



Meeting Date
11/06/13
Agenda Item
#3

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

October 2, 2013

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues, Jerry Telles and Rusty Watts

Absent: None

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Karen Levy, General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

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

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Recognition of Nannette Mendoza for 25 years of service**

Hast recognized and congratulated Nannette Mendoza for her 25 years of service.

3. **Accept comments from the public**

No members of the public offered comment.

4. **Approval of Minutes**

It was M/S/C to approve the minutes of the July 24, 2013 meeting with a change to Item 3, second paragraph, second sentence, to read "The report also includes the changes in the economic and non-economic assumptions, including changing the *interest discount* assumption from 7.75% to 7.25%." and by changing Item 10 to include the description of each of the 4 items approved. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

It was M/S/C to approve the minutes of the August 14, 2013 meeting. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

5. **Routine Items**

It was **M/S/C** to approve the routine items of the October 2, 2013 Board meeting. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

6. Presentation of Cash Flow report for the 6 months ended June 30, 2013

Kaplan reviewed the Cash Flow report for January through June 2013 noting the first half of the report shows inflows to CCCERA and the second half shows the outflows. She reported a new column has been added showing the percentage change from the prior year.

Kaplan reported the increase to Segal was mostly due to PEPRA costs. The experience study was also completed this year.

The Board requested footnotes for large increases/decreases in individual line items. They also requested a breakdown of attorney's fees (investment, non-investment, tax, salary, etc.).

It was **M/S/C** to accept the cash flow report for the 6 months ended June 30, 2013. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

CLOSED SESSION

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

The Board moved into open session.

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

It was the consensus of the Board to move to Item #10.

10. Consider and take possible action on staff recommendation regarding Lord Abbett – Marty Dirks, Dorian Young

Dirks introduced Dorian Young who just joined Milliman. Young gave a brief overview of his background in the industry.

Dirks reported 3 personnel have left Lord Abbett recently. He stated the departures are not part of the investment management team but it is, nevertheless, a concern. He stated their performance has been quite good, the money management team hasn't changed, but there is always a concern when there are personnel changes.

After a discussion on the departing personnel and the Watch List in general, it was **M/S/C** to place Lord Abbett on the CCCERA Manager Watch List and conduct an on-site visit. (Yes: Allen, Cabral, Hast, Phillips, Rodrigues, Telles and Watts. No: Gordon and Mitchoff)

11. Consider and take possible action on staff recommendation regarding the GSAM Park Account

Leedom reviewed the background of the Goldman Sachs "Park portfolio" and the recommendation to move the remaining balance to the main Goldman Sachs account.

After a brief discussion, it was **M/S/C** to move the Park portfolio of legacy assets into the main Goldman Sachs account and the Park portfolio be terminated. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

12. Consider and take possible action on staff recommendation for an actuarial audit

Leedom gave an overview of the RFP process completed in 2008 which included an actuarial audit of CCCERA's Actuarial Valuation and Experience Study to be completed every six years.

It was M/S/C to authorize staff to work with Milliman to provide an actuarial audit in 2014 with the same scope as the Milliman 2008 actuarial audit in an amount not to exceed \$82,500. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

13. Consider and take possible action to change the date of the November 6, 2013 Board meeting

The Board discussed the availability of a quorum for the November 6, 2013 Board meeting and decided to keep the November 6, 2013 meeting date.

8. Educational presentation from Fiduciary Counsel on Fiduciary Duties

Leiderman gave an overview of his presentation materials and the CCCERA policies included in the agenda packet noting his presentation will be an interactive one.

He gave several hypothetical scenarios on the fundamental fiduciary responsibilities (Primary Loyalty Rule, Exclusive Benefit Rule and Prudent Expert Rule), the requirements of the CCCERA Code of Fiduciary Conduct and Ethics, conflicts of interests, disclosure of outside interests, the Brown Act, and the confidentiality of closed sessions.

Mitchoff was no longer present for subsequent discussion and voting.

9. Educational presentation on Brown Act and gift reporting requirements

This item was pulled from the Agenda.

14. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of 1 Board member at the Annual Employee Benefits Conference, IFEBP, October 20-23, 2013, Las Vegas, NV. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts)

15. Miscellaneous

- (a) Staff Report –

Leedom reported she received requests from the San Ramon Valley Fire District and the Moraga-Orinda Fire District to provide their actuary with the actuarial information that was used to calculate the rates.

She attended the Administrators Institute and felt it was interesting.

Leedom noted the total compensation report is still not completed.

Leedom reported CALAPRS has changed their annual trustee training for new Board members to the first week in August.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Holcombe reported on the CII Conference.

Phillips reported he, Mitchoff, Watts and Schneider attended the Public Retirement Journal seminar and felt it was interesting.

Cabral reported he also attended the CII Conference.

Gordon reported he was contacted by Paladin Investments stating they hadn't been at recent board meetings at Milliman's direction. Phillips noted he received the same email.

Allen reported she spent 4 days at Wharton in the advanced investment training and highly recommends the program. She reported she had dinner with Emerald while she was there, noting it was more of a personal nature.

Allen also reported she and Rodrigues attended the Milliman conference which was very interesting.

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

Brian Hast, Chairman

Jerry Telles, Secretary