

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

November 08, 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, Maria T. Viramontes and Clifton Wedington.

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.

Outside Professional Support: Representing:
Ashley Dunning Steefel, Levitt and Weiss

Other Attendees:

Joelle Luhn	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Luz Casas	CCCERA Staff
Mary L. Williams	Retirees' Association

1. Public Comment

Mary Lou Williams invited the Board to the Retirees' Association's Annual Christmas Luncheon set for December 14, 2006 at the Concord Crowne Plaza; invitations will be distributed at a later date. She also congratulated Louie Kroll on his retirement.

2. Approval of Minutes

After amending page 4, Item #14 replacing "and" with "who"; on page 5, "CALAPRS" was changed to "CALPERS", Pollacek was added as not present after Item #14; and removed from all voting and subsequent discussion after Item #14; it was M/S/C to approve the minutes of the October 11, 2006 meeting as amended. (Yes: Cabral, Gioia, Hast, Katz, Pollacek, Rey, Telles, Viramontes and Wedington)

It was M/S/C to approve the minutes of the October 18, 2006 meeting. (Yes: Cabral, Gioia, Hast, Katz, Pollacek, Rey, Telles, Viramontes and Wedington)

3. Routine Items

It was M/S/C to approve the routine items of the November 08, 2006 meeting. (Yes: Cabral, Gioia, Hast, Katz, Pollacek, Rey, Telles, Viramontes and Wedington)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 2

November 08, 2006

The Board moved in to closed session pursuant to Govt. Code Section 54956.9 (c) to consider whether to initiate litigation and 54956.9 (b) two potential litigation items.

Gioia and Viramontes were not present for subsequent discussion and voting.

The Board moved in to open session.

4. Potential Litigation

No reportable action taken.

5. Two Potential Litigation Items

No reportable action taken.

6. Fiduciary Liability Insurance

Leedom reviewed the staff recommendation for Fiduciary Liability Insurance. After discussion as to whether fund money should be used to protect the Board, it was noted that the use of funds was authorized by statutes. It was M/S/C to accept staff's recommendation to continue with the fiduciary liability insurance policy, since fiduciary liability insurance provides coverage not provided by California Statute. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

7. Alternate Board Member Position

There was discussion on options to fill the vacancy of the Safety Alternate position due to the resignation of the alternate Safety Trustee. After discussion, it was M/S/C to direct staff to request a special election from the Board of Supervisors. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles and Wedington)

8. 2007 Budget

This item was tabled for a future meeting.

9. Market Stabilization Account

Koehler reviewed his Market Stabilization Report noting the numbers in the report are generated from income and expenses which are then run through a Segal spreadsheet. There was discussion on the differences between the Market Stabilization Account and Milliman's numbers. Koehler noted the calculations are a complex process with each entity using different methodologies. Milliman's numbers are before fees and use time-weighting. Segal's numbers are generated net of fees and administration expenses and they use dollar-weighting. Koehler will discuss discrepancies with Segal and Milliman to explore differences.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 3

November 08, 2006

It was the consensus of the Board to have Koehler return to the Board with a written explanation of all methodologies used.

10. SACRS 2007 Legislative Proposals

It was noted the two legislative proposals recommended by the SACRS Legislation Committee are placeholders. The intent of the action is to have vehicles in place if SACRS needs to address a legislative matter following the deadline to introduce legislation. Kroll noted SACRS Safety members should be involved and have been working on Safety definitions for years. Rey gave Pollacek a copy of the definitions. Pollacek will distribute at tomorrow's legislative committee meeting that he will be attending.

Direction was given to Rey and Gaynor to support the proposed spot bills for future legislation.

11. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of all Board and appropriate staff at the 2nd Annual Public Pension Fund Symposium, Steefel, Levitt & Weiss, January 18-19, 2007, San Francisco, CA. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, Wedington)
- b. It was M/S/C to authorize the attendance of Koehler at the GFOA Committee Meeting, January 18-19, 2007, Washington, DC. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, Wedington)

12. Miscellaneous

- (a) **Staff Report - Leedom** noted that Hally will be performing an on-site visit with Nicholas Applegate in San Diego on Tuesday, November 14, 2006 at 9:30 a.m. She noted Hally had requested that one or two Board Members join him on the visit.

The County has notified Leedom that the Deputy Sherriff's Association has reached a tentative agreement. Rates have been requested for the changes involved. Leedom noted rates cannot be approved by CCCERA until the contract is finalized by the Board of Supervisors.

She noted that the new software system went live last week. Staff has been working with the County on PERS Safety retiree healthcare deductions. Recent mailings regarding the healthcare deductions from the County received a good response.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

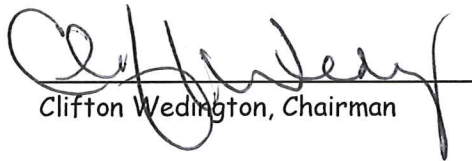
November 08, 2006

Leedom invited Board members to the Annual Staff Appreciation Luncheon on December 8, 2006 at the Crowne Plaza.

- (b) **Outside Professionals' Report** - Dunning had nothing further to report.
- (c) **Trustees' Comments** - Telles thanked Pollacek for the report on the ING Clarion Conference they attended and will provide his report at a future meeting.

Cabral- commented he attended the Adams Street Partners on-site visit with Hally and the visit went well. He feels Adams Street Partner's Counsel is very competent and considers the people he met to be excellent and proficient managers. He noted they were very cooperative and were willing to provide needed investment information. CCCERA is valued as a client with Adams Street Partners. He suggested moving forward and would like to be assured CCCERA is able to get the same information from Pathway.

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


Clifton Wedington, Chairman


William J. Pollacek, Secretary