



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

April 11, 2007

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

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

Members Absent: None

Others Present: Kelly Cerny; Barbara Cooper, David Dolinar, and Peggy Huntsinger-CEO-Risk Mgmt; Lou Filliger- Demsey, Filliger & Associates; Larry Haugh-Auditor-Controller; Rick Robinson-CEO; Deirdre McGrath, Michele Silva, Hank Skau, Vena Volz, and Tom Watson

1. Meeting called to order at 2:00 p.m. by Wes Hall, Chair

2. **Announcements**

Tom Watson, Administrator, announced The Modesto Bee wrote an article dated April 10, 2007, about StanCERA. Board members received copies of the article.

Tom also announced that board members received a copy of the response letter dated April 6, 2007, from the California Public Employees' Retirement System (CalPERS) regarding the actuarial funded ratios for Stanislaus County public agencies (e.g. City of Modesto, City of Turlock, Modesto City Schools, etc.).

3. **Public Comment**

None.

4. **Consent Items**

Motion was made by Steve Yauch and seconded by Darin Gharat to approve the following items as listed.

Motion carried.

a. Approval of the March 27, 2007 Meeting Minutes

b. Acceptance of the Administrator's Report of Goals for Quarter-Ending March 31, 2007

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

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

1. Marietta Bradford, Library, Effective 04-07-07
2. Martha Carlton, Public Defender, Effective 03-31-07
3. F. Carolene Caulkins, HSA, Effective 03-31-07
4. Maxson Cox, Child Support Svcs., Effective 03-30-07
5. Sharon Githens, Alliance Worknet, Effective 03-20-07
6. Carol Grove, HSA, Effective 03-17-07
7. Lorraine Johnson, BHRS, Effective 03-31-07
9. Sharon Powell, Public Health, Effective 03-30-07
10. Ramesh Prasad, GSA, Effective 03-31-07
11. Mary Sabeau, Superior Courts, Effective 03-31-07
12. Dale Salter, Alliance Worknet, Effective 03-30-07
13. Gary Smith, Public Defender, Effective 03-31-07
14. Dinah Sterio-Mota, Public Works, Effective 03-31-07
15. Linda Vargo, Environmental Resources, Effective 03-20-07
16. Joseph Wadley, Public Health, Effective 03-30-07

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

1. Cindy A. Borg, CSA, Effective 03-07-07
2. Connie J. Earley, HSA, Effective 02-06-07
3. Gina Farias, CEO-Risk Management, Effective 02-03-07
4. Katherine Fielder, Animal Svcs., Effective 09-17-06
5. Diane Lake, Sheriff, Effective 01-13-07
6. Jose Moran, HSA, Effective 01-27-07
7. Robert S. Watson, Sheriff, Effective 03-10-07

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

1. John Zimmerman

e. Approval of Death Benefits

1. Charles Morrison, Deceased November 30, 2006, Deferred Member, Option Pursuant to Government Code Section 31702
2. Norma Ragsdale, Deceased March 10, 2007, Active Member, Option Pursuant to Government Code Section 31781

5. **Presentation of the County of Stanislaus Actuarial Valuation as of July 1, 2006 for the County's Government Accounting Standards Board's (GASB) Statement #45 Liability for Other Post Employment Benefits (OPEB)**

Lou Filliger, Actuary, with Demsey, Filliger & Associates, LLC, gave a detailed presentation on the County of Stanislaus's actuarial valuation as of July 1, 2006, for the County's retiree health benefits agreement with the Stanislaus County Employees' Retirement Association (StanCERA).

Mr. Filliger explained the purpose of the actuarial valuation is to assist the County in preparing for upcoming financial disclosure requirements for GASB statement 45 as of July 1, 2007. The amount of actuarial liability for retiree benefits as of July 1, 2006, is \$47 million. This represents the present value of all implicit subsidies (not direct costs) expected to be paid by the County for its current and future retirees. The unfunded accrued liability is \$36 million. The County's annual expense for fiscal year 2006-2007 under GASB 45 accounting is \$4.1 million. The County currently makes no explicit contributions or accounting entries to reflect retiree health care expenditures. The implementation of GASB 45 would represent an increase in annual expense of \$4.1 million and will result in the County recording a liability and expense of \$4.1 annually. This is a non-cash expense and thus does not affect cash.

Rick Robinson, County Chief Executive Officer, asserted that the County will continue to pool retirees with active employees to determine health insurance premiums. He reiterated this is good public policy.

Larry Haugh, Auditor-Controller, distributed to board members information from Government Finance Review about the common misconceptions about GASB statement 45. He discussed how the County will disburse this over 30 years, and what is and is not required in GASB reporting. The GASB's authority is strictly limited to accounting and financial reporting.

Board members asked several questions answered by Mr. Filliger, Mr. Robinson and Mr. Haugh.

6. **Chief Executive Office (CEO) – Risk Management Presentation of the Disability Management Program and Request for Funding for Fiscal Year 2007-2008**

David Dolanar, CEO-Risk Management Division, gave the annual presentation of the Disability Management Program for fiscal year 2006-2007. David stated the County was able to offer permanent accommodations to eight (8) employees who could have pursued a service-connected disability retirement without rehabilitation, potentially saving \$1 million. David thanked the Board for its contribution to the program for the 2006-2007 fiscal year, and its partnership in the program for the past eight years. David also noted that Stanislaus County would be updating its job tasks analyses over the next five years and half the annual cost is \$4,500.

David made a formal request for an increased contribution to the 2007-2008 program to \$64,500. This is an increase over the usual contribution of \$50,000 due to rising costs of benefits, cost of living, and an increase to update the job tasks analyses.

Item #8a Heard Out of Order

8. Administrator

- a. Discussion and Action on CEO-Risk Management Request For Continued Funding of the Disability Management Program

Motion was made by Gordon Ford and seconded by Jim DeMartini to approve the CEO-Risk Management's request of \$64,500 for continued funding of the Disability Management Program for fiscal year 2007-2008 and payment of half of the costs for the job task analysis program.

Motion carried.

Before commencing to Closed Session, Vena Volz addressed the Board regarding her application. Ms. Volz mentioned she was injured a few years ago, and briefly described her condition. She said it has changed her whole life, particularly her daily life. She is no longer able to work however, she would like to work yet there was nothing the County could find to accommodate her condition.

7. Closed Session

- a. Adopt Hearing Officer's Proposed Findings of Facts & Recommendation - Vena Volz's Application for Service Connected Disability Retirement Benefit

Motion was made by Gordon Ford and seconded by Mike Fisher to commence to Closed Session at 3:35 p.m.

Upon returning to Regular Session at 4:19 p.m., Kelly Cerny, Secretary, read the findings of the Closed Session:

Remand this item back to the hearing officer to review his findings in light of the current job description and to make available to both parties' physicians for medical review, along with supplemental medical reports, addressing her ability to perform the duties of the job; and provide supplemental findings to the Board.

8. Administrator

Item #8a Heard Out of Order

- b. Discussion and Action on the State Association of County Retirement Systems (SACRS) 2007-2008 Nominees/Candidates for the Executive Committee

Tom Watson informed the Board they were in receipt of the final slate of nominees and candidates for the SACRS Executive Committee of 2007-2008

Motion was made by Gordon Ford and seconded by Maria De Anda to accept the SACRS 2007-2008 Nominees/Candidates for the Executive Committee and instruct StanCERA's voting representative at SACRS -- Wes Hall, Chair -- to cast his ballot for the slate of nominees.

Motion carried.

8. **Administrator (cont.)**

- c. Discussion and Action on the SACRS By-Laws Committee Recommendations And Comments on the Approved & Modified SACRS By-Laws

Motion was made by Mike Fisher and seconded by Maria De Anda to approve the SACRS By-Laws Committee's Recommendations and Comments on the Approved and Modified SACRS By-Laws and to instruct StanCERA's voting delegate – Wes Hall, Chair – to vote accordingly at the SACRS Conference business meeting.

Motion carried.

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

STANDING COMMITTEES

- a. Administrator's Performance Review Committee – Wes Hall, Chair

- i. Discussion and Action to Amend the County of Stanislaus Salary and Position Allocation Resolution to Reflect the Retirement Administrator's Salary Range

Wes Hall, Chair, shared information with the Board that the committee received regarding the Retirement Administrator's current salary band. The County currently has a 50% spread from the minimum to the top of a salary band to maintain consistency. The Administrator's current salary band of \$85,000-\$130,000 has a 53% spread. To maintain consistency and proceed with the Administrator's wage increase effective January 1, 2007, it is the committee's recommendation to adjust the salary band to \$100,000 to \$150,000. This will bring the salary band in line with the County's 50% spread of other bands. Mr. Hall also distributed a memorandum from the committee regarding the salary range adjustment.

Motion was made by Ron Martin and seconded by Mike Lynch to amend the County of Stanislaus Salary and Position Allocation Resolution to reflect the Retirement Administrator's salary range of \$100,000 to \$150,000 effective January 1, 2007.

Motion carried.

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

Mike Fisher requested a future agenda item to discuss the parameters of StanCERA's independent operations.

Steve Yauch said the Bylaws Revision Committee meeting scheduled for immediately following this Board meeting is cancelled.

11. **Adjournment**

Meeting adjourned at 4:31 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel