



Executive Staff:

Richard Stensrud  
Chief Executive Officer

Jeffrey W. States  
Chief Investment Officer

John W. Gobel, Sr.  
Chief Benefits Officer

Kathryn T. Regalia  
Chief Operations Officer

Members of the Board of Retirement

James A. Diepenbrock, President  
Appointed by the Board of Supervisors

Ronald D. Suter, 1<sup>st</sup> Vice President  
Elected by Miscellaneous Members

John B. Kelly, 2<sup>nd</sup> Vice President  
Appointed by the Board of Supervisors

Mark Norris, Director of Finance  
Ex-Officio

Keith DeVore  
Elected by Miscellaneous Members

Winston Hickox  
Appointed by the Board of Supervisors

William D. Johnson  
Elected by Safety Members

Nancy Wolford-Landers  
Elected by Retired Members

Robert Woods  
Appointed by the Board of Supervisors

William Cox  
Elected by Retired Members

Steven Soto  
Elected by Safety Members

## MINUTES

### RETIREMENT BOARD MEETING, APRIL 21, 2005

The regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, U.S. Bank Plaza Building, 980 9th Street, 18<sup>th</sup> Floor, Sacramento, California, on April 21, 2004, at 1:00 p.m.

#### OPEN SESSION:

##### PUBLIC COMMENT:

1. Mr. Stensrud introduced Micki De La Fuente who is serving as the interim Executive Secretary while Virginia Hayes is on medical leave.

##### MINUTES:

2. The Minutes of March 17, 2005, were approved on motion made by Mr. Suter; Seconded by Ms. Wolford-Landers. Motion carried (6-0).

#### CLOSED SESSION:

##### DISABILITY MATTERS:

3. CATER, Brian: Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated April 13, 2005.
4. HANSON, Teresa M.: Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated April 13, 2005.

**DISABILITY MATTERS:** (continued)

5. **LIGGONS, Thomas:** Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated April 13, 2005.
6. **MOSCROP, Dale:** Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated April 13, 2005.

**OPEN SESSION:**

**ADMINISTRATIVE MATTERS:**

7. Chief Executive Officer Richard Stensrud provided an update on developments in the area of pension reform. Mr. Stensrud explained that although the Governor had postponed his call for a ballot initiative to replace defined benefit plans with defined contribution plans, the Governor had indicated he would take the issue to the voters in 2006 if meaningful reform was not achieved through the legislative process. Mr. Stensrud noted that meetings were underway in an effort to develop pension reform measures, with the emphasis thus far on measures that would reduce the volatility of contribution rates. Mr. Stensrud noted that it was too early to tell if such efforts would be successful.

Mr. Stensrud noted that subsequent to the preparation of the Agenda for the Board Meeting, he had been notified that the Los Angeles County Employees' Retirement Association (LACERA) would be submitting a resolution at the upcoming State Association of County Retirement Systems (SACRS) meeting, requesting that SACRS go on record as opposing any proposal to remove defined benefit plans as the core retirement benefit for public employees. Mr. Stensrud noted that he would be responsible for casting votes on behalf of SCERS at the SACRS meeting and asked for guidance on SCERS' position on the proposed resolution. County Counsel John Whisenhunt noted that in order for the Board to take up the matter, it would be necessary for the Board to determine that it was a matter that was both not anticipated when the Agenda was established and could not be deferred until the next Board Meeting. Ms. Wolford-Landers moved that the Board take up the matter since it had arisen after the setting of the Agenda and because the SACRS meeting will take place before the next Board Meeting; Seconded by Mr. Suter. Motion carried (7-0).

Discussion followed regarding how SCERS should vote on the proposed resolution. It was noted that as one of the pension reform policy principles adopted by the Board in January, the Board had expressed the view that a defined benefit plan should be a part of the retirement program for County employees, and that supporting the proposed resolution would be consistent with that position. It was also noted that in light of recent developments, no proposal to abandon defined benefit plans would be moving forward in the immediate future and thus it could be questioned whether it was necessary to take up the issue at this time. After further discussion, Ms. Wolford-Landers moved that SCERS formally abstain on the proposed resolution because it was premature; Seconded by Mr. Kelly. Motion carried (7-0).

**ADMINISTRATIVE MATTERS: (continued)**

Mr. Stensrud alerted the Board to upcoming programs being offered by the Institute for Fiduciary Education and the California Association of Public Retirement Systems (CALAPRS).

8. CEO Richard Stensrud explained that for many of the reasons noted in the discussion of the previous item, he was recommending that the Board suspend the actuarial study, authorized at the March Board Meeting, regarding the fiscal ramifications for SCERS and its stakeholders if employees hired on or after July 1, 2007 could only participate in a defined contribution plan. Mr. Stensrud explained that given the material change in circumstances since the study was initiated, SCERS and its stakeholders would be better served by waiting until the specifics of any new reform proposals were established. Mr. Stensrud noted that nominal costs had been incurred to-date on the study. Motion by Mr. Suter to suspend the actuarial study authorized in March; Seconded by Mr. Kelly. Motion carried (7-0).
9. Chief Operations Officer Kathryn Regalia presented a recommendation that the Sacramento Metropolitan Fire District (SMFD) be allowed to prepay the estimated retirement contributions for fiscal year 2005-2006 for SMFD personnel participating in SCERS. Ms. Regalia noted that SMFD had requested the opportunity to pre-pay the contributions in the same manner as the County, and that County Counsel had previously concluded that pre-payment by SMFD was permissible under the County Employees' Retirement Law of 1937 (1937 Act). Ms. Regalia noted that SCERS' actuary, The Segal Company, had determined the appropriate amount of the pre-payment to be \$233,978 based on salary information provided by SMFD, and that the calculation was consistent with the method for calculating the County's estimated employer contributions. Motion by Mr. Woods to authorize and accept \$233,978 as pre-payment of the estimated fiscal year 2005-2006 retirement contributions by SMFD; Seconded by Ms. Wolford-Landers. Motion carried (7-0).
10. CEO Richard Stensrud presented a recommendation from the County's Risk and Loss Control Office to renew SCERS' fiduciary liability insurance coverage through the Travelers Insurance Company, and the further recommendation that each individual Board Member and designated SCERS staff elect to be included in the Waiver of Recourse endorsement associated with the fiduciary insurance. Mr. Stensrud noted that after soliciting bids in the market, the recommendation was to renew with the current carrier at the current \$10 million coverage level, with the same \$50,000 deductible. Mr. Stensrud noted that the premium cost would be 19% higher than last year. Mr. Stensrud explained what would be necessary for the individual Board Members and staff to obtain the recourse protection, and noted that the cost would have to be borne by the individuals. Mr. Johnson moved that SCERS renew its fiduciary insurance coverage per the recommendation from the County's Risk and Loss Control Office; Seconded by Mr. Suter. Motion carried (7-0).

**INVESTMENT MATTERS:**

11. Mr. David Kimport of the law firm of Nossman, Gunther, Knox & Elliott, L.L.P. presented proposed Resolution No. 2005-04 relating to the governance of the title holding entities used in the management of SCERS real estate investments.

**INVESTMENT MATTERS: (continued)**

Mr. Kimport explained that the purpose of the proposed Resolution was to restate and update previously adopted Board Resolutions regarding the formation of title holding entities, the designation of officers of such entities, and the authority of such officers. Mr. Kimport also noted that the proposed Resolution reflected the changes in SCERS' external real estate investment advisor since the previous Resolutions. Motion by Ms. Wolford-Landers to approve Resolution No. 2005-04 as proposed; Seconded by Mr. Woods. Motion carried (7-0).

12. In the absence of Chief Investment Officer Jeffrey States, CEO Richard Stensrud presented a report from Mr. States updating the Board on the status of various investment-related projects. Mr. Stensrud noted that Mr. States would be bringing reports to the Board over the next few months on proposed ways to invest the system's cash more effectively, reduce policy tracking error, and improve investment returns. Motion by Mr. Woods to receive and file the CIO's report; Seconded by Ms. Wolford-Landers. Motion carried (7-0).
13. On a motion by Mr. Woods; Seconded by Mr. Suter, the Asset Allocation and Portfolio Rebalancing Report for the Quarter Ended March 31, 2005 was received and filed. Motion carried (7-0).
14. The Monthly Investment Management Compliance and Activity Report for March 2005 was received and filed on a motion made by Ron Suter; Seconded by Robert Woods. Motion carried (7-0).

The meeting was adjourned at 2:01 p.m.

**MEMBERS PRESENT:** James A. Diepenbrock, President; Ronald Suter, 1<sup>st</sup> Vice-President; John B. Kelly, 2<sup>nd</sup> Vice-President; Members Robert Woods; Steven Soto; William D. Johnson; Keith DeVore; Nancy Wolford-Landers

**MEMBERS ABSENT:** Winston Hickox; William Cox; Mark Norris, Treasurer

**OTHERS PRESENT:** Richard Stensrud, Chief Executive Officer; John Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager; Kathryn Regalia, Chief Operations Officer; Diana Ruiz, Deputy County Counsel; John Whisenhunt, Deputy County Counsel; Steven Pingel, Representing Brian Cater; Steven Page, Sacramento County Risk Management Office; Paul Hight, Sacramento County Risk Management Office; Martin Heflin, Driver/Alliant Insurance Services; Dana Garcia, St. Paul Travelers; Sofia Cano, St. Paul Travelers; David Kimport, Nossaman, Guthner, Knox & Elliott, LLP; Micki De La Fuente, Interim Executive Secretary

Respectfully submitted,

SACRAMENTO COUNTY EMPLOYEES'  
RETIREMENT SYSTEM

RICHARD STENSRUD,  
Chief Executive Officer

APPROVED: \_\_\_\_\_  
JAMES A. DIEPENBROCK, President

DATE: \_\_\_\_\_

cc: Retirement Board (11); Clerk, Board of Supervisors (6); County Counsel (2); County Executive; Employee Organizations (21); Sacramento County Retired Employees' Association; SCERS Member Districts (11); and The Sacramento Bee.