



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

February 22, 2011

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

Members Absent: None

Alternate Member Absent: 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
Kathy Johnson, Accountant

Others Present: Fred Silva, General Legal Counsel
Wendell Birkhofer, Dodge & Cox
Matt Clark, Mark Romano, & Mariko Boswell, PIMCO
Paul Harte & Harshal Shah, SIS, Inc.
Doris Foster & Monica Nino, Chief Executive Office

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

Mr. Lynch announced Item #10a. would be heard out of order prior to the Consent Items.

Mr. Watson announced that today hard copies were distributed to Board members of the Stanislaus County Employees' Retirement Association's (StanCERA's) Actuarial Review and Analysis as of June 30, 2010.

Mr. Watson announced that EFI Actuaries are scheduled to present the actuarial report at the Board's March 9, 2011, meeting. An electronic copy of the report will also be available to Board members and other interested parties.

4. **Public Comment**

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

Mr. Doug Estes, Retiree, addressed the Board regarding the StanCERA website. Mr. Estes informed the Board that under Resources, while there are links to other retiree related information, there is no link to the website of the Retired Employees of Stanislaus County (RESCO) website.

Item #10a. Heard Out of Order

10. **Administrator**

- a. Discussion and Action on Approval of the Cost of Living Adjustment (COLA) Effective April 1, 2011, for Payment on May 2, 2011, per Government Code Section 31870.1

Motion was made by Maria De Anda and seconded by Clarence Willmon to approve the Cost of Living Adjustment (COLA) effective April 1, 2011, for payment on May 2, 2011, per Government Code Section 31870.1

Abstained: J. De Martini and M. Lynch

Motion carried.

5. **Consent Items**

Motion was made by Maria De Anda and seconded by Clarence Willmon to approve the following items as listed.

Motion carried.

- a. Approval of the February 9, 2011, Administrative Meeting Minutes
b. StanCERA Investment Managers Review List for Quarter Ending December 31, 2010

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

Wendell Birkhofer, Vice President and Portfolio Manager, Large Cap Value Equity, presented StanCERA's large cap equity and fixed income portfolios.

Through January 31, 2011, StanCERA's equity portfolio returned 19.7%, -1.5%, 0.7% and 6.2% for the one, three, five, and ten years, respectively. All percentages are annualized figures.

Through January 31, 2011, StanCERA's fixed income portfolio returned 6.62%, 7.51%, 6.88%, and 6.54%, for the one, three, five, and ten years, respectively. All percentages are annualized figures.

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

Matt Clark, Senior Vice President, Mark Romano, Executive Vice President and Account Manager, and Mariko Boswell, Account Manager, presented StanCERA's core fixed income portfolio.

StanCERA's core fixed income portfolio market value as of December 31, 2010, is \$78.9 million. Since inception as of May 31, 2010, the returns, net of fees are 3.3%, and are 1.5%, and -1.8% for the six and three months, respectively.

8. **PIMCO Educational Presentation on Opportunistic Fixed Income Investment**

This presentation was postponed.

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

a. Investment Performance Analysis for Fourth Quarter Ending December 31, 2010

Mr. Harte reviewed the investment performance analysis for the quarter ending December 2010. The composite fund returned 6.8% in the fourth quarter of 2010, and ranked in the 16th percentile among other public funds greater than \$100 million (6.0% median). Longer term, the three and five year returns of 1.0% and 4.7% ranked above the median among total public plans (0.5% and 4.5%, respectively).

Mr. Grover left at 4:00 p.m.

b. Discussion and Action on the Investment Manager Review List – Performance Through December 31, 2010

Motion was made by Ron Martin and seconded by Clarence Willmon to accept the investment manager review list performance through December 31, 2010.

Motion carried.

c. Monthly Investment Performance Review for the Month Ending January 31, 2011

Mr. Harte presented the monthly performance review for the period ending January 31, 2011. StanCERA's portfolio is \$1.375 billion, a 1.22% increase from the prior month. The overall rate of return for this fiscal year to date is 18.44%. This return is above the policy index rate of 17.22% and the assumed rate of 4.67%, and the assumed inflation rate of 2.33% for the fiscal year period ending January 31, 2011.

9. **Strategic Investment Solutions (SIS), Inc. [Cont.]**

- d. Monthly Report on Top 10 Holdings by Investment Managers – U.S. Equities
- e. Report on StanCERA's BNY Mellon Securities Lending Update
 - i. StanCERA's BNY Mellon Global Securities Lending Loans and Holdings by Account Manager
 - ii. StanCERA's BNY Mellon Securities Lending Income for January-December 2010 and July-December 2010
 - iii. Invesco Letter Dated January 14, 2011 – State Street Bank Securities Lending Program

Item #10a. Heard Out of Order

11. **Closed Session**

No Closed Session.

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

Mr. Willmon requested SIS, Inc. to continue to bring various educational topics to the Board for review.

Mr. Martin also requested that SIS, Inc. continue to bring educational opportunities as planned.

Mr. Lynch reminded the Ad-Hoc Succession Planning Committee that the deadline for comments on the executive search firms' Request for Proposals (RFPs) is Friday, February 25, 2011.

Mr. Watson announced that the full Board will review the final three RFPs on the executive search firms at the Wednesday, March 9, 2011 Board meeting.

Mr. Watson informed the Board that staff will begin taking pictures of Board of Retirement meetings for future newsletters.

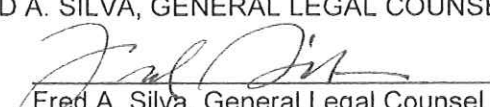
13. **Adjournment**

Meeting adjourned at 4:22 p.m.

Respectfully submitted,


Hank Skau, Operations Manager

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

By: 
Fred A. Silva, General Legal Counsel