

**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
Frederick Tan

**MINUTES OF THE BOARD OF RETIREMENT
REGULAR MEETING
January 29, 2008
Board of Supervisors' Hearing Room
105 East Anapamu Street
Santa Barbara, California**

ROLL CALL 10:33 a.m.

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

Trustee Tan arrived at 10:35 a.m.

The Board adjourned to the Board of Supervisors' conference room for Closed Session.
Trustee Gray recused herself and remained in the hearing room.

**CLOSED SESSION
(10:34 a.m. – 11:10 a.m.)**

Conference with Legal Counsel -- Anticipated Litigation (Government Code Section 54956.9(b))

OPEN MEETING

Board Counsel Blakeboro announced that the Board took no reportable action in Closed Session.

MINUTES

1. Approve Minutes:

- a. Regular Board meeting of November 28, 2007.

MOTION: Approve the Minutes of the special Board meeting of November 28, 2007.

Gray/Gallas Approved by voice vote of all present.

Abstain: Terris

Absent: Miller

- b. Special Board meeting of December 19, 2007.

Trustees Terris and Kendig amended their motion on the advice of Counsel Blakeboro.

MOTION: Approve the Minutes of the special Board meeting of December 19, 2007, amending Item 7 to reflect Board Trustee disclosures regarding potential conflicts of interest.

Terris/Kendig Approved by voice vote of all present.

Absent: Miller

Based on Board discussion, Chair James directed staff to bring back a future item building on the earlier discussion of Trustee disclosures of potential conflicts of interest regarding retiree health insurance subsidies.

- c. Regular Board meeting of December 26, 2007.

MOTION: Approve the Minutes of the regular Board meeting of December 26, 2007.

Gray/McCammon Approved by voice vote of all present.

Absent: Miller

CONSENT

C-4 Receive an update on calculation of the supplemental cost of living adjustment.

Pulled from Consent agenda and discussed separately at Trustee Gray's request.

MOTION: Receive an update on calculation of supplemental cost of living adjustment.

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

No: Gray

Absent: Miller

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

C-2 Receive and file Trustee Kendig's report on Wharton Advanced Investments Management Course and Refresher Workshop in Core Investment Concepts, September 23 - 27, 2007.

- C-3 Receive the Certification of the Board of Retirement election for the regular general member and the regular and alternate safety members.
- C-4 Receive and file report from Retiree Health Committee.
- C-5 Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
D R	Jennifer Alm	Probation	2.92517	0.04784	
	True Beach	Social Services	28.56029	0.00179	
	Brooke Chilcott	Public Health	31.18504	0.05403	5.0
	Carol Cullen	Public Health	12.56252	0.32770	2.0
R	Lois Cunningham	Child Sppt Svcs	20.00941	0.09276	
D	Rosa Figueroa	Social Services	23.18276	0.00126	
	Donald Friedli	Sheriff	31.76781	0.80742	
D R	Brian Just	Parks	12.65413	0.36131	
	Rhonda MacDonald	Social Services	22.60160	0.09343	
D R	Carolyn Magnuson	District Attorney	6.10024	0.02609	
R	Teodoro Rios	Sheriff	19.93829	0.19526	
D R	Bruce Staniforth	Co. Administration	3.10626	0.13548	
D	Frank Stewart	Probation	10.30666	0.14921	
D	Nancy Stuart	Sheriff	5.08209	0.06083	

D=Deferred
R=Reciprocal

MOTION: Approve the Consent Agenda.

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

DISABILITIES

- 2. Receive and confirm final changes in actuarial assumptions as follows:
 - a. Receive Final 2003-07 Investigation of Experience from Milliman Actuaries.
 - b. Adopt a resolution confirming changes in actuarial assumptions for 2007 Valuation and calculation of benefits beginning January 1, 2008.

Continued from October 24, November 28, and December 19, 2007

Administrator introduced item.

Daniel Wade of Milliman Consultants addressed issues raised by the Board.

MOTION: Receive Final 2003-07 Investigation of Experience from Milliman Actuaries and adopt a resolution confirming changes in actuarial assumptions for 2007 Valuation and calculation of benefits beginning January 1, 2008.

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

RESOLUTION 08-01

3. Receive and adopt final GASB 43 Actuarial Valuation by Milliman of Post-Employment Health Benefits as of June 30, 2007.

Chair recognized requests to speak from Robert Geis, Auditor-Controller, and Susan Paul, Assistant CEO/Human Resources Director.

Administrator and Daniel Wade, of Milliman, addressed issues raised by the Board.

Mr. Geis answered questions raised by the Board.

MOTION: Receive and adopt final GASB 43 Actuarial Valuation by Milliman of Post-Employment Health Benefits as of June 30, 2007.

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

4. Receive and adopt report from Milliman regarding the actuarial impact of a new General retirement tier (5C with half member contribution rates and three-year Final Average Salary for certain County employees hired on or after October 10, 1994) and forward results to the Board of Supervisors.

Administrator introduced item.

Administrator and Daniel Wade addressed issues raised by the Board.

MOTION: Adopt report from Milliman regarding the actuarial impact of a new General retirement tier 5C and forward results to the Board of Supervisors.

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

5. Consider requests from Retired Employees of Santa Barbara County.
 - a. That retirees not participating in County sponsored medical benefits plans receive a \$1.00 increase per month per year of service for a total benefit of \$5.00 per month per year of service, when there is compliance with IRS regulations which require that the monies received be used for the payment of medical costs.
 - b. That any balance available from undistributed earnings be applied to further offset premium costs for those retirees participating in county sponsored medical benefits plans.

Continued from May 23, 2007

Chair recognized request to speak from Robert Geis, Auditor-Controller.

Administrator introduced item.

Counsel Blakeboro addressed issues raised by the Board.

Trustee Bobolia made a motion rejecting the recommendation.

Alternate Trustee Tan voted in place of Trustee McCammon on this matter related to a firefighter member, pursuant to Government Code 31520.1.

Due to staff's error in noticing the meeting location, the Board subsequently voted to rescind this action in order to reconsider disability items with all interested parties present.

MOTION: Rescind prior action and continue matter to next regular Board meeting to ensure due process.

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

14. Arlene Cohen, 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.

Counsel Blakeboro introduced item.

MOTION: Having considered the Findings of Fact and Recommendation of the referee, along with any timely filed objections, approve and adopt the recommendation to deny the application for service-connected disability retirement in the matter of Arlene Cohen.

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

Due to staff's error in noticing the meeting location, the Board subsequently voted to rescind this action in order to reconsider disability items with all interested parties present.

MOTION: Rescind prior action and continue matter to next regular Board meeting to ensure due process.

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

BOARD

6. a. Authorize changes to accounting reserves for the June 30, 2007, valuation.

Administrator introduced items and addressed issues raised by the Board.

MOTION: Adopt changes to accounting reserves For the June 30, 2007, valuation.

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

- b. Establish a 2% contingency reserve effective June 30, 2008.

MOTION: Establish a 2% contingency reserve effective June 30, 2008.

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

Trustee Kendig made a motion to make the Contingency Reserve \$96,769,811, that died for lack of a second.

NO ACTION TAKEN

c. Confirm that the actuarial valuation assets for June 30, 2007, will exclude the Health Reserve, the Contingency Reserve and deferred gains from asset smoothing.

Trustees Terris and Gray made, seconded, then withdrew a motion.

MOTION: Confirm that the actuarial valuation of assets for June 30, 2007, will exclude the Health Reserve, the Contingency Reserve and deferred gains from asset smoothing.

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

8. Consider appeal of Retiree Judith Wilborn for change in retirement date from September 19, 2007, to March 30, 2007.

Administrator introduced item.

MOTION: Approve appeal of Retiree Judith Wilborn for change in retirement date from September 19, 2007, to March 30, 2007.

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

9. Consider requests from member to buy back unverified Extra Help Service:
a. Thomas Muscio
b. Ron Vasquez

MOTION: Approve requests to buy back unverified Extra Help Service from Thomas Muscio, 552 hours between 1/2/73 and 4/8 73; and Ronald Vasquez, 1,688 hours between 6/15/76 and 8/7/77.

Terris/Kendig	Approved by voice vote.
	Abstain: Gallas
	Absent: Miller

7. Establish a policy for crediting interest to member accounts.

Administrator introduced item.

MOTION: Establish a policy of crediting interest to member accounts equivalent to the yield of the five year treasury note as of the last business day of the interest crediting period, not to exceed the actuarial assumed rate, beginning June 30, 2008.

Gray/Gallas

Approved by voice vote.

No: Kendig, Terris

Absent: Miller

10. Authorize Trustee Terris' travel expenses incurred as a result of carrying out responsibilities associated with being President of the State Association of County Retirement Systems (SACRS).

Continued from December 26, 2007

Item withdrawn at Trustee Terris' request.

NO ACTION TAKEN

11. Consider recommendations from Trustee Terris to pursue getting more information concerning the County's request for CalPERS benefit cost estimates.

Trustee Terris presented the item.

Chair recognized request to speak from Robert MacLeod, Chief of Employee Relations.

Counsel Blakeboro addressed issues raised by the Board.

Trustee Terris made the following motion which died for a second:

1. Direct the Retirement Administrator to send a memo to the County's Board of Supervisors requesting:
 - a. A list of actuarial studies they are having CalPERS conduct, what their completion status is, and what they intend to do with those studies; and
 - b. Copies, if the actuarial studies are completed
2. If the CalPERS actuarial studies are completed, direct SBCERS' Actuary, Milliman, to:
 - a. Review those studies and identify and explain significant issues, especially any differences in assumptions and methods between CalPERS studies and the latest SBCERS actuarial valuation, and
 - b. The cost impact of those differences
3. If the CalPERS actuarial studies are not completed, direct SACRS Actuary, Milliman, to:
 - a. Closely monitor the progress of actuarial work being performed by CalPERS for the County and assist SBCERS staff in any required coordination; and,
 - b. Provide a monthly written report that updates the Retirement Board of the progress to include identifying and explaining significant issues, especially any differences in assumptions and methods between CalPERS studies and the latest SBCERS actuarial valuation, and the cost impact of those differences.
4. Direct the Retirement Administrator to amend Milliman's contract to accommodate the changes in scope of work and bring it back to the Board at the next regular meeting for approval.

The motion died for lack of a second.

NO ACTION TAKEN

12. Authorize up to three trustees and two staff members to attend the Council of Institutional Investors meeting April 9 - 11, 2008 in Washington, DC, and reimburse reasonable expenses.

Administrator and Counsel Blakeboro addressed issues raised by the Board.

Chair directed staff to add Council of Institutional Investors to the list of approved conferences and return with a policy for Board approval regarding recommended number of conferences/training events per Trustee.

NO ACTION TAKEN

ADMINISTRATOR

16. Receive and file Administrator's Report:
- a. Portfolio Status Report
 - b. Private Equity Status Report
 - c. Department Operations
 - d. Mid-Year Budget Update

NO ACTION TAKEN

17. Present items to Administrator for future agenda consideration.
- 1) Three year policy review
 - 2) Bring back a future item building on the earlier discussion of potential conflict of interest disclosures
 - 3) Need for Investment staff

The meeting adjourned at 3:49 p.m.

ATTEST:

Clerk

Chair

Secretary