

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 24, 2013

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, April 24, 2013 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Brice Bins, Terry Buck, Richard Cabral, John Gioia, Jerry Holcombe, John Phillips, Gabe Rodrigues and Jerry Telles

Absent: Brian Hast, Sharon Naramore and Maria Theresa Viramontes

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Bob Helliessen	Milliman
Jeff Youngman	Milliman
Marty Dirks	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Karen Davis	CCCERA Staff
Jessica Huffman	CCCERA Staff
Tracy Kroll	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Rossini	CCCERA Staff
Todd Smithey	Central Contra Costa Sanitary District
Bill Ward	Self
William Pigeon	Local 1230

1. Pledge of Allegiance

Phillips led all in the *Pledge of Allegiance*.

Leedom provided an update on the installation of the audio recorder noting testing will begin at the second Board meeting in May.

2. Public Comment

No members of the public offered comment.

3. Consider and take possible action on semi-finalist list for Private Real Asset Manager

Helliesen gave an overview of the search process, noting in June 2011 the Board made a commitment to place 5% of the Plan assets into real asset strategies, half of which is targeted for a private mandate and the other half a public mandate. It was noted the public mandate real asset managers were selected in November. He reported a request for information was posted on CCCERA's website which resulted in RFP questionnaires being sent to 21 managers; 6 managers were selected as semi-finalists.

Helliesen reviewed the pros and cons for Adams Street Partners, Altius Associates Limited and Commonfund.

Dirks reviewed the pros and cons for Aether Investment Partners.

Youngman reviewed the pros and cons for BlackRock Private Equity Partners and Goldman Sachs Asset Management.

Allen was present for subsequent discussion and voting.

After Board discussion, it was **M/S** to interview Aether Investment Partners, BlackRock Private Equity Partners and Commonfund.

It was **M/** to include Altius Associates Limited. The motion failed due to lack of a second.

The original motion was **M/S/C** to interview Aether Investment Partners, BlackRock Private Equity Partners and Commonfund. (Yes: Allen, Bins, Buck, Cabral, Gioia, Holcombe, Phillips, Rodrigues and Telles)

The Board directed staff to conduct an informational on-site due diligence visit with Aether Investment Partners, BlackRock Private Equity Partners and Commonfund.

4. Update from staff on Assessment and Determination of Compensation Enhancements

Schneider reported AB 197 requires retirement boards to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. He stated the policy does not exclude entire pay items but provides the process to make a determination individually on a case by case basis. He stated due to current litigation a stay is in place regarding the inclusion of pay items and any determinations made cannot be applied to new retirees at this time.

Schneider summarized the four steps used when reviewing final compensation, noting the first two steps have always been undertaken by CCCERA staff when calculating retirement benefits.

Levy noted if the final average salary is higher it will be flagged for review to determine if any compensation element was paid to enhance a member's benefit.

Board discussion followed on employer/employee contributions on pay items that may be excluded in the future based on this process.

The Board questioned if the process will be the same for reciprocal members. Schneider reported the final compensation of reciprocal members is determined by the most recent retirement system of membership. The Board also discussed differences allowed by CalPERS and other retirement systems.

It was **M/S/C** to approve the procedure as presented. (Yes: Allen, Bins, Buck, Gioia, Holcombe, Phillips and Rodrigues. No: None. Abs.: Cabral and Telles)

Bins was not present for subsequent discussion and voting.

Gioia was not present for subsequent discussion and voting.

5. Educational Presentation on the Disability process for CCCERA

Leedom introduced Tracy Kroll, Retirement Counselor, who has worked on CCCERA's disability retirements for the past 16 years.

Kroll reviewed the process from the initial contact to the closing of the file. She stated the disability application must be submitted with at least one medical report, noting the burden of proof of disability is on the applicant.

She reviewed the eligibility requirements to file for a disability retirement on a service connected and non-service connected basis for all Tiers, noting that disability retirements for Tier 3 are more complicated. She defined "permanent incapacity", "substantial gainful employment" and "permanent inability" to work. She also reviewed how disability allowances are calculated.

Leedom thanked Kroll for her presentation.

6. Update from staff on status of current investment projects

Price outlined the status of various investment projects ongoing for CCCERA and when the Board can expect to see these projects on upcoming agendas. He discussed the following: 1) An update on Private Real Assets, noting we may be able to commit to new strategies by July; 2) An update on Private Equity, noting the search for a new private equity fund of funds will begin in May; 3) A Real Estate review on best sources of risk-adjusted returns will be completed shortly with an expected presentation to the Board at the May 8, 2013 meeting; 4) A Fixed Income structure review will be presented to the Board in the fall; and 5) A Projected Cash Flow Study to look at patterns to see if we can mitigate the transaction costs associated with the increased volume of payments, with an expected presentation to the Board at the end of year.

7. Consider and take possible action on CCCERA Mission Statement

Leedom reviewed her memo regarding the need for a mission statement.

After discussion, it was **M/S/C** to adopt "CCCERA's mission is to deliver retirement benefits to members and their beneficiaries through prudent asset management and effective administration, in accordance with all plan provisions" as CCCERA's Mission Statement. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Telles)

CLOSED SESSION

8a. This item was pulled from the agenda.

8b. This item was pulled from the agenda.

9. Miscellaneous

(a) Staff Report -

Leedom gave an update on the status of audio recording Board meetings.

She met with the new building property management team, noting the Willows Office Park is over 93% occupied.

Price reported Siguler Guff is closing their California office.

He gave an update on PIMCO personnel noting Stephanie King is returning full time to client services and will handle the CCCERA account.

Price reported WHV is looking at bringing in new strategies, but that the large cap product used by CCCERA will remain a core strategy.

Levy gave an update on the SACRS symposium she and Phillips attended noting Leiderman was a speaker. She stated the theme of the symposium was employers in financial distress and was very interesting. She reported how two cities that filed for bankruptcy are handling retirement contributions. The City of Stockton continues to make contributions and in San Bernardino County the employee contributions are continuing but some employer contributions have stopped. Leiderman noted the '37 Act provisions are vague on how to handle retirement contributions in this situation but CalPERS has a statute that addresses these situations.

(b) Outside Professionals' Report -

Leiderman provided the following dates related to the contra Costa County Deputy Sheriffs Association, et al., v. CCCERA, et al. case: 1) A Case Management Conference is scheduled for May 9 at 9:30 a.m.; 2) The court will hear a demurer (a motion to dismiss) on May 17, 2013 which will more than likely be a tentative ruling; and 3) The Attorney General scheduled a hearing on May 29, 2013 to consolidate the four retirement association cases and should have a tentative ruling available the day before.

(c) Trustees' Comments -

Phillips reported on the SACRS symposium and felt a key issue addressed is the unknown if a federal bankruptcy court can overturn the '37 Act.

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He reported he attended The Pension Bridge Annual Conference.

Allen reported she also attended The Pension Bridge Annual Conference and commented on the presentation on infrastructure.

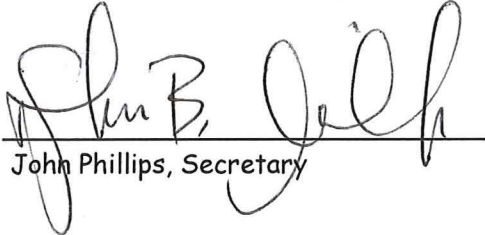
Telles reported he attended the CRCEA Spring Conference in Long Beach, noting an item of interest discussed regarding teachers in West Virginia had switched from a defined benefit plan to a defined contribution plan and just recently switched back to the defined benefit plan because it was less expensive.

Cabral reported he attended the CII Spring Conference with Leedom and Buck and noted Dodd Frank is still a big issue.

Buck reported he also attended the CII Spring Conference and thought it was interesting.

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Buck, Cabral, Holcombe, Phillips, Rodrigues and Telles)


Maria Theresa Viramontes, Chairman


John Phillips, Secretary