



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: P.O Box 3150, Modesto 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

December 8, 2010

Members Present:

Lyn Bettencourt, Maria De Anda, Jim DeMartini,
Gordon Ford, Darin Gharat, Mike Lynch, Ron Martin,
and Clarence Willmon

Alternate Member Present:

Linda Stotts-Burnett (Alternate Retiree Representative)

Staff Present:

Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Hank Skau, Operations Manager
Kathy Herman, Special Projects Manager
Joyce Parker, I.T. Coordinator
Kathy Johnson, Accountant

Others Present:

Fred Silva, General Legal Counsel
Paul Harte, Strategic Investment Solutions (SIS), Inc.,
Marilyn Freeman & Elizabeth Knope, Capital Prospects
via teleconference
Lieve Mertens & Adam Lawlor, Legato Capital
Management
Robert McCrory & Graham Schmidt, EFI Actuaries
Terry Withrow, Supervisor-Elect, Stanislaus County
Board of Supervisors
Doris Foster & Monica Nino, County Chief Executive Office

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

2. **Roll Call**

3. **Announcements**

Mr. Watson introduced StanCERA's new Accountant, Kathy Johnson.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Ron Martin and seconded by Clarence Willmon to approve the following items as listed.

Motion carried.

Mr. Lynch abstained on Item #5f.

- a. Approval of the November 23, 2010 Meeting Minutes
- b. Approval of the 2011 Calendar of Board of Retirement Meetings Including Investment Managers' Reporting Schedule
- c. Update on StanCERA's Vacant Space Activity and General Commercial Real Estate Leasing Activity in Surrounding Downtown Area
- d. Receipt of the June 30, 2010, and 2009, Comprehensive Annual Financial Report (CAFR)
- e. Audited Statements and Management Comments by Macias, Gini & O'Connell (MGO), Auditors
- f. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Michael Absher, Probation, Effective 12-31-10
 2. Susan Butcher, CSA, Effective 12-01-10
 3. Maria De La Rosa, HSA, Effective 11-17-10
 4. Kevin Finnerty, Sheriff, Effective 12-13-10
 5. Robert Foster, Library, Effective 12-31-10
 6. Harry Krug, Ag Commissioner, Effective 12-21-10
 7. James Mulhern, Sheriff, Effective 12-01-10
 8. Mable Richmond, Planning, Effective 12-24-10
 9. Rebecca Tidrick, Alliance Worknet, Effective 12-17-10

6. **Presentation by Capital Prospects LLC of the Small Cap Value Equity Portfolio Semi-Annual Performance Report**

Via a teleconference Marilyn Freeman and Elizabeth Knope, Principals and Managers, presented the semi-annual investment performance report of StanCERA's U.S. small cap value equity portfolio. Capital Prospects is a manager of managers with six managers in the portfolio. Since inception as of January 1, 2009, the portfolio started with \$49.1 million. Investment performance through September 30, 2010, is 22.54% net of fees, and since inception, is 630 basis points higher than the Russell 2000 value index benchmark. As of November 2010, total assets are approximately \$67 million, even after over \$9 million in asset reallocation withdrawals.

7. **Presentation by Legato Capital Management LLC of the Small Cap Growth Equity Portfolio Semi-Annual Performance Report**

Lieve Mertens, and Adam Lawlor, Portfolio Managers, presented the semi-annual investment performance report of StanCERA's U.S. small cap growth equity portfolio. Legato Capital is a manager of managers with five managers in the portfolio. Since inception as of December 22, 2008, and as of September 30, 2010, the portfolio has returned 27.25% gross of fees, above the Russell 2000 growth index benchmark return of 26.24%. As of September 30, 2010, the portfolio assets are \$55.5 million, and as of November 2010, the total assets are approximately \$59 million.

8. **Presentation by EFI Actuaries – Preliminary Actuarial Review and Analysis as of June 30, 2010**

9. **Staff Presentation on StanCERA's Electronic Document Management (EDM) Project**

10. **Correspondence**

- a. Note from Daniel W. McLaughlin, Client and Partner Group, Kohlberg, Kravis Roberts (KKR) & Co., Dated November 19, 2010

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

STANDING COMMITTEES

- a. Internal Governance Committee, Mike Lynch, Chair
 - i. Discussion and Action on Recommendations to Changes in StanCERA's Bylaws

Motion was made by Darin Gharat and seconded by Ron Martin to approve the bylaw changes as presented, with one additional change to section 14.7 to reflect the Internal Governance Committee instead of Education Committee; and forward the bylaws onto the Stanislaus County Board of Supervisors for approval.

Motion carried.

- ii. Discussion and Action on Attendance and Travel Costs for The Opal Financial Group's Annual Public Funds Summit, January 12-14, 2011, Scottsdale, AZ

Motion was made by Mike Lynch and seconded by Clarence Willmon to approve attendance and travel costs for The Opal Financial Group's Annual Public Funds Summit, January 12-14, 2011, Scottsdale, AZ.

Motion carried.

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

STANDING COMMITTEES (Cont.)

a. Internal Governance Committee, Mike Lynch, Chair (Cont.)

- iii. Discussion and Action on Attendance and Travel Costs for The Public Retirement Journal's 21st Annual Public Retirement Seminar, February 9, 2011, Lakewood, CA

Motion was made by Mike Lynch and seconded by Clarence Willmon to approve the attendance and travel costs for The Public Retirement Journal's 21st Annual Public Retirement Seminar, February 9, 2011, Lakewood, CA.

Motion carried.

12. **Closed Session**

Motion was made by Darin Gharat and seconded by Clarence Willmon to commence to Closed Session at 4:07 p.m.

Motion was made by Darin Gharat and seconded by Ron Martin to return to Open Session at 4:15 p.m. Mr. Watson read the findings of the Closed Session:

- a. Discussion and Action on Administrative Recommendations on Maria G. Gentile's Applications for Service-Connected Disability and Non-Service Connected Disability Benefits

Motion was made by Darin Gharat and seconded by Mike Lynch to grant Maria G. Gentile's non-service connected disability benefit effective April 23, 2010, and deny the application for the service-connected disability benefit without hearing.

Motion carried unanimously.

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

No action taken.

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

14. **Adjournment**

Meeting adjourned at 4:18 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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



Fred A. Silva, General Legal Counsel