

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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July 28, 2010

The Board of Retirement met in special session at 9:00 a.m. on Wednesday, July 28, 2010 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Dave Gaynor, Brian Hast, Jerry Holcombe, Sharon Naramore, William J. Pollacek, and Maria Theresa Viramontes.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Silvina Leroux, Retirement Deputy Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Karen Levy, General Counsel.

Outside Professional Support: Representing:
Tim Price Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Justine Oyler	CCCERA Staff
Kimberly Aspenleider	Delaware Investments
Jeffrey Van Harte	Delaware Investments
Daniel Prislín	Delaware Investments
Christina McCormick	INTECH
Jennifer Young	INTECH
Carolyn Margiotti	Robeco
David Pyle	Robeco
Jeffrey Coburn	Wentworth, Hauser & Violich
Reiner Triltsch	Wentworth, Hauser & Violich

1. Pledge of Allegiance

Holcombe 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 14, 2010 meeting. (Yes: Buck, Gaynor, Hast, Holcombe, Naramore, and Pollacek)

Viramontes was present for subsequent discussion and voting.

4. Credit Suisse Spin-Off of DLJ Real Estate Capital Partners Funds II, III & IV

Hally reported Credit Suisse has reached an agreement with DLJ Real Estate Capital Partners (RECP) for a spin-off of the real estate business from Credit Suisse. The real estate team

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responsible for managing CCCERA's investments will remain intact and operate under a new management company which will be responsible for the investments in all RECP funds. Following transfer to the new management company, RECP will operate its existing business independently from Credit Suisse, including the formation and management of successor funds. The composition of the Investment Committee will remain the same and commitments are still intact.

It was **M/S/C** to accept staff's recommendation to approve the proposed Credit Suisse Spin-Off of DLJ Real Estate Capital Partners (RECP) Funds II, III and IV, subject to final legal review. (Yes: Buck, Gaynor, Hast, Holcombe, Naramore, Pollacek, and Viramontes)

5. Global Low Volatility Equity Manager

Price reported this is the first of two searches, one for a high conviction manager and one for the Global Low Volatility Equity Manager. Price noted the strategy is to complement the JP Morgan International Equity Fund, using a low volatility strategy as a defensive element. He reviewed the RFP process, and described the pros and cons, organizational background and investment philosophy of each of the managers that were reviewed.

It was **M/S/C** to interview Acadian, Analytic, Calamos and First Eagle for the Global Low Volatility Equity Manager Search on September 1, 2010. (Yes: Buck, Gaynor, Hast, Holcombe, Naramore, Pollacek, and Viramontes)

It was the consensus of the Board to change the quarterly Board meeting to September 1, 2010 and the regular meeting to September 8, 2010.

It was the consensus of the Board to move to item 7.

7. Miscellaneous

- (a) Staff Report - Leedom reported Karen Levy had been hired for the position of Retirement General Counsel, but had not been using this title for the first two years. Levy's tenure has proven successful and she will now be using the title of Retirement General Counsel. She also noted she received a records request from both Dan Borenstein of the Contra Costa Times regarding Jim Remick's board meeting attendance and from William J. Pollacek requesting an updated list of names of retirees receiving gross retirement allowance over \$100,000 per year.

Hally noted an on-site visit to Goldman Sachs will take place next week in New York. He and Leedom will be traveling to on-site visits with GMO and Pyramis Global Advisors in Boston, and Emerald in Pennsylvania, tentatively scheduled the week of August 16-20, 2010. Visits to Credit Suisse and ING Clarion will follow.

Levy thanked Leedom and the Board. She noted the Sacramento County Retirement System has decided to appeal the Superior Court decision ordering the disclosure of names of retirees making over \$100,000 and their retirement allowance amount, but noted the Sacramento County Board of Supervisors voted 5-0 urging the Retirement System to comply with the records request and disclose the names. Levy provided a brief update regarding amendments to AB 1987.

- (b) Outside Professionals' Report - Price reported Jim Cielinski, Managing Director, has departed from Goldman Sachs. He noted that a total of 9 key senior level professionals have left, a significant number of turnovers. They recommend the Board place them on the watch list at the next quarterly meeting. Price also noted that Dan Heflin has repurchased more ownership from ING Clarion and is now 38% owner.
- (c) Trustees' Comments - Viramontes felt that if AB 1987 passes it should be put on the agenda to be discussed at a meeting in September.

6. Manager Presentations

Large Capitalization Domestic Equity

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

Aspenleider gave a brief update of the firm stating Delaware Investment Advisors finalized a change of ownership on January 4, 2010. From a client's perspective, the change should be transparent and result in no changes to our relationship with Delaware.

Van Harte commented on the macro environment, noting they are long term investors with a low portfolio turnover at lower risk than the market. Van Harte concluded with expectations of returns going forward.

It was the consensus of The Board to return to Staff Comments.

Leedom introduced Justine Oyler, the new Administrative Assistant, and also reported Sean Jara is no longer with CCCERA, noting his replacement will start on August 9, 2010.

INTECH - Jennifer Young, Christian McCormick

Young waived confidentiality over the all materials presented to the Board of Retirement. Young reviewed how INTECH uses mathematical and statistical techniques to develop portfolios that, over time, have the potential to outperform the benchmark with low relative risk. They look at volatility capture and risk management. INTECH does not pick individual stocks nor forecasts stock performance. Instead they use stock price volatility and the correlation between stocks in an attempt to generate a return greater than the benchmark. Risk management is primary to generating alpha. Their investment process is highly disciplined, which means they keep their focus on risk controls. Their process attempts to outperform benchmarks over the long term and to limit the magnitude and frequency of underperformance.

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McCormick gave an overview of the Enhanced Plus and Large Cap Core products, as well as CCCERA'S performance statistics.

Young concluded by stating they are a very stable organization with only two departures in their investment management team in the last 28 years. They have hired a search firm for the Vice President Senior Investment Officer and should have the position filled soon.

Robeco Boston Partners - David Pyle, Carolyn Margiotti

Margiotti began by stating they have fifteen plus years with CCCERA and appreciate the Board's continued confidence in them. She noted CCCERA's mandate with Robeco is Large Cap Value. She reviewed the investment's performance noting the market value was \$258.6 million, as of June 30, 2010.

Pyle reviewed market cycles through June 30, 2010 and gave a portfolio update, stating they have been differentiating the portfolio's construction by maintaining exposure to businesses with significant earnings leverage. He further added portfolios with attractive value characteristics, strong business fundamentals and a catalyst for change, tend to outperform over time.

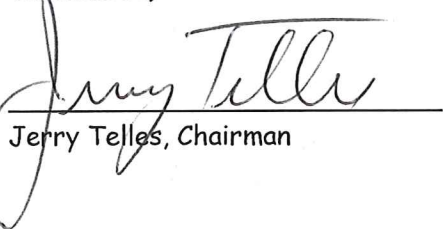
He concluded by reviewing CCCERA's portfolio holdings.

Wentworth, Hauser & Violich - Jeffrey Coburn, Reiner Triltsch

Coburn reviewed CCCERA's portfolio and year to date performance, noting they were lagging behind the S&P 500. He reviewed the investments in Transocean and Haliburton, noting they were sold to reduce risk. He also noted that exposure to Australia impacted financial stocks. He reported that Wentworth usually has a 3-5 year target investment period, although current turnover is about 50% per year.

Triltsch concluded by reviewing the market climate, noting confidence was getting weaker. He added he does not feel there will be a double dip recession, but there will be slower growth going forward.

It was **M/S/C** to adjourn the meeting. (Yes: Buck, Gaynor, Hast, Holcombe, Naramore, Pollacek and Vinamontes)


Jerry Telles, Chairman


Brian Hast, Secretary