

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 11, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, July 11, 2007 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, John Gioia, Paul Katz, Russell V. Watts for William J. Pollacek, Jim Remick, Bob Rey, Jerry Telles, and Clifton Wedington.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Rick Koehler, Retirement Accounting Manager; Toni Warren, Retirement Administration Manager, and Kathy Somsen, Retirement Benefits Manager.

Outside Professional Support: Representing:
Ashley Dunning Steefel, Levitt & Weiss

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Marge Rosenberg	CCCERA Staff
Joelle Luhn	CCCERA Staff
Karen Davis	CCCERA Staff
Tom Neukranz	ING Investments
Mary Lou Williams	Retirees' Association

1. Marge Rosenberg's 10 Year Service Award

Wedington congratulated CCCERA employee Marge Rosenberg on the occasion of her 10th Anniversary and thanked her for her years of dedicated service to the Retirement Association.

2. Public Comment

No members of the public offered comment.

3. Board Reorganization

Wedington, Hast and Pollacek were nominated for Chair, Vice Chair, and Secretary respectively. It was **M/S/C** to close the nominations and cast a unanimous ballot for the members as nominated. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

4. Approval of Minutes

After amending Page 2, Item 1, replacing "and counsel have" with "has" and changing the next sentence to: "The Board directed counsel and staff to respond again to Moraga-

Orinda Fire on this matter" and changing Item 4 (b) on Page 4, to "Dunning noted she will be attending the National Association of Public Pension Attorneys next week, and that Scott Johnson from Steefel will act as Board Counsel at the June 27th meeting, it was **M/S/C** to approve the minutes of the June 20, 2007 meeting, as amended. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

5. Routine items

It was **M/S/C** to approve the routine items of the July 11, 2007 meeting. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

The Board moved into closed session pursuant to Govt. Code Section 54956.9(c) to decide whether to initiate litigation.

The Board moved into open session.

6. Potential Litigation

No reportable action taken.

7. Board of Retirement Regulations

Leedom reviewed the Board Regulations as amended. She noted the Hearing Regulations will no longer be included in the Board Regulations, but to be consistent with other '37 Act Counties, will be a separate "Hearing Policy". She will return in September with the Hearing Policy for the Board's review.

Dunning reviewed changes with issues of substance in the Retirement Board Regulations, noting the policy will not be in effect until approved by the Board of Supervisors. After discussion and minor amendments, it was **M/S/C** to accept the Board Regulations as amended. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

8. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Remick at the Guns and Hoses, Institutional Research, September 16-18, 2007, Huntington Beach, CA. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)
- (b) It was **M/S/C** to authorize the attendance of Cabral at the Fall Conference, Council of Institutional Investors, September 16-18, 2007, Huntington Beach, CA. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)
- (c) It was **M/S/C** to authorize the attendance of two Board members at the 18th Annual Public Funds Symposium, Institutional Investor, October 16-17, 2007, Washington, D.C. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

9. Miscellaneous

- (a) Staff Report - Leedom - provided an update on the Pension Protection Act. Previously, she noted the Board approved a change order to the pension software system to implement the \$3000 pre-tax health insurance for eligible public safety retirees. The latest information received states that the pre-tax dollar amount is not a 1099, but a 1040 issue and will be tracked by the IRS. If this is true, CCCERA will be taken out of the "loop". Leedom is waiting for confirmation from CCCERA's tax attorney, Ice Miller, on this issue. In the meantime, production on the change order has been suspended. Dunning noted this information is consistent with what was discussed at the National Association of Public Pension Attorneys (NAPPA) last week.

Leedom noted before the SACRS Spring Conference, CCCERA's Board voted to support the SACRS Economic Impact project. CCCERA is now being billed \$4,600.00 for this service, although the original approval was not cost-related.

The job announcement for the new General Counsel position has been distributed and staff has received a few responses. The office for General Counsel is currently being remodeled and should be completed shortly.

Leedom updated the Board on technology to be provided by the new pension software system. Members will have the ability to access their records through a member web site for account balances, the ability to estimate their personal retirement benefits, and review their retirement checks. For CCCERA's protection, there will be a disclosure on the web page stating the information is an estimate only. Information will be password/pin code protected. Next year's budget will include another Information Technology (IT) position to assist with all the system changes and the web page.

Leedom noted two important meetings in the next few months. The first on August 8th will include the Actuarial Valuation with an education on CCCERA's "Smoothing Method". An invitation letter will be sent to the public for this meeting. The September 5th meeting will include disability education by Rebecca Byrnes from County Counsel. Because this year's Actuarial Valuation follows the recent Experience Study and may be lengthy, the Board requested that staff reschedule the education on smoothing to a later meeting in either October or November.

Hally - noted that Nicholas Applegate's international team moved to UBS to start up a new fund. There was no change in the team responsible for CCCERA's portfolio.

- (b) Outside Professionals' Report - Nothing further to report.

- (c) Trustees' Comments - Katz requested information and an update on the City of San Diego and Darfur (Sudan). Dunning provided a brief update of both, noting a presentation during the recent NAPPA Conference she attended.

Remick noted he gained a lot of investment information at the Infrastructure Conference he attended in New York. He noted an interest in investing in local airports and toll roads. Dunning cautioned that Board members have a fiduciary obligation to invest in what is the best investment for the fund.

Cabral - noted the Benefit Statement was well received, and appreciated by members. He has received good feedback from active members, most questions centered on how the dates for retirement estimates were chosen. He feels Benefit Statements are a valuable tool.

There was discussion on the July 25, 2007 meeting to determine if there would be a quorum present and the importance of having more trustees at the meeting. It was determined that there would not be sufficient trustee attendance at the meeting.

It was **M/S/C** to add an emergency agenda item to change the July 25, 2007 meeting to a date when more trustees can be present. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

10. Emergency Agenda Item to Change 7/25/07 Board Meeting Date

It was **M/S/C** to reschedule the July 25, 2007 meeting to either August 1, 2007 or August 15, 2007, when more Board members can be present. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

It was **M/S/C** to adjourn. (Yes: Cabral, Gioia, Katz, Watts, Remick, Rey, Telles, and Wedington)

Clifton Wedington, Chairman

William J. Pollacek, Secretary