



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING

July 13, 2016

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, John Phillips, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: Louie Kroll, David MacDonald and William Pigeon

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

Outside Professional Support: Harvey Leiderman Representing: Reed Smith LLP

1. Pledge of Allegiance

Smithey led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No member of the public offered comment.

3. Board Reorganization

It was M/S to nominate John Phillips as Board Chairperson and Todd Smithey as Board Vice-Chairperson.

A substitute motion was M/S/C to nominate John Phillips as Board Chairperson, Todd Smithey as Board Vice-Chairperson, and Scott Gordon as Board Secretary. (Yes: Allen, Gordon, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts).

The original motion and second were withdrawn.

4. Routine Items

It was M/S/C to approve the routine items of the July 13, 2016 meeting. (Yes: Allen, Gordon, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

CLOSED SESSION

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

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. Guy Worth – Service Connected (Yes: Allen, Gordon, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)
6. There was no reportable action related to Gov. Code Section 54956.9(d)(1).
7. **Presentation from Brown Armstrong on the audit of the December 31, 2015 financial statements**
– Rosalva Flores, Ashley Casey

Flores gave an overview of the purpose of the audit, the significant audit areas, and the scope of the audit work noting they used a risk based approach. She discussed the audit process noting an important part of the process are the confirmations that are sent and received from the independent third party participants.

There was a lengthy discussion on private equity investments and how the values are reconciled and audited. Flores noted since private equity investments are considered higher risk they audited 80-90% of those CCCERA investments.

Flores reported Brown Armstrong gave CCCERA a clean audit and congratulated the organization. She also reported there were no material weaknesses.

Flores discussed GASB 72 noting it will provide additional disclosures on private equity investments in next year's financial statements.

Andersen was present for subsequent discussion and voting.

She noted they completed a review of the CAFR but do not provide an opinion on all of the sections of the CAFR. GASB 67 requires additional disclosures which are included in the CAFR. She commended staff on the work that was put into the CAFR and the audit.

Strohl thanked the accounting department for all of their hard work.

There was discussion on the audit completed on internal controls and options for providing a focused audit into particular procedures.

It was **M/S** to accept the audit report and 1) request the Audit Committee to consider the issue of GASB 72 and the valuation of non-market assets and 2) the Audit Committee consider amending the agreed upon procedures with the external auditor to review internal controls.

The Chair provided direction to the Audit Committee to 1) consider the issue of GASB 72, 2) consider amending the agreed upon procedures with the external auditor to review internal controls and 3) to focus the internal control review on the process for identifying deceased retirees.

The motion was amended and **M/S/C** to accept the audit report. (Yes: Allen, Andersen, Gordon, Phillips, Rodrigues, Smithey, Telles and Watts)

Strohl noted GASB 68 information was included in the 2014 CAFR but due to the timing of the GASB 68 report in the future it will not be included in the CAFR.

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

- a. It was M/S/C to authorize the attendance of 1 additional Board member at the 2016 Public Funds Forum, Robbins Geller Rudman & Dowd, September 6-8, 2016, Park City, UT. (Yes: Allen, Andersen, Gordon, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was M/S/C to authorize the attendance of 1 Board member at the Roundtable for Consultants & Institutional Investors, Institutional Investor, October 19-21, 2016, Chicago, IL. (Yes: Allen, Andersen, Gordon, Phillips, Rodrigues, Smithey, Telles and Watts)

9. Miscellaneous

(a) Staff Report –

Strohl reported on the second annual Staff Development Day; and there will be a recognition celebration for Brian Hast after the meeting.

Dutkiewicz discussed the memo included in the packet regarding an update on the recoupment of panel management pay pension overpayments from Contra Costa County; he reported he has received confirmation of two speakers at the next Audit Committee meeting to speak on internal and external auditors; and he will provide an informational memo on GASB 72.

Price gave an update on the liquidity search.

(b) Outside Professionals' Report -

Leiderman reported on a decision from the Court of Appeals on CALPERS against the City Manager of Vallejo related to publicly available pay schedules; and he attended CALAPRS Trustees Roundtable and stated Dutkiewicz gave an excellent presentation.

(c) Trustees' comments –

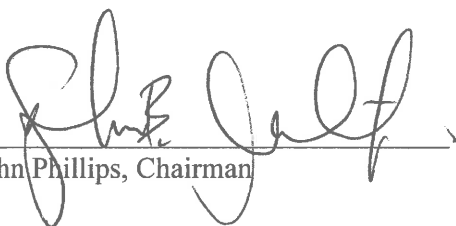
Phillips reported on an article that Andersen was mentioned in.

Gordon welcomed the City of Concord Police Officers to the meeting.


Rodrigues gave an update on SACRS noting the next conference will begin on Tuesday, November 5, 2016.

Phillips thanked Hast for his 18 years of service to the Board. Hast thanked the Board and staff and noted he enjoyed his time on the Board.

It was M/S/C to adjourn the meeting in honor of former Trustee Brian Hast. (Yes: Allen, Andersen, Gordon, Phillips, Rodrigues, Smithey, Telles and Watts)



John Phillips, Chairman



Scott Gordon, Secretary

