



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
January 11, 2017
9:00 a.m.

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey and Rusty Watts

Absent: Jerry Telles

Staff: Gail Strohl, Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Christina Dunn, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Alexis Cox, Member Services Manager

Outside Professional Support:
Joe Wiley

Representing:
Wiley Price & Radulovich LLP

1. **Pledge of Allegiance**

Gordon led all in the *Pledge of Allegiance*.

2. **Recognition of Luz Casas for 20 years of service**

Phillips recognized and congratulated Luz Casas for her years of service.

3. **Accept comments from the public**

No member of the public offered comment.

4. **Approval of Minutes**

It was M/S/C to approve the minutes of the December 14, 2016 meeting with a correction to the numbering on Item 13. (Yes: Allen, Andersen, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts. Abs.: Gordon).

5. **Routine Items**

It was M/S/C to approve the routine items of the January 11, 2017 meeting. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

Pigeon was present for subsequent discussion and voting.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.6, 54956.9(d)(1), 54957 and 54956.9(d)(2).

The Board moved into open session.

6. There was no reportable action related to Govt. Code Section 54957.6.
7. There was no reportable action related to Govt Code Section 54956.9(d)(1).
8. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Spencer Chun – Non-Service Connected (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
 - b. Richard Perry – Service Connected (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
 - c. Kyle Sevier – Service Connected (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
 - d. This item was referred back to the Medical Advisor for an Independent Medical Evaluation.
 - e. This item was referred back to the Medical Advisor for an Independent Medical Evaluation.
9. There was no reportable action related to Govt. Code Section 54956.9(d)(2).

Gordon and Pigeon were no longer present for subsequent discussion and voting.

10. Legislative Update

Levy reviewed her memo on recently enacted legislation. She discussed AB 1661, which requires sexual harassment prevention training for all Trustees and AB 1692 which authorizes the Board of Supervisors of Contra Costa County to require the application of the Tier III disability standard (substantial gainful employment, Government Code Section 31720.1), Tier III disability amounts and Tier III COLA amounts to general (non-safety) PEPRA members for who the Board of Supervisors is the governing board. She also discussed AB 2833 and its requirement for greater transparency of investment management fees. Among other things, the bill requires public pension systems to disclose the fee information received at least once annually at a meeting open to the public.

11. Update from Chief Investment Officer on implementation of Liquidity sub-portfolio

Price gave an update on portfolio liquidations. He stated that over the course of the 10-day transition period, the portfolio returned -0.7% and would have returned -1.3% if left in the portfolio. He reported in-kind transfers and cash were transferred to the new Liquidity sub-portfolio managers and at year end all three managers were at their initial targets and have been fully implemented. He stated the first draft of the liquidity reporting will be presented at the next meeting and the first benefit payment will be made from this program about two days before the next meeting.

He reported the Phase II restructuring recommendation will be presented at the next meeting. The recommendation and presentations will include emerging market managers and passive US equity managers.

12. Consider authorizing the attendance of Board and/or staff:

- a. It was M/S/C to authorize the attendance of all Board members and 5 staff members to the General Assembly, CALAPRS, March 4-7, 2017, Monterey, CA. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
- b. It was M/S/C to authorize the attendance of all Board members to the Sexual Harassment Prevention Training for Staff/Board, California Special Districts Association, January 24, 2017, Webinar. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
- c. It was M/S/C to authorize the attendance of 3 Board members and 3 staff members to the 2017 Investor Conference, Angelo, Gordon & Co., March 15, 2017, New York, NY. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
- d. It was M/S/C to authorize the attendance of 3 Board members to the Trustees' Roundtable, CALAPRS, February 3, 2017, San Jose, CA. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
- e. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members to the CII Spring 2017 Conference, Council of Institutional Investors, February 27-March 1, 2017, Washington, DC. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

13. Miscellaneous

(a) Staff Report –

Strohl reported in accordance with CCCERA's Procurement Policy to report to the Board on contracts in excess of \$10k, CCCERA has contracted with Jacobi Strategies, a technology platform that bundles risk oversight and portfolio construction tools. The annual fee is \$25,000 and the first year costs could go up to \$25,000 depending on the hours needed for consulting on developing reports. She also reported that in the next few months CCCERA will be providing their first Employer Handbook to participating employers.

Levy The Court of Appeals has issued a new decision in another "vested rights" challenge to PEPRA. The CalFire v. CalPERS case involved PEPRA's elimination of non-qualified service purchases, which basically allowed members to purchase up-to five years of time they did not actually work. CalPERS implemented the PEPRA provision and CalFire Local 2881 challenged the elimination of the benefit on constitutional grounds. The Court of Appeals upheld the constitutionality of PEPRA's elimination of this benefit. The court of appeals decision is appealable. Fiduciary counsel Harvey Leiderman's alert pertaining to this new decision was distributed.

(b) Outside Professionals' Report -

None

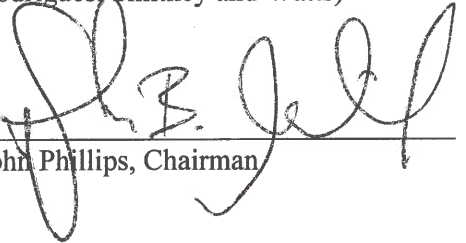
(c) Trustees' comments –

Kroll requested an update for the February meeting on the hearings for members that were represented by the Physicians' and Dentists organization of Contra Costa County.

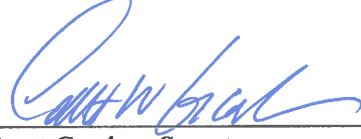
Smithey reported the Audit Committee met on November 2, 2016 noting the key items discussed were the safeguards of living status of retirees, outsourcing of internal audits, and the Subledger decommissioning process.

MacDonald reported he passed the Certificate of Achievement in Public Plan Policy (CAPP) exam and felt it was a very good program.

It was M/S/C to adjourn the meeting. (Yes: Allen, Andersen, Gordon, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)



John Phillips, Chairman



Scott Gordon, Secretary