



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

June 13, 2012

Members Present: Jim De Martini, Darin Gharat, Jeff Grover, Mike Lynch,
Ron Martin, Michael O'Neal, Jegan Raja* and Donna Riley

*Mr. Raja, Assistant Treasurer-Tax Collector, representing ex-officio
Mr. Gordon Ford, Treasurer-Tax Collector

Members Absent: *Maria De Anda. Gordon Ford**

Alternate Member Present: Joan Clendenin (Alternate Retiree Representative)

Staff Present: Rick Santos, Executive Director
Kelly Cerny Executive Secretary
Dawn Lea, Benefits Manager
Kathy Herman, Operations Manager
Kathy Johnson, Accountant
Jamie Borba, Retirement Specialist

Others Present: Kirin Virk, General Legal Counsel
Doris Foster & Stan Risen Chief Executive Office
Rhonda Bieseimer, President, Retired Employees
of Stanislaus County (RESCO)

1. Meeting called to order at 2:01 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

Mr. Grover arrived at 2:02 p.m.

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the following items as listed and presented.

Motion carried.

- a. Approval of the May 22, 2012, Administrative/Investment Meeting Minutes
- b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

- 1. Rowe Barney, Env. Resources, Effective 06-02-12
- 2. Ruth Bennett, DCSS, Effective 06-11-12
- 3. Mitchel Boyer, CSA, Effective 05-29-12
- 4. Linda Carter, Clerk-Recorder, Effective 06-16-12
- 5. Christopher Dickinson, District Attorney, Effective 06-02-12
- 6. Susan Guest, Library, Effective 06-29-12
- 7. Sonya Harrigfeld, Env. Resources/Parks, Effective 06-02-12
- 8. Bruce Houston, Sheriff, Effective 06-14-12
- 9. Marcia Houston, CSA, Effective 06-16-12
- 10. Linda Jersild, CSA, Effective 06-02-12
- 11. Wanda Jean Little, CSA, Effective 06-30-12
- 12. Janice Milliken, Law Library, Effective 06-30-12
- 13. Christine O'Neal, CSA, Effective 06-02-12
- 14. Marina Rodriguez, DCSS, Effective 06-02-12
- 15. Patricia Sanwo, BHRS, Effective 06-16-12
- 16. Dorothy, Sinclair, District Attorney, Effective 06-08-12

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

- 1. Dyane Burgos, CSA, Effective 04-07-12
- 2. Stacey L. Della, BHRS, Effective 06-02-12
- 3. Kelly Hayes, BOS, Effective 12-31-11
- 4. Stephanie Hernandez, HSA, Effective 03-02-12
- 5. Alexander M. Kern, Law Library, Effective 05-26-12
- 6. Corey Morris, CSA, Effective 05-18-12
- 7. Nicole Phillips, CSA, Effective 05-05-12

6. **Executive Director**

- a. Discussion and Action on StanCERA's Draft Excess Earnings Policy

Mr. Santos gave the Board an overview of his memorandum regarding the draft excess earnings policy.

Ms. Bieseimer, RESCO, addressed the Board with her concerns regarding the prior policy and current draft policy. Ms. Bieseimer informed the Board that RESCO's recommendation is to maintain the contingency reserve at 2%. Mr. Risen, County Chief Executive Office, shared the County's concerns about the whole series of decisions the Board will be making over the next year or so and what the combined effect of those decisions will be. Mr. Risen inquired as to what is the purpose of the contingency reserve and what it is to accomplish.

6. **Executive Director (Cont.)**

a. Discussion and Action on StanCERA's Draft Excess Earnings Policy (Cont.)

Mr. Santos and the Board addressed the concerns expressed by Ms. Biesemeier and Mr. Risen.

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the following recommendations for the Draft Excess Earnings Policy; notify RESCO of the changes per Government Code Section 31592.5; and bring back to the Board for final approval at the July 11, 2012 Administrative Board of Retirement meeting.

1. Reaffirm the intent to maintain a non-valuation contingency reserve at 1%;
2. Define excess earnings on a market value basis;
3. Define the System's funded ratio on a market value basis;
4. Define how earnings are allocated when the System is funded below 100%; and,
5. Discontinue the "Prior Years" Excess Earnings Reserves" policy subsection.

Motion carried.

b. Verbal Update on the Vacant Office Space at 832 12th St., 6th Floor

c. Verbal Report on StanCERA's May 1, 2012, Pre-Retirement Seminar

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

Joan Clendenin inquired about a recent Wall Street Journal article regarding the Governmental Accounting Standards Board's (GASB) prospective changes. Mr. Santos informed the Board that they will be making decisions on these changes in the coming months.

Mr. O'Neal requested that RESCO be invited to present at StanCERA's Pre-Retirement Seminar in 2013.

Mr. Lynch inquired about the transfer of funds from the termination of the Research Affiliates Fundamental Index (RAFI) Long/Short portfolio. Mr. Santos informed the Board that the money will be received by June 15, 2012. Staff informed the Board that a small portion of it will be used for normal cash flow needs and will ask the Board for direction on the remainder of the funds at the June 26, 2012 Board of Retirement Investment meeting.

Mr. DeMartini requested that staff and legal counsel research whether the retiree death benefit is a vested or ad hoc benefit and the consequences of that determination.

7. **Members' Forum (Information and Future Agenda Requests Only) [Cont.]**

Mr. Santos distributed a tentative timeline for the Asset Allocation/Experience Study, per a previous request from Mr. Ford.

8. **Closed Session**

Motion was made by Darin Gharat and seconded by Ron Martin to commence to Closed Session at 3:01 p.m.

Motion carried.

Motion was made by Darin Gharat and seconded by Jegan Raja to return to Open Session at 3:21 p.m.

Motion carried.

Ms. Cerny read the findings of the Closed Session:

- a. Discussion and Action on the Application for a Service-Connected Disability Retirement by StanCERA Deferred Member Aaron Gallagher

Motion was made by Darin Gharat and seconded by Jeff Grover that the application for a service-connected disability retirement for deferred member Aaron Gallagher be set for hearing with no further discovery.

Motion carried.

- b. Conference with Legal Counsel – Pending Litigation – One Case:
In Re: Bank of New York Mellon Corporation Foreign Exchange Transactions Litigation, U.S. District Court, Southern District of New York, Case Numbers 12-mdl-2335 (LAK) and 1:12-cv-03067 (LAK)
Government Code Section 54956.9(a)

No report.

Mr. O'Neal and J. Clendenin recused themselves at 3:12 p.m.

- c. 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(a)

Motion was made by Mike Lynch and seconded by Jeff Grover to consent to Hanson Bridgett's representation of the County of Stanislaus on the condition that Hanson Bridgett and the County of Stanislaus agree to the revisions to the Hanson Bridgett Consent to Conflict of Interest letter proposed by Counsel Harvey Leiderman.

Mr. Gharat and Mr. Martin opposed.

Vote 6-2. Motion carried.

8. Closed Session (Cont.)

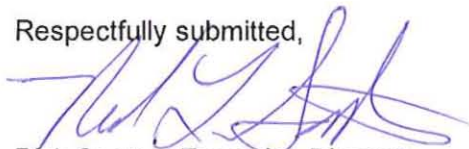
- d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224
Government Code Section 54956.9(b)

No report.

9. Adjournment

Meeting adjourned at 3:22 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
KIRIN K. VIRK, GENERAL LEGAL COUNSEL



Kirin K. Virk, General Legal Counsel