

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street Suite 210
Santa Barbara, CA 93105

Phone (805) 568-2940
Fax (805) 560-1086

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

MINUTES OF THE BOARD OF RETIREMENT

July 25, 2012

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

ROLL CALL 9:00 a.m.

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

Trustee Rafferty arrived at 9:07 a.m.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of June 27, 2012 regular Board meeting.

MOTION: Approve June 27, 2012 regular Board meeting minutes.

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

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

Absent: Rafferty

Wolf/Kraines

Approved by voice vote.

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

No: Rotella

3. **Implementation Plan Phase IV**—Meketa

Presentation by Meketa Consulting of Phase IV of the Implementation Plan for fund investments.

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

NO ACTION TAKEN

4. **Manager Structure Review, Domestic Equity**—Meketa

Presentation by Meketa Consulting of the current Domestic Equity Manager Structure, and recommendations for modification of this structure.

DISCUSSION AND ACTION: Mika Buffington presented item for Meketa and along with Stephen McCourt addressed issues raised by the Board

RECOMMENDATION: The Board accept Meketa’s report, approve the recommendation to reallocate the active large cap management strategies for growth (Neuberger Berman) and value (Loomis Sayles) to a passive strategy (SSGA Russell 1000), and approve Meketa’s recommendation to conduct a search for mid cap manager(s).

MOTION: Accept Meketa’s report, approve the recommendation to reallocate the active large cap management strategies for growth (Neuberger Berman) and value (Loomis Sayles) to a passive strategy (SSGA Russell 1000), and approve Meketa’s recommendation to conduct a search for mid cap manager(s).

Robel/Rotella

Approved by unanimous voice vote of all present.

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

5. **Long-Short Equity Manager Search, Education & Recommendation**—Meketa

Asset class education, search and recommendation of manager by Meketa Consulting.

DISCUSSION AND ACTION: Stephen McCourt presented item for Meketa and along with Investment Officer Eli Martinez, Mika Buffington and Gary Amelio addressed issues raised by the Board.

RECOMMENDATION: The Board accept Meketa’s report and approve the hiring of Brahman to manage .5% (approximately \$10 mil) of Plan Assets in the Long-Short Equity Asset Class.

MOTION: Accept Meketa’s report and approve the hiring of Brahman to manage .5% (approximately \$10 mil) of Plan Assets in the Long-Short Equity Asset Class.

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

7. **Fixed Income Investment Guidelines**—Meketa
 Presentation by Meketa Consulting of Fixed Income Investment Guidelines for SBCERS.

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

RECOMMENDATION: The Board accept Meketa’s report and approve the recommended guidelines.

MOTION: Accept Meketa’s report and approve the recommended guidelines.

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

8. **Monthly Portfolio and Transaction Report**—Meketa
 Presentation by Meketa of the monthly Portfolio Status Report

DISCUSSION: Stephen McCourt presented item for Meketa and along with Mika Buffington and Eli Martinez addressed issues raised by the Board.

MOTION: Accept Monthly Portfolio and Transaction Report presentation from Meketa.

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

DISABILITY RETIREMENT
(Closed Hearing)

10. Richard F. Mankins, Applicant for Service-connected Disability Retirement:

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

BOARD

13. **Auditor Finalist Selection**—Staff
Presentation by Gary A. Amelio, CEO, and Rico Pardo, Retirement Financial Accounting Analyst, on the RFP process for selecting an Auditor and the recommendation by the ad hoc Committee of the Board, as to the selection of the finalist.

Trustee Rafferty and Counsel Blakeboro recused themselves and left the room.

DISCUSSION AND ACTION: Trustee Kraines presented item and along with Trustee Robel and Gary Amelio addressed issues raised by the Board.

RECOMMENDATION: The Board accept Staff’s report and approve the Ad Hoc Committee’s recommendation to hire Brown Armstrong Accountancy Corporation to serve as the System’s auditor and authorize CEO to negotiate contract.

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

14. **Quarterly Cash Flow Projection**—Staff
Presentation by Staff of the Quarterly Cash Flow Projection report.
DISCUSSION: Retirement Financial Accounting Analyst Rico Pardo presented item and addressed issues raised by the Board.

MOTION: Receive Quarterly Cash Flow Projection.

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

CHIEF EXECUTIVE OFFICER

17. A. Receive and file Chief Executive Officer’s department operations report.

