

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Oscar Peters
Retirement Administrator



BOARD OF RETIREMENT

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

**MINUTES OF THE BOARD OF RETIREMENT
REGULAR MEETING
January 24, 2007
Wisteria Room at Casa Nueva
260 N. San Antonio Rd.
Santa Barbara, California**

ROLL CALL 9:00 a.m.

Members Present: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon, Terris
Members Absent:
Alternate Present: Bruns
Counsel: Czuleger
Clerk: Bignell

Trustee Kendig arrived at 9:02 a.m.
Alternate Trustee Bruns arrived at 9:04 a.m.
Trustee Terris absent from approximately 9:30 a.m. to 9:45 a.m.

PUBLIC COMMENT

Trustee Gray introduced Craig Allen, Certified Financial Planner, Montecito, as a potential nominee to the Board of Retirement.

ELECTION OF OFFICERS

1. Election of Officers for 2007:

a. Chair

MOTION: Nominate Bernice James as Chair.

Gray/McCammon Approved by unanimous voice vote of all present.

b. Vice-Chair

MOTION: Nominate Joni Gray as Vice Chair.

Gallas/Kendig Approved by unanimous voice vote of all present.

c. Secretary

MOTION: Nominate Donald Kendig as Secretary.

Terris/Gallas Approved by unanimous voice vote of all present.

MINUTES

2. Approve Minutes of Regular Board meeting of December 20 & 21, 2006

Administrator noted correction to item 5, Domestic Equity Roundtable, to list Judi “DeVivo” as representing Alliance Bernstein (Russell 1000 Index).

MOTION: Approve Minutes of regular Board meeting of January 24, 2007, with this correction.

Gray/Gallas Approved Yes: Bobolia, Doré, Gallas, Gray, James, McCammon
Abstain: Kendig, Terris

CONSENT AGENDA

Trustees requested that items C-2 and C-5 be taken separately to have a complete record of the reason for the Board’s actions.

- C-2. Grant the request of referee Catherine Harris, with concurrence of the parties, for an extension of her jurisdiction to May 7, 2007, to hear the disability retirement matter of Arlene Cohen.

MOTION: Grant the request of referee Catherine Harris, with concurrence of the parties, for an extension of her jurisdiction to May 7, 2007, to hear the disability retirement matter of Arlene Cohen, due to the applicant’s request to postpone in order to pursue a return to County employment.

Terris/Gallas Approved by unanimous voice vote of all present.

- C-5. Authorize Trustee Bruns to attend the Institutional Investor Institute and Hedge Fund Institutional Investor Forum, Public Funds Roundtable on April 24-27, 2007, at San Diego, and reimburse all reasonable expenses.

MOTION: Authorize Trustee Terris and Alternate Trustee Bruns to attend the Institutional Investor Institute and Hedge Fund Institutional Investor Forum, Public Funds Roundtable on April 24-27, 2007, at San Diego, and reimburse all reasonable expenses.

Terris/Kendig Approved by unanimous voice vote of all present.

- C-1. Receive and file the Disability Applicant Status Report.

- C-3. Grant the request of referee Ernest S. Gould, with concurrence of the parties, for an extension of his jurisdiction to February 22, 2007, to complete the report regarding the disability retirement matter of Bridget Hurtado.
- C-4. Adopt the Findings of Fact, Conclusions of Law, and Decision granting a service-connected disability retirement to Eric Linkjendal.
- C-6. Recommendation that the Board designate two representatives to attend the Spring Meeting of the Council of Institutional Investors on March 18-22, 2007, in Washington D.C.
- C-7. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Robert Bible	Fire	27.38802	0.02323	
D R	William Campbell	Sheriff	6.69865	0.00000	
D R	William Derrick	SBCAG	3.27189	0.12861	
D R	Bojana Hill	Non-Member DRO	7.94405	N/A	
D	Susan Iman	Non-Member DRO	4.31542	N/A	
	Robert Royster	BOS, 5 th District	3.86750	0.06059	
D	Barbie Rozek	Public Health	16.86223	0.36397	
R	Jewel Salley	SBCERS	7.55582	0.20362	
	Eugenia Segura	Child Support Svcs	15.18551	0.00054	

D=Deferred
R=Reciprocal

MOTION: Approve the Consent Agenda.

Kendig/Gallas Approved by unanimous voice vote of all present.

INVESTMENTS

- 4. Received presentation on the review of fixed income portfolios using derivative securities. from Neil Rue, PCA; and Tom Fink and Mark Egan, Reams: Fixed Income Portfolio

NO ACTION TAKEN

- 5. Adopt amended Investment Goals, Policies and Procedures for 2007.

The Board having heard the presentation of the use of derivative securities in fixed income portfolios adopted amended the Investment Goals, Policies and Procedures to allow the expanded use of these instruments.

MOTION: Adopt amended Investment Goals, Policies and Procedures for 2007.

Kendig/McCammon Approved Yes: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon
Absent: Terris

3. Receive presentation to the Board from Neil Rue, PCA: Eliminating the No Short Constraint.

NO ACTION TAKEN

BOARD

8. Consider request from Thomas Leger for continuance benefits. Thomas Leger reviewed his situation with the Board and requested that they approve his request for a spousal continuance. Staff recommendation: Deny

MOTION: Deny Thomas H. Leger's request for spousal continuance following the death of his wife, Victoria Leger.

Gallas/McCammon Approved by unanimous voice vote of all present.

9. RESBC Request to Distribute Excess Earnings.
 - a. Receive special actuarial reports
 - b. Defer action on RESBC request to distribute excess earnings

Chair James recognized Trustee Bobolia's request to speak first on item 9. In conclusion, Trustee Bobolia indicated he would neither move nor vote on said item. Chair James also recognized guest Diane M. Wilson's request to speak. Ms. Wilson distributed copies of her retirement statements from 1997-2006, and charts illustrating a 1000 percent increase in medical insurance premiums over those nine years. The Chair requested that the Board address any motions specifically to the three requests for excess earnings. 1. Ad Hoc Cost of Living adjustment under the provision of section 31784.3(c). 2. Increase in cash allowance for retirees not participating in a County sponsored health insurance plan by one dollar per month per year of service. 3 Apply the remaining balance to further offset premiums for retirees participating in County sponsored health insurance.

MOTION: Defer for one month to: Item 1. Direct buck consultants to correct the government code section of the report and to report on the current funded status of the reserves for previously granted Ad Hoc cost of living adjustments.

Gallas/McCammon Approved Yes: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon, Terris

MOTION: Defer for one month to: Item 2. and Item 3. Direct counsel to address Trustee Bobolia's question whether to vote or not to vote; and, research current definition of laws relevant to taking action.

McCammon/Gallas Approved Yes: Doré, Gallas, Gray, James, Kendig McCammon, Terris

BOARD

11. Consider submitting *Amicus* brief regarding Block v. Orange County Employees' Retirement System.

MOTION: Defer item with instructions to Administrator to follow-up.

Gray/Gallas Approved by unanimous voice vote of all present.

6. Nomination of voting delegates for SACRS Special Meeting, February 5, 2007.
a. At the recommendation of County Counsel the Board also affirmed the delegates' instructions.

MOTION: Nominate Chair James as voting delegate and Trustee Terris as alternate voting delegate to the upcoming SACRS Special Meeting, February 5, 2007.

Kendig/Bobolia Approved by unanimous voice vote of all present.

MOTION: Authorize delegates to vote in favor of: 1.) Articles of Incorporation/By-Laws. 2.) Auditor's Report. 3.) Legislative Platform, e.g. increase the Board member compensation from \$100 per meeting to \$500 per meeting.

Kendig/Gallas Approved by unanimous voice vote of all present.

7. Adopt Board of Retirement calendar of regular meetings for the remainder of 2007.

MOTION: Adopt Board of Retirement calendar of regular meetings for the remainder of 2007, held on the fourth Wednesday of each month.

Gallas/Gray Approved by unanimous voice vote of all present.

10. Consider request from County Executive Michael Brown regarding Trustee Communication.

MOTION: Respond by memo to the request from County Executive Michael Brown regarding Trustee Communication.

Terris/Bobolia Failed Yes: Bobolia, Terris
No: Doré, Gallas, Gray, James, McCammon
Abstain: Kendig

ADMINISTRATOR

16. Receive and file Administrator's Report:
a. Portfolio Status Report
b. Department Operations
c. Strategic Projects Status

MOTION: Receive and file Administrator's Report.

Gallas/Gray Approved by unanimous voice vote of all present.

17. Present items to Administrator for future agenda consideration.

NO ITEMS PRESENTED

The regular meeting adjourned at 12:39 p.m.

CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the Government Code.

The Board reconvened from closed session at 1:05 PM. County Counsel stated that no reportable action was taken during the closed session.

The meeting adjourned at 1:10 PM

ATTEST:

Clerk

Chair

Secretary