



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

May 28, 2013

Members Present: Gordon Ford, Maria De Anda, Donna Riley, Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal

Members Absent: Jeff Grover,

Alternate Member Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kellie Gomes, Executive Board Secretary
Jamie Borba, Retirement Specialist

Others Present: Fred Silva, General Legal Counsel
Paul Harte and Nate Pratt, Strategic Investment Solutions (SIS), Inc.
Doris Foster, County Chief Executive Office
Jeanine Bean, Superior Court

1. Meeting Called to Order

Meeting called to order at 2:02 p.m. by Darin Gharat, Chair.

2. Roll Call

3. Announcements

Rick Santos, Executive Director made the following announcements:

- The actuarial firm of Segal agreed to perform the actuarial audit at the same price that the former auditing actuary, Milliman, had been under contract for.
- Trustee DeAnda, was re-elected for another 3 year term
- StanCERA has initiated the RFP process for a new custodial bank.

4. Public Comment

None

5. Consent Items

- a. Approval of the April 23, 2013 Administrative Meeting Minutes.
- b. StanCERA Investment Managers Peer Rankings for Quarter Ending March 31, 2013.
- c. Pension Software Update.
- d. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Christine Collier, Library, Effective 04-05-2013
 2. Barbara Farr, BHRS, Effective 03-19-2013
 3. Phyllis Garrett, Alliance Worknet, Effective 04-16-2013
- e. Approval of Deferred Retirement(s) – **Section 31700**
 1. William Carlson, Planning, Effective 03-07-2013
 2. Maria Childers, CSA, Effective 05-14-2013
 3. John Hack, CSA, Effective 04-13-2013
 4. Tanya Mangum, BHRS, Effective 05-01-2013
 5. Shannon Stewart, Animal Services, Effective 04-12-2013
 6. Julie Van Sandt, CSA, Effective 04-06-2013
- f. Approval of Death Benefit – **Section 31781**
 1. Mark Lockwood, Deceased, May 4, 2013, Active Member,
 2. Ruben Zuniga Jr., Deceased, April 11, 2013, Active Member,
- g. Approval of Death Benefit – **Sections 31781, 31781.1, and 31781.3**
 1. Bertha Garza, Deceased, May 5, 2013, Active Member
 2. Charles Myer, Deceased, May 15, 2013, Active Member
- h. Approval of Disability Retirement – **Section 31724**
 1. Tammy Richards, Public Works, Service-Connected, Effective April 2, 2012
 2. Irene Zapien, CSA, Non-Service-Connected, Effective October 24, 2012

Trustee Clendenin asked to remove Item 5 h.2 for discussion. All other items were approved on consent. Item 5 h.2 was approved after brief discussion. Motion was made by Maria DeAnda and seconded by Mike O’Neal to approve all consent items. Motion carried.

6. Correspondence

Review of Item and discussion led the Board to direct staff to discuss the topic of social investing at our next Asset/Liability Study. Trustee Gharat also asked that inquiries such as these be brought up in Member’s Forum.

7. Strategic Investment Solutions (SIS), Inc.

a. Monthly Performance Review for the Month Ending April 30, 2013

Monthly performance –1.63%
Fiscal YTD – 16.11%
Fiscal YTD alpha –2.36%
Total fund value as of April 30, 2013: \$1,569,546,735

b. Report on “Top 10 Holdings” by StanCERA Investment Managers as of April 30, 2013

c. Investment Performance Analysis for First Quarter Ending March 31, 2013

Return, Benchmark and Peer Ranking (1 Being Highest)

1st Quarter: 6.2%, 5.3%, 13
Fiscal YTD: 14.2%, 11.8%, 7
1 Year: 11.7%, 9.8%, 6
3 Year: 9.7%, 9.1%, 27
5 Year: 6.2%, 5.1%, 12

d. Update on Direct Lending

- Raven made its first capital call for \$10.5 million on May 20, 2013.
- Medley made its first capital call for \$21.3 million on May 16, 2013.
- Negotiations on the final Side Letter and Letter of Partnership agreement with White Oak are ongoing. The details of the agreement should be available at the next investment meeting on June 25.

e. Presentation on Fixed Income

Paul Harte presented the first of a series of 3 discussions on StanCERA’s fixed income portfolio. The following topics were discussed:

1. The variables that affect bond prices
 - a. inverse relationship between bond prices and interest rates
2. Problems inherent in the current fixed income market
 - a. Interest rates at historical lows
 - b. Adverse upwards movement in rates could mean a loss in the market value of bonds
 - c. Low rates means low returns for pension funds seeking yield
 - d. 30% of the portfolio with a return expectation of 2.4%.

8. Executive Director

- a. Encryption of Closed Session Items – Secure Content-Sharing Methods and Tablet computing

Staff will begin using SBT's secure File Transfer for transmitting secure documents/agenda items to Board members that wish to receive them this way.

- b. 2013 Quarter 1 Value Added Report

A brief overview was provided regarding the first Quarterly Value Added Report.

9. Closed Session

- a. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- b. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- c. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 683548
Government Code Section 54956.9(d)(1)
- d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894
Government Code Section 54956.9(d)(1)

Motion was made by Donna Riley and seconded by Ron Martin to enter into closed session at 3:36pm. Motion carried. Trustee Michael O'Neal and Trustee Joan Clendenin recused themselves.

Motion was made by Maria De Anda and seconded by Ron Martin to return from closed session at 3:41pm. Motion carried.

Nothing to Report Out From Closed Session

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

Trustee DeAnda thanked staff for research and the implementation plan for the transmittal of sensitive agenda information.

Trustee O'Neal asked staff to make sure that future agendas note when Board members recuse themselves from the meeting (especially regarding closed session items)

11. Adjournment

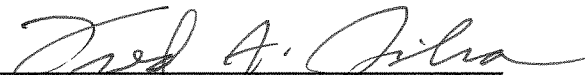
Meeting adjourned at 3:42 p.m.

Respectfully submitted,



Rick Santos, Executive Director

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

By: 
Fred A. Silva, General Legal Counsel