

**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**

**September 22, 2010**  
**Wisteria Room at Casa Nueva**  
**260 N. San Antonio Rd.**  
**Santa Barbara, California**

**ROLL CALL 9:06 a.m.**

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

Trustee Rafferty arrived at 9:07 a.m. Trustee Patterson arrived at 9:08 a.m.  
Trustee Tan arrived at 9:35.

Safety Alternate Trustee Tan was a voting member in the absence of Trustee McCammon.

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

**PUBLIC COMMENT**

Trustee Cholmondeley spoke on the theme of reducing fund expenses (primarily in the form of fees paid to investment managers) given that fund income is down and there is a "new normal."

**MINUTES**

1. Approve Minutes of August 25, 2010 Regular Board meeting.

**MOTION:** Approve Minutes of August 25, 2010 Regular Board meeting.

Scheck/James

Approved by voice vote

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

**CONSENT**

- C-1. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
D R	Angelle Adlay	Clerk-Recorder-Assessor	5.38308	0.06874	
	Brian Billings	Parks	11.77457	0.02561	
	Robert Del Real	Probation	30.34109	0.32757	
	Janice Gansereit	DRO	6.41306	0.00000	
	Greg Grunewald	Sheriff	30.91658	0.73026	
D	Dan Neice Johnson	Planning & Development	10.53570	0.00039	
D	Douglas Leighton	General Services	7.66870	0.06368	
	John Little	Sheriff	24.82450	0.43167	
R	David McDermott	County Counsel	17.77414	0.32046	
	Thomas Murphy	APCD	23.48400	0.52514	
D R	Joseph Osborne IV	ADMHS	0.62749	0.01034	
D	Bill Ostafin	Sheriff	8.78761	0.00051	
D R	Martin Price	Public Works	0.47915	0.00108	
D	Suzanne Prince	DRO	7.91308	0.00000	
	Jeanne Wafer	Probation	27.03068	0.06916	
	Frederick White	APCD	18.74521	0.19219	

D=Deferred

R=Reciprocal

**MOTION:** Approve Consent Agenda.

Scheck/Kendig

Approved by unanimous voice vote of all present

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

**INVESTMENTS**

2. Receive and file the SBCERS' Second Quarter 2010 Real Estate Portfolio Review from ORG and approve the Real Estate Investment Policy as proposed by ORG.

Edward Schwartz, Principal, and Rebecca Morris, Advisor, presented for ORG Real Property and addressed issues raised by the Board.

Vince Brown, Sarah Bernstein, PCA Principal and Investment Analyst Eli Martinez addressed issues raised by the Board.

**MOTION:** Received and filed the SBCERS' Second Quarter 2010 Real Estate Portfolio Review from ORG and approved the Real Estate Investment Policy as proposed by ORG.

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

3. Receive and file the SBCERS' First Quarter 2010 Private Equity Performance Update from Hamilton Lane.

Managing Director Paul Yett, and Associate Michael Augustine, presented for Hamilton Lane and addresses issues raised by the Board.

Vince Brown and Eli Martinez addressed issues raised by the Board.

**MOTION:** Receive and file the SBCERS' First Quarter 2010 Private Equity Performance Update from Hamilton Lane.

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

4. Receive and approve the U.S. Inflation-Linked Portfolio Guidelines from PCA.

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

**MOTION:** Receive and approve the U.S. Inflation-Linked Portfolio Guidelines from PCA.

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

5. Receive and approve the Covered Calls Policy Guidelines from PCA.

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

Eli Martinez and Vince Brown addressed issues raised by the Board.

**MOTION:** Receive and approve the Covered Calls Policy Guidelines from PCA.

Kendig/Patterson                      Approved by voice vote  
Yes:                      Gray, Kendig, Patterson,  
                                 Rafferty, Scheck, Tan  
No:                        Cholmondeley, James  
Absent:                    McCammon, Rotella

7. Receive and file PCA's memo summarizing the reasoning behind moving the underlying assets (collateral) supporting the covered call portfolio managed by Rampart from a commingled fund structure to an Exchange Traded Fund (ETF).

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

**MOTION:** Receive and file PCA's memo summarizing the reasoning behind moving the underlying assets (collateral) supporting the covered call portfolio managed by Rampart from a commingled fund structure to an Exchange Traded Fund (ETF).

Patterson/Kendig                      Approved by voice vote  
Yes:                      Gray, Kendig, Patterson,  
                                 Rafferty, Scheck, Tan  
No:                        Cholmondeley, James  
Absent:                    McCammon, Rotella

6. Receive and approve PCA's recommendation to place Reams on watch status.

David Sancewich, Vice President, presented item for PCA and addressed issues raised by the Board.

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

**MOTION:** Receive and approve PCA's recommendation to place Reams on watch status.

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

8. Receive and file the staff Monthly Portfolio Status Report.

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

Vince Brown addressed issues raised by the Board.

**NO ACTION TAKEN**

**BOARD**

14. Appoint proxy to vote at SACRS as alternate voting delegate.

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

Chair Gray appointed Trustee Cholmondeley as voting delegate and Trustee Patterson as alternate voting delegate for the November 2010 SACRS business meeting.

**NO ACTION TAKEN**

15. Review the proposed Code of Conduct amendment and take action deemed appropriate.

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

Chair Gray referred the Code of Conduct amendment back to staff for re-crafting.

**NO ACTION TAKEN**

**DISABILITY RETIREMENT  
CLOSED HEARING**

11. Vivian Wittenbrock, Applicant for NonService-Connected Disability Retirement:  
Deny the application of Vivian Wittenbrock 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.

Applicant Vivian Wittenbrock addressed the Board.

Alan Blakeboro addressed issues raised by the Board.

Trustee Cholmondeley made a motion to adopt staff's recommendation that died for lack of a second.

**MOTION:** Continue and refer matter back to staff to request additional medical information from applicant and supplemental report from IME.

James/Patterson

Approved by unanimous voice vote of all present  
Yes: Cholmondeley, Gray, James,

Kendig, Patterson, Rafferty,  
Scheck, Tan

Absent: McCammon, Rotella

9. Bruce McKaig, Applicant for Service-Connected Disability Retirement:  
Grant the application of Bruce McKaig for service-connected disability retirement, subject to timely requested hearing.

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

Counsel Blakeboro addressed issues raised by the Board.

**MOTION:** Grant the application of Bruce McKaig for service-connected disability retirement, subject to timely requested hearing.

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

10. Cheralyn Mortenson, NonService-Connected Disability Retirement Applicant:  
Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Cheralyn Mortenson a nonservice-connected disability retirement.

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

**MOTION:** Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Cheralyn Mortenson a nonservice-connected disability retirement.

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

13. Receive and file Disability Status Report.

Counsel Blakeboro and Cristal Rodriguez addressed issues raised by the Board.

Trustee Rafferty requested further education on disability retirements at a later date.

**MOTION:** Receive and file Disability Status Report.

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

Kendig, Patterson, Rafferty,  
Scheck, Tan  
Absent: McCammon, Rotella

### **OPEN MEETING**

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 9, 10, 11 and 12 as listed above.

### **BOARD (Cont'd.)**

13. Receive and file Disability Case Costs Analysis.

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

Counsel Blakeboro and Assistant Chief Executive Officer Lila Deeds addressed issues raised by the Board.

**NO ACTION TAKEN**

### **CHIEF EXECUTIVE OFFICER**

16. Receive and file Chief Executive Officer's department operations report and:  
a. Approve Trustee Rafferty's request and any other interested Trustee's request to attend the Harvard Kennedy's School Investment Decisions and Behavioral Finance program in Cambridge, Massachusetts, October 14-15, 2010.

**MOTION:** Approve Trustee Rafferty's request to attend the Harvard Kennedy's School Investment Decisions and Behavioral Finance program in Cambridge, Massachusetts, October 14-15, 2010.

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

Trustee Cholmondeley expressed interest in attending Hamilton Lane Summit XII, December 7-9, 2010, in Philadelphia.

Lila Deeds addressed the Board regarding issues surrounding the rising cost of retiree health insurance, retiree health insurance Open Enrollment and countywide office closures planned for the latter part of December 2010.

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

**NO ACTION TAKEN**

**CLOSED SESSIONS**

(2:34 p.m. – 2:55)

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: Retirement Chief Executive Officer (CEO)

*Continued from August 25, 2010*

Chair Gray announced that the Board had met in Closed Session and had taken no reportable action.

The meeting adjourned at 3:00 p.m.

ATTEST:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary