

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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September 29, 2010

The Board of Retirement met in special session at 9:00 a.m. on Wednesday, September 29, 2010 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Richard Cabral, Dave Gaynor, Brian Hast, Jerry Holcombe, William J. Pollacek, Jerry Telles, 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; Kathy Somsen, Retirement Benefits Manager

Outside Professional Support: Representing:
Bob Helliesen Milliman
Tim Price Milliman
Harvey Leiderman Reed Smith LLP

Other Attendees:

Christina Dunn	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Joelle Luhn	CCCERA Staff
Justine Oyler	CCCERA Staff
Kelli Ingersoll	CCCERA Staff
Philip Clark	Epoch
Richard Watt	Epoch
Michael Mullane	Tradewinds
Ranjit Sufi	Tradewinds
Jamie Cumming	Aberdeen
Kieran McGlynn	Aberdeen
Bob Rey	Self
Bill Hamilton	RSG
Ken Hanna	Grand Jury
Gregg Manning	Grand Jury
Bill Cullen	Self
Debbie Ratcliff	Central Contra Costa Sanitary District (CCCSD)
Randy Musgraves	CCCSD
Colette Curtis-Brown	CCCSD
Rich Grace	Contra Costa County Fire Protection District
Kevin McCarthy	Self

1. Pledge of Allegiance

Pollacek 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 September 1, 2010 meeting with a correction to change the meeting day from Thursday to Wednesday. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

It was *M/S/C* to approve the minutes of the September 8, 2010 meeting with a correction to change the meeting day from Thursday to Wednesday and changing Item #13.b, approving the whole conference instead of one day. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

4. Global High Conviction Equity Investment Manager Presentations

Introduction and Overview by Milliman

Price provided an overview of the three presenting firms for the Global High Conviction Equity Investment Manager. He noted Milliman review the following factors: products classified as global equity; market cap bias of large or all cap; asset base of at least \$250 million as of December 31, 2009; 50 or fewer portfolio holdings; and a three-year return that at least matched the MSCI World Index. He discussed the pros and cons of the three firms.

Helliesen reported that a high conviction portfolio is a higher concentration portfolio seeking higher alpha, designed to complement low volatility portfolios. He noted Tradewinds and Aberdeen fees have proposed a more attractive fee structure since the original RFP was received.

Tradewinds Global Investors - Michael Mullane, Ranjit Sufi

Sufi gave an overview of the firm stating they are based in Los Angeles. He provided a general description of the Global All Cap product.

Mullane reviewed the investment team, process, strategy and discussed the expected volatility while preserving wealth. They believe in investing in high-quality, undervalued companies to create value for their clients and outperform the markets. Mullane reviewed the investment process noting they build high conviction portfolios from the bottom up. He gave an overview of the overall process stating they look at both the debt and the equity of the firms. He reviewed their guidelines, their performance, and top 10 holdings. He concluded by reviewing their client list.

Viramontes was present for subsequent discussion and voting.

Aberdeen Asset Management - Jamie Cumming, Kieran McGlynn

McGlynn waived the confidentiality disclaimer on the presentation material.

McGlynn gave an overview of their firm stating their main investment offices are located in the U.S, they are a publicly traded company and the company is 8% employee owned. He noted a very stable team with an average of 16 years of experience, each regional team managing live regional portfolios. He also reviewed their total assets under management.

Cumming reviewed relative country and sector positions. Financials are their single biggest sector, but diversified between banks, insurance companies and real estate. They build bottom-up portfolios. He then reviewed their team approach and global equity process. They maintain high conviction portfolios of 40-60 stocks. He reviewed the top 20 portfolio holdings and a representative client list.

McGlynn concluded by reviewing their fee schedules for both segregated and commingled accounts.

Epoch Investment Partners - Philip Clark, Richard Watt

Clark waived the confidentiality disclaimer on the presentation material.

Clark gave an overview of the firm stating they are a boutique firm, and a public company with a very strong capital base. He reviewed a representative client list, then the rolling 10 year periods of return for the S&P.

Watt reviewed the investment team structure and the team members, including the number of years of experience. He also reviewed their investment philosophy which is to create excess return without assuming a high degree of capital risk. They accomplish this by creating portfolios of businesses with superior risk/reward profiles, then evaluate companies over a 3-year time frame. He gave an overview of the global choice process, portfolio construction, risk management and investment themes.

Clark concluded by reviewing their client services and spoke about information included on their website; fees were reviewed.

5. Consider and take possible action on Global High Conviction Equity Investment Manager(s).

The Board discussed the strengths and weaknesses of each presenting firm.

It was *M/S/C* to hire Tradewinds as the Global High Conviction Equity Investment Manager subject to contract and fee negotiations, a successful onsite visit and to authorize the Chief Executive Officer to sign any necessary documents. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles, Viramontes)

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

7. Consider and take possible action to work with fiduciary counsel for opinion on AB 1987.

Some members of the Board indicated that they had heard rumors and innuendo to the effect that fiduciary counsel had conversations with Sen. Mark DeSaulnier, one of the authors of AB 1987, without advising the Board. Some Board members wanted to know if counsel had expressed opinions to the Senator about the bill without clarifying that they were not the opinions of the Board. Leiderman referred the Board to his September 2 letter and enclosures explaining his communications regarding AB 1987, and stated that he had never represented any opinion about the bill as the opinion of the CCCERA Board. He explained that in his professional capacity he often presents education on matters of interest relating to public pension funds, to state and national organizations, legislators, the media and others, and represents multiple other public pension funds in California and elsewhere. He noted that his statements are always his own personal views and never attributed to any client.

Pollacek noted that he also spoke twice with Senator DeSaulnier regarding this bill and subsequently met with him. Board discussion followed regarding whether Board members should disclose meetings such as these to the entire Board.

The Board discussed Leiderman's letter, were satisfied with his position and felt no action needed to be taken.

Viramontes was not present for subsequent discussion and voting.

6. Consider and take possible action on Budget vs. Actual through June 30, 2010.

Leroux distributed a summary of CCCERA's Budget vs. Actual through June 30, 2010.

It was **M/S/C** to accept the Budget vs. Actual report through June 30, 2010. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

8. Conference Seminar Attendance

(a) It was **M/S/C** to authorize the attendance of all Trustees at the CALAPRS Trustees' Roundtable, October 15, 2010, San Diego, CA. (Yes: Buck, Cabral, Gaynor, Hast, Holcombe, Pollacek, Telles)

9. Miscellaneous

(a) Staff Report -

Leedom reported the annual valuation for the year ended December 31, 2009 will not be available until the November 3rd, 2010 meeting, due to additional work involved with the new depooling methodology. Leedom reminded the Board of their intent to allow Districts to audit the calculations used to create the varying rates due to depooling. Because of the timing, some of the Districts may not have time to complete this audit before the November 3, 2010 meeting. Contribution rates may need to be adopted at a future meeting.

While in San Diego, Leedom met with San Diego County Retirement, and toured their IT department to gain additional information for the hot site for CCCERA's servers.

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Leedom noted she and Levy attended the Board of Supervisors meeting on Tuesday September 28, 2010. The item on service purchase and service conversion installment contracts on a pre-tax basis was pulled at the last minute at the unions' request. Target date for the item to be on the Board of Supervisors' agenda is October 12, 2010.

Leedom asked the Board to please let staff know if they will be attending SACRS so that arrangements can be made.

Levy gave an update on a CCCERA member who was given inaccurate information and would have retired in 2007, had the member been given the correct figures. After legal review and with the Board Chair's approval, the member's retirement date was changed to 2007.

Levy reported CCCERA received public records requests from the Attorney General's office for the names, positions, retirement dates and employers for those retirees receiving \$195,000 or more annually and also for current employees whose total compensation reported to CCCERA equals or exceeds \$245,000 annually. CCCERA also received a public records request from the Inspector General's office regarding a copy of the minutes where the Board granted disability retirement to a specific member several years ago.

Levy reported that notice was sent to all County elected officials and to the participating districts regarding the suspension of retirement benefits provision in Government Code section 1234.

Levy provided an update on the statewide public records litigation taking place in San Diego County, San Bernardino County, Ventura County, and the appellate case in Sacramento County.

Hally reported he had on-site visits with William Blair and Adams Street in Chicago. He felt the meetings went well and he is scheduling an on-site visit with First Eagle in the next few weeks.

(b) Outside Professionals' Report -

Leiderman reported on the analysis of pay codes being used in the system. Stand by and call back pay needs further review. Staff has been compiling a list for the Trustees and it will be put in their boxes when complete.

(c) Trustees' Comments -

Telles reported he went to Chicago and was very impressed with both William Blair and Adams Street.

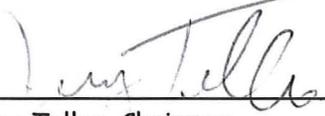
Cabral reported he attended the CII Fall Meeting in San Diego and felt it was a very helpful conference with good representation. He noted that Leedom may be invited to participate on committees with CII and expressed support for this involvement.

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



Jerry Telles, Chairman



Brian Hast, Secretary