



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

### BOARD OF RETIREMENT MINUTES

November 23, 2010

#### Members Present:

Lyn Bettencourt, Maria De Anda, Jim DeMartini,  
Gordon Ford, Darin Gharat, Mike Lynch, Ron Martin,  
and Clarence Willmon

#### Alternate Member Present:

Linda Stotts-Burnett, Alternate Retiree Representative

#### Staff Present:

Tom Watson, Retirement Administrative  
Kelly Cerny, Executive Secretary  
Michele Silva, Benefits Manager  
Hank Skau, Operations Manager  
Kathy Herman, Special Projects Manager

#### Others Present:

Fred Silva, General Legal Counsel  
Paul Harte, Strategic Investment Solutions (SIS), Inc.  
Jeff Grover, Board of Supervisors  
Monica Nino, Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Maria De Anda, Chair
2. **Roll Call**
3. **Announcements**

Mr. Watson made the following announcements:

Trustee Mike Fisher's resignation from the Board of Retirement was forwarded to the Stanislaus County Board of Supervisors, where it was placed on their Tuesday, November 2, 2010 meeting agenda.

Ms. Kathy Johnson, formerly an Accountant with Stanislaus County's Health Services Agency, was hired as StanCERA's Accountant effective November 20, 2010. Ms. Johnson was not able to be introduced at today's Board meeting due to taking the fourth and final Certified Public Accountant (CPA) exam.

The Ad Hoc Succession Planning Committee will meet following today's Board of Retirement meeting. The members of the Committee are Maria De Anda, Ron Martin, Mike Lynch, and Darin Gharat.

4. **Public Comment**

None.

5. **Consent Items**

Mr. Willmon requested Item #5e be removed from Consent Items for discussion in Closed Session.

Motion was made by Darin Gharat and seconded by Lyn Bettencourt to approve the following items as listed with the removal of Item #5e for Closed Session.

Motion carried.

Mike Lynch abstained.

- a. Approval of the October 26, 2010, Investment Meeting Minutes
- b. StanCERA Third Quarter Investment Managers Peer Ranking
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
  1. Michael Barton, SBT, Effective 08-31-10
  2. Cynthia Chapa, BHRS, Effective 11-01-10
  3. Bart Conner, Sheriff, Effective 11-03-10
  4. Joseph Espino, GSA, Effective 11-13-10
  5. Kathryn Frew, CSA, Effective 11-06-10
  6. David Gaddy, CSA, Effective 11-05-10
  7. Paulette Hamilton-Fletcher, Treasurer-Tax Collector, Effective 11-20-10
  8. Stuart Klimek, SBT, Effective 11-11-10
  9. Susan Nelson, CSA, Effective 11-06-10
  10. Lynda Ryno, City of Ceres, Effective 10-07-10
  11. Tyrone Spencer, Sheriff, Effective 11-18-10
  12. Mary Williams, Probation, Effective 11-06-10
  13. Charles Wood, City of Ceres, Effective 11-01-10
- d. Approval of Deferred Retirement(s) – **Section 31700**
  1. Scott Ball, Probation, Effective 09-07-10
  2. Dorothy Sinclair, District Attorney, Effective 06-12-10
  3. Cheryl Westbrook, DCSS, Effective 07-31-10

**Item #5e Moved to Closed Session**

6. **Strategic Investments Solutions (SIS), Inc.**

a. Investment Performance Analysis for the Third Quarter Ending  
September 30, 2010

The composite fund returned 9.3% in the third quarter of 2010 and ranked in the 29<sup>th</sup> percentile among other public funds greater than \$100 million (8.6% median). The fund trailed its policy index (9.4%) during this time period. Longer term, the Three and five year returns of -1.5% and 3.7%, ranked above the median among total public plans (-1.9% and 3.5%, respectively).

b. StanCERA Manager Review List – Performance Through September 30, 2010

Mr. Harte informed the Board that all managers remain in good standing. Invesco was placed on under review status at the Board's January 26, 2010 meeting. Strictly looking at Invesco as a manager in their peer universe and their benchmark, and not as an analysis of the beta of their benchmark, it is recommended Invesco be removed from under review to good standing.

Motion was made by Ron Martin and seconded by Clarence Willmon to place Invesco in good standing.

Motion carried.

Gordon Ford abstained.

c. Monthly Performance Review for the Month Ending October 31, 2010

Mr. Harte presented the monthly performance review for the period ending September 30, 2010. As of September 30, 2010, StanCERA's portfolio is \$1.3 billion, a 2.68% increase from the prior month. The fiscal year to date return is 12.45% which is 0.33% above StanCERA's policy index, and substantially above the 2.66% actuarially assumed rate of return for the period or the 1.33% assumed rate of inflation.

d. Discussion and Action on Changes to StanCERA's Statement of Investment Policy -- Asset Allocation and Notification from Investment Managers on Unusual Downside of Individual Security Movement

Motion was made by Darin Gharat and seconded by Lyn Bettencourt to accept the changes to StanCERA's Statement of Investment Policy as presented.

Motion carried.

e. Discussion and Direction to SIS, Inc., on Alternative Investments, Infrastructure, Long/Short Strategies and Other Investment Options

The Board directed SIS, Inc., to bring back educational sessions on opportunistic fixed income investments, high yield, infrastructure, long/short funds, and hedge funds at investment Board meetings in 2011.

7. **Committee Reports and Recommendations for Action**

**STANDING COMMITTEES**

- a. Due Diligence Committee – Ron Martin, Chair
  - i. SIS, Inc.'s Memorandum Dated November 1, 2010 – Review of LSV Asset Management's Due Diligence Teleconference on September 28, 2010
  - ii. LSV Asset Management's Due Diligence Questionnaire Response Dated September 28, 2010, YTD 2010 Attribution, Code of Ethics and Personal Trading Policy

8. **Administrator**

- a. Discussion and Action on the Potential Revisiting of Different Actuarial Assumed Rates of Return (AAROR)

No action taken.

- b. Discussion and Action on the Retiree Health Insurance Consultant Agreement with Retiree Health Insurance Survey Results

Motion was made by Lyn Bettencourt and seconded by Mike Lynch to:

1.) Continue to authorize a health insurance deduction for StanCERA Retirees for health insurance administered by SMLIns for StanCERA retirees for calendar year 2011 with the full cost of such insurance(s) borne by the retiree/beneficiary; 2.) approve a one year extension of the current agreement for Professional Services with SMLIns (formerly BMTI) through December 31, 2011; 3.) direct staff to work with the Retired Employees of Stanislaus County (RESCO) in reviewing and potentially implementing changes in the current administration of retiree health insurances, and bring back any recommendations to the Board of Retirement at its June 8, 2011 meeting so that any changes may be implemented for calendar year 2012 and appropriate notice given to retirees.

Motion carried.

9. **Closed Session**

Motion was made by Darin Gharat and seconded by Clarence Willmon to commence to Closed Session at 3:31 p.m.

Motion was made by Darin Gharat and seconded by Clarence Willmon to return to Open Session at 3:50 p.m. Mr. Watson and Mr. Silva read the findings of the Closed Session:

**Consent Item #5e. Approval of Disability Retirement – Section 31724**

**1. Bernice Sumpter, Sheriff, Service-Connected, Effective 02-16-10**

Mr. Watson stated the application of Bernice Sumpter for a service-connected disability retirement benefit is granted effective February 16, 2010.

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

No action taken.

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

No action taken.

- c. Conference with Legal Counsel - Pending Litigation – One Case:  
Michael O’Neal et al. v. StanCERA  
Stanislaus County. Superior Court Case No. 648469  
Government Code Section 54956.9 (a)

Mr. Silva stated the plaintiffs in the case have filed a notice of appeal.

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

Mr. Bettencourt stated the State Association of County Retirement Systems’ (SACRS) Fall Conference was good. He noted StanCERA came out very well in the returns.

Mr. Gharat thanked the active safety members for their continued support and providing him with another three-year term on the Board of Retirement. He noted he ran unopposed.

Mr. Gharat requested the Administrator to provide a synopsis of what has occurred from 2003 to date as to what StanCERA has done in cooperation and partnership with the plan sponsor. He noted that at the Board of Supervisors’ November 2, 2010, meeting, not enough information was provided as to the actions of what the Board of Retirement has done to shore up the liability of the retirement system and also what is in the best interest of the ongoing partnership with the plan sponsor.

10. **Members' Forum (Information and Future Agenda Requests Only) [Cont.]**

Ms. Stotts-Burnett also stated the SACRS Fall Conference had good speakers and information.

11. **Adjournment**

Meeting adjourned at 3:57 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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



Fred A. Silva, General Legal Counsel