



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

Mark Norris, Ex Officio  
Internal Services Agency Administrator

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 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 18, 2010

The regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 18<sup>th</sup> Floor, Sacramento, California, on Thursday, March 18, 2010, and commenced at 1:00 p.m.

#### OPEN SESSION:

##### PUBLIC COMMENT:

1. Chief Executive Officer Richard Stensrud noted that Board Member Bill Johnson had been promoted to Chief Deputy in the Sacramento County Sheriff's Department.

##### MINUTES:

2. The Minutes of the November 17, 2009 special meeting, November 19, 2009, December 17, 2009, and January 21, 2010 regular meetings were deferred.

The Minutes of the February 18, 2010 regular meeting were approved on Motion by Mr. Johnson; Seconded by Mr. Woods. Motion carried (9-0).

##### CONSENT MATTERS:

Items 3-6

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

3. NESEMANN, Henry: Granted a service-connected disability retirement.
4. THOMPSON, Rebecca: Granted a nonservice-connected disability retirement.
5. Received and filed the Trading Cost Analysis reports prepared by Elkins/McSherry (State Street Bank) for the quarter ended December 31, 2009.
6. Received and filed the February 2010 Monthly Investment Manager Compliance Report and Watch List.

**CLOSED SESSION:**

**LEGAL MATTERS:**

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.

8. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
Government Code Section 54956(a)  
Ana Luisa Acosta v. SCERS  
California Court of Appeal (Third District), Case No. C061089

The Board consulted with 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 Members that the annual Form 700 Statement of Economic Interests needed to be filed by the end of the month.

Mr. Stensrud reported that renewal of the fiduciary insurance coverage would be taken up at the April Meeting.

Mr. Stensrud reported that the State Association of County Retirement Systems (SACRS) Spring Conference would be taking place in Newport Beach in May. Mr. Stensrud noted that Board Members are required by state law to participate in ethics training every two years and that this training would be available at the SACRS Conference.

Mr. Stensrud noted that the California Association of Public Retirement Systems (CALAPRS) General Assembly had recently taken place in Palm Springs.

Mr. Stensrud provided an update on the search for space for SCERS' administrative offices. Mr. Stensrud noted that Staff and the Board Sub-Committee assigned to the task had visited numerous potential properties and would be reducing the options to a short list of potential sites. Mr. Stensrud noted that proposals would then be solicited from those sites. Board President James Diepenbrock noted that the Board needed to be prepared for the possibility that the offices might need to move from the current location to ensure that SCERS obtains an optimal deal.

Mr. Stensrud reported that an analysis of the overlay program, specifically the subject of rebalancing aspect of the program, was continuing. Mr. Stensrud stated that a report and recommendation on the subject would be presented in April.

Mr. Stensrud reported that the funds previously managed by O'Shaughnessy Asset Management (OSAM) had been transitioned on an interim basis to a Russell 2000 Index Fund. Mr. Stensrud noted that in April, Mercer Investment Consulting would be presenting an investment manager candidate pool to replace OSAM. Mr. Stensrud further noted that finalists for the assignment would present to the Board in May, which would necessitate an early start to the May Board Meeting.

Mr. Stensrud noted that an educational session focusing on the opportunities portfolio would also be presented at the May Board Meeting. Mr. Stensrud noted that the session would cover infrastructure investing, timber, distressed assets and other potential investment strategies.

Mr. Stensrud reported that SCERS had recently received a request from European Credit Management (ECM) proposing a change in their approach with regard to currency hedging. Discussion followed, with Staff noting that the proposal for more frequent currency hedging would likely be beneficial.

Mr. Stensrud reported that an independent third party consultant had been engaged to assist in assessing the options regarding the Weston, Florida office property managed by BlackRock Realty Advisors. Mr. Stensrud noted that he hoped the consultant's report would be completed in time for the April Board Meeting.

Mr. Stensrud noted that SCERS' real estate allocation has increased over the years, and more was being asked of Mercer Investment Consulting with respect to real estate consulting. Mr. Stensrud noted that given the anticipated work that will need to be done in the real estate space, SCERS should consider shifting to a retainer-based relationship for that work rather than address projects on an ad hoc basis. Mr. Stensrud reported that he planned to bring a recommendation to the Board on this topic in the near future.

Mr. Stensrud noted the growing attention being given to actuarial earning assumptions and advised the Board that this would likely be a topic of discussion in preparing the next actuarial valuation.

Mr. Stensrud reported that the federal tax law compliance project was moving forward. Mr. Stensrud noted that draft language for the 1937 Act and draft regulations for the systems to adopt had been prepared. Mr. Stensrud reported that a task force would be bringing materials to the IRS for feedback. Mr. Stensrud noted that the 1937 Act Systems were paying for the service collectively.

Mr. Stensrud noted that SCERS would be filling two vacant positions with County employees, which would mean two less layoffs.

**INVESTMENT MATTERS:**

10. Chief Executive Officer Richard Stensrud presented an update on SCERS' securities lending program. Discussion followed. No action was taken.

The meeting was adjourned at 2:07 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Keith DeVore, John Kelly, Mark Norris, Winston H. Hickox, William D. Johnson, Kathy O'Neil, Nancy Wolford-Landers, Robert 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; Julie Rucker, Senior Personnel Specialist; Diana Ruiz, Deputy County Counsel; and Tom Lightvoet, Mercer Investment Consulting.

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.