



## RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY BOARD MEETING

9:00 a.m.

November 26, 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, Retirement Deputy 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
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman

### 1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

### 2. Accept comments from the public

No members of the public offered comment.

Leedom introduced Wrally Dutkiewicz, the new Retirement Compliance Officer.

### 3. Approval of Minutes

It was **M/S/C** to approve the minutes of the November 9, 2011 meeting. (Yes: Allen, Cabral, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts. Abs.: Gordon). It was noted that new internal procedures found these minutes were not previously approved.

It was **M/S/C** to approve the minutes of the October 17, 2013 meeting. (Yes: Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts. Abs.: Allen and Cabral)

It was **M/S/C** to approve the minutes of the October 23, 2013 meeting. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

### 4. Review of total portfolio performance

Dirks discussed the key points of the quarterly report noting the CCCERA Total Fund returned 5.2% for the third quarter. He stated the CCCERA Total Fund performance has been first quartile over the trailing one through ten year periods. He also reviewed the cumulative performance statistics for all funds.

It was **M/S/C** to accept the Quarterly Report presented by Milliman. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

**a. Consideration of any managers already under review or to be placed under review**

Dirks reported on the managers on the Watch List.

**b. Consideration of any changes in allocations to managers**

There were no changes in allocations to managers.

**5. Consider and take possible action on follow up information received regarding retired member with on-call pay**

Schneider explained this issue was brought before the Board at the November 6, 2013 meeting and the Board directed staff to bring this item back to this meeting. He discussed the unfunded liability created by including the on-call pay in the member's retirement benefit. Leedom noted the actuaries will be presenting a funding policy in January and may provide options for the Board to consider regarding increases in unfunded liability such as this one.

It was **M/S/C** to adjust the retiree's benefit to fully include the on-call pay with a disclaimer that the benefits may be impacted by the outcome of pending litigation. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon and Watts. Abs.: Cabral and Telles)

**6. Consider and take possible action on changes to Travel Policy**

Leedom reviewed the memos regarding Board authorization of Travel Expenses and Travel Policy Changes noting the Board recently raised an issue regarding authorization of the payment for additional costs for "economy plus" and "early check in fee". She presented the revised section of the policy with the changes requested by the Board.

After discussion and additional Board amendments, it was **M/S** to adopt the revised travel policy with proposed amendments.

An amended motion was **M/S/C** to adopt the revised travel policy with proposed amendments and note the Board has deemed these expenses to be reasonable and necessary. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, and Watts. No: Cabral. Abs.: Telles)

**7. Consider and take possible action on Board meeting schedule for 2014**

It was **M/S/C** to adopt the Board meeting schedule for 2014 changing the November 26, 2014 meeting to November 25, 2014. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

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

**10. Conference Seminar Attendance**

- a. It was M/S/C to authorize the attendance of 4 Board members at the Advanced Principles of Pension Management for Trustees, CALAPRS, January 22-24, 2014, Los Angeles, CA. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

## 11. Miscellaneous

- (a) Staff Report –

Leedom reported the 2014 budget will be presented at the next Board meeting.

She reported there was a SACRS presentation on bankruptcies of municipalities and the audio CD will be distributed to Board members. The Board will also have an educational presentation in early 2014 on the topic.

Price reported all documents with Aether have been executed and the fund is expected to have its first and only close within the week.

Price reported the Milliman onsite is scheduled for December 5<sup>th</sup>.

He confirmed the Siguler Guff onsite is scheduled for January 16<sup>th</sup>.

Price reported there have been personnel changes at Intech in the client communication group.

Price reported Orange County Employees' Retirement Association has issued an RFP to determine if there is an interest in combining multiple California public funds together in an investment opportunity.

Levy reported that CCCERA has received a favorable "Letter of Determination" from the IRS. The Letter and a brief memorandum were included in the agenda packet. She noted staff is working with tax counsel to evaluate whether it would be possible to complete the next filing in Cycle C, which ends on January 31, 2014.

Leedom congratulated Levy on receiving the Letter of Determination.

## 12. Outside Professionals' Report -

Helliesen reported Milliman has authorized the completion of an appraisal of the Willows Office Park.

He confirmed the Milliman onsite visit is scheduled for December 5<sup>th</sup>.

- (b) Trustees' comments –

Cabral reported he attended the Long Wharf Conference and felt it was a positive meeting, noting many of the limited partners that attended were from the corporate industry.

Phillips reported he also attended the Long Wharf Conference and felt that each fund was presented thoroughly.

Telles reported he attended the SACRS conference and received the Kuhns report. He noted we were ranked 2<sup>nd</sup> out of 20 for the ten year returns.

He also reported he attended the new Trustees Training and made some recommendations to the SACRS education committee to improve the training course for future conferences.

Gordon reported he attended the Invesco client conference noting he found the limited partners meetings and the breakout sessions interesting.

Allen reported she also attended the Invesco client conference and the partner's meetings for funds I, II and III. She reported on the current status of the three funds.

Cabral reported he read an article about a DLJ investment in Hollywood that is built on an earthquake fault.

Hast was not present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 8.

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54956.9(a) and Govt. Code Section 54956.81.

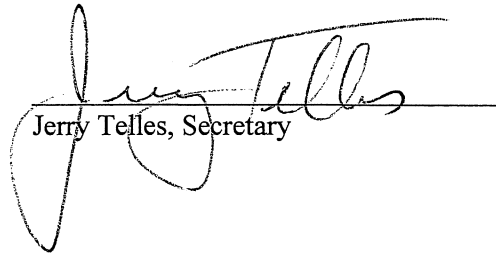
The Board moved into open session.

8. There was no reportable action related to Govt. Code Section 54956.9(a).
9. There was no reportable action related to Govt. Code Section 54956.81.

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Cabral, Gordon, Mitchoff, Phillips, Pigeon, Telles and Watts)



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Brian Hast, Chairman



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Jerry Telles, Secretary