



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

January 25, 2011

Members Present: Lyn Bettencourt, Jim DeMartini, Gordon Ford, Darin Gharat,
Mike Lynch, Ron Martin, and Clarence Willmon

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

Members Absent: *Maria De Anda and Jeff Grover*

Staff Present: Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Kathy Herman, Special Projects Manager
Hank Skau, Operations Manager
Kathy Johnson, Accountant

Others Present: Paul Harte & Nathan Pratt, Strategic Investment Solutions (SIS), Inc.
Fred Silva, General Legal Counsel
Michael Bowman, Joe Rodriguez Jr., Paul Curbo, &
Ping-Ying Wang, Invesco National Trust Company (via teleconference)
Doris Foster & Monica Nino, County Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Mike Lynch, Chair.

2. **Roll Call**

3. **Announcements**

Mr. Watson announced the Stanislaus County Board of Supervisors' appointment of Jeff Grover to fill Seat #9 on the Board of Retirement, effective January 18, 2011. Mr. Grover replaces the Board seat that Mr. Mike Fisher previously held.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Darin Gharat and seconded by Linda Stotts-Burnett to approve the following items as listed.

Motion carried.

- a. Approval of the January 12, 2011, Administrative Meeting Minutes
- b. Received StanCERA Complaint Log of October 1, 2010 through December 31, 2010
- c. Receipt of Strategic Investment Solutions Inc.'s November 2010 Monthly Performance Review for StanCERA
- d. Receipt of the State Association of County Retirement Systems' (SACRS) Spring 2011 Elections Schedule
- e. Receipt of the 2011 Board of Retirement Standing Committee Assignments
- f. Approval of Death Benefit
 1. Kristi Crawshaw Olson, Deceased December 28, 2010, Active Member, Option Pursuant to Government Code Sections 31781, 31781.1, or 31781.3

6. **Invesco's Presentation of the Global Real Estate Investment Trusts (REITs) Portfolio for the Fourth Quarter 2010**

Mr. Bettencourt arrived at 2:04 p.m.

Via a teleconference, Michael Bowman, Senior Director, Joe Rodriguez Jr., Global Head of Real Estate Securities, Paul Curbo, Global Real Estate Securities Portfolio Manager, and Ping-Ying Wang, PhD., Global Real Estate Securities Portfolio Manager, gave a presentation on StanCERA's global REITs portfolio for the fourth quarter of 2010.

The portfolio's investment performance of 17.53% net of fees was below the developed index benchmark of 20.40%. Since inception as of March 2008 through December 31, 2010, this commingled fund returned -3.09% against the benchmark return of -2.69%. Market value as of December 31, 2010 is \$18.3 million.

7. **Strategic Investment Solutions, (SIS) Inc.**

- a. Introduction of Nate Pratt – SIS, Inc. Analyst

Mr. Harte introduced Nathan Pratt who will be part of the support staff at SIS, Inc.

7. **Strategic Investment Solutions, (SIS) Inc. [Cont.]**

b. Monthly Performance Review for the Month Ending December 31, 2010

Mr. Harte distributed the monthly performance review for the period ending December 31, 2010. StanCERA's portfolio is \$1.35 billion, an increase of 4.40% for the month. The total fund returned 4.53% for December, and the six-month fiscal year to date return is 16.75%, over StanCERA's policy index of 16.02% for the same period.

c. Discussion and Action on the Reporting Format of "Top 10 Holdings," by Investment Manager for Tracking Individual Holdings Performance

Motion was made by Gordon Ford and seconded by Lyn Bettencourt to approve SIS Inc.'s new monthly reporting format for returns on the "Top Ten Holdings," in each investment manager's portfolio showing both positive and negative security pricing (market value) returns for the month.

Motion carried

Mr. DeMartini left at 2:50 p.m.

d. Updated Capital Market Expectations January 2011

Mr. Harte reviewed the capital market expectations of November 2009 and May 2010 and how they compare to November 2010 expectations for StanCERA's target asset allocation portfolio. The total returns for the current target portfolio diminished some over the course of the year, the new real return of 4.5% still matches EFI Actuaries' assumed real rate of return and the 8.00% total return of the actuaries is substantiated by StanCERA's current asset allocation.

e. Review of RBC Infrastructure Fund of Fund Investment and Direction for Potential Infrastructure Investment

Mr. Harte reviewed the RBC Infrastructure Fund of Fund information and received direction from the Board to perform more due diligence and bring back recommendations on infrastructure investments.

f. Recommendations on Dodge & Cox Letters of Complying with the Statement of Investment Policy's Recent Changes

Mr. Harte informed the Board that Dodge & Cox's request as listed in Item #8b, to provide the Board with a quarterly performance attribution report from Dodge & Cox, is within the scope of StanCERA's Statement of Investment Policy.

8. **Correspondence**

- a. Dodge & Cox Letter Dated January 7, 2011 – StanCERA's Equity Account No. 827 / Fixed Income Account No. 1607
- b. Discussion and Action on the Dodge & Cox Letter Dated January 12, 2011 Regarding Complying with the Statement of Investment Policy's Recent Changes

Motion was made by Darin Gharat and seconded by Lyn Bettencourt to authorize the Retirement Administrator to sign on behalf of the Board, the Dodge & Cox letter dated January 12, 2011, that approves the receipt of a quarterly performance attribution report from Dodge & Cox as stated in the letter.

Motion carried.

9. **Closed Session**

No Closed Session.

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

None.

11. **Adjournment**

Meeting adjourned at 3:17 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
FRED A. SILVA, GENERAL LEGAL COUNSEL

By: 
Fred A. Silva, General Legal Counsel