



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

MINUTES

February 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, David Cain, Jane Sumpter

Members Absent: Marvell French

Members present for the FIRE AND POLICE RETIREMENT BOARD

Michael Reid, Jonathan Lusk

Members Absent: David Newton, 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 February 8, 2017, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: French

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

AYES: Reid, Lusk

NOES: None

ABSTAIN: None

ABSENT: Newton, Semonious

AGENDA ITEMS

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

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Lusk seconded by Member Reid to approve the agenda of February 28, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Reid, Lusk

NOES: None

ABSTAIN: None

ABSENT: Newton, Semonious

TIMED SCHEDULED HEARINGS AND MATTERS

1:00 PM

Presentation and Monroe Capital direct lending portfolio review provided Zia Uddin Managing Director, Portfolio Mgr & Head of Special Situations and Megan Cruse, Director, Marketing & Investor Relations; of Monroe Capital, LLC.

ACTION: Received

The Boards accepted direct lending portfolio overview and update presented by Zia Uddin of Monroe Capital.

2:00 PM

Presentation and Crescent Capital direct lending portfolio review by Mr. Scott Carpenter, Managing Director and Ken McRay, Senior Vice-President, of Crescent Capital Group, LP.

ACTION: Received

The Boards accepted overview and presentation by Scott Carpenter of Crescent Capital.

A. CONSENT CALENDAR

1. Approve date and time of the next Regular Joint Meeting of the Retirement Boards scheduled at 1:00PM on Wednesday, March 8, 2017.

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: French

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

AYES: Reid, Lusk

NOES: None

ABSTAIN: None

ABSENT: Newton, Semonious

B. EMPLOYEE PERSONNEL ISSUES

None

C. STAFF INITIATED ITEMS

None

D. BOARD INITIATED ITEMS

1. Monroe Capital direct lending portfolio evaluation provided by Mr. Don Stracke, NEPC.
ACTION: Accepted
The Boards reviewed and accepted recommendation by Investment Consultant.

 2. Crescent Capital direct lending portfolio evaluation provided by Mr. Don Stracke, NEPC.
ACTION: Accepted
The Boards reviewed and accepted recommendation by Investment Consultant.

 3. Review and accept the Quarterly Investment Performance Report from NEPC for the period ending December 31, 2016.
ACTION: Accepted
The Boards received summary overview by Investment Consultant and accepted the Quarterly Investment Performance Report for the period ending December 31, 2016.

 4. Preliminary discussion of NEPC 2017 Asset Allocation Investment Assumptions and modeling of NEPC's Asset Allocation Target recommendations and follow-up as requested on small cap equity.
ACTION: Accepted
The Boards discussed recommendations summarized by Investment Consultant.

 5. Annual performance review of Investment Consulting Firm, relating to the Agreement between NEPC and the City of Fresno Retirement Systems dated February 1, 2013, for discussion next month.
ACTION: Received
The Boards reviewed background of performance for NEPC with direction to staff to send reminder in 1-week. The Boards will then review and submit evaluation forms to staff and staff will report results and recommendations at the 2nd Board meeting in March.

 6. Preliminary discussion and direction for Fiscal Year 2018 Retirement Office Administrative and Retirement Systems' Trust Fund Budgets for Fiscal Year 2018.
ACTION: Discussion
The Boards received introduction and overview by Administrator Theller who summarized staff recommendations for FY 2018 budgets.
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7. Review drawback/rebalance model with actual Asset Allocation as of January 31, 2017, an update on February 2017 drawback and direction on funding of Operating and Payroll Expenses for March-June 2017.

ACTION: Approved/Adopted

The Boards reviewed activity for the month of January and February 2017 and accepted staff's recommendation.

ON MOTION by Member Cain seconded by Member Miller to accept Option 2 authorizing staff to initiate the withdrawal of \$13.0 million each from Eagle Asset Management and Kennedy Capital on or before March 30 and May 30, 2017, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: French

ON MOTION by Member Lusk seconded by Member Reid to accept Option 2 authorizing staff to initiate the withdrawal of \$13.0 million each from Eagle Asset Management and Kennedy Capital on or before March 30 and May 30, 2017, DULY CARRIED by the following vote:

AYES: Reid, Lusk

NOES: None

ABSTAIN: None

ABSENT: Newton, Semonious

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8. 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 reviewed and accepted staff's recommendation and background provided by Assistant Administrator Kathleen Riley Brown.

E. GENERAL DISCUSSION

None

F. INFORMATION ONLY ITEMS

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

ACTION: Received

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

ACTION: Received

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

ACTION: Received

4. Investment Manager Monitoring and Evaluation Report January 31, 2016.
ACTION: Received
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5. Work Plan provided by Investment Consultant.
ACTION: Received
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6. P&I Investment Insights article, Asset allocation in an age of low rates, high-priced stocks and Market tantrums.
ACTION: Received
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7. Fundfire article February 1, 2017, More States Push for Private Equity Fee Disclosure.
ACTION: Received
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G. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

1. Acadian and Axiom emerging market presentations and portfolio reviews.
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H. UNSCHEDULED ORAL COMMUNICATIONS

None

I. PUBLIC COMMENTS

None

J. ADJOURNMENT

4:22 pm

Employees Retirement Board

Fire and Police Retirement Board