



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
September 14, 2016
9:00 a.m.

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

Present: Debora Allen, Candace Andersen, Jerry Holcombe, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Belinda Zhu (Deputy Treasurer, present and voting in Russell Watts' absence)

Absent: Scott Gordon, Louie Kroll and Russell Watts

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

Outside Professional Support:
Ed Hoffman
Susan Hastings
Masa Shirohira

Representing:
Verus Investors LLC
Laughlin, Falbo, Levy & Moresi LLP
Wiley Price & Radulovich LLP

1. Pledge of Allegiance

Andersen led all in the *Pledge of Allegiance*.

MacDonald was present for subsequent discussion and voting.

2. Recognition of Kelli Ingersoll for 25 years of service and Francisca Citero for 20 years of service

Phillips recognized and congratulated Kelli Ingersoll for her 25 years of service and Francisca Citero for her 20 years of service.

3. Accept comments from the public

No member of the public offered comment.

4. Approval of Minutes

It was M/S/C to approve the minutes of the July 13, 2016 meeting. (Yes: Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu).

It was M/S/C to approve the minutes of the July 27, 2016 meeting with a correction to page 2, 5th line down, changing the word discuss to discussion. (Yes: Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu).

It was M/S/C to approve the minutes of the August 10, 2016 meeting. (Yes: Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu).

5. Routine Items

It was M/S/C to approve the routine items of the September 14, 2016 meeting. (Yes: Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54957.6 and 54956.9(d)(1).

The Board moved into open session.

6. It was M/S/C to accept the Administrative Law Judge's recommendation and deny the service connected disability retirement for Nidia Santos. (Yes: Andersen, Holcombe, Phillips, Rodrigues, Smithey, Telles and Zhu. No: MacDonald)

Allen and Pigeon were present for subsequent discussion and voting.

7. This item was continued.

8. It was M/S/C to accept the Administrative Law Judge's recommendation and grant the service connected disability retirement for DiAngela Davis-Russell. (Yes: Allen, Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Zhu, Abs.: Telles)

9. It was M/S/C to accept the Administrative Law Judge's recommendation and grant the service connected disability retirement for David Reese. (Yes: Allen, Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Telles and Zhu. No: Smithey)

10. It was M/S/C to accept the Administrative Law Judge's recommendation and deny the service connected disability retirement for Matthew Wasteny. (Yes: Allen, Andersen, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu)

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

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

Smithey was no longer present for subsequent discussion and voting.

- 13. Presentation from staff and Verus on recommended structure and manager lineup for liquidity sub-portfolio**

Price gave a brief overview of the structure and manager lineup for the liquidity sub-portfolio.

Hoffman reviewed the evaluation criteria of the firms and the process for determining qualified firms. He defined solutions based managers and product based managers and the desirable benefits and potential drawbacks of combining a solutions manager with product managers. He noted that solutions managers combine investment strategies with liability modeling and cash flow management capabilities and products managers complete investment strategies only.

Hoffman reviewed the three finalist investment managers including their strategy, process and fees. He reviewed the liquidity portfolio design and the recommended positioning percentages for each manager.

Andersen and Pigeon were no longer present for subsequent discussion and voting.

14. Presentation from finalist liquidity managers proposing to serve CCCERA

- a) Insight Investment – Clifford Corso and Jesse Fogarty

Corso waived the confidentiality statement in the Insight Investment presentation materials.

- b) Dimensional Fund Advisors - David Plecha

- c) Sit Investment Associates – Bryce Doty

Fogarty, Plecha and Doty discussed the organizational structure of their respective company. Fogarty, Plecha and Doty discussed the investment fundamentals of their company. There was discussion on how communication would occur between the three organizations.

It was noted that Insight would act as the “quarterback” which would minimize the operational burden on staff and optimize the full liquidity portfolio around the exposures of the other managers.

15. Consider and take possible action to retain one or more liquidity managers and establish proposed liquidity sub-portfolio structure and procedures

It was M/S/C to retain Insight Investment with a 50% allocation of the liquidity sub portfolio, Dimensional Fund Advisors and Sit Investment Associates with 25% allocations each of the liquidity sub portfolio, subject to due diligence and authorize the CEO to negotiate and execute final contracts. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues, Telles and Zhu)

Zhu was no longer present for subsequent discussion and voting.

16. Consider and take possible action to authorize the CEO renew a maintenance and support agreement with CPAS Systems, Inc.

It was M/S/C to authorize the CEO to renew a one year maintenance and support agreement with CPAS Systems, Inc. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

17. Consider and take possible action to authorize the CEO to renew insurance policies for fiduciary and excess fiduciary liability insurance

It was M/S/C to authorize the CEO to renew insurance policies for fiduciary and excess fiduciary liability insurance. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

18. Consider and take possible action to issue a Request for Proposal for pension administration information management and reporting audit services

Dutkiewicz reviewed the background of Subledger and CPAS, noting the purpose of deploying CPAS was to eventually replace and decommission Subledger. In order for CCCERA to finalize the Subledger Decommissioning Plan an audit of key data points, processes and reports should be completed by an external auditor to provide assurance that its pension administration information and reporting capabilities will fully operate as intended in CPAS.

It was M/S/C to issue a request for proposal for pension administration information management and reporting audit services. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

19. Consider and take possible action on SACRS Voting Proxy Form

It was M/S/C to authorize MacDonald as the Voting Delegate and Rodrigues as the Alternate Voting Delegate to vote on behalf of CCCERA at the upcoming SACRS Conference. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

The previous motion was rescinded and it was M/S/C to continue this item to the next meeting. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

20. Consider and take possible action to temporarily suspend the use of Vertas in the transition manager pool

Hoffman reported the SEC filed a securities enforcement action Compliant against GTS and three of its executive level employees. He noted that the majority of the Vertas transition management team was previously employed by GTS. Verus is recommending excluding Vertas from transition management activity at least until the SEC has concluded its case against GTS and each of the three executive level employees.

It was M/S/C to temporarily suspend the use of Vertas in the transition manager pool until there is resolution from the SEC. (Yes: Allen, Holcombe, MacDonald, Phillips and Rodrigues. Abs.: Telles)

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

- a. There was no action on this item.
- b. It was M/S/C to authorize the attendance of all Board members and 7 staff members at the SACRS Fall Conference, SACRS, November 8-11, 2016, Indian Wells, CA. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)
- c. It was M/S/C to authorize the attendance of 1 staff member at the Long Wharf Real Estate Partners Annual Meeting, November 16-17, 2016, Dallas, TX. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)

22. Miscellaneous

(a) Staff Report –

Strohl reported in the past active and retired members have received separate newsletters but starting now there will be a combined newsletter for all members. Next month she will bring a draft strategic plan to the board.

Dunn reported we had CCCERA's 2nd benefits open enrollment workshop for staff and it went well.

Dutkiewicz reported he is continuing to work on documenting the Subledger decommissioning project and procedures for the member services department.

Gudino will be interviewing for the vacant Accounting Supervisor on Friday; he is working on receiving contributions from employers through wire transfers.

Price reported the on-site visits for the liquidity managers will be on September 29th to Dimensional Fund Advisors and October 5th to Insight Investment.

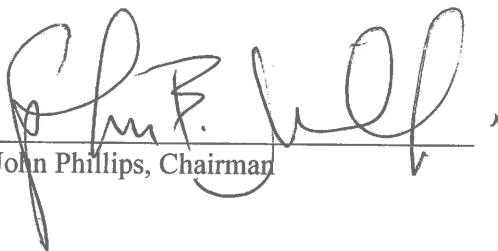
(b) Outside Professionals' Report -

None

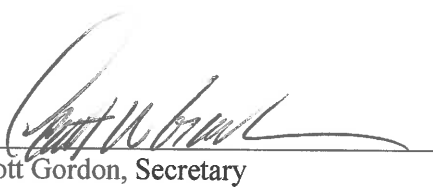
(c) Trustees' comments –

Rodrigues reported he reviewed the County Employees' Retirement Law of 1937 and noticed there is a lot of information on normal cost and asked if there could be an educational session on normal cost. Strohl noted that Segal will provide an educational session on normal cost when the valuation report is presented to the Board.

It was M/S/C to adjourn the meeting. (Yes: Allen, Holcombe, MacDonald, Phillips, Rodrigues and Telles)



John Phillips, Chairman



Scott Gordon, Secretary

