



MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MEETING

9:00 a.m.

March 25, 2015

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, Gabe Rodrigues, Todd Smithy, Jerry Telles and Russell Watts

Absent: William Pigeon

Staff: Gail Strohl, Retirement Chief Executive Officer, Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Christina Dunn, Retirement Administration Manager; and Chih-chi Chu, Retirement Investment Analyst

Outside Professional Support:
Joe Wiley

Representing:
Wiley Price & Radulovich LLP

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Accept comments from the public**

No members of the public offered comment.

Allen was present for subsequent discussion and voting.

CLOSED SESSION

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

The Board moved into open session.

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

4. There was no reportable action related to Govt. Code Section 54957.

Allen was no longer present for subsequent discussion and voting.

5. **Consider and take possible action to adopt the CCCERA Employer/Employee Relations Policy**

It was M/S to adopt the CCCERA Employer/Employee Relations Policy. Dunn noted the following changes: Page 2, Number 2.0.B, the last line should be Exhibit B; Page 3, Number 2.0.M, the last

line should be Exhibit C; Page 3, Number 2.0.Q, the last line should be Exhibit D; Page 6, Number 7.0.A, on the last line the word “shall” should be “may”.

An amended motion was **M/S/C** to adopt the CCCERA Employer/Employee Relations Policy with the changes as noted. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts).

Wiley noted that CCCERA has fulfilled its obligation to meet and confer with AFSCME 2700. AFSCME 2700 has agreed to the document as the Board has seen and added that they were very collaborative in the process and that it was a very positive process.

6. Presentation from staff and Wastewater Capital Management regarding Wastewater Opportunity Fund – Jay Pierrepont, Damon Yuzon

Price gave a brief overview of the Wastewater Opportunity Fund noting this entry to the waste and water space is consistent to the deployment strategy laid out in the private real estate asset commitment schedule presented to the Board in November 2014.

Chu reported this commitment is a unique opportunity that will make our real asset portfolio more complete and it is also unique because the market is very local. He reviewed the anaerobic digesting process noting it can produce electricity, biogas and water. He also reviewed the Wastewater Opportunity Fund investment strategy.

The risk factors, specifically the definition of “significant rise in interest rates” were discussed.

Pierrepont, Principal at Equilibrium Capital, gave an overview of his investment background and education.

Yuzon also gave an overview of his investment background and education.

Yuzon reviewed the strategy of the fund noting the portfolio consists of facilities that process food, beverage, agricultural and municipal wastewater. He stated the key take away is that long-term revenue contracts are locked in prior to making an investment.

There was a discussion on the requirements surrounding the disposal of organic waste and the requirements for utilities to purchase renewable energy.

Gordon recused himself from participating in the discussion and decision on this matter. He explained that he represents Republic Services throughout the State of California. The investment would affect a client interest of his and therefore he feels conflicted and would like to avoid the appearance of any impropriety. He stated he has no material financial interest in the investment of this fund indirectly or directly. His recusal is solely due to the possible effect on one or more of his clients.

Pierrepont noted that the Wastewater Capital Projects are beneficial for waste haulers.

Gordon was no longer present for subsequent discussion and voting.

Pierrepont reported the fund has stable cash flows and provides multiple exit opportunities. It is also a cheaper and more efficient disposal method for organic waste. He noted targeted returns are 8% current income and 16-18% net return to investors.

Pierrepont gave an overview of Equilibrium Capital noting they have over \$1 billion in assets under management. He noted organic waste is now mandated in several states noting only 5% of food waste material is currently recycled.

Yuzon reviewed the revenue drivers waste processing and energy. He reported they are focusing on ten core states including northern California where targeted WOF facilities are located. He reviewed the transaction process and their risk management strategies.

Pierrepoint reviewed 3 upcoming closes and the terms of the Fund Terms noting they have raised \$61 million to date.

7. **Consider and take possible action regarding potential commitment to Wastewater Opportunity Fund**

After a discussion on the amount of risk involved, it was M/S/C to make a capital commitment of \$25 million to the Wastewater Opportunity Fund (WOF) sponsored by Equilibrium Capital subject to CCCERA's satisfactory on-site visit and legal review and WOF raising \$100 million or more excluding CCCERA's commitment and authorize the CEO to sign the necessary contracts. (Yes: Andersen, Hast, Holcombe, Smithey, Telles and Watts. No: Phillips and Rodrigues).

8. **Miscellaneous**

(a) Staff Report –

Price reported the final copy of Wurts' negotiated contract is on Gail's desk to be signed.

Strohl acknowledged Karen Davis, the current Benefits Manager, retired after 14 years of service to CCCERA; Base Pay as well as a draft audit committee charter will be on the April 8, 2015 meeting agenda. Kroll would like base pay to be at the beginning of the agenda.

(b) Outside Professionals' Report -

None

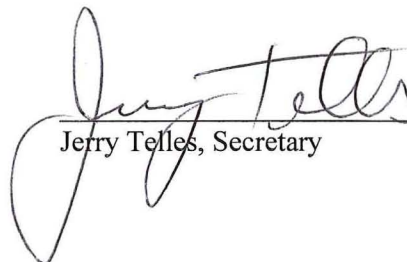
(c) Trustees' comments –

None

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



Brian Hast, Chairman



Jerry Telles, Secretary