



## MINUTES

### RETIREMENT BOARD MEETING

FIRST MONTHLY BOARD MEETING

9:00 a.m.

February 12, 2014

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, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: None

Staff: Marilyn Leedom, 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; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Rebecca Byrnes	County Counsel

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.

3. **Approval of Minutes**

It was M/S/C to approve the minutes of the January 8, 2014 meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

4. **Routine Items**

It was M/S/C to approve the routine items of the February 12, 2014 Board meeting. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

5. **Presentation of Total Compensation Study for all CCCERA staff** – Doug Johnson

Johnson presented the objectives of the survey. He reviewed the survey process and gave an overview of the project. He reviewed the labor market they surveyed, their historical practices, the nature of services, geographic proximity, employer size, economic similarity and efficiency in

providing data. He reviewed the agencies used in the survey noting 26 job classifications were surveyed.

He noted salaries are higher in the private sector and benefits are higher in the public sector. He stated he uses the U.S. Bureau of Labor Statistics to get information on private sector positions but noted it does not include benefits. The total compensation study indicated most of the classifications at CCCERA are in the -10% to +5% range in relationship to the market median.

Johnson gave a summary of the results of the study noting the study indicated that some of CCCERA's classifications are below the labor market.

There were several questions from the Board on the overall market comparison.

There were questions from staff on wage differences, the cost of health benefits, the methodology applied to "flexibly staffed" classifications, and possible recommendations.

It was the consensus of the Board to move to Item 13.

**13. Contribution rates for Central Contra Costa Sanitary District effective July 1, 2014**

Schneider reported Central Contra Costa Sanitary District made a prepayment on their Unfunded Actuarial Accrued Liability (UAAL). CCCERA's actuary, Segal Consulting, recalculated the District's rates taking into account the prepayment and Central Contra Costa Sanitary District has indicated they are comfortable with the recalculated rates. The effect of the prepayment is a reduction of the District's UAAL contribution rate of 1.45% of payroll.

It was M/S/C to adopt the contribution rates for the Central Contra Costa Sanitary District effective July 1, 2014 as presented. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

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

**10. Consider and take possible action on request from Kristina Rochin for pre-election of Optional Settlement Allowance 2.**

Levy began by expressing her condolences to Nicole Rochin's family. Levy reported on the request from Kristina Rochin to receive the Optional Settlement Allowance 2 as the survivor of CCCERA member Nicole Rochin.

Levy discussed the options available to a minor child survivor and beneficiary under the 1937 Act noting the Optional Settlement Allowance 2 election was not made in writing by the member prior to this member's death.

The Board discussed the options available to Kristina Rochin under the applicable law and the notification and information CCCERA sent to its members regarding Optional Settlement 2 and the Board's decision in January 12, 2011 to revise the form titled "Election of Optional Settlement Allowance 2 and Authorization to File Application For Non-Service Connected Disability Retirement In the Event of Member's Death During Active Service".

In public comment, Adrian Barnes, attorney for Local 2700, stated the form he saw was for active employees and although the unions began making employees aware of the form in 2013, not all employees are aware of the form. He feels had the member known about the form she would have filled it out. He noted the member had additional life insurance with her minor child as the sole beneficiary. He hopes the Board would make an exception and grant the Optional Settlement Allowance 2.

There was a lengthy discussion on the requirement of notifying employees of the form. It was noted the form is for employees that are active and is only a benefit if they pass away prior to retirement and are determined to have been disabled.

In public comment, Suzie Griffith, Local 2700, stated union members have stated they didn't understand what the form was or the impact of completing the form.

Leiderman stated he felt the discussion could lead to a potential claim of litigation and the Brown Act allows the Board to go into closed session to discuss legal issues.

It was **M/S/C** to hold a closed session pursuant to Govt. Code Section 54954.2(b)(2) because there is a need for the Board to take immediate action and the need for action came to the attention of the Board subsequent to the agenda being posted. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

### **CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54956.9(b) to confer with legal counsel regarding potential litigation (one case).

The Board moved into open session.

In public comment, Kristina Rochin, Nicole Rochin's daughter, thanked the Board for taking her request into consideration.

In public comment, Robbie White, President of AFSCME Local 2700, spoke on members awareness of the form noting they weren't aware of the form until Nicole passed away. She also stated she believed the form is confusing because the title refers to a disability retirement. She noted the union has included information on the form in their member newsletter.

In public comment, a previous co-worker who has known Kristina and Nicole for over 20 years and retired from the County in 2011 stated she had received the form 4 months prior to her own retirement.

In public comment, Sandra Scroggins, Health Services Personnel and Nicole's friend for years, stated she believed if Nicole knew about the form she would have filled it out. She noted neither she nor her department knew about the form.

In public comment, Selena Scroggins, County employee who has known Kristina since the first grade, believed Nicole would have filled out the form had she known about it.

It was **M/S/C** to accept staff's recommendation and deny Kristina Rochin's request for a lifetime Optional Settlement 2 annuity pursuant to G.C. Section 31762 but allow her to choose between the two options of either receiving a monthly allowance as prescribed G.C. Section 31781.1 or receive a lump-sum payment as prescribed by G.C. Section 31781. (Yes: Allen, Gordon, Mitchoff, Phillips, Rodrigues, Telles and Watts. No: Pigeon. Abs: Hast)

It was the consensus of the Board to move to Item 14.

#### **14. Adopt the automatic cost-of-living increases for retirees effective April 1, 2014**

Leedom reported that CCCERA will be looking into changing the eligibility for the COLA to those retired on or before April 1 rather than on or before March 31.

It was **M/S** to adopt Segal's recommendation of a 2.5% COLA effective April 1, 2014 noting all adjustments to tiers and years of service with COLA banks. After discussion, an amended motion was **M/S/C** to grant the COLA only to those retired on or before March 31, 2014. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

Gordon was no longer present for subsequent discussion and voting.

**15. Update regarding the completion of the IRS Letter of Determination filing and the 2014 CCCERA Lawbook**

Levy gave an update on the completion of the 2014 edition of the CCCERA Lawbook as part of the preparation of CCCERA's filing for an IRS Letter of Determination in Cycle C, ending on January 31, 2014. She noted the 2014 Lawbook has been distributed to members of the board and staff and is also available on the website at cccera.org under the "publications" link.

It was the consensus of the Board to move to Item 11.

**11. Review of Semi-Annual rebalancing report.**

Price reviewed his memo noting it was a fairly straightforward rebalancing.

After discussion, it was **M/S/C** to accept the semi-annual rebalancing report. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

**12. PIMCO organizational changes**

Price reported on several organizational changes at PIMCO. He reviewed the staff that are leaving and recommends that the Board place PIMCO on watch for personnel and organizational changes and conduct an on-site visit to PIMCO's offices as soon as practical.

It was **M/S/C** to place PIMCO on watch for personnel and organizational changes and conduct an on-site visit to PIMCO's offices as soon as practical. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

It was the consensus of the Board to move to Item 16.

**16. Consider and take possible action to change the April 9, 2014 Board meeting date**

It was **M/S/C** to change the April 9, 2014 meeting to April 2, 2014. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

**17. Conference Seminar Attendance**

a. No action was taken on the Compass Conference, Robert F. Kennedy Center, March 6-7, 2014, Half Moon Bay, CA

b. It was **M/S/C** to authorize the attendance of 4 Board members and 2 staff members at the Public Retirement Showdown, Manatt, March 28, 2014, San Francisco, CA. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)

It was the consensus of the Board to move into Closed Session for Items 6, 7, 8 and 9.

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(a) and 54956.9(b).

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) Bobby McMorris – Non-service Connected (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)
7. It was **M/S/C** to accept the Hearing Officer/Medical Advisor's recommendation and deny the service connected disability retirement for Carolyn Jensen-Jordon. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Rodrigues, Telles and Watts)
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 54956.9(b).

Holcombe was no longer present for subsequent discussion and voting.

18. **Miscellaneous**

(a) Staff Report –

Leedom reported we received the GFOA Award for Outstanding Achievement and Popular Annual Financial Reporting and congratulated the Accounting Department and our recently retired Communications Coordinator.

The property managers for the Willows Office building will be at the March 12<sup>th</sup> meeting to review the results of the building structural study and provide information on electro chromatic windows, which came back favorable.

On the February 26<sup>th</sup> meeting Adams Street Partners will be presenting on the 2014 Adams Street Global Fund and Paladin will be presenting on their Cybersecurity Fund I.

She reported the remodel plans are drawn up for the Investment/Legal side and the IT side if anyone wants to see them.

Leedom noted the recruitment for the CEO position is with Alliance Resource Consulting and will have a Special Board Meeting on March 26, 2014 for the Board to interview the candidates.

Price reported the Investment Consultant RFP is in progress.

For the March 20, 2014 Special Board Meeting the Board approved trying panel discussions instead of individual manager presentations.

He gave an update on the Pyrford transitions and on the Siguler Guff agreement.

Price reported CCCERA's performance results for 2013 came in at 16.4% for the year and 4.9% for the 4<sup>th</sup> quarter.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Watts reported he, Rodrigues and Telles attended the CALAPRS Advanced training and leadership conference.

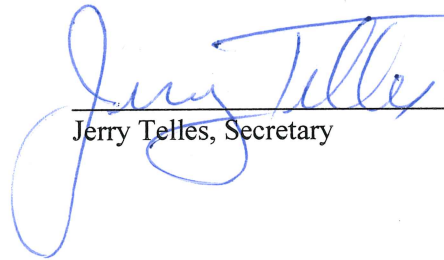
Allen reported she and Hast attended the 21<sup>st</sup> Annual Groundhog Investment Forum and felt they had great speakers.

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



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Brian Hast, Chairman



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Jerry Telles, Secretary