

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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October 14, 2009

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, October 14, 2009 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, Brian Hast, Jerry Holcombe, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, and Maria Theresa Viramontes.

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

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Bob Helliesen Milliman
Paul Angelo Segal Company
John Monroe Segal Company

Other Attendees:

Margie Breen Contra Costa County Employees' Retirement Association (CCCERA) Staff
Luz Casas CCCERA Staff
Tracy Kroll CCCERA Staff
Joelle Luhn CCCERA Staff
Lisa Driscoll County Administrators Office (CAO)
Laura Strobel CAO
Steven Sachs Grand Jury
Linda Chew Grand Jury
John Olson Grand Jury
Martin Bennett Grand Jury
Randy Musgraves Central Contra Costa Sanitary District
Mary Lou Williams CCC Retirees' Association
Satomi Cadena CCC Retirees' Association
Jim Bickert Deputy Sheriff's Association
Bob Campbell Auditor's Office
Harjit Namal Auditor's Office
Todd Smithey Contra Costa County Sanitary District
John Bartel Bartel Association - First 5
Michelle Johnston Auditor's Office
Tina Kaufmann Auditor's Office
Shawn Garcia Contra Costa First 5
Sue Casey Moraga/Orinda Fire District
Julie Carrasco CCCERA Staff
Rhonda Jones CCCERA Staff
Kris Hunt CCC Taxpayers Association
John Keel San Ramon Valley Fire Protection District
Jonas Aguiar San Ramon Valley Fire Protection District

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1. Pledge of Allegiance

Remick led all in the *Pledge of Allegiance*.

2. Julie Carrasco, 25 Year Service Award

Pollacek congratulated CCCERA employee, Julie Carrasco, on the occasion of her 25th Anniversary and thanked her for her years of dedicated service to the Association.

3. Public Comment

No members of the public offered comment.

4. Approval of Minutes

It was **M/S/C** to approve the minutes of the September 2, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

It was **M/S/C** to approve the minutes of the September 9, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

5. Discussion Regarding Cost Sharing Structure at CCCERA Paul Angelo, John Monroe, the Segal Company

Angelo began by reviewing the rationale for cost sharing (pooling). He noted his letter provides information concerning possible options for depooling of CCCERA's liabilities and normal cost used in the determination of employer contribution rates. Angelo reviewed the pooling structure that is currently employed in the annual actuarial valuation for CCCERA.

A recommendation of a possible first step towards depooling was discussed noting that CCCERA's nonactive liabilities would be separated into the same four groups that the assets (AAL and UAAL) are pooled for active members. This would track the Safety experience that occurs at or after retirement separately from the General experience, while the experience for different employers within those four groups would still be shared.

A possible second step towards depooling was reviewed which would track and account for CCCERA's assets and liabilities (AAL, UAAL and normal Cost) by each employer separately. Those employers with 50 members or less would be pooled within the larger County category.

With this approach, any gains or losses that occur at any time before or after retirement would be allocated to each individual employer separately. The experience of each particular employer with members in excess of 50 members would be tracked and funded separately from all other employers. If either of these two approaches is taken, an additional decision would need to be made whether or not this depooling would be on a prospective or retroactive basis.

6. Possible Action Regarding Cost Sharing Structure at CCCERA

It was **M/S/C** to move forward with the first step towards depooling by separating CCCERA's non-active liabilities by the same four groups as used for active members. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

There was a **motion** to move forward with step two towards depooling by separating CCCERA's experience and assets (AAL, UAAL and normal cost) by each employer (with 50 or more employees) separately, retroactive to December 31, 2002.

A **substitute motion** was offered to not depool by employer at this time, but move forward with the actuarial study going back to 2002, review the information and revisit three years after the numbers are received.

An **amendment to the substitute motion** was offered to move forward with the study going back to 2002 and remove the three year waiting period on moving forward with step 2. (Yes: Naramore and Viramontes; No: Gaynor, Holcombe, Katz, and Pollacek; Abs: Buck, Cabral, and Hast) **The motion failed.**

Naramore was not present for subsequent discussion and voting.

The original motion was reinstated; it was **M/S/C** to move forward with step two towards depooling by separating CCCERA's experience and assets (AAL, UAAL and normal cost) by each employer (with 50 or more employees) separately, commencing with December 31, 2002 valuation and going forward from that date. (Yes: Gaynor, Hast, Holcombe, Katz, and Pollacek; No: Buck, Cabral, and Remick; Abs: Viramontes)

Naramore was present for subsequent discussion and voting.

It was noted that no commencement date was indicated in the motion for the first step of calculating the depooling. It was **M/S/C** to commence the recalculation of experience and assets as of December 31, 2002 valuation date. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

7. Change of Title for Retirement Administration Manager

Leroux reviewed her memo and recommendation. She noted in January 2010, CCCERA's current Administration Manager will retire, providing an opportunity to review the requirements of the position. This resulted in the recommendation to open a Retirement Administrative/HR Coordinator position instead.

It was **M/S/C** to accept the recommendation of staff to change the Retirement Administration Manager position to Retirement Administrative/HR Coordinator and establish the position at a maximum salary on a six step scale not to exceed \$89,000 per year. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

8. SACRS Proxy Voting

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

8a. November 4, 2009 Board Meeting

It was **M/S/C** to cancel the November 4, 2009 meeting and combine the items for the October 28, 2009 and November 4, 2009 Board Meetings at the October 28, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

9. Routine Items

It was **M/S/C** to approve the routine items of the October 14, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

It was the consensus of the Board to move to Items 12 and 13 and then return to Items 10 and 11 when the Board will go into closed session.

12. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of one board member and two appropriate staff at the Real Estate Conference, Invesco, November 3 - 5, 2009, La Jolla, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of three board members and one appropriate staff at the Annual Partners Meeting, Fidelity Real Estate, November 4, 2009, Boston, MA. and
- (d) the attendance of three board members and one appropriate staff were authorized at the Fall Conference, GMO, November 4 - 5, 2009, Boston, MA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (b) It was **M/S/C** to authorize the attendance of two board members and one appropriate staff at the Pension Policy Conference, National Institute on Retirement Security, February 2, 2010, Washington, D.C. (Yes: Buck, Cabral, Gyanor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

13. Miscellaneous

- (a) Staff Report - Hally noted he just completed several on-site visits in New York and the reports were distributed with the agenda packet. He also noted that on-site visits to GMO and Fidelity were completed this week in Boston and the reports will be distributed soon.

Hally plans to visit Carpenter and Pathway during the upcoming Fall SACRS Conference in Costa Mesa. He asked for volunteers to attend the on-site visits.

Leedom reported she just received information that the CALAPRS Trustee Roundtable is next Friday. She noted a letter has been received from First 5 regarding a request for recalculation of contribution rates. She noted staff is researching a new Fiduciary insurance carrier and will report to the Board when an update is available. Leedom reported she attended CII Conference with Remick and found it very informative.

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Levy commented that Stanislaus County is being sued for failure to disclose the names and amounts for those retirees receiving over \$100,000, the case being argued October 20th. Levy provided an update on AB1584, a placement agency prohibition of retirement board members from marketing. She urged all Board members to review the memos she previously distributed on the subject. She noted the law is effective immediately and will provide further information at an upcoming meeting.

Leedom noted FBAR reporting requirements regarding various categories of foreign investments held by CCCERA. Staff has reviewed this with Ice Miller and will not be filing at this time.

- (b) Outside Professionals' Report - Helliesen announced that the Dow briefly got over 10,000.
- (c) Trustees' Comments - Cabral attended the JP Morgan on-site visit. He addressed the securities lending problems with them, noting they acknowledged the issue but did not foresee any trouble. Cabral discussed executive compensation with them; they firmly believe they pay their employees proper wages.

Viramontes recommended a Times magazine article that should be read by all.

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 under Gov. Code Section 54956.81.

The Board moved into open session.

10. Disability Retirements

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

- (a) Sheila Blazer Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (b) Doran Lamb Service Connected (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes; Abs: Cabral)
- (c) Benjamin Whitener Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (d) Michael Eyton-Lloyd Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (e) Kimberly Dombrowski Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)
- (f) Robert Heaston Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Naramore, Pollacek, and Viramontes)

11. Gov. Code Section 54956.81

No reportable action.

William J. Pollacek, Chairman

David Gaynor, Secretary