

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 27, 2011

The Board of Retirement met in special session at 9:00 a.m. on Wednesday, July 27, 2011 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, Brian Hast, Jerry Holcombe, Sharon Naramore, Jerry Telles and Maria Theresa Viramontes

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; and Karen Levy, General Counsel

Outside Professional Support: Bob Helliesen

Representing: Milliman

Other Attendees:

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| Luz Casas | Contra Costa County Employees' Retirement Association (CCCERA) Staff |
| Chih-Chi Chu | CCCERA Staff |
| Christina Dunn | CCCERA Staff |
| Justine Oyler | CCCERA Staff |
| Yvette Klevan | Lazard Asset Management |
| Tony Dote | Lazard Asset Management |
| Jeffrey Van Harte | Delaware Investment Advisors |
| Daniel Prislin | Delaware Investment Advisors |
| Kimberly Aspenleider | Delaware Investment Advisors |
| Christian McCormick | INTECH |
| Jason Trow | INTECH |
| Jeffrey Coburn | Wentworth, Hauser & Violich |
| Reiner Triltsch | Wentworth, Hauser & Violich |

1. Pledge of Allegiance

Cabral 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 July 13, 2011 Board meeting. (Yes: Allen, Bins, Buck, Cabral, Hast, Holcombe, Telles and Viramontes).

4. Discussion with consultant regarding managers scheduled to present

Helliesen distributed a Flash Report through the 2nd quarter of 2011. He gave a brief review of the performance of the managers scheduled for presentations.

Helliesen noted the flash report shows positive earnings the 2nd quarter of 2011.

Viramontes introduced Brice Bins from the County Treasurer's office who was substituting for Russell Watts, County Treasurer/Tax Collector.

5. Manager presentations:

Global Fixed Income

Lazard Asset Management - Yvette Klevan, Tony Dote

Dote gave an overview of the firm noting they have added a new strategy and three new teams focusing more on emerging markets in Latin America. He reviewed CCCERA's performance noting the CCCERA portfolio has \$210 million in assets. He reported performance is up and the bond index is up 7.1%.

Klevan reported on the global bond market performance and sector performance noting credit has been one of the more stable components this year. She reviewed the ranking of foreign currency performance vs. the U.S. Dollar. She also reviewed CCCERA's portfolio characteristics and the type of municipal bonds held in the fund.

Large Capitalization Domestic Equity

Delaware Investment Advisors - Jeffrey Van Harte, Daniel Prislin, Kim Aspenleider

Aspenleider gave an overview of the firm noting the investment team remains the same. She also stated Delaware's assets under management have increased this year. She reported the Transamerica litigation has been settled and Delaware was dismissed with prejudice.

Van Harte reviewed CCCERA's portfolio characteristics and performance. He also reviewed the top five and bottom five contributors to relative performance as well as new companies in the portfolio. He stated the structure of the firm is a boutique type firm.

Van Harte reported the Macquarie Group does not have very much interaction with the investment process. The structure of Delaware is still the same and they have decentralized research teams.

INTECH - Christian McCormick, Jason Trow

Prior to their presentation, INTECH waived the confidentiality disclaimer on the presentation materials, noting this is a public meeting and any information discussed will be available to the public.

McCormick gave an overview of the firm stating the organization is stable and very strong. He reviewed the organizational chart noting the CEO and CIO are semi-retiring at the end of the year and will be replaced by the Co-CEO and Co-CIO respectively.

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McCormick reviewed CCCERA's performance and portfolio characteristics. He reviewed fees noting CCCERA has two accounts with INTECH. He is in the process of attempting to consolidate into one account with the same low fee structure. He acknowledged an error on page 8 in the "1 Year" column regarding net of fee numbers.

Cabral was not present for subsequent discussion and voting.

Trow reviewed the relative volatility of stock weights noting relative volatility refers to stocks moving relative to one another or relative to a benchmark over time. He also reviewed market diversity, the measure of how capital is distributed among stocks in a market, and the distribution of capital in the U.S. Stock Market.

Wentworth, Hauser & Violich - Jeffrey Coburn, Reiner Triltsch

Coburn gave an update on CCCERA's performance. He reviewed the portfolio characteristics and the strengths of the sectors, noting the sectors that performed the best.

Cabral was present for subsequent discussion and voting.

Coburn reviewed fees noting CCCERA's performance net of fees since inception cumulative and since inception annualized are not available due to their accounting program limitations. He discussed Wentworth's Large Cap Core investment process.

Reiner gave an overview of the firm noting their assets under management as of June 30, 2011 totaled \$16.9 billion. He reviewed the experience of the investment professionals in the firm as well as the Large Cap Core Team. He reviewed their stock selection process and their investment process.

Coburn reviewed the sell discipline's that trigger the selling of securities.

The Board discussed the amount of money held in foreign currency and requested at a future Board meeting an informational presentation from Milliman on managing foreign currency.

6. Miscellaneous

(a) Staff Report -

Leedom reported CCCERA received public records requests from the LA Times, Contra Costa Times and from a private equity research firm out of Europe.

She gave an update on the Deputy CEO recruitment with Alliance Resource Consulting. They are hoping to have interviews by the end of August. She expressed concern over the comparable salary level, noting if salaries were reduced further recruitment may be an issue.

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Leedom reported we are getting closer to filling the Accounting Manager and Benefits Manager positions.

Leedom noted the Milliman contract, unchanged for 10 years, does not include additional reimbursement for time spent for on site visits and additional reporting. She expects to return with a recommendation to the Board.

Hally reported he will be scheduling on-site visits with Delaware Investment Advisors, Adelante Capital Management and Wentworth, Hauser & Violich over the next few months.

He will be completing the semi-annual rebalancing of the portfolio in accordance with the investment policy on July 29, 2011 after the County's retirement contribution prepayment is received.

Hally reported five firms from the Securities Litigation RFP will meet with staff in August.

(b) Outside Professionals' Report -

Helliesen reported Tim Price will be presenting 2 opportunistic investment vehicles at the next meeting.

(c) Trustees' Comments -

Viramontes reported the discussion and analysis of AB340 should be postponed from August 10, 2011 to a future date. The bill has not been moved out of the State Assembly and can still be amended. She requested that staff mail the bill and legislative analysis to employers and their respective Boards.

Viramontes also reported on a meeting with two board members and staff from the Central Contra Costa Sanitary District (CCCSD). CCCSD voiced their concerns that they did not receive actuarial information in a timely matter from the Retirement Board in connection with depooling. They felt they have not received adequate notice regarding decisions made by the Retirement Board that have large impacts on CCCSD's budget. The Board discussed the possibility of having study sessions regarding large changes at a meeting prior to the meeting when the action item is presented.

Leedom reported on the meeting with CCCSD and that the policy on authorizing the release of actuarial information will be on the August 10th agenda.

Cabral stated he is not on board with opportunistic opportunities. He is not comfortable engaging managers without the RFP process. He feels the RFP process gives the Board a higher degree of confidence.

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

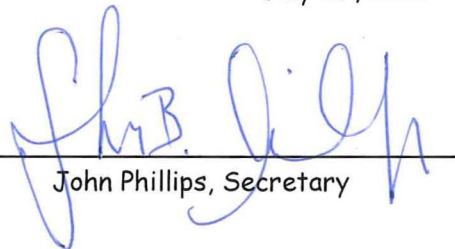
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Maria Theresa Viramontes, Chairman



John Phillips, Secretary