



MINUTES

RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING
9:00 a.m.

February 18, 2015

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

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

Absent: Louie Kroll, Karen Mitchoff 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 and Christina Dunn, Retirement Administration Manager

Outside Professional Support:
None

Representing:

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. Update from Investment Consultant Search Committee and staff regarding the finalist for the General Investment Consultant Search

Price discussed the search rationale and search goals used in the Investment Consultant search process. He also reviewed how the committee was formed and the assessment process and findings obtained by Cortex Applied Research on current and former clients of Wurts and Associates. He noted it was a very thorough process and felt Wurts and Associates was the strongest candidate.

Phillips reviewed the reasons the Investment Consultant Search Committee is recommending Wurts and Associates noting all of their references were excellent.

Telles discussed the interviews with the prospective investment consultants noting he felt Wurts and Associates had a very strong team and was impressed with them. He noted CCCERA would be their 3rd largest client. He also thanked Price and his staff for completing all of the on-site visits of the prospective investment consultant companies.

Allen reviewed the investment consultant search process noting using Cortex was beneficial.

Strohl also commented on the process and thanked Price and the investment team for their hard work.

Pigeon was present for subsequent discussion and voting.

Price discussed the planned transition and the role of Milliman during the transition.

4. **Consultant presentation: Wurts and Associates** – Scott Whalen, Edward Hoffman, Jeffrey MacLean

Whalen reported their objective is to provide CCCERA with confidence. He gave an overview of the firm noting the proposed team is Los Angeles based and leaders of the public sector service team. They have 73 employees with a vast majority being investment professionals. They have over \$100 billion in assets under management and their largest clients are public funds. He stated they are employee owned and have a boutique culture.

Hoffman reviewed their principles characterizing them as active. He commented on CCCERA's investment policy.

There was discussion on CCCERA's investment policy, Wurts' attendance at Board meetings, governance structure, and similar sized peer groups.

Whalen reviewed the process of creating an asset allocation plan. Hoffman discussed their Investment Model Evaluation Summary. He noted if the model was updated for CCCERA's profile it would come out different than what CCCERA currently has. He felt CCCERA's asset allocation is pretty solid.

MacLean reviewed their organization structure noting staffing is near capacity.

5. **Consider and take possible action to retain Wurts and Associates as the General Investment Consultant**

It was M/S/C to approve the investment consultant search committee's recommendation to retain Wurts & Associates as the general investment consultant subject to legal review and authorize the CEO to sign the necessary contracts. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts)

CLOSED SESSION

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

The Board moved into open session.

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

7. **Consider and take possible action regarding repairs and upgrades to the Willows Office Building as recommended by Transwestern** – Meredith Murphy, David Wilkinson, Jay Martinovich

Murphy discussed the process regarding repairs and upgrades to the Willow Office Building noting the initial projected cost of the project was \$850,000. She reported the projected cost is now at \$1.33 million noting the overall project will come in higher but the amount will not be known until after the dry rot is removed.

Murphy reviewed the construction bid process and reported BSM Construction was selected and present to answer questions on the construction. Jay Martinovich, BSM Construction, gave an overview of his firm noting they have over 300 employees and provide landscape, janitorial, construction and other services. He noted BSM stands for Building Service Maintenance.

She reported the permit was applied for in June 2014 and expires 180 days later noting the permit can be extended. She also reported if the project is not completed with this permit, costs will increase by approximately 30% due to changes in Title 24 building code requirements.

In public comment, Carlo Baldacchino, AC Enterprises, stated that he was the lowest bidder and does not understand why his bid was not considered. He stated he was not able to get his questions answered from Transwestern.

The Board discussed the materials presented, the scope of work, professional liability insurance and who is at risk, and extending the permit. The Board directed staff to get permit extension information and speak to investment managers on how they would go about assessing repairs versus the economic value of the property.

Pigeon was no longer present for subsequent discussion and voting.

8. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 1 Board member and 3 staff members at the Institutional Investor Roundtable for Public & Taft Hartley Plans, April 22-24, 2015, Los Angeles, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Telles and Watts)

9. Miscellaneous

- (a) Staff Report –

None

- (b) Outside Professionals' Report -

None

- (c) Trustees' comments –

Telles reported the SACRS nominating committee has decided on a slate for the SACRS Board of Directors noting Gabe Rodrigues is being nominated for Vice President.

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



Brian Hast, Chairman



Jerry Telles, Secretary