



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: PO Box 3150 Modesto 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

June 6, 2013

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 1:30 p.m., Wednesday, June 11, 2014.

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

AGENDA

1. Internal Governance Committee
 - i. Discussion and Action to Approve the Professional Service Contracts – Legal Services [View](#)
 - ii. Discussion and Action to Append StanCERA Bylaw 1.6; Retirement Board Member Election Procedures [View](#)



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**For the Internal Governance Committee
meeting Held on June 11, 2014**

TO: Internal Governance Committee

FROM: Kathy Herman, Operations Manager

- I. SUBJECT: Professional Service Contracts – Legal Services
- II. ITEM #: 6.a.i.
- 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, Pachters & 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, Pachters & 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



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**For the Board of Retirement meeting
Held on June 11, 2014**

Item # 6.a.ii

TO: The Internal Governance Committee

FROM: Rick Santos, Executive Director

- I. SUBJECT: Append StanCERA Bylaw 1.6; Retirement Board Member Election Procedures
- II. ITEM TYPE: Discussion and Action
- III. STAFF RECOMMENDATION: Recommend to full Board appending StanCERA Bylaw 1.6
- IV. ANALYSIS: Section 1.6 of the StanCERA bylaws lays out a fairly extensive process for Retirement Board Member Election Procedures. One of the procedures requires prospective candidates to gather a certain number of "membership electorate signatures" before they can become an official candidate. During our most recent election, StanCERA had a situation where one membership electorate signature appeared on both candidates' statement. Fortunately, in this case, both prospective candidates had more than enough signatures to fulfill the requirements for election even if StanCERA staff eliminated the duplicate signature from both statements.

However, it is possible in the future that a situation could arise whereby a prospective candidate may have just enough signatures to meet the requirements to become an official candidate. If this same issue were to occur in such a situation, the prospective candidate would be disqualified. To avoid this possibility, staff is proposing the following addition to StanCERA bylaw 1.6 (Attachment 1, denoted in red):

"(if it is determined that 2 or more candidates for the same seat have duplicate membership electorate signatures, then the candidate that turned in their membership electorate document first shall be the only candidate that may count that signature towards fulfilling the signature requirement above)"

Note that if the Board approves staff's recommendation, the new procedural information given each prospective candidate will be clearly spelled out to avoid any misunderstanding.

- V. RISK: None
- VI. STRATEGIC PLAN: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- VII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director

Dawn Lea, Benefits Manager

Attachment 1

1.6. RETIREMENT BOARD MEMBER ELECTION PROCEDURES

RETIREMENT BOARD MEMBERS WHO ARE ELECTED by members of StanCERA of the same category of membership (Second and Third seats by General members, Seventh and Alternate seats by Safety members, and Eighth and Alternate Seats by Retired members) shall be elected according to the procedures set forth in this Section of the Retirement Board's Bylaws. In all cases where the word "Department" appears in this Section, the meaning shall be construed to include all Stanislaus County Departments, the City of Ceres and contracting Districts (all employers who use StanCERA for administration of retirement benefits). The Executive Director shall prepare a NOTICE OF ELECTION, which shall contain the deadlines for the submission of nomination papers, date of distribution of ballots, date of final receipt of ballots and the date for canvassing the ballots.

The distribution of the notice of election shall be made no more than sixty (60) nor less than forty-five (45) days prior to the final date for receipt of ballots. The distribution of the notice of election will be distributed by U S postal services.

The Executive Director shall prepare a NOMINATION PAPER which upon completion will contain the following information:

Name of candidate; candidate's Department (if General or Safety member) or city and state residence (if Retired member); a candidate's statement of not more than two hundred (200) words; signatures of the specific membership electorate in support of the candidate (General--twenty-five (25); Safety--ten (10); Retired--fifteen (15)) *(if it is determined that 2 or more candidates for the same seat have duplicate membership electorate signatures, then the candidate that turned in their membership electorate document first shall be the only candidate that may count that signature towards fulfilling the signature requirement above)*; a prepared statement of willingness to serve on the Retirement Board; the Retirement Board seat number and category (General, Safety or Retired); and final date for filing the paper. Completed nomination papers must be submitted to the Executive Director by 5:00 p.m. on the date specified in the notice of election and on the nomination paper (no later than thirty (30) days before the final date for receipt of ballots). Candidates shall only be placed on the election ballot if the above nomination papers and procedures are completed. If only one (1) nomination paper is received by the Executive Director on or before the deadline specified for receipt, the Executive Director shall declare that the candidate is the new Retirement Board member of the seat for which the candidate sought election (pursuant to Government Code Section 31523) and shall prepare and distribute a declaration of election results showing a unanimous ballot for the candidate to all Departments.

If two (2) or more nomination papers are received by the Executive Director on or before the deadline for receipt, the Executive Director shall prepare ELECTION BALLOT MATERIALS which shall consist of:

- A. A ballot with the candidates' names, Departments (if General or Safety member) or city and state residence (if Retired member), candidates' statements, final date for receipt of ballots and a listing of candidates' names in alphabetical order by last name with appropriate places to indicate the member's choice of a particular candidate;
- B. A "secret" envelope to hold the completed ballot;
- C. A "return to" envelope which will have the Executive Director's address for receipt of ballots, the member's name, space for the member's signature, and prepaid return postage; and
- D. A cover envelope with the member's name and mailing address. The ballots must be received back in the Executive Director's Office by 5:00 p.m. on the final date indicated on the ballot or the ballot material will be voided. The date for final receipt of ballots shall be no less than twenty (20) days following the date of disbursement of the ballot material.

Ballot material may be REISSUED to members who file a notice of non-receipt of election material prepared and filed in the Office of the Executive Director. The Executive Director shall make a second and final attempt to send out any RETURNED BALLOT MATERIAL at a reasonable cost of staff time and money.

The ballots shall be CANVASSED on the business day following the final date for receipt of ballots by the Executive Director, one (1) member of the Retirement Board not associated with the election in any way, and any staff from the Executive Director's Office as may be necessary to expeditiously handle the canvassing of the ballots.

The candidate who receives the HIGHEST NUMBER OF VOTES of the ballots cast shall be declared the WINNER and new member of the Retirement Board to assume the seat for which the candidate ran at any Retirement Board meetings following the expiration of the term of the incumbent. The new member will serve three (3) years or for the remaining period of time in which a seat may become vacant for any reason other than the expiration of the incumbent's term of office.

The Executive Director shall prepare a DECLARATION OF ELECTION RESULTS to include the seat of the Retirement Board, the final date of the receipt of ballots, and the name of all the candidates who ran with their corresponding number of votes received in the election. The declaration shall also state the winner of the election and the date on which the winner assumes the seat on the Retirement Board.

The Executive Director shall telephone each candidate with the results of the election and the declaration shall be posted in a conspicuous place in or near the Office of the Executive Director in the afternoon following the canvassing. Copies of the declaration shall be mailed to each candidate and each Department (if General member or Safety member election) or the Retired Employees of Stanislaus County, RESCO, (if a Retired Member election) with a message to retirees of the winner to appear on the next retiree payroll check following the canvassing.

If any of the specific electorate desires a RECOUNT of the ballots cast, the member must make a written petition to the Retirement Board for a recount and include a \$500.00 payment for costs incurred. The petition must be received by the Executive Director no later than fourteen (14) days following the original canvassing of the ballots. The Executive Director shall forward the petition on to the Chair of the Retirement Board who shall call a special meeting of the Retirement Board for a recount. The date of the recount shall be no longer than thirty (30) days from the date of the original canvassing. The petitioner or designee must attend the recount, which shall be accomplished in the same manner as the original count. If the recount shows that a different candidate is the winner by receiving the highest number of votes, a DECLARATION OF REVISED ELECTION RESULTS shall be prepared and distributed in the same fashion as the original declaration of election results.

All member election material shall be DESTROYED thirty (30) days after the original canvassing of the ballots if there is no petition for a recount. Member election material shall be destroyed one (1) week following the completion of all procedures of a recount.

1.6. Amended 02/25/2014

1.6 Amended 06/11/2014