



**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@  
mail.co.stanislaus.ca.us

---

## **BOARD OF RETIREMENT MINUTES**

**August 28, 2001**

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

**Members Absent:** None

**Others Present:** Robert Harmon, Victoria Halliday, Karen Gonzales; Horton Shapiro of Dodge & Cox; Delia Roges and Chris Ainsley of TCW; Richard Harris and Carolyn Hughes of Putnam Investments; Paul Garbe of MFS Institutional Advisors; Paul S. Harte of SIS and John Hallford, member.

1. Meeting called to order at 2:02 p.m. by Chairman Lyn Bettencourt

2. **ANNOUNCEMENTS**

Robert Harmon introduced Jamie Borba, the new Confidential Assistant III in the Retirement office to the board members.

Robert informed the board that the Board of Supervisors approved the recommendation of hiring a full time Administrator effective August 14, 2001.

Robert reminded the board members that they need to submit a short biography of themselves for our web site.

Karen Gonzales reminded the board members that are attending the Fall SACRS Conference to turn in the registration forms.

A request was made by Richard Harris of Putnam Investments to move their presentation up to item 5. This request was granted.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

Motion was made by Wes Hall and seconded by Virgil Thompson to approve the following items as listed with correction made to the Regular Session minutes on Page 2 under Item 5. (Increase up to a maximum \$360.00 per month.)

Motion carried.

a. Approval of the August 8, 2001 Regular and Closed Session Minutes.

Nick Blom arrived at 2:16 p.m.

5. **QUARTERLY REPORT OF PERFORMANCE BY PUTNAM INVESTMENTS**

Richard Harris and Carolyn Hughes presented the regular quarterly report of investment performance for the period ending June 30, 2001. The report indicated that the entire International Trust Fund returned -20.78 % for the year ending June 30, 2001, 7.40% annually compounded over the past 3 years, and 8.56 % since our inception. (These are market rates of return). StanCERA's investments are part of this commingled fund. An initial investment of \$20 million was made in July, 1997 with \$6 million added each quarter until the 10% allocation was met. After a rebalancing in July, 2000 and the current downward market trend, the market value of our funds as of June 30, 2001 is \$70,530,933, which represents 8.56% of StanCERA's fund.

Carolyn Hughes gave a portfolio performance review. She stated that since inception on July 14, 1997, we were doing quite well. Our attribution of Excess Returns was positive although the economy has been through some touch times. StanCERA's quarterly returns for the second quarter were +1.05% and for July 2001 was -2.36%. The main contributions to performance were from the market selection and a positive outcome from Ireland, Hong Kong, Finland and a Negative outcome for Japan, Australia and Spain.

6. **QUARTERLY REPORT OF PERFORMANCE BY DODGE AND COX**

Horton Shapiro from our investment manager, Dodge and Cox, presented the regular quarterly report of investment performance for the period ending June 30, 2001. Horton indicated this report is in the old format and will use a new format for the new fiscal year. The report indicated that the entire portfolio returned 21.4% for the year, 11.1% annually compounded over the past 3 years and 14.2% per year compounded for the past 5 years. (These are market rates of return.)

The fixed income account returned 12.7%, 6.7% and 8.0% for the past 1, 3 and 5 years respectively. The equity account returned 29.5%, 13.6% and 19.0% for the past 1,3, and 5 years respectively.

7. **QUARTERLY REPORT OF PERFORMANCE BY TCW**

Delia Roges and Chris Ainsley were present for TCW. Delia went over the present Administration in TCW and then turned over the presentation to Chris. Chris explained to the board the performance problems that TCW has experienced over the last eighteen months. Chris stated that although TCW has been experiencing performance problems, they are revamping and are moving into the low valuation market.

7. **QUARTERLY REPORT OF PERFORMANCE BY TCW**  
**-Continued-**

In the review process, Chris stated that the long-term goals are to buy and hold companies with the potential for long-term earnings growth. They need great companies who meet Wall Street expectations and are looking for a 3 to 5 year growth horizon.

8. **QUARTERLY REPORT BY MFS INSTITUTIONAL ADVISORS, INC.**

Paul Garbe presented the regular quarterly report of investment performance for the period ending June 30, 2001. StanCERA initially invested \$50 million on August 1, 2000 with \$5 million added each month. StanCERA has allocated 15% of the fund in large cap growth stocks. The total rate of return since inception was -23.13% (this is a market rate of return). The market value of our funds as of June 30, 2001 is \$81,715,083.

9. **QUARTERLY REPORT BY STRATEGIC INVESTMENT SOLUTIONS, INC.**

Paul Harte presented our first quarterly report with SIS. He stated that the fund returned 11.2% in the quarter ending June 30, 2001, and ranked in the top percent among other public funds where the median return was 3.5%. The fund soundly beat its policy index of 3.5% for this quarter. Overall the fund returned 10.7% and 13.9% for 3 and 5 years, respectively.

Paul briefly reviewed the individual managers performance and explained the report format (as this is the first report by SIS) to the board. A question was asked regarding SIS's "quality" rating for the fixed income portfolio. Paul explained that SIS uses a numeric rating from 1 to 10 with 10 being the best.

Lyn Bettencourt requested a risk breakdown from SIS at our next quarterly performance meeting.

**Detailed copies of all performance reports are available in the Retirement Office.**

Nick Blom left at 4:51 p.m.

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

Robert Harmon passed out a survey of CALAPRS members regarding members' returns as of June 30, 2001. Overall, Stanislaus County exceeded all other Systems that participated in the survey.

10. **MEMBERS FORUM (Information and Future Agenda Requests Only)**  
**-Continued-**

Robert also informed the board that the next Independence Committee meeting will be held on September 6, 2001.

Maria DeAnda informed the board that she had received a complaint from one of our members regarding the process and notification of Closed Session. She stated that a recent applicant informed her of the upsetting experience when she attended the meeting. It was noted that the Disability Accountability Committee is currently updating the forms and possible Bylaw changes and that this would be discussed and recommendations will be made at a future meeting.

Wes Hall requested a separate Due Diligence listing be prepared for past and future upcoming visits. Wes also inquired about any Ventura decision updates. It was noted that this will be discussed at the next Administrative meeting in Closed Session.

Virgil Thompson informed the board that he will be out of town for most of October and will be unable to attend any meetings. He also requested a breakdown of costs for SACRS Spring Conference dinners and requested that Victoria Halliday prepare letters to the dinner sponsors.

Steve Yauch informed the board that the Bylaws need a complete review since there will be a possible request for changes from the Disability Accountability Committee.

11. **ADJOURNMENT**

Meeting adjourned at 5:06 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

---

Victoria Halliday, Deputy County Counsel