



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

October 26, 2010

Members Present: Maria De Anda, Jim DeMartini, Gordon Ford, Darin Gharat, Mike Lynch, Ron Martin, and Clarence Willmon

Members Absent: *Lyn Bettencourt and Mike Fisher*

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

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

Others Present: Fred Silva, General Legal Counsel
Brian Higgins & Chris Steward, Pyramis Global Advisors
via teleconference
Keith Bruch & Bhaskaran Swaminathan, LSV Asset Management
via teleconference
David Hennessy & Chris Brightman, Research Affiliates
Paul Harte, Strategic Investment Solutions (SIS), Inc.
Doris Foster & Monica Nino, Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Ron Martin, Vice Chair.

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

M. Lynch arrived at 2:02 p.m.

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

5. **Consent Items (Cont.)**

Motion carried.

- a. Approval of the October 13, 2010, Administrative Meeting Minutes
- b. StanCERA Complaint Log of July 1–September 30, 2010
- c. BNY Mellon Securities Lending Program Report as of September 30, 2010
- d. Receipt of Final Draft of Side Letter for Investment Agreement with KKR's Mezzanine Partners I LP Fund

6. **Semi-Annual Performance Report by Pyramis Global Advisors**

M. De Anda arrived at 2:05 p.m.

Brian Higgins, Senior Account Executive, and Chris Steward, Institutional Portfolio Manager, gave the semi-annual presentation of StanCERA's international growth equity investment performance for the period ending September 30, 2010. The presentation was held via teleconference.

StanCERA's cumulative return (gross of fees) for international growth for the quarter is 16.74% compared with the benchmark MSCI ACWI Ex-U.S. (Morgan Stanley Capital International All Country World Index Ex-U.S.) index rate of return of 16.58%. StanCERA's portfolio total net assets as of September 30, 2010 are \$135.9 million. Portfolio returns for one and three years (gross of fees) are 9.67% and -6.72% compared with index returns of 7.56% and -7.42% for the same time periods of time. Since inception of the portfolio (May 11, 2006) the return is 0.65%.

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

Keith Bruch, Partner and Director, Client Portfolio Services, and Bhaskaran Swaminathan, Partner, and Director of Research, gave the semi-annual presentation of StanCERA's international value equity investment performance for the period ending September 30, 2010. The presentation was held via teleconference.

As of September 30, 2010, StanCERA's international value equity portfolio totaled \$131.8 million. StanCERA's 2010 third quarter return was 15.6% (net of fees). The one, three, and five year returns (net of fees) were 7.8%, -8.3% and 3.7%, respectively, compared with the value index returns of 3.8%, -7.8% and 3.9% for the same time periods,

8. **Educational Presentation by Research Affiliates – Long-Short Strategy**

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

a. Monthly Investment Performance Review for the Month Ending
September 30, 2010

Mr. Harte presented the monthly performance review for the period ending September 30, 2010. As of September 2010, StanCERA's portfolio is \$1.27 billion, a 6.45% increase from the prior month. The fiscal year to date return is 9.50%, above StanCERA's policy index of 9.37%.

b. Discussion and Action on KKR Mezzanine Partners I LP Fund

Motion was made by Darin Gharat and seconded by Ron Martin to not invest in the KKR Mezzanine Partners I LP fund.

Motion carried.

10. **Closed Session**

Motion was made by Ron Martin and seconded by Darin Gharat to commence to Closed Session at 3:52 p.m.

Motion carried.

a. Conference with Legal Counsel – Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of section 54956.9:
One Matter

b. Conference with Legal Counsel – Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of section 54956.9:
One Matter

c. Conference with Legal Counsel – Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of section 54956.9:
One Matter

Motion was made by Ron Martin and seconded by Clarence Willmon to return to Open Session at 4:13 p.m.

No report.

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

Mr. Silva updated Board members in the matter of Nasrawi et al vs. Buck Consultants. The matter was set for a hearing to dismiss it on October 18, 2010. At the request of the Plaintiffs' it was then converted to a motion to remand it back to Superior Court. Initially, the case was filed in Stanislaus Superior Court and Buck Consultants removed it to Federal Court. The Plaintiffs then filed a motion to remand it back to Superior Court. The Plaintiffs lost on that motion. Buck Consultants then filed a motion to dismiss. In the Plaintiffs' opposition to the motion to dismiss, they requested a rehearing on the motion to remand. Judge Wanger scheduled a hearing for November 1, 2010. Judge Wanger states in the minute order of October 18, 2010, that he will rule on the motion to dismiss on the same day as the hearing of November 1, 2010.

Ms. Cerny announced that Trustee Mike Fisher submitted his resignation from the Board of Retirement, effective November 1, 2010. Mr. Fisher's written resignation letter was distributed to Board members.

12. **Adjournment**

Meeting adjourned at 4:18 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