



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

March 14, 2001

Members Present: Lyn Bettencourt, Maria DeAnda, Wes Hall, Al Sarina, Virgil Thompson, and Steve Yauch

Members Absent: Nick Blom, Kent Crawford, Tom Watson

Others Present: Robert Harmon, Victoria Halliday, Lois Ertel

1. Meeting called to order at 2:04 p.m. by Chairman Lyn Bettencourt

2. **ANNOUNCEMENTS**

Board members were reminded to turn in FPPC Form 700 to staff by March 29, 2001.

Robert Harmon will e-mail Board members the 800 number for accessing the conference call with TCW for those unable to join in on March 15, 2001.

Lyn Bettencourt remarked on an article in Pensions & Investments which reported the acquisition by Capital Resource Advisors of an investment consulting firm with the desire to split their services. The split of the two businesses (investment management consulting and vendor consulting) was a deliberate action to avoid "any accusation of conflict of interest". There was also an article titled "Face to Face" with MFS (one of our money managers).

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

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

Motion carried.

a. Approval of the February 21, 2001 Special Session and February 27, 2001 Regular Session Minutes.

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

1. Louise Broyles, Health Services Agency, Effective 03-03-01
2. Pamela Anderson, Dept. of Employment & Training, Effective 03-10-01

Board of Retirement Minutes

4. **CONSENT ITEMS -Continued**

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

3. Linda Stevens, Mental Health, Effective 03-16-01
4. Lola Byrne, Mental Health, Effective 03-17-01
5. Max Hall, City of Ceres, Effective 03-25-01
6. George Andrade II, Public Works, Effective 03-30-01
7. Dalton Goldsberry, Public works, Effective 03-30-01
8. Edwin Hill, Mental Health, Effective 03-30-01
9. Alfred Myers, Public Works, Effective 03-30-01
10. Alice Atwood, Superior Court, Effective 03-31-01
11. Byron Bystrom, Auditor/Controller, Effective 03-31-01
12. Patricia Glatke, Sheriff's Office, Effective 03-31-01
13. Dale Hinkle, Sheriff's Office, Effective 03-31-01
14. Joan Lee, Superior Court, Effective 03-31-01
15. Carole Maylen, Community Services Agency, Effective 03-31-01
16. Michael O'Neal, Dept. of Employment & Training, Effective 03-31-01
17. Carol Perkins, Community Services Agency, Effective 03-31-01
18. Adrienne Silva, Probation, Effective 03-31-01
19. JoAnn Tamura, Health Services Agency, Effective 03-31-01
20. Marvin Wallis, Jr., Community Services Agency, Effective 03-31-01
21. Marly White, Mental Health, Effective 03-31-01
22. Marjorie Whitney, Sheriff's Office, Effective 03-31-01

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

1. Brian L. Barker, Mental Health, Effective 09-16-00
2. Melissa M. Perez, Probation, Effective 01-06-01
3. Victoria M. Dion, Public Works, Effective 01-20-01
4. Dana Macias, Dept. of Employment & Training, Effective 02-01-01
5. Jeanette Caldera, DA-Family Support Division, Effective 02-02-01

5. **CLOSED SESSION:**

Motion was made by Virgil Thompson and seconded by Steve Yauch to adjourn to closed-session at 2:15 p.m.

Motion carried.

5. **CLOSED SESSION:-Continued**

Closed Session Findings:

After returning to regular session at 2:25 p.m., Robert Harmon, Assistant Administrator, read the findings of the closed session:

- a. The application of Kathryn Huse for a non-service connected disability retirement benefit was approved effective March 15, 2001.
- b. The application of Ronald Backer for a service connected disability retirement benefit was approved effective May 3, 2000.

6. **STAFF REPORT OF MONTHLY INVESTMENT PERFORMANCE FOR FEBRUARY, 2001**

Robert Harmon reviewed this report which shows a total portfolio value of \$957,617,320 as of February 28, 2001. The total portfolio had a return (at market value) of 6.79% for one year, 9.10% compounded annually over the last 3 years, and 12.80% per year compounded for the last 5 years. Dodge & Cox has been significantly out performing their benchmark index. The high earnings for a one month period of \$44,039 in securities lending and commission recapture was noted.

At some time in the future, it would be interesting to compare the performance of recently hired money managers to those interviewed but not hired.

7. **ADMINISTRATOR**

- a. After discussion, it was thought the proposed legislation for an alternate retiree representative for Seat 8 on the Board of Retirement should be supported by the Board of Retirement as long as it is not mandatory and the Board has a choice whether to implement it or not.

Motion was made by Al Sarina and seconded by Virgil Thompson to authorize the Administrator to send a letter to Joan Clendenin to this effect.

Motion carried.

- b. A Special Actuarial Study was recently completed for the cost of granting safety members 3% of FAS at age 50 or 3% of FAS at age 55. It is thought this benefit would help the County to recruit and retain persons in the safety fields. Other studies looking at increased benefits for miscellaneous members should be completed soon and will be provided to Board members as they are received. The Administrator's recommendation to invite Krys Upstill to come to a Board meeting to answer any questions when all studies have been completed was accepted as a good plan. Staff will invite representatives from Buck Consultants, Inc. to attend the April 11, 2001 Board meeting for this purpose.

7. **ADMINISTRATOR-Continued**

- c. The Board discussed concerns it had in the area of improprieties or misconduct of money managers and their employees, and securities litigation. A session at the recent CALAPRS General Assembly, and correspondence received by Board members from a firm involved in class action litigation, suggested possible action might be advisable. Our consultant should be asked if they provide a service which would track this sort of thing.

Motion was made by Virgil Thompson and seconded by Al Sarina to table this item until the investment meeting on March 27, 2001.

Motion carried.

- d. The request for consideration of reimbursement to Retirement Board members for personal calls on Retirement Business was withdrawn.
- e. The Board reviewed the Notice of Election for Miscellaneous Member Representative for Seat No. 2 on the Retirement Board. The present term for this seat held by Maria DeAnda will expire on June 30, 2001.

Motion was made by Virgil Thompson and seconded by Wes Hall to approve the schedule and Notice of Election for this seat as presented.

Motion carried

- f. The Board reviewed Standing and Ad Hoc committees. Al Sarina will fill a vacancy on the Education Committee and will Chair the Independence Committee . The Disability Accountability Committee has Kent Crawford and Maria DeAnda serving as Board representatives, Tom Watson, Administrator, and needs one staff member, one outside counsel member, and one risk management staff member. Letters have been sent to Ted Cabral (as outside counsel) and Peggy Huntsinger of the CEO/Risk Management office to see if they would be willing to serve on this committee. This will be an agenda item for the March 27, 2001 meeting, with final members decided at that time.
- g. Joan Hendricks has written to the Board regarding a recent refund for service time purchased in the 1970's. Court decisions in San Diego and Marin counties have changed the manner in which StanCERA members may buy back part-time service for additional retirement benefits. Any part-time service previously purchased between two full time employment periods must be refunded. It just recently came to the attention of the Retirement office that Joan Hendricks and Connie Asbill fell into this category. They were refunded, as were twelve other members in 1999, with the same information sent to them as the original twelve received. Ms. Hendricks has objected to this refund and returned her check with the request the Retirement

7. **ADMINISTRATOR-Continued**

- g. Association hold it in her account until a possible decision in her favor is made by the Board of Supervisors. The Board was told that Connie Asbill had called the retirement office today with the same request which she plans to put in writing to the Board.

This situation was first brought to the attention of the CEO/Personnel office in 1999, with the information requests had been made to allow members to buy back or retain repurchases of intermittent part time service. A previous, similar request by Joan Donlon was referred to the CEO's office. This resulted in a special study to determine the cost to the County if the Board of Supervisors were to approve the adoption of Government Code Section 31641.56, which would allow the purchase of part-time service in between two full time employment periods. A recent poll taken by the CEO/Personnel office for the study to determine cost, has determined that approximately 80 members fall into this category.

Robert Harmon recommended all members in this situation be refunded and thereby treated in the same manner. It was decided to wait for any action until a completed study has been done within five to six weeks.

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

Standing Committees

- a. Retirement Benefits Committee - Wes Hall, Chairman

Wes Hall reported this committee discussed with Patrick McTighe the recent problems experienced with retiree health providers at its meeting on February 20, 2001. The urgency issue with National Health Plans, providers not renewing their contracts, will probably be resolved. If not, it was decided to offer a special enrollment for those affected to select other plans and/or providers. The committee advised Patrick McTighe to allow changes and contact affected individuals for changes to be effective April 1, 2001. Patrick McTighe also reported on the numerous problems in the enrollment transition to Aetna as the dental provider.

Wes Hall has since received an e-mail from Patrick McTighe to advise him that all concerned were sent letters and one group, "Orangeburg Medical," did re-sign a contract with NHP.

Robert Harmon provided information on the special actuarial studies which have been requested by the County. The Retirement Association is sharing 50% of the cost with the County.

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

Standing Committees

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

After much discussion and various suggestions, the draft proposal for a Mass Media Policy was returned to this committee for revision and re-submission.

- c. Due Diligence Committee - Wes Hall, Chairman

Wes Hall reported a calendar had been established for the meeting to interview potential consultants on March 22, 2001. He recommended each Board member be sure to read the RFP's that have been submitted. Cooper Consultants has sent a comparative analysis to help in this process. Robert Harmon has requested an extemporaneous question be posed to each with a time limit set for response. This would help in determining knowledge and ability to convey information in a timely manner.

- d. Education Committee - Virgil Thompson, Chairman

This committee recommends attendance of Board members (especially those new to the Board) on Thursday, April 12, 2001 for the presentation which Michael Krausnick, County Counsel, will be making on laws which affect those serving on Public Agency Bodies. (Copies of topic, time, and place were provided to all Board members.)

Virgil Thompson strongly urged a written report be provided on the Institutional Investor Institute Consultants Roundtable attended by Steve Yauch and Robert Harmon in San Francisco on October 2 - 3, 2000.

An e-mail on the new format for new trustees at the SACRS Spring Conference was reviewed.

Ad Hoc Committees

- a. Independence Committee

Al Sarina reported on the meeting of this committee on March 13, 2001. They have established a calendar of meetings for the year with the next on March 27, 2001. They will discuss how independent we want to be and Robert Harmon is to draft a survey of other counties to obtain information on their experience with this issue. Written minutes will be distributed at the next administrative meeting.

b. Accountability Committee

This committee will meet when all positions on the committee have been filled.

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

Virgil Thompson would like to see agenda items on social investing and a review with action on the recommendation of our consultant, John McLaughlin, to revise the Board of Retirement Investment Policy.

Wesley Hall complimented Victoria Halliday, Deputy County Counsel, on being recognized in the Modesto Bee for the legal counsel she has provided to county departments on equal rights matters and for workshops she conducted regarding prevention of sexual harassment.

10. **ADJOURNMENT**

Meeting adjourned at 4:25 p.m.

Respectfully submitted,

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

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel