



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) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

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BOARD OF RETIREMENT MINUTES

April 24, 2012

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

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kathy Herman, Operations Manager
Dawn Lea, Benefits Manager
Kathy Johnson, Accountant

Others Present: Fred Silva, General Legal Counsel
Paul Harte, Strategic Investment Solutions (SIS), Inc.
Sue Curran, Brian Higgins, Brian Hoesly, & Jack Ryan, Pyramis Global Advisors via teleconference
Keith Bruch & Bhaskaran Swaminathan, LSV Asset Management
Doris Foster & Stan Risen, County Chief Executive Office

1. Meeting called to order at 1.59 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Jeff Grover and seconded by Gordon Ford to approve the following items as listed.

Motion carried.

a. Approval of the April 11, 2012, Administrative Meeting Minutes

6. **Semi-Annual Performance Report by Pyramis Global Advisors**

Sue Curran, Senior Vice President and Relationship Manager, Brian Higgins, Senior Account Executive, Jake Ryan, Investment Trading Operations, and Brian Hoesly, Institutional Portfolio Manager, presented StanCERA's semi-annual international growth equity investment performance results via teleconference.

StanCERA's cumulative return (gross of fees) for international growth equity for the first quarter ending March 2012, is 12.23%, compared with the benchmark MSCI AC Word Ex US index rate of return of 11.23%. Total net assets as of March 31, 2012 are \$126.23 million, with a return of -5.68% for the past 12 months.

7. **Semi-Annual Performance Report by LSV Asset Management**

Mr. Bruch, CFA, Partner & Director, Client Portfolio Services, and Bhaskaran Swaminathan, Partner & Director of Research presented StanCERA's semi-annual international value equity investment performance for the period ending March 31, 2012.

As of March 31, 2012, StanCERA's international value equity portfolio is \$122 million. StanCERA's 2012 first quarter return was 11.0% (net of fees), above the benchmark MSCI ACWI Ex US return of 10.7%. Since inception as of September 14, 2004, the portfolio has added investment earnings of \$68 million to the original \$81 million and \$27 million in withdrawals.

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

a. Monthly Performance Review for the Month Ending March 31, 2012

Mr. Harte presented the monthly performance review for the period ending March 31, 2012. StanCERA's portfolio is \$1.427 billion. The overall rate of return for this fiscal year to date is 2.95%, below the policy index of 4.0%, and the assumption rate of 6.00%, and above actuary rate of inflation of 2.63%.

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

c. Discussion and action on Disposition of Stop Loss on the RAFI Long Short Fund

Motion was made by Gordon Ford and seconded by Jim DeMartini to liquidate the RAFI Long Short Fund.

Roll Call Yes: J. DeMartini, G. Ford, M. Lynch, and D. Riley

Roll Call No: M. De Anda, D. Gharat, J. Grover, R. Martin, and M. O'Neal

Motion failed by a 5-4 vote

9. **Executive Director**

a. Update on Disposition of Lehman Brothers Holdings Within the Securities Lending Portfolio

9. **Executive Director (Cont.)**

b. Discussion and Action Regarding Pension Cost Saving Measures

No action taken.

Discussion took place regarding emergency cost saving measures and a response/statement to Sacramento regarding StanCERA's perspective on the matter. Staff will work with the County regarding the current proposal(s) on the table, deciding what parts we would endorse. Staff will report back to the Board for further discussion and action.

10. **Committee Reports & Recommendations and Action**

STANDING COMMITTEES

a. Internal Governance Committee – Maria De Anda, Chair

i. Discussion and Action on Adoption of Policies, Procedures, and Guidelines

Motion was made by Mike Lynch and seconded by Darin Gharat to adopt the policies as presented.

Motion carried.

11. **Closed Session**

Motion was made by Darin Gharat and seconded by Michael O'Neal to commence to Closed Session at 4:29 p.m.

Motion carried.

Motion was made by Darin Gharat and seconded by Michael O'Neal to return to Open Session at 4:34 p.m.

Motion carried.

Ms. Herman read the findings of the Closed Session:

a. Conference with Legal Counsel – Pending Litigation Voortman v. Stanislaus County Employees' Retirement Association
Court of Appeal of the State of California Fifth Appellate District
Case No. F062610

Motion was made by Mike Lynch and seconded by Ron Martin to instruct Disability Counsel for StanCERA to seek publication of the court opinion and to recover court costs.

Motion carried unanimously.

11. **Closed Session (Cont.)**

- b. 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.

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

No report.

- d. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Court of Appeal of the State of California Fifth Appellate District
Case No. F061439

No report.

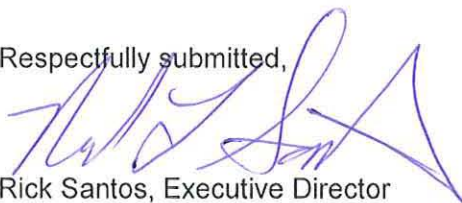
12. **Members' Forum (Information and Future Agenda Requests Only)**

None.

13. **Adjournment**

Meeting adjourned at 4:38 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