STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
1010 10th Street, Suite 5800
P.O. Box 859
Modesto, CA 95353-0859

Phone (209) 525-6393
Fax (209) 525-4334
www.stancera.org
e-mail: retirement@
mail.co.stanislaus.ca.us

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BOARD OF RETIREMENT MINUTES **June 6, 2000**

Members Present: Lyn Bettencourt, Nick Blom, Maria DeAnda, Wes Hall, Joash Paul, Virgil Thompson, Steve Yauch, and Tom Watson

Members Absent: Thomas Keating, Al Sarina

Others Present: Mick Krausnick, Robert Harmon, Lois Ertel, Victoria Halliday; John McLaughlin of Capital Resource Advisors, Raphael L. Edelman & Brad A. Gillman of Alliance Capital Management L.P., Stephen Pesek, Lisa Jones, & Therese McKeown of MFS Institutional Advisors, Inc., Lawrence S. Speidell & Laura DeMarco of Nicholas Applegate, and James M. Weiss, Kennard "Pete" Woodworth, Jr., & Richard E. Fee of State Street Research

1. Meeting called to order at 1:00 p.m. by Chairman Joash Paul.

2. **ANNOUNCEMENTS**
   None
3. **PUBLIC COMMENT**
   None

4. **LARGE CAP GROWTH MANAGERS PRESENTATIONS**

Brad Gillman, Service Representative, and Ray Edelman, Sr.VP and Portfolio Manager, from the San Francisco office of Alliance Capital Management L.P. provided information on their firm. Based out of New York, their San Francisco office has 15 employees. The company has 9 Disciplined Growth Portfolio Managers with 21 average years of experience (15 with Alliance), 23 Research Analysts with 13 average years of experience and 8 Traders with 22 average years of experience. Employees receive a bonus based compensation.

"Alliance Capital believes that a strong internal research capability is critical to investment success" which is reflected in their history of superior performance when measured against the Russell 1000 Growth Index and the S&P 500 Index. Their stock selection is based on the "best available combination of earnings growth and valuation" with a stock universe of 500 narrowed down to 150 and ultimately from 45 to 55 stocks in a client portfolio. The construction of a portfolio takes into consideration client objectives with risk management/control.

4. **LARGE CAP GROWTH MANAGERS PRESENTATIONS**

Stephen Pesek, Sr.VP and Portfolio Manager, Lisa Jones, Sr.VP & Managing Director of Sales & Consultant Relations, and Therese McKeown, VP Sales, presented information on MFS Institutional Advisors, Inc. which is owned by Sun Life of Canada. Based in Boston, this firm has over 75 years of investing experience, $151 billion in assets under management, 2,400+ employees with 20% employee ownership and a commitment to employee development and mentoring.

With an emphasis on original research, a team approach using state of the art information technology infrastructure, the goal of MFS is to "provide long-term growth of capital" with performance "in the top quartile of their peer manager universe over full market cycles". Their philosophy is "that stock prices ultimately follow earnings progress and that bottom-up, fundamental research offers the best opportunity to identify high-quality companies with above average, sustainable earnings growth".

A ten minute break was taken from 3:10 p.m. to 3:20 p.m.
Victoria Halliday arrived at 3:20 p.m.

Lawrence Speidell, Partner, and Laura DeMarco, Partner, presented information on the employee-owned firm of Nicholas Applegate Capital Management. Based out of San Diego, they have an open office architecture which facilitates the team meetings utilized as a part of the investment process. Their "focus on individual stock selection produces a portfolio in which the majority of holdings consistently exceed earning expectations". With an objective of superior returns, it was noted that "Large Cap Core Growth has captured 113% of the market gains and only 64% of the market downside relative to the Russell 1000 Growth Index since inception".

James Weiss, Executive VP, CIO, Pete Woodworth, Sr.VP and Equity Portfolio Manager, and Richard Fee, VP and Institutional Marketing Officer, represented State Street Research & Management which is based in Boston. "We bring experience, research and skill together in a team-based environment to identify and invest in a portfolio of large capitalization growth stocks." Their investment objective is to outperform their benchmark and peer group over 3 to 5 years. They have a desire to build long-term partnerships with clients and to understand and meet their needs with dedicated investment and service teams.

John McLaughlin summarized the presentations and the Board members evaluated the presenters based on performance, risk, style, people/organization, and any other factors which influenced them. After a time of discussion, it was decided the selection of a new Large Cap Growth Manager from among those interviewed today should be an agenda item for the June 14, 2000 meeting. A copy of the evaluation chart will be sent for Board members to study.

5. **MEMBERS FORUM (Information and Future Agenda Requests Only)**
No comments.

6. **ADJOURNMENT**

Meeting adjourned at 6:12 p.m.

Respectfully submitted,

Tom Watson, Secretary
Board of Retirement

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

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Victoria Halliday, Deputy County Counsel