

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD IN THE CONFERENCE ROOM AT  
CITY HALL ON TUESDAY,  
MAY 29, 2007,  
AT 1 PM**

**I. ROLL CALL: ..... 1 PM**

**A. Employees' Retirement Board:**

The Chair called the meeting to order at 1:06 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Chair), Interim Finance Director Mark Bates, Robert Lepa, and Robert Kahant. Mayor Jeff Clemens was absent. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, Sugarman & Susskind and Recording Secretary Evanna Stephenson, City Clerk's Office.

**B. Police Retirement Board:**

The Chair called the meeting to order at 1:06 p.m.

Trustees present from the Police Retirement Board were Lt. Kenneth White (Chair), Officer Mark Bouchard (Vice Chair), and Interim Finance Director Mark Bates. Mayor Jeff Clemens and Gary "Bo" Allen were absent. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, Sugarman & Susskind and Recording Secretary Evanna Stephenson, City Clerk's Office.

**II. ADDITIONS/DELETIONS/REORDERING:**

**A. Employees' Retirement Board:**

None.

**B. Police Retirement Board:**

None.

**C. Employees' and Police Retirement Boards:**

1. Reorder Unfinished Business, Item C-1c before Unfinished Business, Item A-1
2. Reorder Unfinished Business, Item C-1a to follow Unfinished Business, Item C-1c

**3. Reorder Unfinished Business, Item C-1b to follow Unfinished Business, Item C-1a**

CONSENSUS - approve the agenda as set at this time.

**(C. Employees' and Police Retirement Boards:)**

**(1. Interview candidates to replace Davis, Hamilton, Jackson & Associates)**

**(c.) John Murphy, Santa Barbara**

Santa Barbara was founded in 1987, \$4.6 billion in assets under management, 33 employees, 14 investment professionals, and headquartered in Santa Barbara, California, with an office in Pasadena, California.

The portfolio consisted mainly of Large Cap, Stable Growth companies, the investment philosophy and process remained unchanged since inception, and a benchmark to the Russell 1000 Growth and S&P 500.

The research team consisted of senior professionals averaging over 20 years of investment experience, the Chief Investment Officer oversaw the investment strategy and the Director of Research managed the security research process, and analysts employed traditional, bottom-up fundamental analysis.

Santa Barbara primarily invests in companies that exhibit stable and consistent earnings growth. Defendable competitive advantages, strong management, and low dependence on capital markets were three key qualities that drive stable earnings growth.

**(a.) Manisha A. Thakor and Robert M Hopson III, Fayez Sarofim**

Fayez Sarofim was founded in 1958, the sole objective was investment management, assets have grown to a current value of approximately \$32.3 billion, and 133 total employees.

The management team consisted of investment committee of 11 principals with an average of 29 years of industry experience and 16 analysts and/or portfolio managers with an average of 12 years of industry experience.

The strategy was to own established quality companies which have industry leadership, management expertise, financial strength, predictable earnings growth, and global prominence.

**(b.) Christopher A. Reynolds, Rigel Capital**

Rigel Capital's sole objective was to outperform in up markets and better preserve capital for clients in down markets, the team culture consisted of employee ownership, the organizational structure was investment focused with the Chairman/CIO concentrating on investment center functions and directors overseeing non-investment related area, the investment center consisted of an eight member team, and the integrated risk control consisted of a Portfolio Manager and a Risk Control Officer working together to achieve results.

Questions arose regarding if the Trustees were considering keeping Davis, Hamilton, Jackson & Associates.

Mr. Cole, Merrill Lynch, explained that guidelines were not flexible, but a compromise might be to keep them for a small portion.

Ms. Hurley asked if the Trustees wanted to wait until after July to make a change.

Mr. Lepa left the meeting at 3:00 p.m. and returned at 3:01 p.m.

Lt. White asked why not go only with Fayez Sarofim.

Mr. Lepa left the meeting at 3:06 p.m. and returned at 3:07 p.m.

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to divide the funds in Davis, Hamilton, Jackson & Associates into three equal amounts with 1/3 going to Rigel Capital, 1/3 going to Fayez Sarofim, and 1/3 staying with Davis, Hamilton, Jackson & Associates.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant. NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to divide the funds in Davis, Hamilton, Jackson & Associates into three equal amounts with 1/3 going to Rigel Capital, 1/3 going to Fayez Sarofim, and 1/3 staying with Davis, Hamilton, Jackson & Associates.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

**III. UNFINISHED BUSINESS:**

**A. Employees' Retirement Board:**

**1. Discuss hurricane pay and a letter addressed to participants regarding hurricane pay**

The Board Attorney explained the letter regarding hurricane pay was re-written based on the Board's input. The letter gave participants the opportunity to make installment payments, not less than \$25 per pay period over a six month period.

Ms. Hurley asked about the status of the list of members who worked during the hurricanes.

Mr. Lepa asked if the Board could approve the letter.

Mr. Bates asked who would sign the letter and for clarification of hurricane pay.

The Board Attorney said employees that did not work during the hurricane got paid for eight hours of work, and their pay had a pension deduction. Employees who worked did not get credit because their pay was considered overtime pay, and overtime pay did not have pension contributions deducted. He said the Board had an opinion letter stating the first eight hours of hurricane pay should have been credited time, and pension contributions should have been deducted.

Mr. Bates said Ms. Costello, former Finance Director, suggested that hurricane pay should be handled on a case by case basis because the money would wash out after two years.

Action: Motion made by Mr. Lepa to approve the letter as presented.

Motion died for lack of a second.

Mr. Bates suggested the letter should state a term not to exceed six months and removing the dollar amount on the individual letters and attaching a list.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to allow the Interim Finance Director to make the necessary changes to the letter.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant.  
NAYS: None.

**B. Police Retirement Board:**

**1. Update regarding duty disability for Robert Barrett**

The Board Attorney said the Board had not received the report from the Independent Medical Examiner (IME). He said the Board could schedule a special meeting between now and the next regular meeting to approve Officer Barrett's disability.

Lt. White asked the Board Attorney if his staff could contact the Board Secretary as soon as they have received the report.

**2. Update regarding duty disability for Sandra Owens**

The Board Attorney said his office had not received all of the medical records for Officer Owens, and staff would schedule her an appointment with the IME as soon as possible.

**3. Annual review of disability for Michael Shields**

Lt. White asked if the Board had received the Affidavit from Michael Shields and if he was the last one to submit information.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to continue disability benefits for Michael Shields.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

**C. Employees' and Police Retirement Boards:**

**1. Interview candidates to replace Davis, Hamilton, Jackson & Associates**

**a. Manisha A. Thakor and Robert M Hopson III, Fayez Sarofim**

This item was reordered and discussed earlier in the meeting.

**b. Christopher A. Reynolds, Rigel Capital**

This item was reordered and discussed earlier in the meeting.

**c. John Murphy, Santa Barbara**

This item was reordered and discussed earlier in the meeting.

## **2. Discuss changing the meeting time**

Discussion ensued regarding changing the meeting time to 1 p.m.

Action: Motion made by Mr. Lepa and seconded by Mr. Bates to change the meeting time to 1 p.m.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant. NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to change the meeting time to 1 p.m.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

CONSENSUS - to discuss all Police items before the Board loses a quorum.

## **(IV. NEW BUSINESS:)**

### **(B. Police Retirement Board:)**

**(1.) Schedule election and appoint Judge and Clerk to conduct an election for Police member to serve on Board for a two-year term to expire August 1, 2009 (Mark Bouchard's term expires 08-01-07)**

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to schedule an election for a Police member to serve on the Board to be held on July 17-20, 2007, with votes counted on July 20, 2007, and direct Lt. White to coordinate a Judge and Clerk.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

### **(C. Employees' and Police Retirement Boards:)**

**(1.) Consider canceling June 26, 2007, meeting due to the 2007 FPPTA Conference**

Action: Motion made by Mr. Lepa and seconded by Mr. Bates to cancel June 26, 2007, meeting due to the 2007 FPPTA Conference

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant. NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to cancel June 26, 2007, meeting due to the 2007 FPPTA Conference.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

**(V. CONSENT AGENDA:)**

**(B. Police Retirement Board:)**

1. Authorize payment of invoice from Sugarman & Susskind, in amount of \$1,640.94
2. Authorize payment of invoice from Calamos Investments, for January 1, 2007 - March 31, 2007, in amount of \$2,618.23
3. Authorize payment of invoice from Gabriel, Roeder, Smith & Company, for charges since 09/30/06 for preparation of the 10/01/06 Actuarial Valuation Report, (Proj #100790-106), in amount of \$1,711 and preparation of page 6a for the 2006 State Report, (Proj #100790-106), in amount of \$550; total amount - \$2,261
4. Authorize payment of invoice from MD Sass, for quarter ending March 31, 2007, in amount of \$1,658.25
5. Authorize payment of invoice from Merrill Lynch, for 2006 consulting fees, in amount of 2,704.90

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to approve Consent (B), in its entirety, as presented.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

**(C. Employees' and Police Retirement Boards:)**

1. Approve minutes of January 23, 2007, joint meeting, as presented
2. Ratify refunds of pension contributions as reported by Finance Department

Employees Pension Fund:

Checks Disbursed 04-30-07

Pedro Barrera, PW - Cemetery, 3 Years/9 Months/28 Days, \$5,064.04, separated April 6, 2007

Jan Green, Utilities - Customer Service, 1 Month/18 Days, \$188.35, separated March 23, 2007

Ronald Griffin, PW - Parks, 3 Years/9 Months/25 Days, \$6,102.87, separated March 27, 2007

Aleandro Lopez, Building & Zoning, 9 Months/18 Days, \$1,763.43, separated March 16, 2007

Police Pension Fund:

Checks Disbursed 04-30-07

Anthony Morales, Police Department, 2 Years/17 Days, \$5,701.13, separated April 7, 2007

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to approve Consent (C), in its entirety, as presented.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant. NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to approve Consent (C), in its entirety, as presented.

Vote: Voice vote showed: AYES: Lt. White, Mr. Bates, and Officer Bouchard. NAYS: None.

Officer Bouchard left the meeting at 3:35 p.m., and the Police Board lost their quorum.

**IV. NEW BUSINESS:**

**A. Employees' Retirement Board:**

- 1. Anne M. Costello, Finance Department, requests regular retirement based on the Rule of 20-Years and Out, to be effective June 1, 2007**



Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to accept with regret, Ms. Costello's request for regular retirement based on the Rule of 20-Years and Out, to be effective June 1, 2007.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant.  
NAYS: None.

- 2. Schedule election and appoint canvassing committee to conduct an election for Employee member to serve on Board for a three-year term to expire August 1, 2010 (Robert Kahant's term expires 08-01-07)**

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to appoint Sylvia Woods, Marilyn Watson, and Beth Jones as the Canvassing Committee and schedule the election for an Employee member to serve on the Board to be held on July 16-19, 2007, with votes counted on July 20, 2007.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant.  
NAYS: None.

**B. Police Retirement Board:**

- 1. Schedule election and appoint Judge and Clerk to conduct an election for Police member to serve on Board for a two-year term to expire August 1, 2009 (Mark Bouchard's term expires 08-01-07)**

Discussed earlier in the meeting.

**C. Employees' and Police Retirement Boards:**

- 1. Consider canceling June 26, 2007, meeting due to the 2007 FPPTA Conference**

Discussed earlier in the meeting.

**V. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

- 1. Authorize payment of invoice from Sugarman & Susskind, in amount of \$1,093.96**
- 2. Authorize payment of invoice from Calamos Investments, for January 1, 2007 - March 31, 2007, in amount of \$8,645.21**

3. **Authorize payment of invoice from Gabriel, Roeder, Smith & Company, for charges since 09/30/06 for preparation of the 10/01/06 Actuarial Valuation Report, (Proj #100780-106), in amount of \$3,124 and 04/18/07 opinion letter regarding proposed ordinance (Proj #100780-206), in amount of \$230; total amount - \$3,354**
4. **Authorize payment of invoice from MD Sass, for quarter ending March 31, 2007, in amount of \$4,967.13**

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to approve Consent (A), in its entirety, as presented.

Vote: Voice vote showed: AYES: Ms. Hurley, Mr. Bates, Mr. Lepa, and Mr. Kahant. NAYS: None.

**B. Police Retirement Board:**

1. **Authorize payment of invoice from Sugarman & Susskind, in amount of \$1,640.94**
2. **Authorize payment of invoice from Calamos Investments, for January 1, 2007 - March 31, 2007, in amount of \$2,618.23**
3. **Authorize payment of invoice from Gabriel, Roeder, Smith & Company, for charges since 09/30/06 for preparation of the 10/01/06 Actuarial Valuation Report, (Proj #100790-106), in amount of \$1,711 and preparation of page 6a for the 2006 State Report, (Proj #100790-106), in amount of \$550; total amount - \$2,261**
4. **Authorize payment of invoice from MD Sass, for quarter ending March 31, 2007, in amount of \$1,658.25**
5. **Authorize payment of invoice from Merrill Lynch, for 2006 consulting fees, in amount of 2,704.90**

Discussed earlier in the meeting.

**C. Employees' and Police Retirement Boards:**

1. **Approve minutes of January 23, 2007, joint meeting, as presented**

**2. Ratify refunds of pension contributions as reported by Finance Department**

Discussed earlier in the meeting.

**D. Board Attorney's Report:**

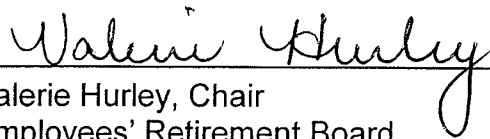
The Board Attorney gave a brief update regarding what the legislature had discussed.

Mr. Lepa left the meeting at 3:40 p.m.

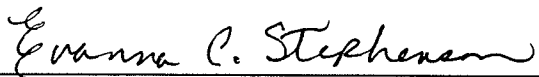
**VI. ADJOURNMENT:**

The meeting adjourned at 3:47 p.m.

MINUTES APPROVED: 10/23/07

  
Valerie Hurley, Chair  
Employees' Retirement Board

  
Kenneth White, Chairman  
Police Retirement Board

  
Evanna Stephenson, Recording Secretary  
Employees' & Police Retirement Boards

Minutes transcribed by: Evanna C. Stephenson, City Clerk's Office.

An audio recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.

