

**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

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**MINUTES OF THE BOARD OF RETIREMENT**

**July 27, 2016**

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

**ROLL CALL 9:02 a.m.**

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

Trustee Rafferty arrived at 9:55 a.m.

Pledge of Allegiance led by Chair

**PUBLIC COMMENT**

There was no general public comment.

**MINUTES**

A. Approve Minutes of June 22, 2016 regular Board meeting.

**MOTION:** Approve June 22, 2016 regular Board meeting minutes.

Hagen/Paul

Approved by voice vote.

Yes: Cholmondeley, Christensen,  
Hagen, Paul, Tan

Absent: Rafferty, Rotella

Abstain: Wolf

**CONSENT**

C-1. Anthony F. Masiel, Applicant for Disability Retirement:  
Grant Applicant’s request for a service retirement, pending final determination of his entitlement to disability retirement.

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

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>
	Manuel Berroteran	General Services	14.87960	0.52062
	Trina Boyce	Probation	22.19536	0.76493
D	Robert Hample	Probation	17.05871	0.36868
	Angie Herrera	Public Health	10.02114	0.07717
D R	Mara Murphy	Courts	15.54955	0.00229
	Roger Quaglia	Sheriff	15.02495	0.38666
D	Amy Ramos	Human Resources	16.16604	0.59555
D	Albert Ronyecz	APCD	7.26748	0.13761

D=Deferred  
R=Reciprocal

**MOTION:** Adopt Consent Agenda.

Wolf/Paul

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

**DISABILITY RETIREMENT**  
(Closed Hearing)

1. Jonathan Fernandez, Applicant for Service-connected Disability Retirement:  
Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Jonathan Fernandez a service-connected disability retirement.

Trustee Paul recused himself and left the boardroom. Trustee Johnson voted in Trustee Paul’s absence.

**DISCUSSION:** Disability Program Manager Cristal Rodriguez presented the item.

**MOTION:** Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Jonathan Fernandez a service-connected disability retirement.

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

2. Martin J. Rose, Applicant for Service-connected Disability Retirement:  
Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Martin J. Rose a service-connected disability retirement.

Trustee Paul returned to the boardroom. Trustee Johnson voted in place of Trustee Tan as Law Enforcement Safety Member.

**DISCUSSION:** Disability Program Manager Cristal Rodriguez presented the item.

**MOTION:** Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Martin J. Rose a service-connected disability retirement.

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

3. Russell Sechler, Applicant for Service-connected Disability Retirement:  
Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Russell Sechler a service-connected disability retirement.

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

**MOTION:** Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Russell Sechler a service-connected disability retirement.

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

4. Mark Suarez, Applicant for Service-connected Disability Retirement:  
Grant the application for service-connected disability retirement of Mark C. Suarez based on the presumption of Government Code §31720.5 that the member's condition arose from his County employment, subject to timely requested hearing by an interested party.



## OPEN MEETING

Counsel Blakeboro summarized the Closed Hearing action taken on Disability Items 1, 2, 3, 4, 5 and 6 as listed above.

## INVESTMENTS

7. **Investment Education: Transition Management**—RVK, BlackRock

Educational presentation by RVK and BlackRock on investment transition processes, why SBCERS uses transition managers and how to evaluate investment transitions.

Trustee Rafferty arrived at 9:55 a.m.

**DISCUSSION:** RVK Consultants Marcia Beard and Matthias Bauer, with Blackrock representatives Anthony Freitas, Drew Pinson and Tom Holmes presented Transition Management Education and along with CEO Gregory E. Levin, ACEO Ellen Hung, Investment Analyst Lauren Thompson and General Counsel Alan Blakeboro responded to questions from the Board.

**MOTION:** Receive and accept the educational presentation on Transition Management from RVK and BlackRock.

Tan/Rafferty

Approved by unanimous voice vote of all present.

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

Absent: Rotella

8. **Monthly Performance and World Market Update**—RVK

Presentation by RVK on World Market Activities and June 2016 performance and the activities of the System's investment team and follow up on prior Board of Retirement inquiries.

**DISCUSSION:** Consultant Marcia Beard presented the report on behalf of RVK and along with Matthias Bauer and Spencer Hunter responded to questions from the Board.

**MOTION:** Receive and accept the June Market Update and June 2016 performance report presented by RVK.

Rafferty/Hagen

Approved by unanimous voice vote of all present.

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

Absent: Rotella

9. **Aberdeen Global High Yield Review**—RVK

Presentation by RVK on the Aberdeen Global High Yield strategy and recent departures by key staff. Consideration of RVK's recommendation to terminate the Aberdeen Global High Yield Strategy.

**DISCUSSION:** Consultant Spencer Hunter presented the review on behalf of RVK and along with Marcia Beard, Matthias Bauer, CEO Gregory E. Levin and Investment Analyst Lauren Thompson responded to questions from the Board.

**MOTION:** Take action on RVK's recommendation to terminate the Aberdeen Global High Yield strategy and move up to \$15 million to the Hotchkis & Wiley US High Yield strategy, to maintain 2% policy weight to High Yield, the remainder to Reams Core Plus Fixed Income until a Fixed Income Structure Study is completed and return with follow up on manager selection.

Wolf/Tan

Approved by unanimous voice vote of all present.

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

Absent: Rotella

10. **Investment Education: Asset Liability Process**—RVK

Educational presentation by RVK on Asset Liability Studies and Capital Market Assumptions.

**DISCUSSION:** Consultant Marcia Beard presented the Asset Liability Process education and responded to questions from the Board.

**MOTION:** Receive and accept the educational presentation from RVK on Asset Liability Studies and Capital Market Assumption.

Rafferty/Paul

Approved by unanimous voice vote of all present.

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

Absent: Rotella

11. **Investment Staff Report and Custodial Account Structure Review**—Staff

Presentation by SBCERS Investment Staff on the investment activities of the System and an overview of the custodial account structure used by SBCERS at the Bank of New York Mellon.

**DISCUSSION:** Investment Analyst Lauren Thompson presented the review and along with CEO Gregory E. Levin, ACEO Ellen Hung and Consultant Marcia Beard responded to questions from the Board.

**MOTION:** Receive and accept the Investment Staff report and the Custodial Account Structure presentation.

Paul/Tan

Approved by unanimous voice vote of all present.

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

Absent: Rotella

**BOARD**

12. **OPEB Plan Investment and Activity Report**—Staff

Presentation by SBCERS Staff on the investment results for the OPEB plan and related operational statistics on plan administration activities.

**DISCUSSION:** CEO Gregory E. Levin presented the item and along with ACEO Brian Richard and Investment Analyst Lauren Thompson responded to questions from the Board.

**MOTION:** Receive and accept the Quarterly report on OPEB plan investment activity.

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

13. **Quarterly Cash Flow**—Staff

Presentation by SBCERS Finance Staff on the Cash Flow Report for the quarter ending June 30, 2016.

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

**MOTION:** Receive and accept the quarter ending June 30, 2016 Cash Flow Report.

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

14. **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:** 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.

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



The meeting adjourned at 2:03 p.m.

ATTEST:

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Clerk

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Chair

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Secretary