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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

September 25, 2007

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

**Members Absent:** *Mike Lynch*

**Alternate Member Absent:** *Linda Stotts-Burnett, Alternate Retiree Representative*

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

1. Meeting called to order at 2:00 p.m. by Wes Hall, Chair.

2. **Announcements**

Tom Watson, Retirement Administrator, announced the new 10-space parking procedure was in place for the board members to park during board meetings. Board members' consensus was it appeared to work well, however the parking is becoming tighter and the federal bankruptcy court has yet to arrive. Maria De Anda, Trustee, commented that marking the 10 spaces permanently reserved on the fifth floor would allow for board members to park during meetings. This would also allow for staff parking when not in use for Board meetings. Wes Hall, Trustee, mentioned all 56 spaces paid for by StanCERA should be reserved.

3. **Public Comment**

None.

4. **Consent Items**

Motion was made by Darin Gharat and seconded by Steve Yauch to approve the following items as listed.

Motion carried.

a. Approval of the September 12, 2007, Minutes

4. **Consent Items (cont.)**

b. Approval of Death Benefits

1. Dawn E. Hinman, Deceased February 14, 2007, Deferred Member, Option Pursuant to Government Code Section 31781
2. Charles T. Van Horn, Deceased September 1, 2007, Deferred Member, Option Pursuant to Government Code Section 31781

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

Kevin Brown, Vice President, Senior Investment Specialist, gave the second semi-annual presentation on StanCERA's large cap growth portfolio. Mr. Brown gave a brief overview of the firm, and its philosophy. Delaware's large cap growth investment style is to concentrate on 20 to 30 of the best stocks of good companies. with fundamental research playing a central role in its investment management processes. The first few months of this year were difficult for large cap growth. However, it is expected to improve.

Ron Martin arrived at 2:10 p.m.

Mr. Brown shared that with the inception of the portfolio on August 18, 2006, with an initial investment of \$104 million, the portfolio has seen gains of almost \$18 million as of August 31, 2007. As of August 31, 2007, the portfolio's value is nearly \$122 million. Since inception net returns are 16.17%, slightly lower than the Russell 1000 Growth benchmark of 17.70%.

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

Douglas Richardson, Vice President, Large Cap Growth Product Manager, gave the second semi-annual presentation of StanCERA's large cap growth portfolio. After a brief overview of the portfolio's large cap growth sector outlook, Mr. Richardson gave the portfolio's performance review. Since the inception of StanCERA's portfolio on August 18, 2006, the net (of fees) return as of September 21, 2007, is 20.37%, above the Russell 1000 Growth benchmark of 20.11%.

7. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending August 31, 2007**

Paul Harte, presented the monthly performance review for the period ending August 31, 2007. As of August 31, 2007, StanCERA's portfolio is \$1.42 billion, a 0.11% increase from the prior month. The fiscal year to date return is -1.30% below StanCERA's policy index of -0.75% and the 1.32% needed to meet the actuarial assumed rate of return of 8.16% for the year. Mr. Harte mentioned that although August was a volatile month, all investment managers remain close to their targets.

8. **Discussion of the Special Situations Fund - Global Real Estate Investment Trust (REIT) Candidates' Responses to the Request for Information (RFI)**

Paul Harte gave a verbal summary of a written report given to Board members regarding StanCERA's RFI on global REIT manager candidates. A total of four managers responded to the request. They were then ranked using quantitative and qualitative factors. The Board discussed the findings of the short list of candidates.

9. **Discussion and Action on the Special Situations Fund - Global REIT Candidates - Analysis and Selection of Presentation Finalists**

Motion was made by Ron Martin and seconded by Steve Yauch to approve Cohen and Steers and INVESCO to move to the finalist presentation stage at the October 23, 2007 investment meeting.

Motion carried.

Gordon Ford opposed.

10. **Administrator**

None.

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

None.

12. **Adjournment**

Meeting adjourned at 3:29 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK, COUNTY COUNSEL

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