

**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

May 25, 2011

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

ROLL CALL 9:01 a.m.

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

Trustee Tan arrived at 9:20 a.m. Trustee Patterson was absent between 11:59 a.m. to 2:05 p.m.

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

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of April 27, 2011 Regular Board meeting.
Continued to June 22, 2011

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> |
|-----------------------|-------------------------|-----------------------|--------------------------|------------|
| John Agapito | Fire | 36.72305 | 0.51825 | |
| D Brian Beltowski | Probation | 10.48413 | 0.34324 | |
| Leno Delorenzi | Public Works | 43.55585 | 1.00000 | |
| Dis Victoria Enriquez | Social Services | 9.17402 | 0.00010 | |
| D Joel Gill | Public Works | 9.85219 | 0.00411 | |
| Maria Gutierrez | Courts | 29.95301 | 0.05258 | |
| D Imelda Jimenez | Social Services | 7.37510 | 0.00217 | |
| D Mike Johnson | General Services | 23.05469 | 0.21159 | |
| James Kreyger | District Attorney | 34.38354 | 0.83348 | |
| William Letson | Fire | 24.21967 | 0.01466 | |
| DR Dean McDonald | Parks | 14.86961 | 0.02099 | |
| DR Edward Moses | Housing & Com. Dev. | 3.72349 | 0.00455 | |
| D Guadalupe Munoz | Social Services | 13.62387 | 0.03926 | |
| Colleen Murr | Treasurer-Tax Collector | 31.75120 | 0.23393 | |
| D Sharadi Nobbe | Public Health | 6.80136 | 0.03084 | |
| Daniel Osuna | Sheriff | 28.90370 | 0.00932 | |
| Janet Purkett | Fire | 20.87480 | 0.37400 | |
| Mark Schmitt | Fire | 31.71644 | 0.77918 | 1.00000 |
| Miriam Vincent | Social Services | 13.09396 | 0.00177 | |
| Bonnie Wallace | Courts | 25.59297 | 0.80653 | |
| D Donna Williams | Public Health | 16.86582 | 0.18226 | |
| Ronald Zonen | District Attorney | 30.18059 | 0.82409 | |

D=Deferred
R=Reciprocal
Dis=Disability

MOTION: Adopt Retirement Report.

Kendig/Scheck

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Hagen,
Kendig, Patterson, Rafferty,
Robel, Scheck, Wolf
Absent: Rotella

INVESTMENTS

2. Receive the Asset Allocation Review – Session III from Pension Consulting Alliance (PCA) and consider adopting a global equity framework for asset-allocation purposes.

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

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

MOTION: Receive the Asset Allocation Review – Session III from Pension PCA and adopt a global equity framework for asset-allocation purposes.

Kendig/Patterson Approved by roll call vote.
Yes: Cholmondeley, Hagen, Kendig, Patterson, Rafferty, Robel, Scheck, Wolf
Absent: Rotella

3. Receive and file the Real Estate Portfolio Summary from ORG.

Edward Schwartz Co-Founder, presented for ORG Portfolio Management and addressed issues raised by the Board.

Chair Cholmondeley directed ORG to make add an historical overview to future reports.

MOTION: Receive and file the Real Estate Portfolio Summary from ORG.

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

4. Receive and file the Quarterly Performance Report from PCA.

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

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

MOTION: Receive and file the Quarterly Performance Report from PCA.

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

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

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

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

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

6. Receive and file the Money Manager Fee Update memo from PCA.
Sarah Bernstein presented for PCA and addressed issues raised by the Board.

MOTION: Receive and file the Money Manager Fee Update memo from
PCA.

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

BOARD

7. Review and comment on the first reading of Fiscal Year 2011-2012 Proposed
Budget.

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

Vince Brown, Lila Deeds, Benefits Manager Ramona DeWitte, and Counsels
Blakeboro and Leiderman addressed issues raised by the Board.

MOTION: Receive the first draft of the Fiscal Year 2011-2012 Proposed
Budget and provide staff direction to add a "proposed" to
"estimated actual" calculation column to the B1 attachment
calculating the variances, adding an attachment reconciling
excludable costs, and a chart with 3-year expenditure trend
information.

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

CHIEF EXECUTIVE OFFICER

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

Trustee Scheck also reported on the SACRS business meeting held May 20, 2011.

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

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

BOARD (Cont'd.)

12. Approve the proposed calendar for the 2011 election for the Third, Eighth, and Retired Alternate members of the Board of Retirement.

MOTION: Approve the proposed calendar for the 2011 election for the Third, Eighth, and Retired Alternate members of the Board of Retirement with changes.

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

**DISABILITY RETIREMENT
CLOSED HEARING**

10. Receive and file Disability Status Report.

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

MOTION: Receive and file Disability Status Report.

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

9. Steven Wilkes, Applicant for Service-Connected Disability Retirement:
Adopt proposed Findings of Fact, Conclusions of Law and Decision denying Steven Wilkes a service-connected disability retirement.

Cristal Rodriguez introduced item.

MOTION: Adopt proposed Findings of Fact, Conclusions of Law and Decision denying Steven Wilkes a service-connected disability retirement.

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

8. Janice Cioppa, Applicant for Service-Connected Disability Retirement:
Consider the Findings of Fact and Recommendation and 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 Janice Cioppa.

Cristal Rodriguez introduced item.

System Counsel Philip Moncharsh was present.

MOTION: Consider the Findings of Fact and Recommendation and 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 Janice Cioppa.

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

OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 8, 9 and 10 as listed above.

BOARD (Cont'd.)

11. The Operations Committee recommends that the SBCERS Board of Retirement (BOR) approve the following actions:
- c. Appoint Retirement Assistant Chief Executive Officer Lila Deeds Interim CEO when the current CEO vacates his position and compensate her at the Department Head salary level.

MOTION: Appoint Retirement Assistant Chief Executive Officer Lila Deeds Interim CEO when the current CEO vacates his position and compensate her at the Department Head salary range.

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

- b. Delegate to the Operations Committee the authority to negotiate and hire either Alliance Resource Consulting or CPS Executive Search to conduct the CEO and CIO recruitment.

Counsels Blakeboro and Leiderman, Vince Brown, Lila Deeds and Eli Martinez addressed issues raised by the Board.

MOTION: Delegate to the Operations Committee the authority to negotiate and hire either Alliance Resource Consulting or CPS Executive Search to conduct the CEO recruitment.

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

- a. Maintain the current County Department Head compensation for the Chief Executive Officer (CEO) and Chief Investment Officer (CIO).

Chair Cholmondeley introduced item.

Vince Brown and Counsels Leiderman and Blakeboro addressed issues raised by the Board.

MOTION: Maintain the current County Department Head compensation for the CEO.

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

BOARD (Cont'd.)

15. At Trustees Scheck and Kendig's request, direct Board Counsel to return to the Board at its next regularly scheduled Board meeting with a written opinion regarding the vesting rights of the various benefits that are provided by the Retirement System.

Trustees Scheck and Kendig presented the item and addressed issues raised by the Board.

Chair Cholmondeley recognized active Santa Barbara County employee Ms. June Pujo's request to speak and distribute a letter regarding Agenda of May 25, 2011, Item Number 15.

Counsels Blakeboro and Leiderman, Vince Brown and Lila Deeds addressed issues raised by the Board.

MOTION: Direct counsel to provide an education to the Retirement Board on the status of retirement formulas, COLA, COLA inflation, retiree health, sick to service benefits and the laws surrounding modifications to those benefits, at a cost not to exceed \$10,000.

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

CHIEF EXECUTIVE OFFICER (Cont'd.)

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

MOTION: Receive the proposed three month Board Agenda preview and add Governance Charter Board item to July 27, 2011 agenda.

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

CLOSED SESSION

(3:24 p.m. – 3:50 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- POTENTIAL LITIGATION

Initiation of litigation pursuant to subsection (c) of Section 54956.9 (one matter).

PUBLIC EMPLOYMENT -- CONFERENCE WITH LABOR NEGOTIATOR

Consider Appointment of Interim Retirement Chief Executive Officer (CEO) Government Code Section 54957.6. Instructions to CEO pertaining to negotiation of Interim CEO appointment.

OPEN MEETING

Counsel Blakeboro announced that the Board had met in Closed Session on Potential Litigation and had taken no reportable action; on Conference with Labor Negotiator the Board had provided direction to Vince Brown pertaining to negotiation of Interim CEO appointment.

The meeting adjourned at 3:51 p.m.

ATTEST:

Clerk

Chair

Secretary