



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

September 27, 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 1:00 PM on the day above written.

ROLL CALL AT 1:05 PM

Members Present for the EMPLOYEES RETIREMENT BOARD

Phillip Hardcastle, TJ Miller, David Cain

Members Absent: Marvell French, Renena Smith

Members present for the FIRE AND POLICE RETIREMENT BOARD

Oscar Williams, Michael Reid, David Newton, Jonathan Lusk

Members absent: Ted Semonious

Also Present: Don Stracke, Investment Consultant, Robert Theller, Retirement Administrator, Kathleen Riley Brown, Assistant Retirement Administrator, Pattie Laygo, Executive Assistant

APPROVE MINUTES

Approve minutes of September 14, 2016, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Cain seconded by Member Miller to approve the minutes of September 14, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain

NOES: None

ABSTAIN: None

ABSENT: French, Smith

ON MOTION by Member Reid seconded by Member Newton to approve the minutes of September 14, 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

APPROVE AGENDA

Approve agenda of September 27, 2016, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Miller seconded by Member Cain to approve the agenda of September 27, 2016, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain

NOES: None

ABSTAIN: None

ABSENT: French, Smith

TIMED SCHEDULED HEARINGS AND MATTERS

1:00 PM Baillie Gifford ACWlexUS equity presentation and portfolio review provided by Julie Skedd, Client Director with Baillie Gifford.

ACTION: Received

The Boards received presented by Julie Skedd and Stewart Hogg of Baillie Gifford who provided the firm updates and portfolio review.

Sandra Brock requested information regarding Baillie Giffords' off-site disaster relief plan. Mr. Hogg responded that firm contains an off-site back up location approximately 20 miles away that is subject to continuous evaluation and update.

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, October 12, 2016.

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, Cain

NOES: None

ABSTAIN: None

ABSENT: French, Smith

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

AYES: Williams, Reid, Newton, Lusk

NOES: None

ABSTAIN: None

ABSENT: Semonious

B. EMPLOYEE PERSONNEL ISSUES

None

C. STAFF INITIATED ITEMS

None

D. BOARD INITIATED ITEMS

1. Baillie Gifford ACWlexUS equity portfolio evaluation provided by Mr. Don Stracke.

ACTION: Received

The Boards reviewed and accepted recommendation summarized by Don Stracke,

Investment Consultant to maintain current relationship with Baillie Gifford.

2. U.S. Equity Asset Class review and Asset Allocation update provided by Don Stracke of NEPC.

ACTION: Received

The Boards reviewed US Equity Asset Class and discussed goals and status update of general Asset Allocation. Further review and discussion planned for Board retreat.

3. Review actual Asset Allocation as of August 31, 2016, update on September 2016 drawback and direction on funding of Operating and Payroll Expenses for October 2016.

ACTION: Approved/Adopted

The Boards reviewed background and accepted staff's recommendation provided by Kathleen Riley Brown that the Boards authorize a withdrawal of \$20.0 million from Dodge & Cox to fund October 2016 benefit and operating expense of \$6.7 million; the remainder will be reinvested in the Northern Trust Russell 1000 Index Fund and withdrawn to fund benefit and operating expenses for November and December 2016.

ON MOTION by Member Cain seconded by Member Miller to authorize a withdrawal of \$20.0 million from the Dodge & Cox core fixed income portfolio on or before October 28, 2016, to fund benefit and operating expenses for the three-month period of October - December 2016, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain

NOES: None

ABSTAIN: None

ABSENT: French, Smith

ON MOTION by Member Lusk seconded by Member Newton to authorize a withdrawal of \$20.0 million from the Dodge & Cox core fixed income portfolio on or before October 28, 2016, to fund benefit and operating expenses for the three-month period of October - December 2016, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk

NOES: None

ABSTAIN: None

ABSENT: Semonious

4. Review, discuss and consider recommendation by Board member Jonathan Lusk regarding Gold and comments provided by Don Stracke of NEPC.

ACTION: Received

The Boards accepted overview provided by Fire Member Jonathan Lusk.

Sandra Brock spoke to this issue.

5. Status update on transition and restructuring of the JPMorgan large cap analyst core equity portfolio to the passive NTAM Russell 1000 Index Fund with Post-Trade Analysis Report by Northern Trust.

ACTION: Accepted

The Boards reviewed background provided by Kathleen Riley Brown, Assistant Administrator and accepted report provided by Northern Trust which details the transitions of the JPMorgan Large Cap Equity portfolio into the NTAM Russell 1000 Index Fund.

6. Status update on liquidation and restructuring of PIMCO Unconstrained Bond Fund to the PIMCO Income Fund and funding of the initial Capital Call for PIMCO COF II.

ACTION: Accepted

The Boards accepted status update provided by Kathleen Riley Brown, Assistant Administrator, regarding transition and restructure of PIMCO UBF to Income Fund and COF II.

7. Review, discuss and accept report of Securities Litigation Claims Activity processed by Northern Trust for Fiscal Year 2016.

ACTION: Approved/Adopted

The Boards received background of Northern Trust Class Action Securities and accepted annual report on Securities Litigation.

ON MOTION by Member Miller seconded by Member Cain to accept annual reports pertaining to Securities Litigation, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain

NOES: None

ABSTAIN: None

ABSENT: French, Smith

ON MOTION by Member Lusk seconded by Member Newton to accept annual reports pertaining to Securities Litigation, DULY CARRIED by the following vote:

AYES: Williams, Reid, Newton, Lusk

NOES: None

ABSTAIN: None

ABSENT: Semonious

E. GENERAL DISCUSSION

None

F. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

4. Investment Manager Monitoring and Evaluation Report August 31, 2016.
ACTION: Received
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G. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

1. Real Assets – Asset Class Education including infrastructure and private equity provided by Don Stracke of NEPC.
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2. Subcommittee will present report and update regarding continuing education and travel.
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H. UNSCHEDULED ORAL COMMUNICATIONS

1. Administrator Theller discussed handout provided by Police Member Newton - Harvard Does a Trade You Should Never Make
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I. PUBLIC COMMENTS

None

J. ADJOURNMENT

2:58 pm

Employees Retirement Board

Fire and Police Retirement Board