



**RETIREMENT BOARD MEETING
SECOND MONTHLY MEETING**

9:00 a.m.
May 22, 2013

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Jerry Holcombe, Karen Mitchoff, John Phillips, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: Terry Buck, Richard Cabral, Brian Hast, Sharon Naramore, Gabe Rodrigues

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Bob Helliesen	Milliman
Jeff Youngman	Milliman
Paul Angelo	The Segal Company
John Monroe	The Segal Company
Rebecca Byrnes	County Counsel

Viramontes welcomed Mitchoff to the Board.

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 April 10, 2013 meeting noting Telles returned after item #12. (Yes: Allen, Phillips, Telles, Viramontes and Watts. Abs.: Mitchoff)

4. Presentation from The Segal Company: Triennial Experience Study – Paul Angelo, John Monroe

Angelo reviewed the results of the Triennial Experience Study highlighting the proposed recommendations to the following assumptions for the December 31, 2012 actuarial valuation: Retirement Rates, Mortality Rates, Termination Rates, Disability Incidence Rates, Individual Salary Increases, Terminal Pay and Service From Unused Sick Leave Conversion. He noted the estimated impact of the proposed assumption changes if applied to the December 31, 2011 actuarial valuation would have increased the employer rate by 2.28% of compensation and the employee rate would have increased by 0.35% of compensation.

5. Assumptions recommended by The Segal Company as a result of the Triennial Experience Study to be used in the December 31, 2012 valuation

Retirement Rates –The probability of retirement at each age at which participants are eligible to retire.

Recommendation: For active members, adjust the current retirement rates to those developed in Section III (B). Active members in all tiers are assumed to retire at slightly earlier ages overall.

Mortality Rates –The probability of dying at each age. Mortality rates are used to project life expectancies.

Recommendation: All pre- and post-retirement mortality rates for General and Safety non-disabled members have been decreased as developed in Section III (C). Mortality rates for General and Safety disabled members have been increased as developed in Section III (D).

Termination Rates – The probability of leaving employment at each age and receiving either a refund of contributions or a deferred vested retirement benefit.

Recommendation: Change the termination rates for both General and Safety members to those developed in Section III (E). Overall, the termination rates have been decreased.

Disability Incidence Rates – The probability of becoming disabled at each age.

Recommendation: Decrease the current disability rates for General Tier I, General Tier 3 and Safety members to those developed in Section III (F).

Individual Salary Increases – Increases in the salary of a member between the date of the valuation to the date of separation from active service.

Recommendation: Change the promotional and merit increases to those developed in Section III (G). Overall, future salary increases due to promotional and merit increases are slightly higher under the new assumptions for both General and Safety members.

Terminal Pay – Additional pay for unused leave that is expected to be received during the member's final average earnings period.

Recommendation: Adjust the current terminal pay assumptions to those developed in Section III (I).

Service From Unused Sick Leave Conversion – Additional service that is expected to be added to retirement service credit when the member retires due to accumulated sick leave.

Recommendation: Adjust the current sick leave conversion assumptions to those developed in Section III (I). The sick leave conversion assumptions have been decreased for Safety non-disabled members and General disabled members.

It was M/S/C to approve the demographic assumptions recommended by The Segal Company as a result of the Triennial Experience Study to be used in the December 31, 2012 valuation effecting contribution rates beginning July 1, 2014 and without any phasing-in of contribution costs. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts)

6. Review of total portfolio performance – Bob Helliesen, Jeff Youngman

Helliesen discussed the key points of the quarterly report noting the CCCERA Total Fund returned 5.2% for the quarter and 9.3% for the ten year period ending March 31, 2013. CCCERA Total Fund performance has been first quartile over the trailing one through ten year periods.

Youngman distributed a Flash Report for the period ending April 30, 2013.

It was M/S/C to accept the Quarterly Report presented by Milliman. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts).

a. Consideration of any managers already under review or to be placed under review

Helliesen reported on the managers on the Watch List. Milliman recommends keeping WHV on the Watch List and adding performance to the reason for being on the Watch List. They also recommend adding GMO and Adelante to the Watch List for performance reasons.

It was M/S to add performance as a reason for WHV being on the Watch List. The second was withdrawn. The motion died for lack of a second.

A new motion was M/S to terminate WHV and reallocate funds to other managers in the existing large cap core funds. After discussion, the question was called.

It was M/S/C to call for the question. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts)

It was M/S/C to terminate WHV and reallocate funds to other managers in the existing large cap core funds. (Yes: Allen, Mitchoff, Phillips, Viramontes and Watts. No: Telles)

It was M/S/C to add Adelante to the Watch List for performance. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts)

It was M/S/C to terminate GMO and move the funds to State Street on an interim basis while an RFP is issued for a replacement. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts)

b. Consideration of any changes in allocations to managers

There were no changes in allocations to managers.

7. Consider and take possible action to set a special meeting date for the finals presentation for private real asset managers and other items as needed

It was M/S/C to schedule a special meeting on May 29, 2013 for the finals presentation for private real asset managers and other items as needed. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts).

8. Consider and take possible action on staff request to issue an RFI for total compensation study for all CCCERA retirement specific positions

It was M/S/C to issue an RFI for a total compensation study for all CCCERA retirement specific positions in an amount not to exceed \$30,000. (Yes: Allen, Phillips, Telles, Viramontes and Watts. No: Mitchoff)

It was consensus of the board to move to item 11.

11. Miscellaneous

(a) Staff Report –

Leedom reported the Contra Costa County Superior Courts will return to the Board regarding a change to their furloughs.

The revised iPad policy will return to the Board at a meeting in June.

She reported as of April 30, 2013 the CCCERA fund has reached over \$6 Billion.

Price reported on on-site visits scheduled for the real estate investment funds.

(b) Outside Professionals' Report –

Helliesen distributed a memo updating the Small-Mid Cap Private Equity Manager search.

(c) Trustees' Comments –

Allen provided an update on the on-site visits with Siguler Guff and EIF.

She also reported on the legislative committee at the SACRS Conference.

Watts reported on the SACRS trustees' breakout.

Viramontes reported on the SACRS Conference.

Holcombe reported on information he found useful at the SACRS Conference.

CLOSED SESSION

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

The Board moved into open session.

- 9a. Leiderman reported on the Board of Retirement v. County of Contra Costa, et al., Alameda County Superior Court, Case No. RG11608520. A settlement agreement was reached May 15, 2013 resolving pending litigation, which is subject to court approval which will be filed shortly.

In summary, 1) The agreement delineates relative authority of the Board of Retirement and the Board of Supervisors regarding terms and conditions of employment of CCCERA staff; 2) The two Boards pledge to work together to sponsor legislation designed to make CCCERA an independent district and the employer of all of its employees; 3) It reserves court jurisdiction to resolve any disputes between the parties.

The parties will jointly move the Court to approve the Settlement Agreement.

Copies of the settlement agreement are available upon request by the public.

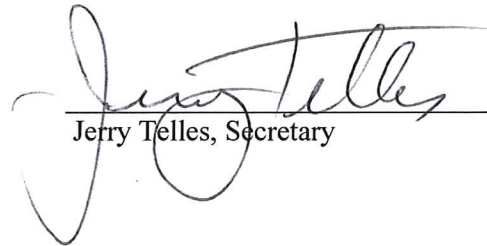
- 9b. There was no reportable action related to Govt. Code Section 54956.9(a).

10. It was **M/S/C** to accept the Hearing Officer's recommendation and approve the non-service connected disability retirement for Phillip Baisley. (Yes: Allen, Mitchoff, Phillips, Telles, Viramontes and Watts)

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



Brian Hast, Chairman



Jerry Telles, Secretary