



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

**November 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 1:15 PM on the day above written.

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**ROLL CALL AT 2:25 PM**

Members Present for the EMPLOYEES RETIREMENT BOARD

Phillip Hardcastle, TJ Miller, David Cain, Renena Smith, Marvell French

Members Absent: Marvell French

Members present for the FIRE AND POLICE RETIREMENT BOARD

Oscar Williams, Michael Reid, David Newton

Members Absent: Ted Semonious

Also Present: Russ Richeda, Legal Counsel, Don Stracke, Legal Counsel, Robert Theller, Retirement Administrator, Kathleen Riley Brown, Assistant Retirement Administrator, Pattie Laygo, Executive Assistant

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**APPROVE MINUTES**

Approve minutes of October 25, 2016, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION BY Member Miller seconded by Member Cain to approve the minutes of October 25, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION BY Member Lusk seconded by Member Newton to approve the minutes of October 25, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk

NOES: None

ABSTAIN: None

ABSENT: Semonious

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**APPROVE AGENDA**

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

ACTION: Approved/Adopted

The Regular Board meeting scheduled at 1:00 pm on Tuesday, December 27, 2016 is cancelled.

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

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

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

AYES: Williams, Reid, Newton, Lusk

NOES: None

ABSTAIN: None

ABSENT: Semonious

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#### TIMED SCHEDULED HEARINGS AND MATTERS

**1:15 PM** Private Equity – Asset Class Education, presented by Alex Adam of NEPC.

ACTION: Accepted

Don Stracke, Investment Consultant and Alex Adam provided an educational presentation of Private Equity Markets, Fund structures, portfolio implementation and pacing and discussed NEPCs approach.

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**2:00 PM** Dodge & Cox Fixed Income presentation and portfolio review provided by Deirdre A Curry, Client Portfolio Manager at Dodge & Cox.

ACTION: Accepted

Deirdre Curry, Vice President-Dodge & Cox, provided an overview of Dodge and Cox fixed income investment team and summarized the structure, changes and performance of the Systems portfolio. A member of the public spoke to this issue.

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#### 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 December 14, 2016.

ACTION: Approved/Adopted

The Regular Board meeting scheduled on December 27, 2016, is cancelled.

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

AYES: Hardcastle, Miller, Cain, Smith

NOES: None

ABSTAIN: None

ABSENT: French

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

AYES: Williams, Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: French

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**B. EMPLOYEE PERSONNEL ISSUES**

None

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**C. STAFF INITIATED ITEMS**

None

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**D. BOARD INITIATED ITEMS**

1. Dodge & Cox Fixed Income portfolio evaluation provided by Mr. Don Stracke.

ACTION: Accepted

Don Stracke, Investment Consultant reviewed performance and NEPC perspective and discussed recommendation to maintain relationship with Dodge & Cox.

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2. Discuss, review and consider direction related to Private Equity Asset Class Education.

ACTION: Received

The Boards discussed and considered additional education going forward. Direction is made that NEPC provide updated report and presentation in February 2017.

A member of the public spoke to this issue.

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3. Review, discuss and accept the Quarterly Investment Performance Report from NEPC for the period ending September 30, 2016 and Manager Review – Watch Status Update.

ACTION: Accepted

The Boards reviewed, discussed and accepted Quarterly Investment Performance report provided by Don Stracke, Investment Consultant.

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4. Review actual Asset Allocation as of October 31, 2016, update on November and December 2016 drawback and funding of Operating and Payroll Expenses, consider funding options for January 2017.

ACTION: Approved/Adopted

The Boards received background and accepted staff's recommendation.

ON MOTION by Member Cain seconded by Member Smith to authorize a drawback from NTAM Russell 1000 Index fund in the amount up to \$6.8 million to fund benefit and operating expenses for the month of January 2017, 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 Newton to authorize a drawback from NTAM Russell 1000 Index fund in the amount up to \$6.8 million to fund benefit and operating expenses for the month of January 2017, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk  
NOES: None  
ABSTAIN: None  
ABSENT: Semonious

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5. Review, discuss and consider Northern Trust proposal to reduce the NTAM Russell 1000 Index Fund Management Fee.

ACTION: Approved/Adopted

The Boards reviewed background and accepted staff's recommendation that the Board review and approve the reduction in the fee.

ON MOTION by Member Smith seconded by Member Miller to accept proposal from Northern Trust to reduce the investment management fee for the NTAM Russell 1000 Index Fund with Lending from 1 basis point to 0.009 basis point, 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 Newton to accept proposal from Northern Trust to reduce the investment management fee for the NTAM Russell 1000 Index Fund with Lending from 1 basis point to 0.009 basis point, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk  
NOES: None  
ABSTAIN: None  
ABSENT: Semonious

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6. Review and accept reports for Administrative Oversight in accordance with the Joint Retirement Boards' Administrative Oversight Policy Section 2-3.

ACTION: Approved/Adopted

The Boards received and accepted quarterly listing of the Systems Cash Disbursement payments, unaudited Statement of Net Assets and Income Statement for three months ending September 30, 2016, and reviewed the FY2017 Budget Reports for each System and the Retirement Administration Operating Budget as of September 30, 2016.

ON MOTION by Member Miller seconded by Member Cain to accept the Cash Disbursement, Unaudited Statement of Plan Asset and Income Statements, DULY CARRIED RESOLVED by the following vote.

AYES: Hardcastle, Miller, Cain, Smith  
NOES: None  
ABSTAIN: None  
ABSENT: French

ON MOTION by Member Lusk seconded by Member Newton to accept the Cash Disbursement, Unaudited Statement of Plan Asset and Income Statements, DULY CARRIED RESOLVED by the following vote.

AYES: Williams, Reid, Newton, Lusk  
NOES: None

ABSTAIN: None

ABSENT: Semonious

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**E. GENERAL DISCUSSION**

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

ACTION: Received

The Boards accepted report presented by Administrator Theller who provided an overview and update of ongoing projects. Member Smith requested update regarding ordinance pending City Attorney review.

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

ACTION: Received

Administrator Theller reviewed the report as presented. Mr. Richeda was not present.

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**F. INFORMATION ONLY ITEMS**

1. Northern Trust Monthly Portfolio Performance Reports as of October 31, 2016.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview October 31, 2016.

ACTION: Received

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3. Monthly Fixed Income Analysis Report October 31, 2016.

ACTION: Received

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4. Investment Manager Monitoring and Evaluation Report October 31, 2016.

ACTION: Received

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5. November 14, 2016, P&I article, Active managers, emerging markets could be big winners under Trump; investors waiting, watching.

ACTION: Received

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6. November 15, 2016, P&I article, San Diego County Employees Slates \$50 million for private equity fund.

ACTION: Received

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7. November 16, 2016, P&I article, Oaktree HUD Loans Flap Highlights Wider Investor Scrutiny.

ACTION: Received

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8. RVK Public Pension Report for City of Fresno Retirement Systems Public Fund Universe Analysis for Period Ending June 30, 2016

ACTION: Received

Member Newton requested instructions and overview of RVK report at the Board meeting in January.

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9. Agenda of the Regular Board Meeting of the Fresno City Employees Health and Welfare Trust Board to be held on Wednesday, November 9, 2016 and Minutes of September 14, 2016, Regular Board Meeting.

ACTION: Received

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

1. NEPC Work Plan for 2017
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#### **H. UNSCHEDULED ORAL COMMUNICATIONS**

None

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#### **I. PUBLIC COMMENTS**

None

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#### **J. ADJOURNMENT**

4:22 pm

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Employees Retirement Board

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Fire and Police Retirement Board