

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

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April 23, 2008

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, April 23, 2008 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Dave Gaynor, John Gioia, Brian Hast, 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.

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

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Margie Breen	CCCERA
Tracy Kroll	CCCERA
Joelle Luhn	CCCERA
Gayle Cruz	CCCERA
Terry Buck	Local 1230 (Fire)
James Lee	Self
David Boland	Self

1. **Public Comment**

No members of the public offered comment.

2. **Approval of Minutes**

After amending the March 26, 2008 meeting minutes to show Katz was not in attendance, it was **M/S/C** to approve the minutes of the March 26, 2008 meeting. (Yes: Cabral, Gaynor, Hast, Pollacek, Remick, Telles, and Viramontes)

Cabral recused himself from the vote on Item #3

3. **Routine items for April 23, 2008**

It was **M/S/C** to approve the routine items of the April 23, 2008 meeting. (Yes: Gaynor, Hast, Pollacek, Remick, Telles and Viramontes)

Gioia was present for subsequent discussion and voting.

4. Disability Retirements

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

- (a) Kenneth Hoecker Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)
- (b) Jennifer Rellar Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)
- (c) Kareneen McGrath Service Connected (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

5. Voting Proxy for SACRS Conference

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

6. Proposed Slate of SACRS Officers for 2008-09

It was *M/S/C* to vote yes at the SACRS meeting for the SACRS recommended slate of candidates for the annual SACRS Executive Committee Elections. (Yes: Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes, No: Cabral)

7. SACRS Travel Policy and changes to SACRS Bylaws

It was *M/S/C* to vote yes at the SACRS meeting to adopt the SACRS Travel Policy. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

It was *M/S/C* to vote yes at the SACRS meeting to adopt the changes to the SACRS Bylaws. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

8. Board Meeting Calendar

It was *M/S/C* to move the June 4, 2008 Board Meeting to June 9, 2008. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

It was *M/S/C* to move the June 25, 2008 Board Meeting to June 27, 2008 at 1 p.m. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

9. 2007 Cash Flow Report

Koehler reviewed the 2007 Cash Flow report. Discussion followed on the prepayment program.

10. Market Stabilization Account

Koehler reviewed the Market Stabilization Account as of December 31, 2007.

11. Conflict of Interest Presentation

Harvey Leiderman, General Counsel, provided a presentation on conflicts of interest issues affecting the system's administration.

He reviewed the fundamental conflict of interest policy, the breadth of the conflicts laws, noting that the focus for today's presentation would be on board contracts.

He then reviewed the target of conflicts concerns, *People v. Lexin*: the City of San Diego (SDCERS) criminal case and the resulting appellate court ruling.

Leiderman concluded by reviewing the fear, uncertainty and doubt in the public pension world, and some practical advice on how to reduce the risk involved with being a trustee.

It was the consensus of the Board to agendize the *People v. Lexin* case for discussion at a future meeting.

Hand-outs of Leiderman's presentation booklet will continue to be available in CCCERA's library.

12. Core-Plus Fixed Income Managers

It was **M/S/C** to adopt staff's recommendation on targets for the core plus fixed income portfolios: 7.4% of the total fund for the PIMCO portfolio, 5.7% for the Goldman Sachs portfolio and 5.7% for the Lord Abbett portfolio. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

13. Adams Street 2009 Fund Opening

It was **M/S/C** to adopt the staff recommendation to express a level of interest of \$50 million in the Adams Street Partners 2009 Fund Program. It was noted this is not a binding commitment by CCCERA. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

14. Update on Asset Allocation Study

Helleisen noted that the Asset allocation study is in process and that they plan to present the study in May.

15. Conference Seminar Attendance

(a) It was **M/S/C** to authorize the attendance of Cabral at the Program for Advanced Trustee Studies, NCPERS, Harvard Law School, July 22-24, 2008, Cambridge, MA. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

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- (b) It was *M/S/C* to authorize the attendance of Hally and Telles at the 2008 Investor Conference, Paladin, June 3-4, 2008, Washington, D.C. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)
- (c) It was *M/S/C* to authorize the attendance of Gaynor and Gioia at the Fundamentals Of Fixed Income Management, PIMCO, June 19-20, 2008, Newport Beach, CA. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)

**16. Miscellaneous**

- (a) Staff Report - Leedom noted CCCERA has received the GFOA Award for December 2006 and thanked staff for their hard work.

Somsen and Leedom visited the CPAS software headquarters in Canada, both for the annual user's conference and to meet with executive members of the company.

Leedom noted two Actuarial Audit finalist candidates will present to the Board at the May 7, 2008 meeting.

Hally noted he is in the process of negotiating a better split with State Street regarding our securities lending program. Once finalized, he will have the new securities lending contract reviewed by counsel. He noted this does not change any other aspects of the securities lending program.

On-site visits for Core Plus candidates have been scheduled for Goldman Sachs and Lord Abbett; contracts are in the negotiation process for both firms.

Staff is in the process of developing several options for transitioning the Western Asset Management portfolio. Milliman is finalizing a RFI to be sent to various transition management firms.

Hally noted changes with several firms: PIMCO's three senior people are retiring; one was involved in the management of core plus fixed income. Given the depth of the team at PIMCO, he does not foresee this as a problem.

Jason Cherny of Wentworth, Hauser and Violich, a member of the large cap team, has left the firm.

Tom Lavin, Fidelity's Managing Director of the value added real estate team, has left the firm to pursue other career interests.

Hally noted staff is moving forward with the hiring of a Retirement Investment Analyst. Interviews with candidates have been set up over the next week.

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- (b) Outside Professionals' Report - Helliesen - reported that Dan Heflin of ING Clarion has a new fund in the Fixed Income Market which will be presented to the Board in the near future. McKinley Capital has opened an office in New York.

Leiderman- updated the Board on the favorable outcome of the OCERS Block disability case. He also provided a brief update on the 3% at 50 Orange County vs. OCERS case recently moved to L.A. Superior Court.

- (c) Trustees' Comments - Cabral noted that he felt the Commission's OPEB report should be discussed at SACRS. He noted his office location is closing and while cleaning out his office he found an actuarial report from 7/1/81. He noted the report outlined the estimated changes from Tier 1 to Tier 2, and was extremely accurate with future projections.

Viramontes -attended the Institutional Investors Conference in San Francisco and will be distributing information on inflation risk. In particular, she noted an interesting presentation of a terrorist free Investment Class, which was monitored by very tight security.

Pollacek- announced that Schott/Lites, LLC will be resigning as legislative advocates for SACRS. An RFP/RFI for a new legislative advocate is being distributed by SACRS.

Remick asked for the progress on recruitment for the General Counsel position. Leedom commented that the position is still open, but staff may need to consult with an outside recruiter to hire for this position. Leiderman feels someone coming from an ERISA background would be a good candidate. Leedom noted that she will work with Leiderman and return to the Board with a recommendation.

It was **M/S/C** to adjourn. (Yes: Cabral, Gaynor, Gioia, Hast, Pollacek, Remick, Telles, and Viramontes)



Brian Hast, Chairman



Jerry Telles, Secretary