

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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October 8, 2008

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, October 8, 2008 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, Paul Katz, Jim Remick, Jerry Telles, and Maria Theresa Viramontes.

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP

Other Attendees:

Tracy Kroll	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Joelle Luhn	CCCERA Staff
Luz Casas	CCCERA Staff
Margie Breen	CCCERA Staff
Gayle Cruz	CCCERA Staff
Nannette Mendoza	CCCERA Staff
Mary Lou Williams	CCC Retirees' Association
David Shaw	Self
Satomi Cadena	CCC Retired Employees' Association
Craig Bowen	San Ramon Valley Fire Protection District

1. Pledge of Allegiance

Remick led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Nannette Mendoza, 20 Year Service Award

Hast congratulated CCCERA employee Nannette Mendoza on the occasion of her 20th Anniversary and thanked her for her years of dedicated service to the Retirement Association.

4. Approval of Minutes

After discussion, it was **M/S/C** to approve the minutes of the September 3, 2008 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes).

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After discussion on initiating a practice to vote for managers remaining on the watch list, it was **M/S/C** to approve the minutes of the September 10, 2008 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, and Telles; Abs: Viramontes) Viramontes noted she was not present at the September 10, 2008 meeting because of her recent surgery.

5. Routine Items

It was **M/S/C** to approve the routine items of the October 8, 2008 meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes)

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

The Board moved into open session.

6. Disability Retirements

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

(a) Sheila Honey Non-Service Connected (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes)

7. Potential Litigation

No reportable action taken.

8. October 22, 2008 Board Meeting

It was **M/S/C** to change the October 22, 2008 Board Meeting to October 29, 2008 at 8:30 a.m. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes).

9. Integrated Accounting System

Leedom reviewed the background and staff's recommendation for a new Integrated Accounting System. After discussion and questions on implementation and parallel running of the new and old systems, it was **M/S/C** to accept staff's recommendation to purchase and implement the Multiview Financial Software as CCCERA's Integrated Accounting System at a cost not to exceed \$110,000, subject to successful contract negotiations and authorize the CEO to sign any necessary documents. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes)

10. Voting Proxy for Fall SACRS Conference

It was **M/S/C** to designate Pollacek as primary, Gaynor as first alternate and Buck as second alternate voting delegate at the Fall SACRS Conference. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes)

11. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of one staff and one board member at the Fall Conference, *GMO*, October 29 - 30, 2008, Boston, MA (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Katz, Telles, and Viramontes).

8. Miscellaneous

- (a) Staff Report -Leedom - reported the study on Compensation Salary for CCCERA's unrepresented employees will be presented at the November 5, 2008 meeting, and the Actuarial Audit is close to completion. Staff has also finalized the contract with WorkCare for disability review.

She then discussed a note she received from a retired member regarding CCCERA's newsletter "Viewpoint" thanking all those involved in the production for comforting, positive information along with the graphs, charts and "the font size that was easy for old eyes to read". Leedom reported information is also on CCCERA's website regarding the diversification of the funds of the Association.

Hally -noted he has been busy reviewing securities lending and researching what securities are out on loan. He is checking to make sure CCCERA is not incurring losses with securities lending. This has impacted Progress, since it is a co-mingled vehicle with funds at Northern Trust.

Hally discussed the transition of Western Asset Management, noting because market conditions changed considerably, the transition was started this morning. Normally transitions take 2-3 days; this transition could take several weeks because of the illiquidity in the market.

Board members requested a presentation from Milliman regarding how CCCERA is faring in this economy, along with Helliesen's observations. This meeting was targeted for October 29, 2008. Hally noted CCCERA's fund is down approximately \$300 million since Oct 1, 2008 and since September 1st down a little bit more than 500 million, approximately -10-12 %.

Levy noted she attended the CALAPRS Attorney's Roundtable. She reviewed the presentation and discussions on the IRS Letter of Determination during the roundtable, noting the possible steps that will need to be addressed. She commented she is continuing to prepare for the filing and is in the process of collecting plan documents.

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- (b) Outside Professionals' Report - None
- (c) Trustees' Comments - Cabral reported he returned from Council of Institutional Investors (CII) last evening and has not been able to write a report as yet. He noted the speakers were interesting. A topic of interest at the conference was the discussion regarding the Actuarial Society's advocating disclosure of market value of liabilities for public pension plans. Leedom noted she would provide further information of Market Value of Liability for public pension plans, via either hard copy or email to all Board members.

Cabral noted in January 2009, CII trustees from other public funds are inviting Northern California trustees to gather together to discuss the current economic crisis.

Remick also reported on his attendance at the CII Conference.

Holcombe discussed his recent on-site visit in New York with Morgan Stanley. He noted Morgan Stanley was gracious and he suspects there will be more questions for Morgan Stanley in the future as documents are reviewed for the new fund. The closing for the fund will be, at the earliest, the end of November and probably not until the end of the year. There was discussion on the turmoil with Morgan Stanley and waiting for more clarity before finalizing this investment. Hally noted the consensus of those performing the on site visit was to continue to review the documents and obtain more clarity on the Morgan Stanly situation.

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

Brian Hast, Chairman

Jerry Telles, Secretary