



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

March 27, 2007

Members Present: Maria De Anda, Gordon Ford, Darin Gharat, Wes Hall, Mike Lynch, Ron Martin and Steve Yauch

Members Absent: Jim DeMartini and Mike Fisher

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

Others Present: Kim Aspenleider, Kevin Brown and Daniel Prislín-Delaware Investments, Kelly Cerny, Natalie Elliott, Paul Harte-Strategic Investment Solutions (SIS), Deirdre McGrath, Douglas Richardson-Loomis Sayles & Company, Hank Skau, and Tom Watson

1. Meeting called to order at 2:02 p.m. by Chair Wes Hall.

2. **Announcements**

None.

3. **Public Comment**

None.

4. **Consent Items**

Steve Yauch, Trustee asked for the following amendments to the March 14, 2007 Minutes:

- Item 6a - "Motion was made by Steve Yauch and seconded by Maria De Anda to approve the Administrator's Recommendation to deny Beverly Stoughtenborough's Claim for Barry Stoughtenborough's surviving spousal benefits."
- Item 6b – 5th paragraph, first sentence: "Steve Yauch Trustee, asked is it customary to issue a RFP through the County."

Motion was made by Steve Yauch and seconded by Maria De Anda to approve the following items as listed and with the above amendments as presented.

Motion carried.

- a. Approval of the March 14, 2007 Minutes - with amendments

5. **Semi-Annual Performance Report by Delaware Investments**

Kim Aspenleider, Vice President, Client Services, Kevin Brown, Investment Specialist and Dan Prislín, Senior Portfolio Manager, gave the first semi-annual presentation on StanCERA's large cap growth portfolio. Kim stated Delaware commenced business in 1929. StanCERA was added as a client as of August 18, 2006. Kim gave a brief overview of the firm's history, philosophy, and investment process. As growth investors it currently maintains a staff of 171 investment professionals with the business organized into five independently managed asset groups – growth, value, core, fixed income and international. Fundamental research plays a central role in their investment processes, with more than half of staff as research analysts.

Dan Prislín presented StanCERA's portfolio. Delaware uses a concentrated strategy with 25-35 stocks in the portfolio at any one time. With an initial investment of over \$104 million, the portfolio saw gains of more than \$11 million. As of February 28, 2007, the portfolio's value is nearly \$116 million. Since inception net returns are 10.24%, higher than the Russell1000 Growth benchmark of 9.54% as of February 28, 2007.

6. **Semi-Annual Performance Report by Loomis Sayles & Company, LP**

Douglas Richardson, Vice President and Large Cap Growth Product Manager, gave the first semi-annual presentation on StanCERA's large cap growth portfolio. Doug gave a brief overview of the company's investment approach. He then proceeded to give the performance review of the portfolio. Since StanCERA's initial investment on August 18, 2006, the net (of fees) return is 11.95%, very close to the Russell 1000 benchmark of 11.97% as of March 21, 2007.

7. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending February 28, 2007**

Paul Harte, SIS, presented the monthly performance review for the period ending February 28, 2007. StanCERA's portfolio is \$1.38 billion, a -0.51% decrease from the prior month. The overall rate of return for this fiscal year to date is 10.91%, under StanCERA's policy index of 10.95%. However, this return is over the fiscal year to date assumed rate of 5.46%. Paul stated this is good with being two-thirds through the fiscal year. Additionally, investment managers remain on target within the investment policy guidelines for the asset allocations.

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

Gordon Ford distributed copies of recent news articles of topics including possible changes in the municipal bond market and exchange-traded funds (ETFs) including i-shares.

Mike Lynch inquired as to the status of receiving written conclusions from the fiduciary insurance underwriters regarding liability coverage. Tom Watson replied nothing had been received to date.

8. **Members' Forum (Information and Future Agenda Requests Only) [cont.]**

Wes Hall mentioned he attended the California Association of Public Retirement Systems (CALAPRS) General Assembly held in Monterey, California on March 10-13, 2007. Over 40 systems belong to CALAPRS with \$510 billion in assets collectively. Wes said the Assembly was well attended.

9. **Adjournment**

Meeting adjourned at 3:32 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

By: _____
Deirdre McGrath, Deputy County Counsel