



**MINUTES
BOARD OF RETIREMENT
March 3, 2011
BOARD ROOM
348 WEST HOSPITALITY LANE, FIRST FLOOR
SAN BERNARDINO, CA**

Trustees Present:

ELLEN WEISSER, Appointed Member (Chairman)
DAWN STAFFORD, Retired Member (Vice Chairman)
LOUIS FIORINO, General Member
DONALD NEELY, General Member
JANICE RUTHERFORD, Appointed Member
LARRY WALKER, Treasurer (Managing Trustee)
NEAL WANER, Appointed Member
DAVID WILLIAMS, Safety Member
BRET HENRY, Alternate Safety Member

Others Present:

ANDREW KJELDGAARD, Counsel
DONALD PIERCE, Interim Chief Investment Officer
CHRISTIE PORTER, Chief Member Services
JAMES PERRY, Senior Investment Officer
BRIAN LONG, Senior Investment Officer
BARBARA HANNAH, Retirement Staff Attorney
CAROL FENN, Recorder

Not Present:

HARRY HATCH, Alternate Retired Member

1. Call meeting to order.

Weisser called the meeting to order at 9:00 a.m. She introduced new trustee Janice Rutherford and announced the resignation of trustee Gary Ovitt.

CONSENT:

Stafford moved, Neely seconded, to Approve the Consent Calendar.
Abstain: Rutherford, Absent: Hatch
Motion Passed.

2. Approve minutes of regular meeting of February 3, 2011.

3. Approve minutes of special meeting of February 14, 2011.

4. Service Retirements:

Allsup, Lesli Lee	Environmental Health Services	02/26/2011
Babico, Jacob	Public Works	03/26/2011
Boone, Robert A.	District Attorney	03/26/2011
Brannon, John	Communications (Def)	03/30/2011
Burden, Terry L	Probation	03/26/2011
Caldwell, Ronney	SBIAA (Def)	04/07/2011
Campos, Tony E	Workforce Development	03/26/2011
Casey, Dennis J	Sheriff	03/26/2011
Cline, Theresa	Sheriff	03/12/2011
Collison, June	ARMC (Def)	02/07/2011
Davis, Jerry A	Sheriff	03/26/2011
Dickey, Michael J	Information Services	03/26/2011
Douglass, Patricia	Superior Court	04/01/2011
Dunn, Kent	ARMC	03/26/2011
Dunn, Sharon M	Public Health	03/26/2011
Espinoza, Judy	SCAQMD	03/02/2011
Fassari, Michael	Sheriff	03/26/2011
Fox, Jack E	County Fire	02/26/2011
Gonzales, Sylvia	Human Services	03/26/2011
Hall, Stephen P	Information Services	03/26/2011
Haueter, Daniel B	County Counsel	04/01/2011
Hernandez, Yvette	District Attorney	03/12/2011
Hill, Joyce D	SCAQMD	04/01/2011
Holzer, Elaine	Behavioral Health	04/01/2011
Humphrey, Linda R	Human Services - TAD	02/12/2011
Johnson, Bonnie	ARMC (Def)	04/01/2011
Kennedy, Birdie R	District Attorney	03/26/2011
Lange, Howard B	SCAQMD	02/05/2011
Leon, Karen	Superior Court	04/01/2011
Lettice, Fred III E	SCAQMD	03/31/2011
Levers, James G	Probation	03/26/2011
Levy, John D	SCAQMD	04/01/2011
Luther, Jeffrey	Children & Family Services	03/26/2011
Lynch, Barbara A	ARMC	02/26/2011
Magana, Catherine	Probation	03/26/2011
Malizia, Cathy	City of Chino Hills	03/12/2011
Martin, Nellie	Child Support Services	03/26/2011
Matty, William G	Sheriff (Def)	03/15/2011
Melton, David	County Fire	02/26/2011
Meredith, Marcus M	County Library	02/05/2011
Mireles, John E	Sheriff	02/26/2011
Neeley, Jeffrey Wayde	District Attorney	03/12/2011
Ortiz, Gwenlynn	Human Services	03/26/2011
Paredes, Ruth	Public Health	03/26/2011

Perez, Tamara L	Regional Parks	03/26/2011
Ponshock, Leslie	Human Services	03/26/2011
Pray, Larry	Human Services	03/26/2011
Quesada, Mario M	Sheriff	03/12/2011
Ramirez, Cecilia Q	Child Support Services	03/26/2011
Ryzek, Catherine L	Community Dev. & Housing	02/26/2011
Samavatian, Susan	Superior Court (Def)	02/04/2011
Scamara, Susan E	County Library	03/26/2011
Sellers, Mary C	Human Services	03/12/2011
Sellers, William R	District Attorney	02/12/2011
Smolin, Richard	Public Defender	04/01/2011
Stockwell, David	Sheriff (Def)	03/01/2011
Sultan, Helmy A	SCAQMD	03/05/2011
Susko, Carol Lynn	Children & Family Services	03/26/2011
Thibodaux-Wing, Allison	(Def) Children's Services	01/30/2011
Trandafir, Ioan	ARMC	02/26/2011
Tseng, Hsiu Min	Preschool Services (Def)	02/01/2011
Vargas, Secundino	County Fire	03/26/2011
Varma, Naresh P	Public Works	03/26/2011
Vishwanath, Ranjit	SCAQMD	04/01/2011
Wamack, Judy A	Behavioral Health	03/26/2011
Wu, Mei	Superior Court	03/26/2011
Wurl, Danny R	County Fire	03/31/2011
Yeager, Matt	Public Works (Def)	02/10/2011
Young, Roger A	Sheriff	02/26/2011

5. Staff Travel:

- a. Approve the attendance of Christie Porter, Julie Underwood, and Nicole Dailey to CEM's Annual Global Pension Administration Peer Conference in Toronto, Ontario, Canada on May 9-12, 2011.

6. Disability Applications - Initial Decision:

- a. Fonville, Charles R.
 1. Mr. Fonville is permanently incapacitated for the performance of duties and disability retirement be granted.
 2. Mr. Fonville's disability is Service-Connected based on hearing loss in both ears.
 3. No medical review is necessary as specified by the medical advisor.
 4. Staff shall initiate disability benefit payments with an effective date of May 10, 2010, the date of application.

- b. Harris, Randy
 - 1. Mr. Harris is permanently incapacitated for the performance of duties and disability retirement be granted.
 - 2. Mr. Harris' disability is Non Service-Connected based on chronic active hepatitis and hepatic encephalopathy due from hip fracture.
 - 3. Mr. Harris 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 28, 2010, the date of application.

- c. Owens, Michael E.
 - 1. Mr. Owens is permanently incapacitated for the performance of duties and disability retirement be granted.
 - 2. Mr. Owens' disability is Service-Connected based on herniated lumbar spine and radiculopathy.
 - 3. Mr. Owens 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 27, 2010, the day after the last date compensated.

- d. Provansal, Gary L.
 - 1. Mr. Provansal is permanently incapacitated for the performance of duties and disability retirement be granted.
 - 2. Mr. Provansal's disability is Service-Connected based on heart attack and coronary artery 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 March 5, 2011, the day after the last date compensated.

CLOSED SESSION:

7. Initial Decision:

a. James, Corles A.

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

- 1. Ms. James is not permanently incapacitated for the performance of duties based on chronic back pain, heart disease, stroke, diabetes and major depression.
- 2. Disability retirement be denied.
- 3. If a disability retirement is determined at a future hearing stage, the effective date will be October 2, 2009, the date of application.

Absent: Hatch

Motion Passed.

b. Kanaly, Michael P.

Neely moved, Waner seconded, to Continue to the April Board meeting.

Absent: Hatch

Motion Passed.

c. White, Bonnie

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

1. Ms. White is not permanently incapacitated for the performance of duties based on cervical disc disease and tendonitis – right shoulder tear.

2. Disability retirement be denied.

3. If a disability retirement is determined at a future hearing stage, the effective date will be June 29, 2010, the date of application.

Absent: Hatch

Motion Passed.

8. Reconsideration:

a. Green, Nellie

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

1. Maintain the initial board decision from June 3, 2010 that member is not permanently incapacitated 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, cervical spondylosis and right trigger fingers and not capable of gainful employment is submitted.

3. If it is determined that the member is permanently incapacitated for the performance of duties based on bilateral carpal tunnel, cervical spondylosis and right trigger fingers and not capable of gainful employment at a future hearing stage, the effective date will be June 29, 2009, the date of application.

Absent: Hatch

Motion Passed.

b. St. Charles, Juli-Anne

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

1. Maintain the initial board decision from August 5, 2010 that member is permanently incapacitated for the performance of duties; and, the disability is Nonservice-Connected based on having a stroke and is not capable of gainful employment.

2. Member may proceed to formal hearing provided written request for Service-Connected Disability based on having a stroke is submitted.

3. If it is determined that the member's permanent incapacity for the performance of duties based on having a stroke at a future hearing stage is Service-Connected, the effective date will be June 6, 2008, the day after last date compensated.

Absent: Hatch
Motion Passed.

OPEN SESSION:

9. Appeal for more benefits by Douglas Swafford.

Kjeldgaard reviewed. Mr. Swafford requested a continuance.
Williams moved, Fiorino seconded, to Continue to the April Board meeting.
Abstain: Walker, Recused: Henry, Absent: Hatch
Motion Passed.

10. Interview and select Medical Advisor Consulting candidate.

Dr. Fracchia provided an introductory presentation and answered questions from the Board.

Neely moved, Stafford seconded, to Approve the selection of Dr. Fracchia as Medical Advisor Consultant.
Absent: Hatch
Motion Passed.

11. Review the CEM Pension Administration Benchmarking results for the 2010 fiscal year.

Mike Heale, Cost Effectiveness Measurement, Inc., presented the CEM Pension Administration Benchmarking results for the 2010 fiscal year. Two report results were presented. The Pension Administration Benchmarking Survey (PABS) comparing SBCERA to national systems, as well as the SACRS system survey consisting of 7 SACRS systems. SBCERA's total PABS service score was 79, which was equal to the peer median. SBCERA also had the highest SACRS service score. SBCERA's total PABS pension administration cost was \$244 per member, which was above the peer average of \$111, but below the SACRS participants' average of \$296.

12. Presentation by NEPC and staff regarding GoldenTree CLO Recommendations and continuance of Stone Tower CLO Recommendation.

- a. NEPC presentation.

Allan Martin, New England Pension Consultants, presented.

- b. SBCERA staff update.

Don Pierce reviewed. Walker requested staff continue to analyze this recommendation and possibly bring back at a future time.

- c. CLO Equity Research.

- d. Approve GoldenTree CLO 2011-1 of up to \$50 million.

No Action was taken.

- e. Approve modifying the GoldenTree Separately Management Account investment guidelines and fee schedule as proposed.

No Action was taken.

- f. Approve a continuance of Stone Tower CLO 2011-1 of up to \$50 million.

No Action was taken.

13. Administrative Committee Report.

- a. Report on the meeting conducted February 22, 2011.

Neely reviewed.

- b. Approve deleting the positions of Executive Director/Chief Investment Officer (ED/CIO) and Chief Operations Officer (COO) and adding the positions of Chief Executive Officer (CEO) and Chief Investment Officer (CIO).

Walker reviewed.

Neely moved, Fiorino seconded, to Approve deleting the positions of Executive Director/Chief Investment Officer (ED/CIO) and Chief Operations Officer (COO) and adding the positions of Chief Executive Officer (CEO) and Chief Investment Officer (CIO).

Absent: Hatch

Motion Passed.

- c. Approve the selection process for hiring an SBCERA Office Specialist.

Porter reviewed.

Neely moved, Fiorino seconded, to Approve the selection process for hiring an SBCERA Office Specialist.

Absent: Hatch

Motion Passed.

14. Audit Committee Report.

- a. Report on the meeting conducted February 22, 2011.

Walker reviewed.

- b. Approve a two year contract amendment with Macias Gini & O-Connell, LLP to

provide financial statement audit services.

Walker moved, Waner seconded, to Approve a two year contract amendment with Macias Gini & O-Connell, LLP to provide financial statement audit services.

Absent: Rutherford, Hatch

Motion Passed.

- c. Approve the Fourth Amendment to the Actuary Services Agreement with The Segal Company.

Walker moved, Waner seconded, to Approve the Fourth Amendment to the Actuary Services Agreement with The Segal Company.

Absent: Rutherford, Hatch

Motion Passed.

15. Benefits and Compensation Committee Report.

- a. Report on the meeting conducted February 22, 2011.

Weisser reviewed.

- b. Approve amending the Annual Incentive Plan document, with additional amendments made by the Committee.

Kjeldgaard and Walker reviewed.

Weisser moved, Walker seconded, to Approve amending the Annual Incentive Plan document, with additional amendments made by the Committee.

Absent: Rutherford, Hatch

Motion Passed.

- c. Approve the salary range for the position of Chief Executive Officer at \$12,000 to \$22,000 per month with Exempt A benefits, and to continue the salary range for Chief Investment Officer until after a CEO is hired.

Walker moved, Waner seconded, to Approve the salary range for the position of Chief Executive Officer at \$12,000 to \$22,000 per month with Exempt A benefits, and to continue the salary range for Chief Investment Officer until after a CEO is hired.

Absent: Rutherford, Hatch

Motion Passed.

16. Chairman's appointment of voting delegate and alternate to the State Association of County Retirement Systems' (SACRS) Spring Conference.

Weisser appointed Neely as delegate and Walker as alternate.

17. Approve the attendance of up to four trustees to SACRS Symposium 2011 “Investment Managers: A Protected or Engendered Species?” to be held in Huntington Beach, CA on March 16, 2011.

No Action was taken.

18. Approve the attendance of up to four trustees to meet with Sterling Stamos in Menlo Park, CA on March 18, 2011.

Waner moved, Neely seconded, to Approve the attendance of Weisser and Henry to meet with Sterling Stamos in Menlo Park, CA on March 18, 2011.

Absent: Rutherford, Hatch

Motion Passed.

19. Approve the attendance of up to four trustees to The Pension Bridge Annual Meeting to be held in San Francisco, CA on April 12 - 14, 2011.

No Action was taken.

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

Stafford provided a written report on her attendance at the Institutional Investor Global Real Assets Investment Forum, held in New York City, NY, February 8 – 9, 2011.

21. Staff Reports:

- a. Managing Trustee's Report.

Walker reviewed. He also updated the Board on items to be placed on the April agenda in regard to the excess earnings policy, the general subsidy reserve, and the current general subsidy allowance.

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

Kjeldgaard reviewed.

- c. Investment Performance Report

Pierce reviewed.

PUBLIC COMMENT

There was no public comment.

4234

ADJOURN

The meeting adjourned at 12:22 p.m.

Respectfully submitted,

ELLEN WEISSER, Chairman

LARRY WALKER, Acting Secretary

DATED _____