

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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January 11, 2006

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, January 11, 2006, in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Dave Gaynor, Brian Hast, Paul Katz, Louis Kroll, Sharon Naramore, William J. Pollacek, Bob Rey, Jerry Telles, Maria Theresa Viramontes and Clifton Wedington.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Rick Koehler, Retirement Accounting Manager; Kathy Somsen, Retirement Benefits Manager; Toni Warren, Retirement Administration Manager.

Outside Professional Support:	Representing:
Ashley Dunning	Steefel, Levitt and Weiss
Bob Helliesen	Milliman USA
Tim Price	Milliman USA
Rebecca Byrnes	County Counsel
Joseph Tobacco	Berman, DeValerio, Pease, Tabacco, Burt & Pucillo

Other Attendees:

Tracy Kroll	Contra Costa County Employees Retirement Association (CCCERA) Staff
Luz Casas	CCCERA Staff

Wedington welcomed the newest Board Member, Dave Gaynor.

1. Public Comment

No members of the public offered comment.

Telles and Hast were present for subsequent discussion and voting.

2. Approval of Minutes

There was a motion to approve the minutes of the December 14, 2005 meeting, after amending Page 3, 11(a), adding "The Board concluded it was not their intention to have an ad hoc meeting with the Chief Executive Officer and a meeting with Leedom was not authorized". There was discussion on the entitlement of the Board to receive a report on the meeting. The matter was referred to counsel to determine if the non-approved ad hoc committee should submit a report to the Board. It was M/S/C to approve the minutes of the December 14, 2005 meeting as amended. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, Wedington)

After the motion, Counsel noted she wished to add an additional amendment, and asked that the first paragraph, first sentence of Page 4 be changed to "Dunning noted that Ventura County *Retirement Association* has prevailed on *the* court case brought against

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it on excess earnings." It was M/S/C to further amend the minutes of the December 14, 2005 meeting as noted by counsel. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, Wedington)

3. Routine Items

It was M/S/C to approve the routine items of the January 11, 2006 meeting. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, Wedington)

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor, Hearing Officer and or staff's recommendation regarding disability retirement applications, to consult with counsel regarding cases currently being litigated, and to consider whether to initiate litigation.

The Board moved into open session.

4. Disability Retirements

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

(a) Robert Redfern Service Connected (Yes: Cabral, Hast, Katz, Kroll, Pollacek, Telles, Viramontes, and Wedington)

5. Kenneth Archie

It was M/S/C to accept the recommendation of the Hearing Officer to deny Kenneth Archie's application for service-connected disability. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)

6. Potential Litigation

No reportable action.

7. Adams Street

There was a motion to enter into a contract for Adams Street 2006 Fund with the terms expressed in the memorandum.

There was a great deal of discussion regarding CCCERA's restricted access to information about the partnership's investments. Hally noted the general partners have reasons for confidentiality and information distributed can put them at a disadvantage.

There was continued discussion on the possibility of monitoring investments by viewing the information during on-site visits. Dunning noted that viewing the information during on-site visits is not acceptable to Adams Street. During discussion, it was noted that Adams Street is not the source of confidentiality; the private equity fund managers

require this and Adams Street is trying to balance between private and public investors, and at the same time insuring that it fulfills its fiduciary obligation to gain access to the best private equity funds available for all limited partners.

The Board debated if the investments could be adequately monitored and if CCCERA can do business with a company that doesn't allow monitoring access. Hally noted that investments aren't normally monitored at the level indicated, and felt the Adams Street investment could more than adequately be monitored from an investment perspective under normal circumstances even with the potential confidentiality provisions. Dunning noted she was uncomfortable with CCCERA's inability to monitor all holdings, the original motion was withdrawn. It was M/S/C to withdraw interest in Adams Street 2006 fund and to direct staff to convey to Adams Street the reasons CCCERA would not be investing in their 2006 Fund. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)

8. 2006 Investment Manager Meeting Schedule

Hally reviewed the proposed 2006 meeting schedule for CCCERA's investment managers to make presentations to the Board. There was a motion to approve the 2006 Investment Manager Meeting Schedule as proposed. There were questions on the criteria used and the frequency of meetings with investment managers. There was continued discussion on meeting with all investment managers at least every other year and annually with Managers that have asset allocations of at least \$50 million.

It was M/S/C to amend the motion to approve the schedule as proposed for February and to return to the Board with a new proposal with other options for the 2006 Investment Manager Meeting Schedule. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)

9. Onsite Due Diligence Meetings

This item was tabled until the January 25, 2006 meeting.

10. Reconsideration for Tier III for Robert Morris

Somsen reviewed the appeal for reconsideration to elect Tier III from Robert Morris. After reviewing the history, and requesting a recommendation from staff on past practice, it was M/S/C to accept staff's recommendation to deny Robert Morris' appeal for reconsideration to allow him to elect Tier III. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)

11. Conference Seminar Attendance

- (a) It was M/S/C to authorize the attendance of Gaynor at the Trustees Roundtable, CALAPRS, February 3, 2006, San Diego, CA. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)
- (b) It was M/S/C to authorize the attendance of Gaynor at the Principles of Pension Management, CALAPRS, March 28-31, 2006, Stanford Law School, CA. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)
- (c) It was M/S/C to authorize the attendance of all Board and appropriate staff at the General Assembly, CALAPRS March 5-7, 2006, Palm Springs, CA. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)
- (d) It was M/S/C to authorize the attendance of Hast and Cabral at the Annual Conference, Klausner & Kaufman, March 5-8, 2006, Sunny Isles Beach, FL. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, Viramontes, and Wedington)

12. Miscellaneous

- (a) Counsel Report - Dunning noted she has received a response from the County on their draft MOU on an excess plan. She has been negotiating for several months on this issue and the County seems to have rejected most of CCCERA's changes. Dunning will report back to the Board after her meeting with the County. She confirmed again the Retirement Board is under no obligation to develop an excess plan and it is the County's obligation and responsibility.

Dunning noted that the final ruling on the Ventura County Retirement Association on excess earning will be provided to the Board in a few months.

- (b) Leedom reported that a certified letter has been sent to the City of Pittsburg for a true-up of the City's Withdrawal Liability, based on the three year schedule outlined in the Withdrawal Contract. She has scheduled a meeting for tomorrow to discuss the issue. A substantial sum of money is involved.

The Board Regulations will be amended to include the change in time for Board Meetings and the new alternate appointed member will be added. The disability section of the regulations has not been updated for some time and has been a work in progress for several years. Completing the disability and hearing sections of the Regulations will take some time. After completion, the regulations will be brought back to the Board for review.

Leedom noted Pension and Investments (P&I) will no longer provide free subscriptions. The cost for five Board Members is \$191 per person and was not included in the budget. The consensus of the Board was that P&I is an extremely important piece of information and all should receive.

Hally noted he is much closer to completing the McKinley contract. He is in the process of completing the Pathway contract after several revisits. He noted that

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alternatives, domestic equities and commodities education will need to be reviewed and revisited to determine direction for staff.

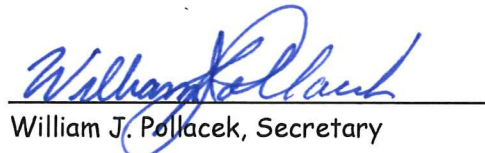
Leedom noted CCCERA has received another Certificate of Achievement for Excellence in Financial Reporting.

- (c) *Trustee Comments* - Cabral reminded counsel they would need a ruling on the report from the ad hoc committee that met with the Retirement Chief Executive Officer. He stated he received an original copy of the Retirement Journal and it is much easier to read. Wedington noted under the SACRS contract all trustees should be receiving an original copy of the Journal.

Katz asked about the statutory limitation for a retiree to return to work at the County and the procedures. He was directed to address any questions to Somsen. He requested more information on increasing the contingency reserve another 1%. Leedom noted that Interest Crediting and the Excess Earnings policy will be combined into one policy and will be brought before the Board for review.

- (d) *Consultants' Comments* - Helliesen noted a flash report from investment managers with preliminary information was distributed to the Board. Progress' information appears to be incorrect and he will follow up with Progress. The information came directly from the managers and Milliman will be reviewing the information for accuracy.


Clifton Wedington, Chairman


William J. Pollacek, Secretary