



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

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

PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

September 28, 2010

Members Present: Lyn Bettencourt, Jim DeMartini, Mike Fisher, Gordon Ford,
Darin Gharat, Ron Martin, and Clarence Willmon

Members Absent: *Maria De Anda, and Mike Lynch*

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

Staff Present: Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Hank Skau, Operations Manager
Joyce Parker, I.T. Coordinator

Others Present: Fred Silva, General Legal Counsel
Kimberly Aspenleider & Kevin Brown, Delaware Investments
Jim Roberts, Joe Lyons, & Whit Porter, RBC Global Asset
Management
Paul Harte, Strategic Investment Solutions (SIS), Inc.
Scott Smith, HansonBridgett LLP via teleconference
Doris Foster & Monica Nino, Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Ron Martin, Vice Chair.

2. **Roll Call**

3. **Announcements**

None.

4. **Public Comment**

None.

5. **Consent Items**

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

Motion carried.

- a. Approval of the September 8, 2010 Administrative Meeting Minutes
- b. Approval of Disability Retirements – **Section 31724**
 1. Yolanda Lomeli, Library, Non-Service-Connected, Effective 05-11-10
- c. Approval of Death Benefit - Sections 31781, 31781.1 or 31781.3
 1. Shawn L. Barlow, Deceased September 19, 2010, Active Member, Option Pursuant to Government Code Section 31781

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

Mr. Bettencourt arrived at 2:03 p.m.

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

As of June 30, 2010, the six months, one year, and inception to date net returns are -11.27%, 12.86%, and -2.63%, respectively.

As of August 31, 2010, the year to date, one year, and inception to date net returns are -6.52, 8.38%, and -1.79%, respectively.

7. **Educational Presentation by RBC Global Asset Management – Infrastructure Investments**

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

- a. Monthly Performance Review for the Month Ending August 31, 2010

Mr. Harte presented the monthly performance review for the period ending August 31, 2010. As of August 31, 2010, StanCERA's portfolio is \$1.2 billion. The fiscal year to date return is 2.65%, below StanCERA's policy index of 2.94%, and higher than the actuarial assumption of 1.32% year to date.

- b. Discussion and Action on SIS Inc.'s Memorandum Dated September 13, 2010 Kohlberg Kravis Roberts (KKR) & Co. Update – Mezzanine Partners & Global Infrastructure Investors

No action taken.

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

- c. Discussion and Action on Legal Analysis of KKR Mezzanine Debt Fund

No action taken.

- d. Discussion and Action on Commitment to Invest in the KKR Mezzanine Debt Fund

No action taken.

- e. Discussion and Action on Potential Investment Statement Policy Change - Investment Managers Who Hold in a Portfolio of Equity or Fixed Income Securities Companies Which Have Committed Fraud

The Board requested that SIS, Inc., propose language for Board approval that would revise StanCERA's Statement of Investment Policy to include investment manager notification to StanCERA of any StanCERA holdings that have lost substantial value due to fraudulent operations/reporting or major events (e.g., BP's Gulf of Mexico oil spill).

9. **Committee Reports & Recommendations for Action**

STANDING COMMITTEES

- a. Internal Governance Committee – Ron Martin, Chair

- i. Discussion and Action on Attendance and Travel Costs for the Invesco Real Estate 2010 Client Conference, November 2-4, 2010, La Jolla, California

Motion was made by Lyn Bettencourt and seconded by Clarence Willmon to approve attendance and travel costs for the Invesco Real Estate 2010 Client Conference, November 2-4, 2010, in La Jolla, California.

Motion carried.

10. **Closed Session**

No Closed Session Held.

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

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

Mr. Silva informed Board members that in the Stanislaus County Superior Court Case, No. 64869, Michael R. O'Neal, et al v. StanCERA, the court has again ruled in favor of StanCERA. The court held that the First Amended Complaint does not allege facts which, even if the facts were true, show any abuse of discretion by StanCERA. The court also ruled that the First Amended Complaint does not allege that the plaintiffs suffered any legally cognizable damages. California law does not support the theory of damages that the plaintiffs are claiming. The court concluded that benefits that fall within a category of discretionary supplemental pension benefits are not benefits that carry with them any entitlement or right to future receipt. The court has given leave to the plaintiffs to file a Second Amended Complaint by September 30, 2010. Board members confirmed they had received a copy of the Minute Order dated September 17, 2010.

12. **Adjournment**

Meeting adjourned at 4:25 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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

By:


Fred A. Silva, General Legal Counsel