



STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

April 25, 2006

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

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

**Members Absent:** Maria DeAnda and Mike Fisher

**Others Present:** Kelly Cerny, Keith Bruch, LSV Asset Management,  
Paul Harte-Strategic Investment Solutions (SIS), Deirdre McGrath,  
Hank Skau, and Tom Watson

1. Meeting called to order at 1:00 p.m. by Chair Darin Gharat

2. **Announcements**

None.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

a. Approval of the April 12, 2006 Minutes

5. **Large Cap Growth Equity Manager Search - Profiles**

Paul Harte, Consultant, SIS, gave a brief overview of the written itinerary, profiles, styles, performances, and statistics of the three large cap growth equity managers that Board members had received.

Deirdre McGrath arrived at 1:03 p.m.

5. **Large Cap Growth Equity Manager Search – Profiles (cont.)**

Paul distributed to Board members a one-page overview of the three large cap growth equity managers' holdings based analysis of their large cap growth portfolios as of December 31, 2005.

Recessed at 1:19 p.m.

Reconvened at 1:21 p.m.

6. **Loomis Sayles & Company's Large Cap Growth Equity Investment Presentation**

Mark Baribeau, Vice President and Chief Investment Officer – Large Cap Growth Equities, and LeBaron Meyers, Vice President, Institutional Sales, made a presentation to the Board on Loomis Sayles & Company's large cap growth equity investment product.

7. **Delaware Investments' Large Cap Growth Equity Investment Presentation**

Jeff Van Harte, Senior Vice President and Chief Investment Officer; along with Bob Powers, Senior Vice President and Western Director, Institutional Sales made a presentation to the Board on Delaware Investments' large cap growth equity investment product.

Recessed at 2:55 p.m.

Mike Lynch left at 2:55 p.m.

Reconvened at 3:03 p.m.

8. **INTECH Mathematical Strategies' Large Cap Growth Equity Investment Presentation**

Jim McHugh, Senior Vice President of the Portfolio Management Group, and Betsy Flavin, Vice President, Institutional Asset Management, made a presentation to the Board on INTECH's large cap growth equity investment product.

9. **Semi-Annual Performance Report by LSV Asset Management**

Keith Bruch, Partner and Director, Client Portfolio Services, gave the semi-annual presentation of StanCERA's international value equity investment performance for the period ending March 31, 2006. The first quarter return was 12.0% (net of fees), 230 basis points above the benchmark Morgan Stanley Capital International (MSCI) All Countries World Index Excluding the United States (ACWI ex US) that had a 9.7% return for the same period. The period of January 1, 2005 through December 31, 2005 saw a return of 27.5%. Since LSV's inception with StanCERA as of August 15, 2004, StanCERA's annualized return has been consistently above the benchmark.

Jim DeMartini left at 4:03 p.m.

10. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending March 31, 2006**

Paul Harte presented the monthly performance review for the period ending March 31, 2006. As of March 31, 2006, StanCERA's portfolio was \$1.3 billion, an increase of 1.13% for the month, performing above the policy index. Asset allocation continues to be on target. The fiscal year to date return is 11.70%, above StanCERA's policy index of 10.06%. Paul said he would be adding the Russell 2500 Growth Index to the Monthly Performance Review for Mazama's small/mid cap growth equity investment performance benchmark.

11. **Administrator**

- a. Resolution for Fidelity Management Trust Company to Invest in the Fidelity Emerging Markets Collective Pool for Exposure to Emerging Markets Investment Opportunities and Related Actions

Tom Watson, Administrator, distributed to Board members a written clarification of the action on the January 24, 2006 Agenda Item #7. The Board of Retirement acted to hire Fidelity Management Trust Company (FMTC). The Minutes of Agenda Item #7 of the January 24, 2006 meeting reflect:

"The Board determined transition to Fidelity Investments was a reasonable and cost effective alternative." A Motion was carried to transition the money into Fidelity Investments' International Growth Fund.

The clarification is, rather than placing the money in the International Growth Fund, the Board should instead have FMTC -- as the investment manager of StanCERA's allocation of investments to international equities growth style -- accomplish this through the purchase of individual securities in more mature markets and use FMTC's 'Fidelity Emerging Markets Collective Pool,' for investments in international emerging markets. All investments will be subject to the StanCERA Investment Policy.

Motion was made by Wes Hall and seconded by Ron Martin to adopt the above clarification of the Board of Retirement's action of January 24, 2006 to hire Fidelity Management Trust Company.

Motion carried.

Tom also informed Board members they received a written resolution of the specific guidelines and IRS compliance for FMTC's investment of StanCERA's FMTC account into FMTC's separate fund known as Fidelity Emerging Markets Collective Pool. Resolution #2006-01 requires adoption by the Board of Retirement with the signature of the Chair of the Board.

Motion was made by Ron Martin and seconded by Steve Yauch to adopt the Board of Retirement's Resolution #2006-01, dated April 25, 2006, and authorize the Chair to sign the Resolution on the Board's behalf.

Motion carried.

11. **Administrator (cont.)**

b. Quarterly Update of Administrator's 2006 Goals

Tom Watson reported that Board members had received a written update of the Retirement Administrator's 2006 goals ending March 31, 2006. Board members expressed their appreciation for receiving the updates.

c. Presentation of Fiscal Year 2006-2007 Administrative Budget

Hank Skau, Operations Manager, discussed the StanCERA administrative budget for fiscal year 2006-2007 that Board members had received.

The budget detailed each line item for a total of \$1,936,830. Hank addressed two highlights of the budget:

- A request for the addition of one software developer/analyst III position;

Hank explained the incumbent has worked full-time on StanCERA technology projects for the past 18 months through an agreement with the County's Strategic Business Technology (SBT) Department. It is now in StanCERA's best interest to add the position to meet staff's ongoing technology needs.

- The estimated budgeted costs for operations at the 12<sup>th</sup> Street office building;

Due to the increase in occupied space, additional costs are expected for maintenance, utilities, and janitorial services. There will also be a significant increase in security costs due to the presence of the District Attorney's Office also occupying the building. Hank said the Board would be updated during the upcoming year once there is a better understanding of what the actual costs will be to occupy the building.

Wes Hall, Trustee, mentioned he noticed that the total budget number for the fiscal year 2005-2006 comparison differed from last year's previous total. Hank said he would review this and return to the Board with a corrected worksheet. The Board requested the budget be brought back to the May 23, 2006, Board of Retirement meeting for final approval.

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

None.

13. **Adjournment**

Meeting adjourned at 4:29 p.m.

Respectfully submitted,

Tom Watson, Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK, COUNTY COUNSEL

By: \_\_\_\_\_  
Deirdre McGrath, Deputy County Counsel