



MINUTES OF THE BOARD OF RETIREMENT

REGULAR MEETING

September 13, 2006

Wisteria Room at the Casa Nueva

260 N. San Antonio Rd.

Santa Barbara, California 93110

1. **ROLL CALL** 9 a.m.
Members Present: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon, Terris
Members Absent: Silsbury
Alternate: Bruns
Alternate Absent: Bible

Short recesses occurred periodically throughout the meeting and brief absences of members.

PUBLIC COMMENT PERIOD

2. Trustee Kendig wished a happy birthday to Kate Silsbury, Oscar Peters and Norm Horsley.

MINUTES

3. **MOTION:** Approve Minutes of Regular Board meeting of August 9, 2006
Terris/Gallas Approved by voice vote
Abstain: Doré, Gray
Absent: Silsbury

CONSENT AGENDA

- C-1 Adopt Findings of Fact, Conclusions of Law and Decision to grant the application for service connected disability retirement of David Eden.
C-2 Grant the request of referee Deborah Wissley for extension of jurisdiction to January 25, 2007 in the hearing of the application for disability retirement of Connie Ricci DeSart due to the applicant's request.
C-3 Grant the request of referee Catherine Harris for extension of jurisdiction to January 31, 2007 to allow hearing in the application for disability retirement of Jeannie Zoppo at the request of all parties.
C-4 Receive and file the Disability Applicant Status Report
C-5 Adopt Retirement Report

	<u>Name</u>	<u>Retirements</u> <u>Dept.</u>	<u>Service Credit</u>	<u>Sick</u> <u>Leave Credit</u>	<u>ARC</u>
	Sheila Doolan	Courts	25.31937	0.35579	
	Robert Fenn	Public Works	38.50728	0.41664	
D	Lorraine Francis	ADMH	16.58441	0.09700	
D	Richard Hallerman	APCD	12.70057	0.09154	5.0
D	Sharon Harrison	Probation	7.68216	0.00048	
	Melquiades Itulid	Sheriff	28.65567	0.54139	
	Diane Long	Social Services	25.74040	0.29133	
D R	Arlene Mendibles	Social Services	14.02625	0.04998	
	Jeannette Mukherji	Social Services	22.94345	0.19628	5.0
	Sanjib Mukherji	APCD	21.49336	0.32702	2.0
R	James Roberts	Ag Comm	30.62779	0.99545	
	Nancy Sieh	District Attorney	34.57977	0.04886	
R	Linda Somers	Social Services	18.97870	0.00820	2.5

D=Deferred

R=Reciprocal

Dis=Disability

MOTION: Approve consent agenda

Gray/Kendig Approved by unanimous voice vote of all present

Absent: Silsbury

INVESTMENTS

4. Receive presentation to the Board from Boston Co. Rob Harkins, Carolyn Kedersha and Lawrence Ivey spoke on behalf of Boston Company. They discussed the corporate structure, their investment process and its impact on past performance and their expectation of future performance. No action was taken on this item

5. Interview candidates and select Core Plus Fixed Income manager

- | | | |
|------------|-------------------|--|
| 9:30 a.m. | Blackrock | Dan McLaughlin and Scott Amero |
| 10:10 a.m. | Julius Baer | Melvin Lindsey and Richard Pell |
| 10:50 a.m. | AllianceBernstein | David Allen, Jeffrey Phlegar, & Alison Martier |
| 11:30 a.m. | Lehman Brothers | Rich Knee, Bob Schank, Andy Johnson |

PCA wrap-up

MOTION: Select Julius Baer as the system's Core Plus Fixed Income manager because:

- 1) Their 5 year annualized returns are consistently tops in the industry
- 2) They take a slightly higher risk which generates exponentially greater returns
- 3) They employ a combination of a top down and bottom up investment process
- 4) They strongly emphasize balance sheet analysis
- 5) They are the most globally invested of the four finalists interviewed
- 6) They have experienced very low turnover in personnel during the last three years
- 7) They do not have any pending litigation
- 8) Low correlation to system's two other bond managers (STW & Reams)

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

Terris
Absent: Silsbury

6. MOTION: Receive and file 2nd Quarter Performance Report from Pension Consulting Alliance
Terris/McCammon Approved by voice vote of all present
Absent: Gray (temporarily), Silsbury

Lunch Recess (provided)

BOARD

7. Receive and adopt Experience Study Reports from Buck Consultants presented by Eva Yum and Dylan Porter
MOTION: Adopt the revised actuarial assumptions as follows: adopt the new rates of separation shown in schedule 2 of the appendix and the post retirement mortality rates shown in schedule 3 of the appendix; that the system costs be developed using an 8.0% interest rate assumption, a long term inflation rate of 4.0% and a salary increase assumption rate averaging approximately 6.0% prospectively subject to broad-band salary adjustments.
Gallas/McCammon Approved Yes: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon, Terris
Absent: Silsbury

8. Strategic Planning with Angela Antenore No action was taken on this item
Discussion included communications with Board of Supervisors; operation strategy; quarterly updates; Order and flow of agenda allowing time for Board discussion; qualifications of appointed trustees.

DISABILITIES

9. In the matter of the application for disability retirement of Dianne Abbott: Consider Third Supplemental Report of the referee and any timely filed objections and deny the application for service connected disability retirement.

MOTION: Continue to next month due to request of applicant's counsel.

Kendig/Terris Approved by voice vote of all present
Absent: Silsbury

9. In the matter of the application for disability retirement of Natalia Ivleva-Alexander:
MOTION: Restore the jurisdiction of the referee to reschedule a hearing on causation which was cancelled due to the death of the member

Kendig/Terris Approved by voice vote of all present
Absent: Silsbury

BOARD

11. Approve trustee attendance at conferences and reimburse reasonable expense:
a. MOTION: Approve attendance of Trustee Gray and any other interested trustees to attend Public Funds Forum, Dec 9-12 at San Francisco

Bobolia/Terris Approved by voice vote of all present
Absent: Silsbury

b. MOTION: Designate trustee Bernice James to attend Private Summit, October 25-27
hosted by Hamilton Lane in Arizona.

Terris/Kendig Approved by voice vote of all present
Absent: Silsbury

12. MOTION: Appoint Donald Kendig as proxy to vote at SACRS conference in case of
absence of Chair.

Terris/McCammon Approved by voice vote of all present
Absent: Silsbury

13. Approve recommendation to forgo fiduciary insurance coverage.

MOTION: Renew insurance coverage pending completion of legal review for a period of 90
days to 6 months, not to exceed a year, and bring Driver Alliant agent to meeting to make a
presentation.

Kendig/Terris Approved by voice vote
No: Gray
Absent: Silsbury

ADMINISTRATOR

14, Administrator's Report

- a. Portfolio Status Report
- b. Department Operations

MOTION: Receive and file

McCammon/Kendig Approved by voice vote
Absent: Silsbury

15. Present items to Administrator for future agenda consideration

No items were presented. Trustee Gallas reported on the next scheduled meeting of the disability review committee for September 21 in the Oak room. Set as a special Board meeting so other trustees may attend.

Adjourned at 3:33 p.m.

ATTEST:

Clerk of the Board of Retirement

Secretary

Chair