



MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING
August 23, 2017
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, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

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; Henry Gudino, Accounting Manager; Anne Sommers, Admin/HR Manager; and Colin Bishop, Member Services Manager

Outside Professional Support: Ed Hoffman Representing:
Verus Consulting

1. Pledge of Allegiance

Youngman 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 June 21, 2017 meeting. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Rodrigues, Smithey, Telles and Watts).

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54956.9(d)(1).

The Board moved into open session.

4. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

Kroll was present for subsequent discussion and voting.

5. Review of total portfolio performance for period ending June 30, 2017

Hoffman reviewed the overall market and the market drivers for the second quarter. He also discussed wage growth and unemployment.

Pigeon was present for subsequent discussion and voting.

Hoffman reviewed CCCERA's investment performance for the period ending June 30, 2017 noting the ending market value of the total fund portfolio is \$7,872,495,171. He also reviewed the total fund asset allocation vs. the long term target policy. He reported the total fund gross of fees was 3.2% compared to the policy index of 2.9% for the quarter and total fund gross of fees was 6.9% compared to the policy index of 6.8% year to date. He noted the growth portfolio, the risk diversifying portfolio and the liquidity portfolio have all outperformed. He reviewed the total fund risk analysis for 5 years stating the annualized return was 9.79% with a standard deviation of 4.60%. He noted these numbers were better than expected. He also reviewed the performance of individual funds as well as their fees.

6. Review of portfolio rebalancing report

Price reported this is the first time a rebalancing has been done under the new FFP portfolio construction. He reviewed employer pre-payments, manager withdrawals, manager terminations and where the proceeds were invested. He noted that \$500 million of the proceeds were used to refresh the liquidity program. He reviewed the changes in market values due to the rebalancing and the Phase 2b asset allocation targets as of August 1, 2017 noting the total fund balance is now over \$8 billion dollars. He stated there was a large deployment to short term fixed income which went smoothly.

7. Review of Liquidity Reports from June and July 2017

Price reported the June and July benefit payments were completed without a hitch noting he will not be making a change to the model until there has been a full 12 months of experience.

8. Consider and take possible action to revise Attachment B of the Board of Retirement Resolution 2017-3 to provide Health and Dental Coverage Monthly Premium Subsidy for unrepresented employees effective January 1, 2018

Dunn reported this item will align the health, dental and vision benefits of unrepresented employees with the employees of AFSCME Local 2700 for 2018.

It was M/S/C to revise Attachment B of the Board of Retirement Resolution 2017-3 to align unrepresented and represented employees benefits by providing Health and Dental Coverage Monthly Premium Subsidy for unrepresented employees of CCCERA effective January 1, 2018. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Watts)

9. Presentation of Year to Date 2017 CCCERA budget vs. actual expenditures report

Gudino presented the mid-year budget versus actual expenditures noting the 2017 administrative expenditures are trending annually at \$8.5 million which is 0.10% of the Actuarial Accrued Liability and well under the CERL limit.

10. Miscellaneous

(a) Staff Report –

Strohl reported the November 21, 2017 Board meeting will be offsite at the Pleasant Hill Community Center; Interviews for the Investment Legal Counsel have been held and we are in

the process of evaluating the firms; ICON has begun working on the review of our pension system data; and the food drive supporting the Food Bank of Solano and Contra Costa Counties is ending at the end of September.

She introduced Colin Bishop, the new Member Services Manager.

Price reported on the following investment manager personnel changes noting none of them are critical to CCCERA's portfolio: 1) The Co-CEO of DFA announced he will be retiring at the end of September and the Co-CIO will be stepping into the position; the head of investment management at William Blair has resigned from the firm; the head of distressed debt at Angelo Gordon has left the firm; and a CMBS acquisition member at Torchlight has left the firm.

Dunn reported an email was sent to the Trustees that participate in Social Security notifying them that the referendum vote for Social Security is November 16 and an educational workshop will be held on August 29 from 10-12 in the Board Room. Strohl noted SACRS is also on November 16 and absentee ballots will be available upon request.

Gudino reported invoices have been sent to employers for the 2015 GASB 68 report and the invoices for the 2016 GASB 68 report will be going out soon. Strohl acknowledged Gudino for his presentation on the CAFR at the All Staff Meeting.

(b) Outside Professionals' Report -

Hoffman reported on the upcoming Client Summit that Verus is hosting.

(c) Trustees' comments –

Telles asked if anyone attended the NASRA Conference in August. Strohl stated she attended and that it was good conference. The conference will be in San Diego next year.

Watts reported former Trustee Debora Allen will be speaking at the Contra Costa Taxpayers Association Board of Directors meeting at Denny's on Friday morning from 7:45 to 9:00.

Rodrigues reported he has received several phone calls from law enforcement members regarding the contribution rate increase in July and asked if notifications could be sent out. Strohl stated employers typically send out the notices on rates but will see if there is something CCCERA can do.

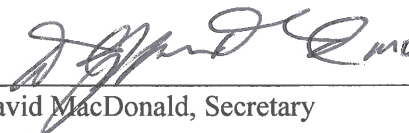
Pigeon reported he also had several calls regarding the contribution rate increases and sent a memo explaining the increases to his members.

Andersen stated she will talk to David Twa about departments sending notices to employees regarding contribution rate increases.

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



Todd Smithey, Chairman



David MacDonald, Secretary

