



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
1010 10th Street, Suite 5800
P.O. Box 3150
Modesto, CA 95353-3150

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

PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

FEBRUARY 9, 2005

Members Present: Nick Blom, Maria DeAnda, Jim DeMartini, Gary Dial, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, Ron Martin, and Linda Stotts-Burnett

Members Absent: None

Others Present: Kelly Cerny, Michael Krausnick-County Counsel, Mike Moehle-Mellon Human Resources & Investors Solutions, Stan Risen-Chief Executive Office, Hank Skau, and Tom Watson

1. Meeting called to order at 2:02 p.m. by Chair Gary Dial.

2. **Announcements**

Tom Watson, Administrator, announced StanCERA would meet for two (2) Strategic Planning (Administrative) Sessions, Thursday, September 15, 2005, 9:00 a.m. to 4:00 p.m. at County Center III, The Institute, Room 3; and Friday, October 14, 2005, 10:00 a.m. to 2:00 p.m. in Conference Room 2008, Tenth Street Place. These sessions will be to develop administrative objectives and an action plan.

Tom Watson shared news articles from Institutional Investor, and The Wall Street Journal, regarding defined benefit plans and Putnam Investors.

Nick Blom arrived at 2:05 p.m.

Gordon Ford arrived at 2:06 p.m.

Chair Gary Dial announced that Item 10.f.i., the Disability Retirement Accountability Committee meeting would now be discussed. Tom Watson, Administrator, announced the disability hearing scheduled for February 7, 2005, was cancelled by the attorneys to be rescheduled at a later date. The Disability Retirement Accountability Committee determined it would not meet on February 22, 2005. The Retirement Board Benefits Committee will meet instead at 10:00 a.m., February 22, 2005, in Conference Room 5972.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

- a. Approval of the January 25, 2005 Regular Minutes
- b. Approval of Service Retirement(s) – Sections 31499.14. 31760.1 and 31810

- 1. Anita Aguiniga, Effective 02-02-05
- 2. Lloyd Allen, Effective 02-12-05
- 3. William Genest, Effective 02-01-05
- 4. Florene Hunt, Effective 02-02-05
- 5. Richard Johnson, Effective 02-05-05
- 6. Kathleen Lund, Effective 02-25-05
- 7. Gale Orland, Effective 02-19-05
- 8. James Ray, Effective 02-01-05
- 9. Ruby Romano, Effective 01-25-05
- 10. Janet Sandoval, Effective 02-02-05
- 11. Beverly Swan, Effective 02-15-05
- 12. Susan Willer, Effective 02-26-05
- 13. Albert Young, Effective 02-03-05

- c. Approval of Deferred Retirement(s) – Sections 31700

- 1. Zachary A. Downing, Effective 01/25/05
- 2. Cynthia Griffin, Effective 01-01-05
- 3. Karen E. Henry, Effective 11-24-04
- 4. Janet Holbrook, Effective 12-31-04
- 5. Elizabeth Lane-Woods, Effective 08-27-04
- 6. Julie C. Lockwood, Effective 01-10-05
- 7. John A. Schirra, Effective 01-07-05
- 8. Stephanie Smith, Effective 08-11-04

- d. Approval of Deferred Refund(s) – Section 31700

- 1. Shelley McCutcheon

5. **Closed Session**

None.

6. **Presentation by Mellon of the Actuarial Report for Data as of June 30, 2004**

Mike Moehle of Mellon Human Resources & Investors Solutions presented and answered questions regarding the Actuarial Report as of June 30, 2004. This included detail of the Executive Summary, such as the actuarial valuation, current assumptions, contribution rates and the interest-crediting rate for this period. Although market value assets were up over 16% due to the actuarial smoothing method adopted by the Retirement Board, the actuarial value of assets rose only 6%.

Darin Gharat left at 2:17 p.m.

Mike Moehle noted there were no changes in assumptions, that the current employer normal cost went down and, the StanCERA system weathered the down market well. The funding of the retirement system as of June 30, 2004 stands at 94.9%.

Darin Gharat returned at 2:21 p.m.

Stan Risen, Chief Executive Office, asked permission to address the Board. He thanked Mike Moehle and the Board for having the actuarial report investments and returns available before March to enable the County more accurate factors for budget preparation. He presented that the County continues to experience further revenue decreases and General Fund cost increases from State activities. He revisited the County's request to the Board of the prior year to lower the contingency reserve from 3% to 2% to allow for a slight reduction in the rate for the Employer Retirement Contributions.

Motion made by Darin Gharat and seconded by Maria DeAnda to lower the contingency rate from 3% to 2% to allow for a slight reduction (estimated at 0.50% of payroll) in the Employer Retirement Contribution rate.

Motion carried.

7. **Administrator**

- a. Following the actuary's presentation and the Retirement Board's change in the level of contingency reserve, Nick Blom moved and Wes Hall seconded to approve the Actuarial Valuation Report by Mellon HR Consultants, and changes to Contribution Rates for Fiscal Year 2005/2006 (for Members, Pages 21-24); and a revised rate for Employers to be determined by the actuary based on Exhibit 5.3 (Page 27) adjusted for a 2% contingency reserve; Interest-Crediting Rate for Fiscal Year 2005/2006. Rate of interest-crediting for all reserves except the Members' Contribution Reserve for refunds will be 4.0% semi-annually; rate for the Members' Contribution Reserve for refundable interest to stay the same at 0.25% for the year, or, 0.125% every six months.

Motion carried.

7. **Administrator (continued)**

- b. The Administrator read from the January 20, 2005 letter from Mellon HR Consultants regarding the automatic Cost of Living Adjustment recommendation effective April 1, 2005, resulting in:
- Retirees who retired on or before April 1, 1998, a 3.0% increase
 - Retirees who retired April 2, 1998, through April 1, 2000, a 2.5% increase
 - Retirees who retired April 2, 2000, through April 1, 2005, a 2.0% increase.

These increases will appear on the Retirees' May 1, 2005 check.

Wes Hall moved and Darin Gharat seconded to approve the increases as recommended.

Motion carried.

- c. Discussion of the conflict of dates of the NCPERS and SACRS Conferences led the Board members to not choose to have an "Official Delegate & Alternate" to the NCPERS Conference. Some Board members will be at the NCPERS Pre-Conference sessions on May 6-7 2005, as it does not conflict with attendance at the SACRS Conference, May 10-13, 2005.
- d. The Board received and reviewed the TACS Employee Data Confidentiality Policy and found it adequate to meet our data security needs.
- e. There was some discussion about the debate between defined benefit retirement plans versus defined contribution retirement plans. Although most Retirement Board members favor the defined benefit system in general, most members agree there needs to be some reform of the public employee defined benefit plans, including disability retirement standards and what the "normal" retirement age should be. Nick Blom inquired as to what Modesto Irrigation District (MID) and what other systems may be doing. County Counsel Mick Krausnick made note that the proposed changes will affect employees hired after July 1, 2007.

The Board did not want to forward any proposal to the State legislature or Governor, or have any media release at this time. The Board concluded it would work through the State Association of County Retirement Systems (SACRS) on the issues involved. Gary Dial, Chair, will be the spokesperson for the Retirement Board.

8. **Correspondence**

- a. The Board received a written response from Jerry Powers, Chief Probation Officer related to the Board's inquiry about disability retirements arising from injuries suffered in training exercises. Maria DeAnda mentioned remaining diligent on all disability-related injuries to reduce the cost to the County.
- b. The Board received additional Retirees' cards and notes expressing their gratitude of the one-time supplemental cost of living payment.

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

STANDING COMMITTEES

a. Benefits Committee - Wes Hall, Chair

The Committee will meet at 10:00 a.m., Tuesday, February 22, 2005, to discuss the surveying of 1937 Act systems on retiree health insurance funding mechanisms in Conference Room 5972.

b. Bylaws Committee – Ron Martin, Chair

Changes to By-Law Article 10 were written to reflect court case history on notification similar to Article 9 of the By-laws.

Motion by Wes Hall and seconded by Maria DeAnda to approve the changes as written.

Motion carried.

c. Due Diligence Committee – Nick Blom, Chair

Chair Nick Blom requested a list of 2005 Due Diligence visits.

AD-HOC COMMITTEES

a. Independence Committee – Darin Gharat, Chair

No report.

b. Disability Retirement Accountability Committee – Mike Fisher, Chair

No report.

10. **Members' Forum (Information and Future Agenda Requests Only)**

None.

11. **Adjournment**

Meeting adjourned at 3:42 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Edward R. Burroughs, Deputy County Counsel