



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
1010 10th Street, Suite 5800
P.O. Box 3150
Modesto, CA 95353-3150

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

BOARD OF RETIREMENT MINUTES

NOVEMBER 26, 2002

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

Members Absent: John Hallford

Others Present: Robert Harmon, Victoria Halliday, Karen Gonzales, John Gobel and Paul Harte of Strategic Investment Solutions, Inc.

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

2. ANNOUNCEMENTS

Karen Gonzales informed the board members to be sure and activate their new credit cards that were submitted in the packet.

3. PUBLIC COMMENT

None

4. CONSENT ITEMS

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

Motion carried.

a. Approval of the October 22, 2002 Regular and Closed Session Minutes.

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

1. Laurie Faris Berger, DET, Effective 11-16-02
2. Carol Dean, CSA, Effective 11-01-02
3. Linda Duffy, Probation, Effective 11-09-02
4. Jacqueline Griffin, Deferred, CSA, Effective 10-23-02
5. Virginia Hall, HSA, Effective 11-21-02
6. Gloria Lane, Deferred, Library, Effective 11-18-02
7. Margaret Murdock, BHRS, Effective 11-01-02
8. Judy Walker, Deferred, CSA, Effective 10-31-02
9. Mary Weiss, Deferred, CSA, Effective 11-01-02

4. **Consent Items**

-Continued-

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

1. Raymond Framstad, Sheriff, Effective 06-27-02
2. Diana Halcon, HSA, Effective 10-21-02
3. Dawn Hinman, Superior Courts, Effective 12-28-01
4. Dolores Ketrone, HSA, Effective 03-01-96
5. Marcella Kinmore, CSA, Effective 01-18-02
6. Eugene Murray, HSA, Effective 10-04-02
7. Joan Peixotto, CSA, Effective 08-08-02
8. Patty Ramirez, Public Health, Effective 02-16-02
9. Jose Ramirez, Jr., Sheriff, Effective 10-21-02
10. Michael Serpa, Assessor, Effective 09-27-02

d. **Approval of Death Benefit - Section 31781**

1. Cheryal Vilierme, deceased on November 2, 2002. Her named beneficiary, Thaimia McKinney will receive a lump sum death benefit.

Nick Blom arrived at 2:06 p.m.

5. **Staff Report of Performance for the month ending October 31, 2002**

Robert Harmon reported that at the end of October 2002 the Association was over \$858 million in assets, which was up from the prior month. Returns for the entire portfolio as of October 31, 2002 were 2.10%, -0.97% -3.23%, 1.66% and 4.97% for the one month, three months, one, three and five years respectively.

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

Paul Harte from Strategic Investment Solutions gave the third quarter fund performance report. He stated that the economic review of worldwide capital markets saw a strong decline during this period. The Federal Reserve left interest rates unchanged at 1.75% during the quarter, although the Feds subsequently lowered rates by 50 b.p. He stated the GDP decelerated sharply when viewed in the context of a revised first quarter growth rate of 5.0% per annum. Paul stated under the review of the equity markets performance for the S&P 500 for the third quarter marked the worst quarter in 15 years and that this reached all sectors of the market. The fund performance summary for the period ending September 30, 2002 for first quarter -7.8%, one year -2.8% three years 3.2% and five years 5.2%.

7. **Closed Session**

Motion was made by Al Sarina and seconded by Kent Crawford to adjourn to closed session at 2:40 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 3:24 p.m., Robert Harmon, Administrator, read the findings of the closed session:

The application of Michael Bennett for a service-connected disability retirement was set for hearing.

The application of Della Bruno for a service-connected disability retirement benefit was granted effective June 29, 2002 with medical call-back at the discretion of the Administrator.

The application of Linda McDermott for a non-service connected disability retirement benefit was granted effective June 15, 2002.

The application of Kazem Muslemi for a service-connected disability retirement benefit was granted effective July 6, 2002.

The application of Leslie Olson for a service-connected disability retirement benefit was denied.

The correspondence regarding member, Eric Mendonca was discussed.

8. **Administrator**

a. OE3 Insurance Update

Robert advised the board that he has been working on solving the issues regarding Operating Engineers Local #3 Insurance for the Safety retirees'. OE3 had previously notified StanCERA that they would not be providing health insurance to OE3 retirees as the active members decertified OE3 as their union earlier in the year. OE3, in early November, changed their mind and told members they would be providing insurance however they did not notify StanCERA of this decision immediately. Robert provided copies of letters that have been sent out to the Administrative offices of OE3 and what language was needed in a contract in order to provide this health plan to the 36 affected members.

9. **Correspondence**

None

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

STANDING COMMITTEES

a. Benefits Committee - Wesley Hall, Chair

No report

b. Bylaws Committee - Tom Watson, Chair

Tom Watson, chair, stated that three of the committee members had met on November 7, 2002 regarding Bylaw articles X thru XII and that the recommended changes will be presented for approval at the December 11, 2002 meeting.

c. Due Diligence Committee - Virgil Thompson, Chair

Virgil Thompson requested the written report for the due diligence trip to Boston be available for review at the December 11, 2002 meeting.

d. Education Committee - Virgil Thompson, Chair
- Authorization for Victoria Halliday to attend NAPPA Winter Session Conference in Washington D.C., on January 28/29, 2003

Motion was made by Virgil Thompson and seconded by Maria DeAnda to authorize Victoria Halliday to attend the NAAPA Winter Conference.

Motion carried.

- Authorization for Trustees' to attend 2002 Public Funds Roundtable on December 5/6, 2002 in San Francisco.

There are no trustees' planning on attending this Round table.

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

- Continued -

AD-HOC COMMITTEES

e. Independence Committee - Al Sarina, Chair

Robert Harmon gave a brief update on the new building stating that one part of the project has been accelerated to move up deadline dates. Virgil Thompson questioned the funding and about construction insurance. Robert stated that no costs have been paid by StanCERA yet and construction insurance will be provided through Stanislaus County.

f. Disability Retirement Accountability Committee - Maria DeAnda, Chair

Maria DeAnda stated that the Accountability committee has not met recently and she questioned the incentive program. Staff to review.

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

Victoria Halliday requested an item placed on the December 11, 2002 meeting regarding conflict of interest and an item regarding possible legislative changes.

Virgil Thompson requested the item under education approval from trustees' to attend the JP Morgan Institutional Investment Conference in Santa Barbara, California for April 9-11, 2003.

Al Sarina stated that the due diligence trip made to Boston went very well and requests every trustee attend at least once due diligence visit.

Gary Dial stated the SACRS Conference was enjoyable and very educational.

Tom Watson wished everyone a Happy Thanksgiving.

Nick Blom raised questions regarding Karen Mathews and the possibility of opening a consulting firm.

Maria DeAnda raised questions regarding the Tier 3 buy back process and will forward e-mails directly to Robert to respond.

12. **ADJOURNMENT**

Meeting adjourned at 3:59 p.m.

Board of Retirement Minutes
November 26, 2002
Page 6

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel