

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Vincent P. Brown
Chief Executive Officer



BOARD OF RETIREMENT

Chair – Zandra Cholmondeley
Vice Chair – Ward Rafferty
Secretary - Darryl Scheck
Harry Hagen
Donald Kendig
Vanessa Patterson
Steve Robel
Al Rotella
Janet Wolf
John McMillin
Frederick Tan

MINUTES OF THE BOARD OF RETIREMENT

March 23, 2011

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

ROLL CALL 9:00 a.m.

Members Present: Cholmondeley, Hagen, Kendig, Robel, Rotella, Scheck
Members Absent: Patterson, Rafferty, Wolf
Alternate Present: Tan
Alternate Absent: McMillin
Counsel: Blakeboro
Clerk: Bignell

Trustee Patterson arrived at 9:04 a.m. Trustee Rafferty arrived at 9:09 a.m.
Trustee Patterson was absent between 10:54 a.m. to 11:18 a.m., and 1:15 p.m. to 1:44. Trustee Kendig was absent between 2:05 p.m. to 2:27 p.m.

CEO Vince Brown gave the Board an overview of the day's agenda, and announced that Assistant CEO Lila Deeds would be filling in during the afternoon session.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of February 23, 2011 Regular Board meeting.

MOTION: Approve Minutes of February 23, 2011 Regular Board meeting.

Kendig/Rotella Approved by unanimous voice vote of all present.
 Yes: Cholmondeley, Hagen, Kendig, Patterson, Robel, Rotella, Scheck
 Absent: Rafferty, Wolf

CONSENT AGENDA

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	Mark Ball	Sheriff	1.38948	0.00000	
	Marla Baxter	ADMHS	10.85635	0.00893	
	Joe Centeno	Board of Supervisors	8.01153	0.00000	
D	Jeffrey Clay	Sheriff	5.63035	0.08746	
	Darrell Delgado	Fire	30.87551	0.95771	
	Paula Gregoire-Jones	APCD	9.88981	0.09515	
D	Ronald Gutier	Fire	10.82001	0.07751	5.00000
	Barbara Harmon	Probation	23.52781	0.75868	
D R	Edward Jestes	Planning/Development	3.15374	0.07563	
	Gerald Kuras	Fire	36.77882	0.88150	
	Susan Powell	DRO	5.54925	0.00000	
	Michael Powers	SBCAG	34.98279	0.37221	
D	Phoebe Rehr	Social Services	7.46281	0.01568	
	Maria Lourdes Reyes	Public Health	25.28081	0.39374	
R	Roberta Young	Public Health	0.24064	0.01064	
D R	Elena Corbelli	Courts	22.52959	0.02471	5.00000
	Carlos Fortin	Sheriff	13.24710	0.44399	
D	Thomas Gindling	Sheriff	7.45309	0.03994	
	Theresa Hunter	Sheriff	26.39349	0.00035	
D	Bernice James	Treasurer-Tax Collector	29.80079	1.00000	
D R	Eddi Meehan	District Attorney	4.90462	0.03637	
	Jean Monge	Social Services	10.22816	0.07945	
R	Catherine Nichols	Social Services	13.06640	0.03414	
	Cindy Nott	Social Services	26.66290	0.60434	
	Carol Patrick	Fire	35.18230	1.00000	
D	Lawrence Saltzman	Social Services	8.83151	0.05330	
	Maureen Staunton	DRO	10.54149	0.00000	
	Dorothy Truchsess	Courts	24.00339	0.27390	
	David Wight	Sheriff	13.49870	0.42726	

D=Deferred
 R=Reciprocal

C-1. Adopt Retirement Report (Cont'd.).

<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
Lance Wilhoite	DRO	4.75367	0.00000	

D=Deferred
R=Reciprocal

MOTION: Adopt Retirement Report.

Kendig/Hagen Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen,
Kendig, Patterson, Robel,
Rotella, Scheck
Absent: Rafferty, Wolf

BOARD

2. Actuarial Audit:

- a. Receive Milliman's response to the independent review of the 2010 Actuarial Valuation and Experience Study conducted by EFI Actuaries (EFI);
- b. Concur with Milliman's recommendation to not modify the actuarial assumptions used in the June 30, 2010 Valuation.

Lila Deeds introduced Nicholas "Nick" J. Collier, Principal. Mr. Collier will be replacing Karen Steffen as SBCERS' Consulting Actuary from Milliman.

Nick Collier and Daniel Wade, Consulting Actuary presented for Milliman using a PowerPoint handout and addressed issues raised by the Board.

Lila Deeds and Vince Brown addressed issues raised by the Board.

MOTION: a.) Receive Milliman's response to the independent review of the 2010 Actuarial Valuation and Experience Study conducted by EFI Actuaries (EFI); and, b.) Concur with Milliman's recommendation to not modify the actuarial assumptions used in the June 30, 2010 Valuation.

Patterson/Kendig Approved by roll call vote.
Yes: Hagen, Kendig, Robel,
Patterson, Rafferty, Rotella
No: Cholmondeley, Scheck
Absent: Wolf

3. Other Post Employment Benefits (OPEB) Valuation.
 - a. Confirm an assumed 4.0% investment return for purposes of OPEB, as discussed in the Investigation of Experience as of June 30, 2010;
 - b. Receive and adopt the Actuarial Valuation of OPEB as of June 30, 2010.

Lila Deeds introduced item and addressed issues raised by the Board.

Nick Collier and Daniel Wade presented for Milliman and addressed issues raised by the Board.

Trustee Rafferty requested that staff augment investment return assumptions with real returns in parenthesis (investment return) and (inflation assumption).

Chair Cholmondeley, at Trustee Kendig's request, directed to staff to explore offering full exposure to the System investments.

MOTION: a.) Confirm an assumed 4.0% investment return for purposes of OPEB, as discussed in the Investigation of Experience as of June 30, 2010; and, b.) Receive and adopt the Actuarial Valuation of OPEB as of June 30, 2010.

Kendig/Patterson	Approved by unanimous voice vote of all present.
	Yes: Cholmondeley, Hagen, Kendig, Patterson, Rafferty, Robel, Rotella, Scheck
	Absent: Wolf

INVESTMENTS

4. Receive and file the Fourth Quarter 2010 Performance Update from Hamilton Lane.

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

Vince Brown addressed issues raised by the Board.

MOTION: Receive and file the Fourth Quarter 2010 Performance Update from Hamilton Lane.

Kendig/Scheck	Approved by unanimous voice vote of all present.
	Yes: Cholmondeley, Hagen, Kendig, Patterson, Rafferty, Robel, Rotella, Scheck
	Absent: Wolf

5. Receive Strategic Asset Allocation presentation from Pension Consulting Alliance (PCA).

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

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

MOTION: Receive the Strategic Asset Allocation presentation from PCA and direct PCA to work on a strategic risk framework tool, including liquidity risk.

Kendig/Patterson Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen,
Kendig, Patterson, Rafferty,
Robel, Rotella, Scheck
Absent: Wolf

6. Receive Updates from PCA:

- a. Manager Fee Reduction Requests;

MOTION: Receive and file Manager Fee Reduction Requests Update from PCA.

Scheck/Robel Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen,
Kendig, Rafferty, Robel,
Rotella, Scheck
Absent: Patterson, Wolf

- b. The Boston Company – Executive Management Change.

MOTION: Receive and file Update on The Boston Company – Executive Management Change from PCA.

Scheck/Rotella Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen,
Kendig, Rafferty, Robel,
Rotella, Scheck
Absent: Patterson, Wolf

7. Receive and file the staff Quarterly Portfolio Status Report

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

Sarah Bernstein addressed issues raised by the Board.

Trustee Rafferty requested that staff include trailing 12-month, calendar year-to-date, and fiscal figures to the Status Report on a monthly basis.

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

Kendig/Patterson	Approved by unanimous voice vote of all present.
	Yes: Cholmondeley, Hagen, Kendig, Patterson, Rafferty, Robel, Rotella, Scheck
	Absent: Wolf

**DISABILITY RETIREMENT
CLOSED HEARING**

8. Greg Grunewald, Applicant for Service-Connected Disability Retirement:
Grant the application of Greg Grunewald for service-connected disability retirement, subject to timely requested hearing.

Applicant Greg Grunewald was present.

Retirement Disability Program Manager Cristal Rodriguez introduced item.

Counsel Alan Blakeboro addressed issues raised by the Board.

MOTION: Grant the application of Greg Grunewald for service-connected disability retirement, subject to timely requested hearing.

Patterson/Scheck	Approved by unanimous voice vote of all present.
	Yes: Cholmondeley, Hagen, Patterson, Rafferty, Robel, Rotella, Scheck
	Absent: Kendig, Wolf

9. Vivian Wittenbrock, Applicant for NonService-Connected Disability Retirement:
Deny the application of Vivian Wittenbrock for nonservice-connected disability retirement, subject to timely requested hearing.

Cristal Rodriguez introduced item.

MOTION: Deny the application of Vivian Wittenbrock for nonservice-connected disability retirement, subject to timely requested hearing.

Patterson/Robel	Approved by unanimous voice vote of all present.
	Yes: Cholmondeley, Hagen, Patterson, Rafferty, Robel, Rotella, Scheck

Absent: Kendig, Wolf

10. Receive and file Disability Status Report.

MOTION: Receive and file Disability Status Report.

Scheck/Patterson Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen, Patterson, Rafferty, Robel, Rotella, Scheck,
Absent: Kendig, Wolf

CLOSED SESSION

(2:15 p.m. – 2:53 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- POTENTIAL LITIGATION initiation of litigation pursuant to subsection (c) of Section 54956.9 (one matter).

OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 8, 9 and 10 as listed above, and that the Board had met in Closed Session on Potential Litigation and had taken no reportable action

CHIEF EXECUTIVE OFFICER

11. Receive and file Chief Executive Officer’s department operations report and:
a. Approve any Trustee’s request to attend the Opal “Investment Trends Summit” at the Four Seasons, Biltmore, Santa Barbara, June 15-17, 2011.

MOTION: Approve all interested Trustees’ request to attend the Opal “Investment Trends Summit” at the Four Seasons, Biltmore, Santa Barbara, June 15-17, 2011.

Kendig/Scheck Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Hagen, Kendig, Patterson, Rafferty, Robel, Rotella, Scheck
Absent: Wolf

b. Approve any Trustee’s request to attend Pensions & Investments “Outsourcing CIOs Summit” May 17, 2010 at the Gleacher Center University of Chicago Graduate School of Business.

ATTEST:

Clerk

Chair

Secretary