

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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December 10, 2008

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, December 10, 2008 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, Jim Remick, and Jerry Telles.

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
Bob Helliesen Milliman
Tim Price Milliman
Rebecca Byrnes County Counsel

Other Attendees:

Luz Casas Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen CCCERA Staff
Chih-Chi Chu CCCERA Staff
Tracy Kroll CCCERA Staff
Joelle Luhn CCCERA Staff
Robert Leete San Ramon Valley Fire

1. Pledge of Allegiance

Remick led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Routine Items

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

Gioia was present for subsequent discussion and voting.

Item 6 was moved to after Item 3

6. Global Equity Implementation

Helliesen provided the history on Global Equity, noting a motion at a prior meeting was to move more toward a global asset allocation. Milliman's recommendation was to maintain, but in a phased in process move to 50% domestic, 30% international and 20% global. Helliesen noted at this time he does not recommend moving large sums of money with the volatility the market is experiencing. This item was tabled for further discussion at the second meeting in January.

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(a) to consult with counsel regarding Mayer 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) Ron Richman - Service Connected (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

5. Mayer vs. Contra Costa County and CCCERA Board

No reportable action taken.

7. 2009 Board Meeting Calendar

It was **M/S/C** to approve the 2009 Board meeting calendar. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

8. National Institute on Retirement Security

Leedom reviewed her recommendation regarding joining the National Institute on Retirement Security (NIRS) as a charter association member.

Gioia was not present for subsequent discussion and voting.

It was **M/S/C** to accept staff's recommendation to enroll CCCERA as a charter member with the National Institute on Retirement Security for 2009. If NIRS is registered as a lobbyist, staff was directed to return to the Board for further direction. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

Gioia was present for subsequent discussion and voting.

9. Compensation Study

Leedom reviewed Fox Lawson's recommendations as outlined in the 2008 Compensation Analysis Study. She noted Fox Lawson's recommendation to move CCCERA's managers to an eight step salary range instead of the current five step salary range. There was discussion on the cost involved, the low amount of turn-over in Retirement staff, the spread between management and the staff they supervise, and the lack of recruitment problems currently at Retirement. It was noted it was hard to justify a wage increase, when other County departments are experiencing lay-offs. There was continued discussion on reviewing other represented positions, the need to remain vigilant to keep salaries competitive and, at an appropriate time, the need to look into salaries to make sure the Association is able to retain key personnel as this benefits all members of the fund.

After discussion, it was **M/S/C** to defer this matter for six months; staff was directed to return to the Board in the event of an arising crisis that needs immediate attention. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

Katz was not present for subsequent discussion and voting.

10. 2009 Budget

Leedom reviewed the 2009 Budget. Several items were discussed, including new positions, the impending retirement of the Administration Manager, and General and Safety Member Handbooks. There was a request that another column be added with the previous year's budgeted amounts for comparison.

Leedom commented on the study currently being performed by the Huntsman Architectural firm to determine a space plan for the Association for either the current building or the feasibility of moving to a new building. Leedom stated she did not include funds for either plan in the budget at this time. She noted the current office space is not working for CCCERA's needs, noting major problems with the heating and air, as well as current configuration. Some commented it would be an opportune time to invest in a new building. Cabral noted the building should be a "Class A" building. There was a request to factor in costs of a new building comparing the costs to remodel the current space and there was further discussion that, if we were to purchase another building, it should be a "Class A" building.

It was **M/S/C** to approve CCCERA's 2009 Budget. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Pollacek, and Telles)

11. Advisory Committee Participation

Leiderman reviewed his memo regarding participation in private equity advisory committees. After discussion, it was decided to table this item until a future date.

12. Renewal of Segal Company Contract

Leedom reviewed Segal Company's proposed three-year schedule for valuation fees and hourly billing rates for their services to CCCERA, commencing January 1, 2009. It was **M/S/C** to accept the proposed schedule of fixed fees and hourly billing rates and authorize the CEO to sign any necessary documents. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Pollacek, and Telles)

13. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Cabral, Gaynor, Hally, and Remick at the Public Funds Summit, Opal Financial Group, January 7 - 9, 2009, Scottsdale, AZ. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Pollacek, and Telles)
- (b) It was **M/S/C** to authorize the attendance of two staff members at the Annual Conference, GFOA, June 28 - July 1, 2009, Seattle, WA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Pollacek, and Telles)
- (c) It was **M/S/C** to authorize the attendance of Cabral, Buck, Gaynor, and Remick at the Corporate Governance Roundup, NCPERS, February 23, 2009, Los Angeles, CA. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Pollacek, and Telles)

14. Miscellaneous

- (a) Staff Report - Leedom thanked Joelle Luhn, Retirement's Communication Coordinator, for the outstanding job of putting together CCCERA's budget report.

Leedom noted she has been elected Secretary for the CALAPRS Board.

She stated staff is still in the process of working with Ice Miller regarding the IRS letter of determination.

- (b) Outside Professionals' Report - Leiderman provided an update on his participation in a conference call with senior IRS staff. He is in the process of assisting with a questionnaire to send out to government plans. He noted IRS is overwhelmed by issues facing government plans; however, they are very open to dialog and are cooperative.
- (c) Trustees' Comments - Cabral noted that for the first time in fifteen years he is not asking for an actuarial audit, since the audit has been completed.

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

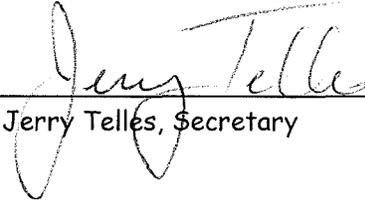
The Board moved into open session.

15. Retirement Chief Executive Officer's Performance

The Board gave the CEO an excellent review and complimented her on the accomplishments of the system, and offered continued support in the future. The Board directed the CEO to proceed with recruiting for the Deputy CEO position.



Brian Hast, Chairman



Jerry Telles, Secretary