



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING  
9:00 a.m.

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

September 10, 2014

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

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; Peter Ahlstrom, Retirement Benefits Manager; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support: Harvey Leiderman      Representing: Reed Smith 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.

3. Approval of Minutes

It was **M/S** to approve the minutes of the June 25, 2014 meeting. After a discussion on the wording in Item 11, the Motion was withdrawn and the minutes of the June 25, 2014 meeting were tabled.

It was **M/S** to approve the minutes of the July 9, 2014 meeting. After a discussion on the wording in Item 8, the Motion was withdrawn and the minutes of the July 9, 2014 meeting were tabled.

It was **M/S/C** to approve the minutes of the July 23, 2014 meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

It was **M/S/C** to approve the minutes of the July 31, 2014 meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

4. Routine Items

It was M/S/C to approve the routine items of the September 10, 2014 Board meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

**CLOSED SESSION**

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

The Board moved into open session.

Hast recused himself from participating in Item 5.

5. Pursuant to Govt. Code Section 54957.1(a)(2), the following action related to Govt. Code Section 54956.9(d)(1) was taken:

(a) Public Employees Union, Local 1, et al. v CCCERA and Board of Retirement, et al., Contra Costa County Superior Court Case No. N14-1221.

It was M/S/C to retain Reed Smith on its behalf against Public Employees Union, Local 1, et al. (Yes: Allen, Gordon, Mitchoff, Phillips, Pigeon, Rodrigues, Smithey, Telles and Watts)

Hast was present for subsequent discussion and voting.

6. There was no reportable action related to Govt. Code Section 54956.9(d)(4).

7. Consider and take possible action on employer contribution rates as recommended by Segal Consulting for In-Home Supportive Services Authority PEPRA Tier 5 (2% COLA)

Schneider reported this item is similar to the item at the August 13, 2014 meeting regarding Con Fire and the need for an employer contribution rate for PEPRA General Tiers with a 2% COLA.

After a discussion, it was M/S/C to adopt the employer contribution rates as recommended by Segal Consulting for In-Home Supportive Services Authority (IHSS) District (Cost Group #2) PEPRA Tier 5 (2% COLA). (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

8. Consider and take possible action to issue a Request for Proposal for Website Redesign

Schneider reported this item is a follow up to the Board's request for more information on the RFP to redesign CCCERA's website including the scope of the project and the services CCCERA would be requesting.

The Board discussed the overall improvements for its redesigned website and would like to review the RFP prior to it being sent out. It was noted the cost was not included in the memo.

Schneider reported the current website is cluttered and getting more difficult to maintain and staff feels the website needs to be completely overhauled.

After discussion, it was M/S/C to continue this item until the next meeting to further discuss issuing an RFP. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

9. **Consider and take possible action to extend current contract for external auditing services or issue a Request for Proposal**

Kaplan gave an overview of her memo noting Brown Armstrong's fees for the next three years would increase by 12%. It was noted that when the last RFP was issued and Brown Armstrong was selected there was a caveat that the lead partner be changed.

After discussion, it was M/S/C to retain Brown Armstrong as CCCERA's external auditors for the next three year period from 2014-2016 and enter into a three (3) year contract, subject to annual review and issue an RFP for external auditing services at the end of this three year term. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

10. **Consider and take possible action to issue a Request for Proposal to provide Labor Relations Services and a Request for Proposal to provide Labor and Employment Law Legal Services**

Levy reported the timing is crucial on issuing the RFP's. She noted one firm could provide both services.

The Board requested a copy of the RFP before it is sent out.

It was M/S/C to issue Requests for Proposals for: (1) Labor Relations Consultant; and (2) Labor and Employment Law Legal Counsel. (Yes: Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts. No: Allen)

11. **Consider and take possible action to adopt Policy on Determining "Compensation Earnable" Under Assembly Bill 197 for Purposes of Calculating Retirement Benefits**

Hast reported this item is to adopt formally what was previously adopted verbally. Levy stated this policy brings CCCERA under compliance with AB 197 and the Superior Court ruling in the AB 197 litigation. Levy is recommending having two policies, one for Legacy (pre-PEPRA) members and one for PEPRA Members (Policy is under Agenda Item 12) because there are two different statutory definitions for each group.

The Board felt the wording in Item III.C., the last paragraph, needs to include the language from Item III.B page 3, second paragraph.

It was M/S/C to adopt the Policy on Determining "Compensation Earnable" Under AB 197 For Purposes of Calculating Retirement Benefits for "Legacy" (Pre-PEPRA) Members. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

12. **Consider and take possible action to adopt Policy On Determining "Pensionable Compensation" Under PEPRA For Purposes of Calculating Retirement Benefits**

Levy reviewed the policy noting the policy reflects the action the Board previously took on December 12, 2012 to include base pay only in pensionable compensation for purposes of calculating retirement benefits for PEPRA members.

In public comment, Ken Westerman, Deputy Sheriff's Association, has concerns that the current policy on base pay only for PEPRA members is not the position of other '37 Act counties and CalPERS. CalPERS and Alameda County recently voted to include certain items beyond base pay and feels CCCERA needs to review their policy because it is not competitive with other counties.

The Board discussed including "base pay only" on a future agenda to review.

It was M/S/C to adopt the Policy on Determining "Pensionable Compensation" under PEPRA for Purposes of Calculating Retirement Benefits. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Smithey, Telles and Watts. No: Rodrigues)

The Board gave direction to staff to gather information on the changes made by CalPERS and other '37 Act Systems regarding pensionable compensation and pay items that they are including.

Telles was no longer present for subsequent discussion and voting.

**13. Consider and take possible action to update CCCERA's Conflict of Interest Code**

Levy reported the conflict of interest code is reviewed on an annual basis. She reviewed her memo which summarizes the recommended updates to the Code.

It was M/S/C to adopt the recommended updates to CCCERA's Conflict of Interest Code as presented. (Yes: Allen, Gordon, Hast, Kroll, Mitchoff, Phillips, Rodrigues, Smithey and Watts)

Telles was present for subsequent discussion and voting.

**14. Consider and take possible action on SACRS Voting Proxy**

It was M/S/C to appoint Rodrigues as the Voting Delegate and Telles as the Alternate Voting Delegate at the upcoming SACRS Conference. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

It was the consensus of the Board to move to Item 16.

**16. Conference Seminar Attendance**

- a. It was M/S/C to authorize the attendance of 1 staff member at the Investment Education Conference, Milliman, Oct. 1-3, 2014, Lake Tahoe, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- b. It was M/S/C to authorize the attendance of 1 staff member at the Annual Meeting, Conference of Consulting Actuaries, October 19-22, 2014, Rancho Mirage, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- c. It was M/S/C to authorize the attendance of 1 Board Member at the Annual CRCEA Fall Conference, California Retired County Employees Association, October 19-22, 2014, Sacramento, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)
- d. It was M/S/C to authorize the attendance of all Board Members and all appropriate staff members at the 2014 Fall Conference, SACRS, November 11-14, 2014, Monterey, CA. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey, Telles and Watts)

**17. Miscellaneous**

(a) Staff Report –

Strohl reported the Governor recently signed SB 673, establishing CCCERA as a special district effective January 1, 2015.

The internal re-model continues and is on schedule.

Price reported on the onsite meeting with Adams Street and felt it was a positive meeting.

The Consultant RFP was issued on Monday.

DBL has asked if we have an interest in investing in their Fund III.

Kaplan reported staff is working on year end close; GASB 67, and the software transition.

(b) Outside Professionals' Report -

Leiderman reported San Jose has Measure G on the ballot which will transfer control of the senior staff of the city pension fund away from the City Manager and over to the pension board.

He requested a quiet period with labor representatives due to SB 673 until an employment counsel is hired and is able to provide expert advice on the protocols of being an employer under the Meyers Millers Brown Act.

(c) Trustees' comments –

Hast stated the CCCERA Board does not intend on making any immediate changes to current employment policies once CCCERA becomes a special district.

Phillips reported on the Adams Street onsite and came out of meeting feeling very comfortable and would like to have them removed from the watch list.

Telles reported he is not able to go to Torchlight.

Mitchoff reported she is not able to go to Torchlight.

**18. Educational session regarding fiduciary duties presented by Harvey Leiderman, Reed Smith**

Leiderman reviewed the fundamental fiduciary duties of the CCCERA Board of Retirement. He stated their primary loyalty is to the members and beneficiaries of the retirement system. He reviewed the requirements of the CCCERA Code of Fiduciary Conduct and Ethics, quiet periods, and conflict of interest.

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



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Brian Hast, Chairman



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Jerry Telles, Secretary