

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 21, 2011

The Board of Retirement met in special session at 9:00 a.m. on Thursday, April 21, 2011 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Maria Theresa Viramontes and Russell Watts

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer

Outside Professional Support:	Representing:
Bob Helliesen	Milliman
Tim Price	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Christina Dunn	CCCERA Staff
Chih-Chi Chu	CCCERA Staff
Justine Oyler	CCCERA Staff
Doug Forsyth	Alliance Global Investors
Yasmin Sexton	Alliance Global Investors
Thomas Hancock	GMO
Wendy Malaspina	GMO
Nigel Emmett	J.P. Morgan
Joel Damon	J.P. Morgan
Kenneth Mertz	Emerald Advisers, Inc.
Joseph Garner	Emerald Advisers, Inc.
Joe Besecker	Emerald Advisers, Inc.
Jeung Hyun	Adelante Capital Management
Michael Torres	Adelante Capital Management

1. Pledge of Allegiance

Naramore led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Discussion with consultant regarding managers scheduled to present

Helliesen distributed a Flash Report and reviewed the performance of the managers scheduled for presentations. He stated on-site visits should be scheduled with Adelante in Oakland and Delaware in San Francisco.

4. Manager presentations:

High Yield Fixed Income

Allianz Global Investors - Doug Forsyth, Yasmin Sexton

Sexton gave an overview of the firm noting they held \$62.1 billion in assets as of March 31, 2011.

Forsyth reviewed the team noting there have not been any changes to the team since the last time they were here. Their team has worked together for at least 10 years. He reviewed their high yield bond philosophy, strategy and style. He gave an update on CCCERA's high yield account profile including portfolio characteristics and performance noting we have \$157 million in assets. He also reviewed the high yield performance relative to yield spreads.

Forsyth summarized the downside protection of high yield bonds, as well as the minimal maturity risk on current issues.

International Equity

GMO - Tom Hancock, Wendy Malaspina

Malaspina gave an overview of the firm and an update on the investment team. GMO currently has over \$100 million in assets under management, and remains a private partnership.

Hancock reviewed the portfolio construction process for the international intrinsic value product. He then discussed the current country and sector allocations relative to the benchmark. He reviewed the top 5 and the bottom 5 performing stock positions noting more exposure to the energy sector. He reviewed the accounts performance, noting CCCERA's account has exceeded the MSCI EAFE Value Index since inception.

He also reviewed CCCERA's portfolio characteristics and performance noting an increase exposure to Japan post-earthquake/tsunami. There was also discussion as to different approaches to consider to include emerging market exposure into the portfolio. Helliesen reported Milliman is currently reviewing this item and will report back as warranted.

Global Equity

J.P. Morgan Asset Management - Nigel Emmett, Joel Damon

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

Emmett gave an overview of the firm stating they are a global equity mandate. He briefly reviewed their global opportunities team noting there have not been any changes. He also reviewed their research analyst team.

Emmett reported the ACWI benchmark is up 21.3% and has performed well. He further stated he expects market volatility to remain uncertain. Emmett also reviewed the top contributors and the top detractors by sector and by region.

Small Cap Domestic Equity

Emerald Advisors - Joe Besecker, Kenneth Mertz, Joseph Garner

Besecker began by stating Emerald Advisors philosophy, style and process has not changed. He also reviewed the portfolio management team. He reported growth stocks outperformed value stocks in recent periods.

Mertz gave a summary of the first quarter 2011 portfolio performance noting Emerald's performance for the quarter outpaced that of the benchmark. He also discussed the primary investment themes driving Emerald's technology overweight.

Besecker noted that they hold over 2,000 company meetings per year. Garner reviewed the level of research and analysis that Emerald exhibits in the companies in which they invest.

Real Estate (REITs)

Adelante Capital Management - Michael Torres, Jeung Hyun

Torres gave an overview of Adelante's history with CCCERA, and provided an update on the firm. He stated commercial real estate has benefited by low rates which have resulted in less foreclosures. He further noted they have 35 companies in their portfolio.

Hyun reported on two recent large mergers that occurred in the portfolio, and the effect on the portfolio value. Discussion followed on the secular movement from home ownership to apartment rentals, and the position of the portfolio in response to this.

5. Consider and take possible action on the April 27, 2011 meeting

Leedom reported there are no agenda items for the April 27, 2011 meeting.

It was **M/S/C** to cancel the April 27, 2011 meeting. (Yes: Buck, Hast, Holcombe, Naramore, Phillips, Viramontes, Watts)

6. Miscellaneous

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(a) Staff Report -

Leedom reported Bruce Lawson of Fox Lawson will be at the May 4th meeting to present the results of the updated compensation and salary study for all unrepresented positions.

Leedom reported that Segal may have the new contribution rates for all members after 1/1/11 ready by the May 4th meeting. The normal cost of the COLA portion of the contribution rate must be split equally between the employer and the employee and will not need to come back to the Board for approval.

The June 8, 2011 meeting may need to be changed due to calendar conflicts.

Leedom will contract with Alliance Resource Consulting, LLC, to recruit and fill the position of the Retirement Deputy Chief Executive Officer.

Bethel Island has expressed interest in withdrawing from CCCERA.

Leedom reminded Board members about the ethics course offered at SACRS. The course can also be taken online.

The Building and Leasing Management for Willows Office Park has changed to Grubb & Ellis.

CCCERA member benefit statements will be mailed by the end of the month.

(b) Outside Professionals' Report -

Helliesen reported they are busy with the asset allocation study and the small cap value search.

Price noted they are on track with the timing of the small cap value search and the asset allocation study.

(c) Trustees' Comments -

Buck reported on an on-site visit with Lazard and Lord Abbott.

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


Jerry Telles, Chairman


Brian Hast, Secretary