

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210  
Santa Barbara, CA 93105

Phone (805) 568-2940  
Fax (805) 560-1086

**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  
Harriet Miller  
Shawn Terris  
Ronald Bruns

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**MINUTES OF THE BOARD OF RETIREMENT  
REGULAR MEETING  
March 28, 2007  
Wisteria Room at Casa Nueva  
260 N. San Antonio Rd.  
Santa Barbara, California**

**ROLL CALL** 9:02 a.m.

Members Present: Bobolia, Gallas, James, Kendig, McCammon, Miller, Terris  
Members Absent: Doré, Gray  
Alternate Present: Bruns  
Counsel: Blakeboro, Czuleger  
Clerk: Bignell

Counsel Blakeboro arrived at 10: 44 a.m.

**PUBLIC COMMENT**

Chair James announced the presence of newly appointed member Harriet Miller, and asked Trustees and staff to introduce themselves.

**MINUTES**

1. Approved Minutes of Regular Board meeting of February 28, 2007.

Trustee Terris noted corrections to items:

12. adding “applicant’s” to the motion in between “the” and “request”,
6. replacing “consistent” with “court approved” in the motion,
7. replacing the discussion with  
Trustee Bobolia announced that he would not sit in for the item and stepped out of the room for its duration. Trustee Kendig announced his objection to hearing the item in open session and that he would not sit in for the item.

Trustee Terris objected to discussing this item in open session and the participation of those who have a conflict of interest:

1. Trustee Gray may have a conflict since she is also a County Board Supervisor. It is the County Board of Supervisors who sent a memo to the Retirement Board threatening to sue the Retirement Board on this issue.
2. Retirement Board Counsel Jerry Czuleger has a conflict since he works for County Counsel Shane Stark. Not only is Mr. Stark the Board of Supervisors' counsel, he also signed the memo threatening to sue the Retirement Board.
3. This item should be heard in Closed Session, not open session, since the Board of Supervisors has threatened litigation.

In response to Trustee Terris' objection with Counsel Czuleger's participation, Administrator Peters announced to the Board that the Board's disability retirement attorney Blakeboro was now going to advise the Board. Trustee Terris objected because the Retirement Board did not discuss nor make that decision and because the disability retirement attorney does not possess the expertise the Board needs to make an informed decision and carry out its fiduciary responsibilities.

Alan Blakeboro, Board Counsel, and Marie LaSala, Deputy County Counsel, responded to the legal issues raised by Board members. Robert Geis, Auditor-Controller, responded to other issues raised by Board members. Chair James requested that Items 7(a)(b)(c) come back to the Board as separate items. Trustee Terris asked staff to come back next month with recommendations on independent fiduciary counsel. Trustee Gallas requested that all documents related to Items 7 (a)(b)(c) be pulled together and distributed two weeks prior to the next meeting of the Board of Retirement, and

17. adding "d. report on staff training process" and "e. RFP for independent counsel."

**MOTION:** Approve the amended Minutes of regular Board meeting of February 28, 2007, with corrections.

Terris/Bobolia

Approved by unanimous voice vote of all present.

Absent: Doré, Gray

### CONSENT AGENDA

- C-1. Received and filed the Disability Applicant Status Report.
- C-2. Adopt the Findings of Fact, Conclusions of Law, and Decision granting Gloria Coleman a Service-connected disability retirement.
- C-3. Approve applicant Catherine Van Vuuren's request for service retirement pending final determination of eligibility for disability retirement.
- C-4. Receive report from Trustee Kendig from the Opal Global Asset Allocation Summit.

C-5. Adopted Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Gabriele Brown	Public Health	19.26374	0.24415	0
	Miguel Champion	Ag Comm	33.11756	0.74329	0
D	Lisa Forman	Non-Mem DRO	10.00483	0.00000	0
	Sydney Indendi	Sheriff	13.34447	0.01322	0
	Susan Rose	Supervisor	8.02502	0.00000	0
D	Marcilo Sarquilla	Treasurer-Tax	11.96229	0.24783	0
	Sondra Smith	Social Services	18.55287	0.49818	0
	Thomas Sneddon	District Attorney	37.06952	1.00000	0
D	Gary Wolgamott	Public Works	8.74390	0.00226	0

D=Deferred

**MOTION:** Approve the Consent Agenda.

Kendig/Terris Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

**INVESTMENTS**

2. Receive presentation from Starbuck Tisdale. *Deferred until April meeting.*
3. Received presentation from Pension Consulting Alliance (PCA) regarding Real Estate Strategic Review and adopt Real Estate Investment Policy.

Eliza Bailey made the presentation on behalf of Pension Consulting Alliance. Neil Rue of PCA addressed the relationship between the real estate allocation and the allocations to other asset classes and specific issues raised by members of the Board.

**MOTION:** Adopt Real Estate Strategic Investment Policy.

Terris/Gallas Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

Trustee Terris, with Chair James concurring, requested that the subjects of repositioning and asset allocation relating to the Real Estate Investment Policy be revisited in more detail at a later date.

4. Received recommendation from Investments consultant to place managers on watch.
  - a. New Star
  - b. Starbuck Tisdale

Neil Rue made the recommendation on behalf of Pension Consulting Alliance. The Administrator addressed specific issues raised by members of the Board.

Chair James directed staff to have Starbuck Tisdale explain their ownership interests relating to the original Old Mutual sale.

At Trustee Kendig's request and Chair James' concurrence, Chair James directed staff to have Starbuck Tisdale return with historical data on the System's percentage concentration with their fund.

**MOTION:** Place Managers New Star and Starbuck Tisdale on watch.

Terris/Kendig Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

5. Received presentation from Hamilton Lane concerning private equity portfolio.

Paul Yett, San Francisco Managing Director, and Tara Blackburn, San Diego Managing Director, made the presentation on behalf of Hamilton Lane.

NO ACTION TAKEN

### **ADMINISTRATOR**

11. Received and filed Administrator's Report:
  - a. Portfolio Status Report
  - b. Department Operations
  - c. Department Projects Report
  - d. Retiree COLA Bank
  - e. Policy on Climate Change

Counsel Czuleger, Administrator Peters, and Assistant Administrator Deeds, addressed specific issues raised by members of the Board.

Staff confirmed that the County Employee Retirement Law (CERL) Review in progress was a Word document that Trustee Terris requested be placed on the Web once completed.

Assistant Administrator Deeds briefed the Board regarding County Counsel's interest and input to the Effective Date issue and the resulting impact on the Disability Committee.

Trustees McCammon and Kendig provided positive comments on the latest SBCERS Active Member Newsletter.

At Trustee Terris' request and Chair James' concurrence, Chair James asked staff to return with a memo from the Board of Retirement to the Auditor-Controller requesting implementation of online access to active member account information.

NO ACTION TAKEN

### **BOARD**

12. Considered requests from members to buy back unverified Extra-Help time.
  - a. Randy Coleman
  - b. James Michalak

Trustee Terris, with Trustee McCammon concurring, thanked staff on behalf of the employees represented for their effort researching available records.

**MOTION:** Grant the requests to purchase extra help service of Randy Coleman, for 1,094 hours between, 12/12/74 and 3/26/77; and, James Michalak, for 739 hours between, 9/6/76 and 5/31/77.

Terris/Gallas Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

13. Reviewed and authorized the Administrator to release a Request for Proposals for Fund Investment Consultant.

Administrator Peters emphasized the increased scope of the proposed RFP for Investment Consultant, its potential for a greater response, and the latest SEC report on consultant conflict of interest.

Trustee Kendig asked that a reference to subsidiary consultants for Private Equity and Real Estate be noted in the Request for Proposals.

**MOTION:** Authorize Administrator to release a Request for Proposals for Fund Investment Consultant as amended.

Kendig/McCammon Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

Administrator Peters informed the Board that the Request for Proposals for Independent Auditor had closed Friday, March 23, 2007, the respondents being Brown Armstrong and Nasif, Hicks, Harris & Co.

## DISABILITIES

6. Kathleen Gallagher, applicant for disability retirement:  
Considered staff recommendation to extend hearing officer Debra Wissley's jurisdiction to September 30, 2007, in order to allow the applicant to explore potential return to work.

Counsel Ghitterman, Counsel Blakeboro, Retirement Administrator Peters, and Disability Retirement Manager Annette Paladino, all addressed issues raised by members of the Board.

Applicant's Counsel Russell Ghitterman requested that the Board, having already denied his client's application for disability retirement, deny the recommended extension of hearing officer Debra Wissley's jurisdiction and have his client's hearing move forward.

**MOTION:** Maintain hearing officer Debra Wissley's original jurisdiction of June 18, 2007, without prejudice, in the matter of Kathleen Gallagher, applicant for disability retirement.

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

10. Catherine Van Vuuren, applicant for Service-Connected Disability Retirement:  
Considered the Findings of Fact and Recommendation of the hearing officer, along with any timely filed objections, to approve and adopt the recommendation to deny the application for service-connected disability retirement.

Applicant's Attorney, Russell Ghitterman requested consideration of the applicant's request for service-connected disability retirement.

**MOTION:** In the matter of Catherine Van Vuuren, considering the Findings of Fact and recommendation of the hearing officer, along with any timely filed objections, approve and adopt the recommendation to deny the application for service-connected disability retirement.

Gallas/Terris                      Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

7. Bridget Hurtado, applicant for Service-Connected Disability Retirement:  
Considered the Findings of Fact and Recommendation of the hearing officer, along with any timely filed objections, to approve and adopt the recommendation to deny the application for service-connected disability retirement.

Board Counsel Blakeboro, and Disability Retirement Manager, Annette Paladino, addressed issues raised by members of the Board.

**MOTION:** In the matter of Bridgit Hurtado, considering the Findings of Fact and recommendation of the hearing officer, along with any timely filed objections, approve and adopt the recommendation to deny the application for service-connected disability retirement.

Kendig/McCammon                      Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

8. Cynthia Lapham, applicant for Service-Connected Disability Retirement:  
Considered the Findings of Fact and Recommendation of the hearing officer, along with any timely filed objections, to approve and adopt the recommendation to deny the application for service-connected disability retirement.

**MOTION:** In the matter of Cynthia Lapham, considering the Findings of Fact and recommendation of the hearing officer, along with any timely filed objections, approve and adopt the recommendation to deny the application for service-connected disability retirement.

Terris/McCammon                      Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

9. Eugenia Segura, applicant for Nonservice-Connected Disability Retirement:  
Considered all the pertinent information, to dismiss the application for nonservice-connected disability retirement, for inability to ascertain permanency.

*Continued from February 28, 2007*

Board Counsel Blakeboro addressed issues raised by members of the Board.

**MOTION:** In the matter of Eugenia Segura, considering all the pertinent information, dismiss the application for nonservice-connected disability retirement, for inability to ascertain permanency.

Terris/Gallas                      Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

### **BOARD**

19. Receive report regarding Alternate Safety Member vacancy.  
*Continued from February 28, 2007.*

Deputy County Counsel Jerry Czuleger responded to the legal issues raised by Board members.

Chair James reminded the Board that the interested party in this matter could ask to receive an agenda packet every month.

Frederick Tan, representing Firefighters Union, Local 2046, said that he would bring information taken during the discussion back to Union President Rob Heckman for his review. Trustee McCammon and Alternate Trustee Bruns offered to be available any time Mr. Heckman wanted to discuss the matters of interest to the Union.

NO ACTION TAKEN

### **CLOSED SESSION** (12:13 p.m. – 1: 55 p.m.)

Conference with Legal Counsel – Threatened Litigation  
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the Government Code.

### **OPEN SESSION**

Board Counsel Blakeboro announced that no reportable action had been taken during Closed Session.

## BOARD

14. RESBC Request to distribute excess earnings.
- a. Distribute excess earning for Ad Hoc COLA
  - b. Distribute excess earnings for cash allowance
  - c. Distribute excess earnings for increased subsidy

*Continued from January 24, 2007 / February 28, 2007.*

Staff recommendation: Defer until the full Board can participate

Trustee Bobolia left during consideration of this item.

Board Counsel Blakeboro and Administrator Peters addressed issues raised by members of the Board.

**MOTION:** Direct staff to return in April with Item 14(a), RESBC Request to distribute excess earnings for Ad Hoc COLA, as a separate item with findings for adoption, and that the actuarials be brought up to date at that time.

Trustee Terris voiced objection to Trustee Kendig's motion on the basis that she will be attending a retirement conference that will prevent her from attending the April meeting.

Kendig/Gallas	Approved	Yes:	Bruns, Gallas, James, Kendig, McCammon, Miller
		No:	Terris
		Absent:	Bobolia, Doré, Gray

Chair James reiterated that all Items, 14(a)(b)(c), should come back separately in April

**MOTION:** When the items come back, report on the on the liability of each reserve (the valuation assets, liability, and the difference).

James/Bruns	Approved	Yes:	Bruns, Gallas, James, Kendig, McCammon, Miller, Terris
		Absent:	Bobolia, Doré, Gray

Chair James directed that another Closed Session be scheduled for April.

Trustee Terris announced her intent to submit a written request for a continuance of Items 14 (a)(b)(c), until May.

Staff noted that all Board members receive preparatory material, whether or not they were scheduled to attend a particular meeting, with the exception of items to be considered in Closed Session.

15. Continue use of Reicher, Pfau, Pyle, and McRoy, LLP, as independent outside counsel.

**MOTION:** Direct Administrator to issue a Request for Proposals for Outside Counsel.

Terris/Kendig	Failed	Yes:	Kendig, Terris
		No:	Bobolia, Gallas, James, McCammon, Miller
		Absent:	Doré, Gray



16. Consider issuing a Request for Proposals for Tax Counsel.

**MOTION:** Authorize Administrator to release a Request for Proposals for Counsel and send RFP to SACRS Tax Counsel.

Terris/Gallas Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

17. Approve slate of candidates for SACRS 2007-08 Officers.

**MOTION:** Approve slate of candidates for SACRS 2007-08 Officers.

Gallas/Kendig Approved by unanimous voice vote of all present.  
Absent: Doré, Gray

18. Chair James appointed Standing and Ad Hoc Committees.

- a. Operations Committee – Ronald Bruns, Paul Doré, Shawn Terris
- b. Ad Hoc Disability Committee – Joe Gallas, Donald Kendig, Julie McCammon
- c. Ad Hoc Health Insurance/401(h) Committee – George Bobolia, Bernice James, Harriet Miller

20. Recap of action items for future agendas.

- a. For May: Fiduciary Attorney
- b. For April: Staff draft a memo from the Retirement Board to the County's Auditor-Controller requesting implementation of online access to active member account information.

**The meeting adjourned at 2:23 p.m.**

ATTEST:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary