



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING

March 13, 2019

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, Jay Kwon, David MacDonald, John Phillips, Todd Smithey, Jerry Telles and Russell Watts

Absent: William Pigeon

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; Tim Hoppe, Retirement Services Manager; and Colin Bishop, Member Services Manager

Outside Professional Support:
Susan Hastings

Representing:
Laughlin, Falbo, Levy & Moresi

1. Pledge of Allegiance

The Board, staff and audience joined in the *Pledge of Allegiance*.

2. Accept comments from the public

No member of the public offered comment.

3. Approval of minutes

It was M/S/C to approve the minutes of the February 13, 2019 Board meeting with additional information regarding the Orange County court case discussed being added to Item 15b. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts).

4. Routine Items

A revised Item 4e. was distributed.

It was M/S/C to approve the routine items of the March 13, 2019 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.6 and 54957.

The Board moved into open session.

5. There was no reportable action related to Govt. Code Section 54957.6.
6. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Wayne Engelstad – Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)
 - b. Timothy Todd – Non-Service Connected (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)
7. It was M/S/C to deny the service connected disability application for Francine Tinsley as recommended by the Administrative Law Judge. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)

8. Presentation of Semi-Annual Disability Retirement Report

Hoppe reported there were 16 disability retirement applications accepted during the last six months of 2018 and a total of 30 disability retirement applications accepted during 2018. He reported 17 out of the 30 applications were granted and noted 23 out of the 30 applicants were Safety members. He reported that the process has been taking an average of 100 days.

There was a discussion on the types of disabilities and a request to include active deaths in the next report.

Hoppe reported we have received 9 disability applications from Safety members and 1 disability application from a Tier I member since January 1, 2019 all of which are service connected.

9. Consider and take possible action on SACRS voting proxy form

It was M/S/C to appoint Todd Smithey as the Voting Delegate and David MacDonald as the Alternate Voting Delegate to vote on behalf of CCCERA at the upcoming SACRS Conference. (Yes; Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)

10. Appointment of ad hoc advisory committee to review the Chief Executive Officer compensation package

It was M/S/C to appoint Gordon, Smithey and MacDonald to the ad hoc advisory committee to review the Chief Executive Officer's compensation package. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)

Levy noted this is a limited purpose, limited duration ad hoc committee.

11. Report from Audit Committee Chair on February 27, 2019 Audit Committee meeting

Phillips reported on the February 27, 2019 Audit Committee meeting. He reported Andy Paulden of Brown Armstrong reported via conference call on their audit strategy and approach for CCCERA's 2018 audit. He reviewed the audit timeline and critical dates noting Brown Armstrong will present the audit to the Board at their June 26, 2019 meeting. He reported the Audit Committee will have a review of the external auditor and each committee member will complete an evaluation form.

He reported the committee also discussed whether or not to hire an internal auditor at CCCERA or to outsource the function. He noted typically an internal auditor would report to the Audit Committee, although there can be other options.

12. Consider authorizing the attendance of Board:

- a. There was no action taken on this item. Investments Institute, IFEBP, April 8-10, 2019, Phoenix, AZ.
- b. It was M/S/C to authorize the attendance of 2 Board members at the CALAPRS Trustees' Roundtable, June 7, 2019, Burbank, CA. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Smithey, Telles and Watts)
- c. There was no action taken on this item. Trustees and Administrators Institute, IFEBP, June 24-26, 2019, San Francisco, CA.

13. Miscellaneous

- (a) Staff Report –

Strohl reported we are continuing lease negotiations on the new building; and we have completed the custodian conversion to Northern Trust and are very pleased with them.

Levy reported that on March 4, the California Supreme Court issued a decision in the CalFire versus CalPERS case. She reported PEPRA eliminated the benefit CalPERS offered under the plan to purchase air time. CalFire sued to retain the benefit. The California Supreme Court concluded that the opportunity to purchase air time was not a vested right. Therefore, that benefit could be altered or eliminated by the legislature. The Court affirmed the decisions of the trial court and the court of appeal, which concluded that PEPRA's elimination of the air time purchase benefit did not violate the California Constitution. Because the Supreme Court reached the conclusion that the benefit was not a vested right, the Court did not reach the "California rule" issue of whether the elimination of the benefit was an unconstitutional impairment of members vested rights.

Price reported that Brookfield Asset Management is buying a significant portion of Oaktree which is a publicly traded company. He reported they will be buying all of the publicly traded securities and 20% of the privately held partnership trust units immediately and provide liquidity to the founders and employees that are currently equity owners. He noted the news just came out earlier in the day and he will be coming back with an assessment. He also noted Brookfield Asset Management has a large real estate division and the bulk of our assets with Oaktree are in real estate.

- (b) Outside Professionals' Report -

None


- (c) Trustees' comments –

MacDonald reported on the CALAPRS General Assembly that he attended and noted it was very worthwhile; the NASP Conference in June has a potential conflict with the Board meeting and he is waiting to see the agenda.

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



Todd Smithey, Chairman



David MacDonald, Secretary