

*CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION*

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October 28, 2009

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, October 28, 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, John Gioia, Brian Hast, Jerry Holcombe, Paul Katz, William J. Pollacek, Jim Remick, and Jerry Telles.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Silvina Leroux, Retirement Deputy 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  
Rebecca Byrnes County Counsel

Other Attendees:

Tracy Kroll	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Joelle Luhn	CCCERA Staff
Luz Casas	CCCERA Staff
Chih-Chi Chu	CCCERA Staff
Bill Hamilton	Contra Costa County Retiree Support Group (RSG)
Mary Lou Williams	Contra Costa County Retired Employees' Association (CCCREA)
Satomi Cadena	CCCREA

1. Pledge of Allegiance

Telles led all in the *Pledge of Allegiance*.

2. Public Comment

In public comment, Bill Hamilton, a retiree, noted he spoke on behalf of the Retirees' Support Group (RSG) for Item 7, regarding CCCERA's Mission Statement. RSG had sent a letter that apparently did not arrive at CCCERA's office. He requested a continuance for Item 7 to allow posting and comment on RSG's website.

3. Approval of Minutes

After amending, Page 3, Item 6, 5<sup>th</sup> paragraph, changing the third line to: "more employees) separately, commencing with the December 31, 2002 Valuation and going forward from that date." And changing the 6<sup>th</sup> paragraph to: "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 the December 31, 2002 valuation date." It was M/S/C to approve the minutes of the

October 14, 2009 meeting as amended. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, and Pollacek; abs: Telles)

4. Routine Items

It was **M/S/C** to approve the routine items of the October 28, 2009 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

5. SACRS Legislative Platform

Leedom reviewed the 2010 legislative proposals from SACRS. There was discussion if proposal #1 from Tulare would allow more service time for members. Leiderman stated members would not be able to receive double service time. Pollacek felt this matter was a clean-up of language. Leedom noted the Retirement Board Regulations would need to be changed if this legislation passes. Problems associated with the passage of this legislation were discussed, including the need for more education regarding this matter.

Gioia was present for subsequent discussion and voting.

It was **M/S/C** to direct the SACRS voting Proxy to abstain on Tulare Proposal #1 at the 2009 Fall SACRS Meeting. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

It was noted that Orange County #1's proposal was withdrawn by the author.

6. First 5 Request for Rate Reevaluation

At the request of First 5 this item was tabled until the November 24, 2009 meeting. Several requested the history of First 5, how many people were involved, and when this district was created.

7. CCCERA Mission Statement

There was a **motion**, based on Hamilton's request during public comment, to delay action on CCCERA's Mission Statement for one month to allow comment from retiree groups. It was noted the statement was created by staff and was reviewed by in-house counsel. Levy stated the mission statement content is governed by law and statutes and must be consistent with statutory responsibilities.

An ad hoc committee was formed to work with staff on the creation of a Mission Statement, consisting of: Telles, Remick and Holcombe. There was discussion on directing the ad hoc committee, along with staff, to create a Mission Statement, return to the Board with the draft statement, and to post the suggested draft language for all to review.

The prior motion was withdrawn. It was **M/S/C** for the ad hoc committee to meet with staff to redraft the mission statement and return to the Board with possible language for the statement. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

8. **SACRS Election Procedures**

There was a motion to table the nominating committee's recommended changes to the SACRS election procedures. Tabling the motion would in effect kill the motion, since the matter would not be voted upon until the Spring SACRS Conference.

There was debate on referring the matter to the fall SACRS meeting noting the vote on this might not happen until November 2010. There was discussion that a vote on this issue may be premature.

An amendment was made to the Motion to table and revisit this issue in November 2010. A **Substitute Motion** was offered: if a motion is made to approve the nominating committee recommendation, the proxy voter should vote no; if there is a motion to table, vote yes. The **Substitute motion was M/S/C**. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles; No: Cabral)

9. **Energy Investors, U.S. Power Fund IV**

Hally provided an overview on staff's recommendation for a commitment to United States Power Fund (USPF) IV, L.P. He reviewed CCCERA's previous investments with Energy Investor Funds (EIF) in USPF I, USPF II and USPF III, and discussed the amount of commitments available for CCCERA to make in alternative investments. There was debate on placing such a large amount of money in one niche, and discussion on how a commitment would impact the overall risk level of CCCERA's alternative investment portfolio. Hally reviewed the timing of commitments to alternative investments, and discussed the necessity to over-commit to the asset class in order to reach the targeted allocation. There was continued discussion as to the appropriate level of over-commitment necessary to reach the target allocation.

There was a motion to accept staff's recommendation to make a capital commitment of \$50 million to United States Power Fund IV, L.P. (USPFIV), subject to successful due diligence and legal review. The motion was amended to authorize the Retirement Chief Executive Officer to sign any necessary documents. The motion was **M/S/C** as amended. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles; No: Cabral)

The Board moved into closed session pursuant to Govt. Code Section 54957 to consider the Hearing Officer, Medical Advisor and/or staff's recommendation regarding disability retirement applications and Gov. Code Section 54956.9(b) (Two items)

The Board moved into open session.

Gioia was not present for subsequent discussion and voting.

**10. Disability Retirements**

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

- (a) John Censoplano Non Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)
- (b) Jeffrey Bright Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Katz, Pollacek, and Telles)

Gioia was present for subsequent discussion and voting.

- (c) Edward Rodd Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, Remick, and Telles)

**11. Kenneth Ramirez**

It was **M/S/C** to accept the recommendation of Administrative Law Judge to grant a service connected disability retirement. (Yes: Gioia, Hast, Holcombe, Katz, Pollacek, and Telles; abs: Cabral, Gaynor, and Remick)

**12. Gov. Code Section 54956.9(b) - Two Items**

It was **M/S/C** to release the letter from Harvey Leiderman of Reid Smith LLP, regarding Final Compensation and Retirement Benefits. (Yes: Buck, Cabral, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles) The issue will be on the December 9, 2009 Board Meeting for discussion and possible action.

Cabral was not present for subsequent discussion and voting.

**13. Conference Seminar Attendance**

- (a) It was **M/S/C** to authorize the attendance of Cabral, Telles, Gioia, Remick and one staff member at the 2010 Legislative Conference, NCPERS, February 7 - 9, 2010, Washington, DC. (Yes: Buck, Gaynor, Gioia, Hast, Holcombe, Katz, Pollacek, and Telles)

Gioia was not present for subsequent discussion and voting.

**14. Miscellaneous**

- (a) Staff Report - Leedom reported a new policy for fiduciary insurance has been bound with RLI through Alliant. Counsel will write a brief memo regarding changes to the policy.

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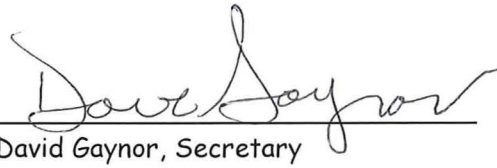
Levy reviewed AB 1584, which was signed into law by the Governor on October 11, 2009 and is effective immediately. The purpose of AB 1584 is to ensure that public pension board members, employees and consultants conduct business to the highest ethical standard, comply with all fiduciary responsibilities and actively work to eliminate actual or perceived conflicts of interest.

- (b) Outside Professionals' Report - Leiderman reported on the State Street lawsuit that began over a year ago, noting State Street issued a statement to the systems they represent. He noted that the California Supreme Court will hear arguments on the Lexin Case next Thursday in San Francisco. He added Donna Irwin won an award of attorney's fees against the Times and other newspapers for improperly suing her personally.

It was the consensus of the Board to direct Leedom to post Leiderman's letter from Item 12, regarding Final Compensation and Retirement Benefits, on CCCERA's website.

- (c) Trustees' Comments - Nothing further.

  
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William J. Pollacek, Chairman

  
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David Gaynor, Secretary