



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

April 27, 2010

**Members Present:** Lyn Bettencourt, Maria De Anda, Jim De Martini,  
Mike Fisher, Jegan Raja\*, and Darin Gharat

**Members Absent:** *Clarence Willmon, Ron Martin, and Mike Lynch*

\*Mr. Raja represents ex-officio Mr. Gordon Ford, Treasurer-Tax Collector

**Alternate Member Absent:** *Linda Stotts-Burnett, Alternate Retiree Representative*

**Staff Present:** Tom Watson, Retirement Administrator  
Hank Skau Operations Manager  
Kelly Cerny, Executive Secretary  
Natalie Elliott, Accountant

**Others Present:** Fred Silva, General Legal Counsel  
Paul Harte, Strategic Investment Solutions, Inc.  
Keith Bruch, LSV Asset Management  
Art Greenwood & Michael Strong, Pyramis Global Advisors  
Doris Foster & Monica Nino, Chief Executive Office

1. Meeting called to order at 2:03 p.m. by Maria De Anda, Chair.

2. **Roll Call**

3. **Announcements**

Mr. Watson introduced Mr. Jegan Raja, Assistant Treasurer-Tax Collector. Mr. Raja attended the meeting in place of the ex-officio Treasurer Tax Collector, Mr. Gordon Ford.

4. **Public Comment**

None.

5. **Consent Items**

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

Motion carried.

- a. Approval of the April 14, 2010 Administrative Meeting Minutes
- b. Approval of Death Benefit – **Section 31781**
  1. Joyce Elaine Werth, Deceased April 5, 2010, Deferred Member, Option Pursuant to Government Code Section 31781
- c. StanCERA Complaint Log of January 1, 2010, through March 31, 2010
- d. Receipt of Report from BNY Mellon ConvergeEx on the Transition of Two Investment Managers by Legato Capital Management in the Small Cap Growth Equity Portfolio
- e. Receipt of the State Association of County Retirement Systems' (SACRS) May 14, 2010 Business Meeting Packet

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

Mr. Bettencourt arrived at 2:06 p.m

Mr. Bruch, CFA, Partner & Director, Client Portfolio Services presented StanCERA's semi-annual international value equity investment performance for the period ending March 31, 2010.

As of March 31, 2010, StanCERA's international value equity portfolio is \$139 million. StanCERA's 2010 first quarter return was 1.7% (net of fees), above the benchmark MSCI ACWI EX US return of 1.6%. The period of January 1, 2009 through December 31, 2009 saw a return of 47.7% (net of fees).

Mr. Bettencourt left at 2:19 p.m.

Mr. Bettencourt returned at 2:20 p.m.

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

Mr. Greenwood, Senior Vice President and Mr. Strong, Institutional Portfolio Manager, presented StanCERA's semi-annual international growth equity investment performance results.

7. **Semi-Annual Performance Report by Pyramis Global Advisors (Cont.)**

StanCERA's cumulative return (net of fees) for international growth equity for the first quarter ending March 31, 2010, is 2.03%, compared with the benchmark MSCI AC World ex US index rate of return of 1.58%. Total net assets as of March 31, 2010 are \$132.9 million, with a return of 62% for the past 12 months.

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

a. Monthly Performance Review for the Month Ending March 31, 2010

Mr. Harte presented the monthly performance review for the period ending March 31, 2010. StanCERA's portfolio is \$1.27 billion, a 4.61% increase from the prior month, up \$56 million from the prior month, and up \$370 million from the prior year. The overall rate of return for this fiscal year to date is 24.16%, above the policy index of 21.71%, and the assumed rate of 6.00%, and the actuary rate of inflation of 3.00%.

Board members expressed concerns regarding Invesco's performance. Mr. Harte said this will be addressed at a due diligence visit scheduled this year and will then include recommendations.

9. **Administrator**

a. Discussion and Action on the Actuarial Review and Analysis as of June 30, 2009

Motion was made by Jim DeMartini and seconded by Darin Gharat to approve the actuarial review and analysis as of June 30, 2009, before the \$21.4 million offset from non-valuation reserves.

Motion carried.

b. Discussion and Action on the Renewal of the Investment Consultant Agreement with SIS, Inc., For Three Years, July 1, 2010 through June 30, 2013

Mr. Bettencourt left at 3:12 p.m.

- i. SIS, Inc. Memorandum – General Investment Consultant Evaluation

Mr. Bettencourt returned at 3:14 p.m.

Mr. Harte recused himself at 3:14 p.m.

- ii. SIS, Inc.'s 2008 Due Diligence Questionnaire Response
- iii. SIS, Inc.'s 2007-2010 Investment Consultant Contract
- iv. Greenwich Reports – *“Choosing the Right Investment Consultant,”* and *“Candidate Review”*

9. **Administrator (Cont.)**

- b. Discussion and Action on the Renewal of the Investment Consultant Agreement with SIS, Inc., For Three Years, July 1, 2010 through June 30, 2013 (cont.)

Motion was made by Lyn Bettencourt and seconded by Darin Gharat to approve the investment consultant agreement with SIS, Inc., for three years, July 1, 2010 through June 30, 2013.

Motion carried.

Mr. Harte returned at 3:18 p.m.

10. **Correspondence**

- a. Email and Letter From Dennis Nasrawi, Retiree, Dated March 29, 2010  
b. SIS, Inc.'s Verbal Response to Dennis Nasrawi's Email and Letter Dated March 29, 2010

Mr. Harte briefly addressed the letter, and explained StanCERA's portfolio structure. There was no further comment on the letter.

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

**STANDING COMMITTEES**

- a. Internal Governance Committee – Mike Lynch, Chair  
i. Discussion and Action on Attendance and Travel Costs for The Opal Financial Group's Investment Trends Summit, June 16-18, 2010, Santa Barbara, CA

Motion was made by Lyn Bettencourt and seconded by Darin Gharat to approve attendance and travel costs for The Opal Financial Group's Investment Trends Summit, June 16-18, Santa Barbara, CA

Motion carried.

12. **Closed Session**

Motion was made by Mike Fisher and seconded by Darin Gharat to commence to Closed Session at 3:28 p.m.

Motion carried.

- a. Conference with Legal Counsel – Pending Litigation - One Case: Michael O'Neal et al., v. StanCERA, Stanislaus County. Superior Court Case No. 648469, Government Code Section 54956.9(a)

12. **Closed Session (Cont.)**

Motion was made by Darin Gharat and seconded by Mike Fisher to return to Open Session at 4:19 p.m.

Motion carried.

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

None.

14. **Adjournment**

Meeting adjourned at 4:21 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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

By:   
Fred A. Silva, General Legal Counsel