

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

Page 1

May 4, 2011

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, May 4, 2011 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, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Jerry Telles, Maria Theresa Viramontes and Russell Watts

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Karen Levy, General Counsel; Kathy Somsen, Retirement Benefits Manager; and Rick Koehler, Retirement Accounting Manager

Outside Professional Support: Representing:  
Harvey Leiderman Reed Smith LLP  
Paul Angelo The Segal Company  
John Monroe The Segal Company

Other Attendees:

|                      |  |
|----------------------|--|
| Luz Casas            | Contra Costa County Employees' Retirement Association (CCCERA) Staff |
| Karen Davis          | CCCERA Staff   |
| Christina Dunn       | CCCERA Staff   |
| Tracy Kroll          | CCCERA Staff   |
| Joelle Luhn          | CCCERA Staff   |
| Justine Oyler        | CCCERA Staff   |
| William J. Pollacek  | Retired Treasurer-Tax Collector                                      |
| Margarita Morton     | Central Contra Costa Sanitary District (CCCSD)                       |
| Colette Curtis-Brown | CCCSD  |
| Michelle Johnston    | Auditor-Controller Office  |
| Laura Strobel        | County Administrators Office (CAO)                                   |
| Lisa Driscoll        | CAO  |
| Jackie Lorrekovich   | Contra Costa County Fire Protection District                         |
| Ronald Yates         | Self   |
| Ted Cwiek            | Contra Costa County Human Resources                                  |
| Lucy Fogarty         | Superior Court   |
| Debbie Ratcliff      | CCCSD  |
| Harjit Nahal         | Auditor-Controller Office  |
| Sue Casey            | Moraga-Orinda Fire District  |
| Robert Leete         | San Ramon Valley Fire District (SRVFD)                               |
| Mike Mohun           | SRVFD  |

1. Pledge of Allegiance

Buck 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 April 13, 2011 meeting with an amendment to Item 11 as follows: "The Board voted on April 13, 2011 to accept staff's recommendation to terminate the system's inquiry with regard to Ms. Battles' permanent incapacity to perform the usual and customary duties of her former position as Deputy Sheriff based on medical evidence and opinion that she would not be cleared to perform most physical duties of a Deputy Sheriff." (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

It was *M/S/C* to approve the minutes of the April 21, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

**4. Routine Items**

It was *M/S/C* to approve the routine items of the May 4, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

**5. Presentation on contribution rates for new members on or after January 1, 2011**

Paul Angelo, John Monroe

Angelo gave an overview of the methodologies and assumptions used in the calculations of the employer and employee contribution rates for members with membership dates on or after January 1, 2011. The rates are based on the same actuarial assumptions used in the December 31, 2008 and 2009 valuations with the new terminal pay assumptions by tier being applied.

Angelo briefly reviewed the employer and employee rates for the period from January 1, 2011 through June 30, 2011 and from July 1, 2011 through June 30, 2012. He reported Table 1 is based on December 31, 2008 valuation rates and is before depooling. Table 2 is based on December 31, 2009 valuation rates on a depooled basis. He stated he is unable to assign a dollar savings amount to each employer at this time since the total number of new hires is unknown.

**6. Contribution rates for new members on or after January 1, 2011**

It was *M/S* to accept the report and adopt the contribution rates for new members on or after January 1, 2011, with new rates to be implemented retroactively to January 1, 2011.

The County Auditor/Controller noted that this could pose issues, as a two to three month testing period is typically required for implementation of new rates.

The Board discussed the timeframe needed to implement the new contribution rates for new members on or after January 1, 2011.

A substitute motion was *M/S/C* to accept the report and adopt the contribution rates for new members on or after January 1, 2011 with an effective date of July 1, 2011. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

**CLOSED SESSION**

The Board moved into closed session pursuant to Govt. Code Section 54957.

The Board moved into open session.

**7. Disability Retirements**

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

- a. Ronald Yates - Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)
- b. Mary Smith - Non Service Connected (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

**8. Consider and take possible action to change the June 8, 2011 meeting date**

It was **M/S/C** to change the June 8, 2011 meeting date to June 15, 2011 and to cancel the June 22, 2011 meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

**9. Conference Seminar Attendance**

- (a) It was **M/S/C** to authorize the attendance of 4 Board members and 2 staff members at the 2011 Annual Meeting, Bay Area Equity Fund I and II, June 14, 2011, San Francisco, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)
- (b) It was **M/S/C** to authorize the attendance of 4 Board members and 2 staff members at the Investment Education Conference, Milliman, September 14-16, 2011, Monterey, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)
- (c) No action was taken on the Trustees' Roundtable, CALAPRS, June 3, 2011, Burbank, CA.

**10. Miscellaneous**

- (a) Staff Report -

Leedom reported the deadline to apply for a Board appointed position on the Retirement Board is Friday, May 6, 2011.

Leedom reported Alliance Resource Consulting, LLC, has posted the Deputy CEO position. The application deadline for the Deputy CEO is May 31, 2011.

She reported Fox Lawson has completed the salary portion of the total compensation survey. Fox Lawson is compiling the benefits information for the total compensation survey. Fox Lawson is scheduled to present the information at the June 1, 2011 meeting.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

May 4, 2011

Levy reported that a legislative update for the Board will be provided this week.

She reported the California Supreme Court denied review of the Second Appellate District Court of Appeal decision regarding the County of Orange 3% at age 50 case. The Court of Appeals decision is therefore final. It rejected the County's argument that the retroactive portion of the pension enhancement from 2% at age 50 to 3% at age 50 was unconstitutional.

(b) Outside Professionals' Report -

Leiderman reported on a case between the Retired Employees Association of Orange County (REAOC) and the County of Orange. REAOC sued the County stating they had a vested right to have their health care costs pooled with active employees as it has been done for the past 22 years. In 2006, the County decided to depool and rate the retirees separately from the active employees, which caused their rates to increase by 30%. The Ninth Circuit Court of Appeals referred the case back to the California Supreme Court for a determination of state law on this issue. After that determination, the case will return to the federal court for further decisions.

Leiderman also reported there are a large number of vacancies at the CEO and CIO levels throughout the state for County and City Retirement Systems. He stated due to the large amount of openings, the competition is high between retirement systems for qualified and experienced staff.

(c) Trustees' Comments -

Cabral asked for clarification on the disability application of Mary Smith in regards to the service or non-service connection.

Holcombe stated he is pleased that CCCERA's assets have reached \$5.2 billion.

It was **M/S/C** to adjourn the meeting. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Phillips, Telles, Viramontes, Watts)

  
\_\_\_\_\_  
Jerry Telles, Chairman

  
\_\_\_\_\_  
Brian Hast, Secretary