



MINUTES

RETIREMENT BOARD MEETING MINUTES

REGULAR MEETING
January 24, 2018
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 Belinda Zhu (Deputy Treasurer, present and voting in Treasurer Russell Watts' absence)

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; Anne Sommers, Administrative/HR Manager; and Henry Gudino, Accounting Manager

Outside Professional Support:
Ed Hoffman

Representing:
Verus Investments

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 December 13, 2017 meeting with a correction to Item 7, deleting the word "matter" and replacing it with "disability application for Rebecca Halvorson." (Yes: Andersen, Holcombe, Kwon, MacDonald, Phillips, Rodrigues, Smithey, Telles and Zhu)

Gordon and Pigeon were present for subsequent discussion and voting.

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).

5. Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2018

Dunn reviewed how the cost-of-living (COLA) increase is determined noting the actual amount is dependent on the tier of the retiree.

It was M/S/C to adopt a cost-of-living increase for retirees as of April 1, 2018. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Zhu)

6. Educational presentation on Asset Allocation

Price reviewed the Functionally Focused Portfolio (FFP) structure noting it is a dedicated liquidity program which is tailored to allow CCCERA to meet future benefit needs with a high certainty while still providing long term growth. He stated this tailored approach allows CCCERA to take risks which should result in a smoother return pattern than the traditional 60/40 asset allocation.

He reviewed performance expectations and capital allocations noting the private equity & credit allocation of 28% is large relative to where we were and compared to our peers.

Rodrigues was no longer present for subsequent discussion and voting.

Price distributed and reviewed an FFP Quick Reference Guide which includes the current allocation, function, performance impact, and capital activity of each sub-portfolio.

He reviewed the expectations for 2018 which include additional commitments to private equity, private credit, and private real estate; the completion of the risk diversifying allocation; and ongoing reductions in domestic equity managers.

7. Report from Audit Committee Chair on December 13, 2017 Audit Committee meeting

Phillips reported on the December 13, 2017 Audit Committee meeting including a recommendation to the Board to amend the Audit Committee Charter to include the language that "At the second regular meeting in July, as the second order of business, or as required to fill vacancies, the Board Chairperson will appoint members of the Audit Committee as provided in the CCCERA Regulations." The Committee also approved a recommendation to the Board to retain the Brown Armstrong Accountancy Corporation as CCCERA's external auditor for the next three (3) years with an option to renew for another three (3) years.

He gave an update on the retiree information verification process noting we have received responses from approximately 80% of the 524 participants that were contacted. Strohl noted the process will be reevaluated for next year as it will be an annual process.

He also gave updates on the employer payroll and contribution monitoring process, the Preliminary Audit Reports for the East Contra Costa County Fire Protection District and the Contra Costa County Health Services Department, the 2018 Compliance Activity Plan, the ICON audit of the data stored in Subledger and CPAS, and the Disaster Recovery site in Roseville. Strohl noted we are revising our Disaster Recovery Plan and will have an annual test of the plan going forward.

8. Consider authorizing the attendance of Board:

- a. It was M/S/C to authorize the attendance of 1 Board member at the CALAPRS Trustees' Roundtable, February 2, 2018, Glendale, CA. (Yes: Andersen, Gordon, Holcombe, MacDonald, Phillips, Pigeon, Smithey, Telles and Zhu)

9. Miscellaneous

(a) Staff Report –

Strohl reported the retiree 1099's are being printed today and will be mailed out shortly; she signed a renewal with Jacobi Strategies for investment related tools in the amount of \$25,000; and in February there will be a half-day manager session to discuss the progress of our annual business plan.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Pigeon asked if there has been any discussions with the property owner regarding any possible changes due to the recent development in the area. Strohl noted the property manager is planning to renovate the exterior of the building and the lobby.

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



Todd Smithey, Chairman



David MacDonald, Secretary