



STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

May 26, 2009

- Members Present:** Maria De Anda, Jim De Martini, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, 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  
Hank Skau Operations Manager  
Kelly Cerny, Executive Secretary  
Donna Wood, Confidential Assistant III  
Joyce Parker, IT Coordinator  
Michele Silva, Benefits Manager  
Natalie Elliott, Retirement Accountant
- Counsel Present:** Deirdre McGrath, Deputy County Counsel
- Others Present via Teleconference:** Art Greenwood, Brian Higgins, Chris Steward, & Michael Strong, Pyramis Global Advisors, LLC  
Keith Bruch & Bhaskaran Swaminathan, LSV Asset Management
- Others Present:** Paul Harte, Strategic Investment Solutions, Inc.

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

Joyce Parker, IT Coordinator for StanCERA reminded the Board of Retirement that this and future meetings are being audio recorded and for everyone to speak loudly, clearly and one at a time. Voting must be done verbally instead of a show of hands so that the sound can be picked up for the audio recording.

4. **Public Comment**

Charley E. Corle, Retiree; read a statement regarding the consideration of his disability application. He asked the Board of Retirement to use “un-common sense” when looking at the facts presented and the totality of the situation; use real logic and to reconsider the recommendation presented to the Board.

5. **Consent Items**

Mr. Hall requested meeting locations to be added to the minutes under consent items.

Motion was made by Maria De Anda and seconded by Ron Martin to approve the following items as listed.

Motion carried.

- a. Approval of the April 24, 2009 Special Meeting Minutes
- b. Approval of the April 28, 2009 Investment Meeting Minutes
- c. Report on the 832 12<sup>th</sup> St. 6<sup>th</sup> Floor Vacant Space Leasing Activity and Commercial Space Leasing Market Information
- d. StanCERA Pre-Retirement Seminar Survey Results
- e. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
  1. Vincente Basulto, Fire Warden, Effective 05-27-09
  2. Han Erickson, Assessor, Effective 05-13-09
  3. Susan Eriksen-Anderson, HSA, Effective 04-28-09
  4. Terry Hasten, Public Works, Effective 05-01-09
  5. Ruthlid Gerguson, HSA, Effective 05-10-09
  6. Karen Lux, HSA, Effective 04-25-09
  7. Dwight Mahabir, BHRS, Effective 05-10-09
  8. Peggy Myrick, Environmental Resources, 05-01-09
  9. Saunders Phillips, Public Works, Effective 04-02-09
  10. Mary Raymond, Stanislaus Regional 911, Effective 01-22-09
  11. John Sanchez, Public Works, Effective 04-25-09
  12. Mary Ann Suarez, District Attorney, Effective 05-07-09
  13. Gregory Valdez, Sheriff, Effective 04-10-09
- f. Approval of Deferred Retirement(s) – **Section 31700**
  1. Suzanne Dean, City of Ceres, Effective 02-20-09
  2. Rosa Lopez, Health Services Agency, Effective 02-02-09
  3. Diana Mejia, District Attorney, Effective 05-12-09
  4. Elsa Monteon-Taylor, BHRS, Effective 11-28-08
  5. Lisa Sandoval, Auditor-Controller, Effective 04-09-09
  6. Cynthia Simpson, City of Ceres, Effective 02-20-09

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

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

1. Randy Harris, Service Connected Disability Retirement  
Effective 12-13-07

h. Actuarial Review and Analysis as of June 30, 2008 – Final Report  
May 12, 2009

1. Supplemental Schedule - StanCERA Transfer Applied to Original  
Actuarial Employer Rates
2. Supplemental Schedule - 2009-2010 StanCERA Employer  
Contribution Rates

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

Art Greenwood, Senior Vice President of Pyramis Global Advisors introduced teleconference attendees, Mike Strong, Institutional Portfolio Manager who presented the semi-annual international growth equity investment performance results for Pyramis Global Advisors along with Chris Steward, Institutional Portfolio Manager. Brian Higgins, Account Executive was also available for input. Pyramis Global Advisors is a Fidelity Investments Company.

StanCERA's cumulative return (net of fees) for international growth equities year to date is -10.27%, compared with the benchmark MSCI AC Wld Ex US index rate of return of -10.71%. Total net assets as of March 31, 2009, are \$82 million, with a return of -46.20% for the past 12 months. Over all, the portfolio has performed inline with the index. Since the end of March, the markets have started to recover significantly, especially in the emerging markets in Asia resulting in the current absolute return on the portfolio reflecting a positive 11%. Contributions from the portfolio by the MSCI Europe Index have out-performed their bench mark by 300-400 basis points, being a very strong contributor to the performance.

Gordon Ford noted that Pyramis Global Advisors are rated in the top 25% in their peer universe.

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

Teleconference with Keith Bruch, CFA Partner & Director of Client Portfolio Services and Bhaskaran Swaminathan, Ph. D., Partner & Director of Research.

Mr. Keith Bruch, Partner and Director, Client Portfolio Services, gave the semi-annual presentation of StanCERA's international value equity investment performance for the period ending March 31, 2009. Mr. Bruch gave a brief organizational, relationship, and market update of the portfolio.

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

As of March 31, 2009, StanCERA's international value equity portfolio totals \$79.8 million. StanCERA's 2009 first quarter return was -13.1% (net of fees), below the benchmark MSCI ACWI Ex US return of -10.7%. The period of January 1, 2008 through December 31, 2008 saw a return of -48.3 % (net of fees).

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

a. Investment Performance Analysis for First Quarter Ending March 31, 2009

Paul Harte presented the first quarter investment performance analysis through March 31, 2009. The composite fund returned -6.5% in the first quarter of 2009 and ranked in the 63th percentile among other public funds greater than \$100 million. The median return was -6.1%. The fund led its policy index (-7.9%) during this time period. Longer term, the three and five-year returns of -8.7% and -1.6%, ranked below the median among total public plans, (-6.6% and -0.1%, respectively).

b. Monthly Performance Review for the Month Ending April 30, 2009

Mr. Harte presented the monthly performance review for the period ending April 30, 2009. StanCERA's portfolio was \$994 million, an 8.74% increase from the prior month. StanCERA's portfolio return for the month of April was 9.10%. The overall rate of return for this fiscal year to date is -22.36%, under StanCERA's fiscal year to date policy index of -21.73%.

The Board noted that Dodge and Cox had let the below investment grade fixed income securities get above the 10% threshold (about 12% now). SIS will request that Dodge and Cox provide a formal letter either requesting a waiver or that they will proceed to sell enough less-than-investment grade securities to bring the total below the 10% limit.

9. **Closed Session**

Motion was made by Darin Gharat and seconded by Wes Hall to commence to Closed Session at 3:43 p.m.

M. Silva, J. Parker left the meeting at 3:43 p.m.

Recessed, 3:43 p.m.

Reconvened, 3:51 p.m.

Upon returning to Regular Session at 4:52 p.m., Tom Watson, Retirement Administrator read the findings of the Closed Session:

9. **Closed Session (Cont.)**

- a. Discussion and Action on the Application for Service-Connected Disability Retirement for StanCERA Active Member Todd L. Brooks

The application for service connected disability retirement filed on May 23, 2005 is denied.

The application for service connected disability retirement filed on January 30, 2008, is granted effective January 30, 2008.

D. Gharat recused himself at 4:03 p.m.

- b. Discussion and Action on the Findings and Recommendations of the Hearing Officer on Charley Corle's Application for a Service-Connected Disability Retirement Benefit

Accept the hearing officer's recommendation that Charley Corle's application for a service connected disability retirement benefit be denied.

D. Gharat returned to the meeting at 4:22 p.m.

10. **Administrator**

- a. Board of Retirement Meeting for July 8, 2009 – Changes to Regular Meeting Time and Location

Motion was made by Maria DeAnda and seconded by Clarence Willmon for the Board of Retirement Meeting on Wednesday, July 8, 2009, to begin at 1:00 p.m. The location will be the Board of Supervisors Chambers, in the interests of accommodating public who may attend due to the Final Review of Retiree ad hoc benefits.

Motion carried.

- b. Discussion and Action on Draft Letter to Employers Regarding Some Retirement Benefit Cost Reduction Recommendations

No action taken.

- c. Discussion and Action to Propose a Recommendation to the State Association of County Retirement Systems (SACRS) to provide an Educational Session on Actuarial Valuation Reports and Questions to assist Trustees in Ensuring Accurate Actuarial Information.

Motion was made by Mike Lynch and seconded by Ron Martin to direct the Retirement Administrator to draft a letter requesting the State Association of County Retirement Systems (SACRS) provide an Educational Breakout Session on Actuarial Valuation Reports and Questions to assist Trustees in Ensuring Accurate Actuarial Information.

Motion carried.

10. **Administrator (Cont.)**

- d. Discussion and Action to Instruct Staff to Research the Processes and Steps for the Potential to Hire a Chief Investment Officer (CIO)

Motion was made by Mike Lynch and seconded by Maria De Anda to refer to staff for research, with the aid of Paul Harte of S.I.S and report back to Board of Retirement.

Motion carried.

11. **Correspondence**

- a. Prima Capital Advisors, LLC - Email Dated May 15, 2009

Mr. Watson noted this is the monthly update from Prima Capital Advisors regarding the commercial mortgage backed securities (CMBS) market and Prima Capital's market performance.

- b. Memorandum from Mendocino County Employees' Retirement Association's Survey of 1937 Act Retirement Systems Investment Returns as of June 30, 2008

Mr. Watson noted the survey reflected comparative investment performance results. The survey was reviewed by SIS Inc. who confirmed the accuracy of the figures for StanCERA.

- c. Letter from Virginia Wilson, Retiree, dated April 30, 2009

Mr. Watson announced all Board members were in receipt of this letter received by StanCERA via mail on May 4, 2009.

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

Ms. DeAnda announced Board Members will begin video conferencing with Skype for Due Diligence meetings, retaining Paul Harte as proxy for site visits.

An announcement should be made at our next public meeting that StanCERA does not provide health care for its retirees.

13. Adjournment

Meeting adjourned at 5:23 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

APPROVED AS TO FORM:  
JOHN P. DOERING, COUNTY COUNSEL

By:   
Deirdre McGrath, Deputy County Counsel