

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 1, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, August 1, 2007 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Dave Gaynor, John Gioia, Brian Hast, Paul Katz, Sharon Naramore, William J. Pollacek, Jim Remick, Jerry Telles, Maria Theresa Viramontes and Clifton Wedington.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer; Rick Koehler, Retirement Accounting Manager.

Outside Professional Support: Representing:
Ashley Dunning Steefel, Levitt & Weiss
Tim Price Milliman, USA

Other Attendees:

Margie Breen	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Omar Aguilar	ING Investment Management
Vincent Costa	ING Investment Management
Russell Bjorkman	INTECH
George Springman	Wentworth, Hauser & Violich
Jeffery Coburn	Wentworth, Hauser & Violich
Christopher Bonavico	Delaware Investment Advisors
Daniel Prislín	Delaware Investment Advisors
Kimberly Aspenleider	Delaware Investment Advisors
Douglas Forsyth	Nicholas Applegate
Ranjit Sufi	Nicholas Applegate

1. Public Comment

No members of the public offered comment.

2. Approval of Minutes

There was a motion to approve the minutes of the June 27 meeting. The motion was withdrawn. It was **M/S/C** to table approval of the June 27, 2007 minutes until the September 5, 2007 meeting.

It was **M/S/C** to approve the minutes of the July 11, 2007 meeting.

3. Request for Proposal for Actuarial Audit Services

It was **M/S/C** to direct staff to issue a Request for Proposal for Actuarial Audit Services. Staff was directed to return to the Board for further discussion on setting a policy or procedure for implementation of actuarial audits.

4. Manager Presentations

Domestic Equity

ING Investment Management - Omar Aguilar, Vincent Costa

Aguilar began by providing an organizational overview, noting that the current CEO of ING America is retiring at the end of the year as planned and Rob Leary will be the new CEO. He noted there has been a steady growth of assets for the firm. The firm currently manages \$16 billion in quantitative strategies, mostly in the enhanced S&P 500 index strategy. ING Investment Management has also started a 130/30 strategy.

Costa provided an overview of the quantitative investment process, highlighting 20 factors used which fall into three main categories: qualitative earnings, price valuation and price momentum.

Costa concluded with an update on account performance, and reviewed portfolio characteristics relative to the S&P 500. He also stated that the expectation for out-performance of CCCERA's account managed by ING Investment is 75 to 100 basis points gross of fees for the given level of risk.

INTECH - Russell Bjorkman

After introductions, Bjorkman waived confidentiality of the materials distributed and discussed at the meeting. He then began by providing a review of the organization, including asset growth, personnel growth and planned retirements. He also presented an overview of both of CCCERA's accounts (the INTECH Enhanced Plus and Large Cap Core accounts) which included the strategies, objectives, benchmarks, initial funding dates and amounts.

He then reviewed the philosophy and process utilized in managing portfolios, comparing and contrasting the similarities and differences between the Enhanced Plus account and the Large Cap Core account. Both accounts are benchmarked to the S&P 500 index. INTECH adjusts the cap weights of an index portfolio to potentially more efficient combinations. Risk management is at the heart of INTECH's investment process. One key difference between the accounts is the level of targeted tracking error. The Large Cap Core tracking error is higher which results in a slightly more concentrated portfolio relative to the Enhanced Plus portfolio.

Bjorkman concluded by reviewing historical relative performance over various time horizons, historical excess returns, trading process and implementation efficiency.

Wentworth, Hauser & Violich - George Springman, Jeffery Coburn

After introductions, Springman noted that Jeff Coburn will become the lead portfolio manager for CCCERA's account at the end of the year. Coburn has been actively involved in the portfolio management of the account for the past few years.

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Coburn reviewed recent account performance, and discussed relative performance attributable to various sectors and stocks. He also reviewed the portfolio characteristics relative to the S&P 500 index. He then gave examples of stocks which hurt performance and stocks which helped performance.

Coburn distributed a handout which highlighted the risk control measures which have been implemented to aid in the sell process. He also reviewed recent purchases and sales, proving the primary rationale used in the decision process. Springman concluded by stating primary economic concerns include housing and subprime mortgages, and demonstrated how these concerns will impact the overall market.

Delaware Investment Advisors - Christopher Bonavico, Daniel Prislin, Kimberly Aspenleider
Aspenleider began by providing an overview of the firm, highlighting a brief history of the organization and the current composition of assets under management. She also provided an overview of CCCERA's account including account inception, benchmark, net contributions and net gains.

Prislin discussed Delaware's philosophy, stating they believe that superior returns can be realized through holding a concentrated portfolio of companies with superior business models and opportunities to generate consistent, long-term growth of intrinsic business value. He reviewed the account's recent underperformance and discussed stocks which have hurt relative performance, as well as highlighting top performers.

When asked, Prislin stated the account outperformed the Russell 1000 Growth index by approximately 100 to 150 basis points in July. Final numbers are not yet available. Aspenleider stated she will send July performance numbers to Hally as soon as they are available.

High Yield Fixed Income

Nicholas Applegate - Douglas Forsyth, Ranjit Sufi

Sufi began by providing an organizational overview of Nicholas Applegate. He noted that recently the firm's international equity team had been lifted out by UBS. The team had only been at the firm a couple years and was responsible for approximately \$2 billion of firm-wide assets. The firm's parent company is revisiting compensation structures to remain competitive within the marketplace. Forsyth noted there has been no turnover within the high yield fixed income group, and he has been with the firm since 1994. He provided a brief review of the high yield fixed income team.

Forsyth then reviewed the philosophy and process utilized in managing high yield bonds for CCCERA. He also reviewed the account's performance, provided an overview of net contributions and net gains, and discussed specific characteristics relative to the Merrill Lynch High Yield Master II index.

Forsyth concluded by reviewing current market conditions. Spreads for high yield bonds have increased significantly, with the average spread approximately 400 basis points.

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Forsyth believes this is driven by a current liquidity crisis and is not the result of a credit crisis. Year to date through the end of July, Forsyth stated CCCERA's account was up approximately 20 basis points while the benchmark was down approximately 20 basis points.

5. Miscellaneous

(a) Staff Report -

Leedom noted that the recruitment for Retirement General Counsel will need to be extended for an additional period, until approximately mid-September.

Hally noted that Jeff Harding has left Rothschild due to structural changes. He also reviewed the schedule for on-site visits for the 2nd week of August, including visits to DLJ, ING Clarion and Rothschild.

(b) Outside Professionals' Report -

Tim Price noted the flash report for the 2nd quarter 2007 had been released. There will be areas of underperformance to discuss at the September meeting.

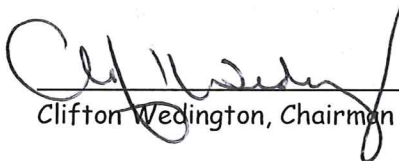
(c) Trustees' Comments -

Viramontes noted she recently attended an Advanced Investment class in San Francisco and will provide the Board with backup materials.

Telles briefly reviewed the educational conference in Alaska, noting the focus on hedge funds. He also reported the successful on-site visit with McKinley Capital. He commented he was impressed with their investment process and their back up procedures.

Gaynor asked when the Board would have the opportunity to review managers previously put on the watch status.

The meeting was adjourned in memory of Trustee Richard Cabral's Father, Manuel Cabral, and firefighters Scott Desmond and Matthew Burton.


Clifton Wedington, Chairman


William J. Pollacek, Secretary