



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

May 6, 2015

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Todd Smithey, Jerry Telles and Russell Watts

Absent: Debora Allen and Gabe Rodrigues

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; Wrally Dutkiewicz, Retirement Compliance Officer; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administrative/HR Manager

Outside Professional Support:

Harvey Leiderman

Susan Hastings

Joe Wiley

Edward Hoffman

Representing:

Reed Smith LLP

Laughlin, Falbo, Levy & Moresi LLP

Wiley, Price & Radulovich LLP

Verus Consulting Group

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.

3. Approval of Minutes

It was M/S/C to approve the minutes of the February 18, 2015 meeting with a change showing Pigeon present at the meeting. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the February 25, 2015 meeting with a change to Item 7, first sentence, the word "in" should be "is". (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the March 11, 2015 meeting. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

4. Routine Items

It was M/S/C to approve the routine items of the May 6, 2015 meeting. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was the consensus of the Board to move into Closed Session, Item 6.

CLOSED SESSION

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

The Board moved into open session.

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

It was the consensus of the Board to move to Item 9.

9. **Consider and take possible action regarding whether on-call pay should be treated as pensionable for retired hazardous materials specialist Paul Andrews**

Schneider reviewed his memo on staff's findings regarding on-call pay in the final average salary period for retired hazardous materials specialist Paul Andrews. He stated the amount of on-call pay was steady throughout his career and doubled in his final year. He noted the employer stated it was due to less people on staff.

Paul Andrews, retired hazardous materials specialist, presented a slide show and reviewed his background as a County employee noting he is also a state certified hazardous materials instructor. He reported hazardous material operates 24/7. He reviewed typical incidents including drug labs, fixed facilities, railroads, spills, and abandonments. He also reviewed how on-call works in the hazardous material department. He discussed the reason for the increase in his on-call time during the last year of his employment. He stated he never volunteered to be on-call and that it was required.

Louis Pascalli, former hazardous materials director from 1993-2004, stated there were a number of incidents during the time he was director that needed to be worked, which were mostly at refineries. He noted the union and management have been working together to ensure staffing levels are met.

Randy Sawyer, Chief Environmental Health and Hazardous Materials Officer for Contra Costa County, reviewed the staffing levels on the hazardous materials team, how on-call work is assigned, and how the positions are filled. He reported that currently someone is on-call an average of every other day. He noted they still are not fully staffed. He stated on-call is not voluntary and they are required to have some of the team members on the team with a higher level of experience. There were a lot of retirements which caused them to have less team members that had the higher level of experience to staff teams.

Gordon complimented Schneider and staff on their report and analysis.

It was M/S that 1) the on-call pay excluded from the member's benefit calculation was not required and worked by all in the grade or class during the same time period and is excludable as non-pensionable overtime pay and 2) the on-call pay be excluded from the member's pension because the member caused his final compensation to be "improperly increased" by voluntarily signing up for on-call work at the end of his career beyond what was required of all during the same time period.

The motion was amended to include using the average of the minimum number of on-call hours that were required and worked in the member's benefit calculation.

In public comment, Eric Jonsson, retired hazardous materials specialist, stated he appreciated the work CCCERA did and he noted he was told that currently the team is working 80 hours of on-call per

month and they do not anticipate any other retirements. He discussed the time to train new hazard material specialists noting that it is important to have experienced staff on each team.

After a lengthy discussion, the motion with the amendment was **M/S/C**. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Smithey, Telles and Watts. No: Pigeon)

It was noted Mr. Andrews can provide any additional information he has to Schneider.

10. Organizational and portfolio update from PIMCO – Stephanie King, Jay Jacobs

King thanked the Board for inviting them to give an update.

Jacobs gave an update on personnel and the performance of PIMCO. He reported they have been adding talent in the past 7 months, including three team members that left and then came back. They had one departure in January where he was taking a year off. He noted they have not had a single person leave to follow Bill Gross.

Jacobs reported the Total Return fund is at \$110 billion and the fund has been a top quartile performer. He noted their overall assets were up in April which speaks to the stability of the company.

King noted not a single client that visited their office to do due diligence has taken their assets out.

Jacobs reported they will be focusing on the stability of staff. He also reported they have an ongoing SEC investigation from 2012 when Gross was still there and that no allegations have been made against PIMCO. He noted no investor lost money in the fund.

11. Introduction to Board interviews and update on consultant transition from Wurts – Edward Hoffman

Hoffman reported they have changed their name from Wurts and Associates to Verus Consulting Group noting Wurts, the founder of the firm, was not involved.

He reported they have been working a lot behind the scenes with CCCERA's custodian bank and on the quarterly report. He stated the report will have a different format. He noted there has been a lot of interaction with investment managers and CCCERA staff. He reported they have started working on the asset liability model. Part of the process is interviews with the Board and staff. They will conduct an Investment Strategy Development workshop (ISD) which is a two-day workshop covering targeted education, asset/liability study and governance best practices. They will also have an asset allocation workshop. He reviewed a preliminary timeline noting the timeline is very aggressive.

12. Consider and take possible action to terminate Milliman contract

Price noted this is a housekeeping item. He reported the data has been transferred from Milliman to Wurts and needs a motion to terminate the contract and staff will issue a letter.

It was **M/S/C** to terminate the Milliman contract. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

13. Consider and take possible action to grant a 3% increase in base pay and a \$500 lump sum payment for all unrepresented staff, except for the Chief Executive Officer position

Strohl noted there were 4 individuals that were part of Local 21 that would have received a lump-sum of \$750 to be paid on July 10, 2015. In order to retain parity with all employees, she is recommending the Board:

- a. Adopt BOR Resolution 2015-5 granting a 3% increase in base pay effective July 1, 2015 and a lump-sum in the amount of \$500, to be paid on July 10, 2015 for all unrepresented staff, except for the Chief Executive Officer position.

It was **M/S** to adopt Resolution 2015-5 granting a 3% increase in base pay effective July 1, 2015 and a lump-sum in the amount of \$750 to the 4 individuals who were part of Local 21 and a lump-sum in the amount of \$500 to the remainder of the unrepresented staff, except for the Chief Executive Officer position. Levy noted the motion to adopt the Resolution has to be the same as what is on the agenda in order for the public to be aware. An amended motion was **M/S/C** to adopt Resolution 2015-5 as stated. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

- b. Adopt the revised Attachment A to the CCCERA Resolution for Salary and Benefits for Unrepresented Employees.

It was **M/S/C** to adopt the revised Attachment A to the CCCERA Resolution for Salary and Benefits for Unrepresented Employees. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

- c. Adopt CCCERA Position Pay Schedules effective July 1, 2015.

It was **M/S/C** to adopt CCCERA Position Pay Schedules effective July 1, 2015. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was the consensus of the Board to move into Closed Session, Items 5, 7 and 8.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(d)(1) and 54956.9(d)(4).

The Board moved into open session.

5. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Richard Carpenter – Service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
 - b. Carolyn George – Non-service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
 - c. Misty Eidson – Non-service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
7. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
8. There was no reportable action related to Govt. Code Section 54956.9(d)(4).

It was the consensus of the Board to move to Item 14.

14. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 2 staff members at the 2015 Annual Limited Partners Meeting, DLJ Real Estate Capital Partners, June 2, 2015, Los Angeles, CA. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

- b. It was **M/S/C** to authorize the attendance of 2 Board members and 3 staff members at the 2015 Client Conference, Adams Street, June 2-3, 2015, Chicago, IL. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
- c. It was **M/S/C** to authorize the attendance of 3 Board members at the Trustees' Roundtable, CALAPRS, June 12, 2015, Burbank, CA. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Pigeon, Smithey, Telles and Watts)
- d. It was **M/S/C** to authorize the attendance of 1 Board member and 2 staff members at the SuperReturn US 2015, June 15-18, 2015, Boston, MA. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Pigeon, Smithey, Telles and Watts)

15. Miscellaneous

(a) Staff Report –

Strohl reported that unfortunately benefits were impacted for some of the retirees that had call back letters and requested a hearing. Manual checks were sent and the retirees were notified by telephone; Board members should have received an email regarding the CCCERA picnic that will be on June 6th; the benefits statements have been redesigned; the website project should be completed in July; and, we have added an info@cccera.org link and a publicrecords@cccera.org link to the website.

Schneider reported proofs of the benefits statements are back from the printer and they should go out by the end of the month.

Dutkiewicz reported he completed the procedures and standards manual for all the divisions. The employer audits are still ongoing.

Kaplan reported the auditors were on site last week and she hopes to have an exit meeting next week; the CAFR is being wrapped up; and, she hopes to have a GASB 68 meeting next month.

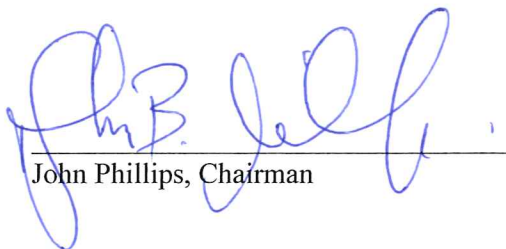
(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Smithey reported he attended the Wharton Portfolio conference and really liked it.

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



John Phillips, Chairman



Scott Gordon, Secretary