



STANISLAUS COUNTY  
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## PLEASE POST FOR EMPLOYEE VIEWING

**Amended**

### BOARD OF RETIREMENT MINUTES

June 13, 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, Deirdre McGrath, Eileen Melson, Mark Loeser, Michele Silva, Hank Skau, and Tom Watson

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

2. **Announcements**

Tom Watson, Retirement Administrator, announced that printed copies of the Buck Consultants' exhibit items for Item 7a.i. were distributed and additional copies were available.

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 May 22, 2007 Meeting Minutes

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

1. Dianne Arnold, Env. Resources, Effective 06-30-07
2. David Dyer, Public Works, Effective 04-14-07
3. Mark French, GSA, Effective 06-23-07
4. Mark James, Sheriff, Effective 06-23-07
5. Maya Kennedy, Library, Effective 06-30-07
6. Rita Starling, Library, Effective 06-16-07
7. Peter Weinzirl, DCSS, Effective 06-22-07

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

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

1. Ann Brewster, Probation, Effective 05-19-07
2. Geoffrey Canty, Public Defender, Effective 05-12-07
3. Tara Lain, CSA, Effective 04-26-07
4. Janet Lefler, DCSS, Effective 05-12-07
5. Kimberley Metcalf, HSA, Effective 10-03-06
6. Cecile Nesslage, Superior Court, Effective 04-27-07
7. Monty Ownbey, Sheriff, Effective 05-26-07
8. Kandy Rakoncza, Probation, Effective 05-19-07

d. Approval of Disability Retirements – Section 31724

1. Carolyn Conser, Animal Services, Service –Connected, Effective 04-20-06

5. **Closed Session**

Motion was made by Maria De Anda and seconded by Mike Fisher to commence to Closed Session at 2:02 p.m.

Staff members Michele Silva and Tom Watson recused themselves at 2:02 p.m.

Darin Gharat, Trustee, recused himself at 2:13 p.m.

Darin Gharat, Michele Silva, and Tom Watson returned at 2:21 p.m.

Upon returning to Regular Session at 2:21 p.m., Deirdre McGrath, Deputy County Counsel, read the findings of the Closed Session:

a. Vena Volz's Application for Service Connected Disability Retirement

Based on Government Code Section 31534(c), the Board directs staff to send the Description of Employee's Job Duties and the Agreed Medical Evaluation (AME), along with the current job description to the hearing officer with the following instructions:

- 1) Provide documents to the parties in order that they have the opportunity to obtain a supplemental medical report from a selected doctor, one who already has a report in evidence in the disability retirement proceeding, within 30 days or agreed upon timeframe;
- 2) Provide a copy of the supplemental medical report from each doctor to the other party's counsel for review;
- 3) Have the hearing officer and parties determine how the parties are to proceed (such as additional testimony, written argument) based on the additional information and take those procedural steps;
- 4) Admit the current job description, description of job duties, AME report and any supplemental medical reports as evidence as exhibits numbered in next in order; and,

5. **Closed Session (cont.)**

- a. Vena Volz's Application for Service Connected Disability Retirement (cont.)
- 5) Have the Hearing Officer provide the Hearing Officer's Supplemental Proposed Findings of Fact and Recommended Decision with analysis to the Board. The hearing officer is to address permanent incapacity, i.e., whether Ms. Volz is substantially incapacitated from the performance of her position as a Family Services Specialist II. If the hearing officer's supplemental recommended decision is yes, then have the hearing officer address the issue of causation, i.e., whether Ms. Volz' employment as a family services specialist is a real and measurable cause of her alleged permanent incapacity. Alternatively, if the hearing officer's supplemental recommended decision is that Ms. Volz is not permanently incapacitated, then the hearing officer would not address the issue of causation.

Vena Volz addressed the Board. She read from a letter she received in 2005 from Claims Management, Inc. Ms. McGrath, Deputy County Counsel, said the letter should be forwarded to Ms. Volz's attorney.

6. **Administrator**

- a. Discussion and Action on the 2007-2008 Fiscal Year Administrative Budget

Mr. Watson gave a brief overview of the budget, including the fiduciary liability coverage options available among insurance carriers. He reiterated other systems had been surveyed as to what they were paying. The Board discussed the options and requested staff to bring back additional information on the fiduciary insurance options at the June 26, 2007, Investment Board of Retirement meeting.

Steve Yauch, Trustee, asked what if the budget were to exceed 0.18% of the fund in an economic downturn. Mr. Watson said the statutes allow the Board the discretion to do what is necessary to make payments. Also there is a statute that provides for a 0.23% of assets based on a "positive rate of return" year that sunsets as of January 2007, but could be renewed through the legislative process.

Motion was made by Gordon Ford and seconded by Steve Yauch to approve the Fiscal Year 2007-2008 Administrative Budget of \$2,191,296 as presented.

Motion carried.

6. **Administrator (cont.)**

b. Discussion and Action on the Draft Request for Proposal - StanCERA  
Health Insurance Consultant

Mr. Watson gave an overview of the final draft of the Request for Proposal (RFP) for a health insurance consultant. Items previously relating to the County were all changed to reflect StanCERA. Wes Hall, Trustee, inquired if the Retired Employees' of Stanislaus County (RESCO) could be part of the RFP Evaluation Committee. Mr. Watson responded the RFP does allow for StanCERA to elect to include as part of the Evaluation Committee, qualified representatives from other agencies or entities; and RESCO will be asked to participate. Mr. Hall also asked that the first paragraph of Section 12 on page 15 be amended to read more clearly.

Motion was made by Steve Yauch and seconded by Ron Martin to adopt the Request for Proposal – StanCERA Health Insurance Consultant as amended.

Motion carried.

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

**STANDING COMMITTEES**

a. Retiree Benefits Committee – Darin Gharat, Chair

i. Discussion and Action on the Report and Recommendations  
of Retiree Ad-hoc Benefits and the Updated Cost and Reserve  
Report as of June 30, 2006

Wes Hall informed the Board he may have a potential conflict of interest because his retiree health allowance will not be reduced, while most other retirees will experience some reduction in their allowance. He recused himself at 2:48 p.m.

Mr. Watson gave a brief history and overview of the report and recommendations. He encouraged members to review the Buck Consultants' exhibits distributed at the beginning of the Board meeting. Steve Yauch expressed frustration at the disparity of the numbers between Buck Consultants' 2007 annual actuary report and the numbers in Buck Consultants' retiree health allowance cost study in 2006. Board members discussed the report and recommendations. Board members asked questions and expressed concern this may lead to an unfunded liability. Mr. Watson reaffirmed that per the statutes, the retiree health allowance may end with a 90-day notice to retirees.

Motion was made by Maria De Anda and seconded by Steve Yauch to approve the payment of a retiree health allowance for the year 2008, and that the retiree health allowance be made in accordance with the Retiree Health Allowance Policy approved September 13, 2006.

Motion carried.

Wes Hall returned at 3:08 p.m.

7. **Committee Reports & Recommendations for Action (cont.)**

**STANDING COMMITTEES (cont.)**

a. Retiree Benefits Committee – Darin Gharat, Chair (cont.)

- i. Discussion and Action on the Report and Recommendations of Retiree Ad-hoc Benefits and the Updated Cost and Reserve Report as of June 30, 2006 (cont.)

Motion was made by Maria De Anda and seconded by Gordon Ford to continue payment of the \$5,000 death benefit in accordance with Government Code section 31789.5.

Motion carried.

b. Education Committee – Gordon Ford, Chair

- i. Discussion and Action on Attendance, Travel, and Costs for the The Public Retirement Journal's 17<sup>th</sup> Annual Northern California Training Seminar, "*Prefunding – A New Way of Life & Other Significant Local Agency Changes*," June 27, 2007, Sacramento, CA

Motion was made by Maria De Anda and seconded by Steve Yauch to approve the attendance, travel, and costs for The Public Retirement Journal's 17<sup>th</sup> Annual Northern California Training Seminar, "*Prefunding – A New Way of Life & Other Significant Local Agency Changes*," June 27, 2007, Sacramento, CA.

Motion carried.

- ii. Discussion and Action on Attendance, Travel, and Costs for the Institute for International Research's (IIR) 16<sup>th</sup> Annual Public Fund Boards Forum, December 8-11, 2007, San Francisco, CA

Motion was made by Steve Yauch and seconded by Maria De Anda to approve the attendance, travel, and costs for the IIR 16<sup>th</sup> Annual Public Fund Boards Forum, December 8-11, 2007, San Francisco, CA

Motion carried.

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

Deirdre McGrath mentioned the Board was in receipt of her written summary of her January 19, 2007, attendance at the Public Pension Fund Fiduciary Symposium held by the law firm of Steefel, Levitt & Weiss.

Ms. McGrath also gave a brief summary of the Court of Appeals decision in the recent San Diego County Employees Retirement Association vs. County of San Diego case.

**Amended**

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

Steve Yauch said he was looking forward to attending the upcoming Retired Employees of Stanislaus County's (RESCO) luncheon. Maria De Anda is also attending the luncheon.

Linda Stotts-Burnett extended additional invitations to board members Mike Fisher, and Darin Gharat, to attend the RESCO Summer Luncheon, on Thursday, June 21, 2007.

Kelly Cerny, Secretary, said appointed board members who may be interested in assisting with the canvassing of the Seat #2 election ballots on June 21, 2007 may contact her.

Wes Hall inquired as to the status of the implementation of the federal income tax reduction for health insurance premiums paid by retired safety members. Mr. Watson responded that the Internal Revenue Service (IRS) continues to provide some guidance and has already reversed itself once. Currently, self-funded insurance plans are included as insurance carriers (but were formerly excluded) and the \$3,000 maximum annual income tax deduction will be taken as a personal deduction on the retiree's 1040 income tax form. More information on IRS parameters for "normal retirement age" has come out and there should be another update in September 2007.

Wes Hall also informed board members that StanCERA is number two of the top five funded 1937 Act pension plans in California at 96.6%. StanCERA's employer contribution rate is the lowest of all the 1937 Act counties, with Mendocino County the second lowest.

9. **Adjournment**

Meeting adjourned at 3:36 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK, COUNTY COUNSEL

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Deirdre McGrath, Deputy County Counsel