



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

JULY 23, 2002

Members Present: Nick Blom, Maria DeAnda, Gary Dial, Wes Hall, Al Sarina, Virgil Thompson and Tom Watson

Members Absent: Kent Crawford and John Hallford

Others Present: Robert Hamon, Michael Krausnick, Karen Gonzales, Jamie Borba, and Paul Harte of Strategic Investment Solutions, Inc., Member, Colleen Keck and Spouse Dean Keck, and Janice Eberwein

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

2. ANNOUNCEMENTS

Robert asked that if any of the board members were planning on attending the Fall SACRS Conference to please let Karen know as soon as possible.

3. PUBLIC COMMENT

None

4. CONSENT ITEMS

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

Motion carried.

- a. Approval of the June 25, 2002 Regular and Closed Session Minutes.
- b. Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810

1. Mark Anderson, Probation, Effective 07-17-02
2. Ross Bainter, Deferred, Data Processing, Effective 07-01-02
3. LaVona Bauerrichter, C S A, Effective 07-11-02
4. Marilyn Campbell, Deferred, H S A, Effective 06-01-02
5. Sharon Frassrand, C S A, Effective 07-29-02
6. Howard Mallory, D E T, Effective 07-27-02
7. David Moody, Deferred, Animal Services, Effective 07-08-02
8. Kazem Muslemi, City of Ceres, Effective 07-06-02
9. Susan Pearson, H S A, Effective 07-02-02
10. Gerald Robinson, Probation, Effective 07-06-02
11. Corrine Simons, Courts, Effective 07-16-02
12. Larry Walley, Public Works, Effective 07-26-02

4. **CONSENT ITEMS**

- Continued -

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

13. David M. Wood, Sheriff, Effective 07-03-02

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

1. Paul Edward Bryson, District Attorney, Effective 04-13-02
2. Deborah Childers, Library, Effective 10-20-01
3. Cheryl Christiansen-Stejskal, C S A, Effective 05-03-02
4. Catherine Crusoe, Employment & Training, Effective 02-26-02
5. Julie Horal, Probation Effective 04-26-02
6. Janna Marsh, Mental Health, Effective 02-02-96
7. Debra Martinez, Mental Health, Effective 05-21-02
8. Theng Moua, Employment & Training, Effective 03-22-02
9. James Scott Proctor, C S A, Effective 06-14-02
10. Yolanda Sandoval, Library, Effective 07-19-02
11. Deborah Supnet, C S A, Effective 06-30-02

5. **Closed Session**

Motion was made by Nick Blom and seconded by Maria DeAnda to adjourn into closed session at 2:04 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 2:19 p.m., Robert Harmon, Administrator, read the findings of the closed session:

The application of Colleen Keck for a Service Connected Disability Retirement was approved effective April 29, 2002.

The application of Kim Chapman for John Chapman for a Service Connected Disability Retirement Death Benefit was approved effective December 1, 2001.

The application of Janice Eberwein for Ken Eberwein for a Service Connected Disability Retirement Death Benefit was approved effective April 10, 2002 with follow up on subrogation.

The application of Thomas W. Ford for a Service Connected Disability Retirement Benefit was approved effective March 10, 2002.

6. **Staff Report of Monthly Performance for Period Ending May 31, 2002**

Robert Harmon reported that at the end of June 2002 the association was at \$911 million which was slightly down from the prior month. Returns for the entire portfolio as of June 30, 2002 were -3.03%, -4.38%, -4.09%, 3.18% and 7.48% for the one month, three months, one, three and five years respectively.

7. **Administrator**

- a. Approval to allow County to Pre-Pay Annual Contributions.

Robert Harmon reported that the normal cost of the employer contributions is \$13,107,880. The Board of Supervisors has already authorized the prepayment of this amount. This reflects a discount of 2.9%. Payment is due by July 30, 2002.

Motion made by Nick Blom and seconded by Maria DeAnda to approve the Pre-Payment by the County for the Annual Contributions for 2002/03.

Motion carried.

- b. Final Selection of S & P 500 Passive Index Manager.

Robert Harmon deferred to Virgil Thompson as chair for the Due Diligence Committee. Virgil reported that the Due Diligence committee met with Deutsche Bank and Bank of New York. Virgil stated that the committee liked Deutsche Bank however, with the uncertainty of the possible sale of the company, it was recommended that we hire Bank of New York as our S&P 500 Passive Index Manager as they are equally qualified and are currently the custodian for the association.

Motion made by Virgil Thompson and seconded by Al Sarina to hire Bank of New York as the S & P 500 Passive Index Manager.

Motion carried.

- c. Selection of Finalist's for Small Cap Value Manager.

Robert Harmon discussed the correlations of the candidates to our plan with a chart he presented. Paul Hart also handed out informational statistics. Virgil recommended that Charlotte Capitol, Strong Capitol and TCW be invited to make a presentation to the board. The committee set a target of the beginning of October 2002 to begin funding. The presentations will take place on August 27, 2002 at 10:00 a.m.

7. **Administrator**

- Continued -

- c. Selection of Finalist's for Small Cap Value Manager.

- Continued -

Wes thanked the Due Diligence committee, and Paul Harte for making the trips for the Due Diligence visits.

Motion was made by Virgil Thompson and seconded by Nick Blom to invite Charlotte Capitol, Strong Capitol and TCW to make presentations to the Board of Retirement as finalist's for the Small Cap Value Manager search.

Motion carried.

- d. Discussion and Approval of Semi-Annual Manager Presentation Schedule.

Robert discussed having a manager presentation schedule. He presented two proposal's and recommended the board approve proposal #1 which changes Dodge & Cox's current visits from every quarter to twice a year with an onsite visit each year. This proposal also spreads the other manager visits out so not all managers will be giving their presentation at the same meeting.

Motion was made by Virgil Thompson and seconded by Gary Dial to approve the proposed Manager Presentation Schedule as presented.

Motion carried.

8. **Correspondence**

None

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

STANDING COMMITTEES

- a. Benefits Committee-Wesley Hall, Chair

Wes Hall recommended a date be set to meet to discuss benefits for the upcoming open enrollment. The date was set for August 26, 2002 at 10:00 a.m. Robert Harmon announced that staff is working on the 2003 open enrollment and that the plan is to have a one day Health Faire at Modesto Centre Plaza on October 22, 2002.

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

STANDING COMMITTEES

- Continued -

b. Bylaws Committee-Tom Watson, Chair

The committee is currently working on Articles 4 through 8 due to the recent changes in the rollover and transfer laws. Please submit any changes to Karen Gonzales by August 2, 2002.

c. Due Diligence committee-Virgil Thompson, Chair

The committee is scheduled to go to Boston October 16, 2002 and will be returning on October 20, 2002. The committee will be meeting with Putnam Investments and MFS Institutional Advisors.

Robert Harmon requested approval to leave one day early and fly to Chicago and meet with Pension Gold and TACS representatives regarding a new retirement system program for the Association.

Motion was made by Virgil Thompson and seconded by Al Sarina to approve Robert's trip to Chicago.

Motion carried.

d. Education Committee-Virgil Thompson, Chair

No Report

AD-HOC COMMITTEES

e. Independence Committee-Al Sarina, Chair

The committee awaits the consultants report.

f. Disability Retirement Accountability Committee-Maria DeAnda, Chair

Maria DeAnda, Chair requested the board approve a \$500 Incentive fund for members applying for a disability retirement to complete and return disability surveys. The committee ideas were to provide gift certificates or movie tickets. The committee asked that staff be involved in any ideas and planning for the incentive fund.

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

AD-HOC COMMITTEES

- Continued -

f. Disability Retirement Accountability Committee-Maria DeAnda, Chair

Motion was made by Maria DeAnda and seconded by Virgil Thompson to approve a \$500 incentive fund.

Motion carried.

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

Al Sarina recommended that board members go on a Due Diligence trip. Al stated that it will help to get a better understanding of the managers and/or candidates.

Gary Dial stated that he really likes the new manager schedule and that he will not be able to attend the August 14, 2002 meeting.

Tom Watson stated that he would not be able to attend the August 14, 2002 meeting.

Paul Hart thanked Robert, Virgil and Al for inviting him on the Due Diligence trip to New York and that he got to know each of them a little better.

Maria DeAnda recommended putting out a statement from StanCERA to the members letting them know how the association is doing in the turbulent market.

Robert Harmon stated that we did not own any stock or bonds in WorldCom or Enron.

11. **ADJOURNMENT**

Meeting adjourned at 3:40 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Michael H. Krausnick, County Counsel