



**MINUTES**  
**BOARD OF RETIREMENT**  
**October 7, 2010**  
**BOARD ROOM**  
**348 WEST HOSPITALITY LANE, FIRST FLOOR**  
**SAN BERNARDINO, CA**

Trustees Present:

ELLEN WEISSER, Appointed Member (Chairman)  
DAWN STAFFORD, General Member (Vice Chairman)  
ROBERT MCDONALD, Retired Member  
DONALD NEELY, General Member  
PAUL RUSS, Appointed Member  
LARRY WALKER, Treasurer  
DAVID WILLIAMS, Safety Member

Others Present:

TIMOTHY BARRETT, Executive Director / CIO  
ANDREW KJELDGAARD, Chief Counsel  
CHRISTIE PORTER, Chief Member Services  
DONALD PIERCE, Senior Investment Officer  
CAROL FENN, Recorder

Not Present:

GARY OVITT, Appointed Member  
BRET HENRY, Alternate Safety Member

1. Call meeting to order.

The Chairman called the meeting to order at 9:05 a.m.

Barrett announced that he has tendered his resignation effective October 15<sup>th</sup>. He thanked the Board and Staff for 14 great years of working at SBCERA.

McDonald stated that during Tim's tenure, SBCERA has been named small and intermediate pension plan of the year nationally. We have on at least one occasion received the highest investment return in the nation among our peers. Stafford stated that the Board would struggle to keep everything in place that Barrett has put in place and will work hard to preserve that. Russ thanked Barrett for all of his hard work and doing a fabulous job putting together a team. Weisser stated that she is very proud of him. Walker congratulated Tim and stated that he believes that one of the things that is going to be the long term hallmark of Tim's success here is the foundation that exists. We are going to be challenged to succeed over the next few years, but we are enabled by Tim's performance in building this organization, and we do have a good foundation. Williams stated that in his opinion Tim has run the best operation he has seen in the county. Tim's departure will be a huge loss. Neely congratulated Tim and stated that we have all learned things from him.

**CONSENT:**

Russ moved, McDonald seconded, to Approve the Consent Calendar.

Absent: Ovitt, Henry

Motion Passed.

2. Approve minutes of regular meeting of September 2, 2010.
3. Approve minutes of special meeting of September 16, 2010.
4. Service Retirements:

Andrews, Patty	Public Works	09/25/10
Bayless, Steven L.	Agriculture, Weights & Measures	09/28/10
Birks, Norelene M.	Human Services	09/25/10
Carnell, Horace	Public Works	09/25/10
Combs, Douglas	Sheriff	09/25/10
Del George, Richard	Fleet Management	09/25/10
Dickerson, Joann	Probation	10/08/10
Drehesen, Marc E.	SCAQMD (Def)	09/26/10
Dreibus, Barbara	Human Services	11/06/10
Edmonson, Mary	Human Services (Def)	08/27/10
Garcia, Charlene	Human Services	08/28/10
Johnson, Patricia A.	Aging & Adult Services	10/01/10
Kort, Luba M.	SCAQMD (Def)	09/05/10
Lawson, Linda J.	Behavioral Health	10/09/10
Lucero, Martha M.	SCAQMD	10/16/10
Martin, Donna A.	Probation	09/21/10
McElroy, William L.	Library Administration	11/06/10
McLean, Edward	Public Defender	10/09/10
Miller, Robyn K.	Sheriff	10/23/10
Monforte, Paul	District Attorney (Def)	10/13/10
Nash, Michael	Probation (Def)	09/22/10
Oliver, Cheryl	Special Districts (Def)	11/11/10
Olsen, Douglas	City of Chino Hills (Def)	10/01/10
Ong, Aileen	Aging & Adult Services	10/09/10
Potts, Donald J.	Sheriff	08/31/10
Rollings-McDonald, Kathleen	LAFCO	10/09/10
Saesim, Kanokwan	ARMC	10/02/10
Stevens, Carol	Public Health (Def)	10/17/10
Vance, Eileen	Human Resources (Def)	09/21/10
Virgo, Elisa L.	SCAQMD	10/09/10
White, Thomas	Special Districts (Def)	09/14/10

5. Staff Travel:

- a. Approve the attendance of James Perry to GoldenTree Asset Management Seventh Annual Investor Meeting to be held in New York, NY on November 4, 2010.
- b. Approve the attendance of Tim Barrett as a speaker to the California Counties 116th Annual Meeting, to be held in Riverside, CA, on November 16-19, 2010.

6. Disability Applications - Initial Decision:

a. Hernandez, Melly

- 1. Ms. Hernandez is permanently incapacitated for the performance of duties and disability retirement be granted.
- 2. Ms. Hernandez' disability is service-connected based on cervical and lumbar degenerative disc disease.
- 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 13, 2010, the date of application.

b. Padilla, Jane L.

- 1. Ms. Padilla is permanently incapacitated for the performance of duties and disability retirement be granted.
- 2. Ms. Padilla's disability is nonservice-connected based on diabetes.
- 3. Ms. Padilla is not capable of gainful employment.
- 4. No medical review is necessary as specified by the medical advisor.
- 5. Upon approval of the disability retirement, the staff shall initiate disability benefit payments with an effective date of March 23, 2010, the date of application.

c. Pimentel, Debbie J.

- 1. Ms. Pimentel is permanently incapacitated for the performance of duties and disability retirement be granted.
- 2. Ms. Pimentel's disability is nonservice-connected based on depression.
- 3. Ms. Pimentel is not capable of gainful employment.
- 4. No medical review is necessary as specified by the medical advisor.
- 5. Upon approval of the disability retirement, the staff shall initiate disability benefit payments with an effective date of September 24, 2009, the date of application.

d. Warfield, Ofelia O.

1. Ms. Warfield is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Warfield's disability is nonservice-connected based on ruptured aneurysm.
3. Ms. Warfield is not capable of gainful employment.
4. No medical review is necessary as specified by the medical advisor.
5. Upon approval of the disability retirement, the staff shall initiate disability benefit payments with an effective date of February 27, 2010, the day after last date compensated.

The Chairman invited Public Comment.

John Michaelson, Board member for the Retired Employees Association, stated that he was asked by the Board and every retiree to come and thank Tim for his leadership throughout the years. He stated that he hopes all avenues have been explored to retain him. He also stated that, speaking personally, he would encourage the Board to retain the pay for performance program, and has heard no major objections from his organization. He stated that it may need some fine tuning, but it is an example of one of the many fine programs that Tim has implemented.

Harry Hatch, former trustee, thanked Barrett and Kjeldgaard for an outstanding job, and reminded the Board that the pay for performance program was not a snap decision, but was a decision that was made after many meetings, team building and seminars. He stated that it was a good decision, and that the Board should stand by their contractual agreement with their employees.

Michael Eagleson, SEBA Chief of Labor Relations, read a letter from Bill Abernathie, SEBA President, written on behalf of the members of SEBA. The letter addressed the sudden departure of Timothy Barrett and Lance Kjeldgaard, and his concern for the stability of the fund and security of member contributions. He encouraged the Board to act swiftly in identifying and hiring individuals with the qualifications necessary to maintain the funds stability.

Andrew Kjeldgaard announced that he will be retiring effective October 23<sup>rd</sup>. He thanked the Board for 18 years with SBCERA. Russ thanked Lance for his service, and stated that Lance is the best attorney he has ever worked with. Stafford stated that Lance has put sorely needed policies and procedures together.

**CLOSED SESSION:**

7. Initial Decision:

a. Bromberg, Ronald

Williams moved, Russ seconded, to Approve Staff Recommendation that:

1. Mr. Bromberg is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Bromberg's disability is nonservice-connected based on Bipolar I 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 September 30, 2009, the date of application, provided benefit is requested in writing.

Absent: Ovitt, Henry

Motion Passed.

b. Dean, Mary J.

Russ moved, Williams seconded, to Continue to the December Board meeting.

Absent: Ovitt, Henry

Motion Passed.

c. Gatlin, Lawrence W.

Russ moved, Stafford seconded, to Approve Staff Recommendation that:

1. Mr. Gatlin is not permanently incapacitated for the performance of duties based on cervical discogenic neck pain.
2. Disability retirement be denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be February 10, 2010, the date of application.

Against: McDonald; Absent: Ovitt, Henry

Motion Passed.

d. Simmons, Darla

Neely moved, Russ seconded, to Approve Staff Recommendation that:

1. Ms. Simmons is not permanently incapacitated for the performance of duties based on lumbar disc disease.
2. Disability retirement be denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be October 23, 2009, the date of application.

Against: McDonald; Absent: Ovitt, Henry

Motion Passed.

8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:  
(Government Code Section 54957)  
Benefits and Compensation Committee Recommendation:  
Title: Executive Director/Chief Investment Officer  
Investment Officer (3)  
Chief Counsel  
Chief Member Services  
Chief Information Services  
Disability Benefits Officer  
Retirement Staff Attorney  
Communications Officer  
Executive Assistant

**OPEN SESSION:**

Barrett reported that in closed session a motion was made and approved unanimously to conduct a salary survey of systems that were in the original salary survey and to add all the 1937 Act Systems into that salary survey; to look at not only salaries, benefits, style and performance of the individual systems as part of that survey and, for staff to contract directly with Towers Watson and bring the report back to the Benefits & Compensation Committee as soon as practical.

A second motion was made and approved unanimously to accept the fiscal year ending June 30, 2010 incentive compensation individual objectives, and to pay out and honor the contracts as set forth in each employee contract.

The Board wanted to communicate that they are moving forward with looking at salaries and benefits, and that they are very happy with the current program. They are going to work with staff, and they are supportive of staff on a go forward basis in working through these contract issues.

9. Presentation by The Townsend Group of their Real Estate Performance Measurement Report for the Second Quarter ending June 30, 2010.

Dick Brown, The Townsend Group, presented.

10. Approve salary ranges for Senior Accountant and Accounting Manager positions.

Barrett reviewed. He suggested that the Board recruit for these positions at the current County salary ranges as opposed to the approved Special District Salary ranges, until such time that salary ranges are surveyed.

Russ moved, McDonald seconded, to Approve salary ranges for Senior Accountant and Accounting Manager positions at the County salary ranges.

Absent: Ovitt, Henry

Motion Passed.

11. Approve the acceptance of Crestline Sanitation District as a participating employer with the San Bernardino County Employees' Retirement Association pursuant to Government Code section 31557.

McDonald moved, Russ seconded, to Approve the acceptance of Crestline Sanitation District as a participating employer with the San Bernardino County Employees' Retirement Association pursuant to Government Code section 31557.

Absent: Ovitt, Henry

Motion Passed.

12. Approve the proposed updated proxy voting policy.

Russ moved, McDonald seconded, to Approve the proposed updated proxy voting policy.

Absent: Ovitt, Henry

Motion Passed.

13. Chairman's Appointment of Investment Committee member.

The Chairman appointed Weisser to the Investment Committee.

14. Administrative Committee Report.

- a. Report of the meeting conducted September 20, 2010.

Weisser reported.

- b. Approve Amendment to General Policy No. 010 (Issue No. 2.0) -Pre-Funding of Contributions.

Russ moved, Walker seconded, to Approve Amendment to General Policy No. 010 (Issue No. 2.0) -Pre-Funding of Contributions.

Absent: Ovitt, Henry

Motion Passed.

15. Approve the attendance of up to four Trustees to the California Retired County Employees Association Fall Conference, to be held in San Rafael, CA, October 25 - 27, 2010.

Russ moved, Williams seconded, to Approve the attendance of up to four Trustees to the California Retired County Employees Association Fall Conference, to be held in San Rafael, CA, October 25 - 27, 2010.

Absent: Ovitt, Henry

Motion Passed.

16. Approve holding the Annual Investment Forum on September 8 - 9, 2011, at the Lake Arrowhead Resort.

Russ moved, Williams seconded, to Approve holding the Annual Investment Forum on September 8 - 9, 2011, at the Lake Arrowhead Resort.

Absent: Ovitt, Henry

Motion Passed.

17. Report by the Trustees concerning conferences attended (as specified by the Trustee Education/Training Policy).

Neely reported on his attendance at the Institutional Investor Conference in San Francisco. Walker reported on his attendance at the CALAPRS Intermediate Staff Training.

18. Staff Reports:

- a. Executive Director's Report

Barrett reported.

- b. Legislative Update

Kjeldgaard reported.

- c. Investment Performance Report

Pierce reported on the Investment Performance for August, 2010.

## **SUPPLEMENTAL AGENDA**

### **CLOSED SESSION:**

19. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6)

Agency Designated Representative:

Ellen Weisser

Unrepresented Employees:

Executive Director/Chief Investment Officer

Investment Officer (3)

Chief Counsel

Chief Member Services

Chief Information Services

Disability Benefits Officer

Retirement Staff Attorney

Communications Officer

Executive Assistant

## **OPEN SESSION:**

20. Review, discuss and approve initiating a search for an Executive Recruiting Firm for two positions: (1) Executive Director, and (2) Chief Investment Officer.

The Board discussed the need to hire an Executive Recruiting Firm as opposed to simply advertising for the positions. Stafford stated that Barrett has been performing as both Executive Director and Chief Investment Officer, positions that, with other funds, are performed by two separate individuals at separate salaries.

Williams moved, Russ seconded, to Approve initiating a search for an Executive Recruiting Firm for two positions: (1) Executive Director, and (2) Chief Investment Officer.

Absent: Ovitt, Henry  
Motion Passed.

21. Review, discuss and approve appointing an Interim Executive Director.

Russ stated that this would be a supervisory, non-paid appointment. Kjeldgaard stated that the Board is going to retain the management of the pension fund, and they are going to delegate the day to day duties to Trustee Larry Walker. Walker will simply be the Managing Trustee, he will have the signature authority as if he were Executive Director and Board Secretary, but he is a Trustee, he will not be the Interim Executive Director, and will not be paid for that job.

Russ moved, Neely seconded, to Approve appointing Larry Walker as Managing Trustee.

Abstain: Walker; Absent: Ovitt, Henry  
Motion Passed.

Walker stated that he appreciates the confidence that the Board has expressed, and he wants to emphasize that it is a role of coordination more than direction. He is going to be very conscious of the fact that he is not acting in an Executive role as an Interim, but acting on behalf of the Board. He looks forward to working with staff.

22. Review, discuss and approve appointing an Interim Chief Investment Officer.

Russ moved, Neely seconded, to Approve appointing Don Pierce as Interim Chief Investment Officer, to report directly to the Board, and implement Special Assignment Compensation (SAC) pay at 7½%.

Absent: Ovitt, Henry  
Motion Passed.

Stafford stated that all three of our Investment Officers have the CFA distinction, which is commendable.

**PUBLIC COMMENT**

John Michaelson addressed the Board regarding political pressure on this organization. He encouraged the Board to continue to resist any political pressure. He also thanked Kjeldgaard for his contributions. Weisser state that trustees serve both the members and the taxpayers as fiduciaries. Walker emphasized that they maintain a partnership with the plan sponsors.

**ADJOURN**

The meeting adjourned at 12:55 p.m.

Respectfully submitted,

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ELLEN WEISSER, Chairman

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LARRY WALKER, Acting Secretary

DATED \_\_\_\_\_