



RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING
9:00 a.m.

November 6, 2013

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

Present: Debora Allen, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: Louie Kroll

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Rebecca Byrnes County Counsel

1. **Pledge of Allegiance**

Pigeon 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 October 2, 2013 meeting. (Yes: Cabral, Gordon, Hast, Holcombe, Mitchoff, Phillips, Telles and Watts. Abs.: Pigeon)

4. **Routine Items**

It was M/S/C to approve the routine items of the November 6, 2013 Board meeting. (Yes: Cabral, Gordon, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Telles and Watts)

5. **Consider and take possible action on request from PDOCC regarding call back pay**

Leedom provided an overview of the "Physician Call Back Pay," (County Pay Code D16) and the recommendation provided by staff.

Allen was present for subsequent discussion and voting.

Public Comment

David MacDonald, staff physician at CC Medical Center and President of PDOCC, introduced the physicians in attendance and expressed his concern with the decision to exclude call back pay from compensation earnable. He discussed the effect of this change on the PDOCC members and how call back pay is administered in the hospital.

Scott Loeliger, Vice President of PDOCC, explained the expectations of doctors that work call back duty.

Felicia Tornabene, Medical Director, Hospitalist Services, described the nature of the work of the physicians and how time is reported on time sheets. She confirmed this work is now being coded as "weekend rounding" on the time sheets.

Sharon Hiner, retired physician, described the work completed during the time categorized as call back pay.

Arthur Liou, Attorney for PDOCC, stated physicians are in this situation at no fault of their own, they were not told by CCCERA to do anything different, and contributions were taken out. He feels under existing policy that scheduled weekend call back pay should remain included.

The Board asked additional questions for clarification.

After a lengthy discussion, it was M/S/C to refer the matter to legal counsel for further analysis. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

6. Consider and take possible action on request from DSA regarding "Deputy Sherriff-Recruit-Fixed Term" position

In public comment, Jim Bickert, representing the Deputy Sheriffs Association (DSA), requested the Board consider including the Deputy Sherriff-Recruit-Fixed Term classification as a member of CCCERA. He explained the differences between fixed-term and temporary employees.

Leedom reported several other '37 Act systems and PERS allow employees in this classification to be in membership as a general member and once the employee is sworn in to a Deputy Sheriff position they become a safety member of the system.

In public comment, Mike Casten, Undersheriff, requested employees in the Deputy Sherriff-Recruit-Fixed Term classification be included as a safety member in CCCERA. He explained when the sheriff's office hires employees into these positions the intent is for the employee to become a Deputy Sheriff on a permanent basis.

Levy stated the '37 Act has specific provisions that define which classifications can be classified as a safety member in the retirement system.

After discussion, it was M/S to include the Deputy Sherriff-Recruit-Fixed Term classification as a safety member in CCCERA.

The second was withdrawn. The motion died for lack of a second.

It was M/S to include the Deputy Sherriff-Recruit-Fixed Term classification as a general member in CCCERA on the first day of the month following the member's hire date into the sheriff's academy and once the member is sworn into a Deputy Sheriff classification the member will become a safety member of CCCERA.

In public comment, Jackie Lorrekovich, Contra Costa County Fire District, stated the classifications of the recruits hired into the Contra Costa County Fire District are similar classifications to the Deputy Sherriff-Recruit-Fixed Term and feels the Board should include them too.

The Board discussed the specific provisions of the statute on which classifications can be classified as a safety member in CCCERA and clarified the day of the month members change from general to safety membership when changing classification.

It was **M/S/C** to include the Deputy Sherriff-Recruit-Fixed Term classification as a general member in CCCERA on the first day of the month following the member's hire date into the sheriff's academy and once the member is sworn into a Deputy Sheriff classification the member will become a safety member of CCCERA on the first day of the month following the date they are sworn in. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

It was **M/S/C** to make the change effective December 6, 2011. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

7. **Consider and take possible action on request from CCCREA regarding a mailing to retirees and authorization for deductions from retiree benefit checks**

In public comment, Michael Sloan, President of Contra Costa County Retired Employees Association (CCCREA), requests CCCERA assist with a mailing to all retirees and authorize deductions from retiree checks for insurance products obtained through Pacific Group Agencies, Inc. He stated the members of the retiree group have been asking for these benefits. It is a group plan only available to retired CCCREA members.

There was discussion on providing a disclaimer on the envelope or authorization form and clarification on which retirees will be eligible to purchase the insurance benefits.

It was **M/S/C** to assist with a mailing to all current CCCERA retirees and authorize staff to proceed with implementing insurance premium deductions for those retirees who provide CCCERA a written authorization for the deductions and a release acknowledging their understanding that the Pacific Group Agencies, Inc. products are offered and endorsed by the retiree group to its members, and not by CCCERA, with all set up, mailing, administrative and on-going costs being reimbursed by CCCREA. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54959, 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 deny the service connected disability retirement for Kimberly Jones. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Telles and Watts. Abs.: Cabral and Pigeon)
9. There was no reportable action related to Govt. Code Section 54956.9(a).
10. There was no reportable action related to Govt. Code Section 54956.9(b).

Gordon was not present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 15.

15. **Consider and take possible action on Board meeting audio recordings**

Leedom reviewed her memo explaining several Board members asked to revisit the decision to record Board meetings and post those recordings on the CCCERA website.

After discussion, the Board directed staff to agendize the utilization of the Brown Act provisions in making investment decisions in closed session.

16. Consider and take possible action on Aether Investments

Price gave an update on CCCERA's commitment of \$75 million to Aether Investments. The commitment was made subject to the standard CCCERA on-site review and an operational due diligence. He reported the fund administrator for Aether Investments lacks a SSAE 16 certification, but is in the process of pursuing it. They anticipate this process will take 18-24 months.

After discussion, it was M/S/C to confirm the investment with Aether. (Yes: Allen, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts. No: Cabral and Holcombe)

It was the consensus of the Board to move to Item #12

12. Consider and take possible action on proposed legislation to make CCCERA a separate District

Leiderman gave an update on the proposed legislation to separate CCCERA from the County and make it an autonomous district participating in CCCERA, with its own employees who will continue to be members of the retirement system. He reported in August the County HR Department provided copies of the draft legislation to the two bargaining units that represent employees presently working at CCCERA. After a series of communications with AFSCME, leading to additional language they sought in the bill to provide for a smooth transition between the County and CCCERA as the employer of their members, AFSCME is satisfied with the language of the bill in its present form and will support its passage in the Legislature. He noted they had not heard back from Local 21.

Allen was no longer present for subsequent discussion and voting.

He is requesting the Board approve the proposed bill in its present form and proceed to find a sponsor and move the bill through the legislature.

It was M/S/C to approve the proposed bill as presented and proceed to find a sponsor and move the bill through the Legislature. (Yes: Cabral, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Telles and Watts)

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

14. Consider and take possible action on follow up information received regarding retiring member with on-call pay

Schneider stated this example was presented to the Board at the September 4, 2013 meeting and the Board directed staff to process the retirement without including the on-call pay while they gathered information from the member and the employer to determine if the on-call pay should properly be included as compensation earnable in the calculation of the retirement benefit.

Schneider reviewed the information gathered by staff regarding the on-call pay and the reasons suggested as to why some or all of this type of pay could be excluded in the retirement calculation.

It was M/S to follow staff recommendation and authorize staff to adjust the retiree's benefit to fully include the on-call pay.

The second was withdrawn. The motion died for lack of a second.

The Board directed staff to bring this item back at a future meeting.

It was the consensus of the Board to move to Item #11.

Mitchoff was not present for subsequent discussion and voting.

11. Consider and take possible action on SACRS legislative proposal

Levy gave an overview of the SACRS legislative proposal for 2014 noting it consists of PEPRA clean up legislation. It was noted that at the September 4, 2013 Board meeting Jerry Telles was appointed as CCCERA's voting delegate and Gabe Rodrigues was appointed as the alternate voting delegate.

After discussion, it was **M/S/C** to give authority to voting delegates to vote as they see appropriate. (Yes: Hast, Holcombe, Phillips, Pigeon, Telles and Watts. Abs.: Cabral)

It was the consensus of the Board to move to Item #13.

13. Legislative update from staff

Levy provided an update on legislation recently enacted noting the legislation includes topics such as Public Employees' Pension Reform Act of 2013 (PEPRA) clean-up language, investments, public records and open meeting laws.

It was **M/S/C** to receive and file. (Yes: Cabral, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)

It was the consensus of the Board to move to Item #17.

17. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 1 Board member and 1 staff member at the Legislative Conference, NCPERS, January 26-28, 2014, Washington, D.C. (Yes: Cabral, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)
- b. It was **M/S/C** to authorize the attendance of 3 Board members at the Institutional Investors' Roundtable, KORIED, December 2-4, 2013, San Francisco, CA. (Yes: Cabral, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)
- c. It was **M/S/C** to authorize the attendance of 1 staff member at the Risk & Liquidity, Institutional Investor, January 14-15, 2014, New York, NY. (Yes: Cabral, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)
- d. It was **M/S/C** to authorize the attendance of 1 staff member at the Protecting Securities Portfolios, BLB&G, February 6, 2014, New York, NY. (Yes: Cabral, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)

18. Miscellaneous

- a. Staff Report –

Leedom reported the Willows office building is almost 100% occupied.

She reported the remodel of the reception area will begin soon.

Leedom reported a Retirement Compliance Officer has been hired and will start on November 18th.

Leedom provided an update on the on-call pay provided to members in Health Services who had not worked the on-call hours, noting staff is working with the County auditor to identify the members with this additional pay and correct it.

Price reported we received an announcement the woman that headed First Eagle's gold fund passed away and Matt McLennan will take on the responsibility of the portfolio manager on an interim basis. Greg Cassano has offered to meet with any Board members that have concerns.

He reported Kathy Rich at Alliance will be retiring in December so we will have a new customer service representative.

Price reported the Paulson commitment was reduced to \$20 million and contracts will be executed within the next couple of days.

He stated the Milliman onsite is scheduled for December 5th.

He reported the onsite for Pyrford is scheduled for December 17th and noted they will also be visiting JPMorgan, William Blair, Oaktree, Adams Street, and possibly Angelo Gordon on the trip.

Price reported the Siguler Guff onsite is scheduled for January 16th.

Price noted we are currently in a quiet period with Aether, Paladin, Paulson and Siguler Guff.

b. Outside Professionals' Report -


None

c. Trustees' comments -

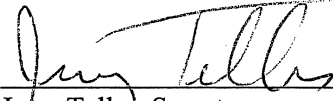
Telles questioned if there was any new information in regards to retirees after the October 21st hearing date. Leiderman stated he does not have any new information.

Hast thanked staff for all of their work.

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



Brian Hast, Chairman



Jerry Telles, Secretary