

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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March 9, 2011

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, March 9, 2011 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, John Gioia, Brian Hast, Jerry Holcombe, Sharon Naramore, Jerry Telles, Maria Theresa Viramontes and Russell Watts

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Oyler	CCCERA Staff
Bill Cullen	Retiree
Lorna Thomson	Self
Donna Albrecht	Self
Robert Leete	San Ramon Valley Fire District (SRVFD)
Mary Lou Williams	Contra Costa County Retired Employees Association (CCCREA)
Dominique Young	Contra Costa County District Attorney's Office
John Phillips	Self
Haj Nahal	Auditor-Controller
Rick Radin	Contra Costa Times

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 February 23, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

4. Routine Items

It was **M/S/C** to approve the routine items of the March 9, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

5. Date changes for the March 23, 2011 and May 25, 2011 Board meetings

It was **M/S/C** to change the March 23, 2011 meeting to March 30, 2011. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

It was **M/S/C** to change the May 25, 2011 meeting to June 1, 2011. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

6. Application for IRS Letter of Determination

Levy gave an update on the application for the IRS letter of determination noting CCCERA received in late February the first ruling from the IRS, regarding the Voluntary Compliance Portion of the application. The IRS issued CCCERA a "Compliance Statement" providing that the plan amendments will be treated as if they were adopted timely. The IRS advised that the application will now be transferred to the group in charge of handling the determination letter portion of the application.

7. 2010 Cash Flow Report

Koehler presented the 2010 Cash Flow Report noting retirement payroll is up approximately 8% and purchase conversions are down. He also reviewed the professional manager fees.

It was **M/S/C** to accept the 2010 Cash Flow Report. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

7a. Building management and leasing services

Leedom reported on the responses she received on the Request for Proposal (RFP) for building management and leasing services.

It was **M/S/C** to retain Grubb & Ellis for building management and leasing services, pending contract negotiation and legal review. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts)

8. Retirement staff salaries and benefits

Leedom briefly reviewed her memo, noting she was requesting direction from the Board on noted items.

The Board discussed the independent status of CCCERA and the authorization of the Board to set salaries for employees of CCCERA.

Also discussed was the County's proposed recommendation to the Board of Supervisors to eliminate the sale of unused vacation for unrepresented employees and the need to take action on this item immediately as it will be voted on by the Board of Supervisors on March 15, 2011.

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It was **M/S** to continue Item 8 at the April 13 meeting in closed session to discuss options with counsel.

A substitute motion was **M/S** to hold a special meeting in March with an executive session to deal with exempt and represented employees and whether or not the retirement system is independent.

The Board again discussed the urgency of the matter as there are employees that need to decide whether or not they will retire today based on the outcome of Item 8. This did not come to the Board's attention until today and the next Board meeting was postponed in Item 5 to March 30, 2011. This would not give employees time to make a decision.

It was **M/S/C** to hold a closed session pursuant to Govt. Code Section 54954.2(b)(2) because there is a need for the board to take immediate action and the need for action came to the attention of the board subsequent to the agenda being posted. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts. No: Cabral. Abs: None).

Leedom, Hally and Levy recused themselves from Closed Session and were not present for subsequent discussion and voting.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957(b) - Personnel matter, Public Employment; Retirement Staff.

The Board moved into open session.

Closed Session

There was no reportable action.

Leedom, Hally and Levy were present for subsequent discussion and voting.

8. Continued

The substitute motion for the special meeting in March was withdrawn. The original motion to continue Item 8 at the April 13 meeting was still on the floor. The second was withdrawn. The original motion died.

It was **M/S** to authorize Staff to work within the historical context to formally present issues coming up with union items for represented and items for unrepresented employees and go forward to discuss with County HR by formal letter and meetings.

A substitute motion was **M/S** to not take action at this time or provide any direction to Staff to meet with County HR and to wait for negotiations. (Yes: Gaynor, Gioia, Watts. No: Holcombe, Telles, Viramontes. Abs: Buck, Cabral, Hast). Motion Failed.

The Board discussed whether or not CCCERA should provide input to the County to inform them of the Board's desires as other departments do during negotiations.

An amendment to the original motion was **M/S/C** to provide broad direction to Staff to write a letter to Human Resources notifying them of the Board's desire to maintain all Retirement employee wages and benefits at the status quo. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes. No: Gioia, Watts. Abs: None).

9. Consider and take possible action on:

- (a) Staff recommendation for salary adjustment for Retirement Chief Investment Officer and General Counsel.

Gioia requested an updated total salary and benefit compensation study on all unrepresented positions before any possible action on this item.

It was **M/S/C** to hold the item over until a total salary and benefit compensation study is completed on all unrepresented positions. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Telles, Viramontes, Watts. No: Cabral. Abs: None)

- (b) Staff recommendation to perform a compensation study for represented positions.

The Board asked staff to report back on the process for requesting a compensation study on CCCERA's represented employees.

10. Retirement Chief Executive Officer salary

The Retirement CEO respectfully requested this item be held over at this time. The Board Chair agreed to table this item until the compensation study for unrepresented employees is complete.

Gioia was not present for subsequent discussion and voting.

11. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of 2 Board members and 2 staff members at the Symposium, SACRS, March 16, 2011, Huntington Beach, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)
- (b) It was **M/S/C** to authorize the attendance of all Board members and all appropriate staff members at the Spring Conference, SACRS, May 10-13, 2011, Santa Barbara, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)
- (c) It was **M/S/C** to authorize the attendance of 3 Board members at the CAPPP Parts I and II, International Foundation, June 14-17, 2011, Chicago, IL. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)
- (d) It was **M/S/C** to authorize the attendance of 2 Board members at the Spring Conference, CRCEA, April 18-20, 2011, San Diego, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)

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- (e) It was **M/S/C** to authorize the attendance of 3 Board members at the Public Pension Investment Management Program, SACRS, July 11-13, 2011, Berkeley, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)
- (f) It was **M/S/C** to authorize the attendance of 3 Board members at the International Investment and Emerging Market, International Foundation, July 25-27, 2011, San Francisco, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Telles, Viramontes, Watts)

12. Miscellaneous

(a) Staff Report -

Leedom reported CCCERA received two awards: (1) A Certificate of Achievement for Excellence in Financial Reporting for its 2009 Comprehensive Annual Financial Report and (2) Award for Outstanding Achievement in Popular Annual Financial Reporting.

Leedom noted that Segal is working on an update of the 5-year projection of employer rates based on a 14% investment return for 2010.

Hast and Holcombe were not present for subsequent discussion and voting.

Leedom reminded Board members that Form 700 is due by April 1, 2011.

(b) Outside Professionals' Report - None

Holcombe was present for subsequent discussion and voting.

(c) Trustees' Comments -

Viramontes requested an agenda item at a future meeting to discuss the possibilities of CCCERA becoming independent from the County.

Cabral attended the DLJ Real Estate Capital Partners Client Conference and provided a brief update on the status of our investments, noting he felt the team and the strategy were sound.

Telles attended CALAPRS General Assembly and noted he was impressed with the speakers.

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

Jerry Telles, Chairman

Brian Hast, Secretary