



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
1010 10th Street, Suite 5800
P.O. Box 3150
Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 525-4334
www.stancera.org
e-mail: retirement@
stancera.org

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BOARD OF RETIREMENT MINUTES

January 24, 2006

Members Present: Maria DeAnda, Jim DeMartini, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, Mike Lynch, Ron Martin, and Steve Yauch

Alternate Members Present: Linda Stotts-Burnett, Alternate Retiree Representative

Members Absent: None

Others Present: Kelly Cerny, Paul Harte-Strategic Investment Solutions, Mike Moehle and Eva Yum - Buck Consultants, Hank Skau, and Tom Watson

1. Meeting called to order at 2:05 p.m. by Chair Darin Gharat.

2. **Announcements**

Kelly Cerny shared staff member Lois Ertel's thank-you note to the Board.

3. **Public Comment**

None.

4. **Consent Items**

Motion was made by Wes Hall and seconded by Maria DeAnda to approve the following item as listed.

Motion carried.

a. Approval of the January 11, 2006 Minutes

5. **Presentation by Buck Consultants of the Actuarial Valuation Report as of June 30, 2005**

Board members previously received and reviewed copies of the actuarial valuation report as of June 30, 2005. Mike Moehle, Principal and Consulting Actuary, and Eva Yum, Director and Consulting Actuary, made a presentation and answered questions regarding the actuarial valuation report as of June 30, 2005. This included detail of the Executive Summary, such as the actuarial valuation, current assumptions, contribution rates and the interest-crediting rate for this period. Market value of assets returned at 8.15% for the year, and the actuarial value of assets rose 5.47%. The funded ratio of assets to liabilities of the retirement system as of June 30, 2005 is 93%.

The Retirement Board asked Buck Consultants to provide additional analysis of the employer contribution rates to identify what the rates may be if the Retirement Board were to reduce 1% of the 3% contingency reserve to be used as an employer asset and retain a 2% contingency reserve. The Board also asked Buck Consultants to provide an example of the possible future impact on contribution rates resulting from the five-year asset smoothing previously adopted by the Board. Buck Consultants will provide the additional analysis and information to the Retirement Board.

6. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending December 31, 2005**

Paul Harte presented the monthly performance review for the period ending December 31, 2005. As of December 31, 2005, StanCERA's portfolio was \$1.2 billion, a 1.46% increase for the month. December saw an increase, and the first six months of this calendar year shows a strong return of 6.37%. This figure is gross of fees and much higher than the actuarially assumed rate of 4.08%.

Gordon Ford asked Paul to revise the format of the Monthly Performance Review Summary of Investments form to include numbers for the policy target and range for cash.

7. **Strategic Investment Solutions, Inc. (SIS) International Equity Presentation**

Paul Harte gave a summary of the information the Board had received on Fidelity Investments' select international and international growth funds. The Board discussed whether to transition funds to Fidelity Investments or conduct a full-scale search for an international equity manager to replace Putnam Investments. The Board determined the transition to Fidelity Investments to be the reasonable and cost effective alternative.

After review of the information presented by Paul Harte, motion was made by Mike Lynch and seconded by Mike Fisher to transition the money into Fidelity Investments' International Growth Fund.

Motion carried.

Item #11 heard out of order.

11. **Correspondence**

- a. Discussion and Action on Strategic Investment Solutions, Inc. (SIS) Memorandum dated December 5, 2005 - Meeting with Putnam International Core Equity

Along with the international equity presentation, Paul Harte again briefly discussed the SIS memorandum dated December 5, 2005 regarding SIS's meeting with Putnam Investments. The meeting and memorandum were a result of Putnam's underperformance with StanCERA's international equity portfolio.

Motion was made by Mike Lynch and seconded by Mike Fisher to terminate Putnam Investments.

Motion carried.

8. **Discussion and Direction for SIS, Inc. Regarding Large Cap Growth Equity Manager Alternatives**

Paul Harte provided the methodology SIS used to sort through potential large cap growth equity money managers. The criteria used identified seven "best" candidates for this asset allocation.

After review of the information presented by Paul Harte, motion was made by Maria DeAnda and seconded by Wes Hall to approve the criteria as presented, direct SIS to eliminate two candidates and add a candidate and prepare a request for information to the six candidates.

Motion carried.

A break was taken at 3:39 p.m.

Members returned at 3:45 p.m.

9. **Closed Session**

Closed Session commenced at 3:45 p.m.

After returning to Open Session at 4:07 p.m., Deirdre McGrath, Deputy County Counsel read the findings of the Closed Session.

Motion was made by Gordon Ford and seconded by Maria DeAnda to accept the Administrator's performance evaluation with revisions and a 4% wage increase effective January 1, 2006.

Motion carried.

10. **Administrator**

- a. Discussion and Action on Hiring a Commercial Real Estate Broker To Secure a Tenant for Unused Space at the 12th Street Office

Tom Watson, Administrator informed the Board of the progress of StanCERA's condominium space on the sixth floor of the 12th Street building. To occupy 5,000 square feet of unused space, StanCERA hired Curtis and Arata to assist with drafting of the lease agreement and to assist staffing with negotiating a lease. On January 18, 2006, staff interviewed five potential commercial real estate brokers.

Motion was made by Steve Yauch and seconded by Maria DeAnda to approve hiring Niniv Tamimi as the commercial real estate broker to secure a qualified tenant for the unused space on the sixth floor of the 12th Street building.

Motion carried.

Item #11 heard out of order.

12. **Committee Reports & Recommendations for Action**

STANDING COMMITTEES

a. Education Committee-Maria DeAnda, Chair

- i. Discussion and Approval of Attendance and Travel Costs for the National Conference on Public Employee Retirement Systems' (NCPERS) California Public Pension Summit, February 28 – March 1, 2006, Sacramento

Maria DeAnda, Chair, reviewed the material the Board previously received on the upcoming NCPERS Public Pension Summit in Sacramento on February 28 and March 1, 2006.

Motion was made by Gordon Ford and seconded by Wes Hall to approve attendance and travel costs for the NCPERS Public Pension Summit in Sacramento, February 28 and March 1, 2006.

Motion carried.

13. **Members' Forum (Information and Future Agenda Requests Only)**

Jim DeMartini thought the Public Pension Fund Fiduciary Symposium he attended in San Francisco on January 19 and 20, 2006 was very informative. He recommended other board members and deputy counsel should attend if another one is held.

14. **Adjournment**

Meeting adjourned at 4:26 p.m.

Respectfully submitted,

Hank Skau, Operations Manager

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

By: _____,
Deirdre McGrath, Deputy County Counsel