



**MINUTES**

**RETIREMENT BOARD MEETING MINUTES**

REGULAR MEETING  
November 7, 2018  
9:00 a.m.

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

Present: Candace Andersen, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Todd Smithey, Jerry Telles and Russell Watts

Absent: Scott Gordon and Gabe Rodrigues

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

Outside Professional Support: Susan Hastings  
Christopher Boucher

Representing: Laughlin, Falbo, Levy & Moresi  
Wiley Price & Radulovich LLP

**1. Pledge of Allegiance**

The Board, staff and audience joined in the *Pledge of Allegiance*.

**2. Recognition of Janet Kutrowski for 25 years of service**

Smithey recognized and congratulated Janet Kutrowski for her 25 years of service.

**3. Accept comments from the public**

No member of the public offered comment.

**4. Approve minutes from the September 26 and October 10, 2018 meetings**

It was M/S/C to approve the minutes from the September 26, 2018 meeting with corrections and to approve the minutes from the October 10, 2018 meeting. The corrections to the September 26, 2018 meeting are: 1) Item 5, first paragraph, second line, adding the word "billion" to the end of \$0.81; and 2) Item 19, fourth line, changing the name "Holcombe" to "Watts." (Yes: Andersen, Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**5. Routine Items**

It was M/S/C to approve the routine items of the November 7, 2018 meeting. Smithey noted a revised 5e was provided to the Board. (Yes: Andersen, Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.6 and 54957.

The Board moved into open session.

6. There was no reportable action related to Govt. Code Section 54957.6.

Andersen was no longer present for subsequent discussion and voting.

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

- a. Haidee Jezek – Service Connected (Yes: Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)
- b. Mary Oades – Service Connected (Yes: Holcombe, Kwon, MacDonald, Phillips, Smithey, Telles and Watts) Note: Pigeon recused himself from this item and was not present for subsequent discussion and voting.
- c. John Whittington – Service Connected (Yes: Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

8. It was M/S/C to approve and adopt the recommendation of the Administrative Law Judge and deny the Service Connected disability application for Angela Alex-Moore. (Yes: Holcombe, Kwon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

**9. Consider and take possible action to authorize the CEO to execute a contract with Northern Trust for Master Custodian**

Strohl briefly reviewed the background on the RFP for Master Custodian.

Gudino reported an RFP was issued on April 13, 2018 and stated the purpose of the RFP was to assess that the custodial services provided are the most effective, cost efficient, and continue to be in the best interests of CCCERA, its members and beneficiaries. Responses were received from Northern Trust, BNY Mellon, and State Street Bank and Trust. A three member team comprised of Gudino, Price and Dutkiewicz reviewed and evaluated the responses. Based on the responses, the team visited and toured the facilities at BNY Mellon and Northern Trust. Reference checks were also completed.

The team reviewed the criteria and evaluation factors including: 1) Performance Measurement and Reporting Capabilities; 2) Technology and System Capabilities; 3) Quality of the Team and Personnel; 4) Quality of the Organization; and 5) Value of Services to CCCERA. Based on the written RFP and follow up questions, due diligence meetings, system evaluations, minimum transition disruption, reference checks, and fee proposal, Northern Trust emerged as the top candidate to meet CCCERA's current custodial needs.

There was a discussion on fees, including transaction costs. Strohl noted this is one of the most critical vendors that CCCERA has. She acknowledged Gudino, Price and Dutkiewicz on their efforts during the process. She also noted that March 1, 2019 is listed as the completion date on the transition timeline.

Telles was no longer present for subsequent discussion and voting.

**Northern Trust** – Tom Eichenberger, Jeff Porta, Kathy Stevenson and Julie Gonsch

Eichenberger reviewed the process to date and stated that today they are going to focus on the following key areas – the company, technology, client services, alternative investments, performance measurement and the transition plan. He gave an overview of the firm noting they also provide asset servicing and asset management using a single global operating platform and can handle and settle any type of investments. He also noted they are unique in the fact that they have acquired many businesses but have not changed their name.

Porta reported they are based in Chicago and have 182 public fund clients with approximately \$790 billion in assets under custody. He reviewed a representative list of public fund clients noting they have brought in 20 new clients in the past 3 years and lost 2 during that same time period. He discussed their commitment to technology and how critical it is. He reviewed their strategy noting they have 3 core values that are personalized for clients, build leading capabilities, and maximizes the protection of data. He noted all employees go through extensive training including cybersecurity training. He reported they have a subsidiary in Silicon Valley which has enabled them to capitalize on new technology innovations. They have created an innovation lab and an on-board dashboard which is a disciplined approach to making sure that it is a very smooth transition.

Stevenson reviewed her background and noted she will be our client services representative. She reviewed the 4 main components of the client servicing team including senior management, relationship management, servicing team, and core custody functions and noted the roles and responsibilities are overlapped. She reviewed alternative assets noting they have a dedicated team with over 400 clients. She also reviewed capital call administration. She reviewed the transition team, operations team, reporting team and audit team.

Gonsch reviewed the tools used to monitor performance and the portfolios for over 800 clients.

Pigeon was no longer present for subsequent discussion and voting.

Gonsch reviewed her background noting she has been with Northern Trust for 29 years and have transition 26 clients from State Street Bank and Trust. She reviewed the process for a successful transition noting communication is very important. Having clients that are willing and able to provide what they need in a timely manner is also very important.

It was M/S/C to authorize the CEO to execute a contract with Northern Trust for Master Custodian subject to satisfactory legal review. (Yes: Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

**10. Consider and take possible action to add a meeting on November 28, 2018 and to cancel the meeting on November 20, 2018**

It was M/S/C to add a meeting on November 28, 2018 and to cancel the meeting on November 20, 2018. (Yes: Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

**11. Consider and take possible action on Board meeting schedule for 2019**

A Motion was made to accept the Board meeting schedule for 2019. Trustee Watts suggested moving the November meeting to November 20, 2019, the week after Thanksgiving. An amended motion was M/S/C to accept the Board meeting schedule for 2019 with the second meeting in November changed to November 20, 2019. (Yes: Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

**12. Consider authorizing the attendance of Board:**

- a. It was M/S/C to authorize the attendance of two Board members at the Board & Audit Committee Compliance Conference, SCCE, February 18-19, 2019, Scottsdale, AZ. (Yes: Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)
- b. There was no action taken on this item. Advanced Principles of Pension Management for Trustees, CALAPRS, March 27-29, 2019, Los Angeles, CA.

**13. Miscellaneous**

- (a) Staff Report –

Strohl gave an update on the exterior building renovations and noted the results from a brief employee survey regarding office space shows that location was ranked the most important factor followed by parking.

- (b) Outside Professionals' Report -

None


- (c) Trustees' comments –

Watts reported he and Telles attended the Torchlight Annual Investment Conference and felt it was well done.

Smithey reported there is an Audit Committee meeting after the Board meeting.

It was M/S/C to adjourn the meeting. (Yes: Holcombe, Kroll, Kwon, MacDonald, Phillips, Smithey and Watts)

  
\_\_\_\_\_  
Todd Smithey, Chairman

  
\_\_\_\_\_  
David MacDonald, Secretary