



**RETIREMENT BOARD MEETING
SECOND MONTHLY MEETING**

9:00 a.m.
November 26, 2013

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

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the November 9, 2011, October 17 and 23, 2013 meetings.
4. Review of total portfolio performance including:
 - a. Consideration of any managers already under review or to be placed under review.
 - b. Consideration of any changes in allocations to managers
5. Consider and take possible action on follow up information received regarding retired member with on call pay.
6. Consider and take possible action on changes to Travel Policy.
7. Consider and take possible action on Board meeting schedule for 2014.

CLOSED SESSION

8. The Board will go into closed session under Govt. Code Section 54956.9(a) to confer with legal counsel regarding existing litigation :
 - a. *Contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al.,*
Contra Costa County Superior Court, Case No. N12-1870.
9. The Board will continue in closed session under Govt. Code Section 54956.81 to consider the purchase or sale of a particular pension fund investment.

OPEN SESSION

10. Consider authorizing the attendance of Board and/or staff:
 - a. Advanced Principles of Pension Management for Trustees, CALAPRS, January 22-24, 2014, Los Angeles, CA.
11. Miscellaneous
 - a. Staff Report
 - b. Outside Professionals' Report
 - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for Persons with disabilities planning to attend Board meetings who contact The Retirement Office at least 24 hours before a meeting.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 9, 2011

<u>Meeting Date</u> 11/26/13
<u>Agenda Item</u> #3

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, November 9, 2011 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Terry Buck, Richard Cabral, John Gioia, Brian Hast, Jerry Holcombe, Sharon Naramore, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Karen Levy, General Counsel; Debbie Carmel, Retirement Benefits Manager; and Vickie Kaplan, Retirement Accounting Manager

Outside Professional Support: Harvey Leiderman
Representing: Reed Smith LLP

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Christina Dunn	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Oyler	CCCERA Staff

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Approval of Minutes

It was *M/S/C* to approve the minutes of the October 20, 2011 Board meeting. (Yes: Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

It was *M/S/C* to approve the minutes of the October 26, 2011 Board meeting. (Yes: Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

4. Routine Items

It was *M/S/C* to approve the routine items of the November 9, 2011 meeting. (Yes: Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

Allen was present for subsequent discussion and voting.

It was the consensus of the Board to move to item 7.

7. Recommendation from the ad-hoc audit committee for an outside independent auditing firm for the three year period beginning January 2012

This item was tabled for a future meeting.

8. 2012 Administrative Budget

Leedom reviewed the accomplishments of CCCERA's divisions. The major changes in the Information Technology Division were related to the replacement of servers and backups due to increased data needs.

The Investment Division completed five new contracts with investment managers. Asset Allocation rebalancing was completed on schedule. Approximately 14 on-site visits were performed. The on-site visits for the Securities Litigation monitoring services were also completed.

The Accounting Division received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the tenth consecutive year.

Leedom reviewed staffing requirements and the organizational chart noting the Deputy CEO position is still vacant. Depooling has caused a dramatic increase in data manipulation. The prospect of additional new tier variations and subvention levels within the County's benefit structure significantly increased the staff's workload. She requested two additional staff positions for this budget, a Retirement Senior Member Services Data Specialist and a Member Services Technician. These classifications are existing positions, so task descriptions, salary steps, and other recruitment materials are currently available.

The workload in the Legal Division continues to increase, with pending legislative changes, policy drafting, public records requests, and compliance requirements at the forefront. She requested authorization to use other outside legal services on an ad-hoc basis, for specialized needs as they occur, in an amount not to exceed \$25,000 annually.

It was **M/S/C** to approve up to \$25,000 with an annual status report provided to the Board. (Yes: Allen, Buck, Gioia, Hast, Holcombe, Telles, Viramontes and Watts. Abs.: Cabral)

Leedom noted that existing carpet in the office is over 10 years old and worn due to wear and tear. An allowance for tenant improvements through our new lease will cover construction and materials costs.

The 2012 Budget was reviewed noting the actual administrative budget is \$7.62 million. The law provides that the entire expense of the administration can be up to 21 basis points of CCCERA's total Accrued Actuarial Liability, which is approximately \$13.9 million. The recommended budget of \$7.62 million does not include the IT, Investments, and Legal Budget that are not subject to the administrative budget cap. Leedom also reviewed the Disaster Recovery budget noting a draft MOU with San Diego County Employees' Retirement Association is in the discussion stage and is very near completion.

It was *M/S/C* to adopt the 2012 Administrative Budget as presented. (Yes: Allen, Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

CLOSED SESSION

The Board moved into Closed Session pursuant to Govt. Code Section 54957 and Govt. Code Section 54956.9(c).

The Board moved into open session.

5. Disability Retirements

It was *M/S/C* to accept the Medical Advisor's recommendation and grant the following disability benefits:

- (a) John Sambrailo - Service Connected (Yes: Allen, Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)
- (b) Gloria Salazer - Non-Service Connected (Yes: Allen, Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)
- (c) Robert Duncan - Service Connected (Yes: Allen, Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

Gioia recused himself from item 6 and was not present for subsequent discussion and voting.

6. There was no reportable action related to Govt. Code Section 54956.9(c).

Gioia was present for future discussion and voting.

9. Meeting Calendar for 2012

It was *M/S/C* to approve the meeting calendar for 2012 as amended, after moving the September 5th Quarterly Meeting to August 29th. (Yes: Allen, Buck, Cabral, Gioia, Hast, Holcombe, Telles, Viramontes and Watts)

10. Miscellaneous

(a) Staff Report -

Leedom reported that Grubb & Ellis, the Willows property manager, will pursue the appeal for the reduction of the appraised value for the Willows.

(b) Outside Professionals' Report -

None

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 9, 2011

(c) Trustees' Comments -

Buck reported he attended the IFEBP in New Orleans, noting two specific presentations from economists that state the economy is fine.

Cabral discussed the Fair Political Practices Commission (FPPC) fines for CalPERS employees and officials failing to properly report gifts as required in the annual Form 700 Statement of Economic Interest filings and requested additional information about the FPPC charges in this matter.

Telles reported he attended an on-site visit with Hally and Leedom at Robbins, Geller, Rudman, and Dowd LLP. He was impressed with the firm.

Viramontes thanked the ad-hoc audit committee for their work.

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

Maria Theresa Viramontes, Chairman

John Phillips, Secretary



Meeting Date
11/26/13
Agenda Item
#3

RETIREMENT BOARD MEETING MINUTES

SPECIAL BOARD MEETING
9:00 a.m.

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

October 17, 2013

Present: Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues, Jerry Telles and Rusty Watts

Absent: Debora Allen and Richard Cabral

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
Marty Dirks	Milliman
Dorian Young	Milliman

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. **Discussion with consultant and staff regarding managers scheduled to present**

Price gave an overview of the performance of the managers scheduled for presentations.

Helliesen introduced Dorian Young of Milliman who will be working on CCCERA's account with Marty Dirks. He also gave a brief overview of the managers presenting.

4. **Manager presentations:**

Alternatives

Adams Street – Gary Fencik

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

Fencik gave a brief update on the firm and the investment team noting there have been no changes in the investment team but that there have been a few retirements in other areas of the firm. He

reviewed the performance of the primary and secondary investments as compared to the global industry benchmark data as of March 31, 2013.

He reviewed CCCERA's total portfolio performance from inception through March 31, 2013. He also reviewed the diversification of investment commitments as of March 31, 2013.

Energy Investors Funds – John Buehler, Christina Anzel and Jose Torres

Buehler gave an overview of the firm and the investment team, noting they are exclusively in the United States. He reported they are one of the first private equity fund managers to focus on the independent power industry.

Anzel gave an overview of CCCERA's investments in USPF I, USPF II, USPF III and USPF IV. She reported CCCERA's total commitment in the four funds is \$195 million.

Torres gave an overview of three of the investments in the portfolio: Calypso Energy Holdings, EIF Renewable Energy Holdings, and the Newark Energy Center.

DBL Investors – Nancy Pfund, Cynthia Ringo, Mark Perutz

Pfund gave an overview of the firm and reviewed the returns of Fund I.

Ringo gave an overview of the team commenting on their venture capital investing experience.

Perutz reviewed the performance to date of Fund I and the Fund projections.

Ringo reviewed Fund II investments and the performance to date noting the fund is still in its early stages.

Fixed Income

AFL-CIO - Emily Johnstone, Chang Suh

Johnstone gave an overview of the firm and their investments noting they are a \$4.6 billion fixed-income fund that invests primarily in multi-family mortgage securities across the country that are all built using union labor.

Suh reviewed their investment strategy and their portfolio characteristics. He also gave an update on their performance. He reviewed how risk characteristics are measured, monitored and managed relative to the Barclays Aggregate benchmark.

Torchlight Investors – Robert Kopchains, Daniel Heflin

Kopchains gave an overview of the firm and reviewed a representative client list. He gave an overview of the investment committee and operating committee noting all of the committee members are owners of the firm and contribute to the firm. He reviewed the firm's philosophy and strategy development. He also reviewed their opportunistic and value-added fund strategies.

Heflin reviewed the market conditions and commercial real estate opportunities. He reviewed Fund I, the portfolio holdings of Fund II, and he gave a summary of Fund III. He also reviewed Debt Opportunity Fund IV's investment activity to date.

5. **Miscellaneous**

(a) Staff Report –

Leedom reminded the Board the meeting on October 23rd will begin at 8:30. Transwestern will present information on the Willows Office Building and the Board will review finalists for the International Value Equity Manager mandate.

She reported she attended the on-site visits to Paulson and Lord Abbett noting her concerns with the changes at Lord Abbett.

Price also reported on the on-site visits at Paulson and Lord Abbett noting there were several changes at Lord Abbett. He felt the on-site visit with Paulson was successful.

He reported he toured a multi-family property held by Invesco in Minneapolis and was very impressed. The property is expected to be fully leased in the first part of 2014.

Price reported he attended the CII Forum and the Institutional Investors Forum and felt both were worthwhile.

He stated he will remind Paladin the Board is in a quiet period and there should be no contact.

(b) Outside Professionals' Report -

Helliesen distributed a Flash Report for the period ending September 30, 2013.

(c) Trustees' comments –

Gordon commented on his first on-site visit and felt it was valuable. He also felt it was appropriate to put Lord Abbett on the watch list.

Telles reported he attended the Institutional Investors Forum. He also reported he was contacted by Paladin.

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

Brian Hast, Chairman

Jerry Telles, Secretary



Meeting Date
11/26/13
Agenda Item
#3

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY BOARD MEETING

8:30 a.m.

October 23, 2013

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: Richard Cabral

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

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman
Rebecca Byrnes	County Counsel

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 September 4, 2013 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Telles and Watts)

It was M/S/C to approve the minutes of the September 11, 2013 meeting. (Yes: Gordon, Hast, Holcombe, Mitchoff, Phillips, Telles and Watts)

Allen was present for subsequent discussion and voting.

4. **Update from investment consultant regarding the finalists for the International Value Equity Manager search.**

Dirks gave an overview of the managers scheduled to present, noting personnel changes within the firms.

Rodrigues was present for subsequent discussion and voting.

5. Manager Presentations:

MFS Investment Management – Camille Humphries Lee, Allan Duckett

Duckett gave an overview of the firm noting they have a very experienced team. He reviewed their distinguishing characteristics including an integrated global research platform, a disciplined consistent strategy, and a rigorous valuation discipline. He also reviewed their International Value Equity team.

Lee reviewed upcoming changes to the team. She gave an overview of their stock analysis and their investment approach. She also reviewed their sector, regional and country weights, their top 10 portfolio holdings, and characteristics.

Duckett reviewed their performance. He also reviewed their fee schedule. He noted MFS is a Delaware corporation with 78% of the stock owned by SunLife.

Schroders Investment Management – Jamie Macmillan, Justin Abercrombie, Stephen Kwa

Macmillan introduced the presenters. He gave an overview of the firm noting asset management is their sole business. He stated they have over 200 years of financial services experience.

Abercrombie gave an overview of the investment team noting they are based in London, Sydney and New York. He reviewed the firm's investment philosophy, investment process, stock weighting and stock selection. He also reviewed key portfolio characteristics and risk management.

Kwa reported they have achieved consistent performance on a rolling 3 year information ratio vs. peer group. He also reviewed fees noting they average 55 basis points.

Pyrford International Ltd. – Tony Cousins, Mark Osterkamp

Osterkamp gave an overview of the firm noting they focus on 4 strategies – global equity, international equity, global absolute return, and Asia Pacific strategies.

Cousins gave an overview of the firm noting they have very limited staff turnover. He reviewed the firm's investment philosophy and country analysis. He gave an overview of the responsibilities of the investment professionals, how they select stocks, portfolio construction and sell decisions. He reviewed their portfolio characteristics and percentage allocations.

Osterkamp reviewed their performance and services. He discussed fees noting they are negotiable.

6. Consider and take possible action on International Value Equity Manager

After a lengthy discussion on the manager presentations, it was M/S/C to hire Pyrford International Ltd. subject to due diligence, on-site visits, legal review and authorize the CEO to sign the necessary contracts. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

Telles was no longer present for subsequent discussion and voting.

7. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Marie Espaniola – Non-service Connected (Yes: Allen, Gordon, Hast, Kroll, Mitchoff, Phillips, Rodrigues and Watts)
 - b. Lisa Beaty – Service Connected (Yes: Allen, Gordon, Hast, Kroll, Mitchoff, Phillips, Rodrigues and Watts)

Telles was present for subsequent discussion and voting.

8. It was M/S/C to accept the Medical Advisor's recommendation and deny the service connected disability retirement for Shirley Guyer. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)
9. **Presentation by Transwestern on the Willows Office Building** – Matt Hurd, Meredith Murphy, David Wilkinson

Hurd gave an overview of the class A Concord market and the class B Concord market, which includes the Willows Office Park building. He reviewed the property highlights, noting the Willows is 93% leased. He also reviewed the vacancy rates in Concord and the Willows.

Murphy gave an overview of Transwestern, noting it is both the leasing and property management firm for the Willows.

Wilkinson reviewed proposed capital projects for 2014, including the building repair needed due to dry rot. He reviewed different scenarios with estimated costs, including removing all siding and trim pieces and replacing them with stucco and replacing all the windows with dual pane windows.

Murphy explained the amortization period, operating expenses and the benefits to tenants.

10. **Consider and take possible action regarding repairs and upgrades to the Willows Office Park Building as recommended by Transwestern**

It was M/S/C to proceed with the proposed work, and interview exterior envelope architects and engineers who do exterior water intrusion work and incorporate all the recommendations into one project with one construction manager managing the project. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Rodrigues, Telles and Watts)

11. **Miscellaneous**

- (a) Staff Report –

Leedom reported the agenda includes a copy of the Public Pension Standards Award (PPCC), and thanked the accounting staff for their work towards receiving the award.

She reported the filing deadline for the vacant Safety seat is Friday and there is only one candidate to date.

She reported fiduciary insurance will be increasing due to pending lawsuits and the increase will be included in the 2014 budget.

Leedom reported we will begin the previously approved remodel of the front office and are working on a request for additional space.

(b) Outside Professionals' Report

None

(c) Trustees' comments –

Mitchoff recommended putting a place holder for the Safety seat on the Board of Supervisor's November 5, 2013.

Rodrigues asked if we are informing money managers presenting to the Board that the meetings are recorded. He feels certain strategies are being comprised. Staff was directed to include an item to reconsider recording Board meetings on an upcoming agenda.

Telles reported he attended the CRCEA Fall Conference noting the lobbyist at the legislative committee was very interesting.

Hast noted Southwest fares are cheaper than other airlines but they charge fees for early boarding that are not paid for by CCCERA. He directed staff to begin paying for early bird check in on Southwest.

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

Brian Hast, Chairman

Jerry Telles, Secretary



Meeting Date
11/26/13
Agenda Item
#5

MEMORANDUM

Date: November 26, 2013
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Retirement Chief Executive Officer
Subject: On-call pay in final year only

At the September 4, 2013 meeting, staff presented an example based on a member who retired July 1, 2013. In the example the member received approximately \$10,000 of on-call pay in the final 12 months of employment after receiving no on-call pay prior to that period. If the on-call pay were included in the retirement calculation, the employer's unfunded liability would increase by approximately \$56,000. The Board directed staff to process the retirement without including the on-call pay, notify the member, and gather information from the member and the employer to determine if the on-call pay should properly be including as compensation earnable in the calculation of the retirement benefit.

The retiree was a Charge Nurse at the hospital and was assigned to the "Epic team". Epic is an Electronic Health Record (EHR) system. The retiree was assigned to the team in May 2011 along with several other nurses and employees of various other job classifications. Team members received extensive training on Epic in order to help determine how the system should be built and to help build it and train personnel to use it. The Charge Nurse was not performing nursing duties during this time. The team also was required to provide support after the system was implemented. When the system was implemented in July 2012, on-call duty was required of team members.

The team members had no way of knowing at the time they were assigned to the team in 2011 that on-call duty was going to be required, and this retiree did not volunteer for an inordinate amount of on-call duty. In fact, the retiree left the team three months prior to retirement and had no on-call pay in the final three months of employment. Within the Epic team the retiree was assigned to the "Clinical Documentation" team. One person from the Clinical Documentation team was on call every day from July 30, 2012 through June 30, 2013, 336 days. The team had 7 members to start with, though it was later reduced. The retiree was on call for 48 of the 336 days, exactly 1 out of every 7.

A number of reasons have been suggested as to why some or all of this type of pay should be excluded in the calculation of the retirement benefit.

1. Pay for services rendered outside of normal working hours.

At the April 10, 2013 meeting, the Board discussed the fact that on-call pay appeared to be completely excluded from compensation earnable by AB 197, however the court ordered stay prevents us from fully excluding on-call pay entirely on this basis pending a decision in the AB 197 lawsuit.

2. Compensation that was paid to enhance a retirement benefit.

Although the same stay order would prevent us from excluding the pay at this time on this basis, we have gathered enough information to conclude that there does not appear to be sufficient evidence to support the notion that any of this on-call pay was paid to enhance a retirement benefit.

3. Fraud against county retirement systems based on making false statements under Gov. Code §31455.5

There is no evidence to suggest the retiree or the employer made false statements to the retirement system.

4. Excluded as an “improper” increase in compensation by the member under Gov. Code §31539(a)(2)

Gov. Code §31539 allows the Board to correct errors if the error was made as a result of fraudulent reports for compensation, or, if the member caused his final compensation to be improperly increased or otherwise overstated at the time of retirement. The on-call pay was earned by the member and was paid to the member during the final average period. There is nothing to suggest that the member caused his final compensation to be improperly increased at the time of retirement.

5. A fiduciary obligation to prevent the creation of the \$56,000 unfunded liability that will be paid for by employers (and ultimately the taxpayer), along with interest, over an 18 year period.

The unfunded liability was created by the employer’s pay practices, not by the Retirement Board. It is the Board’s responsibility to set a funding policy that requires the employer(s) to pay for the unfunded liability that arises. Note that it is the Board’s current funding policy that allows the employer to spread the liability over the cost group and to stretch out the payments over 18 years. The Board could adopt a funding policy that would determine what portion of an experience loss of this sort is excessive and require payment by the employer for that portion of the loss over any period as short as 1 year.

Recommendation: Authorize staff to adjust the retiree’s benefit to fully include the on-call pay.



Meeting Date
11/26/13
Agenda Item
#6

MEMORANDUM

Date: November 26, 2013

To: Board of Retirement
Marilyn Leedom, Retirement Chief Executive Officer

From: Karen Levy, General Counsel

Subject: Board Authorization of Travel Expenses

Recommendations

- (1) Consider and take possible action to authorize "economy plus" travel to London for an investment on-site visit in the event the Board determines that this is a reasonable and necessary expense of the administration of the fund
- (2) Consider and take possible action to authorize Southwest "early check in fee" in the event the Board determines that this is a reasonable and necessary expense of the administration of the fund

Discussion

The CCCERA Board of Retirement recently raised an issue regarding authorization of the following travel expenses:

1. Payment for additional costs for "economy plus" travel to London to conduct a due diligence on-site visit with an investment manager selected by the Board on October 23, 2013. The additional fee for "economy plus" varies depending on the carrier and the particular flights selected.
2. Payment for Southwest "early check in fee" for all Board members and staff. According to the Southwest website, "early check in fee" is currently a \$12.50 one-way charge for automatic check-in before ordinary 24-hour check-in.



The following summary sets forth the legal provisions regarding expenses, as well as the Board's current policies regarding travel reimbursement and due diligence "on-site" visits with investment managers, which we hope would be helpful to the Board in considering these items.

The California Constitution charges the Retirement Board with the sole and exclusive authority and responsibility for administration of the retirement system's trust fund. (Calif. Const. Art. XVI, Section 17, Calif. Gov. Code Sections 31520, 31580.2.) In order to fulfill its duty to invest prudently and to ensure the prompt delivery of benefits, the Retirement Board must approve certain travel and related expenses so that Board members and staff may attend conferences and meetings that the Board determined are necessary, educational, or needed for the system's exercise of due diligence before entering into contract with investment managers. With regards to investment due diligence, the Board has adopted an Investment Manager On Site Visits Policy, which establishes guidelines for visits by Board members to the office of investment managers in order to better determine whether the investment manager's offices appear competent and able to properly serve CCCERA.

The Board is authorized by the Constitution to defray expenses of administering the system, including those expenses related to the Board's exercise of due diligence in hiring investment managers, upon the finding that the expenses are "reasonable." Pursuant to Government Code Section 53232.3, reimbursement for expenses such as meals, lodging, and travel is limited to "actual and necessary expenses incurred in the performance of official duties."

Reimbursement for the items at issue here would only be authorized, therefore, if they are determined to be reasonable expenses of administering the Retirement System, and reflect necessary expenses incurred in the performance of the Board's official duties.



MEMORANDUM

Date: November 26, 2013
To: Board of Retirement
From: Marilyn Leedom, Retirement CEO
Subject: Travel Policy Changes

The memo from Retirement General Counsel outlined the two travel-related issues the Board requested to add to the CCCERA Travel Policy. If the Board determines that these two items are reasonable expenses of administering the Retirement System, and reflect necessary expenses incurred in the performance of the Board's official duties, then we propose the following amendments to the Travel Policy:

"V. REIMBURSABLE EXPENSES

A. Transportation

1. In all cases, the most reasonable and cost effective mode of travel should be chosen.
2. Personal auto mileage will be reimbursed at the prevailing IRS rate, except that personal auto mileage for the Chief Executive Officer will be reimbursed at the rate paid to County department heads. In no event shall personal auto mileage reimbursement exceed the cost of round trip airfare plus reasonable expenses associated with air travel.
3. Air travel will be reimbursed at **coach/economy** class rate, not to exceed the actual amount paid. **For international scheduled flights having a scheduled non-stop flight time of six hours or more, CCCERA will reimburse the additional cost of coach/economy class seats advertised as having additional leg room (i.e., economy plus). Incidentals such as checked luggage and "early bird check in" will be reimbursed by CCCERA.**
4. Public transportation will be reimbursed at actual cost.
5. If a member of the Board or staff travels by an indirect route for his/her own convenience (including when traveling by automobile instead of by available air craft) and incurs additional food and/or lodging expenses, any extra cost shall be borne by the traveler and reimbursement for expense shall be based only on such charges as would have been incurred by the most direct and usually traveled route and method.

6. A rental car may be considered if the use of such is less than or equal to the cost of public transportation, including taxis and shuttles, or if public transportation is clearly inadequate. "

CCCERA Board Meetings 2014

Meeting Date
11/26/13
Agenda Item
#7

11.26.13 draft

January						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	B	9	10	11
12	13	14	15	16	17	18
19	20	21	B	23	24	25
26	27	28	29	30	31	

February						
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March						
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C-2	C-3	C-4	5	6	7	8
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30	31					

April						
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20	21	22	B	24	25	26
N-27	N-28	N-29	N-30			

May						
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June						
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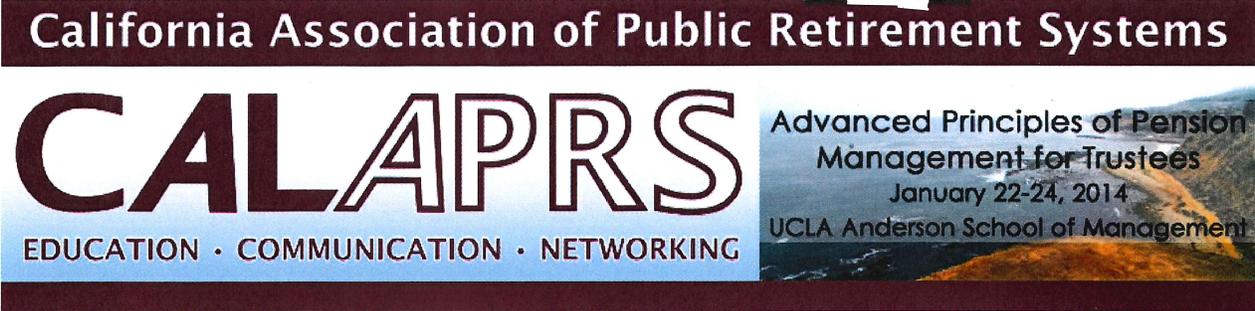
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28	29	30	31			

B	Board Meeting	CII	Stanford Law: Principles of Pension Management
Q	Quarterly Meeting	CALAPRS	SACRS: Public Pension Investment Management
SB	Special Board Meeting	NCPERS	Wharton: Portfolio Concepts
SACRS	Spring/Fall	IFEBC	

Meeting Date
11/26/13
Agenda Item
#10a



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Upcoming Programs

[Advanced Course in Retirement Plan Administration](#)
Nov 20 2013 - 12:00pm - Nov 22 2013 - 1:00pm

[Overview Course in Retirement Plan Administration](#)
Dec 6 2013 - 8:30am - 4:00pm

[Advanced Principles of Pension Management for Trustees at UCLA](#)
Jan 22 2014 - 5:00pm - Jan 24 2014 - 5:00pm

[General Assembly 2014](#)
Mar 1 2014 - 4:00pm - Mar 4 2014 - 11:00am

[Principles of Pension Management for Trustees at Stanford](#)
Aug 5 2014 - 6:00pm - Aug 8 2014 - 1:30pm

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November						
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17	18	19	20	21	22	23
24	25	26	27	28	29	30

Principles of Pension Management for Trustees

January 22-24, 2014: Advanced Principles of Pension Management for Trustees at UCLA

August 5-8, 2014: Principles of Pension Management for Trustees at Stanford

Advanced Principles of Pension Management for Trustees at UCLA

January 22-24, 2014

UCLA Anderson School of Management
110 Westwood Plaza
Los Angeles, CA 90024

[Apply Now >>](#)

About the Course

The Advanced Principles for Trustees is about offering programs that help public pension trustees ask and answer the tough questions. The Institute is about finding out what it will take to govern ever more effectively in the 21st century, how we can build organizations that truly stand the test of time, and how we can be open to strategic possibilities. This is the gift of governance that defines the Advanced Principles for Trustees.

As a public pension trustee, you are being challenged as never before with vastly increased responsibility, unprecedented accountability, and changing expectations. Moreover, areas such as compensation, audit, and risk management are rapidly evolving. To address these developments, the Advanced Principles for Trustees Program adopts a multi-functional perspective on the issues effectively integrating ethics, compliance, enterprise risk management, and sustainability into the view.

For details, download the agenda [HERE](#).

Who should attend?

This Program is designed for an elite group of senior trustees who are proven board leaders. Successful applicants will have held a position on a pension board for at least one or two terms prior to their current term. **[The CALAPRS Principles of Pension Management for Trustees at Stanford is a prerequisite \(requirement\) for this course.](#)**

Registration

Registration for this course is now open (see link above). Each system may enroll one Trustee as a "Delegate" and designate one additional Trustee as "1st Alternate" with the remainder as "2nd Alternate". Delegates will be admitted first. If vacancies remain, 1st Alternates will be admitted in the order received, followed by 2nd Alternates. Tuition cost covers all meals, lodging, and materials - CALAPRS Members: \$3,100 and Non-Members: \$3,400.

Lodging

To ensure full participation in the program, CALAPRS requires all participants to stay in the lodging provided. All meals will also be provided. CALAPRS will make and pay for reservations for the nights of January 22 and 23 for all attendees at the following location:

Search Glossary

Member Login

Username: *

Password: *

- [Request new password](#)

[Request User Account](#)

Contact Us

info@calaprs.org

575 Market Street, Suite 2125
San Francisco, CA 94105

1-800-RETIRE-0
Fax: 415-764-4915

UCLA Guest House
330 Charles E. Young Drive East
Los Angeles, CA 90095
(310) 825-2923

Principles of Pension Management for Trustees at Stanford

August 5-8, 2014

Stanford University Law School
559 Nathan Abbott Way
Stanford, CA 94305

Agenda

Program agenda will be posted here and distributed to member systems as soon as it becomes available.

About the Course

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' 350 Trustees accountable for the stewardship of more than \$450 Billion in retirement fund assets. 40 California public pension systems belong to CALAPRS. Over the past fifteen years, Trustees of our member retirement systems have participated in this unique training program presented exclusively for California public retirement system board members. This training focuses on the practical aspects of our Trustees' duties.

Why attend?

- To gain insight into public pension policy issues
- To discuss alternative solutions to common problems
- To understand the complexities involved in administering public pension plans
- To appreciate the differences and similarities among California public pension plans
- To network with other Trustees and pension professionals
- To increase familiarity with pension terminology and concepts
- To receive the ethics training required for new Trustees

Who should attend?

The course is for new trustees. Attendance is recommended within the first few years after assuming office. Experienced Trustees will use the program as a comprehensive refresher course. **This course is a prerequisite to the CALAPRS Advanced Principles of Pension Management for Trustees at UCLA.**

Registration

Registration for this course will open in Summer 2014. Member systems will be notified when the application form is available. Registration includes lodging, meals, and materials. Each system may enroll one Trustee as a "Delegate" and designate one additional Trustee as "1st Alternate" with the remainder as "2nd Alternate". Delegates will be admitted first. If vacancies remain, 1st Alternates will be admitted in the order received, followed by 2nd Alternates.

Tuition must be paid in full prior to attending the course and must be paid by check. Cash and credit will not be accepted. Tuition cost will be \$2,500.

Lodging

Registration includes accommodations for all delegates. CALAPRS highly recommends that everyone, even those who live locally, stay in the lodging provided to ensure thorough participation in the course. CALAPRS will make reservations for all attendees at the following location:

Sheraton Palo Alto Hotel
675 El Camino Real
Palo Alto, CA 94301



Meeting Date
11/26/13
Agenda Item
Misc.

MEMORANDUM

Date: November 12, 2013

To: Board of Retirement
Marilyn Leedom, Retirement Chief Executive Officer

From: Karen Levy, General Counsel

Subject: Update: CCCERA Has Received A Favorable Letter of Determination
From the Internal Revenue Service Effective September 17, 2013

Recommendation

Receive and file.

Update

Congratulations! The Contra Costa County Employees' Retirement Association has received a favorable "Letter of Determination" from the Internal Revenue Service, effective September 17, 2013. A "Letter of Determination" is a favorable ruling that the terms of the retirement plan comply with applicable provisions of the Internal Revenue Code and IRS rules. It means that the retirement plan is "tax-qualified" under the Internal Revenue Code and IRS rules, and therefore plan participants are not taxed when contributions are made to the plan, but rather upon receipt of benefits at retirement. CCCERA had previously applied for, and received, a favorable Letter of Determination from the IRS in 1987.

Background

CCCERA filed an application with the IRS for a letter of determination within Cycle E, which ended on January 31, 2011. The application was made after the Board adopted changes and tax compliance policies, as recommended by tax counsel, Mary Beth Braitman of Ice Miller LLP. Included with the application was a Voluntary Compliance Program ("VCP") application, whereby certain plan amendments and corrections were raised. In February 2011, CCCERA received a ruling from the IRS regarding the VCP portion of the application. The ruling provided that the plan amendments would be treated as if they were adopted timely. The IRS



advised in 2011 that CCCERA's application would now be transferred to the group in charge of handling the determination letter portion of the application. CCCERA's tax counsel has contacted the IRS periodically to check on the status of CCCERA's application. On September 17, 2013, the IRS issued a favorable determination as to CCCERA's tax qualified status. The determination letter was received today, and will be kept in CCCERA's permanent records. A copy is enclosed.

The next step: The IRS is allowing governmental plans to file the next application for a Letter of Determination in Cycle E, from February 1, 2015 to Jan. 31, 2016 (instead of Cycle C, which would have required filing applications by Jan. 31, 2014).

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

SEP 17 2013

CONTRA COSTA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION
C/O MARY B BRAITMAN
ICE MILLER LLP
ONE AMERICAN SQUARE SUITE 2900
INDIANAPOLIS, IN 46282

Employer Identification Number:

94-2478110

DLN:

601024001

Person to Contact:

MAXINE B TERRY

ID# 50016

Contact Telephone Number:

(202) 283-9644

Plan Name:

CONTRA COSTA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which this application was submitted.

This letter may not be relied on after the end of the plan's first five-year remedial amendment cycle that ends more than twelve months after the application was received. This letter expires on January 31, 2014. This letter considered the 2009 Cumulative List of Plan Qualification Requirements.

This determination letter is applicable for the plan adopted on 07/01/1945.

Letter 2002 (DO/CG)

CONTRA COSTA COUNTY EMPLOYEES'

This determination letter is applicable for the amendment(s) executed on 7/19/2010 8/18/2010.

This determination letter is also applicable for the amendment(s) dated on 8/27/2010 9/30/2010.

This determination letter is also applicable for the amendment(s) dated on 7/7/2011 7/27/2011.

This determination letter is based solely on your assertion that the plan is entitled to be treated as a Governmental plan under section 414(d) of the Internal Revenue Code.

This determination letter is applicable to the plan and related documents submitted in conjunction with your application filed during the remedial amendment cycle ending 2011.

We have sent a copy of this letter to your representative as indicated in the Form 2848 Power of Attorney or appointee as indicated by the Form 8821 Tax Information Authorization.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely,



Andrew E. Zuckerman
Director, EP Rulings & Agreements

Enclosures:
Publication 794