

**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
July 23, 2014
Hart Auditorium at CenCal Health
4050 Calle Real
Santa Barbara, California**

ROLL CALL 9:00 a.m.

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

Trustee Johnson voted as alternate in the absence of Trustee Paul. Trustee Hagen arrived at 12:55 p.m.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

There was no general public comment.

MINUTES

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

Interim CEO Gregory Levin responded to question from the Board.

MOTION: Approve June 25, 2014 regular Board meeting minutes as amended.

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

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

MOTION: Approve July 9, 2014 special Board meeting minutes as amended.

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

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

MOTION: Adopt Retirement Report.

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

MOTION: Receive and accept Meketa Investment Group’s presentation on its Japan Outlook and Shinzo Abe’s Economic Recovery Plan.

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

DISABILITY RETIREMENT
(Closed Hearing)

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.

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

MOTION: 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.

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

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.

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

MOTION: 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.

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

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.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item and responded to questions from the Board.

MOTION: Deny the application of Karen Derrick Hartman for service-connected disability retirement, subject to timely requested hearing.

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

8. Receive and file the Disability Status Report.

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

MOTION: Receive and file the Disability Status Report.

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

OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing action taken on Disability Items 5, 6, 7 and 8 as listed above.

INVESTMENTS (Cont'd)

- 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: Investment Officer Eli Martinez presented the item and along with Interim Chief Executive Officer Gregory Levin responded to questions from the Board.

MOTION: Receive and accept the presentation comparing Pantheon P4 fees to Hamilton Lane fees.

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

- 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: Investment Officer Eli Martinez and Interim Chief Executive Officer Greg Levin presented the item, and along with Investment Analyst Lauren Thompson, General Counsel Alan Blakeboro and Meketa Principal Mika Malone responded to questions from the Board.

MOTION: Direct Staff to work Legal Counsel and Investment Consultants to bring forth an Investment Consultant Oversight Policy for review by the Operations Committee and consideration by the Board.

Christensen/Rafferty Approved by unanimous voice vote.
Yes: Christensen, Hagen, Johnson,
 Rafferty, Rotella, Tan
No: Cholmondeley
Absent: Paul, Wolf

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: Financial Accounting Analyst Rico Pardo presented the report and along with Interim CEO Gregory Levin and Consulting Actuary Graham Schmidt responded to questions from the Board.

MOTION: Receive and accept the presentation on Cash Flow results for the year ending June 30, 2014.

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

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: Interim CEO Gregory Levin presented the item and along with General Counsel Alan Blakeboro responded to questions and comments from the Board.

MOTION: Receive and accept the report from Mr. Levin on the SACRS letter.

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

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: Consulting Actuaries Graham Schmidt and Anne Harper presented for Cheiron and along with Interim CEO Gregory Levin and General Counsel Alan Blakeboro responded to questions from the Board.

MOTION: Receive and accept Cheiron's presentation on actuarial amortization policies.

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

The Board calendared Friday, September 5, 2014, 9:00 a.m. for a special meeting to consider more specific proposals for funding methodologies and amortization of unfunded actuarial liabilities.

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

DISCUSSION: Gregory Levin presented the update and responded to questions from the Board.

MOTION: Receive and accept the CEO Operations Report and the proposed three-month Board Agenda preview.

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

14. **CEO Recruitment**—Fred Tan
Presentation by Trustee Tan, Chair Ad Hoc Committee on CEO recruitment.

DISCUSSION: Trustee Tan presented and along with General Counsel Alan Blakeboro responded to questions from the Board.

MOTION: Receive and accept presentation on CEO recruitment.

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

The meeting adjourned at 4:00 p.m.

ATTEST:

Clerk

Chair

Secretary