

## SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The special meeting of the San Bernardino County Employees' Retirement Board was held June 8, 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)  
 CHRISTOPHER LEGGIO, Appointed Member  
 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  
 DONALD PIERCE, Investment Officer  
 BRIAN LONG, Investment Officer  
 CAROL FENN, Recorder

Not present were:

DAVID WILLIAMS, Safety Member  
 BRET HENRY, Alternate Member

1. Chairman Larsen called the meeting to order at 9:04 a.m.

**CONSENT:**

Leggio moved, Neely seconded, to approve the consent items as follows:

2. Approve minutes of regular meeting of May 7, 2009.
3. Approve minutes of special meeting of May 11, 2009.

4. Service Retirements:		Effective Date
ANDERSON, Beverly S.	Sheriff	06/20/09
ANTHONY, Eileen L.	Human Services	06/20/09
AUGSBURGER, Harry E.	TAD	06/20/09
BAGARRY, Carole J.	ARMC	06/20/09
BECHARD, Sheila R.	Human Services	06/20/09
BEEGLE, Lori F.	Aging and Adult Services	06/20/09

BESHEER, Susan A.	ARMC	05/23/09
BLAKE, Larry W.	Transportation	06/25/09
BOKKIN, Diane M.	Behavioral Health	06/20/09
BOOTH, Kelli Jo	Human Services	06/30/09
BOSTON, William N.	Information Services	06/20/09
BRADFORD, Erex G.	Facilities Management	06/20/09
BRENN, Douglas A.	Sheriff (Def)	07/01/09
BROMBERG, Ronald	County Fire	06/03/09
BRONSTRUP, Richard H.	Public Works	06/20/09
BRYANT, Linda A.	TAD	06/06/09
BUETOW, Gary J.	ISD	06/27/09
BUETOW, Sharon K.	Human Resources	06/27/09
BURK, Joyce	Library	06/20/09
BURKE, Patrick	Probation	06/30/09
CARDOZA, Irene	TAD	05/09/09
CARNERO, Theresa R.	Public Health	05/12/09
CARTY, Nickolet C.	TAD	06/20/09
CASLAVKA II, Paul P.	District Attorney	06/15/09
COLLINS, Paula S.	Public Health	06/30/09
COOPER, Henry	Sheriff	06/30/09
CRABTREE, Arvita G.	Behavioral Health	05/23/09
CREAGER, Jolyn	Economic Development	06/30/09
CREEK, Shirley	ARMC	06/06/09
CROSS, Deborah	TAD	06/30/09
CRUZ, C. Christian	Public Defender	06/27/09
DA METZ, Rene'	Behavioral Health	06/06/09
DAVIS, Bruce	Architecture/Engineering	06/30/09
DAVIS, Leonard L.	Land Use Services	06/20/09
DELGADO, Albert	Facilities Management	06/20/09
DONNELLY, Peggy A.	Child Support Services	06/20/09
DORAME, Leticia A.	Assessor	06/23/09
DOYLE, Marjorie V.	Human Services	05/23/09
DUGAS, Earl J.	Veterans Affairs	06/27/09
ELLIOTT, Wilfert	Child Support Services	06/20/09
ESTRADA, Matilda	Probation	05/09/09
ETHIER, Donna L.	Superior Court	07/07/09
GALLAND, Mary L.	TAD	06/27/09
GASCOIGNE, Gloria D.	Public Health	05/23/09
GENOVA, Joseph	City of Big Bear Lake	06/20/09
GILBERT, Gloria J.	TAD	06/30/09
GONZALES, Benjamin Y.	District Attorney	06/20/09
GONZALES, Cecelia	Human Services	05/23/09
GONZALES, Laura A.	Probation	06/20/09
GREEK, Dana L.	Child Support Services	06/20/09
GROVE, Edna Mae	TAD	05/30/09
GUTIERREZ, Debora L.	Human Services	06/20/09
HARBAUER, Jeanette L.	Human Services	06/20/09
HARRIS, Mae E.	Risk Management	06/23/09
HASH, James G.	Workforce Development	06/26/09
HAVERT, Lawrence J.	Behavioral Health	06/20/09
HEGGINS-LEARY, Margaret	Children's Services	06/30/09
HELSPER, Linda P.	Behavioral Health	06/20/09
HENDERSON, Sandra E.	TAD	06/30/09
HENRY, Jacqueline E.	TAD	06/06/09

HERMOGENO, Estrellita	Public Health	06/20/09
HERNANDEZ, Armida	Public Health	06/20/09
HINESLEY, Rex A.	County Counsel	06/24/09
HINOJOSA, Margarita	Child Support	06/20/09
HOLLIDAY, Pearlie	Human Resources	06/30/09
HUDSPETH, Samuel D.	ARMC	06/30/09
HUG, Rozanne	Human Services	06/30/09
HUGHES, Betty C.	TAD	06/20/09
JAGLOWSKI, Deanna R.	Behavioral Health	06/20/09
JENKINS, Robert	Human Services	06/27/09
JEWETT, Coylia	Aging and Adult Services	06/20/09
JOHNSON, Nedra C.	County Counsel	06/23/09
JONES, Thomas	ARMC	06/30/09
JULIUS, Carolyn Sue	TAD	06/30/09
KANALY, Michael P.	Human Services	05/29/09
KANE, Joy V.	Probation	06/20/09
KELLNER, Paul M.	Sheriff	05/23/09
KROLL, Carol J.	County Counsel	06/30/09
LANDIS, Edna C.	Child Support Services	06/20/09
LARSEN, Richard N.	Treasurer-Tax Collector	07/04/09
LAW, Franklin S.	Architecture & Engineering	06/30/09
LEE, Fred	Behavioral Health	06/20/09
LEIFFER, Joyce F.	Preschool Services	06/20/09
LE MOS, Debra A.	Clerk of the Board	06/06/09
LEMUS, Angel H.	Transportation	06/20/09
LO CURTO, James J.	TAD	06/06/09
LOPEZ, Dayle A.	Children's Services	06/30/09
LOPEZ, Mary L.	TAD	06/20/09
LYKKE, Consuelo	Human Services	06/20/09
MARLETT, Irene	Public Health	06/06/09
MARQUEZ, William L.	TAD	06/06/09
MATTHYS, Steven A.	Agriculture/Weights & Meas.	06/26/09
MILLER, Sheryl A.	Superior Court	06/06/09
MORENO, Kathleen C.	ARMC	06/20/09
NORBERG, Viktoria A.	Child Support Services	06/20/09
NORTH, Valerie	Human Services	06/20/09
OGDEN, Patricia A.	Human Services	06/26/09
OSBORN, Kathleen L.	Assessor	05/09/09
OWENS, Ronald B.	Risk Management	06/30/09
PALACIO, James F.	Sheriff	06/06/09
PIMENTEL, Debbie J.	Human Services	06/20/09
PIPPIN, Diane E.	SCAQMD	06/13/09
POLCHOW, Alfred C.	Assessor	06/30/09
RANSOM, Patricia M.	Library	05/12/09
RAPPISI, Richard	Child Support (Def)	05/22/09
RESENDEZ, Barbara	Children's Services	05/23/09
RETTIG, Vivian	Human Services (Def)	05/22/09
RIKER, Evelyn A.	Human Services	06/30/09
RIPLEY, Edward D.	Sheriff	07/04/09
RIVERA, Gayle	CSAC	06/29/09
ROBINSON, Adriene M.	Human Services	06/30/09
ROBISON, Patricia L.	Assessor	06/20/09
SALAS, Seledonia	TAD (Def)	05/08/09
SANDERS, Maschelle	Human Services	06/06/09

SCHREIBER, Katharine	Human Services	06/20/09
SMITH, Shirley	Human Services	06/20/09
SNYDER, Christine	TAD	06/30/09
STADDAN, Ann M.	Sheriff (Def)	06/17/09
TERRILL, Darlene M.	Human Services	06/20/09
TODD, Elizabeth	Child Support Services	06/20/09
TOLLIVER, Robert L.	Public Health	06/20/09
TURNER, Rosa M.	ARMC	06/20/09
UPTON, Holly	Human Services	06/06/09
VAN, Marion	ARMC	06/30/09
WEBB, Sandy K.	Child Support Services	06/20/09
WEST, Terry A.	ARMC	06/20/09
WHEELER, Robert F.	Human Services	05/23/09
WILLIAMS, Cleola	Sheriff	06/20/09
WILLIAMS, Deborah L.	TAD	06/30/09
WILSON, Patricia M.	Child Support Services	06/20/09
YEUN, Linh Dang	Human Services	06/06/09

5. Staff Travel:

- a. Approve the attendance of Timothy Barrett to the Collaboratory for Research on Global Projects Executive Roundtable on Pensions and Infrastructure, to be held at Stanford University, Stanford, CA, on June 25 - 26, 2009.
- b. Approve the attendance of Timothy Barrett to the State Association of County Retirement Systems (SACRS) Board of Directors and Program Committee meetings, to be held in Sacramento, CA, during his 2009-2010 term of office as SACRS Vice President.

6. Disability Applications - Initial Decision:

a. BETTEN, Amanda M.

To approve staff recommendation that:

1. Ms. Betten is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Betten's disability is service-connected based on left knee injury.
3. No medical review is necessary as specified by the medical advisor.
4. Staff shall initiate disability benefit payments with an effective date of May 9, 2009, the day after the last date compensated.

b. CHAVEZ, Ruben R.

To approve staff recommendation that:

1. Mr. Chavez is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Chavez' disability is service-connected based

- on low back injury and coronary artery disease, which falls under Government Code Section 31720.5 (the "Heart Presumption").
3. Staff shall initiate disability benefit payments with an effective date of March 15, 2008, 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. ANDERSON, Lori S.

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

1. Ms. Anderson is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Anderson's disability is service-connected based on left wrist and arm and neck pain.
3. Follow-up medical review is recommended by medical advisor in 12 to 18 months.
4. Staff shall initiate disability benefit payments with an effective date of February 28, 2009, the day after the last date compensated.

Motion carried.

McDonald moved, Weisser seconded, to approve:

1. Ms. Anderson is not capable of gainful employment. (Reiter voted no.)

Motion carried.

##### b. ARMSTRONG, Mark E.

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

1. Mr. Armstrong is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Armstrong's disability is service-connected based on bilateral shoulder arthritis, left knee osteoarthritis and low back pain.
3. No medical review is necessary as specified by the medical advisor.
4. Staff shall initiate disability benefit payments with an effective date of September 30, 2006, the day after the last date compensated.

Motion carried.

McDonald moved, Neely seconded, to approve that:

1. Mr. Armstrong is not capable of gainful employment. (Leggio, Russ and Weisser voted no.)

Motion carried.

c. BROCKMAN, Carol J.

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

1. Ms. Brockman is not permanently incapacitated for the performance of duties based on stress and bilateral hip arthritis.
2. Disability retirement is denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be June 5, 2008, the day after the last date compensated.

Motion carried.

d. HARPER, Pauline D.

Russ moved, Leggio seconded, to postpone to the July Board meeting. Motion carried.

e. MORALES, Mario G.

Reiter moved, Russ seconded, to approve that:

1. Mr. Morales is not permanently incapacitated for the performance of duties based on bilateral carpal tunnel syndrome.
2. Disability retirement and supplemental is denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be June 1, 2002, the day after the last date compensated.

Motion carried. (Stafford voted no.)

## 8. Reconsideration:

a. KATSIANOS, Naghmeh

Leggio moved, Weisser seconded, to approve staff recommendation to:

1. Schedule formal hearing based on post polio syndrome and neck injury.
2. If a disability retirement is determined at a future hearing stage, the effective date will be January 19, 2008, the day after the last date compensated.

Motion carried.

## OPEN SESSION

The Chairman requested items #12-14 be heard next.

12. Kevin Tatlow, NEPC, and Long reviewed the Private Equity Strategic Plan. They are recommending DRI's Drug Royalty II L.P. Fund. This recommendation is based on a successful track record in Royalty Streams with Fund I; strong market presence, strategy diversification and is complimentary to SBCERA's existing private equity investment. NEPC and SBCERA are jointly recommending an allocation of \$20 million to the Drug Royalty II L.P. Fund.
  13. Andrea Sotak, Behzad Khosrowshahi and Joshua Salisbury, DRI Capital, reviewed their strategies and management team for their Drug Royalty II L.P. Fund.
  14. Weisser moved, Russ seconded, to approve a commitment of \$20 million to DRI Capital on their Drug Royalty II L.P. Fund. Motion carried.
  9. Dick Brown, The Townsend Group, reviewed the IMA Properties for the Fiscal Year 2010 Budget Plan. He recommended approval of the 2010 fiscal year budgets (ending 6/30/10) for the Core Properties managed by American Realty Advisors. He also recommended approval of the 2010 fiscal year budgets for the Non-Core properties managed by American Realty Advisors.
  10. Weisser moved, Russ seconded, to approve Townsend's recommendation for the IMA Properties for the Fiscal Year 2010 Budget Plan. Motion carried.
  11. Brown presented Townsend's Strategic Plan Update for SBCERA.
- The Chairman called a recess at 10:42 a.m. The meeting resumed at 10:54 a.m.
15. Rick Beal and Jason Taylor, Watson Wyatt, reviewed SBCERA's Incentive Plan for total compensation. They reviewed the philosophy, design, implementation, and the market trends.
  16. Russ moved, McDonald seconded, to approve Watson Wyatt's recommendation to make no changes to existing Incentive Plan. Motion carried.
  17. Chairman Larsen appointed Larsen, Neely, Reiter and Russ to an Ad Hoc Travel Expense Committee.

18. Barrett discussed the Associate Membership to the National Institute on Retirement Security. Their mission is to conduct research and education programs on the value of defined benefit plans. As a member of NIRS, we will get access to a range of products and services that will help educate our stakeholders on defined benefit pension systems and our role in providing retirement security to our members. Leggio moved, Russ seconded, to approve Associate Membership to the National Institute on Retirement Security. Motion carried.
19. Reiter moved, Russ seconded, to ratify the attendance of Dick Larsen, Marvin Reiter, Timothy Barrett, Don Pierce and James Perry to a meeting with Sterling Stamos, held in Menlo Park, CA on May 28, 2009. Motion carried.
20. Reiter moved, Russ seconded, to approve the attendance of Paul Russ to Alternative Investment News' and Institutional Investor's Hedge Fund Industry Awards Ceremony, to be held in New York, NY on June 22, 2009. Motion carried.
21. Reiter moved, Russ seconded, to approve the attendance of Dick Larsen to the Retired Employees of San Bernardino County luncheon, to be held in San Bernardino on June 15, 2009. Motion carried.
22. Reiter moved, Russ seconded, to approve the attendance of Dick Larsen, Marvin Reiter, Timothy Barrett, Don Pierce and James Perry to a meeting with Sterling Stamos, to be held in Menlo Park, CA on June 22, 2009. Motion carried.
23. Reiter moved, Russ seconded, to approve the attendance of Timothy Barrett, the Board Chairman and up to two Board members appointed by the Chairman to Sacramento as necessary throughout calendar year 2009 in support of the SBCERA legislative agenda. Motion carried.
24. Leggio, Neely and Weisser reported on their attendance at the Wharton School, held in Philadelphia, PA on May 31 - June 4, 2009. Reiter reported on his attendance to the CALAPRS Roundtable, held in Ontario, CA on June 5, 2009. Reiter also reported on his attendance to meeting with Sterling Stamos in Menlo Park, CA on May 28, 2009.

## 25. Staff reports:

- a. Barrett discussed items on his written report covering significant administrative events during May.
- b. Kjeldgaard presented the Legislative Update.
- c. Pierce presented the monthly investment performance review.
- d. Long presented the Private Alternative Investments Performance report.

Leggio left the meeting at 11:53 a.m.

27. Kjeldgaard reviewed the federal legislative initiative to extend IRS Revenue Ruling 81-100 to allow OPEB assets held in trust to be commingled with plan assets for investment purposes. Russ moved, McDonald seconded, to approve expenditure of money for SBCERA's public affairs consultant, Board members, and staff to approach California Congressmen on the House Ways and Means committee regarding this initiative; the preparation of a legislative package by SBCERA's Tax Counsel; four trips to Washington D.C. for SBCERA's Chief Counsel and Tax Counsel to meet with congressional staff and the U.S. Treasury Officials; and, the hiring of Washington D.C. Tax Attorney Helen Hubbard of Baker & McKenzie. Motion carried.

26. The Chairman invited Public Comment. No Public Comment was provided.

There being no further business, the meeting adjourned at 12:05 p.m.

Respectfully submitted,

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RICHARD LARSEN, Chairman

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TIMOTHY BARRETT, Secretary

DATED \_\_\_\_\_