PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

July 23, 2013

Members Present: Gordon Ford, Maria De Anda, Donna Riley, Jeff Grover, Mike Lynch, Darin Gharat and Jim DeMartini

Members Absent: Michael O'Neal

Alternate Member: Joan Clendenin, Alternate Retiree Representative

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
Paul Harte and Nate Pratt, Strategic Investment Solutions (SIS), Inc.
Doris Foster, County Chief Executive Office
Stan Risen, County Chief Executive Office

1. Meeting Called to Order

Meeting called to order at 2:04 p.m. by Darin Gharat, Chair.

2. Roll Call

3. Announcements

Dawn Lea announced that there was a change on the disability date on consent Item 5.f.1 on Gene Braham, Sheriff, Service Connected, Effective 08/13/12 it should be 8/12/12.

Director Rick Santos announced that the loss in StanCERA's Dodge and Cox fixed income portfolio due to the Sallie Mae (SLM) downgrade was around $160,000, representing about 3% of the total position in SLM. Dodge and Cox did not actually sell the SLM position, but sold another below investment grade issue to bring the portfolio back into compliance

4. Public Comment

None
5. **Consent Items**

Motion was made by Maria De Anda and seconded by Donna Riley to approve the following Items:

Motion carried

a. Approval of the June 25, 2013 Investment Meeting Minutes

b. StanCERA Complaint Log for April 2013 through June 2013

c. Executive Director Goals Update Quarter 2 2013 and Strategic Action Plan

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

   1. Blair Bradley, DER, Effective 07-27-2013

   2. Jeanne Chaffin, SUPERIOR COURTS, Effective 07-13-2013

   3. Linda Downs, BHRS, Effective 07-02-2013

   4. Douglas Fontan, DISTRICT ATTORNEY, Effective 07-02-2013

   5. Gregory Guerra, PW – ROADS, Effective 07-04-2013

   6. Mary Hagemeister, ESMAD, Effective, 07-01-2013

   7. Gary Hayward, PW – ROADS, Effective 07-11-2013

   8. Gary Hinshaw, CEO, Effective 07-13-2013

   9. Kenneth Mah, CSA, Effective 07-06-2013

  10. Ralph Miller, DCSS, Effective 07-20-2013

  11. Michael Myers, SHERIFF, Effective 07-27-2013

  12. Mark Neri, CITY OF CERES, Effective 06-24-2013

  13. Shari Pace, SUPERIOR COURTS, Effective 07-13-2013

  14. Peggy Richards, DISTRICT ATTORNEY, Effective 06-14-2013

  15. Marjorie Riley, HSA, Effective 07-20-2013

  16. Anabel Scott, HSA, Effective 07-27-2013

  17. Linda Torres, BHRS, Effective 07-26-2013

  18. Karen Weaver, CSA, Effective 07-06-2013

  19. Calvin Xavier, PW – ROADS, Effective 04-16-2013

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

   1. Derek Cray, CITY OF CERES, Effective 12/07/2012

   2. Karina Garcia, CSA, Effective 07/06/2013

   3. Jose Juarez, BHRS, Effective 06/04/2013


   5. Elizabeth Alberto Vargas, CSA, Effective 06/22/2013

f. Approval of Disability Retirement – **Section 31724**

   1. Gene Braham, SHERIFF, Service Connected, Effective 08/13/12

   2. Katherine Fast, CSA, Non-Service Connected, Effective 07/24/13

   3. Jorge Longoria-Gonzalez, SHERIFF, Service Connected, Effective 04/03/12
6. **Strategic Investment Solutions (SIS), Inc.**


      Monthly performance – (1.61%)
      Fiscal YTD – 14.60%
      Fiscal YTD alpha – 3.07%
      Total fund value as of June 30: $1.544 billion


   c. Presentation on Fixed Income Part 3

      Paul Harte gave a final look at StanCERA’s fixed income portfolio and potential repositioning changes going forward in anticipation of a rising interest rate environment. The Board agreed to have PIMCO and Prima Advisors come before the Board at a future date to be determined to present some alternative fixed income strategies.

7. **Executive Director**

   a. Due Diligence Report Update

      The Director gave a brief update on the Due Diligence Team’s visit to Cheiron, PIMCO and LSV. Overall, the Team was satisfied with the trip, with our investment and actuarial advisors and commented that these due diligence trips add value and are necessary for StanCERA to carry out its fiduciary responsibilities.

   b. Legislative Update : SB 13

      Dawn Lea gave an update on the status of SB 13 which essentially is clean up language for AB 340 (PEPRA) legislation. Notable clean ups included the following:

      1937 Act Systems can choose to use a flat employee contribution rate or continue the traditional use of entry age based rates for new PEPRA members

      The additional annuity benefit for disabled retirees was removed

      The CPI change calculation for determining pensionable compensation for new PEPRA members will be done on a September over September basis. However, the legislation did not describe any rules for which CPI version to use. Staff intends on bringing an item to the Board in the next couple months for a decision on this issue.
8. **Closed Session**

a. 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)

b. 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)

c. 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)

Trustee Joan Clendenin recused herself at 3:00 p.m

Motion was made by Donna Riley and seconded by Maria DeAnda to move in to closed
session at 3:05 p.m.

Motion carried

Motion was made by Donna Riley and seconded by Maria DeAnda to move out of closed
Session at 3:55

Motion carried

Closed session report out is as follows regarding item 8.b.:

Motion was made by Maria DeAnda and seconded by Jim DeMartini to accept the
recommended mediator’s proposal.

Roll Call vote was recorded as follows:

Gordon Ford   Yes
Darin Gharat  Yes
Jim DeMartini Yes
Donna Riley   Yes
Maria DeAnda Yes
Mike Lynch    Yes

Motion Carried

No other matters to report for closed session.
9. **Members’ Forum (Information and Future Agenda Requests Only)**

Trustee Ford suggested that Staff provide Board members with a copy of the 3 completed agreements with our Direct Lenders. Staff will email these out this week.

Trustee Gharat asked Staff to order several copies of the Barron’s Dictionary of Finance and Investment Terms for staff and Board Members. These should be available for our next Board meeting on August 14, 2013.

10. **Adjournment**

Meeting adjourned at 3:56 p.m.

Respectfully submitted,

Rick Santos, Executive Director

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

By: [Signature]
Fred A. Silva, General Legal Counsel