

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Vincent P. Brown
Chief Executive Officer



BOARD OF RETIREMENT

Chair – Joni Gray
Vice Chair – Zandra Cholmondeley
Secretary - Vanessa Patterson
Bernice James
Donald Kendig
Julie McCammon
Ward Rafferty
Al Rotella
Frederick Tan
Gail Marshall

MINUTES OF THE BOARD OF RETIREMENT

October 28, 2009

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

ROLL CALL 9:03 a.m.

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

Trustee Tan arrived at 10:19 a.m.

CEO Vince Brown gave the Board an overview of the day's agenda

BOARD

1. Conduct an election to select a new Chair due to a vacancy.

MOTION: Nominate Joni Gray as Chair.

James/Rafferty Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella
Absent: Patterson, Tan

MOTION: Nominate Zandra Cholmondeley as Vice Chair.

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

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella
Absent: Patterson, Tan

PUBLIC COMMENT

Trustee Cholmondeley expressed concern regarding the rising cost of retiree health care coverage and the county’s effort on retirees' behalf. Trustee Marshall expressed her concerns about trends in retiree health care costs as well.

MINUTES

- 2. Approve Minutes of Regular Board meeting of September 23, 2009.

Counsel Blakeboro addressed concerns raised by the Board.

MOTION: Adopt minutes of Regular Board meeting of September 23, 2009, as amended.

James/Kendig Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella
Absent: Patterson, Tan

CONSENT

- C-1. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	John Finnegan	Parks	36.42414	0.56237	
D	Kathleen Gallagher	ADMHS	10.04848	0.04848	
D	Mary Hamilton	Social Services	6.92622	0.02855	
	Vicki Hinkens	ADMHS	22.95418	0.18898	
D	Kerry Kanemitsu	General Services	6.06835	0.20345	
D	Judy Lewis	Public Defender	8.14947	0.01171	
	Christopher Lyon	Clerk-Rec-Assessor	23.64397	0.17029	
R	Joseph Lindaman	Fire	4.19098	0.00000	
D	Mary Mallison	Social Services	17.50269	0.08933	

D=Deferred
R=Reciprocal

MOTION: Approve Consent Agenda.

McCammon/Rotella Approved by unanimous voice vote of all present.
 Yes: Cholmondeley, Gray, James,
 Kendig, McCammon,
 Rafferty, Rotella
 Absent: Patterson, Tan

INVESTMENTS

- 7. Receive Portfolio Status Report.

 Eli Martinez presented item, noted corrections to Page 5, index information, and addressed issues raised by the Board.

 Vince Brown addressed issues raised by the Board.

 Sarah Bernstein, Principal, PCA, addressed issues raised by the Board.

 Trustee Cholmondeley requested that staff begin including standard 3, 5 and 10-year, portfolio ranking categories in their reports.

 Trustee Rafferty reiterated the need for a board policy on rebalancing triggers.

NO ACTION TAKEN

- 3. Receive short list from PCA of Small Cap growth managers for inclusion as interview finalists.

Sarah Bernstein introduced item and addressed issues raised by the Board.

MOTION: Receive amended short list from PCA of Small Cap growth managers for inclusion as interview finalists replacing ING Investment Management with Eagle Asset Management.

James/McCammon Approved by unanimous voice vote of all present.
 Yes: Cholmondeley, Gray, James,
 Kendig, McCammon,
 Rafferty, Rotella
 Absent: Patterson, Tan

- 5. Receive short list from PCA of Large Cap value managers for inclusion as interview finalists.

Sarah Bernstein introduced item and addressed issues raised by the Board.

MOTION: Receive short list from PCA of Large Cap value managers for inclusion as interview finalists.

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

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella
Absent: Patterson, Tan

4. Receive BNY Mellon Cash Investment Strategies (BNY/CIS) presentation on Active Cash Investment management strategy.

Eli Martinez introduced Theodore W. Bair, Jr., Senior Portfolio Manager, Short Duration Strategies, who presented for BNY/CIS and addressed issues raised by the Board.

Trustee James expressed concerns regarding BNY/CIS product performance, security and liquidity as compared with the Treasurer's Pool.

Vince Brown addressed issues raised by the Board.

Counsel Blakeboro addressed issues raised by the Board..

Trustee James requested that staff agendaize an item for the next regular meeting of the Board considering returning BNY/CIS funds to the Treasurer's Pool after a careful analysis of both.

Trustee Kendig handed out copies of the Board transmittal dated May 3, 2006, regarding investment Item 6 – Consider and Approve Standish Mellon Active Cash Investment Fund for Cash Reserves.

NO ACTION TAKEN

6. Arden Watch List status.

Sarah Bernstein presented item and addressed issues raise by the Board.

MOTION: Receive and file Arden watch list status update from PCA.

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

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella, Tan
Absent: Patterson

BOARD

12. Approve the proposed Resolution calling for a Special Board Election and approve the proposed calendar for the 2009 Special Election for the Second Member of the Board of Retirement.

Vince Brown presented item and addressed issues raised by the Board.

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Adopt staff's recommended Special Election calendar 2.

Kendig/McCammon Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella, Tan
Absent: Patterson

13. Board (1) Direct the Chief Executive Officer (CEO) to work with County Human Resources to establish a position with a new classification of Chief Investment Officer (CIO). If the CEO is unsuccessful in establishing a new CIO classification, he will pursue contracting for a CIO.

Board (2) Authorize the CEO to negotiate and enter into a contract with Alliance Resource Consulting to conduct the executive search process for a CIO.

Vince Brown presented item and addressed issues raised by the Board.

Counsel Blakeboro addressed issues raised by the Board.

Chair Gray directed the CEO to work with County Human Resources to establish a position with a new classification of CIO.

MOTION: Authorize the CEO to negotiate and enter into a contract with Alliance Resource Consulting to conduct the executive search process for a CIO.

James/Cholmondeley Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella, Tan
Absent: Patterson

14. Authorize the voting delegate to vote approval of the proposed SACRS Elections Bylaws changes.

Vince Brown presented item and addressed issues raised by the Board.

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Authorize Trustee James as voting delegate and Trustee Kendig as alternate deferring decision to the voting delegate at the SACRS business meeting.

Kendig/Rotella Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella, Tan
Absent: Patterson

**DISABILITY RETIREMENT
CLOSED HEARING**

8. Emilia Carreira, Service-Connected Disability Retirement Applicant:
Adopt Findings of Fact, Conclusions of Law and Decision denying Emilia Carreira a service-connected disability retirement.

Annette Paladino, Disabilities Manager, presented item.

MOTION: Adopt Findings of Fact, Conclusions of Law and Decision denying Emilia Carreira a service-connected disability retirement.

Kendig/Rotella	Approved by unanimous voice vote of all present.
Yes:	Cholmondeley, Gray, James, Kendig, McCammon, Rafferty, Rotella, Tan
Absent:	Patterson

9. Teresa Paz, Service-Connected Disability Retirement Applicant.
Deny the application of Teresa Paz for service-connected disability retirement, subject to timely requested hearing.

Annette Paladino presented item.

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Grant a one-month extension at the applicant's request.

James/McCammon	Approved by unanimous voice vote of all present.
Yes:	Cholmondeley, Gray, James, Kendig, McCammon, Rafferty, Rotella, Tan
Absent:	Patterson

10. Candace Poquette, Beneficiary of SCD Surviving Spouse Continuance (Michael Poquette, deceased):
Deny Candace Poquette's request for an earlier effective date of her survivor continuance, subject to timely requested hearing by an interested party.

Counsel Blakeboro presented item.

Applicant's Counsel, Mark Singer, addressed the Board.

Counsel Blakeboro addressed Counsel Singer's concerns.

MOTION: Deny Candace Poquette's request for an earlier effective date of her survivor continuance, subject to timely requested hearing by an interested party.

Cholmondeley/Rafferty	Approved by roll call vote.
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Yes: Cholmondeley, Gray,
Kendig, Rafferty, Rotella,
Tan
No: James, McCammon,
Absent: Patterson

11. Receive and file Disability Status Report.

MOTION: Receive and file Disability Status Report.

Kendig/James Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Rafferty, Rotella, Tan
Absent: Patterson

OPEN MEETING

Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 8, 9, 10 and 11 as listed above.

CHIEF EXECUTIVE OFFICER (Cont'd.)

17. Receive and file Chief Executive's Department Operations Report.

Continued after time certain Disabilities items.

Vince Brown continued item and addressed issues raised by the Board.

18. Board Presentations for next month:
- a. Hamilton Lane 2nd Quarter Report
 - b. Milliman Employer Contribution Rates
 - c. PCA Review of Hamilton Lane Venture Capital Fund
 - d. Apollo Fund
 - e. Fund of Funds Alternative Investing
 - f. Active vs. Passive Asset Management

The meeting adjourned at 1:32 p.m.

ATTEST:

Clerk

Chair

Secretary