

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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**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
Steven Johnson
John McMillin**

MINUTES OF THE BOARD OF RETIREMENT

May 28, 2014

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

ROLL CALL 9:00 a.m.

Members Present:	Cholmondeley, Christensen, Hagen, Rafferty, Tan, Wolf
Members Absent:	Paul, Rotella
Alternate Present:	McMillin
Alternate Absent:	Johnson
Counsel:	Blakeboro
Clerk:	Brown

Trustee Tan arrived at 9:10 a.m. Trustee Cholmondeley left the meeting at 2:54 p.m.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

SEIU Local No. 620 Field Representative Darryl Scheck addressed the Board on item 13 regarding actions related to the relocation of SBCERS offices in Santa Maria to Santa Barbara.

MINUTES

1. A. Approve Minutes of April 23, 2014 regular Board meeting.

MOTION: Approve April 23, 2014 regular Board meeting minutes.

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

1. B. Approve Minutes of May 12, 2014 special Board meeting.

MOTION: Approve May 12, 2014 special Board meeting minutes.

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

CONSENT

- C-1. Rudy Padilla, Applicant for Disability Retirement:
 Grant applicant's request for a service retirement, pending final
 determination of his entitlement to disability retirement.

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

MOTION: Grant applicant's request for a service retirement, pending final
 determination of his entitlement to disability retirement.

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

- C-2. Adopt Retirement Report.

<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
Sharon Amott	Child Support Services	23.87766	0.00375	
Alma Ayala	Treasurer-Tax Collector	28.97700	0.06727	
Viola Balbinot	Sheriff	21.41156	0.00075	
Leland Cargle	Sheriff	22.26065	0.02770	
Diane Carter	Clerk-Recorder-Assessor	12.05715	0.19319	
Eric Daniels	Fire	28.24166	0.02909	
Ramona DeWitte	SBCERS	12.51279	0.51466	
Asia Eichmiller	ADMHS	12.50827	0.41136	
Elizabeth Elizalde	Social Services	32.06683	0.12087	
Gerardo Estrada	Public Works	36.91530	0.00566	

C-2. Adopt Retirement Report. (Cont'd.)

<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>	<u>ARC</u>
Arthur Flores	Social Services	17.86758	0.19621	
Soyla Flores	Courts	35.42719	0.30630	
Kim Flory	Clerk-Recorder-Assessor	17.88504	0.34778	
Cathy Franco-Mose	Public Health	22.97213	0.00029	
Rodney Fritz	Social Services	16.84080	0.04620	
Carolyn Geiger	Social Services	39.44833	0.14503	
Evelyn Geiger	Courts	34.18386	0.24405	
Christian Hahn	Fire	25.15307	1.00000	
Jeffrey Hardesty	ADMHS	16.47608	0.24219	
Peter Hasler	Public Health	18.25255	0.49411	4.00000
Lori Hornbrook	Courts	19.33873	0.14399	
Margaret Kempf	DRO	4.69919	0.00000	
DR David Leung	Agricultural Commissioner	16.42900	0.32927	
Richard Lopez	DRO	10.76173	0.00000	
Jesse Martinez	Fire	24.52933	0.03475	
Josefina Martinez	Courts	30.44572	0.06171	
Sergio Martinez	Sheriff	32.72345	0.03015	
Mark Mushinskie	Fire	33.09679	0.15705	
Kenneth Nichols	ADMHS	18.30630	0.55827	
D Laura Price	Public Health	9.09006	0.00046	
Jeanette Redley	Courts	12.03181	0.00968	
Phyllis Smith	Courts	12.00334	0.00752	
D Maria Torres	Public Health	14.75834	0.00358	
Pamela Tunncliffe	DRO	3.29660	0.00000	
Paul Voyen	Parks	30.83343	0.74910	
Toni Walker	Social Services	27.56682	0.04779	

D=Deferred
R=Reciprocal

MOTION: Adopt Retirement Report.

Cholmondeley/Wolf

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Rafferty, Tan, Wolf

Absent: Paul, Rotella

INVESTMENTS

2. **Quarterly Private Equity Portfolio Review**—Hamilton Lane
Presentation by Paul Yett and Michael Augustine of Hamilton Lane on the status and activity of the Fund’s Private Equity portfolio in the third and fourth quarters 2013.

DISCUSSION: Managing Director Paul Yett and Senior Associate Michael Augustine presented the item for Hamilton Lane and responded to questions from the Board.

MOTION: Receive and accept the quarterly Private Equity Portfolio review from Hamilton Lane.

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

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

DISCUSSION: Principal Edward Schwartz and Consultant Rebecca Morris presented the item for ORG Portfolio Management and responded to questions from the Board.

MOTION: Receive and accept the quarterly Private Real Estate Portfolio review from ORG Portfolio Management.

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

4. **Quarterly Private Natural Resources and Infrastructure Review**—Meketa Investment Group

Presentation by Michael Dean of Meketa Investment Group on the status and activity of the Fund’s Private Natural Resources and Infrastructure portfolio in the fourth quarter 2013.

DISCUSSION: Senior Vice President Michael Dean presented the item for Meketa Investment Group and responded to questions from the Board.

MOTION: Receive and accept Meketa Investment Group’s quarterly Private Natural Resources and Infrastructure review.

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

PUBLIC COMMENT

Retiree, Mick Robinson addressed the Board and expressed his views on item 13.

INVESTMENTS (Cont'd.)

- 5. **Market Update**—Meketa Investment Group
Presentation by Stephen McCourt of Meketa Investment Group on the First Quarter Market Review.

DISCUSSION: Managing Principal Stephen McCourt presented the item for Meketa Investment Group and responded to questions from the Board.

MOTION: Receive and accept Meketa Investment Group’s first quarter Market review.

Cholmondeley/Rafferty	Approved by unanimous voice vote of all present. Yes: Cholmondeley, Christensen, Hagen, Rafferty, Tan, Wolf Absent: Paul, Rotella
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- 6. **Transition Manager Bench Recommendation**—Meketa Investment Group
Presentation by Mika Malone of Meketa Investment Group on the Transition Manager search and recommendation to add two Transition Managers to the existing Transition Manager panel.

DISCUSSION AND ACTION: Principal Mika Malone presented the item for Meketa Investment Group and responded to questions from the Board.

MOTION: Receive presentation and approve Meketa investment Group’s recommendation to add Penserra Capital Management and Abel/Noser Corp. to the existing Transition Manager panel.

Christensen/Tan	Approved by unanimous voice vote of all present. Yes: Cholmondeley, Christensen, Hagen, Rafferty, Tan, Wolf Absent: Paul, Rotella
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- 7. **Quarterly Portfolio Review**—Meketa Investment Group
Presentation by Mika Malone of Meketa Investment Group of the Fund’s first quarter 2014 Quarterly Review.

DISCUSSION: Principal Mika Malone presented the item for Meketa Investment Group and responded to questions from the Board.

MOTION: Receive and accept the quarterly portfolio review from Meketa Investment Group.

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

BOARD

16. Approval of Interim CEO Contract—Counsel

DISCUSSION: Counsel Alan Blakeboro

MOTION: Approve a written employment agreement for Greg Levin as Interim Chief Executive Officer.

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

CLOSED SESSION

Closed Sessions are not open to the public.

PUBLIC EMPLOYMENT – ASSISTANT CEO, Pursuant to Government Code § 54957(b)

DISABILITY RETIREMENT

(Closed Hearing)

8. Claudia Berumen, Applicant for Non-service-connected Disability Retirement: Grant the application of Claudia Berumen, for non-service-connected disability retirement, subject to timely requested hearing by an interested party.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item and along with Counsel Alan Blakeboro responded to questions from the Board.

MOTION: Grant the application of Claudia Berumen, for non-service-connected disability retirement, subject to timely requested hearing by an interested party.

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

9. Kimberly Herman, Applicant for Service-connected Disability Retirement:
Consider the Findings of Fact and Recommendations of Referee Ernest S. Gould, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement of Kimberly Herman.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item.

MOTION: Consider the Findings of Fact and Recommendations of Referee Ernest S. Gould, along with any timely filed objections, and approve and adopt the recommendation to deny the application for service-connected disability retirement of Kimberly Herman.

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

OPEN MEETING

Counsel Blakeboro announced that the Board had met in Closed Session to discuss matters pertaining to the Assistant CEO position and that the Board had taken no reportable action.

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

PUBLIC COMMENT

SBCERS Retirement Representative Reneé LaVoie addressed the Board and expressed her views on item 13.

BOARD (Cont'd.)

13. **SBCERS Santa Maria Office**—Interim Management Committee
Presentation by Interim Management Committee regarding closure of the Santa Barbara County Employees' Retirement System Santa Maria Office and consolidation of operations in the Santa Barbara office.

DISCUSSION AND ACTION: The Interim Management Committee presented the item and responded to questions from the Board.

MOTION: Keep the Santa Maria office open and seek an extension of the Santa Maria office lease, or seek another suitable Santa Maria office location.

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

MOTION: Authorize CEO to select and retain a commercial real estate broker to pursue a sublease of the first or second floor of the Santa Barbara office with the CEO to further report to the Board regarding potential sublease transactions.

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

INVESTMENTS (Cont'd.)

10. **Private Natural Resources/Infrastructure Report on Finalist** — Ad Hoc Committee, Staff and Legal Counsel

Presentation by the Ad Hoc Committee, Staff and Legal Counsel on the summary of discretionary Private Natural Resource & Private Infrastructure (PNR&I) Request for Proposal (RFP) respondents.

DISCUSSION AND ACTION: The Ad Hoc Committee, Staff and Legal Counsel presented the item and responded to questions from the Board.

MOTION: Receive and accept the recommendation by the Ad Hoc Committee to approve as finalists three candidates for the position of

discretionary PNR&I consultant: Hamilton Lane, Meketa Investment Group, and Wilshire Associates Incorporated.

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

STAFF

- 11. A. Operations Report
- B. Authorize the attendance of interested trustees at upcoming training events as requested.

DISCUSSION: Interim Chief Executive Officer Greg Levin presented the items and responded to questions from the Board.

MOTION: Receive and accept the operations report and authorize the attendance of interested trustees at upcoming training events.

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

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

DISCUSSION AND ACTION: Interim Chief Executive Officer Greg Levin presented item and responded to questions from the Board.

MOTION: Receive and accept the proposed three-month Board Agenda preview as modified.

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

BOARD (Cont'd.)

12. **Preliminary Fiscal Year Budget Review**—Staff

Presentation of the Santa Barbara County Employees’ Retirement System Preliminary Budget for Fiscal Year 6/30/2015 by Rico Pardo, Retirement Financial Accounting Analyst.

DISCUSSION: Retirement Financial Accounting Analyst Rico Pardo presented the item and responded to questions from the Board.

MOTION: Receive and accept the Preliminary Fiscal Year Budget presentation for Fiscal Year 6/30/2015, as submitted.

Christensen/Rafferty	Approved by unanimous voice vote of all present. Yes: Christensen, Hagen, McMillin, Rafferty, Tan, Wolf Absent: Cholmondeley, Paul, Rotella
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14. **Conflict of Interest Code**—Counsel

Consider revisions to the Conflict of Interest Code as previously recommended by the Operations Committee with modifications per Board discussion at its April 23, 2014 meeting.

DISCUSSION AND ACTION: Legal Counsel Alan Blakeboro presented the item and responded to questions from the Board.

MOTION: Adopt and approve the modified Conflict of Interest Code, as previously recommended by the Operations Committee, with modifications suggested by the Board at its April 23, 2014 meeting.

McMillin/Tan	Approved by unanimous voice vote of all present. Yes: Christensen, Hagen, McMillin, Rafferty, Tan, Wolf Absent: Cholmondeley, Paul, Rotella
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15. **Trustee Travel Policy**—Counsel

Consider revisions to the Trustee Travel Policy as previously recommended by the Operations Committee with modifications per Board discussion at its April 23, 2014 meeting.

DISCUSSION AND ACTION: Legal Counsel Alan Blakeboro presented the item and responded to questions from the Board.

MOTION: Adopt and approve the modified Trustee Travel Policy as previously recommended by the Operations Committee and presented by Counsel, with modifications suggested by the Board at its April 23, 2014 meeting.

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

The meeting adjourned at 3:44 p.m.

ATTEST:

Clerk

Chair

Secretary