



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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## 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
- 4. Shawn May, SHERIFF, Effective 10/13/2011
- 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.

a. Monthly Performance Review for the Month Ending June 30, 2013

Monthly performance – (1.61%)

Fiscal YTD – 14.60%

Fiscal YTD alpha – 3.07%

Total fund value as of June 30: \$1.544 billion

b. Report on “Top 10 Holdings” of StanCERA Investment Managers as of June 30, 2013

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

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

By:   
Fred A. Silva, General Legal Counsel