



RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY BOARD MEETING

9:00 a.m.

January 22, 2014

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: None

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman
Paul Angelo	Segal Company
John Monroe	Segal Company

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Recognition of Richard Cabral for over 35.5 years of service to CCCERA**

Hast presented Cabral with a plaque and thanked him for all his years of service. Telles thanked Cabral for the continued support for retired and active members, noting he was instrumental in the creation of Tier III.

3. **Accept comments from the public**

No members of the public offered comment.

4. **Educational presentation from The Segal Co. regarding the CCCERA Funding Policy** – Paul Angelo, John Monroe

Angelo presented a draft Actuarial Funding Policy for CCCERA, noting the policy and asset smoothing methodology were reviewed in March 2013. He stated he will not be discussing the interest crediting and excess earnings policies at this meeting. He reviewed the general policy objectives and CCCERA's current funding policy. He reviewed the three current funding policy components: 1) cost method; 2) asset smoothing; and 3) unfunded actuarial accrued liability (UAAL) amortization. He also reviewed the recommended changes to the UAAL amortization schedule. Angelo reviewed each recommendation noting a decrease in the amortization periods for future UAALs would not impact current contribution rates.

He reviewed the market value of assets compared to the actuarial value of assets noting asset smoothing has created a smoother pattern of contributions.

Rodrigues was no longer present for subsequent discussion and voting.

5. Consider and take possible action to adopt the CCCERA Funding Policy

After discussion on the recommended changes to the UAAL amortization schedule it was M/S/C to continue this item to the next regular meeting and for Segal to return with a redlined funding policy noting the recommended changes. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

6. Consider and take possible action regarding Segal Consulting's recommendation on rounding when determining the member contribution rates for PEPRA members

It was M/S/C to discontinue the quarter percent rounding of the PEPRA member contribution rates, as recommended by the System's actuary, in accordance with Gov. Code §31620.5, effective with the December 31, 2013 Actuarial Valuation. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

7. Educational presentation from Fiduciary Counsel on Municipal Bankruptcy and Public Pensions

It was the consensus of the Board to move this item to a future agenda.

Gordon was no longer present for subsequent discussion and voting.

8. Consider and take possible action regarding staff recommendation for assignment of Ceredex contract

Price reported RidgeWorth Inc., the parent company of Ceredex has entered into an agreement to be acquired by Lightyear Capital and as a result of the acquisition the legal structure of RidgeWorth will be changed from a corporation to an LLC. This structural change requires consent of Ceredex investors, including CCCERA.

It was M/S/C to follow the recommendation and direct the CEO to execute the consent request. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Telles and Watts. No: Cabral)

It was the consensus of the Board to move to Item 13 (b).

13. Miscellaneous

(b) Outside Professionals' Report –

Dirks reported the CEO and co-CIO of PIMCO, Mohamed El-Erian is leaving.

Helliesen reported this is his last meeting as a full time employee of Milliman. He will continue to be involved with the CCCERA account.

9. Consider and take possible action on staff recommendation to contract with a Vocational Review services provider

Leedom reported three responses were received to the RFI issued for a vocational review service provider. The vocational review expert is needed to review Tier III disabilities to determine whether or not the applicant can engage in "gainful employment". She noted the estimated caseload is between 3 and 12 vocational reviews per year.

Gordon was present for subsequent discussion and voting.

After a short discussion, it was **M/S/C** to contract with Robert Cottle & Associates, subject to legal review, to perform the vocational review services as needed under the Tier III disability requirements. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts. No: Cabral)

10. Consider and take possible action on staff recommendation to issue an RFI for CCCERA web development services

Schneider reported last year the Board expressed a desire to update the CCCERA website. He reported staff researched companies and websites to determine the desired capabilities and functions of a new CCCERA website and are ready to proceed with an RFI.

It was **M/** to authorize staff to issue an RFI for web development services with the top three responders presented to the Board for approval.

The motion died for lack of a second.

After discussion, staff was directed to return with a list of desired features for the website as well as a demonstration of a website with those features.

11. Consider and take possible action regarding the Investment Consultant for CCCERA

Price reported Board and staff conducted an onsite visit to Milliman and would now like direction from the Board on how to proceed. He reviewed the possible courses of action outlined in his memo to the Board.

After discussion it was **M/S/C** to draft an RFP for a general investment consultant. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

12. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of all Board members and appropriate staff at the General Assembly, CALAPRS, March 2-4, 2014, Rancho Mirage, CA (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)
- b. It was **M/S/C** to authorize the attendance of 2 Board members at the CAPP Part II, IFEBP, June 5-6, 2014, San Jose, CA (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)
- c. It was **M/S/C** to authorize the attendance of 3 Board members and 1 staff member at the 2014 Investor Conference, Angelo Gordon, April 9-10, 2014, New York, NY (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

Mitchoff was no longer present for subsequent discussion and voting.

13. Miscellaneous

(a) Staff Report –

Leedom requested Board direction on obtaining an updated projection of possible contribution rates for employers to use for budgeting purposes.

The Total Comp Study will be presented at the February 12, 2014 meeting and CCCERA staff has been invited to attend.

The COLA will be 2.5% and is effective April 1, 2014.

Leedom reported with Cabral's retirement his seat will become vacant but the seat term ends in June. It does not appear necessary to call a special election to fill his seat at this time because of the shortened time period of vacancy.

She reported she attended the on-site visit to Siguler Guff and Wellington with Allen, Telles, Chu and Dirks noting both on-sites went well.

Price reported the CEO and co-CIO of PIMCO, Mohamed El-Erian is leaving PIMCO mid-March and all of his assignments have been reassigned. Additional information regarding the PIMCO personnel change will be brought to the Board for discussion at a meeting in February.

(c) Trustees' comments –

Telles, as a member of nominating committee for SACRS, informed Board members that February 1, 2014 is the deadline for submitting nomination paperwork for a SACRS officer seat. The SACRS nominating committee will submit the nominations to all of the 1937 Acts for a vote on March 1, 2014.

He reported he attended the on-site visit to Siguler Guff, Wellington, Long Wharf and State Street. The visit at Long Wharf was quick and the visit at State Street included a discussion on transition costs.

Hast reported Rodrigues requested the meeting be adjourned in memory of Sgt. Tom Smith, the BART officer killed in the line of duty.

He announced Leedom will be retiring this year and created an ad hoc committee to search for a new CEO.

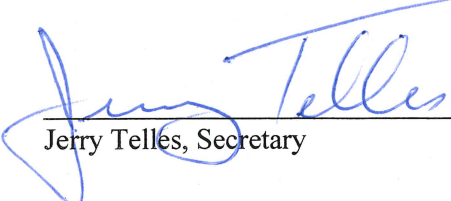
Hast appointed Holcombe, Kroll, Watts, and himself to the ad hoc committee.

Cabral expressed his concern with retirees returning to work while collecting a pension.

It was M/S/C to adjourn the meeting in memory of Sgt. Tom Smith. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)



Brian Hast, Chairman



Jerry Telles, Secretary