



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
1010 10th Street, Suite 5800  
P.O. Box 859  
Modesto, CA 95353-0859

Phone (209) 525-6393  
Fax (209) 525-4334  
www.stancera.org  
e-mail: retirement@  
mail.co.stanislaus.ca.us

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**BOARD OF RETIREMENT MINUTES**

**April 11, 2001**

**Members Present:** Lyn Bettencourt, Kent Crawford, Maria DeAnda, Wes Hall, Al Sarina, Virgil Thompson, Tom Watson and Steve Yauch

**Members Absent:** Nick Blom

**Others Present:** Robert Harmon, Victoria Halliday, Lois Ertel, Karen Valdez, Darin S. Gharat, Valerie McCan-Murrell, John Sims, Gina Leguria, Stan Risen, David Dolenaar, Peggy Huntsinger, Zane D. Clark, Pat Sweeney, Adam Christianson, Reagan Wilson, Chuck Carlson and Mike Moehle.

1. Meeting called to order at 2:05 p.m. by Chairman Lyn Bettencourt

2. **ANNOUNCEMENTS**

Tom Watson apologized for arriving late to the meeting.

Robert Harmon presented the board a copy of a letter received from TCW announcing the merger between TCW and Societe Generale. He informed the board that TCW will continue to use their name, however, there will be a change of directors. Robert expressed that TCW was very excited about this transition.

Robert informed the board that Delia Roges of TCW expressed her apologies for sending the dinner invitations for the SACRS conference late.

3. **PUBLIC COMMENT**

None

4. **CONSENT ITEMS**

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

Motion carried.

a. Approval of the March 22, 2001 Special Session and March 27, 2001 Regular Session Minutes.

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

1. Donald Lewis, Deferred, Community Services Agency, Effective 02-10-01

4. **CONSENT ITEMS -Continued**

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

2. David Redlew, Public Works, Effective 03-27-01
3. Kathryn Rosenthal, Juvenile Hall, Effective 03-30-01
4. Anna Tullier, Superior Courts, Effective 03-30-01
5. Reva Burchett, Community Services Agency, Effective 03-31-01
6. Jeannine Dahlgren, Mental Health, Effective 03-31-01
7. Ella Dy, Mental Health, Effective 03-31-01
8. Claudia Ebert, Community Services Agency, Effective 03-31-01
9. Shirley McPhee, Superior Courts, Effective 03-31-01
10. Donald Kendall, Deferred, ESMAD, Effective 04-23-01
11. Thomas Coleman, Deferred, City of Ceres, Effective 04-30-01

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

1. Ronald Wood, Superior Court, Effective 10-31-00
2. Cristin Stammler, Community Services Agency, Effective 01-10-01
3. Melchor Funtilla, Public Works, Effective 02-09-01
4. Kathleen C. West, Sheriff Office, Effective 02-20-01
5. Barbara K. Jackson, MIS, Effective 02-23-01
6. Patricia Mireles, Mental Health, Effective 03-01-01

d. Approval of Death Benefit - Section 31781

1. Dorothy M. Garza, deceased 03-24-01. Surviving beneficiary, Daniel G. Garza, will receive a lump sum death benefit.
2. Charlene M. Gilmer, deceased 03-22-01. Surviving spouse, Richard E. Gilmer, will receive a lump sum death benefit.
3. Douglas Millsap, deceased 02-14-01. Surviving spouse, Cindi Millsap, will receive a lump sum death benefit.
4. Anthony Tacon, deceased 03-02-01. Surviving minor child, Nina Tacon, will receive a lump sum death benefit.

5. **CLOSED SESSION:**

Motion was made by Virgil Thompson and seconded by Al Sarina to adjourn to closed-session at 2:14 p.m.

Motion carried.

5. **CLOSED SESSION:-Continued**

Closed Session Findings:

After returning to regular session at 2:20 p.m., Tom Watson, Administrator, read the findings of the closed session:

- a. The application of Phyllis Van Tassel service connected disability retirement benefit was set for hearing before a hearing officer.
- b. The application of Wendy Langman for a service connected disability retirement benefit was approved effective April 12, 2001.

Tom Watson presented flowers to Lois Ertel in congratulations on her promotion into a new position within the Association and thanked her for her outstanding service as secretary to the retirement board.

6. **ADMINISTRATOR**

- a. David Dolinar informed the board that the County Disability/Risk Management program has been a success during the first year. Peggy Huntsinger presented the members with copies of the disability management program status update. She informed the board that there are several training programs being implemented as well as a new medical screening policy. The board members thanked the CEO-Risk Management division for their continued support of the program.

Motion was made by Virgil Thompson and seconded by Tom Watson to authorize continuance of shared funding by StanCERA for the County Disability/Risk Management program in the amount of \$75,000.00.

Motion carried.

- b. Mike Moehle of Buck Consultants gave a presentation on the Special Actuarial studies recently completed for the cost of granting safety members 3% of FAS at age 50 or 3% of FAS at age 55, and the study for increased benefits for miscellaneous members.
- c. Gina Leguria from the County CEO's office gave a presentation on the alternative benefit formulas being considered by the county for all active employees. These alternative formulas include, for safety members: 3% of FAS @ 50 or 3% of FAS @ 55; for miscellaneous members: 2% of FAS @ 55 or 2% of FAS @ 57.

6. **ADMINISTRATOR**

- Continued

- c. Gina stated that the County is currently negotiating with two of the safety bargaining units and will be negotiating with all of the various units over retirement benefits. Retirement benefits are fast becoming an important recruitment and retention tool.

Gina presented the three options the County is exploring as methods for funding increased benefits should they be negotiated with the various unions. Option 1, 2% @ 55 - General & 3% @ 50 - Safety, would require a commitment from the retirement board of approximately \$50MM. This commitment would come from funds which are currently reserved for the County's use in negotiations (\$10.5MM) or reserved to pay future contingent costs regarding the Ventura litigation (\$40MM).

Option 2, 2% @ 55 - General & 3% @ 55 - Safety, would require a commitment of \$45.6MM and Option 3, 2% @ 57 - General & 3% @ 55 - Safety, is the least costly and would require a commitment of \$38.6MM.

The figures presented in each of the three options cover only active employees. Deferred or retired members will be specifically omitted. These members will receive the benefits they have earned but will not participate in any new or enhanced benefits.

The figures also include amounts for the conversion of the current Tier 3 general members to Tier 2 service. Robert Harmon stated that an adjustment has been made to the Tier 3 costs as presented by Mike Moehle of Buck Consultants, as it is expected that there will be a low conversion rate of past service time to Tier 2 time due to the high cost involved. However, this will be an option under these plans that does not currently exist for Tier 3 members. Robert further pointed out that Tier 3 conversion will require state legislation, which the County has agreed to seek. Further, the 2% @ 55 plan for General members will require some minor legislation to correct some wording of the plan. Again, the County has agreed to seek this legislation.

Gina discussed the funding alternatives and the use of the Ventura reserves. The Ventura reserves are funds that were set aside in previous years from undistributed earnings in excess of StanCERA's actuarial rate of return, to cover costs associated with the Ventura litigation currently being handled by Victoria Halliday, Deputy County Counsel. The Ventura case was discussed and Mike Moehle of Buck Consultants stated that he has worked with Robert and Gina and feels that the outstanding liability for the sole remaining issue of retroactivity is probably in the \$9MM to \$11MM range. Vicki pointed out that while retroactivity hasn't been finalized, the issues that have been finalized via preliminary rulings, still have not been completely settled and appeals could still follow. Vicki also stated that StanCERA could see

6. **ADMINISTRATOR**

- Continued

attorney's fees for Ventura in the \$3MM to \$5MM range.

Virgil Thompson asked Reagan Wilson, County CEO if the County has any concerns about using up all of the Ventura reserves which were set aside by StanCERA to partially shield the County from increased costs associated by Ventura. CEO Wilson stated that he has discussed this issue with the County Board of Supervisors and they have approved moving forward on these issues. He further stated that he feels the Ventura estimates are correct and if there is insufficient reserves to cover Ventura, the County is responsible for these costs and will see rate increases. He stated that if the costs do materialize, the County will consider issuing Series B Pension Obligation Bonds or issuing new Pension Obligation Bonds. Robert Harmon pointed out that these benefit enhancements will be available for all plan sponsors, including City of Ceres and the special districts, once adopted by the County Board of Supervisors. All plan sponsors will share in the use of the reserve funds, if approved, and will also share in any increased costs associated with Ventura, as well as with the benefit enhancements, if adopted by the local agency.

CEO Wilson stated that the County is dedicated to hiring the best employees and that retirement benefits are just one part of an overall compensation package. He stated that County needs to be competitive with other local agencies who have adopted enhanced benefits as well as the Bay Area which is increasingly drawing on County residents with offers of higher pay and benefits. CEO Wilson further stated that if these benefits are negotiated, they are permanently raising the bar and the County's costs. Robert Harmon stated that the past service costs are only a small part of the total package and that the County will be responsible for ongoing normal costs of between 3% and 5%. Also the members cost may rise between .2% and 1.4% depending on the enhancements finally negotiated.

Mike Moehle of Buck Consultants stated that the benefit enhancements and funding proposals, as outlined by Gina, do not jeopardize the soundness of the plan.

Robert explained excess earnings computations and how the proposal would affect excess earnings.

Following this discussion, a motion was made by Lyn Bettencourt and seconded by Steve Yauch to:

6. **ADMINISTRATOR**

- Continued

- Commit the funds in the two reserve accounts, Actuarial Designation for Employer Negotiations of approximately \$10,500,000 and Legal Contingency Reserve of approximately \$40,300,000 for use by all Plan Sponsors to be used to pay unfunded liability recognized by the proposed benefit enhancements; and,
- Authorize the StanCERA staff to plan and negotiate an implementation agreement with the County and other plan sponsors, as appropriate.

Motion Carried

- d. Constance B. Asbill, Active member 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 Constance B. Asbill fell into this category. She was refunded, as were twelve other members in 1999, with the same information sent to them as the original twelve received. Ms. Asbill has objected to this refund.

Gina Leguria from the County CEO staff informed the board that the recent study regarding intermittent part time service is two thirds of the way completed. She asked the board to put Ms. Asbill's refund on hold pending the Board of Supervisors decision and she will report back to the Association at the April 24, 2001 meeting. It was suggested that the chairman make contact with Ms. Asbill.

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

**Standing Committees**

- a. Retirement Benefits Committee - Wes Hall, Chairman

No meeting was held. An actuarial report on the health care benefits was requested. It was also noted that the 3% cost of living increase effective April 1, 2001 will be paid on the retirees' payroll of May 1, 2001.

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

Motion was made by Steve Yauch and seconded by Kent Crawford to approve the change of Article 1.4 Management, to the Board of Retirement Bylaws.

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

**Standing Committees**

c. Due Diligence Committee - Wes Hall, Chairman

Virgil Thompson gave a report on the consultant due diligence visits with Dorn, Helliesen and Cottle (DHC) and Strategic Investment Solutions, Inc (SIS) on April 5, 2001. It was the overall consensus of the committee to recommend the association hire Strategic Investment Solutions, Inc., as StanCERA's new consultant.

Motion was made by Virgil Thompson and seconded by Steve Yauch to hire Strategic Investment Solutions, Inc as StanCERA's new consultant effective July 1, 2001 and to authorize Jennifer Cooper to notify SIS of the decision.

d. Education Committee - Virgil Thompson, Chairman

Virgil Thompson reminded the board members of Michael Krausnick's Brown Act presentation on April 12, 2001.

**Ad Hoc Committees**

It was noted that the following two committees in the future should be listed under standing committees since they do not qualify as Ad Hoc.

a. Independence Committee

Committee members were reminded of the meeting to be held on April 12, 2001, at 1:30 p.m.

b. Accountability Committee

Maria DeAnda informed the board that their committee met earlier on April 11, 2001, and that an additional five meetings through June 2001, had been scheduled.

Kent Crawford forwarded a newsletter notice to Virgil Thompson to review and pass along if interested.

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

Virgil Thompson received a newsletter from Capital Resources. Steve Yauch requested authorization for an additional night at the SACRS Conference to attend an early morning golf session.

9. **ADJOURNMENT**

Meeting adjourned at 5:04 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