



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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BOARD OF RETIREMENT MINUTES

October 22, 2013

Members Present: Jagen Raja (for Gordon Ford), Donna Riley, Maria DeAnda
Jason Gordo, Mike Lynch, Jim DeMartini,
Darin Gharat, Michael O'Neal and Jeff Grover

Alternate Member: Joan Clendenin Alternate Retiree Representative

Members Absent: Gordon Ford

Staff Present: Kellie Gomes, Executive Board Secretary
Kathy Herman, Operations Manager
Dawn Lea, Benefits Manager

Others Present: Kirin K. Virk, General Legal Counsel
Doris Foster, County Chief Executive Office
Stan Risen, County Chief Executive Office

1. Meeting Called to Order

Meeting called to order at 2:02 p.m. by Darin Gharat, Chair.

2. Roll Call

3. Announcements

Kellie Gomes announced the notice of elections for seat # 7 & 7A had been distributed on 10/17/13.

Operations Manager, Kathy Herman discussed the following:

Pyramis was unable to attend as originally scheduled and would like to be moved to the December meeting. All agreed.

Josh Green of Raven Capital had contacted StanCERA regarding a bridge loan that had potential UBTI issues for StanCERA. The Board was informed that tax counsel had reviewed the issue and had recommended the more conservative approach that avoids any negative consequences in spite of potential additional costs.

3. Announcements (Cont.)

Operations Manager, Kathy Herman discussed the following: (Cont)

Custodian update – Updated the Board on the Custody search process meeting as needed.

4. Public Comment

None

5. Consent Items

Motion was made by Donna Riley and seconded by Michael O’Neal to approve the following consent items as presented:

- a. Approval of the October 9, 2013 Administrative Meeting Minutes

Motion Carried

6. Semi-Annual Performance Report by LSV – International

Presenter by: Keith Bruch, CFA, Partner & Director, Client Portfolio Services

- Initial funding and date: \$81 Million 9/2004
- Ending Value on 9/30/13: \$145 Million

All figures below are as of September 30, 2013

- Recent Quarter Return (Net): 11.1%
- 1 Year Return: 19.1%
- 3 Year Return: 7.2%
- Since Inception Return: 7.6%

7. Strategic Investment Solutions (SIS), Inc.

- a. Monthly Performance Review for the Month Ending September 30, 2013

Monthly performance – 3.58%

Fiscal YTD – 5.48%

Fiscal YTD alpha – 0.49%

Total fund value as of September 30, 2013: \$1.619 Billion

Paul gave an update regarding HaberTrilics and InView. HaberTrilics has decided to close its fund. InView was temporarily out of compliance with its State’s SEC status. However, the State of Illinois has a safe harbor clause whereby InView could still fall within SEC purview. Further discussion followed regarding the fact that StanCERA’s investment in InView represented over 20% of InView’s total assets under management. There will be an update at the next board meeting on both issues.

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

- b. Report on “Top 10 Holdings” of StanCERA Investment Managers as of September 30, 2013

8. Executive Director

- a. Discussion and Action Regarding Fixed Income Manager Structure – Presented to the Board on September 24, 2013– Paul Harte, SIS.

Motion was made by Jeff Grover and seconded by Donna Riley to begin the legal review for PRIMA Commercial Mortgage Investment and pending the results of that review to invest an initial amount of \$25 Million with the fund. The PIMCO unconstrained strategy was not recommended by the Board at this time.

Motion Carried

- b. Discussion and Action Regarding Review of the Biennial Investment Policy Revision

Kathy Herman, Operations Manager, presented and suggested that, given the extensive review that would be needed on the Statement of Investment Policy as well as the By-Laws and the Custody Bank proposals, the Board might want to create a sub-committee to review the Statement of Investment Policy. Following the discussion, no action was taken; the IGC will work with staff.

9. Committee Reports and Recommendations for Action

STANDING COMMITTEES

a. Internal Governance Committee

- i. Discussion and Action to Accept the Internal Governance Committees’ Recommendation Regarding the June 30, 2013 and 2012 Comprehensive Annual Financial Report (CAFR)

Motion was made by Maria DeAnda and seconded by Jeff Grover to accept the recommendation of the Internal Governance Committee regarding the June 30, 2013 and 2012 Comprehensive Annual Financial Report (CAFR) as presented.

Motion Carried

10. Closed Session

- a. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- b. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- c. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894
Government Code Section 54956.9(d)(1)

No Closed Session

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

Due to the heavy agendas expected at the November 26th Meeting, the Operations Manager requested a change in the meeting start time to 1:30 p.m.

Trustee Grover announced he is expecting to travel to Raven on 11/20/13 for the Advisor Board meeting

12. Adjournment

Meeting adjourned at 3:12 p.m.
Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
GENERAL LEGAL COUNSEL

By: 
Kirin K. Virk, General Legal Counsel