



## MINUTES

### RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

June 11, 2014

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Belinda Zhu

Absent: Russell Watts

Staff: 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: Harvey Leiderman      Representing: Reed Smith LLP

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Accept comments from the public**

No members of the public offered comment.

3. **Approval of Minutes**

It was M/S/C to approve the minutes of the April 2, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

It was M/S/C to approve the minutes of the April 23, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

It was M/S/C to approve the minutes of the May 7, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips and Rodrigues. Abs: Pigeon, Telles and Zhu)

Telles noted that he was not at the May 7, 2014 meeting and wanted to speak on Item 10 to express his concern for the lack of criteria included in the public statement of Board intent to review past incidents of unusual compensation increases at the end of employment.

It was M/S/C to approve the minutes of the May 21, 2014 meeting with a correction to Item 8 c., adding the words "conference on governmental accounting" after CalCPA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues and Telles. Abs: Zhu)

4. **Routine Items**

It was M/S/C to approve the routine items of the June 11, 2014 Board meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

**CLOSED SESSION**

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

The Board moved into open session.

5. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:

- a. Matthew Carter – Non-Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- b. Antoinette Jorge – Non-Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

Pigeon recused himself from 5c. and 5d. and did not participate in the discussion or voting.

- c. Clive Savacool – Service Connected (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Telles and Zhu)
- d. Michael Stralovich – Service Connected (Yes: Allen, Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Telles and Zhu)

Allen was present for subsequent discussion and voting.

6. a. Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al., Contra Costa County Superior Court, Case No. N12-1870.

The Board discussed the implementation of Judge Flinn's ruling in the event the stay order expires and in the absence of an additional stay order. Two issues were discussed:

1. Implementation of the "estoppel class" bank of pre-AB 197 cashable leave time – will the bank deplete as the member takes or uses leave time going forward?
2. The active sell back of vacation hours.

The Board noted the two issues above would be discussed and voted on by the Board at the next Board meeting.

b. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

7. There was no reportable action related to Govt. Code Section 54956.9(d)(2).

8. **Consider and take possible action regarding the Board's recommendation to increase AFSCME Local 2700 employee's pay**

Hast reviewed the letter received from the County denying the Board's request to grant a 2.75% prospective increase in base pay to the AFSCME Local 2700. He noted there is no action the Board is able to take at this time.

9. **Consider and take possible action regarding unrepresented CCCERA staff pay in light of County BOS Resolution 2014/109**

Hast reviewed his memo noting that on April 22, 2014 the Board of Supervisors voted to change the effective date of the previously approved 2% cost of living adjustment for unrepresented staff from July 1, 2014 to April 1, 2014 and grant a lump sum payment of \$500 effective April 1, 2015. The County has requested direction from CCCERA regarding whether CCCERA unrepresented staff should be included in these changes.

After discussion, it was **M/S** to change the effective date of the previously approved 2% cost of living adjustment for CCCERA unrepresented staff from July 1, 2014 to April 1, 2014.

There was a substitute **M/S** to change the effective date of the previously approved 2% cost of living adjustment from July 1, 2014 to April 1, 2014 and a \$500 lump sum payment effective April 1, 2015 for CCCERA unrepresented staff.

In public comment, Christina Dunn, a CCCERA unrepresented employee, requested the Board not take action to change the effective date of the 2% cost of living adjustment or \$500 lump sum payment for CCCERA unrepresented staff.

After discussion, the second was withdrawn from the substitute motion and the original motion was withdrawn.

Allen was no longer present for further discussion and voting.

10. **Legislative Update**

Levy reviewed her memo summarizing pending legislation including AB 2473 - County Employees' Retirement Law of 1937: federal law compliance, AB 2474 – County employees retirement: benefits, and SB 673 – County employees' retirement: Contra Costa County, noting SB 673 would make the CCCERA retirement system an independent "district" and the employer for its entire staff.

11. **Conference Seminar Attendance**

- a. It was **M/S/C** to authorize the attendance of two Board members at the Modern Investment Theory & Practice for Retirement Systems, SACRS, July 20-23, 2014, Berkeley, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- b. It was **M/S/C** to authorize the attendance of one Board member at the Principles for Pension Management for Trustees, CALAPRS, August 5-8, 2014, Stanford, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- c. It was **M/S/C** to authorize the attendance of three Board members at the 2014 Public Funds Forum, GMI Ratings, September 2-4, 2014, San Diego, CA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- d. It was **M/S/C** to authorize the attendance of one Board member at the Public Employee Policy Forum, IFEBP, September 15-16, 2014, Washington, D.C. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- e. It was **M/S/C** to authorize the attendance of four Board members at the 60<sup>th</sup> Annual Employee Benefits Conference, IFEBP, October 12-15, 2015, Boston, MA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)
- f. It was **M/S/C** to authorize the attendance of one Board member at the 2014 Public Safety Employees Pension & Benefits Conference, NCPERS, October 26-29, 2014, New Orleans, LA. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)

12. Miscellaneous

(a) Staff Report –

Schneider reported the Segal Company will be at the June 25, 2014 meeting to present on interest crediting for member accounts, the interest rate for member accounts and reserves and the basic rate of the terminal pay assumption.

Price reported Jeff Youngman, the new investment analyst started.

He reported Milliman will be at the June 25, 2014 meeting to discuss the PIMCO stocks plus account.

He noted Wellington announced they will have a new managing partner on July 1, 2014.

He also reported at the June 25, 2014 meeting there will be an item to add an additional Special Board meeting in July for a workshop with Cortex.

Levy reported a memo has been placed in the Board member's mailboxes regarding an update on proposed CalPERS regulations defining "pensionable compensation" under PEPRA. Telles requested adding this item to the August 13, 2014 meeting agenda in order to discuss whether the Board can include the pay differentials that CalPERS is including in compensation for retirement purposes for PEPRA members, which would be different than the base pay only decision made by the Board.

Kaplan reported at the June 25, 2014 meeting the auditors will present the audit and the CAFR.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Telles noted he was not at the May 7, 2014 meeting and would like to discuss his concerns with the public statement of intent voted on by the Board at that meeting. He expressed his concerns that the statement did not provide enough specifics and requested the Board consider releasing an additional statement providing more specifics.

Pigeon attended the IFEBP CAPP I course and felt it was very informational.

Hast attended the Adams Street conference and felt the speakers were very good.

Telles reported Steve Brennan, an INTECH employee recently passed away and he would like to adjourn the meeting in his memory.

It was M/S/C to adjourn the meeting in memory of Steve Brennan. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Zhu)



Brian Hast, Chairman



Jerry Telles, Secretary