

**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

July 28, 2010

**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, Rafferty, Rotella,
Scheck
Members Absent: McCammon, Patterson
Alternate Present: Marshall
Alternate Absent: Tan
Clerk: Bignell

Trustee Patterson arrived at 9:15 a.m.

Chief Executive Officer Vince Brown gave the Board an overview of the day's agenda.

Trustee Cholmondeley inquired as to the process of the CIO recruitment.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of Regular Board meeting of June 23, 2010.

MOTION: Approve Minutes of Regular Board meeting of June 23, 2010 as corrected.

Scheck/Rotella

Approved by voice vote

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

CONSENT

- C-1. Cheralyn Mortenson, Applicant for Disability Retirement: grant applicant’s request for a service retirement, pending final determination of her entitlement to disability retirement.
- C-2. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Mark Beeson	Fire	31.71820	0.58936	1.00000
	Nancy Brown	Sheriff	21.69460	0.59098	
D R	Wesley Forman	Probation	17.01250	0.91279	
D R	Susan Haubner	Probation	9.90380	0.21619	
R	Ryan Hill	Fire	31.22053	0.20923	
D	Zelda Hughes	Agricultural Commissioner	14.90166	0.34248	
	Stanley Johnston	Public Works	14.55884	0.00216	
D	Susan Lewis	SBCAG	7.09744	0.00589	
	Rachel Lopez	Courts	30.83370	0.01721	
D	Randal Miller	Probation	15.25235	0.25365	
D R	Philip Overeynder	Planning & Development	11.42664	0.07748	5.00000
	Linda Tuttle	ADMHS	10.53597	0.01205	

D=Deferred
R=Reciprocal

Assistant CEO Lila Deeds addressed issues raised by the Board.

MOTION: Approve Consent Agenda.

Scheck/Kendig

Approved by unanimous voice vote of all present

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

INVESTMENTS

2. Receive presentations from the Intermediate Government Bond Manager Finalists, receive the finalist report from Pension Consulting Alliance (PCA), and select an Intermediate Government Bond Manager from the finalists.

Kay Ceserani, PCA Vice President, introduced item with a brief overview.

Investment Analyst Eli Martinez addressed issues raised by the Board.

a. McDonnell Investment Management

Peter L. Clerkin, Managing Director, and Michael P. Kamradt, CIO, gave an overview of their company, made their presentation and addressed issues raised by the Board.

b. Cutwater Asset Management

Thomas N. Tight II, regional Director, and Jeffrey S. MacDonald, Director/Portfolio Manager, gave an overview of their company, made their presentation and addressed issues raised by the Board.

c. BlackRock

Patricia Hunter, Managing Director, and Chris Woida, Investment Strategist, gave an overview of their company, made their presentation and addressed issues raised by the Board.

Lila Deeds, Kay Ceserani, Sarah Bernstein Principal, PCA, and Eli Martinez addressed issues raised by the Board.

MOTION: Receive finalist report from PCA, receive presentations from the Intermediate Government Bond Manager Finalists McDonnell Investment Management, Cutwater Asset Management, and BlackRock, and select BlackRock (specifically BlackRock's non securities lending product) as the Intermediate Government Bond Manager.

James/Rafferty

Approved by unanimous voice vote of all present

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

Absent: McCammon

3. Receive and file the Asset Allocation summary memo from PCA outlining changes in the asset allocation from the June 23, 2010 Board meeting.

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

MOTION: Receive and file the Asset Allocation summary memo from PCA outlining changes in the asset allocation from the June 23, 2010 Board meeting.

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

4. Receive and approve the Fund of Hedge Funds manager search process and timeline from PCA.

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

Kay Ceserani and Vince Brown addressed issues raised by the Board.

Fiduciary Counsel Harvey Leiderman addressed issues raised by the Board via conference call.

MOTION: Receive and file the Fund of Hedge Funds manager search process and timeline from PCA with feedback given to PCA to look at 10-year criteria and include any additional managers, analyze and report on the pros and cons of new hedge fund investments options, and incorporate various policy and contract concerns in the RFI document, as well as implemented a quiet period today, July 28, 2010, due to the active nature of the search.

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

**DISABILITY RETIREMENT
CLOSED HEARING**

7. Christopher Raiter, Service-Connected Disability Retirement Applicant:
 Consider the Findings of Fact and Recommendation and Supplemental Report of the Hearing Officer, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement of Christopher Raiter.

Retirement Disabilities Program Manager Cristal Rodriguez 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: Approve and adopt the recommendation to deny the application for service-connected disability retirement of Christopher Raiter.

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

- 6. Margarita Giron, Applicant for service-connected disability retirement:
For Information Only: Receive and accept staff report indicating that applicant withdrew her application for disability retirement on 7/14/10.

Cristal Rodriguez introduced item and addressed issues raised by the Board.

NO ACTION TAKEN

- 8. Receive and file Disability Status Report.

Cristal Rodriguez introduced item and addressed issues raised by the Board.

MOTION: Receive and file Disability Status Report.

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

OPEN MEETING

CEO Vince Brown summarized the Closed Hearing actions taken on Disability Items 6, 7, and 8 as listed above.

INVESTMENTS (Cont'd.)

- 5. Receive and file the staff Monthly Portfolio Status Report.

MOTION: Receive and file the staff Monthly Portfolio Status Report.

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

Absent: McCammon

BOARD

9. Receive and file Operational Cash Flow for the Period Ending 6/30/2010.

Retirement Financial Accounting Analyst Rico Pardo introduced item and addressed issues raised by the Board.

MOTION: Receive and file Operational Cash Flow for the Period Ending 6/30/2010.

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

CHIEF EXECUTIVE OFFICER

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

NO ACTION TAKEN

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

The Trustees agreed to a possible special meeting in October to hear from Board Actuary Milliman on the upcoming Experience Study.

Chair Gray directed staff write to Milliman with an inquiry into the length of time needed to produce SBCERS Actuarial Report.

Trustee Patterson shared information regarding a new "Dashboard" format for presenting actuarial findings in a comprehensive manner.

NO ACTION TAKEN

The meeting adjourned at 2:08 p.m.

ATTEST:

Clerk

Chair

Secretary