



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING
9:00 a.m.

January 14, 2015

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

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

Absent: Russell Watts

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; Vickie Kaplan, Retirement Accounting Manager; Wrally Dutkiewicz, Retirement Compliance Officer; Son Lu, Retirement Information Technology Manager and Christina Dunn, Retirement Administration Manager

Outside Professional Support:

Harvey Leiderman
Susan Hastings

Representing:

Reed Smith LLP
Laughlin, Falbo, Levy & Moresi LLP

1. **Pledge of Allegiance**

Hast led all in the *Pledge of Allegiance*.

2. **Recognition of Ruchele Durbin for 25 years of service**

Hast recognized and congratulated Durbin for her 25 years of service.

3. **Accept comments from the public**

No members of the public offered comment.

4. **Approval of Minutes**

It was M/S/C to approve the minutes of the November 25, 2014 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Smithey and Telles. Abs.: Bins)

5. **Routine Items**

It was M/S/C to approve the routine items of the January 14, 2015 Board meeting. (Yes: Bins, Gordon, Hast, Holcombe, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

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

Allen was present for subsequent discussion and voting.

11. Consider and take possible action regarding Marianne Irvin's request for spousal continuance following the death of CCCERA retiree Richard Irvin

Hast gave an overview on the background of the request for spousal continuance from Marianne Irvin following the death of CCCERA retiree Richard Irvin.

Ralph Andino, attorney for Marianne Irvin, gave a brief review of the request noting that Ms. Irvin is appealing CCCERA's determination.

Ms. Irvin stated she believes she is a surviving spouse of Mr. Irvin even though they were legally separated. She stated she had power of attorney over his affairs and thought the separation papers had provided for her. She noted Mr. Irvin was told by CCCERA in 2012 that he could change her to his beneficiary.

Levy noted the original court order stated the first wife was a surviving spouse although the courts cannot designate a surviving spouse. Eligibility for spousal continuance is determined by statute rather than by designation. She also noted Ms. Irvin was the named beneficiary and is entitled to beneficiary benefits, but that is not the question before the Board today. The question before the Board is whether, at the time of the retiree's death, Ms. Irvin was a surviving spouse eligible for a spousal continuance under CERL.

The Board noted that on page 12 of the Burson decision in Item B states the court concluded that a surviving spouse under Govt. Code Section 31760.1 excludes a spouse who has entered into a legal separation agreement in which all community property interests have been terminated.

It was **M/S/C** to deny Marianne Irvin's request for spousal continuance because she does not qualify as a "surviving spouse" under Govt. Code Section 31760.2. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

12. Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Shari Critchfield

Christine Sevier, daughter of Shari Critchfield, was present to answer any questions.

Schneider reported this is an application for a non-service connected disability where the member passed away while in active status. He noted an active death form was on file and recommends granting a non-service connected disability retirement effective September 14, 2014 and approving the Optional Settlement election which was made in writing by the member.

It was **M/S/C** to grant a non-service connected disability retirement effective September 14, 2014 and approve payment to the named beneficiary of the retirement allowance to which the deceased member would have been entitled if she had retired by reason of non-service connected disability and elected Optional Settlement 2 as of the date of her death. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

It was the consensus of the Board to move to Item 10.

10. Consider and take possible action to contract with Digital Deployment, Inc. to redesign the CCCERA website – Carsen Anthonisen, Rocky Martin, Mac Clemmens

Schneider reviewed the background on redesigning CCCERA's website.

Anthonisen gave an overview of their firm.

Clemmens asked the Board about their desires in a new website. Clemens reviewed the products used to ensure security of their website. He also reviewed their 5-phase process for the completion of the redesigned website noting it is an 8-12 week process.

It was **M/S/C** to contract with Digital Deployment, Inc. to redesign the CCCERA website subject to legal review and authorize the CEO to sign the necessary contracts. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

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

15. Consider and take possible action regarding the impact of Court Furloughs (Reduction in Pay) on pensionable compensation for PEPRA Members

It was **M/S/C** to consider the Court's planned furloughs for fiscal years 2014-2015 and 2015-2016 as a temporary absence that will not affect PEPRA members' pensionable compensation calculations for retirement purposes. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

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

14. Consider and take possible action on establishment of standing Audit Committee of the Board of Retirement

Levy gave an overview on the requirements of establishing a standing Audit Committee. She reviewed amendments to the Board Regulations noting this regulation will reference board committees in general. The regulation will add Item 8, Committees of the Board, to Section II, Meetings, changing the wording from chairman to chairperson and vice chairman to vice chairperson throughout the regulations. Once the regulation amendments are approved by the Board and subsequently by the County Board of Supervisors, they will be effective. Levy noted that a draft audit committee charter is included in the agenda packet, for the Board's discussion.

Strohl noted there are approximately thirteen '37 Act systems that have audit committees but they may use different names, for example, audit/finance committee.

It was **M/S/C** to amend the Board Regulations as presented and request approval of the County Board of Supervisors for the amendments. (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles)

It was the consensus of the Board to move to Item 6.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(d)(2), 54956.9(d)(1) and 54956.9(d)(4).

The Board moved into open session.

6. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Maly Phommavong – Non-service Connected (Yes: Allen, Bins, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithy and Telles)
7. There was no reportable action related to Govt. Code Section 54956.9(d)(2).
8. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

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

Mitchoff was no longer present for subsequent discussion and voting.

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

13. Presentation of the CCCERA employer audit process and the Bethel Island Municipal Improvement District Employer Audit Report

Dutkiewicz presented the Bethel Island Municipal Improvement District Employer Audit Report. He reported on the key review items of an employer audit. He also reviewed the scope of the audit and the audit cycle. He reviewed the activities performed and the findings & observations of his audit. He discussed the items he reviews during the audit including the accuracy of payroll information provided to CCCERA, enrollment of all eligible employees, the accuracy of employee sick leave accrual balances, the accuracy of employee vacation accrual balances, and the forfeiture of benefits earned or accrued from the commission of a felony.

Pigeon was present for subsequent discussion and voting.

Dutkiewicz reviewed the follow-up items as well as the District's responses. He reported there are not any items to be brought back for review.

Dutkiewicz also noted he has had positive responses from the district's he has dealt with so far.

16. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance 1 staff member at the Winter Forum on Real Estate Opportunities and Private Fund Investing, IMN, January 21-23, 2015, Laguna Beach, CA. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- b. It was **M/S/C** to authorize the attendance of 2 staff members at the 2015 Annual Conference, ISS, January 29-30, 2015, Aventura, FL. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- c. It was **M/S/C** to authorize the attendance of 1 Board member and 1 staff member at the 26th Annual Public Retirement Seminar, Public Retirement Journal, February 24, 2015, Lakewood, CA. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- d. It was **M/S/C** to authorize the attendance of 1 Board member and 2 staff members at the Global Real Assets Investment Forum, Institutional Investor, February 24-25, 2015, New York, NY. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- e. It was **M/S/C** to authorize the attendance of 4 Board members if the conference is closed to the public or all Board members if it is open to the public; and 2 staff members at the 2015 General Assembly, CALAPRS, March 7-10, 2015, Monterey, CA. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- f. It was **M/S/C** to authorize the attendance of 4 Board members and 2 staff members at the Spring Conference, CII, March 30-April 1, 2015, Washington, D.C. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)
- g. It was **M/S/C** to authorize the attendance of 4 Board members and 4 staff members at The Pension Bridge Annual, Pension Bridge, April 7-8, 2015, San Francisco, CA. (Yes: Allen, Bins, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Telles)

17. Miscellaneous

- (a) Staff Report –

Strohl reported the County recently advised CCCERA that they can't keep CCCERA under their Workers Compensation plan and the Board of Supervisors has approved 180-days coverage, at the end of which CCCERA will have to obtain Workers Compensation coverage elsewhere. Strohl is continuing to work with the County on a service agreement which she will bring to the Board; She noted CCCERA's pay schedule will be presented to the Board at a future meeting; Staff are working to review information on the website in preparation of the new website.

Schneider reported the Bureau of Labor Statistics will be issuing the CPI on Friday which determines the retiree COLA.

Kaplan reported accounting is busy working on .Net, the new accounting upgrade; There was a GASB 67 and GASB 68 meeting for employers; Accounting is working on ledger projects, gearing up for year end, and working with the auditors to prepare for the upcoming audits; She will start working on the CAFR; and the department is down 3 people (total of 10 staff).

Dunn introduced the new Retirement Admin/HR Coordinator, Anne Sommers.

Price gave an update on PIMCO noting a portfolio manager is leaving this Friday and that they are still on the Watch List. He will have a memo for the Board and will be at PIMCO for the CIO conference in March.

(b) Outside Professionals' Report -

None

(c) Trustees' comments -

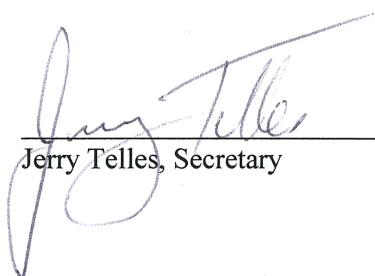
Hast reported Strohl has been with CCCERA for 6 months.

Rodrigues commented on the Board of Supervisor's raise noting he is concerned that members in the system can give themselves their own raise and then can retire a year from now with an increase in Final Average Salary. He is also curious if other members can give themselves a raise.

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



Brian Hast, Chairman



Jerry Telles, Secretary