

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210  
Santa Barbara, CA 93105

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

**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

---

**MINUTES OF THE BOARD OF RETIREMENT  
2009 WINTER RETREAT  
January 28-29, 2009  
Riviera Room, Canary Hotel  
31 West Carrillo Street  
Santa Barbara, California**

**ROLL CALL DAY 1** 8:40 a.m.  
Members Present: Cholmondeley, Gallas, Gray, James, Kendig, McCammon,  
Patterson, Rafferty, Terris  
Alternates Present: Marshall, Tan  
Counsel: Blakeboro  
Clerk: Bignell

Interim Retirement Administrator-Tom Ford, gave the Oath of Office to Zandra Cholmondeley, Donald Kendig and Gail Marshall.

**PUBLIC COMMENT**

There was no general public comment.

**BOARD**

- Election of Officers:
  - a. Chair

**MOTION:** Nominate Joni Gray as Chair.

James/Patterson Failed

Yes: Gray, James, McCammon,  
Patterson

**MOTION:** Nominate Shawn Terris as Chair.

Kendig/Terris Approved  
Yes: Cholmondeley, Gallas,  
Kendig, Rafferty, Terris

**MOTION:** Close nominations as a matter of procedure.

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

b. Vice Chair

**MOTION:** Nominate Joni Gray as Vice Chair.

Gallas/Kendig Approved

An unseconded motion by Trustee Gray nominating Ward Rafferty as Vice Chair failed after Trustee Rafferty deferred his nomination.

**MOTION:** Close nominations as a matter of procedure.

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

c. Secretary

A motion by Chair Terris and seconded by Trustee McCammon nominating Donald Kendig as Secretary was withdrawn by both parties at Trustee Kendig's request.

**MOTION:** Nominate Vanessa Patterson as Secretary.

Gallas/James Approved

**MOTION:** Close nominations as a matter of procedure.

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

## MINUTES

- Approve Minutes:

a. Regular Board meeting of December 17, 2008

Trustee Gallas asked for a modification to Item 3, Page 3, showing that he recused himself and left the room. Counsel Blakeboro Page 5. Counsel Blakeboro made a correction to the language at the end of Item 15, Page 5. Trustee Kendig pointed out a typo in Item 13, Page 5.

**MOTION:** Adopt amended Minutes of Regular Board meeting of December 17, 2008.

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

### CONSENT

- Approve Consent Agenda:
  - a. Authorize February/March 2009 Trustee Travel.
  - b. Adopt Retirement Report.

|   | <u>Name</u>     | <u>Dept.</u>      | <u>Service Credit</u> | <u>Sick Leave Credit</u> | <u>ARC</u> |
|---|-----------------|-------------------|-----------------------|--------------------------|------------|
|   | Mary Brizzolara | District Attorney | 14.72934              | 0.13516                  | 0.00000    |
| D | Jeanni Buzzelli | District Attorney | 10.95144              | 0.00329                  | 0.00000    |
|   | Sandy Garbiso   | District Attorney | 21.92590              | 0.00279                  | 0.00000    |
| D | Thomas Herring  | Probation         | 12.93633              | 0.07729                  | 0.00000    |
|   | John Hesson     | Sheriff           | 20.32586              | 0.14803                  | 0.00000    |
|   | Helen Kimes     | General Services  | 10.71000              | 0.18771                  | 0.00000    |
|   | Maria Record    | Child Support     | 32.19503              | 0.00473                  | 0.00000    |
| D | Peter Rensel    | County Counsel    | 19.64926              | 0.04912                  | 0.00000    |
| R | Judith Sorensen | Courts            | 23.30499              | 0.57970                  | 0.00000    |

D=Deferred  
R=Reciprocal

Administrator made announced prior to the vote that Trustee Cholmondeley would not be able to attend CALAPRS – Trustee Roundtable February 6, 2009, but that she would like to attend RREEF Alternative Investments Educational Client Conference – February 24-25, 2009.

**MOTION:** Approve Consent Agenda.

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

### INVESTMENT REVIEW

1. Attribution Discussion – *Neil Rue-Managing Director, Pension Consulting Alliance (PCA)*

### DOMESTIC EQUITY MANAGER REVIEWS

2. Introduction – *Neil Rue, PCA*

3. AllianceBernstein Large Value – *John D. Phillips, Jr.-Senior Vice President and Portfolio Manager*
4. AllianceBernstein Russell 1000 Index – *Judith A. DeVivo-Senior Vice President and Portfolio Manager*
7. Invesco Enhanced Index – *Michael Bowman-Senior Director; Gary Stentz-CFA, Client Portfolio Manager*
8. First Republic Large Growth – *Todd D. Sullivan-Managing Director; Jon S. Bull-Senior Managing Director*
5. OFII Small Growth – *John Huttlin-Managing Director, Client Relations; Dan Goldfarb-CFA, Chief Investment Officer*
6. Dimensional Fund Advisors – *Robert T. Deere-Investment Director and Senior Portfolio Manager*

**NO ACTION TAKEN ON THE ABOVE ITEMS**

2009 Domestic Equity Outlook:

Neil Rue and Domestic Equity Managers addressed issues raised by the Board.

**FIXED INCOME MANAGER REVIEWS**

9. Introduction – *Neil Rue, PCA*
10. Reams Asset Management – *Thomas M. Fink-CFA, Managing Director*
11. STW Long Bond – *William H. Williams-Principal, Chief Investment Officer and Portfolio Manager*
12. Artio Global Investors – *Patrick Maldari-CFA, Senior Portfolio Manager*
13. BNY Mellon Review of SBCERS Securities Lending Results for 2008 – *Michael D. Ferguson-First Vice President; Renee Rawls-Vice President, Client Services Officer*

**NO ACTION TAKEN ON THE ABOVE ITEMS**

2009 Fixed Income Outlook:

Neil Rue and Fixed Income Managers addressed issues raised by the Board.

**INTERNATIONAL EQUITY MANAGER REVIEWS**

14. Introduction – *Neil Rue, PCA*

15. New Star Asset Management – *Brian Coffey-Lead Fund Manager*
18. State Street Global Advisors EAFE Index – *Neil Tremblay-Senior Relationship Manager*
19. The Boston Company Emerging Markets – *Robert T. Harkins-CFA, New Business Development; William J. Adams-Portfolio Strategist; John D. Havens-Senior Relationship Manager*
20. Batterymarch Emerging Markets – *Claudio Brocado-Portfolio Manager*
17. Lord Abbett Capital Management – *Kristin V. Harper-Director of Public Fund Marketing; Fiona Gibbons-Client Portfolio Manager*
16. PanAgora Asset Management – *Dimitri Kantsyrev-PhD, CFA, Dynamic Equity Manager*

**NO ACTION TAKEN ON THE ABOVE ITEMS**

2009 International Equity Outlook:

Neil Rue and International Equity Managers addressed issues raised by the Board.

**REAL RETURN MANAGER REVIEWS**

21. PCA Real Estate Advisors – *Austin Carmichael-Vice President*
22. RREEF – *Laura Gaylord-Managing Director and Head of RREEF America's Client Relations*
23. Arden Asset Management – *Gerrard Bushell-Managing Director*

**PRIVATE EQUITY MANAGER REVIEWS**

24. Hamilton Lane – *Paul Yett-Managing Director*
25. Lexington Partners – *Nick Harris-Partner*

**NO ACTION TAKEN ON THE ABOVE ITEMS**

2009 Private Markets Outlook:

Neil Rue and Private Markets Managers addressed issues raised by the Board.

The meeting adjourned at 4:52 p.m.

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210  
Santa Barbara, CA 93105

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

**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

---

**MINUTES OF THE BOARD OF RETIREMENT  
2009 WINTER RETREAT  
January 28-29, 2009  
Riviera Room, Canary Hotel  
31 West Carrillo Street  
Santa Barbara, California**

**ROLL CALL DAY 2** 9:15 a.m.  
Members Present: Cholmondeley, Gallas, James, Kendig, McCammon,  
Patterson, Terris  
Members Absent: Gray, Rafferty  
Alternates Present: Tan  
Alternates Absent: Marshall  
Counsel: Blakeboro  
Clerk: Bignell

Trustee Rafferty arrived at 9:16 a.m.

**PUBLIC COMMENT**

There was no general public comment.

**2008-2009 ASSET/LIABILITY PROJECT**

1. Review and Sensitivity Analysis of Selected Decision Factors  
Recap of Prior A/L Sessions and Analysis of Selected Decision Factors –  
*Sarah Bernstein-PhD, Principal PCA*

**MOTION:** Alternate Board members will have an opportunity to provide their input.

Patterson/James

Approved by unanimous voice vote of all present.

Absent: Gray

### **DISABILITY RETIREMENT CLOSED SESSION**

- 5 Blanca Benedict, Applicant for Service-Connected Disability Retirement:  
Grant Hearing Officer Ernest Gould's request for an extension of his jurisdiction to hear the matter, up to and including 05-30-09, to allow the applicant time to assist her daughter who was seriously injured in the Tea Fire.

**MOTION:** Grant Hearing Officer Ernest Gould's request for an extension of his jurisdiction to hear the matter, up to and including 05-30-09, to allow the applicant time to assist her daughter who was seriously injured in the Tea Fire based upon the request of the applicant as communicated by the Hearing Officer.

Gallas/McCammon

Approved by unanimous voice vote of all present.

Absent: Gray

- 6 Thomas Matthews, Applicant for Service-Connected Disability Retirement:  
Adopt the attached proposed Findings of Fact, Conclusions of Law and Decision granting Thomas Mathews a service-connected disability retirement.

**MOTION:** Adopt the attached proposed Findings of Fact, Conclusions of Law and Decision granting Thomas Mathews a service-connected disability retirement.

James/McCammon

Approved by voice vote.

Absent: Gray

Abstain: Gallas

- 7 Lawrence Rodriguez, Applicant for Service-Connected Disability Retirement:  
Adopt the attached proposed Findings of Fact, Conclusions of Law and Decision granting Lawrence Rodriguez a service-connected disability retirement.

**MOTION:** Adopt the attached proposed Findings of Fact, Conclusions of Law and Decision granting Lawrence Rodriguez a service-connected disability retirement.

Kendig/James

Approved by unanimous voice vote of all present.

Absent: Gray

### **OPEN MEETING**

Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 5, 6, and 7 as listed above.

**DISABILITY RETIREMENT  
OPEN SESSION**

8. Overview of Disability Process  
*Continued to a future meeting*
9. Consider and adopt Revised Guidelines for Disability Retirement Effective Dates that include the following:
1. Revision of definitions of “regular compensation” and “leave of absence with compensation under Division 4 of the Labor Code” to comply with recent court decisions;
  2. Specification of limited exceptions to definition of “regular compensation;” and
  3. Revision of method for calculating final average salary consistent with change in definition of “regular compensation.”

– Alan Blakeboro-Board Counsel

**MOTION:** Adopt the proposed policy with the exception of striking the word “and,” (Paragraph 3.5ii).

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

Martin McKenzie-Chief Deputy County Counsel thanked Counsel Blakeboro and Annette Paladino-Disabilities Program Manager, for their time, effort, and reasonable good faith compromises.

**2008-2009 ASSET/LIABILITY PROJECT**

2. Selection of Risk Philosophy and Policy – *Sarah Bernstein-PhD, Principal PCA; Robert T. McCrory, Executive Vice President EFI*

**MOTION:** 1) Acknowledge the January 29, 2009, risk allocation in the Asset liability Review model. 2) SBCERS Administrator is to get Trustees Gray and Marshall’s risk allocation and forward to PCA. 3) PCA is to incorporate Trustees Gray and Marshall’s risk allocation into the Asset Liability Review model and re-calculate the entire Board’s risk allocation. 4) PCA to present to Board the re-calculated Asset Liability Review model, the resultant Asset Allocation, and facilitate The Board’s discussion on a new Asset Allocation.

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

3. Discussion of Potential Implementation Issues  
Discussion of Potential Resource Requirements  
*Continued to a future meeting*



4. Discussion of Global Sullivan Principals – *Sarah Bernstein-PhD, Principal PCA*

Chair directed staff to come back a recommendation for the Board to adopt the United Nations Principles for Responsible Investment (UNPRI) and language to be incorporated in the Investment Policy limitation options for discussion and to be included in the voting proxy and investment RFI.

**BOARD**

10. Conflict of Interest – form 700: Travel et al  
*Continued to a future meeting*

11. Investment Analyst’s Report  
*To be read at Trustee’s discretion*

12. Administrator’s Report  
*Continued until January 30, 2009, Administrator’s Friday Highlights*

**MOTION:** Amend the Retirement Administrator job recruitment title description to Chief Executive Officer.

James/Gallas Approved by unanimous voice vote of all present.  
Absent: Gray

**MOTION:** Video tape the next regular meeting of the Board of Retirement, February 25, 2009.

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

The meeting adjourned at 3:47 p.m.

ATTEST:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary