



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12<sup>th</sup> Street, Suite 600  
Modesto, CA 95354  
Mail: P.O. Box 3150 95353-3150

Phone (209) 525-6393  
Fax (209) 558-4976  
www.stancera.org  
e-mail: retirement@stancera.org

## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

February 25, 2014

**Members Present:** Gordon Ford, Donna Riley, Maria De Anda, Jason Gordo  
Mike Lynch, Darin Gharat, Michael O'Neal and Jeff Grover  
Jim DeMartini

**Alternate Member:** Joan Clendenin, Alternate Retiree Representative

**Members Absent:** NONE

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

**Others Present:** Fred Silva, General Legal Counsel  
Doris Foster, County Chief Executive Office  
Stan Risen, County Chief Executive Officer

1. Meeting Called to Order

Meeting called to order at 1:00 p.m. by Gordon Ford, Chair.

2. Roll Call

3. Announcements

4. Public Comment

None

5. Consent Items

- a. Approval of the February 12, 2014, Administrative Meeting Minutes
- b. StanCERA Investment Managers Peer Rankings for Quarter Ending December 31, 2013

Motion was made by Jeff Grover and seconded by Maria De Anda to approve the above consent items.

6. Annual Update Direct Lending Report – Raven Capital Management

Josh Green from Raven Capital Management gave the Board an update on the fund, where StanCERA's money has been invested, the nature of the investments already funded by StanCERA and their status, and two potential remaining investments that Raven is considering. Raven explained that they wish to extend the term of the investment for another year so that they could fund a potential purchase in a cargo vessel and an infrastructure investment. The investment would need to extend to 2017 (1 year after the current investment with Raven ends) in order for the investments to meet Raven's required return.

7. Strategic Investment Solutions (SIS), Inc.

a. Investment Performance Analysis for the Fourth Quarter Ending December 31, 2013

Quarterly Portfolio Performance Analysis (Return, Benchmark and Peer Ranking.)

- 4th Quarter: 6.3%, 5.2%, 14
- Fiscal YTD: 12.3%, 10.5%, 19
- 1 Year: 19.8%, 16.0%, 12
- 3 Year: 10.9%, 9.4%, 10
- 5 Year: 14.9%, 13.1%, 3

b. Monthly Performance Review for the Month Ending January 31, 2014

Monthly Return: -1.88%

Fiscal YTD: 10.18%

Fiscal YTD alpha: 1.60%

Total Fund Value as of January 31, 2014: \$ 1,680,577,809

c. StanCERA Investment Managers Review List for Quarter Ending December 31, 2013

d. Report on "Top 10 Holdings" of StanCERA Investment Managers as of January 31, 2014

2:36 p.m. Trustee DeMartini arrived

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

e. Discussion and Action Regarding the 2014 Proposed Real Estate Implementation Plan

Motion was made by Maria De Anda and seconded by Jeff Grover to accept SIS's recommendation to allocate to the Real Estate asset class 3.5%, or a total of \$58.8 million as presented in Alternate 3 as follows:

- Allocate 75% to the Private Value Added Class and 25% to the Private Core class
- For Private Core, Allocate To 1 Manager; For Private Value Added, Allocate To 2 Managers
- Within Private Value Added, Choose 1 Open Ended Fund And 1 Closed Ended Fund
- Eliminate The Current Allocation to REITS

Roll Call Vote was as follows:

Gordon Ford	No	Jim DeMartini	Yes
Donna Riley	Yes	Maria DeAnda	Yes
Jason Gordo	Yes	Mike Lynch	No
Michael O'Neal	Yes	Jeff Grover	Yes

Joan Clendenin Alternate Vote not required  
Darin Gharat was not present for vote

8. CHEIRON (Formerly EFI)

a. Discussion and Action on CHEIRON Actuaries Presentation of the June 30, 2013 Actuarial Valuation

Graham Schmidt presented the preliminary results from the June 30, 2013 actuarial valuation. After discussion regarding the changes from the prior year, a motion was made by Jim DeMartini and seconded by Maria De Anda to accept the 2013 valuation with the following notable items:

- Continue on the current declining amortization schedule
- Accept the actuary's recommendation to include the new GASB requirements as the basis for funding
- Phase in the change in the employer rates for the GASB implementation over a period of 2 years

Motion Carried  
Micheal O'Neal Opposed

9. Executive Director

a. 2013 Quarter 4 Value Added Report



9. Executive Director (Cont)

Quarterly Value Added Report; Some notable items from the most recent report:

- All Active Managers Have Added Value Since June 30, 2008
- For The Most Recently Complete Quarter/Year, StanCERA Active Managers Added \$8,479,161/\$29,805,883 In Value, Respectively
- PIMCO Was The Only Manager That Didn't Add Value In 2013
- Small Cap Managers Have Provided The Greatest Relative Value for The Portfolio
- Custodial Fees Have Decreased Considerably Over The Last Year for Those Managers That Trade More
- StanCERA's Total Fees In Basis Points Are Around 35 Annually. This Compares With Most Other 1937 Act Systems Of StanCERA's Size

10. Closed Session

Motion was made by Darin Gharat and seconded by Jason Gordo to enter into open session at 3:49 p.m.

- a. Discussion and Action Regarding Northern Trust Global Custody and Securities Lending Contracts  
Government Code Section 54956.81  
Roll Call Vote Required
- b. 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)
- c. 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)
- d. 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)
- e. Discussion and Action Regarding the Raven Capital Management Partnership Agreement Proposed Amendment  
Government Code Section 54956.81  
Roll Call Vote Required

Motion was made by Jeff Grover and seconded by Darin Gharat to enter into open session at 4:06 p.m.

Motion Carried

10. Closed Session (Cont)

Read Out of Closed Session Item 10.e

Motion was made by Darin Gharat and seconded by Mike O'Neal to accept staff's recommendation to authorize the Executive Director to sign the consent form to amend the First Amended and Limited Restated Limited Partnership Agreement of the Partnership for the Raven Asset-Based Opportunity Fund I LP.

Roll call vote was as follows:

Gordon Ford	No	Jim DeMartini	Yes
Donna Riley	Yes	Maria DeAnda	Yes
Jason Gordo	Yes	Mike Lynch	Yes
Darin Gharat	Yes	Michael O'Neal	Yes
Jeff Grover	Yes	Joan Clendenin	Alternate Vote not Required

No Other Items to Report Out From Closed Session

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

Trustee Ford requested that, when the Board entertains the next set of direct lenders in their annual report, staff should use the same format and present the same internal information as was used in the Raven discussion.

Trustee Clendenin requested that whenever there is a revised agenda, it should be clearly noted on the agenda that it is a revised agenda.

Trustee Grover asked for an augmented report regarding cash flow reconciliation on a monthly/quarterly basis. Staff will work with the Board to make sure that the desired information is included in this report.

12. Adjournment

Meeting adjourned at 4:16 p.m.

Respectfully submitted,



Rick Santos, Executive Director

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

By:   
Fred A. Silva, General Legal Counsel