



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, MARCH 19, 2009

The regular 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, March 19, 2009, and commenced at 1:00 p.m.

OPEN SESSION:

PUBLIC COMMENT:

1. None heard.

MINUTES:

2. The Minutes of the February 19, 2009 regular meeting were approved on Motion by Mr. Johnson; Seconded by Mr. Woods. Motion carried (8-0).

CONSENT MATTERS:

Items 3-7

The Consent matters were acted upon as one unit upon a Motion by Mr. Cox; Seconded by Mr. Irish. Motion carried (8-0).

3. ROJAS, Minerva M.: Granted a nonservice-connected disability retirement.

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4. WALIA, Meena: Granted a nonservice-connected disability retirement.
5. Resolution 2009-06 authorizing extension of the engagement of the law firm of Hanson Bridgett LLP to provide tax law and other related legal services was approved.
6. Resolution 2009-05 authorizing extension of the engagement of the law firm of K&L Gates LLP to provide litigation, securities law and other related legal services was approved.
7. February 2009 Monthly Investment Manager Compliance Report and Watch List was received and filed.

CLOSED SESSION:

LEGAL MATTERS:

8. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9(a)
Securities and Exchange Commission against WG Trading Investors, L.P., et al
US District Court, Southern District of NY, Case No. 09 CIV 1750.

The Board received a report from legal counsel.

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 reminded the Board that the Form 700 conflict of interest statements were due at the end of March.

Mr. Stensrud reported that renewal of SCERS' fiduciary liability insurance coverage would be considered at the April Board Meeting.

Mr. Stensrud reported that an analysis of SCERS' securities lending program would be presented at the April Board Meeting.

Mr. Stensrud reported that staff would be coming to the Board in the near future with a proposed request for proposals for general investment consulting services.

INVESTMENT MATTERS:

10. The Board heard presentations by the investment consulting and investment management firms listed below regarding their views of the current market environment and projected market outlook.

Terry A. Dennison of Mercer Investment Consulting presented information on investment market cycles, including the frequency, duration and scope of 'Bear' and 'Bull' markets from the Depression through the present market downturn. Mr. Dennison discussed the various segments of the markets, noting that the downturn affected all segments and that 2008 had been the worst period in the markets since the 1930s. Mr. Dennison discussed the pressures on the U.S. banking system, monetary policy and economic indicators.

Joseph R. Elegante of Alliance Capital discussed his firm's view of the public equities markets. Mr. Elegante noted that market turmoil was extreme in 2008, with 93% of the world's stocks declining. Mr. Elegante reported that his firm expected an economic slowdown, and likely recessions, in 2009, but that there would be excellent investment opportunities coming out of this period. Mr. Elegante discussed factors that would help ignite the recovery and how quickly the economic stimulus measures might take effect.

David B. Lippman of Metropolitan West Asset Management discussed his firm's views of the fixed income markets. Mr. Lippman discussed the factors that had lead to excess borrowing and leverage. Mr. Lippman noted that he believed the economic retrenchment would be severe. Mr. Lippman discussed how the policy response has been broad in scope and comprehensive in degree. Mr. Lippman discussed his concern that an inflationary period was looming.

Halbert D. Lindquist of Blackstone Alternative Asset Management discussed his firm's views on the alternative investments markets. Mr. Lindquist discussed the hedge fund market in 2008, the characteristics of the firms that would survive the market downturn and the challenges and opportunities in the market. Mr. Lindquist discussed the commodities markets and the investment opportunities and inflation protection available from commodities. Mr. Lindquist discussed the private equity market and how the market downturn would impact near term and longer term private equity investment opportunities.

Michael H. Gately of Cornerstone Real Estate Advisors discussed his firm's view of the commercial real estate market. Mr. Gately noted that his firm believes the deep recession will continue through 2009 and into 2010, and that housing prices will need to stabilize and employment levels start to recover before the economy can get back on better footing. Mr. Gately discussed the commercial real estate fundamentals by property class. Mr. Gately noted that capital market imbalances would limit liquidity and curb real estate transactions. Mr. Gately suggested that commercial real estate values would weaken over the near term but there would be potential opportunities as the economy recovered.

Discussion followed, with numerous questions asked of the presenters.

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The presentation materials were received and filed on a motion by Mr. Woods; Seconded by Ms. Jarboe.

The meeting was adjourned at 4:18 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Keith DeVore (arrived at 1:25 p.m. and left at 3:59 p.m.), Dave Irish, Winston H. Hickox, Alice Jarboe, William D. Johnson, Robert Woods, John Conneally, and William Cox.

MEMBERS ABSENT: John Kelly and Nancy Wolford-Landers.

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; Terry A. Dennison, Mercer Investment Consulting; Joseph R. Elegante, Alliance Growth Equities; James Thyne, AllianceBernstein Institutional Investments; David B. Lippman and David Vick, Metropolitan West Asset Management; Halbert D. Lindquist, Blackstone Alternative Asset Management; Patrick T. Kendall and Michael H. Gately, Cornerstone Real Estate Advisers LLC; Robert Lewis, The Sacramento Bee; Meena Walia and Meera Walia.

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.