



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

Keith DeVore, 1st Vice President
Elected by Miscellaneous Members

John B. Kelly, 2nd Vice President
Appointed by the Board of Supervisors

Dave Irish, Director of Finance
Ex-Officio

Winston H. Hickox
Appointed by the Board of Supervisors

Alice Jarboe
Elected by Miscellaneous Members

William D. Johnson
Elected by Safety Members

Nancy Wolford-Landers
Elected by Retired Members

Robert Woods
Appointed by the Board of Supervisors

John Conneally
Elected by Safety Members

William Cox
Elected by Retired Members

MINUTES

RETIREMENT BOARD MEETING, THURSDAY, DECEMBER 17, 2009

The regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 18th Floor, Sacramento, California, on Thursday, December 17, 2009, and commenced at 1:00 p.m.

OPEN SESSION:

PUBLIC COMMENT:

1. None heard.

MINUTES:

2. The Minutes of the June 18, 2009, July 16, 2009, September 17, 2009 and October 15, 2009 regular meetings were approved and Minutes of the November 17, 2009 special meeting and the November 19, 2009 regular meeting were deferred on Motion by Mr. Irish; Seconded by Ms. Wolford-Landers. Motion carried (8-0).

CONSENT MATTERS:

Items 3-5

The Consent Matters were acted upon as one unit upon a Motion by Mr. Kelly; Seconded by Mr. Hickox. Motion carried (8-0).

3. GUTIERREZ, Yolanda L.: Granted a nonservice-connected disability retirement.

4. WHITTAKER, Lydea R.: Granted a nonservice-connected disability retirement.
5. Received and filed the November 2009 Monthly Investment Manager Compliance Report and Watch List and approved recommendations made in the report.

CLOSED SESSION:

LEGAL MATTERS:

6. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956(a)
Securities and Exchange Commission vs. WG Trading Investors, L.P., et al
U.S. District Court, Southern District of N.Y., Case No. 09CIV 1750

The Board consulted with counsel.

7. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Government Code Section 54956.9(b)(1) and (3)(A)
Significant Exposure to Litigation

The Board consulted with counsel.

OPEN SESSION:

ADMINISTRATIVE MATTERS:

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

Mr. Stensrud requested that Board President Jim Diepenbrock read proposed Resolution 2009-20 commending Board Member Alice Jarboe on her service during her tenure on the Board which would be expiring at the end of the year.

Motion by Ms. Wolford-Landers to adopt Resolution 2009-20 honoring Alice Jarboe; Seconded by Mr. Irish. Motion carried (8-0).

Mr. Stensrud reported that the search for a new Investment Officer had been narrowed to five finalists. Mr. Stensrud noted the high quality of all of the finalists. Mr. Stensrud stated that the finalists were scheduled for in-person interviews the week of December 21, 2009 in expectation for the position to be filled in January, 2010.

Mr. Stensrud reported that the search for a new Chief Investment Officer was progressing with the current focus on the candidate profile which would be used by the potential search firm for identifying candidates.

Mr. Stensrud reported that Metropolitan West Asset Management (Met West) was placed on the Watch List due to the acquisition of the firm by Trust Company of the West (TCW). Mr. Stensrud noted that the placement on the Watch List was by policy for any investment manager acquired by another firm. Mr. Stensrud stated that Mercer Investment Consulting does not believe that the acquisition would be detrimental to Met West.

Mr. Stensrud reported that a fixed income education program was being developed for presentation to the Board in early 2010.

In response to a question from Ms. Wolford-Landers regarding the annual cost-of-living adjustment (COLA) received by most retirees, Mr. Stensrud reported that the COLA situation was being monitored by staff, but that the consumer price index used in determining the COLA was not reported monthly, and the next update would not be available until the middle of January, 2010.

9. Debbie Chan of Macias Gini & O'Connell presented the Independent Auditor's Report, Report on Internal Controls and Compliance, and Report to the Board of Retirement for the Fiscal Years Ended June 30, 2009 and 2008.

Ms. Chan outlined the purpose of the three reports that are presented as part of the audit. Ms. Chan stated that the audit showed no deficiencies, nor any instances of non-compliance with laws or regulations. Ms. Chan noted that there were no management comments or recommendations, which she indicated was rare. Ms. Chan noted that the Independent Auditor's Report, which is the auditor's opinion on the basic financial statements, provided an 'unqualified' or 'clean' opinion on the basic financial statements. Ms. Chan explained that this was the highest assurance possible that the financial statements were fairly presented in accordance with generally accepted accounting principles. Ms. Chan complemented the SCERS Staff for their preparation for and cooperation during the audit.

Motion by Ms. Wolford-Landers to receive and file the reports; Seconded by Mr. Johnson. Motion carried (8-0).

10. Chief Operations Officer Kathryn Regalia presented the SCERS Comprehensive Annual Financial Report (CAFR) for the Fiscal Years Ended June 30, 2009 and 2008. Chief Executive Officer Richard Stensrud recognized and expressed his appreciation for the hard work by various Staff members in the preparation of the CAFR. The Board commended Staff for the excellent quality of the document.

Motion by Mr. Irish to receive and file the report; Seconded by Ms. Jarboe. Motion carried (8-0).

Mr. Stensrud noted that a short-form version of the CAFR, referred to as a Popular Annual Financial Report (PAFR), would be prepared to send out to members along with their annual member statement.

11. Chief Executive Officer Richard Stensrud presented the proposed interest crediting rate for member contribution accounts for the six month period ended December 31, 2009.

Mr. Stensrud outlined how the interest crediting rate is determined under SCERS' Interest Crediting and Unallocated Earnings Policy ('Policy'). Mr. Stensrud noted that pursuant to the Policy, he was recommending that the interest crediting rate for member accounts be equal to one-half of the five-year Treasury Note rate as of December 31, 2009.

Motion by Ms. Jarboe to adopt the proposed interest crediting rate for member contribution accounts for the six month period ended December 31, 2009; Seconded by Mr. Kelly. Motion carried (8-0).

INVESTMENT MATTERS:

12. Chief Executive Officer Richard Stensrud presented a proposed extension of the contract for general investment consulting services with Mercer Investment Consulting.

Mr. Stensrud explained that the proposed amendment would extend the general investment consulting services contract through December 31, 2010. Mr. Stensrud noted that the retainer fee with Mercer Investment Consulting had not been adjusted for more than 10 years. Mr. Stensrud stated that given the anticipated increase in the use of Mercer's services in the coming year due to the vacancy in the Chief Investment Officer position, he believed an increase in the amount of the retainer fee was appropriate.

Motion by Mr. DeVore to approve the proposed extension of the general investment consulting services contract with Mercer Investment Consulting and an increase in the retainer of \$25,000; Seconded by Mr. Hickox. Motion carried (8-0).

The meeting was adjourned at 2:00 p.m.

MEMBERS PRESENT: James A. Diepenbrock, Keith DeVore, John Kelly, Dave Irish, Winston H. Hickox, Alice Jarboe, William D. Johnson, Nancy Wolford-Landers, John Conneally, and William Cox.

MEMBERS ABSENT: Robert Woods.

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; Thuyet Ziyalan, Accounting Manager; Julie Rucker, Senior Personnel Specialist; Tom Lightvoet, Mercer Investment Consulting; Debbie Chan, Macias Gini & O'Connell.

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.