

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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March 14, 2012

Meeting Date 03/28/12 Agenda Item #3

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, March 14, 2012 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, Sharon Naramore, John Phillips, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: John Gioia, Brian Hast

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Karen Levy, General Counsel; and Vickie Kaplan, Retirement Accounting Manager

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

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Christina Dunn	CCCERA Staff
Karen Davis	CCCERA Staff
Jessica Huffman	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Mike Sloan	Contra Costa County Retired Employees Assoc. and Retiree Support Group
Glenn Umont	San Ramon Valley Fire Protection District (SRVFPD)
Jay Yoder	Altius Associates
Patricia Ter Heun	Altius Associates
Eric Warner	Altius Associates
Scott Geary	Wellington Management
Rick Wurster	Wellington Management
Courtney Hoffman	Wellington Management

1. Pledge of Allegiance

Viramontes 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 February 22, 2012 meeting. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

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4. Routine Items

It was **M/S/C** to approve the routine items of the March 14, 2012 meeting. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

It was the consensus of the Board to move to Item 8.

CLOSED SESSION

The Board moved into closed session pursuant to Gov. Code §54957

The Board moved into open session.

8. It was **M/S/C** to accept the Medical Advisor's recommendation and deny the service connected disability retirement for Sylvia Bustos-Sancen. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

9. This item was removed from the agenda.

10. Staff presentation on Optional Settlement 4 (Govt. Code §31764)

Levy and Schneider reviewed the memo regarding members designating more than one person to receive benefits after the member's death under Optional Settlement 4. Discussion followed on the issue of multiple beneficiaries, the Unmodified retirement allowance and the Optional Settlements the CERL allows members to elect at retirement.

The Board requested an educational presentation on the unmodified retirement allowance and the optional settlements allowed under the CERL, including handling of divorce issues and information on how the other CERL systems handle optional settlements.

11. Optional Settlement 4 Policy

The Board requested an educational presentation on the unmodified retirement allowance and the optional settlements allowed under the CERL, taking no action at this time on this Item.

It was the consensus of the Board to move to Item 5.

5. Request from the City of Pittsburg to amend employer termination agreement

Tina Olson, City of Pittsburg, confirmed the City's request to amend the Termination Agreement between the City of Pittsburg and CCCERA. She discussed the City's ability to meet its proposed total liability to CCCERA, reviewed a resolution adopted by the City Council outlining the requested change and acknowledged the long term effect of the change on the amount due to CCCERA.

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It was **M/S/C** to amend the employer termination agreement with the City of Pittsburg subject to legal review. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

Leedom noted that the Employer Termination Policy will also be amended to reflect this change.

6. Educational Presentation on Real Assets - Bob Helliesen, Tim Price, Jay Yoder, Scott Geary

Helliesen discussed the asset allocation target for Real Assets the Board previously approved. Yoder and Geary summarized the sectors within Real Assets and the effect of inflation on Real Assets. Yoder provided an overview on Real Assets in the private sector noting the advantages and risks of private markets. Geary discussed public sector Real Assets performance and manager selection.

7. Consider and take possible action on Real Assets

The Board discussed the percentage to allocate to private and public Real Assets.

It was **M/S/C** to authorize a search for public and private Real Asset Investment Managers and to invest up to 5% to a public sector Real Asset Investment Manager with 2.5% withdrawn at a later time to invest in a private sector Real Asset Investment Manager. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

12. Addition of One Retirement Accountant position

Leedom reviewed the need for an additional Retirement Accountant position due to the changes within the Accounting division and Benefits division.

It was **M/S/C** to accept staff's recommendation to add an additional Retirement Accountant position. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

13. Conference Seminar Attendance

(a) It was **M/S/C** to authorize the attendance of 2 Board members at the CAPP Part I and II, IFEBP, June 19 - 22, 2012, Boston, M.A. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

(b) It was **M/S/C** to authorize the attendance of 2 Board members at the Spring Conference, CRCEA, April 16 - 18, 2012, Visalia, CA. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

(c) It was **M/S/C** to authorize the attendance of 2 staff members at the Consortium 2012, RGA Associates, June 13 - 14, 2012, New York, NY. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

Naramore was not present for subsequent discussion and voting

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14. Miscellaneous

(a) Staff Report -

Leedom gave a brief status update on the hot site project, noting that CCCERA is close to the point of equipment installation.

Benefit Statements are scheduled to be mailed out late April.

Leedom noted there is additional cross training continuing on the CPAS system, both to input data and bring the system up to date.

Leedom reported there will be a future educational discussion on Board members using iPads to receive CCCERA agenda packets.

Due to a request from CCCERA's Disability counsel a confidential work area is being built for staff to work on disability cases.

Staff will be attending an IRS town hall meeting in Oakland on March 15, 2012 regarding the proposed rule defining "governmental entity".

Leedom provided an update on the CIO recruitment.

She reported an employer has requested a revised 5 year projection of employer contribution rates.

Leedom reported we have received a public records request from Kris Hunt from the Contra Costa Taxpayers Association for those receiving a pension of more than \$100,000 annually.

(b) Outside Professionals' Report

Helliesen reported Horacio Valeiras, CIO, with Allianz Global Investors announced his retirement.

He also reported Dave Iben, Chief Portfolio manager with Tradewinds announced he will be leaving Tradewinds. Helliesen recommends the Board place Tradewinds on the investment manager watch list due to this personnel change.

It was **M/S/C** by a two-thirds vote to place an item on the agenda regarding this change at Tradewinds and the recommendation to add Tradewinds to the watch list, pursuant to Govt. Code Section 54954.2(b)(2) as there is a need for the Board to take immediate action and the need for action came to the attention of the Board subsequent to the agenda being posted. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

It was **M/S/C** to accept the recommendation to place Tradewinds on the investment manager watch list. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

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(c) Trustees' Comments

Cabral reported he attended the DLJ Client Conference in New York and felt it was a good conference. He has confidence in DLJ, their process and their staff.

He also reported legislation has been introduced to establish the new Tier Four for general members and Tier D for safety members.

Telles reported Leedom, Helliesen and himself attended a Paladin meeting in San Francisco. He felt it was interesting to learn about the new investments Paladin is researching.

Holcombe reported on a newspaper article written by Dan Borenstein regarding CalPERS new assumed rate of return.

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

Maria Theresa Viramontes, Chairman

John Phillips, Secretary