



<p><u>Meeting Date</u> 11/06/13 <u>Agenda Item</u> #15</p>
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MEMORANDUM

Date: October 29, 2013

To: CCCERA Board of Retirement

From: Marilyn Leedom Retirement CEO
Timothy Price, Retirement CIO

Subject: Board Meeting Recordings

Background

At the October 23, 2013 Board Meeting, several Board members asked to revisit the decision to record Board meetings and post those recordings on the CCCERA website. This practice began, at least partially, in pursuit of greater accountability and transparency for Board decisions. At this time we reduced the amount of detail included in the meeting minutes with the realization that the recording would be accessible by the public and other interested parties.

Administratively, this process has been implemented and processes have changed. However, we have experienced an unintended consequence of this process. In some cases, Investment managers under consideration review the recordings as soon as available and have insight into our investment and negotiation strategy, many times before we have had the necessary discussions to continue our due diligence process.

The issue that has arisen is whether and how the Board can engage in discussions surrounding strategies to achieve key terms or fee reductions when the recordings are made and posted. In certain instances, these negotiations can extend over a period of months, during which time the recordings are a public record. To date, California law does not allow the Board to discuss contracting or consider new investment managers during closed sessions.

Recommendation

We recommend that the Board revisit the decision to record and post Board meeting discussions. Proper governance of CCCERA requires that a balance be struck between transparency and open discussion of strategy. The possibility of disclosing the Board's strategy with respect to hiring new managers was not contemplated when the recording policy was put in place. At the very least, the Board needs to consider if they can accept or mitigate this development.