

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

October 10, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, October 10, 2007 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, Sharon Naramore, William J. Pollacek, Jim Remick, Bob Rey, Jerry Telles and Clifton Wedington.

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

Outside Professional Support: Representing:
Ashley Dunning Steefel, Levitt and Weiss
Rebecca Byrnes County Counsel

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Mary Lou Williams	Retirees' Association
Satomi Cadena	Local #1, Retirees' Association

1. Public Comment

No members of the public offered comment.

2. Approval of Minutes

After adding "requested detailed explanation from the actuary on the newly adopted employee contribution rates" on Page 4, Item 9(c) in Cabral's comments, it was **M/S/C** to approve the minutes of the September 5, 2007 meeting. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles and Wedington)

After changing "ULECO" to "ULLICO" and adding "noting Michael Stead, currently of Paladin, formerly Chief Investment Officer of ULLICO" on Page 5, item 7(b) in Helliesen's comments, it was **M/S/C** to approve the minutes of the September 12, 2007 meeting. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles and Wedington)

3. Routine Items

It was **M/S/C** to approve the routine items of the October 10, 2007 meeting. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles and Wedington)

Gaynor present for subsequent discussion and voting.

7. Alternate Voting Proxy for Fall SACRS Conference

It was **M/S/C** to authorize Wedington as voting delegate, with Gaynor as alternate to vote on behalf of Contra Costa County Employees' Retirement Association at the Fall SACRS Conference. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

8. SACRS Proposed Resolution Opposing Richman's 2007 Initiative

There was a motion to support the SACRS proposed resolution opposing Richman's 2007 initiative on Public Employees' Pensions and Health Plans. After discussion on receiving more information before voting for support, a substitute motion to postpone was offered; it was **M/S/C** to table this item until the November 7, 2007 meeting. (Yes: Gaynor, Katz, Pollacek, Rey and Wedington; No: Cabral 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, Gov. Code Section 54956.9 (c) to consider whether to initiate litigation (2) and Gov. Code Section 54956.9(a) Gragnani vs. Contra Costa County and CCCERA Board.

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) Richard Wynter Non Service Connected (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, and Wedington)
- (b) Timothy Bartolomei Service Connected (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, and Wedington)
- (c) Shirley Spediacci Service Connected (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

5. Potential Litigation (2)

It was **M/S/C** that in accordance with Government Code section 54957.1; the Board has given approval to join CalPERS and various other public retirement boards as *amicus curiae* in support of petitioner board members in the *Lexin v. Superior Court* case. The adverse parties are the Superior Court of San Diego County and the People, as real parties in interest: the case involves alleged conflicts of interest by petitioner board members who received enhanced retirement benefits from the SDCERS retirement system on the same terms and conditions as other employed members of the retirement system who were in the same positions and classifications as the board members. (Yes: Cabral, Gaynor, Hast, Rey, Telles and Wedington; No: Katz; Abs: Pollacek)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 3

October 10, 2007

6. Graghani v. Contra Costa County, et al

No reportable action taken.

9. Disability Medical Consultancy Services

Leedom reviewed her memo and provided the processes involved in granting disabilities. After discussion, it was **M/S/C** to direct staff to issue an RFI for one or more Occupational Health Consultants to contract directly with CCCERA for disability needs, contingent upon receiving a letter from Dr. Walker regarding Contra Costa Health Services inability to accommodate requests for medical review for CCCERA disability needs. Staff will return to the Board with the contract. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

10. Travel Policy

After discussion and various amendments to the Travel Policy, it was decided to table this item and to direct staff to highlight all changes and redistribute at next month's meeting. The chair tabled this item until next month.

11. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Remick at the 12th Annual Emerging Manager Conference, Progress Investment Management, November 18 - 20, 2007, Scottsdale, AZ. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)
- (b) It was **M/S/C** to authorize the attendance of one Board and one Staff Member at the Fall Conference, GMO, October 23 - 24, 2007, Boston MA. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)
- (c) It was **M/S/C** to authorize the attendance of up to six Board members at the 16th Annual Public Fund Boards Forum, December 8 - 11, 2007, San Francisco, CA. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

12. Miscellaneous

- (a) Staff Report - Leedom reported that she attended the Milliman Conference and felt it was outstanding. She also attended the CALAPRS Administrator's Institute, and noted it was an excellent networking experience. She discussed Alameda County's business continuity live test she was invited to observe at the end of October.

Leedom noted she plans to have a demonstration of CCCERA's new software in January. The project is moving forward with testing and data cleansing.

Hally- reported he is in the process of finalizing Paladin's contract. He noted DLJ's contract is almost complete; and CCCERA will be in the first closing. He is still working with counsel on a few final details on Lazard's contract. He will return to

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

October 10, 2007

the Board with changes in the Investment Policy with Global Fixed Income language to accommodate CCCERA's Global Fixed mandate.

Hally noted Western Asset Management was notified they were put under review at the September 12, 2007 meeting for not meeting Board requirements and lack of appropriate communication and were told at that time the importance of sending required reports on time. On Monday, Western was the only firm out of the six presenting firms for the October 18th meeting to not have their reports to our office as requested.

He notes on site visits are scheduled for PIMCO and Western next week.

Hally noted the departure of Delaware's fixed income group, noting this had no impact on CCCERA.

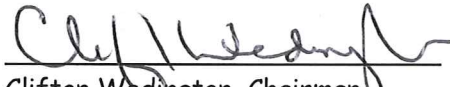
- (b) Outside Professionals' Report - Dunning - reported the major issue in negotiating Paladin's contract was a binding arbitration clause. Her office is still negotiating and will return to the Board on October 24th if contractual issues cannot be resolved.
- (c) Trustees' Comments - Naramore - discussed the Milliman Conference, noting it was very interesting.

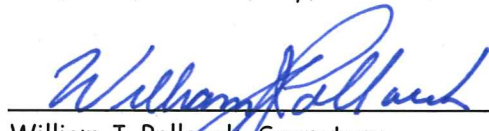
Cabral - noted he prefers the past practice of evaluating the Retirement Chief Executive Officer with an ad hoc committee made up of the officers of the Retirement Board.

13. Retirement Chief Executive Officer's Performance

It was **M/S/C** to table this item, refer to an ad hoc committee and return to the Board for discussion at the next monthly meeting. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

It was **M/S/C** to adjourn. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)


Clifton Wedington, Chairman


William J. Pollacek, Secretary