



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

June 26, 2012

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

Members Absent: *Maria De Anda*

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kelly Cerny, Executive Board Secretary
Kathy Herman, Operations Manager
Kathy Johnson, Accountant

Others Present: Fred Silva, General Legal Counsel
Marilyn Freeman & Elizabeth Knope,
Capital Prospects LLC via teleconference
Adam Lawlor & Douglas Porter, Legato Capital
Management LLC
Paul Harte & Nathan Pratt, Strategic Investment
Solutions (SIS), Inc.
Doris Foster & Stan Risen, Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

D. Gharat, J. Clendenin arrived at 2:01 p.m.

None.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Jeff Grover and seconded by Michael O'Neal to approve the following items as listed.

Motion carried.

- a. Approval of the June 13, 2012, Administrative Meeting Minutes

6. **Semi-Annual Performance Report by Capital Prospects LLC**

Marilyn Freeman, Principal and Manager, and Elizabeth Knope, Principal and Manager presented the semi-annual performance report for StanCERA's manager of managers small cap value equities portfolio via a teleconference.

Ms. Freeman noted no changes have been made to the six managers. StanCERA's asset allocation funding began January 1, 2009 with \$49.1 million and six managers in the program. As of May 31, 2012, the value of the fund is \$60.5 million. From inception through May 31, 2012, the total portfolio has returned 16.4% annualized, including a large cash withdrawal in May 2010, and is above its benchmark, the Russell 2000 value index of 11.82% over the same period.

7. **Semi-Annual Performance Report by Legato Capital Management LLC**

Adam Lawlor, and Douglas Porter, Senior Vice Presidents of Investment Management, Research, and Operations, presented the semi-annual performance report of StanCERA's manager of managers small cap growth equities emerging manager portfolio.

According to Legato Capital Management LLC's report dated June 26, 2012, StanCERA total fund assets of the small cap growth emerging manager portfolio were \$60.1 million as of March 31, 2012, with five managers in the program. Mr. Lawlor noted that one manager Crosswind had merged with Lee Munder Capital Group. Since funding began December 22, 2008, through May 31, 2012, the total portfolio returned 19.71%, above the Russell 2000 growth index return of 18.23% over the same period.

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

- a. SIS, Inc.'s Monthly Performance Review for The Month Ending May 31, 2012

Mr. Harte presented the monthly performance review for the period ending May 31, 2012.

At 11 months of the fiscal year period, StanCERA's portfolio stood at \$1.35 billion as of May 31, 2012. The total fund return was -2.53% for the fiscal year to date through the month of May, and -1.37% under the policy index return of -1.16%

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

9. **Executive Director**

- a. Discussion and Action on the Disposition of Funds Received from the Cash-Out of the Termination of Research Affiliates Fundamental Index (RAFI) Long Short Portfolio

Motion was made by Darin Gharat and seconded by Michael O'Neal to move the \$10.9 million RAFI cash-out funds to the S&P BNY Mellon index fund.

J. De Martini opposed.

Motion carried.

Heard Out Of Order

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

Mr. DeMartini inquired as to the status of his previous request whether the burial allowance is a vested or an ad hoc benefit. Mr. Santos stated this will be discussed at the July 11, 2012 Board meeting.

10. **Closed Session**

Motion was made by Darin Gharat and seconded by Jeff Grover to commence to Closed Session at 3:35 p.m.

Motion carried.

M. O'Neal & J. Clendenin recused themselves at 3:35 p.m.

Motion was made by Darin Gharat and seconded by Jeff Grover to return to Open Session at 3:48 p.m.

Motion carried.

Ms. Cerny read the findings of the Closed Session:

- a. Conference with Legal Counsel – Pending Litigation – One Case:
In Re: Bank of New York Mellon Corporation Foreign Exchange Transactions Litigation, U.S. District Court, Southern District of New York, Case Numbers 12-mdl-2335 (LAK) and 1:12-cv-03067 (LAK)
Government Code Section 54956.9(a)

No report.

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

No report.

10. **Closed Session (Cont.)**

- c. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224
Government Code Section 54956.9(b)

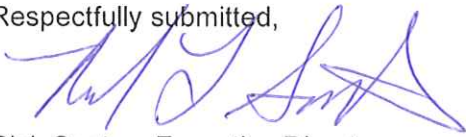
No report.

Item #11 Heard Out Of Order

12. **Adjournment**

Meeting adjourned at 3:48 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