

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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September 2, 2009

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, September 2, 2009 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, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, and Jerry Telles.

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Rebecca Byrnes County Counsel
Paul Angelo Segal Company
John Monroe Segal Company

Other Attendees:

Tracy Kroll	CCC Employees' Retirement Association (CCCERA) Staff
Joelle Luhn	CCCERA Staff
Luz Casas	CCCERA Staff
John Olson	CCC Grand Jury
Chris Wenzel	Sheriff's Office
Joe Calabrigo	Town of Danville
Leona Pinto	Self
Richard White	State Association of County Retirement Systems (SACRS)
Colette Curtis-Brown	CC Central Sanitary District (CCCSD)
Todd Smithey	CCCSD
Kris Hunt	CCC Taxpayers Association
Michelle Johnston	Auditor Controller
Bob Campbell	Auditor Controller
Tina Kaufmann	Auditor Controller
Stephen Dexter	CCC Supervisor Gayle Uilkima's Office
Satomi Cadena	CCC Retired Employees' Association (CCCREA), Local One
Rusty Watts	CC Tax Collector's Office
Ramon Waletska	CC Mosquito & Vector Control
Craig Downs	CC Mosquito & Vector Control
Lisa Driscoll	CCC Administrator's Office (CAO)
Laura Strobel	CAO
Randy Musgraves	CCCSD
Rollie Katz	Local One
Cathryn Freitas	CCCSD
Suzie Griffith	AFSCME 2700
Jo Bates	AFSCME 2700

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

Before public comment, Pollacek introduced Rich White, President of SACRS. Mr. White began by noting he has been a trustee on the Orange County Board since 2003 and is now serving a second term on the Board of Directors for SACRS as President. He thanked the Board for electing him and the other members of the SACRS Board of Directors and stated he is visiting all '37 Act Boards. He described the SACRS organization, stating it was the most effective way of tackling matters of benefit to 1937 Act Retirement System members.

White reviewed the SACRS involvement in different endeavors and the SACRS sponsored education for board and staff, the SACRS magazine, website and trustee education program.

2. Public Comment

Kris Hunt of the Contra Costa County Taxpayers Association, also a representative of California Foundation for Fiscal Responsibility, stated a retired member of CCCERA did not want the information released for those retirees whose pension was \$100,000 or more. She found it unconscionable that the retirement system had to spend money for legal fees for something that was previously decided by the courts. She asked all to remember their fiduciary responsibility and concluded by stating the foundation will get the release of all information.

3. Presentation on CCCERA Cost Sharing Structure - Paul Angelo, John Monroe, The Segal Company

Angelo began by describing the rationale for cost sharing (pooling). He noted the County Employee Retirement Law (CERL) systems were originally designed as single employer plans with one contribution for each benefit formula, same demographic assumptions for the same formula, and one investment return for all benefit formulas. When additional (smaller) employers were added, systems continued to use the same rate for the same formula, which brought greater stability for smaller employers.

He reviewed the components of current year's contributions. He discussed the different levels of cost sharing, including investment and demographic experience. Cost sharing can apply to normal cost (NC) and/or unfunded actuarial accrued liability (UAAL) cost.

Angelo then reviewed the early reasons not to pool which included: different benefit formulas; pension obligation bonds (or other special contributions), and the new formulas, and new employers with the same formula and no past service. Another issue raised was whether a new employer should pay a contribution towards a previously incurred unfunded liability. He noted this raises issues of market timing and risk sharing.

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Gioia was present for subsequent discussion and voting.

There was discussion on the possible legal issues involved.

Angelo reviewed CCCERA's cost sharing structure, noting that CCCERA is a "cost sharing multiple employer plan" and assets are not tracked separately for each employer. He noted that although liabilities are also not valued separately, this could be accomplished.

He reviewed the four groups in which assets, AAL and UAAL are pooled, along with the six groups where Normal Cost is pooled. CCCERA assets are first applied to fully fund liability for all non-active members in total. Gains or losses at retirement and termination are shared across all employers through UAAL rates.

Angelo concluded by noting other cost sharing adjustments, including cost sharing based on historical Board actions and adjustments for past employer actions.

There were various questions on how other multi-employer plans, such as CALpers, handle cost sharing. There was discussion on terminal pay and the assumption used in the actuarial valuation to predict costs for terminal pay.

Cabral was not present for subsequent discussion and voting.

4. Action on CCCERA Cost Sharing Structure

It was the consensus of the Board to have the CEO and the actuary work together to provide a proposal with cost estimates and recommendations, and to include a legal evaluation from outside counsel to determine any problems that might exist.

Gioia was not present for subsequent discussion and voting.

Telles was not present for subsequent discussion and voting.

5. Approval of Minutes

It was **M/S/C** to approve the minutes of the August 5, 2009 meeting. (Yes: Buck, Hast, Holcombe, Naramore, Pollacek, and Remick; Abs: Katz)

Telles was present for subsequent discussion and voting.

It was **M/S/C** to approve the minutes of the August 12, 2009 meeting. (Yes: Buck, Hast, Holcombe, Pollacek, Remick, and Telles; Abs: Katz)

Gioia was present for subsequent discussion and voting.

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6. Routine Items

It was **M/S/C** to approve the routine items of the September 2, 2009 meeting. (Yes: Buck, Gioia, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

7. Cash Flow Report 6/30/09

Koehler reviewed his report and discussed several line items. It was **M/S/C** to accept the Cash Flow report through June 30, 2009. (Yes: Buck, Gioia, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Medical Advisor, Hearing Officer and or staff's recommendation regarding disability retirement applications, Gov. Code Section 54956.9(a) *Irwin vs. Contra Costa County Employees' Retirement Association, et al*, and to consult with counsel regarding 54956.9(b).

The Board moved into open session.

8. Disability Retirements

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

- (a) James Butler Service Connected (Yes: Buck, Gioia, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)
- (b) Mark Chamberlain Non-service Connected (Yes: Buck, Gioia, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

9. Leona Pinto

It was **M/S/C** to accept the recommendation of the hearing office to deny the application of Leona Pinto for a service-connected disability retirement. (Yes: Buck, Gioia, Hast, Holcombe, Katz, Pollacek, Remick and Telles)

10. Irwin vs. Contra Costa County Employees' Retirement Association, et al

No reportable action.

11. Gov. Code Section 54956.9(b) - (Three Items)

No reportable action.

12. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of all Board and appropriate staff at the Fall Conference, SACRS, November 10 -13, 2009, Costa Mesa, CA. (Yes: Buck, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

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- (b) It was **M/S/C** to authorize the attendance of Koehler and Pollacek at the Annual Conference, Public Pension Financial Forum, October 18 - 21, 2009, Sacramento, CA. (Yes: Buck, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)
- (c) It was **M/S/C** to authorize the attendance of Naramore, at the Fall Conference, CRCEA, October 19 - 21, 2009, Emeryville, CA. (Yes: Buck, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)
- (d) It was **M/S/C** to authorize the attendance of Remick, Buck, and Naramore at the Public Funds Boards Forum, IIR, December 13 - December 15, 2009, San Francisco, CA. (Yes: Buck, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

13. Miscellaneous

- (a) Staff Report - Leedom reported that CCCERA has officially registered with Twitter.
To lessen the liability of staff providing courier service, CCCERA will contract with an outside courier business to provide this service.

Leedom noted, thanks to Somsen, the Tier CPAS on-line system is now live after a lengthy process. She noted CCCERA will become more "state-of-the-art" with the upgrade to fiber optic lines which will increase the speed with county on-line connection.

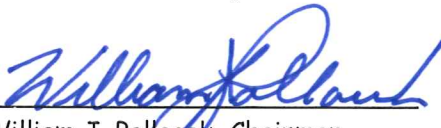
Levy discussed AB 1684 regarding disclosure of placement agents, she noted this bill is on the fast track and has passed the Senate. This bill will require CCCERA to have a placement agency policy in place by June 2010. Pollacek noted SACRS previously supported the bill; now, the bill is on "watch" because of a recent amendment regarding sales to '37 Act Retirement systems.

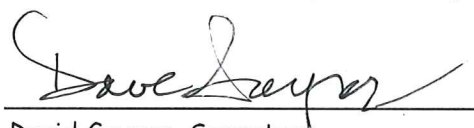
Leedom invited Board members to view the new space for the Investment group across the hall. The space for the Legal group will be renovated next.

Hally noted an on-site visit with JP Morgan will take place in the next few weeks with Credit Suisse and ING Clarion following.

- (b) Outside Professionals' Report - Nothing further.
- (c) Trustees' Comments - Nothing further.

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


William J. Pollacek, Chairman


David Gaynor, Secretary