



MINUTES  
 SPECIAL MEETING  
 BOARD OF RETIREMENT  
 SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 November 14, 2011  
 9:00 AM  
 Board Room  
 348 West Hospitality Lane, First Floor  
 San Bernardino, California

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  
 LARRY WALKER, Treasurer  
 NEAL WANER, Appointed Member  
 BRET HENRY, Alternate Safety Member

Others Present:

NORM RUGGLES, Chief Executive Officer  
 ANDREW KJELDGAARD, Counsel  
 DONALD PIERCE, Chief Investment Officer  
 JULIE UNDERWOOD, SBCERA Chief Fiscal Services  
 NANCY PIRRONE, Recorder

Not Present:

JANICE RUTHERFORD, Appointed Member  
 HARRY HATCH, Alternate Retired Member

1. Call meeting to order.

Chairman Stafford called the meeting to order at 9:02 a.m. The Chairman stated that items #4 and #5 would be heard first.

4. Presentation by the Segal Company of their Actuarial Valuation as of June 30, 2011 and related reports.

Paul Angelo of the Segal Company presented the Actuarial Valuation as of June 30, 2011 and related reports.

- The market value of assets earned a return of 22.1% for the July 1, 2010 to June 30, 2011 plan year. The actuarial value of assets earned a return of 1.9%

for the same period due to the deferral of most of the current year investment gains and the recognition of prior investment losses. This resulted in an actuarial loss when measured against the assumed rate of return of 8.00%. This actuarial investment loss increased the average employer contribution rate by 2.26% of compensation.

- The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 85.5% to 79.2%. The Association's Unfunded Actuarial Accrued Liability (UAAL) increased from \$1.08 billion as of June 30, 2010 to \$1.71 billion as of June 30, 2011.
- The Association approved a three-year phase-in for the change in employer contribution rate due to the changes in actuarial assumptions.
- The recommended average member contribution rate increased from 9.28% of payroll in the June 30, 2010 valuation to 9.68% of payroll in the June 30, 2011 valuation.
- The total unrecognized investment loss as of June 30, 2011 is \$348 million (as compared to an unrecognized loss of \$1.3 billion in the June 30, 2010 valuation).
- If the deferred losses were recognized immediately in the actuarial value of assets, the funded ratio would decrease from 79.2% to 74.9%.

5. Action: Approve the Segal Company's Actuarial Valuation as of June 30, 2011 and related reports and adopt the recommendations contained therein.

Brandt moved, Stafford seconded, to Approve the Segal Company's Actuarial Valuation as of June 30, 2011 and related reports and adopt the recommendations contained therein.

Absent: Rutherford, Hatch

Motion Passed.

2. Presentation by Macias Gini and O'Connell, LLP of the FY 2010-11 Financial Statements, Independent Auditor's Report and other required communications.

Underwood reviewed the FY 2010-11 Financial Statements. James Godsey of Macias Gini and O'Connell presented the FY 2010-11 Financial Statements, Independent Auditor's Report and other required Communications.

3. Action: Approve the FY 2010-11 Financial Statements, Independent Auditor's Report and other required communications from the auditors, Macias Gini and O'Connell, LLP.

Brandt moved, Williams seconded, to Approve the FY 2010-11 Financial Statements, Independent Auditor's Report and other required Communications.

Absent: Rutherford, Hatch

Motion Passed.

6. Presentation by The Townsend Group and staff on the Real Estate Strategic Plan.

Micolyn Magee of the Townsend Group and Don Pierce, CIO, presented.

7. Action: Approve The Townsend Group's Real Estate Strategy and recommended Investment Objectives, Policies and Procedures.

Waner moved, Walker seconded, to Approve the Real Estate Strategy and recommended Investment Objectives, Policies and Procedures of November 14, 2011, with a revision to change the model target return from 8% to 7%.

Absent: Rutherford, Hatch

Motion Passed.

8. Presentation by The Townsend Group on the Real Estate Performance Measurement Report for the Second Quarter ending June 30, 2011.

Micolyn Magee stated that Aligned Asset Managers will purchase 70% of firm, and it is anticipated to close this week.

9. Action: Approve the attendance of James Perry and up to four Trustees to the aiCIO Industry Innovation Awards, to be held in New York, NY on December 1, 2011.

Walker moved, Stafford seconded, to Approve the attendance of James Perry and up to four trustees to the aiCIO Industry Innovation Awards, to be held in New York, NY on December 1, 2011.

Absent: Rutherford, Hatch

Motion Passed.

10. Action: Approve further engagement of EFL Associates to assist with recruitment of an Investment Officer, and approve Investment Officer salary range and benefits.

Ruggles reviewed.

Brandt moved, Walker seconded, to Approve the terms of the letter agreement in the Board notebook between EFL Associates and SBCERA to commence work on the Investment Officer search.

Absent: Rutherford, Hatch

Motion Passed.

### **PUBLIC COMMENT**

No Public Comment was provided.

### **ADJOURN**

The meeting adjourned at 12:00 p.m.

Respectfully submitted,

\_\_\_\_\_  
DAWN STAFFORD, Chairman

\_\_\_\_\_  
NORMAN L. RUGGLES, Secretary

DATED \_\_\_\_\_