

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 3, 2010

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, November 3, 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, Brian Hast, Jerry Holcombe, Sharon Naramore, William J. Pollacek, Jerry Telles.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Silvina Leroux, Retirement Deputy Chief Executive Officer; Karen Levy, General Counsel; Rick Koehler, Retirement Accounting Manager, Kathy Somsen, Retirement Benefits Manager.

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

Other Attendees:

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| Christina Dunn | Contra Costa County Employees' Retirement Association (CCCERA) Staff |
| Luz Casas | CCCERA Staff |
| Chih-Chi Chu | CCCERA Staff |
| Joelle Luhn | CCCERA Staff |
| Justine Oyler | CCCERA Staff |
| Tracy Kroll | CCCERA Staff |
| Randall Musgraves | Central Contra Costa Sanitary District (CCCSD) |
| Debbie Ratcliff | CCCSD |
| Jim Bickert | Deputy Sheriff's Association |
| Maria Catanese | Retiree Support Group |
| Lucy Fogarty | Contra Costa County Superior Court (CCCSC) |
| Brandy Farborn | CCCSC |
| Kris Hunt | Contra Costa County Taxpayers Association |
| Colette Curtis-Brown | Central Sanitary District |
| Rusty Watts | Treasurer Tax Collector's Office |
| Jackie Lorrekovich | Con-Fire Contra Costa County |
| Michelle Johnston | Auditor-Controller's Office |
| Marnie Huddleston | Contra Costa County First 5 |
| Ted Cwiek | Contra Costa County Human Resources |
| Kathy Gibson | Contra Costa County Grand Jury |
| Tina Kaufman | Auditor Controller's Office |
| Marie Rulloda | Auditor Controller's Office |
| Sue Casey | Moraga/Orinda Fire Protection District |
| Mike McGill | Central Sanitary District |
| Marilyn Oliver | Self |
| Robert Leete | San Ramon Valley Fire Protection District |
| Ray Waletzko | Contra Costa Mosquito & Vector Control |
| Cheryl Rhodes Alexander | Delta Diablo Sanitary District |

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|-----------------|---|
| Vincent Wells | Local #1230 |
| Lisa Driscoll | Contra Costa County Administrators Office (CAO) |
| Satomi Cadena | Contra Costa County Retired Employees Association |
| Cathryn Frietas | Contra Costa County Sanitary District |

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Public Comment

Telles requested the public fill out speaker cards if they wished to speak on an item. No members of the public offered comment at this time.

3. Approval of Minutes

It was *M/S/C* to approve the minutes of the October 13, 2010 meeting with a correction to Page 3, Item 10 (b) Outside Professionals' Report, changing the word "resolution" to "decision". (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

4. Routine Items

It was *M/S/C* to approve the routine items of the November 3, 2010 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

5. Presentation from Segal regarding the 12/31/09 Valuation Report - Paul Angelo, John Monroe

Angelo presented the December 31, 2009 valuation report. The contribution rates requirements in the report are based on the benefit provisions of the Retirement Association as administered by the Board, the characteristics of covered active members, terminated members, and retired members and beneficiaries as of December 31, 2009. The report is also based on the assets of the Plan as of December 31, 2009, economic assumptions regarding future salary increases and investment earnings, and other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The aggregate employer rate calculated in this valuation (before considering the employer subvention of member rates and member subvention of employer rates) has increased from 25.99% to 30.49% of payroll. Angelo briefly described the contribution rates resulting from the depooling as directed by the Board.

The aggregate member rate calculated in this valuation (before considering the employer subvention of these rates of member subvention of employer rates) has increased from 10.62% to 10.99% of payroll. This increase is primarily due to changes in actuarial assumptions and methods that were approved by the Board.

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The results of this valuation reflect changes in the actuarial assumptions and methods adopted by the Board for this valuation. These changes in actuarial assumptions and methods increased the Plan's UAAL by \$64 million and the average employer contribution rate by 1.11% of payroll.

Angelo noted the total unrecognized investment loss as of December 31, 2009 is about \$828 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will serve to offset any investment gains that may occur after December 31, 2009.

Angelo discussed his view on an article that appeared in the Contra Costa Times on investments in 2025. He stated two flaws he recognized in the report; first that the report does not address continuing contributions and the second that California has laws that require pension systems to fund the unfunded liability.

There was a discussion on options for minimizing the immediate impact of employer contributions. The Board directed staff to return with information regarding spreading the impact of depooling over a period of time.

In public comment, Randy Musgraves, Central Contra Costa Sanitary District (CCCSD), reminded the Board that CCCSD would like to review the numbers used to determine the depooling amounts. He asked the Board to delay adopting the new rates until they could review the numbers.

Jim Bickert, Deputy Sheriff's Association (DSA), stated CCCERA made decisions regarding depooling and eliminated terminal pay, but weren't able to provide employers with the cost. He further stated there is nothing showing how much lower the rates will be for new employees, with the change of terminal pay for employees hired January 1, 2011. He questioned if it will create a new tier. Angelo stated the impact is not clear because the data is not available yet. If directed by the Board, The Segal Company could use assumptions to examine the possible change in the 2010 valuation report. The Board directed staff to work with The Segal Company to address this issue in the 2010 valuation.

Kris Hunt, Contra Costa Taxpayers Association, is concerned with the decision on depooling. How an employer deals with depooling should be discussed by employers, not at the Board meetings. She feels the Board should not be reacting to employers, but should be focused on CCCERA.

It was *M/S/C* to accept the December 31, 2009 Valuation Report. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles).

CLOSED SESSION

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

The Board moved into open session.

6. Disability Retirements

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

- (a) Audie Villanueva Non-service Connected. (Yes: Buck, Gaynor, Hast, Holcombe, Pollacek, Telles. Abstain: Cabral)
- (b) Dominick Doherty Service Connected. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)
- (c) Edward Russell Service Connected. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

7. Consider and take possible action on the SACRS legislative platform.

Levy reviewed the SACRS Legislative Platform for 2010-2011.

It was *M/S/C* for the Board Chair to vote yes on the Legislative Committee's Spot Bills at the November 12, 2010 SACRS meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

8. Conference Seminar Attendance

- (a) It was *M/S/C* to authorize the attendance of 2 staff members at the Annual Conference, GFOA, May 22-24, 2011, San Antonio, TX. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)
- (b) It was *M/S/C* to authorize the attendance of 3 Board members at the Certificate of Achievement in Public Plan Policy II, IFEBP, March 5-6, 2011, San Antonio, TX. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)
- (c) It was *M/S/C* to authorize the attendance of 2 Board members and 1 staff member at the 2nd Annual Retirement Policy Conference, NIRS, March 7-8, 2011, Washington, DC. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

14. Miscellaneous

- (a) Staff Report - Leedom reported Board members should have received their bill for fiduciary recourse insurance.

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CCCERA was awarded the Public Pension Standards Award for Funding and Administration 2010 again this year.

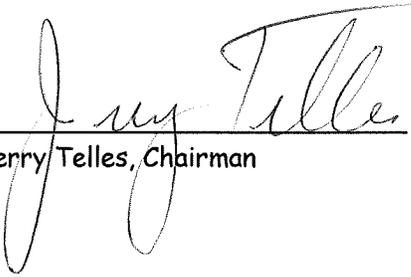
In response to the questionnaire sent to employers regarding educational needs, Leedom noted only one response was received from employers. An additional effort will be made to notify employers of Board meetings that have educational presentations.

Levy reported on a Bay Citizen reporter who has requested public records regarding Board members, CEO and CIO travel expenses for 2008, 2009 and 2010.

- (b) Outside Professionals' Report - Leiderman reported the Contra Costa Civil Grand Jury asked him to provide background information on the role of the Board and the role of the employers for educational purposes.
- (c) Trustees' Comments - Cabral reported he attended the Fidelity Client Conference in Atlanta, and gave a brief update on the meeting.

Telles reported he went to the CREA Conference and he will be providing a report to Board members.

It was **M/S/C** to adjourn the meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)



Jerry Telles, Chairman



Brian Hast, Secretary