



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

January 26, 2010

Members Present: Maria De Anda, Jim DeMartini, Mike Fisher, Gordon Ford, Darin Gharat, Mike Lynch, Ron Martin, and Clarence Willmon

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

Members Absent: None.

Staff Present: Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Joyce Parker, I.T. Coordinator
Hank Skau, Operations Manager
Natalie Elliott, Accountant

Others Present: Paul Harte, Strategic Investment Solutions (SIS), Inc.
Fred Silva, General Legal Counsel
Max Swango, Invesco National Trust Company (via teleconference)
Graham Schmidt, EFI Actuaries
Doris Foster & Monica Nino, County Chief Executive Office
Lyn Bettencourt, Retiree
Brad Kilger, City Manager, City of Ceres

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

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

Mr. Lynch arrived at 2:02 p.m.

Mr. Bettencourt, Retiree, announced he is a former member of the Board of Retirement, and is now running for Seat #8 on the Board of Retirement for the elected retiree representative.

5. **Consent Items**

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

Motion carried.

- a. Approval of the January 13, 2010, Administrative Meeting Minutes
- b. Received StanCERA Complaint Log of October 1, 2009 through December 31, 2009
- c. Received BMTI Complaint Log of October 1, 2009 through December 31, 2009

6. **Invesco's Presentation of the Global Real Estate Investment Trusts (REITs) Portfolio for the Fourth Quarter 2009**

Via a teleconference, Max Swango, Client Portfolio Manager, gave a presentation on StanCERA's global REITs portfolio for the fourth quarter of 2009. The portfolio's investment performance of 33.83% net of fees was below the developed index benchmark of 38.26%. Since inception as of March 2008 through December 31, 2009, this commingled fund returned a negative -12.79% against the benchmark return of -13.36%. Market value as of December 2009 is \$15.6 million.

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

- a. Discussion and Action on Global REITs Allocation

Motion was made by Mike Lynch and seconded by Gordon Ford to place Invesco National Trust on watch and to not add to its current investment allocation.

Motion carried.

- b. Monthly Performance Review for the Month Ending December 31, 2009

Mr. Harte distributed the monthly performance review for the period ending December 31, 2009. StanCERA's portfolio is at \$1.23 billion, an increase of 1.89% for the month. The total fund returned 2.19% for December, and the six-month fiscal year to date return is 19.16%, over StanCERA's policy index of 17.12% for the same period.

- c. Presentation of StanCERA's Commission Recapture Program For July 2007 Through December 2009

Mr. Harte gave an overview of StanCERA's commission recapture program showing \$61,000 in income from this program in each of the past two fiscal years, and approximately \$35,000 for the first six months of this fiscal year.

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

- d. Discussion and Action on the Investment Grade Core Fixed Income Manager Search

Motion was made by Gordon Ford and seconded by Ron Martin to direct SIS, Inc. to invite PIMCO and Black Rock/Barclays Global Investors (BGI), to make presentations to the Board of Retirement on their core fixed income investment management strategies and capabilities.

Motion carried.

8. **EFI Actuaries' Presentation of the Actuarial Review and Analysis as of June 30, 2009**

Mr. Schmidt gave a basic review and analysis of StanCERA's actuarial valuation as of June 30, 2009. Mr. Schmidt reviewed the summary of results, changes from the prior year, and policy alternatives. He included alternative figures relating to a change in the amortization formula from 30 or 29 years, to 25 or 20 years, including potential changes to how the City of Ceres and other districts' contribution rates are calculated.

Mr. Martin left at 3:28 p.m.

The Board requested Mr. Schmidt return to the Board's February 10, 2010, meeting to bring additional information on the amortization policies and for direction to move closer to finalizing the June 30, 2009 valuation report. Mr. Bettencourt, Retiree, addressed the Board with comments regarding the actuarial valuation.

Mr. Schmidt and Mr. Watson answered Board members' questions, along with questions from Mr. Kilger, City Manager, City of Ceres. Mr. Kilger stated he would prepare a written response and submit it to the actuary prior to February 10, 2010.

9. **Closed Session**

Motion was made by Darin Gharat and seconded by Linda Stotts-Burnett to commence to Closed Session at 4:08 p.m.

Heard Out of Order

- b. Review of Potential Claim

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

Ms. Stotts-Burnett left at 4:22 p.m.

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

Item b. Heard Out of Order

- c. Conference with Legal Counsel – Existing Litigation One Case: The Modesto Bee, et al. v. StanCERA, Stanislaus County Superior Case No. 644964, Government Code Section 54956.9 (a)

Motion was made by Darin Gharat and seconded by Mike Fisher to return to Open Session at 4:33 p.m.

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

Ms. Cerny informed Board members that they had received the Fair Political Practices Commission's (FPPC) Form 700 Statement of Economic Interests. Ms. Cerny stated the completed form must be returned prior to April 1, 2010.

11. **Adjournment**

Meeting adjourned at 4:35 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