



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

May 27, 2014

Members Present: Gordon Ford, Donna Riley, Mike Lynch, Darin Gharat, Michael O'Neal, Jeff Grover, and Jason Gordo

Members Present Joan Clendenin, Alternate Retiree Representative

Members Absent: Maria De Anda, and Jim DeMartini

Staff Present: Rick Santos, Executive Director
Kellie Gomes, Executive Board Secretary
Kathy Herman, Operations Manager
Dawn Lea, Benefits Manager

Others Present: Fred Silva, General Legal Counsel

1. Meeting Called to Order

Meeting called to order at 1:02 p.m. by Gordon Ford.

2. Roll Call

3. Announcements

Kellie Gomes announced that Item 8.a, "PIMCO Modification to Cash Equivalent Definition in Investment Policy Statement" was being pulled since it was not designated as a discussion and action item. The Board will hear this issue at the June 24th investment meeting

4. Public Comment

None

5. Consent Items

- a. Approval of the April 22, 2014 Meeting Minutes
- b. Approval of the May 7, 2014 Special Meeting Minutes

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

1. Clement, Karen – Alliance Worknet – Effective 05-24-2014
2. Gein, David – Public Works – Effective 05-17-2014
3. Glover, Diana – DCSS – Effective 05-30-2014
4. Grewal, Daljit – BHRS – Effective 05-04-2014
5. Grimm, Bryan – Sheriff - Effective 05-17-2014
6. Hujdic, Cynthia – CSA – Effective 05-17-2014
7. Jackson, Gregory – Public Defender – Effective 05-25-2014
8. Lebreton, Heidi Kiki – DCSS – Effective 05-20-2014
9. Luna, Elizabeth – Superior Court – Effective 05-01-2014
10. Rivera-Jara, Eva – Alliance Worknet – Effective 05-06-2014
11. Wesselius, Sharon – DCSS – Effective 03-27-2014

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

1. Curtin, Janice M. – CEO – Effective 01-04-2014
2. French, Jaylen – StanCOG – Effective 04-25-2014
3. Hardy, Melissa – Sheriff – Effective 04-19-2014
4. Kiep, Andrea – CSA – Effective 05-03-2014
5. Pena, Victor – CSA – Effective 03-08-2014
6. Regalo, Sandra – CEO – Effective 04-05-2014
7. Solis, Mario – Auditor-Controller – Effective 03-04-2014
8. Stagg, Ebony – Public Works – Effective 01-04-2014

e. Amended Retirement Dates

1. Ellenburg, Judy - Sheriff – Effective 05-17-2014

f. StanCERA Investment Managers Peer Rankings for Quarter Ending
March 30, 2014

Motion was made by Darin Gharat and seconded by Michael O’Neal to approve the above consent items.

Motion Carried unanimously.

6. Annual Update Report – Legato Capital Management, LLC

Adam Lawlor and Doug Porter from Legato Capital Management reported on the performance of the fund. The main highlight from the discussion was that one of the sub managers, Riverbridge Partners, is under watch by Legato because Riverbridge recently sold an equity stake in the company and Legato generally has found that these issues have some bearing on future performance.

7. Strategic Investment Solutions (SIS), Inc.

a. Investment Performance Analysis for the First Quarter Ending
March 31, 2014

Quarterly Portfolio Performance Analysis (Return, Benchmark and Peer Ranking.)

- 1st Quarter: 1.5%, 1.8%, 63
- Fiscal YTD: 14.0%, 12.5%, 10
- 1 Year: 14.5%, 12.2%, 13
- 3 Year: 10.0%, 8.8%, 15
- 5 Year: 16.8%, 15.4%, 3

b. StanCERA Investment Managers Review List for Quarter Ending
March 31, 2014

c. Monthly Performance Review for the Month Ending April 30, 2014

- Monthly Return: 0.27%
- Fiscal YTD: 14.35%
- Fiscal YTD alpha: 1.50%
- Total Fund Value as of April 30, 2014: \$1,680,577,809

d. Report on “Top 10 Holdings” of StanCERA Investment Managers as
of April 30, 2014

8. Executive Director

a. PIMCO Modification to Cash Equivalent Definition – Paul

Item Pulled

b. Value Added Reports

Rick Santos, Director gave an update on Quarter 1 results from the value added report.

c. Legislative Update – Dawn Lea

Dawn Lea gave a brief update on the Contra Costa lawsuit resolution. Contra Costa County Deputy Sheriffs and Professional Fire Fighters Unions filed suit against Contra Costa County Employees’ Retirement Association to block the implementation of AB 197, PEPRA clean up language regarding compensation earnable. Prior to the implementation of AB 197, CCCERA members were able to have their entire termination cash out included in their final average salary. They wanted this practice to continue. The Courts decided that Legacy Members, who became members prior to January 1, 2011 and retire after the effective date of the Judgment can include the lesser of the amount of “carried over” leave time

available December 31, 2012 or the amount cashed out in the final compensation period. They also requested to have "on-call" or "stand by" pay included in compensation earnable. The Courts found that CCCERA should not automatically exclude these and similar pay types from compensation earnable. Instead, they should make an individual determination for each member and include these pay types if the work was required of the Legacy Member to be served during the final compensation period and was ordinarily worked by persons in the same grade or position at the same rate of pay.

2:31 p.m. Darin Gharat left the meeting

2:36 p.m. Darin Gharat returned

d. StanCERA Monthly Staff Report

9. Closed Session

Motion was made by Darin Gharat and seconded by Michael O'Neal to enter into Closed Session at 2:36 p.m.

Motion Carried unanimously.

a. Discussion and Action Regarding Allocation of StanCERA's Real Estate Assets
Government Code Section 54956.81

Motion was made by Jason Gordo and seconded by Michael O'Neal to enter into Open Session at 3:04 p.m.

Motion Carried unanimously.

Nothing to Report Out

10. StanCERA's Real Estate Asset Class

a. Discussion and Action Regarding New Investment Commitments to StanCERA's
Real Estate Core Asset Class

- i. Presentation by Morgan Stanley
- ii. Presentation by RREEF America

3:34 p.m. Mike Lynch left

3:39 p.m. Mike Lynch returned

11. Closed Session

Motion was made by Darin Gharat and seconded by Mike O'Neal to enter into Closed Session at 4:07 p.m.

Motion Carried unanimously.

- a. Discussion and Action Regarding Allocation of StanCERA's Real Estate Assets
Government Code Section 54956.81

4:14 p.m. Paul Harte left

- b. Discussion and Action of Withdrawal of Application for a Service-Connected Disability Retirement by StanCERA Retired Member Raymond Byers
Government Code Section 54957
- c. Discussion and Action on the Application for a Service-Connected Disability Retirement by StanCERA Retired Member Sirv Man
Government Code Section 54957
- d. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- e. 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)
- f. 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)

Motion was made by Darin Gharat and seconded by Michael O'Neal to enter into Open Session at 4:24 p.m.

Motion Carried unanimously.

Kellie Gomes reported that during closed session there was a motion by Donna Riley and seconded by Darin Gharat for Item 11.b to approve the withdrawal of application for a service-connected disability retirement by StanCERA retired member Raymond Byers. A roll call vote was taken and the motion carried unanimously.

Kellie Gomes reported that during closed session there was a motion by Darin Gharat and seconded by Donna Riley for Item 11.c to accept staff recommendation to deny the applicant Sirv Man on her application for service connected disability. A roll call vote was taken and the motion carried unanimously.

Nothing else to Report Out

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

Trustee Michael O'Neal stated that he attended the Spring SACRS event and was pleased with this years event and presenters.

Rick Santos explained that at the most recent Administrator's Roundtable at SACRS, SACRS representative Bob Palmer spoke regarding interest in the creation of an advocacy group for the defined benefit plan. Mr. Palmer explained that the intent of the group would be as an advocate or proponent of the defined benefit. This would be in response to counter anti-defined benefit propaganda currently being directed at 37 Act Systems today. SACRS would propose funding this idea through an assessment of each System based on asset size. The StanCERA Board decided that the idea did not warrant a future agenda item.

13. Adjournment

Meeting adjourned at 4:32 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