

CONTRA  
COSTA  
COUNTY **CCCERA**  
Employees' Retirement Association

MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING

August 27, 2015

9:00 a.m.

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: Candace Andersen and Todd Smithey

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; and Christina Dunn, Retirement Admin/HR Manager

Outside Professional Support:

Edward Hoffman

Scott Whalen

Masa Shiohira

Representing:

Verus Consulting Group

Verus Consulting Group

Wiley Price & Radulovich LLP

**1. Pledge of Allegiance**

Phillips led all in the *Pledge of Allegiance*.

It was the consensus of the Board to move to Item 3.

**3. Approval of Minutes**

It was **M/S/C** to approve the minutes of the May 28, 2015 Board meeting. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

Kroll was present for subsequent discussion and voting.

**2. Accept comments from the public**

The following employees from AFSCME, Local 2700 spoke regarding their concerns with the current healthcare negotiations:

Nannette Mendoza, Jessica Irby, Charice Jimenez, Justine Rossini, Leilani Green, Liz Walker, Kelli Ingersoll and Lori Barron Giacomelli.

Nannette Mendoza distributed a handout of the economic impacts for the period of 2008-2015 for the AFSCME, Local 2700 members employed by CCCERA.

## **CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.6.

The Board moved into open session.

4. There was no reportable action related to Govt. Code Section 54957.6.

Pigeon was no longer present for subsequent discussion and voting.

5. **Presentation from staff and Pathway regarding proposed Pathway 8 commitment** – James Reinhardt, Jason Jenkins, Vincent Dee

Price gave a brief overview of how CCCERA maintains exposure to private equity and highlighted the risks associated with private equity investments.

Youngman gave an overview of the process. He noted staff remains concerned with current valuations in the private equity markets but is recommending investing in Pathway's Private Equity Fund Investors 8 (PPEF 8) to maintain the allocation policy adopted by the Board. He noted Pathway offers a more diversified product.

Prior to their presentation, Pathway waived the confidentiality disclaimer on the presentation materials.

Reinhardt gave a brief overview of the firm noting private equity is the only thing they invest in. He reported they have been in business for almost 25 years and have \$30.2 billion in assets under management.

Pigeon was present for subsequent discussion and voting.

Reinhardt reviewed a representative investor list. He also reviewed Pathway's distinguishing factors including their track record, experience, portfolio construction, alignment of interests, resources and manager selection process.

Jenkins gave an overview of PPEF 8 noting the fund has a target size of \$300 million. He reviewed the portfolio construction and gave an update on the activities of the fund to date.

Dee summarized CCCERA's history with Pathway and total commitment. He gave an overview of the current funds and reviewed CCCERA's portfolio performance.

6. **Consider and take possible action regarding potential commitment to the Pathway Private Equity Fund Investors 8**

It was M/S/C to commit \$50 million to Pathway Private Equity Fund Investors 8 (PPEF 8) subject to successful due diligence and legal review and authorize the CEO to sign the necessary contracts. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

7. **Review of total portfolio performance for the period ending June 30, 2015**

Hoffman summarized U.S. and international economics including the GDP, inflation, expected inflation, unemployment, etc. He reviewed equity volatility and equity valuations.

Hoffman noted an Executive Summary has been added to the report. The Summary highlights for the second quarter are: The CCCERA Total Fund returned 0.3%; CCCERA domestic equities returned 1.3%; CCCERA international equities returned 0.1%; CCCERA global equities returned 1.7%; CCCERA domestic fixed income, excluding Allianz high yield portfolio, returned -0.7%; The Allianz high yield portfolio returned 0.5%; CCCERA global fixed income returned -0.7%; The inflation hedging investments returned -1.3%; and, CCCERA real estate returned -0.1%.

**8. Consider and take possible action to add or remove managers from the Watch List**

Price gave an update on the Quarterly Watch List. Staff is recommending no change to Nogales, remove PIMCO from the list, and remove DBL from the Watch List.

It was **M/S/C** to remove PIMCO and DBL from the Watch List. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

**9. Report from staff on semi-annual rebalancing**

Price reviewed the semi-annual rebalancing report noting that \$277 million in employer pre-payments and \$39 million in proceeds from two growth equity portfolios were used to fund a number of managers.

**10. Consider and take possible action to approve a five percent increase to the CCCERA CEO base pay effective September 1, 2015.**

It was **M/S/C** to approve Item 10a. - Approve first amendment to the CEO employment contract setting forth a monthly base salary of \$15,925.00 effective September 1, 2015 and authorize Board Chairperson to execute the amendment and Item 10b. - Amend Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA to reflect the new CEO monthly base salary effective September 1, 2015. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

It was **M/S/C** to approve Item 10c. - Adopt the pay schedules for all CCCERA classifications effective September 1, 2015. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

**11. Presentation from staff on updated CCCERA website**

Schneider gave a presentation on the updated CCCERA website noting the estimated live date is October 1, 2015.

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

- a. It was **M/S/C** to authorize the attendance of 4 Board members at the Trustees' Roundtable, CALAPRS, September 18, 2015, San Jose, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- b. It was **M/S/C** to authorize the attendance of 3 Board members at the Annual Bancfund Partners Retreat, Carpenter Community Bancfund, October 1-2, 2015, Newport Beach, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- c. It was **M/S/C** to authorize the attendance of 2 Board members and 2 staff members at the Torchlight Investment Summit 2015, October 7-8, 2015, New York, NY. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).

- d. It was **M/S/C** to authorize the attendance of 3 Board members at the Public Safety Employees Pension and Benefits Conference, NCPERS, October 25-28, 2015, Rancho Mirage, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- e. It was **M/S/C** to authorize the attendance of 4 Board members and 3 staff members at the INVESCO Real Estate US Client Conference, November 3-5, 2015, La Jolla, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).

13. **Miscellaneous**

(a) Staff Report –

Strohl reported Segal will be presenting the GASB 67/68 Valuation Report at the September 9, 2015 meeting; and, a new Benefits Manager will be starting on Monday, August 31, 2015.

Price gave an update on the on-site visit with Commonfund; the on-site with Wastewater Opportunities Fund will be on Monday, August 31, 2015; the next close on the Angelo Gordon energy credit opportunities fund will be in approximately three weeks; the investment strategy workshop is coming together; Energy Investors will be presenting Fund V at the September 9, 2015 meeting; and, Siguler Guff and Aether will be presenting at the September 23, 2015 meeting.

Schneider commented on the GASB 67/68 on-going meetings with employers noting they have gone well; Kaplan is leaving CCCERA next week and he introduced Karol McCarty who is working in a temporary position in accounting.

(b) Outside Professionals' Report -

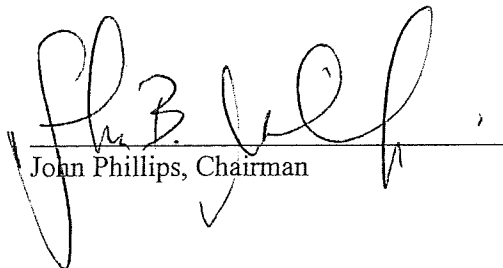
None

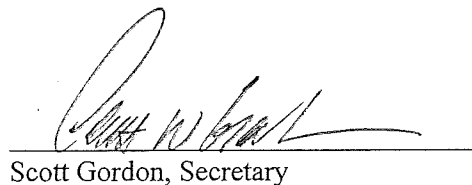
(c) Trustees' comments –

Rodrigues gave an update on the SACRS agenda; he noted the SACRS board will be talking about legislation to increase board members pay.

Rodrigues requested the meeting be adjourned in memory of fallen Deputy Sheriff Carlos Francies.

It was **M/S/C** to adjourn the meeting in memory of fallen Deputy Sheriff Carlos Francies. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

  
Joan Phillips, Chairman

  
Scott Gordon, Secretary