

**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

MINUTES OF THE BOARD OF RETIREMENT

September 26, 2012

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

ROLL CALL 9:01 a.m.

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

Trustee Tan arrived at 9:20 a.m., after which he voted as alternate for Trustee Robel.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of:
 - a. August 22, 2012 regular Board meeting.

MOTION: Approve August 22, 2012 regular Board meeting minutes.

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

Yes: Cholmondeley, Hagen, Kraines,
Rafferty, Scheck

Absent: Cieslik, Robel, Rotella, Wolf

b. September 20, 2012 special Board meeting.

MOTION: Approve September 20, 2012 special Board meeting minutes.

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

CONSENT

C-1. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Mark Bright	Planning & Development	28.98510	0.92358	
D	Kevin Cheesman	Agricultural Commissioner	16.95551	0.00000	
Dis	Marlene Dumm	ADMHS	9.41478	0.00082	
	Pete Endsley	Public Works	35.11676	0.17377	
D	Olivia Esparza	Social Services	9.84129	0.04989	
D R	Edward Kendra	Social Services	3.21775	0.00000	
D	Jeffery Mitchell	Public Health	21.59079	0.26483	
D	Robert Munoz	Carpinteria Cemetery	26.56786	N/A	
	Sylvia Rodriguez	Social Services	29.86799	0.00589	
D	Terry Schultz	Probation	5.74865	0.12909	
D R	Victor Valencia	Probation	12.42657	0.02597	
D	Oscar Zapata	Public Health	18.24366	0.00741	

D=Deferred
Dis=Disability
R=Reciprocal

MOTION: Adopt Retirement Report.

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

CLOSED SESSION
(9:05 a.m. to 9:22 a.m.)

CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
(Subdivision (a) of Government Code Section 54956.9) *In Official Committee of Unsecured Creditors of Tribune Company v. Dennis J. Fitzsimons, et al.*, U.S. District Court, Southern District of New York, Civil Action No. 12-cv-02652 (WHP).

OPEN MEETING

Counsel Blakeboro announced that the Board had met in Closed Session with Counsel Lynch regarding existing litigation and had taken no reportable action.

INVESTMENTS

2. **Midcap Manager. Search, Education & Recommendation**—Meketa
Presentation by Meketa of an education session on the midcap asset class, the results of their search process and recommendation of a manager for the midcap asset allocation.

DISCUSSION AND ACTION: Principal Mika Malone presented item for Meketa and along with Vice President Brad Regier addressed issues raised by the Board.

MOTION: Accept Meketa’s report and approve the hiring of Artisan Midcap Growth and RBC Midcap Value strategies for each to manage approximately \$35 million of plan assets in the midcap asset class. This cumulative \$70 million shall be transferred from the SSgA Russell 1000 Index (\$60 million), DFA Small Cap Value (\$5 million) and Eagle Small Cap Growth (\$5 million).

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

3. **Fixed Income Structure Review**—Meketa
Presentation by Meketa of a report on the fund’s fixed income portfolio and its managers.

DISCUSSION AND ACTION: Brad Regier from Meketa presented item and along with Mika Malone and CEO Gary Amelio addressed issues raised by the Board.

MOTION: Board accept Meketa’s report and approve their recommendation to terminate Wellington as a TIPS manager and transfer the assets held therein to a TIPS Index Fund or Funds, being those managed by SSgA and Blackrock, to be determined by Meketa,.

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

4. **Transaction and Monthly Portfolio Report**—Meketa
Presentation by Meketa of the fund transactions during the month and monthly Portfolio status of the fund.

DISCUSSION: Brad Regier presented item for Meketa and along with Mika Malone addressed issues raised by the Board.

MOTION: Accept Transaction and Monthly Portfolio Report.

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

5. **Overlap of Asset Classes Report**—Meketa
Presentation by Meketa of the issue of overlapping investments, e.g., “spill overs” between the private equity, real estate and natural resources asset classes

DISCUSSION: Brad Regier presented item for Meketa and along with Mika Malone addressed issues raised by the Board.

MOTION: Accept Overlap of Asset Classes Report.

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

6. **Report on Walton VII**—Staff & Counsel
Presentation by Fund general counsel Alan Blakeboro and staff regarding the Walton VII investment, ORG’s role with reference to this investment and remarks from a representative of UNITE HERE, at the August Board Meeting which were directed at the investment and ORG’s role.

DISCUSSION: Gary Amelio introduced item and along with Counsel Blakeboro addressed issues raised by the Board.

MOTION: Accept Report on Walton VII.

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

7. **Private Natural Resources & Infrastructure**—Staff
Staff to present report on the Private Natural Resources and Private Infrastructure asset allocations and the potential roles and engagement of consultants and managers.

DISCUSSION AND ACTION: Gary Amelio presented item and along with Investment Officer Eli Martinez, Counsel Blakeboro and Assistant CEO Lila Deeds addressed issues raised by the Board.

MOTION: Select two or more of the four consulting firms who presented to the Board at its special meeting on September 20, 2012 to be finalists to serve as a discretionary consultant on the terms set forth in option 1, and to authorize the Chief Executive Officer to obtain further fee, services and investment related information from the finalists, in order for the Board to complete final consideration of the finalists.

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

Chair Cholmondeley directed staff to set a Special meeting of the Board of Retirement on November 19, 20 or 27, after canvassing all participants.

DISABILITY RETIREMENT
(Closed Hearing)

9. Joann I. Paulin, Applicant for Service-connected Disability Retirement:
 Adopt proposed Findings of Fact, Conclusions of Law and Decision
 granting Joann Paulin a non-service-connected disability retirement and
 denying a service-connected disability retirement.

Disability Program Manager Cristal Rodriguez presented item.

MOTION: Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Joann Paulin a non-service-connected disability retirement and denying a service-connected disability retirement.

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

10. Receive and file Disability Status Report.

Cristal Rodriguez presented item and along with Counsel Blakeboro addressed issues raised by the Board.

MOTION: Receive and file Disability Status Report.

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

8. Bill Joe Ostafin, Service-Connected Disability Retiree:
 Consider the Findings of Fact and Recommendation and Report of the Referee, along with any timely filed objections, and approve and adopt the recommendation to deny Applicant's request for an early effective date of his disability allowance.

System Counsel Chris Kroes was present and addressed issues raised by the Board.

Cristal Rodriguez presented item and along with Counsel Blakeboro and Lila Deeds addressed issues raised by the Board.

MOTION: Consider the Findings of Fact and Recommendation and Report of the Referee, along with any timely filed objections, and approve and adopt the recommendation to deny Applicant's request for an early effective date of his disability allowance.

Hagen/Rafferty Approved by unanimous roll call vote.
 Yes: Cholmondeley, Hagen, Kraines,
 Rafferty, Scheck, Tan
 Absent: Cieslik, Robel, Rotella, Wolf

OPEN MEETING

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

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

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

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

B. Authorize the attendance of interested trustees at upcoming training events as requested.

MOTION: Authorize travel expenditures and attendance for any Trustee, to attend the Meketa Investment Group's 2012 Investment Conference on November 10 and 11, 2012 in San Diego.

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

MOTION: Authorize the attendance of interested trustees at upcoming training events as requested.

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

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

NO ACTION TAKEN

The meeting adjourned at 3:22 p.m.

ATTEST:

Clerk

Chair

Secretary