

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 19, 2012

The Board of Retirement met in special session at 9:00 a.m. on Thursday, April 19, 2012 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

Absent: John Gioia and Maria Theresa Viramontes

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer, Karen Levy, General Counsel and Vickie Kaplan, Retirement Accounting Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith, LLP
Bob Helliesen	Milliman
Jeff Youngman	Milliman

Other Attendees:

Luz Casas	Contra Costa County Employees' Retirement Association (CCCERA) Staff
Chih-Chi Chu	CCCERA Staff
Karen Davis	CCCERA Staff
Christina Dunn	CCCERA Staff
Jessica Huffman	CCCERA Staff
Justine Oyler	CCCERA Staff
Greg Cassano	First Eagle
Joel Damon	J.P. Morgan
Nigel Emmett	J.P. Morgan
Max Swango	Invesco
Jay Hurley	Invesco
Delia Roges	Invesco
Joe Rodriguez	Invesco
Michael Torres	Adelante
Bonnie Miller	Adelante

1. Pledge of Allegiance

Hast led all in the *Pledge of Allegiance*.

2. Public Comment

No members of the public offered comment.

3. Discussion with consultant regarding managers scheduled to present

Helliesen introduced Jeff Youngman an additional contact with Milliman.

Helliesen distributed a Flash Report for the quarter ended March 31, 2012 and reviewed the performance of the managers scheduled for presentations.

4. Manager Presentations:

Global Equity

First Eagle - Greg Cassano

Cassano gave an update on the firm noting there were only minor changes to the team. He gave an overview of the strategy, stating as of March 31st they have \$67 billion in assets under management.

He reviewed CCCERA's portfolio exposure by sector, country and asset class. He also reviewed CCCERA's portfolio performance noting the portfolio has the ability to own non-equity securities which include gold, fixed income and cash. Currently 70% is invested in equities and 9% is invested in gold. He reviewed the top 5 and bottom 5 contributors. He discussed the investment relationship between gold bullion and gold commodities.

Discussion followed on the amount of cash currently held in the portfolio. Milliman will follow up with an analysis on the total amount of cash in the portfolio.

J.P. Morgan - Nigel Emmett, Joel Damon

Emmett gave an overview of the firm, noting they are designed and managed as a core global equity strategy. He stated they have 60 full time research analysts around the world with an average experience of the analyst team members of 16 years.

Emmett reviewed the valuation approach applied by all analysts, noting the methods of ranking within quartiles, including global sectors.

He reviewed the market environment and performance as well as CCCERA's portfolio performance by sector and regional attributions for the quarter ending 3/31/12. He also reviewed the top contributors and top detractors noting most of the top contributors are in the European market. He reviewed the top 10 overweight and top 10 underweight positions.

Real Estate (REITs and Partnerships)

Adelante - Michael Torres, Bonnie Miller

Miller gave an overview of Adelante's long term relationship with CCCERA. She provided an update on the firm noting this is their 5-year anniversary of global REIT strategy, although CCCERA is invested in the domestic REIT portfolio. She reported \$2.2 billion in assets under management.

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Torres reviewed CCCERA's portfolio performance, noting our account value is \$283 million as of March 31, 2012. He reviewed the firm's philosophy regarding the focus on net asset value (NAV). He also reviewed the 10 largest portfolio holdings and relative exposure to the 10 largest index constituents.

Torres also gave an overview of the expectation for dividend increases in 2012 and Wall Street's return expectations, stating the REIT sector should benefit from these increases.

Allen was not present for subsequent discussion and voting.

Invesco - Max Swango, Jay Hurley, Joe Rodriguez, Delia Roges

Swango introduced the team noting Delia Roges has been with Invesco for 6 months and performs client service duties for the west coast.

Swango gave an overview of the firm stating they are publicly traded on the NYSE and a money management company only. He reported they have \$48.3 billion of assets under management with 16 offices worldwide. He also reported Invesco continued to grow and add employees to their company during the recent economic downturn.

Hurley provided an update on Invesco's Real Estate Fund I (IREF I), noting they are in the process of selling 4 of the 6 remaining assets this year. He reported by the end of 2013 the investment should be fully realized, and reviewed the trailing year returns. He also reported on the fund's performance since inception as well as the performance outlook of the fund. He stated that, since their last presentation, the fund has performed well and the trend has been positive.

Hurley also provided an update of Invesco's Real Estate Fund II (IREF II) noting a strong performance over the last two years.

Rodriguez gave an overview of the Global REIT team and the investment process, describing how companies are rated. He reviewed portfolio characteristics of country weights vs. current benchmark guidelines noting the overweights and underweights are close in range to the benchmark. He reported that since inception, CCCERA's performance is slightly above the benchmark.

Swango reported that highly leveraged companies ended up outperforming in the global crisis. Invesco invests in long term low leverage companies and they are sticking to their discipline.

Cabral was not present for subsequent discussion and voting.

5. Consider and take possible action on request from members for Optional Settlement 4

Schneider reviewed the optional settlement 4, noting it is the only payment option that allows for multiple beneficiaries. The final payment allowances are reviewed by CCCERA's actuary to determine the optional settlement will not put an additional burden on the system.

Cabral was present for subsequent discussion and voting.

Schneider discussed the current process to administer Optional Settlement 4 designations noting that each request must be presented to the Board for approval.

Discussion followed regarding the need for an administrative policy authorizing staff to process Optional Settlement 4 designations without the need for the Board to review each individual case.

It was *M/S* to grant the request of Optional Settlement 4 for Remedios Bernardo, based on the actuarial equivalence of the benefit payments there is not an additional burden on the retirement system.

After discussion, an amended motion was *M/S/C* to grant the request of Optional Settlement 4 for Remedios Bernardo, based on the actuarial equivalence of the benefit payments verified by Segal Company, there is no additional burden on the retirement system. CCCERA will pay the cost to Segal for this request. At a future meeting there will be discussion regarding who should bear the cost of Optional Settlement 4 final calculation verifications. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles and Watts. Abs. Phillips).

It was *M/S/C* to grant the request of Optional Settlement 4 for Dana Slauson, based on the actuarial equivalence of the benefit payments confirmed by Segal Company noting there is no additional burden on the retirement system. CCCERA will pay the cost to Segal for this request. At a future meeting there will be discussion regarding who should bear the cost of Optional Settlement 4 requests. (Yes: Buck, Cabral, Hast, Holcombe, Phillips, Telles and Watts. Abs. Phillips).

The Board directed staff to return at a future Board meeting with a draft Option Settlement 4 Policy.

6. Miscellaneous

(a) Staff Report -

Leedom reported she received notification from Allianz regarding a reorganization. Clifton Wellington and Yasmin Serton are no longer with the firm.

Tim Price will begin his position as CCCERA Chief Investment Officer on Monday, April 30.

Leedom noted a recent letter from the external auditor, Brown Armstrong, to Board members created questions. She will address the issue with Brown Armstrong.

An on-site visit with Torchlight is scheduled for May 17, 2012.

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She is working on the Tradewinds transition. The cash will go to a transitional account at State Street until a new money manager is hired.

Leedom received a public records request for a list of retiree's receiving over \$100,000 after the implementation of the recent COLA.

Leedom reminded the Board there will not be a meeting on April 25, 2012.

(b) Outside Professionals' Report -

Helliesen reported Ceredex recently had a soft close, but they are still accepting funds.

The \$16 million from INTECH's Enhanced Plus account will move to INTECH's Global Low Volatility strategy account in May.

He reported Oaktree had an unsuccessful initial public offering.

Helliesen wished Tim Price well as the new CIO of CCCERA.

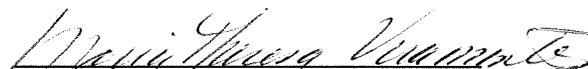
Youngman reported Goldman Sach's opportunistic portfolio is effectively complete; remaining assets will be moved into the core portfolio.

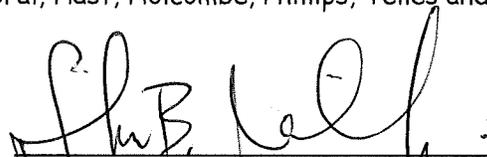
(c) Trustees' Comments -

Cabral reported CII has posted Meg Whitman's speech on their website.

Telles reported he attended the CRCEA conference in Visalia and felt it was very interesting. He noted CRCEA is campaigning, providing information on the downside of 401k plans, and why they may not work for the public sector.

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


Maria Theresa Viramontes, Chairman


John Phillips, Secretary