

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

April 8, 2009

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, April 8, 2009 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Dave Gaynor, Brian Hast, Jerry Holcombe, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, Jerry Telles, and Maria Theresa Viramontes.

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; Karen Levy, Counsel

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Bob Helliesen Milliman
Rebecca Byrnes County Counsel

Other Attendees:

Margie Breen	Contra Costa County Employees' Retirement Association (CCCERA Staff)
Julie Carrasco	CCCERA Staff
Luz Casas	CCCERA Staff
Chih-Chi Chu	CCCERA Staff
Karen Davis	CCCERA Staff
Charice Hester	CCCERA Staff
Rhonda Jones	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff

1. Pledge of Allegiance

Remick led all in the *Pledge of Allegiance*.

2. Margie Breen, 10 Year Service Award

Hast congratulated CCCERA employee, Margie Breen, on the occasion of her 10th Anniversary and thanked her for her years of dedicated service to the Retirement Association.

3. Public Comment

No members of the public offered comment.

4. Approval of Minutes

After amending Pollacek's comments on Page 6 to: "Pollacek noted the economic presentation given by Dr. Lacy Hunt at the SACRS Symposium predicted we could be entering a business cycle where equity markets remain essentially flat for 15- 20 years, similar to the 1967-1982 period"; and noting Naramore's vote on Item #8, it was **M/S/C** to approve the minutes of the March 25, 2009 meeting as amended. (Yes: Buck, Gaynor, Hast, Holcombe, Pollacek, Remick and Telles; Abs: Katz)

5. Routine Items

It was **M/S/C** to approve the routine items of the April 8, 2009 meeting. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick and Telles)

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 to consider the Hearing Officer's recommendation regarding disability applications. The Board continued in closed session under Gov. Code Section 54956.9(c) to consider 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) Cecily Buda Service Connected (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)
- (b) Wallace Posner Non-Service Connected (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

The following item was pulled from the agenda for consideration at a future meeting

- (c) Tonja Dejesus-Cruze

Viramontes was present for subsequent discussion and voting.

7. Kenneth Ramirez, Disability Applicant

It was **M/S/C** to refer the case of Kenneth Ramirez back to the Administrative Law Judge (ALJ) for corrections and recommendations based only on the service connected issue and without consideration of any issues not identified in the application. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

8. Potential Litigation

No reportable action taken.

It was the consensus of the Board to move to Item 12.

12. Special District Status

Leedom reviewed the history regarding her recommendation for Special District status for CCCERA. She feels that an amendment to AB 1034 would be the most cost effective way to make independent district status an option, to explore the option of independent district status for all CCCERA employees, and to determine whether this path is in the best interests of CCCERA's administration and membership.

There was discussion on the Board's intention to include all of CCCERA's employees in the group. It was noted that in the past there have been attempts to include special district status for all employees in the San Diego County retirement system, without success. Marin County has introduced legislation to revise the original Orange County Employees' Retirement Association (OCERS) statute, which has already been amended to include San Bernardino County Employees' Retirement Association (SBCERA). This legislation would allow, only with subsequent Board of Retirement adoption, independent district status. She noted this opportunity would be the most cost-effective way to have the option to begin the exploration of independent district status. Leedom noted she would also continue to explore options for independent district status for all CCCERA employees.

It was **M/S/C** to accept the recommendation of staff to proceed with Special District Status for CCCERA, amending Marin County's A.B. 1034 to include CCCERA, and proceed with exploration of options for independent district status for all CCCERA employees. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, and Viramontes; Abs: Telles)

9. Conflict of Interest Code

Levy discussed the history behind her recommendation. She noted the reviewing body for CCCERA's Conflict of Interest Code is the County Board of Supervisors. CCCERA's Code must be reviewed and approved by the Board of Supervisors before becoming effective.

She also stated under FPPC definitions, the Retirement Chief Executive Officer and Retirement Chief Investment Officer are "public officials" who manage the investment of public funds, and therefore are Government Code Section 87200 filers. These positions should not be included in CCCERA's Conflict of Interest Code.

It was **M/S/C** to accept staff's recommendation to approve changes to CCCERA's Conflict of Interest Code and procedures as discussed. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

10. Market Stabilization Account

After Koehler reviewed the Market Stabilization Account Final report as of December 31, 2008, it was **M/S/C** to accept the Report. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

11. Investment Guidelines

Hast noted review of the Investment Guidelines was tabled at the previous meeting so that Board members could submit suggested changes to the policy.

After Hally reviewed the recommended modifications to the Investment Guidelines, and after few minor changes, it was **M/S/C** to accept all changes to the Investment Guidelines. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

13. DLJ Real Estate Capital Partners II, (DLJ RECPII) L.P. Proposed Amendment

Hally provided an overview along with his recommendation regarding Credit Suisse's (DLJ RECP II) proposed amendment.

It was **M/S/C** to accept the recommendation of staff to approve the request from Credit Suisse to extend the expiration of DLJ Real Estate Capital Partners II, L.P. (RECP II) from July 31, 2009 to July 31, 2011. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

14. May 6, 2009 Board Meeting

It was the consensus of the Board to not reschedule the May 6, 2009 Board Meeting. Leedom noted because the agenda was very full, the April 29, 2009 meeting will begin at 8:30 a.m. instead of the customary 9:00 a.m. start time.

15. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Remick at the Institutional Conference, Goldman Sachs, April 22 - 23, 2009, New York, NY. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)
- (b) It was **M/S/C** to authorize the attendance of Holcombe, Buck, and Viramontes at the Public Pension Investment Management Program, SACRS, June 22 - 24, 2009, Berkeley, CA. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)
- (c) It was **M/S/C** to authorize the attendance of Hast, Telles, Cabral, Remick, and one staff member at the Client Conference, Adams Street Partners, June 3 -4, 2009, Chicago, IL. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 5

April 8, 2009

16. Miscellaneous

- (a) Staff Report - Leedom reported a recent public information request from the Contra Costa Times, noting there will most likely be an article soon. Another public information request was received regarding terminal pay for five other individuals. Leedom stated CCCERA's policy is to notify the retiree noting the request for public information before the information is released.

Levy noted 2009 updates to the '37 Act Law book and a memo from Levy will be in Board Member's in-baskets.

Hally discussed changes at Goldman Sachs. He and Chu met with Goldman Sachs and performed an on-site visit. He has completed on-site visits with Carpenter Banc Fund and Pathway Capital; and will perform an on-site visit tomorrow at Progress in San Francisco.

- (b) Outside Professionals' Report - Helliesen extended an offer to Board members to review the process on manager searches. After the on-site at Progress, Board members were invited to meet at Milliman's offices to review the manager search process.
- (c) Trustees' Comments - Remick just returned from the Council of Institutional Investors (CII). He commented on the points of interest during the conference.

It was **M/S/C** to adjourn in memory of John Nunes, Fire Captain, Contra Costa Fire District. (Yes: Buck, Gaynor, Hast, Holcombe, Katz, Pollacek, Remick, Telles and Viramontes)

Brian Hast, Chairman

Jerry Telles, Secretary