



Meeting Date
08/14/13
Agenda Item
#3

RETIREMENT BOARD MEETING
SPECIAL BOARD MEETING

9:00 a.m.
May 29, 2013

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

Present: Debora Allen, Terry Buck, Jerry Holcombe, John Phillips, Gabe Rodrigues, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: Richard Cabral, Brian Hast, Karen Mitchoff and Sharon Naramore

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Jeff Youngman	Milliman
Marty Dirks	Milliman

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

3. Private Real Asset Manager presentations:

Helliesen gave an overview of the search process and the managers scheduled for presentations.

Youngman reported on the on-site visit to Aether in Denver that he, Price and Leedom attended.

Aether Investment Partners, LLC – David Rhoades, Sean Goodrich, Troy Schell

Prior to their presentation, Aether waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

Rhoades distributed a handout on their proposal to CCCERA.

The presentation included an overview of the firm, professional biographies, ARA III structure & strategy, investment biases, investment processes, differentiation, a summary and portfolio allocation

of ARA I Fund and ARA II Fund. A summary of terms for ARA III and ARA III Surplus were also reviewed.

Commonfund – Susan Carter, Gregory Jansen, Kent Scott, Seyonne Kang

Prior to their presentation, Commonfund waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

The presentation included an overview of the investment team, firm ownership and organizational structure, investment objectives, performance, current sector focus, commitments, benefits of commingled secondaries and co-investments, partner profile and managers, and the investment committee. Fees were also discussed.

BlackRock Private Equity Partners – Patricia Hunter, Leo Chenette, Stephen Kelly, Craig Payne

Prior to their presentation, BlackRock waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

The presentation included an overview of the firm and the team, a summary of the customized private real assets separate account for CCCERA, their investment process and recommended investment strategy, their investment monitoring and risk management, performance, and terms.

Buck was not present for subsequent discussion and voting.

4. Staff recommendation for Private Real Asset Manager(s)

Viramontes noted that Price distributed a copy of CCCERA's Disclosure Statement on the Use of Placement Agents.

Price reviewed the pros and cons of each presenting manager as well as different options for investing. He recommended adding an operational audit before committing to Aether.

Buck was present for subsequent discussion and voting.

Price noted the fee to hire an outside auditing firm for operational due diligence is approximately \$15-\$20 thousand.

It was M/S/C to invest \$50 million to Commonfund and \$75 million to Aether with as much into ARA III as allowable and the remainder into the "surplus" fund subject to due diligence, including operational due diligence and its related expenses, legal review and authorize the CEO to sign the contracts. (Yes: Allen, Buck, Holcombe, Phillips, Telles, Viramontes and Watts)

5. Value-Add Real Estate Manager Presentations:

Price gave an overview of the managers scheduled for presentations. Staff's recommendation is to make a capital commitment of up to \$35 million to Invesco Real Estate Fund III and a separate commitment of up to \$25 million to Long Wharf Real Estate Partners IV.

INVESCO Real Estate Fund III – Max Swango, Jay Hurley, Delia Roges

Handouts were distributed on Cash Management Forecast (2013-2015), Domestic Value Add Exposure, and Invesco Real Estate Fund III Final Closing Analysis for CCCERA.

The presentation included a review of the handouts, an overview of the pre-specified investments' and their track record. A summary of key fund terms, the fund timeline, and the fee structure for Fund III were also reviewed.

Long Wharf Real Estate Partners IV,L.P. – Michael Elizondo, Jeff Gandel, Sujit Sitole

Prior to their presentation, Long Wharf waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

The presentation included an overview of the firm's history, profile, organizational chart, the key highlights to Fund IV, market opportunities and current investment strategies. The portfolios and fee structure for Fund IV were also reviewed.

6. Staff recommendation for Value-Add Real Estate Manager(s)

After discussion, it was M/S/C to accept staff's recommendation to make a capital commitment of \$35 million to Invesco Real Estate Fund III and a commitment of \$25 million to Long Wharf Real Estate Partners IV subject to due diligence, legal review and authorize the CEO to sign the contracts. (Yes: Allen, Buck, Holcombe, Phillips, Telles, Viramontes and Watts)

7. Miscellaneous

(a) Staff Report

None

(b) Outside Professionals' Report

None

(c) Trustees' comments –

Rodrigues asked about the status of the pay items included for PEPRA members project. Leedom reported staff is currently setting up meetings with all of the employers.

Buck reported on the NCPERS Conference. He introduced William Pigeon who will replace him when he eventually retires.

It was M/S/C to adjourn the meeting. (Yes: Allen, Buck, Holcombe, Phillips, Telles, Viramontes and Watts)

Brian Hast, Chairman

Jerry Telles, Secretary



**RETIREMENT BOARD MEETING
REGULAR BOARD MEETING**

9:00 a.m.
June 12, 2013

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

Present: Debora Allen, Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Karen Mitchoff, Sharon Naramore, John Phillips, Gabe Rodrigues, Jerry Telles, Maria Theresa Viramontes and Brenda Zhu

Absent: None

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support: Harvey Leiderman
Representing: Reed Smith LLP

1. Pledge of Allegiance

Viramontes 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 April 24, 2013 meeting. (Yes: Allen, Buck, Cabral, Hast, Phillips, Telles, Viramontes and Zhu. Abs.: Mitchoff)

4. Routine Items

It was M/S/C to approve the routine items of the June 12, 2013 Board meeting. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

Viramontes noted CCCERA's total assets as of April 30, 2013 are \$6 billion.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54956.9(a) and 54956.9(b).
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. Michael Thometz – Service Connected (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
 - b. Erik Anderson – Service Connected (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
 - c. Robert Laurence – Non-service Connected (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
 - d. Nicholas Ronchetto – Service Connected (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
- 6a. There was no reportable action related to Govt. Code Section 54956.9(a)
- 6b. There was no reportable action related to Govt. Code Section 54956.9(a)
7. There was no reportable action related to Govt. Code Section 54956.9(b)

8. Market Stabilization Account

Kaplan reviewed the Market Stabilization Account's deferred return as of December 31, 2012.

It was **M/S/C** to accept the Market Stabilization Account report. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

9. Staff recommendation regarding revision of domestic equity target allocations

Price gave an overview of the recommendation to reallocate the WHV Large Cap Core mandate equally between INTECH Large Core and PIMCO Stocks Plus.

It was **M/S/C** to evenly split the WHV Large Cap Core allocation between INTECH Large Core and PIMCO Stocks Plus as recommended by staff. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

10. iPad Usage Policy

Leedom reviewed the changes to the draft iPad Usage Policy noting the main change is the addition of paid maintenance and accident coverage for each CCCERA issued iPad.

After a lengthy discussion, it was **M/S/C** to adopt the iPad Usage Policy with Board and staff recommended changes. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

11. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 2 staff members at the 2013 Public Funds Forum, GMI Ratings, September 17-19, 2013, Newport Coast, CA. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
- b. No action was taken on the 23rd Annual Northern California Public Retirement Seminar, The Public Retirement Journal, September 26, 2013, Sacramento, CA.
- c. It was **M/S/C** to authorize the attendance of 3 Board members and 1 staff member at the Institutional Investor Retreat, Carpenter Community BancFund, September 4-6, 2013, Newport Beach, CA. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)
- d. It was **M/S/C** to authorize the attendance of 2 staff members at the Client Summit, Wurts, July 18, 2013, Seattle, WA. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

12. Miscellaneous

(a) Staff Report -

Leedom reported a letter is being sent to the retiree organizations requesting nominations for the Alternate Retiree Board Member position.

Leedom, Schneider and Levy have been meeting with employers regarding pay items under PEPRA.

Leedom reported that she, Price, Allen and Buck attended the Adams Street Conference.

Price gave an update on the following money managers: William Blair, LaSalle, Adams Street, Commonfund, Long Wharf, GMO, WHV and Lord Abbett.

He also gave an update on upcoming on-site visits.

(b) Outside Professionals' Report

None

(c) Trustees' comments –

Allen reported she and Buck attended the Paladin Conference.

Buck also commented on the Paladin Conference.

Mitchoff introduced Scott Gordon who was appointed by the Board of Supervisors to serve on the Board of Retirement beginning July 1, 2013.

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Buck, Cabral, Hast, Mitchoff, Phillips, Telles, Viramontes and Zhu)

Brian Hast, Chairman

Jerry Telles, Secretary