



Santa Barbara County Employees Retirement System
2004 Fall Retreat
October 20-21, 2004
El Encanto Hotel ■ 1900 Lasuen Road ■ Santa Barbara ■ CA 93103 ■
FIRESIDE ROOM

MINUTES of the Board of Retirement
Wednesday, October 20, 2004

ROLL CALL 8:33 a.m.

Members present: Bobolia, Gray, Horsley, James, Kendig, Tedesco, Terris
Members absent: Gallas, Silsbury
Alternates: Alderete, Coleman
Counsel: Czuleger
Clerk: Strong

Let the record show that Mr. Gallas arrived at 8:40 a.m.

8:33- 8:53 a.m. CLOSED SESSION: Performance Evaluation Of Retirement Administrator

8:54 a.m. Regular session convened. There was no reportable action in closed session.

PUBLIC COMMENT PERIOD

None

1. MOTION: a. Adopt minutes of September 15, 2004 meeting
Gray/James Approved by voice vote of all present
MOTION: b. Adopt minutes of special meeting October 11, 2004
Kendig/Tedesco Approved by voice vote of all present
2. MOTION: Receive and file Trustee Terris' report of SACRS Legislative Committee
James/Kendig Approved by voice vote of all present
3. MOTION: Confirm the proposed salary of Retirement Disability Program Manager to be set at same salary as Risk Manager, range 6594
Terris/Tedesco Approved Yes: Bobolia, Gallas, James, Kendig, Tedesco, Terris
No: Horsley
Abstain: Gray
Absent: Silsbury
4. MOTION: Cancel regularly scheduled meeting of November 17, 2004 and set date of Wednesday, November 3, 2004 to hold special meeting to discuss disability cases.
Kendig/Terris Withdrawn
Board will meet as scheduled November 17, 2004. Location is Board of Supervisors Conference Room
5. Accepted Administrator's Report
 - a. Portfolio Status
 - b. Activities Report

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6. MOTION: Adopt revised domestic equity structure to add small cap value and small cap growth; and amend benchmarks and direct Pension Consulting Alliance to undertake search for

candidates for Board consideration

Kendig/Terris Approved by voice vote of all present

7. REVIEW of CURRENT MANAGERS

a. INVESCO litigation update

MOTION: Keep INVESCO on probation for 9 months based on performance

James/ Withdrawn on advice of counsel. Direction to Administrator to place on next agenda worded for action

b. MOTION: Adopt recommendation to remove Alliance and AllianceBernstein from watchlist.

Tedesco/Kendig Approved by voice vote of all present

c. MOTION: Place RREEF Real Estate Securities account on watch to be closely monitored over the next several quarters.

James/Tedesco Approved by voice vote of all present

PERFORMANCE ATTRIBUTION DISCUSSION OF SBCERS PORTFOLIO
Neil Rue, CFA, *Principal*, Pension Consulting Alliance, Inc. (PCA) and John Charley PCA
No reportable action

Board, Staff, Consultant & Managers

OVERVIEW of INSTITUTIONAL REAL ESTATE
Chris Christiansen, Ph.D., *Managing Director of Research*, RREEF
No reportable action

CORE vs. VALUE ADDED / OPPORTUNISTIC REAL ESTATE
Pam Alsterlind, *Director*, PCA
No reportable action

CONSIDERATIONS of IMPLEMENTING A REAL ESTATE PROGRAM
Nan Leake, *Director*, PCA
No reportable action

INTRODUCTION to REAL RETURN STRATEGIES
Dan Peirce, Ph. D., *Principal*, State Street Global Advisors
No reportable action

REVIEW of PRIVATE EQUITY TRENDS & ISSUES
Katie Cattanach, *General Partner*, Invesco Private Capital
No reportable action

ROUNDTABLE DISCUSSION: GLOBAL INVESTMENT STRATEGIES
POINT: Mike Palmer, *Sr. Vice President and Sr. Portfolio Manager*, AllianceBernstein
COUNTERPOINT: Billy Williams, *CIO*, STW Fixed Income Management
No reportable action

Q & A and Recess to Thursday October 21, 2004 at 9 a.m.
Recessed at 5:30 p.m.

Thursday, October 21, 2004

Board, Staff & Consultants only

ROLL CALL

Members present: Bobolia, Gallas, Horsley, James, Kendig, Tedesco, Terris
Members absent: Gray, Silsbury
Alternates present: Alderete, Coleman
Counsel: Czuleger, Blakeboro
Clerk: DeWitte

Let the record show that Tedesco left at 10:15 a.m.

8. REPORT on Commission Recapture Program Implementation

MOTION: Hire Lynch, Jones, & Ryan to oversee the commission recapture program
Kendig/Terris Withdrawn on advice of counsel. Direction to Administrator to put on agenda for next meeting for action.

9. MOTION: Accept and adopt Actuarial Valuation as presented by Mike Moehle and Eva Yum of Mellon HRIS for period ended June 30, 2004 and forward to the Board of Supervisors for implementation.

Kendig/Gallas Approved Yes: Bobolia, Gallas, Horsley, James, Kendig, Terris
Absent: Gray, Silsbury, Tedesco

10. MOTION: Receive and file Audited Financial Report as presented by William Nasif and Nicholas Cronin of Nasif, Hicks, Harris & Co.

Terris/Gallas Approved Yes: Bobolia, Gallas, Horsley, James, Kendig, Terris
Absent: Gray, Silsbury, Tedesco

11. MOTION: Conceptual approval to recommendation of definition of regular compensation and effective date of disability retirement of a policy with a blended rate. Direction to Administrator to come back to Board in November with a written policy to adopt.

Kendig/Terris Approved Yes: Bobolia, Gallas, Horsley, James, Kendig, Terris
Absent: Gray, Silsbury, Tedesco

ADJOURNED at 12:02 p.m.

ATTEST:

Clerk

Chair

Secretary