

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 13, 2008

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, August 13, 2008 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, Jerry Holcombe, William J. Pollacek, Jim Remick, Jerry Telles, and Maria Theresa Viramontes.

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

Outside Professional Support: Representing:

Harvey Leiderman	Reed Smith LLP
Bob Helliesen	Milliman
Tim Price	Milliman
Rebecca Byrnes	County Counsel

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Chih-Chi Chu	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Chuck Dragicevich	CityView
Victor Miramontes	CityView
Mary Lou Williams	Contra Costa County Retirees' Association

1. Public Comment

Mary Lou Williams thanked the Board for adding the Pledge of Allegiance at the beginning of each meeting.

Chuck Dragicevich and Victor Miramontes, both from CityView, noted they were present for any questions. Miramontes commented they were new to the process and weren't aware of the protocol and if needed would leave the public meeting for discussion on Item #6.

2. Approval of Minutes

After amending item #9 replacing the first paragraph with: "The Board briefly discussed the Board's policies and guidelines applicable to the investment manager selection process including the fact that a previous Board member is involved with this company. When asked which Board members in attendance had contact with Morgan Stanley regarding this investment before this meeting, it was noted that Pollacek, Hast, Cabral, and Gaynor had met with Wedington, former Board Chairman. Counsel advised it did not appear a serial meeting occurred", it was **M/S/C** to approve the minutes of the July 9, 2008 meeting, as amended. (Yes: Buck, Cabral, Gaynor, Pollacek, Remick, Telles, and Viramontes; Abs: Holcombe)

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After changing Mary Lou Williams under "Other Attendees" from representing "self" to representing "Local 1 Retirees", it was **M/S/C** to approve the minutes of the July 23, 2008 meeting as amended. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)

3. Routine Items

It was **M/S/C** to approve the routine items of the August 13, 2008 meeting. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, 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 applications and under Govt. Code Section 54957 to consider ceasing the disability allowance under Section 31733.

The Board moved into open session.

4. Disability Retirements

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

- (a) Erick Davenport Service Connected (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)
- (b) Jeffrey Gallegos Service Connected (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)
- (c) Timothy Burke Service Connected (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)
- (d) William Giles Service Connected (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)

5. Disability Applicant - Odell Henry

It was **M/S/C** to accept the recommendation of the Hearing Officer to deny Odell Henry's application for service connected disability retirement. (Yes: Buck, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes; Abs: Cabral)

6. Action on BlackRock Residential Opportunity Fund and/or CityView Development Investors Fund I

Hally noted BlackRock and CityView both made presentations regarding real estate funds for which each firm is currently raising capital at the July 9, 2008 CCCERA Board meeting, as follows: BlackRock Residential Opportunity Fund (Resi Opp) & CityView Development Investors I (Dev I).

Hally noted that it appeared the County's fire walls prevented the previous CityView e-mails from being received. Staff has been working with the County to address the issue.

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Helliesen reviewed information gathered from a conversation with Lori Weir at CalPERS. He noted, overall, his meeting with CityView went well. Helliesen noted the departure of Joel Shine from CityView.

It was noted CityView is not currently registered as an SEC investment adviser and if the Board desires to make a commitment to either fund, staff recommends that any commitment should be subject to registration as an investment adviser in addition to being a fiduciary in regards to CCCERA's investments.

Counsel briefly discussed the advantages of being registered as an investment adviser, noting that important data is accessible from a registered investment adviser, and suggests caution when a company is resistant to registering as an investment adviser.

Discussion followed on the timing of proposed changes to the process of hiring new investment managers.

After reviewing both firms and their team members, there was a **motion** to accept staff's recommendation to invest \$30 million with BlackRock, subject to successful on-site visit, contract review and authorize the Retirement Chief Investment Officer to sign necessary documents.

A substitute **motion** was offered to invest \$30 million with CityView, subject to successful on-site visit, contract review and authorize the Retirement Chief Investment Officer to sign necessary documents.

After a short discussion comparing BlackRock and CityView, the original motion was withdrawn and the substitute motion now became the motion on the table.

A substitute **motion** was offered to not invest with either BlackRock or CityView and to direct staff and consultant to issue an RFP for a new search to all investment managers involved in Residential Distressed Real Estate Funds.

After discussion, it was **M/S/C** to call for the question. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)

On the substitute **motion** to not invest with either BlackRock or CityView and to direct staff and consultant to issue an RFP for a new search to all investment managers involved in Residential Distressed Real Estate Funds. (Yes: Gaynor, Holcombe, Pollacek, and Remick; No: Buck, Cabral, Telles; Abs: Viramontes) **The motion failed.**

On the remaining motion on the table, it was **M/S** to invest \$30 million with CityView, subject to successful on-site visit and contract review and to require CityView to register as an SEC Investment Adviser. (Yes: Buck, Cabral, Telles; Viramontes; No: Gaynor, Holcombe, Pollacek, and Remick) **The motion failed.**

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Staff was directed to return with a list of CCCERA real estate and alternative investment managers to determine if all are registered as SEC investment advisors.

7. Action on Union Local 1021 request

This item was tabled for a future meeting.

8. Budgeted versus Actual 2008 Budget Expenditures

Leedom discussed budget vs. actual expenditures January through June 2008, noting that currently CCCERA is under budget and expects to continue under budget until the end the year.

9. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Gaynor at the SACRS Committee Meeting, July 14, 2008, Santa Ana, CA. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)
- (b) It was **M/S/C** to authorize the attendance of Gaynor at the SACRS Committee Meeting, August 7, 2008, Santa Ana, CA. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of one staff member at the Fall Real Estate Forum, Fidelity (Pyramis), September 14-16, 2008, Chatham, MA. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)
- (d) It was **M/S/C** to authorize the attendance of Leedom at the Administrator's Institute, CALAPRS, September 24-26, 2008, North Lake Tahoe, CA. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)
- (e) It was **M/S/C** to authorize the attendance of all Board members and all appropriate staff at the 2008 Fall Conference, SACRS, November 11-14, 2008, Costa Mesa, CA. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles and Viramontes)

10. Miscellaneous

- (a) Staff Report - Leedom commented that the RFP for a new accounting system has been distributed with a planned implementation date of the first half of 2009. The RFI for the Disability Medical Review has been circulated.

Hally reported that DBL Investors (Bay Area Equity Fund) is developing a follow-on fund. Staff's full review of the fund should be completed no later than early October, and staff will return to the Board with more information. Nogales and PIMCO's on-site visit reports will be on the September 10, 2008 agenda. Viramontes requested that Hally provide an update on Nogales' court proceedings from August 12, 2008.

- (b) Outside Professionals' Report - Helliesen reported Price met with representatives from Wentworth who announced a joint venture between Wentworth, Hauser and Violich Inc. and Hirayama Investments, LLC, a newly formed SEC registered investment adviser. Helliesen reviewed the joint venture issues and the additional services to be provided by Wentworth.

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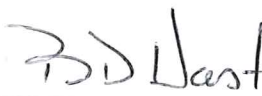
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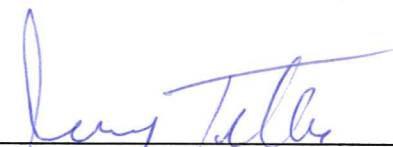
- (c) Trustees' Comments -Viramontes thanked staff for the updated Board member phone list and requested information on which personal phone numbers are given to the public. It was the Board's consensus that, at this time, all calls should go through the Retirement Office and messages placed in Board Member's mail boxes.

Cabral -announced that he attended the NCPERS program for Advanced Trustee Studies. The report is in the current agenda packet; he noted the availability of conference material for those interested.

It was **M/S/C** to adjourn. (Yes: Buck, Cabral, Gaynor, Holcombe, Pollacek, Remick, Telles, and Viramontes)



Brian Hast, Chairman



Jerry Telles, Secretary