

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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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

June 26, 2013

Hart Auditorium at CenCal Health

4050 Calle Real

Santa Barbara, California

ROLL CALL 9:00 a.m.

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

Trustee Tan arrived at 9:10 a.m. and voted as alternate in the absence of Trustee Paul.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of May 22, 2013 regular Board meeting.

MOTION: Approve May 22, 2013 Board meeting minutes.

Robel/Wolf

Approved by unanimous voice vote of all present.

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

Absent: Paul

CONSENT

C-1. Adopt Retirement Report.

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
	Bernice Allen	Sheriff	19.63840	0.00873	
	Dennis Avila	Sheriff	26.75376	0.85956	
	Dolores Flint	Probation	30.24662	0.44776	
R Dis	Clyde George	Sheriff	22.50574	0.67726	
D R	Steven Goetz	Public Works	6.56961	0.20969	
	Venice Honick	DRO	3.69815	0.00000	
R	Thomas Johnson	ADMHS	11.91044	0.45280	
	Randall Kempf	Sheriff	21.04467	0.73179	
D R	Jeffrey Knowles	Public Works	2.29579	0.03416	
D	Cynthia Lapham	Probation	5.55061	0.00032	
D R	David Simonton	Probation	9.21180	0.22776	

D=Deferred
R=Reciprocal
Dis=Disability

MOTION: Adopt Retirement Report.

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

INVESTMENTS

2. **International Equity Review**—Meketa
Presentation by Brad Regier and Ed Omata of Meketa Investment Group of the International Equity Review Report.

DISCUSSION: Senior Vice President Ed Omata presented and along with Investment Officer Eli Martinez, Vice President Brad Regier and CEO Gary Amelio addressed issues raised by the Board.

MOTION: Accept the review presented by Meketa Investment Group, approve Meketa’s recommendation regarding the retention of PanAgora, and the termination of Lord Abbett as an international equity manager, approve the recommendation to transfer international equity assets managed by Lord Abbett to the SSgA MSCI World (ex-US) Index Fund, and approve Meketa’s recommendation to initiate a search, to

hire new international equity managers to complement the Fund's existing investments.

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

3. **International Equity Guidelines Report**—Meketa
Presentation by Brad Regier and Ed Omata of Meketa Investment Group of the International Equity Guidelines Report.

DISCUSSION: Ed Omata and Brad Regier presented item and addressed issues raised by the Board.

MOTION: Accept the report presented by Meketa Investment Group and approve Meketa and Staff's implementing the new guidelines with the Fund's international equity managers.

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

4. **High Yield Manager Search**—Meketa
Presentation by Brad Regier and Ed Omata of Meketa Investment Group of the search for a High Yield manager.

DISCUSSION: Ed Omata and Brad Regier presented item and addressed issues raised by the Board.

MOTION: Accept the report presented by Meketa Investment Group and authorize the appointment of DDJ Capital Management to serve as a High Yield manager for the Fund, and allocate approximately \$40 million to such manager.

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

5. **Transition Manager Panel Update**—Meketa
Presentation by Brad Regier of Meketa Investment Group of the Transition Manager Panel Update.
DISCUSSION: Brad Regier presented item and addressed issues raised by the Board.
MOTION: Accept the update report presented by Meketa Investment Group and approve the recommendations to remove Credit Suisse and JP Morgan from the approved Transition Manager Panel list, and add Russell Investments to such Panel. BNY Mellon, State Street and BlackRock remain on the Panel.

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

6. **Monthly Investment Report**—Meketa
Presentation by Brad Regier of Meketa Investment Group on the fund transactions during the month and monthly Portfolio status of the fund.
DISCUSSION: Brad Regier presented item and along with CEO Gary Amelio, Investment Officer Eli Martinez, and Assistant CEO Rhonda Cavnaro addressed issues raised by the Board.

MOTION: Accept the report presented by Meketa Investment Group.
Rotella/Kraines Approved by unanimous voice vote of all present.
Yes: Cholmondeley, Christensen,
 Hagen, Kraines, Rafferty,
 Robel, Rotella, Wolf, Tan
Absent: Paul

Chair Rafferty directed staff to prepare a worksheet and report back to the Board on the issue of defining and quantifying those expenses that are included when investment performance and the Stated Rate of Return are determined reconciling Actuarial Rate Assumptions and Actual Returns.

BOARD

7. **Final Approval of 2013-14 Budget**—Staff
Presentation of the Final proposed SBCERS budget for Fiscal Year 2013-14 by Gary A. Amelio, CEO and Rico Pardo to the Board for approval.

DISCUSSION: Gary Amelio presented the item and along with Retirement Financial Accounting Analyst Rico Pardo and Counsel Blakeboro addressed issues raised by the Board.

MOTION: Accept the second and final presentation, expressly including the 3% increase in compensation for all unrepresented business leader management personnel at SBCERS, for the Fiscal Year 2013-14 Budget, approve the Budget and adopt the authorizing resolutions.

Kraines/Wolf

Approved by voice vote.

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

CHIEF EXECUTIVE OFFICER

12. 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 modified.

Robel/Wolf

Approved by unanimous voice vote of all present.

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

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

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

Christensen/Wolf

Approved by unanimous voice vote of all present.

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

CLOSED SESSION
(1:42 p.m. to 3:48 p.m.)

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

OPEN MEETING

Chair Rafferty announced that the Board had met in Closed Session and that no reportable action had been taken.

The meeting adjourned at 3:48 p.m.

ATTEST:

Clerk

Chair

Secretary