



STANISLAUS COUNTY  
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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

April 26, 2011

**Members Present:** Jim De Martini, Gordon Ford, Darin Gharat, Jeff Grover,  
Mike Lynch, Ron Martin, and Clarence Willmon

**Members Absent:** *Maria De Anda*

**Alternate Member Present:** Linda Stotts-Burnett, Alternate Retiree Representative

**Staff Present:** Tom Watson, Retirement Administrator  
Hank Skau Operations Manager  
Kelly Cerny, Executive Secretary  
Kathy Herman, Projects Manager  
Kathy Johnson, Accountant

**Others Present:** Fred Silva, General Legal Counsel  
Paul Harte, & Nathan Pratt, Strategic Investment  
Solutions (SIS), Inc.  
Sue Curran, Brian Higgins, Brian Hoesly, &  
Jack Ryan, Pyramis Global Advisors via  
teleconference  
Keith Bruch, LSV Asset Management  
Chris Brightman & John West, Research Affiliates  
Doris Foster & Stan Risen, County Chief Executive Office

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

3. **Announcements**

Ms. Herman announced an update on the Board's previous request to upgrade the Board meeting audio recording equipment. A purchase from the locally known company, Stanislaus Audio Visual (SAV) of three (3) wireless tabletop boundary microphones, with one (1) four-channel microphone mixer, and one (1) hard drive audio recorder with Ethernet connection will improve the quality of the audio recording currently used. Cost is approximately \$6,000 and will work for several years. The equipment will be ready for use by the end of May 2011.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Linda Stotts-Burnett and seconded by Clarence Willmon to approve the following items as listed.

Motion carried.

- a. Approval of the April 13, 2011 Administrative Meeting Minutes
- b. Approval of Death Benefit – **Sections 31781, 31781.1, or 31781.3**

- 1. Barbara A. Hill, Deceased January 26, 2011, Deferred Member. Reciprocal with the San Joaquin County Employees' Association (SJCERA). Member Submitted Non-Service Connected Disability Retirement Application Prior to Death. Option Pursuant to Government Code Section 31781, 31781.1, or, 31781.3, Pending Outcome of Non-Service Connected Disability Retirement Application

- c. StanCERA Complaint Log of January 1, 2011, through March 31, 2011

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

Sue Curran, Senior Vice President and Relationship Manager, Brian Higgins, Senior Account Executive, Jake Ryan, Investment Trading Operations, and Brian Hoesly, Institutional Portfolio Manager, presented StanCERA's semi-annual international growth equity investment performance results via teleconference.

StanCERA's cumulative return (gross of fees) for international growth equity for the first quarter ending March 2011, is 3.13%, compared with the benchmark MSCI AC World Ex US index rate of return of 3.41%. Total net assets as of March 31, 2011 are \$149.98 million, with a return of 14.96% for the past 12 months.

- a. Response to FX Trading Questions

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

Mr. Bruch, CFA, Partner & Director, Client Portfolio Services, presented StanCERA's semi-annual international value equity investment performance for the period ending March 31, 2011.

As of March 31, 2011, StanCERA's international value equity portfolio is \$147 million. StanCERA's 2011 first quarter return was 4.7% (net of fees), above the benchmark MSCI ACWI Ex US return of 3.4%. The period of January 1, 2010 through December 31, 2010 saw a return of 12.7% (net of fees). Since inception as of September 14, 2004, the portfolio has added investment earnings of \$77 million to the original \$81 million and \$11 million in withdrawals.

a. Response to FX Trading Questions

8. **Educational Presentation by Research Affiliates, LLC**

Mr. Brightman and John West, Certified Financial Advisors, gave the Board a presentation of Research Affiliates' long/short strategy of investment.

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

a. Monthly Performance Review for the Month Ending March 31, 2011

Mr. Harte presented the monthly performance review for the period ending March 31, 2011. StanCERA's portfolio is \$1.408 billion, a 0.20% increase over the prior month. The overall rate of return for this fiscal year to date is 21.64%, above the policy index of 20.29%, and the assumption rate of 6.00%, and the actuary rate of inflation of 2.63%.

b. Report on "Top 10 Holdings" by StanCERA Investment Managers

c. Discussion and Action to Amend PIMCO Guidelines to Include 10% Below Investment Grade Purchases

No action taken. The guidelines will be brought back for further discussion and action at the May 24, 2011, Board meeting.

10. **Correspondence**

a. Email Dated April 18, 2011 – RBC Diversified Infrastructure Fund Review

Mr. Watson stated Mr. Smith of Hanson Bridgett is preparing a draft side letter agreement and fund summary matrix for the Board's review at the May 24, 2011, Board meeting.

11. **Closed Session**

No Closed Session.

- a. Conference with Legal Counsel - Anticipated Litigation and/or Anticipated Initiation of Litigation Pursuant to Subdivision (c) of section 54956.9(b) (1):  
One Matter

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

Mr. Willmon expressed interest for more information on Research Affiliates long/short investment strategy. Mr. Harte said he will bring more information to the Board at the May 24, 2011, Board meeting.

Mr. Grover also requested information regarding the experience Fresno and San Joaquin counties' retirement systems have had with Research Affiliates. Mr. Harte stated that Fresno is new to Research Affiliates, and as the investment consultant for the San Joaquin County retirement system, he will address their experience with Research Affiliates at the May 24, 2011, Board meeting.

13. **Adjournment**

Meeting adjourned at 3:55 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