

**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

December 16, 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, Patterson, Rafferty, Tan
Members Absent: Kendig, McCammon, Rotella
Alternate Absent: Marshall
Counsel: Blakeboro, Leiderman
Clerk: Bignell

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

PUBLIC COMMENT

There was no general public comment.

BOARD

1. Approve the Resolution thanking Trustee Shawn Terris for her service as a SBCERS Trustee.

MOTION: Approve the Resolution thanking Trustee Shawn Terris for her service as a SBCERS Trustee.

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

MINUTES

2. Approve Minutes:
 - a. Regular Board meeting of October 28, 2009.
 - b. Regular Board meeting of November 18, 2009.

Trustee Cholmondeley requested that the November 18, 2009 Minutes be amended to reflect Trustee Rafferty as chair of the ad hoc committee appointed in Item 1.

Chair directed staff to review DVD copy of November 18, 2009 Board meeting and check the minutes for accuracy where Trustees were listed as absent for voting .

MOTION: Approve minutes of the Regular Board meetings of October 28, 2009, and November 18, 2009.

James/Cholmondeley	Approved by voice vote.
	Yes: Cholmondeley, James, Patterson, Rafferty, Tan
	Abstain: Gray
	Absent: Kendig, McCammon, Rotella

CONSENT

- C-1. Approve County request to accept full payment for cost of 2009-10 early retirement incentives no later than June 30, 2010.
- C-2. Adopt 2009 schedule of Board of Retirement meeting dates and locations.
- C-3. Adopt Retirement Report.

	<u>Name</u>	<u>Dept.</u>	<u>Service Credit</u>	<u>Sick</u> <u>Leave Credit</u>	<u>ARC</u>
GH	Marvella Boor	Social Services	44.45903	1.00000	
GH	Robert Brems	Social Services	22.84139	0.19995	
GH	Carey Carr	Fire	26.38813	0.52327	
GH	Jackie Claycamp	Clerk-Rec-Assessor	20.96851	0.00063	
	Stephen Cleaves	Sheriff	30.03237	0.86401	
	Michael Dacus	Sheriff	21.79880	0.77908	
D	Mary Ann Deane	Courts	7.66322	0.00569	
R GH	Andy Ferini	Clerk-Rec-Assessor	33.92817	0.03089	
	Thomas Franklin	Fire	33.07683	1.00000	
R GH	Gerald Franklin	District Attorney	37.58019	1.00000	
GH	Barbara Haberkorn	Sheriff	20.42576	0.00066	
R GH	Carol Harrington	Social Services	30.65709	0.00391	

D=Deferred
R=Reciprocal
GH=Golden Handshake

David E. Settles, Vice President/Business Development Manager, and Lindsay Thrift Politi, Vice President/Fixed Income Portfolio Manager, presented for Wellington Management Company and addressed issues raised by the Board.

b. Brown Brothers Harriman

John P. Nelson, Managing Director/Head of Domestic Relationship Management & Business Development, and James J. Evans, Senior Vice President/TIPS Portfolio Manager, presented for Brown Brothers Harriman and addressed issues raised by the Board.

c. BNY Mellon Cash Investment Strategies

James Kohley, Director of Sales & Marketing, and Nancy Rogers, Senior Manager Index Strategies, presented for BNY Mellon Cash Investment Strategies and addressed issues raised by the Board.

The Board deliberated on the TIPS Manager finalists' presentations.

Investment Analyst, Eli Martinez, and David Sancewich addressed issues raised by the Board.

Trustee Cholmondeley thanked PCA and staff for being responsive to suggestions regarding price, risk and form, that were reflected in all the finalists' presentations.

MOTION: Appoint Wellington Management Company as TIPS Manager.

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

Board Counsel, Alan Blakeboro, made a public announcement that the Board would be going into Closed Session to consider an investment in the Hamilton Lane Venture Capital Fund, L.P.

CLOSED SESSION
(11:09 a.m. – 11:41 a.m.)

CONFERENCE WITH INVESTMENT COUNSEL -- To consider an investment in the Hamilton Lane Venture Capital Fund, L.P, including receipt of advice from Investment Counsel, pursuant to Government Code Section 54956.81.

OPEN MEETING

Mr. Blakeboro announced that the Board had met in Closed Session to consider the Hamilton Lane Venture Capital Fund investment and took no reportable action.

INVESTMENTS (Cont'd.)

4. Receive and consider Report on SBCERS' Investment Goals, Policies and Procedures from Fiduciary Counsel Reed Smith LLP. Take appropriate action on recommendations, including but not limited to comment from staff and Investment Consultant, direction to staff and further Board deliberations and actions.

Counsel Leiderman presented Report on SBCERS' Investment Goals, Policies and Procedures for Reed Smith, and addressed issues raised by the Board.

Sarah Bernstein and Vince Brown addressed issues raised by the Board.

Continued after time-certain Disabilities items

DISABILITY RETIREMENT CLOSED HEARING

8. Laura Guanill, Service-Connected Disability Retirement Applicant:
Deny the application for service-connected disability retirement of Laura Guanill, on the basis of untimely filing and no permanent incapacity, subject to hearing.

Disabilities Manager Annette Paladino introduced item.

MOTION: Continue the matter to the next regularly scheduled Board of Retirement meeting where Disabilities items will be heard at the request of Applicant's Counsel.

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

9. Patricia Matthews, Service-Connected Disability Retirement Applicant:
Refer the application for service-connected disability retirement of Patricia Matthews to a referee for an evidentiary hearing on all issues.

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

MOTION: Take 10 percent of SBCERS Fixed Income portfolio and place with a Government Treasury Intermediate Manager and instruct staff to come back with guidelines to address issues of risk.

Rafferty/James Approved by voice vote.
Yes: Gray, James, Patterson,
 Rafferty, Tan
Abstain: Cholmondeley
Absent: Kendig, McCammon, Rotella

7. Receive and approve recommendations from PCA to:
a. Place Batterymarch (Emerging Markets) on watch status.

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

MOTION: Keep Batterymarch (Emerging Markets) on watch status.

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

- b. Initiate a formal RFP to potentially replace First Republic (Broad Growth) and take further action as the Board deems necessary.

MOTION: Initiate a formal RFP to replace First Republic (Broad Growth).

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

13. Receive PCA's Hedge Fund-of Funds structural review presentation.
Item 13 taken together with Item 14
14. Receive and approve PCA's recommendation to terminate Arden (Fund of Hedge Funds) and take further action as the Board deems necessary.

Sarah Bernstein introduced item.

David Sancewich presented item and addressed issues raised by the Board.

MOTION: Receive and approve PCA's recommendation to terminate Arden (Fund of Hedge Funds) begin a new search and instruct staff to come back to the Board with proposed policy guidelines to govern hedge fund investments and managers.

Patterson/James Approved by voice vote.
Yes: Cholmondeley, Gray, James,
 Patterson, Rafferty

OPEN MEETING

Mr. Blakeboro announced that the Board had met in Closed Session to consider significant exposure to litigation and took no reportable action

The meeting adjourned at 4:29 p.m.

ATTEST:

Clerk

Chair

Secretary