

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

3916 State Street, Suite 210
Santa Barbara, CA 93105

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

**Gregory E. Levin, CPA
Interim Chief Executive Officer**



BOARD OF RETIREMENT

Chair-Ward Rafferty
Vice Chair-Jennifer Christensen
Secretary-Frederick Tan
Zandra Cholmondeley
Harry Hagen
Mark A. Paul
Al Rotella
Janet Wolf
Steve Johnson
John McMillin

AGENDA OF THE BOARD OF RETIREMENT

July 23, 2014

**Hart Auditorium at CenCal Health
4050 Calle Real
Santa Barbara, California**

The Santa Barbara County Employees' Retirement System is committed to:

- *fulfilling its fiduciary responsibility by providing the highest quality of service to all members and plan sponsors; and*
 - *protecting promised benefits through prudent investing; and*
 - *ensuring reasonable expenses of administration.*

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, or if translation assistance is requested, please contact the Clerk of the Board of Retirement at 805-568-2915.

Persons desiring to speak on any matter must complete and deliver to the Clerk a completed public comment form. The form is available at the conference room entrance prior to the meeting. Matters not listed on the agenda may be addressed at the public comment period.

Roll Call at **9:00 a.m.**

Pledge of Allegiance led by Chair

PUBLIC COMMENT

Receive public comment

MINUTES

A. Approve Minutes of June 25, 2014 regular Board meeting.

7/18/2014 10:35 AM

- B. Approve Minutes of July 9, 2014 special Board meeting.

CONSENT

C-1. **Adopt Retirement Report.**

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>
Dis	Rudy Padilla	District Attorney	15.79105	0.00184
R	Sandra Agalos	Board of Supervisors	3.33900	0.00406
	David Llamas	Probation	16.10033	0.26612
	Rosella Reyna	Probation	15.60739	0.31265
	Charles Rowan	Parks	36.22896	0.00069
	James McGrath	DRO	4.93957	0.00000
	Cheryl Allen	DRO	9.35697	0.00000

R=Reciprocal
Dis=Disability Pending

INVESTMENTS

1. **June Market Update and Preliminary Performance Review**—Meketa Investment Group
Presentation by Mika Malone and Brad Regier of Meketa Investment Group on World Market Activities and preliminary June 2014 performance.

DISCUSSION

RECOMMENDATION: The Board receive and accept Meketa Investment Group’s presentation on World Markets and preliminary performance review for June 2014.

2. **Inflation Sensitivity**—Meketa Investment Group
Presentation by Mika Malone and Brad Regier of Meketa Investment Group on inflation fundamentals and the sensitivity of various asset classes to inflation

DISCUSSION

RECOMMENDATION: The Board receive and accept Meketa Investment Group’s presentation on inflation and inflation sensitive assets.

3. **Japan Outlook**—Meketa Investment Group
Presentation by Ed Omata of Meketa Investment Group on Japanese Prime Minister Shinzo Abe's Economic Recovery Plan.

DISCUSSION

RECOMMENDATION: The Board receive and accept Meketa Investment Group's presentation on its Japan Outlook and Shinzo Abe's Economic Recovery Plan.

4. **Private Equity Fee Comparison**—Eli Martinez, Investment Officer
Presentation by Eli Martinez on the Pantheon P4 private equity vehicle and a comparison of the Pantheon P4 private equity vehicle fees to the fees currently paid by SBCERS to its current private equity manager, Hamilton Lane.

DISCUSSION

RECOMMENDATION: The Board receive and accept the presentation comparing Pantheon P4 fees to Hamilton Lane Fees.

DISABILITY RETIREMENT

TIME CERTAIN OF 11:05 AM

Disability matters shall be considered in CLOSED HEARING -- pursuant to Government Code Section 54957(b)(1). Interested parties may request these matters to be discussed in a session open to the public. CONFIDENTIAL REPORTS are distributed only to the Board.

5. Mary Lou Garcia, Applicant for Service-connected Disability Retirement:
Consider the Findings of Fact and Recommendations of Referee Catherine Harris, along with any timely filed objections, and approve and adopt the recommendation to grant Mary Lou Garcia a non-service-connected disability retirement and deny the application for service-connected disability retirement.
6. Rudy Padilla, Applicant for Service-connected Disability Retirement:
Consider the Findings of Fact and Recommendations of Referee Catherine Harris, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement of Rudy Padilla.

7. Karen Derrick Hartman, Applicant for Service-Connected Disability Retirement: Deny the application of Karen Derrick Hartman for service-connected disability retirement, subject to timely requested hearing.
8. Receive and file Disability Status Report.

BOARD (Cont'd)

9. **Retreat Refresh**—Eli Martinez, Investment Officer
Presentation by Eli Martinez on the 2014 Board retreat topics including oversight of Investment Consultants and the application of Environmental, Social and Governance (ESG) principals to SBCERS investing strategies.

DISCUSSION & ACTION

RECOMMENDATION: The Board receive and accept the report by Eli Martinez summarizing the 2014 Annual Board Retreat (Retreat) and a) direct Staff to work Legal Counsel and Investment Consultants to bring forth an Investment Consultant Oversight Policy for the Board's consideration and approval, and b) provide direction to staff on further study of ESG topics.

10. **Cash Flow Report**—Rico Pardo, Financial Accounting Analyst
Presentation by Rico Pardo on SBCERS cash flow results for the fiscal year ending June 30, 2014.

DISCUSSION

RECOMMENDATION: The Board receive and accept the presentation on Cash Flow results for the year ending June 30, 2014.

11. **SACRS Education Initiative**—Gregory Levin, CPA Interim CEO
Presentation by Gregory Levin, CPA on the SACRS Comment letter to systems regarding potential plans for launching an educational initiative concerning defined benefit plans.

DISCUSSION

RECOMMENDATION: Receive and accept the report from Mr. Levin and discuss the various questions posed in the SACRS letter.

12. **Actuarial Presentation on funding Policies**—Graham Schmidt and Anne Harper, Cheiron

Presentation of Actuarial funding Methodologies by Consulting Actuaries Graham Schmidt and Anne Harper of Cheiron.

DISCUSSION

RECOMMENDATION: The Board receive and accept Cheiron’s presentation on actuarial amortization policies.

13. **CEO Operations Report**—Gregory Levin, CPA Interim CEO
Presentation by Gregory Levin on significant operational activities of SBCERS.

DISCUSSION

RECOMMENDATION:

- A. The Board receive and accept the CEO Operations Report
- B. The Board authorize the attendance of interested trustees at upcoming training events as requested.
- C. Receive the proposed three-month Board Agenda preview and provide any direction the Board deems necessary.

14. **CEO Recruitment Update**—Fred Tan

Presentation from Trustee Fred Tan, chair of the CEO recruitment Ad Hoc committee on the ongoing CEO recruitment.

DISCUSSION

RECOMMENDATION: Receive and accept presentation on CEO recruitment.

CLOSED SESSION

Closed Sessions are not open to the public.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Subdivision (a) of Government Code Section 54956.9) *In re Bank of New York Mellon Corporation Forex Transactions Litigation*, U.S. District Court, Southern District of New York, 12 Civ. 3064 (LAK).

Next regular meeting date is August 27, 2014
--