

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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January 25, 2012

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, January 25, 2012 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Absent: John Gioia

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Karen Levy, General Counsel; and Vickie Kaplan, Retirement Accounting Manager

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

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Christina Dunn	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Oyler	CCCERA Staff
Vito Impastato	Local 1230
Hugh Henderson	East Contra Costa Fire Protection District (ECCFPD)
Denise Davies	ECCFPD
Marie Rulloda	Auditor-Controller Office
Harjit Nahal	Auditor-Controller Office
Chris Leimpeter	Local 1230
Randy Musgraves	Central Contra Costa Sanitary District
Jackie Lorrekovich	Contra Costa Fire District
Ray Waletzko	Contra Costa Mosquito & Vector Control
Marnie Huddleston	First 5 Contra Costa
Michelle Johnston	Auditor-Controller Office
David Shaw	Self

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 January 11, 2012 meeting. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Telles, Viramontes and Watts)

Leedom introduced Kurt Schneider, the new Deputy CEO.

Hast was present for future discussion and voting.

4. Presentation from The Segal Company on Asset Smoothing and the Market Stabilization Account - Paul Angelo

Angelo gave an overview of asset smoothing and the market stabilization account, noting asset smoothing is one component of the actuarial funding policy. He stated the Actuarial Value of Assets (AVA) determines the Unfunded Actuarial Accrued Liability (UAAL) and amortization cost. It also determines "Available Earnings" for CCCERA's Interest Crediting and Excess Earnings policy.

He noted CCCERA uses a five year smoothing period, so each gain/loss is recognized in 5 years.

Angelo also reviewed CCCERA's Actuarial Value of Assets (AVA) from December 31, 2007 through December 31, 2010 and compared the December 31, 2010 AVA to the Market Stabilization Account as of December 31, 2010.

He briefly discussed variations on the current smoothing method including applying a "MVA Corridor" or using a longer smoothing period. He reviewed reasons to consider these variations.

He also discussed the Actuarial Standards of Practice regarding asset smoothing methods and confirmed that CCCERA's current method complies with the relevant standard (ASOP 44) and is consistent with other public sector retirement systems.

Angelo reviewed asset smoothing and the Interest Crediting (IC) and Excess Earnings (EE) Policy noting under current policy, any future excess earnings (after smoothing) are used to reduce a the UAAL. The Contra Tracking Account records the part of the UAAL that is due to recent investment losses.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

5. Disability Retirements

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

- a. Tamara Ashton - Service Connected (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- b. Judith Chase - Service Connected (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- c. Steve Plunkett - Non-service Connected (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- d. Aaron Pedro Da La Sol - Service Connected (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- e. Felicia Walker - Non-service Connected (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

Cabral recused himself from item 6 and was not present for subsequent discussion and voting.

There was an appearance from Tonja Dejesus-Cruze who represented herself.

6. It was **M/S/C** to accept the Medical Advisor's recommendation and deny the service connected disability retirement for Tonja DeJesus-Cruze. (Yes: Allen, Buck, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

Cabral was present for subsequent discussion and voting.

7. It was **M/S/C** to accept the Medical Advisor's recommendation and accept the service connected disability retirement for Verla Lofton. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

It was noted there were no representatives present on behalf of Verla Lofton.

8. Staff recommendation for Benefits Department staffing on an interim basis

It was **M/S/C** to approve the continuance of two Benefits Manager positions on an interim basis (for up to one year), effective January 15, 2012, until the formal recruitment process is complete. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

9. Ad Hoc committee for Chief Investment Officer recruitment

The Board discussed whether or not they should be involved in the recruitment for the Chief Investment Officer noting that the final decision would be with the CEO.

It was **M/S/C** to leave it to the CEO's discretion and utilize outside help without Board Members as she deems necessary. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles and Viramontes. No: Watts)

10. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of 2 Board members and 1 staff member at the Client Conference, Angelo Gordon, April 3-4, 2012, New York, NY. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- (b) It was **M/S/C** to authorize the attendance of 1 staff member at the Client Conference, Emerald Investments, February 7, 2012, Philadelphia, PA. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)
- (c) It was **M/S/C** to authorize the attendance of 2 Board members and 1 staff member at the LA Trustees Roundup, February 27-28, 2012, Los Angeles, CA. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

11. Miscellaneous

(a) Staff Report -

Leedom reported the Board of Supervisor's approved the election process for the vacant Alternate Safety Trustee position. The election date is June 26, 2012.

The City of Pittsburg is still considering a request to amend their contract with CCCERA, and will appear at a future Board meeting to discuss.

The recommended retiree COLA increase will be on the next meeting agenda.

Leedom noted that the semi-annual rebalancing is currently in progress and will return to the Board with a report at the next meeting.

1099's have been mailed to retirees.

Leedom noted an educational session on real assets is schedule for the second meeting in February.

Leedom met with the proxy voting company, RiskMetrics. RiskMetrics will be providing an analysis regarding our current policy guidelines and return with recommended changes. The Board discussed a possible presentation at a future board meeting.

(b) Outside Professionals' Report - None

(c) Trustees' Comments -

Telles would like the minutes to reflect board members who are absent.

Hast reported he, Telles, Chu and Helliesen attended an on-site visit at Adams Street and were very impressed with their process.

It was **M/S/C** to adjourn the meeting in memory of Debora Allen's mother Gail MacBride. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Phillips, Telles, Viramontes and Watts)

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Maria Theresa Viramontes, Chairman

John Phillips, Secretary