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## PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

JANUARY 27, 2004

**Members Present:** Nick Blom, Kent Crawford, Maria DeAnda, Gary Dial, Darin Gharat, Wes Hall, Mike Fisher, Al Sarina and Linda Stotts-Burnett

**Members Absent:** Tom Watson

**Others Present:** Robert Harmon, John Gobel, Victoria Halliday, Karen Gonzales and Paul Harte of SIS.

1. Meeting called to order at 2:00 p.m. by Chair, Maria DeAnda.

2. **Announcements**

Karen informed the board members that she had passed out the FPPC Form 700 forms and requested they be returned to her on or before the March 23, 2004 board meeting.

Karen informed the board that they had received revised regular and closed session minutes for the January 14, 2004 meeting.

Vicki passed out copies of letters from TCW and Nicholas Applegate on the costs for the Fall SACRS conference dinners.

3. **Public Comments**

None

4. **Consent Items**

Motion was made by Wes Hall and seconded by Kent Crawford to approve the following items listed.

Motion carried.

a. Approval of the January 14, 2004 Regular and Closed Session Minutes

5. **Staff Report on Investment Performance for the period ending December 31, 2003**

Robert Harmon reported that at the end of December 2003 the Association was at \$ 1.08 billion in assets, which was up from the prior month. Robert stated that the manager allocation was on target. Returns for the entire portfolio as of December 31, 2003 were 3.74%, 8.99%, 22.98%, 5.09% and 7.64% for the one month, three months, one, three and five years respectively.

Robert received good feedback on the new format of the report he prepared and will continue to make changes on the report as needed.

6. **Discussion of SEC Practice Inquiries of Consulting Firms by SIS**

Paul Harte began by informing the board that the letter received by the SEC was a notice of inquiry and not a notice of investigation. Paul stated that SIS is independent and they are not worried about the inquiry. Paul stated that there are some consulting firms that are being investigated to some extent

Board members raised concerns regarding the issue of the Russell consolidation and Paul stated that there is less than a year and a half left but that there has been no interaction between the two firms. Paul stated that Russell is working on reorganization and moving forward there has been little contact. Paul stated that no major changes have been made at SIS.

Paul also informed the board that Russell's annual conference is scheduled for May 19<sup>th</sup> thru 21<sup>st</sup> at the Ritz Carlton in Las Vegas.

7. **SIS Presentation on the International Equity Manager Search**

a. Discussion and Selection of Finalists and Approval of Due Diligence Visits to Finalists and Scheduling of Presentations

Paul Harte of SIS reviewed the International Equity Manager Search summary that they provided. Paul stated that a total of eight managers with nine products were identified by SIS and approved by the StanCERA board to receive a Request for Proposal for International Equity. A total of seven managers (with eight products) responded. SIS ranked each of the eight products using a letter grade format. After review of the qualitative assessment of each manager, the board decided to make due diligence visits on four of the seven managers that responded to the RFP and also to our current International Equity manager, Putnam Investments.

7. **SIS Presentation on the International Equity Manager Search**

- Continued -

The four managers selected were Fidelity, Capital Guardian, LSV and GMO.

Motion was made by Al Sarina and seconded by Kent Crawford to approve the selected finalists and approve costs for the due diligence visits.

Motion carried.

Motion was made by Mike Fisher and seconded by Kent Crawford to approve Victoria Halliday to attend the due diligence visits and meet with the legal departments of the selected managers.

Motion carried.

8. **Administrator**

a. Staff Update on CAFR Status

Robert gave the board an update of the CAFR status. Robert informed the board that the financial statements have been prepared and that Brown Armstrong is finalizing the report and is planning to make a presentation at our February 11, 2004 meeting.

9. **Correspondence**

Robert passed out a copy of the informational letter regarding the Ventura case settlement that was mailed to all retirees' last week. Wes Hall also informed the board that Robert would be attending the upcoming RESCO luncheon to make a presentation and answer any questions.

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

**STANDING COMMITTEES**

a. Benefits Committee- Wes Hall, Chair

Robert Harmon gave an update on the benefits committee meeting held earlier in the day. Robert stated that the committee met and discussed various issues raised by the draft letter from Mellon Consulting regarding the health insurance taxability issue. The committee returned the matter back to staff for clarification of questions raised and development of additional information on other SACRS counties.

11. **Members' Forum (Information And Future Agenda Requests Only)**

Gary Dial informed the board that StanCERA is listed as the 661<sup>st</sup> largest pension plan and that CalPERS is the largest pension plan in the country.

Gary also stated that the Board of Supervisors was going to discuss possibly delaying opening of the bids for the 12<sup>th</sup> Street project.

Darin Gharat congratulated Victoria Halliday on her marriage.

Karen Gonzales reminded the board members of the upcoming CALAPRS Trustees' roundtable and whether anyone was interested in attending.

Robert Harmon informed the board that the agenda for the CALAPRS General Assembly has been finalized and that he would email to those attending.

Robert also informed the board that the newsletter is currently at the printer and should be sent to the members in the next week or so.

Maria DeAnda inquired about the Billion Dollar candy bars.

12. **Adjournment**

Meeting adjourned at 4:19 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

Victoria Halliday, Deputy County Counsel