1. Meeting called to order at 2:01 p.m. by Darin Gharat, Chair.

2. **Roll Call**

3. **Announcements**

   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 August 8, 2012, Administrative Meeting Minutes
5. **Consent Items (Cont.)**
   
b. StanCERA Investment Managers Peer Rankings for Quarter Ending June 30, 2012
   
c. Revision to Effective Date to the Excess Earnings Policy

6. **Semi-Annual Performance Report by Dodge & Cox – Fixed Income and Large Cap Value Equity Securities**

   Steven Cassriel, Vice President and Portfolio Manager-U.S. large cap value equity, and Bob Thompson, Vice President and Portfolio Manager-fixed income, presented the semi-annual report for the period January 1, 2012 through June 30, 2012.

   Mr. Thompson presented StanCERA’s fixed income portfolio for the period ending June 30, 2012. Assets totaled approximately $418 million with an estimated annual income of $19.6 million. The rates of return for fixed income securities (net of fees) were 1.54%, 6.58%, 8.56%, and 7.45%, for the three-months, one, three, and five years, respectively. The return on the fixed income portfolio for the calendar year to date was 4.54%. The rates of return for the fixed income securities (net of fees) for the month ending July 31, 2012, were 1.50%, 2.16%, 6.82%, 8.13%, and 7.74%, for the one-month, three-months, one, three and five years, respectively. Rates of return are annual rates for periods of one year or longer.

   Mr. Cassriel presented StanCERA’s equity portfolio performance summary for the period ending June 30, 2012. Stocks were valued at $133.8 million, with an estimated annual income of approximately $2.8 million. The rates of return for the stock portfolio (net of fees) for the period ending June 30, 2012, were -2.7%, 0.30%, 14.8%, and -2.7%, compounded for the three-months, one, three, and five years, respectively. The rates of return for the stock portfolio (net of fees) for the period ending July 31, 2012, were 2.1%, 0.3%, 6.6%, 12.3%, and -1.6%, for the one-month, three-months, one, three, and five years respectively. Rates of return are annual rates for periods of one year or longer.

7. **Semi-Annual Performance Report by PIMCO – Fixed Income**

   Mr. Matt Clark, Senior Vice President and Account Manager and Mr. Todd Staley, Account Manager presented StanCERA’s core fixed income portfolio.

   StanCERA’s core fixed income portfolio market value as of June 30, 2012, is $109 million. Since inception as of May 31, 2010, the returns (net of fees) are 7.0%, and 8.4% for one year.

   J. DeMartini arrived at 2:42 p.m.
8. **Strategic Investment Solutions (SIS), Inc.**

   a. Investment Performance Analysis for the Quarter Ending June 30, 2012

       Mr. Harte presented the second quarter investment performance analysis through June 30, 2012.

       The composite fund returned -2.2% in the second quarter of 2012 and ranked in the 69th percentile among other public funds greater than $100 million. The median return was -1.9%. The fund trailed its policy index -1.8% during this time period. Longer term, the three and five-year returns of 12.8% and 1.9% ranked above the median among total public plans (11.7% and 1.8%, respectively).

   **Heard Out of Order**

   c. Monthly Performance Review for the Month Ending July 31, 2012

       Mr. Harte presented the monthly performance review for the period ending July 31, 2012. As of July 31, 2012, StanCERA’s portfolio is $1.39 billion, a 1.17% increase from the prior month. The fiscal year to date return is 1.47%, 0.35% above StanCERA’s policy index of 1.12%, 6.53% below the actuarial assumed rate of 8.0%, and 2.03% below the actuarial assumed rate of inflation of 3.5%.

       Ms. De Anda left at 3:23 p.m.

       Ms. De Anda returned at 3:26 p.m.

   b. StanCERA Investment Managers Review List for Quarter Ending June 30, 2012

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


9. **Executive Director**

   a. Discussion and Action on the Disposition of the Global Equity Real Estate Fund

       Motion was made by Gordon Ford and seconded by Mike Lynch to liquidate Invesco and move its funds into Blackrock REIT due to Invesco’s low relative three year performance of the benchmark.

       Motion carried.
10. **Committee Reports & Recommendations for Action**

**STANDING COMMITTEES**

a. Due Diligence Committee – Darin Gharat, Chair
   
i. Update on Calendar Year 2012 Due Diligence Visits

Mr. Lynch left at 3:53 p.m.

11. **Closed Session**

No closed session.

a. 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)

b. 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)

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

Ms. Cerny announced the State Association of County Retirement Systems (SACRS) Fall Conference is taking place on November 13-16, 2012 in Hollywood, California.

Mr. Lynch requested an update regarding the Governor’s pension plan when available.

Ms. Herman announced that new tenants, Raymond James, have officially begun paying rent as of August 17, 2012.

13. **Adjournment**

Meeting adjourned at 3:55 p.m.

Respectfully submitted,

Rick Santos, Executive Director

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

Fred A. Silva, General Legal Counsel