



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

**February 14, 2001**

**Members Present:** Lyn Bettencourt, Nick Blom, Kent Crawford, Maria DeAnda, Wes Hall, Al Sarina, and Steve Yauch

**Members Absent:** Virgil Thompson, Tom Watson

**Others Present:** Robert Harmon, Victoria Halliday, Lois Ertel, Janice Robinson; Krys Upstill & Stuart J. Bennett of Buck Consultants, Inc.; Gina Leguria & Monica Nino-Reid of the CEO's office; Chuck Carlson, Representative for SCEA; Elizabeth V. Foster, Leonard F. Foster, Michael Sayre & Beth Glaeser

1. Meeting called to order at 2:00 p.m. by Chairman Lyn Bettencourt

2. **ANNOUNCEMENTS**

Robert Harmon explained the reasons for the delayed retirement and deferment dates for Jesse Mendoza and Frank Carson, respectively. Robert Harmon advised the Board he would not be at the next two meetings because he is speaking at a conference, but will have the staff report of the quarterly fund performance ready for the 2/27/01 meeting. Board members were asked to take note of items distributed today: 1) SACRS registration materials, 2) Travel Insurance cards, 3) Agenda Packets for the 2/21/01 meeting, and 4) FPPC Form 700 to be completed and returned for filing.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

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

Motion carried.

a. Approval of the January 23, 2001 Regular Session Minutes.

b. Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810

1. Jesse R. Mendoza, Juvenile Hall , Effective 10-07-00
2. Wynona Francis, D A - Family Support (deferred) , Effective 12-31-00
3. Shirley Ridenour, Superior Court, Effective 01-20-01
4. Rachel M. Hernandez, Health Services Agency, Effective 02-03-01

4. **CONSENT ITEMS -Continued**

b. Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810-Continued

5. Patricia Eyerly, Public Health, Effective 02-07-01
6. Grace M. Yasui, Health Services Agency (deferred), Effective 02-07-01
7. Ann Farr, Sheriff's Office, Effective 02-10-01
8. James Harrity, Public Works, Effective 02-10-01
9. Katheryn Fine, Assessor's Office, Effective 02-18-01
10. Vidal Cardenas, Parks & Recreation, Effective 02-21-01
11. Marilyn Beeler, Probation Dept., Effective 02-24-01
12. Virginia M. Jones, Juvenile Hall, Effective 02-28-01

c. Approval of Deferred Retirement(s) - Section 31700

1. Frank C. Carson, Public Defender, Effective 01-23-96
2. James M. Austin, Health Services Agency, Effective 10-06-00
3. Darci D. Howe, Community Services Agency, Effective 10-06-00
4. Karen D. Taylor, Mental Health, Effective 11-17-00
5. David J. Switzer, Sheriff's Office, Effective 12-30-00
6. Janice Tavernas, Mgmt. Information Systems, Effective 01-19-01

5. **BUCK CONSULTANTS, INC. ACTUARIAL VALUATION REPORT AS OF 6/30/00**

Krys Upstill introduced Stuart Bennett and expressed the regrets of Mike Moehle who was unable to attend. Statistical highlights given indicate total Association membership has increased by 7.3%. Active membership increased by 8.9% while total payroll increased by 10.7%. The number of retired members went up by 3.3% with a pension roll increase of 8.9%. Krys Upstill gave a summary of the noneconomic and economic assumptions. Based on actuarial valuation and experience analysis of the retirement system as of June 30, 2000, the following recommendations were made by Buck Consultants, Inc.: 1) adopt the new recommended rates of separation as shown in Schedule 6; 2) an 8% interest assumption (8.16% compounded), a long-term inflation rate of assumption of 4.5%, and a total salary scale assumption of 5.5% be used to develop the Association's costs; and 3) adopt the recommended employer and employee contribution rates as shown on page 29 and Schedule 5, respectively. ( A copy of this Actuarial Valuation Report as of June 30, 2000 is available in its entirety in the retirement office.)

- a. Motion was made by Wesley Hall and seconded by Al Sarina to accept the report of valuation as of June 30, 2000 and adopt the recommendations on rates and the actuarial assumptions effective 7/1/2001.

Motion carried.

5. **BUCK CONSULTANTS, INC. ACTUARIAL VALUATION REPORT AS OF 6/30/00-Continued**

Krys Upstill said the special studies they are doing for the County should be ready in a week or two. Lyn Bettencourt asked that the Board be furnished copies of the special actuarial study done on 1-Year FAS for Tier 2. Staff will provide copies of this.

6 **CLOSED SESSION:**

Motion was made by Nick Blom and seconded by Al Sarina to adjourn to closed-session at 3:20 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 3:50 p.m., Robert Harmon, Assistant Administrator, read the findings of the closed session:

- a. The application of Elizabeth Foster for a non-service connected disability retirement benefit was approved effective October 22, 2000.
- b. The application of Johnny Mercer for a service connected disability retirement benefit was approved effective February 15, 2001, with appropriate medical review and vocational rehabilitation benefits pursuant to the 1937 Act.
- c. The application of Margie Sayre (deceased) for a non-service connected disability retirement benefit was granted effective August 30, 2000.
- d. Victoria Halliday, Deputy County Counsel, gave an update on the Ventura Decision class action suit.

As a courtesy to Janice Robinson, item "a" under Administrator was taken out of order at this time.

- a. Janice Robinson gave a presentation on the Retirement Board's Strategic Planning Sessions of January 4 and 16, 2001. In her review of the issues discussed, it was determined the focus would be on the following three areas at this time: 1) establish an accountability system with a committee consisting of the Administrator, one staff member, one outside counsel, two Board members, and one Risk Management staff member; 2) inclusion of benefit dollar, plan financial and financial planning information to Web Site and 3) establish a committee consisting of Wesley Hall, Al Sarina, Virgil Thompson, and Steve Yauch to explore independence issues in the three areas identified as office, administrator, and counsel. A time line for each was established. The Board plans to consider an Investment Committee at their next planning session. Janice Robinson concluded with the positive aspects of this planning session and suggestions for improvement at the next.

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The Board suggested Robert Harmon should be added to the Independence Committee and the Board member representatives on the Accountability Committee would be Maria DeAnda and Kent Crawford. Victoria Halliday was asked to help with recommendations for outside counsel. These items will be on the next agenda along with recommendations for the other committee members needed. These will be Ad Hoc committees to be so listed on the agenda.

The Board thanked Janice Robinson for the good presentation and compilation of the issues covered at their planning sessions.

Motion was made by Nick Blom and seconded by Steve Yauch to accept the Strategic Plans as presented with approval of the committees as recommended.

Motion carried.

7. **STAFF REPORT OF MONTHLY INVESTMENT PERFORMANCE FOR JANUARY, 2001**

Robert Harmon reviewed this report which shows a total portfolio value of \$990,204,601 as of January 31, 2001. It is expected that the \$1 billion dollar mark will be reached soon. Dodge and Cox will be asked to rebalance on March 1, 2001 to realign targeted allocation percentages. The total fund has a rate of return of 7.50% for the fiscal year to date, due largely to the high performance of Dodge and Cox in large cap value stocks. The one year rate of return for the total fund is 11.09%, with 11.36% annually compounded over the past 3 years, and 13.45% annually compounded over the past 5 years (market rates of return). Steve Yauch suggested another category be added to the performance report showing what the percent of return would be if the fund was at its targeted allocation.

8. **ADMINISTRATOR**

- b. Based on a report from Buck Consultants on the cost of living adjustments for 2001, motion was made by Steve Yauch and seconded by Al Sarina to approve a 3% COLA for retirees to be effective April 1, 2001, with the first increase to be reflected on their May 1, 2001 checks and a 2.5% excess to be credited to the account of each member retired prior to 4-01-01.

Motion carried.

An explanation of the excess percentages, how they are banked, and how it affects retirees was explained to new Board members. It was noted that this will increase the monthly maximum health benefit by 3% effective January 1, 2002. This report furnished by Buck Consultants is a part of the service provided in their contract with StanCERA.

8. **ADMINISTRATOR-Continued**

- c. Information obtained from the SEC indicates the only notification of any legal actions for impropriety or misconduct against investment companies, etc. is to those who are a party to these actions. The SEC conducts investigations confidentially for effectiveness and to protect reputations of those which are not found to be in violation. The SEC's actions can all be obtained from the Branch of Public Reference.

Lyn Bettencourt reported on information he had found on this subject on the Internet. Robert Harmon said one of the sessions at the CALAPRS General Assembly would provide information on this issue. It was decided to bring this back to the Board for further information and possible decisions.

- d. After some discussion, it was decided the issue of reimbursement of Retirement Board member personal calls on Retirement Business needed further investigation. It was suggested specific instances and examples be provided. Some questions to be answered were how significant is the amount, is the call necessary, what kind of calls, and should calling cards be considered. The general consensus was that it should be absorbed by the Board member and not be reimbursed. This was tabled to be brought back on another agenda.

Nick Blom left at 4:40 p.m.

9. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

- a. Retirement Benefits Committee - Wes Hall, Chairman

Special actuarial studies being done by the County with the Retirement Association sharing costs will be provided to this committee, and then to the Board when and if benefits are granted as a result.

Wes Hall called a meeting of this committee for 1:30 p.m. on Tuesday, February 20, 2001. Patrick McTighe would like to share some health insurance concerns.

- b. By-Laws Revision Committee - Steve Yauch, Chairman

Lyn Bettencourt did not like Section 15.4 and 15.6 of the proposed Mass Media Policy. He moved to strike them and accept the rest of the draft as Article 15 of the Bylaws. Robert Harmon thinks the proposed policy is overly broad, burdensome to staff and not a necessary part of the Bylaws. After further discussion and without a second to Lyn Bettencourt's motion, it was decided to table any decision until the next Board meeting on the addition to the Bylaws of Article 15, "Mass Media Policy". Lyn Bettencourt was asked to put his concerns and suggestions in written form.

9. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION-Continued**

c. Due Diligence Committee - Wes Hall, Chairman

Wes Hall reminded Board members of the special meeting called for March 22, 2001 at 9:00 a.m. for interviews of consultants.

d. Education Committee - Virgil Thompson, Chairman

1. In order to make hotel reservations in a timely manner, those members planning to attend the SACRS Spring Conference were confirmed. The registration materials distributed are to be returned to retirement staff by March 1, 2001.

Information and registration materials have been received and distributed to those attending the MFS Institutional Investment Conference on April 22-23, 2001 in Bermuda. MFS has asked that registrations be made as soon as possible for them to obtain the necessary accommodations, and recommend that flight arrangements be made soon as well. Please turn in registrations to staff no later than the 2/21/01 meeting. It was suggested that each member make their own flight arrangements, however, Lois would be happy to do this for anyone who would prefer this.

In an update on the March 3-5, 2001 CALAPRS General Assembly, it was reported that all who registered for dinner at The Sardine Factory on 3/3/01 have been accepted and are expected. All attending spouses should have a required name tag available for them to attend dinner at the Aquarium on 3/4/01.

2. Registration materials were distributed to all Board members who have not yet attended the CALAPRS Principles of Pension Management at Stanford Law School which this year is on March 27-30, 2001. Applications for enrollment must be received no later than February 23, 2001. Please advise staff soon if you plan to attend and turn in your enrollment form.

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

Victoria Halliday informed Board members letters had been written to obtain cost on dinners at the Fall SACRS Conference.

Al Sarina provided a written report on the CALAPRS Trustees' Roundtable he and Kent Crawford attended on February 9, 2001 in Oakland. They shared some of the high lights of the information they obtained.

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

Steve Yauch thanked those Board members who hold appointed chairs. We are fortunate to have them, with their individual areas of expertise and willingness to serve in this capacity.

Kent Crawford asked the Board if they would be interested in educational materials that sometimes came across his desk. The Board said they would appreciate anything he wanted to pass along.

11. **ADJOURNMENT**

Meeting adjourned at 5:15 p.m.

Respectfully submitted,

Robert Harmon, Assistant Administrator  
For: Tom Watson, Secretary  
Board of Retirement

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK  
County Counsel

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Victoria Halliday, Deputy County Counsel