

**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
Kate Silsbury
Shawn Terris
Robert Bible
Ronald Bruns

**MINUTES OF THE BOARD OF RETIREMENT
REGULAR MEETING
November 8, 2006
Wisteria Room at Casa Nueva
260 N. San Antonio Rd.
Santa Barbara, California**

1. **ROLL CALL** 9:00 a.m.
Members Present: Bobolia, Doré, Gallas, Gray, James, Kendig, McCammon, Silsbury,
Terris
Alternate Present: Bruns
Alternate Absent: Bible
Counsel: Czuleger
Clerk: Bignell

PUBLIC COMMENT

2. Alternate Trustee Bruns can be reached at thebrunsranch@yahoo.com

MINUTES

3. Approve Minutes of regular Board meeting of October 11, 2006.

MOTION: Approve Minutes of Regular Board meeting of October 11, 2006.
Trustee James requested that in the future the minutes reflect when alternates vote on behalf of trustees. Motion was amended to reflect that future minutes should include notice that alternates were voting on behalf of trustees.

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

CONSENT AGENDA

- C-1 Receive and file the Disability Applicant Status Report.
- C-2 Grant the request of referee Deborah Wissley, with concurrence of the parties, for an extension of her jurisdiction to December 14, 2006, to complete two days of hearing in the disability retirement matter of Linda Seals-Gatz.
- C-3 Grant the request of referee Catherine Harris, with concurrence of the parties, for an extension of her jurisdiction to February 5, 2007, to hear the disability retirement matter of Arlene Cohen.
- C-4 Receive and file report of Fall Council of Institutional Investors Meeting.
- C-5 Accept and file report from the IMN 4th Annual Alternative Investment Summit.

C-6 Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
D	Ana Blair	District Attorney	20.08031	0.00303	
D R	Marlene Demery	Public Works	9.88128	0.16875	
	Arthur Franson	Fire	35.31202	0.31432	
	Lois Holt	Probation	16.74283	0.34780	
R	Steven Linsky	Social Services	0.69592	0.02893	
	Sandra Petersen	Clerk-Recorder	17.20529	0.00430	
D	Kathy Reynolds	Public Works	10.99840	0.00008	3.75
R	Marti Strong	Retirement	17.43268	0.20383	2.5

D=Deferred
R=Reciprocal

Trustee Terris addressed items C4 and C5, complementing trustees Bruns and Kendig for providing complete reports that covered the issues addressed at the conferences in understandable terms.

Trustee Kendig referenced item C4 and provided clarification, noting an omission in his report.

Trustee Bruns referenced item C1 and requested clarification of the meaning of the County being an interested party.

MOTION: Approve the consent agenda.

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

INVESTMENTS

Neil Rue representing Pension Consulting Alliance presented a report regarding investment issues.

4. Receive and file summary report of Arden presentation on Amaranth.

MOTION: Accept and file summary report of Arden presentation on Amaranth.

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

5. Consider and Adopt probationary status changes for Managers:
 - a. Pyramis (Fidelity International Growth) – continue on probation
 - b. OFII (Babson Small Cap Growth) – take off probation
 - c. Starbuck Tisdale – take off probation

MOTION:

- a. Continue to keep Pyramis on probation due to changes in their European portfolio management.
- b. Take OFII off probation due to outperforming the benchmark by 30 bps (basis points) since April 2005 and because their organizational transition changes went smoothly.
- c. Take Starbuck Tisdale off probation due to dramatic performance improvements since October 2005, and for maintaining organizational stability.

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

BOARD

6. Receive and file Mercer Human Resource Consulting Retirement System Evaluation.

As introduction, the Administrator noted that this report was prepared at the request of the County after the Board of Retirement had proposed that the County adopt a 401(h) plan. This report was presented to the Board of Supervisors on November 7, 2006. Bill Hallmark of Mercer Human Resource Consulting and Troy Dahlberg of Kroll presented the report.

MOTION: Receive and file the report and direct staff to return with an action plan at the next regular board meeting.

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

DISABILITIES

14. Richard Sturtevant, applicant for Service-Connected Disability Retirement: Consider all the pertinent information, and grant the application for service-connected disability retirement, subject to hearing.

MOTION: Grant the application for service-connected disability retirement based upon the medical reporting submitted and subject to a hearing.

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

11. Dianne Abbott, applicant for Service-Connected Disability Retirement: Consider the third supplemental decision of the referee, along with any timely filed objections, and approve and adopt recommendation to deny the application for service-connected disability retirement.

MOTION: Adopted referee recommendation to deny service-connected disability retirement.

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

12. Daniel Santa Cruz, applicant for Service-Connected Disability Retirement: Consider all the pertinent information, and deny the application for service-connected disability retirement, subject to hearing.

MOTION: Refer the matter back to staff with instructions to obtain two additional independent medical examinations, reporting on the applicant's psychiatric capacity.

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

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

MOTION: Continue the matter until the January meeting at the specific request of the applicant's counsel, to initiate an investigation of the possibility of returning to work in an alternate position.

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

15. Timothy Lacefield, applicant for Service-Connected Disability Retirement: Consider all the pertinent information, and dismiss the application for service-connected disability retirement, without prejudice to his right to re-apply in the future.

MOTION: Dismiss the application, without prejudice to applicant's right to re-apply, based upon applicant's return to full-time work on September 28, 2006.

Kendig/Terris

Approved by unanimous voice vote of all present.

BOARD (continued)

7. Receive and adopt the actuarial valuation report for the fiscal year ending June 30, 2006, and the resulting recommended contribution rates and receive the GASB 43 Report. Dylan Porter and David H. Slushinsky of Buck Consultants presented the actuarial valuation for the retirement plan. They noted that they did not disagree with the findings presented by the Mercer report. In discussion with the Board concerning the scope of their liability they noted that this valuation report was presented valuing the liabilities of only current plan participants, (a "closed" valuation), the Board requested that Buck do a "simplified open" valuation assuming that the demographics of new entries were similar to those of current members.

MOTION: Adopt the staff's recommendation to display the health insurance reserves as a funded substantive plan for early implementation of GASB 43, as it demonstrates the Board's intent to provide better disclosure.

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

MOTION: Receive and adopt the "tentative" actuarial valuation report for the fiscal year ending June 30, 2006, expressly noting that the County has not submitted leadership project salary projection data, subject to potential adjustment for the data once received from the County.

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

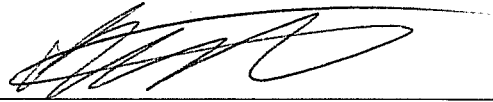
8. Adoption of procedures to implement the Pension Protection Act.

Based on the summary provided by various legal counsel, the chair directed that the item be deferred pending a more accurate description of retirees covered by the provisions, including which safety members have the right to payment of health insurance premiums up to \$3,000 on a tax free basis.

DEFERRED: At the direction of the Chair.

9. Receive and file 2007 SACRS Legislative Proposals.

MOTION: Direct SBCERS voting delegate to make the following motion at the SACRS Business Meeting on November 17, 2006: Direct the SACRS Legislative Committee to sponsor legislation for (1) OPEB clean-up, (2) Federal Pension Protection Act of 2006 Uniform Guidelines, and (3)

A handwritten signature in black ink, consisting of several loops and strokes, positioned above a horizontal line.

Secretary