

**BOARD OF RETIREMENT
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

January 6, 2010

Trustees Present:

Michael Cardenas
Eulalio Gomez
Phil Larson

Nick Cornacchia
James E. Hackett
John Souza

Franz Criego
Steven Jolly

Trustees Absent:

Vicki Crow

Others Present:

Ronald S. Frye, Alternate Trustee
Michael Cunningham, FCERA Member
Ron Madsen, FCERA Member
Jeffrey MacLean, Wurts & Associates
Akio Tagawa, Linea Solutions - via teleconference
Henry Perea, Fresno County Board of Supervisor
Ed Dunkel, Jr., Precision Civil Engineering, Inc.
Harvey Leiderman, Reed Smith - via teleconference
Jeffrey Rieger, Reed Smith - via teleconference
Conor Hinds, Accounting Supervisor
Susan Coberly, Senior Deputy County Counsel
Roberto L. Peña, Retirement Administrator
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos, Administrative Secretary

1. Call to Order

Vice Chair Gomez called the meeting to order at 8:32 AM.

2. Pledge of Allegiance

Recited.

3. Introduction and welcome to Trustee, Franz Criego, newly elected General Representative.

Roberto L. Peña, Retirement Administrator, and the Board recognized and welcomed newly elected Trustee Franz Criego.

Mr. Criego thanked the Board and expressed his appreciation to the General Membership.

4. Election of Chair and Vice Chair for the Calendar Year 2010.

Vice Chair Gomez opened nominations for Chair and Vice Chair of the Board.

Trustee Cardenas nominated Eulalio Gomez to serve as Chair for the calendar year 2010, seconded by Trustee Cornacchia. VOTE: Unanimous (Absent – Crow, Hackett)

Trustee Cornacchia nominated James E. Hackett to service as Vice Chair for the calendar year 2010, seconded by Trustee Souza. VOTE: Unanimous (Absent – Crow, Hackett)

Vice Chair Hackett joined the Board at 8:35 AM.

5. Public Presentations

None.

6. Discussion and appropriate action on appointments to the Retirement Board Standing Committees: Audit, Budget, Disability, and Personnel

The Board elected members to the Standing Committees to fill positions as follows: (changes noted in bold)

Audit Committee

Vicki Crow – Chair
Michael Cardenas
Nick Cornacchia
Steven J. Jolly

Budget Committee

Michael Cardenas – Chair
Vicki Crow
James E. Hackett
Phil Larson

Personnel Committee

Michael Cardenas – Chair
Nick Cornacchia
Eulalio Gomez
John Souza

Disability Committee

Eulalio Gomez – Chair
James E. Hackett
Steven J. Jolly
John Souza

A motion was made by Vice Chair Hackett, seconded by Trustee Jolly, to appoint Vice Chair Hackett to the Budget Committee. VOTE: Unanimous (Absent – Crow)

A motion was made Chair Gomez, seconded by Trustee Souza, to appoint Trustee Cornacchia to the Audit Committee. VOTE: Unanimous (Absent – Crow)

RECEIVED AND FILED; APPROVED

Consent Agenda/Opportunity for Public Comment

Ron Madsen, FCERA Member, pulled Consent Agenda Item 7 for discussion.

A motion was made by Trustee Larson, seconded by Trustee Souza, to Approve Consent Agenda Items 8-18. VOTE: Unanimous (Absent – Crow)

***7. Approve the December 16, 2009 Retirement Board Regular Meeting Minutes**

Ron Madsen, FCERA Member, requested that his comments regarding the Contra Tracking Account [Item 15] be corrected to better reflect his point that there may be issues with the method in which the Contra Tracking Account is utilized in that interest is credited to the reserves at 8.0% each year and if there are not enough earnings to cover the interest the shortfall is charged against the Contra Tracking Account as well as UAAL contributions from the County, creating a double payment.

Roberto L. Peña, Retirement Administrator, noted that Administration will review the audio recording of the meeting and make the requested changes if appropriate.

The Board directed Administration to review the audio recording and make the necessary changes if appropriate. Administration agreed.

***8. Retirements**

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Linda S. Bethell	Community Health	11.13
Richard Boltz	E&TA, Deferred	8.06
Lee Daugherty	NCFP, Deferred	5.01
Gudrun Griem	Community Health, Deferred	5.10
Rudolph Gutierrez	E&TA, Deferred	6.85
Carol Henry	Community Health	25.33
Rosa Hinkly	Child Support Services	25.71
Janice L. Kulekjian	Probation	33.68
Joseph M. Leon	Sheriff	30.25
Lorraine V. Luna	Superior Court	10.58
Phillip G. Lybarger	General Services	5.41
Alex Navarette	General Services	24.79
James Pratt	ITSD	14.91
Eugene Reade	Community Health, Deferred	3.13
Yolanda Renteria	E&TA	36.54
Michael B. Scribner	General Services	13.81
Patricia G. Smith	E&TA	13.80
Rafael Torres	Public Defender	22.03
Barbara J. Welch	E&TA	10.24

***9. Disability Retirements**

RECEIVED AND FILED; APPROVED

James M. Farris	Personnel Services	8.78
Sandra A. Lindholm	District Attorney	9.20
Earl Richardson	Sheriff	32.68
Frank Riojas	Public Defender	12.00

***10. Deferred Retirements and Request to Rescind Deferred Retirement**

Debra S. Blankenship	E&TA	25.66
Cynthia Espinosa	Child Support Services	11.60
Steven Rodriguez	E&TA	29.27

Request to Rescind

Chai Fang	Child Support Services	17.59
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***11. Public Records Requests and/or Retirement Related Correspondence from Joshua Fredlund, Thomson Reuters; Mary Burges, FCERA Member; Elizabeth Hamelin, Hogan & Hartson, LLP; Gary Linsner, FCERA Member; Monica Coryea, Stanislaus County Chief Executive Office; Eileen Kotechi, Morgan Creek Capital; Brad Branan, The Fresno Bee; Allan Beckmann, University of North Carolina; and Lucky Begum, Pregon Ltd.; and Jim Anderson, Mendocino County Employees' Retirement Association**

RECEIVED AND FILED

***12. Update of Board of Retirement Directives to FCERA Administration**

RECEIVED AND FILED

***13. Most recent investment returns, performance summaries and general investment information from investment managers**

RECEIVED AND FILED

***14. Board Communications**

RECEIVED AND FILED

***15. Correspondence from Raymond McCray, SACRS Nomination Committee Chair, regarding SACRS 2010-2011 Board of Director Election Notification**

RECEIVED AND FILED

***16. Board of Retirement Annual Attendance Report**

RECEIVED AND FILED

***17. Official results of the November 19, 2009 Board of Retirement General Member Election**

RECEIVED AND FILED

***18. Approve Administration's request to surplus equipment no longer needed for FCERA operations**

RECEIVED AND FILED; APPROVED

19. Discussion and appropriate action on recommendation to eliminate and reallocate our current Global Fixed Income Allocation presented by Jeffrey MacLean, Wurts & Associates

Jeffrey MacLean, Wurts & Associates, opened discussions by noting the significance of the global fixed income allocation and its impact on the overall portfolio. He noted that the following discussion would include a recommendation to eliminate the Global Fixed Income allocation and reallocate to emerging markets equities. In addition, Mr. MacLean recommended terminating Grantham Mayo Van Otterloo (GMO) from the mandate to comply with the recommended change.

FCERA currently has a 1% target allocation to global fixed income. As of September 30, 2009, the exposure was 2.9% or \$71.6 million through GMO. GMO's third quarter return of 12.0% contributed about 0.35% to the Retirement Plan's 11.7% return for the quarter. The current emerging markets target allocation is 2.0%. To achieve greater impact from this asset class, Mr. MacLean recommended redirecting the 1.0% (or \$25.2 million) global fixed income target allocation to emerging markets, resulting in a 3.0% target (or \$75.5 million).

Mr. MacLean stated that risk free interest rates among developed markets, including the US, have converged to a tight band around 3.5%. Currency would account for differences in total expected returns. The more reasonable option is to undertake the currency risk within the context of an equity allocation, which would provide higher return expectations than fixed income and be less overwhelmed by currency movements. Current valuation ratios identify emerging market equities as most attractively priced to provide the highest expected returns among equity markets. Emerging market economies are characterized by higher Gross Domestic Product (GDP) growth rates, driven by exports and internal growth.

Mr. MacLean noted that opportunities in global fixed income remain accessible through the domestic fixed income managers, who have flexibility in their mandates to invest in international and emerging market bonds when expected returns improve.

In response to a question from Trustee Cornacchia regarding the cost of transitioning the allocation, Mr. MacLean noted that because GMO is a commingled account, the transaction costs would be minimal.

In response to a question from Trustee Jolly regarding why the global bonds allocation is currently 3.0% when the target is 1.0%, Mr. MacLean explained that the deviation is a result of the bond market being very illiquid and to trade out of the global bonds before now would have been too costly.

At the request of Trustee Criego, Mr. MacLean reviewed GMO's returns over the past 1, 3, 5, and 10 year periods in contrast to the emerging market returns as follows:

GMO Returns	Emerging Market Returns (using index)
1 year ~ 4.6%	~ 19.4%
3 year ~ 2.9%	~ 8.3%
5 year ~ 3.9%	~ 17.7%
Inception (1999) ~ 5.5%	~ 11.8% (Mondrian 2005 ~ emerging markets manager)

Trustee Jolly reviewed GMO's most current returns (as of November 30, 2009) as follows:

Year-to-date ~ 26.58%
 1 year ~ 29.36%
 3 year ~ 3.12%
 5 year ~ 3.08
 Since inception (1999) ~ 5.96

Mr. MacLean clarified that the asset classes have very different risk characteristics and it is expected that emerging markets will significantly outperform the global fixed income allocation.

In response to a question from Trustee Criego regarding the reasons for the recommendation to not keep the 1% global fixed income allocation pending further review, Mr. MacLean stated that 1% global bond allocation would be best served in emerging markets and is more in line with the current investment policy.

In response to a concern from Trustee Cornacchia regarding the costs to transition the global bonds allocation to emerging markets, Mr. MacLean noted that, because the emerging market returns are expected to be approximately 9-11% and exceed the expected global bonds returns of 3-4%, the transition is a cost benefit decision and is minimal in comparison to the expected returns.

Roberto L. Peña, Retirement Administrator, reminded the Board of changes to the asset allocation approved in August 2008 noting the changes are designed to exceed the assumed rate of return. In addition, Mr. Peña clarified that the recommended changes are due to the current asset allocation targets and is not intended to reflect poorly on GMO.

Vice Chair Hackett spoke in favor of the recommendation noting that there is potential for considerable investment gains.

A motion was made by Vice Chair Hackett, seconded by Trustee Jolly, to Approve the recommendation to eliminate and reallocate the Global Fixed Income allocation to Emerging Markets Equities. VOTE: Unanimous (Absent – Crow)

RECEIVED AND FILED; APPROVED

20. Discussion and appropriate action on revised Investment Statement Policy presented by Jeffrey MacLean, Wurts & Associates

Jeffrey MacLean, Wurts & Associates, opened discussions by presenting the revised Investment Policy Statement noting that Wurts & Associates (Wurts) updated the policy to reflect the most recent changes such as TALF, TIPS, Opportunistic Fixed Income, and Small Cap Equities approved by the Board and includes the elimination of the Global Fixed Income allocation.

A motion was made by Trustee Jolly, seconded by Trustee Cardenas, to Approve the revised Investment Statement Policy as presented. VOTE: Unanimous (Absent – Crow)

RECEIVED AND FILED; APPROVED

21. Discussion and appropriate action on evaluation of the General Ledger Request for Proposal (RFP) responses presented by Becky Van Wyk, Assistant Retirement Administrator, and Conor Hinds, Supervising Accountant

Conor Hinds, Supervising Accountant, opened discussions by recognizing and thanking Linea Solutions for their efforts throughout the Request for Proposal (RFP) process and their assistance during the selection process. In addition, Mr. Hinds thanked the evaluation team which included John Ernst, County ITSD; Pat Srisukwatana, Systems and Procedures Analyst; Pam Fine, Senior Accountant FCERA; Becky Van Wyk, Assistant Retirement Administrator; and Roberto L. Peña, Retirement Administrator.

Mr. Hinds summarized the RFP process as follows:

- On August 19, 2009, FCERA requested and received the Board's approval to enlist the services of Linea Solutions to prepare an RFP for the General Ledger Financial Reporting System (General Ledger). Staff began the requirements phase of the project on August 26, 2009. The requirements phase and completion of the RFP took many hours and the final RFP was presented to the Board for approval on November 4, 2009. On November 6, 2009 the RFP was announced the responses were due by the close of business on December 4, 2009. Three firms responded with complete RFP responses by the deadline, a fourth was not considered due to the receipt of this response after the deadline.
- The RFP focused on three areas, General ledger module, integration manager and report writer. Other modules or components were presented to FCERA for the possibility of use in the future.
- The three firms who responded by the RFP deadline were: Blackbaud, Inc., SCS, Inc. and Sikich Group, LLP. Each of the firms was evaluated on their responses to the RFP, the presentation of the functionality of their software program and their references. The higher scoring firm was SCS, Inc which offers MS Dynamics NAV (formerly Navision). Second best scorer was Sikich Group, LLP which offers MS Dynamics Great Plains.
- SCS, Inc. has offices located in Santa Monica and San Mateo, CA. SCS, Inc. has been in business for 30 years and is one of the largest Microsoft Dynamics NAV solution centers in the United States.
- Sikich Group, LLP corporate office is based in Aurora, IL with several additional offices in the Midwest and East Coast. Sikich Group, LLP is primarily an accounting firm that developed a technology arm that supports the sale of Microsoft Dynamics Great Plains.

Mr. Hinds summarized the decision to recommend and support SCS, Inc. and their offered solution of Microsoft Dynamics NAV 5.0 as follows:

- Presentation of software functionality, positive reference feedback from SCS clients in both Governmental and Private Industry, key personnel assigned to the implementation team and overall lower cost solution.

- This system, Microsoft Dynamics NAV 5.0, is a very versatile software system. The General Ledger module, integration manager and built-in report writer were presented to FCERA and demonstrated an ease of use, increased functionality over the current accounting software and the ability to customize reports “on the fly. “

Mr. Hinds reviewed the key features of the proposed software as follows:

- Generate full audit trail capability on transactions.
- Define unlimited formats. Ability to create and populate financial statements directly from the General Ledger software which will remove manual input from the process.
- Automate financial transactions from systems outside of Microsoft Dynamics NAV 5.0 using integration manager (Bank, Pensions and County PeopleSoft). Considerable time savings will result from transactions that can be automated once implemented.
- Dimensions – Allows users to attach an identifier to critical fields that allow for query and analysis immediately or whenever needed. FCERA can utilize this feature to identify and consolidate specific values that are required for reporting in the CAFR.
- Virtually unlimited reporting. System comes with 597 built in reports. Reports are customizable to meet the needs of the user.

In response to a question from Trustee Cornacchia regarding the software implementation timeline, Akio Tagawa of Linea Solutions, noted that it is expected that the new system would be in place by the end of the fiscal year (June 30, 2010).

In response to a question from Trustee Cornacchia regarding the evaluation process, Mr. Hinds noted that two of the finalists presented “live” demonstrations on-site and the third presented via the internet to the evaluation team.

Becky Van Wyk, Assistant Retirement Administrator, noted that Staff is confident that the experience of SCS is sufficient for a successful implementation and the confidence was reinforced by discussions with SCS references (users and implementation teams).

Ms. Van Wyk recommended that the Board authorize Administration to negotiate a contract with SCS to purchase and implement the NAV System. Upon completion Administration will return the contract to the Board for final Board approval.

In response to a question from Trustee Cornacchia regarding the General Ledger budget, Ms. Van Wyk stated that SCS’s quote is within budget.

At the request of Mr. Peña, Ms. Van Wyk and Mr. Hinds commented on the working relationship with Linea Solutions both noting that the experience has been positive in that Linea Solutions has been professional and helpful throughout the General Ledger RFP process.

In response to a question from Mr. Peña regarding potentially working with Linea Solutions on other projects related to the IT Roadmap, Ms. Van Wyk and Mr. Hinds stated that they support working with Linea Solutions moving forward.

A motion was made by Trustee Larson, seconded by Trustee Cardenas, to Approve the recommendation as presented. VOTE: Unanimous (Absent – Crow)

Mr. Peña thanked Staff, Linea Solutions, and John Earnst for a job well done.

RECEIVED AND FILED; APPROVED

22. Discussion and appropriate action on Stakeholders Relations Committee presented by Becky Van Wyk, Assistant Retirement Administrator

Becky Van Wyk, Assistant Retirement Administrator, opened discussions by noting that the Strategic Plan adopted by the Board in June 2008 calls for the development of a Stakeholder Relations Program which she has been charged to spearhead.

Ms. Van Wyk gave a brief update on the progress and reviewed the milestones of the program as follows:

1. Establish a staff committee to develop the Program.
2. Determine whether outside support and expertise would be beneficial.
3. Obtain input from board members and stakeholders.
4. Prepare draft Program and review with the Board.
5. Finalize the Program for Board approval.

Milestone 1 - A staff committee (task force) of eight people, including her, has been established. The members of the task force represent each major work area of FCERA and include both long term and brand new FCERA staff from clerical to management. The staff committee felt that a "task force" would have more impact with the stakeholders than a "staff committee". Thus, all future references will use the term "task force" when referring to the staff committee.

Milestone 2 – At this point, the task force has determined that Milestone 2 should follow Milestone 3 as the task force is unable to determine if outside assistance is needed without having some idea of where it is "heading".

Milestone 3 – The task force identified FCERA's major stakeholders as our members (active, deferred and retired), employers, taxpayers, vendors and staff. A notice was placed on FCERA's website requesting volunteers to assist the task force. In addition, a notice will be included in the next newsletter to reach those stakeholders that may have missed the notice on the website.

The task force is currently researching the establishment of a blog as a method of obtaining input from stakeholders. Establishing a blog within the County's network is fairly easy, but would limit input to only County employees. Thus, the task force is looking into other avenues for the blog. Once the task force has more information and a draft plan for the blog, it will return to the Board for approval to proceed.

Ms. Van Wyk requested that a couple of Trustees volunteer to work with the task force. It is anticipated that the volunteers will provide input to the process, review the task force's work product and provide guidance on other areas that should be included. It is not anticipated that the Trustees will be attending the task force meetings, although they are welcome to, unless public meetings are scheduled to gather input from the stakeholders.

In response to a question from Chair Gomez regarding members of the task force, Ms. Van Wyk clarified that the members are from the FCERA staff.

Chair Gomez suggested that the task force include members from outside the FCERA staff such as other County staff and members of the Retired Employees of Fresno County (REFCO). It was agreed that after the “planning” stage is complete, Administration will seek additional members for the task force as suggested by Chair Gomez.

Chair Gomez and Trustee Cornacchia agreed to volunteer their time to the Stakeholder Task Force.

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Due to timing issues, Agenda Item 24 was heard at this time.

24. Discussion and appropriate action on current status Lot Split presented by Becky Van Wyk, Assistant Retirement Administrator

Becky Van Wyk, Assistant Retirement Administrator, opened discussions by stating that Administration was notified by Greenwood and Associates, the agency processing the parcel map amendment (lot split), that the parcel map amendment should be completed soon. As part of the approval process, the City of Fresno requires two “owner’s representatives” to sign off on the parcel map amendment.

Ms Van Wyk noted that Government Code Section 31520 states that the “management of the retirement system is vested in the board of retirement”. When Roberto L. Peña was hired as the Administrator of this system, the Board adopted a resolution granting him the authority to act in his capacity as the Administrator. However, it is understood that the authority granted by that resolution does not cover this situation. Therefore, Ms. Van Wyk recommended that the Board appoint two members of the Board to sign the final parcel map amendment.

Trustee Jolly recommended appointing Chair Gomez and Vice Chair Hackett as authorized signers of the parcel map amendment.

**A motion was made by Trustee Criego, seconded by Trustee Larson, to Approve Chair Gomez and Vice Chair Hackett as authorized signers of the parcel map amendment.
VOTE: Unanimous (Absent – Crow)**

RECEIVED AND FILED; APPROVED

Due to timing issues, Agenda Item 23 was delayed until after Closed Session discussions.

23. Presentation on High Speed Rail Heavy Maintenance Facility presented by Supervisor Henry Perea for the purpose of requesting a “letter of interest” from the Board of Retirement to invest pension funds in High Speed Rail bonds

Please see discussion following Closed Session.

24. Discussion and appropriate action on current status Lot Split presented by Becky Van Wyk, Assistant Retirement Administrator

Please see discussion following Agenda Item 22.

Roberto L. Peña, Retirement Administrator, pulled Closed Session Agenda Items 25.A.2. and 25.D.1. as there was nothing to discuss.

25. Closed Session:

- A.** Conference with Legal Counsel – Actual Litigation - pursuant to G.C. §54956.9(a)
 - 1. *Fresno County Employees' Retirement Association v. Public Pension Professionals*
 - 2. *Marsha Stillman v. Fresno County Employees' Retirement Association*
- B.** Conference with Legal Counsel – Initiation of Litigation – pursuant to G.C. §54956.9(c) - one matter
- C.** Conference with Legal Counsel – Anticipated Litigation – pursuant to G.C. §54956.9(b)(3)(c) (one potential case, claim available for public inspection)
- D.** Conference with Real Property Negotiators – pursuant to G.C. §54956.8
 - 1. Property: 1713 Tulare Street, Fresno, CA 93721
Agency Negotiators: Brian Decker of Colliers Tingey
- E.** Disability Retirement Applications – Personnel Exception (G.C. §54957):
 - 1. Oscar Carter
 - 2. Carol Beaver

26. Report from Closed Session

- 25.A.1. The Board reached a settlement agreement with Public Pension Professionals.
- 25.A.2. Pulled.
- 25.B. Nothing to report.
- 25.C. Nothing to report.
- 25.D.1. Pulled.
- 25.E.1. Continued until January 20, 2010.
- 25.E.2. Carol Beaver – Decision – To Grant Carol Beaver Service Connected Disability benefits based on the Findings of Fact and Decision. M – Jolly. S – Hackett.
VOTE: Unanimous (Absent – Crow)

23. Presentation on High Speed Rail Heavy Maintenance Facility presented by Supervisor Henry Perea for the purpose of requesting a “letter of interest” from the Board of Retirement to invest pension funds in High Speed Rail bonds

Roberto L. Peña, Retirement Administrator, opened discussions by stating the presentation, which included a 10 minute video on the California High Speed Rail project, is for the purpose of gauging and requesting a “letter of interest” from the Board on potentially investing pension funds in this endeavor.

The High Speed Rail project could be a good investment for the Central Valley. As it is understood, the main issue regarding Fresno County in particular is whether construction of the Heavy Maintenance Facility for the High Speed Rail will take place within the County and if so, what the economic impact will be of such endeavor to Fresno County’s economy.

If viable, this investment will be considered a social investment mandate and like any other investment option to be considered by the Board, the question is whether the investment makes financial and economic sense and whether the investment has the potential to meet the Board’s investment goals and objectives.

Supervisor Henry Perea addressed the Board stating that the County of Fresno is being considered and is competing for the Heavy Maintenance Facility for the High Speed Rail to be built in the Fresno County area. Mr. Perea commented on the interest expressed by other public investment funds in investing in the High Speed Rail bonds.

Ed Dunkel, Jr., Precision Civil Engineering, Inc., shared and commented on a video presentation of the proposed Heavy Maintenance Facility location noting the minimal environmental impact, financial incentives, and other economic benefits should the County be awarded the Heavy Maintenance Facility contract. It was noted that Merced, Madera, and Kern Counties are also competing for the Heavy Maintenance Facility.

Mr. Dunkel stated that, as part of the County’s Expression of Interest, the Authority requires that the County provide the following:

- Site description, including location, distance from High-Speed Train mainline, highway access, availability of site utilities, consistency with local zoning and other planning efforts and adopted plans.
- Availability of local labor force to support employment needs and economic benefits to cities and local communities.
- Constructability, access for construction within existing transportation right of way. Disruption to and relocation of existing infrastructure, including utilities.
- Displacements: Number of properties by land use type that would be displaced, and/or acres of land by land use type. Number of residential and commercial properties impacted or displaced.

Mr. Dunkel stated that he is confident that the County meets or exceeds the Authority’s required criteria noting that proposed facility site is ideally located near Easton and meets the minimum acreage required for the facility as well as having access from both Highways 99 and 41.

Mr. Dunkel reviewed the numerous advantages of the proposed maintenance facility location. The maintenance facility will require a “test track” of at least one hundred miles of “straight” track where trains will need to attain 210 miles per hour. Fresno and Kern Counties are the only areas where this is possible.

In response to a question from Mr. Peña regarding the number of potential sites the Authority is pursuing, Supervisor Perea noted that the Authority has stated that the maintenance facility will be located in the Central Valley. Supervisor Perea commented on Fresno County and City Governments seriousness and desire to move forward in obtaining the maintenance facility contract.

Supervisor Perea noted that the high-speed rail lines throughout California would bring \$10 billion in economic stimulus, 600,000 construction jobs, and 450,000 permanent new jobs to California including 16,500 jobs in the Central Valley.

Supervisor Perea stated that private financial support, through direct investment and investment in High-Speed Rail bonds, will be critical to ensure the timely construction of the High-Speed Rail project. In addition, throughout California’s history, public pension funds have provided substantial investment for the construction of public works that have improved Californians’ health, safety, and quality of life, and the purchase of High-Speed Rail bonds would be consistent with this investment philosophy.

Supervisor Perea commented on the letters of interest received from businesses throughout the community and “Measure C” [Measure C can provide further funding for this endeavor] and the positive impact it could have on obtaining the maintenance facility location.

Detailed discussions ensued regarding the investment returns and risk associated with the High-Speed Rail bonds and the desire to move forward with a letter of interest. Mr. Peña noted that he supports a letter of interest. However, the decision to submit a letter of interest should not be based on potential investment returns or minimal investment risks at this time.

Trustee Larson noted his support for the letter of interest.

Mr. Peña suggested that Administration submit a letter of interest using language based on a sample provided by Supervisor Perea.

A motion was made by Trustee Larson, seconded by Trustee Jolly, to submit a “letter of interest” in the High Speed Rail Heavy Maintenance Facility investment bonds. VOTE: Unanimous (Absent – Crow)

RECEIVED AND FILED; APPROVED

27. Report from FCERA Administration

Roberto L. Peña, Retirement Administrator, notified the Board that the Conflict of Interest (Form 700) has been distributed and is due to Elizabeth Avalos before March 31, 2010.

28. Report from County Counsel

Susan Coberly, Senior Deputy County Counsel, had nothing to report.

Michael Cunningham, FCERA Member, requested that the Chair report on the Closed Session Items only after the public has had time to re-enter the Board Chambers. Chair Gomez agreed and apologized to the public.

29. Board Member Announcements or Reports

The Trustees had nothing to report.

There being no further business the meeting adjourned at 11:07 AM.

Roberto L. Peña
Secretary to the Board