

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

June 27, 2008

The Board of Retirement met in regular session at 11:00 a.m. on Friday, June 27, 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, Paul Katz, 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; Toni Warren, Retirement Administration Manager.

Outside Professional Support: Representing:
Harvey Leiderman Reed Smith LLP
Bob Helliesen Milliman
Tim Price Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Jordan Gershuny	Morgan Stanley
Joyce Frater	Morgan Stanley
Paula Schaefer	Morgan Stanley
Terry Buck	Self

1. Public Comment

No members of the public offered comment.

2. Approval of Minutes

It was **M/S/C** to approve the minutes of the June 9, 2008 meeting. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Remick, Telles and Viramontes)

3. Morgan Stanley Real Estate Fund VII Global L.P. Presentation - Jordan Gershuny, Joyce Frater, Paula Schaefer
Gershuny waived the confidentiality of Morgan Stanley's presentation materials.

Frater began by stating Morgan Stanley is initiating a capital raise for Morgan Stanley Real Estate Fund VII Global (MSREF VII). The targeted capital to be raised is approximately \$10 billion, and Morgan Stanley will commit up to 10% of the Fund, capped at \$500 million. The targeted return for MSREF VII is a gross IRR of 25%. There is no change in fund economics from MSREF VI International Fund. MSREF VII will have a global mandate including the U.S. The fund is targeted to have a final close by the end of September 2008.

Frater noted Morgan Stanley Real Estate's investing group is comprised of over 800 professionals around the globe. She discussed their global management structure, and noted Morgan Stanley has 45,000 people in over 600 offices in 33 countries. She stated an important part of their business is having local real estate professionals aligned with the fund and on the ground managing the portfolio in their respective countries.

She then noted the gross projected IRR of all the investments of the MSREF series is 33%. As of December 31, 2007, MSREF VI International has invested or committed \$7.4Bn of its \$8.0Bn total commitment size.

Frater concluded by providing a performance summary of all prior MSREF funds.

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It was the consensus of the Board to move Item 4 to after Items 5 and 6.

5. Asset Allocation Alternatives

Price reviewed Milliman's memo on Alternative Asset Allocation Mixes. He began by noting all asset mixes have similar efficient frontiers and it would be the Board's decision as to which mix they would consider.

Each alternative approach was discussed. There was debate on the exposure to real estate, alternative investments, REITS, and active vs. passive managers.

6. Action on Asset Allocation Study

It was *M/S/C* to adopt Alternative Mix 6.2 from Milliman's recommended Alternative Asset Allocation Mixes. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Remick, Telles, and Viramontes)

4. Morgan Stanley Real Estate Fund VII Global L.P. Action

After discussion on the upcoming investment manager presentations by BlackRock and City View scheduled for the July 9, 2008 meeting, it was the consensus of the Board to table action on Morgan Stanley Real Estate Fund VII Global until after the CityView and BlackRock Real Estate presentations are heard, and to review all real estate together to before allocating any funds.

7. Meeting Calendar for July 9, 2008

After discussion on agenda items for the July 9, 2008 meeting, including Board reorganization, it was *M/S/C* to move the time of the July 9, 2008 meeting from 9:00 a.m. to 10:00 a.m. (Yes: Cabral, Gaynor, Gioia, Hast, Katz, Pollacek, Remick, Telles, and Viramontes)

8. Miscellaneous

- (a) Staff Report - Leedom reported the contract for the Actuarial Audit has been signed. She noted the audit will replicate the 2007 Valuation, along with the 2006 Valuation and Experience Study.

She reported several items. A "Y'all Come" letter will be sent to all employers and interested parties for the July 23, 2008 meeting when the 2007 Valuation will be discussed. Hally and Chu are preparing a memo on Nogales for Board review. New '37 Act Law Books will be distributed to Board members at the end of the meeting. Terry Buck is the newly elected Safety Member and will be an official Board Member at the July 9, 2008 Meeting.

Hally reported the Emerald on-site visit has been set up and the Nogales and PIMCO on-sites are in process of being set up.

He noted the contracts are nearly completed for Lord Abbett, INVESCO REIT and Goldman Sachs.

- (b) Outside Professionals' Report - Leiderman reported the Orange County Retirement Board unanimously voted to join CCCERA in the *Lexin* amicus brief.
- (c) Trustees' Comments - Viramontes - again noted she will not be able to attend the July 23rd Board Meeting because she will be in Philadelphia attending educational sessions on investments

Gioia commented he was a moderator at a Harvard public pension investment conference that included the impact of urban revitalization on communities, social alternatives, and how real estate equity funds are invested. He provided information on the various conference sessions and noted he will provide a web site regarding some of the topics.

Remick discussed his attendance at his investment seminar at the Wharton School. He gave a brief review of the class material and noted his satisfaction with the seminar.

Gaynor commented on the PIMCO conference, noting the presentations on commodities were good and very positive. He feels CCCERA should review commodities as an asset class again in the future.

Cabral - asked about his Administrative Expense request from a previous meeting. Koehler noted he has provided the expenses requested which are in Board members' in-boxes. Cabral noted that the "Y'all Come" letter for the July 23rd meeting is important because of the current increases in retirement contributions.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

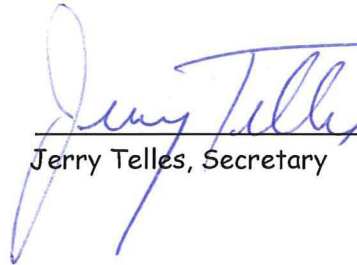
June 27, 2008

Naramore - noted she would not be at Board meetings for the next six to eight weeks because of surgery.

When questioned about the progress on the Board of Supervisors appointed alternate Board Member, Gioia noted the Internal Operations (IO) Committee is meeting in early July. Several individuals have expressed an interest and all candidates will be interviewed again.



Brian Hast, Chairman



Jerry Telles, Secretary