



MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING

June 21, 2017

9:00 a.m.

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Louie Kroll, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: Debora Allen

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wally Dutkiewicz, Compliance Officer; and Henry Gudino, Accounting Manager

Outside Professional Support: Representing:  
Harvey Leiderman Reed Smith LLP  
Rosalva Flores Brown Armstrong

1. Pledge of Allegiance

MacDonald led all in the *Pledge of Allegiance*.

Smithey was present for subsequent discussion and voting.

2. Accept comments from the public

Michael Pineschi, Unite Here, distributed two handouts on Energy Investors Fund IV and Fund V and expressed his concerns with the underperformance of the Funds.

3. Approval of Minutes

It was M/S/C to approve the minutes of the May 24, 2017 meeting with the following corrections: Item 10, second sentence, adding "ROI" before the word "asset" and in the last sentence adding the word "either" before the word "underperformed." On Item 14c under Phillips comment, changing the wording to "several sessions." (Yes: Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts).

MacDonald asked for more information to be provided in the minutes on Trustee travel. There was a discussion on the length of the minutes and the purpose of the minutes.

Andersen and Pigeon were present for subsequent discussion and voting.

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.6 and 54956.9(d)(1).

The Board moved into open session.

4. There was no reportable action related to Govt. Code Section 54957.6.
5. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

6. **Presentation from Brown Armstrong on the audit of the December 31, 2016 financial statements**

Flores reviewed the purpose of the audit and the CAFR. She also reviewed the audit process and the significant audit areas including investments and related earnings, participant data and actuarial information, employee and employer contributions, benefit payments, GASB 67/68 and GASB 72.

She discussed Note 4, Fair Value Measurement and Application, in the CAFR stating CCCERA implemented GASB 72 which was issued to address accounting and financial reporting issues related to fair value measurements and disclosures for investments. Gudino reported this statement is new this year. He reviewed the schedule and the three levels of the fair value hierarchy of each investment.

Flores reported they are issuing an unmodified opinion on the financial statements and did not propose any audit adjustments.

She reviewed the following current year agreed upon conditions and recommendations which are opportunities for strengthening internal controls and operating efficiencies: 1) Age Waiver Form; 2) Examination of Internal Controls of the Service Organization (SSAE-16/SOC-1); 3) Life Status Letters; and 4) Updated Procedures.

Gudino reviewed the CAFR and the GFOA award process.

Telles was no longer present for subsequent discussion and voting.

7. **Consider and take possible action to adopt Board of Retirement Resolution 2017-4 authorizing participation in the Special District Risk Management Authority Workers' Compensation Program.**

Dunn reported this resolution will authorize CCCERA's participation in the Special District Risk Management Authority Workers' Compensation Program for a three-year period. She noted there will be an approximate savings of \$5,700 per year.

It was M/S/C to adopt Board of Retirement Resolution 2017-4 authorizing participation in the Special District Risk Management Authority Workers' Compensation Program. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

8. **Presentation of 2016 CCCERA budget vs actual expenses report**

Gudino reviewed the 2016 CCCERA budget versus actual expenses noting this report is included in the CAFR. He stated the actual expenses are well under the limits defined in Section 31580.2 of the California Government Code.

There was a lengthy discussion on the OPEB Retiree Health line item. Gudino stated the variance was due to the OPEB liability not being included in the budget, only the actual payments were budgeted. Strohl reported she is researching different vehicles to potentially set up a trust fund for the OPEB liability.

Andersen was no longer present for subsequent discussion and voting.

Gudino reviewed the large variations in the actual versus budget including Professional Memberships, Outside Legal Counsel Services, and Recruitment.

9. **Consider authorizing the attendance of Board and/or staff:**

- a. It was M/S/C to authorize the attendance of 2 staff members at the 63<sup>rd</sup> Annual Conference, National Association of State Retirement Administrators, August 5-9, 2017, Baltimore, MD. (Yes: Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)
- b. It was M/S/C to authorize the attendance of 4 Board members and 3 staff members at the 2017 Client Summit Program, Verus Consulting, August 28-29, 2017, San Francisco, CA. (Yes: Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

10. **Miscellaneous**

- (a) Staff Report –

Strohl reported Staff Development Day will be in July; Current recruitments have just closed for the Admin/HR Manager, Member Services Manager, and Investment Officer positions.

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

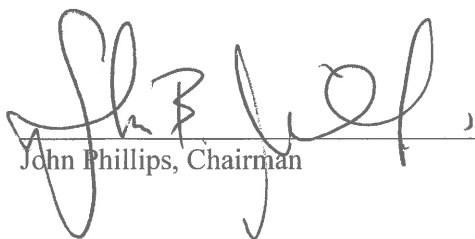
Holcombe reported the CCCERA picnic went well.

Rodrigues reported SACRS is looking for speakers for the Fall Conference.

Smithey reported he attended the Equilibrium Forum and really enjoyed the conference.

MacDonald reported he attended CAPP II and it was very interesting and educational.

It was M/S/C to adjourn the meeting. (Yes: Gordon, Holcombe, Kroll, MacDonald, Phillips, Rodrigues, Smithey and Watts)

  
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John Phillips, Chairman

  
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Scott Gordon, Secretary

