



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

### BOARD OF RETIREMENT MINUTES

November 22, 2011

#### Members Present:

Maria De Anda, Jim DeMartini, Gordon Ford, Darin Gharat, Jeff Grover, Mike Lynch, Ron Martin, Michael O'Neal, and Donna Riley

#### Alternate Member Present:

Joan Clendenin, Alternate Retiree Representative

#### Staff Present:

Rick Santos, Executive Director  
Kelly Cerny, Executive Secretary  
Michele Silva, Benefits Manager  
Kathy Herman, Operations Manager  
Dawn Lea, Retirement Specialist  
Luiana Irizarry, Administrative Assistant  
Jamie Borba, Retirement Specialist

#### Others Present:

Fred Silva, General Legal Counsel  
Paul Harte, & Nathan Pratt, Strategic Investment Solutions (SIS), Inc.  
Richard Moreau, BNY Mellon via teleconference

1. Meeting called to order at 2:00 p.m. by Mike Lynch, Chair
2. **Roll Call**
3. **Announcements**

Mr. Santos announced he invited all StanCERA staff members to attend Board meetings to get an idea of what is going on with pension systems and to listen to what Board members are thinking and doing.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Jeff Grover and seconded by Darin Gharat to approve the following items as listed.

Motion carried.

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

- a. Approval of the October 25, 2011, Investment Meeting Minutes
- b. StanCERA Third Quarter Investment Managers Peer Ranking
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

- 1. Diane Aiello, Superior Court, Effective 10-22-11
- 2. Cathy Autrand, HSA, Effective 10-18-11
- 3. Nick Babaian, CSA, Effective 11-04-11
- 4. Gayle Case, BHRS, Effective 11-18-11
- 5. Elizabeth Cooper, HSA, Effective 11-05-11
- 6. Keith Crabtree, Stanislaus County Fire, Effective 10-11-11
- 7. Aaron Green, Sheriff, Effective 11-10-11
- 8. Barbara Heiland, Sheriff, Effective 11-05-11
- 9. Janice Husman, HSA, Effective 11-05-11
- 10. Clarine Johnstad, ESMAD, Effective 11-01-11
- 11. Catherine Kleinfelder, CSA, Effective 09-27-11
- 12. Edward Malberg, Probation, Effective 11-19-11
- 13. Vito Mangipane, Env. Resources, Effective 09-10-11
- 14. Martin Martinez, Probation, Effective 11-05-11
- 15. Ofelia Mejia, CSA, Effective 11-02-11
- 16. Thomas Watson, StanCERA, Effective 11-19-11
- 17. Lorraine Webber, HSA, Effective 11-08-11

d. Approval of Deferred Retirement(s) – **Section 31700**

- 1. Kristi Ah You, Sheriff, Effective 11-05-11
- 2. Sonia Alves, CSA, Effective 10-04-11
- 3. Brendan Caraway, Sheriff, Effective 04-18-11
- 4. Tivoli, Cooley, CSA, Effective 09-02-11
- 5. Dawn Costa, CSA, Effective 10-28-11
- 6. Celeste Edwards, Probation, Effective 10-15-11
- 7. Richard Francis, CSA, Effective 11-05-11
- 8. Patricia Lewman, Env. Resources, Effective 08-25-11
- 9. Garth Sutton, Sheriff, Effective 04-18-11
- 10. Jolynn Young, HSA, Effective 12-01-10

9. **Closed Session** – **Heard Out of Order**

Motion was made by Jeff Grover and seconded by Michael O'Neal to commence to Closed Session at 2:02 p.m.

Motion was made by Maria De Anda and seconded by Donna Riley to return to Open Session at 2:54 p.m.

**Individual Closed Session Items were heard out of order.**

Ms. Cerny read the findings of the Closed Session for Items #9b, #9a, and #9d.  
Mr. Lynch read the finding of Closed Session Item #9c.

9. **Closed Session** – Heard Out of Order (Cont.)

**Item #9b. Heard Out of Order**

Mr. Gharat recused himself at 2:02 p.m.

- b. Discussion and Action on the Recommendation on Retired Member Charley Corle's Application for a Service-Connected Disability Retirement Benefit

Motion was made by Maria De Anda and seconded by Ron Martin to approve Charley Corle's application for a service-connected disability retirement benefit effective May 3, 2007.

Motion carried.

Motion was made by Ron Martin and seconded by Maria De Anda to authorize counsel to negotiate a settlement for attorneys' fees with opposing counsel.

Motion carried.

Mr. Gharat returned at 2:20 p.m.

- a. Conference with Legal Counsel – Real Estate Negotiations  
Government Code Section 54956.8

Motion was made by Jeff Grover and seconded by Ron Martin to approve staff's recommended counter proposal.

Motion carried.

**Item #9d Heard Out of Order**

Mr. O'Neal and Joan Clendenin recused themselves at 2:33 p.m.

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

Motion was made by Jeff Grover and seconded by Ron Martin to authorize counsel to respond to plaintiff's third amended complaint as recommended.

Motion carried.

Mr. O'Neal and Joan Clendenin returned at 2:49 p.m.

9. **Closed Session – Heard Out of Order (Cont.)**

Ms. Cerny, Ms. Herman, and Ms. Lea recused themselves at 2:49 p.m.

- c. Conference with Legal Counsel – Personnel Matter Pursuant to Government Code Section 54957(b)(1)

Motion was made by Donna Riley and seconded by Maria De Anda to unanimously approve the Executive Director's Employment Agreement.

Motion carried.

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

Ms. Cerny, Ms. Irizarry, and Ms. Herman returned at 2:54 p.m.

Mr. Gharat left at 2:54 p.m.

**Item #6f. Heard Out of Order**

- f. Presentation of The BNY Mellon Securities Lending Earnings Review Through October 18, 2011

Mr. Harte gave a brief review of the BNY Mellon securities lending earnings through October 18, 2011. Mr. Richard Moreau, BNY Mellon Relationship Manager, was present via teleconference for the presentation.

Mr. Harte will bring back to the Board information on a cap proposal for the securities lending program.

- a. Investment Performance Analysis for the Third Quarter Ending September 30, 2011

The composite fund returned -10.7% in the third quarter of 2011 and ranked in the 85<sup>th</sup> percentile among other public funds greater than \$100 million (-9.0% median). The fund trailed its policy index (-9.9%) during this time period. Longer term, the three and five year returns of 6.0% and 1.9%, ranked above and below the median among total public plans (4.2% and 2.0%, respectively).

6. **Strategic Investments Solutions (SIS), Inc. [Cont.]**

b. StanCERA Manager Review List – Performance Through September 30, 2011

Motion was made by Gordon Ford and seconded by Michael O’Neal to place Research Affiliates on under review status.

Motion carried.

Motion was made by Ron Martin and seconded by Maria De Anda to increase Dodge & Cox’s fixed income expected manager tracking error from 100 basis points to 300 basis points.

Motion carried.

**Item #6d. Heard Out of Order**

d. Monthly Performance Review for the Month Ending October 31, 2011

Mr. Harte presented the monthly performance review for the period ending October 31, 2011. As of October 31, 2011, StanCERA’s portfolio is \$1.3 billion, a 6.50% increase from the prior month. The fiscal year to date return is -4.62%, which is -1.92% below StanCERA’s policy index. The fiscal year to date actuarially assumed rate of return for the period is 2.68%, with the assumed rate of inflation at 1.16%.

c. Report on “Top 10 Holdings” by StanCERA Investment Managers as of October 31, 2011

e. Discussion and Action on StanCERA’s Investment Managers Structure of U.S. Equity and Fixed Income Asset Classes

Motion was made by Maria De Anda and seconded by Ron Martin to take a total of \$40 million from Dodge & Cox equity and place it in the BlackRock Russell 1000 Value Index.

J. De Martini opposed.

Motion carried.

Motion was made by Gordon Ford and seconded by Jim DeMartini to transfer \$20 million from Dodge & Cox fixed income to the PIMCO fund.

Motion carried.

7. **Administrator**

a. Discussion and Action on StanCERA's Potential Holiday Office Closure

Motion was made by Ron Martin and seconded by Maria De Anda to approve the closure of the StanCERA office at Noon on Friday, December 23, 2011; allowing employees to use vacation or compensatory time or work the requisite hours to ensure no additional personnel costs are incurred.

Motion carried.

8. **Committee Reports and Recommendations for Action**

**STANDING COMMITTEES**

a. Internal Governance Committee – Maria De Anda, Chair

i. Discussion and Action on Attendance and Travel Costs  
for The Opal Financial Group's Public Funds Summit,  
January 10-12, 2012, Scottsdale, AZ

Motion was made by Gordon Ford and seconded by Michael O'Neal to approve attendance and travel costs for The Opal Financial Group's Public Funds Summit, January 10-12, 2012, Scottsdale, AZ

Motion carried.

9. **Closed Session** – Heard Out of Order

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

Mr. Santos updated Board members that the requested reimbursement costs from RBC Global Asset Management for the defunct infrastructure venture had been received.

Mr. Santos noted that Capital Prospects was notified of the concern of a potential violation of StanCERA's Statement of Investment Policy regarding holdings of MF Global. The Policy states notification is required on any fraudulent behavior and notification of adverse news on a significant portfolio holding. Capital Prospects' response was that StanCERA's position in MF Global was sold before any announcement of fraudulent behavior occurred and, that StanCERA's position in MF Global was not significant (0.12% of Capital Prospects' portfolio).

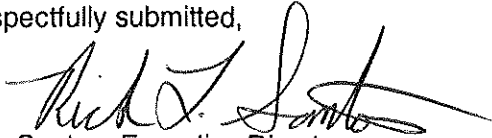
Mr. DeMartini and Mr. Lynch commented that SIS, Inc. gave an exceptionally good investment analysis.

Mr. Ford made a request to avoid scheduling Board meetings on County furlough days.

11. Adjournment

Meeting adjourned at 4:48 p.m.

Respectfully submitted,



Rick Santos, Executive Director

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



Fred A. Silva, General Legal Counsel