

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 8, 2005

The Board of Retirement met in special session at 1:00 p.m. on Friday, April 8, 2005 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: John Gioia, Brian Hast, Louis Kroll, William J. Pollacek, Jerry Telles, Maria Theresa Viramontes and Clifton Wedington.

Staff: Marilyn Leedom, Retirement Administrator; Cary Hally, Retirement Chief Investment Officer; Toni Warren, Retirement Administration Manager.

Outside Professional Support:
Jeff Rieger
Bob Helliesen
Tim Price

Representing:
Steeffel, Levitt & Weiss
Milliman, USA
Milliman, USA

Other Attendees:

Luz Casas
Dave Gaynor
Debbie Ratcliff
Jeff Van Harte
Dan Prislin
Mark Clewett
Kris Hunt

CCCERA Staff
Self
CCCSD
Delaware Investment Management
Delaware Investment Management
Delaware Investment Management
Contra Costa Taxpayers Association

1. Public Comment

No members of the public offered comment.

2. Transamerica

Helliesen reviewed his memo regarding the Transamerica Conference call and the Delaware on-site due diligence meetings of April 6, 2005. He again noted that Transamerica's large cap growth equity team has resigned and opened an office as part of Delaware Investment Advisors.

Helliesen and Hally reviewed the three alternatives for the Board to consider regarding the funds at Transamerica. Helliesen recommended moving the funds to Delaware Investment Advisors with the portfolio management team and Hally concurred, noting that we should put Delaware Investments on watch immediately.

Discussion followed on the employees remaining with Transamerica, that funds need to be placed quickly, and the strength of the team now at Delaware, noting the amount of assets they have already acquired with their large cap growth equity product. The team that had relocated from Transamerica to Delaware Investment Management was then invited into the Boardroom to answer questions.

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Delaware Investment Management - Jeff Van Harte, Dan Prislin, Mark Clewett
Van Harte provided an update, noting that he did his first trades with Delaware the previous Monday. The team is all located on the 11th floor at 505 Montgomery Street in San Francisco. Their entire team, previously with Transamerica, except for one trader who left for personal reasons, have all transferred to Delaware.

Board members discussed the questions asked during the original on-site visit at Transamerica, noting Van Harte was asked directly if he would be leaving and Van Harte commented he was invested with the team and the business and he did not disclose that anyone was leaving. Van Harte apologized and felt it was his fiduciary duty to not disclose anything at that time. He said he believes his words at the time were "he was committed to being with the team and in the business for at least the next five years". He did not want to mislead his clients, but was not legally able to disclose internal information. He noted this has been a difficult time for all: Transamerica and the team. He personally apologized again, but felt doing this was best for the clients and the team.

Hast asked what questions could be asked during future on-site visits for negotiations with other firms that might allow insight into employees and teams departing.

Van Harte was asked for assurances that the team's association with Delaware would allow them to be more forthcoming with vital information regarding departures. Van Harte noted the team had a three-year "lock-up" on their money with a potential to earn more equity up to the fifth year, noting a long career with Transamerica before making this move to Delaware. He noted members of his team were offered several times their compensation to stay with Transamerica, but chose to go to Delaware to keep the team together.

Board members thanked Van Harte for his honesty and questioned if Delaware would waive the fees for any period CCCERA was still obligated to Transamerica, so no duplicate fees would be paid. Van Harte noted Delaware would competitively price their fees, honoring the existing fee structure and CCCERA would not incur duplicate fees.

After departure of the Delaware team, it was M/S/C to transfer the management of the large cap growth account from Transamerica to Delaware, authorize the Administrator to sign appropriate contracts, authorize appropriate on-site visits and to place Delaware on watch for organizational changes. (Yes: Gioia, Hast, Kroll, Pollacek, Telles, Viramontes, and Wedington)

There was discussion on reevaluating this issue after 180 days.

The Board moved into closed session pursuant to Govt. Code Section 54956.9 (c) to confer with Legal Counsel and consider whether to initiate litigation.

The Board moved into open session.

3. Possible Litigation

There was no reportable action taken.

4. Asset Allocation Study

Helliesen reviewed his memorandum of April 5, 2005 regarding directions given by the Board at the April 1, 2005 meeting regarding alternative asset mixes. He noted that, as directed, he added a variation to the asset allocation analysis model, which includes constant allocations of 9% to real estate and 5% to alternative investments.

He presented additional alternatives to the asset mixes, noting that by keeping the allocation to real estate at 9%, and alternatives at 5%, the percentage allocated to domestic equities and international bonds will increase.

5. Action on Asset Allocation Study

After discussion on various alternatives to "Mix 3", it was M/S/C to support "Alternative 3" of the original "Mix 3". (Yes: Gioia, Hast, Kroll, Pollacek, Telles, Viramontes, and Wedington)

Helliesen will re-issue the Asset Allocation report with a new date.

6. Miscellaneous

- (a) There were no requests for counsel opinions.
- (b) Leedom reported the RFP for Benefits Software had been released and was available on the website for interested parties.
- (c) Trustees' Comments - None
- (d) Consultants' Comments - None

It was M/S/C to adjourn. (Yes: Gioia, Hast, Kroll, Pollacek, Telles, Viramontes, and Wedington)

Bob Rey, Chairman

Brian Hast, Secretary