



**BOARD OF RETIREMENT MINUTES
February 17, 2016**

- Trustees Present:** Jim DeMartini, Michael O'Neal, Jeff Grover, Donna Riley, Mandip Dhillon
Mike Lynch and Jegan Raja for Gordon Ford
- Alternate Trustee** Joan Clendenin, Alternate Retiree Representative
- Trustees Absent:** Jason Gordo, Sam Sharpe and Gordon Ford
- Staff Present:** Rick Santos, Executive Director
Kathy Herman, Fiscal Services Manager
Dawn Lea, Member and Employer Services Manager
Kellie Gomes, Executive Board Assistant
- Others Present:** Fred Silva, General Legal Counsel
Ed Hoffman, Investment Consultant

1. Meeting Called to Order

Meeting called to order 1:04 p.m. by Trustee Riley, Chair

2. Roll Call

3. Announcements

Director announced that Mandip Dhillon had assumed seat 2 by receiving 37% of the vote.

4. Public Comment

None

5. Consent Items

- a. Approval of the January 20, 2016 Meeting Minutes
- b. Monthly Staff Report
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
1. Angusich, George – DER – Effective 01-22-2016
 2. Backlund, Robert– BHRS – Effective 02-27-2016 *
 3. Broumas, Joel – City of Ceres– Effective 02-09-2016
 4. Maestas, Tony – City of Ceres – Effective 02-04-2016
 5. McCormack, Belinda – HSA – Effective 02-20-2016
 6. Richardson, Noreen – HSA– Effective 02-01-2016
 7. Ross, Jeanette – HSA – Effective 02-20-2016
 8. Young, Clifton – Planning – Effective 01-20-2016
- * *Indicates Safety Personnel*

5. Consent Items (Cont.)

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

1. Bizantz, Stacia – HSA – Effective 10-28-2015
2. Carapinha, Rui – City of Ceres – Effective 06-15-2015 *
3. De Anda, Maria – CSA – Effective 12-05-2015
4. Flores, Marco – City of Ceres – Effective 04-16-2015
5. Ishaq, Fayma – Public Works– Effective 04-16-2015
6. Lee, Andrew– HSA – Effective 10-21-2015
7. Mai, Thao – BHRs– Effective 12-30-2015
8. Wren, Joseph – City of Ceres– Effective 01-03-2016
9. Yang, Stacy – CSA – Effective 01-29-2016
10. Zare, Maranita – CSA– Effective 10-16-2015

** Indicates Safety Personnel*

Motion was made by Trustee O’Neal and seconded by Trustee Grover to approve consent items as presented.

Motion carried unanimously

6. Investment Manager Annual Presentation - Legato

1. Value Added Report

Victor Hymes gave an update on performance and the Organization structural changes. He talked about the firm being 100% employee owned, no manager changes in approximately 18 months and spoke briefly about the stock selection process, claiming the focus is on companies with strong balance sheets and lack of leverage.

7. Verus – Investment Consultant

a. Risk Parity Education – Provided by PanAgora Asset Management

PanAgora representatives gave an educational session on risk parity. The strategy uses no other types of assets that StanCERA isn’t already familiar with. However, to achieve a balance in risk across asset classes, the fund must assume leverage in its fixed income portfolio. Essentially, leverage is used to increase the magnitude of the risk/return profile of the fixed income investments on the rest of the portfolio.

2:43 Break

2:54 Return from Break

b. January 31, 2016 Flash Report – provided at the meeting.

c. Investment Performance Analysis for the Quarter Ending December 31, 2016

7. Verus – Investment Consultant (Cont.)

d. Emerging Markets Education

Ed Hoffman discussed some of the opportunities in the emerging market space and its distinction from developed and frontier markets. In summary, the emerging market space is one where there is opportunity for enhanced relative growth (relative to developed markets) due to factors such as population growth, movement to open and transparent markets and foreign investment. This issue is similar to what most developed markets have already gone through over the course of time and is what contributes to early economic growth in these emerging countries.

8. Executive Director - Investment

a. 2015 Quarter 4 Auxiliary Investment Report

9. Executive Director - Administrative

a. Discussion and Action Regarding the 2016 Cost of Living Adjustment

Motion was made by Trustee Grover and seconded by Trustee Raja to approve Cheiron's recommendation for a 3% Cost of Living Adjustment (COLA) to StanCERA retired member's monthly benefit beginning April 1, 2016

b. Discussion and Action Regarding Cost of Living Adjustments (COLA) – Appropriate Index

No action taken on this Item

c. Discussion and Action Regarding StanCERA Bylaw Revision

Motion was made by Trustee Lynch and seconded by Trustee Grover to Accept the revision requested by County Counsel along with clerical changes identified by Trustee Raja.

d. Information Technology Solutions (ITS) Project Update

Kathy Herman gave a brief update on the status of the ITS project.

e. Legal / Legislation Update

Rick Santos gave an brief update on the decision to pull pension reform from the November ballot and a lawsuit taking place in Marin County alleging that the MCERA Board of retirement is violating its fiduciary duty by continuing to pay benefits that were awarded some 10 years ago without taxpayer consideration.

10. Closed Session

- 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)

10. Closed Session (Cont.)

- b. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894 Government Code Section 54956.9(d)(1)

No Closed Session Items Were Heard

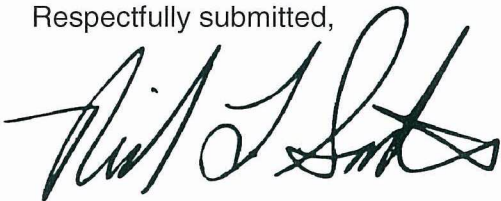
11. Members' Forum (Information and Future Agenda Requests Only)

Kathy Herman asked for 2 volunteers to participate in the Actuarial RFP process. Trustee Dhillon volunteered and Kathy will reach out to both Trustee Gordo and Sharpe to see if either of them are interested

12. Adjournment

Meeting adjourned at 4:39 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: 
Fred Silva, General Legal Counsel