



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
October 12, 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, Scott Gordon, Jerry Holcombe, Louie Kroll, David MacDonald, John Phillips, Gabe Rodrigues, Todd Smithey and Jerry Telles

Absent: William Pigeon, Russell Watts

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

Outside Professional Support:
Jeff Rieger
Susan Hastings

Representing:
Reed Smith LLP
Laughlin, Falbo, Levy & Moresi LLP

1. **Pledge of Allegiance**

Telles led all in the *Pledge of Allegiance*.

2. **Recognition of Jessica Irby for 10 years of service and David Recorder for 10 years of service**

Phillips recognized and congratulated Jessica Irby and David Recorder for their years of service.

3. **Accept comments from the public**

No member of the public offered comment.

Kroll was present for subsequent discussion and voting.

4. **Routine Items**

It was M/S/C to approve the routine items of the October 12, 2016 meeting. (Yes: Andersen, Gordon, MacDonald, Phillips, Rodrigues, Smithey and Telles)

CLOSED SESSION

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

The Board moved into open session.

5. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Shawn Bitle – Service Connected - (Yes: Andersen, Gordon, MacDonald, Phillips, Rodrigues, Smithey and Telles)

Allen was present for subsequent discussion and voting.

6. It was **M/S/C** to defer the request for consideration at the request of the applicant. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Rodrigues, Smithey and Telles)
7. There was no reportable action related to Govt. Code Section 54956.9(d)(2).

Allen was absent for subsequent discussion and voting.

8. Consider and take possible action on the correction of COLA adjustment errors for 25 benefit recipients

Hoppe reviewed the background of the Cost of Living Adjustment (COLA) error for the twenty-five benefit recipients and the process CCCERA took once the discovery occurred. He noted the average age of the retirees that received an overpayment was 85 years old and 82 years old for retirees that received underpayments. Hoppe also reviewed the error noting that it was a data error that the retirees had no knowledge or control over.

Rieger discussed the legal requirements and noted the Board needs to take into consideration the precedent this decision could establish. He also discussed the different sources of CCCERA's revenue and the requirement to make the fund whole.

In public comment, Mike Sloan, president of Contra Costa County Retired Employees Association, noted that this error was created by no fault of the retirees and there should be consideration in finding what company made the error and ask them to pay for the error. He also wondered how this money would be treated with taxes.

William Gregory, retiree, noted he was one of the retirees that was overpaid benefits. It was unknown to him and he has used that money to live. He does not feel that the taxes would ever even out over the years.

Karen Bennett, retiree, submitted a letter which was included in the Board packet but she also wanted to reiterate some elements provided in the letter. She asks the Board to consider collecting overpayments for the past three years and not the entire period and that interest not be included in repayment. She feels that retirees would be happy if there was a compromise that could be reached.

Kenneth Sandy, retiree, he has a couple of comments to add to the letter that he sent to the Board. He feels that an audit should have been completed when the system conversion was complete. He would like to know when the audit was completed and if the error was found. He asks for relief of some kind.

Linda Waddington, retiree, noted she was not notified of the error until September 12, 2016 and would like to know if interest is accumulating during the time it takes for the Board to determine a payback process. She would like to know when she will receive the bill for the overpayment. She stated she feels charging interest is not reasonable.

The Board discussed the options for repayment.

It was **M/S** to not collect the overpayments made to members and to seek repayment from the employer and to provide payment to the members that were underpaid.

There was a **substitute motion** to go back three years without interest and the remaining amount be paid back through an administrative fund.

There was a **second substitute motion** to make the determination to exercise discretion and not collect the overpayments from the retirees.

The second substitute motion was voted on.

It was **M/S/C** to make the determination to exercise discretion and not collect the overpayments from the retirees. (Yes: Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles No: Andersen)

It was **M/S/C** to provide payment to the members that were underpaid including interest. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles)

It was **M/S/C** to have a future discussion on options for receiving the overpayments back to make the fund whole including the current circumstance and any future circumstances. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles)

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

- a. It was **M/S/C** to authorize the attendance of 2 Board members and 1 staff member at the 2016 Invesco Real Estate Client Conference, Invesco, November 8-10, 2016, La Jolla, CA. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles)
- b. It was **M/S/C** to authorize the attendance of 2 Board members and 1 staff at the California Institutional Investor Forum, Markets Group, December 8-11, 2016, Napa, CA. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles)

10. Miscellaneous

(a) Staff Report –

Strohl reported there have been cross training activities at CCCERA and written procedures are being created and should be complete next year.

Hoppe recognized the work that staff put into reviewing the retirees.

Gudino reported an Accounting Supervisor was hired and it was an internal candidate.

Dutkiewicz mentioned that the RFP for auditing the pension administration software is on the website.

Price reported they are working on completing onsite visits for the private market respondents and a recommendation should be brought to the Board in December.

(b) Outside Professionals' Report -

None

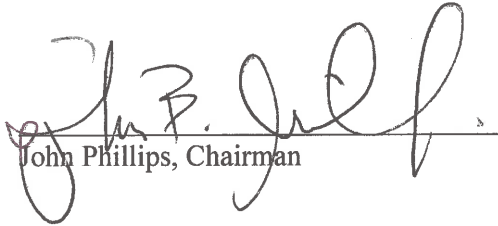
(c) Trustees' comments –

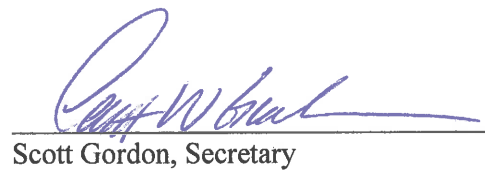
Telles thanked Andersen for agreeing to speak at the CRCEA conference.

Kroll attended the CALAPRS roundtable with MacDonald and thought it was good.

Rodrigues provided an update on the upcoming SACRS conference. He attended the onsite visits for DFA and Insight and felt they were very educational.

It was **M/S/C** to adjourn the meeting in memory of John T. Nejedly. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey and Telles)


John Phillips, Chairman


Scott Gordon, Secretary