

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

REGULAR BOARD MEETING  
MAY 24, 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; Patti Gorczyca, Vice Chair; Russell Baldwin; Anthony Bedolla; Frank E. Eley; Thomas E. Flanigan; Wayne S. Lindholm; Reed L. Royalty; Chriss W. Street and Richard A. White, Jr.

Also present: Steve Delaney, Chief Executive Officer; Shanta Chary, Chief Investment Officer; Steve Cadena, Assistant Chief Executive Officer, Internal Operations; Julie Wyne, Assistant Chief Executive Officer, External and Legal Operations; Dr. Michelle Williamson, Director of Finance; Sally Koltunik, Manager, Human Resources; Patricia Mazzeo, Internal Auditor; Amit Thanki, Investment Analyst; Dave Beeson, 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

Paul Angelo, The Segal Company  
Michael O'Leary, Callan Associates  
Carl Crown, County of Orange

Mr. Flanigan 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. Eley to approve the Consent Agenda. The motion carried unanimously.

**C-1 MATERIAL DISTRIBUTED**

Application Notices - May 24, 2010  
Death Notices - May 24, 2010

Recommendation: Receive and file.

**C-2 BOARD MEETINGS AND COMMITTEE MEETINGS:**

**Approval of Meetings and Minutes**

Regular Board Meeting

- April 19, 2010

**Recommendation:** Authorize all meetings and approve all minutes.

**C-3 CONFLICT OF INTEREST CODE AMENDMENTS**

**Recommendation:** Approve and adopt the amendments to the Conflict of Interest Code.

**C-4 UNAUDITED FINANCIAL STATEMENTS FOR THE MONTH ENDING FEBRUARY 28, 2010**

**Recommendation:** Receive and file.

**C-5 LEGISLATIVE UPDATE – MAY 2010**

**Recommendation:** Receive and file.

**C-6 DISPOSITION OF OCERS' EQUIPMENT**

**Recommendation:** Approve the disposition of surplus equipment in accordance with the attached Board policy.

**C-7 BOARD COMMUNICATIONS**

**Recommendation:** Receive and file.

**C-8 INSTITUTIONAL REAL ESTATE LETTER – NORTH AMERICA: 2010 SPRING EDITORIAL ADVISORY BOARD MEETING – APRIL 13-15, 2010**

**Recommendation:** Receive and file.

**C-9 INSTITUTIONAL INVESTOR CONFERENCE REPORT – APRIL 21-22, 2010**

**Recommendation:** Receive and file.

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

**INDIVIDUAL ITEMS AGENDA**

**I-2 ORANGE COUNTY REEMPLOYMENT OF RETIREES**

Mr. Crown reviewed the possible legislation regarding the reemployment of retirees.

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Eley to receive and file the information. **The motion carried unanimously.**

**I-3 CHIEF INVESTMENT OFFICER'S REPORT**

Ms. Chary reviewed the CIO's report.

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

**I-4 QUARTERLY PERFORMANCE REVIEW – CALLAN ASSOCIATES**

Mr. O'Leary reviewed Callan Associates' Quarterly Performance Review.

Following discussion, a **motion** was made by Mr. Street, **seconded** by Mr. Baldwin to receive and file the Quarterly Performance Review. The **motion carried unanimously.**

***Board recessed at 9:58 a.m.***

***Board reconvened at 10:15 a.m.***

**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

10:15 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.**

Ms. Linares stated that item D-6 was pulled.

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 10, 2009. (GENERAL MEMBER) (D-1)**

**D-1: Luz Estrada**  
Eligibility Technician, Social Services Agency  
Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Baldwin to grant service connected disability retirement with an effective date of March 10, 2009. The **motion carried 7 to 1,** with voting as follows:

**AYES**

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

**NAYS**

Mr. Lindholm

**ABSTAIN**

Mr. Flanigan

**ABSENT**

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JANUARY 14, 2009. (GENERAL MEMBER) (D-2)**

**D-2: Steve M. Weston**

Mechanic, OC Transportation Authority

Application for service and non-service connected disability retirement

Following discussion, a motion was made by Mr. Eley, seconded by Mr. Baldwin to grant service connected disability retirement with an effective date of January 14, 2009. The motion carried 9 to 0, with voting as follows:

**AYES**

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

**NAYS**

**ABSTAIN**

**ABSENT**

**STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT FOR CONDITION #1 WITH AN EFFECTIVE DATE OF SEPTEMBER 26, 2008,**

**DENY SERVICE CONNECTED DISABILITY RETIREMENT FOR CONDITION #1 DUE TO INSUFFICIENT EVIDENCE OF JOB CAUSATION AND**

**DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT FOR CONDITIONS #2 AND #3 DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY AND JOB CAUSATION.**

**(GENERAL MEMBER) (D-3)**

**D-3: Pamela M. Sellers**

Mental Health Specialist, Health Care Agency

Application for service and non-service connected disability retirement

Following discussion, a motion was made by Mr. Royalty, seconded by Mr. White to grant non-service connected disability retirement for condition #1 with an effective date of September 26, 2008, deny service connected disability retirement for condition #1 due to insufficient evidence of job causation and deny service and non-service disability retirement for conditions #2 and #3 due to insufficient evidence of permanent incapacity and job causation. The motion carried 8 to 0, with voting as follows:

AYES

NAYS

ABSTAIN

ABSENT

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

Mr. Flanigan

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

**D-4: Fuqiu (Lisa) Fan**

Accounting Office Supervisor II, Auditor-Controller's Office  
Application for service connected disability retirement

Following discussion, a motion was made by Mr. Royalty, seconded by Mr. White to deny service connected disability retirement due to insufficient evidence of permanent incapacity and job causation. The motion carried 9 to 0, with voting as follows:

AYES

NAYS

ABSTAIN

ABSENT

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

Fuqiu (Lisa) Fan, Applicant, addressed the Board.

Ms. Reep addressed the Board.

Mr. White addressed the Board.

**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 DUE TO THE UNTIMELY FILING OF THE DISABILITY RETIREMENT APPLICATION. (GENERAL MEMBER) (D-5)**

**D-5: Liem T. Nguyen**

Engineering Technician, OC Public Works (formerly RDMD)  
Application for service and non-service connected disability retirement

Following discussion, a motion was made by Mr. Street, 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 due to the untimely filing of the disability retirement application. The motion carried 9 to 0, with voting as follows:

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

Mr. Bedolla  
Mr. Lindholm  
Mr. Flanigan  
Mr. White  
Ms. Gorczyca  
Mr. Royalty  
Mr. Baldwin  
Mr. Street  
Mr. Griffith

Mr. Eley recused himself from voting on this case. He stated that he was personally involved.

Mr. Bedolla voted in Mr. Eley's place.

Lawrence E. Hanna, Attorney for Applicant, addressed the Board.

Mr. Lantzer addressed the Board.

Mr. White addressed the Board.

Ms. Jenike addressed the Board.

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

**D-6: Moises Valdez**

Office Assistant, Child Support Services

Application for service and non-service connected disability retirement

The application was pulled.

**STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE REFEREE AND DENY APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT. (GENERAL MEMBER) (D-7)**

**D-7: Nick Vo**

Coach Operator, OC Transportation Authority

Application for service and non-service connected disability retirement\*

\*Applicant does not have sufficient years of service and therefore is not eligible for a non-service connected disability retirement.

Following discussion, a motion was made by Mr. Royalty, seconded by Mr. Street to adopt the findings and recommendations of the referee and deny applicant's application for service connected disability retirement. The motion carried 7 to 2, with voting as follows:

**AYES**

Mr. Lindholm  
Mr. Flanigan  
Mr. White  
Ms. Gorczyca  
Mr. Royalty  
Mr. Street  
Mr. Griffith

**NAYS**

Mr. Eley  
Mr. Baldwin

**ABSTAIN**

**ABSENT**

Mark Singer, Attorney for Applicant, addressed the Board.

Mr. Lantzer addressed the Board.

**STAFF RECOMMENDATION IS TO GRANT SURVIVOR BENEFITS PURSUANT TO GOVERNMENT CODE SECTION 31781.1 (OPTIONAL DEATH ALLOWANCE). (SAFETY MEMBER) (D-8)**

**D-8: Terry Stepp (deceased)**

Deputy Sheriff, OC Sheriff's Department

Application for non-service connected disability retirement filed by Mrs. Kristina Stepp

Following discussion, a motion was made by Mr. White, seconded by Mr. Street to grant survivor benefits pursuant to Government Code Section 31781.1 (Optional Death Allowance). The motion carried 9 to 0, with voting as follows:

**AYES**

Mr. Lindholm  
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-7 EMPLOYER AND EMPLOYEE CONTRIBUTION RATES FOR FISCAL YEAR 2011-2012 REVIEW**

Mr. Delaney made an opening statement.

Mr. Angelo reviewed the employer and employee contribution rates for fiscal year 2011-2012.

Following discussion, a motion was made by Mr. Street, seconded by Mr. Flanigan to continue the matter for thirty days and request The Segal Company to provide data on a 15, 25 and 30 year amortization period for the additional premium pay items.

Following further discussion a **substitute motion** was made by Mr. White, **seconded** by Mr. Royalty to use the 25 year amortization period for the additional premium pay items. The **motion failed 2 to 7**, with voting as follows:

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

Lori Zeller from OCFA addressed the Board.

Lisa Major from OCEA addressed the Board.

Mitch Tevlin from the County of Orange addressed the Board.

The original motion, a **motion** made by Mr. Street, **seconded** by Mr. Flanigan to continue the matter for thirty days and direct The Segal Company to provide data on a 15, 25 and 30 year amortization period for the additional premium pay items **carried 8 to 1**, with voting as follows:

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

***Board recessed at 12:42 p.m.***

***Board reconvened at 1:33 p.m.***

Mr. Street and Mr. Lindholm left at 1:33 p.m.

#### **I-5 REVIEW – INTERNATIONAL SMALL CAP EQUITY MANAGER**

Ms. Chary and Mr. O'Leary reviewed the international small cap equity manager.

Following discussion, a **motion** was made by Mr. White, **seconded** by Mr. Baldwin to place AXA Rosenberg on watch list, authorize staff and consultant to initiate a search for a international small cap equity manager and approve the attached manager candidate profile.

A **substitute motion** was made by Mr. Flanigan to immediately terminate AXA Rosenberg. The **motion failed** for lack of second. Following further discussion, the original **motion carried**, with Mr. Street and Mr. Lindholm absent.

**I-6 ASSET ALLOCATION UPDATE**

Mr. O'Leary reviewed the asset allocation.

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Flanigan to receive and file the asset allocation update. The **motion carried**, with Mr. Street and Mr. Lindholm absent.

Mr. White addressed the Board regarding a clean energy product.

Ms. Gorczyca addressed the Board regarding the investment process.

The Board gave the staff and consultant authority to do a due diligence on a clean energy product and directed the Private Markets Committee to review the investment opportunity further.

**I-8 PENSION ADMINISTRATION SYSTEM UPDATE**

Mr. Delaney, Mr. Cadena and Mr. Colker updated the Board on the pension administration system.

Following discussion, a **motion** was made by Mr. Royalty, **seconded** by Mr. Baldwin to approve the contracts for the software solution vendor and the oversight consultant. The **motion carried**, with Mr. Street and Mr. Lindholm absent.

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

**CLOSED SESSION**

**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.

The Board did not go into Closed Session.

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

**Active Members:** Michael Hobbie

**Retired Members:** Arlo Allan; Richard Bamford; Nancy Byrket; Thomas Byron; John Cronin; Jack Gerhardt; Ida Hancock; Annette Imm; Ruth Kimpo; Vera Langlois; Arta Liesinger; Katherine Mein; Mildred Minor; Judith Pickard; George Redman; Mary Sanford; Otis Schooley; William Voltin and Betty Walker

**Surviving Spouses:** Margaret Frazier; Fujiko Hayashi and Corene Spicola

**Deaths (QDRO):** None

**PUBLIC COMMENTS**

None

**BOARD MEMBER COMMENTS**

Mr. Eley thanked staff for assisting Ms. Rey in a timely manner. He also requested that an Ad Hoc Committee be formed to shadow OCERS' portfolio. He would like the Committee to be comprised of himself, Mr. Flanigan and another Board member.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

Mr. Delaney informed the Board that he would be at the GFOA conference during the Portfolio Reviews on June 8 and 9, 2010. He also updated the Board on the Assistant CEO of Investments.


**COUNSEL COMMENTS**

None

**ADJOURNMENT:**

There being no further business to bring before the Board, a motion was made by Mr. Griffith, seconded by Mr. White to adjourn the meeting at 3:40 p.m. The motion carried unanimously.

Submitted by:

  
Steve Delaney  
Secretary to the Board

Approved by:

  
Robert A. Griffith  
Chair