

CITY OF FRESNO RETIREMENT SYSTEMS

FISCAL YEAR 2022

ADOPTED BUDGET





CITY OF FRESNO RETIREMENT SYSTEMS

ADOPTED BUDGET

FISCAL YEAR 2021/2022

Presented to:

CITY OF FRESNO RETIREMENT BOARDS

June 22, 2021

Prepared by:

ROBERT T. THELLER

Retirement Administrator

KATHLEEN RILEY BROWN

Assistant Retirement Administrator

**2828 Fresno Street Suite 201
Fresno, CA 93721
(559) 621-7080 / FAX (559) 621-7081**

www.cfrs-ca.org



CITY OF FRESNO RETIREMENT SYSTEMS

ROBERT T. THELLER

RETIREMENT ADMINISTRATOR

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BUDGET MESSAGE

June 22, 2021

Dear Retirement Board Members:

CFRS's stewardship of the City of Fresno Retirement Trust Funds requires adherence to the highest standard of fiduciary conduct in our management of the Systems' flow of funds. The Adopted Administrative Operating Budget sets forth management's reports and best estimates of the budgets during the current and next fiscal year.



Robert T. Theller, Esq.
Retirement Administrator

The year 2020 proved to be especially challenging, a global pandemic ushered in a health and economic crisis. The ensuing uncertainty rattled financial markets, which brought on speculation of a possible recession. But as the year progressed, with promising developments surrounding vaccines and fiscal stimulus, there were reasons to be optimistic for conditions to improve once the necessity to avoid social contact lifted.

Now a year later, consumers are returning to former patterns of activity, and confidence is elevated. Development and distribution of vaccines have been successful. Demand is outstripping supply now, stressing the availability and prices of a range of goods and services. Eventually capacity is expected to catch up, but that process could take several months. Absent a resurgence of infections, the U.S. is well-positioned for a great year ahead.

Positive vaccine-related news, additional fiscal support, better-than-expected economic data, and accommodative monetary policy have supported favorable financial conditions and contribute to high prices of risky assets. Yet the ultimate extent and duration of the pandemic remain some of the most significant risks to the global financial markets.

Despite the tremendous challenges of the past year, the Retirement Systems are currently fully funded on both an actuarial valuation and a market value basis. From a long-term perspective the Retirement Systems are positioned to provide a solid rate of return that is equal to or better than their respective asset classes market indices and the Boards and Staff are prepared for yet another year that is filled with uncertainty in the global financial markets.

AUTHORITY

CFRS is administered pursuant to the Charter of the City of Fresno, Articles 3, 4 and 5 of the Fresno Municipal Code, other relevant State and Federal governing statutes, regulations and case law.



BUDGET MESSAGE

CFRS POLICIES DRIVE THE ALLOCATION OF RESOURCES

CFRS Administrative Budget is managed in accordance with the law and the Boards adopted policies, including but not limited to the Board Rules of the Retirement Boards, CFRS Mission and Goals and CFRS Annual Budget Resolutions.

These key policies drive the allocation of staff and contractual resources within the budget process. These key policies are also mirrored in CFRS Investment Objectives and Policy Statement, which governs the allocation of pension contributions, investment income and investment expenses.

Likewise, retirement benefit payments, refunds and actuarial matters are governed in accordance with the policies of the Retirement Boards.

CHALLENGES AND ACCOMPLISHMENTS

Fiscal Year 2021 has been a year of both challenges and accomplishments. As always, the scope and quality of the services that we provide to our members remained our highest priority. With that in mind, during the fiscal year we completed several projects designated to enhance and expand our member services and continued to work on some long-term projects to upgrade our systems and website.

In addition to CFRS normal activities, the following accomplishments with unique challenges were met during the current fiscal year and new challenges for the coming fiscal year have been identified.

ACTUARIAL & FINANCIAL SERVICES

Actuarial:

The Boards, with the assistance of its actuary and staff, completed the annual actuarial valuations for June 30, 2020 and Governmental Accounting Standards Board (GASB) Statement No. 67 which redefines pension liability and expense for financial reporting purposes only. In addition, the actuaries prepared the Governmental Accounting Standards Board (GASB) Statement No. 68 which reports the employer's Net Pension Liability or Asset on the governmental entity's Statement of Net Position for the two retirement systems [Employees and Fire & Police] in accordance with the request from the City of Fresno, in order for the City to complete their income statement, balance sheet and note disclosures [with a measurement date of June 30, 2019] for the City's June 30, 2020 CAFR.

The Board's Actuary determined the DROP program was not cost neutral to the Fire and Police Retirement System as of June 30, 2020, therefore it was necessary for the Board to apply the adjustment provision of the Fresno Municipal Code reducing the Annual Net Effective DROP Interest Rate by 3.00 percent to achieve cost neutrality of the Fire and Police Retirement System for fiscal year 2021 and the following two fiscal years.



BUDGET MESSAGE

Financial Services

Investment Related Services: The Retirement Boards continued asset class reviews, investment education, Asian Markets investment assessments, approved recommendation to initiate a search for US value add/opportunistic real estate, approved a new Asset Allocation Plan that included the liquidation of High Yield fixed income and dedicated Emerging Market equity strategies and increased allocations to Private Real Estate, Private Credit, Infrastructure and created a new asset class “Diversifying/Thematic Strategies effective July 1, 2021 with a four-year ongoing process for the Boards to review new asset classes/products for implementation.

To further diversify the fixed income part of the portfolio, the Joint Boards approved and implemented a European credit portfolio with Arcmont Asset Management. Operational Due Diligence was completed in October 2020 and first funding occurred in December 2020.

The Boards also approved investments with existing managers effective July 1, 2021: CFRS is allocating \$75-80 million to Baillie Gifford’s Small Companies international equity portfolio and an additional \$60 million allocated to the Carlyle Core Plus Real Estate portfolio.

BENEFITS, BOARD & MANAGEMENT SUPPORT SERVICES

Benefits Administration: The workload has continued to be heavy due to the number of disabilities and employees eligible for refunds, rollovers or retirement benefits over the past year.

Benefits Administration System: Business Continuity of PensionGold is of utmost importance in the continuous operations of our benefit payment system. The Boards’ Secure Platinum support agreement enables staff to continue operations regardless of the state of our own building in the case of a disaster. The Secure Platinum support has been operational for ten years and annual backup testing is conducted each year with LRS to ensure off-site recovery for processing monthly retirement benefit payments.

Compliance Programs: Staff continues to further strengthen and upgrade our Compliance Programs which include internal auditing of the benefit program, contract compliance and a review of our internal controls in accounting. We enhance the process with a systematic review of contract renewal dates to ensure timely renegotiations of our major agreements with trustee/custodial banks, actuaries, auditors and legal counsel.

CFRS Risk Management Program: CFRS risk management effort continues to implement and maintain policy risk controls for asset classes in accordance with the Boards’ Investment Objectives and Policy Guidelines. Staff strengthened elements of CFRS risk and investment management efforts by creating new investment manager performance and evaluation reports and by documenting issues of concern and adherence with the Boards’ policies. In addition to the use of eVestment Alliance’s analytical database, Staff recommended the use of Solovis in FY2021 to properly analyze and understand the risk and return components to the total fund, and to utilize a regression-based risk platform providing granular risk metrics and factor analysis across fundamental and macro data.



BUDGET MESSAGE

Pension Administration System: Following PG3 System implementation effective July 1, 2015, Staff began the process to implement a rollout of the Member Direct module. As of May 26, 2021, 3,340 Employees & Fire & Police Systems members and retirees have enrolled in Member-Direct module and are able to utilize this module to update bank and beneficiary information [once validated by Retirement Office staff], and access benefit payment vouchers and DROP statements. Staff continue to develop and improve features of the Member Direct module and have begun to schedule periodic Mid-Career Retirement Seminars via online video conferencing for Employees and Fire & Police Retirement System Members who are Vested and considering retirement or DROP within the next 5-10 years.

Business Continuity Program and Image Document Management System: Implementation of the new Pension Administration System firmly built a solid foundation for the business continuity program and implementation of a sustainable image document management system. When all the Systems' pertinent documents and files are digitized in FY2022 and a copy of that data is stored off site, the business continuity backup plans will be fully established.

Meanwhile throughout the COVID pandemic, City and County restrictions required staff to work from home or at the office in very limited numbers. Staff were able to continue all business processes to complete retirement administration, benefits counseling, monitoring of investments and processing of financial activities including publishing CAFRs/PAFRs and completion of annual audits.

CFRS staff members have contributed to the development of our adopted budgets and I want to personally thank all staff and our consultants.

For those wishing to review additional sources and uses information, CFRS Comprehensive Annual Financial Reports, CFRS Investment Objectives and Policy Statement and Actuarial Valuation Reports can be viewed at the CFRS Office or on our website at www.CFRS-CA.org.

Respectfully submitted,

Robert Theller

Robert T. Theller, Esq.
Retirement Administrator



BUDGET MESSAGE

FY 2022 BUDGET REPORT

This Report consists of the following sections:

Introduction

- Transmittal Report from Retirement Administrator
- CFRS Budget Report for the Systems
- Strategic Staff Services
- CFRS Budget Initiatives and Results for Fiscal Year 2021
- CFRS Budget Goals and Initiatives for Fiscal Year 2022
- Administrative Organizational Structure
- Professional Services Providers

Retirement Office Operating Budget

- Budget Report
- Annual Appropriation Resolution
- Annual Budget for Retirement Office
- Employee Detail – authorized positions
- Deferred Compensation Budget

Trust Fund Budgets

- Employees Retirement System Trust Fund Budget for FY 2022
- Fire and Police Retirement System Trust Fund Budget for FY 2022
- Combined Trust Fund Budgets for information purposes



CITY OF FRESNO RETIREMENT SYSTEMS

ORGANIZATIONAL STRUCTURE



The **EMPLOYEES RETIREMENT SYSTEM** was established on June 1, 1939 and is maintained and governed by Article 5 of the Fresno Municipal Code. The Employees Retirement System provides retirement benefits for all qualified non-sworn employees of the City of Fresno.

PHILLIP HARDCASTLE, CHAIR

Elected by Clerical and Supervisory Workers.

Phillip is a Principal Accountant in the Finance Department. Phillip was re-elected to the Employees Retirement Board in 2020. Phillip's term expires June 30, 2024.

TJ MILLER, VICE CHAIR

Appointed by the Mayor and confirmed by the City Council.

TJ is the Director of Parks, After School, Recreation and Community Services Department. TJ was appointed to the Employees Retirement Board in 2013. Her term is continuous.

DAVID CAIN

Elected by Manual Workers.

David is an Airports Operation Lead Worker at Fresno Yosemite Airport. David was elected to the Employees Retirement Board in 2014. David was re-elected June 30, 2018, his new term expires June 30, 2022.

MARVELL FRENCH

Appointed by the Board.

Marvell is Market President of Premier Valley Bank. Marvell was appointed by the Employees Retirement Board in 2000. Marvell's term is continuous.

ALMA TORRES

Appointed by the Mayor and confirmed by the City Council.

Alma is a Principal Budget Analyst. Alma was appointed by the Mayor in August 2020. Alma's term is continuous.



CITY OF FRESNO RETIREMENT SYSTEMS

ORGANIZATIONAL STRUCTURE



The **FIRE AND POLICE RETIREMENT SYSTEM** was established on July 1, 1955 and is maintained and governed by Articles 3 and 4 of the Fresno Municipal Code. The Fire and Police Retirement System provides retirement allowances to all full-time sworn safety members employed by the City of Fresno. The System provides lifetime retirement, disability, and death benefits to its safety members.

JONATHAN LUSK, CHAIR

Elected by the Fire Members.

Jonathan is a Fire Captain for the City of Fresno Fire Department. Jonathan joined the Fire and Police Board in 2015. Jonathan was re-elected June 30, 2018, his new term expires June 30, 2022.

JOHN JENSEN, VICE CHAIR

Elected by the Police Members.

John is a Sargent for the City of Fresno Police Department. John joined the Fire and Police Retirement Board in 2018. John was re-elected in 2020, his new term expires June 30, 2024

LYNN BENNINK

Appointed by the Board.

Lynn Bennink, BSN, RN, is the retired Trauma Program Director at Community Regional Medical Center. Lynn was appointed by the Fire & Police Retirement Board in June 2017. Lynn's term is continuous.

BRAD DRISCOLL

Appointed by the Mayor and confirmed by the City Council.

Brad is a Battalion Chief for the City of Fresno Fire Department. Brad was appointed in 2020. His term is continuous.

DONALD GROSS

Appointed by the Mayor and confirmed by the City Council.

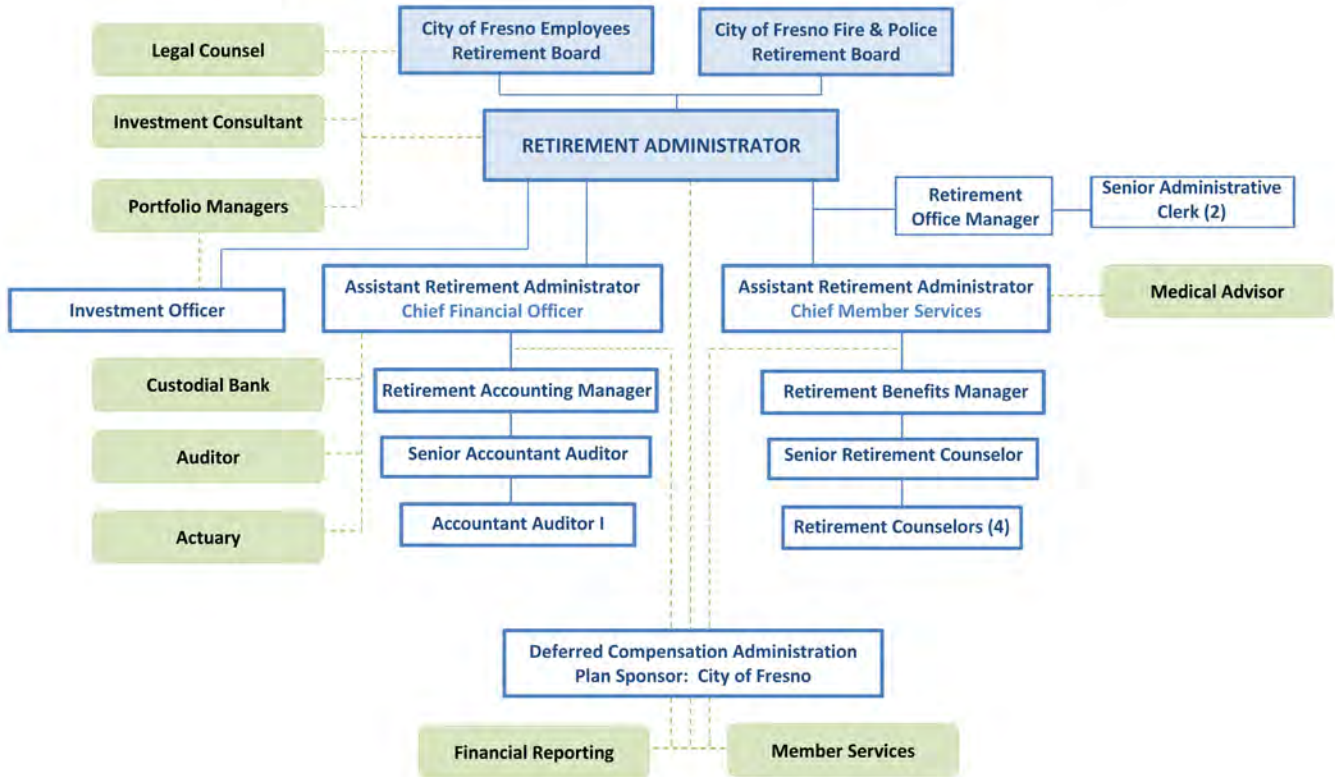
Don is a Captain for the City of Fresno Police Department. Don was appointed in May 2019. His term is continuous.



CITY OF FRESNO RETIREMENT SYSTEMS

ORGANIZATIONAL STRUCTURE

City of Fresno Retirement Systems





CITY OF FRESNO RETIREMENT SYSTEMS

STRATEGIC STAFF SERVICES

Member Benefit and Actuarial Services

- Implement the Benefit Services Plan, including individual member counseling
- Establish Eligibility & Process Applications for Membership & Benefits
- Provide for & Monitor Payment of Benefits & Refunds
- Accurately Maintain & Monitor Member & Benefit Databases
- Provide Timely, Accurate & Useful Services, Reports & Recommendations for Members, Retirees, Beneficiaries & the Board

Investment Management and Financial Reporting Services

- Implement the Investment Plan
- Monitor Manager & Custodial Activity
- Project & Monitor Retirement Fund Cash Flows
- Provide Timely, Accurate & Useful Investment and Financial Reports to the Boards
- Manage Contracts
- Compliance Program

Board Support Services

- Faithfully execute the Duties & Responsibilities Delegated by the Boards
- Support the Boards in its execution of their Powers & Duties
- Provide Timely, Accurate & Useful Information & Recommendations to the Boards
- Direct the Benefits, Investments & Management Services Programs
- Provide Member Education, Public Information & Inter-Agency Services
- Propose, Implement & Monitor Internal Control Systems

Management Services Plan

- Implement the Management Services Plan, including Human Resources, Information Systems
- Fiscal, Accounting, Analytical, Facilities & Support Services
- Maintain liaison with providers of City support services



CITY OF FRESNO RETIREMENT SYSTEMS

ADMINISTRATION OF THE SYSTEMS

CFRS managed in accordance with the City Charter, the Municipal Code and the Boards adopted policies, including but not limited to the Regulations of the Retirement Boards, CFRS Mission and Goals, CFRS Strategic Services and CFRS Annual Budget Initiatives.

These key policies are also mirrored in CFRS Investment Objectives and Policy Statement, which governs the allocation and management of employer and member contributions and investment income, as well as investment expense.

Likewise, benefit payments, refunds, and actuarial matters governed in accordance with the Board Rules and Regulations of the Retirement Boards.

The Board defines its duties as follows:

- Grant Earned Benefits & Provide for the Disbursement of those Benefits
- Provide for the Investment & Safekeeping of Retirement Fund Assets
- Assure the Actuarial Soundness of the System
- Establish & Arrange for the Collection of Contributions
- Manage the Systems in accordance with the Law
- Define Fiduciary & Ministerial Responsibilities and Effectively Delegate them to Designated Fiduciaries
- Select & Monitor the Performance of Designated Fiduciaries, including but not limited to investment managers, consultants and other advisors
- Approve & Monitor Internal Controls & Audit Programs

The Boards have delegated responsibility for the management of the Systems to its Retirement Administrator.

CFRS Staff: The Retirement Administrator, administers CFRS operations, serves at the pleasure of the Retirement Boards, is a City employee and CFRS member under contract to the Boards. CFRS staff is responsible for administering the policies and programs approved by the Boards. Reporting directly to the Retirement Administrator are the two Assistant Retirement Administrators, the Investment Officer and the Retirement Office Manager.

The Assistant Retirement Administrator|Chief of Benefit Services and Retirement Benefits Manager and their staff administer CFRS Benefit & Information Technology programs related to the calculation and processing of retirement, disability and death benefits based on defined benefit formulas as defined in the Fresno Municipal Code.



CITY OF FRESNO RETIREMENT SYSTEMS

The Assistant Retirement Administrator|Chief of Financial Services and Retirement Accounting Manager and their staff are responsible for (1) establishing and maintaining internal controls designed to protect the assets of the Fund; (2) overseeing and monitoring the Board’s legal and other professional service provider contracts; (3) maintaining the accounting records of the Systems; (4) developing accounting/internal controls and enhancing compliance monitoring functions; (5) compiling data necessary for, and preparing, financial statements in conformity with generally accepted accounting principles and applicable requirements; and (6) preparing and monitoring CFRS’s annual budgets.

The FY2022 staffing remains at 17 with one position vacant, there are no imminent plans to fill the position.

	2022	2021
Total Staffing	<u>17</u>	<u>17</u>
Benefits Services	7	7
Financial Services	5	5
Administrative Staff	5	5

Professional Services: The Boards retain independent advisors to perform specific professional services essential to the Funds. The Actuary provides the Systems with a review of the demographics and actuarial funded status of the Systems and recommends modifications to the economic and non-economic assumptions and member and employer contribution rates. The Investment Consultant assists the Boards with the development, implementation and monitoring of the Fund’s asset allocation and manager structure; the maintenance of CFRS Investment Plan; and the measurement of the managers’ and the Fund’s performance. The Boards retain Style-specific Asset Class Investment Managers to invest and reinvest the assets of the Systems. A global custodian holds in trust the Fund’s actively managed assets and provides accounting and performance reports for all investment assets.

City Services: CFRS utilizes the City where it is cost-effective to do so. Currently, CFRS uses the services of the Information Services Department for technical support and maintenance such as telecommunications, internet, and local area network (LAN), and Central Printing Services for City interoffice routing, regular and certified mail, courier services, mass printing and copier maintenance.



CITY OF FRESNO RETIREMENT SYSTEMS

CFRS BENEFIT PROGRAMS

CFRS exists for the sole purpose of administering the funding for and payment of benefits authorized by the City of Fresno Charter and Municipal Code.

Administrative and Professional Budget Policy:

CFRS budgets are a tool for financial planning and operational control.

The budgets spell out how resources in the current fiscal year and in the coming fiscal year enable Staff to accomplish the goals, programs, and projects identified in the budgets.

The administrative and professional budgets shall be presented to the Retirement Boards annually.

The Retirement Boards shall revise and approve the administrative budget annually.

The Board shall approve its professional budgets in the individual contracts for professional services. Staff shall provide the Board with a projection of estimated contractual expenditures for the Board's review and acceptance annually.

Quarterly comparisons of amounts spent versus the amounts budgeted shall be provided to the Board with routine checks that expenditures are being made according to plan in accordance with the Board's Administrative Oversight Policy.

Comparisons of investment performance to various performance goals shall be provided to the Boards monthly and quarterly.

The aggregate expenditure level approved by the Boards may not be amended without the approval of the Boards.

The Boards may amend Budget Category appropriations throughout the Fiscal Year. Such changes shall be by amendment to the Board's Budget Resolution for the fiscal year.

The Boards have delegated the Retirement Administrator authority to approve on-going reallocation of monies among line items within each Category. However, the Boards have retained unto themselves the authority to reallocate monies between Categories. The Retirement Administrator will inform the Boards of all reallocations.

CFRS BENEFITS

CFRS administers retirement, disability and death benefits based on defined benefit formulas as defined in the Fresno Municipal Code.



CITY OF FRESNO RETIREMENT SYSTEMS

CFRS Professional Services Expenses

Staff prepares a professional services budget annually for review by the Boards. The professional services budget utilized by the Boards to assess, meet, and monitor its contractual obligations related to the management of the Systems. The expenditure authority for each professional services contract is set forth in the terms of the contract. The Boards authorized under the Charter and Municipal Code to expend funds from the Systems for specific professional services.

Professional Service Provider expenses include investment management, investment consulting, global custody, actuarial and legal.

The Retirement Boards employ professional investment managers to maximize the return on assets and minimize risk. Investment Management expenses are primarily dependent upon the market value of the assets under management and the negotiated fee schedule of the individual Investment Management Agreements. They are performance driven to the extent that as market values increase so does management fees. The inverse relationship is also true. Other investment related professional service expenses are driven by individual contractual agreements.

Although investment fees are net from investment income for financial reporting purposes, they are reflected at gross for budgetary purposes.

Investment management expenses are budgeted to increase at the same rate as projected annual market values. The accrual basis of accounting is used to record professional expenses for budget and financial statement purposes.

Performance of investment managers is reviewed monthly and quarterly by the Boards.

Professional service expenses reviewed quarterly by the Boards to verify conformance with the respective contracts.

CFRS Benefit Disbursements

Included within benefit disbursements are Service Retirements, Service Connected Disability Retirements, Non Service Connected Disability Retirements, DROP program benefits, QDRO benefits, monthly continuance benefits for Beneficiaries and Survivors of deceased members, one-time Lump Sum Death Benefits, refunds of Member Contributions and Interest, and Post Retirement Supplemental Benefits.

The budgeting of benefit disbursements is primarily dependent upon the projected number of employees in retirement, the projected number of beneficiaries and survivors receiving benefits, the number of active employees eligible for disability benefits, the number of active employees leaving the employment of the City prior to receiving pension benefits and the annual cost-of-living adjustments. In order to project annual benefit disbursements, a computation of historical increases in these categories is made, adjusted for any known variances and the expected cost-of-living adjustment, and the resulting factor is applied to the previous year's actual expenses. Benefit disbursements are vested rights and not subject to the Board's appropriation authority although the Boards do approve an appropriation for control purposes.



CITY OF FRESNO RETIREMENT SYSTEMS

CFRS BUDGET INITIATIVES AND RESULTS FOR FISCAL YEAR 2021

Member Benefit Services Plan

- Enhanced member educational programs, including programs for New Employee Orientation and the Employee Retirement Incentive.
- Continued evaluation of web based presentations to supplement member educational programs.
- Continued implementation of MemberDirect and preparation and testing of full features.
- Conducted ongoing review and evaluation of the Joint Board's Retirement Policies and Procedures.
- Provided ongoing technical support to the City and labor unions regarding MOU and retirement related issues.
- Conducted ongoing review and evaluation of Member Benefit Services from a risk, compliant and value-added perspective.
- Continued cross training of Retirement Counselors in compliance with sound business succession planning.

Actuarial Services Plan

- Assisted actuary with the June 30, 2020 and 2019 Actuarial Valuations, including an update of the PensionGold extracts from which the valuation is based and implementation of GASB Statement No. 67.
- Assisted actuary with the June 30, 2020 implementation of GASB Statement No. 68 for the City of Fresno for the two Retirement Systems [Employees and Fire & Police].
- Provided Technical Support to City and unions regarding retirement issues. This is an ongoing assignment that staff completes as necessary.

Investment Management Services Plan

- Enhanced and documented risk-monitoring procedures. This is an ongoing project that staff updates as necessary.
- Reviewed, modified and revised as needed the CFRS Investment Objectives and Policy Statement.
- Performed an Investment Manager search, investment and operational due diligence review and selection of private equity and MLP managers.
- Continued the review and update for inclusion of additional risk evaluations with the monthly analytical reports.
- Strengthened as needed the investment manager monitoring program by adjusting and implementing new Compliance testing reports for monthly monitoring and interaction as needed with the Investment Managers and Boards.



CITY OF FRESNO RETIREMENT SYSTEMS

CFRS BUDGET INITIATIVES AND RESULTS FOR FISCAL YEAR 2021

- Incorporated the routine use of additional analytical database services in processes and procedures to enhance validation and transparency of the investment data used in manager searches and in monthly evaluation reviews. This is an ongoing project.
- Initiated evaluation and further education related to private equity, private value-added real estate and with adopted Asset Allocation Target started implementation of new asset classes according to the Boards' four-year pacing plan.
- Conducted asset class reviews and meetings with respective investment managers.

Board Support Services

- Evaluated CFRS Total Plan Risk. This is an ongoing project.
- Continued the process to strengthen the Internal Control / Compliance Programs by documenting policies into accounting desk level procedures.
- Completed the Annual Independent Audit of CFRS Financial Statements and Published Annual Comprehensive Annual Financial Reports.
- Reviewed the Board's essential policy resolutions. Review is an ongoing assignment.
- Conducted review of Fiduciary Liability Insurance coverage issues and recommended action pertaining to renewal of the Boards' fiduciary liability insurance policy.
- Conducted review of separate Cyber Liability Insurance coverage and recommended action pertaining to renewal of the Boards' cyber liability insurance policy.
- Conducted Board member elections.

Management Services Plan

- Conducted the ongoing review of CFRS technological infrastructure to ensure that the infrastructure is secure and capable of supporting current and new applications.

Human Resources Plan

- Continued Professional Development & Training of staff through ongoing attendance at CALAPRS Roundtable meetings.
- Developed a Transition Management Plan for staff.
- Commenced thorough training of a new Accounting Technician to support greater demands to research, analyze and perform a wider range of advanced accounting practices expanding the Systems' application of advanced accounting capabilities.



CFRS BUDGET GOALS AND INITIATIVES FOR FISCAL YEAR 2022

Goal 1 – Invest CFRS portfolio prudently to achieve a stable long-term rate of return.

Initiatives:

- Develop an investment program that measures and optimizes expected return and risk.
 - Implement a strategic asset allocation plan that uses risk effectively and further diversifies the portfolio.
 - Enhance database tracking of manager due diligence and surveillance information.
 - Develop a risk budget based on quantitative analysis of both systematic and structural sources of return.
 - Collaborate with Investment Consultant to develop a factor-based approach to managing exposures.
- Identify and develop Investment Team’s core competencies.
 - Determine the best approach to managing resources.
 - Identify critical resources.
 - Develop competencies within the Investment Team:
 - Develop a quantitative analysis function that focuses on risk budgeting, portfolio construction/ optimization, tactical asset allocation, and smart rebalancing.
 - Enhance the existing expertise in the area of manager selection and skill identification.

Goal 2 – Deliver high quality customer service and education that enables our members to make informed benefit decisions.

Initiatives:

- Develop and implement a communications plan to strengthen stakeholder understanding of CFRS.
 - Evaluate public relations strategy.
 - Evaluate implementation of 1 on 1 member counseling.
 - Evaluate the use of automated emails to members.
 - Evaluate enhancements to telephone system.
 - Evaluate effectiveness of emerging technologies, i.e. social media.
- Assess and improve efficiency of processes (improve accuracy, completeness and timeliness of benefits and services).
 - Expand Member Services quality control program.
 - Consider electronic business processes for disability.
 - Update and expand online business resource information (guides, policies, procedures).
 - Develop employer education and customer service program.
- Refine and effectively measure performance standards, metrics and member feedback.
 - Review/refine performance standards.
 - Develop tools to effectively measure and report results.



CFRS BUDGET GOALS AND INITIATIVES FOR FISCAL YEAR 2022

Goal 3 – Foster a culture that values accountability and achievement

Initiatives:

- Offer programs to enhance skills and advance development of staff.
 - Offer targeted employee training in communication, interpersonal skills, professional development and time management.
 - Develop employee business knowledge training.
 - Grow and promote mentoring program.
- Optimize CFRS organizational structure.
 - Evaluate CFRS operational activities for efficiencies, consider consolidation where practical, i.e. mail/scanning.
- Integrate CFRS values throughout the organization.
 - Clearly define CFRS values.
 - Promote and educate staff about CFRS values.
 - Incorporate CFRS mission and values into performance management.

Goal 4 – Administer CFRS effectively and efficiently

Initiatives:

- Implement web services aspect of our new pension administration system.
 - Continue post implementation support
 - Continue planning for web services.
- Ensure organizational quality and performance through continuous improvement.
 - Continue expanding electronic document imaging across CFRS
 - Evaluate vendor services to replace/upgrade Accounting General Ledger to take advantage of more interactive software.
 - Develop and document process for Board agenda processing.
 - Implement a plan for future office space needs.



CITY OF FRESNO RETIREMENT SYSTEMS

RETIREMENT ADMINISTRATION OPERATING BUDGET



The Retirement Administration Operating Budget is comprised of Employee Services, Pension Obligation Bond Debt Service, Vehicle Allowance and various other Interdepartmental Charges representing an allocation of costs to the Retirement Office for Fixed Inter-department Reimbursement to the General Fund, Information Systems Services and Equipment, Property Self-Insurance, Liability Self Insurance, Telephone Service Charges, Visitor Parking Permits and Call Center Charges.

Deferred Compensation Budget

In accordance with the Deferred Compensation Agreement between the City and the Retirement Boards, the Deferred Compensation Budget allocates a portion of the Retirement Office Administration Operating costs to the City for appropriation of revenue to the Retirement Systems for the Administration of the City's Deferred Compensation Plan.

The total Retirement Office Administration Operating Budget is funded from the two Retirement Trusts: Employees and Fire and Police, net of revenue from the City's payment for the Deferred Compensation Administrative Fee.

RESOLUTION NO. 2021-01

ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF FRESNO FIRE AND POLICE AND EMPLOYEES RETIREMENT SYSTEMS ADOPTING THE OPERATING BUDGET FOR THE RETIREMENT OFFICE FOR FISCAL YEAR 2022

WHEREAS, the Fire and Police and the Employees Retirement Boards meeting and budget hearing having been duly noticed in the Boards' agenda for the June 22, 2021 Board meeting, and all necessary findings having been made,

BE IT RESOLVED by the Retirement Boards for the City of Fresno Fire and Police Retirement System and the Employees Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budget of the City of Fresno Retirement Office, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2022 BUDGET. There is a budget for the Retirement Office Operating Fund for employee services, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, as may be approved by the Retirement Boards.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members from each Board.

Section 3. CONTRADICTION PROVISIONS OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Boards, respecting the administration of the fiscal year 2022 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Boards' secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Boards.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Fire and Police Retirement Board and the Employees Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Boards hereby direct responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Boards. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Boards in adopting this budget resolution.

PART III

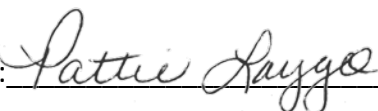
THAT the following amounts, as detailed in the attached exhibits, are allocated to the Retirement Office Operating Fund for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, ROBERT T. THELLER, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Fire and Police Retirement Board and the Employees Retirement Board, Fresno, California at a regular meeting thereof, held on the 22nd Day of June, 2021.

ROBERT T. THELLER, RETIREMENT ADMINISTRATOR AND
EX-OFFICIO SECRETARY OF THE RETIREMENT BOARDS

By: 

Deputy



CITY OF FRESNO RETIREMENT SYSTEMS

RETIREMENT ADMINISTRATION OPERATING BUDGET - FY 2022

Retirement Office Operating Budget

Account Description	FY 2021 Adopted Budget	FY 2022 Base Budget Submission	Net Change	Budget FY 2022	Change from FY 2021
Employee Services					
Permanent Salaries	1,458,700	1,467,000	8,300	1,467,000	8,300
Fringe	21,200	23,600	2,400	23,600	2,400
Employee Leave Payoff - Non-Term	41,700	28,600	(13,100)	37,000	(4,700)
Perm Fringe - Health & Welfare	193,000	193,000	—	193,000	—
Perm Fringe - Life & Disability Ins.	7,600	7,800	200	7,800	200
Perm Fringe - Pension ER contribution	180,800	187,100	6,300	187,100	6,300
Leave Payoff - At Termination	12,400	14,400	2,000	14,400	2,000
Premium Pay (RA-Deferred Comp)	9,100	9,100	—	9,100	—
Employee Services Total	1,924,500	1,930,600	6,100	1,939,000	14,500
Operations & Maintenance					
Commission Stipends (Board Members)	4,800	4,800	—	4,800	—
Gen Svc Pens Oblig Bond Dbt Svc	29,600	32,900	3,300	32,900	3,300
HRA Payments	15,600	—	(15,600)	—	(15,600)
Worker's Compensation	—	—	—	—	—
Recurring Vehicle Allowance	11,900	11,900	—	11,900	—
Operations & Maintenance Total	61,900	49,600	(12,300)	49,600	(12,300)
InterDepartmental Charges					
City Attorney - Variable	4,200	—	(4,200)	4,200	—
Fixed Interdept Reimb - Gen Fund*	39,400	—	(39,400)	62,100	22,700
Info Systems Service Charge	199,600	194,900	(4,700)	194,900	(4,700)
Info Systems Equip(apps, licensing)	48,300	56,300	8,000	56,300	8,000
Property Self-Insurance Charges	—	—	—	—	—
Liability Self-Insurance Charges	—	—	—	—	—
Mail/Messenger/Copier Service	24,600	26,500	1,900	26,500	1,900
Telephone Service Charges	48,600	36,900	(11,700)	36,900	(11,700)
Employee/Visitor Parking Permit	100	—	(100)	—	(100)
PeopleSoft Replacement Charges	4,200	4,500	300	4,500	300
Network Replacement Charges	23,300	22,700	(600)	22,700	(600)
10C and 10X Charges	2,500	—	(2,500)	—	(2,500)
InterDepartmental Charges Total	394,800	341,800	(53,000)	408,100	13,300
Grand Total	2,381,200	2,322,000	(59,200)	2,396,700	15,500

*Adopted organizational changes related to personnel not yet included in the adopted budget.

**Includes previously separate appropriation for 59103 Budget, 59106 HR-Operations, 59107 Training Unit Charges, 59108 HR-Labor Relations, 59109 Finance, and 59309 Facilities Management Charges; 59320 Call Center Charges, and 59321 Microsoft Migration.



CITY OF FRESNO RETIREMENT SYSTEMS

RETIREMENT ADMINISTRATION OPERATING BUDGET - FY 2022

FY 2022 Retirement Office Budgeted Revenues

Account Description	Amended FY 2021 Budget Year End Estimate	FY 2022 Base Budget Submission	Budget FY 2022	Chang From FY 2021
Revenues				
Carryover from prior year	381,700	153,000	153,000	(228,700)
Interest (estimate)	10,000	11,000	11,000	1,000
Reimb from City Def. Comp.	104,600	91,300	91,300	(13,300)
Total Revenue	496,300	255,300	255,300	(241,000)
Employee Services & ID Charges				
Reimb from ERS Trust	992,300	1,161,000	1,148,500	156,200
Reimb from FPRS Trust	992,300	1,161,000	1,148,500	156,200
Transfer Employee Services & ID Charges	1,984,600	2,322,000	2,297,000	312,400

Employee Detail - Authorized Positions

Job Class	Employee Name	Class Title
135030	Theller, Robert	Retirement Administrator
135040	Riley Brown, Kathleen	Assistant Retirement Administrator
135040	Timberlake, Yvonne	Assistant Retirement Administrator
135014	Jacobs, Chad	Investment Officer
115003	Laygo, Pattie	Retirement Office Manager
135044	Magallanes, Alberto	Retirement Accounting Manager
130012	Espiritu, Karen	Senior Accountant-Auditor
130010	Juardo, M. Cristina	Accountant-Auditor I
135052	Ketch, Andrea	Retirement Benefits Manager
135051	Basquez, Patti	Senior Retirement Counselor
135051	Carbajal, Phillip	Retirement Counselor II
135051	Taketa, Joan	Retirement Counselor II
135051	Viengsay, Ohn	Retirement Counselor II
135052	Baroni, Katie	Retirement Counselor I
110003	Saldivar, Julie	Sr. Administrative Clerk
110003	Gonzales, Tracy	Sr. Administrative Clerk



CITY OF FRESNO RETIREMENT SYSTEMS

RETIREMENT ADMINISTRATION OPERATING BUDGET - FY 2022

Deferred Compensation Administration Budget

Account Description	Budget FY 2022	Deferred Compensation
Employee Services		
Permanent Salaries	1,467,000	58,400
Permanent Fringe Statutory	224,400	9,000
Employee Leave Payoff-Non Term	37,000	—
Permanent Fringe - ER Pension Contribution	187,100	7,400
Leave Payoff - at Termination	14,400	—
Premium Pay excluded in 51102	9,100	—
Employee Services Total	1,939,000	74,800
Operations & Maintenance		
Commission Stipends (Board members)	4,800	—
Gen Svc Pens Oblig Bond Dbt Svc	32,900	1,300
HRA Payments	0	—
Worker's Compensation	—	—
Recurring Vehicle Allowance	11,900	—
Operations & Maintenance Total	49,600	1,300
InterDepartmental Charges		
City Attorney - Variable	4,200	200
Fixed Interdept Reimb - Gen Fund*	62,100	2,500
Info Systems Service Charge	194,900	7,800
Info Systems Equip Charge	56,300	2,300
Property Self-Insurance Charges	—	—
Liability Self-Insurance Charges	—	—
Messenger/Mail/Copier Service	26,500	—
Telephone Service Charges	36,900	1,500
Employee/Visitor Parking Permit	—	—
People Soft Replacement Charges	4,500	—
Network Replacement Charges	22,700	900
InterDepartmental Charges Total	408,100	15,200
Grand Total	2,396,700	91,300

* Includes previously separate appropriation for 59103 Budget, 59106 HR-Operations, 59107 Training Unit Charges, 59108 HR-Labor Relations, 59109 Finance, and 59309 Facilities Management Charges; 59320 Call Center Charges, and 59321 Microsoft Migration.



CITY OF FRESNO RETIREMENT SYSTEMS



Employees Retirement System
Trust Fund Budget – FY 2022

The Fiscal Year 2022 Budget: For the City of Fresno Employees Retirement Trust sets forth appropriations for retiree benefits, operations, maintenance, minor capital and major capital improvements, if any, and such other purposes and expenditures, including the reimbursement of the Retirement Office operating budget, as may be approved by the Retirement Board.

Retiree benefits: The benefit payments amount shown reflects an increase to add the normal number of new retirees. There are no PRSB monthly payments for FY2021 and none are anticipated for Calendar Year 2022, therefore the FY2022 Budget estimate is zero for calendar year 2022 as actual rather than projected June 30, 2021 surpluses will be used to determine the 2022 calendar year PRSB and they will not be known until November. The DROP distribution amounts continue to be extremely difficult to project from year to year.

Professional Investment Services and Professional Services - Consultants: This part of the annual budget is for portfolio investment management fees, investment consultant and legal counsel, analytic database services and global custodian services. Investment

management fees are projected for anticipated asset class growth but do not include potential changes to the Board’s target asset allocations.

The FY 2022 Budget also includes global custodian fees and the impact of investment changes on those global transaction related and asset-based fees.

Included are renewals of premiums and fees for cyber liability and fiduciary liability insurance, and eVestment Alliance database software services.

Administrative Expenses: In addition to the Reimbursement of Board Member Time, administrative expense includes the transfer to fund the Retirement Office Administration Operating Budget for Employee Services and Interdepartmental Charges.

Capital Budget: Appropriations, if any, are for computer software and hardware, furniture, office reconfigurations and ergonomics.

RESOLUTION NO. ERS 2021-04

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF
FRESNO EMPLOYEES RETIREMENT BOARD ADOPTING THE
BUDGET FOR FISCAL YEAR 2022**

WHEREAS, the Employees Retirement Board's meeting and budget hearing having been duly noticed in the Boards' agenda for the June 22, 2021, Board meeting, and all necessary findings having been made,

Be it resolved by the Retirement Board for the City of Fresno Employees Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budgets of the City of Fresno Employees Retirement System, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2022 BUDGET. There is a budget for the City of Fresno Employees Retirement Trust Fund for retiree benefits, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, including the reimbursement of the Retirement Office operating budget, as may be approved by the Retirement Board.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members.

Section 3. CONTRADICTION PROVISIONS OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Board, respecting the administration of the fiscal year 2022 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Boards' secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Board.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Employees Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Board hereby directs responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Board. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Board in adopting this budget resolution.

PART III

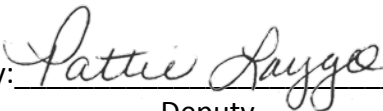
THAT the following amounts, as detailed in the attached exhibits, are allocated to the trust funds for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, ROBERT T. THELLER, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Employees Retirement Board, Fresno, California at a regular meeting thereof, held on the 22nd day of June 2021.

ROBERT T. THELLER, RETIREMENT ADMINISTRATOR
AND EX-OFFICIO SECRETARY OF THE
RETIREMENT BOARDS

By: 
Deputy



CITY OF FRESNO RETIREMENT SYSTEMS

EMPLOYEES RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2022

Employees Retirement System Annual Appropriation Budget

Line Item Description	Budget FY 2021	Est. YE FY 2021	Budget FY 2022	Net Change
<u>Benefit Services</u>				
Monthly Benefit Payments	53,000,000	54,019,969	55,500,000	2,500,000
Post Retirement Supplemental Benefit	—	—	—	—
Deferred Retirement Option Payments	13,000,000	13,509,607	13,000,000	—
Employee Contribution Refunds	1,500,000	1,523,816	1,500,000	—
Total Benefit Services	67,500,000	69,053,392	70,000,000	2,500,000
<u>Operations</u>				
<u>Custody Investment Expenses</u>				
Foreign Income Taxes, Securities Lending, FX	1,000,000	1,104,692	1,200,000	200,000
Total Custody Investment Expenses	1,000,000	1,104,692	1,200,000	200,000
<u>Investment Professional Services</u>				
Investment Management Fees	5,000,000	4,327,513	5,000,000	—
Investment Analytical Database Services	72,500	78,109	80,000	7,500
Investment Legal Counsel	125,000	29,522	125,000	—
Investment Consultant/Due Diligence Background Investigations	150,000	137,074	150,000	—
Global Custodian and Global Account Based Fees	250,000	184,817	250,000	—
Transaction Cost Analysis	15,000	11,250	15,000	—
Total Investment Professional Services	5,612,500	4,768,285	5,620,000	7,500
Total Custody & Investment Professional Services Expenses	6,612,500	5,872,977	6,820,000	207,500
<u>Professional Service Providers</u>				
Legal Services	130,000	205,567	210,000	80,000
Actuarial Services	115,000	115,724	120,000	5,000
Computer Systems and Imaging Maintenance	110,000	93,312	110,000	—
Independent Auditor	25,000	19,837	25,000	—
Hearing Officers, Medical Examiners	75,000	27,442	75,000	—
Consultants/Temporary Employment Services	12,500	—	12,500	—
Other	15,000	18,137	15,000	—
Total Professional Service Providers	482,500	480,019	567,500	85,000



CITY OF FRESNO RETIREMENT SYSTEMS

EMPLOYEES RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2022

Employees Retirement System Annual Appropriation Budget Continued

Line Item Description	Budget FY 2021	Est. YE FY 2021	Budget FY 2022	Net Change
Administrative Expenses				
Reimbursement to City for Board Member Time	10,000	977	10,000	—
Board Member Education & Conferences	35,000	1,800	35,000	—
Due Diligence Site Visitation (Travel Costs)	55,000	—	55,000	—
Membership & Dues	7,100	6,017	7,100	—
Board Educational Conference (offsite)	10,000	—	10,000	—
Retirement Administration (Emp Svcs & ID) Transfer	992,300	992,300	1,148,500	156,200
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	22,500	50,492	22,500	—
Lease Office Space & CAM	180,000	188,584	190,000	10,000
Cyber and Fiduciary Liability Insurance	40,000	37,765	40,000	—
Retirement Staff Education and Conference	37,500	1,178	37,000	(500)
Postage and Overnight mail	2,700	5,929	5,000	2,300
iPad Data charges, Equipment and Rental	15,000	19,940	15,000	—
Stationary and Supplies	7,500	6,290	7,500	—
Publications & Subscriptions	2,075	539	600	(1,475)
Miscellaneous Expense	1,500	643	1,500	—
Total Administrative Expenses	1,418,175	1,312,454	1,584,700	166,525
Capital Budget				
Computer Systems (PG Software, Hardware, etc.)	—	—	—	—
Furniture, office reconfigurations and ergonomics	75,000	29,368	75,000	—
Total Capital Budget	75,000	29,368	75,000	—
Total Administrative Expenses and Capital Budget	1,493,175	1,341,822	1,659,700	166,525
Total Employees Retirement System Budget	76,088,175	76,748,210	79,047,200	2,959,025



CITY OF FRESNO RETIREMENT SYSTEMS



Fire and Police Retirement System Trust Fund Budget – FY 2022

The Fiscal Year 2022 Budget: For the City of Fresno Fire and Police Retirement Trust sets forth appropriations for retiree benefits, operations, maintenance, minor capital and major capital improvements, if any, and such other purposes and expenditures, including the reimbursement of the Retirement Office operating budget, as may be approved by the Retirement Board.

Retiree benefits: The benefit payments amount shown reflects an increase to add the normal number of new retirees. The 2021 calendar year PRSB monthly payment is \$130.33. Therefore, the FY2022 Budget estimate anticipates a monthly PRSB payment for half of the FY2022 budget in the amount of \$130.33. However, for calendar year 2022 actual rather than projected June 30, 2021 surpluses will be used to determine the 2022 calendar year PRSB and they will not be known until November. The DROP distribution amounts continue to be extremely difficult to project from year to year and the amount of the monthly benefit payment attributable to DROP benefit payments is an increasingly higher portion of the total benefit payment.

Professional Investment Services and Professional Services - Consultants: This part of the annual budget is for portfolio investment management fees,

investment consultant and legal counsel,

analytic database services and global custodian services. Investment management fees are projected for anticipated asset class growth but do not include potential changes to the Board’s target asset allocations.

The FY 2022 Budget also includes global custodian fees and the impact of investment changes on those global transaction related and asset-based fees.

Included are renewals of premiums and fees for cyber liability and fiduciary liability insurance and eVestment Alliance database software services.

Administrative Expenses: In addition to the Reimbursement of Board Member Time, administrative expense includes the transfer to fund the Retirement Office Administration Operating Budget for Employee Services and Interdepartmental Charges.

Capital Budget: Appropriations, if any, are for computer software and hardware, furniture, office reconfigurations and ergonomics.

RESOLUTION NO. FP 2021-05

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF FRESNO
FIRE AND POLICE RETIREMENT BOARD ADOPTING THE BUDGET
FOR FISCAL YEAR 2022**

WHEREAS, the Fire and Police Retirement Board's meeting and budget hearing having been duly noticed in the Board's agenda for the June 22, 2021, Board meeting, and all necessary findings having been made,

Be it resolved by the Retirement Board for the City of Fresno Fire and Police Retirement System:

PART 1

THAT the amounts set forth for the purposes named herein shall, upon the adoption of this resolution, become the budgets of the City of Fresno Fire and Police Retirement System, within the meaning and context of Section Numbers 910 and 1100 of the City of Fresno Charter; and,

PART II

THAT the general provisions governing this resolution are as follows:

Section 1. THE FISCAL YEAR 2022 BUDGET. There is a budget for the City of Fresno Fire and Police Retirement Trust Fund for retiree benefits, operations, maintenance, minor capital and major capital improvements, and such other purposes and expenditures, including the reimbursement of the Retirement Office operating budget, as may be approved by the Retirement Board.

Section 2. TRANSFERS AND INCREASES IN BUDGETS. Any adjustments in the amounts budgeted for the purposes indicated herein shall be made only upon a motion to amend this resolution, adopted by the affirmative votes of at least three Board members.

Section 3. CONTRADICTORY PROVISIONS OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Board, respecting the administration of the fiscal year 2022 budget, which are in contradiction with this resolution, are hereby superseded.

Section 4. ADMINISTRATION. The Retirement Administrator or his designee shall maintain all changes to this resolution and shall cause to be filed with the Board's secretary, a copy of any subsequent amendments to this resolution, following adoption by the Retirement Board.

Section 5. CLERICAL CORRECTIONS. The adoption of this resolution implements the motions and actions of the City of Fresno Fire and Police Retirement Board in the original proposed budget and other motions, if any, for direction in the drafting of this final action. By adoption of this resolution, the Retirement Board hereby directs responsible Retirement staff to make necessary technical and clerical corrections to this resolution to implement the intent of the Retirement Board. Such corrections shall not alter, in any manner, the substance or intent of the Retirement Board in adopting this budget resolution.

PART III


THAT the following amounts, as detailed in the attached exhibits, are allocated to the trust funds for the purpose or purposes indicated.

CERTIFICATION OF SECRETARY

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, ROBERT T. THELLER, Retirement Administrator and Ex-Officio Secretary of the City of Fresno City Retirement Boards, certify that the foregoing resolution was adopted by the Fire and Police Retirement Board, Fresno, California at a regular meeting thereof, held on the 22nd day of June 2021.

ROBERT T. THELLER, RETIREMENT ADMINISTRATOR
AND EX-OFFICIO SECRETARY OF THE
RETIREMENT BOARDS

By: 
Deputy



CITY OF FRESNO RETIREMENT SYSTEMS

FIRE AND POLICE RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2022

Fire & Police Retirement System Annual Appropriation Budget

Line Item Description	Budget FY 2021	Est. YE FY 2017	Budget FY 2022	Net Change
<u>Benefit Services</u>				
Monthly Benefit Payments	53,500,000	53,746,203	55,500,000	2,000,000
Post Retirement Supplemental Benefit	2,750,000	1,678,140	2,750,000	—
Deferred Retirement Option Payments	15,000,000	13,846,219	15,000,000	—
Employee Contribution Refunds	1,250,000	474,697	1,250,000	—
Total Benefit Services	72,500,000	69,745,259	74,500,000	2,000,000
<u>Operations</u>				
<u>Custody Investment Expenses</u>				
Foreign Income Taxes, STIF, FX	1,200,000	1,331,760	1,400,000	200,000
Total Custody Investment Expenses	1,200,000	1,331,760	1,400,000	200,000
<u>Investment Professional Services</u>				
Investment Management Fees	6,000,000	5,213,540	6,000,000	—
Investment Analytical Database Services	72,500	78,109	80,000	7,500
Investment Legal Counsel	125,000	29,522	125,000	—
Investment Consultant/Due Diligence Background Investigations	150,000	137,074	150,000	—
Global Custodian and Global Account Based Fees	300,000	218,573	300,000	—
Transaction Cost Analysis	15,000	11,250	15,000	—
Total Investment Professional Services	6,662,500	5,688,068	6,670,000	7,500
Total Custody & Investment Professional Services Expenses	7,862,500	7,019,828	8,070,000	207,500
<u>Professional Service Providers</u>				
Legal Services	155,000	260,190	270,000	115,000
Actuarial Services	125,000	131,809	140,000	15,000
Computer Systems and Imaging Maintenance	110,000	93,312	110,000	—
Independent Auditor	25,000	18,034	25,000	—
Hearing Officers, Medical Examiners	200,000	133,130	200,000	—
Consultants/Temporary Employment Services	12,500	—	12,500	—
Other	15,000	18,137	15,000	—
Total Professional Service Providers	642,500	654,612	772,500	130,000



CITY OF FRESNO RETIREMENT SYSTEMS

FIRE AND POLICE RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2022

Fire & Police Retirement System Annual Appropriation Budget Continued

Line Item Description	Budget FY 2021	Est. YE FY 2021	Budget FY 2022	Net Change
Administrative Expenses				
Reimbursement to City for Board Member Time	50,000	12,500	50,000	—
Board Member Education & Conferences	35,000	1,300	35,000	—
Due Diligence Site Visitation (Travel Costs)	55,000	—	55,000	—
Membership & Dues	7,100	5,908	7,100	—
Board Educational Conference (offsite)	10,000	—	10,000	—
Retirement Administration (Emp Srvcs & ID) Transfer	992,300	992,300	1,148,500	156,200
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	22,500	50,492	22,500	—
Lease Office Space & CAM	180,000	187,956	190,000	10,000
Cyber and Fiduciary Liability Insurance	40,000	37,765	40,000	—
Retirement Staff Education and Conference	37,500	1,178	37,000	(500)
Postage and Overnight mail	2,700	5,929	5,000	2,300
iPad Data charges, equipment and rental	15,000	19,940	15,000	—
Stationary and Supplies	7,500	6,383	7,500	—
Publications & Subscriptions	2,075	539	600	(1,475)
Miscellaneous Expense	1,500	407	1,500	—
Total Administrative Expenses	1,458,175	1,322,597	1,624,700	166,525
Capital Budget				
Computer Systems (PG Software, Hardware, etc.)	—	—	—	—
Furniture, office reconfigurations and ergonomics	75,000	29,368	75,000	—
Total Capital Budget	75,000	29,368	75,000	—
Total Administrative Expenses and Capital Budget	1,533,175	1,351,965	1,699,700	166,525
Total Fire & Police Retirement System Budget	82,538,175	78,771,664	85,042,200	2,504,025



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2022

Combined Retirement Systems Annual Appropriation Budget

Line Item Description	Budget FY 2021	Est. YE FY 2021	Budget FY 2022	Net Change
<u>Benefit Services</u>				
Monthly Benefit Payments	106,500,000	107,766,172	111,000,000	4,500,000
Post Retirement Supplemental Benefit	2,750,000	1,678,140	2,750,000	—
Deferred Retirement Option Payments	28,000,000	27,355,826	28,000,000	—
Employee Contribution Refunds	2,750,000	1,998,513	2,750,000	—
Total Benefit Services	140,000,000	138,798,651	144,500,000	4,500,000
<u>Operations</u>				
<u>Custody Investment Expenses</u>				
Foreign Income Taxes, Securities Lending, FX	2,200,000	2,436,452	2,600,000	400,000
Total Custody Investment Expenses	2,200,000	2,436,452	2,600,000	400,000
<u>Investment Professional Services</u>				
Investment Management Fees	11,000,000	9,541,053	11,000,000	—
Investment Analytical Database Services	145,000	156,218	160,000	15,000
Investment Legal Counsel	250,000	59,044	250,000	—
Investment Consultant/Due Diligence Background Investigations	300,000	274,148	300,000	—
Global Custodian and Global Account Based Fees	550,000	403,390	550,000	—
Transaction Cost Analysis	30,000	22,500	30,000	—
Total Investment Professional Services	12,275,000	10,456,353	12,290,000	15,000
Total Custody & Investment Professional Services Expenses	14,475,000	12,892,805	14,890,000	415,000
<u>Professional Services - Consultants & Other</u>				
Legal Services	285,000	465,757	480,000	195,000
Actuarial Services	240,000	247,533	260,000	20,000
Computer Systems and Imaging Maintenance	220,000	186,624	220,000	—
Independent Auditor	50,000	37,871	50,000	—
Hearing Officers, Medical Examiners	275,000	160,572	275,000	—
Consultants/Temporary Employment Services	25,000	—	25,000	—
Other	30,000	36,274	30,000	—
Total Professional Services - Consultants & Other	1,125,000	1,134,631	1,340,000	215,000



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2022

Combined Retirement Systems Annual Appropriation Budget

Line Item Description	Budget FY 2021	Est. YE FY 2021	Budget FY 2022	Net Change
Administrative Expenses				
Reimbursement to City for Board Member Time	60,000	13,477	60,000	—
Board Member Education & Conference	70,000	3,100	70,000	—
Due Diligence Site Visitation (Travel Costs)	110,000	—	110,000	—
Membership & Dues	14,200	11,925	14,200	—
Board Educational Conference (offsite)	20,000	—	20,000	—
Retirement Administration (Emp Services & ID) Transfer	1,984,600	1,984,600	2,297,000	312,400
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	45,000	100,984	45,000	—
Lease Office Space & CAM	360,000	376,540	380,000	20,000
Cyber and Fiduciary Liability Insurance	80,000	75,530	80,000	—
Retirement Staff Education and Conference	75,000	2,356	74,000	(1,000)
Postage and Overnight mail	5,400	11,858	10,000	4,600
iPads Data charges, equipment and rental	30,000	39,880	30,000	—
Stationary and Supplies	15,000	12,673	15,000	—
Publications & Subscriptions	4,150	1,078	1,200	(2,950)
Miscellaneous Expense	3,000	1,050	3,000	—
Total Administrative Expenses	2,876,350	2,635,051	3,209,400	333,050
Capital Budget				
Computer Systems (PG Software, Hardware, etc.)	0	—	—	—
Furniture, office reconfigurations and ergonomics	150,000	58,736	150,000	—
Total Capital Budget	150,000	58,736	150,000	—
Total Administrative Expenses and Capital Budget	3,026,350	2,693,787	3,359,400	333,050
Total City of Fresno Retirement Systems Budget	158,626,350	155,519,874	164,089,400	5,463,050



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2022

Combined Retirement Systems Travel Budget

Retirement Staff	Travel, Education and Conference Expenses	Airline or Mileage	Reg. Fees	Hotel Costs	Meals	Total
Retirement Administrator	Administrators RT meetings	800	500	800	150	2,250
	General Assembly Conference	400	100	800	100	1,400
	Administrators Training Institute	300	1,250	—	100	1,650
	Risk Mgt/Investment/Custodian	500	600	600	150	1,850
	Miscellaneous business travel	700	370	600	200	1,870
	NEPC Public Funds Conference	600	—	600	100	1,300
Assistant Retirement Administrator - Chief Benefit Services	Benefits RT meetings	800	500	800	160	2,260
	General Assembly Conference	400	100	800	100	1,400
	Pension Gold Conference	700	—	500	100	1,300
	Additional Training/Conference	500	200	400	100	1,200
Assistant Retirement Administrator - Chief Financial Officer	Roundtable meetings	800	500	800	150	2,250
	General Assembly Conference	400	100	800	100	1,400
	Administrators Training Institute	300	1,250	—	100	1,650
	P2F2 Annual Conference	300	325	650	100	1,375
	GFOA Conference	500	425	600	200	1,725
	Custodian On-Site Visits/DD	500	600	600	100	1,800
Investment Officer	Roundtable meetings	400	250	400	100	1,150
	General Assembly Conference	400	100	800	100	1,400
	NEPC Public Funds Conference	600	—	600	100	1,300
	Risk Mgt/Investment/Conference	500	600	600	100	1,800
	CFA Exams/Tests Travel	—	2,500	400	150	3,050
Retirement Accounting Manager	Accountants' RT meetings	400	250	400	100	1,150
	Workiva Conference	550	900	600	150	2,200
	GFOA Conference	550	450	1,000	200	2,200
Retirement Benefits Manager	Benefits RT meetings	800	500	800	160	2,260
	Pension Gold Conference	700	—	500	100	1,300
	Additional Training/Conference	500	200	400	100	1,200
Retirement Office Manager	iCompass Conference	610	325	600	150	1,685
	Roundtable meetings	400	250	400	—	1,050
	Additional Training/Conference	200	200	400	100	900
Senior Accountant-Auditor	Roundtable meetings	400	250	400	100	1,150
	Workiva Conference	550	900	600	150	2,200
Accountant-Auditor I	Roundtable meetings	400	250	400	100	1,150
	Additional Training/Conference	200	200	400	100	900
Senior Retirement Counselor	Pension Gold Conference	700	—	500	100	1,300
	CALAPRS Benefits Roundtable	200	150	200	100	650
Retirement Counselors (4)	Roundtable meetings	1,600	1,000	1,600	400	4,600
Sr. Administrative Clerk (2)	Administrative Roundtable	800	500	800	200	2,300
	Overview Staff Training	200	250	200	100	750
Designated Staff Development	CALAPRS Management Academy	400	3,000	1,200	350	4,950
	Miscellaneous Staff Training	1,825	500	2,000	400	4,725
Retirement Staff Total Budget	Total Budget - Staff Education & Conference	22,385	20,345	25,550	5,720	74,000



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2022

Combined Retirement Systems Board & Staff Memberships, Dues & Subscriptions

Administrative Expense	Retirement Boards & Staff Memberships & Dues	
	Association for Financial Professionals	500
	CALAPRS	2,500
	CFA/CAIA	1,000
	GFOA Membership	500
	GFOA Certificate of Achievement	2,000
	IFEBP	1,500
	ILPA	4,000
	National Notary Association	100
	NCPERS	300
	Public Pension Financial Forum [P2F2]	200
	SACRS	1,500
	Misc	100
	Total Memberships & Dues	14,200

Subscriptions	Retirement Office Subscriptions	
	Fresno BEE	200
	Wall St. Journal	500
	Bloomberg online	500
	Total Retirement Office Subscriptions	1,200
	Total Memberships, Dues & Subscriptions	15,400