



MINUTES

RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING
March 24, 2016
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, Gabe Rodrigues, Todd Smithy, Jerry Telles and Belinda Zhu (Deputy Treasurer, present and voting in Russell Watts's absence)

Absent: Debora Allen and William Pigeon

Staff: Gail Strohl, Chief Executive Officer, Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; and Christina Dunn, Administrative/HR Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Edward Hoffman	Verus Consulting Group

1. Pledge of Allegiance

Kroll led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54956.81.

The Board moved into open session.

3. There was no reportable action related to Govt. Code Section 54956.81.

4. Presentation and recommendation from Verus on proposed structure and guidelines of Transition Management Program

Hoffman gave an overview of the Transition Management Program. He reviewed the differences between legacy managers, target managers, and transition managers including their accountability, alignment of interests, expertise, execution, project management, analysis & reporting and commission rates.

He reviewed the quantitative and qualitative factors each transition manager was evaluated on including their business models, access to liquidity, transparency, fees, potential conflicts of interest and prior regulatory events. He noted State Street and Vertas are not normally included in their searches.

There was a discussion on who would make the selections: the Board, Staff and/or Verus. Hoffman noted the master agreements would be between the vendors and the Board. Strohl asked for a sample pre-trade analysis to use for illustrative purposes.

Hoffman also reviewed Verus' pre-trade analysis recommendations.

5. Consider and take possible action to adopt Verus recommendations regarding Transition Management Program

A motion was made to hire the managers recommended on page 17: Penserra, Russell and Vertas for direct and indirect US equity; BlackRock, Citigroup and Russell for direct non-US equity, indirect non-US equity, and US fixed income; and Citigroup and Russell for complex multi-asset class, and give staff discretion to utilize the best qualified for each trade. The motion was withdrawn.

It was M/S/C to authorize a search for one or more transition managers to provide transition management services for one or more asset class, subject to the CCCERA Investment Policy and Guidelines and Procurement of Products and Services Policy. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Zhu)

6. Presentation and recommendation from Verus on proposed structure and vendor for Cash Overlay Program

Hoffman gave an overview of the Cash Overlay Program including the challenges and possible solutions. He stated the idea of a Cash Overlay Program is that there is cash sitting in the account and Cash Overlay Managers provide us with a convenient, low-cost way of getting exposure like the rest of the portfolio without buying and investing in those strategies. We would be getting exposure through futures contracts. He highlighted cash equitization, passive rebalancing and duration matching and the situations when they would be used.

He reviewed two Cash Overlay providers; Parametric Portfolio Associates, LLC and Russell Investments including ownership, fees, risks, reporting, advantages and considerations. He also reviewed forward contracts and futures contracts and their similarities.

7. Consider and take possible action to approve guidelines for Cash Overlay Program

After a lengthy discussion, it was M/S/C to authorize a search for a cash overlay program, subject to the CCCERA Investment Policy and Guidelines and Procurement of Products and Services Policy. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Zhu)

8. Consider and take possible action to select Cash Overlay manager

This item was continued to a future meeting.

9. Presentation and recommendation from Verus on proposed vendor for Transaction Cost Analysis services

Hoffman reported that they are no longer recommending that the Board authorize staff to negotiate an agreement not to exceed \$10,000 annually. They are only recommending entering into a free trial

engagement and that while the trial is being conducted, a preliminary review of an agreement with Zeno be undertaken and that the standard agreement be shared with legal counsel while the pricing arrangement for the services is being determined.

10. Consider and take possible action to retain Zeno Consulting for Transaction Cost Analysis services

It was M/S/C to approve the Verus recommendation and authorize the CEO to enter into a free trial engagement with Zeno Consulting for transaction cost analysis services. Pending the outcome of that trial engagement, potentially return to the Board with a recommendation to engage with Zeno on a retainer basis. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Zhu)

11. Miscellaneous

(a) Staff Report –

Strohl reported SACRS begins on May 10th and to contact CCCERA staff to pre-register for the Ethics Session; She reported on CCCERA employee retirements – Marge Rosenberg, Active Member Counselor, retired on March 1 after 4 years of service with the County and 14 years of service with CCCERA; Nannette Mendoza, Accounting Specialist III, is retiring on March 31 after 27 years of service with CCCERA; and Lori Giacomelli, Retiree Member Counselor, is retiring on April 2 after 27 years of service with CCCERA. She expressed her appreciation for their service to CCCERA. CCCERA employee Sylvia Seremak unexpectedly passed away on March 19 and we had a grief counselor on site. She would like to adjourn the meeting in her memory.

Dutkiewicz gave an update on the lookback project noting the on-call pay differential for the retirees in the Hazardous Materials Specialist classifications are under legal review and will be brought to a future meeting.

Price distributed a memo on staff's assessment of the personnel turnovers at Angelo Gordon noting that another senior staff person is departing which makes 4 in the past 6 months. They currently have no recommendation but they are evaluating the impact. Hoffman noted there have been 9 senior staff departures in the past year.

(b) Outside Professionals' Report -

Leiderman reported the Illinois Supreme Court held that the Chicago Pension Reform was unconstitutional and in violation of employees vested rights by increasing member contributions and decreasing COLA's; and, he should have a date from the Court of Appeals in early May for the AB197 case.

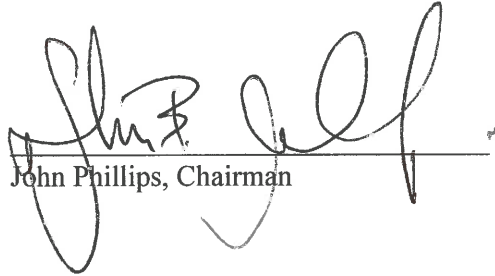
(c) Trustees' comments –

Hast stated nobody in the County knows where to file Form 700. Levy and Dunn stated the Retirement Board members file with the Elections Department and CCCERA staff and consultants such as money managers file with the Clerk of the Board.


Telles reported the Retirees Support Group (RSG) reached a settlement agreement with the County regarding health care. He was pleased the Board of Supervisor's went with Twa's recommendation that will guarantee retirees health care for life. Andersen noted this only applies to current retirees.

Phillips congratulated Telles and Kroll for being re-elected to their current retirement seats since they ran unopposed. Gordon noted Andersen is also running unopposed for her seat on the Board of Supervisors.

It was **M/S/C** to adjourn the meeting in memory of recently deceased CCCERA employee Sylvia Seremak. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Zhu)



John Phillips, Chairman



Scott Gordon, Secretary