

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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**Oscar Peters
Retirement Administrator**



BOARD OF RETIREMENT

Chair - Donald Kendig
Vice Chair – Bernice James
Secretary - Kate Silsbury
George Bobolia
Joseph Gallas
Joni Gray
Julie McCammon
Ted Tedesco
Shawn Terris
Robert Bible
Pauline Coleman

MINUTES OF THE BOARD OF RETIREMENT

REGULAR MEETING

December 14, 2005

Wisteria Room – Casa Nueva Bldg.

260 N. San Antonio Rd.

Santa Barbara, California 93110

1. ROLL CALL 8:05 a.m.
Members Present: Bobolia, Gallas, James, Kendig, McCammon, Tedesco, Terris
Members Absent: Gray, Silsbury
Alternates: Bible, Coleman
Counsel: Czuleger
Clerk: Strong

Let the record show that Ms. Gray arrived at 8:08 a.m. and Ms. Silsbury arrived at 8:14 a.m.
Order of the agenda was changed as reflected herein. Two brief recesses were held.

PUBLIC COMMENT PERIOD

2. Trustee Terris wanted to address a letter received from retired supervisor Naomi Schwartz regarding Medicare D enrollment through Blue Shield. Administrator was directed to send a letter to Blue Shield signed by the Chair with copies to the Board of Supervisors.

MINUTES

3. a. MOTION: Approve Minutes of Regular Board meeting October 12, 2005 as Revised CONTINUED FROM NOV 2, 2005
Terris/McCammon Approved by voice vote of all present
b. MOTION: Approve Minutes of Regular Board meeting November 2, 2005 with correction to item 11 re: legislation at SACRS, should say “language is developed” not “language is approved”.
Terris/McCammon Approved by voice vote of all present

BOARD

4. Request of Troy Marino to purchase Additional Retirement Credit under 3% @ 55 benefit formula CONTINUED FROM NOVEMBER 2 AND OCTOBER 12, 2005

a. 8:05 – 8:37 a.m. Closed session – Conference with Legal Counsel – Potential Litigation

Pursuant to subdivision (b) of §54956.9 of the Government Code – Significant exposure to litigation
MOTION: Deny appeal to purchase ARC time under 3% @55 formula and direct Counsel to prepare Findings for next meeting.

Terris/Bobolia Approved Yes: Bobolia, Gray, James, Kendig, Silsbury, Tedesco, Terris
No: Gallas, McCammon Mr. Gallas voted no because he feels there is not enough information provided, wants to continue. Ms. McCammon did not announce a reason.

5. Request of Mary Jane Alumbaugh to have effective date of retirement changed CONTINUED FROM NOVEMBER 2 AND OCTOBER 12, 2005

MOTION: Grant the request of Ms. Alumbaugh to change the effective date of her retirement to three years earlier.

James/Terris Approved by voice vote of all present

Returned to open session and Counsel announced actions taken in closed session.

4b. In the matter of the request of Troy Marino to deny purchase ARC time under the current benefit formula

Mr. Marino requested a copy of the Findings.

5b. In the matter of the request of Mary Jane Alumbaugh to have her effective date of retirement adjusted to the date that she attained age 62. Ms. Alumbaugh's counsel, Russell Ghitterman, thanked the Board

DISABILITIES

6. In the matter of the application of Kent Tapper: CONTINUED from November 2, 2005 at request of Board Counsel.

MOTION: Consider the Proposed Findings of Fact, Conclusions of Law and Recommended Decision of the referee, along with any timely filed objections, and approve and adopt the referee's recommendation to grant an effective date of March 2, 2003.

James/Tedesco Approved by voice vote of all present

7. In the matter of the application for disability retirement of Marcia McPherson: After considering remarks of counsel for the applicant, Russell Ghitterman:

MOTION: Consider the Proposed Findings of Fact, Conclusions of Law and Recommended Decision of the referee and Supplemental Proposed Decision, along with any timely filed objections, and approve and adopt the referee's recommendation to deny the application for service-connected disability retirement.

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

No: Gallas

8. In the matter of the application for disability retirement of Scott Bolas: After considering comments of counsel for the applicant, Russell Ghitterman, the action was taken:

MOTION: Consider the Proposed Findings of Fact, Conclusions of Law and Recommended Decision of the referee along with any timely filed objections, and approve and adopt the referee's recommendation to grant the applicant a nonservice-connected disability retirement and deny the application for service-connected disability retirement.

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

9. In the matter of the application for disability retirement of Rheta Wellman: After hearing remarks of applicant's counsel, Russell Ghitterman

MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting a non-service connected disability retirement.

Terris/Gallas Approved by voice vote of all present

10. In the matter of the application for disability retirement of Jane Ciacio:

MOTION: Grant the request of the referee to extend his jurisdiction to January 20, 2006 due to unavailability of a medical witness for the hearing.

James/Terris Approved by voice vote of all present

11. In the matter of the application for disability retirement of Connie Ricci DeSart:

Discussion held in open session at request of applicant. Applicant stated that her counsel Margaret Stone was no longer representing her.

MOTION: Continue to February at the request of the applicant to allow her time to seek counsel.

Terris/Gallas Approved by voice vote of all present

The following items were considered in closed hearing as no one was representing applicants.

12. In the matter of the application for disability retirement of Enrique De la Cruz:

MOTION: Consider all the pertinent information and deny the application for service-connected disability retirement due to inability to ascertain permanency, subject to the timely request for a hearing.

Terris/Gallas Approved by voice vote of all present

13. In the matter of the application for disability retirement of Ralph DeVane:

MOTION: Consider all the pertinent information and grant the application for service-connected disability retirement, effective at the end of his 4850 payments, subject to the timely request for a hearing.

Bobolia/James Approved by voice vote of all present

14. In the matter of the application for disability retirement of Mary Rodrigo:
MOTION: Consider all the pertinent information and deny the application for service-connected disability retirement, subject to the timely request for a hearing.
Terris/McCammon Approved by voice vote of all present

15. In the matter of the application for disability retirement of Mary Kay Ervin:
MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting a non-service connected disability retirement.
Terris/Gallas Approved by voice vote of all present

16. In the matter of the application for disability retirement of James Means:
MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision denying the application for service-connected disability retirement.
Terris/Gallas Approved by voice vote of all present

17. MOTION: Receive and accept the Disability Status Report. Directed Administrator to revise format starting the order by status, then effective date and add the employing department
James/Terris Approved by voice vote of all present

BOARD

19. MOTION: Adopt the reciprocal coverage policy restricting overlapping service using this statement: The Board believes that reciprocity is valuable benefit for members of the System and that it should be preserved for all members entering from a reciprocal agency or going to a reciprocal agency, if they make the appropriate elections. The County Employees Retirement Law prohibits members accruing service credit from more than one system for any period of service. Therefore, members coming into SBCERS who are continuing with covered service from the predecessor system will have the contributions refunded and service credit removed for periods of overlapping coverage. For members leaving this system, we will terminate their service credit accrual as of the start of their employment with a new reciprocal system and refund the contributions for the period of overlapping service.
Terris/Silsbury Approved by voice vote of all present

20. MOTION: Approve the appointment of Steefel, Levitt, & Weis to serve as outside counsel to the Board and direct the Administrator to enter a contract for the terms specified in the Fiduciary Practice Group of the firm. Amended motion to give direction the Administrator to include a request for a letter of engagement to be brought back to the Board.
Terris/Bobolia Approved by voice vote of all present

21. MOTION: Direct the Administrator to forward the trustee qualification statement to the Board of Supervisors for consideration when appointing trustees to the Board of Retirement. Statement to include California Constitution information and not include SACRS recommendations
James/Bobolia Approved by voice vote of all present

22. Consider and adopt meeting dates for 2006
MOTION: Adopt next year's meeting schedule setting May 3rd and June 7th and workshop on December 20th & 21st. All other months second Wednesday.
Terris/James Approved by voice vote of all present

23. MOTION: Approve request of trustees Gray, Bible, Terris, Silsbury James and Gallos to attend IFEBP Investments Institute April 24-26 and be reimbursed for reasonable expenses..
Terris/James Approved by voice vote of all present

INVESTMENTS

30. MOTION: Receive and file Quarterly Performance Report for the period ended September 30, 2005 and Attribution Review of Variance with other SACRS plans
Terris/Silsbury Approved by voice vote of all present

31 Consideration and Adoption of Asset Allocation and Investment Policy Guidelines
MOTION: Adopt proposed policy changes for Real Estate and Manager Monitoring as amended
Tedesco/James Approved by voice vote of all present

MOTION: Adopt proposed Strategic Asset Allocation Policy of 1% cash; 25% Fixed Income; 47% Domestic Equity; 17% International Equity; 5% Real Estate Real Return; 5% Private Equity.
Terris/Silsbury Approved by voice vote of all present

MOTION: Adopt Policies and Guidelines for Private Equity Asset Class as amended Part V.E.8 remove "not" from last phrase "shall not be considered".
Terris/James Approved by voice vote of all present

32. MOTION: Make initial investment of \$40 million in RREEF America II Fund for the following reasons: 1) Since the Fund's inception in 1998, it has a long-term track record of producing stable, consistent, and top quartile absolute return for its investors, 2) SBCERS' commitment should get invested into income producing properties within 1-4 months, which is much quicker than other reputable core open-end real estate vehicles, due to RREEF II's current acquisition activity, 3) Profit is paid to RREEF's management in the form of Fund shares, which aligns their interest in the Fund's performance, 4) RREEF has superior access to deal flow, 5) RREEF has one of the largest and most proven "bottom-up" research groups in the industry, 6) Out of the seven members of the RREEF Board of Directors, six are independent of RREEF (the seventh one is a RREEF partner), 7) The Fund strategy focuses on stable, well-leased properties in major metropolitan markets and limits leverage to 30% of the fair market value.
Terris/Tedesco Approved by voice vote of all present

BOARD

18. Bill Nasif and Tim Cronin of Nasif, Hicks, Harris and Co. auditing firm attended.

Compliments to Ramona DeWitte of staff for beautiful job on CAFR.

MOTION: Receive and file the Comprehensive Annual Financial Report and the audited Financial Statement for the fiscal year ended June 30, 2005 and the Administrator's response to the letter of recommendation. .

Terris/James Approved by voice vote of all present

24. MOTION: Adopt Resolution 2005/06 #4 authorizing addition of one Account Technician position and reclassifying Board Assistant Specialist to Executive Secretary Restricted.

Gallas/James Approved by voice vote of all present

25. MOTION: Accept and file trustee Kendig's report of SACRS conference, Nov 8-11, 2005. Amended to have Administrator bring to Board in July 2006 fiduciary insurance coverage and consider item 3 at time of Administrator's annual evaluation.

Terris/McCammon Approved by voice vote of all present

26. Board comments on non-agenda items. Trustee McCammon requests calculation for Safety members on website for 3% at age 50.

ADMINISTRATOR

27. MOTION: Receive and file Administrator's Report

a. Portfolio Status Report

b. Departmental Operations report

Tedesco/Terris Approved by voice vote of all present

28. Present items to Administrator for future agenda consideration
Items 2 & 3 from Trustee Kendig's report on SACRS conference

29. Receive and file Retirement Report

Retirements

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Ramona Alvarado	ADMHS	20.63565	0.33113	
D R	Deborah Andersen	Human Resources	5.42937	0.13133	
D	Valarie Bennett	Public Health	13.50229	0.00110	
	Patti Gunn	General Services	18.91965	0.30167	
D R	Stephen Lovas	Fire	9.07671	0.00000	
D	Natalie Mendez	Clerk-Recorder	12.83087	0.00350	
	Sharon Morris	Probation	11.33337	0.00012	
	Susan Mueller	Social Services	40.37513	0.16124	5.000
D R	John Nicholas	APCD	27.01305	0.50685	
D	Emma Posadas-Espinoza	ADMHS	10.81270	0.03961	
D	Peggy Sharpe	Public Health	5.12535	0.09545	
D	Loreta Solano	Public Health	9.08149	0.00953	

Richard Sturtevant Fire

34.26526

0.12675

D=Deferred
R=Reciprocal

MOTION: Accept and file report
Gallas/Bobolia Approved by voice vote of all present

Recess to working Lunch

33. Board Self Evaluation – Ennis Knupp

ATTEST:

Chair

Secretary

<p>Next regular meeting is January 11, 2006 At the Wisteria Room Casa Nueva Building 260 N. San Antonio Rd. Santa Barbara CA 93110</p>
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