



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

JUNE 11, 2003

Members Present: Nick Blom, Kent Crawford, Maria DeAnda, Gary Dial, Wes Hall, Al Sarina and Tom Watson

Members Absent: Darin Gharat

Others Present: Robert Harmon, John Gobel, Victoria Halliday, Jamie Borba, Mike Moehle and Eva Yum from Buck Consultants, Linda Stotts-Burnett, Doris Graham, Joan Clendenin, Carole Maylen and Lyn Bettencourt, Stanislaus County retirees', Robert Fries from RESCO, Stan Risen, CEO

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

2. Announcements

Robert announced that Virgil Thompson has submitted his resignation effective immediately. Tom asked that everyone sign his card and wanted to thank him for his dedicated work on the Retirement Board.

3. Public Comments

None

4. Consent Items

Motion was made by Wes Hall and seconded by Gary Dial to approve the following items listed.

Motion carried.

a. Approval of the May 27, 2003 Regular and Closed Session Minutes

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

1. Robert Allaire, Effective 06-28-03
2. Shirley Andrew, Effective 06-28-03
3. Ramona Harris, Effective 06-03-03
4. Carolyn Neal, Effective 06-03-03
5. Koni Nugent, Effective 06-02-03

4. **Consent Items**

-Continued-

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

6. Rochelle Olson, Effective 06-28-03
7. Wilma Roberts, Effective 05-10-03
8. Diana Ward, Effective 06-13-03

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

1. Ricardo Cordova, Effective 04-16-03
2. Beth Sue Cox, Effective 05-30-03
3. Christina Frerichs, Effective 05-30-03
4. Renee Nichols-Barcelos, Effective 04-17-03
5. Thomas Powderly, Effective 05-30-03

Robert requested to move closed session to the end of the meeting due to guests being present. Tom approved.

5. **Closed Session**

Motion was made by Maria DeAnda and seconded by Kent Crawford to adjourn to closed session at 4:16 p.m.

Motion carried.

Closed Session Findings:

After returning to regular session at 4:25 p.m., Robert Harmon, Administrator read the findings of the closed session:

Victoria Halliday gave an update regarding the status of the Ventura Case. She stated she attended a hearing on May 21, 2003 for oral argument on the retroactive application of Ventura and the includability issues. The Court of Appeals took this item under consideration. The oral argument on the issue of attorney's fees has been continued.

6. **Administrator**

- a. Robert Harmon informed the Board that Virgil Thompson had to resign from his position on the board due to a family medical situation. Robert stated that Virgil has made a recommendation to the Board of Supervisors and the Board has opened the position for applications and will make an appointment.

6. **Administrator**

-Continued-

- b. Robert presented the proposed Administrative Budget for 2003/04. He stated that for the first time, StanCERA has broken away from the County's Budget process with the CEO's approval. The fiscal year 2003/2004 budget, excluding capital expenditures, is essentially the same as the current budget. The most notable increases in expenses are in the cost of staff health insurance. The budget also contains funds for the start of the Pension Administration software project. Robert noted that no funds are being set aside for the new building at this point. Most of the operating costs should fall in the 2004/2005 fiscal year.

Some board members asked Robert to explain some of the accounts and amounts budgeted in certain items.

Motion was made by Wes Hall and seconded by Maria DeAnda to approve the Administrative Budget for 2003/04.

Motion carried.

Robert requested to move item 6 (c) to the end of the Administrator's section due to guests being present.

- c. Robert presented the selection of finalists on the RFP for a Pension Administration System. Robert stated that a committee was put together to filter through the 5 RFP's. The committee consisted of both StanCERA management and staff and a person from the County's I/S department. They were able to complete this process in 5 days. The committee recommended two out of the five proposals.

Robert reviewed a summary of the RFP's and discussed the merits of both of the systems being recommended by the committee. Robert discussed the cost impact each proposal would have on the budget and future budget ceilings. Some of the systems being reviewed would also require extra staffing on a permanent basis; however, the two systems being recommended would not need extra staffing.

The two candidates being recommended by the committee were TACS, Inc. with a five-year cost of approximately \$1 million and Levi, Ray & Shoup with a five-year cost of approximately \$2 million. Robert stated that he had reviewed both systems in depth, reviewed the financial statements of both firms and has talked with and/or visited with clients of both firms. Robert is comfortable with either firm and feels that both can deliver on their RFP and that both systems will meet or exceed the goals as outlined in the RFP.

6. **Administrator**

-Continued-

After discussion, it was agreed to only have TACS, Inc. come out to do a presentation. The board was satisfied with the timeline and cost of the system.

Motion was made by Nick Blom and seconded by Al Sarina to approve TACS, Inc. to attend the June 24, 2003 meeting and to present the PERA2000 Pension Administration System to the board.

Motion carried.

A break was taken at 3:45 p.m.

The meeting reconvened at 3:50 p.m.

- d. The board discussed the option to appoint an alternate retiree member on the Board of Retirement. Robert stated that he felt the position was not necessary from a fiduciary standpoint. Each board member represents the entire membership and has a fiduciary obligation as such. Vicki stated that there are several questions as to the role and level of participation of an alternate member. Robert also questioned the cost of adding an alternate member. After Discussion, Nick Blom motioned and Maria DeAnda seconded to appoint an alternate retiree member to Seat 8 on the Retirement Board.

Kent Crawford opposed.

Motion carried.

Vicki noted that this item was not placed on the agenda for adoption of the code section and requested that the item be placed on the agenda of the next meeting for formal adoption of the Government Code and that RESCO be contacted and requested to submit possible candidates for appointment to the position. The Chair directed staff to development proposed guidelines for board member participation in meetings, travel and training and to return to the board with the proposed guidelines.

- e. Mike Moehle and Eva Yum presented the Actuarial Report for the period ending June 30, 2002.

Eva explained that this report is the first report to reflect the benefit changes, which occurred beginning in March 2002. The full impact of those changes will be realized in future reports. This report also reflects the changes to the assumptions for actuarial smoothing, amortization of liabilities and changes to member interest rate crediting policy.

6. **Administrator**

-Continued-

The effect of these changes will keep the employer interest rates stable year-to-year without major changes. The report reflects a slight increase in Employer rates for the upcoming year and recognizes actuarial losses for two years. Mike noted that there are three years of actuarial losses still to be recognized to rates can be expected to continue to increase in upcoming years despite a recovery in the markets. The Employee rates remain unchanged or have dropped slightly due to cost-of-living being below expectations.

Nick Blom motion and Wes Hall seconded to approve the report and assumptions as recommended by actuaries.

Motion carried.

7. **Correspondence**

None

8. **Committee Reports And Recommendations For Action**

STANDING COMMITTEES

a. Benefits Committee - Wesley Hall, Chair

1. Committee report and approval of committee recommendations from meeting on May 8, 2003

Wes explained that the committee is waiting for some background statistics information and will report back to the board as soon as the information is received.

b. Bylaws Committee - Maria DeAnda, Chair

No Report

c. Due Diligence Committee – Maria DeAnda, Chair

No Report

d. Education Committee - Gary Dial, Chair

No Report

8. **Committee Reports And Recommendations For Action**

AD-HOC COMMITTEES

e. Independence Committee - Al Sarina, Chair

No Report

f. Disability Retirement Accountability Committee - Kent Crawford, Chair

No Report

9. **Members' Forum (Information And Future Agenda Requests Only)**

Wes Hall appreciated that staff sent the annual report to all retirees in their checks and for the work done on the bylaws and tabs for the binders.

Kent Crawford requested to have educational sessions by SIS on how to put a manager on 'watch' for poor performance and another on the effect of the current fixed income market and StanCERA's portfolio. He would also like the board to discuss the pros and cons of having a separate Board of Investment. Robert explained that the decision to split the Board into a Board of Retirement and a Board of Investment is solely a County decision but StanCERA could make a recommendation to the Board of Supervisors.

Maria DeAnda requested staff to invite Mick Krausnick to attend the July 9, 2003 meeting to discuss the possibilities of having additional time designated to Vicki for StanCERA responsibilities.

Robert Harmon will be on vacation from June 25, 2003 to July 4, 2003 and will return on July 7, 2003.

10. **Adjournment**

Meeting adjourned at 4:45 p.m.

Respectfully submitted,

Robert Harmon, Administrator

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel