

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

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**Oscar Peters**  
Retirement Administrator



**BOARD OF RETIREMENT**

Chair – Bernice James  
Vice Chair – Joni Gray  
Secretary - Donald Kendig  
George Bobolia  
Joseph Gallas  
Julie McCammon  
Harriet Miller  
Shawn Terris  
Ronald Bruns

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**MINUTES OF THE BOARD OF RETIREMENT  
REGULAR MEETING  
September 26, 2007  
Wisteria Room at Casa Nueva  
260 N. San Antonio Rd.  
Santa Barbara, California**

**ROLL CALL 9:00 a.m.**

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

Trustee Gray arrived after the morning Closed Session and departed at 12:00 p.m.

**CLOSED SESSION**

(9:04 a.m. – 9:40 a.m.)

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

**OPEN MEETING**

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

**MINUTES**

1. Approve Minutes of Regular Board meeting of August 22, 2007.

**MOTION:** Approve the Minutes of the regular Board meeting of August 22, 2007.

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

### **DISABILITIES**

2. Kathleen Gallagher, applicant for service-connected disability retirement:  
That the Board 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.

Counsel Ghitterman represented client Kathleen Gallagher.

**MOTION:** Considering the Findings of Fact and Recommendation of the referee, along with any timely filed objections, approve and adopt staff's recommendation to deny the application for service-connected disability retirement.

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

### **CONSENT**

- C-3 Grant the request of referee Elizabeth Lishner, with concurrence of the parties, for an extension of jurisdiction to December 31, 2007, to hear the disability retirement matter of Sharon Konkol.

*Pulled from Consent agenda and discussed separately for clarification*

Russell Ghitterman represented Ms. Konkol.

**MOTION:** Grant the request of referee Elizabeth Lishner, with concurrence of the parties, for an extension of jurisdiction to December 31, 2007, to hear the disability retirement matter of Sharon Konkol. The request for extension was caused by the applicant adding a new condition to her disability retirement application and, consequently, the time needed to conduct an Independent Medical Exam and to allow both the applicant and System to develop evidence on this new condition.

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

- C-2 Receive the resignation of Trustee Paul Doré and refer his proposal to provide investment services to Pension Consulting Alliance.

*Pulled from Consent agenda and discussed separately for clarification*

Administrator addresses issues raised by the Board.

**MOTION:** Receive the resignation of Trustee Doré and decline his proposal in accordance with the Board's policy.

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

- C-4 Grant the request of referee Catherine Harris, to extend to November 5, 2007, the period to provide Findings of Fact and recommendations in the disability retirement matter of Jeannie Zoppo.

*Pulled from Consent agenda and discussed separately for clarification*

Counsel Blakeboro addressed issues raised by the Board.

**MOTION:** Due to multiple delays in post-hearing briefs and the schedule of the hearing officer, grant Hearing Officer Catherine Harris's request for an extension to November 5, 2007 to provide her written report and recommended action in this matter.

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

- C-5 Receive proposed SACRS resolution Opposing Richman's 2007 Initiative on Public Employees' Pensions and Health Plans.

*Pulled from Consent agenda and discussed separately for clarification*

**MOTION:** Approve the proposed resolution Opposing Richman's 2007 Initiative on Public Employees' Pension and Health Plans.

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

- C-6 Receive a copy of correspondence from Catherine Bolt to Supervisor Wolf regarding health insurance premiums.

*Pulled from Consent agenda and discussed separately for clarification*

Administrator and Assistant Administrator noted that Ms. Bolt's inquiry had been forwarded to Alliant, the County's benefits consultant, for review and response.

**MOTION:** Receive a copy of correspondence from Ms. Bolt to Supervisor Wolf regarding health insurance premiums and refer the matter to County Human Resources with a request for a written response.

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

**MOTION:** Receive a copy of correspondence dated July 18, 2007, from retiree Catherine Bolt to Supervisor Janet Wolf regarding premium increase in Blue Shield PPO for Medicare retirees.

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

C-7 Receive correspondence regarding “Normal Retirement Age” for safety member retirees from:

- a. Robert Casey
- b. Frances Stecker-Casey

*Pulled from Consent agenda and discussed separately for clarification*

Administrator addressed issues raised by the Board.

**MOTION:** Receive correspondence regarding “Normal Retirement Age” for safety member retirees from Robert Casey and Frances Stecker-Casey.

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

C-1 Receive and file the Disability Applicant Status Report.

C-8 Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	James Morrissey	Probation	20.11924	0.07125	
	Ike Ochoa	Sheriff	13.83600	0.02844	
D	Dolores Madrid	Sheriff	5.60289	0.00000	
	Rebecca Ochoa	DRO	6.15543	0.00000	
Dis	Perry Shellhart	Public Works	6.84754	0.00003	
	Lillian Pipersburg	Probation	27.17600	0.56046	

D=Deferred  
Dis=Disability

**MOTION:** Approve the Consent Agenda.

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

**ACTUARIAL**

3. Receive presentation from Milliman regarding 2003-2007 experience study and adopt revised actuarial assumptions.

*Referred to staff*

- 4. Consider recommendation from Milliman on distribution of ad hoc COLA funding approved in May 2007.

*Referred to staff*

- 5. Consider recommendation from Milliman regarding establishment of a “Leveling Reserve” for the purpose of stabilizing contributions.

*Referred to staff*

**INVESTMENTS**

- 6. Receive presentation from Pension Consulting Alliance on “What Next for the SBCERS Portfolio?”

Neil Rue and Sarah Bernstein represented Pension Consulting Alliance, and addressed issues raised by the Board.

The Board requested that PCA make educational presentations not only at the annual retreat but throughout the year as well, and that it be relevant to the current issues being considered by the Board.

Trustee Terris showed specific interest in presentations on cash overlay funds, international real estate investment, and California infrastructure investment.

**MOTION:** Receive presentation from Pension Consulting Alliance on “What Next for the SBCERS Portfolio?”

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

- 7. Consider Pension Consulting Alliance report on emerging markets portfolio structure and allocation, with follow-up discussion on international equity review

Neil Rue, Sarah Bernstein, and Administrator addressed issues raised by the Board.

Chair James directed PCA to perform a Strategic Asset Allocation Study for the first quarter.

**MOTION:** Direct Pension Consulting Alliance to start the process of finding an Emerging Market manager whose strategy is complementary to Boston Company.

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

- 8. Approve contract with Pension Consulting Alliance for general investment consulting services.

Counsel Blakeboro and Administrator addressed issues raised by the Board.

Trustee Gallas made and withdrew a motion to defer Item # 8 to the Board's next regularly scheduled meeting.

**MOTION:** Approve contract with Pension Consulting Alliance for general investment consulting services, and amend Article 4.1 to read, "This Agreement may be terminated by SBCERS immediately for cause or upon 30 days written notice 'for any reason or no reason,' during the performance of work."

Terris/Gallas	Approved.	Yes:	Bobolia, Gallas, McCammon, Miller, Terris
		No:	Gray, James

### BOARD

9. Receive presentations for Board Counsel finalists and make selection:
  - a. Crowell & Moring
  - b. Reicker, Pfau, Pyle & McRoy

Counsel Blakeboro left the room for Crowell & Moring's presentation.

Steven P. Rice represented Crowell & Moring.

Alan A. Blakeboro represented Reicker, Pfau, Pyle & McRoy.

**MOTION:** Select Reicker, Pfau, Pyle and McRoy for General Counsel.

Miller/Gallas	Approved.	Yes:	Gallas, James, McCammon, Miller
		No:	Terris
		Abstained:	Bobolia
		Absent:	Gray, Kendig

10. Receive staff report regarding overpayment of cash benefit to five System beneficiaries.  
*Continued from August 22, 2007*

Administrator and Board Counsel addressed issues raised by the Board.

**MOTION:** Direct staff to not seek repayment.

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

11. Adopt proposed policy regarding Trustee participation as conference speakers.

Administrator and Counsel Blakeboro addressed issues raised by the Board.

Trustee Terris suggested that any policy regarding Trustee participation as conference speakers be incorporated into existing travel policy. She went on to ask for specific examples for paragraphs #3 and #5, and suggested a change in wording in paragraph #7.

**Item continued to next regular Board meeting.**

12. Nomination of voting delegates for SACRS Fall Conference, November 13-16, 2007.

**MOTION:** Trustee Kendig, as Board secretary, should be the alternate voting delegate.

Terris/Gallas

Approved by unanimous voice vote of all present.

Absent: Gray, Kendig

**ADMINISTRATOR**

13. Receive and file Administrator's Report:
- a. Portfolio Status Report
  - b. Department Operations

Administrator addressed issues raised by the Board.

**NO ACTION TAKEN**

14. Present items to Administrator for future agenda consideration.

- Actuarial special meeting
- Closed Session on ongoing litigation
- Presentation by staff regarding SACRS proposed legislation
- SACRS policy changes – fees for non-Retirement participants
- Fifth Tuesday option for extra meetings
- December 26 – reschedule or cancel regular Board meeting?

**CLOSED SESSION**

(1:14 p.m. – 1:33 p.m.)

**Public Employee Performance Evaluation:** Retirement Administrator

**OPEN MEETING**

Chair James announced that no reportable action had been taken during Closed Session.

The meeting adjourned at (1:38 p.m.)

ATTEST:

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Clerk

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Chair

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Secretary