



**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

JULY 27, 2004

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

Members Absent:

Others Present: Karen Gonzales, Victoria Halliday, Henry Skau, Michele Silva, Paul Harte of SIS, Art Londos and Todd Rose of Bank of New York and John Emerson, County Chief Information Officer.

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

2. **Announcements**

Chair, Maria DeAnda informed the board that there would not be any Hedge Fund training at the meeting and that Paul Harte would use the time allowed to explain possible education in the future.

Karen informed the board that StanCERA had received a thank-you card from Al Sarina and passed it around for reading.

3. **Public Comments**

John Emerson, Chief Information Officer for Stanislaus County made a brief presentation on services he would like to provide StanCERA during the transition. John stated that currently StanCERA has security and operational risk with only one controller in Information Technology. He would also like to handle any risk management with the implementation of StanCERA's new pension information system. He would also like the board to consider him as the project manager of the new TACS system.

4. **Consent Items**

Motion was made by Wes Hall and seconded by Darin Gharat to approve the following items listed.

Motion carried.

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

5. **Semi-Annual Report by Bank of New York S & P 500**

Art Londos and Todd Rose were present from Bank of New York to give the semi-annual report on the S & P 500 fund. Mr. Londos distributed a one page BNY at a Glance that gave information about Bank of New York and the services they offer. Mr. Rose gave the semi-annual report. For the period ending June 30, 2004, returns for the S&P 500 Index were 1.95%, 1.75%, 19.18%, -0.61% and -2.14% for the one-month, three-month, one-year, three-year and five-year periods respectively.

6. **Trustee Education on Hedge Funds by Strategic Investment Solutions**

Due to no trustee education on Hedge Funds, Paul Harte took this time to explain the different asset classes that he felt would be beneficial to the board to receive education on. Paul stated that there were three different asset classes he felt the education should cover: private equity, real estate and hedge funds. Paul stated that the different asset class training would be about 45 minutes to one hour and that we could schedule it for future board meetings.

7. **Staff Report on Investment Performance for the Period Ending June 30, 2004**

Paul Harte reported that at the end of June 2004 the Association held over \$1.095 Billion in assets, which was up from the prior month. Paul stated that managers continue to perform on target. Returns for the entire portfolio as of June 30, 2004, were 1.39%, -0.18%, 16.39%, 5.35% and 6.02% for the one-month, three-months, one, three and five year periods respectively

8. **Administrator**

a. Accept Resignation of Prior Administrator, Robert Harmon

Board members received a copy of a resignation letter from former Administrator Robert Harmon dated July 22, 2004.

Motion was made by Darin Gharat and seconded by Mike Fisher to accept the resignation of the prior Administrator, Robert Harmon, effective July 22, 2004.

Motion carried.

b. Discussion and Action on Staff Re-Organization

The Acting Retirement Administrator presented a new organizational chart for Association staffing. He described the necessity for the reorganization based on the former Administrators resignation and the need to augment the leadership with experienced staff.

8. **Administrator - Continued**

b. Discussion and Action on Staff Re-Organization

The new organization chart reflects the following changes in staffing:

- 1) Delete one Confidential Assistant V position
- 2) Add two Manager III positions
- 3) Change the working title of the Manager II to "Special Projects Manager"
- 4) Reclassify the Administrative Secretary (Confidential Assistant III) to Executive Secretary (Confidential Assistant IV)

Motion was made by Nick Blom and seconded by Darin Gharat to approve the reorganization of the StanCERA staff as presented. (See attached organizational chart)

Motion carried.

c. Discussion and Action on Entering Personal Service Contract with Former Administrator to Provide assistance on Ad-Hoc Issues

After discussion of the possible need for technical assistance from the former Administrator Robert Harmon, motion was made by Nick Blom and seconded by Mike Fisher to enter a personal service contract with the prior Administrator, Robert Harmon, to perform technical services needed by staff and defined by staff insuring that the services would produce defined deliverables in transferring technical knowledge to staff.

Motion carried.

d. Authorization to begin recruitment for Administrator

During discussion, a committee was formed consisting of Maria DeAnda, Gary Dial and Mike Fisher. It was the decision of the board to process the recruitment using the County's Chief Executive Office. The committee will retain the right to review all applications.

After discussion motion was made by Kent Crawford and seconded by Nick Blom to authorize recruitment for a StanCERA Administrator.

Motion carried.

e. Discussion and Action on 2004 Bi-Annual Conflict of Interest

Deputy County Counsel, Victoria Halliday, presented a draft Conflict of Interest Code for Retirement Board member review. Although Retirement Staff had in years past been part of the County's Conflict of Interest Code, they had been deleted as StanCERA staff gained more independence from the County structure.

8. **Administrator – Continued**

e. Discussion and Action on 2004 Bi-Annual Conflict of Interest - Continued

After discussion, it was the decision of the board to place this item on the August 11, 2004 agenda to begin the process of adoption of this code.

f. Review and approval of Criteria for Small Cap Growth Manager Search

Paul Harte of SIS presented the methodology that SIS used to sift through potential small cap growth equity money managers. The criteria used left eight “best” candidates for this asset allocation.

After review of the information presented by Paul Harte, motion was made by Nick Blom and seconded by Darin Gharat to approve the criteria as presented and prepare request for information to the eight named candidates.

Motion carried.

9. **Closed Session**

Motion was made by Darin Gharat and seconded by Kent Crawford to adjourn to closed session at 4:15 p.m.

After returning to regular session at 4:45 p.m., Victoria Halliday, Deputy County Counsel, read the findings of the closed session.

Issues involving the Ventura litigation were discussed.

Nick Blom left the meeting at 4:45 p.m.

10. **Correspondence**

StanCERA received a thank you card from Al Sarina.

StanCERA Board of Retirement received a letter from prior Administrator. Robert Harmon, regarding possible use of accrued vacation time.

A survey was received from Tony Petruzzi of the San Luis Obispo County Pension Trust regarding review of administrative expenses.

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

Gary Dial and Kent Crawford will not be present at the August 11, 2004 board meeting.

Darin Gharat requested information on the recent SACRS membership costs increase for non-profit organizations.

Kent Crawford left the meeting at 4:49 p.m.
Linda Stotts-Burnett left the meeting at 4:54 p.m.

Karen requested a letter be prepared to answer Robert Harmon's request to use his accrued vacation time.

Karen informed the benefits committee chair, Wes Hall of the timeline on setting up a committee meeting to meet on the health insurance rates and possible changes.

12. **Adjournment**

Meeting adjourned at 5:05 p.m.

Respectfully submitted,

Tom Watson, Acting Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel