

**SANTA BARBARA COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

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



BOARD OF RETIREMENT

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

MINUTES OF THE BOARD OF RETIREMENT

January 27, 2016

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

ROLL CALL 9:01 a.m.

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

Pledge of Allegiance led by Chair

PUBLIC COMMENT

There was no general public comment.

MINUTES

A. Approve Minutes of December 16, 2015 regular Board meeting.

MOTION: Approve December 16, 2015 regular Board meeting minutes.

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

BOARD

B. Election of Officers:

a. Chair

MOTION: Elect Jennifer Christensen as Chair.

Tan/Paul Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Paul, Rafferty,
Rotella, Tan, Ziegler

Absent: Wolf

b. Vice Chair

MOTION: Elect Fred Tan as Vice Chair.

Christensen/Paul Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Paul, Rafferty,
Rotella, Tan, Ziegler

Absent: Wolf

c. Secretary

MOTION: Elect Mark Paul as Secretary.

Christensen/Rotella Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Paul, Rafferty,
Rotella, Tan, Ziegler

Absent: Wolf

CONSENT

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

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>
D	Mai Franklin	Public Health	19.17353	0.00006
	Lorelei Martinez	Public Health	10.04810	0.04189
D	Erik Olsen	Sheriff	12.83508	0.41529
D R	Ginger White	Sheriff	3.21166	0.12205

D=Deferred
R=Reciprocal

MOTION: Adopt Retirement Report.

Rotella/Rafferty Approved by unanimous voice vote of all present.

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

DISABILITY RETIREMENT

(Closed Hearing)

1. Christopher Pappas, Applicant for Service-connected Disability Retirement:
Grant the application of Christopher Pappas for service-connected disability retirement, subject to timely requested hearing by an interested party.

Applicant's Counsel Mark Singer was present and addressed the Board.

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

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

Trustee Johnson voted in place of Trustee Tan.

Rotella/Johnson Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Johnson, Paul,
Rafferty, Rotella, Ziegler
Absent: Wolf

2. Jenny Stetson, Applicant for Service-connected Disability Retirement:
Grant the application of Jenny Stetson for service-connected disability retirement, subject to timely requested hearing by an interested party.

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

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

Trustee Johnson voted in place of Trustee Tan.

Johnson/Ziegler Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Johnson, Paul,
Rafferty, Rotella, Ziegler
Absent: Wolf

3. Ruby Wolff, Applicant for Service-connected Disability Retirement:
 Refer the application of Ruby Wolff for service-connected disability
 retirement to an evidentiary hearing on all issues.

Applicant and Applicant's husband were present and addressed the Board.

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

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

Trustee Johnson voted in place of Trustee Tan.

Cholmondeley/Rotella Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Johnson, Paul,
Rotella
Abstain: Rafferty, Ziegler
Absent: Wolf

4. Receive and file Disability Status Report.

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

MOTION: Receive and file the Disability Status Report.

Paul/Tan Approved by unanimous voice vote of all present.

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

OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing action taken on Disability Items 1, 2, 3 and 4 as listed above.

BOARD

5. **Education: Active vs. Passive Investing**—Dimensional Fund Advisors

Presentation by Savina Rizova and Ted Simpson of Dimensional Fund Advisors on the efficiency of markets, active vs. passive, and an enhanced passive strategy.

DISCUSSION: Vice President Savina Rizova made the presentation on behalf of Dimensional Fund Advisors and along with Vice President Ted Simpson responded to questions from the Board.

MOTION: Receive and accept the educational presentation presented by Savina Rizova and Ted Simpson of Dimensional.

Rafferty/Cholmondeley Approved by unanimous voice vote of all present.

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

INVESTMENTS

6. **Market Update and November through December Performance Review**
—Meketa Investment Group

Presentation by Managing Principal Stephen McCourt and Assistant Vice President Nick Erickson of Meketa Investment Group on World Market Activities and November through December 2015 performance.

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

MOTION: Receive and accept the November and December Market Update and Preliminary Performance report presented by Stephen McCourt and Nick Erickson of Meketa Investment Group.

Rafferty/Paul Approved by unanimous voice vote of all present

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

7. **Staff Investment Report**—Staff

Presentation by ACEO Ellen Hung on the activities of the System’s investment team and follow up on prior Board of Retirement inquiries.

DISCUSSION: ACEO Ellen Hung presented the item and responded to questions from the Board.

MOTION: Receive and accept the Staff Investment Report.

Zielger/Rafferty Approved by unanimous voice vote of all present.

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

8. **Review of RVK SACRS Universe Report**—Staff

Presentation by ACEO Ellen Hung and Retirement Investment Analyst Lauren Thompson on the review of the 2015 RVK SACRS Universe Report.

DISCUSSION: ACEO Ellen Hung and Retirement Investment Analyst Lauren Thompson presented the report and along with CEO Gregory E. Levin, Board Counsel Alan Blakeboro and Meketa Managing Director Stephen McCourt responded to questions from the Board.

MOTION: Receive and accept the presentation on the RVK SACRS Universe Report.

Rotella/Hagen Approved by unanimous voice vote of all present.

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

9. **RFP Update and Ad Hoc Committee Selection**—Staff

Presentation by ACEO Ellen Hung and Retirement Investment Analyst Lauren Thompson on the status of the current request for proposal for general investment consultant services and selection of an ad hoc Committee to work with staff to select finalists and perform onsite due diligence visits.

DISCUSSION: ACEO Ellen Hung and Retirement Investment Analyst Lauren Thompson presented the report and responded to questions from the Board.

MOTION: Receive and accept the presentation on the status of the request for proposal for general investment consultant services.

Paul/Tan Approved by unanimous voice vote of all present.

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

Chair Christensen appointed an ad hoc committee for overseeing the RFP process, selecting finalists and performing onsite due diligence visits.

- a. Trustee McMillin - Chair
- b. Trustee Ziegler
- c. Trustee Tan - Alternate

BOARD (Cont'd.)

10. **June 30, 2015 Comprehensive Annual Financial Report**

—Brown Armstrong Accountancy Corporation

Presentation by Brown Armstrong Partner Andrew Paulden, CPA and Brook Baird, CPA to present the Comprehensive Annual Financial Report for Fiscal Year June 30, 2015 (“CAFR”) to the Board.

DISCUSSION: Brown Armstrong Partner Andrew Paulden, Brown Armstrong Partner Andrew Paulden, presented the CAFR and along with CEO Gregory E. Levin, ACEO Brian Richard and Accounting Manager Rico Pardo responded to questions from the Board.

MOTION: Receive and file the CAFR for Fiscal Year ending June 30, 2015.

Paul/Rafferty Approved by unanimous voice vote of all present.

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

11. **Quarterly Cash Flow Report Quarter Ending December 31, 2015**—Staff

Presentation by Accounting Manager Rico Pardo on the Cash Flow Report for the quarter ending December 31, 2015.

DISCUSSION: Accounting Manager Rico Pardo presented the report and responded to questions from the Board.

MOTION: Receive and accept the quarter ending December 31, 2015 Cash Flow Report.

Rotella/Rafferty Approved by unanimous voice vote of all present.

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

12. **Fiscal Year Ending June 30, 2016 Mid - Year Budget Review**—Staff

Presentation by ACEO Ellen Hung and Rico Pardo, Accounting Manager, on the System's Mid-Year Budget Review for Fiscal Year 2015-2016.

DISCUSSION: Accounting Manager Rico Pardo presented the report and along with CEO Gregory E. Levin, ACEO Brian Richard and Board Counsel Alan Blakeboro responded to questions from the Board.

MOTION: Receive and file the mid-year budget report for the period ending December 31, 2015 and approve a budget increase to line item account 7467 – Physician Fees in the amount of \$45,000.

Rotella/ Paul Approved by unanimous voice vote of all present.

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

13. **SACRS Legislative Initiatives**—Staff

Presentation by Board Counsel Alan Blakeboro and CEO Gregory Levin on SACRS legislative initiative to establish options for retirement systems to become independent special districts.

DISCUSSION: Board Counsel Alan Blakeboro presented the item and Along with CEO Gregory E. Levin responded to questions from the Board.

MOTION: Receive and accept the presentation and direct the CEO to communicate to the SACRS Legislative Committee Chair comments made by individual Board Members regarding the proposal, without any collective action by the Board of Retirement.

Cholmondeley/Paul Approved by unanimous voice vote of all present.

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

16. **Cost of Living Adjustment Rate Approval**—Staff

Presentation by CEO Gregory E. Levin of Cheiron’s calculation of the Cost of Living Adjustment (“COLA”) to take effect April 1, 2016, for existing retirees and beneficiaries.

DISCUSSION: CEO Gregory E. Levin presented the item and responded to questions from the Board.

MOTION: Receive and accept Cheiron’s report presented by Staff and adopt the rates set forth in Cheiron’s report.

Cholmondeley/Paul Approved by unanimous voice vote of all present.

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

14. **Conflict of Interest Code**—Staff

Presentation by CEO Gregory Levin and the Operations Committee on the SBCERS Conflict of Interest Code.

DISCUSSION: CEO Gregory E. Levin presented the item and responded to questions from the Board.

MOTION: Approve amendments to the SBCERS Conflict of Interest Code as recommended by the Board of Retirement Operations Committee.

Rafferty/Rotella Approved by unanimous voice vote of all present.

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

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

DISCUSSION: CEO Gregory E. Levin presented the item and responded to questions from the Board.

MOTION: Receive and file the Operations Report, authorize the attendance of interested trustees at upcoming training events requiring Board pre-approval, as requested, and receive and file the 3-Month Look Ahead Calendar.

Rotella/Hagen Approved by unanimous voice vote of all present.

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

The meeting adjourned at 3:50 p.m.

ATTEST:

Clerk

Chair

Secretary