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## PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

MARCH 22, 2005

**Members Present:** Maria DeAnda, Jim DeMartini, Gary Dial, Mike Fisher, and Darin Gharat

**Members Absent:** Nick Blom, Gordon Ford, Wes Hall, Ron Martin, and Linda Stotts-Burnett

**Others Present:** Ed Burroughs, Kelly Cerny, Steve Brink and Jill Collins-Mazama Capital Management, Inc., Paul Garbe-MFS Institutional Advisors, Inc., Paul Harte-Strategic Investment Solutions, Deirdre McGrath, and Hank Skau

1. Meeting called to order at 2:04 p.m. by Chair Gary Dial.

2. **Announcements**

Ed Burroughs introduced the new Deputy Counsel to the Retirement Board, Deirdre McGrath. Deirdre began with Stanislaus County on March 14, 2005. Ed will continue to serve as support to Deirdre and the Board as needed.

Gary Dial announced Maria DeAnda would be the Alternate Voting Delegate on behalf of StanCERA, at the State Association of County Retirement Systems (SACRS) Spring Conference, May 10-13, 2005, in Burlingame, California.

Hank Skau announced that the tentatively scheduled Notice of Intent for the Medicare Part D Application for Prescription Drug Plan could be omitted from the agenda. Patrick McTighe, benefits consultant, BMTI Services had not come forth with further information and/or action required by the time of the board meeting.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

a. **Approval of the March 9, 2005 Regular and Closed Session Minutes**

5. **Strategic Investment Solutions, Inc Monthly Performance Review**

Paul Harte, SIS, reported that SIS has bought back the 19.9% interest it sold to Russell Investment Group in July 2003. Russell will continue to collaborate with SIS on topics such as private equity and asset/liability modeling, while SIS will continue to have access to Russell's research. The re-purchase brings SIS back to being a completely independent consultant.

Paul Harte presented the monthly performance review for period ending February 28, 2005. As of February 28, 2005, StanCERA's portfolio was 1.179 billion, an increase of 1.48% for the month. Asset allocation continues to be on target. The calendar year to date return is -0.35%.

6. **Semi-Annual Portfolio Report by MFS Institutional Advisors, Inc.**

Paul Garbe, Vice President-Relationship Manager, gave a semi-annual review of StanCERA's large cap growth equity portfolio. MFS will be utilizing four (4) portfolio managers instead of three (3). StanCERA's market value as of February 28, 2005 is \$164,716,127, up 10.6%. Per Trustee Kent Crawford's request at the September 28, 2004, board meeting, MFS included in their semi-annual update a three-year performance number along with showing performance figures both gross and net of fees. SIS's quarterly report reflects MFS in the top 34% of their peer universe. This is above the investment policy goal of 40%, but below MFS's stated goal of being in the top quartile (25%). Healthcare, retail and industrial sectors are leading the market. Jim DeMartini asked for an explanation of the overweights and underweights. Paul Harte and Gary Dial explained that the benchmark is the Russell 1000 and these were accounts that were over or under this benchmark.

7. **Semi-Annual Portfolio Report by Mazama Capital Management, Inc**

Jill Collins, Marketing & Client Service, along with Steve Brink, Portfolio Manager & Director of Research, gave the first semi-annual review of StanCERA's small-mid cap growth portfolio. Mazama began with StanCERA on November 23, 2004. From Mazama's inception through December 31, 2004, StanCERA's growth performance was .51%.

7. **Semi-Annual Portfolio Report by Mazama Capital Management, Inc (cont.)**

Mazama focuses on stocks with growth rates upward of 20%, and market caps represented by the Russell 2500 Growth Index. They use risk constraints such as maintaining a diversified portfolio of approximately 90-120 holdings; positions are reduced if they exceed 5% of portfolio value; and normal sector allocations are within 1000 basis points variance from the Russell 2500.

In March 2005, Mazama will have reached its goal of \$3.5-\$4 billion in the small-mid cap product and will close to new investors. Mazama obtains a significant research advantage through regular attendance at industry conferences and events that are "off Wall Street." Industry events are a unique forum to interact with customers, employees and vendors.

8. **Discussion and Approval of the Revised Statement of Investment Policy Dated February 2005**

Paul Harte announced that in March 2005, additional revisions to the Statement of Investment Policy were received from the investment managers. Newly appointed Deputy County Counsel Deirdre McGrath also reviewed the policy and discovered some language inconsistencies. The Board deferred approval of the policy until the changes could be incorporated. The policy will be reviewed for final approval at the board meeting of April 26, 2005.

9. **Administrator**

None.

10. **Correspondence**

Another note of appreciation was received from a retiree for the one-time supplemental cost of living adjustment (COLA).

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

Ed Burroughs stated he was glad to have Deirdre McGrath begin March 14, 2005, as the Deputy County Counsel to the Retirement Board. He reiterated he would remain as support to Deirdre and the Board as needed.

Deirdre McGrath thanked the Board for welcoming her and was happy to be with Stanislaus County. With her retirement law background, she most recently came from the San Diego County Retirement System where she had 10 years of retirement system experience.

Maria DeAnda, Chair of the Education Committee, asked to discuss training and education at the next board meeting of April 13, 2005.

Mike Fisher stated he was interested in attending the SACRS Spring Conference.

12. **Adjournment**

Meeting adjourned at 3:15 p.m.

Respectfully submitted,

Henry Skau, Operations Manager

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK, COUNTY COUNSEL

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Deirdre McGrath, Deputy County Counsel