

**SANTA BARBARA COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

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**Gary A. Amelio**  
**Chief Executive Officer**



**BOARD OF RETIREMENT**

Chair – Zandra Cholmondeley  
Vice Chair – Ward Rafferty  
Secretary - Darryl Scheck  
Dawn Cieslik  
Harry Hagen  
R. Guy Kraines  
Steve Robel  
Al Rotella  
Janet Wolf  
John McMillin  
Frederick Tan

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**MINUTES OF THE BOARD OF RETIREMENT**

**May 23, 2012**

**Coastal Room at Employees' University  
267 Camino del Remedio  
Santa Barbara, California**

**ROLL CALL 9:00 a.m.**

Members Present: Cholmondeley, Cieslik, Hagen, Kraines, Robel, Rotella,  
Scheck, Wolf  
Members Absent: Rafferty  
Alternates Absent: McMillin, Tan  
Counsel: Blakeboro

Trustee Rafferty arrived at 9:10 a.m. Trustee Cieslik left at 3:45 p.m.

**PUBLIC COMMENT**

There was no general public comment.

**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>
Billie Alvarez	Clerk-Recorder-Assessor	32.26215	0.33668	
Andrea Anderson	DRO	7.97316	0.00000	
Leslie Avila	Sheriff	26.12361	0.51355	

D=Deferred  
R=Reciprocal  
Dis=Disability

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>
	Lois Blake	Sheriff	16.94712	0.00177	
D	William Borgman	Public Health	5.45545	0.07744	
	Atanacio Campas	Social Services	20.90782	0.29162	
	Alicia Castaniero	DRO	7.24485	0.00000	
	Susan Cordero	Probation	15.75752	0.43428	
	Mario Cuevas	Fire	33.27941	0.42998	
	John Day	Planning & Development	11.92560	0.11555	
	Michael DeFillippo	Public Works	32.62803	0.16439	
	Anita Diaz	Sheriff	27.00234	0.23215	2.00000
	David Ehler	General Services	32.51467	0.78092	
D	Julie Ellison	Planning & Development	10.10871	0.00436	
Dis	Rodney Forney	Sheriff	16.50637	0.00103	
R	Clyde George	Sheriff	22.50574	0.67726	
D R	Donna Hamilton	District Attorney	1.18587	0.00178	
	Brian Hayden	Fire	34.44111	0.22166	
	Luke Howe	Courts	6.09871	0.05136	
	Leoda Hvolboll	Courts	26.82969	0.64453	
	Arthur Jarmillo	Sheriff	31.68530	1.00000	
R	Roger Johnson	Sheriff	20.61516	0.40126	
	Steven Kliest	Fire	29.32948	1.00000	
	John Lawrence	Fire	33.30990	0.17612	
	Mark Liddi	Sheriff	33.44454	0.53054	
	Nancy Madsen	Housing & Community Dvpmt.	16.93130	0.07625	
D	Phillip Majarucon	Clerk-Recorder-Assessor	13.71980	0.04927	
	Tracey Martinez	Sheriff	22.34218	0.01953	
	Michael McIntosh	Fire	32.69588	0.72707	
R	Christopher Nelson	Sheriff	29.31737	0.94443	2.00000
	Richard Partida	General Services	31.42333	0.22718	
	Suzanne Post-Glunt	Clerk-Recorder-Assessor	20.02905	0.34945	
	Ruth Reverdy	Planning & Development	36.86215	1.00000	
	Reyna Rodriguez	Public Health	17.91760	0.02899	0.58333
	Alicia Romero	Courts	32.31988	0.05222	
	Yolanda Saunders	DRO	2.17345	0.00000	
	Guy Smith	Fire	33.27128	0.57917	
	John Snyder III	General Services	24.88929	0.21886	1.00000
	Robert Stassinis	Treasurer-Tax Collector	27.40570	0.46621	
R	James Swihart	APCD	21.56916	0.02667	
R	Richard Todd	Fire	26.88560	0.70451	
	Vidal Vega	Fire	28.54727	0.25966	
	Margaret Watkins	Fire	22.01930	0.03705	

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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>
Betsy Watson	Planning & Development	29.92490	0.56430	
Penny Weiss	Auditor Controller	21.42390	0.03884	
Jack Williams	General Services	12.63633	0.21572	
Ken Williams	Social Services	36.41915	0.69651	

D=Deferred  
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Dis=Disability

**MOTION:** Approve Consent Agenda.

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

**INVESTMENTS**

2. Manager Assessment Selection Process—Meketa  
Presentation on Meketa’s public market manager search process

**DISCUSSION:** Managing Principal Stephen McCourt and Principal Mika Buffington presented item for Meketa and addressed issues raised by the Board.

**MOTION:** Accept Manager Assessment Selection Process as outlined by Meketa.

Rotella/Robel Approved by voice vote.  
Yes: Cholmondeley, Cieslik, Hagen, Kraines, Rafferty, Robel, Rotella, Scheck, Wolf

**MINUTES**

1. Approve Minutes of April 25, 2012 regular Board meeting.

**MOTION:** Approve April 25, 2012 regular Board meeting minutes as amended.

Wolf/Robel

Approved by voice vote.

Yes: Cholmondeley, Cieslik, Hagen,  
Kraines, Rafferty, Robel, Rotella,  
Scheck, Wolf

Abstain: Rotella

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

3. Foreign Bond Manager—Meketa  
Asset Class Education, Search & Recommendation

**DISCUSSION AND ACTION:** Assistant Vice President Colleen Clardy presented item and along with Mika Buffington and Stephen McCourt addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the hiring of Brandywine Global Investment Management to manage \$20 million of Plan Assets in the Foreign Bond Asset Class.

**MOTION:** Approve the hiring of Brandywine Global Investment Management to manage \$20 million of Plan Assets in the Foreign Bond Asset Class.

Scheck/Rotella

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Cieslik, Hagen,  
Kraines, Rafferty, Robel, Rotella,  
Scheck, Wolf

4. Emerging Market Debt Manager—Meketa  
Asset Class Education, Search & Recommendation

**DISCUSSION AND ACTION:** Colleen Clardy presented item and along with Stephen McCourt and Mika Buffington addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the hiring of Stone Harbor Investment Partners to manage \$80 million of Plan Assets in the Emerging Market Debt Asset Class.



**RECOMMENDATION:** The Board approve the hiring of Vontobel Asset Management to manage \$80 million of Plan Assets in the Emerging Market Equity Asset Class.

**MOTION:** Approve the hiring of Vontobel Asset Management to manage \$80 million of Plan Assets in the Emerging Market Equity Asset Class.

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

Yes:                          Cholmondeley, Cieslik, Hagen,  
Kraines, Rafferty, Robel, Rotella,  
Scheck, Wolf

8. Public Infrastructure Manager—Meketa  
Asset Class Education, Search & Recommendation

**DISCUSSION AND ACTION:** Stephen McCourt presented item and addressed issues raise by the Board.

**RECOMMENDATION:** The Board approve the hiring of RARE Infrastructure to manage \$40 million of Plan Assets in the Public Infrastructure Asset Class.

**MOTION:** Approve the hiring of RARE Infrastructure to manage \$40 million of Plan Assets in the Public Infrastructure Asset Class.

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

Yes:                          Cholmondeley, Cieslik, Hagen,  
Kraines, Robel, Rotella, Scheck,  
Wolf

Absent:                      Rafferty

9. Implementation Plan: Phase II—Meketa  
Address cash flow necessary to reach next phase of asset allocation project

**DISCUSSION AND ACTION:** Mika Buffington presented item and along with Investment Officer Eli Martinez and Counsel Blakeboro addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the termination of the Artio Core Plus Strategy, and engage the Artio High Yield Bond commingled fund to hold \$135 million of Plan Assets.



12. Quarterly Real Estate Portfolio Review—ORG

**DISCUSSION:** Principal Edward Schwartz presented for ORG and addressed issues raised by the Board.

**MOTION:** Receive and File Quarterly Real Estate Portfolio Review from ORG.

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

**BOARD**

22. Fiscal Year 2012-13 Proposed Budget—Staff

Present proposed budget to the Board for discussion and consideration.

**DISCUSSION:** Retirement Financial Accounting Analyst Rico Pardo presented Fiscal Year 2012-13 Proposed Budget and along with CEO Gary Amelio and Assistant CEO Lila Deeds addressed issues raised by the Board.

**MOTION:** Receive and accept Fiscal Year 2012-13 Proposed Budget.

Rotella/Robel Approved by roll call vote .  
Yes: Cieslik, Hagen, Kraines, Robel,  
Rotella, Scheck, Wolf  
No: Cholmondeley  
Abstain: Rafferty

**DISABILITY RETIREMENT**  
(Closed Hearing)

14. Vivian L. Beets, Applicant for Nonservice-Connected Disability:  
Grant the application of Vivian L. Beets for nonservice-connected disability retirement, subject to timely requested hearing.

Disability Program Manager Cristal Rodriguez presented item and addressed issues raised by the Board.



**MOTION:** Grant the application of Vivian L. Beets for nonservice-connected disability retirement, subject to timely requested hearing.

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

15. Mary K. Haberkorn, Applicant for Service-Connected Disability Retirement:  
Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Mary Katherine Haberkorn a service-connected disability retirement and finding she is entitled to receive a supplemental disability allowance under Government Code §31725.65 while she remains in County service.

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

**MOTION:** Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Mary Katherine Haberkorn a service-connected disability retirement and finding she is entitled to receive a supplemental disability allowance under Government Code §31725.65 while she remains in County service.

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

16. Connie Sue Rowan, Applicant for Service-Connected Disability:  
Grant the application for nonservice-connected disability retirement of Connie Sue Rowan and deny the application for service-connected disability retirement, subject to timely requested hearing.

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

**MOTION:** Grant the application for nonservice-connected disability retirement of Connie Sue Rowan and deny the application for service-connected disability retirement, subject to timely requested hearing.

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

17. Receive and file Disability Status Report.

Cristal Rodriguez presented item and 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, Kraines,  
   Rafferty, Robel, Rotella, Scheck,  
   Wolf  
   Absent:                Cieslik

**CLOSED SESSION**  
(3:56 p.m. to 4:00 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION  
(Subdivision (a) of Government Code Section 54956.9) *In re Bank of New York Mellon Corporation False Claims Act Foreign Exchange Litigation*, U.S. District Court, Northern District of California, Case No. C-11-05683 (WHA); and *Schmitt v. Vincent P. Brown et al.*, Santa Barbara Superior Court, Case No. 1397101.

**OPEN MEETING**

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 14, 15, 16 and 17 as listed above and that the Board had met in Closed Session with Counsel regarding existing litigation and had taken no reportable action.

**BOARD (Cont'd.)**

18. Service Provider Selection Policy—Staff & Counsel  
Present new policy to the Board for approval, as recommended by the Operations Committee.

**DISCUSSION AND ACTION:** Gary Amelio and Counsel Blakeboro presented item and along with Lila Deeds addressed issues raised by the Board.

**RECOMMENDATION:** Approve the Service Provider Selection Policy.

**MOTION:** The Board approve the amended Service Provider Selection Policy.

Scheck/Robel            Approved by voice vote.  
   Yes:                    Cholmondeley, Kraines, Rafferty,  
   Robel, Scheck, Wolf  
   No:                     Hagen, Rotella  
   Absent:                Cieslik

19. Securities Litigation Policy—Staff & Counsel  
Present new policy to the Board for approval, as recommended by the Operations Committee.

**DISCUSSION AND ACTION:** Gary Amelio and Counsel Blakeboro presented item and addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the Securities Litigation Policy

**MOTION:** Approve the Securities Litigation Policy, as recommended by the Operations Committee.

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

20. Conflict of Interest Code—Staff & Counsel  
Present revised policy to the Board for approval, as recommended by the Operations Committee.

**DISCUSSION AND ACTION:** Gary Amelio and Counsel Blakeboro presented item and addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the revised Conflict of Interest Code and forward to the Board of Supervisors for adoption.

**MOTION:** Approve the revised Conflict of Interest Code, as recommended by the Operations Committee.

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

21. Disability Retirement Procedures—Staff & Counsel  
Present revised policy to the Board for approval, as recommended by the Operations Committee.

**DISCUSSION AND ACTION:** Cristal Rodriguez and Counsel Blakeboro presented item and addressed issues raised by the Board.

**RECOMMENDATION:** The Board approve the revised Disability Retirement Procedures.

**MOTION:** Approve the revised Disability Retirement Procedures with modifications.

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

**CHIEF EXECUTIVE OFFICER**

- 23.    A.     Receive and file Chief Executive Officer’s department operations report.
- B.     Authorize the attendance of interested trustees at upcoming training events as requested.

Gary Amelio presented item and addressed issues raised by the Board.

**MOTION:** Authorize the attendance of interested trustees at upcoming training events requiring Board pre-approval, as amended.

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

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

**NO ACTION TAKEN**

The meeting adjourned at 4:49 p.m.

ATTEST:

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Clerk

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Chair

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Secretary