

**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

August 28, 2013

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

ROLL CALL 9:00 a.m.

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

Trustee Wolf arrived at 9:05. Trustee Tan arrived at 9:25.

PUBLIC COMMENT

There was no general public comment.

MINUTES

1. Approve Minutes of July 24, 2013 regular Board meeting.

MOTION: Approve July 24, 2013 Board meeting minutes.

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

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

3. **Quarterly Real Estate Portfolio Review**—ORG
Presentation by Ed Schwartz and Rebecca Morris of ORG Portfolio Management on the status and activity of the Fund’s Real Estate portfolio in the first quarter, 2013.

DISCUSSION: Principal Ed Schwartz and Consultant Rebecca Morris presented item and addressed issues raised by the Board.

MOTION: Accept the report presented by ORG Portfolio Management.

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

4. **Report on Status of High Yield Manager DDJ**—Meketa
Presentation by Stephen McCourt and Brad Regier of Meketa Investment Group on the status of pending negotiations with High Yield Manager DDJ.

DISCUSSION: Managing Principal Stephen McCourt presented item and along with Counsel Blakeboro addressed issues raised by the Board.

MOTION: Approve the recommendation presented by Meketa Investment Group to end contract negotiations with DDJ and hire Hotchkis & Wiley to manage \$40 million in the High Yield strategy replacing the initial award to DDJ.

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

5. **2Q13 General Consulting Review**—Meketa
Presentation by Stephen McCourt and Brad Regier of Meketa Investment Group of the Fund’s second quarter 2013 Performance Report.

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

MOTION: Accept the review presented by Meketa Investment Group.

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

6. **Monthly Investment Report**—Meketa
Presentation by Stephen McCourt and Brad Regier of Meketa Investment Group on the Fund transactions during the month and monthly Portfolio status of the Fund.

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

MOTION: Accept the report presented by Meketa Investment Group.

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

BOARD

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

DISCUSSION: Rico Pardo presented item and addressed issues raised by the Board.

MOTION: Accept the report presented by Staff.

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

15. **Report to SBCERS Board on 2014 Retreat**—Staff
Presentation by Chief Executive Officer.

DISCUSSION: CEO Gary Amelio presented item and along with Counsel Blakeboro and ACEO Rhonda Cavagnaro addressed issues raised by the Board.

MOTION: Direct Staff to not eliminate a two-day, off-site Retreat in 2014.

Kraines/Rotella Approved by roll call vote.
 Yes: Cholmondeley, Christensen,
 Kraines, Paul, Robel, Rotella,
 Wolf
 No: Hagen
 Absent: Rafferty

MOTION: Direct Staff to postpone SBCERS Retreat from January until Spring, 2014; and hold a regular Board meeting in January.

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

MOTION: Direct Staff to plan for SBCERS Retreat to be held in the CenCal Health Hart Auditorium and an off-site Reception and Dinner.

Wolf/Hagen Failed by roll call vote.
 Yes: Hagen, Kraines, Wolf
 No: Cholmondeley, Christensen,
 Paul, Robel, Rotella
 Absent: Rafferty

MOTION: Authorize Staff to investigate potential SBCERS Retreat venues; Canary, Bacara and Hyatt for cost and efficiency.

Cholmondeley/Robel Tied by roll call vote.
 Yes: Cholmondeley, Kraines,
 Robel, Rotella
 No: Christensen, Hagen, Paul,
 Wolf
 Absent: Rafferty

Chair Pro Tem Hagen directed staff to return to the Board with information on availability of potential SBCERS Retreat venues in March and April; Canary, Bacara, Hyatt and CenCal Health, and the venues respective costs.

DISABILITY RETIREMENT
(Closed Hearing)

8. Lia Helfrich, Applicant for Service-connected Disability Retirement:

Deny the application of Lia Helfrich for service-connected disability retirement due to lack of permanency, subject to timely requested hearing by an interested party.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented item and along with Counsel Blakeboro addressed issues raised by the Board

MOTION: Deny the application of Lia Helfrich for service-connected disability retirement due to lack of permanency, subject to timely requested hearing by an interested party.

Kraines/Robel

Approved by voice vote.

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

9. Emily Salgado, Applicant for Nonservice-connected Disability Retirement:
Consider the Findings of Fact and Recommendation of Referee Ernest Gould, along with any timely filed objections, and approve and adopt the recommendation to deny the application for non-service-connected disability retirement of Emily Salgado.

DISCUSSION: Cristal Rodriguez presented item and addressed issues raised by the Board

MOTION: Approve and adopt the recommendation to deny the application for non-service-connected disability retirement of Emily Salgado.

Cholmondeley/Rotella

Approved by unanimous voice vote of all present.

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

10. Kimberly A. Herman:
Deny the application of Kimberly A. Herman for service-connected disability retirement, subject to timely requested hearing by an interested party.

DISCUSSION: Cristal Rodriguez presented item addressed issues raised by the Board.

MOTION: Deny the application of Kimberly A. Herman for service-connected disability retirement, subject to timely requested hearing by an interested party.

Robel/Paul	Approved by unanimous voice vote of all present. Yes: Cholmondeley, Christensen, Hagen, Kraines, Paul, Robel, Rotella, Wolf Absent: Rafferty
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- 11. Ruby C. Wolff
 Deny the application of Ruby Wolff for service-connected disability retirement due to lack of permanency, subject to timely requested hearing by an interested party.

Trustee Robel recused himself and left the Closed Hearing. Trustee Tan voted as Safety Alternate.

Applicant’s Counsel Mark Singer and Applicant Ruby Wolff were present and both addressed the Board.

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

MOTION: Grant the application of Ruby Wolff for service-connected disability retirement.

Kraines/Cholmondeley	Failed by roll call vote. Yes: Cholmondeley, Kraines, Tan No: Christensen, Hagen, Paul, Rotella, Wolf Absent: Rafferty
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MOTION: Deny the application of Ruby Wolff for service-connected disability retirement due to lack of permanency, subject to timely requested hearing by an interested party.

Christensen/Paul	Approved by roll call vote. Yes: Christensen, Hagen, Paul, Tan, Rotella No: Cholmondeley, Kraines, Wolf Absent: Rafferty
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OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing actions taken on Disability Items 8, 9, 10 and 11 as listed above.

Trustee Robel returned to Open Meeting.

12. **Net of Fees Performance Rate Reconciliation**—Staff, Cheiron EFI, Meketa Investment Group, BNY Mellon

DISCUSSION: Investment Officer Eli Martinez presented item and along with Counsel Blakeboro, Consulting Actuary Graham Schmidt and Stephen McCourt addressed issues raised by the Board.

MOTION: Accept the report presented by Staff, Cheiron EFI, Meketa Investment Group and BNY Mellon.

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

13. **Education on Actuarial Amortization**—Cheiron EFI
Presentation by Graham Schmidt and Robert McCrory of Cheiron EFI of an educational session on actuarial principles of public pensions

DISCUSSION: Consulting Actuary Robert McCrory presented item and along with Graham Schmidt addressed issues raised by the Board.

MOTION: Accept the report presented by Cheiron EFI.

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

14. **GASB 67 & 68 Education Report**—Brown Armstrong
Presentation by Eric Berman of Brown Armstrong on GASB 67 and 68, and the potential impact on public pension funds.

DISCUSSION: Managing partner Eric Berman presented item and addressed issues raised by the Board.

MOTION: Accept the report presented by Brown Armstrong Accountancy Corporation.

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

