



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

August 11, 2010

Members Present:

Maria De Anda, Jim De Martini, Gordon Ford,
Darin Gharat, Mike Lynch, and Ron Martin

Members Absent:

Lyn Bettencourt, Mike Fisher, and Clarence Willmon

Alternate Member Present:

Linda Stotts-Burnett (Alternate Retiree Representative)

Staff Present:

Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Michele Silva, Benefits Manager
Kathy Herman, Special Projects Manager
Hank Skau, Operations Manager

Others Present:

Fred Silva, General Legal Counsel
Paul Harte & Harshal Shah, Strategic Investment
Solutions (SIS), Inc.
Terry Withrow, Stanislaus County Supervisor-Elect

1. Meeting called to order at 2:02 p.m. by Maria De Anda, Chair.

2. **Roll Call**

3. **Announcements**

Chair De Anda presented Mr. Watson with a framed County of Stanislaus Service Award for his 30 years of service.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Linda Stotts-Burnett and seconded by Darin Gharat to approve the following items as listed.

Motion carried.

- a. Approval of the July 27, 2010, Investment Meeting Minutes
- b. Update on the 832 12th St. 6th Floor Vacant Space Leasing Activities and Other Commercial Real Estate Information
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Richard Bull, Sheriff, Effective 08-21-10
 2. Gary Covey, GSA, Effective 08-28-10
 3. Robert Ford, Public Works, Effective 07-31-10
 4. Gloria Gonzalez, BHRS, Effective 08-03-10
 5. Kathleen Healy, HSA, Effective 08-21-10
 6. Janice Lucchesi, Clerk-Recorder, Effective 08-03-10
 7. Bryan Markum, Sheriff, Effective 07-26-10
 8. Pedro Parreno, GSA, Effective 07-22-10
 9. Colleen Rhodes, District Attorney, Effective 08-28-10
 10. Blanca Rivera, Alliance Worknet, Effective 08-07-10
- d. Approval of Deferred Retirement(s) – **Section 31700**
 1. Rachel Beuttler, Sheriff, Effective 08-18-07
 2. Cynthia Chapa, BHRS, Effective 07-10-10
 3. Donna Kniess, Probation, Effective 02-26-10
 4. Andrew Koehler, Sheriff, Effective 04-25-10
 5. Nicole Machado, Sheriff, Effective 12-26-09
 6. Jaime Ochoa, BHRS, Effective 05-08-10
 7. Barbara Pimentel, Sheriff, Effective 07-04-10
 8. Phillip Scott, City of Ceres, Effective 02-13-10
 9. Jeff Threlkeld, Planning, Effective 04-24-10
- e. Approval of Death Benefit - Sections 31781, 31781.1 or 31781.3
 1. Anthony Refuerzo, Deceased July 29, 2010, Deferred Member, Option Pursuant to Government Code Section 31702
 2. Nathan A. Baker, Deceased August 5, 2010, Active Member, Option Pursuant to Government Code Section 31781, 31781.1 or 31781.3

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

- a. Discussion and Action on Invesco Global REIT Allocation
- b. Discussion and Action on Kohlberg Kravis Roberts (KKR) & Co. Mezzanine Debt Fund
- c. Discussion and Action on Kohlberg Kravis Roberts (KKR) & Co. Infrastructure Fund

Motion #1

Motion was made by Ron Martin and seconded by Mike Lynch to:

1. Approve an investment allocation mix that includes 3% mezzanine debt, 3% infrastructure investment, and 3% global REITs;
2. Verbally commit a \$30 million allocation to a mezzanine debt fund of KKR, pending contract review and satisfaction;
3. Keep Invesco's current allocation and direct SIS, Inc. to discuss with Invesco a 3% allocation increase over time that is not funded until the markets improve and requires Board approval;
4. Direct SIS, Inc. to gather more research on infrastructure funding possibilities to bring back to the Board.

Roll Call Yes: M. Lynch, J. DeMartini, D. Gharat, L. Stotts-Burnett,
M. De Anda and R. Martin

Roll Call No: G. Ford

Motion carried.

Motion #2

Motion was made by Mike Lynch and seconded by Linda Stotts-Burnett to authorize the Retirement Administrator to obtain necessary tax investment counsel to review mezzanine and infrastructure investments.

Motion carried. Unanimous.

7. **Closed Session**

Motion was made by Linda Stotts-Burnett and seconded by Darin Gharat to commence to Closed Session at 3:14 p.m.

Motion carried.

Item #7a. Heard Out of Order

7. **Closed Session (cont.)**

Motion was made by Darin Gharat and seconded by Ron Martin to return to Regular Session at 3:59 p.m. Ms. Cerny read the findings of the Closed Session:

- b. Conference with Legal Counsel - Pending Litigation – One Case:
Dennis J. Nasrawi, et al. v. Buck Consultants, LLC, et al.
United States District Court Case No. 1:09-cv-02061-OWW-GSA
Government Code Section 54956.9 (a)

No report.

- c. Conference with Legal Counsel – Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9:
One Case

No report.

- d. Discussion and Action on Hearing Officer's Recommendation for Rex R. Cline, Jr.'s Application for a Service-Connected Disability Retirement Benefit

Motion was made by Mike Lynch and seconded by Ron Martin to accept the hearing officer's recommendation to deny Rex R. Cline, Jr.'s application for a service-connected disability retirement benefit.

Motion carried. Unanimous.

- e. Conference with Legal Counsel regarding Real Estate Negotiations on 832 12th Street, 6th Floor

Motion was made by Darin Gharat and seconded by Ron Martin to authorize the Retirement Administrator to provide a counter proposal to the interested party or its agents and allow the Retirement Administrator to use the counter proposal for other interested parties.

Motion carried. Unanimous.

Item #7a. Heard Out of Order

Ms. Stotts-Burnett left at 3:41 p.m.

- 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)

No report.

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

Mr. Martin stated he will not be at the August 24, 2010 Investment meeting.

Mr. Lynch suggested an agenda item for a future meeting to discuss adding to the list of service retirements under Consent Items, members' base pay, final compensation, and monthly retirement allowance.

Mr. Watson stated that this issue would be an item for the August 24, 2010, Board of Retirement Investment meeting agenda.

9. **Adjournment**


Meeting adjourned at 4:11 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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


Fred A. Silva, General Legal Counsel