

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210  
Santa Barbara, CA 93105

Phone (805) 568-2940  
Fax (805) 560-1086

**Oscar Peters**  
**Retirement Administrator**



**BOARD OF RETIREMENT**

Chair – Bernice James  
Vice Chair – Joni Gray  
Secretary - Donald Kendig  
George Bobolia  
Joseph Gallas  
Julie McCammon  
Harriet Miller  
Shawn Terris  
Ronald Bruns  
FrederickTan

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**MINUTES OF THE BOARD OF RETIREMENT  
REGULAR MEETING  
January 23-24, 2008  
Riviera Room, Canary Hotel  
31 West Carrillo Street  
Santa Barbara, California**

**ROLL CALL DAY 1** 8:38 a.m.  
Members Present: Bobolia, Gallas, Gray, James, McCammon, Miller, Terris  
Member Absent: Kendig  
Alternate Present: Bruns  
Alternate Absent: Tan  
Clerk: Bignell

Trustee Kendig arrived following the election of officers.

**ELECTION OF OFFICERS**

- Election of Officers:
  - a. Chair  
**MOTION:** Nominate Bernice James as Chair.  
Gallas/Bobolia Approved by voice vote of all present.
  - b. Vice-Chair  
**MOTION:** Nominate Joni Gray as Vice-Chair.  
Gallas/McCammon Approved by voice vote of all present.
  - c. Secretary  
**MOTION:** Nominate Donald Kendig as Secretary.  
Terris/Gallas Approved by voice vote of all present.

## **PUBLIC COMMENT**

Chair James recognized a request to speak from Zandra Cholmondeley, County Executive Office. Ms. Cholmondeley spoke about SBCERS' investment performance compared to the performance median of State Association of County Retirement Systems (SACRS) systems and requested that the Board review the asset allocation to improve performance.

## **BOARD**

- Adopt actuarial cost for new General Member tier.  
*Matter continued until peer review completed.*

## **DOMESTIC EQUITY MANAGER REVIEWS**

1. Introduction: PCA (manager structure, active/passive, style exposures, added value trend, risk trend) - *Sarah Bernstein, PhD*
2. AllianceBernstein Large Value - *James Thyne*
3. AllianceBernstein Russell 1000 Index - *Judith DeVivo*
4. OFII Small Growth - *Dan Goldfarb, CFA and Ed Bickford*
5. Dimensional Fund Advisors - *Robert Deere and Sonya Park*
6. INVESCO Enhanced Index - *Donna Wilson and Mike Bowman*
7. Starbuck Tisdale Large Growth - *Jon Bull, CFA and Todd Sullivan, CFA*

## **NO ACTION TAKEN ON THE ABOVE ITEMS**

## **INTERNATIONAL EQUITY MANAGER REVIEWS**

8. Introduction: PCA (manager structure, active/passive, style/mandate exposures, added value trend, risk trend) - *Sarah Bernstein, PhD*
9. Boston Company Emerging Markets - *Robert Harkins, CFA, Carolyn Kedersha, CFA, CPA and Lawrence Ivey, CFA*
10. New Star Asset Management - *Chris Burling*  
  
Trustee Terris requested that going forward, all presentations include net-of-fees benchmark comparisons.
11. State Street Global Advisors EAFE Index - *Neil Tremblay*

## **NO ACTION TAKEN ON THE ABOVE ITEMS**

## **FIXED INCOME MANAGER REVIEWS**

12. Introduction: PCA (manager structure, active/passive, style/mandate exposures, added value trend, risk trend) - *Sarah Bernstein, PhD*
13. Reams Asset Management - *Thomas Fink, CFA*
14. STW Long Bond - *William Williams*
15. Julius Baer Investment Management - *Melvin Lindsey, CFA and Donald Quigley, CFA*

**NO ACTION TAKEN ON THE ABOVE ITEMS**

## **REAL RETURN MANAGER REVIEWS**

16. Introduction: PCA - *Sarah Bernstein, PhD*
17. Arden Asset Management - *Gerrard Bushell*
18. RREEF - *Tim Brosnan, Sally Blatt and Laura Gaylord*
19. PCA Real Estate Advisors Group – Business Plan Brief - *Eliza Bailey*

Trustee Kendig suggested the possibility of having a separate Real Estate Investments retreat.

**NO ACTION TAKEN ON THE ABOVE ITEMS**

## **PRIVATE EQUITY MANAGER REVIEWS**

20. Introduction: PCA - *Sarah Bernstein, PhD*
21. Lexington Partners - *Jenny Kheng, Nick Harris, Grant Smith and Tom Newby*
22. Hamilton Lane – Business Plan Brief – *Paul R. Yett, Matthew Silverio and Tara Blackburn*

The Board expressed interest and concern regarding the content of private equity subscription agreements.

**NO ACTION TAKEN ON THE ABOVE ITEMS**

## **ATTRIBUTION DISCUSSION**

23. PCA - *Sarah Bernstein, PhD*

**NO ACTION TAKEN**

The meeting adjourned at 5:13 p.m.

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**ROLL CALL DAY 2** 9:02 a.m.  
Members Present: Bobolia, Gallas, Gray, James, McCammon, Miller, Terris  
Member Absent: Kendig  
Alternate Present: Bruns, Tan  
Clerk: Bignell

Trustee Kendig arrived at 9:03 a.m.

**PORTABLE ALPHA TUTORIAL WORKSHOP**

**INVESTMENT FINANCE BASICS: INTRODUCTION TO MPT and the CAPM**

24. Dimensional Fund Advisors - *Inmoo Lee, PhD and Sonya Park*

**NO ACTION TAKEN**

**EVOLUTION of ACTIVE MANAGEMENT**

25. Barclays Global Investors - *John Pirone, CFA*

**NO ACTION TAKEN**

**SEPARATING ALPHA from BETA**

26. Goldman Sachs – *David Greenleaf, CFA*

**NO ACTION TAKEN**

## DERIVATIVE CONCEPTS

27. AllianceBernstein - *James Thyne*

**NO ACTION TAKEN**

## HOW the INVESTMENT INDUSTRY OFFERS UP ALPHA

28. PCA - *Neil Rue, CFA, and Sarah Bernstein, PhD*

**NO ACTION TAKEN**

## CASE STUDIES of APPLICATION WITHIN AN INSTITUTIONAL PORTFOLIO

29. State Street Global Advisors - *Michael Martel and Neil Tremblay*

**NO ACTION TAKEN**

## POTENTIAL NEXT STEPS for SBCERS

30. PCA - *Neil Rue, CFA, and Sarah Bernstein, PhD*

There was a general discussion of staffing needs with regard to embarking on more alternative investments. Mr. Rue suggested that if additional products were elected, the Board should be prepared to have at least one staff person to monitor private equity, real estate and absolute return efforts. Lacking that, he recommended that the Board consider only “turnkey” products to simplify administration.

There was also discussion regarding where funds would be pulled from in order to fund any new initiatives. Mr. Rue suggested a pro-rata approach.

Trustee Terris made and later withdrew a motion directing the retirement office to contract with PCA to conduct an asset liability review.

Chair James directed PCA to return with a written asset liability study proposal.

There was an overall consensus among the Trustees that having an intensive workshop focusing on a singular investment topic had worked very well. Trustee Gray requested that staff write letters to the various managers that participated in the Portable Alpha Tutorial Workshop thanking them for their excellent presentations.

Chair James directed staff to arrange a second, comprehensive, visit from Arden Asset Management.

Trustees Terris and Gallas reminded staff of their interest in International Real Estate Investments. Additionally Trustee Terris expressed an interest in all forms of Alternative Investments.

The Board thanked Mr. Rue, Ms. Bernstein, and staff for an excellent retreat.

The meeting adjourned at (5:13 p.m.)

ATTEST:

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Clerk

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Chair

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Secretary