

SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The regular meeting of the San Bernardino County Employees' Retirement Board was held January 7, 2010, in the Board of Retirement Board Room, 348 West Hospitality Lane, First Floor, San Bernardino, California.

Those present were:

ELLEN WEISSER, Appointed Member (Chairman)
DAWN STAFFORD, General Member (Vice Chairman)
CHRISTOPHER LEGGIO, Appointed Member
ROBERT MCDONALD, Retired Member
DON NEELY, General Member
MARVIN REITER, Appointed Member
PAUL RUSS, Appointed Member
BRET HENRY, Alternate Member

Also present were:

TIMOTHY BARRETT, Executive Director/CIO
LANCE KJELDGAARD, Chief Counsel
CHRISTIE PORTER, Chief Member Services
BRIAN LONG, Investment Officer
JAMES PERRY, Investment Officer
DONALD PIERCE, Investment Officer
CAROL FENN, Recorder

Not present were:

ANNETTE KERBER, Assistant Treasurer
DAVID WILLIAMS, Safety Member

1. Chairman Weisser called the meeting to order at 9:00 a.m.
2. Reiter moved, Russ seconded, to reelect Weisser as Board Chairman and Stafford as Board Vice Chairman for 2010. Motion carried.

Leggio arrived at 9:03 a.m.

3. The Chairman made the following Committee appointments for 2010:
 - a. Investment Committee: Russ (Chair), Leggio, Reiter and Stafford.

- b. Administrative Committee: Neely (Chair), Kerber, Weisser and Williams.
 - c. Audit Committee: Kerber (Chair), McDonald, Neely and Williams.
 - d. Benefits and Compensation Committee: McDonald (Chair), Reiter, Stafford and Weisser.
4. Neely moved, Reiter seconded, to approve the 2010 Board and Committee Meeting dates. Motion carried.
 5. Leggio moved, Neely seconded, to approve 2010 Trustee/Staff Due Diligence Manager List and Travel. Motion carried.

CONSENT:

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

6. Approve minutes of regular meeting of December 3, 2009.
7. Service Retirements:

		Effective <u>Date</u>
AARON, Kathleen F.	Inland Library	01/30/10
BACKUS, David A.	Facilities Management (Def)	01/16/10
DAUGHERTY, Cindy J.	City of Big Bear Lake (Def)	12/30/09
DAVIS, Sherman H.	Public Works	01/16/10
DREY, Cynthia M.	Sheriff's Dept.	02/13/10
ENSMINGER, Maria C.	Superior Court	12/08/09
FLOYD, Kay Kemper	Real Estate Services	12/05/09
FONVILLE, Charles R.	Sheriff	01/16/10
FOWLER, John M.	Public Works (Def)	12/23/09
GIBSON, David S.	Facilities Management	01/16/10
HAGHIGHI, Siavash	Public Health	01/16/10
HYK, Mark	Behavioral Health (Def)	11/25/09
LIND, Ralph H.	Public Works	01/02/10
MARTINEZ, James R.	Sheriff	01/30/10
MCELROY, Kathleen S.	Veterans Affairs	01/02/10
MILES, Sharon Lee	Sheriff	01/30/10
MUIR, Diane	City of Big Bear Lake	01/16/10
NICHOLLS, Edward	City of Chino Hills	01/05/10
OLSON, Richard J.	Public Works	01/30/10
ORTIZ, Mary L.	SBCERA	01/02/10

PARKS, Larry S.	MDAQMD	01/16/10
RODRIGUEZ, Joe M.	IVDA & SBIAA	01/30/10
ROYCHOWDHURY, Arunava	SCAQMD	02/06/10
SABET, Sohair	Public Health (Def)	01/19/10
SANFORD, Patricia	Public Defender (Def)	01/06/10
SCHNEIDER, Clifford G.	Public Health	01/02/10
SIMENDICH, Michael G.	Regional Parks	01/02/10
SMITH, Elvis	Assessor	01/30/10
SPINUZZI, Arlene F.	TAD	12/01/09
TATE, Frank	Special Dist Parks (Def)	12/31/09
TAYLOR, Susan	Human Services	01/02/10
VILLANUEVA, Daisy	ARMC	01/02/10
WOODFORD, Kenneth Jr.	Sheriff	01/30/10
ZIEGLER, Deborah A.	Superior Court	12/26/09

8. Staff Travel:

- a. Authorize Brian Long to travel with NEPC to Dallas, TX on January 7-8, 2010 to conduct due diligence on prospective Private Equity Funds: Energy Spectrum Partners VI and Commerce Street Financial Partners.
- b. Approve the attendance of Brian Long to IFE's Real Estate Investing Seminar, to be held in Phoenix, AZ on March 7 - 9, 2010.
- c. Approve the attendance of Tim Barrett as a speaker at the Institutional Investor Institute Hedge Fund Institutional Forum, to be held in Austin, TX, on April 21 - 23, 2010.

9. Disability Applications - Initial Decision:

a. ARROLLO, Gabriel F.

To approve staff recommendation that:

1. Mr. Arrollo is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Arrollo's disability is nonservice-connected based on artery coronary disease and spinal stenosis.
3. Mr. Arrollo is not 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 February 10, 2009, the date of application.

b. TANCRATOR, Shawn

To approve staff recommendation that:

1. Mr. Trancator is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Trancator's disability is service-connected based on major depressive 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 January 2, 2010, 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]:

The Chairman requested that item #10b be heard next.

10. Initial Decision:

b. BOSEAU, Gladys

Russ moved, Henry seconded, to approve that:

1. Mrs. Boseau is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mrs. Boseau's disability is service-connected based on lumbo sacral spine degenerative disease.
3. Mrs. Boseau is not 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 January 9, 2010, the day after the last date compensated.

Motion carried.

a. ARNOLD, Pamela

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

1. Ms. Arnold is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Arnold's disability is service-connected based on left shoulder injury.
3. Ms. Arnold 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 November 13, 2004, the day after the last date compensated, provided applicant requests the benefit in writing.

Motion carried.

11. Formal Hearing:

a. JOHNSON, Larry

Russ moved, McDonald seconded, to approve staff recommendation to approve and adopt the proposed findings and the recommendations of the hearing officer to deny service-connected disability retirement. Motion carried.

PUBLIC EMPLOYEE APPOINTMENT - Government Code Section 54957:

12. Title: Disability Benefits Officer

OPEN SESSION

13. Dick Brown and Heather Fernstrom, The Townsend Group, presented their Real Estate Performance Measurement Report for the Third Quarter ending September 30, 2009.
14. Bill Monagle, New England Pension Consultants, and Brian Long reviewed the Private Equity Program and 2010 Private Equity Structure Study.
15. Russ moved, Neely seconded, to approve the Private Equity Program and the 2010 Private Equity Structure Study. Motion carried.

16. Weisser reviewed the notification of the SACRS Board of Directors' Election.

17. Russ moved, Leggio seconded, to authorize Brian Long to participate on the Advisory Board for the Partners Group Secondary 2006 Fund. Motion carried.

18. Investment Committee Report.

a. Russ reported on the meeting conducted December 14, 2009.

b. McDonald moved, Reiter seconded, to approve authorizing the Executive Director/Chief Investment Officer to approve SBCERA staff travel during the calendar year of 2010 to conduct due diligence as necessary to build out the approved hedged equity allocation. Motion carried.

c. Russ moved, McDonald seconded, to approve termination of the Lord Abbett Convertible Bond Separate Account. Motion carried.

d. Pierce reviewed the adoption of an additional US equity informed rebalancing strategy that includes a fundamental deep value rule and two momentum rules. Russ moved, Reiter seconded, to approve. Motion carried.

e. Kjeldgaard and Perry reviewed. Russ moved, Leggio seconded, to approve negotiating agreements directly with prime brokers and hiring the investment counsel firm of K&L Gates to draft an SBCERA ISDA Master Agreement and to negotiate necessary documentation with up to four prime brokers for a cost not to exceed \$150,000.00. Motion carried.

19. Administrative Committee Report.

a. Weisser reported on the meeting conducted December 21, 2009.

b. Kjeldgaard reviewed the proposed Board Benefits Policy No. 014 - Effective Date for Disability Benefits. Leggio moved, Henry seconded, to approve. Motion carried.

c. Kjeldgaard reviewed the recommendation to rescind Board Benefits Policy No. 004 - Supplemental Subsidy for COBRA Benefits. Leggio moved, Henry seconded, to approve. Motion carried.

- d. Kjeldgaard reviewed restating and reconfirming that on March 15, 2001, the officers and employees of the San Bernardino County Superior Court became members of SBCERA when Government Code Section 71624 was made effective in San Bernardino County by means of a Memorandum of Understanding between San Bernardino County and the San Bernardino County Superior Court. Leggio moved, Henry seconded, to approve. Motion carried.
- e. Kjeldgaard reviewed restating and reconfirming the inclusion of the officers and employees of the Hesperia Recreation & Park District as members of SBCERA on July 8, 1957. Leggio moved, Henry seconded, to approve. Motion carried.

Russ left the meeting at 11:04 a.m.

- f. Kjeldgaard reviewed the SBCERA By-Law amendments, as revised. Leggio moved, Henry seconded, to approve. Motion carried.

The Chairman called a recess at 11:16 a.m. The meeting resumed at 11:25 a.m. Leggio left the meeting.

20. Ad Hoc Hearing Officer & 2010 Medical Advisor Panel Report.

- a. Report of the meeting conducted December 21, 2009.
- b. Stafford moved, Henry seconded, to approve the 2010 Hearing Officer Panel as follows:
 - Irene P. Ayala
 - Kenneth A. Perea
 - Marilyn Nelson
 - Deborah Wissley
 - John Rosenthal
 Motion carried.
- c. Stafford moved, Henry seconded, to approve the 2010 Medical Advisor Panel as follows:
 - Joseph Dotan, MD
 - Lance Mohr, MD, MPH
 - John B. Slayback, MD
 - Paul Umof, MD
 Motion carried.

- 21. Stafford moved, Henry seconded, to approve trustee attendance to any of the 2010 IFEBP Public Employee Trustee and Staff

Educational Programs, a maximum of four trustees per session, to be held at various locations throughout the continental United States throughout the year. Motion carried.

22. Stafford moved, Henry seconded, to approve the attendance of trustees and Tim Barrett to any of the 2010 CALAPRS Roundtables, to be held in various locations throughout California. Motion carried.

23. Stafford moved, Henry 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 2010 in support of the SBCERA legislative agenda. Motion carried.

24. Stafford and Reiter reported on their attendance at Opal Financial Group's Alternative Investment Summit, held in Laguna Niguel, CA on December 6 - 8, 2009.

25. Staff Reports:

- a. Barrett discussed items on his written report covering significant administrative events during December.
- b. Kjeldgaard reviewed guidelines regarding gifts of meals.
- c. Pierce presented the monthly Investment Performance Report.

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

There being no further business, the meeting adjourned at 11:50 a.m.

Respectfully submitted,

ELLEN WEISSER, Chairman

TIMOTHY BARRETT, Secretary

DATED _____