



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

### BOARD OF RETIREMENT MINUTES

October 23, 2012

- Members Present:** Gordon Ford, Maria De Anda, Donna Riley, Ron Martin  
Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal,  
and Jeff Grover
- Alternate Member Present:** Joan Clendenin, Alternate Retiree Representative
- Staff Present:** Rick Santos, Executive Director  
Luiana Irizarry, Interim Executive Assistant  
Dawn Lea, Benefits Manager  
Kathy Herman, Operations Manager  
Kathy Johnson, Accountant
- Others Present:** Fred Silva, General Legal Counsel  
Paul Harte & Nathan Pratt, Strategic Investment  
Solutions (SIS), Inc.  
Brian Higgins, Michael Strong & Sue Curran, Pyramis Global  
Advisors via teleconference  
Keith Bruch & Puneet Mansharamani, LSV Asset Management  
via teleconference  
Doris Foster & Stan Risen, County Chief Executive Office

1. Meeting called to order at 2:01 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Maria De Anda and seconded by Mike Lynch to approve the following items with corrections.

Motion carried.

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

- a. Approval of the October 10, 2012 Administrative Meeting Minutes
- b. StanCERA Complaint Log of July 1 – September 30, 2012

J. Clendenin arrived at 2:05 p.m.

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

Brian Higgins, Senior Account Executive, Michael Strong, Lead Portfolio Manager and Senior Vice President, and Sue Curran, Relationship Manager, gave the semi-annual presentation of StanCERA's international growth equity investment performance for the period ending September 30, 2012. The presentation was held via teleconference.

StanCERA's cumulative return (net of fees) for international growth for the quarter is 12.18% compared with the benchmark MSCI ACWI Ex-U.S. (Morgan Stanley Capital International All Country World Index Ex-U.S.) index rate of return of 10.38%. StanCERA's portfolio total net assets as of September 30, 2012 are \$126.65 million. Portfolio returns for one and three years (net of fees) are 17.05% and 4.57% compared with index returns of 14.48% and 3.17% for the same time periods. Since inception of the portfolio (May 11, 2006) the return is 0.84%.

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

Keith Bruch, Partner and Director, Client Portfolio Services, and Puneet Mansharamani, Portfolio Manager and Partner, gave the semi-annual presentation of StanCERA's international value equity investment performance for the period ending September 30, 2012. The presentation was held via teleconference.

As of September 30, 2012, StanCERA's international value equity portfolio totaled \$121.2 million. StanCERA's 2012 third quarter return was 8.4% (net of fees). The one, three, and five year returns (net of fees) were 14.3%, 3.7% and -4.4%, respectively, compared with the value index returns of 13.5%, 1.7% and -4.5% for the same time periods.

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

- a. Monthly Performance Review for the Month Ending September 30, 2012

Mr. Harte presented the monthly performance review for the period ending September 30, 2012. As of September 2012, StanCERA's portfolio is \$1.45 billion, a 1.91% increase from the prior month. The fiscal year to date return is 5.44%, above StanCERA's policy index of 4.64%.

- b. Report on "Top 10 Holdings" by StanCERA Investment Managers as of September 30, 2012

R. Martin left at 3:41 p.m.

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

c. Discussion and Action on Asset Allocation Mixes for Review

No action taken. The Board requested staff to utilize all data presented and provide a recommendation at the Asset/Liability Study on November 7, 2012.

9. **Executive Director**

a. Public Employees' Pension Reform Act of 2012 – AB 340 and AB 197

Staff plans on presenting how pensionable compensation should be calculated for new and current members for final approval on November 27, 2012.

b. New Legislation Update

10. **Correspondence**

a. Discussion and Action on Dodge & Cox Letter Dated September 20, 2012 – Response to Equity Account Question

No action taken.

**Heard Out of Order**

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

Mr. Ford inquired whether Trustees can receive educational credit for any of the presentations that were given throughout the past calendar year. Staff confirmed that education credit would be provided and stated that the forms necessary to claim the credit would be provided in November.

Mr. Santos reiterated that there will be an agenda item regarding the value derived from active investing in the near future.

11. **Committee Reports & Recommendations for Action**

**STANDING COMMITTEES**

a. Due Diligence Committee – Darin Gharat, Chair

i. SIS, Inc.'s Memorandum – Investment Managers Due Diligence Review

ii. Pyramis International Growth - Due Diligence Questionnaire Response Dated August 30, 2012 and Presentation Booklet

iii. Capital Prospects LLC - Due Diligence Questionnaire Response Dated August 30, 2012 and Presentation Booklet

iv. BNY Mellon Capital Management - Due Diligence Questionnaire Response Dated September 6, 2012 and Presentation Booklet

11. **Committee Reports & Recommendations for Action (Cont.)**

**STANDING COMMITTEES (Cont.)**

- a. Due Diligence Committee – Darin Gharat, Chair (Cont.)
  - v. Legato Capital Management - Due Diligence Questionnaire Response  
Dated September 6, 2012 and Presentation Booklet

12. **Closed Session**

Motion was made by Darin Gharat and seconded by Maria De Anda to commence to Closed Session at 4:11 p.m.

Motion carried.

R. Santos and L. Irizarry recused themselves at 4:12 p.m.

Motion was made by Darin Gharat and seconded by Jeff Grover to return to Open Session at 4:30 p.m.

Motion carried.

**Heard Out of Order**

- c. Conference with Legal Counsel – Personnel Matter Pursuant to Government Code Section 54957 (b)

Mr. Gharat read the findings of the Closed Session:

Motion was made by Jeff Grover and seconded by Darin Gharat to adopt the Ad-Hoc Committees recommendations to increase the Executive Director's salary to the top of the existing County pay band for Retirement Administrator. This was based upon a review by the Ad-Hoc Committee of the Executive Director's prior year's performance.

R. Santos and L. Irizarry returned at 4:20 p.m.

J. Clendenid and M. O'Neal recused themselves at 4:21 p.m.

- 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)

No Report.

- 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)

No Report

14. **Adjournment**

Meeting adjourned at 4:31 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