



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

May 24, 2011

Members Present: Jim De Martini, Darin Gharat, Jeff Grover, Mike Lynch,
Ron Martin, Jegan Raja*, and Clarence Willmon

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

Members Absent: Maria De Anda and Gordon Ford

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

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

Others Present: Fred Silva, General Legal Counsel
Paul Harte & Nathan Pratt, Strategic Investment Solutions
(SIS), Inc.
Scott Smith, Hanson Bridgett via teleconference
Jim Roberts, RBC Global Asset Management Infrastructure
Investment Group
Stan Risen, County Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Mike Lynch, Chair.

2. Roll Call

3. Announcements

Mr. Watson announced Seats #8, #8a and #3 are up for election, with terms ending June 30, 2011. Joan Clendenin was the only filer for Seat #8a, the alternate retiree member representative seat, and was elected to the seat with the term beginning July 1, 2011. Steve Yauch and Michael O'Neal filed for Seat #8, the retiree member representative, with ballots due June 23, 2011. The filing deadline for Seat #3, general member representative, is May 25, 2011.

3. **Announcements (Cont.)**

Ms. Cerny announced Board members had received the brochure of the State Association of County Retirement Systems' (SACRS) UC Berkeley Haas School of Business Public Pension Investment Management Program, July 11-13, 2011.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Linda Stotts-Burnett and seconded by Jeff Grover to approve the Consent Items #5a through #5e, and Consent Item #5g. as listed.

Motion carried.

Motion was made by Jim DeMartini and seconded by Clarence Willmon to approve Consent Item #5f as listed.

Mr. Grover abstained.

Motion carried.

- a. Approval of the April 26, 2011 Investment Meeting Minutes
- b. Update on Vacant Space Leasing Activity
- c. StanCERA Pre-Retirement Seminar Report Dated May 18, 2011
- d. StanCERA Investment Managers Review List for Quarter Ending March 31, 2011
- e. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 - 1. Guadalupe Cruz, HSA, Effective 05-23-11
 - 2. Stanley Feathers, City of Ceres, Effective 04-12-11
 - 3. Kathleen Goodrich, BHRS, Effective 05-01-11
 - 4. Debra Grisham, CSA, Effective 04-08-11
 - 5. Dung Le, Assessor, Effective 05-25-11
 - 6. Susan Naron, CSA, Effective 05-17-11
 - 7. Teresa Parker, Sheriff, Effective 05-11-11
 - 8. Donna Sutton, Sheriff, Effective 05-07-11
 - 9. Helen Vaughn, CSA, Effective 05-20-11

5. **Consent Items (Cont.)**

f. Approval of Deferred Retirement(s) – **Section 31700**

1. Bob Carpenter, General Services Agency, Effective 10-12-10
2. Man Le Do, Stanislaus Regional 911, Effective 03-18-11
3. James Eichbaum, CSA, Effective 03-12-11
4. Jeffrey Grover, BOS, Effective 01-04-11
5. Janell Holliday, Env. Resources, Effective 01-01-11
6. Brad Kilger, City of Ceres, Effective 12-04-10
7. Estela Ruiz, Sheriff, Effective 01-29-11
8. Linda Romero-Soles, Superior Courts, Effective 04-02-11
9. John S. Vieira, Probation, Effective 12-31-10
10. Stephen Paul Wright, Sheriff, Effective 01-30-11

g. Approval of Disability Retirement – **Section 31724**

1. Wayne Beazley, CSA, Non-Service Connected, Effective 04-07-11

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

a. Discussion and Action on RBC Infrastructure Fund of Fund Potential Investment

- i. RBC Diversified Infrastructure Fund Side Letter
- ii. RBC Diversified Infrastructure Fund Matrix

Motion was made by Clarence Willmon and seconded by Ron Martin to approve the RBC Diversified Infrastructure Fund side letter and matrix, as presented.

Motion carried.

Motion was made by Ron Martin and seconded by Clarence Willmon to approve a capital commitment of 3%, or, \$40 million to the RBC infrastructure fund subject to reaching an agreement on the side letter, inclusion of a StanCERA representative on the RBC infrastructure advisory committee, and management fees at 50 basis points.

Motion carried.

6. **Strategic Investment Solutions (SIS), Inc. [Cont.]**

b. Discussion and Action on Research Affiliates Long/Short Strategy Potential Investment

Motion was made by Clarence Willmon and seconded by Ron Martin to approve a capital commitment of 3%, or \$40 million, to Research Affiliates from StanCERA's special situations investment fund.

Roll Call Yes: R. Martin, L. Stotts-Burnett, and C. Willmon

Roll Call No: J. DeMartini, D. Gharat, J. Grover, M. Lynch and J. Reja

Motion failed. 3-5 Vote.

Motion was made by Darin Gharat and seconded by Linda Stotts-Burnett to approve a 1.5% capital commitment, or \$20 million, to Research Affiliates for the long/short strategy fund, with a review and report on the fund to be brought back to the Board in six months.

Roll Call Yes: D. Gharat, J. Grover, R. Martin, C. Willmon, and Linda Stotts-Burnett

Roll Call No: J. DeMartini, M. Lynch and J. Reja

Motion carried. 5-3 Vote.

c. Discussion and Action on Revised PIMCO Guidelines including Glossary Changes to Reflect Elimination of Prohibited Investments

i. PIMCO Redlined Version of Revised Guidelines

ii. PIMCO Final Version of Revised Guidelines

Motion was made by Clarence Willmon and seconded by Ron Martin to approve the revised PIMCO guidelines including glossary changes, to reflect the elimination of prohibited investments.

Roll Call Yes: D. Gharat, R. Martin, J. Raja, Linda Stotts-Burnett and C. Willmon

Roll Call No: J. DeMartini, J. Grover, and M. Lynch

Motion carried. 5-3 Vote.

d. Discussion and Action on Rebalancing Total Investments to Target Asset Allocations

Motion was made by Clarence Willmon and seconded by Jeff Grover to rebalance the structure of total investments to the target asset allocations as presented.

Motion carried.

6. **Strategic Investment Solutions (SIS), Inc. [Cont.]**

- e. StanCERA's Investment Performance Analysis for the Quarter Ending March 31, 2011

Mr. Harte presented the first quarter investment performance analysis through March 31, 2011. The composite fund returned 4.2% in the first quarter of 2011 and ranked in the 45th percentile among other public funds greater than \$100 million. The median return was 4.1%. The fund beat its policy index (3.6%) during this time period. Longer term, the three, and five-year returns of 5.1% and 4.5%, ranked above the median among total public plans, (3.7% and 4.4% respectively).

- f. Discussion and Action on StanCERA's Quarterly Manager Review List – Performance Through March 31, 2011

All StanCERA investment managers are noted as in "good standing," by SIS, Inc.

No action taken.

- g. StanCERA's Monthly Performance Review for the Month Ending April 30, 2011

Mr. Harte presented the monthly performance review for the period ending April 30, 2011. StanCERA's portfolio was \$1.447 billion, a 2.89% increase from the prior month. StanCERA's portfolio return for the month of April was 3.04%. The overall rate of return for this fiscal year to date is 25.34%, over StanCERA's fiscal year to date policy index of 23.60%.

- h. Report on "Top 10 Holdings" by StanCERA Investment Managers

- i. BNY Mellon Security Lending Update

- j. Email Dated 04/11/11 - BNY Mellon Foreign Exchange Issues with LACERA

7. **Administrator**

- a. Presentation, Discussion and Action on StanCERA's 2011-2012 Fiscal Year Administrative Budget

Motion was made by Darin Gharat and seconded by Linda Stotts-Burnett to approve the StanCERA 2011-2012 fiscal year administrative budget as presented.

Motion carried.

8. **Closed Session**

No 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

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

Mr. Gharat expressed his condolences on the recent passing of retired County employee Debbie Hiebert.

Ms. Herman informed the Board on the status of the upgrade to the Board meeting audio equipment. The suggested microphones were purchased and tested. Board members who are interested in hearing the tests may stay after the meeting to do so. The microphones are of lesser quality than what is currently used. Staff will move forward to purchase the more professional audio recording equipment from Stanislaus Audio Visual (SAV), which may be in place prior to the July Board meetings.

10. **Adjournment**

Meeting adjourned at 3:30 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