

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

**REGULAR BOARD MEETING  
JULY 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; Patti Gorczyca, Vice Chair; Anthony Bedolla; Frank E. Eley; Thomas E. Flanigan; Wayne S. Lindholm; Reed L. Royalty; Chriss W. Street and Keith Rodenhuis, the Treasurer/Tax Collector's Board alternate

**Absent:** Russell Baldwin 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; Dr. Michelle Williamson, Director of Finance; Sally Koltunik, Manager, Human Resources; Patricia Mazzeo, Internal Auditor; Amit Thanki, Investment Analyst; Dave Beeson, Investment Analyst; Kathryn Morisette, Disability Coordinator; 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

Andy Yeung, The Segal Company  
Harvey Leiderman, Esq., Reed Smith

Mr. Street 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. Street, **seconded** by Mr. Royalty to approve the Consent Agenda. The **motion carried**, with Mr. Baldwin and Mr. White absent.

**C-1 MATERIAL DISTRIBUTED**

Application Notices	- July 19, 2010
Death Notices	- July 19, 2010

**Recommendation:** Receive and file.

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

**Approval of Meetings and Minutes**

Regular Board Meeting - June 22, 2010

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

**C-3 UNAUDITED FINANCIAL STATEMENTS FOR THE MONTH ENDING APRIL 30, 2010**

**Recommendation:** Receive and file.

**C-4 SECOND QUARTER 2010 EDUCATION AND TRAINING REPORT**

**Recommendation:** Receive and file.

**C-5 LEGISLATIVE UPDATE – JULY 2010**

**Recommendation:** Receive and file.

**C-6 BOARD COMMUNICATIONS**

**Recommendation:** Receive and file.

**C-7 CLIENT CONFERENCE/MANAGER DUE DILIGENCE REPORTS**

**Recommendation:** Receive and file.

**C-8 CRCEA FALL CONFERENCE**

**Recommendation:** Accept invitation for Rich White to speak at the California Retired County Employees Association (CRCEA) Fall Conference.

**C-9 QUIET PERIOD IN PROGRESS**

**Recommendation:** Receive and file.

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

**INDIVIDUAL ITEMS AGENDA**

**I-2 DISCUSSION ON OPERATIONAL DUE DILIGENCE**

Todd Crouthamel and Thomas Peters from Kreisler Miller made an educational presentation on improved operational due diligence, including an overview of the onsite and reporting process.

A **motion** was made by Mr. Flanigan, **seconded** by Mr. Eley to receive and file the educational presentation. The **motion carried**, with Mr. Baldwin and Mr. White absent.

The Board requested that staff pursue the operational due diligence concept.

Ms. Gorczyca requested that staff reach out to other 1937 Act systems with the concept as a means of sharing the cost.

Ms. Chary agreed to pursue the operational due diligence concept.

**CLOSED SESSION**

***The Board entered into Closed Session at 9:35 a.m.***

**E-1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Adjourn pursuant to subdivision (c) of Government Code Section 54956.9 (Number of potential cases: two)

**Recommendation:** Take appropriate action.

***The Board reconvened from Closed Session at 9:55 a.m.***

The Board recommended that the staff pursue litigation in both cases.

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

***Board recessed at 9:55 a.m.***

***Board reconvened at 10:07 a.m.***

**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

**10:07 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.**

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JUNE 26, 2009. (SAFETY MEMBER) (D-1)**

**D-1: Clyde T. Litton**  
Fire Apparatus Engineer, OC Fire Authority  
Application for service connected disability retirement

Following discussion, a motion was made by Mr. Bedolla, seconded by Mr. Flanigan to grant service connected disability retirement with an effective date of June 26, 2009. The motion carried 8 to 0, with voting as follows:

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

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF SEPTEMBER 25, 2009. (GENERAL MEMBER) (D-2)**

**D-2: Walter J. Maxwell**  
Sheriff's Special Officer, OC Sheriff's Department  
Application for service and non-service connected disability retirement

Following discussion, a motion was made by Mr. Eley, seconded by Mr. Griffith to grant service connected disability retirement with an effective date of September 25, 2009. The motion carried 6 to 2 with voting as follows:

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

Mark Singer, Attorney for Applicant, addressed the Board.

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF OCTOBER 24, 2008. (SAFETY MEMBER) (D-3)**

**D-3: William S. Sinclair**  
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 October 24, 2008. The **motion carried 6 to 1** with voting as follows:

**AYES**

Mr. Bedolla  
Ms. Gorczyca  
Mr. Eley  
Mr. Royalty  
Mr. Rodenhuis  
Mr. Griffith

**NAYS**

Mr. Lindholm

**ABSTAIN**

Mr. Flanigan

**ABSENT**

Mr. White  
Mr. Baldwin

**STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF FEBRUARY 12, 2007 AND TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF JOB CAUSATION. (GENERAL MEMBER) (D-4)**

**D-4: Robin A. Herrera**

Coach Operator, OC Transportation Authority

Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Flanigan, **seconded** by Mr. Rodenhuis to grant non-service connected disability retirement with an effective date of February 12, 2007 and to deny service connected disability retirement due to insufficient evidence of job causation.

Following further discussion, a **substitute motion** was made by Mr. Eley to grant a service connected disability. The **motion failed for lack of second**.

The **original motion** made by Mr. Flanigan, **seconded** by Mr. Rodenhuis to grant non-service connected disability retirement with an effective date of February 12, 2007 and to deny service connected disability retirement due to insufficient evidence of job causation **carried 7 to 1**, with voting as follows:

**AYES**

Mr. Bedolla  
Mr. Lindholm  
Mr. Flanigan  
Ms. Gorczyca  
Mr. Royalty  
Mr. Rodenhuis  
Mr. Griffith

**NAYS**

Mr. Eley

**ABSTAIN**

**ABSENT**

Mr. White  
Mr. Baldwin

Mark Singer, Attorney for Applicant, addressed the Board.

Ms. Linares addressed the Board.

**STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-5)**

**D-5: Eugen Cioban**  
Facilities Mechanic, OC Sheriff's Department  
Application for service connected disability retirement

Following discussion, a **motion** was made by Mr. Royalty, **seconded** by Mr. Flanigan to deny service connected disability retirement due to insufficient evidence of permanent incapacity. The **motion carried 8 to 0**, 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. Bedolla			Mr. White
Mr. Lindholm			Mr. Baldwin
Mr. Flanigan			
Ms. Gorczyca			
Mr. Eley			
Mr. Royalty			
Mr. Rodenhuis			
Mr. Griffith			

**STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE REFEREE AND GRANT APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JUNE 8, 2007. (SAFETY MEMBER) (D-6)**

**D-6: Aaron V. Windham (deceased)**  
Deputy Sheriff II, OC Sheriff's Department  
Application for service and non-service connected disability retirement

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Flanigan to adopt the findings and recommendations of the referee and grant applicant's application for service connected disability retirement with an effective date of June 8, 2007. The **motion carried 8 to 0**, 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. Bedolla			Mr. White
Mr. Lindholm			Mr. Baldwin
Mr. Flanigan			
Ms. Gorczyca			
Mr. Eley			
Mr. Royalty			
Mr. Rodenhuis			
Mr. Griffith			

Mark Singer, Attorney for Applicant, 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-7)**

**D-7: Moises Valdez**  
Office Assistant, Child Support Services  
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 non-service connected disability retirement. The **motion carried 8 to 0**, 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. Bedolla			Mr. White
Mr. Lindholm			Mr. Baldwin
Mr. Flanigan			
Ms. Gorczyca			
Mr. Eley			
Mr. Royalty			
Mr. Rodenhuis			
Mr. Griffith			

Martin Taller, Esq., Attorney for Applicant, addressed the Board.

Mr. Eley addressed the Board.

Mr. Lantzer addressed the Board.

**STAFF RECOMMENDATION IS TO CONFIRM THE STAFF DETERMINATION OF THIS MEMBER'S EFFECTIVE DATE OF DISABILITY RETIREMENT AS AUGUST 20, 2007, THE DAY AFTER THE LAST DAY OF REGULAR COMPENSATION. (SAFETY MEMBER) (D-8)**

**D-8: Paul D. Sousa**  
Deputy Sheriff II, OC Sheriff's Department  
Member appeal regarding effective date

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Royalty to confirm the staff determination of the member's effective date of disability retirement as August 20, 2007, the day after the last day of regular compensation. The **motion carried 7 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. Bedolla	Mr. Rodenhuis		Mr. White
Mr. Lindholm			Mr. Baldwin
Mr. Flanigan			
Ms. Gorczyca			
Mr. Eley			
Mr. Royalty			
Mr. Griffith			

Mark Singer, Attorney for Applicant, addressed the Board.

Ms. Jenike addressed the Board.

Mr. Griffith requested that staff inform the Human Resources department for the County of Orange on the affects catastrophic leave donations have on determining a member's effective date of disability.

Ms. Jenike agreed to speak with the Human Resources department.

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

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

Ms. Chary gave an update on AXA Rosenberg and State Street Securities Finance.

Ms. Chary reviewed the CIO's report and the draft Education Forum agenda.

A **motion** was made by Mr. Flanigan, **seconded** by Ms. Gorczyca to receive and file the CIO's report. The **motion carried**, with Mr. Baldwin and Mr. White absent.

The Board requested that staff exclude the discussion on clean technology from the draft Education Forum agenda.

Ms. Chary agreed to remove that item from the Education Forum agenda.

Ms. Gorczyca requested that staff add an item to the agenda regarding risk assessment tools, securities and strategies.

Mr. Eley addressed the PS-PDAA, Paradigm Shift – Prospective Dynamic Asset Allocation, shadow portfolio with Mr. Flanigan.

**I-4 2009 ACTUARIAL VALUATION/ EMPLOYER AND EMPLOYEE CONTRIBUTION RATES FOR FISCAL YEAR 2011-2012**

Mr. Yeung reviewed the December 31, 2009 actuarial valuation, the employer and employee contribution rates for fiscal year 2011-2012 and the projection of retirement costs under alternative economic scenarios report.

A **motion** was made by Mr. Eley, **seconded** by Ms. Gorczyca to receive and file the actuarial valuation. The **motion carried**, with Mr. Baldwin and Mr. White absent.

A **motion** was made by Mr. Eley, **seconded** by Ms. Gorczyca to approve the employer and employee contribution rates for fiscal year 2011-2012 as recommended by The Segal Company. The **motion carried**, with Mr. Flanigan abstaining, Mr. Baldwin and Mr. White absent.

A **motion** was made by Mr. Flanigan, **seconded** by Mr. Rodenhuis to receive and file the July 8, 2010 projection of retirement costs under alternative economic scenarios report. The **motion carried**, with Mr. Baldwin and Mr. White absent

Linda Robinson, REAOC's Co-president addressed Mr. Yeung and the Board regarding pension funding.

Mr. Yeung and the Board gave an overview of OCERS' funding.

**I-5 PREMIUM PAY REVIEW**

Mr. Leiderman updated the Board on the premium pay review.

A **motion** was made by Mr. Royalty, **seconded** by Mr. Eley to receive and file the update of the premium pay review. The **motion carried**, with Mr. Baldwin and Mr. White absent.

**I-6 OCERS STRATEGIC PLANNING**

Mr. Delaney gave an overview of OCERS' Strategic Planning workshop.

A **motion** was made by Mr. Royalty, **seconded** by Ms. Gorczyca to approve the agenda for the September 9, 2010 OCERS Board of Retirement Strategic Planning workshop. The **motion carried**, with Mr. Baldwin and Mr. White absent

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

**CLOSED SESSION**

**E-2 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 S4956.9 (one case: County of Orange, California v. Association of Orange County Deputy Sheriff's)

**Recommendation:** Take appropriate action.

**E-3 CLOSED SESSION TO DISCUSS THE PURCHASE AND SALE OF SPECIFIC REAL ESTATE HOLDINGS**

**Recommendation:** Take appropriate action and report in open session if required.

The Board did not go into Closed Session.

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

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

**Active Members:** Margaret Curtis

**Retired Members:** Carol Auzenne; Davis Branson; Valborg Jorstad; Margaret Loft; Marie McCullough; Geraldine McGeehan; Dawn Palchikoff; Georgia Piskule; Lourdes Santos; Steven Tooth; An Vu; Constance Wehofer; Ralph Westrum; Robert Weyman; Jack Willis and Lois Young

**Surviving Spouses:** Barbara Gibson and May Starr

**Deaths (QDRO):** None

**PUBLIC COMMENTS**

None

**BOARD MEMBER COMMENTS**

Mr. Flanigan complimented the Investment department on the client conference and manager due diligence reports.

Mr. Eley commended Mr. Cadena and staff for their great service.

Mr. Rodenhuis acknowledged Ms. Chary for the Mesirow changes.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

None

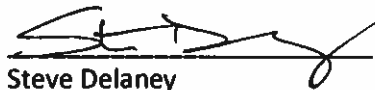
**COUNSEL COMMENTS**

Mr. Leiderman informed the Board about Reed Smith's webcast on the Frank Dodd Act.

**ADJOURNMENT:**

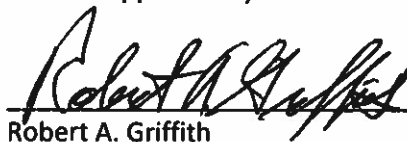
There being no further business to bring before the Board, a **motion** was made by Mr. Flanigan, **seconded** by Mr. Griffith to adjourn the meeting at 2:35 p.m. The **motion carried**.

Submitted by:



Steve Delaney  
Secretary to the Board

Approved by:



Robert A. Griffith  
Chair