



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

December 13, 2006

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

Alternate

Member Present: Linda Stotts-Burnett, Alternate Retiree Representative

Members Absent: Mike Lynch

Others Present: Kelly Cerny, Paul Harte-Strategic Investment Solutions (SIS), Kathy Herman, Deirdre McGrath, Hank Skau, and Tom Watson

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

2. **Announcements**

None.

3. **Public Comment**

None.

4. **Consent Items**

Kelly Cerny, Secretary, stated the November 28, 2006 Minutes should reflect that Linda Stotts-Burnett was present.

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

Motion carried.

a. Approval of the November 28, 2006 Meeting Minutes

b. Approval of the 2007 Calendar of Board of Retirement Meetings Including Investment Managers' Reporting Schedule

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

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

1. James Boulas, CSA, Effective 12-05-06
2. Paul Bryson, District Attorney, Effective 12-13-06
3. Leslie Cervantes, CSA, 12-02-06
4. Sam Cook, Probation, Effective 12-09-06
5. Mike Jackson, Animal Services, Effective 11-20-06
6. Artie Kindred, CSA, Effective 12-16-06
7. Rosanne Porter, Sheriff, Effective 12-02-06
8. Margarita Ramirez, CSA, Effective 12-02-06
9. Elizabeth Sisk, HSA, Effective 12-06-06
10. Ruth Tisdale, CSA, Effective 12-16-06

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

1. Gurpreet Cheema, DCSS, Effective 12-01-06
2. Stephen S. Craciun, Animal Services, Effective 09-13-06
3. Miguel Alvarez, Public Works, Effective 10-17-06
4. Margaret Reid, Library, Effective 10-03-06
5. Neil Selover, DCSS, Effective 11-17-06

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

1. Beatriz Castro
2. Chris Schiller

5. **Strategic Investment Solutions Inc. (SIS) Asset Allocation Comparison of California Retirement Systems**

Paul Harte gave a brief summary of an asset allocation mix comparison of other California public retirement systems. Information included CalPERS (California Public Employees Retirement System), StanCERA, and five systems with good investment performance over the past five years such as Los Angeles, San Diego, Alameda, Fresno and Kern counties. The comparison included U.S. equities, fixed income, cash, real estate and alternative investments. StanCERA, CalPERS and the five counties fell within a similar range for all asset allocations, with StanCERA increasing from 15% to 20% in its international equities allocation within this time period, and adding 5% to the special situations fund.

6. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for Month Ending November 30, 2006**

Paul presented a preliminary monthly performance review for the period ending November 30, 2006. StanCERA's portfolio is \$1.36 billion, an increase of 1.98% for the month. The fiscal year to date return is 8.59%, below StanCERA's policy index of 9.10%, yet above the 8.16% actuarial rate of assumption.

Ron Martin mentioned the fiscal year to date figure for the domestic equity looked low. Paul said he would check the figure and report back to the Board.

7. **Administrator**

a. Distribution of the Board of Retirement's Fiduciary Insurance Policy

Tom Watson, Administrator distributed copies of the Stanislaus County Employees' Retirement System (StanCERA)'s fiduciary insurance policy to board members. This was at the Board's request during the November 28, 2006, Board meeting. Tom asked board members to review the document and submit to him any questions they may have by the end of December. The questions would be forwarded to the underwriters for a presentation to the Board at the February 14, 2007 meeting.

b. Report of Legal Service Costs of 1937 Act Retirement Systems

Tom Watson distributed preliminary cost information he received from a few systems who use independent counsel, as well as StanCERA's costs. Tom said he is waiting for more responses and will present the information to the board once it is received.

c. New Technology System Project Update

Kathy Herman, Special Projects Manager, gave a verbal quarterly report of the TACS/Tyler Technologies software system. TACS was acquired by Tyler Technologies, a payroll and human resource software company that purchased TACS pension software to enhance their software package. Following this transition came a new project manager for StanCERA, the president of TACS. Additional people were added to the project, however none were removed. The transition has been a smooth one for StanCERA with increased customer service.

Kathy reported the parts of the system are in different stages – live, in development, testing, and some upgrading already being done at no additional cost. Active member processing began July 1, 2006, which included contributions, estimates and refunds. Disability case management and event tracking modules are ready for use. Buybacks, domestic relation order calculations are in testing at StanCERA. The bulk of the retiree and payroll modules have been delivered and some preliminary testing is being done with more retiree data conversion in process. Tyler staff will be on-site for payroll training of StanCERA staff. Although live in part of the system, total completion is not expected until the end of 2007, with parallel testing for the 1099 forms for January 2008.

Wes Hall, Trustee, asked what was the original completion date for the system. Kathy said January 2005. However, there were unforeseen issues to be resolved at StanCERA and a few technical glitches in the design process on the TACS side that complicated some of the development. In mid-2005 TACS went through a full structure change with an application upgrade that will result in a good product for StanCERA.

7. **Administrator (cont.)**

c. New Technology System Project Update (cont.)

At the conclusion of Kathy's presentation, Darin Gharat, Chair, presented a plaque from the Board that expressed their appreciation for her extraordinary efforts as project manager for the StanCERA move to 12th Street.

Maria DeAnda left at 2:51 p.m.

d. Retirement Administrator's Anticipated Vacation for 2007

Tom Watson informed the board members they had received a copy of his anticipated vacation for the 2007 calendar year.

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

STANDING COMMITTEES

a. Retiree Benefits Committee – Wes Hall, Chair

- i. Discussion and Action on Recommendations for Payment of a Retiree Special Cost of Living Adjustment Pursuant to Government Code Section 31874.3(b)

Maria DeAnda returned at 2:53 p.m.

Wes Hall, Chair, distributed the committee's written report of its recommendation on the retiree supplemental cost of living increase, with an example of an individual calculation of this one-time increase.

Wes gave a brief summary of the report which detailed the parameters for the system to pay the supplemental cost of living increase to members who are receiving a monthly allowance and whose cost-of-living accumulations equal or exceed 20%.

Motion was made by Steve Yauch and seconded by Gordon Ford to approve the one-time special COLA with a maximum of \$2,400 per retiree pursuant to Government Code Section 31874.3(b) to be paid on the January 2, 2007 payroll.

Motion carried.

b. Education Committee – Maria De Anda, Chair

- i. Discussion and Action on the 2007 Calendar of Educational Opportunities

Motion was made by Wes Hall and seconded by Gordon Ford to adopt the 2007 Calendar of Educational Opportunities as presented.

Motion carried.

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

Kelly Cerny mentioned those who are interested in attending the Steefel, Levitt & Weiss Public Pension Fund Fiduciary Symposium, January 18-19, 2007, in San Francisco, should contact her for registration as soon as possible.

Darin Gharat thanked the Board for his year as Chair of the Board of Retirement and the challenges that were faced. He requested that when board members register for educational seminars to stick with the commitment. Darin expressed some regret that RESCO leaders have not shown much appreciation for the County-StanCERA agreement to keep retirees pooled with employees for insurance rate determination, but continue to lament the loss of some of the health insurance allowance.

Linda Stotts-Burnett and Wes Hall both noted that retirees are appreciative of what the Board of Retirement is doing and is supportive of the Board. Linda thanked Darin for his job well done as Chair for 2006.

10. **Adjournment**

Meeting adjourned at 3:10 p.m.

Respectfully submitted,

Tom Watson, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

By: _____
Deirdre McGrath, Deputy County Counsel