



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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April 17, 2014

NOTICE OF PUBLIC MEETING

To: Internal Governance Committee:
Donna Riley, Chair
Joan Clendenin, Trustee
Mike Lynch, Trustee

From: Rick Santos, Executive Director

SUBJECT: StanCERA INTERNAL GOVERNANCE COMMITTEE

The Internal Governance Committee will meet at 1:15 p.m., Tuesday, April 22, 2014, preceding the Board of Retirement meeting.

The Committee will meet in the Conference Room at StanCERA's Office, located at 832 12th Street, Suite 600, 6th Floor, Modesto.

AGENDA

1. Discussion and Action Regarding Recommendation to the Full Board for Professional Service Contracts [View](#)



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**For the Internal Governance Committee meeting
Held on April 22, 2014**

TO: Internal Governance Committee

FROM: Kathy Herman, Operations Manager

- I. SUBJECT: Professional Service Contracts – Legal Services
- II. ITEM #: 8.a.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Direct staff to negotiate and enter into professional service contracts with Reed Smith LLP (fiduciary & litigation), Hanson Bridget LLP (tax and benefits), Ted Cabral (disability) and Damrell, Nelson, Schrimp, Pallios, Pachers & Silva (general & litigation) in accordance with StanCERA's purchasing policy. Contracts would be based on the approved Fiscal Year 2013-2014 budget, current fees, specific projects and/or a limited duration.
- V. ANALYSIS: On December 12, 1981, the County Board of Supervisors adopted Government Code Section 31529.5, granting StanCERA the ability to hire private legal counsel if County Counsel could not provide the Board with legal services due to conflict or a variety of other reasons. Until 2009, County Counsel acted as General Counsel and special counsel was engaged as needed.

The Board of Retirement first retained outside Counsel for disability work in 1995. Then in May 2004, Bob Blum of Hanson Bridgett LLP was engaged by the Board for tax and benefit issues including domestic orders. In 2009, Harvey Leiderman of Reed Smith LLP was hired as temporary Fiduciary Counsel and later engaged to handle litigation due to multiple lawsuits. In 2010, Scott Smith of Hanson Bridgett LLP, was engaged to review and analyze an investment contract. Mr. Smith has been engaged to review multiple contracts since then. In 2009, the County determined it could no longer provide General Counsel services to the Board of Retirement and the Board retained Fred Silva of Damrell, Nelson, Schrimp, Pallios, Pachers & Silva. As issues confronting the Board of Retirement have become more complex, it has become necessary to engage multiple specialized law firms. Currently StanCERA is working with four different law firms on multiple issues.

These law firms continue to provide good service, no trustee has voiced any concern regarding this service and fees are consistent with other firms with similar expertise and locations. In addition, each of the attorneys and their assistants have spent hundreds of hours working with the Board, with StanCERA staff, studying the law and becoming experts in assisting StanCERA with legal issues. As with the retirement of Bob Blum, his partner was able to maintain the continuity of the IRS voluntary compliance program without the added cost or delays of starting from scratch.

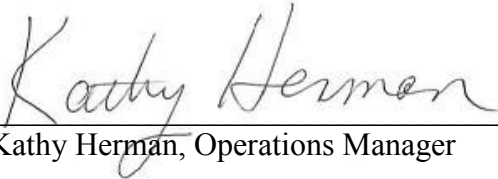
On June 28, 2011 StanCERA adopted a purchasing policy that reflects the County's policy with some exceptions. (attachment1) Section VI, F, page 41& 42 of the County's policy (attachment 2) describes which contracts and procurements do not require competitive bidding.

Some engagement letters are correctly specific. However, most of the engagement letters currently in place for the law firms are old and open ended. Stanislaus County purchasing department recommends all contracts be established for a finite period of time, and have either a per-project, annual or a total not-to-exceed dollar amount. The contracts can be extended or amended as needed or at the end of a term.

- VI. RISK: Considerable effort was done by the County in drafting contracts which protect all parties involved while insuring deliverables are received. Not updating out of date engagement letters with standardized approved contracts could put the Board of Retirement at risk by delaying access to expert legal counsel as needed.
- VII. STRATEGIC PLAN: Strategic Objective # 3 Optimize StanCERA's organizational resources, Ensure organizational quality and performance through continuous improvement
- VIII. ADMINISTRATIVE BUDGET IMPACT: Updated contracts will be based on current year's approved budget and fees. (attachment 3)



Rick Santos, Executive Director



Kathy Herman, Operations Manager

Stanislaus County Employees' Retirement Association's
Purchasing Policy
(Board Approved June 28, 2011)


Stanislaus County purchasing policies and procedures are meant to manage all aspects of the County procurement process (they are located @<http://intranet/departments/GSA/gsa-files/divisions/policies-procedures.pdf> . StanCERA views these policies and procedures as fair and adequate. StanCERA will adopt and will abide by the Stanislaus County purchasing policies and procedures with the following exceptions:

“StanCERA Executive Director or his designee” should be substituted for “purchasing or purchasing department” through out the policy except for the sale of surplus property section. StanCERA will coordinate monitor, and record all phases of StanCERA’s procurement of supplies equipment, materials, and services. StanCERA will also be responsible for the leasing of any StanCERA property. StanCERA will administer and manage all of its own contracts. StanCERA will use County purchasing agent to sell any StanCERA surplus personal property. StanCERA will consult with County purchasing agent as necessary for any assistance.

References in the policy to the County Board of Supervisors and County affiliations are not applicable to StanCERA procurements.

As a separate legal entity, StanCERA reserves the right to modify and/or reject any of the County purchasing policies and procedures as it deems appropriate. Any such modifications and/or rejections will be documented and approved by the Retirement Board.

Revised 04/24/2012

		Stanislaus County General Services Agency	
Agency Policies and Procedures		Division:	Purchasing
Section:	05-Purchasing	Prepared by:	Jim Nelson, Manager
Policy Number:	05-01	Approved by:	Julie Mefferd, Director
Title:	Purchasing Division Policies & Procedures	Version:	02/27/09
Effective Date:	March 2009	Reference #:	n/a

STANISLAUS COUNTY GENERAL SERVICES AGENCY PURCHASING DIVISION

POLICIES AND PROCEDURES

person's or firm's entry on the Bid List. Such person or firm shall, however, remain entered on the Bid List for purposes of evaluation in the case of the County's receipt of a bid from such person or firm in the future.

- c. A person or firm may be declared "not responsible" if he, she, or it is (1) slow or provides unsatisfactory deliveries; (2) in violation of applicable federal, state, or local laws, ordinances, rules, or regulations; or (3) fails to respond to bid requests.
- d. Before declaring an entrant on the Bid List to be "not responsible," the Purchasing Agent shall make a reasonable effort to give such person or firm an opportunity to correct the problem.

3. Vendor Performance

Stanislaus County has developed many fine business relationships over the years with both local and national firms. Occasionally, it is to be expected that shipments will be delayed. However, the vendor who continually defaults on delivery promises of supplies, materials, equipment, or services which do not conform to specifications can expect to have the firm's name removed from the County's Bid List. Bidders whose bids are returned as undeliverable by the U.S. Postal Service or United Parcel Service, etc., can expect their firm's name to be removed from the County's Bid List.

F. CONTRACTS AND PROCUREMENTS NOT REQUIRING COMPETITIVE BIDDING

1. Summary/Policy

The County is not required to engage in a competitive bid process for contract and procurements which fall under the following categories:

- a. Where competitive bidding is not required by law.
- b. Where the procurement is deemed to be a "small purchase," the estimated cost of which does not exceed Five Thousand Dollars (\$5,000);
- c. Where the estimated cost of the procurement is greater than Five Thousand Dollars (\$5,000), but is less than Twenty Five Thousand Dollars (\$25,000), a Request for Quotation (RFQ) may be utilized.
- d. Where the equipment, materials, supplies, or services are needed on an emergency basis;
- e. Where the procurement qualifies as a sole source procurement as hereinafter defined; or

- f. Where the procurement or contract is for professional services.

These categories of contracts and the appropriate procedures pertaining to each category are described below.

2. Where Competitive Bidding Is Not Required By Law

Absent a statutory requirement, a public entity is not bound to engage in competitive bidding.

Ref. San Diego SAFE v. Superior Ct., (1988) 198 CA 3d. 1466. Grayden v. Pasadena Redevelopment Agency (1980) 104 CA 3d 631.

3. Small Purchases - Procurements Not to Exceed \$5,000

The following procedures are to be followed for the procurement of supplies, equipment, materials, or services that do not require an expenditure of more than \$5,000.

a. Store Issue/Requisition Form

- 1) The requesting department shall initiate the procurement by submitting an electronic requisition, hereafter referred to as "requisition," to Purchasing for approval. The requisition shall specify the products or services to be procured. Prior to submission, the requisition shall be approved by the head of the requesting department or authorized designee.
- 2) The requisition shall include the following information: (a) department number; (b) fund, org, and account number; (c) a specific description of the desired products or services, using, whenever possible, dimensions, sizes, and catalog numbers; (d) the quantity of desired products or services; (e) the date on which the products or services are required; (f) the place of delivery for the product or service; and (g) authorized signature. The requisition should also include the name of suggested vendors or suppliers; Purchasing, however, shall make the final determination as to the appropriate vendor.

b. Purchasing Action

Purchasing staff shall review the requesting department's requisition and accompanying documentation for completeness. The accuracy of the requesting department's justification documentation shall be confirmed by Purchasing.

c. Fixed Assets

CURRENT HOURLY LEGAL FEES

TYPE	Fred Silva			
	TED CABRAL	DAMREL NELSON	HANSON BRIDGETT	REED SMITH
Partner	185.00			
Fred Silva (Partner)		320.00		
Kirin Virk (Gen)		265.00		
Erick Lewis (DRO)		185.00		
Tyler Kelly (NAS)		165.00		
<u>Tax Compliance</u>				
Judith Boyette (Partner)			504.00	
Christopher Karachale (Senior Counsel)			375.00	
Nancy Hilu (Senior Counsel)			333.00	
<u>Tax/Benefits/QDRO</u>				
Judith Boyette (Partner)			504.00	
Nancy Hilu (Senior Counsel)			375.00	
Andrew Kjeldgaard (Of Counsel)			450.00	
Megan Drat (Prac Supp Anlst)			175.00	
<u>Fiduciary</u>				
Scott Smith (Partner)NT			504.00	
Natalie Morsette (Associate) PRIMA			261.00	
Christopher Karachale (Senior Counsel) Raven			375.00	
Harvey Leiderman				560.00
JR Rieger				425.00
KK Galusha				415.00
R Macapagal				270.00

Legal Expenses

LAW FIRM	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Hanson Bridget					
Tax & Benefit	\$ 1,973.79	\$ 15,635.40	\$ 34,059.47	\$ 2,630.55	\$ 10,985.20
Investment	-	-	28,137.44	4,262.10	41,124.13
Reed Smith					
Fiduciary	-	3,640.00	896.00	1,635.50	24,972.50
Litigation	34,810.50	50,150.37	35,238.88	71,001.82	82,424.45
Travelers Reimb	-	-	-	-	(36,575.48)
Damrell... Silva					
General	1,125.00	67,541.65	77,290.72	75,022.65	71,074.78
Litigation	-	11,407.30	3,732.00	49,417.88	31,432.59
Travelers Reimb	-	-	-	-	(10,000.00)
Cabral					
Disibility	28,606.06	44,590.19	57,194.49	46,265.88	52,034.54
Total Legal Fees	\$ 66,515.35	\$ 192,964.91	\$ 236,549.00	\$ 250,236.38	\$ 267,472.71
Total Litigation	\$ 34,810.50	\$ 61,557.67	\$ 38,970.88	\$ 120,419.70	\$ 67,281.56
	<i>not engaged for full year except for Ted Cabral</i>	<i>IRS Compliance Program</i>			<i>PEPRA IRS</i>