

Memorandum

MEETING DATE

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AGENDA ITEM

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Date: September 8, 2011

To: CCCERA Board of Retirement

From: Marilyn Leedom, Retirement CEO and Cary Hally, Retirement CIO

Subject: Securities Litigation Monitoring Services

Recommendation

We recommend the Board retain the following three firms to provide security litigation monitoring services for CCCERA, subject to successful onsite visits and contract negotiations:

Berman DeValerio
Grant & Eisenhofer
Robbins Geller Rudman & Dowd

Background & Overview

CCCERA relies on its custodian bank, State Street, to file claims brought up by class action security litigations. By nature, the custodian bank houses all the public-traded securities purchased by CCCERA's investment managers, except the commingled funds such as JP Morgan or GMO. Therefore, State Street is aware of the class action lawsuits against the securities owned by CCCERA. State Street files claims on behalf of CCCERA.

There are several law firms which provide complimentary security litigation monitoring services to institutions such as CCCERA. They collect data feeds from custodians, then match the data to known outside class actions or potential class actions. They also have the capability to identify opportunities which have a potentially large dollar impact. These firms do not charge a fee for this service, with anticipation the institution will utilize their security litigation services if the need arises. The concept is to use the services of a securities litigation law firm in conjunction with the services of the custodial bank. A regular report can also be used as a crosscheck to ensure that all claims are being filed correctly on behalf of CCCERA.

In early 2011 the Board directed staff to issue a "Request for Information (RFI)" for security litigation monitoring services, and to return to the Board with a recommendation to retain two or three firms from the respondents to RFI.

In May we issued an RFI for security litigation monitoring services to all major firms known to provide this service to institutional pension plans. We also included firms specifically requesting to be included in the process. A total of fourteen firms were included in the process.

All of the responses were received in June, and staff began a thorough review of the information provided with the goal to narrow the list of candidates to a manageable number of firms to interview. The following are the five firms which we interviewed during the month of August. Staff members included in the interview process were Marilyn Leedom, Cary Hally, Karen Levy and Chih-Chi Chu.

Berman DeValerio
Cohen Milstein
Grant & Eisenhofer
Lowey Dannenberg Cohen & Hart
Robbins Geller Rudman & Dowd

After the interviews we reached consensus that Berman DeValerio, Grant & Eisenhofer, and Robbins Geller Rudman & Dowd were all highly qualified firms, and had significant experience working with pension funds such as CCCERA. We believe these three firms would work in complementary way to fulfill CCCERA's needs for security litigation monitoring services.