



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@
stancera.org

PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

FEBRUARY 24, 2004

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

Members Absent: Mike Fisher and Linda Stotts-Burnett

Others Present: Robert Harmon, Michael Krausnick, Victoria Halliday, Karen Gonzales, Paul Harte of SIS and Horton Shapiro of Dodge and Cox.

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

2. **Announcements**

Karen reminded the board members regarding the SACRS registration and the deadline for filing their annual FPPC forms.

3. **Public Comments**

None

Kent Crawford arrived at 2:03 p.m.

4. **Consent Items**

Motion was made by Nick Blom and seconded by Wes Hall to approve the following items listed.

Motion carried.

a. Approval of the February 11, 2004 Regular and Closed Session Minutes

5. **Staff Report on Investment Performance for the period ending January 31, 2004**

Robert Harmon reported that at the end of January 2004 the Association held over \$ 1.08 billion in assets, which was up from the prior month. Robert stated that managers continue to perform on target. Returns for the entire portfolio as of January 31, 2004 were 2.23%, 7.38%, 27.43%, 5.12% and 7.96% for the one-month, three-months, one, three and five years respectively.

6. **Semi-Annual Report by Dodge & Cox**

Horton Shapiro of Dodge and Cox presented the semi-annual report for the period ending December 31, 2003. Horton stated that our fixed income portfolio for the period ending December 31, 2003 was over \$340 million with an estimated income of over \$19 million. Horton stated that due to rebalancing in January 2004 our ending market value as of January 31, 2004 was over \$393 million. Our total rates of return for the fixed-income securities for the period ending December 31, 2003 was 1.2%, 6.8%, 9.2%, and 7.7% for three-months, one, three and five years respectively. Our total rates of return for the fixed-income securities for the period ending January 31, 2004 was 0.9%, 2.6%, 7.3%, 8.7% and 7.7% for the one-month, three-months, one, three and five years respectively.

Horton stated that our portfolio summary for stocks for the period ending December 31, 2003 was over \$204 million with an estimated annual income of over \$3 million. Horton stated that due to rebalancing in January 2004, our stock portfolio value was almost \$195 million for the period ending January 31, 2004. Our total rates of return for the stock portfolio for the period ending December 31, 2003 was 15.5%, 35.2%, 9.4% and 13.1% compounding for the three-months, one, three and five years respectively. Our total rates of return for the stock portfolio for the period ending January 31, 2004 was 4.5%, 13.5%, 45.3%, 10.4% and 14.0% for the one-month, three-months, one, three and five years respectively.

7. **Quarterly Report from Strategic Investment Solutions, Inc.**

Paul Harte of SIS presented the board with an updated manager review listing for performance and gave the quarterly report for the period ending December 31, 2003. Paul stated that the allocation by manager type analysis as of December 31, 2003 was over \$1.08 billion in current dollars and our current allocation is on target. Paul stated our performance summary for the period ending December 31, 2003 was 9.0%, 24.0%, 7.3%, 7.2% and 8.9% for the first quarter, one, two, three and five years respectively. Paul also reviewed each manager's status for the quarter ending December 2003.

8. **Administrator**

- a. Discussion of and Acceptance of Watch-list and Authorization for SIS to negotiate a Performance Based Fee for Putnam Investments and MFS Institutional Investors

After review of the proposed fees submitted by SIS, motion was made by Darin Gharat and seconded by Nick Blom to accept the recommendation of SIS and authorize the negotiation of performance based fees for Putnam Investments and MFS Institutional Investors.

Motion carried

- b. Final Review and Approval of the Fiscal Year 2002/2003 Comprehensive Annual Financial Report (CAFR)

After final review of the CAFR, motion was made by Al Sarina and seconded by Kent Crawford to approve the 2002/2003 CAFR as amended.

Motion carried.

- c. 12th & I Street Office and Parking Garage Project

- i. Discussion and approval of revised project budget, project cost limits, and project time-line

Robert discussed the bid opening of the 12th Street office project and reviewed the analysis of the bids received on February 18, 2004. Robert informed the board that the bids came in \$2 million dollars over the original proposed budget. Robert reviewed the proposed changes with the board and requested to move forward on the project. Robert explained that the total addition cost to StanCERA is approximately \$120K. The project budget includes \$240K for leasehold improvements. Robert stated that our leasehold improvements will most likely be substantially higher than the amount included in the project budget and that additional funds will be requested once the actual leasehold improvements/furnishings costs are known. The higher leasehold improvement costs will be due primarily to the board room, conference rooms and private offices as a higher than normal amount of the total space.

8. **Administrator- Continued**

Motion was made by Nick Blom and seconded by Darin Gharat to approve the revised project budget, project cost limits, project time-line, and authorize the Administrator to sign an amendment to the agreement with the County and Westland Development adopting the revised budget project.

Kent Crawford and Wes Hall requested periodic summaries of the project be presented to the board.

Motion carried.

c. 12th & I Street Office and Parking Garage Project- Continued

- ii. Authorize the transfer of funds from StanCERA to Stanislaus County to pre-fund StanCERA's share of building costs

Motion was made by Al Sarina and seconded by Kent Crawford to authorize the Administrator to transfer funds from StanCERA to the County to fund StanCERA's share of building costs.

Motion Carried.

- d. Discussion and Approval of Administrator's request for vacation from May 17, 2004 thru May 26, 2004 (Tentative dates subject to reservation confirmation).

Motion was made by Al Sarina and seconded by Kent Crawford to approve the Administrator's Request for Vacation.

Motion carried.

9. **Correspondence**

None

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

STANDING COMMITTEES

a. Education Committee – Al Sarina, Chair

- i. Authorization for Trustees' to attend the CRCEA Semi-Annual Conference in Visalia March 22-24, 2004.

Motion was made by Nick Blom and seconded by Kent Crawford to authorize trustees' to attend the CRCEA Conference.

Motion carried.

- ii. Authorize Spring SACRS Attendance and Costs for Staff and Trustees'.

Motion was made by Nick Blom and seconded by Kent Crawford to authorize Spring SACRS attendance and costs.

Motion carried.

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

Darin Gharat informed the board that he is unable to attend the CALAPRS Stanford Training due to a change in his assignment.

Kent Crawford requested summaries of the prior Independence Committee meetings in order to schedule a meeting.

12. **Adjournment**

Meeting adjourned at 4:19 p.m.

Board of Retirement Minutes
February 24, 2004
Page 6

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel