

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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March 14, 2013

The Board of Retirement met in regular session at 9:00 a.m. on Thursday, March 14, 2013 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Terry Buck, Richard Cabral, Jerry Holcombe, John Phillips, Gabe Rodrigues, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: John Gioia, Brian Hast and Sharon Naramore

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, 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
Marty Dirks	Milliman
Jeff Youngman	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Karen Davis	CCCERA Staff
Christina Dunn	CCCERA Staff
Tracy Kroll	CCCERA Staff
Mario Martinez	CCCERA Staff
Justine Rossini	CCCERA Staff
Todd Smithey	Central Contra Costa Sanitary District
Peter Cheung	Paladin
Barbara Bogans	Retiree
Vincent Dee	Pathway Capital
Jim Reinhardt	Pathway Capital
Jason Jenkins	Pathway Capital

1. Pledge of Allegiance

Viramontes led all in the *Pledge of Allegiance*.

2. Recognition of Mario Martinez for 10 years of service

Viramontes recognized and congratulated Mario Martinez for his 10 years of service.

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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 February 13, 2013 Board meeting. (Yes: Buck, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts)

5. Routine Items

It was **M/S/C** to approve the routine items of the March 14, 2013 meeting. (Yes: Buck, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts)

Allen was present for subsequent discussion and voting.

CLOSED SESSION

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

The Board moved into open session.

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

- a. James Laatsch - Service Connected (Yes: Allen, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts. Abs. Buck).
- b. Brian Parrish - Service Connected (Yes: Allen, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts. Abs. Buck).

7. It was **M/S/C to accept the Hearing Officer's recommendation and approve the non-service connected disability retirement for Barbara Bogans. (Yes: Allen, Buck, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts).**

8a. There was no reportable action related to Govt. Code Section 54956.9(a).

8b. There was no reportable action related to Govt. Code Section 54956.9(a).

9. Presentation from Pathway Private Equity Fund Investors 7 (PPEF 7). Jim Reinhardt, Vincent Dee, Jason Jenkins

Reinhardt gave an overview of the firm, noting the firm was established in 1991 and has \$25.6 billion in assets currently under Management. He stated they are global investors, invest only in private equities

and are 100% employee owned. They have 107 employees in 5 different locations. He reported there are currently 17 partners and their team is very stable. He also reviewed the working relationship of the partners.

He gave an overview of CCCERA's portfolio, noting there is a total of \$195 million committed between three funds with Pathway.

Dee highlighted Private Equity Fund I (PPEF I) noting the Fund: 1) is fully committed; 2) is outperforming both industry and public market benchmarks over the long term; 3) had record distributions of \$18.8 million in 2012 which exceeded contributions by \$8.3 million; and 4) has significant value remaining across the portfolio with distribution activity expected to remain strong.

Cabral was present for subsequent discussion and voting.

Dee reviewed CCCERA's investment performance including net returns in excess of fees. He also highlighted significant events within the PPEF I portfolio.

Jenkins highlighted Private Equity Fund 2008 (PPEF 2008) noting: 1) CCCERA committed \$30 million in the third quarter of 2009; 2) the portfolio consists of 29 private equity partnerships with more than 400 underlying portfolio companies; 3) the portfolio is exhibiting strong positive momentum even though it is young; and 4) \$64 million has been contributed in the last four months. Jenkins reviewed performance by vintage year noting the portfolio is performing well. He also highlighted significant events within the PPEF 2008 portfolio.

Reinhart highlighted Private Equity Fund Investors 6 (PPEF 6), noting CCCERA committed \$40 million in the second quarter of 2011. He stated through February 2013, PPEF 6 has committed \$140 million across 16 partnerships.

He gave an overview of Private Equity Fund Investors 7 (PPEF 7), noting the fund is nearly identical in characteristics to PPEF 6 but has a slight change in focus. The target size is \$300 million with an expected commitment period of 3-4 years. He reported \$172 million has already closed and they hope to have the final close in April 2013. Fees were also discussed.

10. Commitment to Pathway Private Fund Investors 7 (PPEF 7).

Price reported CCCERA has a long, successful relationship with Pathway. He noted the proposed \$70 million commitment to PPEF 7 will move us towards the 10% target allocation to Alternatives.

The Board discussed the amount of the contribution as a percentage of the target size of PPEF 7 noting the size of the product. The Board also requested Price redistribute to the Board his December 2012 memo outlining the three year investment roadmap to increase CCCERA's alternative investments to the target of 10% of Total Fund assets.

It was **M/S/C** to make a capital commitment of \$70 million to Pathway Private Equity Fund Investors 7 (PPEF 7), subject to successful due diligence, legal review and to authorize the CEO to sign the contracts. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts)

11. Cash flow report for July through December 2012

Kaplan presented the Cash Flow report for July through December 2012 noting employee contributions increased by 19% and purchases decreased by almost \$4 million. She reported interest and dividends were up 11% and retiree payroll is up 9%. She also reviewed investment and consultant fees. The Board requested a column be added to the next cash flow report showing the percentage increases/decreases of each category.

It was **M/S/C** to accept the cash flow report for July through December 2012. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts)

12. Paperless distribution of Board meeting documents

Leedom reported staff has been researching options for paperless distribution of Board documents and recommends contracting with BoardDocs as the paperless Board document management solution.

She reported BoardDocs is a cloud-based Governance Document Management Service developed specifically for governing bodies. It provides a paperless solution for agendas, backup documentation, policies, and financials, and also allows the storage of audio files created during Board meetings. There would be a link from the CCCERA website to BoardDocs. The program is very detailed but simple to use. It was noted that only public documents would be provided on BoardDocs.

After Board discussion on tools used by other retirement systems and the possible cost savings per year, it was **M/S/C** to authorize staff to contract with BoardDocs. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues, Telles, Viramontes and Watts).

13. iPad Usage Policy

Levy gave an overview of the iPad Usage Policy. The Board had a lengthy discussion on ownership of the iPads, use of the iPads and the responsibility for damages or loss to the iPads.

Telles was not present for subsequent discussion and voting.

Watts was not present for subsequent discussion and voting.

The Board discussed the option of reimbursing Board members and senior staff for purchasing their own electronic device. The Board requested staff bring back a proposed reimbursement policy.

14. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 3 Board members and 1 staff member at the Investors Meeting, Energy Investors Funds, May 1-3, 2013, Palm Beach, FL (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Viramontes)
- b. It was **M/S/C** to authorize the attendance of 2 Board members and 2 staff at the Client Conference, DLJ Real Estate, April 30-May 1, 2013, New York, NY. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Viramontes)
- c. It was **M/S/C** to authorize the attendance of 4 Board members and 2 staff at the Client Conference, Adams Street Partners, June 4-5, 2013, Chicago, IL (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Viramontes)
- d. It was **M/S/C** to authorize the attendance of all Board members and appropriate staff at the Spring Conference, SACRS, May 13-17, 2013, Napa, CA (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Viramontes)

15. Miscellaneous

(a) Staff Report -

Leedom reported she and Schneider met with the Willows Office Park leasing agents noting the building is at a 92% occupancy rate.

She received a public records request from the Contra Costa Times for all Board conference and seminar travel for the past 3 years.

She is completing a public records request from Jennifer Gollan for disability information on safety members.

Leedom reported the on-site visit to INTECH was postponed due to bad weather and has been rescheduled for March 18th.

She reported Schneider, Kroll and Byrnes are working on a disability presentation for the Board.

Price reported Milliman is working on the Private Real Asset search.

He reported Institutional Shareholder Services will be presenting at the March 27th meeting on proxy voting.

Schneider reported pay code items are still being reviewed and should be completed in a couple of weeks.

He reported there were 172 retirements in December which is higher than a typical December.

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(b) Outside Professionals' Report -

None

(c) Trustees' Comments -

Cabral reported he and Hast attended the Klausner and Kaufman conference and thought it was a great conference.

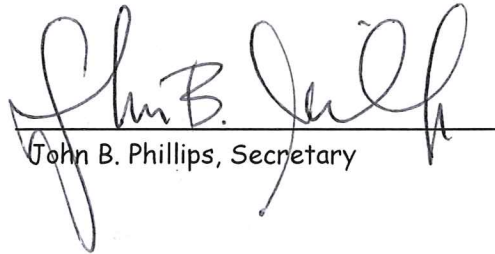
He asked if the Board could put out a statement to active members on the status of the DSA lawsuit. Leedom stated it could be included in a future March newsletter.

Allen reported she was troubled that she was contacted on her personal cell phone by a reporter.

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



Maria Theresa Viramontes, Chairman



John B. Phillips, Secretary