



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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## **PLEASE POST FOR EMPLOYEE VIEWING**

**BOARD OF RETIREMENT MINUTES**

**SEPTEMBER 8, 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, Michele Silva, Hank Skau, Paul Harte for SIS, Kristin Black, Member, Allen McClelland of Valley First Credit Union, and Paul Gibson from Stanislaus County SBT Department

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

2. **Announcements**

Karen gave an update regarding the parking availability and distributed the package from the NCPERS for the members to review.

3. **Public Comments**

None

4. **Consent Items**

Motion was made by Darin Gharat and seconded by Kent Crawford to approve the following items listed.

Motion carried.

a. Approval of the August 24, 2004 Regular Session Minutes

b. Approval of Service Retirement(s) – Sections 31499.14. 31760.1 and 31810

1. Daniel Dimberg, Effective 09-12-04
2. Johnny Haynes, Effective 09-12-04
3. Frances Hughes, Effective 09-01-04
4. Maria Jimenez, Effective 09-04-04
5. Kathryn Kauffman, Effective 09-10-04
6. Ramon Mendez, Effective 09-16-04
7. Richard Perez, Effective 09-18-04
8. Kathleen Vilmur, Effective 08-29-04

4. **Consent Items - Continued**

c. Approval of Deferred Retirement(s) – Sections 31700

1. Robert Harmon, Effective 07-22-04
2. Sheri Hurst, Effective 08-27-04
3. John James, Effective 06-22-04
4. Michael Lillie, Effective 09-11-01
5. Kenneth Lewis, Effective 07-29-04
6. Elizabeth Luna, Effective 07-31-04
7. Robert Shively, Effective 09-01-04

d. Approval of Death Benefit(s) – Section 31781

Barbara Foster, deceased on August 2, 2004 was not a vested member of StanCERA and her beneficiary is eligible for the lump-sum payout of her contributions plus interest.

The Chair requested the Closed Session be moved up and discussed at this time due to members of the public being present. Please see the findings of the closed session below.

5. **Money Manager Review by Strategic Investment Solutions**

Paul Harte from SIS reviewed the updated money manager review list and indicated that three out of the six money managers are under review. Paul also stated that Putnam continues to fall below their short-term 12-month performance expectations and that Putnam has a negative alpha for 3-years and ranks in the bottom quartile of its peer universe. Paul stated that StanCERA is in the process of funding LSV with one-half of Putnam assets. The contracts have been signed and funding should take place by the end of the week. If Putnam's relative performance does not improve substantially by the end of the calendar year, the Retirement Board will move the remaining assets to Fidelity. Trust Company of the West's disappointing performance has resulted in a search for a new small cap growth stock investment manager.

6. **Small Cap Growth Equity Money Manager Search Review and Recommendation**

Paul Harte of SIS reviewed their report on the six candidates that responded to the request for information on the Small Cap Growth Equity Money Manager search. Paul was able to eliminate two of the six immediately as not of the caliber of the remaining four finalists. Other issues including an unresolved SEC investigation eliminated two more.

After review and discussion of the candidates, motion was made by Nick Blom and seconded by Tom Watson to invite Mazama Capital Management and US Bankcorp to make a presentation at the meeting of September 28, 2004.

Motion carried.

7. **Closed Session**

Motion was made by Mike Fisher and seconded by Wes Hall to adjourn to Closed Session at 2:04 p.m.

After returning to regular session at 2:16 p.m., Tom Watson, Acting Retirement Administrator, read the findings of the closed session.

The application of Kristin Black for a Service-Connected Disability Retirement benefit was set for hearing before a hearing officer.

The application of Davie Landers for a Service-Connected Disability Retirement benefit was granted effective February 20, 2004.

The hearing officer's decision on Luz Carlos' application for a Service-Connected Disability Retirement benefit was accepted and the application for a Service-Connected Disability Retirement benefit was denied.

8. **Administrator**

a. Discussion and Action Regarding Government Code Section 31499.15(b) on Tier 3 Members (Continuances)

Tom Watson briefed the board on a handout prepared by staff showing a need to allow for continuity of optional continuances for members who have blended Tier 3 and other Tier service retirement. The options elected would be a 60% and 100% continuance. This would help keep options consistent amount the Tiers. In order to have the continuance, the member would take a reduced monthly allowance so that the actuarial cost is identical despite of what option the member chooses.

After discussion, motion was made by Tom Watson and seconded by Nick Blom to provide Tier 3 members an option to elect either a 60% continuance or 100% continuance to a named beneficiary by taking a reduced monthly allowance. The option selected would be actuarially the same cost as any other options. This is in accordance with Government Code Section 31499.15(b).

Motion Carried.

b. Discussion and Approval of Revised Project Cost Estimate for TACS-PERA

Tom Watson reviewed the updated project cost estimate prepared by staff. The update included a \$28,300 change order to the contract with TACS for redesigning member's interest calculations as well as the capitalization of staff costs into the total project costs. Once the project is completed, the total cost will be amortized over five years.

After discussion, motion was made by Tom Watson and seconded by Nick Blom to approve the revised TACS Pension Software Projected Costs as presented including the costs for change order number #06 in the amount of \$28,300. Total estimated project costs approved are not to exceed \$1,349,533.23.

Motion carried.

9. **Correspondence**

Victoria Halliday received a letter from Hanson Bridgett regarding a recent lawsuit filed against the law firm by the San Diego City Employees' Retirement System. The letter was sent to the firm's clients for informational purposes in case of any concern the clients may have. The letter was given to the Executive Secretary for filing.

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

**STANDING COMMITTEES**

a. Benefits Committee – Wes Hall, Chair

Wes informed the board that the recommendations presented at the last meeting were adopted and implementation had begun.

b. Bylaws Committee – Nick Blom, Chair

Discussion and Action on Recommendation of the Bylaws Committee for Amendments to Article XIII (Retiree Health Insurance Policy).

Motion was made by Nick Blom and seconded by Darin Gharat to approve the amendments to Article XIII as presented. (See attachment showing changes.)

Motion carried.

c. Due Diligence Committee – Gary Dial, Chair

Gary Dial, Chair indicated a need to schedule a brief meeting to arrange scheduling of upcoming Due Diligence visits.

d. Education Committee – Mike Fisher, Chair

No Report

**AD-HOC COMMITTEES**

e. Independence Committee – Kent Crawford, Chair

No Report

f. Disability Retirement Accountability Committee – Darin Gharat, Chair

Darin Gharat, Chair, requested an update on a few pending disability cases.

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

Vicki Halliday informed the board that she would not be present at the September 28<sup>th</sup> board meeting and that Mick Krausnick would be attending in her place. Vicki requested all information be forwarded to Mick for review.

Wes Hall requested an update on the Ventura litigation and commended Jamie Borba on the timely process and appearance of the recent semi-annual member statements that were sent to our members. Kudos to Jamie!

Darin Gharat gave a brief update regarding recent legislation regarding binding arbitration with the California Public Employees' Retirement System.

12. **Adjournment**

Meeting adjourned at 3:33 p.m.

Respectfully submitted,

Tom Watson, Acting Retirement Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

Victoria Halliday, Deputy County Counsel