



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

JANUARY 8, 2003

Members Present: Kent Crawford, Maria DeAnda, Gary Dial, Wes Hall, Virgil Thompson and Tom Watson

Members Absent: John Hallford and Al Sarina

Others Present: Robert Harmon, Victoria Halliday, Jamie Borba, John Gobel, Patrick McTighe, Michele Silva, Janice Robinson, Mary Brunn-retiree, Charlene Pimentel-retiree, Barbara Van Overbeek-retiree, Doris Graham-retiree, Rod Motto-retiree, Michael Chalupsky-retiree, Charles Cox-retiree, Gary Winkleman-retiree, Lynn Winkleman-spouse of retiree, Judy Shurtz-retiree, Ron Shurtz-spouse of retiree, Randell Francis-retiree, Lyle Gehring-retiree, David Nirschl-retiree, Kurt Benfield-OE3 Representative, Vicky Trevillyan-OE3 Representative, Linda Baldwin Jones-OE3 Attorney, John Sweeney-OE3 Representative, Andy Eshoo-Attorney, Charlie Brunn-spouse of retiree/Attorney, Jeanne Reece Wical-retiree, Sonny Wical-spouse of retiree and Wanetta Rose-retiree

1. Meeting called to order at 2:01 p.m. by Chair Tom Watson.

2. **ROTATION OF OFFICERS**

Tom Watson became Chairperson and Maria DeAnda became Vice-Chair for the 2003 year. Maria DeAnda as Vice-Chair becomes Chair for the Due Diligence Committee.

3. **ANNOUNCEMENTS**

Tom announced that we have received "Thank You" letters for the special COLA's received.

Robert announced that we have received the CD's of the SACRS event.

Vicki, over Christmas vacation, became engaged.

4. **PUBLIC COMMENT**

None

5. **Consent Items**

-Continued-

Motion was made by Virgil Thompson and seconded by Wes Hall to approve the December 11, 2002 regular and closed session minutes.

Motion carried.

- a. Approval of the December 11, 2002 Regular and Closed Session Minutes.
- b. Approval of Service Retirement(s) - Sections 31499.14, 31760.1 and 31810
 1. Jimmie Adams, Sheriff, Effective 01-04-03
 2. Beverly Bentley, Sheriff, Effective 01-03-03
 3. Nick Blom, Board of Supervisors, Effective 01-07-03
 4. Michael DeFerrari, Assessor, Effective 01-07-03
 5. Raymond Hill, Cooperative Extension, Effective 01-03-03
 6. Xochitl Oehrlein, Public Health, Effective 01-04-03
 7. Louis Pickett, HSA, Effective 01-11-03
 8. Don Vera, Courts, Effective 01-23-03
 9. Patricia Giesbrecht, CSA, Effective 12-28-02
- c. Approval of Deferred Retirement(s) - Section 31700
 1. Sharon Minor, HSA, Effective, 11-24-01
 2. Douglas Raynaud, District Attorney, Effective 12-21-02

6. **Hearing - Discussion and Decision on Retiree Health Insurance Coverage through Operating Engineers Local No. 3.**

All persons from the public wishing to speak will be given 3 minutes to speak. Please try to add additional information and not reiterate what has already been stated. Each speaker shall respond to questions from the Board Chair and shall not deviate from the subject matter or make emotionally charged remarks. Please try and stay focused on the facts.

- a. Tom Watson opened by saying that he had outlined the concerns of the retirees, StanCERA and OE3. He wanted to make sure that the retirees were aware of the concerns StanCERA has and that the Board is looking out for the best interest of the retirees in this matter.

b. Open hearing to public for comments

Tom called on Lyle Gehring to make comments or concerns regarding this issue. He gave his time to the OE3 representatives and chose not to make any comments or concerns.

Tom then called on Charles Cox to make comments or concerns that he may have and he made the same choice.

Tom then called on Mary Brunn, since she was the person who had asked for a hearing. She made the same choice as Lyle Gehring and Charles Cox.

Vicki Halliday spoke regarding a letter she sent stating that section 2.02 of the OE3 eligibility rules prohibits retirees from having OE3 insurance if the active employees' bargaining unit was decertified. She has as of January 7, 2003 received a fax from Van Bourg, Weinberg, Roger & Rosenfeld stating that it is their "intent to amend Article 2, Section 2.02 of the Rules and Regulation of Operating Engineers Public and Miscellaneous Employees Health and Welfare Trust Fund to address the continuation of coverage for Retired Participants" at their January 27, 2003 Board meeting. Her legal concern is that StanCERA paying monies to OE3 is a violation of the Plan due to ERISA laws and could put the Plan in jeopardy.

Tom asked Vicki in regards to OE3, who is the employer. Vicki commented by saying that Stanislaus County is the employer, but the OE3 insurance is not purchased by Stanislaus County, it is purchased by the individual bargaining units.

John Gobel discussed the change in the plan making the retirees ineligible and stated that in correspondence prior to that received the night of January 7, 2003, that OE3 had stated that "the Fund will not amend its eligibility rules". He also stated that all concerns and requests had been discussed with the Fund and the requests were not met. John questioned how can we ensure there would not be any further problems.

Patrick McTighe discussed his concerns in regards to open enrollment eligibility.

Kurt Benfield gave a brief history of the OE3 decertification. Kurt also stated that the Fund allowed the retirees to remain in OE3 for the remaining portion of 2002 and would expire on January 1, 2003. His concern was about the retirees losing coverage. With the retirees in mind, he spoke with John Gobel, Patrick McTighe, Mr. Sweeney and Mr. Brunn. After his overview of the process, his concern was that payment from the retirees to the Fund could be taken directly from their payroll check to ensure the retirees not taxed on the insurance allowance income.

Linda Baldwin Jones explained the process of the OE3 Trust Fund Plan and that the Board of Trustees are responsible for administering the Fund, setting up the Fund and the eligibility rules. The Board of Trustees plan to meet on January 27, 2003 with the intent to amend the eligibility for the retirees. They too are wanting to work together for the benefit of the retirees.

John Sweeney discussed the cost of the Fund. He has not seen any increases in our retirees premiums as he has seen in other groups. He feels as if they are providing a low cost insurance plan.

Patrick spoke directly to the retirees reiterating that what he himself and StanCERA have done in this process was to put their needs first, to protect them in the Fund and that he does not make any commission on any of the insurance plans that he offers.

Andy Eshoo stated that he felt that some people have over stepped their powers. He reiterated the OE3 Fund rules and StanCERA Bylaws and that retirees have the right to choose any insurance plan that they wish.

Charlie Brunn added that he felt that Stanislaus County is the employer. He also stated that the reason for him attending the meeting was for the retirees.

Robert Harmon asked Vicki, if we are aware that another entity StanCERA is contributing to is in violation of the Federal Law, can we then continue to pay into a plan knowingly? Vicki stated that if sending payments would violate the OE3 plan bylaws, then she would not recommend that the Board continue payments. This would jeopardize the entire plan, and as counsel, she would not recommend the Board allow this to happen.

Patrick McTighe gave some history in regards to insurance allowances to the retirees. About eight (8) years ago the Board of Retirement started to require direct contracts with any insurance plans.

When the original cancellation letters went out to retirees from OE3 stating their coverage would be canceled as of April 1, 2002, Patrick contacted Mr. Benfield to protect the retirees at that time and was able to get them to extend their coverage until January 1, 2003.

- c. At this time Tom Watson closed the public comment period.
- d. Opened up for Board Discussion and Action

Virgil Thompson asked Vicki if StanCERA accepts the letter from the Fund that the Trustees plan to amend their eligibility rules at their next meeting, can we legally make payments to the Fund?

Vicki responded by saying that if the plan rules are amended StanCERA would be able to make payments to them at that time.

Wes Hall stated that he wants to work this problem out so that we are able to make these payments to the Fund for the retirees.

Gary Dial agreed with Wes Hall as did Kent Crawford.

Maria DeAnda had no comment.

Virgil Thompson asked Patrick if this could be done. Patrick's concern is timeliness, letters to retirees and how long do we give them to opt back into OE3 if they chose another plan at open enrollment. Also, with retirees that chose another plan, will they be eligible to come back to the Fund with a lapse of coverage with OE3?

Linda Baldwin Jones reassured Patrick that this type of situation would be taken into consideration when the amendment is made.

Andy Eshoo stated that OE3 is administering the plan so these issues should not even be a concern to StanCERA staff.

Robert Harmon requested that if a motion were to be made, a provision be stated that it would not go into effect until after a contract has been received and approved as to form by County Counsel.

Motion was made by Wes Hall and seconded by Maria DeAnda that when the amendment is complete and details are worked out to make OE3 Plan effective as soon as possible.

Virgil Thompson at this time requested that a deadline date be given to get the amendment completed before StanCERA puts the OE3 Plan into effect and the motion should be amended.

Patrick asked Linda what is a reasonable amount of time the amendments could be completed by and approved.

Tom Watson asked all OE3 representatives if they could have all of the amendments to the Trust Fund completed by February 7, 2003 for it to be discussed at the February 12, 2003 Board of Retirement meeting. If approved at that time, it to be become effective March 1, 2003.

Robert Harmon rephrased his request from a contract to a Memorandum of Understanding between StanCERA and OE3. Linda Baldwin Jones stated that the Fund would not submit one to StanCERA.

Wes Hall amended his motion to make the changes by February 7, 2003 for it to be discussed at the February 12, 2003 Board of Retirement meeting. If approved at that time, it to become effective on the March 1, 2003 payroll date. Maria DeAnda seconded the amendment.

Motion carried

Tom Watson called a break at 3:17 p.m.

Meeting called back into order at 3:26 p.m.

7. **Closed Session**

Motion was made by Kent Crawford and seconded by Virgil Thompson to adjourn to closed session at 3:26 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 3:36 p.m., Robert Harmon, Administrator, read the findings of the closed session:

After reviewing the 2003 Administrator's Goals a committee was created and a meeting was set for February 12, 2003.

8. **Administrator**

- a. Robert reviewed the 2003 Special COLA for the retirees. He briefly described how the process works and how it is determined how much and which retirees receive the Special COLA.
- b. Robert discussed the need for an additional Confidential Assistant III position needed at StanCERA to breakdown some of the workload in benefits. Robert surveyed 5 other counties to compare to StanCERA before he made this request. There would be some reorganization done. He would not fill until the Confidential Assistant V (Accountant) position is filled and then at that time look at it again.

Motion was made by Virgil Thompson and seconded by Kent Crawford to request and additional Confidential Assistant III position.

Motion carried

- c. Robert discussed the agenda for the Strategic Planning Retreat and asked the Board what would be a good date for all. After further discussion the Board agreed on a date of February 27, 2003. Robert is to find a location and notify all involved.

9. **Correspondence**

- a. StanCERA received 6 "Thank You" notes from retirees from their Special COLA.

10. **Committee Reports and Recommendations for Action**

STANDING COMMITTEES

Tom Watson passed out the new 2003 Committee Meeting assignments.

- a. Benefits Committee - Wesley Hall, Chair

-None-

Wes Hall will remain the Chair for 2003.

- b. ByLaws Committee - Tom Watson, Chairman

-None-

Maria DeAnda will be the new Chair for 2003.

- c. Due Diligence Committee - Wes Hall, Chairman

-None-

Maria DeAnda will be the new Chair for 2003.

- d. Education Committee - Virgil Thompson, Chairman

-None-

Gary Dial will be the new Chair for 2003.

- e. Independence Committee - Al Sarina, Chairman

-None-

Al Sarina will remain the Chair for 2003.

- f. Disability Retirement Accountability Committee - Maria DeAnda, Chairman

-None-

Kent Crawford will be the new Chair for 2003.

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

Vicki will be sending out the SACRS letters.

Wes Hall congratulated Tom on his swearing-in as Tax Collector. He also requested an update on the Ventura decision at the February meeting. Wes wished Virgil Thompson a Happy Birthday.

Gary Dial requested to attend the CALAPRS general session. The Board agreed that it would be very educational for him to attend. He also congratulated Vicki on her engagement.

John Gobel thanked the Board for their patience with the OE3 situation. He also stated that the Tier 3 buy-back letters will be going out by January 22, 2003.

Kent Crawford stated he was very impressed with everyone today, with all of the correspondence and details with the entire OE3 process.

Robert Harmon stated that he would be attending the CALAPRS Trustee meeting on February 7, 2003 and encourages anyone that can attend to do so. He also congratulated Tom on his third term as Tax Collector.

12. **ADJOURNMENT**

Meeting adjourned at 4:43 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel