

## SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The regular meeting of the San Bernardino County Employees' Retirement Board was held May 7, 2009, in the Board of Retirement Board Room, 348 West Hospitality Lane, First Floor, San Bernardino, California.

## Those present were:

RICHARD LARSEN, Treasurer (Chairman)  
 ELLEN WEISSER, Appointed Member (Vice Chairman)  
 ROBERT MCDONALD, Retired Member  
 DON NEELY, General Member  
 MARVIN REITER, Appointed Member  
 PAUL RUSS, Appointed Member  
 DAWN STAFFORD, General Member

## Also present were:

TIMOTHY BARRETT, Executive Director/CIO  
 LANCE KJELDGAARD, Chief Counsel  
 CHRISTIE PORTER, Chief Member Services  
 MICHAEL O'KELLY, Chief Fiscal Services  
 CAROL FENN, Recorder

## Not present were:

CHRISTOPHER LEGGIO, Appointed Member  
 DAVID WILLIAMS, Safety Member  
 BRET HENRY, Alternate Member

1. Chairman Larsen called the meeting to order at 9:00 a.m.

**CONSENT:**

Russ moved, McDonald seconded, to approve the consent items as follows:

2. Approve minutes of regular meeting of April 2, 2009.
3. Approve minutes of special meeting of April 13, 2009.

4. Service Retirements:		Effective Date
ADAMS, Judith A.	Children's Services	06/30/09
BENNETT, Diane K.	Library (Def)	04/09/09
BROOKS, Deborah	TAD	03/21/09
BURGESS, Cynthia M.	Children's Services	03/28/09
COY, Thomas M.	ARMC	04/15/09
DE VRIES, Irene	Risk Management	06/20/09

ELLIS, Clifford C.	County Fire	05/09/09
ESPARZA, Daniel	Transportation/Flood Control	06/20/09
FUQUA, Carol A.	Human Services	06/20/09
FAULK, Angelina	Public Health	06/20/09
FELGAR, Linda C.	Library	06/20/09
FUSON, Ruth	Human Services (Def)	05/22/09
GOMEZ, Esther	Sheriff	06/20/09
GONZALES, Clara	ARMC	04/06/09
GONZALES, Mary	Public Guardian	06/09/09
GUSMAN, Rosemary	TAD	03/28/09
HANOWITZ, Michael V.	Children's Services	04/11/09
HERNANDEZ, John M.	Sheriff	05/23/09
HOBBS, Yvonne R.	ARMC	04/26/09
HOPKINS, Dorothy S.	Human Services	04/25/09
HUEGEL, Meribeth	TAD	04/11/09
IZUMI, Rex R.	Fleet Management	06/20/09
JESKE, Kenneth L.	Solid Waste (Def)	05/09/09
JURANEK, Yevette K.	SCAQMD	04/18/09
KATIN, William M.	ICEMA	04/09/09
KINCADE, Lucille	ARMC	06/20/09
KING-FREDERICK, Lara	Public Health (Def)	03/03/09
KING, Linda D.	Human Services	06/21/09
MASSEY, Ryan	Information Services	05/09/09
MCDANIEL, Marilyn	Child Support	05/09/09
MCLAURIN, Joan W.	Children's Services (Def)	04/23/09
MILLER, Diane M.	District Attorney	06/20/09
MOORE, Johnny M.	Facilities Management	05/09/09
NGUYEN, Dieu	Public Works	05/23/09
NICHIPORUK, Daniel A.	Sheriff (Def)	05/09/09
NOLAN, Lavon A.	Public Health	05/09/09
PADILLA, Jane	Behavioral Health	06/20/09
PEQUENO, Pete N.	Aging & Adult Services	06/20/09
POTTER, Thomas A.	Regional Parks	06/20/09
RICHARDS, Betty L.	Auditor - School Claims (Def)	05/30/09
ROWE, Kieth C.	Land Use Services	04/25/09
SEWANI, Munir	Behavioral Health (def)	04/29/09
SHAW, Kathy	Library	05/23/09
SMITH, Kenneth L.	District Attorney	06/20/09
SWENSON, Kathleen	Human Services	06/06/09
THOMAS, Vincent C.	Human Services (Def)	04/04/09
VALENCIA, Carol O.	Human Services	04/25/09
WALDROP, William	District Attorney (Def)	05/27/09
WATTS, Richard	Library	06/06/09
WYANT, Steven R.	Public Health	05/02/09
ZEHNER, Mark S.	CSAC (Def)	05/12/09

5. Staff Travel:

- a. Approve the attendance of James Perry to Kaplan Schweser's WindsorWeek to be held in Detroit, MI on May 1 - 8, 2009.

- b. Approve the attendance of Andrew Kjeldgaard to the National Association of Public Pension Attorneys' 2009 Legal Education Conference, to be held in Portland, Oregon on June 23 - 26, 2009.

6. Disability Applications - Initial Decision:

a. BENNETT, Steven R.

To approve staff recommendation that:

1. Mr. Bennett is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Bennett's disability is service-connected based on Reactive Airway Dysfunction Syndrome (RADS).
3. No medical review is necessary as specified by the medical advisor.
4. Staff shall initiate disability benefit payments with an effective date of March 14, 2009, the day after the last date compensated.

b. CHILDS, Natalie

To approve staff recommendation that:

1. Ms. Childs is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Childs' disability is service-connected based on Posttraumatic Stress Disorder.
3. No medical review is necessary as specified by the medical advisor.
4. Staff shall initiate disability benefit payments with an effective date of August 5, 2006, the day after the last date compensated.

c. SIMENTAL, Henrietta

To approve staff recommendation that:

1. Ms. Simental is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Simental's disability is service-connected based on Bilateral Carpel Tunnel Syndrome.
3. Ms. Simental is capable of gainful employment.
4. No medical review is necessary as specified by the medical advisor.
5. Staff shall initiate disability benefit payments with an effective date of April 1, 2006, the day after the last date compensated.

Motion carried.

**CLOSED SESSION****DISABILITY APPLICATIONS - [Article 1, Section 1, California Constitution (Right to Privacy) and California Government Code Section 54957]:**

## 7. Initial Decision:

## a. BARNES-JONES, Evelyn

Russ moved, Stafford seconded, to approve staff recommendation that:

1. Ms. Barnes-Jones is not permanently incapacitated for the performance of duties based on fibromyalgia and osteoarthritis of the right knee.
2. Disability retirement is denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be August 16, 2008, the day after the last date compensated.

Motion carried.

## b. DAVIS, Mary Ann

Reiter moved, Neely seconded, to approve staff recommendation that:

1. Ms. Davis is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Davis' disability is nonservice-connected based on bilateral shoulder, elbow, hand, thumb and knee injuries.
3. Ms. Davis is capable of gainful employment.
4. No medical review is necessary as specified by the medical advisor.
5. Staff shall initiate disability benefit payments with an effective date of April 29, 2006, the day after the last date compensated, provided applicant requests the benefit in writing.

Motion carried.

## c. FRASIER, Leigh

McDonald moved, Neely seconded, to approve staff recommendation that:

1. Ms. Frasier is not permanently incapacitated for the performance of duties based on low back injury.
2. Disability retirement is denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be June 21, 2008, the day after the last date compensated.

Motion carried.

CONFERENCE WITH LEGAL COUNSEL

8. Anticipated Litigation: Government Code Section 54956.9(b) - Two Cases

OPEN SESSION

The Chairman called a recess at 9:50 a.m. The meeting resumed at 10:00 a.m.

9. Allan Martin, New England Pension Consultants, presented their Quarterly Investment Performance Review for the period ending March 31, 2009.

10. Allan Martin, New England Pension Consultants, presented their Asset Allocation Study.

11. Russ moved, Stafford seconded, to approve New England Pension Consultants' Asset Allocation Study, to revise the current asset policy targets with proposed policy targets as follows:

• Cash	2%
• Equity	20%
o Domestic Equities	10%
o Non U.S. Developed Equities	7%
o Emerging Markets	3%
• Fixed Income	34%
o Domestic Bonds	21%
▪ Core Bonds	8%
▪ Credit Strategies (High Yield)	13%
o International Bonds	9%
▪ Internat'l Dev. Mkt Sovereign Debt	4%
▪ Internat'l Dev. Mkt Credit Strategies	5%
o Emerging Market Debt	4%
• Alternative Assets	44%
o Absolute Return	10%
o Private Equity	16%
o Real Estate	10%
o Real Assets	8%
• Expected Long Term Compound Return	9.40%
• Standard Deviation	11.30%
• Sharpe Ratio	0.62
• Sortino Ratio (0% Target Return)	114.9
• Target Probabilities of <0% over 1 year	19.02%
• Target Probabilities of <0% over 5 years	2.49%

Motion carried.

Weisser and Russ left the meeting at 11:16 a.m.

12. Barrett reviewed changes to AB-1406, amending Government Code section 31522.5. McDonald moved, Neely seconded, to approve. Motion carried.
13. O'Kelly reviewed the Proposed Administrative Expense Budget for FY 2009/2010. Reiter moved, Neely seconded, to approve. Motion carried.
14. McDonald moved, Stafford seconded, to approve the SACRS 2009-2010 Board of Directors Election Final Ballot. Motion carried.
15. Administrative Committee report and actions on recommendations contained therein:
  - a. Barrett reported on the meeting conducted April 20, 2009.
  - b. McDonald moved, Neely seconded, to approve the use of Information Technology contingency funds in the amount of \$93,000 for the purchase of new desktop and laptop computers. Motion carried.
16. Audit Committee report and actions on recommendations contained therein:
  - a. Reiter reported on the meeting conducted April 20, 2009.
  - b. Reiter moved, McDonald seconded, to approve a three-year contract with Macias, Gini and O'Connell to provide financial statement audit services. Motion carried.
  - c. Reiter moved, McDonald seconded, to approve the proposed use of an alternative search procedure to evaluate the services of a Tax Filing Agent in the country of Taiwan. Motion carried.
17. Benefits and Compensation Committee report and actions on recommendations contained therein:
  - a. Barrett reported on the meeting conducted April 20, 2009.
  - b. Barrett reviewed the incentive plan update.
  - c. McDonald moved, Neely seconded, to approve the Individual

Objectives Reporting Format for Special District Staff subordinate to the Executive Director/Chief Investment Officer. Motion carried.

18. McDonald moved, Neely seconded, to ratify the attendance of Dick Larsen and Paul Russ to the SB 11 Hearing, held in Sacramento, CA on April 20, 2009. Motion carried.
19. Neely moved, McDonald seconded, to approve the attendance of up to three trustees and James Perry to the New England Pension Consultants' (NEPC) Client Conference, to be held in Cambridge, MA on May 20 - 21, 2009. Motion carried.
20. Neely moved, McDonald seconded, to approve the attendance of Marvin Reiter to the SACRS Public Pension Investment Management Program - Modern Investment Theory and Practice for Retirement Systems, to be held in Berkeley, CA on June 22 - 24, 2009. Motion carried.
21. Stafford and Neely reported on their attendance at the Institutional Investors Public Funds Roundtable, held in San Diego on April 22 - 24, 2009. Neely and Reiter report on their attendance at the IFEBP Investments Institute, held in New Orleans, LA on April 27 - 29, 2009.
22. Staff Reports:
  - a. Barrett discussed items on his written report covering significant administrative events during April.
  - b. Kjeldgaard presented the Legislative Update.
  - c. O'Kelly provided the Administrative Expenses - Third Quarter Budget vs. Actual for Fiscal Year 2008/2009.
23. The Chairman invited Public Comment. No Public Comment was provided.

There being no further business, the meeting adjourned at 12:02 p.m.

Respectfully submitted,

\_\_\_\_\_  
RICHARD LARSEN, Chairman

\_\_\_\_\_  
TIMOTHY BARRETT, Secretary

DATED \_\_\_\_\_