



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

Phone (209) 525-6393
Fax (209) 525-4334
www.stancera.org
e-mail: retirement@stancera.org

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BOARD OF RETIREMENT MINUTES

March 22, 2011

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

Members Absent: None

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

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

Others Present: Clint Walker, General Legal Counsel
Kevin Brown, Delaware Investments
Paul Harte & Nathan Pratt, Strategic Investment Solutions (SIS), Inc.
Graham Schmidt, EFI Actuaries
Doris Foster, Monica Nino, Stan Risen, & Rick Robinson, Chief Executive Office
Vivian Bowen, Jeanine Bean & Keri Brasil, Superior Courts
Terry Withrow, Board of Supervisor, District 4
Rhonda Bieseimer, President of Retired Employees of Stanislaus County (RESCO)
Doug Estes, Retiree

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

None.

4. **Public Comment**

Mr. Doug Estes, Retiree, addressed the Board thanking them for their time and service. Referring to a comment made at the February 22, 2011 Board of Retirement Investment meeting, Mr. Estes expressed it was his belief the Board of Retirement's job is to serve the retirees, county and its' citizens rather than making the employees of the county to "feel the pain." Mr. Estes feels the county has not paid its full amount into the retirement system in the past.

5. **Consent Items**

Motion was made by Maria. De Anda and seconded by Linda Stotts-Burnett to approve the following items as listed.

Motion carried.

- a. Approval of the March 9, 2011, Administrative Meeting Minutes

Items #9a. & #9b. Heard Out of Order

9. **Correspondence**

- a. Discussion and Action on the Stanislaus County Chief Executive Officer's Letter Dated March 7, 2011 – Retirement Contribution Rates
- b. Discussion and Action on the Superior Court Executive Officer's Letter Dated March 15, 2011 – Proposed 2011-2012 Employer Rates

Public Comment on Item #9a.

Mr. Estes, Retiree, addressed the Board with an inquiry if there was a strategy for the county to return the money it has borrowed from StanCERA.

Ms. Biesemeier, President of Retired Employees of Stanislaus County (RESCO), addressed the Board inquiring if the money requested by the county in this motion was a loan. In addition, Ms. Biesemeier stated she would like to object to the transfer of funds referred to in this motion on behalf of RESCO.

Motion was made by Ron Martin and seconded by Jim DeMartini to offset contributions by the County of Stanislaus, Superior Court, StanCOG, the City of Ceres, and smaller districts with \$14.3 million.

Motion carried.

Roll Call Yes: R. Martin, J. DeMartini, J. Grover, G. Ford, and M. Lynch

Roll Call No: M. De Anda, D. Gharat, C. Willmon, and L. Stotts-Burnett

Recessed at 2:40 p.m.

Reconvened at 2:45 p.m.

6. **Semi-Annual Performance Report by Delaware Investments**

Kevin Brown, Vice President, Senior Investment Specialist, gave the semi-annual presentation on StanCERA's large cap growth portfolio. As of December 31, 2010, net returns were 9.20%, while the Russell 1000 Growth Index benchmark was 11.83%. StanCERA's portfolio saw a net loss of \$2.63 million with the portfolio's value at \$102.2 million. As of February 28, 2011, the portfolio returned 25.46%, 4.21% and 4.42% for the periods of one year, three years, and since inception August 31, 2006. Since inception the portfolio is 138 basis points below the Russell 1000 Growth Index benchmark.

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

a. Monthly Investment Performance Review for the Month Ending February 28, 2011

Mr. Harte presented the monthly performance review for the period ending February 28, 2011. StanCERA's portfolio is \$1.405 billion, an increase of 2.13% from the prior month. The overall rate of return for this fiscal year to date is 21.13%, above the policy index of 19.89% and the assumed rate of 5.33%.

b. Report on "Top 10 Holdings" by StanCERA Investment Managers

c. Discussion and Action on Potential Infrastructure Investment

Motion was made by Ron Martin and seconded by Clarence Willmon to adopt the recommendations to have outside counsel review RBC Diversified Infrastructure Fund, L.P. and bring back to the board with recommendations.

Motion carried

Gordon Ford opposed.

d. Discussion and Action on Amending PIMCO's Investment Guidelines to Include 10% Below Investment Grade Fixed Income Securities Purchases

Motion was made by Maria De Anda and seconded by Ron Martin to modify StanCERA's separate account managed by PIMCO as recommended by SIS.

Motion carried.

Roll Call Yes: M. De Anda, D. Gharat, R. Martin, M. Lynch, C. Willmon and L. Stotts-Burnett

Roll Call No: G. Ford, J. DeMartini, and J. Grover

e. Cost and Benefit Analysis of Investment Manager Fees for Calendar Year 2010

8. **Presentation by EFI Actuaries of Additional Information Related to the June 30, 2010, Actuarial Analysis**

Items #9a. and #9b. Heard Out of Order

10. **Administrator**

- a. Discussion and Action on the Receipt of the June 30, 2010 Actuarial Review and Analysis and the Determination of Employer and Employee Retirement Contribution Rates for Fiscal Year 2011-2012

Motion was made by Clarence Willmon and seconded by Linda Stotts-Burnett to accept the June 30, 2010 Actuarial Valuation report submitted by EFI Actuaries with a 25 year amortization period.

Motion carried.

- b. Receipt of the State Association of County Retirement Systems' (SACRS) Board of Directors Election Materials and Recommendations for Write-In Candidates

- c. Discussion and Action on the SACRS' May 10-13, 2011, Spring Conference Voting Proxy Form

Motion was made by Ron Martin and seconded by Linda Stotts-Burnett to designate Tom Watson as the voting delegate during the SACRS Spring 2011 Conference Business Meeting on May 13, 2011.

Motion carried.

11. **Closed Session**

- a. Conference with Legal Counsel – Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of section 54956.9(b) (1): One Matter

No action taken.

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

Ms. De Anda requested better audio recording and to pursue alternatives.

Mr. Grover and Mr. Lynch also requested Mr. Watson to pursue better audio recording equipment.

13. **Adjournment**

Meeting adjourned at 4:03 p.m.

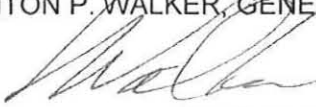
Respectfully submitted,



Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
CLINNTON P. WALKER, GENERAL LEGAL COUNSEL

By:



Clinton P. Walker, General Legal Counsel