

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Tom Ford
Interim Retirement Administrator



BOARD OF RETIREMENT

Chair – Bernice James
Vice Chair – Joni Gray
Secretary - Donald Kendig
George Bobolia
Joseph Gallas
Julie McCammon
Vanessa Patterson
Ward Rafferty
Shawn Terris
Ronald Bruns
Frederick Tan

**MINUTES OF THE BOARD OF RETIREMENT
SPECIAL MEETING
November 19, 2008
HR Basement Conference Room (Administration Building)
105 E. Anapamu Street
Santa Barbara, California**

ROLL CALL 9:05 a.m.

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

Trustee Rafferty arrived at 9:09 a.m. Trustee Tan arrived at 9:45 a.m.

PUBLIC COMMENT

Trustee Gray requested permission to honor Trustee Terris with a resolution from the Board of Supervisors of the County of Santa Barbara for her past service as president of the State Association of County Retirement Systems (SACRS).

Trustee Terris requested that the Chair direct staff to reinstate time estimates as part of each individual Board of Retirement agenda item. Counsel Blakeboro advised that change in procedure should not be discussed during Public Comment. Trustee Terris request that the issue be agendized.

Upon Trustee Terris' inquiries, Trustee Gray confirmed that CSBTV-20 was video taping Board of Retirement meetings at the request of the Board of Supervisors.

MINUTES

1. Approve Minutes:

a. Regular Board meeting of September 24, 2008

MOTION: Adopt Minutes of Regular Board meeting of September 24, 2008.

Terris/Gallas Approved by voice vote.

Abstain: Bobolia, Kendig
Absent: McCammon, Tan

b. Regular Board meeting of October 22, 2008

Trustee Kendig requested that Public Comment in the minutes of October 22, 2008, include his Operations Committee update.

MOTION: Adopt Amended Minutes of Regular Board meeting of October 22, 2008.

Kendig/Terris Approved by voice vote.

Absent: McCammon, Tan
Abstain: Patterson

CONSENT

Trustee Terris pulled Consent item C-2, requesting without objection that it be bundled with other Trustee Education Board Items 11 and 15.

- C-1. Authorize destruction of original paper records that have been electronically scanned, verified, and retained in the document imaging system.
- C-3. Authorize Administration to submit CALAPRS ballot – voting for Board of Directors.
- C-4. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Richard Garrett	General Services	6.47352	0.11030	
D	Lynn Grogan	Child Support Svcs	9.48708	0.06491	
D R	Klaasje Nairne	Parks	10.13363	0.01072	
D R	Michael Streed	Sheriff	0.61711	0.00000	
	Justo Suarez Jr.	ADMHS	35.37491	0.42862	
R	Louis Walters	ADMHS	23.71324	0.27061	
	Robert Walton	ADMHS	34.99656	0.49332	
D	William Wilhoyte	Sheriff	6.10205	0.08261	0.66666

D=Deferred
Dis=Disabled
R=Reciprocal

MOTION: Approve Consent Agenda Items C-1, C-3 and C-4.

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

Absent: McCammon, Tan

**DISABILITY RETIREMENT
CLOSED SESSION**

2. Mary Jo Nordyke, applicant for service-connected disability retirement;
Deny the application for service-connected disability retirement, subject to timely requested hearing.

Dana Bentley, County of Santa Barbara Clerk-Recorder-Assessor, Department Analyst Program, spoke on behalf of the employer.

Trustee Gallas recused himself and left the room.

Disabilities Program Manager, Annette Paladino introduced item and addressed issues raised by the Board.

MOTION: Deny request for continuance and deny the application for service-connected disability retirement, subject to timely requested hearing.

Terris/Patterson Approved by voice vote.
No: Bobolia
Absent: McCammon, Tan

3. Sharon Konkol, Applicant for service-connected disability retirement:
Consider the referee's Finding of Facts and Recommended Decision, along with any timely filed objections, and approve and adopt the recommendation to grant a service-connected disability retirement.

Trustee Gallas returned to the room.

Counsel Blakeboro introduced item and addressed issues raised by the Board.

Applicant's attorney, Russell Ghitterman addressed issues raised by the Board.

Disabilities counsel, Patrick McCarthy, addressed issues raised by the Board.

MOTION: Considering the referee's Finding of Facts and Recommended Decision, along with any timely filed objections, approve and adopt the recommendation to grant a service-connected disability retirement.

Terris/Gallas Approved by unanimous voice vote of all present.
Abstain: Rafferty
Absent: McCammon, Tan

5. Mary Lou Garcia, Applicant for service-connected disability retirement:
Receive and approve referee Ernest Gould's request for an extension of jurisdiction, up to and including 2/27/09, to hear this matter, to allow the applicant time to obtain additional medical treatment.

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

Russell Ghitterman left the room.

4. Blanca Benedict, Applicant for service-connected disability retirement:
Receive and approve referee Ernest Gould's request for an extension of jurisdiction, up to and including 2/20/09, to hear this matter, to allow the applicant time to retain new counsel.

MOTION: Receive and approve referee Ernest Gould's request for an extension of jurisdiction, up to and including 2/20/09, to hear this matter, to allow the applicant time to retain new counsel.

Terris/Bobolia Approved by unanimous voice vote of all present.
Absent: McCammon, Tan

6. Receive and file Disability Status Report.

MOTION: Receive and file Disability Status Report.

Terris/Gallas Approved by unanimous voice vote of all present.
Absent: McCammon, Tan

OPEN MEETING

Administrator introduced, and Chair James welcomed, members of the Santa Barbara County Grand Jury.

Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 2 – 6 as listed above.

INVESTMENTS

7. Receive report from STW Fixed Income Management, and take appropriate action.

Edward (Todd) H. Jewett, Principal and Portfolio Manager, and Richard A Rezek, Principal and Portfolio Manager, STW Fixed Income Management, presented their report and addressed issues raised by the Board.

Neil Rue, Managing Director, Pension Consulting Alliance (PCA), and Administrator addressed issues raised by the Board.

Chair James directed staff to arrange an STW site visit for the Board sometime in January.

MOTION: Receive report from STW Fixed Income Management.

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

9. Receive Third Quarter Portfolio Investment Report from PCA.

Neil Rue presented the report and addressed issues raised by the Board.

Chair James directed staff to provide an update from AllianceBerstein in December regarding specific economic and risk exposures referred to in their last report, to be provided semi-annually there after.

Trustee Rafferty, with Chair James concurring, requested that staff delete the Quarterly Returns by SBCERS Portfolio Asset Class table (Third Quarter 2008 Portfolio Investment Report, pg. 9) and replace with an Annual Returns by SBCERS Portfolio

Asset Class in future reports, incorporating SBCERS Total Portfolio performance within new table.

MOTION: Receive Third Quarter Portfolio Investment Report from PCA and adopt proposed sample report format.

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

8. Continue Asset/Liability modeling.

Neil Rue made the presentation and addressed issues raised by the Board.

Administrator addressed issues raised by the Board.

MOTION: Rescind October 22, 2008, motion approving PCA's recommendations to use the global equity strategic class, which is based on market weighted proportions, and include a 50% TIPS 50% Hedge Fund of Funds Real Return strategic class in the Asset Liability Study model for conducting what-if scenarios for the Asset Liability review.

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

MOTION: Approve modeling U.S. and Non-U.S. equity separately.

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

Trustee Tan noted that he had not been called for the previous roll call.

MOTION: Approve including covered calls into the model.

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

MOTION: Approve including a 50% TIPS 50% Hedge Fund of Funds Real Return strategic class in the Asset Liability Study model.

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

BOARD

10. Receive and adopt Actuarial Valuation for June 30, 2008.

Daniel R. Wade, Consulting Actuary, Milliman, presented the report and addressed issues raised by the Board.

Administrator addressed issues raised by the Board.

Counsel Blakeboro noted that any references to “Undesignated Earnings reserve” should be changed to “Transferred Funds reserve” in future Milliman reports.

At Trustee Patterson’s request, Administrator indicated staff would return for Trustee actuarial education during the second quarter 2009.

MOTION: Receive and adopt Actuarial Valuation for June 30, 2008.

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

Robert W. Geis, Auditor-Controller, Santa Barbara County, expressed appreciation on behalf of Michael F. Brown, County Executive Officer, Santa Barbara, and himself for the timeliness and quality of the Milliman report.

11. Receive Operations Committee report and consider adoption of revised Board Policies:

Counsel Blakeboro introduced item and addressed issues raised by the Board.

- a. Code of Conduct

MOTION: Adopt revised Code of Conduct Board Policy.

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

- b. Trustee Travel

Chair James directed staff to strike H. Gratuities the list of business related expenses that may be reimbursed to Trustees or paid on their behalf by the System in accordance with the County of Santa Barbara Business Expense Policy.

MOTION: Adopt revised Trustee Travel Board Policy.

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

- c. Trustee Education

MOTION: Adopt revised Trustee Education Board Policy.

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

CONSENT

- C-2. Approve request of Trustee Rafferty to attend the Hamilton Lane Private Summit.

MOTION: Approve request of Trustee Rafferty to attend the Hamilton Lane Private Summit.

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

BOARD

15. Request for reconsideration of Board Action denying request of Trustee Terris to attend the Annual Public Boards Forum.

Counsel Blakeboro introduced item and addressed issues raised by the Board.

Trustee Terris made a presentation to the Board requesting to attend the Annual Public Boards Forum.

Rey Ybarra, Chapter President SEIU Local 721, and County of Santa Barbara employee, Social Services, spoke in favor of Trustee Terris' request to attend the Annual Public Boards Forum.

MOTION: Authorize Trustee Terris to attend the Annual Public Boards Forum.

Terris/Tan

Failed

Yes:	Kendig, Tan, Terris
No:	Bobolia, Gray, James
Abstain	Gallas, Patterson, Rafferty
Absent:	McCammon

12. Approve contract with Creative Benefits for administration of Health Reimbursement Arrangement and update on 401(h) implementation.

Assistant Administrator introduced item and addressed issues raised by the Board.

MOTION: Approve contract with Creative Benefits for administration of Health Reimbursement Arrangement and update on 401(h) implementation.

Terris/Patterson

Approved by unanimous voice vote of all present.

Absent: McCammon

13. Authorize Administrator to begin the process of eliminating Attorney position and adding Investment Analyst position.

Administrator introduced item and addressed issues raised by the Board.

MOTION: Authorize Administrator to begin the process of eliminating Attorney position and adding Investment Analyst position.

Gallas/Bobolia

Approved by unanimous voice vote of all present.

Absent: McCammon

14. Receive report regarding fiduciary waiver of recourse for prior year and consider whether trustees will reimburse the System for premium paid.

Assistant Administrator introduced item and addressed issues raised by the Board.

MOTION: Receive report regarding fiduciary waiver of recourse for prior year and consider whether trustees will reimburse the System for premium paid.

Terris/Gallas

Approved by unanimous voice vote of all present.

Absent: McCammon

