



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

DECEMBER 10, 2003

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

Members Absent:

Others Present: Robert Harmon, Victoria Halliday, Karen Gonzales, Linda Stotts-Burnett, Paul Harte and Patrick Thomas of SIS, Art Londos of Bank of New York, Robert Mathai of Charlotte Capital, Lyn Bettencourt and Joan Clendenin, Retired members.

1. Meeting called to order at 2:03 p.m. by Chair, Tom Watson.

2. **Announcements**

Richard Wall's retirement date was listed incorrectly on posted agenda. Correct date is December 24, 2003.

Robert thanked Victoria Halliday and Art Londos for the holiday refreshments they provided.

Robert made an announcement that Karen's father had been elected as the new Mayor in the mayoral run-off.

3. **Public Comments**

None

4. **Consent Items**

Motion was made by Wes Hall and seconded by Maria DeAnda to approve the following items listed.

Motion carried.

a. Approval of the November 25, 2003 Regular and Closed Session Minutes

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

1. Dale Jane Gift, Effective 12-02-03
2. Mary Hauselmann, Effective 12-13-03
3. Janice Holden, Effective 12-17-03
4. Susan Salmi, Effective 12-13-03

4. **Consent Items- Continued**

b. **Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810**

5. Lynda Sesser, Effective 12-31-03
6. Richard Wall, Effective 12-24-03

c. **Approval of Deferred Retirement(s) - Section 31700**

1. Stella Galupi, Effective 11-29-03
2. Robert Graves, Effective 10-31-03

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

Robert Mathai began by saying thanks to the Board of Retirement for hiring their firm. Robert stated there has not been any changes in staff and that their goal is to continue to do a good job for their clients. Robert stated that November they were up 46% vs. the Russell 2000 Value was at 43½%. Robert stated since inception on April 7, 2003 our portfolio gross was 46.4%, net was 45.8% versus the Russell 2000 value at 43.5%. Robert stated timing on funding them was great. Robert stated their firm has continued to spend a lot of time researching the market for undervalued stock. Our initial vesting was between \$65 and \$66 million and by the end of November our portfolio was at \$88.6 million. Since inception we have earned around \$24 million. Robert stated their current assets total \$400 million and they will cap assets at \$750 million.

6. **Closed Session**

Motion was made by Wes Hall and seconded by Al Sarina to adjourn to closed session at 2:14 p.m.

Motion carried.

After returning to regular session at 3:10 p.m., Robert Harmon, Administrator read the findings of the closed session:

The application of Robin Samra was approved for a Service Connected Disability Retirement Benefit effective January 24, 2003, with appropriate medical call back at the discretion of the Administrator.

Robert Harmon, Administrator and Deputy County Counsel Victoria Halliday discussed the pending litigation, compliance and discussed settlement options on the Ventura case.

7. **Administrator**

a. Litigation Oversight Committee

The State Association of California Retirement Systems (SACRS) is requesting information from the 37' act systems as to the interest in forming a litigation oversight committee. After discussion it was the consensus of the board to prepare a letter to SACRS that StanCERA is interested in formation of a litigation oversight committee and would welcome any access of pooled information shared.

b. Approval of the 2004 Board of Retirement Meeting Schedule

Motion was made by Nick Blom and seconded by Al Sarina to approve the Board of Retirement 2004 schedule.

Motion carried.

8. **Correspondence**

Robert reviewed and passed out copies of a letter that had been received from MFS Institutional Advisors advising clients that the Boston office of the Securities and Exchange Commission (SEC) intends to recommend to the SEC that a civil enforcement action be brought against MFS alleging, in effect, that the disclosure in certain MFS's fund prospectuses concerning market timing was false and misleading, and breach of fiduciary duty. Paul Harte of SIS stated that there has been no allegations of employees' from MFS being involved with market timing however there is an ongoing SEC investigation with between 40/50 of the largest group of money managers.

9. **Committee Reports And Recommendations For Action**

STANDING COMMITTEES

a. Benefits Committee - Wesley Hall, Chair

Wes stated that Robert has made arrangements with Mellon Human Resources and Investor Solutions (formally Buck Consultants) for a report on the review of our current Health Insurance plan and analysis of the tax and compliance issues. Robert stated once the report is received he will request a committee review and recommendation.

9. **Committee Reports And Recommendations For Action- Continued**

- b. Bylaws Committee - Maria DeAnda, Chair

Maria DeAnda thanked staff for the copies of the updated Bylaws.

- c. Due Diligence Committee – Maria DeAnda, Chair

No Report

- d. Education Committee - Gary Dial, Chair

1. Approval for Victoria Halliday to attend NAPPA Winter Session Meeting in Washington D.C.

Motion was made by Nick Blom and seconded by Al Sarina to authorize Victoria Halliday to attend the NAPPA Winter Session.

Motion carried.

2. Approval of CALPRS 2004 Master Calendar and Authorize Trustees' to Attend Meetings and Conferences.

Motion was made by Al Sarina and seconded by Maria DeAnda to approve CALAPRS 2004 master calendar and authorize trustees' to attend meetings and conferences.

Motion carried.

3. Approval of Trustees' to Attend Stanford Principles of Pension Management

Motion was made by Nick Blom and seconded by Kent Crawford to approve trustees' to attend the Stanford Principles of Pension Management. It was also noted that the following trustees' have not attended this training before: Tom Watson, Nick Blom, Mike Fisher, Darin Gharat and Linda Stotts-Burnett. It was the recommendation of the Administrator that the two newest board members should attend the 2004 training if it fit into their schedule.

Motion carried.

9. **Committee Reports And Recommendations For Action- Continued**

AD-HOC COMMITTEES

e. Independence Committee - Al Sarina, Chair

No report.

f. Disability Retirement Accountability Committee - Kent Crawford, Chair

No report.

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

Gary Dial requested an update on the audit. Robert informed the board that requested information has been forwarded and it should be completed by the end of the week.

Paul Harte of SIS stated that it was the end of the year and he wanted to remind the board members that SIS has committees that are willing to educate the board members on real estate, hedge funds, etc. if any members are interested. Paul also stated that the RFP for International Equity had been mailed and all finalist (except Arcadia) have indicated their intentions to respond to the RFP by the deadline of December 23, 2003. Paul also requested the board's view on Manager Investment (MFS) and the possibility of putting them on notice.

Wes Hall asked Paul Harte if they had received the RV Kuhns report and Paul responded that they had and were proud that the top three systems were SIS clients.

Darin Gharat requested an update on the Pension Administration System (TACS) and Robert informed him that staff has been working with TACS on the preparation of the system configuration specification and business requirement documents.

Darin also requested an update on the new building however there were no new details to share since the last board meeting.

Lyn Bettencourt a retired member asked that the updated Bylaws be posted on the website. Karen informed Mr. Bettencourt that staff is currently working on this project.

10. **Adjournment**

Meeting adjourned at 3:45 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel