

**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
Suzi Schomer
Janet Wolf

Alternates
Steven Johnson
John McMillin

MINUTES OF THE BOARD OF RETIREMENT

October 26, 2016

**Coastal Room at Employees' University
267 Camino del Remedio
Santa Barbara, California**

ROLL CALL 9:03 a.m.

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

Pledge of Allegiance led by Chair

PUBLIC COMMENT

There was no general public comment.

MINUTES

A. Approve Minutes of September 28, 2016 regular Board meeting.

MOTION: Approve September 28, 2016 regular Board meeting minutes.

Paul/Wolf

Approved by voice vote.

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

Absent: Rotella

BOARD

B. Oath of Office:

Suzi Schomer is sworn in as the ninth member of the Board of Retirement by Trustee Hagen.

CONSENT

C-1. David H. Milner, Applicant for Disability Retirement:

Grant Applicant’s request for a service retirement, pending final determination of his entitlement to disability retirement.

C-2. **Adopt Retirement Report.**

	<u>Name</u>	<u>Department</u>	<u>Service Credit</u>	<u>Sick Leave Credit</u>
	Hortencia Alcantar	District Attorney	31.64017	0.01611
D R	Maureen Basile	Fire	0.16273	0.00940
	William Caballero	Public Works	16.35512	0.01559
	Susan Cortese	Behavioral Wellness	10.49125	0.23249
Dis	Jonathan Fernandez	Public Works	23.21132	0.00033
	Maria Guerra	District Attorney	19.03365	0.21259
	Richard Jimenez	Behavioral Wellness	26.66388	0.00033
	Trevor Langlands	Parks	25.72301	0.73495
	Jerry Lasuta II	Child Support Services	21.10079	0.19448
	Charles Lincoln	General Services	31.89052	0.57747
	James Pierce	Planning & Development	33.11950	0.37191
	Christina Rodriguez	Auditor-Controller	31.92204	0.00456
	Robin Sager	Clerk-Assessor-Recorder	20.04431	0.01410

D=Deferred
R=Reciprocal
Dis=Disability Retirement

MOTION: Adopt Consent Agenda.

Paul/Tan

Approved by unanimous voice vote of all present.

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

Absent: Rotella

DISABILITY RETIREMENT

(Closed Hearing)

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

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item.

MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision granting Thomas Morgan a service-connected disability retirement`.

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

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

Absent: Rotella

2. Vickie L. Ponce, Applicant for Service-connected Disability Retirement:
Deny the application of Vickie L. Ponce for service-connected disability
retirement, subject to timely requested hearing by an interested party.

Trustee Johnson voted as Law Enforcement Safety Alternate in place of Trustee Tan.

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

MOTION: Refer the application of Vickie L. Ponce for service-connected
disability retirement to an evidentiary hearing.

Cholmondeley/Wolf Failed by roll call vote.

Yes: Cholmondeley, Wolf
No: Christensen, Hagen, Johnson,
Paul, Rafferty

Abstain: Schomer

Absent: Rotella

MOTION: Deny the application of Vickie L. Ponce for service-connected
disability retirement, subject to timely requested hearing by an
interested party.

Christensen/Johnson Approved by roll call vote.

Yes: Christensen, Hagen, Johnson,
Paul, Rafferty

No: Cholmondeley, Wolf

Abstain: Schomer

Absent: Rotella

3. Beatrice La Cerda, Applicant for Service-connected Disability Retirement:
Adopt the proposed Findings of Fact, Conclusions of Law and Decision
denying Beatrice de La Cerda a service-connected disability retirement.

DISCUSSION: Disability Program Manager Cristal Rodriguez presented the item.

MOTION: Adopt the proposed Findings of Fact, Conclusions of Law and Decision denying Beatrice de La Cerda a service-connected disability retirement.

Wolf/Rafferty

Approved by unanimous voice vote of all present.

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

Absent: Rotella

4. Receive and file Disability Status Report.

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

MOTION: Receive and file the Disability Status Report.

Rafferty/Hagen

Approved by unanimous voice vote of all present.

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

Absent: Rotella

OPEN MEETING

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

BOARD

5. **Appeal of CEO Determination of Amount Due From Member Laurie Holbrook**
—Staff

Board of Retirement consideration of a member appeal to review a staff determination that an amount is due to the System from the member prior to the System initiating collection action with respect to such amount.

DISCUSSION AND ACTION

MOTION: Defer action on the appeal and direct staff to continue negotiations with Ms. Holbrook regarding a resolution.

Christensen /Rafferty

Approved by roll call vote.

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

Absent: Rotella

INVESTMENTS

6. **Monthly Performance and World Market Update**—RVK, Inc.

Presentation by Principal Matthias Bauer of RVK, Inc. on World Market Activities and September 2016 performance.

DISCUSSION: Principal Matthias Bauer presented the Monthly Performance and World Market Update for RVK, Inc. and responded to questions from the Board.

MOTION: Receive and accept the September 2016 Market Update and Preliminary Performance report presented by report presented by Matthias Bauer of RVK, Inc.

Wolf/Rafferty

Approved by unanimous voice vote of all present.

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

Absent: Rotella

BOARD (Cont'd.)

7. **Preliminary Results of Actuarial Valuation and Triennial Actuarial Experience Study**—Cheiron

Presentation by Graham Schmidt and Anne Harper of Cheiron, Inc. on the preliminary results of the SBCERS June 30, 2016 Actuarial Valuation and the Triennial Actuarial Experience Study for the period of June 30, 2013 through June 30, 2016 and recommended changes in demographic and economic assumptions.

DISCUSSION: General Counsel Alan A. Blakeboro provided education on fiduciary considerations and Consulting Actuaries Graham Schmidt and Anne Harper presented the Preliminary Results of Actuarial Valuation and Triennial Actuarial Experience Study and responded to questions from the Board.

Santa Barbara County Executive Officer Mona Miyasato, Budget Director Tom Alvarez, Executive Director COLAB Santa Barbara County Andy Caldwell and SEIU Local 620 Representative Darryl Scheck provided public comment on the item to the Board of Retirement.

MOTION: Adopt option 3 contained in Cheiron's presentation regarding economic assumptions, with modification resulting in (1) a reduction of the real rate of return of 25bps to 4.25 percent,(2) a reduction of the inflation assumption of 25 bps to 2.75 percent, (3) a reduction of the Real Wage Growth assumption to 25 bps above inflation (3.00 percent) and (4)

direction to the Actuary to prepare the June 30, 2016 Actuarial Valuation using the adopted assumptions.

Rafferty/Paul

Approved by roll call vote.

Yes: Christensen, Hagen, Paul,
Rafferty, Schomer

No: Cholmondeley, Tan, Wolf

Absent: Rotella

INVESTMENTS (Cont'd.)

8. **ORG Oversight Review**—Staff

Presentation by ACEO Ellen Hung and Investment Analyst Lauren Thompson of the ORG Investment Consultant Oversight Final Review Report.

DISCUSSION: ACEO Ellen Hung and Investment Analyst Lauren Thompson presented the ORG Oversight Review for SBCERS and along with Trustee Paul responded to questions from the Board.

MOTION: Receive and accept the ORG Investment Consultant Oversight Final Review report and direct staff to prepare a draft request for proposal for Real Estate Consultant services and bring back to the Board for discussion of a staff analysis of discretionary vs. non-discretionary private real estate investment and consideration of the draft request for proposal.

Paul/Rafferty

Approved by unanimous voice vote of all present.

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

Absent: Rotella

9. **Investment Staff Report**—Staff

Presentation by SBCERS Investment Staff on the investment activities of the System.

DISCUSSION: Investment Analyst Lauren Thompson presented the Investment Staff Report for SBCERS and responded to questions from the Board.

MOTION: Receive and accept the Investment Staff report presentation.

Hagen/Paul

Approved by unanimous voice vote of all present.

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

Absent: Rotella

BOARD (Cont'd.)

10. **Pension Gold Contract**—Staff

Presentation by ACEO Brian Richard on the proposed contract for the Pension Gold Version 3 Pension Administration System, PageCenterX document management system, membership web portal, and hosting service and the results of a survey conducted of peer systems on Pension Administration System implementation projects.

DISCUSSION: ACEO Brian Richard presented the report and responded to questions from the Board, along with CEO Greg Levin and General Counsel Alan Blakeboro.

MOTION: Authorize the CEO to enter into a written contract for services with Levi, Ray and Shoup for the implementation of Pension Gold Version 3, PageCenterX document management system, membership web portal, and hosting service in the amount of \$4,218,501.

Christensen/Tan

Approved by unanimous voice vote of all present.

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

Absent: Rotella

11. **Quarterly Cash Flow**—Staff

Presentation by SBCERS CEO Gregory Levin on the Cash Flow Report for the quarter ending September 30, 2016

DISCUSSION

MOTION: Receive and accept the Quarterly Cash Flow Report.

Paul/Hagen

Approved by unanimous voice vote of all present.

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

Absent: Rotella

12. **CEO Operations Report**—Gregory E. Levin, 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.

Trustee Johnson voted in the absences of Trustee Cholmondeley and Alternate Retiree Trustee McMillin.

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. Direction voting delegate to vote “no” on the two legislative matters under consideration at SACRS and,
- d. Approve the 2017 Board of Retirement Calendar and,
- e. Receive and file the 3-Month Look Ahead Calendar.

Rafferty/Hagen

Approved by unanimous voice vote of all present.

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

Absent: Rotella

The meeting adjourned at 3:33p.m.

ATTEST:

Clerk

Chair

Secretary