



Executive Staff:

Richard Stensrud  
Chief Executive Officer

James G. Line  
General Counsel

Kathryn T. Regalia  
Chief Operations Officer

John W. Gobel, Sr.  
Chief Benefits Officer

Members of the Board of Retirement

James A. Diepenbrock, President  
Appointed by the Board of Supervisors

John B. Kelly, Vice President  
Appointed by the Board of Supervisors

Julie Valverde, Ex Officio  
Director of Finance

Diana Gin  
Elected by the Miscellaneous Members

Winston H. Hickox  
Appointed by the Board of Supervisors

William D. Johnson  
Elected by the Safety Members

Kathy O'Neil  
Elected by the Miscellaneous Members

Nancy Wolford-Landers  
Elected by the Retired Members

Robert L. Woods  
Appointed by the Board of Supervisors

John Conneally  
Elected by the Safety Members

Michael DeBord  
Elected by the Retired Members

## MINUTES

### RETIREMENT BOARD MEETING, THURSDAY, MARCH 17, 2011

The regular meeting of the Retirement Board was held at the Sacramento County Employees' Retirement System, 980 9th Street, 19<sup>th</sup> Floor, Sacramento, California, on Thursday, March 17, 2011, and commenced at 1:00 p.m.

#### OPEN SESSION:

##### PUBLIC COMMENT:

1. Chief Executive Officer Richard Stensrud welcomed everyone to the first Board Meeting in the new SCERS office on the 19<sup>th</sup> floor.

##### MINUTES:

2. The Minutes of the February 17, 2011 regular meeting and the February 23, 2011 special meeting were approved on Motion by Mr. Conneally; Seconded by Ms. Wolford-Landers. Motion carried (5-0).

##### CONSENT MATTERS:

Items 3-5

The Consent matters were acted upon as one unit upon a Motion by Mr. Conneally; Seconded by Ms. Valverde. Motion carried (5-0).

**CONSENT MATTERS (continued):**

3. PIXLER, Susan J.: Granted a service-connected disability retirement.
4. Approved the proposed amendment to the investment parameters for the International Equity Developed Markets portfolio managed by Capital Guardian Asset management.
5. Received and filed the February 2011 Monthly Investment Manager Compliance Report and Watch List.

**OPEN SESSION:**

**ADMINISTRATIVE MATTERS:**

6. Chief Executive Officer Richard Stensrud provided an update on developments affecting public retirement systems and on miscellaneous system and staff activities.

Mr. Stensrud noted that the annual Form 700 Statement of Economic Interests is due March 31, 2011. Mr. Stensrud stated that General Counsel Jim Line was available for any questions regarding the form.

Mr. Stensrud also noted the upcoming State Association of County Retirement Systems (SACRS) spring conference that would be taking place in Santa Barbara, May 10-13, 2011. Mr. Stensrud stated that Board Members should inform staff if they were interested in attending and that staff would assist with making arrangements.

Mr. Stensrud reported that the Institute for Fiduciary Education (IFE) Market Makers program would be taking place June 26-29, 2011 in Laguna Beach. Mr. Stensrud noted that SCERS is limited to two attendees. Mr. Stensrud stated that Board Members should inform staff if they were interested in attending and that staff would assist with making arrangements.

Mr. Stensrud reported that the annual renewal of fiduciary liability insurance coverage would be brought to the Board in April.

Mr. Stensrud reported that the SACRS legislation monitoring report would be made available to the Board to enhance their ability to monitor legislative developments. Mr. Stensrud stated that this report includes information on all bills that SACRS is tracking which they deem to be relevant to retirement systems. Ms. Wolford-Landers asked if this report would also be made available on a public website. Mr. Stensrud stated that he believed the report was available on the SACRS website ([www.sacrs.org](http://www.sacrs.org)).

**ADMINISTRATIVE MATTERS (continued):**

Mr. Stensrud reported that General Counsel Jim Line had attended a court hearing in New York regarding the Westridge case. Mr. Line reported that the judge in the case ruled on a preliminary distribution of assets to investors and that SCERS would receive \$42 million, or just under 85% of its Net Capital Account at the time the Westridge entities were frozen. Mr. Line explained that while this was a good recovery, SCERS would not receive a premium for its prudence in choosing to invest in a regulated, audited entity (WGTC LP) as a Limited Partner compared to other investors who chose to invest in an unaudited, unregulated entity (WGTI LP) as noteholders. Mr. Line stated that there was a possibility of the recovery of additional funds in the future as other assets were liquidated by the Receiver, and that SCERS and the other Limited Partners in WGTC would be discussing the possibility of an appeal of the decision by the trial court denying them a larger share of assets distributed by the Receiver.

Mr. Stensrud provided a summary of the Little Hoover Commission report on public pensions.

Mr. Stensrud reported on a recent story in the press noting that in the Sonoma County retirement system the number of retirees and beneficiaries now exceeded the number of active employees. Mr. Stensrud noted that the ratio of active employees to retirees can have an impact on the cash flow of a retirement system. Mr. Stensrud stated that SCERS continues to have a positive ratio of active members to retirees, but that the ratio has been declining in recent years.

7. Chief Executive Officer Richard Stensrud presented the proposed functional job description and salary range for the Deputy Chief Investment Officer (Deputy CIO) position. Mr. Stensrud explained the proposed role and responsibilities of the Deputy CIO and how the position would fit into the overall investment staff structure. Mr. Stensrud also explained how the proposed salary range for the position had been established, and how the proposed salary range compared to the other exempt executive staff positions. Mr. Stensrud noted that if the Board approved the proposed salary range, the information would be conveyed to the County for implementation via a salary resolution adopted by the Board of Supervisors.

Motion by Mr. Woods to approve the proposed functional job description and salary range for the Deputy Chief Investment Officer position; Seconded by Mr. Johnson. Motion carried (7-0).

**INVESTMENT MATTERS:**

8. Investment Officer Scott Chan presented an update on SCERS' securities lending program. Mr. Chan noted the following:
- a. The changes over the past year have brought more clarity to the status of SCERS' securities lending program and on balance have had a positive impact on the collateral pool utilized in the program.
  - b. The changes reflect a more conservative set of investment guidelines for the collateral pool.
  - c. Given the reduced level of risk from a conservatively managed collateral pool, it was reasonable and prudent to continue to participate in the securities lending program in order to generate incremental investment income. However, commensurate with the reduced risk, the program will likely generate a lower level of return compared to prior years.

Mr. Chan noted that at some point in the future, SCERS may want to consider whether it is prudent to consider relaxing the investment constraints on the collateral pool, but it would turn on whether the increased risk is justified by increased return.

Motion by Mr. Woods to receive and file the update on SCERS' securities lending program; Seconded by Ms. O'Neil. Motion carried (7-0).

9. Pete Keliuotis and Patrick Thomas from Strategic Investment Solutions, Inc. presented the proposed work plan and timeline for general investment consulting projects.

Motion by Ms. Wolford-Landers to receive and file the presentation by Strategic Investment Solutions, Inc. on the proposed work plan and timeline for general investment consulting projects; Seconded by Mr. Woods. Motion carried (7-0).

10. Stephen L. Nesbitt and James B. Fiedler from Cliffwater LLC presented the proposed work plan and timeline for alternative assets consulting projects.

Motion by Mr. Woods to receive and file the presentation by Cliffwater LLC on the proposed work plan and timeline for alternative assets consulting projects; Seconded by Mr. Johnson. Motion carried (7-0).

The meeting was adjourned at 2:18 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Julie Valverde, Diana Gin (arrived at 1:10 p.m.), William D. Johnson (arrived at 1:15 p.m.), Kathy O'Neil, Nancy Wolford-Landers, Robert L. Woods (arrived at 1:11 p.m.), John Conneally, and Michael DeBord.

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MEMBERS ABSENT: John Kelly and Winston H. Hickox.

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; James G. Line, General Counsel; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager; Scott Chan, Investment Officer; Steve Davis, Investment Officer; John Lindley, IT Analyst; Pete Keliuotis and Patrick Thomas, Strategic Investment Solutions, Inc; and Stephen L. Nesbitt and James B. Fiedler, Cliffwater LLC.

Respectfully submitted,

Richard Stensrud  
Chief Executive Officer and  
Secretary of the Retirement Board

APPROVED: \_\_\_\_\_  
James A. Diepenbrock, President

DATE: \_\_\_\_\_

cc: Retirement Board (11); Board of Supervisors (6); County Counsel; County Executive (2); Internal Services Agency (2); County Labor Relations; Employee Organizations (20); Sacramento County Retired Employees' Association; SCERS Member Districts (10); Elected Officials (3); Superior Court of California, County of Sacramento; Amervest Company, Inc.; Mark Merin; John R. Descamp; and The Sacramento Bee.