



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

October 11, 2006

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

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

Members Absent: Mike Lynch and Steve Yauch

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**

Kelly Cerny, Secretary, noted that Constance Gustafson, listed under Consent Item 4c. Deferred Retirements, was previously approved for deferred status at the September 13, 2006 Board of Retirement meeting, and should not be listed here.

Tom Watson announced the StanCERA's Open House is Tuesday, November 7, 2006 from 2:00 to 5:00 p.m. In addition to visiting StanCERA's new location, there will also be instructional assistance available to navigate the website.

Tom mentioned StanCERA's Fall newsletter is available to all active members. Michele Silva, Benefits Manager, gave copies to Board members. Tom noted there was an insert in the newsletter with detailed information regarding the retiree health insurance changes for 2007 and the retiree allowance changes for 2008 and 2010. Tom said he attended the September 21, 2006 Retired Employees of Stanislaus County's (RESCO) Fall Luncheon where he made a presentation of the changes and answered questions. Tom said all members will also receive a letter at home detailing the new retiree health allowance changes in 2008 and 2010 and the newly adopted retiree health allowance policy.

Tom announced Board members received a copy of a letter from Buck Consultants dated October 11, 2006. The letter detailed Buck's recent staff changes in its San Francisco branch. As a result, StanCERA's new account manager is Harold A. Loeb, Managing Principal and Consulting Actuary. Mr. Loeb is based in Los Angeles, California.

Tom announced he will be on vacation October 16 through October 27, 2006 and return on October 30, 2006.

3. **Public Comment**

None.

4. **Consent Items**

Gordon Ford asked that Consent Item 4a. be removed.

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

Motion carried.

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

1. Kathryn Boehme, CSA, Effective 10-26-06
2. Rebecca Jenkins, Ag Comm, Effective 09-26-06
3. Sharon Jorgensen, Sheriff, Effective 10-21-06
4. Debra Konsdorf, BHRS, Effective 09-27-06
5. Daniel Maez, Sheriff, Effective 10-03-06
6. Diego Munoz, HSA, Effective 10-13-06
7. John Nichols, CEO, Effective 09-21-06
8. Tabita Salazar, HSA, Effective 10-02-06
9. Patricia Sweeny, CEO, Effective 10-13-06

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

1. Judy Coates, Superior Court, Effective 08-29-06
2. Lillian D. Croft, CSA, Effective 09-07-06
3. Carolyn Davila, Probation, Effective 09-09-06
4. Shawn Fields, Ag Commissioner, Effective 07-08-06
5. David Frost, Sheriff, Effective 09-05-06
6. Melinda Jackson, Sheriff, Effective 09-02-06
7. Kim Kirchoff, Regional 911, Effective 09-13-06

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

1. Barbara Thoms

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

1. Debra Bertalotto, Sheriff-Coroner, Service-Connected, Effective 01-31-06
2. Scott White, Sheriff, Service-Connected, Effective 05-04-06

5. **Board of Retirement September 26, 2006 Minutes**

Gordon Ford requested the September 26, 2006 Minutes be amended as follows:

Section 7.a.i. add: "The Committee's recommendation is that of the special situations fund alternatives, real estate be pursued."

Section 7.a.ii. add: "The Board requested the matter of disbanding the Strategic Plan - Alternative Investments Committee be brought back for discussion and action at a future meeting."

Motion was made by Maria De Anda and seconded by Wes Hall to approve the September 26, 2006 Minutes with the amendments listed above.

Motion carried.

6. **Report on the National Conference on Public Employee Retirement Systems' (NCPERS) Public Health Sector Symposium, September 13-15, 2006, Chicago, Illinois**

The Board received a brief overview by Darin Gharat of the written report prepared and submitted by Darin and Linda Stotts-Burnett of their attendance at the NCPERS Symposium. The symposium's purpose was to allow discussion of health care costs, and reform including healthcare for public employees both active and retired. Darin answered board members questions and gave a summary about an innovative approach being used to answer the rising costs of retiree health care called a Retiree Medical Trust (RMT). Board members thanked Darin and Linda for a well-written report.

7. **Closed Session**

Motion was made by Wes Hall and seconded by Maria De Anda to adjourn to Closed Session at 2:14 p.m.

Upon returning to Regular Session at 2:58 p.m., Tom Watson, Retirement Administrator, read the findings of the Closed Session.

William Gaede is to submit to the scheduled December 11, 2006, independent medical examination. Pursuant to Government Code Section 31731, refusal to submit to the Independent Medical Examination (IME) allows the Administrator the authority to discontinue his benefit until withdrawal of such refusal.

8. **Administrator**

- a. Discussion and Action on Draft Open Editorial Letter to The Modesto Bee, on the Retiree Health Allowance and Insurance Policies

Board members discussed the Administrator's draft open editorial letter to The Modesto Bee.

Motion was made by Ron Martin and seconded by Mike Fisher to approve the Open Editorial Letter to The Modesto Bee on the Retiree Health Allowance and Insurance Policies as revised.

Motion carried.

- b. Quarterly Update on Administrator's Goals

Tom Watson announced Board members received a written update of the development of the Administrator's goals for the period July 1 through September 30, 2006.

- c. Quarterly Update on 2006 Calendar of Events of Administrative Tasks

Tom Watson gave a brief overview of the administrative tasks completed for the third quarter, July 1-September 30, 2006. Board members received a written update of the main event deadlines and actual dates of completion for this time period.

- d. Discussion and Action on Supporting Legislative Change to Clarify Wording as it Relates to Service-Connected Disability Retirement Eligibility (Government Code Section 31720[a]) – Gary Bei Letter Dated September 21, 2006

Tom Watson gave a brief synopsis of the Sonoma County Employees' Retirement Association's (SCERA) letter to the State Association of County Retirement Association's (SACRS) Legislative Committee in support of seeking clarification and possible additional legislative language for Government Code Section 31720(a) of the Retirement Act of 1937. SCERA requests that other systems send a letter of support to SACRS.

Motion was made by Gordon Ford and seconded by Ron Martin to direct staff to send a letter of support on behalf of the Board of Retirement to the SACRS Legislative Committee to seek clarification and possible additional legislative language for Government Code Section 31720(a).

Motion carried.

Recessed at 3:11 p.m.

Reconvened at 3:18 p.m.

8. **Administrator (cont.)**

- e. Discussion and Action on Providing Direction to the Voting Delegate(s) at the State Association of County Retirement Systems' (SACRS) Fall 2006 Conference Regarding the SACRS Nomination Review Ad-Hoc Committee's Report and Recommendations to SACRS Membership

The Board reviewed and discussed the SACRS Ad-Hoc Committee's recommendations for the SACRS' officer nominating and election processes. Each system's voting delegates are being asked to vote on these recommendations at the Fall 2006 conference.

Motion was made by Mike Fisher and seconded by Ron Martin to direct StanCERA's voting delegates at the SACRS Fall 2006 Conference to vote with discretion on each recommendation provided by the SACRS Nomination Review Ad-Hoc Committee.

Motion carried.

- f. Discussion and Action on Recommendation to Repeal Bylaw Article 13 - Retiree Health Insurance Policy

The Board discussed Bylaw 13 and the recently adopted Retiree Health Allowance and Retiree Health Insurance Guidelines policies. The Board determined the bylaw was no longer necessary with the enactment of these policies.

Motion was made by Ron Martin and seconded by Maria De Anda to repeal Bylaw Article 13 – Retiree Health Insurance Policy, and send the Retiree Health Allowance and Retiree Health Insurance Guidelines Policies adopted by the Board of Retirement September 13, 2006, onto the Board of Supervisors for approval.

Motion carried.

Ron Martin left at 3:33 p.m.

9. **Correspondence**

- a. Letter from George Randall Cerny, Retiree, Dated August 22, 2006, Regarding the *Ventura* Additional Benefit Calculations and the Retirement Administrator's Written Response Letter Dated September 22, 2006

Tom Watson gave a brief explanation of the letter from retiree George Cerny and the Administrator's subsequent letter of response to Mr. Cerny that Board members had received. Tom informed the Board that Mr. Cerny contacted him by telephone upon receipt of the response letter to express his appreciation for the clarification of the information he requested.

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

STANDING COMMITTEES

a. Education Committee – Maria De Anda, Chair

- i. Discussion and Action on Attendance, Travel, and Costs for The Opal Financial Group's Eighth Annual Public Funds Summit, January 10-12, 2007, Scottsdale, Arizona

Maria De Anda, Chair, pointed out that Board members had received the brochure on the Summit. The Summit appears to offer topics of interest the Board of Retirement is interested in pursuing for its purpose of additional education.

Motion was made by Gordon Ford and seconded by Wes Hall to approve attendance, travel, and costs for The Opal Financial Group's Eighth Annual Public Funds Summit, January 10-12, 2007, Scottsdale, Arizona.

Motion carried.

- ii. Discussion and Action on Attendance, and Travel Costs for the SACRS Federal Pension Protection Act Seminar, October 17, 2006, Sacramento, California

The State Association of County Retirement Systems (SACRS) is offering a one day free seminar about the new Federal Pension Protection Act. Board members and staff expressed interest in attending.

Motion was made by Gordon Ford and seconded by Darin Gharat to approve attendance, travel and costs for the SACRS' Federal Pension Protection Act Seminar, October 17, 2006, Sacramento, California

Motion carried.

b. Due Diligence Committee – Wes Hall, Chair

- i. Report on Recent Visits to Delaware Investments, Pyramis Global Advisors (formerly Fidelity Management Trust Company), and Loomis Sayles & Company, L.P.

The Board reviewed and discussed the Committee's written report on the recent visits to StanCERA's new investment managers, Delaware Investments (large cap growth portfolio); Pyramis Global Advisors, and Loomis Sayles & Company, L.P. (international investment managers). Trustees Wes Hall, Ron Martin, Steve Yauch and Tom Watson, Administrator, made the trip to San Francisco and Boston. Questionnaires were sent to the three companies approximately one month prior to the visits. Copies of the completed questionnaires were given to the Committee and sent to the Board for review.

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

Maria De Anda mentioned the Pension & Investments' (P&I) Liability Driven Investing Conference she attended in New York on September 25-27, 2006 was interesting. She will submit a written report at a later meeting.

Jim De Martini said he learned quite a bit from the P&I Defined Contribution Conference he attended in San Francisco on October 8 – 9, 2006. He brought back material that he will share with the Board.

Michele Silva said staff was interested in attending the upcoming SACRS' Federal Pension Protection Act Seminar in Sacramento next week.

12. **Adjournment**

Meeting adjourned at 3:58 p.m.

Respectfully submitted,

Michele Silva, Benefits Manager

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel