



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

June 10, 2015

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, Gabe Rodrigues, Todd Smithey and Jerry Telles

Absent: William Pigeon and Russell Watts

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, Retirement Accounting Manager; and Christina Dunn, Retirement Administrative/HR Manager

Outside Professional Support:
Susan Hastings
Joe Wiley

Representing:
Laughlin, Falbo, Levy & Moresi LLP
Wiley, Price & Radulovich LLP

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. Approval of Minutes

It was M/S/C to approve the minutes of the March 19, 2015 meeting changing the word "their" to "there" on the first line of Item 7.(a), Staff Report. (Yes: Allen, Andersen, Gordon, Hast, Kroll, Phillips, Rodrigues and Smithey)

Telles was present for subsequent discussion and voting.

It was M/S/C to approve the minutes of the March 25, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)

4. Routine Items

It was M/S/C to approve the routine items of the June 10, 2015 meeting. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(d)(1) and 54957.6.

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. Khalid Abdul-Majied – Service Connected (Yes: Allen, Andersen, Gordon, Hast, Rodrigues, Smithey and Telles. Abs.: Phillips)
 - b. Joyce Henkel – Non-service Connected (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)
6. It was M/S/C to accept the Administrative Law Judge's recommendation and deny the service connected disability retirement for Janice Stogner-Smith. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)
7. Levy reported the following out of closed session pursuant to Brown Act, Government Code Section 54957.1(a)(2):

In closed session on September 10, 2014, the Board directed its legal counsel to initiate action seeking to recover overpayments of retirement allowance paid after the death of the retiree. The retiree, Margaret Richards, passed away in 2002 but the death was never reported to CCCERA, resulting in the overpayments. CCCERA discovered the overpayments in 2014 and immediately stopped future payments. CCCERA filed actions in Oregon State court seeking recovery of the overpayments.

The vote in closed session was as follows:

Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Smithey and Telles.

No: None

Abstentions: None

8. There was no reportable action related to Govt. Code Section 54957.6
9. **Consider and take possible action to adopt a hearing policy for non-disability matters**

Levy reviewed her memo regarding a hearing policy for non-disability matters noting this policy closely resembles the disability hearing process. She reviewed the purpose of the policy, the rules by which administrative hearings for non-disability matters would be conducted, and definitions contained in the policy.

She recommended changing the definition of "Hearing Officer" to include State Bar Association membership. She also recommended deleting the last paragraph of Section C.1., changing the first part of IV. Policy, F. Board Consideration and Action, 3. Error of Law, to "When a party's motion for reconsideration is for a cause mentioned in Section F.2. above."

After a discussion on communications with Board members, it was M/S/C to adopt the Hearing Policy for Non-Disability Matters with the changes identified by general counsel. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)

10. **Review of 2014 administrative budget vs. actual report**

Strohl reported CCCERA is once again under budget noting the main areas under budget are salaries and benefits, which is due to delayed hires. This contributed to temporary salaries being over budget. She reported maintenance service contracts is over budget due to items needing to be reclassified to other accounts. She noted the administrative budget was 28% under budget.

11. Market stabilization account report as of December 31, 2014

Kaplan reviewed the Market Stabilization Account reports as of June 30, 2014 and December 31, 2014. She reported for the period January 2014 through June 2014 there was an investment gain of \$97.6 million and a total deferred return of \$513 million. She reported for the period July 2014 through December 2014 there was an investment loss of \$115.6 million and a total deferred return of \$336 million. She noted we were still able to recognize a gain of \$61 million with smoothing.

Kaplan also reviewed the contra tracking account adjustments for the same periods.

12. Legislative Update

Levy gave an update on pending legislation. The Board requested that future updates include the bill number and the authors of the bills.

13. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of 3 Board members at the Modern Investment Theory & Practice for Retirement Systems, SACRS, July 26-29, 2015, Berkeley, CA. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)
- b. It was M/S/C to authorize the attendance of 2 Board members at the Principles of Pension Management, CALAPRS, August 25-28, 2015, Malibu, CA. (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey and Telles)

14. Miscellaneous

(a) Staff Report –

Strohl reported CPAS is on site working with accounting; Verus will present the interview results at the next meeting; Segal will present the actuarial valuation in July; Member benefit statements were mailed out; we will be having our first staff development day next month; and the CCCERA picnic went well.

Dunn reported we are having excel training on site for staff.

Kaplan reported there was a GASB 67/68 meeting with plan sponsors; Brown Armstrong will present the audit at the next Board meeting; and, the CAFR will be presented at the next meeting.

Price reported investments have been working hard on upcoming projects; and, Angelo Gordon will be presenting at the next Board meeting.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Phillips requested staff provide a presentation of a sample of the benefits statements at the next meeting.

Rodrigues reported he was really impressed with Verus. He stated any suggestions for the SACRS Conference can be emailed to him.

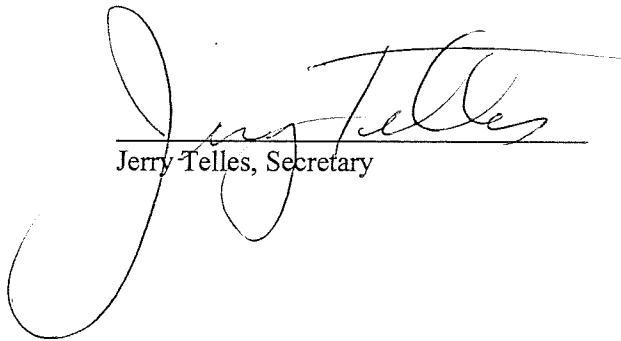
Telles attended the Adams Street Conference with Youngman and felt it was a good conference.

Holcombe reported he attended the CCCERA picnic.

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



Brian Hast, Chairman



Jerry Telles, Secretary