

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210
Santa Barbara, CA 93105

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

Vincent P. Brown
Chief Executive Officer



BOARD OF RETIREMENT

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

MINUTES OF THE BOARD OF RETIREMENT

May 26, 2010

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

ROLL CALL 9:00 a.m.

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

Trustee Patterson arrived at 9:01 a.m. and left at 3:52 p.m. Trustee Rafferty arrived at 9:01 a.m. Trustee Tan arrived at 9:34 a.m.

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

PUBLIC COMMENT

Christopher Raiter commented on the Disability Retirement process.

MINUTES

1. Approve Minutes of Regular Board meeting of April 28, 2010.

MOTION: Approve Minutes of Regular Board meeting of April 28, 2010.

Scheck/Rotella

Approved by unanimous voice vote of all present

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Scheck

CONSENT

C-1. Receive Trustees Scheck’s report on the Los Angeles Area Pension Trustees Network 2nd Annual Corporate Governance Roundup.

C-2. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Linda Beard	APCD	12.54595	0.07250	
D R	Eric Bolland	District Attorney	2.77285	0.04894	
D	Alice Davis	ADMH	7.52627	0.00423	
	Victor Debayona	Probation	31.90188	0.66557	
	Traile Easland	DRO	7.52578	0.00000	
	Eileen Embleton	ADMH	10.01361	0.05238	
D	Peter Ferguson	ADMH	5.89282	0.00031	
	Dawn Finlay	Sheriff	23.44878	0.09576	
D	Elizabeth Finnegan	ADMHS	14.47192	0.00180	
D	Stephanie Furino	DRO	13.30816	0.00000	
	Katherine Holland	Public Health	29.75621	0.24915	
	Paul Kimes, Jr.	District Attorney	16.71314	0.53868	
	Relva Maholtz	Sheriff	38.48936	1.00000	
	Bruce McKaig	Fire	30.40277	0.00001	
GH	Lucy Mesecher	Public Defender	20.84746	0.00093	
	Margaret Paszyc	DRO	8.75099	0.00000	
D	Dwayla Patterson	Public Health	8.20749	0.08141	1.41667
D	Gloria Quinones	Courts	28.73208	0.00017	
	Dan Raimer	District Attorney	26.90965	0.20719	
D	Dolores Ramirez	Clerk Recorder Assessor	21.76761	0.00089	
GH	Dianne Rodgers	Sheriff	12.41126	0.02311	
D	Burt Romotsky	ADMHS	13.08529	0.35884	
	Michael Schlags	Fire	27.26151	0.00318	
	Karen Takeuchi	General Services	19.33069	0.00179	
	Thomas Walton	Sheriff	31.67763	1.00000	
D	Scott Whiteley	ADMHS	10.49329	0.23474	
	James Woessner	Sheriff	23.20265	0.79720	
	Ann Wooten	Courts	40.51992	0.41276	

D=Deferred
R=Reciprocal
GH=Golden Handshake

MOTION: Receive Trustees Scheck's report on the Los Angeles Area Pension Trustees Network 2nd Annual Corporate Governance Roundup and adopt the Retirement Report.

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

INVESTMENTS

2. Receive and approve the Real Estate Discretionary Manager Finalist List from Pension Consulting Alliance (PCA).

Kay Ceserani – Vice President, PCA, presented item and addressed issues raised by the Board.

MOTION: Receive and approve the Real Estate Discretionary Manager Finalist List from PCA.

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

3. Receive an update on the Large Cap Growth Equity manager search from PCA and take further action as the Board deems appropriate.

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

MOTION: Receive update on the Large Cap Growth Equity manager search from PCA.

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

4. Receive an update on the Intermediate Government Bond manager search from PCA and take further action as the Board deems appropriate.

MOTION: Receive update on the Intermediate Government Bond manager search from PCA.

Kendig/McCammon Approved by unanimous voice vote of all present

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,
Patterson, Rafferty, Rotella,
Scheck

5. Receive and file the SBCERS' First Quarter 2010 Portfolio Performance Report from PCA.

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

CEO Vince Brown addressed issues raised by the Board.

MOTION: Receive and file the SBCERS' First Quarter 2010 Portfolio Performance Report from PCA.

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

6. Receive and file the SBCERS' Fourth Quarter 2009 Private Equity Performance Update from Hamilton Lane.

Paul Yett – Managing Director, presented for Hamilton Lane and addressed issues raised by the Board.

MOTION: Receive and file the SBCERS' Fourth Quarter 2009 Private Equity Performance Update from Hamilton Lane.

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

Paul Yett introduced his Hamilton Lane colleague, Senior Associate Jenna Greer.

7. Receive and file the SBCERS' Fourth Quarter 2009 Real Estate Performance Update from The Townsend Group.

Jennifer Young – Consultant, presented for The Townsend Group and addressed issues raised by the Board.

Vince Brown addressed issues raised by the Board.

MOTION: Receive and file the SBCERS' Fourth Quarter 2009 Real Estate Performance Update from the Townsend Group.

Kendig/James Approved by unanimous voice vote of all present

Yes: Cholmondeley, Gray, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Scheck

9. Receive and file the staff Quarterly Portfolio Status Report.

Investment Analyst Eli Martinez presented the Quarterly Portfolio Status Report and addressed issues raised by the Board.

MOTION: Receive and file the staff Quarterly Portfolio Status Report for period as of 4/30/2010.

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

8. Receive the Covered Calls Educational Presentation from PCA and consider affirming the 2% allocation to a passive Covered Calls strategy within the SBCERS' portfolio and begin the search process for a Covered Calls manager.

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

Trustee Kendig requested that the Russell 1000 be compared with the BXM Covered Call for the same periods that were compared with the S&P 500.

CEO Vince Brown addressed issues raised by the Board.

MOTION: Receive the Covered Calls Educational Presentation from PCA, affirm a 2% allocation to a passive Covered Calls strategy within the SBCERS' portfolio, and start the search process for a passive Covered Calls manager.

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

DISABILITY RETIREMENT CLOSED HEARING

13. Christopher Raiter, 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 Christopher Raiter.

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

Applicant's Counsel Russell Ghitterman addressed the Board.

System Counsel Philip Moncharsh addressed the Board.

MOTION: Refer the matter back to the Hearing Officer to address questions posed by Applicant's Counsel and Systems Counsel's response.

James/Rafferty

Approved by roll call vote

Yes: Cholmondeley, James,
McCammon, Rafferty,
Scheck
No: Gray, Rotella
Abstain: Kendig, Patterson

12. Robert Peltcher, Nonservice-Connected Disability Retirement Applicant:
Deny the application for nonservice-connected disability retirement of Robert Peltcher, subject to hearing.

Chair Gray recused herself and left the Wisteria Room.

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

Applicant Robert Peltcher addressed the Board.

MOTION: Grant the application for nonservice-connected disability retirement of Robert Peltcher.

James/McCammon

Approved by roll call vote

Yes: Cholmondeley, James,
Kendig, McCammon,
Rotella, Scheck
No: Patterson
Abstain: Rafferty

10. Robert Abadajos, Nonservice-Connected Disability Retirement Applicant:
Grant the application of Robert Abadajos for nonservice-connected disability retirement, subject to timely requested hearing.

Retirement Disability Program Manager Cristal Rodriguez introduced item and addressed issues raised by the Board.

MOTION: Grant the application of Robert Abadajos for nonservice-connected disability retirement.

Kendig/Rotella

Approved by unanimous voice vote of all present

Yes: Cholmondeley, Gray, James,
Kendig, McCammon,

Patterson, Rafferty, Rotella,
Scheck

11. Teresa S Paz, Applicant for service-connected disability retirement:
Adopt the proposed Findings of Fact, Conclusions of Law and Decision denying the service-connected disability retirement application of Teresa Paz.

Retirement Disability Program Manager Cristal Rodriguez introduced item and addressed issues raised by the Board.

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision denying the service-connected disability retirement application of Teresa Paz.

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

14. Receive and file Disability Status Report.

Counsel Blakeboro commented on the Report.

MOTION: Receive and file Disability Status Report.

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

OPEN MEETING

Mr. Blakeboro summarized the Closed Hearing actions taken on Disability Items 10, 11, 12, 13 and 14 as listed above

BOARD

15. Review and comment on the first reading of the Fiscal Year 2010-2011 proposed Budget.

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

Retirement Financial Accounting Analyst Rico Pardo, Eli Martinez, Sarah Bernstein and Lila Deeds addressed issues raised by the Board.

Trustees Cholmondeley and Patterson made, seconded then withdrew a motion regarding staffing.

Trustees James and Patterson made, seconded then withdrew a motion regarding staffing.

MOTION: Close the hearing on the first reading of the Fiscal year 2010-2011 Proposed Budget.

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

16. Receive and Adopt Board Governance Policy Resolution as recommended by the Operations Committee.

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

MOTION: Receive and adopt Board Governance Policy Resolution as modified, not to replace or supersede existing bylaws and policies.

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

17. Approve the proposed calendar for the 2010 election for the Second, Seventh, and Safety Alternate members of the Board of Retirement.

MOTION: Approve the proposed calendar for the 2010 election for the Second (general member elected), Seventh (safety member elected), and Safety Alternate (safety member elected) members of the Board of Retirement.

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

CHIEF EXECUTIVE OFFICER

18. Receive and file Chief Executive Officer's department operations report.

Chair Gray directed staff to draft a policy providing guidelines to Board members and staff for reporting outside meetings with associates.

NO ACTION TAKEN

19. Receive the proposed three month Board Agenda preview and make adjustments as the Board deems necessary.

NO ACTION TAKEN

CLOSED SESSION
(4:12 p.m. – 4:30 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- ANTICIPATED LITIGATION
Significant exposure to litigation, Section 54956.9(b), one matter.

Mr. Blakeboro announced that the Board had met in Closed Session to consider anticipated litigation and had taken no reportable action.

The meeting adjourned at 4:31 p.m.

ATTEST:

Clerk

Chair

Secretary