



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

May 25, 2010

Members Present: Lyn Bettencourt, Maria De Anda, Jim De Martini, Mike Fisher, Gordon Ford, Mike Lynch, Ron Martin, and Clarence Willmon

Members Absent: *Darin Gharat*

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

Staff Present: Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Hank Skau, Operations Manager
Luiana Irizarry, Administrative Assistant
Joyce Parker, I.T. Coordinator
Michele Silva, Benefits Manager
Natalie Elliott, Accountant

Others Present: Fred Silva, General Legal Counsel
Paul Harte & Harshal Shah, Strategic Investment Solutions, Inc.
John Mensack & Dan Wolgin, Peachtree Settlement Funding
Doris Foster & Monica Nino, Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Maria De Anda, Chair.

2. **Roll Call**

Mr. Bettencourt arrived at 2:01 p.m.

3. **Announcements**

Mr. Skau announced the investment managers' voting proxy records for the first quarter of 2010 are now available for review.

Mr. Watson congratulated Maria De Anda for being unanimously re-elected as General Member Representative, Seat #2.

4. **Public Comment**

William Mc Carthy, Retiree, expressed his opinion on the use of excess earnings and the suspension of the Revocable Health Benefit Subsidy.

5. **Consent Items**

Motion was made by Lyn Bettencourt and seconded by Ron Martin to approve the following items as listed.

Motion carried.

- a. Approval of the April 27, 2010 Investment Meeting Minutes
- b. StanCERA Pre-Retirement Seminar Memorandum Dated May 11, 2010
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Ann Du Four, Superior Courts, Effective 06-12-10
- d. Approval of Deferred Retirement(s) – Section 31700
 1. Maiyesa Basidiq, CSA, Effective 01-10-10
 2. Lee Butler, Sheriff, Effective 03-02-10
 3. Veronica Campisi, Sheriff, Effective 04-23-10
 4. Aaron Gallagher, District Attorney, Effective 03-16-10
 5. Connie Harris, CSA, Effective 04-05-10
 6. Jeffery Hunt, Sheriff, Effective 03-10-10
 7. Gina Leguria, Sheriff, Effective 03-12-10
 8. Timothy Lendman, Sheriff, Effective 09-30-09
 9. Amy Miller, HSA, Effective 02-25-10
 10. Firoz Vohra, Public Works, Effective 03-26-10

6. **Presentation by Peachtree Settlement Funding – Insurance-Linked Assets**

John Mensack, Chief Capital Markets Officer, and Dan Wolgin, Associate of Peachtree Settlement Funding, conducted an educational presentation on life insurance and structured settlement investment options.

Mr. Bettencourt left at 2:57 p.m.

Mr. Bettencourt returned at 2:59 p.m.

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

- a. StanCERA's Investment Performance Analysis for the Quarter Ending March 31, 2010

Paul Harte presented the first quarter investment performance analysis through March 31, 2010. The composite fund returned 4.2% in the first quarter of 2010 and ranked in the 13th percentile among other public funds greater than \$100 million. The median return was 3.6%. The fund led its policy index (3.9%) during this time period. Longer term, the three and five-year returns of -0.2% and 4.5%, ranked above the median among total public plans, (-0.8% and 4.2%, respectively).

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

- b. Discussion and Action on StanCERA's Quarterly Manager Review List –
Performance through March 31, 2010

Motion was made by Mike Lynch and seconded by Lyn Bettencourt to terminate the relationship with Loomis Sayles & Co. and place the assets in a passive Russell 1000 Growth index fund with Blackrock, who will manage the transition.

Motioned carried.

- c. StanCERA's Monthly Performance Review for the Month Ending April 30, 2010

Mr. Harte presented the monthly performance review for the period ending April 30, 2010. StanCERA's portfolio was nearly \$1.3 billion, a 0.97% increase from the prior month. StanCERA's portfolio return for the month of April was 1.21%. The overall rate of return for this fiscal year to date is 25.66%, over StanCERA's fiscal year to date policy index of 23.44%.

Mr. Martin left at 3:42 p.m.

Mr. Ford left at 3:43 p.m.

Mr. Martin returned at 3:44 p.m.

Mr. Ford returned at 3:45 p.m.

- d. Discussion of StanCERA's April 28-29, 2010 Strategic Planning Workshop
Investment Topics

Mr. Harte requested permission to introduce other investment opportunities to the Board via educational presentations, including investments which are not currently part of StanCERA's asset allocation and outside of the current policy guidelines. The Board was in accord with Mr. Harte's request.

- e. Discussion and Action on Changes to StanCERA's Statement of Investment Policy –
Asset Allocation Language

Motion was made by Clarence Willmon and seconded by Mike Fisher to adopt the proposed asset allocation language as presented and recommended by SIS, Inc. Mr. Harte also stated SIS, Inc. has reviewed its asset return projections at their recent Investment Policy Committee meeting and will provide an asset allocation update for the Retirement Board at the June 22, 2010 meeting.

Motion carried.

8. **Correspondence**

- a. Retired Employees of Stanislaus County's (RESCO) Letter Dated April 30, 2010 – StanCERA Draft Excess Earnings Policy

This correspondence was combined with Item 9c.i. Excess Earnings Policy.

- b. Pyramis Global Advisors' Letter Dated May 11, 2010 – Establishment of Separate Asset Management and Distribution Organizations

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

STANDING COMMITTEES

- a. Internal Governance Committee – Mike Lynch, Chair

- i. Discussion and Action on the Proposed Draft Placement Agent Policy

Motion was made by Mike Lynch and seconded by Lyn Bettencourt to adopt the placement agent policy as presented.

Motion carried.

- b. Due Diligence Committee – Ron Martin, Chair

- i. Committee Report on PIMCO Due Diligence Visit, May 14, 2010

- c. Funding Policy Development Committee – Mike Lynch, Chair

- i. Discussion and Action on the Proposed Draft Excess Earnings Policy

Motion was made by Mike Lynch and seconded by Ron Martin to approve the Excess Earnings Policy, with the exception of changing the Contingency Reserve to 2% instead of 1% in the Retiree Ad Hoc detail sections.

Opposed: Lyn Bettencourt

Motion carried.

10. Closed Session

Motion was made by Ron Martin and seconded by Clarence Willmon to commence to Closed Session at 4:38 p.m.

Motion carried.

Ms. Linda Stotts-Burnett and Mr. Bettencourt recused themselves at 4:56 p.m.

Motion was made by Clarence Willmon and seconded by Mike Lynch to return to open session at 5:18 p.m. Mr. Watson read the findings of the Closed Session:

- a. Discussion and Action on the Administrator's Motion for Issue and Terminating Sanctions Against Phillip L. Ward's Monthly Service-Connected Disability Benefit

Motion was made by Lyn Bettencourt and seconded by Mike Lynch to accept the hearing officer's recommendations to conclusively determine that Phillip Lee Ward is no longer disabled from his previous employment as a deputy sheriff with the Stanislaus County Sheriffs Department; Phillip Lee Ward is barred from presenting any evidence of disability at any subsequent hearing; Phillip Lee Ward's StanCERA disability retirement benefits shall be terminated immediately; refer to disability attorney for withholding of the refund for six months pending review of possible cost/benefit for recovery action.

Motion carried.

- b. 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)

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

None.

12. Adjournment

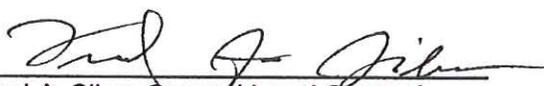
Meeting adjourned at 5:21 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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

By: 
Fred A. Silva, General Legal Counsel