



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

February 14, 2007

Members Present: Maria De Anda, Jim De Martini, Mike Fisher, Gordon Ford, Darin Gharat, Mike Lynch, Wes Hall, and Steve Yauch

Alternate Members Absent: Linda Stotts-Burnett (Alternate Retiree Representative)

Members Absent: Ron Martin

Others Present: Kelly Cerny, Don Barbe-Capax-Giddings-Corby-Hynes, Ed Fenton, Deirdre McGrath, Michele Silva, Hank Skau, Tom Watson, and Kelly Ziemann-Travelers

1. Meeting called to order at 2:01 p.m. by Wes Hall, Chair

2. **Announcements**

Tom Watson, Retirement Administrator, announced the 50-Years of Information from Annual Reports illustrative timeline had been updated through 2006. It was noted the timeline is on display in the Board Room.

3. **Public Comment**

None.

4. **Consent Items**

Motion was made by Steve Yauch and seconded by Maria De Anda to approve the following items as listed.

Motion carried.

a. Approval of the January 23, 2007 Meeting Minutes

b. Approval of the Stanislaus County Employees' Retirement Association's June 30, 2006 Actuarial Valuation Report and the Report on the Experience Study for the Period July 1, 2003, Through June 30, 2006

c. Approval of the Retiree Annual Cost of Living Adjustment – **Section 31870.1**

4. **Consent Items (cont.)**

d. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

1. Arlene Cross, DCSS, Effective 12-23-06
2. Carla Dionizio, DCSS, Effective 02-08-07
3. John Elder, Public Works, Effective 02-02-07
4. Ronald Hand, Sheriff, Effective 02-16-07
5. Mary Hockett, Alliance WorkNet, Effective 01-31-07
6. Mable Kuo-Boyer, CSA, Effective 02-10-07
7. Don Paso, Environmental Resources, Effective 02-03-07
8. Garry Second, Public Works, Effective 01-24-07
9. Jeffrey Taylor, Fleet Services, Effective 02-21-07

e. Approval of Deferred Retirement(s) – **Section 31700**

1. Donna Ballard, CSA, Effective 02-03-07
2. Mitchel P. Boyer, CSA, Effective 08-15-02
3. Edgar A. Campbell, Sheriff, Effective 12-23-06
4. Alberta Lou Diaz, CSA, Effective 05-06-06
5. David Myers, Public Works, Effective 01-06-07
6. Raquel Rios, Sheriff, Effective 01-05-07
7. Diana Rocha, Superior Court, Effective 01-06-07
8. Steven S. Sather, Environmental Resources, Effective 07-29-06
9. Michael Sonke, Environmental Resources, Effective 09-21-06

f. Approval of Deferred Retirement Refund(s) **Section 31701**

1. Karen C. Vaughn

g. Approval of Disability Retirements – **Section 31724**

1. David Gomez, Public Works, Service-Connected,
Effective 04-05-05
2. Donald Rasmussen, Sheriff, Service-Connected,
Effective 11-04-06
3. Darren Thrasher, Sheriff, Service-Connected,
Effective 02-15-07

h. Approval of Death Benefits

1. Marlene Sequeira, Deceased January 25, 2007, Active Member,
Options Pursuant to Government Code Sections 31781, 31781.1,
and 31781.3
2. Bruce Washington, Deceased September 23, 2006, Active Member,
Options Pursuant to Government Code Section 31781.3

5. **Capax – Giddings, Corby and Hynes’ Presentation Regarding the Board of Retirement’s Fiduciary Insurance Policy**

Gordon Ford arrived at 2:07 p.m.

Ed Fenton, Liability Claims Insurance Manager, Chief Executive Office-Risk Management Division, introduced Don Barbe, Vice President, Capax; and Kelly Ziemann, Account Executive, Travelers Insurance. Capax is a locally owned insurance brokerage employee benefits consultant organization. Travelers is a fiduciary insurance company. It was noted that at the November 28, 2006, Board of Retirement meeting, the Board requested a copy of its fiduciary insurance policy, with a subsequent presentation by the fiduciary insurer. Copies of the policy were distributed to Board members at the December 13, 2006, meeting.

Mr. Barbe gave a verbal overview of what is fiduciary liability, insurance, standards, common types of fiduciary claims, and the requirements of the Employee Retirement Income Security Act (ERISA). ERISA has similar fiduciary requirements as 1937 Act plans, such as the Stanislaus County Employees’ Retirement Association (StanCERA).

Ms. Ziemann distributed written material defining a fiduciary and the duties as it pertains to ERISA and the State of California Constitution Article 16 Section 17. Ms. Ziemann explained the fiduciary insurance policy covers all of Stanislaus County’s health and welfare plans, including the retirement plan. The insurance policy is for a maximum of \$5 million with a deductible of \$25,000.

Darin Gharat left at 2:37 p.m.

Ms. Ziemann and Mr. Barbe answered various questions from Board members. Board members inquired as to the insurance cost, and whether the coverage is adequate for the retirement system’s amount of assets. Ms. Ziemann reiterated the \$5 million insurance policy’s premium is \$37,000.00 per fiscal year. To increase the amount of the policy would increase the premium. Mr. Barbe stated there is no formula or standard for the amount of fiduciary insurance. An entity may be insurance rich and cash poor. It is the customer who determines what they think is adequate coverage. Mr. Barbe mentioned when risk is addressed by due diligence and a system is funded close to or at 100%, the amount of fiduciary insurance is comparative.

Darin Gharat returned at 2:42 p.m.

Tom Watson asked for clarification regarding what is actually covered by the policy. Ed Fenton said the policy covers the County’s health and welfare plans and the retirement plan. The Board expressed interest in having a separate policy. Mr. Watson distributed the written insurance requirements of StanCERA’s investment managers. Darin Gharat, Trustee, requested staff obtain information from other 1937 Act systems similar in size as to what amount of fiduciary insurance is carried and its costs.

6. **Administrator**

a. The 2007 Schedule of Meetings for The Board of Retirement's Committees

Tom Watson inquired if there were any changes to the schedule. There were no changes.

b. Discussion and Action to Set a Date for a Board of Retirement Half-Day Retreat in September 2007

Board members discussed dates and times for a Board of Retirement retreat this year.

Motion was made by Steve Yauch and seconded by Mike Lynch to approve a half-day Board of Retirement Retreat for the morning of Wednesday, September 19, 2007.

Motion carried.

c. Report on The Institute for International Research (IIR)'s Public Fund Boards Forum, December 9-12, 2006

Tom Watson distributed a written report of his and Maria De Anda's attendance at the 15th Annual Public Fund Boards Forum in San Francisco. Tom gave a brief overview of the report, citing the variety of topics and outstanding speakers offered at the forum. Tom mentioned this forum historically proves to be a good educational opportunity by offering basic, intermediate and advanced content. It is recommended this forum be included in StanCERA's annual educational opportunities.

Correspondence

a. Notes of Appreciation from Retirees for their Special Cost of Living Adjustment (COLA) on the January 2, 2007 Retiree Payroll

12 notes of appreciation from retirees for the special cost of living adjustment received in January were passed around for board members review.

7. **Committee Reports & Recommendations for Action**

STANDING COMMITTEES

a. Education Committee – Gordon Ford, Chair

i. Report on Board Members' Educational Hours For Year 2006

Gordon Ford, Chair, informed the Board they received the written report of educational hours for years 2005 and 2006. Overall, board members are well beyond the required 36 hours within a three-year term.

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

Gordon Ford shared that in his capacity as Treasurer-Tax Collector, he was asked by the Superintendent of Schools to make a presentation on terror-free investing at a meeting of school districts.

Darin Gharat would like the Board be actively involved with the Other Post Employee Benefits (OPEB) actuarial study by the Chief Executive Office and Auditor-Controller's Office and to know what the actual liability may be. Gordon Ford said the Auditor-Controller's Office hired an outside actuary to prepare a study on the liability. Tom Watson said the actuary will be making a presentation to the Board of Retirement at the April 11, 2007, Board of Retirement meeting.

Darin also mentioned he would like to see the County's hiring process improve to effect a change in the number of disability retirements being granted.

Wes Hall mentioned that a letter from the Retired Employees' of Stanislaus County (RESCO) was recently sent to the Board of Retirement's past-Chair and the Retirement Administrator. The letter inquired if it were possible to add the ability for a United Way deduction to the retirees' payroll. Tom Watson acknowledged StanCERA received the letter.

9. **Adjournment**

Meeting adjourned at 3:33 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel