



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

February 13, 2013

Members Present: Gordon Ford, Maria De Anda, Donna Riley, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover and Ron Martin

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Luiana Irizarry, Investment/Accounting Technician
Kellie Gomes, Executive Board Secretary
Dawn Lea, Benefits Manager
Kathy Herman, Operations Manager

Others Present: Fred Silva, General Legal Counsel
Paul Harte, Strategic Investment Solutions (SIS), Inc.
Graham Schmidt, EFI Actuaries
Doris Foster and Stan Risen County Chief Executive Office
Joshua Woolworth, Superior Courts

1. Meeting called to order at 1:02 p.m. by Darin Gharat, Chair.

2. **Roll Call**

3. **Announcements**

Mr. Santos announced that Kellie Gomes is the new Executive Board Secretary and will be taking over all Board inquiries and functions in the next month or so. Please direct all inquiries to Kellie Gomes instead of Luiana Irizarry.

Mr. Santos reminded the Board that AB 1519 went into effect on January 1, 2013 which requires Board members to acquire 24 hours of educational training within each 2 year period. A few Board members will need to complete nearly the entire 24 hours this year to remain in compliance. A link to the website page that reflects how many hours that are needed will be provided.

4 **Public Comment**

None.

5. **Consent Items**

Motion was made by Maria De Anda and seconded by Michael O'Neal to approve Item 5e as revised and all other items as written.

Motion carried.

- a. Approval of the January 22, 2013 Administrative Meeting Minutes
- b. Approval of the Cost of Living Adjustment (COLA) Effective April 1, 2013, for Payment on May 1, 2013, per Government Code Section 31870.1
- c. 2013 Board of Retirement Standing Committee Assignments Update
- d. Extension of Actuarial Service Contract for One Year with Cheiron EFI, a Division of Cheiron, Inc (formerly known as EFI Actuaries)
- e. Approved with the following revisions: Mary Silva's retirement from BHRS, Effective 02-13-13 is modified to 02-16-13. In addition Laura Chamberlain's name was misspelled and the correction will be reflected in these minutes.

Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

1. Connie Burk, CSA, Effective 02-02-13
2. Laura Chamberlain, Courts, Effective 02-02-13
3. Keith Mahan, AG Commissioner, Effective 02-01-13
4. Candace Murphy, HSA, Effective 01-07-13
5. James Schoeffling, STANCOG, Effective 02-08-13
6. Mary Silva, BHRS, Effective ~~02-13-13~~ 02-16-13
7. Michael Sonke, DER, Effective 01-31-13
8. Alice Sorensen, BHRS, Effective 01-25-13
9. Judith Towns, BHRS, Effective 02-02-13
10. Chaya Xiong, CSA, Effective 02-16-13

- f. Approval of Deferred Retirement(s) – **Section 31700**

1. Roseanne Escobia, Courts, Effective 1-5-13
2. January Siphfan, Probation, Effective 1-8-13

6. **Strategic Investment Solutions (SIS), Inc.**

- a. Discussion and Action regarding Direct Lending Side Letters

Motion was made by Gordon Ford and seconded by Michael O'Neal to approve the initiation of Side Letters with any alternative manager that the Board may ultimately invest with.

Motion carried.

- b. Discussion on Direct Lending Due Diligence Process and Questionnaire

Mr. Schmidt arrived at 1:19 p.m

c . Direct Lending Investment Memo and Lowest Manager Fee Structure Proposal

Item #9. Heard Out of Order

9. Discussion and Action on EFI Actuaries Presentation of the June 30, 2012 Actuarial Valuation

Motion was made by Donna Riley and seconded by Michael O'Neal to approve the 2012 actuarial valuation presented by EFI Actuaries, which sets employee and employer rates for 2013-2014.

Motion carried.

6. Strategic Investment Solutions (SIS), Inc.(Cont.)

d. Discussion on and Potential Action Direct Lending Fund Candidate Interviews

i Raven Capital Management

Ron Martin Arrived at 2:24 p.m

Break at 2:26 – 2:34 p.m.

ii. Medley LLC

iii. White Oak Global Advisors

Motion was made by Mike Lynch and seconded by Ron Martin to approve a total of \$40 million of the \$110 million allocated for Direct Lending to be invested with Raven Capital Management subject to legal review and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, and Donna Riley

Roll Call No: Gordon Ford

Motion carried.

Motion was made by Mike Lynch and seconded by Ron Martin to approve a total of \$40 million of the \$110 million allocated for Direct Lending to be invested with White Oak Global Advisors subject to legal review, fee negotiations and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, Donna Riley, and Gordon Ford

Motion carried unanimously

Strategic Investment Solutions (SIS), Inc.(Cont.)

Motion was made by Maria De Anda and seconded by Michael O'Neal to approve a total of \$30 million of the \$110 million allocated for Direct Lending to be invested with Medley LLC subject to legal review, fee negotiations and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, and Donna Riley

Abstain: Gordon Ford

Motion carried unanimously

7. Executive Director

a. New Legislation Update

Dawn Lea gave a brief update on AB 13, cleanup legislation regarding PEPRA. There were 3 significant changes regarding this bill:

- I. New PEPRA members will pay 50% of the normal cost for the tier at which they are actually accruing retirement benefits.
- II. Safety retirees who return to work are only exempt from the 180 day rule if they return to a duty that is designated as a safety classification.
- III. The additional disability annuity that PEPRA references does not apply to 1937 ACT Systems.

8. Correspondence

a. Public Records Act Request – four Email Requests

Item #11. Heard Out of Order

11. Members' Forum (Information and Future Agenda Requests Only)

Paul Harte, of SIS Inc. announced he will not be able to attend the February 26, 2013 Board of Retirement Investment Meeting, however Nate Pratt of SIS Inc. will be present

10. Closed Session

Motion was made by Jeff Grover and seconded by Maria De Anda to move into Closed Session at 4:46 p.m.

Motion carried.

Motion was made by Maria De Anda and seconded by Donna Riley to return to Open Session at 5:00 p.m.

Motion carried.

10.. Closed Session (Cont)

- a. Conference with Legal Counsel – Pending Litigation – One Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)

No Report.

12. Adjournment

Meeting adjourned at 5:00 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
FRED A. SILVA, GENERAL LEGAL COUNSEL

By: 
Fred A. Silva, General Legal Counsel