



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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BOARD OF RETIREMENT MINUTES

OCTOBER 23, 2001

Members Present: Lyn Bettencourt, Nick Blom, Kent Crawford, Wes Hall, Al Sarina and Tom Watson

Members Absent: Maria DeAnda and Virgil Thompson

Others Present: Robert Harmon, Victoria Halliday, Karen Gonzales, Paul Harte and Mark Gessell of SIS.

1. Meeting called to order at 2:05 p.m. by Vice-Chairman Wes Hall

2. ANNOUNCEMENTS

Robert reminded all board members that they were invited to the plan sponsor meeting to be held on October 30, 2001 at Mallards Restaurant.

Robert informed the board members that he was recently elected to serve on the CALAPRS board.

3. PUBLIC COMMENT

None

4. CONSENT ITEMS

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

Motion carried.

a. Approval of the October 10, 2001 Regular and Closed Session Minutes.

5. Closed Session

Motion was made by Nick Blom and seconded by Al Sarina to adjourn to closed session at 2:08 p.m.

Closed Session Findings:

After returning to regular session at 2:10 p.m., Robert Harmon, Administrator, read the findings of the closed session:

5. **Closed Session**

-Continued-

The board discussed the hearing officers decision on the application of Phyllis Van Tassel for a service connected disability. The decision of the hearing officer was to deny the application. The board adopted the hearing officer's decision.

Lyn Bettencourt arrived at 2:13 p.m. and continued to chair the meeting.

6. **ACCEPTANCE OF FINAL REPORT AND RECOMMENDATIONS ON ASSET LIABILITY STUDY BY SIS**

Paul Harte and Mark Gessell reviewed the asset liability study with the board. Paul began by passing out an updated line chart of the stock market as of September 10, 2001 (one day before the September 11, 2001 attack in New York) through close of October 22, 2001. He stated that the stock markets went down sharply after the attack but most of them had re-cooped.

Paul stated that the asset liability study was done in April 2001 and that StanCERA has recently provided statistical reports which show an increase of 3% per year. The optimization constraints set for each asset class show scenario one for US Equity which falls between 30% and 55% and is currently at a high 52%. Scenario two which is the current asset classes plus real estate also falls between 30% and 55%. Scenario three current asset classes plus private markets is also the same. The International equity asset classes are between 10% and 20% and is currently at a low 10% average. All scenarios for this asset class also fall between the 10% to 20%.

The asset liability conclusion is that the plan is healthy and in good shape. That the addition of real estate asset class makes little difference and that there is no real added value. The addition of private markets are statistically slightly beneficial, before consideration of qualitative issues. That mix three provides the best risk/return characteristics.

Paul stated that the board needs to answer the questions on whether they want to add the real estate asset class and do they want to consider private markets and whether they want to increase the international equity and that the next step would be to set a managerial search structure.

A copy of the asset liability study is located in StanCERA's office for review

Motion was made by Tom Watson and seconded by Al Sarina to move ahead towards the asset mix class three with provisions to provide a detailed report on the manager structure prior to implementation.

Motion carried.

7. **CORRESPONDENCE**

- a. Robert reviewed SACRS Year 2002 Legislative Proposal regarding the item for discussion of concept of air time with the board members. Motion was made by Tom Watson and seconded by Nick Blom that StanCERA representative votes against the proposal as Article XI of the 1937 Act provides that the board of retirement can approve an additional benefit based on additional contributions.

Motion carried.

8. **MEMBERS FORUM (Information and Future Agenda Requests Only)**

Victoria Halliday thanked the board on Michael Krausnick's behalf for allowing him to attend the Guns and Hoses conference.

Kent Crawford thanked Robert Harmon for the invitation to the Plan Sponsor meeting and requested that an informational meeting be arranged after the first of the year to review the plan sponsor meeting minutes updating the board members that were unable to attend.

Robert Harmon reminded the board members that due to the SACRS Conference and the holidays there will only be one meeting in the months of November and December.

Lyn Bettencourt informed the board of two public safety sponsored celebrations. The first one is Celebrate America being held on November 3, 2001 by the police and fire departments and the schools. He recommended this for all children. The probation officers are preparing a celebration on "getting to know" the candidates for the March elections of new judges for Stanislaus County. It will be held on October 29, 2001 at the County Library.

9. **ADJOURNMENT**

Meeting adjourned at 3:47 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel