

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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October 11, 2006

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, October 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, John Gioia, Brian Hast, Paul Katz, Louis Kroll, Sharon Naramore, William J. Pollacek, 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:

Tracy Kroll	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Joelle Luhn	CCCERA Staff
Luz Casas	CCCERA Staff
Ed Irwin	Retiree Support Group
Mary Lou Williams	Retirees' Association
Debbie Ratcliff	Contra Costa County Sanitary District

1. Public Comment

No members of the public offered comment.

2. Approval of Minutes

After amending Page one, Item two, first line, changing Retires' to Retirees'; adding Kroll to the vote on Page two, item 3, 4 (b) and 4(c); adding Rey's yes vote on 4 (a); changing "the same" to "a similar" on Item 9, first paragraph, last sentence; and adding the unanimous vote for Item 13; it was **M/S/C** to approve the minutes of the September 6, 2006 minutes as amended. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

After changing "Gennie Mae" to Ginnie Mae" in the second paragraph under Western Asset Management and noting Telles left at the same time as Kroll during Item two, it was **M/S/C** to approve the minutes of the September 13, 2006 meeting as amended. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

3. Routine Items

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

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 to evaluate the Chief Executive Officer's performance; and 54956.9 (c), 54956.9 (a) to consult with counsel regarding cases currently being litigated or 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) Elaine Jacobs Non Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

5. Paul Clancy

No reportable action taken.

6. Potential Litigation

No reportable action taken.

7. Raines vs. CCCERA et al

It was **M/S/C** that Sheila Raines has dismissed her lawsuit against CCCERA with prejudice in exchange for a waiver of costs. There were no costs for CCCERA to recover in this case and by a vote of 9 to 0; CCCERA's Board therefore has agreed not to pursue Ms. Raines for costs. (Yes: Cabral, Gaynor Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

8. Evaluate Chief Executive Officer's Performance

This item was tabled until after Item 14.

9. Pension Administration Project

Leedom provided an update on the Pension Administration Project. She noted the challenge of transferring retiree data correctly from the legacy system into the Tier System. The system is scheduled to go "live" in late October or November with the first checks from the Tier System going out December 1, 2006.

Leedom has been meeting with the County's Human Resource (HR) Benefits office regarding health insurance carrier deductions for safety retirees on CALPERS medical insurance. She noted a letter was mailed from HR to these retirees to request their

authorization to have deductions for insurance taken from their retirement checks. The County will continue to collect premiums if no authorization form is received from the affected retirees.

Leedom then noted she is still in discussions regarding safety members' pre-tax healthcare deductions as it relates to the Pension Protection Act. She then shared a copy of the new checks with Board members and noted the tax form, 1099r, will be laser printed and easier to read.

Additions for next year will include a member web site that will include personal identification numbers (PINS) for members to access information.

10. SACRS Ad-Hoc Nomination Review Committee Recommendations

After discussion on the language used in the SACRS Ad-Hoc Nomination Review Committee recommendations, it was **M/S/C** to approve the recommendations of the SACRS Ad-Hoc Nomination Review Committee. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

11. Market Stabilization Account

Leedom reviewed the Market Stabilization Account as of June 30, 2006, noting she has basic information available for the Board. If more in-depth information is needed the item will need to be re-agendized when Koehler returns. It was the consensus of the Board to have the Market Stabilization Report re-agendized when Koehler returns.

12. Normal Retirement Age

There was a **motion** to direct staff to work in association with The Segal Company, to study, define and standardize the terminology "normal retirement age", as it applies to all tiers within the retirement system. The motion was amended to attempt to have all other '37 Act systems develop the same procedures and to return to the Board with a recommendation.

There was continued discussion on working with SACRS to have all '37 Act Counties follow the same procedures to prevent several different processes. Leedom noted she would place this as a topic of discussion at the Administrator's break-out session at the upcoming Fall SACRS Conference. **The second on the motion was withdrawn.**

Dunning noted she is working with Ice Miller to assist in a definition of normal retirement ages for CCCERA. Some preliminary steps can be completed before procedures for all '37 Act systems are determined.

13. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of all Board and appropriate staff at the Federal Pension Protection Act Seminar, SACRS, October 17, 2006, Sacramento, CA. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)
- (b) It was **M/S/C** to authorize the attendance of two board or staff members at the 12th Annual Plan Sponsor and Emerging Manager Conference, Progress Investment, November 19 - 21, 2006, Scottsdale, AZ. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)
- (c) It was **M/S/C** to authorize the attendance of all appropriate staff and Board at the Public Fund Boards Forum, Public Funds, December 9 - 12, 2006, San Francisco, CA. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)
- (d) It was **M/S/C** to authorize the attendance of Wedington at the 52nd Annual Employee Benefits Conference, International Foundation of Employee Benefits, October 8 - 11, 2006, Las Vegas, NV. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

14. Miscellaneous

- (a) Staff Report - Leedom reported another "lift-out". Dennis Henry, currently with CB Richard Ellis, the manager of the Willows Office Park, is leaving CB Richard Ellis with his entire team. Since staff is pleased with the current team, she would like to consider moving the building management contract, with the same fees to the teams' new location.

She noted this year's Staff Appreciation Luncheon on December 8, 2006, at the Crowne Plaza...

Hally noted Arthur Hidalgo, who is well-known to the Board, but has no input on investment processes has left Adelante. He apologized for neglecting to inform the Board before this time and noted he should have mentioned this previously. Cabral noted his concern, commenting it was the decision of the Board to place an investment manager on "Watch". Hally noted, in the future, if someone is a primary contact, he will attempt to let the Board know as soon as possible. Leedom commented perhaps the quarterly reports should be changed to include client service contacts who are leaving the firm. Hally will make an effort to include the departing client contacts in his reports to the Board.

- (b) Outside Professionals' Report - Dunning noted she has received an amended contract from Adams Street. She should have all information from the proposal before the on-site visit to Adams Street.
- (c) Trustees' Comments - Cabral noted he will be visiting the Adams Street offices while attending the Institutional Investors Institute (III) Hedge Fund & Consultant's Roundtable, October 23-25 in Chicago. He noted the Council of

Institutional Investors (CII) conference he recently attended was an excellent conference. He will be receiving a copy of minutes and will share these with the Board. He has received an offer from CALPERS to tour their facility; this invitation includes all board and staff.

Rey noted he has been attempting to find out more information on the affect of the Pension Protection Act on CCCERA. A meeting has been scheduled in Southern California after the October 17, 2006 meeting in Sacramento with the same speaker.

Cabral noted Southern California trustees are getting together monthly. CCCERA trustees were invited to join the group. The systems are not just '37 Act but other public trustees. The meetings are ad hoc and are rotated between boardrooms.

The Board moved into closed session pursuant to Govt. Code Section 54957 to evaluate the Chief Executive Officer's performance.

The Board moved into open session.

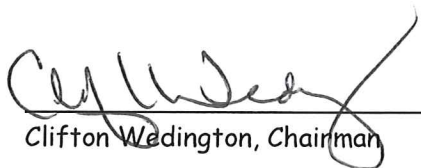
Pollacek was not present for subsequent discussion and voting.

8. Evaluate Chief Executive Officer's Performance (Cont'd)

It was **M/S/C** to issue a successful performance report for the previous year for the Retirement Chief Executive Officer. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Rey, Telles, Wedington)

Cabral, Gioia, Hast, Kroll and were not present for subsequent discussion and voting.

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


Clifton Wedington, Chairman


William J. Pollacek, Secretary