



**STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

June 27, 2000

Members Present: Lyn Bettencourt, Maria DeAnda, Wes Hall, Joash Paul, Al Sarina, Virgil Thompson, and Tom Watson

Members Absent: Nick Blom, Thomas Keating, Steve Yauch

Others Present: E. Vernon Seeley, Robert Harmon, Lois Ertel; Rick Pokorny of Capital Resource Advisors; Rochelle Evans, Dawn Lea, Irma Perrone, Michele Silva, Karen Valdez, Retirement Staff

1. Meeting called to order at 2:00 p.m. by Chairman Joash Paul.

2. **ANNOUNCEMENTS**

Tom Watson introduced the staff of the Retirement Division with the announcement we are now fully staffed.

Lyn Bettencourt announced that Placer County (CalPERS) is the first to adopt the 3% at 50 for safety members with the county picking up an additional 2.75% of the employees' PERS contribution. In addition, non-management Probation Officers will receive over the next three years a raise which will be an increase of 22%.

It was also announced that the June 14, 2000 minutes have been corrected to reflect a June 3, 2000 retirement date for Wanda Carter which was originally reported as June 2, 2000.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

Motion was made by Wesley Hall and seconded by Lyn Bettencourt to approve the following items as listed.

Prior to voting on this motion, Virgil Thompson moved to have items "b" and "c" removed from the consent items to be discussed after Capital Resource Advisors' report. Lyn Bettencourt seconded the motion.

Motions carried.

a. Approval of the June 14, 2000 Regular and Closed Session Minutes.

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

Rick Pokorny (John McLaughlin is on vacation) reported the investment performance for the quarter ending March 31, 2000 indicated that the entire portfolio returned 17.54% for the year, 15.26% annually compounded over the past 3 years and 15.76% per year compounded for the past 5 years (these are market rates of return).

After reviewing a summary of Market conditions for the first quarter of 2000, Rick Pokorny reviewed other portions of the quarterly report on performance, some of which were new to the report. Questions asked by Board members which Rick Pokorny was unable to answer were to be researched, with answers provided to either the Administrator or Assistant Administrator. Some of the questions were as follows: 1) Can this report be provided earlier? 2) On comparison chart with other '37 Act Counties, can the County be listed instead of a number (or footnoted)? 3) Total plan return since inception (page 17) doesn't seem right. A history of how this report is compiled will be researched. 4) Provide an explanation of the information provided in the Equity Style Map (page 21). 5) Can statistical information such as provided in reports on pages 2,3,5,6, and 7 include prior two months for comparison purposes?

Items "b" and "c" under Consent Items were discussed at this time.

Virgil Thompson complimented Robert Harmon on his reports on Monthly Investment Performance. He does not think they should be consent items, but reviewed individually each month as the information provided is valuable and timely. It was suggested the Performance by Asset Class graphs be done on two pages instead of one to provide a better picture.

Robert Harmon explained the source for compiling most of these reports was the Performance Analytics program provided by BNY. He wants to add style analysis to watch for trends and revise the Statement of the Retirement System to provide for relevant information instead of just a balance sheet. Lyn Bettencourt and Wes Hall expressed an interest in tracking the statistics provided in this report and would prefer this portion not be discontinued.

6. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

- a. Benefits Committee-Wesley Hall, Chairman
Wes Hall reported this committee met on June 22, 2000 to review legislation which was on the Assembly floor as of May 8, 2000. The bill which would most affect our retirement system is AB1937 which would provide, with the approval of the Board of Supervisors, two new safety formulas, "3% at 50" and "3% at 55", and provide for retirees a 1-6% ad hoc benefit increase. The committee also reviewed AB2176, AB2291, AB2620, SB670, SB1696 and SB2008.
- b. Bylaws Committee-Steve Yauch, Chairman
No report

6. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION-Continued**

c. Due Diligence Committee-Lyn Bettencourt, Chairman

A copy of the draft of the Report on Due Diligence visits to Capital Resource Advisors and Putnam Institute in May, 2000 was distributed to committee members for their review and approval. Those Board members interested were provided copies with the understanding the completed report might be revised. Wes Hall, Lyn Bettencourt, and Robert Harmon are making a due diligence trip on July 20, 2000 to visit MFS Institutional Advisers, Inc. in Boston prior to hiring this firm as a Large Cap Growth Manager. Virgil Thompson wanted them to ask if Capital Resource Advisors or John McLaughlin receive any compensation if StanCERA hires this firm, to ask for an up to date Form ADV, and negotiate the fees. Wes Hall asked any other Board members with specific questions to let them know prior to their visit. It was suggested a "master" list of questions be developed to ask all money managers the same questions.

d. Education Committee-Virgil Thompson, Chairman

Virgil Thompson reported information had been received on the Institute for International Research Public Fund Board's Forum in San Francisco on December 9-12, 2000. Virgil and Lyn have both attended in the past and think this a very good educational seminar. Motion was made by Lyn Bettencourt and seconded by Al Sarina to approve attendance and reasonable travel expenses for Virgil Thompson for this year's Forum.

Motion carried.

8. **ADJOURNMENT**

Meeting adjourned at 3:25 p.m.

Respectfully submitted,

Tom Watson, Secretary
Board of Retirement

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

E. Vernon Seeley, Assistant County Counsel