



Executive Staff:

Richard Stensrud
Chief Executive Officer

Jeffrey W. States
Chief Investment Officer

James G. Line
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

Members of the Board of Retirement

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

Keith DeVore, 1st Vice President
Elected by Miscellaneous Members

John B. Kelly, 2nd Vice President
Appointed by the Board of Supervisors

Dave Irish, Director of Finance
Ex-Officio

Winston H. Hickox
Appointed by the Board of Supervisors

Alice Jarboe
Elected by Miscellaneous Members

William D. Johnson
Elected by Safety Members

Nancy Wolford-Landers
Elected by Retired Members

Robert Woods
Appointed by the Board of Supervisors

John Conneally
Elected by Safety Members

William Cox
Elected by Retired Members

MINUTES

RETIREMENT BOARD MEETING, THURSDAY, JULY 17, 2008

The meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 18th Floor, Sacramento, California, on Thursday, July 17, 2008, and commenced at 1:00 p.m.

OPEN SESSION:

PUBLIC COMMENT:

1. Richard White, President of the State Association of County Retirement Systems (SACRS) addressed the Board. Mr. White noted that SACRS is committed to assisting all its member retirement systems by providing education, legislative advocacy and a forum in which retirement systems can work together to improve the services they provide. Mr. White encouraged the Board to draw upon the resources available through SACRS. The Board expressed its appreciation for taking the time to attend the Board Meeting and for the service SACRS provides.

MINUTES:

2. The Minutes of the June 19, 2008 special meeting were approved on Motion made by Mr. Woods; Seconded by Mr. Johnson. Motion carried (9-0).

ADMINISTRATIVE MATTERS:

3. Chief Executive Officer Richard Stensrud invited nominations for the positions of SCERS Board Officers for Fiscal Year 2008-2009. Motion by Ms. Wolford-Landers that the current Board Officers (James A. Diepenbrock, President; Keith DeVore, 1st Vice President; John B. Kelly, 2nd Vice President) be nominated to serve in their same offices for the 2008-2009 Fiscal Year; Seconded by Mr. Hickox. Motion carried (9-0).

CLOSED SESSION:

DISABILITY MATTERS:

4. CABRAL, Donna: Motion carried (9-0) to grant a service-connected disability retirement.
5. SEGERS, Roger: Motion carried (9-0) to grant a nonservice-connected disability retirement.
6. SHAHDA, James L.: Motion carried (9-0) to grant a service-connected disability retirement.
7. RODRIGUEZ, Raul R.: Motion carried (9-0) to grant a service-connected disability retirement.

LEGAL MATTERS:

8. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9(a)
William Woodel et al. v. Folsom Cordova Unified School District, Terry Holmes, et al.
Sacramento County Superior Court Case No. 06AS04100

The Board received a report from legal counsel in the matter.

OPEN SESSION:

ADMINISTRATIVE MATTERS:

9. Chief Executive Officer Richard Stensrud provided an update on developments affecting public retirement systems and on miscellaneous system and staff activities.

Mr. Stensrud reported that information regarding the option to upgrade past service had been sent to the former Miscellaneous Tier 2 members who had made the election to convert to Miscellaneous Tier 3 for prospective service.

ADMINISTRATIVE MATTERS (continued):

Mr. Stensrud reported that SCERS had recently hosted a delegation of Australian retirement plan officials as part of the Global Dialogue 2008 Conference. Mr. Stensrud noted that the feedback from the half day visit to SCERS had been very positive. Mr. Stensrud also noted that Board Member Winston Hickox had participated in a panel discussion at the conference concerning the implications of climate change for institutional investors such as retirement plans.

Mr. Stensrud noted that the Board had been presented with a status report on state legislation of interest to public employee retirement systems.

At Mr. Stensrud's request, Chief Investment Officer Jeffrey States reported on SCERS' holdings in the financial institutions Fannie Mae and Freddie Mac and how those holdings had been impacted by recent developments in the markets.

Mr. Stensrud reported on the efforts underway in Congress to restrict the ability of institutional investors like SCERS to invest in the commodities markets.

Mr. Stensrud provided an update on the measures being considered by the SACRS systems in response to the increased attention the Internal Revenue Service plans to give to public employee retirement systems.

Mr. Stensrud provided a report on the changes made by the Orange County Board of Supervisors to the Board of Retirement for the Orange County Employees' Retirement System.

INVESTMENT MATTERS:

10. Discussion took place regarding the principal considerations in the selection of William Blair & Company for an International Small Cap Equity investment manager assignment at the July Board Meeting. No action was taken.
11. Presentation by James O'Shaughnessy of O'Shaughnessy Asset Management (OSAM) of a portfolio review and performance report for the U.S. Small Cap Growth Equity portfolio managed by his firm pursuant to a sub-advisory relationship with Bear Stearns Asset Management.

Mr. O'Shaughnessy discussed the factors that his research indicated were the most important in determining long term stock market performance. Mr. O'Shaughnessy explained why the models used to implement the OSAM quantitative investment strategy had performed poorly over the past two years. He reviewed at length the fifteen year history of the OSAM investment strategy, explaining that extended periods of under-performance had occurred before but had been followed by periods of strong over-performance. Mr. O'Shaughnessy noted that he understood the disappointment over the

INVESTMENT MATTERS (continued):

poor performance to-date, but that he remained confident that over time the strategy would out-perform the benchmark. Discussion followed regarding the performance and the strategy. Discussion also took place regarding whether OSAM would be willing to modify its fee schedule in light of the performance.

Motion by Mr. Woods to receive and file the report materials and to negotiate a modification to the fee schedule; Seconded by Mr. Kelly. Motion carried (9-0).

12. Chief Investment Officer Jeffrey States and General Counsel James Line presented a report on the business terms and documents formalizing the Large Cap U.S. Equity Enhanced Index investment engagement with Barclays Global Advisors.

Motion by Mr. Kelly to adopt the proposed resolution authorizing execution of the necessary documents to effectuate the engagement; Seconded by Ms. Wolford-Landers. Motion carried (9-0).

13. Chief Investment Officer Jeffrey States presented the Asset Allocation and Portfolio Rebalancing Report for the period ending June 30, 2008.

Motion by Mr. Woods to receive and file the report; Seconded by Mr. Irish. Motion carried (9-0).

14. Chief Investment Officer Jeffrey States presented the June 2008 Monthly Investment Compliance Report and Watch List.

Motion by Mr. Johnson to receive and file the report; Seconded by Mr. DeVore. Motion carried (9-0).

The meeting was adjourned at 3:33 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Keith DeVore (arrived at 1:25 p.m.), John Kelly, Winston H. Hickox, Dave Irish, Alice Jarboe, William D. Johnson, Nancy Wolford-Landers, Robert Woods, and John Conneally.

MEMBERS ABSENT: William Cox.

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Jeffrey W. States, Chief Investment Officer; James G. Line, General Counsel; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager, Julie Rucker, Personnel Specialist 2; Diana Ruiz, Deputy County Counsel; Tom Lightvoet of Mercer Investment Consulting; Richard White, President of SACRS, Tim Flynn of Brunn & Flynn Attorneys; Mark Singer, Attorney; Jesse S. Kaplan, Attorney; James P. O’Shaughnessy, Chairman and Chief Executive Officer and Sean P. McCaffrey, Managing Director of O’Shaughnessy Asset Management.

Respectfully submitted,

Richard Stensrud
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
James A. Diepenbrock, President

DATE: _____

cc: Retirement Board (11); Board of Supervisors (6); County Counsel; County Executive (2); Internal Services Agency (2); County Labor Relations; Employee Organizations (20); Sacramento County Retired Employees' Association; SCERS Member Districts (10); Elected Officials (3); Superior Court of California, County of Sacramento; Amervest Company, Inc.; Mark Merin; John R. Descamp; and The Sacramento Bee.