



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

APRIL 12, 2006

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

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

Others Present: Kelly Cerny, Deirdre McGrath, Michele Silva, and Tom Watson

1. Meeting called to order at 2:04 p.m. by Chair Darin Gharat

2. **Announcements**

Tom Watson, Administrator, announced that Board members had received a copy of a Research Memorandum from Gabriel Roeder Smith & Company, Consultants & Actuaries, entitled "Methods of Stabilizing Public Retirement Plan Contribution Rates." Tom noted it was worthwhile reading as it discussed eight different methods for stabilizing contribution rates, an important component in funding retirement plans.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

- a. Approval of the March 28, 2006 Minutes
- b. Approval of Service Retirement(s) – Sections 31499.14, 31760.1, 31662.2 & 31810
 1. Larry G. Cooper, GSA, Effective 03-30-06
 2. Roger Davies, Environmental Resources, Effective 04-04-06
 3. Donald DeCamp, Public Defender, Effective 03-31-06
 4. Lucille Ennis, BHRS, Effective 03-18-06
 5. Leslie Hodge, CSA, Effective 04-12-06
 6. Connie George Hill, DCSS, Effective 04-28-06

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

b. Approval of Service Retirement(s) – Sections 31499.14, 31760.1, 31662.2 & 31810 (cont.)

7. Norma Graybeal, Probation, Effective 03-31-06
8. Hollis Gruman Barrera, Library, Effective 03-24-06
9. Jane Luffberry, CSA, Effective 04-05-06
10. Antonia Montelongo, Jr., Sheriff, Effective 04-12-06
11. Lester Murphy, City of Ceres, Effective 03-18-06
12. Don Watson Jr., Sheriff, Effective 04-29-06
13. Randy Wyrick, DET, Effective 04-01-06

c. Approval to RESCIND Service Retirement – **Sections 31670 & 31672**

1. Brenda Schultz, DET, Effective 03-31-06 (RESCIND Approval of 03-08-06)

d. Approval of Deferred Retirement(s) – Section 31700

1. William L. Boddie II, BHRS, Effective 03-03-06
2. Robert Chalupnik, HSA, Effective 12-24-05
3. Joyce Marie Cranke, HSA, Effective 07-07-00
4. Carlos De La Cerda, BHRS, Effective 12-24-05
5. Gail Faso, HSA, Effective 12-10-05
6. Hamm Inthavong, Public Works, Effective 03-11-06
7. Shakuntala Mani, HSA, Effective 05-15-03
8. Matthew Price, Probation, Effective 08-13-05
9. Michael Richards, Sheriff, Effective 01-15-06
10. Richard S. Robinson, SBT, Effective 12-31-05
11. Charlotte Senior, HSA, Effective 02-02-06
12. Linda Teixeira, Clerk-Recorder, Effective 03-04-06
13. Randall Hatch, City of Ceres, Effective 09-24-05 (Date Correction Only)

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

1. Rosalinda Garcia
2. Abel Tagre

5. **Administrator**

- a. Discussion and Action on the Policy of Determining and Maintaining the Contingency Reserve & Reconsideration of Lowering StanCERA's Contingency Reserve from 3% to 2% of Assets

The Board discussed the policy of maintaining the contingency reserve level of 3%, and a previous request from the Chief Executive Office to reduce and maintain a contingency reserve level of 2%. A draft Memorandum of Understanding (MOU) by StanCERA and the County was also reviewed. The MOU would allow a 2% contingency reserve level as long as it is linked to the continued practice of pooling retired members with active County employees for the purpose of keeping retiree health insurance premiums lower than would be otherwise possible.

Maria DeAnda, Trustee, asked that final MOU language establish a five-year time period wherein the contingency reserve level would remain at 2% to support the conditions put forth including pooling of retirees with active County employees.

Additional MOU language was requested to reflect the County would not return to the Board of Retirement within the 5-year period to reduce the reserve level lower than 2%, and that the County's employer contribution rate could change if StanCERA's actuarial rate of 8.16% assumption rate were to change during the five-year period.

Gordon Ford, Trustee, asked if the policy for the contingency reserve would have to be changed. Tom Watson, Administrator, said there is no specific written policy for a 3% contingency reserve. The Board of Retirement historically has set the contingency reserve level through motions recorded in Board of Retirement meetings. Tom said the statutory contingency reserve level is 1%.

Rick Robinson, County Chief Executive Officer (CEO), said it was his personal commitment to support the prudent 2% contingency reserve as long as he is the CEO. Rick said language in the MOU would link the 2% contingency reserve to the continuance of pooling retirees with active County employees for the purposes of determining retiree health insurance premiums.

The Board expressed the need for stability in a contingency reserve level. Wes Hall Trustee, said the Board must make decisions and it is important to have a good stable contingency reserve level. Wes said in the many years he has served on the Board of Retirement, the 3% contingency reserve has served the system well.

Motion was made by Maria DeAnda and seconded by Gordon Ford to reduce the contingency reserve level to 2% of assets for a 5-year period, and direct staff to formalize the written Memorandum of Understanding (MOU) with the County and bring it back to the Board for approval.

Motion carried.

5. **Administrator (cont.)**

- b. Discussion and Action on the Voting Delegate and Alternate Voting Delegate Proxy for the State Association of County Retirement Systems' (SACRS) Spring 2006 Conference

Motion was made by Ron Martin and seconded by Gordon Ford to: authorize Wes Hall and Steve Yauch as the SACRS' Voting Proxy Delegate and Alternate Voting Delegate for StanCERA at the Spring 2006 Conference, May 9-12, 2006.

Motion carried.

- c. TACS and 12th Street Office Building Quarterly Update

Kathy Herman, Special Projects Manager, announced that substantial completion of the 12th Street office building is still expected in June 2006. Furniture, security needs and the phone system are all currently being addressed. The real estate broker contracted to lease the 5,000 square feet of space continues to look for a tenant. The first Management Committee meeting for the 12th Street Office was held April 7, 2006. The Committee will hold public meetings and follow the Brown Act. The Committee consists of three voting members; one from the County, one from the private developer and one from StanCERA.

Kathy also gave an update on the TACS pension software. An in-house data conversion of all electronic data from 1999-2005 and calculated service records prior to 1999 have been completed. Having the service data in the system is a significant milestone for the project.

Side modules of TACS are being parallel tested as well, such as disability case management, event tracking and continuing education. A parallel run of the employee/employer contributions process is in progress for the County, Superior Court, City of Ceres, and special districts. The expectation is to stop updating the current system in July 2006, thus giving up a part of the old system. Wes Hall asked when the retiree payroll would be processed with TACS. Kathy said possibly a parallel testing would occur in November, after the Ventura project is completed, and other parts of the TACS product are delivered and tested.

Steve Yauch, Trustee, asked if there is a penalty for non-performance in the contract. Kathy said no as it is a design-build system contract and there has been one change order. Tom Watson, Administrator, added that there is a 20% hold back of approximately \$200,000, until the system is completed.

5. **Administrator (cont.)**

c. TACS and 12th Street Office Building Quarterly Update (cont.)

Wes Hall, Trustee, asked if TACS had been taken over by another company. Kathy responded that Tyler Technologies, a larger company with experience with schools and other municipalities, took over TACS which added more resources for our software project. Kathy noted that to date the TACS project team for StanCERA has remained the same for the past two years, with people added to the team.

d. Preliminary Staff Report – Topics of the Board of Retirement's Strategic Planning Committees for 2006-2008

Kathy Herman gave a brief summary of the preliminary work completed by staff of the Board's strategic objectives. Kathy gave a brief explanation of the purpose of the strategic action plans. She reported that as prescribed, the next step was for the Board to schedule the individual strategic objective meetings and deadlines to meet the strategic plan timeline of 2006 through 2008.

e. Quarterly Update of Administrative Tasks

Tom Watson, Administrator gave an overview of the list the Board members received of the staff's administrative tasks completed through March 31, 2006. Steve Yauch, Trustee, congratulated staff on the efficient progress of the Ventura project.

f. Update on Processing of Ventura/*Francis* Settlement Application

Tom Watson, Administrator, reported the project is 60% complete. To date 764 applications have been received. Extensive research is conducted by staff on each application, and then reviewed to ensure it meets the settlement language. Approximately one hour is used to produce a detailed worksheet determining what an applicant will receive in retroactive additional retirement pay and additional prospective monthly retirement pay. A response letter is sent to each applicant along with a worksheet that details the money they will receive. Deirdre McGrath, Deputy County Counsel asked how many retirees will receive money. Tom responded approximately 75% of the applicants will receive money, with 25% receiving none.

A member of the public asked if the letters to the applicants will be sent out all at one time. Tom said the response letters are sent out individually on an ongoing basis, as soon as the research and review per each application is completed.

6. **Correspondence**

None.

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

STANDING COMMITTEES

a. Retiree Benefits Committee - Wes Hall, Chair

i. Report of Retiree Health Insurance Issues

Wes Hall, Chair, distributed the Committee's meeting minutes of March 28, 2006. Wes said the letter from Steve Yauch dated March 22, 2006 was reviewed by the Committee. Deirdre McGrath, Deputy County Counsel, advised the letter should be given to the ad-hoc committee for review. Wes inquired if the ad-hoc committee had been appointed. Darin Gharat, Board of Retirement Chair, said the ad-hoc committee had not yet been appointed. Wes asked that a retiree representative be chosen for the ad-hoc committee. Maria DeAnda, Trustee, said she would also like to be on the ad-hoc committee.

Wes said the draft Request for Proposal (RFP) was reviewed and will be given to County Counsel for final review.

Wes distributed an article from The Wall Street Journal, entitled, "*Experts Disagree on Retiree Health – Cost Estimate*," for Board members to read.

Linda Stotts-Burnett, Trustee, thanked Wes for all the work he has done on the Retiree Benefits Committee.

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

Kelly Cerny announced there would be one Board of Retirement meeting in May due to the State Association of County Retirement Systems' (SACRS) Spring 2006 Conference held in Sacramento, May 9-12, 2006. The Board of Retirement meeting will be Tuesday, May 23, 2006 for both administrative and investment matters.

Steve Yauch thanked StanCERA staff for the informative Spring 2006 newsletter. Steve said a retiree had asked for the physical address, actual dates, and times of the Board of Retirement meetings to be added to the newsletter.

Wes Hall encouraged Board members to read the research memorandum from Gabriel Roeder Smith and Company on contribution rate stabilization. Wes said it contains some good information.

9. **Adjournment**

Meeting adjourned at 2:59 p.m.

Respectfully submitted,

Tom Watson, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel