



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

November 24, 2009

Members Present: Maria De Anda, Jim DeMartini, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, 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
Natalie Elliott, Accountant
Hank Skau Operations Manager
Kathy Herman, Projects Manager
Luiana Irizarry, Administrative Assistant

Others Present: Paul Harte & Hershel Shaw, SIS, Inc.
Doris Foster, Chief Executive Office
Fred Silva, General Legal Counsel

1. Meeting called to order at 2:01 p.m. by Gordon Ford, Chair

2. **Roll Call**

3. **Announcements**

Hank Skau announced that the quarterly report of investment managers' proxy votes was available for viewing at the StanCERA office.

4. **Public Comment**

None.

5. **Consent Items**

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

Motion carried.

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

- a. Approval of the October 27, 2009, Investment Meeting Minutes
- b. Approval of the November 16, 2009 Special Meeting Minutes
- c. Trustee Wes Hall's Letter Dated November 1, 2009, - Resignation from Board of Retirement, Effective December 31, 2009
- d. StanCERA Third Quarter Investment Managers Peer Ranking
- e. BMTI Services' Complaint/Contact Log July 1, 2009 through September 30, 2009
- f. Approval of StanCERA's Comprehensive Annual Financial Report (CAFR) for the Fiscal Years Ended June 30, 2009 and 2008
- g. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. William Andrews, District Attorney, Effective 11-21-09
 2. Paul Kirchoff, Animal Services, Effective 10-01-09
 3. Nick Tamayo, Probation, Effective 11-18-09
 4. Charmaine Moorad-Daniel, Sheriff, Effective 11-21-09
- h. Approval of Deferred Retirement(s) – **Section 31700**
 1. Denita Harris, Alliance Worknet, Effective 10-02-09
 2. Heather Lawrence, DCSS, Effective 08-28-09
 3. Christine O'Neal, CSA, Effective 10-02-09
 4. Renteria Araceli, CSA, Effective 09-16-09
- i. Approval of Disability Retirement – **Section 31724**
 1. Leonarda Diaz Nicolini, Sheriff, Service-Connected, Effective 02-23-09

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

- a. Investment Performance Analysis for the Third Quarter Ending September 30, 2009

Investment performance has improved greatly since March 2009 and the rankings of most investment managers are showing vast improvements over the last quarter of 2008 and first quarter of 2009.

- b. StanCERA Manager Review List – Performance Through September 30, 2009

The status for Loomis Sayles remains under review with all other managers maintaining a "good standing" status.

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

c. Monthly Performance Review for the Month Ending October 31, 2009

Mr. Harte presented the monthly performance review for the period ending October 31, 2009. As of October 2009, StanCERA's portfolio is \$1.2 billion, a -1.57 decrease from the prior month. The fiscal year to date return is 12.57% which is 1.18% above StanCERA's policy index and substantially above the 2.67% actuarially assumed rate of return for the period or the 1.33% assumed rate of inflation.

d. Discussion and Action on a Request for Information (RFI) for U.S. Core Investment Grade Fixed Income Investment Advisory Services

Motion was made by Ron Martin and seconded by Darin Gharat to send the RFI to the eight (8) Core fixed income investment grade managers.

Motion carried.

e. Discussion and Action on Pyramis Global Advisors' Letter Dated November 4, 2009 – Canadian Securities in the International Growth Equity Portfolio

Motion was made by Darin Gharat and seconded by Mike Fisher to add a Canadian sub-portfolio to StanCERA's international growth portfolio at no cost to StanCERA's fee structure.

Motion carried.

7. **Administrator**

a. Verbal Report on Change in Custodial Computer Systems at The Bank of New York (BNY) Mellon

The Retirement Administrator informed the Retirement Board that the BNY Mellon was transferring securities custodial information system from BNY "Inform" system to Mellon's "Workbench" computer system.

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

STANDING COMMITTEES

a. Due Diligence Committee – Maria De Anda, Chair

i. SIS, Inc.'s Memorandum Dated November 5, 2009 – Review of Pyramis Global Advisors' Due Diligence Teleconference on September 22, 2009

ii. Pyramis Global Advisors' Due Diligence Questionnaire Response Dated September 22, 2009, Personal Trading Code of Ethics, GRC Training, Commission Usage and Directed Brokerage Policy, and Rules for Employee Investing

iii. SIS, Inc.'s Memorandum Dated November 9, 2009 – Review of Capital Prospects LLC's Due Diligence Video Conference on September 22, 2009

8. **Committee Reports and Recommendations for Action (Cont.)**

STANDING COMMITTEES (Cont.)

- a. Due Diligence Committee – Maria De Anda, Chair (Cont.)
 - iv. Capital Prospects LLC's Due Diligence Questionnaire Response Dated September 22, 2009, Biographies, Organizational Chart, and Ethics Code Book
 - v. SIS, Inc.'s Memorandum Dated November 9, 2009 – Review of Loomis Sayles & Company's Due Diligence Visit on September 22, 2009
 - vi. Loomis Sayles & Company's Due Diligence Questionnaire Response Dated September 22, 2009, Organizational Structure, Performance Attribution, Code of Ethics, and Reportable Funds List

9. **Closed Session**

Motion was made by Maria De Anda and seconded by Darin Gharat to commence to Closed Session at 2:45 p.m.

Motion was made by Darin Gharat and seconded by Mike Fisher to return to Open Session at 3:27 p.m., Mrs. Cerny read the findings of the Closed Session:

Motion was made by Darin Gharat and seconded by Mike Lynch Approving going forward with a Pitchess Motion and setting the matter for hearing before a hearing officer on the re-evaluation of Phillip Ward, a service connected disability retirement recipient.

Motion carried unanimously.

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

Board members and staff expressed their gratitude and respect for Wes Hall's service on the Retirement Board and some sadness upon his eminent departure noting that he will be missed.

Mr. Watson noted that if actuarial and legal reviews are completed, the Internal Governance committee and the Ad Hoc Committee on Excess Earnings Tied to Funded Status Policy might meet before the December 9, 2009 Retirement Board meeting.

11. **Adjournment**

Meeting adjourned at 3:40 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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

Fred A. Silva, General Legal Counsel


11. **Adjournment**

Meeting adjourned at 3:40 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

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



Fred A. Silva, General Legal Counsel