

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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August 5, 2009

The Board of Retirement met in special session at 9:00 a.m. on Wednesday, August 5, 2009 in the Conference Room of the Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA.

Present: Terry Buck, Richard Cabral, Jerry Holcombe, William J. Pollacek, Jim Remick, Jerry Telles, and Maria Theresa Viramontes.

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Silvina Leroux, Deputy Retirement Chief Executive Officer; Cary Hally, Retirement Chief Investment Officer ; Karen Levy, Counsel; Toni Warren, Retirement Administration Manager.

Outside Professional Support: Representing:

Bob Helliesen	Milliman
Timothy Price	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Joel Damon	J.P. Morgan Asset Management
Nigel Emmet	J.P. Morgan Asset Management
Jeroen Huysinga	J.P. Morgan Asset Management
Wendy Malaspina	Grantham, Mayo, Van Otterloo & Company (GMO)
Matthew Kadnar	GMO
Kieran McGlynn	Aberdeen
Stephen Docherty	Aberdeen

1. Pledge of Allegiance

Holcombe led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Global Equity Investment Manager Presentations

Introduction and Overview - Bob Helliesen, Tim Price

Helliesen stated this is CCCERA's first U.S. and international equity foray into a truly global index. He briefly reviewed the process followed in evaluating candidate firms for the Global Equity Investment Manager mandate, the criteria established for screening potential firms, and the discussion leading up to selection of the three finalist 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.

J.P. Morgan Asset Management - Joel Damon, Jeroen Huysinga, and Nigel Emmett Damon began by noting J.P. Morgan Asset Management is a large, well diversified organization, and is one of six divisions of J.P. Morgan Chase. He reviewed J.P. Morgan's offices with 688 investment professionals, noting that they are truly a global firm.

Emmett reviewed the benchmark, normal range of holdings, expected tracking error and expected excess return of a 'Core' global offering. He noted there were moderate risk and a diversified stock selection which is the primary source of alpha. He stated performance has been generated across a variety of sectors and provided the attribution for the three years ending June 30, 2009.

Huysinga reviewed J.P. Morgan's team experience, and the global sectors involved with the fund. He commented on what the portfolio manager looks for in stock selection.

Emmett reviewed region and sector positions for J.P. Morgan global opportunities, noting they have competitive returns with moderate risk.

Emmett concluded by discussing the benchmark, emerging market within J.P. Morgan's holdings, and the fees involved. There was further discussion on commingled funds, and that J.P. Morgan would be the custodian for the fund.

Grantham, Mayo, Van Otterloo & Co., (GMO) - Wendy Malaspina, Matthew Kadnar Malaspina began by noting GMO is a private partnership founded in 1977, with a low turnover of investment professionals and \$89 billion in assets under management. She stated an important component of their firm is partners have an equity ownership. She reviewed the investment team responsible for \$29 billion of client accounts.

Kadnar reviewed GMO's core beliefs, investment objectives and the methodologies used. He provided a seven-year asset class return and global equity forecasts, along with their global developed equity allocation strategy.

Malaspina discussed GMO's annualized performance (gross returns) for the period ending June 30, 2009. She concluded by discussing fees and expenses.

Aberdeen Asset Management - Kieran McGlynn, Stephen Docherty McGlynn began by noting Aberdeen Asset Management is an asset management company, founded through a management buyout in 1983. Aberdeen is publicly traded and listed on the London Stock Exchange since 1991. Their employees represent 6.6% of shareholders, with investment offices located in the UK, Singapore, USA, Japan, Thailand, Malaysia and Australia.

Docherty reviewed Aberdeen's global equity team, noting the teams operate in an open plan environment. He discussed the changes within the team during the last seven years. He noted they are bottom-up stock pickers, rely on their own research, maintain high conviction portfolios of 40-60 stocks, and use a buy-and-hold approach with low turnover. Their firm builds diversified portfolios of companies, employ a team approach, and control risk at the stock level through rigorous process, discipline and filters.

Docherty noted their team sees risk in absolute terms. Diversification at stock level is their main form of risk control.

McGlynn concluded by discussing fees, noting that both segregated or comingled funds are offered; however, they offer a 10% discount for a comingled fund.

4. Global Equity Investment Manager Action

Helliesen noted each of the three firms had a different strategy; however, any of the three firms could fill the Board's mandate for global equity. The strengths and weaknesses of each firm were discussed.

Each Board member noted their least favorite of the three firms to narrow the selection. There was discussion on keeping custodial banking of the investment manager at arm's length and there was continued discussion on trying to negotiate a discount on fees for a comingled product as offered by one of the presenting firms.

It was **M/S/C** to retain J.P. Morgan for a comingled fund, subject to contract and fee negotiations, a successful onsite visit and to authorize the Chief Executive Officer to sign any necessary documents. (Yes: Buck, Holcombe, Pollacek, Remick, Telles, and Viramontes; Abs: Cabral)

Cabral noted he abstained because he had reservations with J.P. Morgan being the custodian of the comingled fund.

5. Miscellaneous

(a) Staff Report - None

(b) Outside Professionals' Report - None

(c) Trustees' Comments - Cabral commented on the article in the Public Retirement Journal, second page, regarding Donna Irwin. He noted the article was very negative.

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Telles - announced all three retiree organizations were having an information fair on September 17, 2009 with guest speakers. He stated there would be a panel with Leedom, Christine Penkala, from the County's Human Resources Department and a member of the Board of Supervisors. The fair will be at Local One's Union Hall from 9:00 a.m. until 12:00 or 12:30, followed by lunch.

William J. Pollacek, Chairman

David Gaynor, Secretary