

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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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

April 22, 2009

**Wisteria Room at Casa Nueva
260 N. San Antonio Rd.
Santa Barbara, California**

ROLL CALL 9:01 a.m.

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

Vanessa Patterson arrived at 9:13 a.m. Trustee Gray left at 3:55 p.m., Trustee McCammon left at 4:36 p.m., and Trustee Marshall left at 5:11 p.m..

PUBLIC COMMENT

Richard White, President of the State Association of County Retirement Systems (SACRS), addressed the Board. Mr. White noted that SACRS is committed to assisting all its member retirement systems by providing education, legislative advocacy and a forum in which retirement systems can work together to improve the services they provide. Mr. White encouraged the Board to draw upon the resources available through SACRS.

X-AGENDA

This item was considered in accordance with Government Code Section 54954.2(b)(2) which provides:

“Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than a two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision(a).”

MOTION: Hear the matters today in the Administrator’s Report as X-Agenda Items 19e and 19f:

- e. Receive and review the 2008/2009 Santa Barbara County Civil Grand Jury report on the Santa Barbara County Employees’ Retirement system.
- f. Decide Public Fund Constituency Member vote for Co-Chair of the Council of Institutional Investors, Board of Directors.

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

CLOSED SESSION
(9:14 a.m. – 10:53 a.m.)

Public Employment -- Selection of Chief Executive Officer (Government Code Section 54957(b)(1))

DISABILITY RETIREMENT
CLOSED HEARING

- 3. Joseph Dodero, 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 of Joseph Dodero.

Applicant’s Counsel Ghitterman and SBCERS’ Counsel Kroes addressed the Board.

Trustees Gallas and McCammon made, seconded, then withdrew a motion to approve and adopt the recommendation to deny the application for service-connected disability retirement of Joseph Dodero.

Trustees Gallas and McCammon made, seconded, then amended a motion to refer back to Hearing Officer to specifically address Applicant Counsel’s objections to the Findings of Fact and Conclusions of Law, and System Counsel’s response to those objections.

MOTION: Refer back to Hearing Officer to specifically address Applicant Counsel’s objections to the Findings of Fact and Conclusions of

Law, and authorize Applicant's Counsel to file a rebuttal addressing SBCERS' Counsel response before April 27, 2009.

Gallas/Patterson

Approved

Yes:

Cholmondeley, Gallas, Gray,
James, Kendig, McCammon,
Patterson, Rafferty

No:

Terris

4. Cathy Fox, Service-Connected Disability Retirement Applicant:
Deny the application, subject to hearing, if timely requested by an interested party.

MOTION: Deny the application due to its untimeliness, subject to hearing, if timely requested by an interested party.

Kendig/McCammon

Approved by unanimous voice vote of all present.

5. Jeannie Zoppo, Applicant for Disability Retirement:
Grant applicant's request for a service retirement, pending final determination of her entitlement to disability retirement.

MOTION: Grant applicant's request for a service retirement, pending final determination of her entitlement to disability retirement.

James/Gallas

Approved by unanimous voice vote of all present.

6. Gail Common (surviving spouse of decedent Mark Common), Applicant for Service-Connected Death Benefit:
Deny reconsideration of the Board's January 21, 1971, denial of the application for a service-connected death benefit and the Board's dismissal of a renewed application for such benefit in August, 2003.

Curtis Warner and Keri Common addressed the Board on behalf of Gail Common.

MOTION: Deny reconsideration of the Board's January 21, 1971, denial of the application for a service-connected death benefit and the Board's dismissal of a renewed application for such benefit in August, 2003.

McCammon/James

Approved by voice vote.

Abstain:

Gallas, Patterson

OPEN MEETING

Mr. Blakeboro announced that with regard to the Selection of Chief Executive Officer Closed Session, no reportable action was taken.
Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 3, 4, 5 and 6 as listed above.

MINUTES

1. Approve Minutes:

- a. Special Board meeting of March 11, 2009

Chair Terris provided the following correction to the March 11, 2009, minutes: Item 1, insert "its responsibilities and" to Part 4 of the motion.

MOTION: Approve the amended minutes of the Special Board meeting of March 11, 2009.

Kendig/James Approved by voice vote.
Abstain: Gallas

- b. Regular Board meeting of March 25, 2009

Counsel Blakeboro provided the following correction to the March 25, 2009, minutes: Item 8, remove duplicate "and take" from item.

MOTION: Approve the amended minutes of the Regular Board meeting of March 25, 2009.

Kendig/Gallas Approved by voice vote.
Abstain: Gray, Rafferty

CONSENT

- C-1. Receive and file Trustees Terris and Kendig's report on IMN's 14th Public Funds Summit.
- C-2. Receive and file Trustees Kendig and Rafferty's report on the 2009 Manatt Focus Forum.
- C-3. Blanca Benedict, Disability Retirement Applicant - Receive and approve Hearing Officer Ernest Gould's request for an extension of jurisdiction in which to complete the hearing in this matter to June 2, 2009, in order to accommodate applicant's new counsel.
- C-4. Mary Jo Nordyke, Disability Retirement Applicant: Receive and approve Hearing Officer Catherine Harris's request for an extension of jurisdiction in which to complete the hearing in this matter to May 28, 2009, in order to accommodate the availability of the County and the System witnesses.
- C-5. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
D	Amos Barajas	Parks	29.92653	0.01834	

D=Deferred
R=Reciprocal

C-5. Adopt Retirement Report. (Cont'd.)

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Guy Brigman	Social Services	19.39640	0.00366	
	T. Dorene Deupree	Superior Court	34.38682	0.99665	
	Kathleen Dowd	Public Works	17.68175	0.00030	
D R	Ernest Guzman	District Attorney	2.32108	0.09826	
	Laura Hulston	Social Services	19.59265	0.61797	
	Mary Lou Hunter	Child Support	22.67562	0.13435	
	Karl Koeller	Sheriff	31.79150	0.69301	
D	Joseph Myall	Probation	7.13122	0.07801	
	Mona Nicoll	Human Resources	20.47030	0.00964	
D	Mark Powers	Public Defender	6.38568	0.00306	
D	Deborah Real	Sheriff	9.80792	0.12892	
	Denise Severin	Sheriff	25.54532	0.45700	
	Molly Stevens	DRO	4.87246	0.00000	
	Katheryn Veal	Courts	31.11969	0.81771	
	Richard Zuniga	Sheriff	5.64438	0.11969	

D=Deferred
R=Reciprocal

Sarah Bernstein - Principal, Pension Consulting Alliance (PCA), addressed issues raised by Trustee James and Chair Terris.

Chair Terris directed staff to clarify whether Arden Asset Management has a separate custodian for the funds they manage, and, if so, provide the name of that independent custodian.

MOTION: Approve Consent Agenda.

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

BOARD

2. Receive Overview of Disability Process presentation.
Continued to a future meeting

DISABILITY RETIREMENT (Cont'd.)

7. Receive and file Disability Status Report.

Administrator Ford provided the following amendment to the Disability Status Report: Change date in #3 Hearing, Sharli, T. Ford extended jurisdiction from 5/1 to 5/20.

MOTION: Receive and file Disability Status Report.

James/Gallas

Approved by unanimous voice vote of all present.

PUBLIC COMMENT

Trustee Patterson passed on comments to the Board from members of SBCERS. One was appreciative of the Board's practice of having regular meetings videotaped, but felt the cost to the system was too much and wanted to offer their video services for free. The other appreciated the benefits YMCA's SilverSneakers senior fitness program and asked that the Board do a better job of educating retirees regarding that benefit.

INVESTMENTS

8. Receive and file the Board's Investment Risk Advisory Committee (IRAC) report; and approve the purpose of IRAC and its priorities as outlined in the attached Committee draft minutes.

Eli Martinez presented item and addressed issues raised by the Board.

Chair Terris recapped the Committee's April meeting, and announced that there would be no Committee meeting in May, and that regular schedule would be considered at the next Committee meeting June 4, 2009.

Chair Terris directed staff to come back with education on funds domiciled in the Cayman Islands.

Trustee Patterson recommended that staff consider using Doodle online for scheduling special board meetings.

MOTION: Receive and file the Board's Investment Risk Advisory Committee (IRAC) report; and approve the proposed IRAC priorities and purpose outlined in the attached Committee draft minutes.

Kendig/Rafferty

Approved by unanimous voice vote of all present

9. Receive cash flow report.

Ramona Dewitte, along with Administrator Ford, presented item and addressed issues raised by the Board.

MOTION: Receive cash flow report.

James/Patterson

Approved by unanimous voice vote of all present

10. Receive correspondence from Chair Terris recommending vote against Bank of America directors Lewis, Ryan and Sloan at the Annual Meeting of Stockholders on April 29, 2009.

Chair Terris presented item and along with Administrator Ford and Eli Martinez, addressed issues raised by the Board.

MOTION: Approve vote against Bank of America directors Lewis, Ryan and Sloan at the Annual Meeting of Stockholders on April 29, 2009.

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

11. Receive staff report on State Street Global Advisors securities lending exit opportunity and provide direction to staff as deemed appropriate.

Administrator Ford and Eli Martinez presented item and addressed issues raised by the Board.

MOTION: Redeem the funds from the State Street Global Advisors security lending program developed markets international index under the incremental approach at the quickest allowable timeframe per withdrawal parameters.

Kendig/Gallas Approved by voice vote.
No: Rafferty

12. Receive staff report on SBCERS' money manager fees.

NO ACTION TAKEN

Continued to May 27, 2009

13. Receive and approve PCA recommendation for new policy on asset allocation targets and ranges.

Sarah Bernstein-Principal, PCA, along with Administrator Ford, addressed issues raised by the Board.

MOTION: Receive and approve PCA recommendation for new policy on asset allocation targets, ranges and timeline, with understanding that education is to precede going into new asset classes.

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

14. Receive and approve PCA update on Transition management “bench” of providers.

Administrator Ford presented item and along with Sarah Bernstein, addressed issues raised by the Board.

MOTION: Receive and approve PCA update on Transition management “bench” of providers.

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

15. Receive and file portfolio status report and approve staff rebalancing proposal.

Eli Martinez presented item and along with Sarah Bernstein and Administrator Ford, addressed issues raised by the Board.

MOTION: Receive and file portfolio status report and approve staff rebalancing proposal.

McCammon/James Approved by voice vote.

Abstain: Patterson

16. Discuss Due Diligence visit to First Republic Investment Management on April 17, 2009, and take appropriate action, including but not limited to removal from watch status, continuation on watch status, or termination.

Chair Terris introduced item.

MOTION: Keep First Republic Investment Management (FRIM) on watch status.

Cholmondeley/James Approved by unanimous voice vote of all present.

BOARD

17. Accept and file the March 2009 Operations Committee Chair Report and adopt the proposed Trustee Elections Policy and receive Referee Retention and Assignment Guidelines.

Trustee Kendig introduced item and along with Administrator Ford and Counsel Blakeboro, addressed issues raised by the Board.

Trustee James made numerous suggestions for improvements to the policy document.

MOTION: Adopt the proposed Trustee Elections Policy as amended.

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

MOTION: Receive Referee Retention and Assignment Guidelines.

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

18. Receive recommendation from Trustees Terris and Kendig to modify the procedure to deliberate the merits of disability retirement applications in Closed Session.

Trustee Kendig introduced item and along with Counsel Blakeboro, addressed issues raised by the Board.

MOTION: Continue the current procedure.

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

ADMINISTRATOR

19. Receive and file Administrator's Department Operations Report and:
- Provide direction to staff regarding development of 2009/10 administration budget.

Administrator Ford addressed issues raised by the Board.

MOTION: Adopt Actuarial Value of Assets as of 6/30/09, as the base for the administration budget; use AB-1124 for expenditures for software, hardware, support and consulting services; add no staff the coming year; hold accounting position vacant once investment analyst position is approved; reduce overtime and extra-help; and reduce services and supplies to 2007/08 year actuarial levels.

Trustee James requested staff provide a designation figure for past seven annual budget limits that hadn't been reached.

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

Administrator directed to bring back proposed budget within statutory limitation and legally defensible.

- Designate authorized SACRS delegate and alternate

Chair Terris designated Trustee Cholmondeley as the alternate delegate, since Vice Chair was not going to attend the conference.

NO ACTION TAKEN

- Authorize Administrator to explore options for transfer of assets currently under management by AllianceBernstein.

MOTION: Direct Administrator to come back to the Board with options for transfer of assets currently under management by AllianceBernstein.

Patterson/James Approved by voice vote.
Absent: Gray, McCammon

d. Approve Trustee travel requests for May/June 2009

MOTION: Approve Trustee travel requests for May/June 2009.

Kendig/Rafferty Approved by voice vote.
Absent: Gray, McCammon

X-AGENDA

19. Receive and file Administrator's Department Operations Report and:
f. Decide Public Fund Constituency Member vote for Co-Chair of the Council of Institutional Investors, Board of Directors

Administrator Ford presented item.

MOTION: Vote Joseph A. Dear, Chair; Shelley Ilene Smith, Co-Chair; and Eric Henry, Treasurer; on the ballot for the Council of Institutional Investors, Board of Directors.

Gallas/James Approved by voice vote.
Absent: Gray, McCammon

- e. Accept and review the 2008/2009 Santa Barbara County Civil Grand Jury report on the Santa Barbara County Employees' Retirement system.

Administrator Ford presented item and addressed issues raised by the Board.

NO ACTION TAKEN

CLOSED SESSION (5:17 p.m. – 5:42 p.m.)

Conference with Legal Counsel – Initiation of Litigation, Discussion of potential initiation of litigation (pursuant to subsection (c) of Government Code Section 54965.9)

OPEN MEETING

Mr. Blakeboro announced that with regard to the Initiation of Litigation Closed Session, no reportable action was taken.

BOARD (Cont'd.)

- 20. Board Presentations for next month:
 - a. Actuarial Modeling
 - b. Transition Manager Training
 - c. 2009-10 Budget
 - d. CAFR
 - e. Disability Retirement 101

The meeting adjourned at 5:43 p.m.

ATTEST:

Clerk

Chair

Secretary