



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
February 10, 2016
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, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Christina Dunn, Administrative/HR Manager; Tim Hoppe, Retirement Services Manager; and Alexis Cox, Member Services Manager

Outside Professional Support: Harvey Leiderman Representing: Reed Smith LLP

1. **Pledge of Allegiance**

Hast 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 November 4, 2015 Board meeting. (Yes: Allen, Andersen, Hast, Gordon, Kroll, Phillips, Smithey and Watts)

Pigeon was present for subsequent discussion and voting.

4. **Routine Items**

A revised Certifications of Membership report was distributed.

It was **M/S/C** to approve the revised routine items of the February 10, 2016 meeting. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Pigeon, Smithey and Watts)

Rodrigues and Telles were present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 7a.

CLOSED SESSION

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

The Board moved into open session.

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

It was the consensus of the Board to move to Item 8.

8. **Consider and take possible action to adopt Resolution 2016-2 assessing Rodeo-Hercules Fire District costs incurred because of the District's failure to forward contributions on a timely basis.**

Levy reviewed the background of the District's failure to forward full and timely retirement contributions to CCCERA. She reviewed CERL Section 31580.1 which authorizes the CCCERA Board to assess a district a reasonable amount to cover costs incurred because of the district's failure to submit reports and forward contributions on a timely basis. Levy noted that the CCCERA Board decided to initiate legal proceedings in order to seek payment from the Fire District after making a demand for payment and receiving no assurance that full payments would be coming.

In public comment, Dawn MacIntosh, attorney representing the Rodeo-Hercules Fire Protection District, commented there was no lawsuit that was filed to pressure the Fire District into paying the overdue fees. She stated the Fire District brought a request to CCCERA to adjust the amortization period and have still not received a response. They were very upfront about not being able to pay all of the fees from July through November. The Board took no action on their request at the Board meeting but the next day the District received a written demand for payment. The Fire District asked to meet but before they could meet, Harvey Leiderman filed a Motion to Intervene in an existing lawsuit that was about to settle. Rodeo requested to wait as their Board was meeting in the next week and still a complaint was filed. She feels there is no need to assess fees; they responded at their first opportunity. She asked the Board to not assess any fees as the district has now paid in full.

Beth Bartke, Chairperson of the Board of Directors for the Rodeo-Hercules Fire Protection District, asked the Board to work with them. They have asked for the CCCERA Board's help but have not received a response. They are in financial hardship and again asked to not charge an extra assessment.

Vince Wells, President of Local 1230 which represents Rodeo-Hercules firefighters, echoed previous comments noting their two fire stations are struggling; one had closed and now has reopened with a grant. They currently have 7 firefighters slated for layoffs, so every bit helps. He noted the District was going to make payments current before the Board filed the legal actions.

Charles Hanley, Fire Chief of Rodeo-Hercules Fire Protection District, commented that the 60% increase to their costs and the decrease in property taxes is what has brought them to financial hardship. He stated they came to CCCERA 2 years ago for assistance and the advice from staff was to prepare a resolution to reset the amounts and that is what they did. He also stated if the \$45k fees are assessed, a fire station will close, 7 firefighters will be laid off and then 3 more will leave through attrition. Firefighter salaries were already reduced by 50%. He also felt that \$45k in costs is excessive.

There was a discussion on the breakdown of the costs being charged. It was noted the costs were costs that were paid by CCCERA to outside agencies.

Dawn MacIntosh, attorney representing the Rodeo-Hercules Fire Protection District, stated the Fire District tried to inform the CCCERA Board and CCCERA staff was aware in July and didn't have the opportunity until October to bring it to the Boards attention.

Charles Hanley, Fire Chief of the Rodeo-Hercules Fire Protection District, stated CCCERA staff members were aware, emails went back and forth, there were subsequent phone calls telling the District it would go on the agenda when the actuary was complete (payment deferred). They were assured by staff it would go before the Board; the District budget was clear and CCCERA staff was well aware payments were not being made in full. They provided it verbally and in writing following guidance from CCCERA staff. They were providing information as they were directed.

There was a discussion on when actions were taken and the costs that were incurred by CCCERA. Levy reported a district cannot unilaterally decide to reduce or eliminate payments owed to CCCERA. They have a statutory obligation to pay retirement contributions. She noted staff does not have the authority to agree to a reduction or elimination of payments. They can only provide the information to the CCCERA Board and the Board will make the decision.

Beth Bartke, Chairperson of the Board of Directors of the Rodeo-Hercules Fire Protection District, stated their board was aware in July they were unable to make the payments and instructed Chief Hanley to seek relief from the CCCERA Board.

Jerry Short, Vice President of Local 1230 and engineer at the Rodeo-Hercules Fire Protection District, stated he was present at the October meeting when Chief Hanley spoke and stated the CCCERA Board recommended the district wait for the outcome of the litigation before the district comes to a decision.

It was **M/S/C** to continue the item and direct staff to prepare all written documents for future consideration. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

It was the consensus of the Board to move to Items 5, 6 and 7b.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(d)(1).

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. Susan Ekberg – Non-service Connected (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)
6. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
- 7b. The Board has engaged Reed Smith LLP to defend CCCERA in Nowicki v. CCCERA, Contra Costa County Superior Court, Case No. N15-1696.

Andersen, Phillips and Pigeon were no longer present for subsequent discussion and voting.

9. **Consider and take possible action on employer contribution rates effective July 1, 2016 for Central Contra Costa Sanitary District**

Strohl reported Central Contra Costa Sanitary District (District) made a \$2.5 million prepayment towards the District's Unfunded Actuarial Accrued Liability (UAAL). She noted with the reduction in the UAAL, the prepayment reduces the District's required contribution rate.

It was M/S/C to adopt the contribution rates for Central Contra Costa Sanitary District as recommended by Segal Consulting effective July 1, 2016. (Yes: Allen, Gordon, Hast, Holcombe, Rodrigues, Smithey, Telles and Watts)

10. Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2016.

Dutkiewicz reported the consumer price index from December 2014 to December 2015 was 3.18%. In accordance with the statute this is rounded to 3.0%.

It was M/S/C to adopt the 2016 COLA adjustments as outlined in the Segal Consulting January 29, 2016 letter. (Yes: Allen, Gordon, Hast, Holcombe, Rodrigues, Smithey, Telles and Watts)

11. Consider and take possible action to adopt Resolution 2016-1 providing for salary and benefits for unrepresented employees of CCCERA effective February 1, 2016.

Dunn reported this an administrative item based on the action the Board took at the January 27, 2016 meeting to adopt salary ranges for unrepresented employees effective February 1, 2016 and the discontinuation of the Chartered Financial Analyst certificate differential.

It was M/S/C to adopt Resolution 2016-1 providing for salary and benefits for unrepresented employees of CCCERA effective February 1, 2016. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

12. Consider and take possible action to adopt the pay schedules for all CCCERA classifications effective February 1, 2016

It was M/S/C to adopt the pay schedules for all CCCERA classifications effective February 1, 2016. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)

13. Report from staff on semi-annual rebalancing

Price gave an update on the semi-annual rebalancing of CCCERA accounts noting the current target manager allocations were used for this rebalancing.

14. Consider authorizing the attendance of Board and/or staff:

- a. It was M/S/C to authorize the attendance of 2 Board members at the Public Sector 401, 403 and 457 Plans, IFEBP, February 17-18, 2016, San Diego, CA. (Yes: Allen, Gordon, Hast, Holcombe, Rodrigues, Smithey, Telles and Watts)
- b. No action was take on this item.
- c. It was M/S/C to authorize the attendance of 2 Board members and 3 staff members at the Public Funds Roundtable, Institutional Investor, April 27-29, 2016, Los Angeles, CA. (Yes: Allen, Gordon, Hast, Holcombe, Rodrigues, Smithey, Telles and Watts)

15. Miscellaneous

- (a) Staff Report –

Price reported he received notification that the CEO of Lord Abbett will be retiring on June 30, 2016 noting there are no current concerns.

Dunn reported the Form 700 cannot be filed electronically this year as the electronic system is being revamped; newsletters were sent to CCCERA retirees; a notice was sent to active employers informing them that there is now an estimate calculator on the website.

Dutkiewicz gave an update on panel management pay.

Hoppe reported 1099's have been mailed out.

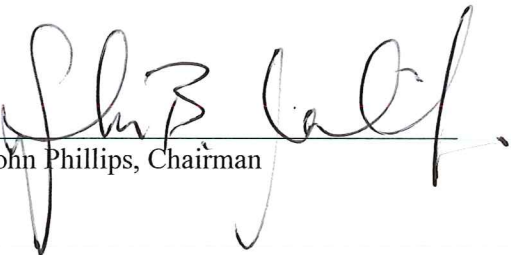
(b) Outside Professionals' Report -

Leiderman complimented staff on the new website.

(c) Trustees' comments -

Gordon reported the CALAPRS Roundtable was lightly attended and asked for suggestions to increase interest. He noted Rodrigues was in attendance.

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


John Phillips, Chairman


Scott Gordon, Secretary