

**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
Al Rotella
Janet Wolf
Steven Johnson
John McMillin

MINUTES OF THE BOARD OF RETIREMENT

April 27, 2016

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

ROLL CALL 9:10 a.m.

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

Trustee Tan arrived at 9:17 a.m. Trustee Christensen left the meeting at 3:11 p.m.

Pledge of Allegiance led by Chair

PUBLIC COMMENT

There was no general public comment.

MINUTES

A. Approve Minutes of March 16 and 17, 2016 regular Board meetings.

MOTION: Approve March 16 and 17, 2016 regular Board meeting minutes as amended.

Trustee Johnson voted in Trustee Tan's absence.

Johnson/Paul

Approved by unanimous voice vote of all present.

Yes: Cholmondeley, Christensen,
Hagen, Johnson, Paul, Rafferty,
Wolf

Absent: Rotella, Tan

B. Approve Minutes of March 11, 2016 special Board meeting.

MOTION: Approve March 11, 2016 special Board meeting minutes.

Trustee Johnson voted in Trustee Tan's absence.

Paul/Johnson Approved by voice vote.
Yes: Cholmondeley, Christensen,
Hagen, Johnson, Paul, Rafferty
Abstain: Wolf
Absent: Rotella, Tan

CONSENT

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

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>
D	Stanley Schulte	Social Services	9.37929	0.37111
R	Kevin Ready	County Counsel	25.54690	0.36999
DR	Vivian Nelson	Public Health	21.44658	0.25482
	Sandra Copley	Public Health	17.34074	0.48586
	George Medina	Sheriff	13.20215	0.39904
	Virgilio Cortez	Sheriff	17.38308	0.30220
	Kevin Drude	Planning & Development	25.88863	0.60822
DR	Albert Rodriguez	ADMHS	11.53768	0.26787
D	Lynda McCool	ADMHS	8.86403	0.22480
D	Kristi King	Public Health	5.84598	0.09607
R	Zoraida Abresch	Planning & Development	26.50195	0.43026
	Angela Sanders	DRO	2.68135	0.00000
DR	Martha Cody	County Counsel	3.04140	0.08955
	Therese Lewis	Public Health	12.39882	0.08234
D	Jan Stricklin	Social Services	20.49562	0.00283
Dis	Christopher Pappas	Sheriff	20.42890	0.07099

D=Deferred
R=Reciprocal
Dis=Disability Retirement

MOTION: Adopt Consent Agenda.

Trustee Johnson voted in Trustee Tan's absence.

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

DISABILITY RETIREMENT
(Closed Hearing)

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

Applicant Jeffrey Fredericks was present and addressed the Board.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item.

MOTION: Refer the application of Jeffrey Fredericks for service-connected disability retirement to an evidentiary hearing on all issues.

Trustee Johnson voted in place of Trustee Tan.

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

1. Mary Alice Baez, Applicant for Service-connected Disability Retirement:
Adopt the proposed Findings of Fact, Conclusions of Law and Decision denying Mary Alice Baez a service-connected disability retirement.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item.

MOTION: Continue item in order for staff to determine whether the Applicant timely requested a hearing.

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

3. 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/Wolf

Approved by unanimous voice vote of all present.

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

Absent: Rotella

OPEN MEETING

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

INVESTMENTS

4. **Market Update and March Performance Review**—Meketa Investment Group

Presentation by Principal Mika Malone of Meketa Investment Group on World Market Activities and March 2016 performance.

DISCUSSION: Principal Mika Malone made the presentation on behalf of Meketa Investment Group and responded to questions from the Board.

MOTION: Receive and accept the March Market Update and Preliminary Performance report presented by Mika Malone of Meketa Investment Group.

Rafferty/Hagen

Approved by unanimous voice vote of all present.

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

Absent: Rotella

5. **Small Cap Growth Manager Search**—Meketa Investment Group

Presentation by Principal Mika Malone and Colleen Smiley of Meketa Investment Group on a replacement search for Nichols Asset Management the System's Small Cap Growth equity manager. Additional presentations to be made by Westfield Capital Management and Rice Hall James and Associates.

DISCUSSION: Principal Mika Malone and Senior Vice President Colleen Smiley made the presentation on behalf of Meketa Investment Group and along with CEO Gregory E. Levin and Board Counsel Alan A. Blakeboro responded to questions from the Board.

MOTION: Receive and accept the presentations from Meketa Investment Group, Westfield Capital Management and Rice Hall James and Associates and authorize the CEO to execute a contract in writing with Rice Hall James and Associates.

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

6. **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 report and responded to questions from the Board.

MOTION: Receive and accept the Staff Investment Report.

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

BOARD

7. **Quarterly Cash Flow Report Quarter Ending March 31, 2016**—Staff

Presentation by Accounting Manager Rico Pardo on the Cash Flow Report for the quarter ending March 31, 2016.

DISCUSSION: Accounting Manager Rico Pardo presented the item and along with CEO Gregory E. Levin, ACEO Ellen Hung and Investment Analyst Lauren Thompson responded to questions from the Board.

MOTION: Receive and accept the quarter ending March 31, 2016 Cash Flow Report.

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

8. **Policy: Pension Enhancement Review**

Presentation by CEO Gregory Levin, CPA and General Counsel Alan Blakeboro on the Pension Enhancement Review policy.

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

MOTION: Adopt the Pension Enhancement Review Policy, with amendments.

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

9. **Policy: Employer Records Audit Policy—Staff**

Presentation by CEO Gregory Levin, CPA and General Counsel Alan Blakeboro on the Employer Records Audit Policy.

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

MOTION: Approve the Employer Records Audit Policy, with amendments.

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

10. **Policy: SACRS Delegate—Staff**

Presentation by CEO Gregory E. Levin and General Counsel Alan A. Blakeboro on the SACRS Delegate Policy.

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

MOTION: Approve items 1-4 in the proposed amended SACRS Delegate Appointment Policy and refer the balance of the policy to the Operations Committee for further amendments.

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

11. **SACRS Business Meeting Agenda and Delegate Instruction**—Staff

Presentation by CEO Gregory E. Levin and General Counsel Alan A. Blakeboro on the SACRS Business meeting Voting Package and delegate instruction.

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

MOTION: SBCERS' delegate shall vote to support SACRS Legislative Committee AB 2376, SACRS Bylaws Committee changes and the SACRS Board of Directors slate.

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

DISCUSSION: General Counsel Alan A. Blakeboro continued the presentation and responded to questions from the Board.

MOTION: SBCERS' delegate shall vote not to support SACRS Legislative Committee AB 1853.

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

MOTION: Appoint Trustee Tan as delegate, with CEO Gregory E. Levin as first alternate and ACEO Brian Richard as second alternate for the May 2016 SACRS business meeting to vote as the Board has directed.

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

12. **Policy: Interest Crediting and Available Earnings Policy**—Staff

Presentation by CEO Gregory Levin and General Counsel Alan Blakeboro on proposed amendments to the Interest Crediting and Available Earnings Policy recommended by the Operations Committee.

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

MOTION: Approve the Interest Crediting and Available Earnings Policy, with amendments.

Wolf/Paul

Approved by unanimous voice vote of all present.

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

Absent: Rotella

13. **CEO Operations Report**—Gregory E. Levin, CPA CEO

Presentation by Gregory Levin on significant operational activities of SBCERS.

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

MOTION: That the Board consider the operations report and take the following actions:

- a. Receive and file the Operations Report,
- b. Authorize the attendance of interested trustees at upcoming training events requiring Board pre-approval, as requested, and
- c. Receive and file the 3-Month Look Ahead Calendar.
- d. Receive and file the Quarterly Board education Report.

Hagen/Paul

Approved by unanimous voice vote of all present

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

Absent: Rotella

CLOSED SESSION

(2:25 p.m. to 2:56 p.m.)

PUBLIC EMPLOYEMENT -- CEO

Pursuant to Government Code Section 54957(b).

OPEN SESSION

Chair Christensen reported that no reportable action had been taken in closed session.

14. **Public Employee Compensation**—Staff

Consider compensation for the Chief Executive Officer for the 2016-2017 fiscal year.

DISCUSSION: The Board discussed recommendations of the Operations Committee pertaining to CEO compensation.

MOTION: Approve a six percent increase in compensation of the CEO effective immediately.

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

Chair Christensen left the meeting and Trustee Johnson voted in her absence.

MOTION TO RECONSIDER: Reconsider the previous vote.

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

MOTION: Approve a six percent increase in compensation for the CEO effective July 1, 2016.

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

The meeting adjourned at 3:24 pm.

ATTEST:

Clerk

Chair

Secretary