



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

JUNE 22, 2004

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

Members Absent: Kent Crawford

Others Present: Robert Harmon, Karen Gonzales, Victoria Halliday, Kathy Herman, Paul Harte of SIS, Michael Moehle of Mellon HR and Investor Solutions, Robert Mathai of Charlotte Capital, Patty Hill-Thomas, Stan Risen and Monica Nino-Reed of the Chief Executive Office.

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

2. **Announcements**

Robert announced the winner of the General Member Seat #2 Election. Congratulations to Maria DeAnda for being re-elected to Seat #2.

Karen distributed the new Stanislaus County travel policy to the board members and Robert advised them that they needed to review it and informed them that the most significant change in it is that there will no longer be any reimbursements made unless itemized receipts are received for all charges, including meals.

Robert informed the Board that since Al Sarina was leaving the board, he would like to have a luncheon for Al when he returned from his vacation.

Maria DeAnda stated that Robert and her met with a member regarding the 30-year pay issue that was adopted by the Board of Supervisors.

3. **Public Comments**

None

Mike Fisher arrived at 2:03 p.m.

4. **Consent Items**

Motion was made by Wes Hall and seconded by Mike Fisher to approve the following items listed with noted changes to the closed session minutes.

Motion carried.

a. Approval of the June 9, 2004 Regular and Closed Session Minutes

b. Approval of Deferred Refund(s) – Sections 31700

1. Donald Weber
2. Karen King

It was requested at this time to move the Administrator Items c & d to be heard at this time due to a time conflict for Patty Hill-Thomas to be present. See Administrator section for information.

5. **Staff Report on Investment Performance for the Period Ending May 31, 2004**

Robert Harmon reported that at the end of May 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 May 31, 2004, were 0.69%, -1.77%, 15.81%, 4.49% and 6.31% for the one-month, three-months, one, three and five years respectively

6. **Semi-Annual Report by Charlotte Capital**

Robert Mathai gave the semi-annual report for Charlotte Capital since being hired and funded in April 2003. Robert stated the economy is getting better but there continues to be uncertainty in the market. Mr. Mathai distributed his semi-annual portfolio review that indicated StanCERA both net and gross fees exceeded the Russell 2000 Value benchmark through June 17, 2004.

Mr. Mathai stated they appreciate our business and that we are the second largest system they have. Mr. Mathai also stated that the change in the venture partner was a non-event at this time and closed on April 1, 2004. He continued to say that there has been no change in people or in the system.

7. **Administrator**

- a. Authorize Administrator to execute Contract with Investment Manager LSV and any necessary contract modifications with Putnam Investments, custodian BNY and transition manager BNY Global, subject to acceptance and approval by Counsel on all agreements

After review and discussion, motion was made by Wes Hall and seconded by Mike Fisher to authorize the Administrator to execute the contract with LSV and any necessary contract modifications with Putnam Investments, custodian BNY and transition manager BNY Global.

Motion carried.

- b. Discussion and Action on re-balancing Investment Portfolio to Fund New Manager LSV and Authorize Administrator to Fund LSV and use BNY Global as Transition Manager, subject to final contract approval(s).

After review and discussion, motion was made by Nick Blom and seconded by Wes Hall on re-balancing the Investment Portfolio to fund new manager LSV and Authorize the Administrator to Fund LSV with 50% of monies from Putnam Investments and use BNY Global as Transition manager, subject to final contract approval(s).

Motion carried.

- c. Discussion and Action to adopt final contribution rates for fiscal year 2004/2005.

Mike Moehle of Mellon HR and Investment Solutions reviewed the breakdown he prepared regarding changing the contingency reserve from 3% to 1% the Board of Retirement had requested at the last meeting. Mike did state that the majority of systems do use a 1% contingency reserve.

Patty Hill-Thomas spoke to the board. Patty thanked the board for accommodating her schedule. She spoke briefly about the 12th Street project and how it has become a discovery project. She further stated that a Diesel fuel leak had been found that ran 30 feet wide, 8 feet deep and 15 feet long. She stated it is fixable and will be removed.

7. **Administrator- Continued**

c. Discussion and Action to adopt final contribution rates for fiscal year 2004/2005. - Continued

Patty went on to speak to the board about the County's budget. She stated that the budget was extremely tight. She stated she had just signed twelve layoff letters. Amounts have been shifted to keep public safety and criminal law positions but that there were still two key issues regarding the state budget that had not been decided. They are the booking fees and the Local Government Deal. Patty went on to say that the County does agree with Robert Harmon's recommendation to the board and that she would like to continue to work together in the future.

After discussion, motion was made by Mike Fisher and seconded by Nick Blom to lower the contingency reserve to 1% for one year to assist in decreasing the employer contribution rates for fiscal year 2004/2005.

4 Ayes (Blom, Dial, Fisher and Sarina)
4 Noes (DeAnda, Gharat, Hall and Watson)

Motion failed.

After further discussion, motion was made by Darin Gharat and seconded by Wes Hall to lower the contingency reserve to 2% for one-year to assist in decreasing the employer contribution rates for fiscal year 2004/2005.

5 Ayes (DeAnda, Dial, Gharat, Hall and Watson)
3 Noes (Blom, Fisher and Sarina)

Motion carried.

d. Discussion of funding alternatives for Ventura Litigation.

It was decided that Mike Moehle of Mellon HR and Investment Solutions would run some numbers for the Board of Retirement once estimates have been completed for the Ventura case.

7. **Administrator- Continued**

e. Discussion of funding alternatives for Ventura Litigation - Continued

Victoria Halliday stated that she spoke with Michael Krausnick regarding the possibility of utilizing any litigation insurance monies Stanislaus County may have for payment on the Ventura settlement. Vicki stated Michael Krausnick will explore the idea.

This item was tabled and will be brought back to the July 14, 2004 board meeting.

8. **Correspondence**

None

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

AD-HOC COMMITTEES

a. Disability Retirement Accountability Committee – Darin Gharat, Chair

i. Brief overview of the Disability Accountability Committee meeting of June 22, 2004.

Darin Gharat gave a brief overview of the disability accountability committee meeting held today. Darin stated that Lois Ertel is benchmarking with Contra Costa County and is doing a great job. Lois will continue to gather information for our database including a breakdown of departments and injuries. Darin stated that we should have the data by early Fall. Darin continued to state that Michele Silva has begin the initial review of the cases but that they continue to be given to Robert Harmon for final approval.

Darin has requested Robert to give an update on the status of several old cases. Vast improvements have been made and Darin stated that Lois Ertel has made some suggestions on ways to improve the process but those processes had not been approved at this time.

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

AD-HOC COMMITTEES- Continued

b. Disability Retirement Accountability Committee – Darin Gharat, Chair

Mike Fisher gave an overview of the SACRS Disability workshop he attended and a lot of good information was received.

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

All trustees and attendee's congratulated Maria DeAnda on being re-elected as the general member representative and said their goodbyes to Al Sarina.

Al Sarina stated he has really enjoyed working on this board and appreciates all the work that they have done. He stated he would miss everyone.

Wes Hall thanked Tom Watson for the extra work he had done in preparing the worksheet regarding the contingency reserve and employer contribution rates.

11. **Adjournment**

Meeting adjourned at 4:00 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel