



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING

June 26, 2019
9:00 a.m.

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

Present: Candace Andersen, Scott Gordon, Jerry Holcombe, Jay Kwon, Louie Kroll, David MacDonald, John Phillips, Todd Smithey and Russell Watts

Absent: William Pigeon and Jerry Telles

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Anne Sommers, Administrative/HR Manager; and Henry Gudino, Accounting Manager

Outside Professional Support:
Ed Hoffman
Andrew Paulden
John Botsford

Representing:
Verus Investments
Brown Armstrong Accountancy Corporation
Milliman

1. Pledge of Allegiance

The Board, staff and audience joined 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 from the May 22, 2019 meeting. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips and Smithey)

4. Presentation from Brown Armstrong on the audit of the December 31, 2018 financial statements

Paulden presented the audit of the December 31, 2018 financial statements. He reviewed the audit process, significant audit areas, scope of the audit and opinions of the audit. He reported there were no internal control weaknesses and they have issued the highest opinion on the financial statements. He congratulated the Board and staff on receiving the highest opinion.

He reviewed the agreed upon conditions noting in their opinion, they had no impact.

5. **Discussion regarding funding of I.R.C. Section 115 Trust for Other Post-Employment Benefits for CCCERA employees**

Botsford reviewed projections for the CCCERA staff OPEB plan's funded status and Actuarially Determined Contribution (ADC) based on 5-year, 10-year, 15-year, 20-year and 30-year amortization periods.

It was the consensus of the Board that a 10-year amortization period would be appropriate. An amendment of the current funding policy will be presented to the Board for its consideration at a future Board meeting.

6. **Presentation of Annual Investment Funding Plan**

Price reported the current balance of the liquidity program is \$1.66 bn and an additional \$530 mm is needed to fund the program through June 2023. He stated staff believes the best source for funds for the 2019 Liquidity sub-portfolio refresh are the employer pre-payments, estimated at \$290 mm, and partial redemptions from the Growth sub-portfolio, specifically domestic equity and high yield, totaling approximately \$240 mm. The trades should happen by the end of July and he will report back to the Board in August.

7. **Consider and take possible action to adopt Board of Retirement Resolution No. 2019-4, Investment Asset Allocation Targets and Ranges**

It was M/S/C to adopt Board of Retirement Resolution No. 2019-4, Investment Asset Allocation Targets and Ranges. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips and Smithey)

8. **Presentation of 2018 CCCERA budget vs. actual expenses report**

Gudino presented the 2018 CCCERA budget vs. actual expenses report. He reviewed the administrative and non-administrative budgets and expenses.

Watts was present for subsequent discussion and voting.

He reported there was a decrease in disability hearings/medical reviews and audit services. He stated the Administrative expenses of \$9.3 million are 0.10% of the Actuarial Accrued Liability and well under the limit of 0.21%.

9. **Consider authorizing the attendance of Board:**

- a. It was M/S/C to authorize the attendance of 2 Board members at the Principles of Pension Governance, CALAPRS, August 26-29, 2019, Malibu, CA. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)
- b. It was M/S/C to authorize the attendance of 3 Board members at the Invesco Global Client Conference, November 5-7, 2019, La Jolla, CA. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smithey and Watts)

10. **Miscellaneous**

- (a) Staff Report –

Strohl reported on the move to the new CCCERA office location noting that staff is also working on a new logo. A copy of a logo was distributed.

- (b) Outside Professionals' Report -

Hoffman reported he will be leaving Verus at the end of July. He introduced and provided brief backgrounds on Eileen Neill and Mike Kamell who will be taking his place. Strohl acknowledged Hoffman stating he has done a great job for CCCERA and will be missed. The Board agreed.

Neil reviewed her background.

(c) Trustees' comments –

Smitley congratulated all of the staff that worked on the CAFR noting it is one of the best ones he has seen. He noted an Audit Committee meeting will be held after the Board meeting.

It was M/S/C to adjourn the meeting. (Yes: Andersen, Gordon, Holcombe, Kroll, MacDonald, Phillips, Smitley and Watts)



Todd Smitley, Chairman



David MacDonald, Secretary