



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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BOARD OF RETIREMENT MINUTES

JULY 22, 2003

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

Members Absent:

Others Present: Robert Harmon, John Gobel, Victoria Halliday and Karen Gonzales, Paul Harte from SIS, and Patti Gillihan from the CEO's office.

1. Meeting called to order at 2:00 p.m. by Chair, Tom Watson.

2. **Announcements**

Robert informed the board that Jerome Mack's retirement date changed to July 4, 2003. Mr. Mack's retirement was approved at the July 9, 2003.

Robert asked the board to advise Karen if they were interested in attending the CALAPRS Trustee Roundtable in September.

3. **Public Comments**

None

4. **Consent Items**

Motion was made by Wes Hall and seconded by Al Sarina to approve the following items listed.

Motion carried.

a. Approval of the July 9, 2003 Regular Session Minutes

b. Approval to RESCIND Approval of Service Retirement – Candy Dionne

5. **Staff Monthly and Quarterly Report of Investment Performance for Period Ending June 30, 2003**

Robert Harmon reported that at the end of June 2003 the Association was over \$ 954 million in assets, which was up slightly from the prior month. Robert stated that the manager allocation was close to target. Returns for the entire portfolio as of June 30, 2003 were 0.89%, 10.76%, 4.75%, 2.64% and 5.30% for the one month, three months, one, three and five years respectively.

Kent Crawford arrived at 2:02 p.m.

Nick Blom arrived at 2:08 p.m.

6. **Presentation by SIS on Fixed Income Securities in the Current Market Environment**

Paul Harte of SIS reviewed the Fixed Income Manager Structure Analysis with the board as an educational process. Paul reviewed issues and observations of StanCERA's Fixed Income Manager Structure and the steps the association is trying to accomplish. Paul reviewed with the board the portfolio immunization strategies and the goal to meet ongoing liabilities in the form of retirement benefits.

Paul stated in summary that if the goal is to bring StanCERA's assets more in line with the duration of its liability and reduce the volatility of its funding status, then extending duration makes sense, however, no changes are being recommended by SIS at this time.

7. **Administrator**

a. Due Diligence Visit to Dodge & Cox on August 15, 2003.

Motion was made by Wes Hall and seconded by Darin Gharat to approve the costs for the Due Diligence Visit. Maria DeAnda, Al Sarina, Mike Fisher, Kent Crawford, Robert Harmon and Paul Harte from SIS will attend.

Motion carried.

8. **Correspondence**

a. Letter received from member, Retha Cameron Requesting Return of Contributions Previously Absorbed Under Section 31629.

Motion was made by Nick Blom and seconded by Kent Crawford to authorize release of the member's retirement contributions that were absorbed into the plans retiree reserve fund.

Motion carried.

8. **Correspondence**

- Continued -

b. Letter from Dodge & Cox Announcing Closure to New Institutional Business.

Robert reviewed with the board the letter received from Horton Shapiro of Dodge and Cox informing their clients of their rapid growth in assets and new client relationships. As a result, they have made a decision not to accept any new institutional clients for the remainder of this calendar year. Their mutual funds will remain open and current clients may increase their holdings, if desired.

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

Vicki informed the board that Paul Urban's appeal process for a service-connected disability retirement benefit was dismissed by the Superior Court.

Vicki also informed the board that although she has not received an official decision on the Ventura appeal case, an article has appeared in the Daily Journal newspaper indicating [the Court of Appeal upheld the lower court decision wherein the counties lost the attempt to have the Ventura decision apply only prospectively, however were successful in having payments to third parties, final cash-out payments and employer pick-ups excluded from the calculation of final compensation. The Court of Appeal also upheld the right of the Counties or Boards of Retirement to compel full payment of contributions for the increased benefits. The article indicated that appeals to the Supreme Court, from both sides were a possibility, so that a final decision may still be a long way off.](#)

Robert informed the board that the new auditors, Brown Armstrong are currently in the office doing the fieldwork for the audit. He also stated that the TACS, Inc. contract for the new Pension Administration System had been signed and was in the process of being mailed out to the vendor.

10. **Adjournment**

Meeting adjourned at 3:20 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel