



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

### BOARD OF RETIREMENT MINUTES

February 28, 2012

**Members Present:** Jim DeMartini, Gordon Ford, Darin Gharat, Mike Lynch, Michael O'Neal and Donna Riley

**Members Absent:** *Maria De Anda, Jeff Grover, and Ron Martin*

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

**Staff Present:** Kathy Herman, Operations Manager  
Kelly Cerny, Executive Secretary  
Luiana Irizarry, Administrative Assistant  
Dawn Lea, Benefits Manager  
Kathy Johnson, Accountant

**Others Present:** Fred Silva, General Legal Counsel  
Michael Thompson, Diligent Board Member Services, Inc.  
Steven Cassriel & Bob Thompson, Dodge & Cox  
Matt Clark, Todd Staley, PIMCO  
Paul Harte & Nathan Pratt, SIS, Inc.  
Eric Buescher, Esq., Cotchett, Pitre & McCarthy, LLP  
via teleconference  
Stan Risen & Doris Foster, County Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

Ms. Cerny announced that the correct date for Item #8b of the February 8, 2012, Board Meeting Minutes should reflect the correct effective date of Arnulfo Garcia's service connected disability retirement benefit as August 13, 2010.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the following items as listed.

Motion carried.

- a. Approval of the February 8, 2012, Administrative Meeting Minutes
- b. Approval of the February 17, 2012 Special Meeting Minutes
- c. StanCERA Investment Managers Review List for Quarter Ending December 31, 2011

6. **Report on Board Portal Systems and Demonstration of the "Diligent BoardBooks"**

Michael Thompson, West Coast Regional Director-Licensing, Diligent Board Member Services, Inc., gave a presentation and demonstration to the Board on Board portal systems.

No action taken.

7. **Semi-Annual Performance Report by Dodge & Cox - Fixed Income and Large Cap Value Equity Securities**

Robert Thompson, Vice President and Portfolio Manager-fixed income, and Steven Cassriel, Vice President and Portfolio Manager-large cap value equity, presented StanCERA's large cap equity and fixed income portfolios.

Through January 31, 2012, StanCERA's fixed income portfolio returned, net of fees, 7.18%, 10.05%, 7.21%, and 6.47%, for the one, three, five, and ten years, respectively. All percentages are annualized figures.

Through January 31, 2012, StanCERA's equity portfolio returned, net of fees -0.8%, 18.6%, -2.5% and 5.4% for the one, three, five, and ten years, respectively. All percentages are annualized figures.

8. **Semi-Annual Performance Report by PIMCO – Core Fixed Income**

Matt Clark, Senior Vice President, and Todd Staley, Account Manager presented StanCERA's core fixed income portfolio.

StanCERA's core fixed income portfolio market value as of December 31, 2011, is \$105.8 million. Since inception as of May 31, 2010, the returns, net of fees are 7.26%, and are 5.23%, and 1.12% for the six and three months, respectively.

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

- a. Investment Performance Analysis for Fourth Quarter Ending December 31, 2011

Mr. Harte reviewed the investment performance analysis for the quarter ending December 31, 2011. The composite fund returned 6.1% in the fourth quarter of 2011, and ranked in the 30<sup>th</sup> percentile among other public funds greater than \$100 million (5.3% median). Longer term, the three and five year returns of 13.6% and 2.0% ranked above the median among total public plans (11.1% and 2%, respectively).

- b. Monthly Performance Review for the Month Ending January 31, 2012

Mr. Harte presented the monthly performance review for the period ending January 31, 2012. StanCERA's portfolio is \$1.37 billion, a 3.86% increase from the prior month. The overall rate of return for this fiscal year to date is -1.54%. This return is below the policy index rate of 0.41% and the assumed rate of 4.69%, and the assumed inflation rate of 2.04% for the fiscal year period ending January 31, 2012.

- c. Report on "Top 10 Holdings" by StanCERA Investment Managers as of January 31, 2012
- d. Investment Manager Review List – Performance Through December 31, 2011
- e. StanCERA Investment Management Fees for Calendar Year 2011
- f. Discussion and Direction Pertaining to a "Stop-Loss" on StanCERA's Special Situations Fund

Mr. Harte will bring a draft policy back to the Board for action at the next Investment Board meeting.

- g. Discussion of Potential Investment Educational Topics for 2012

Mr. Harte will provide an educational presentation on RREEF Infrastructure at the March 27, 2012, Investment Board meeting.

10. **Executive Director Report**

- a. Discussion and Action Re: Entering Into Lease with Raymond James for Office Space at 832 12<sup>th</sup> St., 6<sup>th</sup> Floor

No action taken.

- b. Verbal Update on the Determination of Tax Compliance Letter Submission to the Internal Revenue Service (IRS)
- c. Verbal Update on Visits to StanCERA's Special Districts, February 15-16, 2012

11. **Closed Session**

Motion was made by Darin Gharat and seconded by Mike Lynch to commence to Closed Session at 4:10 p.m.

Motion was made by Darin Gharat and seconded by Donna Riley to return to Open Session at 4:58 p.m.

Motion carried.

Ms. Cerny read the findings of the Closed Session:

- a. Conference with Legal Counsel – Pending Litigation – One Case:  
In Re Bank of New York Mellon Corporation False Claims Act Foreign Exchange Litigation, Ex rel. FX Analytics v. The Bank of New York Mellon Corporation  
U. S. District Court, Northern District, Case No. 3:11-cv-05683-JCS

No report.

J. Clendenin and M. O'Neal recused themselves at 4:35 p.m.

- b. Conference with Legal Counsel – Pending Litigation – One Case:  
Dennis Nasrawi et al v. Buck Consultants, LLC, Santa Clara County Superior Court Case No. 1-11-CV202224

Motion was made by Mike Lynch and seconded by Gordon Ford to instruct counsel to investigate and pursue filing a motion for attorney fees.

Motion carried unanimously.

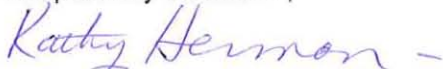
12. **Members' Forum (Information and Future Agenda Requests Only)**

None.

13. **Adjournment**

Meeting adjourned at 4:59 p.m.

Respectfully submitted,



Kathy Herman, Operations Manager

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

By:   
Fred A. Silva, General Legal Counsel