



**STANISLAUS COUNTY  
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**BOARD OF RETIREMENT MINUTES**

**September 26, 2000**

**Members Present:** Lyn Bettencourt, Wes Hall, Al Sarina, Virgil Thompson, Steve Yauch, and Tom Watson

**Members Absent:** Nick Blom, Maria DeAnda,

**Others Present:** Victoria Halliday, Robert Harmon, Lois Ertel; John McLaughlin and Kevin Lanier of Capital Resource Advisors

1. Meeting called to order at 2:00 p.m. by Chairman Lyn Bettencourt.

2. **ANNOUNCEMENTS**

Lyn Bettencourt reported AB1937 which allows the Board of Supervisors to approve 3% at 50 and 3% at 55 for safety members has passed.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

Motion was made by Wes Hall and seconded by Al Sarina to approve the following items as listed.

- a. Approval of the September 13, 2000 Regular and Closed Session Minutes.
- b. Acceptance of the Statement of the Retirement System as of July 31 and August 30, 2000

5. **STAFF REPORT OF MONTHLY INVESTMENT PERFORMANCE FOR AUGUST, 2000**

Robert Harmon reported the Statement of the Retirement System has been updated to reflect the membership of the Retirement Association as of 6/30/2000. As the Pension Information System is developed, information for monthly updates will become more accessible.

For the period ending August 31, 2000 the investment report indicates allocation goals are steadily moving toward the target amounts. Based on market value, the total portfolio has earned 4.38% in one month, and 13.65% compounded for one year. (It was noted the extension beyond one month for MFS should be N/A.) Although the total fund balance as of 8/31/00 is close to the \$1 billion mark (\$992 million), it has dropped some in September making it difficult to predict when this historical amount might be reached.

6. **QUARTERLY REPORT OF PERFORMANCE BY CAPITAL RESOURCE ADVISORS**

John McLaughlin reported the investment performance for the quarter ending June 30, 2000 indicated that the entire portfolio returned 6.58% for the year, 10.86% annually compounded over the past 3 years and 13.49% per year compounded for the past 5 years (these are market rates of return).

A new report was introduced on Investment Policy compliance. Board members thought it provided good information, as well as a worthwhile check, and would like to see this on future reports.

John McLaughlin said he would like to improve communications with the Board and would like some feedback on the satisfaction of the Board with his service as a Senior Consultant. John McLaughlin introduced Kevin Lanier, President of Capital Resource Advisors (CRA), and asked for some time for him to review their company's history, philosophy, and goals. Mr. Lanier stated CRA employees have an average tenure of 15 years. The experience and longevity of the company results in capability. They were the first consulting firm to develop beyond asset performance to include asset allocation and manager searches as part of their services. The goal of CRA is to be the "premier asset consultant in the business". Mr. Lanier believes the company philosophy to reinvest in itself, the technologists they have around the country, and their evolution from just performance measurement to provide other portfolio services will help them to achieve this goal. They focus on their client, stress accessibility and communication, pay attention to detail, train their consultants and compensate them based on client satisfaction.

The Board expressed their concerns with some of the products now offered by CRA such as commission recapture and transition management. They believe this creates a conflict of interest with their consulting business. One of the concerns expressed covered the CRA Summit offered each year that is largely funded by money managers and the possibility of showing favoritism as a result. Does CRA have a philosophy on asset allocation? The Board also sees the many changes, growth, and complexity of pension fund management as a time to reevaluate its needs in a consultant.

Wes Hall left at 3:50 p.m.

John McLaughlin expressed his view of CRA as a fiduciary in giving advice and their other products as something that probably should not be offered to public funds. He would like to be included in the strategic planning session planned for January 2001 and would like to know who his contact on the Board should be. Robert Harmon, Assistant Administrator, is the logical choice since he has attended all Due Diligence visits and is knowledgeable about internal technology available as well as information that is available.

7. **ADMINISTRATOR**

- a. Tom Watson, Administrator, gave a detailed update on the Board's Strategic Plan implementation. A large number of the goals set 2 years ago have been realized. Of particular note is the success in processing disability applications in a more timely manner due partly to an increase in the number of hearing officers and attorneys. The change in the Bylaws requiring all documents to be submitted prior to acceptance of an application, and the County's involvement in rehabilitation, has also helped. This report is available in the retirement office to any interested parties.
- b. Tom Watson reported on his lack of success in meeting with Reagan Wilson, CEO, regarding the status of Tier 1 versus Tier 2 reciprocity ("San Diego" decision). The most recent communication (today) indicates it will be several weeks before Mr. Wilson is ready to meet with the Administrator. The Board requested this issue be an action item on the next agenda.

8. **MEMBER'S FORUM (Information and Future Agenda Requests Only)**

Virgil Thompson has provided a schedule for out of town conferences with dates through December 2001. After review for any additions, this will be made available for Board members to plan ahead for their continuing education opportunities.

Victoria Halliday has not received a response to her request for costs of the dinner provided by MFS at the last SACRS Conference. Robert Harmon said he had been given those figures over the phone and he would provide that information to all those needing it.

John McLaughlin will draft a work plan that he will give to Robert Harmon to present to the Board.

9. **ADJOURNMENT**

Meeting adjourned at 4:35 p.m.