



MINUTES

RETIREMENT BOARD MEETING MINUTES

INVESTMENT STRATEGY DEVELOPMENT
WORKSHOP – DAY 2
September 30, 2015
9:00 a.m.

McHale Room
Pleasant Hill Community Center
320 Civic Drive
Pleasant Hill, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues and Russell Watts

Absent: Todd Smithey and Jerry Telles

Staff: Gail Strohl, Retirement Chief Executive Officer, Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Wrally Dutkiewicz, Retirement Compliance Officer; and Christina Dunn, Retirement Admin/HR Manager.

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Edward Hoffman	Verus Consulting Group
Scott Whalen	Verus Consulting Group

1. Pledge of Allegiance

Holcombe led all in the *Pledge of Allegiance*.

2. Accept comments from the public

No members of the public offered comment.

Pigeon was present for subsequent discussion and voting.

3. Presentations regarding Investment Strategy Development

Whalen gave a brief review of Day 1 and an introduction to Day 2.

The Role of Asset Classes was distributed. Hoffman gave an introduction to the role of asset classes. He discussed the different aspects of building portfolios and market environments. He also discussed the roles and return drivers for equities, fixed income and real assets/alternatives.

Whalen gave an overview of the session objectives. He reviewed the Asset/Liability Study, the summary findings, historical experience, deterministic projections and stochastic projections. He reviewed investment models and investment model forecasts.

Price distributed "Enterprise Risk Tolerance Assessment." Whalen discussed risk elements and mitigating factors. He defined enterprise risk as an aggregation of many types of risk elements and

offsetting mitigating factors which must be assessed individually. He discussed investment risk, liability risk, decision risk, and potential mitigating factors.

Gordon was no longer present for subsequent discussion and voting.

Hoffman distributed "Investment Strategy Evaluation". He gave an overview of modeling techniques including mean-variance analysis, asset-liability modeling, scenario analysis, stress tests and risk decomposition.

Price reviewed an example of a Functionally Focused Portfolio (FFP).

Hoffman reviewed a forecasted risk/return for different portfolio types and an investment model evaluation summary.

The Board discussed different models and estimated timelines in changing our asset allocation. It was noted investment policy implications could take up to 2 years.

The Board directed staff to create a risk-balanced 50/25/25 investment model and a refined Functionally Focused Portfolio (FFP) model. A special meeting may be scheduled in December to review and select a final asset mix.

Whalen reviewed the workshop goals and objectives and the next steps – an asset allocation workshop and an IPS/detailed implementation plan review.

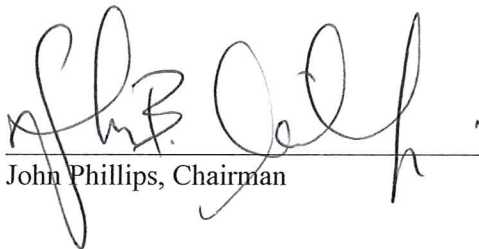
4. **Consider and take possible action to accept new target asset allocation**

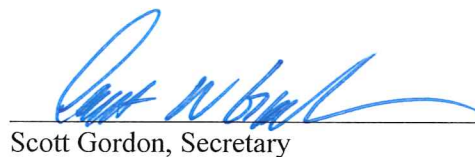
No action was taken.

5. **Miscellaneous**

- (a) Staff Report – None
- (b) Outside Professionals' Report - None
- (c) Trustees' comments – None

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Andersen, Hast, Holcombe, Kroll, Phillips, Pigeon, Rodrigues and Watts)


John Phillips, Chairman


Scott Gordon, Secretary