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BOARD OF RETIREMENT MINUTES

AUGUST 24, 2004

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

Members Absent: Linda Stotts-Burnett

Others Present: Jamie Borba, Victoria Halliday, Henry Skau, Wendell Birkhofer and Bob Thompson from Dodge & Cox and Patrick Thomas from SIS

1. Meeting called to order at 2:01 p.m. by Chair, Maria DeAnda.

2. **Announcements**

Vicki Halliday received a World-Com litigation notice, which she gave to Tom Watson to forward to investment manager(s).

Jamie Borba announced the Fall SACRS conference and requested all members interested in attending the conference to notify Karen as soon as possible.

3. **Public Comments**

None

4. **Consent Items**

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

Motion carried.

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

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

Wendell Birkhofer and Bob Thompson were present from Dodge and Cox to give the semi-annual report. Bob stated that they are not currently accepting any new clients and that they were focusing on current clients and that this policy had been extended to the end of the current year. Bob also informed the board that StanCERA is coming up on the 20-year anniversary of contracting with Dodge and Cox for fixed income securities investment.

Wendell stated that there has been a relatively low interest rate environment for the past couple of years. He also stated that although there are concerns about potential inflation, StanCERA's portfolio is very conservative.

5. **Semi-Annual Report by Dodge & Cox - Continued**

Wes Hall thanked Dodge & Cox for all of the hard work and the great job they have done for StanCERA over the past 36 years.

6. **Monthly Performance Report for the Period Ending July 31, 2004**

Patrick Thomas reported that at the end of July 2004 the Association held over \$1.071 Billion in assets, which was down from the prior month. Patrick stated that managers continue to perform on target.

Patrick asked the Board if the Board approved of the monthly report format. The Board wishes to continue receiving the monthly performance information from SIS in the format provided. Kent Crawford requested that the report include target rates of return and the rate of inflation. Patrick stated that he would add this to the report.

7. **Quarterly report by SIS for the Period Ending June 30, 2004**

Patrick Thomas presented the quarterly report. Patrick stated overall in the 2nd quarter, StanCERA performed well. He also stated that the composite fund returned -0.2% in the second quarter of 2004 and ranked in the 61st percentile (out of 150) among other public funds greater than \$100 million. The fund matched its policy index during this time period. Longer term, StanCERA was well above median among public plans.

Patrick also stated that international equity returns were favorable for the fifth consecutive quarter and that Industrials was the best performing sector. He stated that year-to-date and for the twelve months ending June 30, 2004, all sectors have posted positive returns.

8. **Administrator**

a. Discussion and Action on Conflict of Interest Code

Victoria Halliday reviewed the draft conflict of interest forms/notices with the Retirement Board. Vicki stated that she contacted the FPPC on the stipulations. Trustees will continue to file with the Clerk-Recorder's Office. The Administrator, Managers and Secretary will file with the Clerk of the Board of Supervisors. The Notice of Intent to Adopt a Conflict of Interest Code will be posted for 90 days and will also be posted on the StanCERA website. Vicki also stated that as of August 11, 2004 the 90 day public comment period began. Final comments will be heard at the October 13, 2004 Retirement Board meeting. On October 26, 2004 the Board of Supervisors will vote on approval to adopt this code.

8. **Administrator- Continued**

After discussion, motion was made by Wes Hall and seconded by Darin Gharat to adopt the conflict of interest code as drafted.

Motion carried.

9. **Correspondence**

Wes announced that the CRCEA meeting will be October 18-20, 2004 and that any Board member who was interested in attending could discuss such interest with the Education Committee.

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

Standing Committees

a. Benefits Committee – Wes Hall, Chair

- i. Review and Approve Committee Recommendations for 2005 Health Insurance Rates, Health Insurance Allowance (Stipend) Changes, Special COLA, Open Enrollment and Providers

The Board took a few minutes to read minutes from the August 19, 2004 Benefits Committee meeting.

After discussion, motion was made by Darin Gharat and seconded by Kent Crawford to approve the committee recommendations for the 2005 Retiree Health Insurance Rates, changes in the taxability of the Health Insurance Allowance (Stipend), approve the special COLA with a maximum annual benefit of \$2,400, approve the open enrollment calendar, approve the health insurance providers and approve changes to discontinue making monthly premium payments to any other non-approved providers.

Motion carried.

Darin Gharat stepped out at 4:21 p.m.

Darin Gharat returned at 4:26 p.m.

b. Education Committee – Mike Fisher, Chair

- i. Authorization for Staff and Trustees to attend the Fall SACRS Conference

Motion was made by Nick Blom and seconded by Kent Crawford to approve costs for staff and trustees' to attend the Fall SACRS Conference in Anaheim.

Motion carried.

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

Vicki informed the Board that AB 1977 – Tulare Bill – failed and that AB 979 – post retirement marriage benefits – moved forward.

Vicki also stated that the Administrator Recruitment materials are going out next week and that Al Sarina's seat will more than likely be filled after the beginning of the new year.

Wes asked if there was any information on Ventura. Vicki stated that we are waiting on an actuarial report.

Gary complimented staff on getting out the Member Contribution Statements. Jamie will provide Board members with a copy of the statement.

Mike wanted information on the outcome of the parking situation for Retirement Board members. Jamie will refer this question to Karen.

Nick stated that a Bylaw Committee Meeting date is to be set. (Note – Bylaw committee meeting is scheduled for September 2, 2004 at 2:00 p.m.)

Hank stated that the auditors will be in the office all next week and that he will bring budget figures to the September 28, 2004 Board of Retirement meeting.

Tom will not be at the September 28, 2004 meeting. Hank Skau will take his place.

Vicki stated that she will not be at the September 28, 2004 meeting either.

Maria thanked Lois Ertel for meeting with her and representatives from Risk Management on partial retirement options for disability cases.

Darin asked if there had been any development regarding the sub-rosa investigation on disability cases. Tom stated that these cases would go to outside counsel.

Nick left at 4:50 p.m.

12. **Adjournment**

Meeting adjourned at 4:51 p.m.

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Respectfully submitted,

Tom Watson, Acting Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel