

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

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



**BOARD OF RETIREMENT**

Chair – Shawn Terris  
Vice Chair – Joni Gray  
Secretary - Vanessa Patterson  
Zandra Cholmondeley  
Joseph Gallas  
Bernice James  
Donald Kendig  
Julie McCammon  
Ward Rafferty  
Gail Marshall  
Frederick Tan

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**MINUTES OF THE BOARD OF RETIREMENT**

**April 22, 2009**

**Wisteria Room at Casa Nueva  
260 N. San Antonio Rd.  
Santa Barbara, California**

**ROLL CALL 9:01 a.m.**

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

Vanessa Patterson arrived at 9:13 a.m. Trustee Gray left at 3:55 p.m., Trustee McCammon left at 4:36 p.m., and Trustee Marshall left at 5:11 p.m..

**PUBLIC COMMENT**

Richard White, President of the State Association of County Retirement Systems (SACRS), addressed the Board. Mr. White noted that SACRS is committed to assisting all its member retirement systems by providing education, legislative advocacy and a forum in which retirement systems can work together to improve the services they provide. Mr. White encouraged the Board to draw upon the resources available through SACRS.

**X-AGENDA**

This item was considered in accordance with Government Code Section 54954.2(b)(2) which provides:

*“Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than a two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision(a).”*

**MOTION:** Hear the matters today in the Administrator’s Report as X-Agenda Items 19e and 19f:

- e. Receive and review the 2008/2009 Santa Barbara County Civil Grand Jury report on the Santa Barbara County Employees’ Retirement system.
- f. Decide Public Fund Constituency Member vote for Co-Chair of the Council of Institutional Investors, Board of Directors.

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

**CLOSED SESSION**  
(9:14 a.m. – 10:53 a.m.)

**Public Employment --** Selection of Chief Executive Officer (Government Code Section 54957(b)(1))

**DISABILITY RETIREMENT**  
**CLOSED HEARING**

3. Joseph Dodero, Service-Connected Disability Retirement Applicant:  
Consider the Findings of Fact and Recommendation of the referee, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement of Joseph Dodero.

Applicant’s Counsel Ghitterman and SBCERS’ Counsel Kroes addressed the Board.

Trustees Gallas and McCammon made, seconded, then withdrew a motion to approve and adopt the recommendation to deny the application for service-connected disability retirement of Joseph Dodero.

Trustees Gallas and McCammon made, seconded, then amended a motion to refer back to Hearing Officer to specifically address Applicant Counsel’s objections to the Findings of Fact and Conclusions of Law, and System Counsel’s response to those objections.

**MOTION:** Refer back to Hearing Officer to specifically address Applicant Counsel’s objections to the Findings of Fact and Conclusions of





C-5. Adopt Retirement Report. (Cont'd.)

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Guy Brigman	Social Services	19.39640	0.00366	
	T. Dorene Deupree	Superior Court	34.38682	0.99665	
	Kathleen Dowd	Public Works	17.68175	0.00030	
D R	Ernest Guzman	District Attorney	2.32108	0.09826	
	Laura Hulston	Social Services	19.59265	0.61797	
	Mary Lou Hunter	Child Support	22.67562	0.13435	
	Karl Koeller	Sheriff	31.79150	0.69301	
D	Joseph Myall	Probation	7.13122	0.07801	
	Mona Nicoll	Human Resources	20.47030	0.00964	
D	Mark Powers	Public Defender	6.38568	0.00306	
D	Deborah Real	Sheriff	9.80792	0.12892	
	Denise Severin	Sheriff	25.54532	0.45700	
	Molly Stevens	DRO	4.87246	0.00000	
	Katheryn Vea	Courts	31.11969	0.81771	
	Richard Zuniga	Sheriff	5.64438	0.11969	

D=Deferred  
R=Reciprocal

Sarah Bernstein - Principal, Pension Consulting Alliance (PCA), addressed issues raised by Trustee James and Chair Terris.

Chair Terris directed staff to clarify whether Arden Asset Management has a separate custodian for the funds they manage, and, if so, provide the name of that independent custodian.

**MOTION:** Approve Consent Agenda.

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

**BOARD**

2. Receive Overview of Disability Process presentation.  
*Continued to a future meeting*

**DISABILITY RETIREMENT (Cont'd.)**

7. Receive and file Disability Status Report.

Administrator Ford provided the following amendment to the Disability Status Report: Change date in #3 Hearing, Sharli, T. Ford extended jurisdiction from 5/1 to 5/20.

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

James/Gallas

Approved by unanimous voice vote of all present.

### **PUBLIC COMMENT**

Trustee Patterson passed on comments to the Board from members of SBCERS. One was appreciative of the Board's practice of having regular meetings videotaped, but felt the cost to the system was too much and wanted to offer their video services for free. The other appreciated the benefits YMCA's SilverSneakers senior fitness program and asked that the Board do a better job of educating retirees regarding that benefit.

### **INVESTMENTS**

8. Receive and file the Board's Investment Risk Advisory Committee (IRAC) report; and approve the purpose of IRAC and its priorities as outlined in the attached Committee draft minutes.

Eli Martinez presented item and addressed issues raised by the Board.

Chair Terris recapped the Committee's April meeting, and announced that there would be no Committee meeting in May, and that regular schedule would be considered at the next Committee meeting June 4, 2009.

Chair Terris directed staff to come back with education on funds domiciled in the Cayman Islands.

Trustee Patterson recommended that staff consider using Doodle online for scheduling special board meetings.

**MOTION:** Receive and file the Board's Investment Risk Advisory Committee (IRAC) report; and approve the proposed IRAC priorities and purpose outlined in the attached Committee draft minutes.

Kendig/Rafferty

Approved by unanimous voice vote of all present

9. Receive cash flow report.

Ramona Dewitte, along with Administrator Ford, presented item and addressed issues raised by the Board.

**MOTION:** Receive cash flow report.

James/Patterson

Approved by unanimous voice vote of all present

10. Receive correspondence from Chair Terris recommending vote against Bank of America directors Lewis, Ryan and Sloan at the Annual Meeting of Stockholders on April 29, 2009.



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

15.    Receive and file portfolio status report and approve staff rebalancing proposal.

Eli Martinez presented item and along with Sarah Bernstein and Administrator Ford, addressed issues raised by the Board.

**MOTION:**    Receive and file portfolio status report and approve staff rebalancing proposal.

McCammon/James                      Approved by voice vote.

Abstain:              Patterson

16.    Discuss Due Diligence visit to First Republic Investment Management on April 17, 2009, and take appropriate action, including but not limited to removal from watch status, continuation on watch status, or termination.

Chair Terris introduced item.

**MOTION:**    Keep First Republic Investment Management (FRIM) on watch status.

Cholmondeley/James                      Approved by unanimous voice vote of all present.

## **BOARD**

17.    Accept and file the March 2009 Operations Committee Chair Report and adopt the proposed Trustee Elections Policy and receive Referee Retention and Assignment Guidelines.

Trustee Kendig introduced item and along with Administrator Ford and Counsel Blakeboro, addressed issues raised by the Board.

Trustee James made numerous suggestions for improvements to the policy document.

**MOTION:**    Adopt the proposed Trustee Elections Policy as amended.

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

**MOTION:**    Receive Referee Retention and Assignment Guidelines.

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

18.    Receive recommendation from Trustees Terris and Kendig to modify the procedure to deliberate the merits of disability retirement applications in Closed Session.

Trustee Kendig introduced item and along with Counsel Blakeboro, addressed issues raised by the Board.

**MOTION:** Continue the current procedure.

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

### ADMINISTRATOR

19. Receive and file Administrator's Department Operations Report and:
- Provide direction to staff regarding development of 2009/10 administration budget.

Administrator Ford addressed issues raised by the Board.

**MOTION:** Adopt Actuarial Value of Assets as of 6/30/09, as the base for the administration budget; use AB-1124 for expenditures for software, hardware, support and consulting services; add no staff the coming year; hold accounting position vacant once investment analyst position is approved; reduce overtime and extra-help; and reduce services and supplies to 2007/08 year actuarial levels.

Trustee James requested staff provide a designation figure for past seven annual budget limits that hadn't been reached.

Kendig/Rafferty	Failed	
	Yes:	Kendig, Rafferty, Terris
	No:	Cholmondeley, James, McCammon
	Abstain:	Gallas, Patterson
	Absent:	Gray

Administrator directed to bring back proposed budget within statutory limitation and legally defensible.

- Designate authorized SACRS delegate and alternate

Chair Terris designated Trustee Cholmondeley as the alternate delegate, since Vice Chair was not going to attend the conference.

### NO ACTION TAKEN

- Authorize Administrator to explore options for transfer of assets currently under management by AllianceBernstein.

**MOTION:** Direct Administrator to come back to the Board with options for transfer of assets currently under management by AllianceBernstein.

Patterson/James Approved by voice vote.  
Absent: Gray, McCammon

d. Approve Trustee travel requests for May/June 2009

**MOTION:** Approve Trustee travel requests for May/June 2009.

Kendig/Rafferty Approved by voice vote.  
Absent: Gray, McCammon

### **X-AGENDA**

19. Receive and file Administrator's Department Operations Report and:  
f. Decide Public Fund Constituency Member vote for Co-Chair of the Council of Institutional Investors, Board of Directors

Administrator Ford presented item.

**MOTION:** Vote Joseph A. Dear, Chair; Shelley Ilene Smith, Co-Chair; and Eric Henry, Treasurer; on the ballot for the Council of Institutional Investors, Board of Directors.

Gallas/James Approved by voice vote.  
Absent: Gray, McCammon

- e. Accept and review the 2008/2009 Santa Barbara County Civil Grand Jury report on the Santa Barbara County Employees' Retirement system.

Administrator Ford presented item and addressed issues raised by the Board.

**NO ACTION TAKEN**

### **CLOSED SESSION** (5:17 p.m. – 5:42 p.m.)

**Conference with Legal Counsel – Initiation of Litigation**, Discussion of potential initiation of litigation (pursuant to subsection (c) of Government Code Section 54965.9)

**OPEN MEETING**

Mr. Blakeboro announced that with regard to the Initiation of Litigation Closed Session, no reportable action was taken.

**BOARD (Cont'd.)**

- 20. Board Presentations for next month:
  - a. Actuarial Modeling
  - b. Transition Manager Training
  - c. 2009-10 Budget
  - d. CAFR
  - e. Disability Retirement 101

The meeting adjourned at 5:43 p.m.

ATTEST:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary