



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING

June 14, 2017

9:00 a.m.

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Jerry Holcombe, David MacDonald, John Phillips, William Pigeon, Todd Smithey, Jerry Telles and Rusty Watts

Absent: Louie Kroll and Gabe Rodrigues

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Henry Gudino, Accounting Manager; and Tim Hoppe, Retirement Services Manager

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP

1. Pledge of Allegiance

Pigeon led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No member of the public offered comment.

3. Approval of Minutes

It was M/S/C to approve the minutes of the April 26, 2017 meeting with the following corrections – On Staff Present add Retirement Services Manager after Tim Hoppe's name and on page 2, fourth paragraph, third line, add a comma after the word managers. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts).

It was M/S/C to approve the minutes of the May 10, 2017 meeting. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts).

4. Routine Items

It was M/S/C to approve the routine items of the June 14, 2017 meeting. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

5. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. LeRhonda Birden – Service Connected (Yes: Allen, Andersen, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts. No: Gordon)

6. **Consider and take possible action regarding non-service connected disability retirement allowance of deceased member Brenda Parker**

Hoppe reported this is an application for a Tier 3 employee, Brenda Parker, who passed away and had a Member Election Form for Non-Service Disability in the Event of Death During Active Membership on file. He stated the Board's Medical Advisor analyzed Ms. Parker's medical records and determined she is eligible for a non-service connected disability. Hoppe recommended a non-service connected disability retirement be granted and the member's beneficiary be granted Optional Settlement 2 allowance benefits pursuant to Government Code Section 31762.

After a discussion, it was M/S/C to: 1) Find that the member was permanently unable to engage in any substantial gainful employment and grant a non-service connected disability retirement, effective May 2, 2016; and 2) Grant the member's beneficiary (member's daughter) benefits pursuant to Government Code Section 31762 (Optional Settlement allowance for the life of the named beneficiary). (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

7. **Presentation on communication to employers and members concerning the review of improper compensation enhancements and review results**

Strohl reported that at the March 8, 2017 meeting the Board requested information on verbal and written communications provided to the members regarding improper compensation enhancements. She reviewed the disclaimer language that has been added to the member communications that were included in the agenda packet. Hoppe reported a second slide with a disclaimer has been added to the group counseling presentation. Strohl noted there will be periodic summaries of the compensation enhancement reviews provided to the Board in the future.

There was discussion regarding the terms "improper" and "excess" in the written materials and also on employer/employee responsibilities in determining pay codes that are compensable. The Board recommended several changes to the communications.

Dutkiewicz reviewed the summary of the number of compensation enhancement reviews conducted between 2013-May 2017 and their outcomes.

8. **Consider and take possible action to:**

- a. Adopt Board of Retirement Resolution 2017-2 to increase the salary of the Chief Executive Officer by 4.5% effective July 1, 2017.
- b. Authorize the Board Chairperson to execute the amended and restated employment agreement for the Chief Executive Officer effective July 1, 2017.

Smithey reported the Ad Hoc Committee met regarding contract changes, evaluations were compiled and a review was held. Based on the information collected, the Committee recommended a 4.5% increase for merit and cost of living effective July 1, 2017 and to amend the current 3-month severance package to a 6-month termination for no-cause in exchange for a release of claims.

Trustee Watts reviewed grammatical changes that needed to be made to the contract.

It was M/S/C to adopt Board of Retirement Resolution 2017-2 to increase the salary of the Chief Executive Officer by 4.5% effective July 1, 2017 and to authorize the Board Chairperson to execute the amended and restated employment agreement for the Chief Executive Officer effective July 1, 2017. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

9. **Consider and take possible action to adopt Board of Retirement Resolution 2017-3 to increase the salary ranges by 3% for all unrepresented classifications effective July 1, 2017, with the exception of the Chief Executive Officer**

Strohl recommended increasing all unrepresented salary ranges by 3% and adopting Resolution 2017-3 effective July 1, 2017. Trustee Telles asked for clarification on the maximum amount allowed on a vacation buy back. Dunn stated it is 1/3 of their annual accrual and not the maximum cumulative hours.

It was M/S/C to adopt Board of Retirement Resolution 2017-3 to increase the salary ranges by 3% for all unrepresented classifications effective July 1, 2017, with the exception of the Chief Executive Officer. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

10. **Consider and take possible action to adopt CCCERA Position Pay Schedules effective July 1, 2017 which reflect the salary range changes in Board of Retirement Resolutions 2017-2 and 2017-3**

Strohl reported this is an updated pay schedule.

It was M/S/C to adopt CCCERA Position Pay Schedules effective July 1, 2017 which reflect the salary range changes in Board of Retirement Resolutions 2017-2 and 2017-3. (Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Phillips, Smithey, Telles and Watts)

11. **Legislative updated**

Levy and Leiderman gave an update on pending legislation as detailed in the memorandum noting the bills on the last page do not apply to CCCERA.

12. **Miscellaneous**

(a) Staff Report –

Strohl reported Brown Armstrong will be at the next Board meeting to present the results of the 2016 audit; and, the current building owners will be doing exterior work on the building and will also be redoing the hallway and lobby.

Gudino reported there is an Audit Committee meeting following the Board meeting; he will be providing an update of the actual expenditures to the 2016 budget at the next meeting; staff is working on a plan to invoice employer districts for actuarial and audit fees related to the GASB 68 audit implementation; and, he provided an update on implementation of online banking in accounting.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

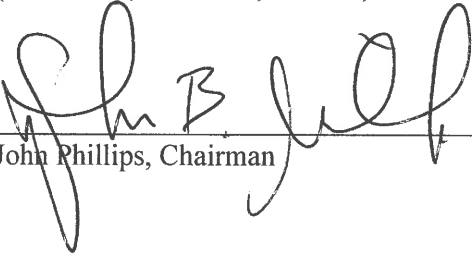
Andersen reported the Board of Supervisors held Trustee interviews noting Trustee Allen withdrew her application. She also reported Trustee Phillips and Trustee Holcombe were reappointed. Jay Kwon, an employee of the City of San Jose Retirement System, was appointed as the alternate Trustee.

Allen reported this will be her last meeting. She thanked everyone stating this truly was the best learning opportunity in her life and she enjoyed getting to know everyone. She encouraged the Board to continue to look at the future stability of pension plans for future generations.

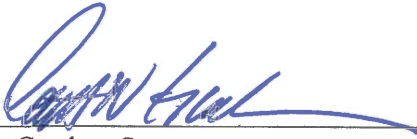
She requested the meeting be adjourned in memory of the three UPS employees that died in San Francisco.

Gordon thanked Allen for her leadership and said he learned a lot from her.

It was **M/S/C** to adjourn the meeting in memory of Wayne Chan, Benson Louie, and Michael Lefiti.
(Yes: Allen, Andersen, Gordon, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)



John Phillips, Chairman



Scott Gordon, Secretary