



## RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING  
9:00 a.m.

July 23, 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, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodriguez, Todd Smithey, Jerry Telles and Russell Watts

Absent: Louie Kroll

Staff: Gail Strohl, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; and Karen Levy, Retirement General Counsel

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman

### 1. Pledge of Allegiance

Rodrigues led all in the *Pledge of Allegiance*.

### 2. Accept comments from the public

Hast welcomed Gail Strohl.

William Lau, member of the public, requested closed session be at the beginning or end of the Board of Retirement meetings.

### 3. Discussion with consultant and staff on managers scheduled to present

Price discussed the purpose of the special board meetings. He noted that most of the presenters are from current money managers. He reviewed the topics and presenters scheduled to present.

### 4. Manager panel discussions:

Panel Discussion Topic: Understanding High Frequency Trading

Investment Managers: Christian McCormick, INTECH; Debbie Sabo, Jackson Square Partners

Panel Discussion Topic: Hiding in Plain Sight: How to Think About Trading Costs

Investment Managers: Steven Fenty, State Street Global Markets; Stephen Malinowski, Vertas; Vinod Pakianathan, Zeno Consulting Group

Panel Discussion Topic: Real Estate in the Real Economy

Investment Managers: Andy Rifkin, DLJ RECP; Carmine Fanelle, DLJ RECP; Joe Munoz, LaSalle Investment Management; Reid Liffman, Angelo Gordon

## **CLOSED SESSION**

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

The Board moved into open session.

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

### **6. Board's review of prior retirements with unusual increases at the end of employment**

Leiderman provided an overview of the previous discussions on the statement of intent to review past incidents of unusual compensation increases at end of employment.

It was **M/S/C** noting the Board's intent is to scrutinize apparently intentional acts of pension spiking, through members' receipt of pay items that were not earned as part of their regularly recurring employment compensation during their careers and direct staff to concentrate on specific, unique items of pay and not on payments for regularly recurring vacation, sick or compensatory leave time. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **7. Place investment manager under review**

Price reported on July 10, 2014 CCCERA was informed of a personnel change at Adams Street Partners noting Hanneke Smits, the firm's Chief Investment Officer, will depart from Adams Street Partners around the end of the year. Kelly Meldrum has been named as the head of the primary investment team and will be working with Hanneke Smits on transitioning over for the next several months.

Price noted an onsite visit has been scheduled for July 24, 2014 to the Adams Street Partners office in Menlo Park.

It was **M/S/C** to place Adams Street Partners on the watch list for personnel changes. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **8. Conference Seminar Attendance**

a. It was **M/S/C** to authorize the attendance of four Board members and two staff members at the Annual Limited Partners Meeting, Carpenter Community BancFund, September 24 – 25, 2014, San Jose, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

b. It was **M/S/C** to authorize the attendance of three Board members and two staff members at the Investment Summit, Torchlight Investors, October 14 – 15, 2014, New York, NY. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

### **9. Miscellaneous**

(a) Staff Report –

Strohl reported she has had a great first week and is looking forward to learning more.

Price reported there have been personnel changes at Oaktree and they will continue to follow it.

Levy reported SACRS hired a consultant to reorganize the 1937 Act. The consultant has reached out to CCCERA requesting a review of the Contra Costa County specific statutes and the proposal to re-number them within the CERL.

Davis reported there were 121 retirements in July which is less than anticipated.

Dutkiewicz reported notifications have been sent out to employers regarding employer audits and those audits will start soon.

(b) Outside Professionals' Report -

Leiderman reported on a case Sanchez vs. CalPERS noting the trial Judge in the case made a ruling citing incorrect information. The incorrect information pertained to personal liability of retirement board members.

(c) Trustees' comments –

Telles reported he was contacted by the SACRS President to find out how the Board of Retirement felt about providing support for a public relations firm to educate the public on defined benefit plans. He would like this item on the August agenda for discussion.

Rodrigues noted the San Diego County Employees' Retirement Association's website has useful information for educating others on defined benefit plans.

Holcombe thanked Hast and senior staff on how well the transition between CEOs was handled noting he did not see any change in operations.

Mitchoff requested the contact information of key staff members be included on the website.

It was M/S/C to adjourn the meeting. (Yes: Allen, Hast, Gordon, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)



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Brian Hast, Chairman



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Jerry Telles, Secretary