

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

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**Tom Ford**  
**Interim Retirement Administrator**



**BOARD OF RETIREMENT**

Chair – Bernice James  
Vice Chair – Joni Gray  
Secretary - Donald Kendig  
George Bobolia  
Joseph Gallas  
Julie McCammon  
Vanessa Patterson  
Ward Rafferty  
Shawn Terris  
Ronald Bruns  
Frederick Tan

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**MINUTES OF THE BOARD OF RETIREMENT  
SPECIAL MEETING  
November 19, 2008  
HR Basement Conference Room (Administration Building)  
105 E. Anapamu Street  
Santa Barbara, California**

**ROLL CALL** 9:05 a.m.

Members Present: Bobolia, Gallas, Gray, James, Kendig, Patterson, Terris  
Members Absent: McCammon, Rafferty  
Alternate Present: Bruns  
Alternate Absent: Tan  
Counsel: Blakeboro  
Clerk: Bignell

Trustee Rafferty arrived at 9:09 a.m. Trustee Tan arrived at 9:45 a.m.

**PUBLIC COMMENT**

Trustee Gray requested permission to honor Trustee Terris with a resolution from the Board of Supervisors of the County of Santa Barbara for her past service as president of the State Association of County Retirement Systems (SACRS).

Trustee Terris requested that the Chair direct staff to reinstate time estimates as part of each individual Board of Retirement agenda item. Counsel Blakeboro advised that change in procedure should not be discussed during Public Comment. Trustee Terris request that the issue be agendized.

Upon Trustee Terris' inquiries, Trustee Gray confirmed that CSBTV-20 was video taping Board of Retirement meetings at the request of the Board of Supervisors.

**MINUTES**

1. Approve Minutes:

a. Regular Board meeting of September 24, 2008

**MOTION:** Adopt Minutes of Regular Board meeting of September 24, 2008.

Terris/Gallas Approved by voice vote.

Abstain: Bobolia, Kendig  
Absent: McCammon, Tan

b. Regular Board meeting of October 22, 2008

Trustee Kendig requested that Public Comment in the minutes of October 22, 2008, include his Operations Committee update.

**MOTION:** Adopt Amended Minutes of Regular Board meeting of October 22, 2008.

Kendig/Terris Approved by voice vote.

Absent: McCammon, Tan  
Abstain: Patterson

**CONSENT**

Trustee Terris pulled Consent item C-2, requesting without objection that it be bundled with other Trustee Education Board Items 11 and 15.

- C-1. Authorize destruction of original paper records that have been electronically scanned, verified, and retained in the document imaging system.
- C-3. Authorize Administration to submit CALAPRS ballot – voting for Board of Directors.
- C-4. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Richard Garrett	General Services	6.47352	0.11030	
D	Lynn Grogan	Child Support Svcs	9.48708	0.06491	
D R	Klaasje Nairne	Parks	10.13363	0.01072	
D R	Michael Streed	Sheriff	0.61711	0.00000	
	Justo Suarez Jr.	ADMHS	35.37491	0.42862	
R	Louis Walters	ADMHS	23.71324	0.27061	
	Robert Walton	ADMHS	34.99656	0.49332	
D	William Wilhoyte	Sheriff	6.10205	0.08261	0.66666

D=Deferred  
Dis=Disabled  
R=Reciprocal

**MOTION:** Approve Consent Agenda Items C-1, C-3 and C-4.

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

Absent: McCammon, Tan

**DISABILITY RETIREMENT  
CLOSED SESSION**



**MOTION:** Receive and approve referee Ernest Gould's request for an extension of jurisdiction, up to and including 2/20/09, to hear this matter, to allow the applicant time to retain new counsel.

Terris/Bobolia Approved by unanimous voice vote of all present.  
Absent: McCammon, Tan

6. Receive and file Disability Status Report.

**MOTION:** Receive and file Disability Status Report.

Terris/Gallas Approved by unanimous voice vote of all present.  
Absent: McCammon, Tan

### OPEN MEETING

Administrator introduced, and Chair James welcomed, members of the Santa Barbara County Grand Jury.

Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 2 – 6 as listed above.

### INVESTMENTS

7. Receive report from STW Fixed Income Management, and take appropriate action.

Edward (Todd) H. Jewett, Principal and Portfolio Manager, and Richard A Rezek, Principal and Portfolio Manager, STW Fixed Income Management, presented their report and addressed issues raised by the Board.

Neil Rue, Managing Director, Pension Consulting Alliance (PCA), and Administrator addressed issues raised by the Board.

Chair James directed staff to arrange an STW site visit for the Board sometime in January.

**MOTION:** Receive report from STW Fixed Income Management.

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

9. Receive Third Quarter Portfolio Investment Report from PCA.

Neil Rue presented the report and addressed issues raised by the Board.

Chair James directed staff to provide an update from AllianceBerstein in December regarding specific economic and risk exposures referred to in their last report, to be provided semi-annually there after.

Trustee Rafferty, with Chair James concurring, requested that staff delete the Quarterly Returns by SBCERS Portfolio Asset Class table (Third Quarter 2008 Portfolio Investment Report, pg. 9) and replace with an Annual Returns by SBCERS Portfolio

Asset Class in future reports, incorporating SBCERS Total Portfolio performance within new table.

**MOTION:** Receive Third Quarter Portfolio Investment Report from PCA and adopt proposed sample report format.

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

8. Continue Asset/Liability modeling.

Neil Rue made the presentation and addressed issues raised by the Board.

Administrator addressed issues raised by the Board.

**MOTION:** Rescind October 22, 2008, motion approving PCA's recommendations to use the global equity strategic class, which is based on market weighted proportions, and include a 50% TIPS 50% Hedge Fund of Funds Real Return strategic class in the Asset Liability Study model for conducting what-if scenarios for the Asset Liability review.

Kendig/James                      Approved  
Yes:                      Bobolia, Gallas, Gray, James,  
Patterson, Rafferty  
No:                      Kendig, Terris  
Absent:                      McCammon

**MOTION:** Approve modeling U.S. and Non-U.S. equity separately.

Kendig/Patterson                      Approved  
Yes:                      Bobolia, Gallas, Gray, James,  
Patterson, Rafferty  
No:                      Kendig, Terris  
Abstain:                      Tan  
Absent:                      McCammon

Trustee Tan noted that he had not been called for the previous roll call.

**MOTION:** Approve including covered calls into the model.

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

**MOTION:** Approve including a 50% TIPS 50% Hedge Fund of Funds Real Return strategic class in the Asset Liability Study model.

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

**BOARD**

10. Receive and adopt Actuarial Valuation for June 30, 2008.

Daniel R. Wade, Consulting Actuary, Milliman, presented the report and addressed issues raised by the Board.



**BOARD**

- 15. Request for reconsideration of Board Action denying request of Trustee Terris to attend the Annual Public Boards Forum.

Counsel Blakeboro introduced item and addressed issues raised by the Board.

Trustee Terris made a presentation to the Board requesting to attend the Annual Public Boards Forum.

Rey Ybarra, Chapter President SEIU Local 721, and County of Santa Barbara employee, Social Services, spoke in favor of Trustee Terris' request to attend the Annual Public Boards Forum.

**MOTION:** Authorize Trustee Terris to attend the Annual Public Boards Forum.

Terris/Tan Failed

Yes: Kendig, Tan, Terris  
No: Bobolia, Gray, James  
Abstain Gallas, Patterson, Rafferty  
Absent: McCammon

- 12. Approve contract with Creative Benefits for administration of Health Reimbursement Arrangement and update on 401(h) implementation.

Assistant Administrator introduced item and addressed issues raised by the Board.

**MOTION:** Approve contract with Creative Benefits for administration of Health Reimbursement Arrangement and update on 401(h) implementation.

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

- 13. Authorize Administrator to begin the process of eliminating Attorney position and adding Investment Analyst position.

Administrator introduced item and addressed issues raised by the Board.

**MOTION:** Authorize Administrator to begin the process of eliminating Attorney position and adding Investment Analyst position.

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

- 14. Receive report regarding fiduciary waiver of recourse for prior year and consider whether trustees will reimburse the System for premium paid.

Assistant Administrator introduced item and addressed issues raised by the Board.

**MOTION:** Receive report regarding fiduciary waiver of recourse for prior year and consider whether trustees will reimburse the System for premium paid.

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

