

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

January 11, 2012

MEETING DATE 01/25/12 AGENDA ITEM # 3
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The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, January 11, 2012 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Karen Levy, General Counsel; and Vickie Kaplan, Retirement Accounting Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Bob Helliesen	Milliman
Timothy Price	Milliman
Rebecca Byrnes	County Counsel

Other Attendees:	
Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Christina Dunn	CCCERA Staff
Tracy Kroll	CCCERA Staff
Justine Oyler	CCCERA Staff
Mike Sloan	RSG & CCCREA (Local One)
Jon Petersen	REIT Lone Publications
Randy Musgraves	Central Contra Costa Sanitary District

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Recognition of Luz Casas - 15 years of service

Viramontes recognized and congratulated Luz Casas for 15 years of service.

3. Public Comment

No members of the public offered comment.

4. Approval of Minutes

It was **M/S/C** to approve the minutes of the December 14, 2011 Board meeting with a correction removing Terry Buck from the vote to adjourn the meeting. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles and Viramontes)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 2

January 11, 2012

5. Routine Items

It was **M/S/C** to approve the routine items of the January 11, 2012 meeting. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles and Viramontes)

Watts was present for future discussion and voting.

CLOSED SESSION

The Board moved into Closed Session pursuant to Govt. Code Section 54957 and Govt. Code Section 54956.9(a).

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) Leo Washington - Service Connected (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
 - (b) Robert Duvall - Service Connected (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
 - (c) John Higgins - Service Connected (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
 - (d) Katheryn Bean - Non-service Connected (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
7. It was **M/S/C** to accept the Medical Advisor's recommendation and deny the service connected disability retirement for Steven Christensen. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
8. It was **M/S/C** to accept the Medical Advisor's recommendation and deny the service connected disability retirement for Sherri Garcia. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

It was noted there were no employees or representatives present on behalf of any of the disability retirement applicants.

9. There was no reportable action related to Govt. Code Section 54956.9(a).

Pursuant to Government Code Section 54957.1(a)(2), the Board makes the following announcement of action taken in closed session:

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 3

January 11, 2012

On October 12, 2011, in closed session pursuant to Government Code Section 54956.9(c), the Retirement Board voted to authorize its counsel to commence a civil action on its behalf against the County of Contra Costa and its Auditor-Controller.

The purpose of the litigation is to confirm the authority of the Board of Retirement to determine the compensation and terms and conditions of employment of CCCERA staff.

The action was commenced on December 15, 2011, in Alameda County Superior Court, as Action No. RG-11608520. The vote of the Board in closed session was as follows:

For - - Members Buck, Cabral, Hast, Holcombe, Phillips and Telles.

Against - - Members Allen and Bins (for the Treasurer, ex officio).

Abstentions - - None.

Member Gioia recused himself from participating in the closed session.

Member Viramontes noted she was not present at the October 12, 2011 meeting.

Service of process in the civil action on both defendants was accomplished on December 21, 2011. This announcement is being made at the first regular Board meeting following service of process.

10. Asset Allocation Target Changes - Bob Helliesen, Tim Price

Helliesen gave an overview of the recommended asset allocation target changes previously adopted by the Board and the most effective way to adjust the target allocation to the existing portfolios in order to implement these changes.

The Board discussed the anticipated time frame for reaching the targeted asset allocation mix. Helliesen discussed the length of time the investment in global equities would remain in the temporary parking place. Leedom noted the rebalancing as of December 31, 2011 would be completed with review by Milliman and provided to the Board.

It was **M/S/C** to adopt the new asset target allocation adjustments as recommended by Milliman. (Yes: Buck, Hast, Holcombe, Phillips, Telles, Viramontes and Watts. Abs: Cabral)

11. Presentation of Market Stabilization Account for the period ended June 30, 2011.

Kaplan reviewed the Market Stabilization Account's deferred return as of June 30, 2011.

After questions from the Board on several line items, it was **M/S/C** to accept the Market Stabilization Account report. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

It was the consensus of the Board to have an educational presentation at an upcoming Board meeting by The Segal Group on Market Smoothing and the Market Stabilization Account.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

January 11, 2012

12. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of 2 Board members and 1 staff member at the Spring Conference, Council of Institutional Investors, April 1-3, 2012, Washington, DC. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- (b) It was **M/S/C** to authorize the attendance of 2 Board members at the Principles of Pension Management, CALAPRS, March 27-30, 2012, Palo Alto, CA. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- (c) It was **M/S/C** to authorize the attendance of 3 Board members at the 14th Annual Conference, Klausner & Kaufman, March 18-21, 2012, Ft. Lauderdale, FL. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- (d) It was **M/S/C** to authorize the attendance of 1 Board member and 1 staff member at the Client Conference, Oaktree, March 14-15, 2012, Beverly Hills, CA. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

14. Miscellaneous

(a) Staff Report -

Leedom updated the Board on the election process for the vacant Alternate Safety Trustee position noting the anticipated election date is June 26, 2012.

Leedom also gave an update on recent investments made to Siguler Guff, LaSalle, Oaktree and Angelo Gordon.

Leedom reported LaSalle is having a one day seminar on January 19, 2012 in San Francisco and will provide information to all Board members.

Leedom reported the new Deputy CEO will start on Tuesday, January 17, 2012. She will return to the Board with an interim strategy for the Benefits Department.

Leedom also reported Hally's last day is January 19, 2012. The Chief Investment Officer position has been advertised and closes at the end of January. Leedom and Chu will be meeting with Milliman on an interim strategy.

An on-site visit with Adams Street is scheduled for January 24, 2012.

Levy reported there has been an increase in public records requests and provided a summary of the requests from newspapers for retiree information, from law firms related to the securities litigation monitoring RFI, and requests relating to investment information. It was noted that the board previously changed CCCERA's Accessibility of Records Policy and retirees are no longer notified when public requests are received.

Levy gave an update on the latest Superior Court ruling in the Los Angeles Times versus the Los Angeles County Employees' Association lawsuit, where the court ruled that retiree information is public. The retirement system must pay the newspapers' attorney fees, and the

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 5

January 11, 2012

newspapers must pay the retirement system's programming costs necessary to construct the records under the Public Records Act, Govt. Code Section 6253.9.

Hally thanked the Board for the opportunity to work at CCCERA and stated it has been an honor and a pleasure working at CCCERA.

(b) Outside Professionals' Report -

None

(c) Trustees' Comments -

The Board members individually expressed their appreciation for Hally's professionalism, personality and sense of humor. They thanked him for the past success at CCCERA and wished him well.

It was **M/S/C** to adjourn the meeting. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

Maria Theresa Viramontes, Chairman

John Phillips, Secretary