



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

May 22, 2015

NOTICE OF PUBLIC MEETING

To: *Due Diligence Committee Members:*
Donna Riley, Chair
Jason Gordo, Trustee
Jeff Grover, Trustee
Maria De Anda, Trustee

From: Rick Santos, Executive Director

SUBJECT: StanCERA DUE DILIGENCE COMMITTEE MEETING

The Due Diligence Committee will hold a meeting at 1:00 p.m., Tuesday, May 26, 2015, preceding the Board of Retirement meeting.

The meeting will be held in the Conference Room at StanCERA's Office, 832 12th Street, Suite 600, 6th Floor, Modesto.

AGENDA

1. StanCERA Investment Manager Onsite Visits [View](#)



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

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

May 26, 2015, Retirement Board meeting

TO: Due Diligence Committee

FROM: Rick Santos, Executive Director

- I. SUBJECT: StanCERA Investment Manager Onsite Visits
- II. ITEM NUMBER: 1
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

In November of 2014, the Due Diligence Committee recommended and the full Board approved Policy related to StanCERA Investment Manager Onsite Visits. The rationale behind this policy was an understanding that these types of visits occur only once every 4 years and as such, a desire existed to spend the time onsite as efficiently and effectively as possible. This policy was borne mainly out of Strategic Objective II from StanCERA's 2014-2016 Strategic Objective Plan. This objective states:

"Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers"

When drafting the policy, staff looked to the CFA Institute for recommendation. For onsite visits, CFA Institute recommends looking more at qualitative rather than quantitative issues. The rationale for this recommendation is that in general, governing bodies of institutional funds devote much time during the normal course of business discussing performance issues and as a result, a more efficient use of time onsite should be spent discussing qualitative issues. CFA Institute also recommends that the main purpose of onsite visits for continuing managers should be an investigation into uncovering warning signs of adverse changes within an existing manager's Organization.

The main purpose today should center around a discussion of whether the Committee feels anything has fundamentally changed in the manager's operations and if so, is the change significant and what are the likely ramifications of those changes. Another goal of this discussion and subsequent onsite visit is to pick up on any indication of future poor performance and to reassure StanCERA that we would again hire the manager in question today. If the Committee feels that further investigation of certain managers is warranted, then these issues should drive the discussion during the onsite visits.

Each manager has submitted large amounts of data to the Committee for review and to aid in this part of the diligence process.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective II: Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers

VIII. BUDGET IMPACT: None

A handwritten signature in blue ink, appearing to read "Rick Santos", is positioned above a horizontal line.

Rick Santos, Executive Director