



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

**MINUTES**

**May 23, 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.

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**ROLL CALL AT 1:05 PM**

Members Present for the EMPLOYEES RETIREMENT BOARD

Phillip Hardcastle, TJ Miller, Marvell French

Members Absent: Cain, Sumpter (arrived 2:10 pm)

Members present for the FIRE AND POLICE RETIREMENT BOARD

David Newton, Jonathan Lusk, Ted Semonious

Members Absent: Michael Reid

Also Present: Anthony Ferrare with NEPC, Robert Theller, Retirement Administrator, Kathleen Riley Brown, Assistant Retirement Administrator, Pattie Laygo, Executive Assistant

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**APPROVE MINUTES**

Approve Minutes of May 10, 2017, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Miller seconded by Member French to approve the minutes of May 10, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French

NOES: None

ABSTAIN: None

ABSENT: Cain, Sumpter

ON MOTION by Member Newton seconded by Member Semonious to approve the minutes of May 10, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Reid, Newton, Semonious

NOES: None

ABSTAIN: None

ABSENT: Lusk

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**APPROVE AGENDA**

Approve Agenda of May 23, 2017, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member French seconded by Member Miller to approve the agenda of May 23, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Hardcastle, Miller, French

NOES: None

ABSTAIN: None

ABSENT: Sumpter, Cain

ON MOTION by Member Newton seconded by Member Semonious to approve the agenda of May 23, 2017, Regular Joint Meeting of the Retirement Boards, DULY CARRIED RESOLVED by the following vote:

AYES: Reid, Newton, Semonious

NOES: None

ABSTAIN: None

ABSENT: Lusk

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**TIMED SCHEDULED HEARINGS AND MATTERS**

**1:10 PM** Principal EAFE and REIT presentations/portfolio reviews with Paul Stover, CFA | Senior Relationship Manager Principal Global Investors, Paul Blankenhagen, Portfolio Manager Principal Global Equities and Todd Kellenberger, Portfolio Specialist on the Principal REIT team.

ACTION: Received

The Boards received and accepted presentation regarding International Core Equity and US Real Estate Securities presented by Todd Kellenberger and Paul Stover, of Principal Global Investors who reviewed Principal's portfolio management team and provided an update of changes, summarized account and discussed portfolio characteristics.

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**2:30 PM** Presentation and Heitman REIT portfolio review provided by John Mancuso, Sr. Vice-President – Client Service & Marketing and Mr. Jerry Ehlinger, CFA, Managing Director and the Lead Portfolio Manager in Heitman's North American Public Real Estate Securities group.

ACTION: Received

The Boards received and accepted public equity overview, performance and attribution presented by John Mancuso and Jerry Ehlinger.

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**3:15 PM** Zeno Consulting educational presentation on Trade Cost Analysis provided by Warren Chun, CFA, Senior Consultant and Vinod Pakianathan.

ACTION: Received

The Boards received education and overview of the Zeno Consulting Group provided by Warren Chun.

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**A. CONSENT CALENDAR**

1. Approve date and time of the next Regular Meeting of the Retirement Boards scheduled at 1:00PM on Wednesday, June 14, 2017.

ACTION: Approved/Adopted

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

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, French, Sumpter

NOES: None

ABSTAIN: None

ABSENT: Cain

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

AYES: Reid, Newton, Semonious

NOES: None

ABSTAIN: None

ABSENT: Lusk

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**B. EMPLOYEE PERSONNEL ISSUES**

None

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**C. STAFF INITIATED ITEMS**

None

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**D. BOARD INITIATED ITEMS**

1. Principal EAFE and REIT portfolio evaluations provided by Mr. Don Stracke, Investment Consultant at NEPC.

ACTION: Received

The Boards accepted recommendations as presented by Anthony Ferrara of NEPC.

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2. Heitman REIT portfolio evaluation provided by Mr. Don Stracke, Investment Consultant at NEPC.

ACTION: Received

The Boards accepted recommendation as presented by Anthony Ferrara of NEPC.

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3. Review, discuss and consider educational presentation by Zeno Consulting for trade cost analysis services and whether to issue a Request for Proposal/Information [RFP/RFI].

ACTION: Received

The Boards reviewed and considered presentation by Zeno Consulting Group, discussed staffs recommendation and requested additional information for the Boards review related to the cost benefit analysis of potential savings from trade cost analysis services offered by Zeno.

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4. Review and accept Quarterly Investment Performance Analysis Report from NEPC for the period ending March 31, 2017; Manager Evaluation and Monitoring Report and Watch Status Update manager reviews.

ACTION: Accepted

The Boards received and accepted Investment Summary report for quarter ending March 31, 2017 presented by Anthony Ferrara of NEPC.

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5. Review actual Asset Allocation as of April 30, 2017, update May and June 2017 drawback for Operating and Payroll Expenses.

ACTION: No Action

The Boards accepted staffs report presented by Assistant Administrator Kathleen Riley Brown and took no action.

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6. Status Update on progress of the Infrastructure manager search.

ACTION: Received

The Boards received update by Administrator Theller and discussed progress and July presentation of three open-ended funds.

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7. Review, discuss and consider 1) renewal of Ullico/Markel policy for CFRS Fiduciary Liability Insurance and 2) whether or not to obtain quotes for Cyber Liability insurance.

ACTION: Approved/Adopted

The Boards received background and considered renewal as presented by Assistant Administrator Kathleen Riley Brown.

The Boards received background and considered Cyber Liability Insurance. Direction is made that an educational presentation on Cyber Liability insurance coverage be scheduled for the Board meeting on June 14, 2017.

ON MOTION by Member Miller seconded by Member French to renew the existing comprehensive coverage fiduciary liability insurance policy with Ullico/Markel at the current level of \$10 million limit of liability and to purchase the recourse endorsement at a cost of \$250 to be paid by each trustee, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Sumpter

NOES: None

ABSTAIN: None

ABSENT: Cain

ON MOTION by Member Semonious seconded by Member Newton to renew the existing comprehensive coverage fiduciary liability insurance policy with Ullico/Markel at the current level of \$10 million limit of liability and to purchase the recourse endorsement at a cost of \$250 to be paid by each trustee, DULY CARRIED by the following vote:

AYES: Reid, Newton, Semonious

NOES: None

ABSTAIN: None

ABSENT: Lusk

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8. Preliminary review, discussion and direction on the draft Proposed Budgets for Fiscal Year 2018.

ACTION: Received

The Boards accepted preliminary review of the DRAFT proposed budget presented by Administrator Theller and Assistant Administrator Kathleen Riley Brown.

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9. Review and discussion of the RVKuhns Public Fund Universe Analysis for the period ending December 31, 2016.

ACTION: Received

The Boards received overview provided by Anthony Ferrara of NEPC and approved officially presenting report each year.

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**E. GENERAL DISCUSSION**

None

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**F. INFORMATION ONLY ITEMS**

1. Northern Trust Monthly Portfolio Performance Reports as of April 30, 2017.

ACTION: Received

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2. Northern Trust Monthly Asset Allocation Overview April 30, 2017.

ACTION: Received

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3. Monthly Fixed Income Analysis Report April 30, 2017.

ACTION: Received

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4. Investment Manager Monitoring and Evaluation Report April 30, 2017.

ACTION: Received

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5. Status Update on NEPC Annual 2017 Work Plan.

ACTION: Received

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6. May 18, 2017, San Diego Union Appeals Ruling Upholding Pension Changes (Chief Investment Officer)

ACTION: Received

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7. May 16, 2017 letter from Baillie Gifford regarding Gerald Smith leaving the ACWI ex US Alpha Portfolio Construction Group (PCG).

ACTION: Received

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8. Agenda of the Regular Board Meeting of the Fresno City Employees Health and Welfare Trust Board held on Wednesday, May 10, 2017 and Minutes of March 8, 2016, Regular Board Meeting.

ACTION: Received

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9. Notice to Employees regarding Monthly DROP payments.

ACTION: Received

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

1. Baillie Gifford ACWlexUS presentation and portfolio reviews provided by Matt Dey, Client Service Manager and Andrew Strathdee, an investment manager and member of the ACWI Alpha Portfolio Construction Group at Baillie Gifford.
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**H. UNSCHEDULED ORAL COMMUNICATIONS**

None

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**I. PUBLIC COMMENTS**

None

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**J. ADJOURNMENT**

4:56 pm

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Employees Retirement Board

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Fire and Police Retirement Board