

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

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**Lila E. Deeds**  
**Interim 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

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**MINUTES OF THE BOARD OF RETIREMENT**

**June 22, 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,  
Wolf  
Members Absent: Patterson, Rafferty  
Alternate Present: McMillin  
Alternate Absent: Tan  
Counsel: Blakeboro, Leiderman  
Clerk: Bignell

Trustee Rafferty arrived at 9:06 a.m. Trustee Tan arrived at 9:35 a.m. Trustee Wolf was absent between 11:30 a.m. and 1:35 p.m.

Assistant CEO Lila Deeds announced the Casa Nueva evacuation drill planned for the morning, gave the Board an overview of the day's agenda, and introduced Senior Vice President David Sancewich of Pension Consulting Alliance (PCA).

**PUBLIC COMMENT**

APCD Business Manager, Trustee Kendig, gave those assembled directions and a handout for the planned evacuation drill at Casa Nueva. He also noted that the Grand Jury is releasing a report on pension and OPEB liabilities.

**MINUTES**

1. Approve Minutes of:

a. April 27, 2011 Regular Board meeting.

**MOTION:** Approve Minutes of April 27, 2011 Regular Board meeting as amended.

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

b. May 25, 2011 Regular Board meeting.

**MOTION:** Approve Minutes of May 25, 2011 Regular Board meeting as amended.

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

**CONSENT AGENDA**

C-1. Adopt Retirement Report.

		<u>Service</u>	<u>Sick</u> <u>Leave</u>	
	<u>Name</u>	<u>Credit</u>	<u>Credit</u>	<u>ARC</u>
	Cindy Carr	12.45392	0.12997	
	Katherine Elliott	13.49861	0.01759	
	Judy Fitzjarrell	25.61556	0.01871	
D	George Flores	3.15883	0.14013	
	Lawrence Henderson	36.52050	0.02924	
	Lori Hintz	28.96598	0.28228	
D	Margaret Langle	23.76018	0.00796	
	Richard Mankins	19.93786	0.00005	
	Ann Nelson	20.13512	0.02987	
DR	Yvette Soares	13.94580	0.00187	
	Diana Wright	4.99780	0.00000	
DR	Mary Quade	1.95879	0.00000	

D=Deferred  
 R=Reciprocal

**MOTION:** Adopt Retirement Report.

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

## INVESTMENTS

2. Receive the 2011 Strategic Asset Allocation – Session IV presentation from Pension Consulting Alliance (PCA) and approve the recommendations for modeling assumptions as follow:
  - a. Adopt asset classes for allocation modeling that include Global Equity and Balanced Plus Real Return.
  - b. Adopt asset allocation modeling constraints that leave room around current 2011 allocations to give modeling process sufficient options for Board discussion.
  - c. Use PCA 2011 Capital Market Assumptions for asset allocation modeling.

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

Lila Deeds, Investment Analyst Eli Martinez, and Senior Vice President, PCA, David Sancewich addressed issues raised by the Board.

**MOTION:** Receive the 2011 Strategic Asset Allocation – Session IV presentation from PCA and approve the recommendations for modeling assumptions; and, a. adopt asset classes for allocation modeling that include Global Equity and Balanced Plus Real Return; b. adopt asset allocation modeling constraints that leave room around current 2011 allocations to give modeling process sufficient options for Board discussion (changing constraints for cash to 0 - 3, fixed income 15 to 40, global equity 40 - 65, private equity 5 to 15, and real estate 4 to 15); and c. use PCA 2011 Capital Market Assumptions for asset allocation modeling.

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

Sarah Bernstein polled the Board with two surveys: *Determine Objectives - Tradeoff* and *Determine Objectives – Ranking Exercise*.



Lila Deeds provided introductory background and addressed issues raised by the Board.

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

Eli Martinez addressed issues raised by the Board.

**MOTION:** Approve the Administrative Budget for Fiscal Year 2011-12, adopt accompanying resolutions, and approve revisions to the Budget Approval Process Policy.

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

**DISABILITY RETIREMENT  
CLOSED HEARING**

7. Mitchell Bright, Applicant for Service-Connected Disability Retirement;  
Grant the application of Mitchell Bright for service-connected disability retirement, subject to timely requested hearing.

Counsel Blakeboro presented item in Disability Program Manager Cristal Rodriguez' absence.

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

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

8. Bill Joe Ostafin, Applicant for Service-Connected Disability Retirement:  
Refer the application of Bill J. Ostafin for service-connected disability retirement, to an evidentiary hearing on all issues.

Trustee Robel recused himself, left the Wisteria Room and Trustee Tan voted as Safety Alternate in his absence.

**MOTION:** Refer the application of Bill J. Ostafin for service-connected disability retirement, to an evidentiary hearing on all issues.

Kendig/Scheck Approved by roll call vote.

Yes: Hagen, Kendig, Rafferty,  
Rotella, Scheck, Tan  
No: Cholmondeley,  
Absent: Patterson, Robel, Wolf

9. Receive and file Disability Status Report.

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

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

### **OPEN MEETING**

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 7, 8 and 9 as listed above.

### **CHIEF EXECUTIVE OFFICER**

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

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

Chair Cholmondeley and Trustee Rafferty expressed interest in attending the preapproved Wharton School's Advanced Investments Management Course offered September 12-15, 2001, in Philadelphia.

Trustee Scheck expressed interest in attending the preapproved SACRS' Modern Investment Theory & Practice For Retirement Systems, July 11-13, 2011, at UC Berkeley, Haas School of Business.

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

11. 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 to the July meeting and change the consultant and custodian topic to include consideration of RFPs.

Kendig/Rafferty

Approved by unanimous voice vote of all present.

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

Absent: Patterson

The meeting adjourned at 1:50 p.m.

ATTEST:

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Clerk

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Chair

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Secretary