



**MINUTES
BOARD OF RETIREMENT
October 6, 2011
BOARD ROOM
348 WEST HOSPITALITY LANE, FIRST FLOOR
SAN BERNARDINO, CA**

Trustees Present:

DAWN STAFFORD, Retired Member (Chairman)
DAVID WILLIAMS, Safety Member (Vice-Chairman)
BRENDAN BRANDT, Appointed Member
LOUIS FIORINO, General Member
DONALD NEELY, General Member
JANICE RUTHERFORD, Appointed Member
LARRY WALKER, Treasurer
NEAL WANER, Appointed Member
HARRY HATCH, Alternate Retired Member
BRET HENRY, Alternate Safety Member

Others Present:

NORM RUGGLES, Chief Executive Officer
ANDREW KJELDGAARD, Counsel
DONALD PIERCE, Interim Chief Investment Officer
JULIE UNDERWOOD, Chief Fiscal Services
DAWN PETERSON, Disability Officer
CAROL FENN, Recorder

Agenda items are noted below in the actual order in which they were heard at the meeting.

1. Call meeting to order.

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

CONSENT

Stafford requested that item #7c be moved from the Consent Calendar to Closed Session.

Neely moved, Brandt seconded, to Approve the Consent Calendar, with the exception of item #7c.

Absent: Fiorino, Walker

Motion Passed.

Stafford stated that items #15 - 17 would be moved to immediately after Closed Session item #11.

Fiorino arrived at 9:03 a.m. Walker arrived at 9:07 a.m.

2. Action: Minutes of regular meeting of September 1, 2011.
3. Action: Minutes of special meeting of September 8, 2011.
4. Action: Minutes of special meeting of September 9, 2011.
5. Service Retirements:

Alcantara, Richard G.	Sheriff	9/10/2011
Bobitch, Mildred J	ARMC	11/19/2011
Brown, David Alan	Big Bear Park & Recreation (Def)	9/6/2011
Carpenter, Alice	Probation	11/19/2011
Courson, Denise	Superior Court	9/24/2011
Crutsinger, Jackson	County Fire	10/22/2011
Decker, Regina L.	Sheriff	10/3/2011
Duran, Rudy	Probation	9/7/2011
Fugate, Guay K.	ARMC	9/24/2011
Garcia, Daniel	Sheriff	10/8/2011
Gillespie, Jon A	City of Chino Hills (Def)	10/7/2011
Gwinner, Joyce	SBCERA	10/22/2011
Ham, Susan	County Library	10/8/2011
Hyman, Susan	CSAC (Def)	10/10/2011
Heilweck, Linda	Human Resources (Def)	10/28/2011
Jarmusz, Ruth M.	County Library	10/22/2011
Lick, Joseph P	CAO (Def)	10/4/2011
Maret, Elizabeth	Children and Family Services	8/27/2011
McCune, Ruth M	Children & Family Services (Def)	10/21/2011
Naranjo, Margarita	Public Health	10/22/2011
Redding, Barbara	Auditor-Controller (Def)	9/30/2011
Rice, Jane	Human Services	10/8/2011
Russell, Claudette	CSAC	9/1/2011
Salgado, Connie	Behavioral Health	9/8/2011
Schneider, Kathleen L.	Assessor	9/10/2011
Shaw, Elaine	Sheriff	11/5/2011
Sheetz, Milt C.	Probation	10/8/2011
Stealey, Patsy Lavonne	County Medical Center (Def)	8/29/2011
Summers, Paul L.	County Fire	10/7/2011
Townsell, Sara E	Public Health	9/24/2011
Tyrrell, Thomas M.	Sheriff	8/27/2011
Young, Robin Sherman	Superior Court (Def)	9/26/2011
Zarate, Teresita	Public Health	10/8/2011

6. Staff Travel:
 - a. Action: Attendance of Norman Ruggles to the State Association of County Retirement Systems (SACRS) Fall Conference, to be held in Costa Mesa, CA on November 15 - 18, 2011.
7. Disability Applications - Initial Decision:
 - a. Dietel, Julie
 1. Ms. Dietel is permanently incapacitated for the performance of duties and disability retirement be granted.
 2. Ms. Dietel's disability is Service-Connected based on lumbar injury.
 3. Ms. Dietel is not capable of gainful employment.
 4. Medical review is necessary in 12 – 18 months as specified by the medical advisor.
 5. Staff shall initiate disability benefit payments with an effective date of January 4, 2011, the date of application.
 - b. Drone, John P.
 1. Mr. Drone is permanently incapacitated for the performance of duties and disability retirement be granted.
 2. Mr. Drone's disability is Service-Connected based on coronary artery disease and hypertension.
 3. No medical review is necessary as specified by the medical advisor.
 4. Staff shall initiate disability benefit payments with an effective date of November 15, 2010, the date of application.
 - d. Reed, Ronald S.
 1. Ms. Reed's effective date of duty related disability survivorship benefit payments should be August 18, 2011.
 - e. Villasenor, Leticia
 1. Ms. Villasenor is permanently incapacitated for the performance of duties and disability retirement be granted.
 2. Ms. Villasenor's disability is Nonservice-Connected based on amyloidosis.
 3. Ms. Villasenor 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 June 1, 2011, the date of application.

CLOSED SESSION

7. Disability Applications - Initial Decision:

c. Reed, Marilyn

Fiorino moved, Rutherford seconded, to Approve Staff Recommendation that:

1. Ms. Reed is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Reed's disability is Service-Connected based on rheumatoid arthritis, polymyositis, spinal stenosis, osteoarthritis, and osteoporosis.
3. Ms. Reed 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 October 8, 2011, the day after the last date compensated.

Abstain: Neely

Motion Passed.

8. Initial Decision:

a. Engelbrecht, Harriet

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

1. Ms. Engelbrecht is not permanently incapacitated for the performance of duties based on adjustment disorder, depression and anxiety.
2. Disability retirement be denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be December 21, 2010 the date of application.

Against: Fiorino

Motion Passed.

b. Fatemi, Reza

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

1. Mr. Fatemi is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Mr. Fatemi's disability is Service-Connected based on neck and upper back pain injuries.
3. Mr. Fatemi 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 October 8, 2011, the day after the last date compensated, provided benefit is requested in writing.

Motion Passed.

- c. Miramontez, Evelyn M.

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

1. Ms. Miramontez is not permanently incapacitated for the performance of duties based on cervical disc degeneration and fusion.
 2. Disability retirement be denied.
 3. If a disability retirement is determined at a future hearing stage, the effective date will be October 8, 2011, the day after the last date compensated.
- Motion Passed.

- 9. Reconsideration:

- a. Holliday, Pearlie

Williams moved, Stafford seconded, to Approve Staff Recommendation to:

1. Maintain the initial board decision from January 6, 2011 that member is not permanently incapacitated for the performance of duties based on bilateral carpal tunnel syndrome, wrist and elbow pain, and osteoarthritis of knees and feet and the disability retirement be denied.
 2. Member may proceed to formal hearing provided written request for Service-Connected Disability based on bilateral carpal tunnel syndrome, wrist and elbow pain, and osteoarthritis of knees and feet is submitted.
 3. If it is determined the member is eligible for a Service-Connected Disability based on bilateral carpal tunnel syndrome, wrist and elbow pain, and osteoarthritis of knees and feet at a future hearing stage, the effective date will be February 11, 2010, the date of application.
- Motion Passed.

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - Existing Litigation - Government Code Section 54956.9(a):

- 10. The Press Enterprise Company v. SBCERA.
- 11. San Bernardino County Public Attorney's Association v. SBCERA. (Not discussed.)

OPEN SESSION

- 15. Presentation by The Segal Company of their Analysis of Actuarial Experience during the period of July 1, 2008 through June 30, 2011.

Paul Angelo of The Segal Company presented.

16. Action: The Segal Company's Analysis of Actuarial Experience during the period of July 1, 2008 through June 30, 2011.

Brandt moved, Rutherford seconded, to Approve The Segal Company's Actuarial Experience Study for the period of July 1, 2008 through June 30, 2011, and to Adopt the recommendations contained therein, which are summarized as follows:

- Adjust the current retirement rates. Both General and Safety members are assumed to retire at slightly later ages overall.
- Pre- and post-retirement mortality rates for non-disabled General and Safety members have been decreased. Mortality rates have been decreased for disabled General members and increased for disabled Safety members.
- Decrease the current termination rates overall for both General and Safety members.
- Decrease the current disability rates overall for both General and Safety members.
- Change the promotional and merit increases. Future promotional and merit salary increases are higher under the new assumption. Overall salary increases are lower for General members due to the lower price inflation assumption (as recommended in the separate review of economic assumptions), but slightly higher for Safety members.
- Continue current practice of assuming that no leave cashouts occur during the member's final average earnings period above what the member has cashed out on an annual basis.

Against: Neely
Motion Passed.

Walker moved, Stafford seconded, to reconsider previous approval regarding the three year phase-in of employer contributions.
Motion Passed.

Walker moved, Rutherford seconded, to Approve The Segal Company's recommendation of a 3-year phase-in of only the employer rates.

Against: Williams, Neely
Motion Passed.

17. Action: Revise Investment Return Assumption rate of 7.75% per annum for employee contributions, with a three-year phase-in, to 7.75% per annum for employee contributions without a three-year phase-in.

Brandt moved, Walker seconded, to revise the Investment Return Assumption rate of 7.75% per annum for employee contributions, with a three-year phase-in, to 7.75% per annum for employee contributions without a three-year phase-in.

Motion Passed.

18. Portfolio Review by Stone Tower Capital.

Michael Levitt and Tamara Christian of Stone Tower Capital reviewed the Stone Tower Capital Portfolio.

Rutherford left the meeting at 12:10 p.m.

CLOSED SESSION - Administrative Committee

12. Public Employment - Government Code Section 54957
Title: Chief Investment Officer

CLOSED SESSION - Benefits & Compensation Committee

13. Public Employment - Government Code Section 54957
Title: Chief Investment Officer
14. Public Employee Performance Evaluation for the Annual Incentive Plan (Government Code Section 54957):

Title: Interim Chief Investment Officer
Sr. Investment Officers (2)
Chief of Member Services
Chief of Information Services
Chief of Fiscal Services
Retirement Staff Attorney
Disability Benefits Officer
Communications Officer
Executive Assistant
Sr. Executive Secretary
Sr. Legal Secretary
Automated Systems Analyst
Sr. Investment Analyst
Sr. Accountant
Information Services Specialist
Systems Accountant
Department Systems Engineer
Accountant
Sr. Office Specialist
Executive Secretary (3)
Office Specialist (2)
Retirement Specialist Supervisor
Accounting Technician (5)
Sr. Retirement Specialist (3)
Disability Retirement Specialist
Payroll Specialist

OPEN SESSION

Henry and Walker left the meeting at 2:05 p.m.

27. Action: Ratify Amendments to Employment Agreement between the San Bernardino County Employees' Retirement Association and Norman Ruggles.

Stafford moved, Williams seconded, to Ratify and Approve the First Amendment to the Employment Agreement between the San Bernardino County Employees' Retirement Association and Norman Ruggles.

Absent: Rutherford, Walker, Henry

Motion Passed.

Williams moved, Stafford seconded, to Ratify and Approve the Second Amendment to the Employment Agreement between the San Bernardino County Employees' Retirement Association and Norman Ruggles, with a revision to reduce the temporary housing allowance from 15 months to 7 months.

Absent: Rutherford, Walker, Henry

Motion Passed.

Brandt left the meeting at 2:07 p.m.

Kjeldgaard requested the addition of an agenda item pursuant to Government Code Section 54954.2 regarding the Bryanston Real Estate Opportunity Fund II, because there is a need to take immediate action and the need for action came to the attention of the Board subsequent to the agenda being posted.

Waner moved, Williams seconded, to Approve the addition of an agenda item to provide written notice to the Bryanston Real Estate Opportunity Fund II to immediately terminate the commitment period.

Absent: Brandt, Henry, Rutherford, Walker

Motion passed.

28. Action: Provide written notice to Bryanston Real Estate Opportunity Fund II to immediately terminate the commitment period.

Pierce reviewed.

Williams moved, Neely seconded, to provide written notice to Bryanston Real Estate Opportunity Fund II to immediately terminate the commitment period.

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

19. Action: Dissolve Pacific Public Partners or suspend indefinitely further activities of Pacific Public Partners.

Kjeldgaard reviewed.

Stafford moved, Neely seconded, to suspend indefinitely further activities of Pacific Public Partners.

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

20. Action: Terminate or modify contracts with the following vendors:

- Platinum Advisors
- Delta Partners

Kjeldgaard reviewed.

Neely moved, Stafford seconded, to terminate contracts with the following vendors:

- Platinum Advisors
- Delta Partners

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

21. Administrative Committee Report.

- a. Report of the meeting conducted September 19, 2011.

Ruggles reported.

- b. Action: Administration Policy No. 011 -- Alternative Vendor Selection Policy.

Ruggles reviewed.

Neely moved, Waner seconded, to Approve Administration Policy No. 011 -- Alternative Vendor Selection Policy.

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

- c. Action: Amendment to the 2010 SBCERA-San Bernardino County Memorandum of Understanding.

Kjeldgaard reviewed.

Neely moved, Williams seconded, to Approve Amendment to the 2010 SBCERA-San Bernardino County Memorandum of Understanding.

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

- d. Review and discuss Supplemental Disability Allowance.

22. Benefits and Compensation Committee Report.
- a. Report of the meeting conducted September 28, 2011.
- Williams reported.
- b. Action: Customer Service Activities for Fiscal Year 2011-12.
- Ruggles reviewed.
- Williams moved, Neely seconded, to Approve Customer Service Activities for Fiscal Year 2011-12.
Absent: Brandt, Rutherford, Walker, Henry
Motion Passed.
- c. Action: Amendments to SBCERA Profit Sharing Plan and Appointments of Norman L. Ruggles.
- Kjeldgaard reviewed.
- Waner moved, Williams seconded, to Approve Amendments to SBCERA Profit Sharing Plan and Appointments of Norman L. Ruggles.
Absent: Brandt, Rutherford, Walker, Henry
Motion Passed.
- d. Action: First Amendment to the SBCERA Retiree Health Reimbursement Plan and appointments of Norman L. Ruggles.
- Waner moved, Williams seconded, to Approve First Amendment to the SBCERA Retiree Health Reimbursement Plan and appointments of Norman L. Ruggles.
Absent: Brandt, Rutherford, Walker, Henry
Motion Passed.
- e. Overview of Incentive Compensation Plan.
23. Action: Ratify the attendance of Louis Fiorino to Institutional Investor's Delivering Alpha conference, held in New York City, NY on September 14, 2011.
- Stafford moved, Neely seconded, to Ratify the attendance of Louis Fiorino to Institutional Investor's Delivering Alpha conference, held in New York City, NY on September 14, 2011.
Absent: Brandt, Rutherford, Walker, Henry
Motion Passed.
24. Action: Ratify the attendance of Louis Fiorino to Institutional Investor's Alpha Hedge 17th Annual Institutional Investment Conference, held in San Francisco, CA on September 25 - 27, 2011.

Waner moved, Williams seconded, to Ratify the attendance of Louis Fiorino to Institutional Investor's Alpha Hedge 17th Annual Institutional Investment Conference, held in San Francisco, CA on September 25 - 27, 2011.

Absent: Brandt, Rutherford, Walker, Henry

Motion Passed.

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

Fiorino reported on his attendance at Institutional Investor's Delivering Alpha Conference. Neely reported on his attendance at Institutional Investor's Alpha Hedge Conference.

26. Staff Reports:

- a. Chief Executive Officer's Report.

Ruggles reviewed.

- b. Review California Retirement Legislation for 2011-2012

Kjeldgaard reviewed.

- c. Investment Performance Report.

Pierce reviewed.

PUBLIC COMMENT

No Public Comment was provided.

ADJOURN

The meeting adjourned at 2:33 p.m.

Respectfully submitted,

DAWN STAFFORD, Chairman

NORMAN L. RUGGLES, Secretary

DATED _____