



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

MINUTES

March 28, 2017

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 1:06 PM

Members Present for the EMPLOYEES RETIREMENT BOARD
Phillip Hardcastle, TJ Miller, Marvell French, David Cain

Members Absent: Jane Sumpter

Members present for the FIRE AND POLICE RETIREMENT BOARD
Michael Reid, David Newton, Jonathan Lusk, Ted Semonious

Members Absent: None

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 February 28 and March 8, 2017, of the Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member French seconded by Member Miller to approve the minutes of February 28 and March 8, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Hardcastle, Miller, French, Cain

NOES: None

ABSTAIN: None

ABSENT: Sumpter

ON MOTION by Member Newton seconded by Member Lusk to approve the minutes of February 28 and March 8, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

APPROVE AGENDA

Approve agenda of March 28, 2017, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member French seconded by Member Cain to approve the agenda of March 28, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Hardcastle, Miller, French, Cain

NOES: None

ABSTAIN: None

ABSENT: Sumpter

ON MOTION by Member Newton seconded by Member Semonious to approve the agenda of March 28, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

TIMED SCHEDULED HEARINGS AND MATTERS

1:00 PM Presentation and Acadian Emerging Markets Equity portfolio review provided by Julia Khan, VP | Associate Relationship Manager and Harry Gakidis, Ph.D. – Senior Vice President, Portfolio Manager of Acadian Asset Management, LLC.

ACTION: Received

The Boards accepted presentation provided by Julia Khan and Harry Gakidis of Acadian Asset Management who summarized their investment philosophy and process, and their System portfolio construction. The Systems' portfolio performance and allocations were reviewed and discussed.

2:00 PM Presentation and Axiom Emerging Markets Equity portfolio review provided by Steve Hanson, VP | Client Service and Marketing, and Don Elefson, Co-PM of Axiom's Emerging Markets Equity Strategy.

ACTION: Received

The Boards accepted presentation by Steve Hansen and Don Elefson of Axiom Emerging Markets Equity, who provided an overview of their firm and strategy.

A. CONSENT CALENDAR

1. Approve date and time of the next Regular Joint Meeting of the Retirement Boards scheduled at 1:00 pm on Tuesday, April 25, 2017. (Regular Board meeting scheduled on April 12 is cancelled.)

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, French, Cain

NOES: None

ABSTAIN: None

ABSENT: Sumpter

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

AYES: 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. Acadian emerging markets portfolio evaluation provided by Mr. Don Stracke, consultant at NEPC.

ACTION: Accepted

The Boards accepted recommendation and brief overview submitted by Don Stracke, Investment Consultant.

2. Axiom emerging markets portfolio evaluation provided by Mr. Don Stracke, consultant at NEPC.

ACTION: Accepted

The Boards accepted recommendation submitted by Don Stracke, Investment Consultant who reviewed performance for CFRS as of 1/31/2017.

3. Review, discuss and consider NEPC 2017 Asset Allocation Investment Assumptions and NEPC Asset Allocation Target recommendations.

ACTION: Accepted

The Boards discussed recommendation provided by Don Stracke, Investment Consultant who reviewed recommendations for potential changes to the CFRS target policy mix and additional asset allocation scenario analysis. Recommended changes from the current targets include decrease exposure to Equities, initial allocation to MLPs, begin a multi-year process of building a private equity exposure, and add an allocation to infrastructure.

ON MOTION BY Member Miller seconded by Member French to adopt NEPCs 2017 Asset Allocation Investment Assumptions and NEPC Asset Allocation Target recommendations as presented, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain

NOES: None

ABSTAIN: None

ABSENT: None

ON MOTION BY Member Semonious seconded by Member Newon to adopt NEPCs 2017 Asset Allocation Investment Assumptions and NEPC Asset Allocation Target recommendations as presented, DULY CARRIED by the following vote:

AYES: Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

4. Review, discuss and consider Non US Equity Asset Class Review provided by Mr. Don Stracke, consultant at NEPC.

ACTION: Accepted

The Boards received and accepted overview summarized by Don Stracke, Investment Consultant, who reviewed background and CFRS Non-US equity portfolio.

5. Review and discuss MoDot asset allocation as requested by Board Member, David Newton.

ACTION: Accepted

The Boards accepted report provided by Don Stracke, Investment Consultant, who provided explanation of how the Missouri Department of Transportation differs from our System structure.

6. Annual performance review of Investment Consulting Firm, relating to the Agreement between NEPC and the City of Fresno Retirement Systems dated February 1, 2013.

ACTION: Approved/Adopted

Performance Review and background is provided by Retirement Administrator and the Boards unanimously accepted recommendation with direction to staff to negotiate an extension with NEPC for an additional three to five-year period.

7. Review Asset Allocation of February 28, 2017, Update on March 2017 drawback and funding of operating and payroll expenses for March/April 2017.

ACTION: No Action

The Boards accepted overview of asset allocation and drawback/withdrawal provided by Assistant Administrator Kathleen Riley Brown.

8. Review and approve procedure and letter informing retiree members that routine mailing of monthly direct deposit statements will cease.

ACTION: Approved/Adopted

The Boards discussed, reviewed notice and accepted staff's recommendation to adopt notice as submitted.

ON MOTION by Member Miller seconded by Member French to adopt procedural change and approved notice to retirees DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain

NOES: None

ABSTAIN: None

ABSENT: Sumpter

ON MOTION by Member Newton seconded by Member Semonious to adopt procedural change and approved notice to retirees DULY CARRIED by the following vote:

AYES: Reid, Newton, Lusk, Semonious

NOES: None

ABSTAIN: None

ABSENT: None

E. GENERAL DISCUSSION

None

F. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of February 28, 2017.
ACTION: Received

2. Northern Trust Monthly Asset Allocation Overview February 28, 2017.
ACTION: Received

3. Monthly Fixed Income Analysis Report February 28, 2017.
ACTION: Received

4. Investment Manager Monitoring and Evaluation Report February 28, 2017.
ACTION: Received

5. Bloomberg News, March 15, 2017, Fed Raises Benchmark Lending Rate a Quarter Point
ACTION: Received

6. FundFire, March 15, 2017, PCA Faces Suit Linked to CalPERS Bribery Scandal
ACTION: Received

7. Pension&Investments, March 14, 2017, Money managers plan cuts to research budget in advance of MIFID II rules — survey.
ACTION: Received

8. Pension&Investments, March 14, 2017, Iceland lifts restrictions on foreign investments for pension funds.
ACTION: Received

9. March 13, 2017, Email from Stephanie Lord regarding the passing of Pierre Servant.
ACTION: Received

10. FundFire, March 8, 2017, BNY Mellon Expects Deregulation to Kickstart Product Development
ACTION: Received
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11. Pensions&Investments article, March 7, 2017, SSGA sends out edict for companies to increase gender diversity on boards.
ACTION: Received
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12. FundFire article, March 2, 2017, Private Equity Titans Clash on Boom or Bust Outlook.
ACTION: Received
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13. FundFire article, March 2, 2017, Pensions Take Undue Risks as Funding Fears Overhyped.
ACTION: Received
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14. FundFire article, March 2, 2017, Consultants Defend All-Active Equity Manager Structures.
ACTION: Received
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G. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

1. Presentation and Heitman REIT and JPMorgan SPF portfolio reviews.
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H. UNSCHEDULED ORAL COMMUNICATIONS

None

I. PUBLIC COMMENTS

None

J. ADJOURNMENT

4:12 pm

Employees Retirement Board

Fire and Police Retirement Board