

**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
February 28, 2007
Wisteria Room at Casa Nueva
260 N. San Antonio Rd.
Santa Barbara, California**

ROLL CALL 9:05 a.m.

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

Trustee Doré absent from approximately 11:55 a.m. to 12:56 p.m.; Trustee Bobolia from approximately 1:27 p.m. to 2:32 p.m.; and, Trustee Kendig from approximately 1:32 p.m. to 2:32 p.m.

PUBLIC COMMENT

No public comment.

MINUTES

1. Approved Minutes of Regular Board meeting of January 28, 2007.

Trustee Terris noted correction to item 7, Adopted Board of Retirement calendar of regular meetings for the remainder of 2007, noting the vote had not been unanimous. Trustees Bobolia and Terris had voted against the motion.

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

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

CONSENT AGENDA

- C-1. Received and filed the Disability Applicant Status Report.
- C-2. Adopted the Findings of Fact, Conclusions of Law, and Decision granting Darrian Lee a nonservice-connected disability retirement.
- C-3. Adopted the Findings of Fact, Conclusions of Law, and Decision denying Daniel Santa Cruz a service-connected disability retirement
- C-4. Approved Cost of Living Adjustment for retirees and beneficiaries, effective April 1, 2007.
- C-5. Received and filed report from Chair James regarding the 17th Annual Public Retirement Journal Training Seminar.

Trustee Terris thanked Trustee James for the concise and useful report from the Public Retirement Journal Training Seminar.

- C-6. Adopted Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Stephen Ames	Flood Control	29.22727	0.32296	
D	Francis Beahan	General Services	7.75198	0.05889	
	Arthur Custer	Smrlnd Sanitary	25.07437	0.00000	
D	Pamela Duncan-Lago	ADMHS	5.40640	0.07815	
	Donald Fanzo	Public Health	10.02068	0.00056	
	Brenda Farrell	Public Works	10.43621	0.31459	
	Nancy Jacobs	ADMHS	13.12257	0.05113	
D	Donna Lewis	APCD	7.92318	0.00000	
D Dis	Nancy Razo	Social Services	12.06476	0.00025	
	Melissa Stamey	Courts	20.60037	0.74872	
R	Juan Tejada	Sheriff	23.85898	0.24261	
D R	Gary Thornhill	Planning & Dvlpmnt	9.80053	0.00000	
R(Dis)	Henry Weigel	Sheriff	18.57788	0.00303	

D=Deferred
 R=Reciprocal
 Dis=Disability
 (Dis)=Disability Pending

MOTION: Approve the Consent Agenda.

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

INVESTMENTS

- 2. Received and filed Fourth Quarter 2006 Investment Performance Report.

Sarah Bernstein, of Pension Consulting Alliance (PCA), expressed Neil Rue's regret for not being there, and reported on the Fourth Quarter.

Trustee Terris pointed out that the five-year return outperformed the 8% actuarial assumption. Trustees discussed the underperformance of the international and domestic equity sections of the portfolio. As result of the discussions, the Chair directed that Starbuck Tisdale make presentation to the Board concerning their style and performance. Ms. Bernstein indicated that PCA would be returning with recommendations to place New Star and Starbuck Tisdale on watch next month.

At the conclusion of the performance report the administrator directed the Board to the Department operations report item concerning Pension Consulting Alliance Real Estate entering a venture with Equity Partners and becoming a separate entity. Ms Bernstein discussed the venture and the expected impact on SBCERS' relationship with the firms. She acknowledged that in the near future the Board would be requested to assign the real estate consulting contract to the separate real estate consulting practice.

MOTION: Receive and file Fourth Quarter 2006 Investment Performance Report.

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

3. Received Recommendation to invest \$5 Million in Tennenbaum Opportunities Fund V, L.P.

MOTION: Invest \$5 million in Tennenbaum Opportunities Fund V.

The Administrator reported that this investment was discussed at the December workshop as a potential investment under due diligence. He further noted that it appeared consistent with the private equity strategic investment plan.

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

4. Received presentations of proposals and considered appointment of actuary:
 - a. Milliman Consultants and Actuaries
Karen Steffen and Daniel Wade represented Milliman Consultants and Actuaries
 - b. The Segal Company.
Paul Angelo and Michael Moehle represented The Segal Company.

At the conclusion of the presentations the Board briefly discussed the issues they expected to have to address in the coming year and the strengths of each firm.

MOTION: Appoint Milliman Consultants and Actuaries.

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

At the conclusion of the discussion the Chair reminded the Board that having made a selection of the actuary the next search for an investment consultant was to be initiated.

Absent: Doré, Gray

13. Cathy Rucker, applicant for Service-Connected Disability Retirement:
Consider the Findings of Fact and Recommendation of the referee, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement.

Trustee Gray excused herself for the duration of Item 13. Alan Blakeboro, Board Counsel, responded to the legal issues raised by the Board members.

MOTION: Deny the application for service-connected disability, subject to a timely requested hearing.

Kendig/McCammon Approved by unanimous voice vote of all present.
Absent: Doré, Gray

14. Eugenia Segura, applicant for Nonservice-Connected Disability Retirement:
Consider all the pertinent information, and dismiss the application for nonservice-connected disability retirement, for inability to ascertain permanency.

Alan Blakeboro, Board Counsel, responded to the legal issues raised by the Board members.

MOTION: Continue item until next meeting of the Board of Retirement, March 28, 2007, to allow review of the issue of service retirement pending determination of disability.

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

The chair requested that Counsel Blakeboro provide a memo on the impact dismissing an application for disability retirement when a member has elected a service retirement pending disability retirement.

15. Gary Wright, applicant for Service-Connected Disability Retirement:
Consider all the pertinent information, and deny the application for service-connected disability retirement, subject to hearing.

MOTION: Deny the application for service-connected disability retirement, subject to a timely requested hearing.

Terris/McCammon Approved by unanimous voice vote of all present.
Absent: Doré

10. Authorize interested Trustees to attend the Wharton Advanced Investments Management Course and Refresher Workshop in Core Investment Concepts in Philadelphia, Pennsylvania, on September 23-27, 2007, and reimburse any reasonable expenses.

MOTION: Authorize interested Trustees to attend the Wharton Advanced Investments Management Course and Refresher Workshop in Core Investment Concepts in Philadelphia, Pennsylvania, on September 23-27, 2007, and reimburse any reasonable expenses; and further add the Wharton Advanced Investment Management Concepts Course and the Refresher Course to the list of pre-approved courses.

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

ADMINISTRATOR

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

NO ACTION TAKEN

- 17. Present items to Administrator for future agenda consideration.
The Board recited issues raised during the meeting.
 - a. Schedule a closed session to discuss threatened litigation.
 - b. Request for proposals for counsel for fiduciary and tax matters.
 - c. Deliver background materials on excess earnings to all Board members prior to distribution of agenda.
 - d. Return with an explanation of the training process for benefits specialists.
 - e. Direct the Administrator to return with a Request for Proposals for Board Counsel.

The meeting adjourned at 3:07 p.m.

ATTEST:

Clerk

Chair

Secretary