

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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January 14, 2009

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, January 14, 2009 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, William J. Pollacek, Jerry Telles, and Maria Theresa Viramontes.

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; Karen Levy, Counsel

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Rebecca Byrnes County Counsel

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Mary Lou Williams	Contra Costa County Retired Employees' Association (CCCREA)
Robert Leete	San Ramon Valley Fire
Satomi Cadena	CCCREA

1. Pledge of Allegiance

Katz led all in the *Pledge of Allegiance*.

2. Public Comment

Mary Lou Williams noted the handicap electronic door at the front entrance of the building is currently not working.

3. Approval of Minutes

After adding "The Actuarial Audit will be available for viewing in CCCERA's library" on Page 3, after Item 4, it was **M/S/C** to approve the minutes of the November 25, 2008 meeting as amended. (Yes: Buck, Cabral, Gaynor, Gioia, Katz, Pollacek, Telles, and Viramontes)

It was **M/S/C** to approve the minutes of the December 10, 2008 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Katz, Pollacek, Telles, and Viramontes)

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4. Routine Items

It was **M/S/C** to approve the routine items of the January 14, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Katz, Pollacek, Telles, and Viramontes)

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 Gov. Code Section 54956.9(c) to consult with counsel to consider whether to initiate litigation.

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) Cynthia Flynn Non-Service Connected (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

6. Other Litigation

No reportable action taken.

7. Equity Adjustment for Staff

Leedom discussed the history behind her recommendation. After a short discussion, it was **M/S/C** to accept the recommendation of the ad hoc committee to approve a onetime equity adjustment of 4%, effective January 1, 2009, for the Retirement Benefits Manager and the Retirement Accounting Manager. (Yes: Buck, Gaynor, Gioia, Hast, Katz, Pollacek, and Viramontes; No: Cabral and Telles).

8. Retirement Deputy Chief Executive Officer

It was **M/S/C** to accept the recommendation of the Retirement Chief Executive Officer to change the title of the Assistant Retirement Administrator to Deputy Retirement Chief Executive Officer and to approve an expanded step range of 7 or 8 steps for the Deputy position. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

9. Conference Seminar Attendance

(a) It was **M/S/C** to authorize the attendance of Cabral and Gaynor at the Trustees' Round Table, CALAPRS, February 6, 2009, San Jose, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)

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- (b) It was **M/S/C** to authorize the attendance of Buck, Gaynor, Gioia, Hally, Leedom and Viramontes at Pension Bridge Annual Conference, April 14 - 16, 2009, San Francisco, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of Cabral, Hast and one appropriate staff member at the 2009 Private Equity Annual Limited Partners' Meeting, Credit Suisse (DLJ Real Estate), March 2-4, 2009, Palm Beach, FL. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (d) It was **M/S/C** to authorize the attendance of all Board and appropriate staff at the General Assembly, CALAPRS, March 1 - 3, 2009, Monterey, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (e) It was **M/S/C** to authorize the attendance of Buck, Holcombe, and Pollacek at the Principles of Pension Management, CALAPRS, March 24 - 27, 2009, Stanford, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (f) It was **M/S/C** to authorize the attendance of Chu at the Public Funds, Opal Financial Group, January 7 - 9, 2009, Scottsdale, AZ. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (g) It was **M/S/C** to authorize the attendance of Telles at CAPPP I, International Foundation, March 28 - 29, 2009, Carlsbad, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Telles, and Viramontes)
- (h) No one was able to attend the Rebuilding Investor Conference, CII, January 26 - 27, 2009, Washington, D.C.

10. Miscellaneous

- (a) Staff Report - Leedom reported she is having issues with CCCERA's current Fiduciary Liability Insurance carrier. She noted staff is in the process of locating another carrier.

Leedom noted staff, counsel and the actuary are working on a possible revision of the Interest Crediting Policy. She performed a brief survey of other '37 Act counties; providing a short description of the different methods used to allocate interest to member accounts.

Leedom noted the first meeting in February will be an important meeting to attend. Segal will provide a presentation on market smoothing. She stated she has had a discussion with Dan Borenstein, from the Contra Costa Times, on fund returns. Leedom noted she invited him to the meeting in February to hear Segal's presentation.

Hally stated he received an update from ING Investments related to CCCERA's Equity Account with ING. He noted a copy of the letter is in trustees in-boxes. ING is changing their organizational structure and has released Omar Aguilar. Omar has been at ING for three to four years as head of their quantitative strategy. Omar's departure is very troublesome and cause for concern for ING Core Plus Investments. ING Core Plus is already on watch for performance; however, Hally felt there should be discussion on placing them on watch for organizational changes as well. He noted there will be a specific item on the next agenda for discussion regarding ING Investments.

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- (b) Outside Professionals' Report - Leiderman stated that some SACRS systems have been working with the IRS regarding the process for applying for Letters of Determination. The deadline for the government filing cycle has been extended to Cycle E, or until January 31, 2011. Staff and Counsel are in the process of collecting CCCERA's plan documents.

Leiderman noted he has agreed to provide a presentation at the CALAPRS Attorneys' Roundtable on municipal Chapter 9 filings. He commented he is happy to provide the same presentation for a future meeting and will provide written presentation material via e-mail to Board members.

- (c) Trustees' Comments - Hast read an updated statement on the Mayer vs. CCCERA case as follows: On November 25, 2008, in closed session, the Board approved the principal terms of an agreement settling litigation, captioned Marita Mayer vs. CCCERA, Action No. 08-02630 in Contra Costa County Superior Court, and gave legal counsel and the CEO authority to finalize the settlement. On December 16, 2008, the parties' Settlement Agreement became final. In the Action the plaintiff claimed that she was entitled to additional service credit towards her retirement benefit, based on an alleged misclassification of her position by the County. The key terms of the written Settlement Agreement are: plaintiff would dismiss all of her classification claims against the County; and neither party will pay any amount to the other party. The action against CCCERA was dismissed on December 22, 2008.

Cabral - discussed a disturbing report on Money Management Letter regarding CCCERA's issues with Western Asset Management. He noted Western Asset was terminated for the problems staff incurred with client services and not performance issues. Hally noted he has provided updates on Western Asset's transition at every Board Meeting and will continue to do so. He reiterated that Western Asset had also been on watch for performance before their termination.

Viramontes - thanked all for the sympathy and condolence cards she received for the death of her mother-in-law. She noted the reason she missed the December 10th Board Meeting and the Staff Appreciation Luncheon was because of her mother-in-law's death. She noted for the record, that the Bob Campbell who attended the December 10th Board Meeting, was not her husband, but a County employee, so there is no conflict of interest.

Telles - requested that the AFSCME Conference be agendized for the next agenda. He thanked all for closing the November 26, 2008 Board Meeting in honor of his father.

Holcombe - reported he attended the Public Funds Board Forum Conference in San Francisco last December. He noted it was a good conference. He learned a lot and wanted to thank the Board for sending him.

Gioia not present for subsequent discussion

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Buck - is interested in the investment manager search process. He has discussed this with Milliman and has asked that they educate him on the search process. He commented some systems change consultants every three years, similar to the way they change auditors and actuaries. He asked for CCCERA's policy on this procedure.

It was M/S/C to adjourn the meeting in memory of Maria Theresa Viramontes mother-in-law, Addie Campbell. (Yes: Buck, Cabral, Gaynor, Holcombe, Katz, Pollacek, Telles, and Viramontes)



Brian Hast, Chairman



Jerry Telles, Secretary