



Meeting Date
09/04/13
Agenda Item
#3

**RETIREMENT BOARD MEETING
SECOND MONTHLY MEETING**

9:00 a.m.
June 26, 2013

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

Present: Debra Allen, Brice Bins, Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Karen Mitchoff, Sharon Naramore, Gabe Rodrigues, Jerry Telles and Maria Theresa Viramontes

Absent: John Phillips

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

Outside Professional Support:
Harvey Leiderman
Rosalva Flores

Representing:
Reed Smith LLP
Brown Armstrong

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Approval of Minutes

It was M/S/C to approve the minutes of the May 8, 2013 meeting. (Yes: Allen, Buck, Hast, Holcombe, Mitchoff, Rodrigues, Telles and Viramontes. Abs. Bins)

**4. Presentation by Brown Armstrong on the audit of the December 31, 2012 financial statements –
Rosalva Flores**

Flores gave an overview of the audit process noting the report format has changed due to new GASB requirements.

Flores reported Brown Armstrong gave CCCERA an unmodified opinion, which is the highest form of opinion, on the financial statements and congratulated the Board. She also reported there were no material weaknesses and no issues with internal controls.

Cabral was present for subsequent discussion and voting.

Flores reviewed the Comprehensive Annual Financial Report (CAFR).

The Board discussed the Current Year Agreed Upon Conditions and Recommendations and the Status of the Prior Year Agreed Upon Conditions and Recommendations. They also discussed revisiting the matter of requiring retirement checks be electronically deposited as opposed to issuing live checks.

It was **M/S/C** to accept the independent auditor's report and the Comprehensive Annual Report (CAFR) for the year ended December 31, 2012. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

The Board complimented staff on the successful outcome of the audit. Leedom complimented staff on the production of the CAFR noting all of the work on the CAFR is done in-house.

5. Update from staff on pending legislation pertaining to the County Employees Retirement Law of 1937

Levy reviewed her memo summarizing pending legislation including AB 1380 - County Employees' Retirement, AB 205 - Public Employees' Retirement: Pension Fund Management, and SB 13 - Public Employees' Retirement Benefits, noting SB 13 is PEPRA clean-up legislation.

It was **M/S/C** to accept and file the report. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

6. Update from staff on application for IRS Letter of Determination

Levy gave an update on the application for a Letter of Determination from the Internal Revenue Service noting CCCERA will be filing a supplement to include PEPRA in the plan document which consists of the '37 Act and other key CCCERA regulations and policies.

It was the consensus of the Board to move to Item 8.

8. Miscellaneous

(a) Staff Report -

Leedom presented Naramore with a Certificate of Appreciation for her 14 years of service on the Board and presented Viramontes with a Certificate of Appreciation for her 12 years of service on the Board.

(b) Outside Professionals' Report - None

(c) Trustees' comments

Telles thanked Naramore and Viramontes for their years of service on the Board.

Viramontes congratulated Gordon for his appointment to the Board.

CLOSED SESSION

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

The Board moved into open session.

- 7a. Leiderman reported on the *Board of Retirement v. County of Contra Costa, et al.*, Alameda County Superior Court, Case No. RG11608520. The court granted the stipulated judgment on June 24, 2013 and the case is no longer pending.
- 7b. Levy reported on the *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.*, Contra Costa County Superior Court, Case No. N12-1870. There will be a hearing at 9:00 a.m. on June 27, 2013.
- 7c. The following was read into the record on the *In Re: Tribune Company Fraudulent Conveyance Litigation*, United States District Court For the Southern District of New York, Case No. 11 MD 2296 (WHP). A final settlement has been reached to resolve *In Re: Tribune Company Fraudulent Conveyance Litigation*, United States District Court For the Southern District of new York, Case No. 11 MD 2296 (WHP). The settlement amount was Forty One Thousand Eighty Dollars and Eighty Cents (\$41,080.80). The CCCERA Board of Retirement's November 20, 2012 vote approving the settlement was: Yes: Allen, Buck, Cabral, Gioia, Hast, Phillips, Telles, Viramontes and Watts.
- 7d. There was no reportable action related to Govt. Code Section 54956.9(a).

It was M/S/C to adjourn the meeting in respect for the service provided by Naramore and Viramontes to the Board of Retirement. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Mitchoff, Telles and Viramontes)

Brian Hast, Chairman

Jerry Telles, Secretary



<p><u>Meeting Date</u> 09/04/13 <u>Agenda Item</u> #3</p>

RETIREMENT BOARD MEETING
REGULAR BOARD MEETING
9:00 a.m.
July 10, 2013

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

Present: Debora Allen, Brice Bins, Terry Buck, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues and Jerry Telles

Absent: None

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment 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
Bob Helliesen	Milliman
Marty Dirks	Milliman

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Board Reorganization

It was M/S to nominate Brian Hast as the Chair. The second was withdrawn.

A substitute motion was M/S/C to close the nominations and cast a ballot for Brian Hast as Chair, John Phillips as Vice Chair and Jerry Telles as Secretary. (Yes: Buck, Cabral, Gordon, Hast, Mitchoff and Telles. No: Allen, Bins and Phillips)

4. Alternate Retiree Board Member Appointment

It was M/S/C to appoint Louie Kroll as the alternate retiree member of the CCCERA Board of Retirement with his term expiring on June 30, 2016. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

5. Recognition of Jessica Huffman for 10 years of service

Hast recognized and congratulated Jessica Huffman for her 10 years of service.

6. Approval of Minutes

It was M/S/C to approve the minutes of the May 22, 2013 meeting. (Yes: Allen, Buck, Hast, Mitchoff, Phillips and Telles. No: None Abs.: Bins, Cabral and Gordon)

7. Routine Items

It was M/S/C to approve the routine items of the July 10, 2013 Board meeting. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(a) and 54956.9(b).

The Board moved into open session.

8. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
- a. Leslie Clark – Non-service Connected (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
 - b. Art Jacobsen – Service Connected (Yes: Allen, Buck, Cabral, Gordon, Hast, Mitchoff and Telles Abs.: Bins and Phillips)
 - c. Ofelia Ontiveros – Non-service Connected (Yes: Allen, Bins, Buck, Cabral, Hast, Mitchoff, Phillips and Telles Abs.: Gordon)
9. It was M/S/C to accept the Medical Advisor's recommendation and approve the service connected disability retirement for Anthony Garcia. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
10. It was M/S/C to accept the Hearing Officer's recommendation and deny the service connected disability retirement for Lana Blanchette. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Phillips and Telles Abs.: Mitchoff)
11. There was no reportable action related to Govt. Code Section 54956.9(a)
12. There was no reportable action related to Govt. Code Section 54956.9(b)
13. **Presentation and update from PIMCO Stocks Plus, PIMCO Core Plus Fixed Income and PIMCO All Asset Funds** – Richard Fulford, Stephanie King

Prior to their presentation, PIMCO waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

Fulford gave an update on recent changes with the firm.

King gave an overview of PIMCO's philosophy and core investment principles. She also reviewed the strategies, performance and outlook of the Core Plus portfolio and the StocksPLUS portfolio.

Fulford gave an overview of the PIMCO All Asset Fund and reviewed its performance.

14. Ad hoc committee for total compensation review

Leedom gave an overview of the additional salary and benefit issues that require Board action and recommends that the Board Chair appoint an ad hoc committee to review and make recommendations to the full Board regarding any salary and compensation issues.

Hast appointed Allen, Phillips, Telles and himself to the ad hoc committee.

15. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of 4 Board members at the Investment Education Conference, Milliman, September 25-27, 2013, Del Mar, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- b. It was M/S/C to authorize the attendance of 3 Board members and 2 staff members at the 23rd Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 26, 2013, Sacramento, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- c. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the Roundtable for Consultants and Institutional Investors, Institutional Investor, October 9-11, 2013, Chicago, IL. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- d. No action was taken on the 59th Annual Employee Benefits Conference, IFEBP, October 20-23, 2013, Las Vegas, NV.
- e. It was M/S/C to authorize the attendance of 1 staff member at the Administrators' Institute, CALAPRS, September 25-27, 2013, Carmel, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- f. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the Fall Conference, Council of Institutional Investors, September 25-27, 2013, Chicago, IL. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)
- g. It was M/S/C to authorize the attendance of 4 Board members and 2 staff members at the US Client Conference, Invesco, November 5-7, 2013, La Jolla, CA. (Yes: Allen, Bins, Buck, Cabral, Gordon, Hast, Mitchoff, Phillips and Telles)

16. Miscellaneous

- (a) Staff Report -

Leedom gave an update on the Retirement Compliance Officer, Retirement Admin/HR Coordinator and Assistant General Counsel positions.

She reported a contract has been signed with Anderson and Associates to complete the compensation and benefits study for all CCCERA retirement specific positions.

Leedom reported Segal will be presenting the December 31, 2012 Valuation Report at the July 24, 2013 meeting.

Levy reported staff is still in the process of reviewing pay items beyond base pay for PEPRA members.

Mitchoff was no longer present for subsequent discussion and voting.

Price gave an update on the status of the Long Wharf and Invesco value add commitments and the Aether private real asset commitment noting he has a draft contract for Aether.

He reported Siguler Guff and Oaktree will be giving presentations on distressed real estate funds at the July 24, 2013 meeting.

(b) Outside Professionals' Report -

Leiderman reported on the Brown Act, Public Records Act and the use of personal computers, cell phones, etc. for retirement board business. He cautioned the Board that such communications are subject to disclosure under the law.

Helliesen gave an update on the RFP for the Small-Mid Cap Private Equity Manager search and will present the semi-finalist report at the July 24, 2013 meeting. He will also have a report on the GMO transition.

(c) Trustees' comments –

Telles reported he is unable to attend the Milliman Conference in September.

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

Brian Hast, Chairman

Jerry Telles, Secretary