

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 17, 2011

The Board of Retirement met in special session at 9:00 a.m. on Wednesday, August 17, 2011 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Debora Allen, Terry Buck, Richard Cabral, Brian Hast, Jerry Holcombe, Sharon Naramore, John Phillips, Jerry Telles and Russell Watts

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

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
Randy Musgraves	Central Contra Costa Sanitary District
Peter Cheung	Paladin
John McLaughlin	William Blair & Company
Chad Kilmer	William Blair & Company
Mark Leslie	William Blair & Company
Edward Trumpbour	Brandywine Global
John Ford	Brandywine Global
Timothy McCormack	Wellington Management Company
Benjamin Kennedy	Wellington Management Company
Scott Geary	Welling Management Company
Brett Barner	Ceredex Value Advisors LLC
Melissa Miller	Ceredex Value Advisors LLC
Paul Slakter	Ceredex Value Advisors LLC

1. Pledge of Allegiance

Buck led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Small Cap Value Equity Manager Presentations:

Introduction and overview by Milliman

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Helliesen reviewed the pros and cons of the managers scheduled to present, noting all of the managers are very good candidates.

Price reviewed the fees noting that Small Cap fees are typically higher than Large Cap fees. The performance of the finalist managers for 10 years ending June 30, 2011 was reviewed.

William Blair & Co. LLC - John McLaughlin, Chad Kilmer, Mark Leslie

McLaughlin gave a brief history of William Blair & Company noting it is a conservatively managed company that is 100% privately owned. He reviewed assets under management noting they manage \$46 billion as of June 30, 2011. He gave an overview of the small cap value team.

Leslie gave an overview of the team's investment philosophy, their stock selection, portfolio construction and their sell discipline.

Kilmer reviewed sector weights and performance. He also reviewed their calendar year performance noting returns are consistent.

Leslie reviewed the small cap value performance statistics and the Annualized Up/Down Capture Ratio.

McLaughlin reviewed the fee schedule noting there is a 5% discount if there are multiple assignments.

Brandywine Global - Ed Trumpbour, John Ford

Ford gave an overview of their firm, a breakdown of assets under management by client type and a representative client list.

Trumpbour discussed their distinguishing characteristics. He reviewed the investment team, noting they are all research analysts. He further described their culture of dedication, focus, diligence and integrity.

Ford reported they maintain a conservative small cap portfolio. He reviewed their investment philosophy noting balance sheets are crucial.

Ford stated price volatility is not risk, permanent loss of capital is. He reviewed the investment process.

Ford reviewed significant corporate events. He also reviewed research, security selection, portfolio structure and portfolio characteristics of their investment process. He discussed their outlook on the economy, the market and their portfolio positioning. He reviewed the equity sector allocation and gave a preliminary equity composite performance update.

Telles was not present for subsequent discussion and voting.

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Wellington Management Company - Benjamin Kennedy, Timothy McCormack, Scott Geary

Geary gave an overview of the organizations ownership model, business model, and investment model. He reviewed the depth, experience and continuity of the investment professionals. He noted all partners are active.

McCormack reviewed the investment team and resources noting they have 50 analysts. They are a boutique type firm that manages small cap value. He reviewed their investment approach which he noted is fairly conservative. Assets under management were discussed as well as opportunities and risks. The investment process was also reviewed.

McCormack reviewed their sell discipline, risk control, sector weights and portfolio characteristics.

Kennedy reported on the portfolio characteristic noting they are very consistent over the life of the portfolio. He reviewed size, valuation and risk.

Ceredex Value Advisors LLC - Brett Barner, Melissa Miller, Paul Slakter

Slakter gave an overview of the firm noting Ceredex is an investment boutique of the RidgeWorth Investment group.

Barner reviewed the investment professionals and the investment team. The analysts are assigned to specific sectors. He reviewed their investment philosophy, process and sell discipline.

Miller, one of their analysts, gave a Buy Example and a Sell Example.

Slakter gave an overview of their performance. He reviewed fees noting there was some negotiability on the fees.

4. Consider and take possible action on Small Cap Value Equity Manager

The board discussed the manager's presentations and correlation (with Emerald).

It was **M/S/C** to hire Ceredex as a small cap value equity manager subject to contract and fee negotiations, a successful onsite visit and to authorize the Chief Executive Officer to sign any necessary documents. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Naramore, Phillips, Viramontes and Watts).

5. Consider and take possible action on staff recommendation regarding the expansion of office space

Leedom reviewed her memo and diagrams of the additional space needed for staff.

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It was **M/S/C** to expand the office space as presented. (Yes: Allen, Buck, Cabral, Hast, Holcombe, Naramore, Phillips, Viramontes and Watts).

6. The Board did not move into closed session since there were not any updates.

7. Miscellaneous

(a) Staff Report -

Leedom noted the number of retirees since the beginning of the year is approximately 540 which is two and a half times the total amount of last year.

Leedom is planning a future agenda item regarding the legal holding of the Willows Office Building and the pros and cons of changing the legal form of the holding to a Limited Liability Company (LLC).

An RFP for a new accounting auditing firm will be issued in the next two months.

Leedom, Hally and Levy are interviewing five finalists for a Securities Litigation Firm and will recommend the top three to the Board for services.

Board members should notify Hally if they want to attend the due diligence meeting for Ceredex in Orlando.

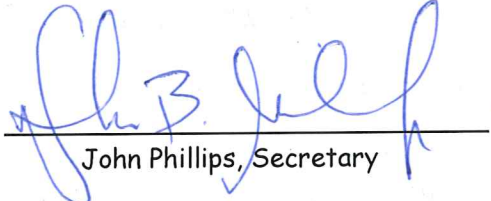
(b) Outside Professionals' Report - None

(c) Trustees' Comments -

Watts and Telles met with Dan Heflin from Torchlight and felt it was a good meeting.

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


Maria Theresa Viramontes, Chairman


John Phillips, Secretary