

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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March 30, 2011

MEETING DATE <b>04/13/11</b> AGENDA ITEM #3
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The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, March 30, 2011 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, Sharon Naramore, John Phillips, Jerry Telles and Russell Watts

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Karen Levy, General Counsel; Rick Koehler, Retirement Accounting Manager; Kathy Somsen, Retirement Benefits Manager

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Tim Price	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Oyler	CCCERA Staff
Bill Pollacek	Retired Treasurer-Tax Collector
Kathy Gibson	Grand Jury
Lorna Thomson	Self
Mary Lou Williams	Contra Costa County Retired Employees Association (CCCREA)
Vincent Dee	Pathway Capital Management
Albert Clerc	Pathway Capital Management
Mike Sloan	CCCREA/Retiree Support Group (RSG)
Ken Hanna	Grand Jury
Ted Cwick	Contra Costa County Human Resources
Haj Nahal	Auditor-Controller
Pat Patterson	RSG
Randy Musgraves	Contra Costa County Sanitary District
Elaine Grothman	Self
Lisa Driscoll	County Administrator's Office
Rollie Katz	Local 1
Mary Ann Mason	Contra Costa County

Telles introduced new Appointed Alternate Trustee, John Phillips.

1. Pledge of Allegiance

Phillips led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

**3. Approval of Minutes**

It was *M/S/C* to approve the minutes of the March 9, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Watts. Abs: Phillips).

**4. Presentation from Pathway Capital, LLC on Pathway Private Equity Fund Investors 6 - Albert Clerc, Vincent Dee**

Clerc gave an overview of Pathway Capital Management, LLC, their team, and their private equity investment performance. Clerc noted the fund has consistently outperformed the public equity benchmarks over the long term. He also reviewed CCCERA's performance in the PPEF 1 portfolio stating the audited financials for the 4<sup>th</sup> quarter have not been completed.

Dee reported on the contribution and distribution activity in CCCERA's portfolio, noting distributions from the underlying partnerships increased in 2010 and are expected to remain robust in 2011.

Clerc provided an update on the PPEF 2008 portfolio, which is a multi-investor fund, stating they expect to commit the remaining capital over the next 18 months.

Clerc reviewed the PPEF Investors 6 fund stating it is a similar strategy to the PPEF 2008 fund. The target size for the fund is \$200-\$300 million in commitments with \$160 million in commitments to date. The fund's projected first close is in April of 2011. The fees to CCCERA would be the same as with other PPEF funds.

**5. Investment in Pathway Capital, LLC Private Equity Fund Investors 6**

The Board discussed concerns with transparency and the ability to monitor our investments.

Bob Helliesen stated Milliman supports the investment in the PPEF Investors 6 fund.

It was *M/S/C* to make a capital commitment of \$40 million to Pathway Private Equity Fund Investors 6 (PPEF 6), subject to successful due diligence, legal review and authorize the CEO to sign necessary contracts. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Phillips, Telles, Watts)

**6. County request for release of actuarial information for study on pension plan options**

Leedom discussed the current board process for requests for actuarial information. The request from the County is for actuarial information for the entire CCCERA membership group used for the 2009 actuarial valuation performed by the Segal Company. Segal has the information and will redact personal information. Counsel has reviewed the request and doesn't have any objections so long as there is an agreement to maintain confidentiality of members' personal information to the extent necessary for Buck's study.

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In public comment, Rollie Katz, Local 1, stated Local 1 does not have any objections to the request and believes the information will be helpful to both sides during negotiations.

It was **M/S/C** to approve the County's request for release of actuarial information, with redactions and confidentiality agreement as approved by counsel, for a study on pension plan options. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Phillips, Telles, Watts)

After a discussion on the process for releasing actuarial information, the Board directed staff to draft a policy and bring back to the Board at a future meeting.

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54956.9(b).

The Board moved into open session.

**7. Closed Session**

There was no reportable action.

**8. Staff request to contract with a professional recruiting firm to fill the position of Retirement Deputy CEO**

Leedom reviewed her memo requesting authorization to contract with a professional recruiting firm for the Deputy CEO position noting discretionary funds can be used for this service. After discussion with the Board Chair, a Request for Information to professional recruiting firms has been issued. Letters of Interest are due on Friday, April 8, 2011.

It was **M/S** to authorize staff to contract with a professional recruitment firm to identify and pre-screen candidates, and assist in the recruitment to fill the Retirement Deputy Chief Executive Officer position.

Discussion followed regarding the potential cost of the search.

An amended motion was made to contract with a professional recruiting firm, selected by Leedom, in an amount not to exceed \$35,000. The motion was not seconded.

After discussion on the original motion, the question was called.

It was **M/S/C** to call for the question. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles. No: Gioia. Abs: Watts).

The original motion was **M/S/C** to authorize staff to contract with a professional recruitment firm to identify and pre-screen candidates, and assist in the recruitment for the Retirement Deputy Chief Executive Officer position. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Watts. No: Gioia).

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9. Staff recommendation for a Benefits Coordinator position

Leedom reviewed her memo noting the Benefits Coordinator position was approved in the 2008 Administrative budget but the salary amount has not been budgeted since that time. She further stated with the Benefits Manager retiring soon this would be an ideal time to fill the position to allow for more cross training and support for the benefits department.

It was *M/S/C* to approve the Benefits Coordinator position with an additional amount of \$100,000 in the 2011 Administrative Budget for the position. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Phillips, Telles, Watts).

10. Presentation of 2010 Administrative costs - Actual vs. Budget

Leedom distributed a detailed 2010 Actual vs. Budget report. The overall actual expenses were 81% of budget.

Telles stated he appreciates how Leedom has continually kept CCCERA's administrative costs under budget.

Cabral was not present for subsequent discussion and voting

It was *M/S/C* to accept the 2010 Administrative Costs - Actual vs. Budget report. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Phillips, Telles, Watts).

11. Conference Seminar Attendance

Cabral was present for subsequent discussion and voting

(a) It was *M/S/C* to authorize the attendance of 1 Board member and 1 staff member at the Annual Meeting, Energy Investors Fund, May 1-4, 2011, Carefree, AZ. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Phillips, Telles, Watts)

Gioia was not present for subsequent discussion and voting.

9. Miscellaneous

(a) Staff Report

Leedom reminded the Board that the SACRS Ethics Training, which is due every two years, is on Tuesday, May 10, 2011.

Leedom will be meeting with other administrators on Friday, April 8, 2011 regarding CPAS.

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Leedom reported Bruce Lawson of Fox Lawson is available to attend the May 4, 2011 Board meeting to present the results of the updated compensation and salary study for all unrepresented positions.

The Safety member is running unopposed in the upcoming election. The Board discussed the need to fill the Safety Alternate seat because it is also the alternate to the General Members seats. The Board directed staff to contact the Elections Division to request an extension for the filing period for the Safety Alternate seat by one week.

Leedom reported today is Rick Koehler's last official day, as he is retiring.

The Benefits Manager and Accounting Manager positions are open for recruitment. The deadline for application is Friday, April 8, 2011.

Leedom noted she will be shifting the responsibility of putting the contribution rate packets together to Segal due to the increased complexity and detail involved in the rates.

Leedom reminded Board members that Form 700 is due on Friday, April 1, 2011.

Hally reported an on-site with AFL-CIO will take place on Tuesday, April 5th in Washington, DC. He will also be traveling to New York on April 19, 2011, for an on-site visit with Lazard and also Lord Abbott. An on-site visit with Pathway Capital Management will be scheduled.

Hally, Leedom and Chu went to the Tradewinds presentation in San Francisco and reported on the subject matter.

(b) Outside Professionals' Report

Heilliesen and Price distributed an update on the Small Cap Value equity manager search noting they have issued RFPs to the firms listed. The Board directed Milliman to include Wentworth, Hauser & Violich in the RFP process.

Helliesen noted the Milliman Client Conference will be in Mid September in Monterey.

(c) Trustees' Comments

Cabral attended the Harvard class stating it was very interesting and rewarding. He noted the book outlining the presentations is available for viewing.

He attended the Klausner & Kaufman Conference and felt it was very good.

Buck noted he also attended the Klausner & Kaufman Conference for the first time.

Hast personally, and on behalf of the Board, thanked Koehler for all his hard work over the years.

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

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Jerry Telles, Chairman

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Brian Hast, Secretary