

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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January 13, 2010

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, January 13, 2010 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Richard Cabral, Dave Gaynor, John Gioia, Brian Hast, Jerry Holcombe, Paul Katz, Sharon Naramore, William J. Pollacek, and Jerry Telles.

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
John Monroe Segal Company

Other Attendees:

Margie Breen	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Luz Casas	CCCERA Staff
Karen Davis	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Mary Lou William	Contra Costa County Retired Employees' Association (CCCREA)
John Bartel	Contra Costa First 5/Bartel Associates
Michelle Johnston	Auditor Controller
Satomi Cadena	CCCREA
Donna Irwin	Retiree Support Group (RSG)
Nodge Irwin	RSG
Marnie Huddleston	Contra Costa First 5
Shawn Garcia	Contra Costa First 5
Colette Curtis-Brown	Contra Costa County Sanitary District (CCCSD)
Bill Cullen	Retiree
Debbie Ratcliff	CCCSD
Tim Ernst	Retiree
Robert Leete	San Ramon Valley Fire Protection District (SRVFPD)
Jim Bickert	Deputy Sheriff's Association
John Ross	Contra Costa County Fire Protection District (CCCFPD)
J. Lorrekovich	CCCFPD
Dennis Gardiel	Retiree
Bob Rey	Retiree
Bob Campbell	Auditor Controller
Marie Raul	Auditor Controller
Tina Kaufman	Auditor Controller
Haj Nahal	Auditor Controller
Gene Dansel	Retiree
Sue Casey	Moraga/Orinda Fire District

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Alan Biagi	Rodeo/Hercules Fire Protection District
Vincent Wells	Local 1230
Kris Hunt	CCC Taxpayers Association
Suzie Griffith	AFSCME Local 2700
Lois McKinney	SEIU Local 1021
John Keel	SRVFPD

1. Pledge of Allegiance

Telles led all in the *Pledge of Allegiance*.

2. Public Comment

Mary Lou Williams thanked the Board and CCCERA staff for the successful meeting on Monday January 11, 2010.

3. Depooling Presentation - John Monroe, Segal Company

Monroe reviewed the presentation report on depooling. The report provides an illustration of the impact on employer contribution rates resulting from the Board's action to depool CCCERA's assets, Actuarial Accrued Liabilities (AAL) and Normal Cost by employer. Appendix II shows the employer contribution rates from the December 31, 2008 actuarial valuation both before and after depooling. The remainder of the report contains background information on the action taken by the Board and illustrates how the employer contribution rates after depooling have been determined.

At this time, the report only shows the impact on the General member employer contribution rates. This is due to the prior inclusion of various fire districts data in County payroll that will now need to be identified into separate pools. The Segal Company and CCCERA staff are working to verify the accuracy of the data that was provided for non-active Safety members. The Safety results will be determined and released once this process has been completed.

Leedom noted she is hopeful this will be completed and distributed by the February meeting.

It was noted that these rates exclude the employee and employer subventions. Segal was given direction to prepare a report adding the rates that include these subventions.

John Bartel has requested the Board ask Segal to look at alternative ways to calculate small organizations that are pooled with the County, noting that when a small entity with little or no prior service joins CCCERA, it may greatly affect the UAAL portion of the contribution rate. It was requested by the Board Chair to have this request sent to Leedom in writing.

It was **M/S/C** to accept the depooling report from Segal. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

4. 415(b) Limits Presentation - John Monroe, Segal Company

Monroe reviewed the educational 415 (b) limits workshop presentation. Outlines on this presentation included understanding Internal Revenue Code Section 415, Payment of excess benefits from Qualified Governmental Excess Benefit Arrangement (QGEBA) and impact on Actuarial Valuation.

It was noted that the limits are set by the Internal Revenue Service and the Retirement Association cannot pay more than the limits that are set. Also discussed was the impact on employer and depooled structure.

It was **M/S/C** to accept report pending further study from ICE Miller Opinion. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

It was the consensus of the Board to proceed to Items 11 and 9 and then return to Item 5.

11. Final Compensation for Calculation of Retirement Benefits

After a discussion on this item, a public comment by Nodge Irwin was noted at this time. He would like to get an idea as to whether the Board will be making a decision on this item at the next Board meeting. It was the consensus of the Board that the only action that will be taken at the next Board meeting will be to agendaize an item to schedule a future meeting date to talk about this item. No reportable action taken on this item.

Cabral was not present for subsequent discussion and voting.

9. Disability Statistics for 2008 and 2009

After Somsen reviewed the disability statistics for 2008 and 2009 it was **M/S/C** to accept the report. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

5. Approval of Minutes

It was **M/S/C** to approve the minutes of the December 9, 2009 meeting. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

6. Routine Items

It was **M/S/C** to approve the routine items of the January 13, 2010 meeting. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor and or staff's recommendation regarding disability retirement applications and Govt. Code

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Section 54956.9(c) and Govt. Code Section 54956.9(b) to consult with counsel to consider whether to initiate litigation and discuss potential litigation.

The Board moved into open session.

7. Disability Retirements

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

- (a) Christopher Bailey Service Connected (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

Cabral was present for subsequent discussion and voting.

8. Other Litigation

No reportable action taken.

8a. Potential Litigation

No reportable action taken. Pollacek and Telles recused themselves from this item.

Gioia was not present for subsequent discussion and voting.

10. SACRS Phase II of CERL Review

It was **M/S/C** to accept staff's recommendation to pay CCCERA's share of Phase II of CERL Review to SACRS. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

12. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of four Board Trustees at the Trustees' Round Table, CALAPRS, February 5, 2010, Ontario, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)
- (b) It was **M/S/C** to authorize the attendance of Holcombe at the Principles of Pension Management for Trustees, CALAPRS, March 23 - 26, 2010, Palo Alto, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)
- (c) It was **M/S/C** to authorize the attendance of four Board Trustees and two staff at the Pension Bridge Annual Conference, Pension Bridge, April 6 -8, 2010, San Francisco, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)
- (d) It was **M/S/C** to authorize the attendance of Buck, Cabral, Naramore, Remick, Telles and two staff at the Spring Conference, Council of Institutional Investors, April 11- 13, 2010, Washington, DC. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

13. Miscellaneous

- (a) Staff Report - Leedom noted that Hally reported JP Morgan's transition is in progress. Goldman Sachs onsite visit is this Friday, January 15, 2010 in New York. The quarterly Flash Report was distributed to the Board.
- (b) Outside Professionals' Report - nothing to report.
- (c) Trustees' Comments - Holcombe wanted it noted how well the January 11, 2010 meeting was put together and thanked staff on a successful meeting.

Cabral - noted that the disclaimer read at Monday's Board meeting should be disclosed at every meeting and would like to find out why it isn't disclosed. He also requested that the Board receive Global investment training since the Board voted to go Global.

Pollacek would like to obtain the CALAPRS General Assembly Agenda as soon as possible.

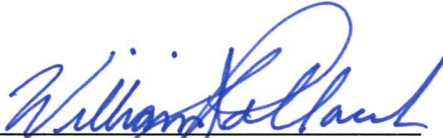
Katz requested a cost benefit analysis for depooling.

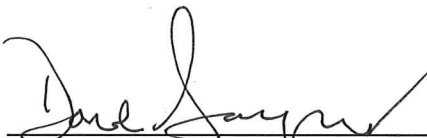
Telles stated Board meeting minutes are missing a lot of dialog. It was requested to have an agenda item put on a future Board meeting to talk about taping or recording meeting minutes.

Holcombe noted that this is Toni Warren's last official Board meeting and congratulated her on her retirement.

14. Adjourn meeting in memory of Donald F. Peterson

It was **M/S/C** to adjourn the meeting in memory of Donald F. Peterson. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)


William J. Pollacek, Chairman


David Gaynor, Secretary