

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 1

June 20, 2007

The Board of Retirement met in regular session at 9:00 a.m. on Wednesday, June 20, 2007 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Richard Cabral, Brian Hast, Paul Katz, William J. Pollacek, Bob Rey, Jerry Telles, Clifton Wedington.

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

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

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Deborah Foord	Fischer, Francis, Trees & Watts, Inc. (FFTW)
David Marmon	FFTW
Pete Nowicki	Moraga-Orinda Fire
Bob Leete	San Ramon Valley Fire
John Dewey	Capital Guardian
Laurentius Harrer	Capital Guardian
Luke Farrell	Capital Guardian
David Rolley	Loomis Sayles
Neil McKenna	Loomis Sayles
Betsy Sanders	UBS Global Asset Management
Christian Jochum	UBS Global Asset Management
Yvette Klevan	Lazard Asset Management
John Reinsberg	Lazard Asset Management
Stephen Simpkin	Lazard Asset Management

1. Public Comment

In public comment, Pete Nowicki, of Moraga-Orinda Fire, advised the Board the Fire District is in the process of performing due diligence on changing retirement systems to cut corners and keep operating expenses down.

He noted that CALPERS discussed three different ways to terminate from retirement plans to move to CALPERS:

1. Leave active employees in the existing system and start with the new system.
2. Move all active employees to the new system and pay off unfunded liability in the existing system.
3. Termination by Waiver. This method would provide each employee the decision to either stay with the current plan or move to the new plan.

He encouraged the Board to allow Moraga-Orinda the flexibility of being able to choose option three, "Termination by Waiver".

Leedom noted staff has previously responded to Moraga-Orinda's questions regarding employer termination. The Board directed counsel and staff to respond again to Moraga-Orinda Fire on this matter. Copies of their response will be given to all Board members with an explanation on "Termination by Waiver" included.

2. Global Fixed Income Investment Manager Presentations

Introduction and Overview

Helliesen briefly reviewed the process followed in evaluating candidate firms for the Global Fixed Income mandate, the criteria established for screening potential firms, and the discussion leading up to selection of the five finalist firms. He noted management fees are almost identical and provided a brief overview of performance for each of the firms.

Investment Manager Presentations

The candidate firms provided presentation materials before the meeting, which had been given to each of the Board members in preparation for the meeting.

Fischer Francis Trees & Watts, Inc. (FFTW) - Deborah Foord, David Marmon

Foord began by noting FFTW's working relationship with CCCERA since 2000. She then discussed FFTW's global presence in other countries, ownership and organizational structure.

Marmon reviewed FFTW's diversification, risk controls, global portfolio strategies, and opportunities in other countries. He answered questions from the Board on the loss of clients, the longevity of the management team, and how derivatives are used in the portfolio.

FFTW agreed to waive the confidentiality of their documents for use in a public meeting.

Capital Guardian Trust Company - John Dewey, Laurentius Harrer, Luke Farrell

Dewey began by noting his appreciation for the opportunity to present their product and was sorry they had previously lost CCCERA as a client. He then reviewed their organizational stability, global research, risk control, investment process and results.

Farrell discussed global currency, how often they meet as a team, global bond markets, emerging markets and high yield.

Capital Guardian agreed to waive the confidentiality of their documents for use in a public meeting.

The discussion concluded with questions from the Board and an explanation of the current Attorney General lawsuit on mutual funds.

Loomis Sayles - Neil McKenna, Dave Rolley

McKenna began with an overview of the firm and research. He then reviewed assets under management, longevity of the investment team, benchmarks used, currency risks, high yield and emerging markets. He noted Loomis Sayles' research and portfolio management activities are conducted out of its U.S. office.

Rolley responded to questions on the number of clients lost and size of their client's assets under management, currency composition, global bond composite and performance.

- LUNCH BREAK -

UBS Global Asset Management - Betsy Sanders, Christian Jochum

UBS agreed to waive the confidentiality of their documents for use in a public meeting.

Sanders noted that Swiss Bank and Union Bank of Switzerland merged to form UBS Global.

Jochum explained the global aggregate core plus philosophy and approach. He then discussed global research, proprietary risk, benchmarks, investment philosophy, portfolio construction and global offices.

The presentation was concluded with responses to questions on current UBS litigation and the longevity of the investment team.

Lazard Asset Management (LAM) - Yvette Klevan, John Reinsberg, Stephen Simpkin

Klevan began by providing the history of the company, assets under management, the number of global offices and employees for the firm. She noted over 20% of LAM is employee owned.

Reinsberg discussed how often the investment team meets, currency expertise, diversification of alpha, their investment philosophy and process. He noted their country allocation was a big driver of their performance.

Reinsberg responded to questions on high yield, emerging markets, portfolio holdings, derivatives, risk management, loss of clients and performance.

3. Action on Global Fixed Income Manager(s)

After all presentations, the Board discussed the differences between the presenters in such areas as:

- Clarity of presentation
- Use of derivatives
- Offices in other countries

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Page 4

June 20, 2007

- Performance

There was a motion to retain Lazard Asset Management.

After discussion, it was **M/S/C** to call for the question. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

On the motion, it was **M/S/C** to retain Lazard Asset Management, subject to contract negotiations, a successful onsite visit and to authorize the Chief Executive Officer to sign any necessary documents. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

4. Miscellaneous

- (a) Staff Report - Leedom reminded board members the June 27th Board Meeting Agenda packet was in their in-boxes.
- (b) Outside Professionals' Report - Dunning noted she will be attending the National Association of Public Pension Attorneys next week, and that Scott Johnson from Steefel will act as Board Counsel at the June 27th meeting.
- (c) Trustees' Comments - Several trustees discussed their appreciation in receiving Steefel updates through e-mail. For Board members who do not have access to e-mail, Dunning will forward all e-mails to Warren who will forward as needed.

It was M/S/C to adjourn. (Yes: Cabral, Hast, Katz, Pollacek, Rey, Telles, and Wedington)

Clifton Wedington, Chairman

William J. Pollacek, Secretary