



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

July 8, 2015

Retirement Board Conference Room

The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey and Belinda Zhu

Absent: Jerry Telles and 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; Wrally Dutkiewicz, Retirement Compliance Officer; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:

Harvey Leiderman
Susan Hastings
Paul Angelo
John Monroe

Representing:

Reed Smith LLP
Laughlin, Falbo, Levy & Moresi LLP
Segal Consulting
Segal Consulting

1. Pledge of Allegiance

Gordon led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Board Reorganization

It was M/S/C to elect John Phillips as Board Chairperson, Todd Smithey as Board Vice-Chairperson, and Scott Gordon as Board Secretary. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Zhu. No: Kroll)

Phillips thanked Hast for his service as Board Chairperson for the last two years.

4. Approval of Minutes

It was M/S/C to approve the minutes of the April 8, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

It was M/S/C to approve the minutes of the May 6, 2015 meeting with a correction to the wording on Item 10, second paragraph, third sentence, changing the wording from "where they were" to "where he was" and on Item 10, third paragraph, changing the wording from "\$110 million" to "\$110 billion." (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

5. Routine Items

It was M/S/C to approve the routine items of the July 8, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

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

10. Presentation from Segal regarding the December 31, 2014 Valuation Report

Angelo gave an overview of the December 31, 2014 Actuarial Valuation Report.

He reviewed the significant issues in the valuation year. He reported the ratio of the valuation value of assets to the actuarial accrued liability increased from 76.4% to 81.7% while the ratio of the market value of assets to the actuarial accrued liability increased from 83.5% to 86.1%. The UAAL decreased from \$1.8 billion to \$1.5 billion. The decrease was due to an investment return on actuarial value greater than the 7.25% assumed rate, lower than expected individual salary increases and lower than expected COLA increases for retirees and beneficiaries. He reported the actual rate of return on the actuarial value for the 2014 Plan Year was 11.39% and we will be deferring a return of \$336 million over the next 5 years. The average employer rate decreased from 43.58% of payroll to 40.06% of payroll. The average member rate decreased from 11.91% of payroll to 11.84% of payroll.

Angelo reviewed the employer cost groups noting each cost group has two benefit structures to include both legacy members and PEPRA members. He also reviewed asset and liability volatility ratios for the plan in total and separately for General and Safety noting this is the first time showing both in the report.

11. Consider and take possible action to adopt the December 31, 2014 Valuation report and contribution rates for the period July 1, 2016 – June 30, 2017

It was M/S/C to adopt the December 31, 2014 Valuation report and contribution rates for the period July 1, 2016 – June 30, 2017 as recommended by Segal Consulting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

It was the consensus of the Board to move into Closed Session.

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 Medical Advisor's recommendation and grant the following disability benefits:
- a. Victor Fernandez – Service Connected (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)
 - b. Leticia Thomas – Non-Service Connected (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)

7. It was **M/S/C** to accept the Administrative Law Judge's recommendation and deny the non-service connected disability retirement for Terry Tipton-Guthmiller. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues, Smithey and Zhu)
8. There was no reportable action related to Govt. Code Section 54957.6.
9. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

Andersen, Gordon and Zhu were no longer present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 12.

12. Consider and take possible action to approve a benefit allowance for the beneficiary of Shari Critchfield, pursuant to Government Code Section 31726

Strohl reviewed the background of the claim.

Christine Seveier, Shari Critchfield's daughter, read her letter that she submitted and asked the Board to approve the full amount of the non-service connected disability benefit.

Pigeon was present for subsequent discussion and voting.

Levy explained that the Board received a medical opinion from its medical expert. The opinion was based on a review of all medical records and also additional records provided by Ms. Sevier, including her letter. Leiderman provided a copy of the medical advisor's opinion letter to Ms. Seveier.

After a lengthy discussion, it was **M/** to defer the decision on this matter. The motion died for lack of a second.

It was **M/S/C** to accept the medical advisor's opinion and determine that the member's disability was more likely than not due to the member's intemperate use of drugs and therefore, as mandated by CERL, Government Code Section 31726, the non-service connected disability amount must be the greater of (a) service retirement allowance or (b) annuity without a disability retirement pension. (Yes: Allen, Holcombe, Kroll, Phillips, Rodrigues and Smithey. No: Hast)

13. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 2 Board members and at the Public Pension Funding Forum, NCPERS, August 23-25, 2015, Berkeley, CA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)
- b. It was **M/S/C** to authorize the attendance of 4 Board members and 4 staff members at the Verus 2015 Client Summit, Verus, September 1, 2015, Seattle, WA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)
- c. It was **M/S/C** to authorize the attendance of 2 Board members at the Advanced Investment Management, IFEBP, September 29-October 2, 2015, Philadelphia, PA. (Yes: Allen, Hast, Holcombe, Kroll, Phillips, Rodrigues and Smithey)

14. Miscellaneous

(a) Staff Report –

Strohl reported we are working on our new website and it will be presented to the Board in August; and, she is working on the first strategic plan and will present a draft to the Board in September.

Levy reported the IRS may be stepping back from the letter of determination application process due to staffing issues. She noted that CCCERA most recently obtained a favorable letter of determination from the IRS in Cycle C and will not have to file another application until 2019. Although the IRS may discontinue or modify the application filing process, CCCERA must continue to implement to the tax compliance policies. Lastly, she reported Leiderman offered to have an informational session for the Board on the Chuck Reid ballot initiative.

Price reported Commonfund will be presenting at the next meeting; Verus Consulting will also be present at the next meeting to review their current state of affairs assessment; and, Verus Consulting will be sending an email regarding alternative dates for the workshop.

Dunn reported the office will be closed on Tuesday, July 14, 2015, for a Staff Development day.

Dutkiewicz reported he is reviewing on-call pay and is getting information from HazMat; he is working on internal procedures in the Member Services department and will also review all of CCCERA's procedures.

(b) Outside Professionals' Report -

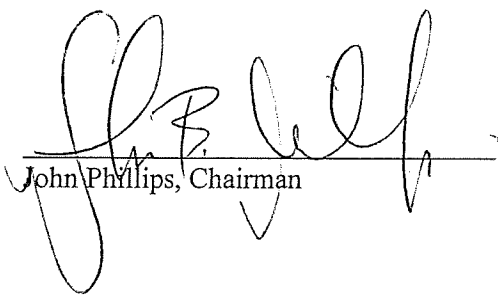
None

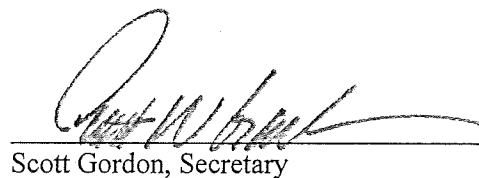
(c) Trustees' comments -

Rodrigues reported he attended SACRS; SACRS will be sending surveys to '37 Act systems, one being a salary survey.

Hast thanked the staff for making his time as Board Chair very easy.

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


John Phillips, Chairman


Scott Gordon, Secretary