



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

March 23, 2010

Members Present: Lyn Bettencourt, Maria De Anda, Jim DeMartini,
Mike Fisher, Gordon Ford, Darin Gharat, 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
Natalie Elliott, Accountant

Others Present: Fred Silva, General Legal Counsel
Kevin Brown, Delaware Investments
Paul Harte, Strategic Investment Solutions, (SIS) Inc.
Douglas Richardson and Mark Baribeau, Loomis Sayles & Co.
Rex Cline, Jr., Retiree
Doris Foster & Monica Nino, Chief Executive Office
Michael Wright, The Results Group

1. Meeting called to order at 2:01 p.m. by Ron Martin, Vice Chair

2. **Roll Call**

3. **Announcements**

Mr. Martin introduced the newly elected Board member, Lyn Bettencourt, retiree member representative, Seat #8.

Mr. Watson announced an email dated March 14, 2010 was distributed to Board members received from retiree William McCarthy. The email addressed Mr. McCarthy's objection for any further transfer of funds to the County of Stanislaus from the retirement system.

4. **Public Comment**

None.

5. **Consent Items**

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

Motion carried.

- a. Approval of the March 15, 2010, Administrative Meeting Minutes
- b. Approval of Service Retirement – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. David Ingersoll, Child Support Services, Effective 3-31-10
- c. Approval of Death Benefit – **Section 31781**
 1. Gary R. Edwards, Deceased March 12, 2010, Active Member, Option Pursuant to Government Code Section 31781

6. **Semi-Annual Performance Report by Delaware Investments**

Kevin Brown, Vice President, Senior Investment Specialist, gave the semi-annual presentation on StanCERA's large cap growth portfolio.

As of December 31, 2009, net returns were 43.07%, while the Russell 1000 Growth Index benchmark was 37.21%. StanCERA's portfolio saw a net gain of \$5.8 million with the portfolio's value at \$121.9 million. As of February 28, 2010, the portfolio returned 54.02%, -4.23% and -0.92% for the periods of one year, three years, and since inception August 31, 2006. Since inception the portfolio is 140 basis points below the Russell 1000 Growth Index benchmark.

Mr. Brown commented that the years of 2006 through 2008 were the worst relative performance Delaware has experienced in the past 16 years.

7. **Semi-Annual Performance Report by Loomis Sayles & Company, LP**

Douglas Richardson, Vice President, Product Manager, Growth Equities, and Mark Baribeau, Vice President, Chief Investment Officer, Large Cap Growth, gave the semi-annual presentation of StanCERA's large cap growth portfolio.

As of December 31, 2009, StanCERA's portfolio net return was 32.83%, -6.73%, and -3.91%, for the one year, three year and since inception August 18, 2006. Since inception the portfolio is 483 basis points below the Russell 1000 Growth Index benchmark.

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

a. Monthly Performance Review for the Month Ending February 28, 2010

Mr. Harte presented the monthly performance review for the period ending February 28, 2010. StanCERA's portfolio is \$1.214 billion, an increase of 1.50% from the prior month. The overall rate of return for this fiscal year to date is 18.39%, above the policy index of 16.55% and the assumed rate of 5.33%.

b. StanCERA Fixed Income Manager Structure Analysis for March 2010

M. De Anda arrived at 3:17 p.m.

c. Discussion and Action on Hiring BlackRock (BGI) to Manage a Passive Fixed Income Portfolio

No action taken.

d. Summary Update on Securities Lending Investments as of January 31, 2010

9. **Correspondence**

a. Loomis Sayles & Co.'s Letter of Response Dated, March 1, 2010 - Large Cap Growth Equity Portfolio Investment Management Services – Under Review Status

10. **Administrator**

a. Discussion and Action on Renewal of Contract with SIS, Inc. for Investment Consulting Services for the Period of July 1, 2010 through June 30, 2013

Board members reviewed minor changes to the contract renewal. The Board requested staff and SIS, Inc. to provide additional information on ways to evaluate an investment consultant's performance.

No action taken. Deferred to the Tuesday, April 27, 2010, Board of Retirement Investment meeting.

11. **Closed Session**

Mr. Cline, Retiree, addressed the Board regarding his request for a service-connected disability retirement benefit.

Motion was made by Mike Fisher and seconded by Clarence Willmon to commence to Closed Session at 3:46 p.m.

Motion carried.

Motion was made by Lyn Bettencourt and seconded by Clarence Willmon to return to Open Session at 4:05 p.m. Mr. Watson read the findings of the Closed Session:

a. Discussion and Action on Administrative Recommendations on Rex R. Cline, Jr.'s Application for a Service-Connected Disability Retirement Benefit

Motion was made by Mike Fisher and seconded by Lyn Bettencourt to refer the matter for hearing pursuant to Section 9.11 of the StanCERA bylaws and authorize counsel to obtain a complete copy of the applicant's workers' compensation file with the objective of determining with more particularity the extent of the applicant's pre-existing work-related disability, if any.

Roll Call Vote Yes: M. De Anda, R. Martin, G. Ford, M. Fisher, L. Bettencourt, and C. Willmon

Roll Call Vote No: D. Gharat, J. DeMartini, and M. Lynch

Abstentions: None

Motion carried by a 6-3 vote

b. Discussion and Action on Hearing Officer's Recommendations on Arthur Voortman's Application for a Service-Connected Disability Retirement Benefit

Motion was made by Lyn Bettencourt and seconded by Mike Lynch to adopt the hearing officer's recommendation to deny Arthur Voortman's application for a service-connected disability retirement benefit.

Roll Call Vote Yes: M. De Anda, R. Martin, G. Ford, M. Lynch, M. Fisher, L. Bettencourt, Clarence Willmon, and J. DeMartini

Roll Call Vote No: D. Gharat

Abstentions: None

Motion carried by an 8-1 vote

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

None.

13. **Adjournment**

Meeting adjourned at 4:09 p.m.

Respectfully submitted,

Tom Watson

Tom Watson, Retirement Administrator

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

By:


Fred A. Silva, General Legal Counsel