



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

JUNE 14, 2006

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

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

Members Absent: Mike Lynch

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

1. Meeting called to order at 2:00 p.m. by Chair Darin Gharat

2. **Announcements**

Tom Watson, Administrator, announced that Board members received a relocation announcement that is being distributed to active employees, districts, and various agencies. The written announcement is being used to notify members of StanCERA's move to 832 12th Street, Suite 600, Modesto, California, 95354, effective June 26, 2006. The move is on schedule for June 22, and 23, 2006, and the office will remain open for business during the move. The Board meeting of June 27, 2006 is scheduled to be in the new boardroom. Board members inquired about parking. Tom explained the garage is open and is accessible for the next Board meeting. Tom encouraged board members to bring their county identification with them to park in the garage.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

a. Approval of the May 23, 2006 Minutes

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

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

1. Jacqueline Buchanan, BHRS, Effective 05-24-06 (Date Correction Only)
2. Kristy Feliciano, DET, Effective 06-24-06
3. Ernest Gong, SBT, Effective 06-10-06
4. Michail Mattos, BHRS, Effective 06-17-06
5. Mary Christine Montrose, CSA, Effective 06-10-06
6. Alfred Neep, District Attorney, Effective 06-30-06
7. Mary O'Connell, City of Ceres, Effective 06-12-06
8. Sarah Polly, CSA, Effective 05-26-06
9. Vaughn Potter, Public Defender, Effective 06-27-06
10. Kathleen Prince-Witt, BHRS, Effective 06-17-06
11. Petra Quevedo, Superior Court, Effective 06-03-06
12. Barbara Rose, HSA, Effective 06-01-06

c. Approval to RESCIND Deferred Retirement Refund – **Section 31831**

1. Michelle Kaback, District Attorney (RESCIND Approval of 05-23-06)

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

1. Sheryl Brennan, Ag Comm., Effective 05-20-06
2. Michael Corbin, CSA, Effective 06-01-06
3. Judi Elizzey-Gutierrez, Probation, Effective 02-22-06
4. Jose L. Peraza, HSA, Effective 02-17-06
5. Melinda Strandwold, Superior Court, Effective 04-21-06
6. Margaret Szczepaniak, HSA, Effective 02-04-06
7. Angela Teixeira, CSA, Effective 04-26-06

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

1. Joyce Cranke
2. Leo Horne

f. Approval of Death Benefit

1. Tricia Parga, Deceased May 26, 2006, Active Member, Options Pursuant to Government Code Section 31781

5. **County Counsel's Report on the National Association of Public Pension Attorneys (NAPPA) Conference, February 8 -10, 2006**

Deirdre McGrath, Deputy County Counsel, informed the Board she would answer any questions they may have regarding her written summary of the NAPPA conference. Deirdre noted that board members may find of interest the tips for plan fiduciaries included in the report. Wes Hall, Trustee, said it was a good report and asked where the conference was held and what was the attendance. Deirdre responded the conference was held in Washington D.C. and approximately 125 attorneys were present.

Jim DeMartini arrived at 2:07 p.m.

6. **Administrator**

- a. Discussion and Action on the Memorandum of Understanding (MOU) on Employer Costs Reduction and the Health Insurance Pooling of Retirees Between Stanislaus County and the Stanislaus County Employees' Retirement Association

Tom Watson reported the Board had a copy of the MOU between the County and StanCERA. The purpose of the MOU is to lower the employer's cost of retirement benefits, and the pooling of retirees with active employees, to keep retiree health insurance premiums lower than are otherwise possible without such pooling.

Lyn Bettencourt, retired member, asked what was in the MOU, and whether the Government Accounting Standard Board's (GASB) Rule 45 was a concern for the County. Rick Robinson, Stanislaus County's Chief Executive Officer was present and offered to explain and answer any questions.

Rick stated the MOU's intent is to ensure StanCERA's contingency reserve rate is maintained at 2% of assets; and the County agrees to maintain all StanCERA retired members within its medical insurance pool that includes the largest number of County employees. This is in an effort to keep retiree health insurance premiums at a level lower than if the retirees were rated for insurance purposes outside of the County's pool of insured employees. A 2% contingency reserve is recognized industrywide as reasonable. Rick expressed appreciation to the Board, retirement staff, and legal counsel, for assisting to help meet the needs of both the County and retirees with the creation of the MOU.

Darin Gharat, Chair, mentioned that the GASB Rules 43 and 45 do not speak to the MOU. Darin briefly explained the overall retiree health insurance issue and the concerns the Board considered to protect the retirees and their system.

Motion was made by Maria DeAnda and seconded by Wes Hall to approve the MOU on Employer Costs Reduction and the Health Insurance Pooling of Retirees Between Stanislaus County and the Stanislaus County Employees' Retirement Association as presented.

Motion carried.

Gordon Ford arrived at 2:17 p.m.

6. **Administrator (cont.)**

- b. Discussion and Action on the Actuary's Supplemental Report Dated May 18, 2006, on the Revised Actuarial Valuation Exhibits as of June 30, 2005

Tom Watson gave a brief overview of the supplemental report of StanCERA's actuarial valuation as of June 30, 2005. StanCERA's actuary provided the supplemental report as requested by the Board with revised valuations reflecting the change to a 2% contingency reserve instead of 3%, as of June 30, 2005. The change to a 2% contingency reserve was the result of an agreement between the County and StanCERA to use a 2% contingency reserve for the next five years or longer.

Darin Gharat noted that StanCERA's funding is at 94.6% while the national average is 85% for public pension funds.

Motion was made by Maria DeAnda and seconded by Wes Hall to approve the actuary's supplemental report dated May 18, 2006 as presented.

Motion carried.

- c. Discussion and Action on the Draft of the Stanislaus County Employees' Retirement Association's Excess Earnings Policy – Revised June 14, 2006

Tom Watson presented the draft revision of the excess earnings policy first adopted July 14, 2004. The draft revised policy is a result of the MOU agreement with the County that will hold the contingency reserve at 2% of the system's assets for five years or longer. The draft policy deletes the specific percentage for the contingency reserve and also combines the posting of interest to ad hoc reserves as one final step before the execution of agreements or the distribution of excess earnings.

Motion was made by Steve Yauch and seconded by Ron Martin to approve the revisions to the Stanislaus County Employees' Retirement Association's (StanCERA) Excess Earnings Policy, revised June 14, 2006 as presented.

Motion carried.

- d. Discussion and Action on Administrator's Memorandum - Change in Bylaw Section 2.1 – New Retirement Board Meeting Place

Tom Watson presented proposed language reflecting the new location of the Board of Retirement meeting place. Current language in StanCERA's Bylaw 2.1 Regular Meetings, states regular meetings will be held in the County Administration Building, Modesto, California, also known as 1010 Tenth Street. the new language would specify 832 12th St., 6th Floor, Modesto, California, StanCERA's new location and boardroom, effective June 26, 2006.

Motion was made by Ron Martin and seconded by Mike Fisher to approve the change in Bylaw Section 2.1 – New Retirement Board Meeting Place
Motion carried.

6. **Administrator (cont.)**

e. Review and Approval of Staff Organizational Chart as of June 26, 2006

Tom Watson presented the revised staff organizational chart. The chart illustrates the staff organization and the recent addition of the Software Developer/Analyst III position approved with StanCERA's 2006-2007 fiscal year budget at the Board of Retirement meeting of May 23, 2006.

Motion was made by Mike Fisher and seconded by Steve Yauch to approve the Staff Organizational Chart effective June 26, 2006.

Motion carried.

f. Update of the Lease Space Activity of the 12th Street Condominium

Tom Watson noted that Board members received a copy of the June 2, 2006, email from StanCERA's real estate broker, Niniv Tamimi. Although interest has been expressed in the 5,000 square foot space, to be leased, no offers have been received. Tom answered questions from Board members relating to tenant improvements, cost per square footage, number of tenants to occupy the space, and length of time allotted for looking for a tenant. Tom reiterated that the Board would be updated regularly with the status of the space to lease.

g. Summary Report of the 2006 Pre-Retirement Seminar Evaluation Forms

Michele Silva gave the Board a brief overview of the Pre-Retirement seminar that was held May 31, 2006. She also distributed a revised Pre-Retirement seminar evaluation form to include attendee comments on Hartford's presentation. Michele stated 157 active members registered for the seminar, with an actual 116 attendees. Comments from attendees were positive regarding presentations and informational content. Steve Yauch, Trustee, mentioned he attended the seminar and found it educational. He stated staff member Dawn Lea gave an excellent presentation about retirement. Gordon Ford, Trustee, inquired if anyone had been turned away. Michele said there was room capacity for 200. Michele concluded by stating next year's Pre-Retirement seminar is tentatively scheduled for May 2007. Harvest Hall is being considered as a possible location instead of the County/City Chambers at Tenth Street Place.

7. **Correspondence**

None.

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

STANDING COMMITTEES

a. Education Committee – Maria DeAnda, Chair

- i. Discussion and Action on Attendance and Travel Costs for the National Conference on Public Employee Retirement Systems' (NCPERS) Public Sector Health Care Symposium & Exhibition, September 13-15, 2006, Chicago, Illinois

Maria DeAnda, Chair, spoke briefly about the flyer the Board members received about the Symposium and Exhibition. She mentioned information about retiree health care was offered that could be useful. Wes Hall suggested that primarily members of the Retiree Benefits Committee would be best suited to attend this Symposium

Motion was made by Ron Martin and seconded by Steve Yauch to approve the attendance and travel costs for the National Conference on Public Employee Retirement Systems' (NCPERS) Public Sector Health Care Symposium & Exhibition, September 13-15, 2006, Chicago, Illinois, with preference for the Retiree Benefits Committee members to attend.

Motion carried.

- ii. Discussion and Action on Attendance and Travel Costs for the Pension & Investments' (P&I) Liability Driven Investing Conference, September 25-27, 2006, New York, New York

Maria stated this conference also appeared to handle a topic that the Board was interested in. Maria added the conference had no registration fee, however, travel costs would be incurred.

Motion was made by Steve Yauch and seconded by Mike Fisher to approve attendance and travel costs for the Pension & Investments' (P&I) Liability Driven Investing Conference, September 25-27, 2006, New York, New York

Motion carried.

9. **Board of Retirement - Chair's Committee Assignments**

a. Report, Discussion, and Action on Ad-Hoc Committee for Retiree Health Allowance

Retired members Lyn Bettencourt and Gary Kailes addressed the Board regarding their concerns about the future of the retiree health allowance. They were particularly concerned about the timeframe for retirees to adjust to any reduction in the allowance.

Darin Gharat, Chair, gave a verbal report of the Ad-Hoc Committee's recommendations. The recommendations include a change to the retirees monthly retiree health allowance pursuant to Government Code Section 31691.1., and the timelines to enact the change.

A major change noted was the change of the maximum monthly dollar amount of \$370 being paid to members with 30 or more years of service versus the current 20 years of service. The recommended effective date would be January 1, 2007, after notice to and input from the Retired Employees of Stanislaus County Organization (RESCO), Board of Retirement adoption, and notification to retirees.

Another change was the elimination of retiree health allowance to new retirees after January 1, 2009 with less than ten (10) years of service. The Board discussed the recommendations, and Mr. Bettencourt and Mr. Kailes' concerns.

Motion was made by Steve Yauch and seconded by Maria DeAnda to send the Ad-Hoc Committee's recommendations to the Retiree Benefits Committee to incorporate the recommendations into its final recommendations to the Board of Retirement.

Motion carried.

Ron Martin left at 2:55 p.m.

b. Strategic Planning Objective Committees – Chair Assignments

Darin Gharat, Chair, verbally appointed the Chairs of the four strategic planning committees and distributed the written appointments and committee assignments.

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

Jim DeMartini asked if Board members would be notified if the next Board meeting would not be held in the new building. Tom Watson said Board members would be contacted should the location of the June 27, 2006, Retirement Board meeting change.

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

Wes Hall, Chair, Retiree Benefits Committee, requested a written report of the Ad-Hoc Committee's recommendations for the Retiree Benefits Committee's consideration at the next committee meeting. Wes said the Retiree Benefits Committee would like to present final recommendations to the Board of Retirement at the June 27, 2006 meeting.

Mike Fisher asked retired member Lyn Bettencourt if he was audio-taping the meeting. Mr. Bettencourt affirmed he was audio-taping the meeting.

12. **Adjournment**

Meeting adjourned at 3:17 p.m.

Respectfully submitted,

Michele Silva, Benefits Manager

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel