



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

MAY 24, 2005

Members Present: Nick Blom, Maria DeAnda, Jim DeMartini, Gary Dial, Mike Fisher, Gordon Ford, Wes Hall, and Ron Martin

Members Absent: Darin Gharat and Linda Stotts-Burnett

Others Present: Kelly Cerny, Paul Harte, Michael Krausnick, Deirdre McGrath, Patrick McTighe-BMTI Services, Michele Silva, Hank Skau, and Tom Watson

1. Meeting called to order at 2:00 p.m. by Chair Gary Dial

2. **Announcements**

Gary Dial announced he would be leaving the meeting at 3:00 p.m. at which time Vice-Chair Nick Blom would chair the remainder of the meeting.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

a. Approval of the April 26, 2005 Regular Minutes

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

1. Candace Caviglia, Effective 05-17-05
2. Thomas Davis, Effective 05-01-05
3. Christine Lorenzi, Effective 05-01-05

4. **Consent Items (cont.)**

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

1. Alice Coelho, Effective 04-05-02
2. Heather Duvall, Effective 04-16-05
3. Stanley Feathers, Effective 04-09-05
4. Amy Feigel, Effective 05-07-05
5. Nancy Fede, Effective 10-30-04
6. Richard T. Hendriks, Effective 04-29-05
7. Carolina Nay, Effective 03-25-05
8. La Vonne Rodriguez, Effective 10-24-03
9. Premjeet K. Shergill, Effective 04-02-05
10. Febe Silva, Effective 08-30-04
11. Audrey A. Uhring, Effective 04-30-05

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

1. Raquel Corona
2. Hillary Erickson
3. Karen E. Henry
4. Johnny M. Lozano
5. Debra N. Martinez
6. Brandon Russel Smith

e. **Approval of Death Benefit(s)**

John Sellers, Deceased May 14, 2005, Active Member, Options
Pursuant to Government Code Sections 31781, 31781.1 and 31781.3

5. **County Counsel's Report on the National Conference on Public Employee Retirement Systems' (NCPERS) Annual 2005 Conference**

County Counsel Michael Krausnick gave an oral presentation along with written material of his experience attending the NCPERS Annual Conference in Las Vegas, Nevada, May 6 - 7, 2005. Trustees Maria DeAnda and Jim DeMartini also attended the conference. All thought it was an important conference to attend annually. Michael Krausnick said the conference was well attended and the content was informative. He believed it was constructive for current trustees and beneficial to new trustees.

6. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review Ending April 30, 2005**

Paul Harte presented the monthly performance review for the period ending April 30, 2005. As of April 30, 2005, StanCERA's portfolio was \$1.137 billion, a decrease of 2.01% for the month. Asset allocation continues to be on target. The calendar year to date return is 4.74%. The dollar continues to rally and value style stocks continue to outperform growth-style stocks. Stocks of companies with relatively large capitalization fared better than stocks of companies with small capitalization. This experience is a reversal of a four-year trend.

7. **SIS Performance Analysis First Quarter Ending March 31, 2005**

Paul Harte presented the first quarter 2005 investment performance analysis ending March 31, 2005. The composite fund returned -1.3% in the first quarter of 2005 and ranked in the 75th percentile among other public funds greater than \$100 million. The median fund returned -0.9%. The fund beat its policy index (-1.4%) during this time period. Longer term, the three and five year returns of 7.8% and 6.9%, respectively, were well above the median among public plans (6.8% and 3.1%).

Nick Blom arrived at 2:44 p.m.

8. **Closed Session**

Motion was made by Wes Hall and seconded by Maria DeAnda to adjourn to Closed Session at 2:50 p.m.

Gary Dial left at 3:07 p.m.

After returning to Regular Session at 3:54 p.m., Tom Watson, Administrator, read the findings of the Closed Session.

The application of Randy Kirk for a Service-Connected Disability Retirement benefit was granted effective November 12, 2004, with medical call back at the discretion of the Administrator.

The application of Travis Pilcher for a service-connected disability retirement was set for hearing before a hearing officer. The Board approved Travis Pilcher for a non-service connected disability retirement benefit effective April 14, 2005, if he applies for it.

The application of Cheryl Olson for a Non-Service-Connected Disability Retirement benefit was granted effective February 17, 2005.

9. **Administrator**

- a. Two (2) Volunteers Each Needed on June 21 and June 28, 2005 for the Canvassing of Votes of the Retirement Board Elections – Seat #3 and Seat #8.

Tom Watson announced that Linda Stotts-Burnett notified the Retirement staff prior to this Board meeting that she was available to canvass the votes on June 21, 2005, for Seat #3, the general member representative election. Ron Martin and Jim DeMartini also expressed interest and would contact staff accordingly.

Tom Watson also announced that the election for Seat #8, the retiree member representative and alternate was undisputed. Incumbents Wes Hall and Linda Stotts-Burnett were the only candidates who filed nomination papers. Wes Hall and Linda Stotts-Burnett will each serve another three-year term beginning July 1, 2005 through June 30, 2008. Tom Watson stated there would be no need for volunteers to canvass votes for Seat #8 on June 28, 2005.

10. **Administrator (cont.)**

- b. Update on Retiree Health Insurance Potential for Reporting as an Employer Liability under Governmental Accounting Standards Board (GASB) Statement #45

Tom Watson briefly discussed his letter to board members dated May 16, 2005, regarding an update to the County's liability reporting (GASB Statement #45) for retiree health insurance. A meeting with County staff of the Auditor-Controller, Chief Executive, StanCERA offices, as well as Patrick McTighe, StanCERA's retiree health insurance consultant concluded that the County does not want to show any liability for retiree health insurance in its financial reports.

The County does not pay anything towards retiree health insurance. The fact that retirees are pooled with active employees with health insurance implies the County is providing a subsidy to the retirees and must therefore calculate and show this liability for retiree health insurance. The County is looking for ways to separate out retirees with health insurance from active employees with health insurance.

Patrick McTighe mentioned StanCERA separately purchased retiree health insurance 10 years ago and pooled with the County only when the rates were better with the Pacific Business Group on Health (PBGH). The Board directed Patrick McTighe to gather rates and information in the event of separation of retirees from the County's active employees for health insurance coverage. The Board will revisit this issue at a later date. Hank Skau thought an actuarial study would have to be completed to determine if there really is any employer liability.

11. **Correspondence**

None.

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

STANDING COMMITTEES

- a. Retiree Benefits Committee - Wes Hall, Chair

No Report.

- b. Bylaws Committee – Ron Martin, Chair

No Report.

- c. Due Diligence Committee – Nick Blom, Chair

No Report.

12. **Committee Reports and Recommendations for Action (cont.)**

STANDING COMMITTEES (cont.)

d. Education Committee, Maria DeAnda, Chair

i. Continuing Education Forms

Kelly Cerny announced she distributed Continuing Education forms to board members who attended the recent NCPERS and SACRS conferences. She asked the board members to complete the forms and return them to her at their convenience.

AD-HOC COMMITTEES

a. Independence Committee – Darin Gharat, Chair

No Report.

b. Disability Retirement Accountability Committee – Mike Fisher, Chair

No Report.

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

Paul Harte reminded the Board that on the upcoming Due Diligence trip to SIS if there is anything they would like to see done differently, if there are any complaints, or changes to the benchmark composition, to please let SIS know and it will be addressed at the visit.

14. **Adjournment**

Meeting adjourned at 4:19 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel