

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**REGULAR BOARD MEETING
JANUARY 19, 2010**

MINUTES

The Chair called the meeting to order at 8:30 a.m. and read the opening statement into the record. Attendance was as follows:

Present: Robert A. Griffith, Chair; Russell Baldwin; Anthony Bedolla; Frank E. Eley; Thomas E. Flanigan; Patti Gorczyca; Reed L. Royalty; Chriss W. Street and Richard A. White, Jr.

Also present: Steve Delaney, Chief Executive Officer; Shanta Chary, Chief Investment Officer; Stephen Cadena, Assistant Chief Executive Officer, Internal Operations; Dr. Michelle Williamson, Director of Finance; Sally Koltunik, Manager, Human Resources; Suzanne Jenike, Member Services Director; Patricia Mazzeo, Internal Auditor; Amit Thanki, Investment Analyst; Isabel Linares, Disability Investigator; Jackie Reep, Disability Investigator; David Lantzer, Staff Attorney; Robert Kinsler, Manager, Communications; Anthony Beltran, Audio/Visual Technician and Tracy Ayres, Recording Secretary

Harvey Leiderman, Esq., Reed Smith
Paul Angelo, The Segal Company

Mr. Eley led the Pledge of Allegiance.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

A **motion** was made by Mr. White, **seconded** by Mr. Flanigan to approve the Consent Agenda. The **motion carried unanimously.**

C-1 MATERIAL DISTRIBUTED

Application Notices - January 19, 2010
Death Notices - January 19, 2010

Recommendation: Receive and file.

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS:

Approval of Meetings and Minutes

Regular Board Meeting - December 21, 2009

Investment Committee Meeting - January 6, 2010
Investment Committee Meeting - January 7, 2010

Recommendation: Authorize all meetings and approve all minutes.

C-3 RECOMMENDATIONS OF THE INVESTMENT COMMITTEE RESULTING FROM A MEETING ON JANUARY 6, 2010:

A. FINALS PRESENTATION – GLOBAL EQUITY MANDATE

Recommendation: Hire Grantham, Mayo, Van Otterloo & Co., J.P. Morgan Asset Management and Franklin Templeton Investments with a mandate of \$100 million each. Designate GE Asset Management as an alternate in case contract negotiations fail.

B. MERCATOR ASSET MANAGEMENT – CHANGE IN INVESTMENT GUIDELINES

Recommendation: Approve Mercator Asset Management's request for change in investment guidelines. The exposure for emerging market countries should not exceed 15%.

C. WILLIAM BLAIR – REVIEW OF PERFORMANCE

Recommendation: Place William Blair's emerging equity markets portfolio on watch list and allow the CIO to rebalance to the manager.

D. CADENCE CAPITAL – REVIEW OF PERFORMANCE

Recommendation: Place Cadence Capital's U.S. equity large cap growth portfolio on watch list and allow the CIO to rebalance to the manager.

C-4 RECOMMENDATIONS OF THE INVESTMENT COMMITTEE RESULTING FROM A MEETING ON JANUARY 7, 2010:

A. FINALS PRESENTATION – LARGE CAP GROWTH MANDATE

Recommendation: Terminate Peregrine Capital and hire Waddell & Reed Asset Management Group. Designate Jennison Associates as the alternate in case contract negotiations fail.

C-5 APPROVE TRAVEL EXPENSE FOR TOM FLANIGAN

Recommendation: Approve Tom Flanigan's attendance at the Pension Bridge Annual conference to be held April 6-7, 2010 in San Francisco.

C-6 FINANCIAL STATEMENTS FOR THE MONTH ENDING OCTOBER 31, 2009

Recommendation: Receive and file.

C-7 FORM 700 DESIGNATED FILERS LIST

Recommendation: Receive and file.

C-8 BOARD COMMUNICATION FACT SHEET

Recommendation: Receive and file.

C-9 2009 YEAR IN REVIEW: COMMUNICATION PLAN

Recommendation: Receive and file.

C-10 BOARD COMMUNICATIONS

Recommendation: Receive and file.

C-11 BEST PRACTICE POLICIES FOR TRUSTEES AND PENSION SYSTEMS

Recommendation: Receive and file.

C-12 QUIET PERIOD IN PROGRESS

Recommendation: Receive and file.

******* END OF CONSENT AGENDA *******

INDIVIDUAL ITEMS AGENDA

I-2 TRANSITION TO NEW CHAIR/ELECTION OF VICE CHAIR

Mr. Griffith reviewed OCERS' By-Laws. He stated that the Chair and Vice Chair each serve a one year term of office. The person who holds office of Vice Chair on the last day of the calendar year shall automatically succeed to the office of Chair.

Ms. Gorzcyca requested that Mr. Griffith continue as the Chair, allowing her to be the Vice Chair for a full year, which is permitted under OCERS' By-Laws.

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Baldwin to nominate Mr. Griffith as the Chair and Ms. Gorzcyca as the Vice Chair for 2010. The **motion carried unanimously.**

I-4 CHIEF INVESTMENT OFFICER'S REPORT

Ms. Chary reviewed the presenters for the February 17, 2010 Special Board meeting.

Ms. Chary stated that there will be a global economy presentation at the March 22, 2010 Regular Board meeting.

Ms. Chary reviewed the CIO's report.

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Baldwin to receive and file the CIO's report. The **motion carried unanimously.**

Mr. Street stated that he would like an allocation to government issued bonds.

Ms. Chary stated that a separate allocation to government issued bonds is an item that the Investment Committee would need to review.

I-3 EMPLOYER CONTRIBUTION RATE PROJECTIONS

Mr. Angelo reviewed The Segal Company's employer contribution rate projections.

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Flanigan to receive and file the employer contribution rate projections. The **motion carried unanimously**.

I-5 SACRS' IRS/CERL TASK FORCE REQUEST

Ms. Wyne reviewed the SACRS' IRS/CERL task force request.

Following discussion, a **motion** was made by Mr. Street, **seconded** by Mr. Baldwin to authorize OCERS to submit an application for an IRS Determination Letter and the Voluntary Correction Program by 1-31-11. The **motion carried unanimously**.

Board recessed at 9:57 a.m.

Board reconvened at 10:09 a.m. for the time certain agenda.

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

10:14 a.m.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS, THE BOARD MAY FIND IT NECESSARY TO DISCUSS MATTERS RELATING TO THE EVALUATION OF THE WORK PERFORMANCE OF AN EMPLOYEE WHO HAS APPLIED FOR DISABILITY RETIREMENT, OR DISCUSS COMPLAINTS OR CHARGES MADE AGAINST SUCH EMPLOYEE. IF THIS OCCURS, THE BOARD MAY ADJOURN TO A CLOSED SESSION TO DISCUSS SUCH MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957, UNLESS THE EMPLOYEE REQUESTS THAT THE DISCUSSION BE IN PUBLIC. WHEN ADDRESSING THE BOARD, PLEASE STATE YOUR NAME FOR THE RECORD PRIOR TO PROVIDING YOUR COMMENTS. SPEAKERS WILL BE LIMITED TO THREE (3) MINUTES.

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF AUGUST 28, 2009. (SAFETY MEMBER) (D-1)

D-1: Gary J. Carneghi
Fire Captain, OC Fire Authority
Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Bedolla, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of August 28, 2009. The **motion carried 7 to 1**, with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Bedolla	Mr. Royalty		
Mr. Flanigan			
Ms. Gorczyca			
Mr. Eley			
Mr. Baldwin			
Mr. Street			
Mr. Griffith			

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF FEBRUARY 25, 2008. (GENERAL MEMBER) (D-2)

D-2: Alice R. Paredes
Coach Operator, OC Transportation Authority
Application for service connected disability retirement

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Bladwin to grant service connected disability retirement with an effective date of February 25, 2008. The **motion carried 6 to 2**, with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. White	Mr. Flanigan		
Ms. Gorczyca	Mr. Royalty		
Mr. Eley			
Mr. Baldwin			
Mr. Street			
Mr. Griffith			

STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 18, 2008. (GENERAL MEMBER) (D-3)

D-3: Aliena Wayne
Office Specialist, Health Care Agency
Application for non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Eley to grant non-service connected disability retirement with an effective date of July 18, 2008. The **motion carried 8 to 0**, with voting as follows:

AYES

Mr. Flanigan
Mr. White
Ms. Gorczyca
Mr. Eley
Mr. Royalty
Mr. Baldwin
Mr. Street
Mr. Griffith

NAYS

ABSTAIN

ABSENT

STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY OR JOB CAUSATION. (GENERAL MEMBER) (D-4)

D-4: Shayla N. Moore

Coach Operator, OC Transportation Authority
Application for service connected disability retirement

Following discussion, a **motion** was made by Mr. Royalty, **seconded** by Mr. Street to deny service connected disability retirement due to insufficient evidence of permanent incapacity or job causation. The **motion carried 8 to 0**, with voting as follows:

AYES

Mr. Flanigan
Mr. White
Ms. Gorczyca
Mr. Eley
Mr. Royalty
Mr. Baldwin
Mr. Street
Mr. Griffith

NAYS

ABSTAIN

ABSENT

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE REFEREE AND DENY APPLICANT'S APPLICATION FOR SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT. (GENERAL MEMBER) (D-5)

D-5: Fred Draper

Coach Operator, OC Transportation Authority
Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Royalty, **seconded** by Mr. Flanigan to adopt the findings and recommendations of the referee and deny applicant's application for service and non-service connected disability retirement. The **motion carried 8 to 0**, with voting as follows:

AYES

Mr. Flanigan
Mr. White
Ms. Gorczyca
Mr. Eley
Mr. Royalty
Mr. Baldwin
Mr. Street
Mr. Griffith

NAYS

ABSTAIN

ABSENT

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE REFEREE AND DENY APPLICANT'S APPLICATION FOR SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT. (SAFETY MEMBER) (D-6)

D-6: Marvina J. [Dominguez] Strong

Investigator, OC District Attorney

Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Royalty to adopt the findings and recommendations of the referee and deny applicant's application for service and non-service connected disability retirement. The **motion carried 8 to 0**, with voting as follows:

AYES

Mr. Flanigan
Mr. White
Ms. Gorczyca
Mr. Eley
Mr. Royalty
Mr. Baldwin
Mr. Street
Mr. Griffith

NAYS

ABSTAIN

ABSENT

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE REFEREE AND AFFIRM THE EFFECTIVE DATE OF JANUARY 5, 2007 AS SET BY THE BOARD AT ITS AUGUST 27, 2007 MEETING. (SAFETY MEMBER) (D-7)

D-7: Valerie Small

Deputy Probation Officer II, OC Probation Department

Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Eley to adopt the findings and recommendations of the referee and affirm the effective date of January 5, 2007 as set by the Board at its August 27, 2007 meeting. The **motion carried 8 to 0**, with voting as follows:

AYES

Mr. Flanigan
Mr. White
Ms. Gorczyca
Mr. Eley
Mr. Royalty
Mr. Baldwin
Mr. Street
Mr. Griffith

NAYS

ABSTAIN

ABSENT

*** * * * END OF DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA * * * ***

I-6 OCERS RESPONSE TO OC REGISTER'S PUBLIC RECORD REQUEST

Ms. Wyne reviewed OCERS response to the OC Register's public records request.

Following discussion, a **motion** was made by Mr. Flanigan, **seconded** by Ms. Gorczyca to receive and file the information. The **motion carried**, with Mr. Street voting **No**.

Mr. White read the following prepared statement into the record:

Why the release of retiree names is not prudent to do.

Richard White
January 19, 2010

A few months ago when the retirement system was first approached by the Register for release of the names of those receiving pensions from OCERS, I received an email with a link to the paper's article from a local blogger known for his staunchly anti-public employee pension position. Since I was already familiar with the article and the request made by the Register, I felt that I did not need to be further spammed by this fellow and replied to his email with the following message, "You're an idiot and stop sending me stuff."

As we know, the Register already has the numbers they were after because they have been provided to them by OCERS. Not enough. There is ample information in publications provided on the OCERS website regarding what we provide in pension benefits. Not enough. They want names. How they use them – accurately, appropriately or not will be determined at a later date. Take my case for example. The receiver of my reply message passed it along to the Register's Steven Greenhut, who wrote an article about my message titled, "OCERS treats public like idiots" in which he associated my comments with the refusal to release the names of our retirees to the Register. Mr. Greenhut referenced the CalPERS database and noted that Richard White topped the list of retirees in Orange County. Mr. Greenhut then wrote, "If this is the same Richard White who is on the OCERS board, then it's understandable why he is a little testy about the information getting out there."

Of course, almost anyone with a computer could have clicked onto the OC Register website and found the county employee salary database – a database that they and others have championed as so necessary to the freedom of information and taxpayer rights – and found there a Richard White listed as an active employee in the 2007 County payroll database. Another short mouse click by this same computer user would have accessed the OCERS website and been able to see the picture and read the biographical sketch of one Richard White, the board member referenced by Mr. Greenhut. It would not have been difficult to easily discern that there are two persons of the same name; not one person who is both an active county employee and a CalPERS pensioner.

Now to the investigative journalism part of the story.

Mr. Greenhut posed a question about whether or not I was an OCERS board member and CalPERS retiree even though he and I have had lunch together and we have frequent email exchanges. He also had my work email address from the message reply that was the basis of his article. I can only speculate on why Mr. Greenhut didn't attempt to get a hold of me, but my guess would be that the confusion he reported on was a necessary part of his article. Some might call this "I got ya" journalism which we all know has been the news model to follow since Woodward and Bernstein and I don't discount this as a significant motivation in the media's request for our database of names that will be used to generate headlines with a purpose rather than reporting the news as a neutral observer, as it once was. I'm not interested in teeing up our retirees for a beat down.

Most public pension systems release the amount of the pension benefits they pay out to retirees. This system does. In fact, OCERS recently rolled out a new web based searchable data base on our pension benefits to compliment the data in our CAFR and By the Numbers publications. The data already provided is plenty good enough for a watchdog or activist or journalist to analyze and report on. Yet, the numbers still aren't good enough!

They argue the names are necessary in order to "connect the dots" to best monitor the potential for nefarious conduct by public officials, even though in my case, a Senior Editorial Writer who is a prolific author had the dots and choose not to connect them. He doesn't need to. He also doesn't have to be accurate when he does report his story nor does he need to correct any mistakes he makes. In fact, any control over how the information is used and by whom it is used is lost once it is distributed and that is why this issue is so important! In my opinion, it is a prudent position for our system to take in retaining control over the names of our retirees and beneficiaries.

This issue is about the balance between the public interest in the disclosure of the names of retirees and beneficiaries against what the public might not know if disclosure is not made. That is a tough one. But, the balance test must also take in account the potential harm that could result to those whose names are released. All of them are retirees - many are senior citizens. Some are beneficiaries who were never active members of our system. Some are law enforcement officers, prosecutors and defense attorneys whose adversaries remain among us and don't care that they are retired from their work.

Decisions made in a courthouse that is protected inside and out by armed law enforcement officers may insulate those making them and it's possible to feel very comfortable discounting the real threats and security concerns of retirees and beneficiaries that may result from the release of their names. But the concern over their vulnerability is not an unwarranted one. In my mind, preventing a hit on a senior citizen is more important than ensuring a hit on website database. We can't unring the bell once we ring it. We can't put the Jennie back in the bottle once we open it.

As a Board member, any action by me must take into account what is in the best interests of our members and beneficiaries. OCERS doesn't treat people like idiots. We treat all of our stakeholders with respect. Yet, the duty of loyalty towards our members and beneficiaries that comes with being a fiduciary of this pension system makes this an easy decision for me. Their interests' take precedence over any other duty we have, which in my opinion, includes respecting, preserving and protecting their confidentiality.

I applaud the extraordinary efforts of the OCERS staff to comply with the request for information of our pension data and I support the position recommended by the OCERS General Legal Counsel to deny the release of names and I urge my Board colleagues to do the same.

Thank you.

I-7 1.62@65 PRESENTATION

Ms. Jenike reviewed the [1.62@65](#) presentation for new employees.

Following discussion, a **motion** was made by Mr. Street, **seconded** by Mr. Baldwin to receive and file the [1.62@65](#) presentation. The **motion carried unanimously**.

Mr. Eley requested that on page 4, fourth bullet point, delete “actuary” insert “Board”.

Ms. Jenike agreed to the change.

Mitch Telvin, County of Orange addressed the Board.

I-8 OCERS INNOVATIONS IN 2009

Staff reviewed their department’s innovations for 2009.

Mr. Delaney highlighted Ms. Ly and Ms. Fairley’s end of the year awards.

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Flanigan to receive and file OCERS’ innovations for 2009. The **motion carried unanimously**.

I-9 OCERS LOGO

Mr. Delaney reviewed the history of OCERS’ logo.

Following discussion, a **motion** was made by Mr. White, **seconded** by Ms. Gorczyca to delegate the creation and implementation of a new logo to the CEO. The **motion carried unanimously**.

I-10 ANNUAL INVESTMENT DIVISION REPORT

Mr. Delaney reviewed the annual investment division report and the “Visioning” The Future presentation.

Following discussion, a **motion** was made by Mr. White, **seconded** by Ms. Gorczyca to receive and file the annual investment division report and the “Visioning” The Future presentation. The **motion carried unanimously**.

The Board requested that the CEO provide the Board with a detailed description of a Director of Investments position at the February 16, 2010 Regular Board meeting.

***** **END OF INDIVIDUAL ITEMS AGENDA** *****

CLOSED SESSION

These items were pulled.

Mr. Leiderman updated the Board on the status of the litigation.

E-1 CONFERENCE WITH LEGAL COUNSEL REGARDING SIGNIFICANT EXPOSURE TO LITIGATION INITIATED AGAINST ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM (GOVERNMENT CODE SECTION 54956.9 (a))

Adjourn pursuant to subdivision (a) of Government Code Section 54956.9 (one case: County of Orange, California v. Association of Orange County Deputy Sheriff's)

Recommendation: Take appropriate action.

E-2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

******* END OF CLOSED SESSION *******

(IN MEMORY OF THE ACTIVE MEMBERS, RETIRED MEMBERS, AND SURVIVING SPOUSES WHO PASSED AWAY THIS PAST MONTH)

Active Members: Robin Kott; Donald Murphy and Kendall Sanders

Retired Members: Bruce Barber; Roy Beaver; Gilbert Benningham; Leonard Blutreich; Claude Boles; Dorothy Bower; Frank Bujalski; Joanne Burke; Bernice Dobie; John Duquesnel; Zoe Fellows; Richard Gunnarson; Nina Houle; Robert Hurd; Charlotte Johnson; Ralph Jones; Shirley Kittel; Carroll Lancaster' Tue Le; Gerry Leonard; Robert Lomad; Maralyne Long; Betty Murrill; Matthew Nolan; Ronald Phillips; Jerry Pierson; Sylvia Schlain; Marvin Schrank; Edythe Sivertsen; Howard Smith; Edward Thrane; Joann Washington; Gregor Wilkinson; Clarence Williams; McDonald Worley and Frank Zuniga

Surviving Spouses: Mark Bantle; Louise Mossholder; Ruby Smith and Evelyn Thompson

Deaths (QDRO): None

PUBLIC COMMENTS

None

BOARD MEMBER COMMENTS

Mr. White applauded the Member Services Information Center's addition of the searchable retiree pension benefit database.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney informed the Board that their packets are now marked “confidential” for privacy reasons.

COUNSEL COMMENTS

None

ADJOURNMENT:

There being no further business to bring before the Board, a **motion** was made by Ms. Gorczyca, **seconded** by Mr. Flanigan to adjourn the meeting at 12:32 p.m. The **motion carried unanimously**.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Robert A. Griffith
Chair