

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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June 13, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, June 13, 2007 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Dave Gaynor, John Gioia, Brian Hast, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, Bob Rey, Jerry Telles, Maria Theresa Viramontes and Clifton Wedington.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Rick Koehler, Retirement Accounting Manager; Kathy Somsen, Retirement Benefits Manager; Toni Warren, Retirement Administration Manager.

Outside Professional Support:	Representing:
Ashley Dunning	Steefel, Levitt and Weiss
Rebecca Byrnes	County Counsel
Paul Angelo	Segal Company
John Monroe	Segal Company
Tim Price	Milliman USA

Other Attendees:	
Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Gayle Cruz	CCCERA Staff
Marylou Williams	Retirees' Association
Satomi Cadena	Local #1, Retirees' Association
Tina Kaufman	Auditor-Controller
Debbie Ratcliff	Contra Costa County Sanitary District
Mike George	Contra Costa County Fire Protection District (CCCFPD)
Colette Curtis-Brown	Central Sanitary District
John Cullen	Contra Costa County
Rollie Katz	Local #1
Christine J. Penkala	Contra Costa County Human Resources
Kris Hunt	Contra Costa County Tax Payers Association
John Keel	San Ramon Valley Fire Fighters Association
Gary Boyles	Rodeo-Hercules Fire Department
Paul Clancy	Self
Gary P. Snyder	Commander Paul Clancy
Steve Gardner	Self
Dennis Roy	Self
Marie Rulloda	Auditor-Controller
T. Buck	CCCFPD
Lucy Fogarty	Superior Court
Lisa Driscoll	Contra Costa County
Bridget Robinson	First 5 Contra Costa
Dennis S. Kahane	Sheriff's Office

1. Public Comment

Wedington introduced and welcomed CCCERA's new employee, Gayle Cruz, Retirement Supervising Accountant.

Mary Lou Williams congratulated Paul and Deidra Katz on their 55th Wedding Anniversary.

2. Experience Analysis for January 1, 2004 to December 31, 2006

Angelo reviewed the Actuarial Experience Study for the period January 1, 2004 through December 31, 2006. This study utilizes the census data of the last three actuarial valuations and included the proposed actuarial assumptions to be used in future actuarial valuations.

Angelo then reviewed their findings and recommendations for the major actuarial assumptions categories:

Gioia was present for subsequent discussion and voting.

- Retirement Rates - Adjust the current retirement rates to more accurately reflect past experience. All Enhanced members are assumed to retire slightly later with the most significant changes being made to the retirement rates for Safety Enhanced members. For Non-enhanced members the current rates were left unchanged.
- Pre and Post-Retirement Mortality - all pre- and post-retirement mortality rates for General and Safety members have been decreased.
- Termination Rates - Increase the current termination rates overall for both General and Safety members.
- Disability Incidence Rates - Decrease the current disability rates overall for both General and Safety members.
- Individual Salary Increases - Continue to separately establish promotional and merit increase assumptions for General and Safety members and include a change from age based increases to service based increases. Overall, future salary increases are smaller under the new assumptions.
- Terminal Pay - Decrease the current terminal pay assumptions for General Tier 3 and Safety.
- Service From Unused Sick Leave Conversion - Increase the current assumption for all members.
- Tier 3 Members Converting Prior Tier 2 Service - Eliminate the current assumption with regard to future conversion elections.

Wedington was not present for subsequent discussion and voting.

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It was **M/S/C** to approve the Actuarial Experience Study for January 1, 2004 to December 31, 2006 and accept recommended assumption changes as recommended by the actuary. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

3. Normal Retirement Age

Dunning noted after the Board took action on Resolution 2007-01, the IRS issued final regulations regarding Normal Retirement Age (NRA). Staff, in consultation with tax counsel, and with discussion of additional findings, concluded that it remains reasonable to maintain a NRA of not less than age 50 for Safety members and not less than age 55 for General members. An amendment to the Resolution 2007-01, with additional findings, has been prepared for Board approval. Additionally, Dunning noted that tax counsel has advised that it is appropriate to use two different NRAs for General and Safety in view of the covered work force differences for these groups.

It was **M/S/C** to accept the recommendation of staff, counsel and tax counsel to adopt the amendment to prior Resolution 2007-01. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

The resolution will be brought back to the Retirement Board at the July Meeting and will then go to the Board of Supervisors for their adoption.

It was **M/S/C** to waive the confidentiality on the ICE Miller letter dated June 7, 2007 and make the document public. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

4. Approval of Minutes

After adding "Because approximately \$10 million of CCCERA's total \$50 million commitment for IREF I will not be called and invested" to item 8 (a), adding "To help maintain an allocation of capital to an investment organization which has proven successful for CCCERA, to keep the total allocation to energy within alternative investments to a reasonable level for diversification reasons and to help move CCCERA towards its long-term target of 5% in alternative investments" to item 8 (b), and adding the word "Global" before REITs in Pollacek's trustee comments, it was **M/S/C** to approve the minutes of the May 30, 2007 meeting as amended. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

5. Routine Items

It was **M/S/C** to approve the routine items of the June 13, 2007 meeting. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes.)

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor and or staff's recommendation regarding disability retirement application and 5496.9 (b) for potential litigation and 5496.9 (c) to determine whether to initiate litigation.

The Board moved into open session.

Hast noted all actions taken during closed session would be announced after the continued closed session later in the meeting.

10. Mosquito District Employees

Dennis Roy, in public comment, thanked the Board for allowing him to speak. He noted he received a letter from CCCERA stating his retirement calculations were calculated incorrectly and he now owes CCCERA thousands of dollars. His monthly retirement pension would also be decreased by about \$200.00 per month. When Mr. Roy was counseled by the retirement office six years ago, he was quoted an amount he would receive if he retired. If the calculations had been done correctly he would not have retired, but instead he would have taken family leave to care for his terminally ill wife. The loss of \$200 per month will cause a hardship for him and his quality of life will be changed.

Steve Gardner, in public comment, noted a similar situation. He decided to retire in 2001 after calculations were run. When he signed his retirement contract, he felt he was promised a specific amount for the rest of his life modified by Cost of Living adjustments. He is now being told his pension will go down. He noted had he known the correct amount he would have continued to work and this will also be a hardship for him.

It was **M/S/C** to approve staff's recommendation and have the Board of Retirement direct staff to correct prospectively as of July 1, 2007, the error in calculating the retirement allowances of retired members Dennis Roy and Steve Gardner. Also, staff was further directed to pursue collection of the overpayment from Contra Costa Mosquito District. (Yes: Cabral, Gaynor, Hast, Katz, Rey, Telles, and Viramontes)

Board members apologized for the error of both the Retirement Office and Mosquito District and the hardship on Mr. Roy and Mr. Gardner, noting they wish they could let them keep the money; however, state law does not allow a gift of public funds.

The Board returned to closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor and or staff's recommendation regarding disability retirement application and 5496.9 (b) for potential litigation and 5496.9 (c) to determine whether to initiate litigation.

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Hast announced all action taken during the meeting's closed session.

6. Disability Retirements

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

- (a) Joseph Gill Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

Gioia was not present for subsequent discussion and voting.

7. Paul Clancy

It was **M/S/C** to find, pursuant to Government Code section 31729, that Paul Clancy is still physically incapacitated for service in the county department where he was employed and in the position held by him when he retired for disability, and that, accordingly, the service connected disability previously granted to him will not change. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Remick, Telles, and Viramontes)

8. Potential Litigation

No reportable action taken.

Pollacek was not present for subsequent discussion and voting.

9. Potential Litigation

No reportable action taken.

11. Conference Seminar Attendance

- (a) No one was able to attend the Advanced Investments Management, Wharton, September 24-27, 2007, Philadelphia, PA.
- (b) It was **M/S/C** to authorize the attendance of Gaynor, Naramore, Remick, and Telles at the Investment Education Conference, Milliman, September 19-21, 2007, Monterey, CA. (Yes: Cabral, Gaynor, Hast, Katz, Rey, Telles, and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of Remick at the Certificate of Achievement in Public Plan Policy, International Foundation, November 3-4, 2007, Anaheim, CA. (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)
- (d) It was **M/S/C** to authorize the attendance of Cabral and Viramontes at the Program for Advanced Trustee Studies, NCPERS (Harvard Law), July 26-27, 2007, Cambridge, MA (Yes: Cabral, Gaynor, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

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13. Miscellaneous

- (a) Staff Report - Leedom noted the approval for changes in Board Regulations and direction for the actuarial audit will be on the July 11, 2007 meeting agenda. The ICE Miller on-site visit was completed by Cabral, Hally, and Rey. All were impressed.

Hally reminded the Board that the Alaska on-site at McKinley will be July 18, 2007.

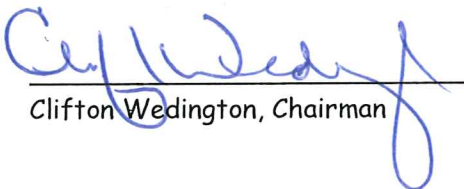
- (b) Outside Professionals' Report - nothing further to report.
- (c) Trustees' Comments - Naramore commented on the sessions and professors at the SACRS Public Pension Program in Berkeley.

Cabral commented he owes a number of conference reports. Because of time constraints with his work it may be some time before the Board receives his reports. He noted the NCPERS Conference was great. He shared information on one session on legal contracts. Other systems send a standard contract out with the RFP's so that the manager knows what to expect and if, at that time feel they can't comply, they can take themselves out of the search.

Dunning commented there is no standard contract available in the context of multi-investor arrangements, but sample terms of what will be expected could be included in the RFP. Hally noted fiduciary terms are stated during the RFP process.

Hast - noted he felt, after the on-site visit that ICE Miller was a very impressive, personable, and professional company.

Viramontes shared information she received while attending a conference in New Orleans on behalf of the City of Richmond. The Board may not want to consider real estate investments in the New Orleans area at this time because of problems with insurance companies' refusal to pay for damages.


Clifton Wedington, Chairman


William J. Polacek, Secretary