



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

MARCH 23, 2004

Members Present: Kent Crawford, Maria DeAnda, Gary Dial, Mike Fisher, Darin Gharat, Al Sarina and Tom Watson

Members Absent: Nick Blom, Wes Hall and Linda Stotts-Burnett

Others Present: Robert Harmon, Victoria Halliday, Karen Gonzales, Paul Harte and Marshall Sham of SIS, Delia Roges, Doug Foreman and Brendt Stallings of TCW and Paul Garbe of MFS.

1. Meeting called to order at 2:00 p.m. by Chair, Maria DeAnda.

2. **Announcements**

Karen reminded the board members that itemized receipts are required on all charges placed on County purchasing cards, for any in-room service at hotels and for any reimbursements made on blue claims.

Karen informed the board that Mary Smith from the Courts changed her retirement effective date from March 31, 2004 to March 30, 2004. The retirement was approved at the March 10, 2004 meeting.

3. **Public Comments**

None

4. **Consent Items**

Motion was made by Tom Watson and seconded by Al Sarina to approve the following items listed.

Motion carried.

a. Approval of the March 10, 2004 Regular and Closed Session Minutes

5. **Staff Report on Investment Performance for the period ending February 29, 2004**

Robert Harmon reported that at the end of February 2004 the Association held over \$ 1.099 Billion in assets, which was up from the prior month. Robert stated that managers continue to perform on target. Returns for the entire portfolio as of February 29, 2004 were 1.20%, 7.33%, 29.62%, 6.55% and 8.57% for the one-month, three-months, one, three and five years respectively.

Robert also mentioned that Dodge and Cox was up 54%, TCW was up 61%, Domestic Equities was at 46% and Putnam was up 46%.

6. **Semi-Annual Report by TCW**

Delia Roges gave a couple of highlights regarding TCW. She stated that TCW held over \$90 Billion in assets. Société Générale, S.A. was at 56% ownership and has the option to purchase up to 70% of TCW by 2006. Delia stated that Small Cap improved in April 2003. Doug Foreman gave the semi-annual report for TCW. Doug reviewed TCW Small Cap Growth Equity Performance for the period ending December 31, 2003. Year to date figures through February 2004, StanCERA was up 3.5%. Performance for the period ending December 31, 2004 were 11.8%, 22.5%, 49.1%, and -16.8% for the three-months, six-months, one and three years respectively.

In closing, Delia stated that TCW appreciated the patience StanCERA has shown during the rough times over the past couple of years.

Mike Fisher left the meeting at 2:58 p.m.

7. **Semi-Annual Report by MFS**

Paul Garbe gave the board an update on the recent SEC investigation into their firm. Paul stated that there were no allegations of late trading in the mutual funds and the investigation was mostly regarding language that appeared in MFS prospectuses. Paul stated that market timing is not illegal but was not tolerated at MFS and that MFS has had to pay some hefty penalties.

Paul Garbe also mentioned changes that were made in the personnel departments. Paul stated that the President and CEO received suspensions and will not be returning to MFS. Rob Manning has moved into the CEO position.

7. **Semi-Annual Report by MFS - Continued**

Performance return results for the period ending December 31, 2004 were +23.85.

In closing, Paul also stated that MFS appreciated the patience StanCERA has shown during the rough times over the past couple of years.

8. **Administrator**

- a. Acceptance of Performance based fee and Authorization for Administrator to sign contract amendments with MFS for Performance Based Fee

After discussion, motion was made by Kent Crawford and seconded by Darin Gharat to accept the performance-based fee and authorize the administrator to sign contract amendments with MFS.

Motion carried

- b. Discussion and Action to change Portfolio Management Strategies at MFS from Individual Portfolio manager to team based portfolio management and Authorization to sign any necessary contract amendments.

After discussion, motion was made by Darin Gharat and seconded by Al Sarina to change portfolio management strategies to the "team based" approach at MFS and authorize administrator to sign any necessary contract amendments.

Motion carried.

- c. Discussion and Action to change the time of the April 27, 2004 Board meeting from 2:00 p.m. to 1:00 p.m.

After discussion, motion was made by Kent Crawford and seconded by Gary Dial to change the meeting time of the April 27, 2004 board meeting.

Motion carried.

9. **Correspondence**

Robert distributed a copy of a letter from Charlotte Capital regarding notice that Charlotte Capital's silent partner was selling their interest, which makes this a management change within their company. Robert stated that he would be signing the letter. There was no board opposition.

Robert also distributed a copy of the San Mateo County Employees' Retirement Association informational notice informing their retirees that effective July 1st they were canceling all Medicare Part B reimbursements.

10. **Committee Reports and Recommendations for Action**

STANDING COMMITTEES

a. Due Diligence Committee – Gary Dial, Chair

- i. Review committee meeting action on recent due diligence onsite visits and make recommendation to Board of Retirement of final candidates chosen to make presentations at the meeting of April 27, 2004 and approval to make changes to the Investment Policy.

Motion was made by Al Sarina and seconded by Tom Watson to authorize the final candidates, Fidelity Management Trust, LSV Asset Management and Putnam to make a presentation at the April 27, 2004 board meeting.

Motion carried.

Motion was made by Tom Watson and seconded by Kent Crawford to make changes to the Investment Policy from EAFE to ACWI.

Motion carried.

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

Gary Dial inquired about the Actuarial Report.

Kent Crawford invited all board members and staff to attend the grand opening of Edward Jones Investments new building on Wednesday.

12. **Adjournment**

Meeting adjourned at 3:49 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel