



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

July 24, 2007

Members Present: Jim DeMartini, Mike Fisher, Darin Gharat, Wes Hall, Mike Lynch, and Ron Martin

Members Absent: *Maria De Anda, Gordon Ford, and Steve Yauch*

Alternate Member Present: Linda Stotts-Burnett, Alternate Retiree Representative

Others Present: Kelly Cerny, Natalie Elliott, Paul Harte-Strategic Investment Solutions (SIS), Denise Krisko and Richard Moreau-The Bank of New York Mellon Corp., Deirdre McGrath, Hank Skau, and Tom Watson

1. Meeting called to order at 2:00 p.m. by Wes Hall, Chair.

2. **Announcements**

None.

3. **Public Comment**

James Lee, a former Contra Costa Employees Retirement Association trustee, and representative of Patrick Hubert Partners, LLC., attended as a member of the public. He asked the Board to remember two Contra Costa firefighters who recently lost their lives while fighting a fire.

4. **Consent Items**

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

Motion carried.

- a. Approval of the July 11, 2007 Minutes
- b. Administrator's 2007 Goals – Report for Quarter Ending June 30, 2007
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Mary M. Miknus, HSA, Effective 7-28-07

4. **Consent Items (cont.)**

d. Approval of Death Benefits

1. William L. Burnett, Deceased July 5, 2007, Active Member, Option Pursuant to Government Code Sections 31781

5. **Annual S&P 500 Index Fund Performance Report by The Bank of New York**

Jim DeMartini arrived at 2:02 p.m.

Denise Krisko, Managing Director of Equity Index Management, presented the annual review of StanCERA's S&P 500 index fund performance. She introduced Mr. Richard Moreau, StanCERA's new relationship manager. Mr. Moreau pointed out that he replaces Mr. Art Londos, as a result of the merger with Mellon Financial Corporation. The merger results in a slight name change for the company, now called The Bank of New York Mellon Corporation. Ms. Krisko said the index assets portfolio management process and team will remain the same. There will only be incremental changes that will occur within the company in regards to integration efforts for technology and infrastructure.

Ms. Krisko gave an overview of the portfolio, along with a market economic and investment perspective as of May 2007. For the period ending June 30, 2007, returns for The Bank of New York Mellon Corporation's S&P 500 index were -1.66%, 6.28%, 20.60%, 11.73%, and 10.78%, for the one-month, three-month, one year, three year and five years, respectively. These figures were 0.00%, 0.00%, 0.01%, 0.05%, and 0.08%, over the S&P index return. Ms. Krisko answered Board members questions about the market's future outlook and the company's transition.

6. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending June 30, 2007**

Paul Harte, presented the monthly performance review for the period ending June 30, 2007. StanCERA's portfolio is \$1.45 billion, a -0.74% decrease from the prior month. The overall rate of return for this fiscal year is 16.75%, slightly under StanCERA's policy index of 16.96%. However, this return is significantly over the fiscal year assumed rate of 8.16%. Mr. Harte mentioned although the month was negative, the fiscal year overall was very positive. He noted that value outperformed growth for the eighth consecutive year.

7. **Discussion and Action on Strategic Investment Solutions, Inc. (SIS)
Recommendations of Candidates for Global Real Estate Investment Trusts
(REITS)**

Mr. Harte gave an overview of recommendations for a list of potential candidates for global REITS, per the Board's direction at the June 26, 2007, Investment Board meeting. This followed the Board's educational session at the May 22, 2007, Investment Board meeting on the topic of possible investments for the special situations fund.

After review of the information presented by Paul Harte, motion was made by Mike Lynch and seconded by Ron Martin to direct SIS to prepare a Request for Information (RFI) to six candidates.

Motion carried.

8. **Administrator**

- a. Presentation of Report on the Public Pension Investment Management Program Berkeley, CA, June 4-6-2007

Tom Watson, Administrator, gave a brief summary of his comprehensive written report to the Board on his attendance at the State Association of County Retirement Systems (SACRS) and UC Berkeley's Public Pension Investment Management Program. Mr. Watson informed the Board this is the first time the program was offered, with the content focusing on the history of pensions and an emphasis on the potential of shortfall risk. He highly recommended the program be included in the Board's educational opportunities in the upcoming year.

- b. StanCERA Complaint Log of April 1, 2007, through June 30, 2007

Hank Skau, Operations Manager, noted Board members received his written report of StanCERA's complaint log for the second quarter of 2007. All six complaints for this period were related to retiree health insurance.

Darin Gharat, Trustee, shared that staff does an excellent job handling the complaints. He reiterated staff should refer all retiree health insurance issues directly to the insurance consultant.

- c. BMTI Services Complaint/Contact Log of April 1, 2007, through June 30, 2007

Hank Skau, noted Board members received his written report of BMTI's complaint/contact log for the second quarter of 2007. Hank informed the Board that BMTI has now added a detailed summary and narrative pages to the report that will continue to appear in the quarterly reports from BMTI. The Board reviewed the report and did not have any questions.

8. **Administrator (cont.)**

d. Discussion and Action on Direction for Retiree Health Insurance Consultant Reimbursement

Board members reviewed and discussed Mr. Watson's memorandum dated July 13, 2007. The memorandum requested direction from the Board on the reimbursement practice for the retiree health insurance consultant, including language currently within the draft Request for Proposal (RFP), for a retiree health insurance consultant, and forward.

Mr. Watson said the current draft RFP language reflects an older practice of paying the retiree health insurance consultant as part of the premiums paid by retirees for the health, dental, and vision insurance plans. More recently, all administrative costs have been paid directly by StanCERA.

Staff is now requesting the Board to consider the reimbursement language specifically so that the RFP can proceed to be issued by either including the consultant's cost reimbursement as part of the monthly premiums paid by retirees or, through direct payment to StanCERA.

Motion was made by Darin Gharat and seconded by Ron Martin to direct staff to continue to include the direct payment language in the Request For Proposal (RFP) for the Retiree Health Insurance Consultant.

Motion carried.

Motion was made by Darin Gharat and seconded by Ron Martin to direct staff and Deputy County Counsel to draft language that ties the reimbursement of the retiree health consultant for review on an annual basis in alliance with the ad-hoc retiree health allowance policy.

Motion carried.

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

Wes Hall, Trustee, distributed written material to Deirdre McGrath, Deputy County Counsel. Mr. Hall said he received the information at the SACRS Spring 2007 Conference's Chair and Vice-Chair meeting, and thought Deputy County Counsel may find it of interest.

10. **Adjournment**

Meeting adjourned at 3:23 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

By: _____
Deirdre McGrath, Deputy County Counsel