

# CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 8, 2012

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, August 8, 2012 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

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

Absent: Debora Allen and Sharon Naramore

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Tim Price, Retirement Chief Investment Officer; Karen Levy, General Counsel; and Vickie Kaplan, Retirement Accounting Manager

Outside Professional Support: Harvey Leiderman  
Representing: Reed Smith LLP

## Other Attendees:

|                    |                                                                      |
|--------------------|----------------------------------------------------------------------|
| Luz Casas          | Contra Costa County Employees' Retirement Association (CCCERA) Staff |
| Christina Dunn     | CCCERA Staff                                                         |
| Joelle Luhn        | CCCERA Staff                                                         |
| Justine Rossini    | CCCERA Staff                                                         |
| Mike Sloan         | RSG & CCCREA                                                         |
| Lisa Driscoll      | County Administrators Office                                         |
| Michelle Johnston  | Contra Costa County Auditor-Controller's Office                      |
| Jackie Lorrekovich | Contra Costa County Fire District                                    |
| Gayle Israel       | Supervisor Andersen's Office                                         |

## 1. Pledge of Allegiance

Hast 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 July 11, 2012 Board meeting with an amendment regarding Item 5, noting that it was requested that Chart 16 on page 50 and Exhibit I, page 73 of the Valuation Report, break out information by employer; and to Item 10 change the wording to "It was **M/S/C** to include the Cost-of-Living Adjustment (COLA) assumptions, based on the advice of the actuary, that using the COLA assumption results in better actuarial equivalence in determining the benefits for Optional Settlement forms of payment at retirement for all members retiring on or after July 16, 2012." (Yes: Buck, Cabral, Gioia, Hast, Holcombe, Phillips, Telles and Watts)

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### **4. Routine Items**

It was **M/S/C** to approve the routine items of the August 8, 2012 meeting. (Yes: Buck, Cabral, Gioia, Hast, Holcombe, Phillips, Telles, and Watts)

### **5. December 31, 2011 Valuation Report**

It was **M/S** to accept the December 31, 2011 Valuation Report, requesting an additional breakout, by employer, of information on both Chart 16 (page 50) and Exhibit I (page 73).

The Board discussed their concern that the actuaries do not disclose which investment consultants or what methodologies are used when determining the expected investment return and would like this information in the next experience study.

Viramontes was present for future and subsequent discussion.

The Board discussed whether or not Segal reviews CCCERA's asset allocation as part of the experience study and who is ultimately responsible for setting the rate. The Board agreed to have extensive discussions with Segal regarding a) the inflation component of the rate; b) consultants used when gathering information; and c) what methodology they use when compiling the investment consultant information.

After discussion, the question was called.

The question was withdrawn.

It was **M/S/C** to accept the December 31, 2011 Valuation Report, requesting an additional breakout of employer information on both Chart 16 (page 50) and Exhibit I (page 73).  
(Yes: Buck, Cabral, Gioia, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

### **6. Contribution rates effective July 1, 2013**

It was **M/S** to adopt the contribution rates for the period July 1, 2013 through June 30, 2014 as outlined in the CCCERA 2011 Actuarial Valuation.

Board discussion followed regarding the adoption of contribution rates without detailed information on how the investment rate of return was calculated.

Gioia was not present for subsequent discussion and voting.

Leiderman stated the Board has set up a process of triennially reviewing rates and noted the actuaries should provide information on how the recommendation to the Board is formulated.

It was **M/S/C** to adopt the contribution rates for the period July 1, 2013 through June 30, 2014 as outlined in the CCCERA 2011 Actuarial Valuation. (Yes: Hast, Holcombe, Phillips, Telles and Viramontes. No: Buck, Cabral and Watts)

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It was **M/S/C** to reconsider adopting the contribution rates for the period of July 1, 2013 to June 30, 2014. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Viramontes and Watts. Abs.: Telles)

It was **M/S/C** to postpone adopting the contribution rates for the period of July 1, 2013 to June 30, 2014 until a later meeting, and in the interim, ask the actuary to supply the economic data presented in 2009, including how the rate of return was derived, including capital market projections and investment consultants used. The Board also requested clarification on the reconciliation of the recommended average employer contribution rate from the December 31, 2010 to December 31, 2011 valuation, the development of unfunded actuarial accrued liability, and the methodology the actuary used. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

In public comment, Lisa Driscoll, County Administrators' Office, questioned if the Board would consider changing the rates once they received clarification from the actuary. The response was no, not for this year, but the information would be used in calculating next year's rates.

### 7. Report from staff on semi-annual rebalancing

Price reported a total of \$185 million was contributed to investment managers using the proceeds from employer pre-payment contributions and from withdrawals from three existing investment managers. The rebalancing trades occurred between the end of July and early August 2012.

He reviewed PIMCO Stocks Plus noting they received a large contribution to bring them closer to target.

It was **M/S/C** to accept the report from staff on semi-annual rebalancing. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

It was the consensus of the Board to move to item 9.

### 9. Conference Seminar Attendance

- a. It was **M/S/C** to authorize the attendance of 3 Board members and 1 staff member at the Roundtable for Consultants and Institutional Investors, Institutional Investor, October 15-17, 2012, Chicago, IL (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- b. It was **M/S/C** to authorize the attendance of 2 Board members at the 58<sup>th</sup> Annual Conference, IFEBP, November 10-14, 2012, San Diego, CA (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- c. It was **M/S/C** to authorize the attendance of 2 Board members at the Certificate of Achievement in Public Plan Policy Part II, IFEBP, November 10-12, 2012, San Diego, CA (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- d. It was **M/S/C** to authorize the attendance of 1 staff member at the Administrator's Institute, CALAPRS, September 26-28, 2012, Long Beach, CA (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- e. It was **M/S/C** to authorize the attendance of 1 staff member at the Advancing the Practice, Conference of Consulting Actuaries, October 21-24, 2012, Boca Raton, FL (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

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- f. It was **M/S/C** to authorize the attendance of 1 staff member at the Annual Conference, Public Pension Financial Forum, October 7-10, 2012, New Orleans, LA (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- g. It was **M/S/C** to authorize the attendance of 4 Board members and 3 staff members at the Public Retirement Seminar, PRJ, September 19, 2012, Sacramento, CA (Yes: Buck, Cabral, Hast, 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 Govt. Code Section 54956.9(a).

The Board moved into open session

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

**10. Miscellaneous**

(a) Staff Report -

Leedom distributed copies of the December 31, 2009 Review of Economic Actuarial Assumptions report from Segal, noting the assumed rate of return components are on page 10.

She reported she, Allen, Buck, Price and Youngman be attending an on-site visit with Artisan in Milwaukee.

Leedom also reported she will be sending a letter to the Board summarizing the effect of recent changes to include a cola in Optional Settlements.

Leedom reported Price will be reviewing our real estate portfolio to check what is available in our immediate area.

Leedom distributed a drawing of a possible new Board meeting table design.

Price distributed a memo from Milliman listing the money managers who may be responding to the RFP for a global real assets management fund.

Levy gave an update on SB 1382 noting the bill has passed and would become effective January 1, 2013. Staff will review the retiree group mailing policy and present recommended revisions, if any, to the Board at a future meeting.

(b) Outside Professionals' Report - None

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(c) Trustees' Comments -

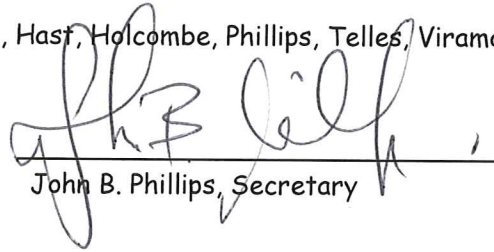
Telles reported on a lunch he, Buck and Rodrigues had with representatives from Wentworth, Hauser and Violich.

Cabral confirmed other money managers not listed on the Milliman memo may contact Milliman and if appropriate, respond to the RFP.

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



Maria Theresa Viramontes, Chairman



John B. Phillips, Secretary