



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

MINUTES

January 24, 2018

The Employees and Fire and Police Retirement Boards met in a joint session in Retirement Office, 2828 Fresno St., 2nd Fl., Board Chamber, Room 202, Fresno, California at the hour of 1:00 PM on the day above written.

ROLL CALL AT 1:05 PM

Members Present for the EMPLOYEES RETIREMENT BOARD

Phillip Hardcastle, TJ Miller, David Cain, Jane Sumpter, Marvell French (arrived 1:33 pm)

Members Absent: None

Members present for the FIRE AND POLICE RETIREMENT BOARD

David Newton, Ted Semonious, Jonathan Lusk, Lynn Bennink

Members Absent: Michael Reid

Also Present: Don Stracke, Investment Consultant, Robert Theller, Retirement Administrator, Kathleen Riley Brown, Assistant Retirement Administrator, Chad Jacobs, Investment Advisor, Yvonne Timberlake, Benefits Manager, Pattie Laygo, Executive Assistant

APPROVE MINUTES

Approve minutes of January 10, 2018, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Sumpter seconded by Member Cain to approve minutes of January 10, 2018, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Hardcastle, Cain, Sumpter

NOES: None

ABSTAIN: Miller

ABSENT: French

ON MOTION by Member Semonious seconded by Member Bennink to approve minutes of January 10, 2018, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: Reid

APPROVE AGENDA

Approve agenda of January 24, 2018, Regular Joint Meeting of the Retirement Boards.

ACTION: Approved/Adopted

ON MOTION by Member Miller seconded by Member Sumpter to approve the agenda of January 24, 2018, 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 Semonious seconded by Member Bennink to approve the agenda of January 24, 2018, Regular Joint Meeting of the Retirement Boards, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: Reid

TIMED SCHEDULED HEARINGS AND MATTERS

1. Private Equity Education and Strategy Presentations for Private Equity Implementation

1:05 pm Adam Street

1:45 pm Cliffwater

2:30 pm NEPC

The Boards received introduction by Don Stracke, Investment Consultant who reviewed and discussed the pros and cons of Private Equity.

1:05 PM

Adam Street

ACTION: Received

The Boards received presentation by Gary Fencik and Miguel Gonzalo who provided an overview of Adams Street Partners, reviewed the construction of a private equity portfolio, and summarized client case study of US Public Fund client.

1:45 PM

Cliffwater, LLC

ACTION: Received

The Boards received presentation by James Feidler who provided an overview of the firm and PE investment strategies and summarized processes.

2:30 PM

NEPC

ACTION: Received

The Boards received presentation by Don Stracke and Oliver Fadly of NEPC who provided an overview of private equity, reviewed and discussed performance and fund structures, and also provided an educational presentation on private equity and private debt.

A. CONSENT CALENDAR

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

ACTION: Approved/Adopted

2. Review and accept Asset Allocation and Monthly Drawback for Funding of the Systems' Operating and Payroll Accounts.

ACTION: Approved/Adopted

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

AYES: Hardcastle, Miller, French, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: None

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

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: None

B. EMPLOYEE PERSONNEL ISSUES

None

C. STAFF INITIATED ITEMS

None

D. BOARD INITIATED ITEMS

1. Discussion and direction on Private Equity Education and Strategy Presentations (Fund of Fund, Fund of 1 and Specialty Consultant).

ACTION: Approved/Adopted

The Boards reviewed and discussed education, presentations and strategies. Board direction is made that staff proceed with RFI in conjunction with Adams Street style.

2. Review, discuss and consider the proposed 2018 NEPC Work Plan.

ACTION: Accepted

The Boards received and accepted summary of NEPCs work plan provided by Don Stracke, Investment Consultant.

The Boards discussed the Board meeting schedule for February 2018.

3. Review, discuss and consider opportunities to invest in the new PCCP, LLC value add real estate fund.

ACTION: Approved/Adopted

The Boards received an overview and background provided by Administrator Theller and discussed new investment opportunities with Investment Consultant.

ON MOTION by Member Sumpter seconded by Member French to approve \$15 million investment with PCCP Equity Fund VIII subject to legal review and staff direction to conduct formal search for additional value added real estate opportunities, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: None

ON MOTION by Member Semonious seconded by Member Bennink to approve \$15 million investment with PCCP Equity Fund VIII subject to legal review and staff direction to conduct formal search for additional value added real estate opportunities, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: Reid

4. Review, discuss and consider Staff due diligence report on Heitman and Monroe Capital and consider higher allocation of capital to Monroe.

ACTION: Received

The Boards received summary of on-site due diligence visits with Heitman (REIT) and Monroe Capital (Direct Lending) provided by Kathleen Riley Brown, Assistant Retirement Administrator and Chad Jacobs, Investment Advisor and discussed staff recommendations.

ON MOTION by Member Miller seconded by Member Cain to increase commitment to Monroe Capital Private Credit Fund III to \$60 million, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: None

ON MOTION by Member Semonious seconded by Member Bennink to increase commitment to Monroe Capital Private Credit Fund III to \$60 million, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: Reid

5. Update, further discussion and review of the requests from Emerging Markets managers to permit early investment in China A-Shares.

ACTION: Approved/Adopted

The Boards received and discussed background of China A Shares provided by Don Stracke, Investment Consultant.

ON MOTION by Member Sumpter seconded by Member Miller authorizing emerging markets

equity managers including ACWflex US managers to proceed with early implementation of access to purchase China A-shares through Northern Trust and local brokers, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: None

ON MOTION by Member Semonious seconded by Member Lusk authorizing emerging markets equity managers including ACWflex US managers to proceed with early implementation of access to purchase China A-shares through Northern Trust and local brokers, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious

NOES: Bennink

ABSTAIN: None

ABSENT: Reid

6. Review and consider renewal options for Workiva.

ACTION: Approved/Adopted

The Boards received background and overview of staff's recommendation provided by Kathleen Riley Brown, Assistant Administrator.

ON MOTION by Member Sumpter seconded by Member Cain to authorize prepayment for a three-year renewal of the subscription order of Workiva's Wdesk platform in the amount of \$80,955, DULY CARRIED by the following vote:

AYES: Hardcastle, Miller, French, Cain, Sumpter

NOES: None

ABSTAIN: None

ABSENT: None

ON MOTION by Member Semonious seconded by Member Bennink to authorize prepayment for a three-year renewal of the subscription order of Workiva's Wdesk platform in the amount of \$80,955, DULY CARRIED by the following vote:

AYES: Newton, Lusk, Semonious, Bennink

NOES: None

ABSTAIN: None

ABSENT: Reid

7. Consider renegotiation of The Segal Company Actuarial Services Agreement for a Three-Year Period Commencing June 30, 2018 or Issuance of an RFP for Actuarial Services.

ACTION: Approved/Adopted

The Boards received and discussed staff's recommendation.

Direction is made that staff negotiate a contract renewal with The Segal Company and to request information via CALAPRS regarding other Systems' actuarial relationships and fees negotiated.

E. GENERAL DISCUSSION

None

F. INFORMATION ONLY ITEMS

1. Northern Trust Monthly Portfolio Performance Reports as of November 30 and December 31, 2017.
ACTION: Received

 2. Northern Trust Monthly Asset Allocation Overview November 30 and December 31, 2017.
ACTION: Received

 3. Monthly Fixed Income Analysis Report November 30 and December 31, 2017.
ACTION: Received

 4. Investment Manager Monitoring and Evaluation Report November 30 and December 31, 2017.
ACTION: Received

 5. December 18, 2017 Announcement from PCCP on Agreement to admit AMP Capital as a minority, non-controlling investors in PCCP.
ACTION: Received

 6. January 2018, Acadian Perspectives: The Emerging Opportunity in China A-Shares
ACTION: Received
-

G. PROPOSED AGENDA ITEMS FOR NEXT BOARD MEETING

1. Quarterly Performance Report for the period ended December 31, 2017

2. Review NEPC 2018 Capital Market Assumptions and Pacing Plan for Private Market Investments.

3. Consider PE Implementation Approach – Staff Recommendation

4. Non-US Fixed Income/Credit/Debt Discussion

5. Initiate Annual Review of NEPC, Investment Consulting Firm and Don Stracke.

6. Review TCA RFP responses/vendor selection.
-

H. UNSCHEDULED ORAL COMMUNICATIONS

None

I. PUBLIC COMMENTS

None

J. ADJOURNMENT

None

Employees Retirement Board

Fire and Police Retirement Board