



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, 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

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, SEPTEMBER 15, 2005

The meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, U.S. Bank Plaza Building, 980 9th Street, 18th Floor, Sacramento, California, on September 15, 2005 at 1:04 p.m.

OPEN SESSION:

PUBLIC COMMENT:

1. None heard.

MINUTES:

2. The Minutes of August 18, 2005, were approved on motion by Mr. Johnson; Seconded by Mr. Irish. Motion carried (5-0).

CLOSED SESSION:

DISABILITY MATTERS:

3. MORAN, Gail E.: Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated September 7, 2005.
4. O'NEILL, Daniel I.: Action was taken on the Application for Disability Retirement as indicated per attached confidential memorandum dated September 7, 2005.

OPEN SESSION:

ADMINISTRATIVE MATTERS:

5. Chief Executive Officer Richard Stensrud reported that in light of the devastation in the Gulf area from Hurricane Katrina, he had directed SCERS staff to determine whether any SCERS retirees living in the affected areas were receiving paper checks through the mail rather than having their benefits paid via direct deposit, and whether there was any indication that such individuals might be experiencing any problems in getting their monthly benefit payments. Mr. Stensrud reported that the vast majority of SCERS retirees in the affected area received their benefit payments via direct deposit, and fortunately, only one person receiving a paper check lived near the worst of the damage, and even then was far enough away that her mail service was not disrupted. Mr. Stensrud noted that this disaster had illustrated the value of receiving payments via direct deposit.

Mr. Stensrud also noted that the events in the Gulf had served as a reminder of the importance of disaster planning and disaster recovery for SCERS. Mr. Stensrud reported that SCERS was integrated into the County's disaster recovery plan, but that he and Chief Operations Officer Kathryn Regalia, who has substantial experience in developing such plans, would be reviewing the existing plans and identifying areas where SCERS might want to implement additional measures to assure that SCERS could continue to carry out its core functions, including but not limited to issuing timely benefit payments. Discussion followed, including questions regarding the County's disaster recovery plan. No action was taken.

Mr. Stensrud reported that Assembly Member Richman had introduced a revised pension reform bill late in the legislative session. Mr. Stensrud noted that the legislative proposal sought to address many of the flaws noted by critics in Mr. Richman's previous pension reform proposal. Mr. Stensrud also noted that a detailed analysis of the new legislative proposal could be found in the most recent issue of the Public Retirement Journal. Mr. Stensrud stated that as with the first proposal, Mr. Richman had indicated that he would pursue the revised proposal as a ballot initiative if he was unsuccessful in the legislature.

Mr. Stensrud reported that SCERS would soon be commencing work on a special project commissioned by the County of Sacramento Superior Court. Mr. Stensrud reported that the project would involve identifying the appropriate segment of SCERS membership that would be considered Court employees as opposed to County employees, and determining the appropriate level of assets and liabilities associated with the Court employee group. Mr. Stensrud reported that SCERS had been working closely with both the Court and the County in identifying the appropriate parameters for making such a determination, and that the project would involve an extensive amount of data extraction and analysis, and would also require a substantial amount of actuarial work. Mr. Stensrud reported that cost of the project would be funded by the Court and the project would be carried out pursuant to a memorandum of understanding between the Court and SCERS.

ADMINISTRATIVE MATTERS: (continued)

Mr. Stensrud noted that he had previously mentioned to the Board his interest in conducting separate Board sessions dedicated, respectively, to strategic planning and retirement system governance. Mr. Stensrud stated that if these were matters that the Board wanted to undertake, he would identify possible dates and locations for the sessions, and would also identify possible facilitators for the respective discussions. The consensus of the Board was that sessions in both areas should be planned.

Mr. Stensrud asked Chief Investment Officer Jeffrey States to update the Board on the status of (1) the search for an investment manager to provide a cash overlay strategy; and (2) the search for investment managers to provide REIT strategies. Mr. States reported a Request for Information (RFI) had been sent to nine possible overlay managers and he hoped to be in a position to make a recommendation regarding the optimal candidate to the Board at the November Board Meeting. Mr. States also reported that a RFI had been sent to sixteen REIT managers and that Mercer Investment Consulting would be providing the results of the search at the November Board Meeting.

Ms. Wolford-Landers asked if SCERS could mail a notice to all retirees whenever the County was contemplating a possible a change to its retiree health care plan. Ms. Wolford-Landers noted that the County provides such notice to the Sacramento Retired Employees Association (SCREA), and in turn, SCREA passes that information to its members, but that not all retirees are SCREA members. Ms. Wolford-Landers noted that having SCERS provide such notice to all retirees would help ensure that the retirees were made aware of matters that might affect them. Mr. Stensrud reported that he would gather information on the cost and other possible issues associated with SCERS providing such notice and bring the matter back to the SCERS Board for a decision on what role SCERS should play in the matter.

6. Chief Executive Officer Richard Stensrud presented a proposed functional job description for the General Counsel position authorized at the August Board Meeting, along with a proposed salary range for the position of \$105,782 to \$125, 580. Mr. Stensrud noted that the job description detailed the functions, duties and reporting relationship for the position, as well as the qualifications, knowledge, skills and experience that will be required in the position. Mr. Stensrud also explained the basis for the recommended salary range. Discussion followed. Motion by Mr. Hickox to approve the functional job description and salary range proposed by the Chief Executive Officer; Seconded by Ms. Wolford-Landers. Motion carried (6-0).
7. Chief Executive Officer Richard Stensrud presented the results of a report he had requested from Chief Benefits Officer John Gobel regarding the Hearing Officers who preside over SCERS disability retirement proceedings. Mr. Stensrud noted that the hourly rate paid to SCERS Hearing Officers had not been increased since 2000 and appeared to be below the current market rate for such services. Mr. Stensrud reported that it was important that SCERS be able to attract and retain qualified Hearing Officers in order to

ADMINISTRATIVE MATTERS: (continued)

carry out its responsibilities in addressing disability retirement applications. Mr. Stensrud reported that he and Mr. Gobel were working on options for expanding the current roster of Hearing Officers and would return to the Board shortly with recommendations. In the interim, however, Mr. Stensrud recommended that the hourly rate paid to SCERS Hearing Officers be increased to \$150 for all new matters. Discussion followed. Motion by Mr. Johnson to approve the recommended hourly rate of \$150; Seconded by Mr. Irish. Motion carried (6-0).

INVESTMENT MATTERS:

8. Chief Investment Officer Jeffrey States presented Resolution SCERS 2005-07 authorizing the Board President to execute Amendment #4 to the Investment Management Agreement (IMA) between SCERS and Trinity Investment Management. Mr. States explained that the proposed amendment would extend the application of the performance fee arrangement in the IMA through June 30, 2007. Motion by Mr. Hickox to adopt Resolution SCERS 2005-07; Seconded by Ms. Wolford-Landers. Motion carried (6-0).
9. Chief Investment Officer Jeffrey States presented a report on the commission recapture program administered by State Street Global Advisors. The report was received and filed on a Motion by Mr. Kelly; Seconded by Ms. Wolford-Landers.
10. Chief Investment Officer Jeffrey States presented the Trade Execution and Cost Performance Report for the fiscal year ending June 30, 2005. The report was received and filed on a Motion by Mr. Kelly; Seconded by Mr. Johnson. Motion carried (6-0).
11. Chief Investment Officer Jeffrey States presented the Monthly Investment Compliance and Activity Report for August 2005. The report was received and filed on a Motion by Mr. Kelly; Seconded by Ms. Wolford-Landers. Motion carried (6-0).

The meeting was adjourned at 2:26 p.m.

MEMBERS PRESENT: James A. Diepenbrock, President; Winston Hickox (arrived at 1:08 p.m.); Dave Irish; William Johnson; John Kelly; and Nancy Wolford-Landers.

MEMBERS ABSENT: Bill Cox, Keith DeVore, Steven Soto, Ronald Suter, and Robert Woods.

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Jeffrey States, Chief Investment Officer; Kathryn Regalia, Chief Operations Officer; John Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager; Michele Bach, Supervising Deputy County Counsel; Diana Ruiz, County Counsel; and Florence Craig, Executive Assistant.

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 (2); County Employment Records & Training (2); County Employee Benefits & Risk Management; County Labor Relations; Employee Organizations (21); Sacramento County Retired Employees' Association; SCERS Member Districts (11); Amervest Company, Inc. (2); Dickstein & Merin; and The Sacramento Bee