



Executive Staff:

Richard Stensrud
Chief Executive 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, First Vice President
Elected by Miscellaneous Members

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

Julie Valverde, Ex Officio
Director of Finance

Winston H. Hickox
Appointed by the Board of Supervisors

William D. Johnson
Elected by Safety Members

Kathy O'Neil
Elected by Miscellaneous Members

Nancy Wolford-Landers
Elected by Retired Members

Robert L. Woods
Appointed by the Board of Supervisors

John Conneally
Elected by Safety Members

William Cox
Elected by Retired Members

MINUTES

RETIREMENT BOARD MEETING, THURSDAY, SEPTEMBER 16, 2010

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, September 16, 2010, and commenced at 1:02 p.m.

OPEN SESSION:

PUBLIC COMMENT:

1. Jason Oringer of Service Employees International Union (SEIU) commented upon the work his organization is doing to assist Sacramento area building security workers in forming a union. Mr. Oringer expressed his concerns regarding the security contractor utilized by SCERS' landlord. Diane Kelly, a security officer employed by the contractor, also commented upon benefits and working conditions of the contractor. Mr. Oringer requested that SCERS contact the building owner and ask them to communicate with the contractor regarding these concerns.

MINUTES:

2. The Minutes of the August 19, 2010 meeting were approved on Motion by Mr. Woods; Seconded by Mr. Johnson. Motion carried (9-0).

CONSENT MATTERS:

Items 3-5

The Consent matters were acted upon as one unit upon a Motion by Mr. Johnson; Seconded by Mr. Kelly. Motion carried (9-0).

3. Grant, Warren D.: Granted a service-connected disability retirement.
4. Approved a recommendation that SCERS support the filing of comments reflecting the concerns of the public pension fund community regarding the Preliminary Views on Pension Accounting and Financial Reporting issued by the Governmental Accounting Standards Board (GASB).
5. Received and filed the August 2010 Monthly Investment Manager Compliance Report and Watch List.

CLOSED SESSION:

LEGAL MATTERS:

6. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956(a)
Sacramento Bee vs. SCERS
Superior Court of Sacramento County, Case No. 34-2010-80000514

The Board consulted with counsel.

7. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956(a)
Securities and Exchange Commission vs. WG Trading Investors, L.P., et al
U.S. District Court, Southern District of N.Y., Case No. 09CIV 1750

The Board consulted with counsel.

OPEN SESSION:

ADMINISTRATIVE MATTERS:

8. 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 the State Association of County Retirement Systems (SACRS) Fall Conference was to be held November 9-12, 2010. Mr. Stensrud noted that SCERS staff would be contacting the Board Members to find out if they wanted to attend and to assist with arrangements.

Mr. Stensrud reported that the SCERS Board election period would be closing on October 1, 2010. Mr. Stensrud noted that the only candidate for the Retiree position was incumbent Nancy Wolford-Landers. Mr. Stensrud reported that since Ms. Wolford-Landers was the

only candidate, there would not be an election for that position. Mr. Stensrud also reported that there were two candidates for the Alternate Retiree position and six candidates for the Miscellaneous Member position.

Mr. Stensrud reported that staff was attempting to find a workable date to hold a Special Board Meeting to consider adopting actuarial assumptions for the June 30, 2010 actuarial valuation to be prepared by The Segal Company. Mr. Stensrud also stated that the final distribution plan for the remaining funds in the 401(h) account (used to provide a retiree health care subsidy) would be acted upon at the special meeting. After discussion of possible dates, it was agreed that the Special Board Meeting would be scheduled for Tuesday, October 5, 2010 at 9 a.m.

Mr. Stensrud reported that the necessary groundwork for obtaining a qualified plan determination letter from the Internal Revenue Service (IRS) was progressing. Mr. Stensrud noted that staff was collecting information and developing materials for a potential submission to the IRS, and that it would likely be two to three months before that task was completed. Mr. Stensrud explained that the Board would be updated on the potential submission as work progressed and that the Board would be presented with information to help it assess whether SCERS should file for the determination letter.

Mr. Stensrud reported that AB 1987 (the anti-spiking bill) and AB 609 (the administrative cost cap bill) both recently passed and are awaiting the action by the Governor. Mr. Stensrud noted that Sacramento County had introduced AB 226 late in the legislative session to clarify the impact of AB 1987 on certain County bargaining agreements and to implement new tiers that were approved for certain Safety bargaining units.

Mr. Stensrud reported that Staff had anticipated that the Board would interview the finalists for the real estate separate account manager assignment currently held by BlackRock Realty Advisors at the October Board Meeting, but due to complications with the search it now appeared those interviews would need to be delayed at least one month. Mr. Stensrud noted that the agenda for the November Board Meeting was expected to include the actuarial valuation and interviews of finalists for the alternative asset consultant assignment and he was concerned about adding the manager candidate interviews to an already full agenda. After discussion, it was agreed to have the real estate separate account manager interviews in November.

Mr. Stensrud reported that the search for space for SCERS' administrative offices was zeroing in on two properties. Mr. Stensrud noted that the process is near its final stage and that the next step would be to select the property as the first focus for final negotiations.

INVESTMENT MATTERS:

9. General Counsel James Line presented the annual report on the processing of applications for disability retirement benefits.

Mr. Line reported that the overall time to process disability applications has been reduced by about six months. Mr. Line noted that was probably a function of the increase in the

number of recommendations made by the Disability Review Committee, but that the length of time to process applications was still longer than optimal because the number of proposed hearing officer decisions had declined substantially. Mr. Line explained the decrease in proposed hearing officer decisions was largely due to the loss of a senior personnel specialist that was responsible for scheduling hearings and preparing catalogs for the hearings. Mr. Line reported that this staffing issue had been addressed by shifting these responsibilities to other staff.

Mr. Line also reported that SCERS had recently engaged a copy service to obtain medical records that should improve the time required to prepare the catalogs for the hearings. Mr. Line also noted that the responsibility for the scheduling of the hearings has been shifted to County Counsel.

Mr. Line noted that the desire for greater efficiency in the processing of disability applications would need to continue to be tempered by assuring that adequate time was being dedicated to each application to assure fairness and a correct outcome for both the applicant and the retirement system. Mr. Line also noted that some applications take longer if they required extensive medical evaluation and adjudication by a hearing officer.

Mr. Line outlined various recommended revisions to the procedures for processing disability retirement applications. Mr. Line noted that the revisions would require action by the Sacramento County Board of Supervisors before they took effect.

Motion by Ms. O'Neil to approve the recommended revisions to the procedures for processing disability retirement applications; Seconded by Ms. Wolford-Landers. Motion carried (9-0).

10. Chief Executive Officer Richard Stensrud presented a Request for Proposals for Alternative Assets Consulting Services.

Mr. Stensrud noted that at the August Board Meeting, the Board received an educational presentation on the current status of the alternative assets component of SCERS' investment portfolio along with analysis of a proposed approach for refining the alternative assets segment to capture the full return and diversification potential available from the alternatives space. Mr. Stensrud explained that an important element for properly developing and overseeing the proposed new alternative asset class structure would be the engagement of a specialist investment consultant with expertise in the alternative assets space. Mr. Stensrud noted that the Board concurred with both the proposed direction for the alternative asset classes and with the proposed engagement of a specialist consultant to help guide that evolution.

Mr. Stensrud explained that Staff was now presenting for the Board's consideration: (a) A proposed Request for Proposals for Alternative Assets Consulting Services (RFP); (b) A proposed approach for evaluating the candidates for the assignment; and (c) A proposed list of firms who will receive the targeted solicitation of proposals.

Mr. Stensrud noted that if the Board approved the materials and proposed evaluation process, Staff was requesting authorization to issue the RFP.

Discussion followed, including consideration of whether Staff should present a single candidate to the Board for approval or whether the Board should be presented with two or three finalists. Mr. Stensrud recommended that the Board consider more than one finalist in order to provide a basis for comparison and help assure that the Board was selecting the consultant whose capabilities and approach best matched the Board's desires.

Motion by Mr. Woods to approve: (a) issuance of the proposed RFP for Alternative Assets Consulting Services; (b) the proposed list of firms who would receive the RFP; and (c) the proposed evaluation criteria and process for selecting finalists; Seconded by Mr. Kelly. Motion carried (9-0).

The meeting was adjourned at 2:38 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Keith DeVore John B. Kelly, Julie Valverde, Winston H. Hickox, William D. Johnson, Kathy O'Neil, Nancy Wolford-Landers, Robert L. Woods, John Conneally, and William Cox.

MEMBERS ABSENT: none

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; James G. Line, General Counsel; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager; Scott Chan, Investment Officer; Steve Davis, Investment Officer; John Lindley, IT Analyst; Diana Greenstone, Mercer Investment Consulting; Jason Oringer, Seth Cohen and Lino Pedres, SEIU-USWW; and Diane Kelly, Securitas.

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.