



AGENDA  
SPECIAL MEETING  
BOARD OF RETIREMENT  
SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
October 12, 2010  
9:00 AM  
Board Room  
348 West Hospitality Lane, First Floor  
San Bernardino, California

**PUBLIC NOTICE:**

1. Call meeting to order.
2. Presentation by NEPC and staff on an allocation of \$20 million to Energy Spectrum Partners VI.
3. Presentation by Energy Spectrum.
4. Approve an allocation of \$20 million to Energy Spectrum Partners VI.
5. Presentation by NEPC and staff on Alcentra Corporate Distress and Special Situations and Cairn Structure and Direct Corporate Credit Strategy.
6. Presentation by Alcentra on their Corporate Distress and Special Situations.
7. Approve Alcentra Corporate Distress and Special Situations.
8. Presentation by Cairn on their Structure and Direct Corporate Credit Strategy.
9. Approve Cairn Structure and Direct Corporate Credit Strategy.
10. 1st Quarter 2010 Performance Report on Private Alternative Investments

**SUPPLEMENTAL AGENDA**

11. Approve Replacement Trustee for Gold Coast Capital Ltd. and Gold Coast Capital Subsidiary I-IX.

**PUBLIC COMMENT**

**ADJOURN**

**NOTES:**





# Alternative Investment Performance as of March 31, 2010

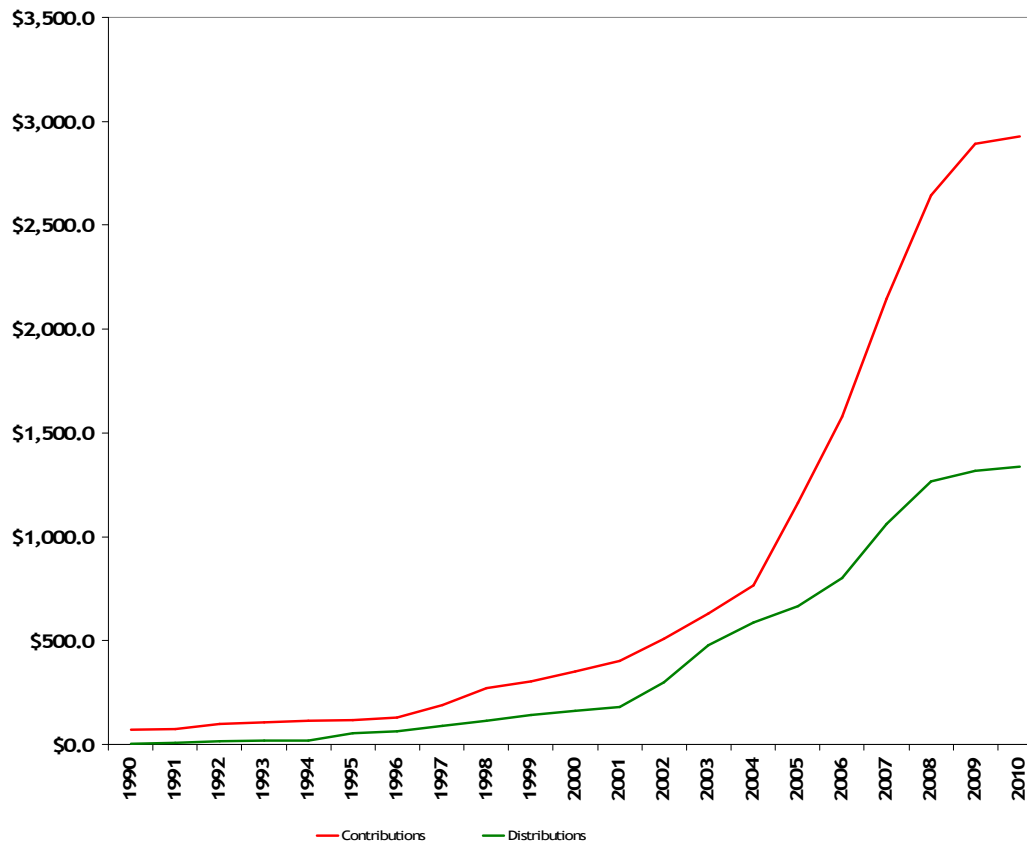
San Bernardino County Employees'  
Retirement Association

October 12, 2010



Through March 31, 2010, SBCERA had contributed \$2.9 billion of its \$3.9 billion commitments to Private Alternative Investments, while generating \$1.3 billion of distributions.

SBCERA Private Alternative Investments Program  
Cumulative Cash Flows  
inception through March 31, 2010



- Approximately 26.0% of the Private Alternative Investment commitments remain unfunded.
- During the first quarter of 2010, \$34.3 million additional contributions were made with \$18.3 million received in distributions.



As of March 31, 2010, the SBCERA Alternative Investments Program generated a since inception return (IRR) of (0.11)%, an increase from (0.31)% in the fourth quarter of 2009.

SBCERA Private Alternative Investments Program

Performance as of March 31, 2010 (\$ in millions)

| Total Program       | <i>Direct Investments</i> | <i>Energy Investments</i> | <i>Infrastructure Investments</i> | <i>Private Equity Investments</i> | <i>Real Estate Investments</i> | <i>Timber Investments</i> | <i>Total SBCERA Private Alternative Investments Program</i> |
|---------------------|---------------------------|---------------------------|-----------------------------------|-----------------------------------|--------------------------------|---------------------------|---|
| Commitments         | \$563.6                   | \$45.0                    | \$110.8                           | \$1,343.6                         | \$1,687.4                      | \$210.0                   | \$3,960.4   |
| Contributions       | \$378.2                   | \$20.4                    | \$100.9                           | \$679.1                           | \$1,568.2                      | \$181.4                   | \$2,928.2   |
| Distributions       | \$76.5                    | \$2.5                     | \$55.7                            | \$55.6                            | \$1,140.7                      | \$5.2                     | \$1,336.2   |
| Returns of Capital  | \$38.6                    | \$0.9                     | \$50.0                            | \$24.8                            | \$973.5                        | \$0.0                     | \$1,087.8   |
| Gains & Income      | \$37.9                    | \$1.6                     | \$5.7                             | \$30.8                            | \$167.2                        | \$5.2                     | \$248.4   |
| Ending Market Value | \$336.0                   | \$17.9                    | \$50.3                            | \$574.4                           | \$444.6                        | \$161.1                   | \$1,584.4   |
| Investment Multiple | 1.10x                     | 1.00x                     | 1.05x                             | 0.93x                             | 1.01x                          | 0.92x                     | 1.00x   |
| IRR                 | 4.19 %                    | 0.12 %                    | 3.77 %                            | (2.85)%                           | 0.44 %                         | (3.14)%                   | (0.11)%   |

The inception years for SBCERA's Private Alternative Investment programs are as follows:

Direct Investments - 2004; Energy - 2007; Infrastructure - 2007; Private Equity - 2004; Real Estate - 1990; Timber - 2005.



# Summary

- Direct Investments
  - Overall Direct Program 1.1x multiple and .20x DPI
  - Top Performers
    - Industry Ventures – 39% IRR, 1.3x multiple
    - NB Secondary Fund II – 24% IRR, 1.3x multiple
    - Apollo Fund VII – 22% IRR, 1.3x multiple
    - Siguler Guff III – 20% IRR, 1.2x multiple
- Private Equity Fund of Funds
  - Overall .93x multiple and .08x DPI
    - Continuing write ups in underlying funds and increasing distributions

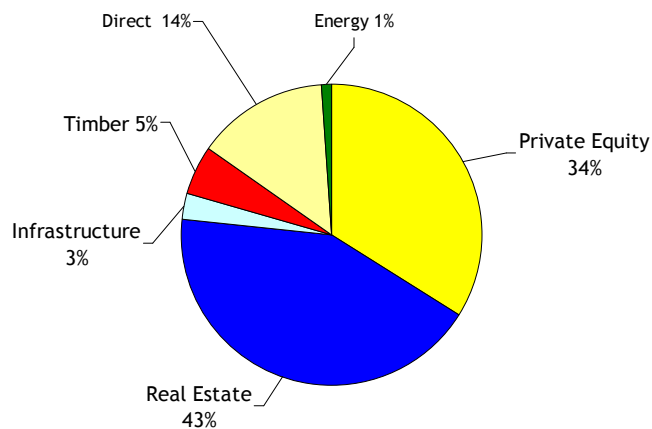


## SBCERA Private Alternative Investments Program

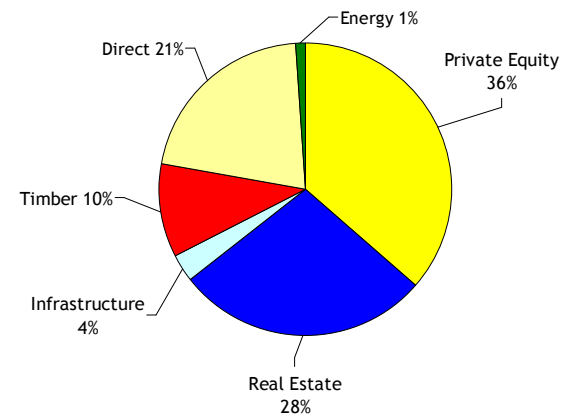
Performance by Investment Type  
 Since inception as of March 31, 2010  
 (\$ in millions)

| Investment                          | Commitments | Contributions | Outstanding Commitments | % Commitments Outstanding | Distributions | Returns of Capital | Realized Gains & Income | Market Value | IRR %  | Distribution Multiple | Investment Multiple |
|-------------------------------------|-------------|---------------|-------------------------|---------------------------|---------------|--------------------|-------------------------|--------------|--------|-----------------------|---------------------|
| <i>Portfolio by Investment Type</i> | 3,960.4     | 2,928.2       | 1,032.2                 | 0.26                      | 1,336.3       | 1,087.9            | 248.4                   | 1,584.4      | (0.11) | 0.46x                 | 1.00x               |
| <i>Direct</i>                       | 563.6       | 378.2         | 185.3                   | 0.33                      | 76.5          | 38.6               | 37.9                    | 336.0        | 4.19   | 0.20x                 | 1.09x               |
| <i>Energy</i>                       | 45.0        | 20.4          | 24.6                    | 0.55                      | 2.5           | 1.0                | 1.6                     | 17.9         | 0.12   | 0.12x                 | 1.00x               |
| <i>Infrastructure</i>               | 110.8       | 100.9         | 10.0                    | 0.09                      | 55.7          | 50.0               | 5.7                     | 50.3         | 3.77   | 0.55x                 | 1.05x               |
| <i>Private Equity</i>               | 1,343.6     | 679.1         | 664.6                   | 0.49                      | 55.6          | 24.8               | 30.8                    | 574.4        | (2.85) | 0.08x                 | 0.93x               |
| <i>Real Estate</i>                  | 1,687.4     | 1,568.2       | 119.2                   | 0.07                      | 1,140.8       | 973.5              | 167.2                   | 444.6        | 0.44   | 0.73x                 | 1.01x               |
| <i>Timber</i>                       | 210.0       | 181.4         | 28.6                    | 0.14                      | 5.2           | 0.0                | 5.2                     | 161.1        | (3.14) | 0.03x                 | 0.92x               |

Allocation by Commitment



Allocation by Market Value







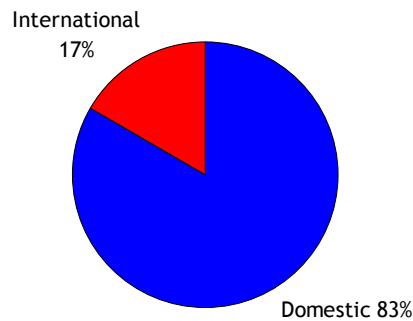


## SBCERA Private Alternative Investments Program

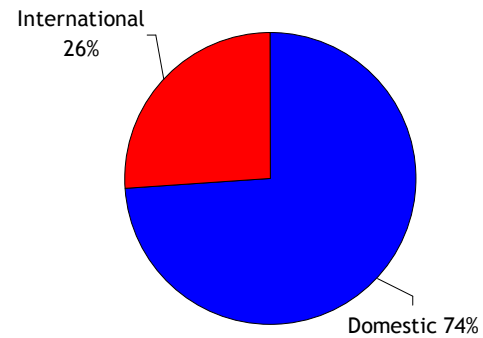
Performance by Investment Origin  
 Since inception as of March 31, 2010  
 (\$ in millions)

| Investment                 | Commitments | Contributions | Outstanding Commitments | % Commitments Outstanding | Distributions | Returns of Capital | Realized Gains & Income | Market Value | IRR %  | Distribution Multiple | Investment Multiple |
|----------------------------|-------------|---------------|-------------------------|---------------------------|---------------|--------------------|-------------------------|--------------|--------|-----------------------|---------------------|
| <i>Portfolio by Origin</i> | 3,960.4     | -0.1          | 1,032.2                 | 0.26                      | 1,336.3       | 1,087.9            | 248.4                   | 1,584.4      | (0.11) | 0.46x                 | 1.00x               |
| <i>Domestic</i>            | 3,301.6     | 2,433.8       | 867.8                   | 0.26                      | 1,292.6       | 1,067.7            | 225.0                   | 1,170.1      | 0.49   | 0.53x                 | 1.01x               |
| <i>International</i>       | 658.8       | 494.4         | 164.4                   | 0.25                      | 43.6          | 20.2               | 23.5                    | 414.3        | (2.94) | 0.09x                 | 0.93x               |

Allocation by Commitment



Allocation by Market Value





## SBCERA Private Alternative Investments Program

Performance by Vintage Year  
 Since inception as of March 31, 2010  
 (\$ in millions)

| Investment                       | Commitments    | Contributions  | Outstanding Commitments | % Commitments Outstanding | Distributions  | Returns of Capital | Realized Gains & Income | Market Value | IRR %         | Distribution Multiple | Investment Multiple |
|----------------------------------|----------------|----------------|-------------------------|---------------------------|----------------|--------------------|-------------------------|--------------|---------------|-----------------------|---------------------|
| <b>Portfolio by Vintage Year</b> | <b>3,960.4</b> | <b>2,928.2</b> | <b>1,032.2</b>          | <b>0.26</b>               | <b>1,336.3</b> | <b>1,087.9</b>     | <b>248.4</b>            | <b>1,584</b> | <b>(0.11)</b> | <b>0.46x</b>          | <b>1.00x</b>        |
| 1990                             | 1,687.4        | 1,568.2        | 119.2                   | 0.07                      | 1,140.8        | 973.5              | 167.2                   | 445          | 0.44          | 0.73x                 | 1.01x               |
| 2004                             | 1,368.6        | 704.4          | 664.3                   | 0.49                      | 64.7           | 30.1               | 34.6                    | 598          | (2.39)        | 0.09x                 | 0.94x               |
| 2005                             | 313.5          | 274.2          | 39.3                    | 0.13                      | 41.5           | 15.0               | 26.5                    | 246          | 1.61          | 0.15x                 | 1.05x               |
| 2006                             | 128.4          | 115.4          | 13.0                    | 0.10                      | 17.5           | 8.6                | 8.9                     | 87           | (4.37)        | 0.15x                 | 0.90x               |
| 2007                             | 210.8          | 171.6          | 39.2                    | 0.19                      | 60.3           | 51.0               | 9.3                     | 124          | 4.51          | 0.35x                 | 1.07x               |
| 2008                             | 125.0          | 43.9           | 81.1                    | 0.65                      | 3.2            | 2.3                | 0.9                     | 47           | 12.60         | 0.07x                 | 1.15x               |
| 2009                             | 121.8          | 45.7           | 76.1                    | 0.62                      | 8.0            | 7.0                | 1.0                     | 35           | (13.64)       | 0.17x                 | 0.94x               |
| 2010                             | 4.8            | 4.8            | 0.0                     | 0.00                      | 0.3            | 0.3                | 0.0                     | 4            | (15.73)       | 0.07x                 | 0.85x               |

Note: Starwood Energy Infrastructure Fund held its first closing in 2009, and as such, is reflected as a 2009 vintage fund; SBCERA's commitment to the fund was made during Q3 2007.