

**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 – Ward Rafferty
Vice Chair – Harry Hagen
Secretary – Steve Robel
Zandra Cholmondeley
Jennifer Christensen
R. Guy Kraines
Mark A. Paul
Al Rotella
Janet Wolf
John McMillin
Frederick Tan

MINUTES OF THE BOARD OF RETIREMENT

April 24, 2013

Hart Auditorium at CenCal Health

4050 Calle Real

Santa Barbara, California

ROLL CALL 9:00 a.m.

Members Present: Cholmondeley, Christensen, Hagen, Kraines, Paul,
Rafferty, Robel, Rotella, Wolf
Alternate Present: McMillin
Alternate Absent: Tan
Counsel: Blakeboro
Clerk: Bignell

Chair Rafferty introduced and welcomed the newly appointed SBCERS Assistant Chief Executive Officer Rhonda Cavagnaro, who comes from the Fund from the New York City Police Pension Plan, a \$25 billion fund, where she most recently served as General Counsel for 12 years.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of March 27, 2013 regular Board meeting.

MOTION: Approve March 27, 2013 Board meeting minutes with one correction, on Item 14 regarding Under Sheriff Jim Peterson's title.

Robel/Rotella Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Christensen,
Hagen, Kraines, Paul,
Rafferty, 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>
D	Geralyn Mittermiller	Public Works	10.30184	0.19027	
	James Hall	Probation	15.65061	0.36038	
	Jose Borunda	Social Services	20.42037	0.00319	
D	Terry Hampton	General Services	15.04468	0.00189	
	Cecelia Barnes	Public Works	23.46689	0.00025	
D Dis	Kenneth Manzer	Sheriff	6.95156	0.00195	
	Glen Whitney	General Services	20.73889	0.10063	
R	Geoffrey Banks	Sheriff	21.63592	1.00000	
	Vivian Smith	Human Resources	27.35124	0.00182	
	John McClure	Clerk-Recorder-Assessor	27.24281	0.78802	5.00000
	Janice Robinson	APCD	21.90932	0.04054	
	Susan Meile	Public Health	41.37844	0.16220	5.00000
	Leslie Robinson-Stone	Public Health	17.66235	0.34241	0.50000
	Michael Lees	Fire	32.25471	0.36249	
D	Kenneth Thommen	Social Services	5.42916	0.02425	
	Terrence Snyder	APCD	23.49557	0.13584	

D=Deferred
R=Reciprocal
Dis=Disability

Counsel Blakeboro addressed issues raised by the Board.

MOTION: Adopt Retirement Report.

Wolf/Kraines

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Kraines, Paul,
Rafferty, Robel, Rotella,
Wolf

INVESTMENTS

- Long-Short Equity Search Review—Meketa
Presentation by Meketa of the Long-Short Equity Search Review.

DISCUSSION: Principal Mika Malone and Senior Vice President Brian Dana (via telephone) presented item and along with Counsel Blakeboro addressed issues raised by the Board.

MOTION: Accept Meketa's review and approve the recommendation to discontinue the allocation to Long-Short Equity, and consider re-allocating the 2% target to other areas within the SBCERS asset allocation.

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

Chair Rafferty directed staff to survey 1937 Act and CalPERS systems to ascertain their usage of California Fiduciary and ERISA standards of care language in investment agreements.

3. **Asset Allocation Review**—Meketa
Presentation of an Asset Allocation Review of the SBCERS Fund Assets.

DISCUSSION: Managing Principal Stephen McCourt presented item and along with Vice President Brad Regier and Mika Malone addressed issues raised by the Board.

MOTION: Accept Meketa's review and approve the recommendations to reduce the Long-Short equity allocation from 2% to 0% and increase the U.S. Equity allocation by 2% [Plan A]. Revise the target ranges for equity assets, as well as Private and Public Infrastructure and Natural resources and update the Investment Policy Statement and Policy Benchmark.

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

4. **Transition Manager Bench Review**—Meketa
Presentation of a Transition Manager Bench Review.

DISCUSSION: Mika Malone presented item and addressed issues raised by the Board.

MOTION: Accept Meketa's review and approve the recommendation to retain BlackRock, State Street, Credit Suisse, JPMorgan and BNY Mellon on the Transition Management panel.

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

5. **Monthly Investment Report**—Meketa
Presentation of the fund transactions during the past month and monthly Portfolio status of the SBCERS Fund Portfolio.

DISCUSSION: Stephen McCourt and Brad Regier presented item addressed issues raised by the Board.

MOTION: Receive Monthly Investment Report from Meketa Investment Group.

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

BOARD

6. **Quarterly Cash Flow Projection**—Staff
Presentation by Rico Pardo, Retirement Financial Accounting Analyst of System's Quarterly Cash Flow Projection.

DISCUSSION: Rico Pardo, Chief Executive Officer Gary Amelio and Investment Officer Eli Martinez addressed issues raised by the Board.

MOTION: Receive Quarterly Cash Flow Projection.

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

Chair Rafferty directed staff to prepare a report for the May board meeting, confirming that earnings are net of investment expenses when computed for stated rate of return (7.75%) purpose.

7. **Fiscal Year 2012-13 Proposed Budget**—Staff

Presentation of the proposed SBCERS budget for Fiscal Year 2013-14 by Gary A. Amelio, CEO and Rico Pardo to the Board for discussion and consideration.

DISCUSSION: Gary Amelio, Rico Pardo and Counsel Blakeboro addressed issues raised by the Board

MOTION: Accept consideration of the proposed SBCERS budget for Fiscal Year 2013-14, which will be presented for final approval by the Board at its June meeting.

Rotella/Christensen

Approved by voice vote.

Yes: Christensen, Hagen, Paul,
Rafferty, Robel, Rotella,
Wolf
No: Cholmondeley, Kraines

CHIEF EXECUTIVE OFFICER

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

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

MOTION: Receive and file Chief Executive Officer's department operations report and authorize the attendance of interested trustees at upcoming training events as requested.

Rotella/Kraines

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Kraines, Paul,
Rafferty, Robel, Rotella,
Wolf

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

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

MOTION: Receive the proposed three-month Board Agenda preview.

Wolf/Christensen

Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Christensen,
Hagen, Kraines, Paul,
Rafferty, Robel, Rotella,
Wolf

CLOSED SESSION
(1:45 p.m. to 2:30 p.m.)

PUBLIC EMPLOYMENT – CEO PERFORMANCE REVIEW
Pursuant to Government Code Section 54957(b).

OPEN MEETING

Counsel Blakeboro announced that the Board had met in Closed Session and that Chair Rafferty had appointed Trustees Rotella (Chair), Christensen, Kraines and Robel to an ad hoc CEO Evaluation Committee.

The meeting adjourned at 2:30 p.m.

ATTEST:

Clerk

Chair

Secretary