



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

May 22, 2001

Members Present: Lyn Bettencourt, Nick Blom, Kent Crawford, Wes Hall, Al Sarina, Virgil Thompson, Tom Watson and Steve Yauch

Members Absent: Maria DeAnda

Others Present: Robert Harmon, Victoria Halliday, Karen Gonzales, Horton Shapiro from Dodge and Cox, Kathy Lea, member, Paul S. Harte and Patrick Thomas of Strategic Investment Solutions, Inc. (SIS).

1. Meeting called to order at 2:00 p.m. by Vice-Chairman Wes Hall

2. **ANNOUNCEMENTS**

Victoria Halliday requested the SACRS attendees report any information needed in order for her to complete the FPPC forms.

Robert Harmon informed the board that the semi-annual statements had been mailed to the members over the past weekend and that there were 134 attendees at the Pre-retirement seminar that sat through a five hour long presentation. The outcome of the presentation has been very well received.

Tom Watson presented board members a copy of a letter from Janice Reinking, member, commending the staff of a job well done on the pre-retirement seminar presentation.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

Motion was made by Virgil Thompson and seconded by Al Sarina to approve the following items as listed.

Motion carried.

a. Approval of the April 24, 2001 Regular Session Minutes.

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

1. Linda McCarter, Clerk-Recorder, Effective 04-21-01
2. Freddie Williams, Deferred/Sheriff's Office, Effective 05/16/01

4. **CONSENT ITEMS** - Continued

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

1. Patsie R. Elizondo, Health Services Agency, Effective 03-03-01
2. Irma Perrone, T/TC - Retirement, Effective 03-17-01

Lyn Bettencourt arrived at 2:07 p.m.

5. **Quarterly report by Dodge & Cox**

Horton Shapiro presented copies of the Investment Report ending March 31, 2001 to the board members and informed the board that guidelines would be discussed. As of March 31, 2001, our total Dodge and Cox portfolio was over \$700 MM. Equities returns for the quarter and year were 3.7% and 13% respectively. Horton stated that the Federal Reserve pushed down short-term interest rates during the quarter but our yield premiums were slightly higher. The quality of the fixed income continues to be good.

Horton suggested we modify the language in StanCERA's Investment Policy regarding Rule 144A. He stated that Dodge and Cox inadvertently violated our guidelines and bought American Home bonds issued under Rule 144a. Wes Hall asked for suggestions on this rule and SIS suggested that StanCERA look into revising this statement in our policy. Horton stated that these bonds are becoming a larger part of the bond market. Virgil Thompson requested the Administrator to prepare a letter of advisement for authorization for Dodge and Cox to purchase the American Home bonds and put it on the June 13, 2001 agenda. This change in policy will be reviewed with SIS once they are on board.

6. **Staff Report of Monthly Investment Performance for April 30, 2001**

Robert Harmon reviewed the monthly investment performance report as of April 30, 2001. He stated that the association had \$996 MM in February, \$925 MM at the end of April and had reached one billion dollar mark on Thursday, May 17, 2001.

7. **Closed Session**

Motion was made by Al Sarina and seconded by Wes Hall to adjourn to closed-session at 2:58 p.m.

Motion carried.

Before going into closed session, Kathy Lea, member, informed the board of an article in the Modesto Bee on Wednesday, May 22, 2001, regarding her medical condition.

7. **Closed Session** - Continued

Closed Session Findings:

After returning to regular session at 3:06 p.m., Tom Watson, Administrator, read the findings of the closed session:

- a. The application of Kathy Lea for a non-service connected disability retirement benefit was set for hearing before a hearing officer.
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8. **ADMINISTRATOR**

- a. The chair appointed Al Sarina to assist staff in canvassing the ballots for the general member election on June 7, 2001.

9. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

Standing Committees

- a. Retirement Benefits Committee - Wes Hall, Chairman

No report

- b. By-Laws Revision Committee - Steve Yauch, Chairman

No report

- c. Due Diligence Committee - Wes Hall, Chairman

Wes Hall reported that the board members had received their report on the due diligence visit and hiring of SIS. The board is looking forward to working with SIS.

- d. Education Committee - Virgil Thompson, Chairman

Virgil Thompson informed the board of the CALAPRS Round table on June 8, 2001 and if any members were interested in attending to inform the secretary.

- e. Independence Committee - Al Sarina, Chairman

Al Sarina informed the board that the committee had accomplished a lot and have reviewed the proposed job responsibilities for the Administrator and Assistant Administrator positions. The committee will be meeting again the first part of June and hope to have a packet prepared to submit to the board at the June 13, 2001 board meeting.

9. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

Standing Committees - Continued

f. Disability Retirement Accountability Committee - Maria DeAnda, Chairman

Kent Crawford presented the board members with minutes from the past Accountability Committee meetings. The committee is reviewing Article IX of the by-laws for possible changes. Victoria Halliday advised Kent that the attorney should read up on the new ADA and DFEH laws that have gone in effect over the last year. The committee has determined that the bonus incentive recently initiated with the attorneys has not made a difference in the processing of claims.

11. **MEMBERS FORUM (Information and Future Agenda Requests Only)**

Virgil Thompson informed the board of an interesting article regarding Stanislaus County in the CA County magazine.

Wes Hall wished Tom Watson a Happy Birthday and suggested the association plan a Billion Bucks Bash.

Al Sarina stated the MFS Conference he recently attended with fellow member Nick Blom in Bermuda was a success. He passed around a written report and presented a hard copy book for our library. Al was very impressed with the personnel of MFS. He stated there were several good speakers at the conference.

Robert Harmon advised the board that Putnam Investments would not be having an Institute this year but will continue them on an every other year basis. He also informed the board that our client services representative Jane Laro was leaving.

Patrick Thomas of SIS Investments stated they were looking forward to a good relationship with StanCERA and would be recommending rebalancing our money managers.

12. **ADJOURNMENT**

Meeting adjourned at 3:45 p.m.

Respectfully submitted,

Tom Watson, Secretary
Board of Retirement

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel