

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 8, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, August 8, 2007 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Dave Gaynor, John Gioia, Brian Hast, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, Bob Rey, Jerry Telles, Maria Theresa Viramontes and Clifton Wedington.

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

Outside Professional Support:	Representing:
Ashley Dunning	Steeffel, Levitt and Weiss
Paul Angelo	Segal Company
John Monroe	Segal Company

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Joelle Luhn	CCCERA Staff
Gayle Cruz	CCCERA Staff
Lucy Fogarty	Contra Costa Superior Court
Colette Curtis-Brown	Central Contra Costa Sanitary District
Marylou Williams	Retirees' Association
Debbie Ratcliff	Contra Costa County Sanitary District
Mike George	Contra Costa County Fire Protection District
Tina Kaufmann	Auditor-Controller
Marie Rulloda	Auditor-Controller
Bridget Robinson	First 5 Contra Costa
Juanita Philapil	San Ramon Valley Fire Protection District (SRVFPD)
Robert Leete	SRVFPD
Christine Penkala	Contra Costa County Human Resources Department
Kristine Hunt	Contra Costa County Taxpayer's Association
Jack Weir	Pleasant Hill Taxpayers Association

1. Public Comment

No members of the public offered comment.

2. Routine Items

It was **M/S/C** to approve the routine items of the August 8, 2007 meeting. (Yes: Cabral, Gioia, Hast, Katz, Pollacek, Rey, Telles, Viramontes and Wedington)

3. Valuation Report for the Period Ending 12/31/06 - Paul Angelo, John Monroe

Angelo began by announcing John Monroe's promotion to Senior Vice President. He then reviewed the significant issues in the valuation year noting the results of this valuation reflect changes in economic and non-economic actuarial assumptions as recommended by Segal and adopted by the Association for the December 31, 2006 Valuation.

He summarized the key valuation results noting the ratio of actuarial value of assets to actuarial accrued liabilities decreased from 84.8% to 84.3%. The Association's Unfunded Actuarial Accrued Liability (UAAL) has increased from \$730 million to \$833 million. He noted this increase is mainly due to changes in the mortality table assumption, offset by lower than expected salary increases and an investment return on actuarial value that exceeded the 7.90% return assumed in the previous valuation.

The aggregate employer rate calculated in the valuation has decreased from 28.63% of payroll to 28.18% of payroll. The aggregate member rate calculated in the valuation has decreased from 11.42% of payroll to 10.68% of payroll. This is primarily due to the change in economic and non-economic assumptions.

There was discussion on the vesting of Dollar Power and the \$200 monthly benefit for retirees', mortality tables, UAAL and funding the 1% contingency reserve. The Board requested a copy of the letter from Segal delineating the County and Special District UAAL amounts.

When asked, Angelo noted CCCERA is 84.3% funded and based on our current amortization schedule, should be 100% funded in 16 years. He noted there is no set prudent funding ratio, stating funding level is a tool used to compare assets and liabilities.

Wedington was not present for subsequent discussion and voting.

There was a motion to accept the Actuarial Valuation report for December 31, 2006 and to accept the contribution rates effective July 1, 2008 to June 30, 2009 as recommended by the actuary. The motion was amended to accept the report only. As amended, it was **M/S/C** to accept the Actuarial Valuation report for December 31, 2006. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

4. Contribution Rates, Effective July 1, 2008

It was **M/S/C** to accept the contribution rates effective July 1, 2008 to June 30, 2009 as recommended by the actuary. (Yes: Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes; No: Cabral)

5. Semi-Annual Rebalancing

It was **M/S/C** to accept the report from staff on semi-annual rebalancing of CCCERA's assets as of June 30, 2007. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

6. Budget vs. Actual, January through June 2007

Leedom presented the Administrative Budget for the year to date as of June 30, 2007. She noted CCCERA is currently under budget in total, partially due to timing of expenses. She noted she may need to return to the Board for an increased allotment for Board education. It was **M/S/C** to accept the Budget vs. Actual report, January through June 2007. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)

The Board moved into closed session pursuant to Govt. Code Section 54957 and 54956.9(b) to consider the Medical Advisor and or staff's recommendation regarding disability retirement applications and to consult with counsel regarding potential litigation.

The Board moved into open session.

7. Disability Retirements

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

- (a) Joseph Zummo Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles, and Viramontes)

8. Potential Litigation

No reportable action taken.

9. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Leedom at the Administrator's Institute, CALAPRS, September 26 - 28, 2007, Yosemite, CA. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)
- (b) It was **M/S/C** to authorize the attendance of four Trustees and Hally at the Hedge Fund Institutional Forum and Investors Roundtable, Institutional Investor Institute, October 29 - 31, 2007, Chicago, IL. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of Hally at the Fall Real Estate Forum, Fidelity, September 16 - 18, 2007, Manchester Village, VT. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)
- (d) It was **M/S/C** to authorize the attendance of Koehler or Cruz at the Public Pension Financial Forum, P2F2, October 14 - 17, 2007, Seattle, WA. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)

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10. Miscellaneous

- (a) Staff Report - Hally informed the Board that the on-site visits for DLJ, ING Clarion and Rothschild have been completed. He noted that DLJ is already in the process of buying properties for Fund III. DLJ is optimistic and sees a lot of opportunity in Indonesia.

Leedom provided a brief update on tenant issues and new leases in the building.

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

- (c) Trustees' Comments - Viramontes announced she will be missing both meetings in October.

Cabral thanked everyone for their kind words on his father's death.

It was M/S/C to adjourn. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Rey, Telles and Viramontes)

Clifton Wedington, Chairman

William J. Pollacek, Secretary