



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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**BOARD OF RETIREMENT MINUTES**

**June 14, 2000**

**Members Present:** Lyn Bettencourt, Nick Blom, Maria DeAnda, Wes Hall, Joash Paul, Al Sarina, Virgil Thompson, Steve Yauch, and Tom Watson

**Members Absent:** Thomas Keating

**Others Present:** Victoria Halliday, Robert Harmon, Lois Ertel; John McLaughlin of Capital Resource Advisors; William L. Houk from the Oakdale Rural Fire District; Milford Dustin and Mary Schortner, members

1. Meeting called to order at 2:00 p.m. by Chairman Joash Paul.
2. **ANNOUNCEMENTS**  
Victoria Halliday, Deputy County Counsel, distributed responses to correspondence regarding the cost of dinner for those Board members that attended various functions at the SACRS Conference in May, 2000.
3. **PUBLIC COMMENT**  
None
4. **CONSENT ITEMS**  
Motion was made by Virgil Thompson and seconded by Lyn Bettencourt to approve the following items as listed.

Motion carried.

- a. Approval of the May 23, 2000 Regular and Closed Session Minutes.
- b. Approval of June 6, 2000 Regular Minutes
- c. Approval of Service Retirement(s) - Sections 31760.1 and 31810
  1. Wanda Carter, Superior Court, Effective 06-03-00
  2. Agustin Martinez, Public Works, Effective 06-04-00
  3. Gerald Ogden, Auditor-Controller's Office, Effective 06-29-00
  4. Charles Beidleman, Sheriff's Office, Effective 06-30-00
- d. Approval of Deferred Retirement(s) - Section 31700
  1. Floyd C. Glasgow, Public Works, Effective 04-04-00
  2. Elizabeth Luna, Superior Court, Effective 04-07-00
  3. Noreen Richardson, Health Service Agency, Effective 04-11-00

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4. **CONSENT ITEMS -Continued**

- d. Approval of Deferred Retirement(s) - Section 31700-Continued
  - 4. Leah Tibon, Community Services Agency, Effective 05-04-00
  - 5. Joseph D. Angulo, Environmental Resources, Effective 05-05-00
- e. Approval of Refund for Deferred Retirement Member(s) - Section 31701
  - 1. Ernest Ott

As a courtesy to Mary Schortner of the CEO/Risk Management department and William Houk of the Oakdale Rural Fire District, items “a.” and “g.” under **Administrator** were taken at this time.

- a. Mary Schortner from the CEO/Risk Management department gave an update on the Disability Management Program. Items in development (e.g. Web page) and delays experienced to date in the further development of this program were covered. A copy of a list of employees that potentially avoided service connected disability retirement applications during the time frame 3/30/99 through 6/12/2000 was distributed.

The Risk Management Division of the County CEO’s office has again asked the Board of Retirement to financially support the Disability Management Program in the amount of \$50,000 for the fiscal year 2000-2001 and also help fund the final phase of the Job Task Analysis in the amount of \$37,500. Steve Yauch suggested a quarterly report on the progress of the Disability Management Program listing dollar amounts (for better analysis of benefits to Retirement Association) would be appreciated, and in the future an explanation of the budget process with more details of how funds are being used. Virgil Thompson thinks this is a good program, but should be funded by the County since the savings are of benefit to the taxpayer.

Motion was made by Lyn Bettencourt and seconded by Nick Blom to contribute \$87,500 to the Risk Management Department for the fiscal year 2000-2001 to help support the Disability Management Program and to complete the final phase of the Job Task Analysis.

Virgil Thompson opposed.  
Motion carried.

- g. The Oakdale Rural Fire District has requested the Board delay the collection of the payment of the unfunded liability due the Retirement Association by July 31, 2000 to allow them the opportunity to explore any and all options available to the District to reduce this liability. Although the District does not question the fact that they owe for an unfunded liability, Chief Bill Houk expressed concern about how the amount was determined. The District does not have the funds to cover this payment by 7/31/00. It was suggested a planned actuarial audit be delayed until Oakdale Rural Fire District Board has an opportunity to talk to staff and the Retirement Association’s actuarial firm, Buck Consultants, Inc.

Administrator item “g” continued:

Motion was made by Lyn Bettencourt and seconded by Steve Yauch to grant a six month extension on payment of the amount due on July 31, 2000 for the fiscal year 2000-2001 to give the District the opportunity and time necessary to meet with staff/actuaries to better understand how the amount of the liability was determined and conduct any studies desired. Interest at 8.16 per year will be collected on past due amounts.

Motion carried.

5. **CLOSED SESSION:**

Motion was made by Virgil Thompson and seconded by Tom Watson to adjourn to closed-session at 2:50 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 3:27 p.m., the Administrator read the findings of the closed session:

- a. The application of Barbara Rowell for service connected disability retirement benefits was denied.  
**Pursuant to Government Code Section 31720 and 31727.4:**
- b. The application of Milton B. Dustin for a service connected disability retirement benefit was granted effective June 15, 2000, with appropriate medical call back at the Administrator’s discretion due to his age, and revision if he is rehabilitated within StanCERA covered employment.
- c. Victoria Halliday, Deputy County Counsel, brought the Board members up to date on Ventura Decision settlement issues with any decision by the Board tabled for a later date.

A ten minute break was taken at 3:30 p.m.

6. **ADMINISTRATOR**

Item “h.” was taken out of order at this time as a courtesy to John McLaughlin

- h. In the process of the selection of a Large Cap Growth Manager from those interviewed at the June 6, 2000 Board meeting, specific questions were answered and points of comparison were made. John McLaughlin discouraged the Board members from “chasing returns” and making that a too high priority. All of the companies being considered have good rates of return. With diversification the motive for hiring a new money manager, he felt the stability of the people (how long have they been with this company) and how well the Retirement Board will be able to work with them were important aspects to consider.

6. **ADMINISTRATOR-Continued**

- h. The Board narrowed the choice down to two Managers and voted on their preference. Motion was made by Nick Blom and seconded by Wes Hall to hire MFS Institutional Advisors, Inc. as the Large Cap Growth Manager pending approval of the Due Diligence Committee after a visit is made. John McLaughlin is to notify all applicants of the Board's decision.

Motion carried.

Nick Blom left at 4:15 p.m.

- b. The San Diego County court case which affected not only age at entrance but also Tier status for members with reciprocity was appealed and reversed upon that appeal. Based on the former ruling, 11 members of StanCERA were changed from a Tier 2 to a Tier 1 status.

The Administrator's recommendation based on administering member benefits according to the law is to notify and return members granted Tier 1 status based on this court ruling to a Tier 2 status. Effective immediately, all newly hired members will be placed in Tier 2. These members would not be required to make up any additional member contributions nor would this affect any member who has already retired.

Motion was made by Virgil Thompson and seconded by Lyn Bettencourt to have the Administrator write the Board of Supervisors to inform them of this issue and ask if they wish to approve the increased benefit if these particular members are allowed to remain on a Tier 1 status. If no response is received by July 31, 2000, the retirement staff will be instructed to follow through with the recommendation of the Administrator.

Motion carried.

- c. For the past several years, the County has prepaid a discounted 95% of their normal cost contributions which results in savings to the County and increased earnings for the Retirement Association. The County Board of Supervisors has approved the prepayment of these funds.

Motion was made by Tom Watson and seconded by Virgil Thompson to authorize the Administrator to negotiate and sign an agreement with the County for a discounted prepayment of 96.54% of County normal cost contributions if paid by July 30, 2000.

Motion carried.

6. **ADMINISTRATOR-Continued**

- d. John Barnhart, CPA has agreed to perform the Fiscal Year 1999-2000 audit of StanCERA for a fee of \$6,000. This is the same amount as paid for last year's audit.

Motion was made by Steve Yauch and seconded by Maria DeAnda to approve the audit of Fiscal Year 1999-2000 by John Barnhart, CPA for a fee of \$6,000.

Motion carried.

- e. After review, motion was made by Steve Yauch and seconded by Al Sarina to approve the schedule as proposed by the Administrator for the June 30, 2000 Actuarial Study and Actuarial Study audit.

Motion carried.

- f. After review and discussion, motion was made by Tom Watson and seconded by Wes Hall to approve the fiscal year 2000-2001 Administrative Budget for StanCERA in the amount of \$1,101,223.

Motion carried.

## 7. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

- a. Benefits Committee - Wesley Hall, Chairman  
Wes Hall announced this committee will meet on June 22, 2000 at 2:00 p.m. in room 5804 located on the fifth floor of The 10th Street Place.
- b. Bylaws Committee - Steve Yauch, Chairman  
After a suggestion by Steve Yauch to amend the Bylaws to require approval of the County Counsel's office for the Board of Retirement Agenda, it was decided this would not be necessary.
- c. Due Diligence Committee - Lyn Bettencourt, Chairman  
Lyn Bettencourt announced a meeting of this committee was held just prior to today's Board meeting. They worked on an outline for the written report of their Due Diligence visits which will be provided soon.
- d. Education Committee-Virgil Thompson, Chairman  
Virgil Thompson suggested Board members should decide soon which members would attend the Capital Resource Advisors Summit 2000 to be held in Palm Beach Gardens, Florida on October 11-14, 2000. Virgil also reported on a conference call with TCW on June 8 in which he and Tom participated. Information was provided on TCW's views of the current market in Small & Mid-Cap Growth equities. Virgil Thompson thought it was an overall "positive call" covering current conditions and TCW's strategies to do a lot of research, select good companies with cash, hold on to them for the optimum return using sell disciplines as a criteria.

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## 8. **MEMBERS FORUM (Information and Future Agenda Requests Only)**

Maria DeAnda reported on a very good presentation by Magna Securities Corp. at the most recent SACRS Conference. She requested and has received additional information which will be in the Retirement Office Library for any interested members.

Lyn Bettencourt suggested staff be looking at commission recapture programs for discussion at future Board meetings.

Victoria Halliday, John McLaughlin, and Steve Yauch will be unavailable for the next Board meeting on June 27, 2000. John McLaughlin made arrangements for a representative of CRA to provide the Quarterly Report of Performance and Victoria Halliday will provide someone from County Counsel to fill in for her.

An Agenda item request was made for Mick Krausnick to do a presentation on the Brown Act at the July 12, 2000 meeting.

9. **ADJOURNMENT**

Meeting adjourned at 4:50 p.m.

Respectfully submitted,

Tom Watson, Secretary  
Board of Retirement

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

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Victoria Halliday, Deputy County Counsel