

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 21, 2010

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, April 21, 2010 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Dave Gaynor, Jerry Holcombe, Sharon Naramore, William J. Pollacek, Jerry Telles, and Maria Theresa Viramontes.

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

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

Other Attendees:

Sean Jara	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA Staff
Luz Casas	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Imran Chaudhary	CCCERA Staff
Mary Lou Williams	Contra Costa County Retirees' Association (CCCREA)
Satomi Cadena	CCCREA
Lorna Thomson	Self
Shawn Garcia	Contra Costa First 5
Randall Musgraves	Contra Costa County Sanitary District

1. Pledge of Allegiance

Leiderman led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Approval of Minutes

It was **M/S/C** to approve the minutes of the March 10, 2010 meeting. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

It was **M/S/C** to approve the minutes of the March 31, 2010 meeting. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

4. Routine Items

It was **M/S/C** to approve the routine items of the April 21, 2010 meeting. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

The Board moved into closed session pursuant under Govt. Code Section 54957 to consider the Medical Advisor and or staff's recommendation regarding disability retirement applications and to consult with counsel regarding cases currently being litigated.

The Board moved into open session.

5. Disability Retirements

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

(a) Maria Gutridge Non-Service Connected (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

6. Cash Flow Report through 12/31/09

Koehler presented the 2009 Cash Flow Report.

Discussion followed regarding items included under the employee contribution and employer prepayment line items, as well as the minimum amount of cash needed monthly to meet obligations.

It was **M/S/C** to accept the 2009 Cash Flow Report. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

7. SACRS Proxy Voting

It was **M/S/C** to designate Pollacek as the voting delegate and Gaynor as the alternate voting delegate at the Spring SACRS Conference. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

8. Amended Slate of SACRS Officers for 2010-2011

Leedom reported receiving the SACRS packet for review of the bylaws and noted that any issues requiring a vote will be added to the May 5, 2010 Board meeting. The Board also requested the status of the letter to SACRS regarding recent comments made by Robert Palmer, interim director.

It was **M/S/C** to vote yes at the SACRS Spring Conference for the recommended slate of candidates for the SACRS Board of Director Elections. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

9. Electronic Minutes Recording

Leedom reviewed her memo regarding the recommendation and options for recording of meeting minutes, including the methods used by other '37 Act systems.

Board discussion followed concerning the possibility that CCCERA could be subject to misinterpretation as audio only recording will miss all nonverbal communications; this may change how Board members discuss issues.

Some Board members felt the meetings should be recorded with recordings kept permanently archived, accessible and part of the public record. Specific incidents were noted where having a recording would have helped clarify past issues. Some Board members felt that transparency is essential; recording the meetings allows the Board, as well as the public, to remain well informed.

Discussion followed, noting the meeting is already transparent because the Board holds open public meetings. If, from an individual board member's standpoint, something specific is not included in the minutes, it is up to the Board member to ensure the minutes are revised accordingly prior to approval.

It was **M/S** to audio record the Board meetings and retain the recordings for one year. (Yes: Cabral and Telles; No: Gaynor, Holcombe, Pollacek, and Viramontes) Motion failed.

10. Placement Agent Disclosure Policy

Levy reviewed the Placement Agent Disclosure Policy and the definition of a placement agent. Discussion followed regarding whether the disclosure should include, in addition to third party placement agents, investment managers' internal employees. Counsel indicated the Policy uses the definition of "Placement Agent" adopted by the legislature in Government Code section 7513.8. Discussion followed regarding whether section 1 of the Disclosure Statement *Re: Use of Placement Agents* should be changed to: 1. Neither we nor any of our principals, employees, agents, or affiliates have compensated or agreed to compensate, directly or indirectly, any **person** or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by CCCERA, except as disclosed on Attachment 1 to this Disclosure Statement.

It was **M/S/C** to carry this topic over to next main meeting.

11. Special Board Meeting Date

It was **M/S/C** to set May 17, 2010 at 9:00 a.m. as a Special Board Meeting to discuss depooling issues with The Segal Co., and have June 2, 2010 as an alternate date. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

12. Conference Seminar Attendance

- (a) It was **M/S/C** to authorize the attendance of Naramore at the Spring Conference, CRCEA, April 26-28, 2010, Santa Barbara, CA. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)
- (b) No one is able to attend the Public Pension Investment Management Program, SACRS, August 9-11, 2010, Berkeley, CA.
- (c) It was **M/S/C** to authorize the attendance of Cabral at the Program for Advanced Trustee Studies, NCPERS, July 26-28, 2010, Cambridge, MA. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)
- (d) It was **M/S/C** to authorize the attendance of Hally at the Market Makers, 2010, IFE, June 27-30, 2010, Laguna Beach, CA. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)
- (e) It was **M/S/C** to authorize the attendance of Remick and one staff at the 2010 Investor Conference, Paladin, June 2, 2010, Washington, D.C. (Yes: Cabral, Gaynor, Holcombe, Pollacek, Telles, and Viramontes)

13. Miscellaneous

- (a) Staff Report - Leedom informed the Board the April 28, 2010 Board Meeting packet was in their inbox. She noted attendance at the CII Conference last week. In addition, Hally, Leedom and Telles met with Paladin to discuss the Paladin investment portfolio.
- (b) Levy provided an update on litigation in process regarding the requests for disclosure of retiree names and gross amounts for retirees whose pensions are \$100,000 or more. The Orange County Employees' Retirement System and the Sacramento County Employees' Retirement System were sued by requestors of this information.
- (c) Cabral requested input from counsel regarding a class action suit against a Public Fund because the fund lost money. Levy will look into this matter and come back to the Board with her findings.
- (d) Outside Professionals' Report - nothing to report.

Viramontes requested an update on the Goldman Sachs lawsuit. Leedom said she will forward a memo received from Milliman to all members of the Board.

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Telles mentioned a *Pensions and Investments* article about Steve Brennan, who was recently hired as service manager with Intech. He gave a brief update on retiree health care issues in Orange County and Sonoma County.

Cabral expressed concerns with the depooling process and noted that if data is not available for CCCERA to depool by employer then CCCERA should review the issue. Board discussion followed on depooling and Naramore noted that CCCERA Board made a decision before all the information was available.

Cabral also wanted staff to have notice of possible layoffs. The County Board of Supervisors will adopt a county budget soon with some departments experiencing layoffs. CCCERA may want to set aside some time and resources if layoffs occur.

It was M/S/C to adjourn meeting at 11:13 a.m.

William J. Pollacek, Chairman

David Gaynor, Secretary