



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

**MAY 28, 2002**

**Members Present:** Nick Blom, Kent Crawford, Gary Dial, Maria DeAnda, Wes Hall and Virgil Thompson

**Members Absent:** John Hallford, Al Sarina and Tom Watson

**Others Present:** Robert Harmon, Victoria Halliday, Karen Gonzales, John Gobel, Paul Harte of Strategic Investment Solutions, Inc., Horton Shapiro of Dodge & Cox

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

### **2. ANNOUNCEMENTS**

Robert Harmon requested an appointed trustee volunteer to help count ballots on June 21, 2002. Robert to follow up.

Robert Harmon invited the board to the presentation he was making at Keyes Community Services later that evening.

Robert Harmon announced that Linda Burrows withdrew her service retirement application approved for a March date and resubmitted an application to retire on May 4, 2002.

Victoria Halliday informed the board that she has sent out letters for the SACRS dinner costs.

### **3. PUBLIC COMMENT**

None

### **4. CONSENT ITEMS**

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

Motion carried.

- a. Approval of the April 23, 2002 Regular Session Minutes.
- b. Approval of the May 22, 2002 Special Meeting Minutes.

c. Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810

1. Ben Adriano, Public Works, Effective 05-04-02
2. John Boyd, Deferred, BHRS, Effective 04-30-02
3. Linda Burrows, Community Services Agency, Effective 05-04-02
4. Merrilyn Frerichs, Deferred, CSA, Effective 04-15-02
5. Marilyn Kaplan-Campbell, Deferred, HSA, Effective 05-04-02
6. Colleen Keck, Sheriff, Effective 04-29-02
7. Kenneth Kinser, Probation, Effective 03-29-02
8. Ronald L. Morris, Public Works, Effective 05-18-02

d. Approval of Deferred Retirement(s) - Section 31700

1. Steven Brodie, Parks, Effective 01-30-02
2. Kathleen Goodrich, Mental Health, Effective 04-30-02
3. Timothy K. Harris, Sheriff, Effective 04-19-02
4. Rhonda Peacock, Health Services Agency, Effective 01-19-02
5. Todd Peters, Mental Health, Effective 02-10-01
6. Cesar Sanchez. Sheriff, Effective 04-06-01
7. Margaret Silveria, Planning Department, Effective 08-30-01
8. Ofick Strohm, Auditor-Controller, Effective 12-29-01
9. Teresa Tovar, Employment & Training, Effective 04-30-02

e. Approval of Refund for Deferred Retirement Member(s) - Section 31701

1. David Dowdy
2. Jorge Guerrero
3. Jose Valles

5. **Staff Report of Investment Performance for Month Ending April 30, 2002**

Robert Harmon reported that at the end of April 2002 the association was at \$945 million, which was down from the prior month. Robert stated that the manager allocation was close to target for all managers. Returns for the entire portfolio as of April 30, 2002 were -1.67%, 0.38%, -0.79%, -0.53% and 9.73% for the one month, three months, one, three and five years respectively.

6. **Quarterly Report by Dodge & Cox**

Horton Shapiro presented the Quarterly report for Dodge & Cox as of March 31, 2002. Horton stated that the fixed income portfolio had a market value of \$377,816,210. The portfolio had an estimated annual income of about \$24 million with a realized net gain of almost \$31 million and unrealized net gain of about \$7 million. The fixed income returns were 0.6%, 6.9%, 7.3% and 8.2% for three months, one year, three years and five years respectively. Horton stated we had very little change in the short-term rates on the U.S. Treasury Yield Curves.

The equity portfolio as of March 31, 2002 had a market value of \$332,292,376 with an estimated annual income of \$6.4 million. The quarterly return as of March 31, 2002 was 5.1%. The one, three and five year returns are 14.1%, 15.6% and 16.9% respectively. April 2002 was down -3.2%.

7. **Quarterly Report by Strategic Investment Solutions**

Paul Harte presented the Quarterly Investment Performance Report as of March 31, 2002. Paul stated for the quarter ending March 31, 2002, the total fund return was 0.9% with the fiscal year to date at 0.2%. One, three and five-year returns were 11.9%, 9.9% and 11.8% respectively. The allocation for the fund was on target.

Paul reviewed the individual managers specific characteristics of the associated manager styles. TCW returned -15.2% for the quarter and -8.5% and -42.2% for the one and two-years ended March 31, 2002. In return attributions, TCW returned -13.0% in stock selection and -1.1% in sector selection.

At this time we moved to Administrator item b.

8. **Closed Session**

Motion was made by Virgil Thompson and seconded by Maria DeAnda to adjourn into closed session at 5:04 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 5:50 p.m. Robert Harmon, Administrator read the findings of the closed session:

a. Ventura Update

8. **Closed Session**

- Continued -

- Attorney Fees

Victoria Halliday gave an update on regarding the attorney fees on the Ventura Case.

- Cross Appeal

Victoria Halliday gave an update regarding the cross appeal on the Ventura Case.

- Settlement Offer

Robert Harmon discussed settling Ventura with the board.

b. Litigation on Stolen Equipment

Robert Harmon received permission to proceed with legal action against the parties involved with the stolen laptop computer.

9. **Administrator**

a. Approval of StanCERA 2002/2003 Administrative Budget

After discussion and review of the 2002/2003 Administrative Budget, Virgil Thompson motioned and Gary Dial seconded to approve the budget as presented.

Motion carried.

b. Review of RFI's and Selection of Candidates for Small Cap Manager Review

Paul Harte of Strategic Investment Solutions, Inc., stated that there were three employees on his staff that reviewed the six RFI's received. Paul presented a breakdown report from his staff on all six firms. After review of the firms, Virgil Thompson motioned and Nick Blom seconded to do due diligent visits on the following four firms:

- b. Review of RFI's and Selection of Candidates for Small Cap Manager Review  
- Continued -

Strong Capital Management in New York  
Benson Associates in Portland  
Charlotte Capital in North Carolina  
TCW in New York

Motion carried.

Nick Blom left at 5:45 p.m.

10. **Correspondence**

The board received a thank you letter from Casey Jones on his election at SACRS.

11. **Committee Reports and Recommendations for Action**

**STANDING COMMITTEES**

- a. Benefits Committee - Wesley Hall, Chair

No Report

- b. Bylaws Committee - Tom Watson, Chair

Due to Tom Watson absence the approval of recommended changes to Article III of the bylaws was tabled until the June 12, 2002.

- c. Due Diligence Committee - Virgil Thompson, Chair

Motion was made by Virgil Thompson and seconded by Kent Crawford to authorize due diligence visits for S&P 500 candidates.

Motion carried.

Motion was made by Virgil Thompson and seconded by Kent Crawford to authorize due diligence visits for Small Cap Manager candidates.

Motion carried.

Motion was made by Virgil Thompson and seconded by Kent Crawford to authorize due diligence visits for managers located on East Coast.

Motion carried.

- d. Education Committee - Virgil Thompson, Chair

Virgil Thompson motioned and Kent Crawford seconded to approve the trustees to attend the CALAPRS Round table in San Jose on June 7, 2002.

Motion carried.

It was noted to add authorization to attend the Guns and Hoses Conference on the June 12, 2002 meeting.

#### AD-HOC COMMITTEES

- e. Independence Committee - Al Sarina, Chair

No report

- f. Disability Retirement Accountability Committee - Maria DeAnda, Chair

Maria DeAnda reported that the committee will be meeting on June 25, 2002.

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

Robert Harmon requested the board give some thought to the upcoming Strategic Planning Sessions.

#### 13. **ADJOURNMENT**

Meeting adjourned at 5:54 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

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Victoria Halliday, Deputy County Counsel