

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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Santa Barbara, CA 93105

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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

MINUTES OF THE BOARD OF RETIREMENT

December 14, 2011

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

ROLL CALL 9:03 a.m.

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

Trustee Rafferty arrived at 9:08 a.m. Trustee Patterson left at 11:00 a.m.

PUBLIC COMMENT

Supervisor Wolf commended Vanessa Patterson for her contribution as an SBCERS Trustee. Ms. Patterson thanked everyone and noted that it had been a pleasure and honor to serve on the Board.

MINUTES

1. Approve Minutes:
 - a. October 26, 2011 Regular Board meeting.

MOTION: Approve Minutes of October 26, 2011 Regular Board meeting.

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

b. November 29, 2011 Special Board meeting.

MOTION: Approve Minutes of November 29, 2011 Special Board meeting.

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

CONSENT AGENDA

- C-1. Joseph Rueff, Applicant for Disability Retirement:
 Grant applicant’s request for a service retirement, pending final determination of his entitlement to disability retirement.
- C-2. Receive oral report from Trustee Scheck on The Trustee Leadership Forum and Los Angeles Trustees Network’s Investment Strategies for Pension Trustees.
- C-3. Approve resolution thanking Trustee Donald Kendig for his service as an SBCERS Trustee.
- C-4. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Shirlene Allen	ADMHS	14.58557	0.14039	
	Eva Arredondo	Human Resources	30.27434	0.03038	
	Kathryn Begg	District Attorney	10.06448	0.02899	
	June Belletto de Pujo	Planning & Development	28.35852	0.67766	
Dis	Mitchell Bright	Public Works	17.99782	0.00043	
R	Loreen Lee Coulter	Social Services	15.30860	0.05220	
	Fernando Diaz	Social Services	15.84219	0.01080	
	Verna Dodge	General Services	10.33516	0.06200	

D=Deferred
 R=Reciprocal
 Dis=Disability
 Pend=Pending Disability

C-4. Adopt Retirement Report (Cont'd.).

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
D	Wanda House-Schwartz	Sheriff	14.57412	0.44087	
	William Honeycutt	Sheriff	30.53346	0.72675	
D	Patrick Justesen	County Counsel	5.15799	0.13642	
	William Knowlton	Parks	36.65864	0.41966	
Pend	Esperanza Limon	Social Services	11.39990	0.00087	
	Rosalie Martinez	Social Services	28.56799	0.00391	3.66667
	Frank McCoy	Parks	30.93546	0.80017	
D R	Laurette Montes	Social Services	7.49508	0.00296	
	H. Desmond McIntosh	District Attorney	33.04032	1.00000	2.08333
	Joanne Pontes	Social Services	15.05250	0.04376	5.00000
D	Christopher Profio	Courts	6.51135	0.00190	
	Felicia Saunders	Courts	21.22738	0.00260	
	Tara Stockton	DRO	9.42504	0.00000	
	Wahid Tanios	ADMHS	11.20066	0.24517	
	Barbara Underwood	Social Services	17.62349	0.14379	
	Stephen Underwood	County Counsel	29.55785	1.00000	
D	Timothy Yamasaki	Probation	15.50255	0.51447	
D	Sandra Withrow	Public Health	11.20961	0.10560	

D=Deferred
R=Reciprocal
Dis=Disability
Pend=Pending Disability

MOTION: Adopt Consent Agenda.

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

INVESTMENTS

2. Receive and file the 2012 Private Equity Strategic Plan and 2nd quarter 2011 performance update from Hamilton Lane.

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

Investment Officer Eli Martinez, addressed issues raised by the Board.

MOTION: Receive and file the 2012 Private Equity Strategic Plan and 2nd quarter 2011 performance update from Hamilton Lane.

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

3. Receive and file the 2nd quarter 2011 Real Estate Portfolio Summary from ORG.

Principal and Co-Founder Edward Schwartz and Consultant Rebecca Morris presented for ORG Portfolio Management and addressed issues raised by the Board.

MOTION: Receive and file the 2nd quarter 2011 Real Estate Portfolio Summary from ORG.

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

4. Receive the 2011 Equity Structural Review – Session II from Pension Consulting Alliance (PCA) and consider the recommendations.

Principal Sarah Bernstein presented for PCA and along with Lila Deeds and Eli Martinez, addressed issues raised by the Board.

MOTION: Receive the 2011 Equity Structural Review – Session II from PCA and take no action.

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

DISABILITY RETIREMENT
(Closed Hearing)

8. Ray Morawski, Applicant for Service Connected Disability Retirement:

Refer the application of Ray Morawski for service-connected disability retirement to an evidentiary hearing on all issues.

Trustee Robel recused himself and left the room.

Disability Program Manager Cristal Rodriguez presented item.

Applicant's Counsel, Marc Singer was present

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Refer the application of Ray Morawski for service-connected disability retirement to an evidentiary hearing on all issues.

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

9. Bill J. Ostafin, 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 grant the application for service-connected disability retirement of Bill J. Ostafin.

Trustee Robel remained recused.

Cristal Rodriguez presented item.

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 grant the application for service-connected disability retirement of Bill J. Ostafin.

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

10. Richard Trigueiro, Applicant for Service-Connected Disability Retirement:
Grant the application of Richard Trigueiro for service-connected disability retirement, subject to timely requested hearing.

Trustee Robel remained recused.

Trustee Wolf recused herself and left the room.

Cristal Rodriguez presented item.

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

Kendig/Hagen

Approved by roll call vote.

Yes: Cholmondeley, Hagen,
Kendig, Scheck

Abstain: Rafferty

Absent: Patterson, Robel, Rotella,
Wolf

11. Michael Zois, Applicant for Service-Connected Disability Retirement:
Deny the application of Michael Zois for service-connected disability retirement, subject to timely requested hearing.

Trustee Kendig recused himself and left the room.

Counsel Blakeboro presented item.

MOTION: Receive and accept Michael Zois' withdrawal of application for Service-Connected Disability Retirement.

Wolf/Scheck

Approved by unanimous voice vote of all present.

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

Absent: Kendig, Patterson, Rotella

12. Receive and file Disability Status Report.

MOTION: Receive and file Disability Status Report.

Scheck/Kendig

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, 10, 11 and 12 as listed above.

INVESTMENTS (Cont'd.)

5. Receive and file the 3rd quarter 2011 performance report from PCA.

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

MOTION: Receive and file the 3rd quarter 2011 performance report from PCA.

Robel/Wolf Approved by unanimous voice vote of all present.

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

Absent: Patterson, Rotella

6. Receive and file the staff Portfolio Status Report.

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

MOTION: Receive and file the staff Portfolio Status Report.

Robel/Scheck Approved by unanimous voice vote of all present.

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

Absent: Patterson, Rotella

7. Set a special meeting for February 8, 2012, at 9:00 a.m., for the purpose of interviewing finalist firms and selecting a general investment consultant.

Chair Cholmondeley presented item.

MOTION: Set a special meeting for February 8, 2012, at 9:00 a.m., for the purpose of interviewing finalist firms and selecting a general investment consultant.

Kendig/Rafferty Approved by unanimous voice vote of all present.

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

Absent: Patterson, Rotella

BOARD

13. Receive and file the audited financial statements and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2011, and the auditor's report to management.

Sarah Turner and Mark Jackson presented for Nasif, Hick, Harris & Co. and addressed issues raised by the Board.

Retirement Financial Accounting Analyst Rico Pardo presented CAFR, and along with Lila Deeds addressed issues raised by the Board.

MOTION: Receive and file the audited financial statements and CAFR for the Fiscal Year ending June 30, 2011, and the auditor's report to management.

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

14. Consider and adopt charters and policy revisions as recommended by the Operations Committee:

- a. Board Policy Development Process

Chair Cholmondeley and Trustee Hagen addressed issues raised by the Board.

MOTION: Adopt Board Policy Development Process policy revisions as recommended by the Operations Committee.

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

- b. Communications

MOTION: Adopt Communications policy revisions with corrections.

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

- c. Placement Agent Disclosure

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Adopt Placement Agent Disclosure policy revisions as recommended by the Operations Committee.

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

d. Service Provider Selection

Chair Cholmondeley, Lila Deeds and Counsel Blakeboro addressed issues raised by the Board.

MOTION: Send the Service Provider Selection Policy back to the Operations Committee with feedback on the RFP, bidding, and reporting requirements.

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

CHIEF EXECUTIVE OFFICER

15. a. Receive and file Chief Executive Officer’s department operations report;
- b. Authorize the attendance of interested trustees at upcoming training events as requested; and.
- c. Direct the interim CEO to work with the Operations Committee to review leased space options for Santa Barbara.

Chair Cholmondeley appointed a leased space review (ad hoc) committee of trustees Wolf, Scheck, and Robel, with Wolf serving as Chair.

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

NO ACTION TAKEN

CLOSED SESSION
(4:25 p.m. – 4:44 p.m.)

PUBLIC EMPLOYMENT -- CEO
Pursuant to Government Code Section 54957(b).

OPEN MEETING

Counsel Blakeboro announced that the Board had met in Closed Session on Public Employment and provided further direction to Alliance and the Board Chair as its representatives to negotiate a compensation package with the potential candidate. The Board would then review and approve the terms if accepted by the candidate.

The meeting adjourned at 4:44 p.m.

ATTEST:

Clerk

Chair

Secretary