



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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BOARD OF RETIREMENT MINUTES

June 24, 2014

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

Members Present Joan Clendenin, Alternate Retiree Representative

Members Absent: Jeff Grover

Staff Present: Rick Santos, Executive Director
Kellie Gomes, Executive Board Secretary
Kathy Herman, Operations Manager
Dawn Lea, Benefits Manager

Others Present: Fred Silva, General Legal Counsel

1. Meeting Called to Order

Meeting called to order at 2:04 p.m. by Gordon Ford.

2. Roll Call

3. Announcements

Trustee Ford handed out an article from the Washington Post

Rick Santos, Director, announced that StanCERA's Special Counsel, Scott Smith from Hanson & Bridgett, had reached agreement on terms with Greenfield Partners, LLP on the specifics of the side letter. As a result, StanCERA has agreed to commit \$15 million to the closed ended, value added real estate investment.

Kellie Gomes read out the closed session report from the real estate investment with Greenfield. Read out was as follows:

On April 22, 2014 in closed session action was taken on Item 9.a. Motion was made by Jeff Grover and Seconded by Jason Gordo to allocate \$15 Million to Greenfield Partners and directed staff to begin the legal review process with Hanson & Bridgett and negotiate the contracts with the approved manager. Roll Call Vote carried unanimously. Trustee Darin Gharat was absent during the vote.

Further, after legal review and direction by the Board at its June 11, 2014 Board meeting StanCERA has committed \$15 Million to the Greenfield Partners Real Estate Investment fund.

Darin Gharat announced he will need to leave early today to attend Union negotiations and wanted to come to the meeting to assure the Board could meet the required quorum.

4. Public Comment

None

2:06 p.m. Trustee Michael O'Neal arrived.

5. Consent Items

- a. Approval of the May 27, 2014 Investment Meeting Minutes
- b. Approval of the June 11, 2014 Administrative Meeting Minutes
- c. Correspondence – Strategic Investment Solutions, Inc. (SIS)

Motion was made by Maria DeAnda and seconded by Michael O'Neal to approve the above consent items.

Motion Carried Unanimously

6. Annual Update Capital Prospects LLC

2:11 p.m. Trustee Joan Clendenin arrived

- a. Quarterly Value Added Report

Marylyn Freeman and Elizabeth Knoppe, gave an update on the fund. Capital Prospects manages our Small Cap Value, Manager of Managers program. Over the past 1, 3 and 5 year periods, the fund has returned 23.7%, 15.5% and 26.4%, respectively. Over this same period, the fund has added approximately \$3.7 million above a passive investment (benchmark). One issue that Marilyn addressed was the percentage of Inview's total assets under management belonging to StanCERA. This was an area of concern recently and Marilyn announced that StanCERA still represents approximately 22% of Inview's total AUM, much the same as was last reported out a few months ago.

2:27 p.m. Trustee Darin Gharat left meeting

7. Strategic Investment Solutions (SIS), Inc.

- a. Discussion and Action Regarding PIMCO Modification to Cash Equivalent Definition

Motion was made by Donna Riley and seconded by Maria DeAnda to accept the recommendation to change the duration from 360 days to 1 year (365) and to keep the credit quality of the cash equivalents at A1/P1.

Motion Passed 5/2

Gordon Ford voted nay

Jason Gordo voted nay

7. Strategic Investment Solutions (SIS), Inc. (Cont.)

b. Discussion and Action Regarding Infrastructure Strategy Review

The Board asked SIS to bring in further educational instruction on the infrastructure space before interviewing the potential candidates.

c. Monthly Performance Review for the Month Ending May 31, 2014

- Monthly Return: 1.46%
- Fiscal YTD: 16.02%
- Fiscal YTD alpha: 1.26%
- Total Fund Value as of May 31, 2014: \$1750,226,512

d. Report on “Top 10 Holdings” of StanCERA Investment Managers as of May 31, 2014

8. Executive Director

a. Report Out on the 2014 Due Diligence Trip

Rick Santos reported on June 4th and 5th, the Due Diligence Committee consisting of Maria DeAnda, Chair, Jeff Grover, Trustee, Rick Santos, Staff, Nate Pratt and Paul Harte, Strategic Investment Solutions (SIS) met with 3 of our investment managers, Blackrock, Jackson Square Partners, and Dodge & Cox. The group also met with SIS, StanCERA’s investment consultant. All meetings were done onsite in San Francisco. Overall, the group’s decision is to support continued business with the investment managers and consultant who manage portions of StanCERA’s assets.

9. Closed Session

a. Discussion and Action Regarding Allocation of StanCERA’s Real Estate Assets Government Code Section 54956.81

b. 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)

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. 648469 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)

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

None

11. Adjournment

Meeting adjourned at 3:34 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