



**MINUTES
BOARD OF RETIREMENT
November 3, 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
LARRY WALKER, Treasurer
NEAL WANER, Appointed Member
HARRY HATCH, Alternate Retired Member

Others Present:

NORM RUGGLES, Chief Executive Officer
ANDREW KJELDGAARD, Counsel
DONALD PIERCE, Chief Investment Officer
CHRISTIE PORTER, Chief Member Services
JULIE UNDERWOOD, Chief Fiscal Services
JAMES PERRY, Senior Investment Officer
CAROL FENN, Recorder

Not Present:

JANICE RUTHERFORD, Appointed Member
BRET HENRY, Alternate Safety Member

PUBLIC NOTICE

1. Call meeting to order.

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

CONSENT

Neely moved, Williams seconded, to Approve Consent Calendar.
Absent: Rutherford, Henry
Motion Passed.

2. Action: Minutes of regular meeting of October 6, 2011.

Fiorino moved, Williams seconded, to Approve Minutes of regular meeting of October 6, 2011.

Absent: Rutherford, Henry

Motion Passed.

3. Service Retirements:

Bantilan, Emerald	Library	11/19/2011
Bill, Gary F	SCAQMD	9/28/2011
Collier, Francine	Child Support (Def)	11/30/2011
Crowe, Barbara J	Public Health	12/3/2011
Cuthbert, George	Sheriff	10/4/2011
Danna, Sherry	Superior Court	11/5/2011
Felts, Pamela G	Risk Management	11/19/2011
Hoffman, Laura L	Public Defender	12/3/2011
Kupsak, Steve E	Hesperia Recreation & Park District	10/7/2011
Lucas, Richard P	Public Works	10/22/2011
Mayberry, Michael	Facilities Management (Def)	10/4/2011
Nelson, Bruce A	Public Works	10/22/2011
Odom, Kenneth	Children & Family Services	11/9/2011
Perryman, Pamela A	SCAQMD	11/8/2011
Porter, Michael L	SCAQMD (Def)	10/3/2011
Saffle, Karen	Behavioral Health	9/30/2011
Scolastico, Charles S	County Counsel	10/22/2011
Stafford, Rebecca	Children's Fund	10/14/2011
Taylor, Marilyn K	Human Services	10/3/2011
Tellez, Carmen	Public Health	10/22/2011
Wentworth, Patricia	Human Services	10/22/2011
Wheat, Sharon	ARMC	10/19/2011
Zimmerman, Gary	Information Services	10/22/2011

4. Disability Applications - Initial Decision:

a. Eckman, Sherri T.

1. Ms. Eckman is permanently incapacitated for the performance of duties and disability retirement be granted.

2. Ms. Eckman's disability is Service-Connected based on lumbar discogenic disease.

3. Ms. Eckman is not capable of gainful employment.

4. Medical review in 12 – 18 months is necessary as specified by the medical advisor.

5. Staff shall initiate disability benefit payments with an effective date of June 18, 2011, the day after the last date compensated.

b. Huskey, Pamela W.

1. Ms. Huskey is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Huskey's disability is Nonservice-Connected based on macular degeneration, congenital cataracts, and unreparable retinal detachment of the right eye.
3. Ms. Huskey is not capable of gainful employment.
4. No medical review is necessary.
5. Staff shall initiate disability benefit payments with an effective date of June 18, 2011, the day after the last date compensated.

c. Ilio, Lilibeth

1. Ms. Ilio is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Ilio's disability is Nonservice-Connected based on hip 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 June 3, 2011, the date of application.

d. Vale, Kathryn L.

1. Ms. Vale is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Vale's disability is Service-Connected based on left knee anterior cruciate ligament (ACL) and lateral meniscus tears.
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 29, 2011, the day after the last date compensated.

CLOSED SESSION

5. Initial Decision:

a. Brooks, Cheryl

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

1. Ms. Brooks is not permanently incapacitated for the performance of duties based on carpal tunnel syndrome, chronic neck pain, general osteoarthritis and fibromyalgia.
2. Disability retirement is denied.
3. If a disability retirement is determined at a future hearing stage, the effective date will be March 15, 2011, the date of application.

Absent: Rutherford, Henry

Motion Passed.

b. Judd, Terrie Lynn

Neely moved, Fiorino seconded, to Approve that:

1. Ms. Judd is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Judd's disability is Service-Connected based on right wrist injury.
3. Ms. Judd 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 March 26, 2011, the day after the last date compensated, provided the benefit is requested in writing.

Against: Brandt; Absent: Rutherford, Henry

Motion Passed.

c. Ward, Kathleen

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

1. Ms. Ward is permanently incapacitated for the performance of duties and disability retirement be granted.
2. Ms. Ward's disability is Service-Connected based on lumbar disc protusion, sciatica, severe lumbar arthritis, and spondylolisthesis.
3. Ms. Ward 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 January 28, 2011, the date of application, provided benefit is requested in writing.

Against: Fiorino, Neely; Absent: Rutherford, Henry

Motion Passed.

6. Reconsideration:

a. Kanaly, Michael P.

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

1. Per Board Policy, deny further delay for reconsideration and maintain the initial board decision from April 7, 2011 that member is not permanently incapacitated for the performance of duties and the disability retirement be denied.
2. Member may proceed to formal hearing provided written request for Service-Connected Disability based on panic disorder and back pain is submitted.
3. If it is determined that the member is permanently incapacitated for the performance of duties based on panic disorder and back pain at a future hearing stage, the effective date will be July 2, 2009, the date of application.

Absent: Rutherford, Henry

Motion Passed.

7. Formal Hearing:

a. Martin, Patricia A.

Williams moved, Brandt seconded, to Approve Staff Recommendation to Approve and Adopt the proposed findings and the recommendations of the referee to grant a Nonservice-Connected disability retirement and a supplemental disability retirement allowance effective March 1, 2008.

Absent: Rutherford, Henry

Motion Passed.

CONFERENCE WITH LEGAL COUNSEL

8. Threatened Litigation - Government Code Section 54956.9(b) – One Case.

OPEN SESSION

9. Presentation by NEPC of their Quarterly Investment Performance Review for the period ending September 30, 2011.

Allan Martin, NEPC, presented.

10. Presentation by Ashmore Investment Management, LTD of their portfolio review.

Mark Weiller of Ashmore Investment Management, LTD, presented.

11. Presentation by KPMG of the FY 2010/2011 Financial Statements, Independent Auditor's Report and other required communications for Gold Coast Capital Ltd and subsidiaries.

Don Pierce and Julie Underwood reviewed. Niko Whittaker of KPMG presented.

12. Action: Approve the FY 2010/2011 Financial Statements, Independent Auditor's Report and other required communications from KPMG, for Gold Coast Capital Ltd and subsidiaries.

Brandt moved, Neely seconded, to Receive the FY 2010/2011 Financial Statements, Independent Auditor's Report and other required communications from KPMG, for Gold Coast Capital Ltd and subsidiaries.

Absent: Rutherford, Henry

Motion Passed.

13. Action: Approve the Fifth Amendment to the Actuarial Services Agreement with The Segal Company.

Ruggles reviewed.

Fiorino moved, Waner seconded, to Approve the Fifth Amendment to the Actuarial Services Agreement with The Segal Company.
Against: Neely; Absent: Rutherford, Henry
Motion Passed.

14. Action: Approve contract with The Lake Arrowhead Resort for the 2012 SBCERA Investment Forum, to be held on September 13 - 14, 2012.

Williams moved, Brandt seconded, to Approve contract with The Lake Arrowhead Resort for the 2012 SBCERA Investment Forum, to be held on September 13 - 14, 2012.
Absent: Rutherford, Henry
Motion Passed.

15. Chairman's appointment of members to an Ad Hoc Committee for the review and selection of the Hearing Officer Panel and the Medical Advisor Panel for 2012.

Chairman Stafford appointed Brandt, Hatch, Neely and Stafford to the Ad Hoc Committee for the review and selection of the Hearing Officer Panel and the Medical Advisor Panel for 2012.

16. Investment Committee Report.

- a. Report of the meeting conducted October 11, 2011.

James Perry, staff, reported.

- b. Action: Approve amending the Stamos Capital Contract by rolling the existing mandate with Stamos Capital Partners into the new Global Credit Opportunities Fund.

Perry and Allan Martin of NEPC reviewed.

Neely moved, Fiorino seconded, to Approve amending the Stamos Capital Contract by rolling the existing mandate with Stamos Capital Partners into the new Global Credit Opportunities Fund.

Absent: Rutherford, Henry
Motion Passed.

- c. Action: Approve an initial investment of \$30 Million into the Stone Tower Credit Strategies Fund.

Perry and Martin reviewed.

Neely moved, Williams seconded, to Approve an initial investment of \$30 Million into the Stone Tower Credit Strategies Fund.

Absent: Rutherford, Henry

Motion Passed.

- d. Action: Terminate the Plan's investment in the Halcyon Offshore Asset-Backed Fund.

Perry reviewed.

Brandt moved, Walker seconded, to Terminate the Plan's investment in the Halcyon Offshore Asset-Backed Fund.

Absent: Rutherford, Henry

Motion Passed.

- e. Action: Authorize staff to execute a Request for Proposal (RFP) search process and necessary travel, to include the UK and Europe, to conduct on site investment due diligence in coordination with NEPC in the Emerging Market Debt space.

Martin reviewed.

Brandt moved, Waner seconded, to Authorize staff to execute a Request for Proposal (RFP) search process and necessary travel, to include the UK and Europe, to conduct on site investment due diligence in coordination with NEPC in the Emerging Market Debt space.

Absent: Rutherford, Henry

Motion Passed.

17. Action: Attendance of up to four Trustees to Information Management Network's 2012 Spring Investment Series, to be held in San Diego, CA on March 25 - 27, 2012.

Stafford moved, Brandt seconded, to Approve Attendance of Neely, Williams and up to two additional Trustees to Information Management Network's 2012 Spring Investment Series, to be held in San Diego, CA on March 25 - 27, 2012.

Absent: Rutherford, Henry

Motion Passed.

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

Neely reported on the due diligence he attended. Stafford stated that she has reported on the San Francisco due diligence in PrimeTime. Walker reported on a Real Estate Forum he attended (not as a representative of the Board of Retirement).

19. Review of October 2011 actions concerning suspension and termination of Pacific Public Partners.

Ruggles reported.

20. Staff Reports:

- a. Chief Executive Officer's Report.

Ruggles reported.

- b. Review California Retirement Legislation for 2011-2012.

Kjeldgaard reported.

- c. Review and Discuss 1st Quarter Budget vs. Actual for FY 2011/2012.

Underwood reviewed.

21. Action: Direct SACRS Voting Delegate on the SACRS Legislative Proposals.

Ruggles and Kjeldgaard reviewed.

Stafford moved, Williams seconded, to Direct the SACRS Voting Delegate to Support the following SACRS Legislative Proposals: LACERA #2, LACERA #3 and SACRS #1; and to Oppose the following SACRS Legislative Proposals: 1937 Act Trustee Continuing Education, Mendocino #1 and LACERA #1.

Absent: Rutherford, Henry

Motion Passed.

CONSENT

22. Action: Approve payment for Award of Attorney's Fees and Costs in the matter of Press Enterprise v. SBCERA (SBSC Case No. CIVDS1010974), per Court order.

Brandt moved, Waner seconded, to Approve payment for Award of Attorney's Fees and Costs in the matter of Press Enterprise v. SBCERA (SBSC Case No. CIVDS1010974), per Court order.

Absent: Rutherford, Henry

Motion Passed.

PUBLIC COMMENT

John Michaelson commended Christie Porter and staff on the Pre-Retirement Seminars.

ADJOURN

The meeting adjourned at 1:25 p.m.

Respectfully submitted,

DAWN STAFFORD, Chairman

NORMAN L. RUGGLES, Secretary

DATED _____