kathleen Riley Brown, Assistant Retirement Administrator, Yvonne Timberlake, Retirement Benefits Manager, Pattie Laygo, Executive Assistant

---

**APPROVE MINUTES**

Approve minutes of June 28, 2016 Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Cain seconded by Member Smith to approve the minutes of June 28, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Newton seconded by Member Lusk to approve the minutes of June 28, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

---

**APPROVE AGENDA**

Approve agenda of July 22, 2016, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION BY Member Cain seconded by Member Smith to approve the agenda of July 22, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION BY Member Newton seconded by Member Semonious to approve the agenda of July 22, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

---

**TIMED SCHEDULED HEARINGS AND MATTERS**

9:00 AM

Principal EAFE and REIT presentations/portfolio reviews with Paul Stover, CFA | Senior Relationship Manager Principal Global Investors, Shane McMahan, CFA, Portfolio Specialist for Principal Global Equities and Todd Kellenberger, Portfolio Specialist on the Principal REIT team.

ACTION: Received

The Boards received presentation by Paul Stover , Todd Kellenberger, and Shane McMahan who reviewed international core equity and US real estate securities portfolios.

Ms. Sandra Brock briefly spoke regarding currency.

---

**A. CONSENT CALENDAR**

1. Approve date and time of the next Regular Joint Meeting of the Retirement Boards scheduled at 1:00 pm on Wednesday, August 10, 2016.

ACTION: Approved/Adopted

ON MOTION by Member Cain seconded by Member Miller to approve the consent calendar, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Lusk seconded by Member Semonious to approve the consent calendar, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

---

**B. EMPLOYEE PERSONNEL ISSUES**

None

---

**C. STAFF INITIATED ITEMS**

None

---

**D. BOARD INITIATED ITEMS**

1. Principal EAFE and REIT portfolio evaluations provided by Don Stracke of NEPC.

ACTION: Received

The Boards received background and accepted recommendations presented by Don Stracke, Investment Consultant.

---

2. Discuss and consider preliminary discussion on gold provided by Don Stracke of NEPC.

ACTION: Received

The Boards discussed and reviewed positive and negative aspects of an investment in gold presented by Don Stracke Investment Consultant. Member Lusk also reviewed background to this issue. An educational presentation to the Boards by an outside vendor is rescheduled in August.

Ms. Sandra Brock spoke to the issue.

---

3. Discussion regarding proposal for large cap core equity active to passive management.

ACTION: Received

The Boards reviewed AND accepted preliminary recommendations presented by Investment Consultant. Staff is directed to review and provide additional information for the Boards final consideration at the Board meeting in August.

---

4. Review actual Asset Allocation as of June 30, 2016, update on July 2016 drawback and direction on funding of Operating and Payroll Expenses for August 2016.

ACTION: Approved/Adopted

The Boards received a summary of asset allocation and drawback/withdrawals provided by Staff.

ON MOTION by Member Cain seconded by Member Miller authorizing a drawback from BlackRock S&P 500 Equity or Russell 1000 Index funds in the amount up to \$6.9 million to fund benefit and operating expenses for the month of August 2016, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Newton seconded by Member Semonious authorizing a drawback from BlackRock S&P 500 Equity or Russell 1000 Index funds in the amount up to \$6.9 million to fund benefit and operating expenses for the month of August 2016, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

---

5. Review and consider request from FORCE to provide mailing service by including annual mailing to retirees in the Employees Retirement System.

ACTION: Received

The Boards discussed and considered recommendations presented by Administrator Theller. Mr. Frank Balekian and Ms. Sandra Brock spoke to the issue.

ON MOTION by Member Smith seconded by Member Miller to deny request for a comingled mailing of the FORCE annual holiday event invitation and to rescind existing Joint Board Policy Section 2-20, DULY CARRIED by the following vote:

AYES: Miller, Smith

NOES: Hardcastle

ABSTAIN: Cain

ABSENT: French

The Fire and Police Board separately discussed this issue and considered alternatives.

ON MOTION by Member Semonious seconded by Member Newton to table this issue for consideration by the Fire and Police Retirement Board at a future Board meeting, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

- 
6. Consider adoption of Joint Board Policy Section 2-46 Failure to Redeposit (exclusively to the Fire and Police Retirement System) and Section 2-47 Direct Deposit of Retirement Benefit Payments (Applicable to both Systems) introduced at the Joint Board meeting on June 8, 2016.

ACTION: Approved/Adopted

The Boards received review by Administrator Theller.

ON MOTION BY Member Smith seconded by Member Cain to adopt Joint Board Policy Section 2-47 Direct Deposit of Retirement Benefit Payments, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION BY Member Reid seconded by Member Lusk to adopt Joint Board Policies Section 2-46 Failure to Redeposit and 2-47 Direct Deposit of Retirement Benefit Payments, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

- 
7. Review and Accept Annual Report of Board Travel.

ACTION: Approved/Adopted

The Boards accepted Board travel report.

ON MOTION by Member Cain seconded by Member Miller to accept Annual Report of Board Travel, DULY CARRIED RESOLVED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Newton seconded by Member Semonious to accept Annual Report of Board Travel, DULY CARRIED RESOLVED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

8. Consider amendments to Joint Board Policy Section 2-8 - Policy and Procedures for Reimbursement of Employee Board Member Time while on Official Board Business.

ACTION: Approved/Adopted

The Boards reviewed and discussed Policy amendments. Motions were made and either failed for lack of a second or amended. Discussion followed and the Boards considered a minor revision to proposed language that the Boards "will, if requested," reimburse the City Department, etc.

Ms. Sandra Brock spoke to the issue.

ON MOTION by Member Miller seconded by Member Smith to adopt amendments to Joint Board Policy Section 2-8 Policy and Procedures for Reimbursement of Employee Board Member Time while on Official Board Business, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Lusk seconded by Member Semonious to adopt the amendments to Joint Board Policy Section 2-8 Policy and Procedures for Reimbursement of Employee Board Member Time while on Official Board Business, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

## E. GENERAL DISCUSSION

1. Report by Retirement Administrator of ongoing projects and updates.

ACTION: Received

The Boards received update of Member module enrollment, data conversion, document imaging, Investment Officer and Senior Administrative Clerk recruitments, completion of the reclassification of Benefits Manager, IT audit and risk assessment audit with BARR, Board retreat and venues reviewed, and office security update.

Ms. Sandra Brock spoke regarding retreat venues.

---

2. Report by Legal Counsel regarding pending legal actions and updates.

ACTION: Received

Mr. Russ Richeda reviewed ongoing legal projects.

---

3. Member Newton requested clarification when reviewing medical documents contained in disability retirement application packets.

ACTION: No Action

Chair Hardcastle reminded Board members to delete all documents from assigned tablets after every meeting.

---

#### F. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of June 30, 2016.

ACTION: Received

---

2. Northern Trust Monthly Asset Allocation Overview June 30, 2016.

ACTION: Received

---

3. Monthly Fixed Income Analysis Report June 30, 2016.

ACTION: Received

---

4. Investment Manager Monitoring and Evaluation Report June 30, 2016.

ACTION: Received

---

5. June 29, 2016, email from Stephanie Lord, Loomis Sayles & Company regarding Full Discretion Team Portfolio Management Update.

ACTION: Received

---

6. July 14, 2016, email from Matt Dey introducing Jenny Davis to investment team.

ACTION: Received

---

7. July 5, 2016, letter to City Attorney Douglas Sloan regarding Resolution No. 2016-95 and Administrative Order 2-16.

ACTION: Received

Administrator Theller reported that a meeting has been scheduled with the City Attorney and

Board Counsel and he requested that the Boards to consider training for the Board members.

---

**G. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING**

1. Northern Trust presentation and review of Custodial Services, Securities Lending and Brokerage Recapture Programs provided by Robert Ernest and Don Anderson of Northern Trust.

---

  2. US Fixed Income Asset Class Review and recommendation provided by Don Stracke of NEPC.

---

  3. Member Smith requested review of the Boards Travel and Education Policy.

---

  4. Member Miller requested additional discussion regarding additional venues for communication to retirees.
- 

**H. UNSCHEDULED ORAL COMMUNICATIONS**

None

---

**I. PUBLIC COMMENTS**

1. Sandra Brock requested information how retirees can obtain email addresses of retirees. Discussion followed.
- 

**J. ADJOURNMENT**

12:40 pm

---

\_\_\_\_\_  
Employees Retirement Board

\_\_\_\_\_  
Fire and Police Retirement Board