ROLL CALL

Vice Chair Yvonne Williams called the meeting to order at approximately 9:07 a.m. as Chair Lewis was out of town.

Members Present: Vice Chair Yvonne Williams, Davis Riemer, Claudia Allen, Joyce Willis
Absent at Roll Call: None
Members Absent: Chair Jeffrey Lewis

Also Present: Hugo Wildmann, Retirement System Manager; Bertina Ng, Retirement System Analyst, Russell Richeda, Legal Counsel; Carolyn Smith, NEPC; Curtis Lim; H.E. Christian Peeples, District Board Liaison

PUBLIC COMMENTS

None

CONSENT CALENDAR

A. Approval of Minutes for the February 12th Meeting
B. Approval of Financials for January 2018
C. Approval of Invoices for $229,162.15
D. Approval of Retirements for January/March/April 2018:
   1. Paula Staufer (Rescission)
   2. Troy Dunn (January, Term Vested)
   3. Reynaldo Courtois (March)
   4. Gary Gardner (March)
   5. Allison Moore-Montgomery (March, Term Vested)
   6. Megan Dunn (April)
   7. Anthony Gonzales (April)
   8. Jose Perez (April)
   9. Melvin E. Brown (April, Term Vested)

   The Board recognized Reynaldo Courtois for 20, Troy Dunn for 22, Jose Perez for 23, and Anthony Gonzales for 45 years of service.

MOTION: WILLIS/ALLEN to approve consent calendar (4-0-0-1)

Ayes: Vice Chair Williams, Members Riemer, Allen, Willis
Noes: None
Abstain: None
Absent: Chair Lewis

REGULAR CALENDAR

The Retirement Board May Discuss and Take Action on the Following:

E. Investment Performance, Rebalancing and Asset Allocation

Hugo mentioned that the fund is most likely unchanged this year as the gains early in the year have been offset by the recent declines in the equity markets.

F. Private Debt/Direct Lending Opportunities

Hugo mentioned that the Private Debt allocation is lower than our 5% target. Unlike some of our investments we cannot just send our Private Debt managers additional funds. As they return funds to us or our portfolio increases in size, the investment in Private Debt as a percentage of our portfolio will decrease. The Board has expressed interest in finding an additional Private Debt manager. Hugo mentioned that Carolyn will discuss two managers at the meeting today. Carolyn discussed two Private Debt managers that NEPC believes would be appropriate for our fund.

Carolyn discussed both Monroe Capital and BlueBay Asset Management. She mentioned that Monroe will lend funds in the U.S. while BlueBay will lend in Europe. She mentioned that NEPC thinks spreads in the U.S. have compacted more than in Europe so she thinks the returns in Europe will be greater. The Board discussed the investment structures of both firms and mentioned the apparent complexity of the BlueBay structure. The Board briefly discussed the relative differences between these two firms. Hugo suggested that Carolyn return next month with a summary of the major differences between these two firms. Member Allen requested that Carolyn also include a summary of current Private Debt managers next month.

Member Reimer asked Hugo about the administrative capacity to administer the increasing number of investment managers given the recent staff turnover. Hugo mentioned that this is an issue and that our investment portfolio has grown in complexity over the last five years and the demands on his time from other areas of the Department have also increased. The Board discussed these concerns with Hugo and Member Reimer made the following motion:

**MOTION: REIMER/ALLEN** for Hugo to come back with a discussion about administrative capacity of his office to deal with a growing list of managers. (4-0-0-1)

The Board discussed the "carried interest" on this investment and after some discussion on the matter requested that Carolyn make a brief presentation on "carried interest" and how it is computed at the next meeting.

G. Update on Landmark
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Hugo mentioned that Carolyn had informed him that Landmark had told her that we might not get our entire $5 million allocation as a result of the offering being oversubscribed. Hugo said he had been in contact with Landmark and expressed his displeasure with the prospect of not receiving our entire commitment. Member Reimer said that if the allocation is cut in half or sized smaller, it may not be worth it to continue with Landmark. The Board discussed the size of a reduction that might make us want to reconsider our investment. After some discussion the Board agreed to:

**MOTION: REIMER/ALLEN** to have Hugo/Carolyn decide whether to accept the new allocation size from Landmark due to them being oversubscribed. (4-0-0-1)

H. Park Square Investment Request

Hugo mentioned that Park Square has asked to extend the period that they can invest money by for 1 year. Hugo mentioned that if 50% of investors (by dollar amount) vote to extend the period we will have no choice in the matter. He recommended taking the “free rider” approach and not voting our shares and letting the others decide. He mentioned that Park Square had informed him that they already had “Yes” votes of more than 50%. Russ agreed with the recommendation not to vote on this matter.

**MOTION: REIMER/ALLEN** to not vote for Park Square investment extension. (4-0-0-1)

I. NEPC Work Plan for 2018

Carolyn would like to bring in a manager in April.

J. Calendar for 2018

It was decided to move the April meeting to Wednesday, April 18th at 9:00 a.m.

The Board took a break from 11:00 a.m. to 11:13 a.m.

K. PEPRA Implementation

Hugo mentioned that he is meeting every 2-3 weeks with Claudia, payroll and others regarding PEPRA implementation.

L. Update on Hanson, Bridgett Waiver

Hugo mentioned that at the last board meeting a motion was passed to hire Hanson, Bridgett unless Yvonne told Hugo within a week that she was not comfortable with this hiring. Hugo reported that Yvonne had expressed her reservations. After this occurred Hugo spoke with Chair Lewis and obtained his authorization to contact Ice Miller.

M. Proposal to Hire Ice Miller for Assistance in Implementing PEPRA – Hugo Wildmann

Hugo stated that he has come to the board meeting with a plan to hire Ice Miller instead of Hanson, Bridgett. The Proposal to hire Ice Miller is broken into two parts. One part is for all the forms that need to be created for the member contribution part of PEPRA which the proposal states would not exceed
$5,000. The second part of the proposal addresses the advice that will be given, which the proposal states would be charged on an hourly basis.

Member Allen asked about Ice Miller’s experience with California law since the firm is located in Indianapolis. Russ assured member Allen that the experience of Ice Miller with California pension law is deep, listing different retirement plans which Ice Miller has worked with.

Hugo mentioned that the scope of work of Ice Miller is for implementation of PEPRA with respect to Unrepresented employees hired after the PEPRA Amendment implementation date.

**MOTION: REIMER/WILLIS** to authorize Hugo to sign the engagement letter with Ice Miller subject to the minor modifications mentioned at the meeting. (4-0-0-1)

N. Hiring Update

Hugo mentioned that he has received new resumes since last month and will go over them with HR in the next week. Member Reimer asked where the new resumes have come from in the past month. Hugo mentioned that the job was posted on a new website that Jeff had recommended.

O. Disability Conversion Memo

Hugo mentioned that we should wait on this discussion until next month.

P. Summary Plan Description (SPD)

Hugo mentioned that we should wait on this discussion until next month.

Q. Paratransit Employees in the Retirement Plan

Hugo mentioned that he has written a letter regarding Paratransit Employees and had discussed the letter with the General Counsel. He was waiting to talk to the General Manager before sending it to him.

R. Decision by Hearing Officer in Appeal by Geraldine Adams

Russ mentioned the background behind the decision by the hearing officer to sustain the decision by the Board to deny the Total and Permanent Disability application for Ms. Adams.

S. Retirement System Manager Report:

1. Report on CALAPRS General Assembly – Hugo mentioned that Russ was on a panel for felony forfeiture and his presentation went well. Hugo mentioned that the best session was by a Stanford professor on decision making and what Hugo called Behavioral Economics. Member Reimer asked that Hugo present something along those lines to the Board in an upcoming meeting.
2. Update on Mandated Training – Hugo mentioned to hopefully have a two-hour training in April.
3. Form 700 – Hugo reminded the Board to turn in by April 1, 2018.
4. UNITE HERE and Brookfield
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5. 2018 Actuarial Valuation and Audit – Hugo mentioned that we have sent the data and are waiting on the questions that always follow the data request. He also stated that the audit is beginning.

T. Closed Session

U. Resume Open Session

Russ Richeda reported on Closed Session with respect to item 2-a-1 (Geraldine Adams decision). The board adopted unanimously the decision by the hearing officer.

MOTION: WILLIS/REIMER to adjourn. (4-0-0-1)

The meeting adjourned at 12:02 p.m.