

# CITY OF FRESNO RETIREMENT SYSTEMS

FISCAL YEAR 2020

# ADOPTED BUDGET





CITY OF FRESNO RETIREMENT SYSTEMS

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# ADOPTED BUDGET

FISCAL YEAR 2019/2020

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Presented to:

**CITY OF FRESNO RETIREMENT BOARDS**

June 25, 2019

Prepared by:

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## CITY OF FRESNO RETIREMENT SYSTEMS

**ROBERT T. THELLER**  
RETIREMENT ADMINISTRATOR

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## BUDGET MESSAGE

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June 25, 2019

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 System's 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  
RETIREMENT ADMINISTRATOR

In the summer and fall of 2018, economists had recognized that the global expansion, after years of synchronized growth, had become uneven. While the U.S. economy had continued to grow at a fairly robust pace, the U.K. and eurozone were experiencing lackluster growth and emerging markets had fallen out of step. Not only was growth out of sync, there had been little to no progress on deadlocks, such as the Brexit negotiations and US-China trade, which are situations that could clearly hinder future global economic performance. In December 2018, the stock market had wiped out its 2018 gains as worries about global economic growth, trade and the strength of corporate America battered stock prices. Then the first quarter of 2019 brought a strong market rebound.

Over the long run, the markets have risen since the economy came out of the great recession a decade ago and during that period there have been a half-dozen corrections. Each of those declines were not necessarily a sign or warning that more significant downturns were ahead in the market or the economy, although corrections can be an early indicator of future downturns.

In March 2019, the Federal Reserve announced that it would leave its key interest rate unchanged and projected no rate hikes in 2019, underscoring its plan to be patient about any further increases. While the Federal Reserve foresees some weakening in the economy it does not foresee a recession and believes that U.S. "economic fundamentals are still very strong". The federal reserve benchmark rate current range is 2.25 percent to 2.5 percent.

Despite the tremendous challenges of the global economy, 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's 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.



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## BUDGET MESSAGE

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### CFRS POLICIES DRIVE THE ALLOCATION OF RESOURCES

CFRS's Administrative Budget is managed in accordance with the law and the Board's adopted policies, including but not limited to the Board Rules of the Retirement Boards, CFRS's Mission and Goals and CFRS's 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's 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 2019 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's 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, 2018 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, 2017] for the City's June 30, 2018 CAFR.



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## BUDGET MESSAGE

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### Financial Services

**Investment Related Services:** The Retirement Boards continued evaluation and education related to Alternative investments [adopted in the FY2018 Asset Allocation Plan with a four-year implementation plan]. The Boards authorized both Private Equity and MLP manager searches through its investment consultant NEPC during Fiscal Year 2019. The Boards' Private Equity fund of one manager search was completed in April with hiring of Pantheon; and the MLP search was completed in June with the hiring of Harvest and Tortoise - these MLP portfolios will be funded in FY2020. Each concluded following full legal review of pertinent legal documents, investment due diligence, operational due diligence and background investigations of key personnel.

In May, the Boards reaffirmed their decision to terminate the Heitman REIT portfolio in the coming months as part of its efforts to continue to fund Value Add Real Estate and add a Core Plus Real Estate manager - a search that will be initiated early in Fiscal Year 2020.

### 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 nine 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:** Working closely with Northern Trust Compliance System investment staff continues to further strengthened elements of CFRS's risk management effort to implement and maintain policy risk controls for asset classes as a result of changes in the Boards' Investment Objectives and Policy Guidelines. Staff strengthen 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. Overall the use of eVestment Alliance's analytical database continues to provide invaluable information for the review and analysis of traditional asset class investment managers with in-depth historical firm, product, and performance information as well as providing the necessary details on product characteristics and risk analysis for added review and evaluation of the risks associated with the individual portfolio manager.



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## BUDGET MESSAGE

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**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 April 23, 2019, 2,736 Employee & Fire & Police System 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 to schedule periodic Mid-Career Retirement Seminars 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 of the Systems' pertinent documents and files are digitized in FY2020 and a copy of that data is stored off site, the business continuity backup plans will be fully established.

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

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

Respectfully submitted,

**ROBERT T. THELLER**  
Retirement Administrator



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## BUDGET MESSAGE

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### FY 2020 BUDGET REPORT

This Report consists of the following sections:

#### Introduction

- Transmittal Report from Retirement Administrator
- CFRS's Budget Report for the Systems
- Strategic Staff Services
- CFRS's Budget Initiatives and Results for Fiscal Year 2019
- CFRS's Budget Goals and Initiatives for Fiscal Year 2020
- 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 2020
- Fire and Police Retirement System Trust Fund Budget for FY 2020
- Combined Trust Fund Budgets for information purposes



## CITY OF FRESNO RETIREMENT SYSTEMS

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### ORGANIZATIONAL STRUCTURE

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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 elected to the Employees Retirement Board in 2012. Phillip's term ends in 2020.

#### TJ MILLER, VICE CHAIR

Appointed by the Mayor and confirmed by the City Council.

TJ is Director of Customer Relations and Analytics. 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.

#### JANE SUMPTER

Appointed by the Mayor and confirmed by the City Council.

Jane is Assistant City Manager. Jane was appointed by the Mayor in December 2016. Jane'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, VICE 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.

**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.

**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.

**JOHN JENSEN**

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 a Special Election in October 2018. His term expires June 30, 2020.

**THEODORE SEMONIOUS**

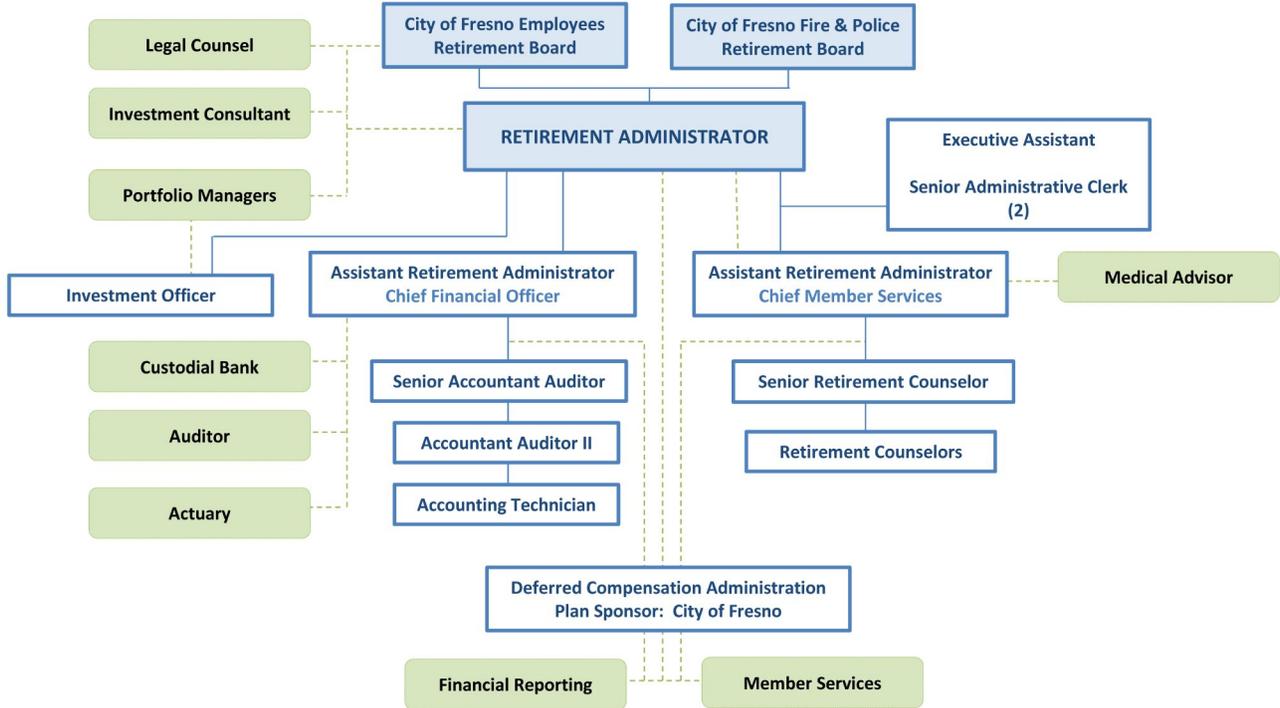
Appointed by the Mayor and confirmed by the City Council.

Ted is a Deputy Chief for the City of Fresno Fire Department. Ted was appointed in 2016. His term is continuous.



# CITY OF FRESNO RETIREMENT SYSTEMS

## ORGANIZATIONAL STRUCTURE





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

These key policies are also mirrored in CFRS's 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 are 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:** CFRS's operations are managed by the Retirement Administrator who serves at the pleasure of the Retirement Boards. The Administrator is a City employee and CFRS member who serves under contract to the Boards. CFRS's staff is responsible for administering the policies and programs approved by the Boards. Reporting to the Administrator are the Assistant Retirement Administrator, the Benefits Manager and the Executive Assistant.

The Benefits Manager and her staff administer CFRS's Benefit & Information Technology programs.



## CITY OF FRESNO RETIREMENT SYSTEMS

The Assistant Retirement Administrator and her 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 independent investment managers and other consultants; (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 current staffing level is 14 and will grow to 15 in FY2020 with the addition of a Sr. Administrative Clerk.

	2020	2019
<b>Total Staffing</b>	<u>15</u>	<u>14</u>
Benefits Section	6	6
Investment/Financial Reporting Section	5	5
Executive Section	4	3

**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’s Investment Plan; and the measurement of the managers’ and the Fund’s performance. Style-specific Asset Class Investment Managers are retained 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'S 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's budgets are a tool for financial planning and operational control.

The budgets spell out how resources are being used in the current fiscal year and will be used in the coming fiscal year 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's Professional Services Expenses

Staff prepares a professional services budget annually for review by the Boards. The professional services budget is 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 are authorized under the Charter and Municipal Code to expend funds from the Systems for specific professional services.

Professional Services 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 professional service expenses related to investments are driven by contractual agreement.

Although investment fees are netted 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 the investment managers is reviewed monthly and quarterly by the Boards.

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

### CFRS's 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

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# CFRS BUDGET INITIATIVES AND RESULTS FOR FISCAL YEAR 2019

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### 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, 2018 and 2017 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, 2018 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's 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

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### CFRS BUDGET INITIATIVES AND RESULTS FOR FISCAL YEAR 2019

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- 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's 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's 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.



## CITY OF FRESNO RETIREMENT SYSTEMS

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### CFRS BUDGET GOALS AND INITIATIVES FOR FISCAL YEAR 2020

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#### 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.



## CITY OF FRESNO RETIREMENT SYSTEMS

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### CFRS BUDGET GOALS AND INITIATIVES FOR FISCAL YEAR 2020

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#### 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.
  - Plan for post implementation support
  - Begin Phase II planning for web services.
- Ensure organizational quality and performance through continuous improvement.
  - Study cost/benefit of 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.
  - Develop a plan for future office space needs.



## CITY OF FRESNO RETIREMENT SYSTEMS

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### RETIREMENT ADMINISTRATION OPERATING BUDGET

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**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. 2019-01**

**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 2020**

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 25, 2019 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 2020 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. CONTRADICTORY PROVISIONS OF PREVIOUS RESOLUTIONS. Any other prior resolutions or provisions of the Retirement Boards, respecting the administration of the fiscal year 2020 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 25<sup>th</sup> day of June, 2019.

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 2020

Retirement Office Operating Budget

Account Description	FY 2019 Adopted Budget	FY 2020 Base Budget Submission	Net Change	Budget FY 2020	Change from FY 2019
<b>Employee Services</b>					
Permanent Salaries*	1,080,000	1,166,500	86,500	1,194,600	114,600
Fringe	13,900	16,800	2,900	17,300	3,400
Employee Leave Payoff - Non-Term	29,800	29,000	(800)	29,000	(800)
Perm Fringe - Health & Welfare	146,900	157,000	10,100	164,900	18,000
Perm Fringe - Life & Disability Ins.	5,500	5,800	300	5,800	300
Perm Fringe - Pension ER contribution	108,800	123,500	14,700	126,200	17,400
Leave Payoff - At Termination	13,100	14,000	900	14,000	900
Premium Pay (RA-Deferred Comp)	9,100	9,100	—	9,100	—
<b>Employee Services Total</b>	<b>1,407,100</b>	<b>1,521,700</b>	<b>114,600</b>	<b>1,560,900</b>	<b>153,800</b>
<b>Operations &amp; Maintenance</b>					
Commission Stipends (Board Members)	4,800	4,800	—	4,800	—
Gen Svc Pens Oblig Bond Dbt Svc	26,900	28,000	1,100	28,000	1,100
HRA Payments	17,200	15,300	(1,900)	15,300	(1,900)
Worker's Compensation	200	200	—	200	—
Recurring Vehicle Allowance	11,900	11,900	—	11,900	—
<b>Operations &amp; Maintenance Total</b>	<b>61,000</b>	<b>60,200</b>	<b>(800)</b>	<b>60,200</b>	<b>(800)</b>
<b>InterDepartmental Charges</b>					
City Attorney - Variable	4,200	4,200	—	4,200	—
Fixed Interdept Reimb - Gen Fund**	90,400	90,400	—	36,000	(54,400)
Info Systems Service Charge	163,700	178,800	15,100	178,800	15,100
Info Systems Equip(apps, licensing)	25,600	38,600	13,000	38,600	13,000
Property Self-Insurance Charges	500	500	—	—	(500)
Liability Self-Insurance Charges	—	—	—	—	—
Mail/Messenger/Copier Service	—	21,400	21,400	21,400	21,400
Telephone Service Charges	8,100	24,600	16,500	24,600	16,500
Employee/Visitor Parking Permit	100	100	—	100	—
PeopleSoft Replacement Charges	4,000	3,900	(100)	3,900	(100)
Network Replacement Charges	4,900	19,200	14,300	19,200	14,300
<b>InterDepartmental Charges Total</b>	<b>301,500</b>	<b>381,700</b>	<b>80,200</b>	<b>326,800</b>	<b>25,300</b>
<b>Grand Total</b>	<b>1,769,600</b>	<b>1,963,600</b>	<b>194,000</b>	<b>1,947,900</b>	<b>178,300</b>

\*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 2020

FY 2019 Retirement Office Budgeted Revenues

Account Description	Amended FY 2019 Budget Year End Estimate	FY 2020 Base Budget Submission	Budget FY 2020	Change FY 2019
<b>Revenues</b>				
Carryover from prior year	232,200	274,200	274,200	42,000
Interest (estimate)	2,500	4,500	4,500	2,000
Reimb from City Def. Comp.	82,300	92,900	92,900	10,600
<b>Total Revenue</b>	<b>317,000</b>	<b>371,600</b>	<b>371,600</b>	<b>54,600</b>
<b>Employee Services &amp; ID Charges</b>				
Reimb from ERS Trust	863,400	981,800	973,950	110,550
Reimb from FPRS Trust	863,400	981,800	973,950	110,550
<b>Total Employee Services &amp; ID Charges</b>	<b>1,726,800</b>	<b>1,963,600</b>	<b>1,947,900</b>	<b>221,100</b>

Employee Detail - Authorized Positions

Job Class	Employee Name	Class Title
135030	Theller, Robert	Retirement Administrator
135040	Riley Brown, Kathleen	Assistant Retirement Administrator
135014	Jacobs, Chad	Investment Officer
135045	Timberlake, Yvonne	Retirement Benefits Manager
115003	Laygo, Pattie	Executive Assistant
130013	Magallanes, Alberto	Senior Accountant-Auditor
130012	Espiritu, Karen	Accountant-Auditor
130010	Cristina Jurado	Accounting Technician
135052	Ketch, Andrea	Senior Retirement Counselor
135051	Basquez, Patti	Retirement Counselor II
135051	Carbajal, Phillip	Retirement Counselor II
135051	Taketa, Joan	Retirement Counselor II
135051	Viengsay, Ohn	Retirement Counselor II
110003	New addition	Sr. Administrative Clerk
110003	Gonzales, Tracy	Sr. Administrative Clerk
125023	Perkins, Stanton	Programmer IV**

\*\* Expensed through allocation to ISD



**CITY OF FRESNO RETIREMENT SYSTEMS**

**RETIREMENT ADMINISTRATION OPERATING BUDGET - FY 2020**

*Deferred Compensation Administration Budget*

Account Description	Budget FY 2020	Deferred Compensation
<b>Employee Services</b>		
Permanent Salaries	1,194,600	59,700
Permanent Fringe Statutory	188,000	9,500
Employee Leave Payoff-Non Term	29,000	—
Permanent Fringe - ER Pension Contribution	126,200	6,000
Leave Payoff - at Termination	14,000	—
Premium Pay excluded in 51102	9,100	
<b>Employee Services Total</b>	<b>1,560,900</b>	<b>75,200</b>
<b>Operations &amp; Maintenance</b>		
Commission Stipends (Board members)	4,800	—
Gen Svc Pens Oblig Bond Dbt Svc	28,000	1,400
HRA Payments	15,300	—
Worker's Compensation	200	—
Recurring Vehicle Allowance	11,900	—
<b>Operations &amp; Maintenance Total</b>	<b>60,200</b>	<b>1,400</b>
<b>InterDepartmental Charges</b>		
City Attorney - Variable	4,200	200
Fixed Interdept Reimb - Gen Fund*	36,000	1,800
Info Systems Service Charge	178,800	9,000
Info Systems Equip Charge	38,600	1,900
Property Self-Insurance Charges	0	—
Liability Self-Insurance Charges	—	—
Messenger/Mail/Copier Service	21,400	1,000
Telephone Service Charges	24,600	1,200
Employee/Visitor Parking Permit	100	—
People Soft Replacement Charges	3,900	200
Network Replacement Charges	19,200	1,000
<b>InterDepartmental Charges Total</b>	<b>326,800</b>	<b>16,300</b>
<b>Grand Total</b>	<b>1,947,900</b>	<b>92,900</b>

\* 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 2020

The Fiscal Year 2020 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 FY2019 and none are anticipated for Calendar Year 2020, therefore the FY2020 Budget estimate is zero for calendar year 2020 as actual rather than projected June 30, 2019 surpluses will be used to determine the 2020 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 2020 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 2019-04**

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF  
FRESNO EMPLOYEES RETIREMENT BOARD ADOPTING THE  
BUDGET FOR FISCAL YEAR 2020**

Whereas the Employees Retirement Board's meeting and budget hearing having been duly noticed in the Boards' agenda for the June 25, 2019, 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 2020 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 2020 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 25th day of June 2019.

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

By: *Pattie Saygo*  
Deputy



CITY OF FRESNO RETIREMENT SYSTEMS

EMPLOYEES RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2020

*Employees Retirement System Annual Appropriation Budget*

Line Item Description	Budget FY 2019	Est. YE FY 2019	Budget FY 2020	Net Change
<b><u>Benefit Services</u></b>				
Monthly Benefit Payments	48,000,000	49,384,991	51,000,000	3,000,000
Post Retirement Supplemental Benefit	—	—	—	—
Deferred Retirement Option Payments	11,000,000	11,287,705	12,500,000	1,500,000
Employee Contribution Refunds	2,000,000	1,323,627	1,750,000	(250,000)
<b>Total Benefit Services</b>	<b>61,000,000</b>	<b>61,996,323</b>	<b>65,250,000</b>	<b>4,250,000</b>
<b><u>Operations</u></b>				
<b><u>Custody Investment Expenses</u></b>				
Foreign Income Taxes, STIF, FX, Global Asset Based Fees	1,000,000	477,718	675,000	(325,000)
<b>Total Custody Investment Expenses</b>	<b>1,000,000</b>	<b>477,718</b>	<b>675,000</b>	<b>(325,000)</b>
<b><u>Investment Professional Services</u></b>				
Investment Management Fees	5,000,000	4,303,934	5,000,000	—
Investment Analytical Database Services	17,500	16,250	17,500	—
Investment Legal Counsel	125,000	61,346	125,000	—
Investment Consultant/Due Diligence Background Investigations	135,000	147,892	150,000	15,000
Global Custodian	230,000	42,838	230,000	—
<b>Total Investment Professional Services</b>	<b>5,507,500</b>	<b>4,572,260</b>	<b>5,522,500</b>	<b>15,000</b>
<b>Total Custody &amp; Investment Professional Services Expenses</b>	<b>6,507,500</b>	<b>5,049,978</b>	<b>6,197,500</b>	<b>(310,000)</b>
<b><u>Professional Service Providers</u></b>				
Legal Services	100,000	100,378	130,000	30,000
Actuarial Services	115,000	62,045	115,000	—
Computer Systems and Imaging Maintenance	110,000	72,192	110,000	—
Independent Auditor	22,000	19,589	22,500	500
Hearing Officers, Medical Examiners	35,000	21,467	35,000	—
Consultants/Temporary Employment Services	12,500	9,569	12,500	—
Other	10,000	3,148	15,000	5,000
<b>Total Professional Service Providers</b>	<b>404,500</b>	<b>288,388</b>	<b>440,000</b>	<b>35,500</b>



CITY OF FRESNO RETIREMENT SYSTEMS

EMPLOYEES RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2020

*Employees Retirement System Annual Appropriation Budget Continued*

Line Item Description	Budget FY 2019	Est. YE FY 2019	Budget FY 2020	Net Change
<b>Administrative Expenses</b>				
Reimbursement to City for Board Member Time	10,000	925	10,000	—
Board Member Education & Conferences	35,000	17,610	35,000	—
Due Diligence Site Visitation (Travel Costs)	55,000	38,156	55,000	—
Membership & Dues	6,500	5,633	6,500	—
Board Educational Conference (offsite)	10,000	2,051	10,000	—
Retirement Administration (Emp Svcs & ID ) Transfer	863,400	863,400	929,150	65,750
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	22,500	3,605	22,500	—
Lease Office Space & CAM	145,000	119,220	150,000	5,000
Cyber and Fiduciary Liability Insurance	40,000	37,808	40,000	—
Retirement Staff Education and Conference	37,500	26,130	37,500	—
Postage and Overnight mail	2,500	949	2,700	200
iPad Data charges, Equipment and Rental	7,500	18,845	10,000	2,500
Stationary and Supplies	7,000	6,399	7,500	500
Publications & Subscriptions	500	258	2,000	1,500
Miscellaneous Expense	1,500	284	1,500	—
<b>Total Administrative Expenses</b>	<b>1,243,900</b>	<b>1,141,273</b>	<b>1,319,350</b>	<b>75,450</b>
<b>Capital Budget</b>				
Computer Systems (PG Software, Hardware, etc.)	10,000	—	10,000	—
Furniture, office reconfigurations and ergonomics	10,000	3,062	10,000	—
<b>Total Capital Budget</b>	<b>20,000</b>	<b>3,062</b>	<b>20,000</b>	<b>—</b>
<b>Total Administrative Expenses and Capital Budget</b>	<b>1,263,900</b>	<b>1,144,335</b>	<b>1,339,350</b>	<b>75,450</b>
<b>Total Employees Retirement System Budget</b>	<b>69,175,900</b>	<b>68,479,022</b>	<b>73,226,850</b>	<b>4,050,950</b>



## CITY OF FRESNO RETIREMENT SYSTEMS



### Fire and Police Retirement System Trust Fund Budget – FY 2020

The Fiscal Year 2020 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 2019 calendar year PRSB monthly payment is \$184.57. Therefore, the FY2020 Budget estimate anticipates a monthly PRSB payment for half of the FY2020 budget in the amount of \$184.57. However, for calendar year 2020 actual rather than projected June 30, 2019 surpluses will be used to determine the 2020 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 2020 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 2019-05**

**ANNUAL APPROPRIATION RESOLUTION OF THE CITY OF FRESNO  
FIRE AND POLICE RETIREMENT BOARD ADOPTING THE BUDGET  
FOR FISCAL YEAR 2020**

Whereas the Fire and Police Retirement Board's meeting and budget hearing having been duly noticed in the Board's agenda for the June 25, 2019, 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 2020 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 2020 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 25th day of June 2019.

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

By: *Pattie Raygo*  
Deputy



CITY OF FRESNO RETIREMENT SYSTEMS

FIRE AND POLICE RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2020

*Fire & Police Retirement System Annual Appropriation Budget*

Line Item Description	Budget FY 2019	Est. YE FY 2017	Budget FY 2020	Net Change
<b><u>Benefit Services</u></b>				
Monthly Benefit Payments	49,000,000	49,573,597	51,500,000	2,500,000
Post Retirement Supplemental Benefit	2,500,000	2,120,880	2,750,000	250,000
Deferred Retirement Option Payments	14,000,000	13,444,292	15,000,000	1,000,000
Employee Contribution Refunds	1,500,000	902,007	1,500,000	—
<b>Total Benefit Services</b>	<b>67,000,000</b>	<b>66,040,776</b>	<b>70,750,000</b>	<b>3,750,000</b>
<b><u>Operations</u></b>				
<b><u>Custody Investment Expenses</u></b>				
Foreign Income Taxes, STIF, FX, Global Asset Based Fees	1,125,000	567,004	800,000	(325,000)
<b>Total Custody Investment Expenses</b>	<b>1,125,000</b>	<b>567,004</b>	<b>800,000</b>	<b>(325,000)</b>
<b><u>Investment Professional Services</u></b>				
Investment Management Fees	6,000,000	5,127,843	6,000,000	—
Investment Analytical Database Services	17,500	16,250	17,500	—
Investment Legal Counsel	125,000	57,680	125,000	—
Investment Consultant/Due Diligence Background Investigations	135,000	147,892	150,000	15,000
Global Custodian	265,000	51,278	265,000	—
<b>Total Investment Professional Services</b>	<b>6,542,500</b>	<b>5,400,943</b>	<b>6,557,500</b>	<b>15,000</b>
<b>Total Custody &amp; Investment Professional Services Expenses</b>	<b>7,667,500</b>	<b>5,967,947</b>	<b>7,357,500</b>	<b>(310,000)</b>
<b><u>Professional Service Providers</u></b>				
Legal Services	155,000	102,176	155,000	—
Actuarial Services	125,000	64,230	125,000	—
Computer Systems and Imaging Maintenance	110,000	77,348	110,000	—
Independent Auditor	25,000	19,589	22,500	(2,500)
Hearing Officers, Medical Examiners	160,000	219,620	230,000	70,000
Consultants/Temporary Employment Services	12,500	10,251	12,500	—
Other	15,000	3,148	15,000	—
<b>Total Professional Service Providers</b>	<b>602,500</b>	<b>496,362</b>	<b>670,000</b>	<b>67,500</b>



CITY OF FRESNO RETIREMENT SYSTEMS

FIRE AND POLICE RETIREMENT SYSTEM TRUST FUND BUDGET - FY 2020

*Fire & Police Retirement System Annual Appropriation Budget Continued*

Line Item Description	Budget FY 2019	Est. YE FY 2019	Budget FY 2020	Net Change
<b>Administrative Expenses</b>				
Reimbursement to City for Board Member Time	50,000	28,774	50,000	—
Board Member Education & Conferences	35,000	21,940	35,000	—
Due Diligence Site Visitation (Travel Costs)	55,000	38,449	55,000	—
Membership & Dues	6,500	5,632	6,500	—
Board Educational Conference (offsite)	10,000	2,432	10,000	—
Retirement Administration (Emp Svcs & ID) Transfer	863,400	863,400	929,150	65,750
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	22,500	3,605	22,500	—
Lease Office Space & CAM	145,000	119,219	150,000	5,000
Cyber and Fiduciary Liability Insurance	40,000	37,808	40,000	—
Retirement Staff Education and Conference	37,500	26,130	37,500	—
Postage and Overnight mail	2,700	948	2,700	—
iPad Data charges, equipment and rental	7,500	18,845	10,000	2,500
Stationary and Supplies	7,000	5,670	7,500	500
Publications & Subscriptions	500	258	2,000	1,500
Miscellaneous Expense	1,500	360	1,500	—
<b>Total Administrative Expenses</b>	<b>1,284,100</b>	<b>1,173,470</b>	<b>1,359,350</b>	<b>75,250</b>
<b>Capital Budget</b>				
Computer Systems (PG Software, Hardware, etc.)	10,000	—	10,000	—
Furniture, office reconfigurations and ergonomics	10,000	3,063	10,000	—
<b>Total Capital Budget</b>	<b>20,000</b>	<b>3,063</b>	<b>20,000</b>	<b>—</b>
<b>Total Administrative Expenses and Capital Budget</b>	<b>1,304,100</b>	<b>1,176,533</b>	<b>1,379,350</b>	<b>75,250</b>
<b>Total Fire &amp; Police Retirement System Budget</b>	<b>76,574,100</b>	<b>73,681,618</b>	<b>80,156,850</b>	<b>3,582,750</b>



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2020

Combined Retirement Systems Annual Appropriation Budget

Line Item Description	Budget FY 2019	Est. YE FY 2019	Budget FY 2020	Net Change
<b>Benefit Services</b>				
Monthly Benefit Payments	97,000,000	98,958,588	102,500,000	5,500,000
Post Retirement Supplemental Benefit	2,500,000	2,120,880	2,750,000	250,000
Deferred Retirement Option Payments	25,000,000	24,731,997	27,500,000	2,500,000
Employee Contribution Refunds	3,500,000	2,225,634	3,250,000	(250,000)
<b>Total Benefit Services</b>	<b>128,000,000</b>	<b>128,037,099</b>	<b>136,000,000</b>	<b>8,000,000</b>
<b>Operations</b>				
<b>Custody Investment Expenses</b>				
Foreign Income Taxes, STIF, FX, Global Asset Based Fees	2,125,000	1,044,722	1,475,000	(650,000)
<b>Total Custody Investment Expenses</b>	<b>2,125,000</b>	<b>1,044,722</b>	<b>1,475,000</b>	<b>(650,000)</b>
<b>Investment Professional Services</b>				
Investment Management Fees	11,000,000	9,431,777	11,000,000	—
Investment Analytical Database Services	35,000	32,500	35,000	—
Investment Legal Counsel	250,000	119,026	250,000	—
Investment Consultant/Due Diligence Background Investigations	270,000	295,784	300,000	30,000
Global Custodian	495,000	94,116	495,000	—
<b>Total Investment Professional Services</b>	<b>12,050,000</b>	<b>9,973,203</b>	<b>12,080,000</b>	<b>30,000</b>
<b>Total Custody &amp; Investment Professional Services Expenses</b>	<b>14,175,000</b>	<b>11,017,925</b>	<b>13,555,000</b>	<b>(620,000)</b>
<b>Professional Services - Consultants &amp; Other</b>				
Legal Services	255,000	202,554	285,000	30,000
Actuarial Services	240,000	126,275	240,000	—
Computer Systems and Imaging Maintenance	220,000	149,539	220,000	—
Independent Auditor	47,000	39,178	45,000	(2,000)
Hearing Officers, Medical Examiners	195,000	241,087	265,000	70,000
Consultants/Temporary Employment Services	25,000	19,820	25,000	—
Other	25,000	6,296	30,000	5,000
<b>Total Professional Services - Consultants &amp; Other</b>	<b>1,007,000</b>	<b>784,749</b>	<b>1,110,000</b>	<b>103,000</b>



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2020

*Combined Retirement Systems Annual Appropriation Budget*

Line Item Description	Budget FY 2019	Est. YE FY 2019	Budget FY 2020	Net Change
<b><u>Administrative Expenses</u></b>				
Reimbursement to City for Board Member Time	60,000	29,699	60,000	—
Board Member Education & Conference	70,000	39,550	70,000	—
Due Diligence Site Visitation (Travel Costs)	110,000	76,605	110,000	—
Membership & Dues	13,000	11,264	13,000	—
Board Educational Conference (offsite)	20,000	4,483	20,000	—
Retirement Administration (Emp Services & ID ) Transfer	1,726,800	1,726,800	1,858,300	131,500
Web Based Svcs (Workiva, iCompass/EDMS and ACH Universal)	45,000	7,210	45,000	—
Lease Office Space & CAM	290,000	238,440	300,000	10,000
Cyber and Fiduciary Liability Insurance	80,000	75,615	80,000	—
Retirement Staff Education and Conference	75,000	52,261	75,000	—
Postage and Overnight mail	5,200	1,897	5,400	200
iPads Data charges, equipment and rental	15,000	37,691	20,000	5,000
Stationary and Supplies	14,000	12,069	15,000	1,000
Publications & Subscriptions	1,000	516	4,000	3,000
Miscellaneous Expense	3,000	644	3,000	—
<b>Total Administrative Expenses</b>	<b>2,528,000</b>	<b>2,314,744</b>	<b>2,678,700</b>	<b>150,700</b>
<b><u>Capital Budget</u></b>				
Computer Systems (PG Software, Hardware, etc.)	20,000	—	20,000	—
Furniture, office reconfigurations and ergonomics	20,000	6,125	20,000	—
<b>Total Capital Budget</b>	<b>40,000</b>	<b>6,125</b>	<b>40,000</b>	<b>—</b>
<b>Total Administrative Expenses and Capital Budget</b>	<b>2,568,000</b>	<b>2,320,869</b>	<b>2,718,700</b>	<b>150,700</b>
<b>Total City of Fresno Retirement Systems Budget</b>	<b>145,750,000</b>	<b>142,160,640</b>	<b>153,383,700</b>	<b>7,633,700</b>



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2020

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	0	100	1,650
	Risk Mgt/Investment/Custodian	500	600	600	150	1,850
	Miscellaneous business travel	700	350	600	200	1,850
	NEPC Public Funds Conference	600	0	600	100	1,300
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	0	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	0	600	100	1,300
	Risk Mgt/Investment/Conference	500	600	600	100	1,800
	CFA Exams/Tests Travel	0	2,500	400	150	3,050
	Assistant Retirement Administrator - Chief Benefit Services	Benefits RT meetings	800	500	800	160
General Assembly Conference		400	100	800	100	1,400
Pension Gold Conference		700	0	500	100	1,300
Additional Training/Conference		500	200	400	100	1,200
Senior Accountant-Auditor	Accountants' RT meetings	400	250	400	100	1,150
	Workiva Conference	550	900	600	150	2,200
	GFOA Conference	550	425	1,000	200	2,175
Executive Assistant	iCompass Conference	610	325	600	150	1,685
	Roundtable meetings	400	250	400	0	1,050
	Additional Training/Conference	200	200	400	100	900
Programmer IV	IT Roundtable meetings	400	250	400	100	1,150
Accountant-Auditor	Roundtable meetings	400	250	400	100	1,150
	Workiva Conference	550	900	600	150	2,200
Accountant Technician	Roundtable meetings	400	250	400	100	1,150
	Additional Training/Conference	200	200	400	100	900
Retirement Benefits Manager	Benefits RT meetings	800	500	800	160	2,260
	Pension Gold Conference	700	0	500	100	1,300
	Additional Training/Conference	500	200	400	100	1,200
Senior Retirement Counselor	Pension Gold Conference	700	0	500	100	1,300
	CALAPRS Benefits Roundtable	200	125	200	100	625
Retirement Counselors (4)	Roundtable meetings	1,600	1,000	1,600	320	4,520
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
<b>Retirement Staff Total Budget</b>	<b>Total Budget - Staff Education &amp; Conference</b>	<b>22,785</b>	<b>20,525</b>	<b>25,950</b>	<b>5,740</b>	<b>75,000</b>



CITY OF FRESNO RETIREMENT SYSTEMS

COMBINED RETIREMENT SYSTEMS BUDGET FY 2020

Combined Retirement Systems Board & Staff Memberships, Dues & Subscriptions

Administrative Expense	Retirement Boards & Staff Memberships & Dues	
	CALAPRS	2,500
	CFA/CAIA	1,000
	GFOA Membership	500
	GFOA Certificate of Achievement	1,500
	IFEBP	1,400
	ILPA	4,000
	National Notary Association	100
	NCPERS	300
	Public Pension Financial Forum [P2F2]	200
	SACRS	1,500
	<b>Total Memberships &amp; Dues</b>	<b>13,000</b>

Subscriptions	Retirement Office Subscriptions	
	Fresno BEE	100
	Wall St. Journal	500
	IPR	3,000
	Bloomberg online	400
	<b>Total Retirement Office Subscriptions</b>	<b>4,000</b>
	<b>Total Memberships, Dues &amp; Subscriptions</b>	<b>17,000</b>