



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

June 11, 2008

Members Present: Maria De Anda, Jim De Martini, Mike Fisher, Darin Gharat, Wes Hall, Mike Lynch, Ron Martin, and Steve Yauch

Alternate Member Absent/Present: Linda Stotts-Burnett (Alternate Retiree Representative)

Members Absent: *Gordon Ford*

Others Present: Kelly Cerny, David Dolinar, Doris Foster, Deirdre McGrath, Michele Silva, and Tom Watson

1. Meeting called to order at 2:00 p.m. by Mike Fisher, Chair

2. **Announcements**

Tom Watson, Retirement Administrator, extended congratulations to Jim DeMartini, on his re-election to the District 5 Seat on the Board of Supervisors.

3. **Public Comment**

None.

4. **Consent Items**

Kelly Cerny, Board Secretary stated that the below mentioned Service Retirement date for Irma Velasquez is changed to 06-04-08.

Motion was made by Darin Gharat and seconded by Steve Yauch to approve the following items as listed and presented.

Motion carried.

- a. Approval of the May 27, 2008, Administrative/Investment Meeting Minutes
- b. Retirement Administrator's Report on the May 30, 2008, Pre-Retirement Seminar

Amended

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

c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

1. Connie Alvarez, CSA, Effective 05-01-08 (Amend 05-27-08 Agenda)
2. Nancy Brown, Planning, Effective 06-21-08
3. John Bryon, Probation, Effective 06-06-08
4. Walter Dye, Assessor, Effective 06-07-08
5. Cyndi Grabow, HSA, Effective 06-01-08
6. Robert Hess, BHRS, Effective 06-03-08
7. Christina Johnson, StanCOG, Effective 06-19-08
8. Patricia Menshew, Assessor, Effective 05-29-08
9. Janice Reinking, Assessor, Effective 06-13-08
10. Irma Velasquez, HSA, Effective **06-04-08 (Amended)**
11. Wesley Villines, CSA, Effective 06-03-08
12. Carol Whetstone, BHRS, Effective 05-16-08

5. **Administrator**

a. Discussion and Action on the 2008-2009 Fiscal Year Administrative Budget

Mr. Watson gave an overview of his memorandum dated June 3, 2008 regarding the Fiscal Year (FY) Administrative Budget for 2008-2009. As noted, the recommended budget totals \$2,093,329, a 3.2% decrease from the FY 2007-2008 administrative budget. Mr. Watson stated basic administrative tasks continue to be funded. However, reductions in external legal services, extra-help staff funding, and staff travel/education have occurred, along with the elimination of StanCERA's funding of the County's Chief Executive Office (CEO)-Risk Management Disability Management Program.

Mr. Watson reiterated that Board members' discussion at the April 22, 2008 Board meeting regarding the initial budget focused on whether to fund the CEO-Risk Management Disability Program at the full requested amount of \$64,500, or to follow administrative recommendations not to fund the Program.

Mr. Watson informed the Board that David Dolinar, Deputy Executive Officer, Risk Management Division, contacted him on June 9, 2008, regarding a commitment the Board had previously made for funding for the CEO-Risk Management Division. Mr. Watson distributed to Board members a letter dated April 12, 2007, from Mr. Dolinar regarding StanCERA's 2007-2008 Financial Contribution to the CEO-Risk Management Division. The letter included the Board's commitment of financial participation for five years in the Job Task Analysis (JTA) Update at a cost of \$4,500 for each year for the term of a five-year contract. Mr. Watson stated the five-year contract between StanCERA and CEO-Risk Management is for fiscal years 2007 through 2012. This commitment had been overlooked in the budget process for FY 2008-2009. Mr. Watson said to keep FY 2008-2009 balanced, and to fund the JTA Update, he would eliminate his annual car allowance of \$4,800.

Mr. Watson also provided the Board with various budget options to include the \$4,500 each fiscal year, as well as to fully or partially fund the Disability Management Program.

5. **Administrator (cont.)**

a. Discussion and Action on the 2008-2009 Fiscal Year Administrative Budget (cont.)

The Board reviewed and discussed the options presented, several line-items of the budget, and whether to fund the Disability Management Program. Mr. Watson and Mr. Dolener answered the Board's various questions. Mr. Dolener informed the Board there are five phases to the JTA Update, and it is currently in its second phase. The Board directed staff to bring the budget back at the June 24, 2008, with answers to their inquiries on the disparities of 12 of the line-items in the budget.

Motion was made by Darin Gharat and seconded by Maria De Anda to approve the FY 2008-2009 Administrative budget of \$2,097,829 that includes the addition of \$4,500 to fund the CEO-Risk Management JTA Update.

Motion carried.

Jim De Martini opposed.
Mike Lynch opposed.
Steve Yauch opposed.

b. Report on Review of Legal Services and Costs for Years 2005-2007

Mr. Watson reported that the Board had received the report on the review of legal services and costs StanCERA received for the calendar years 2005 through 2007. The Board reviewed and discussed the information provided. Deirdre McGrath, Deputy County Counsel, and Mr. Watson addressed Board members' questions. Doris Foster, Chief Executive Office, noted that County departments are encouraged to learn what actual costs are incurred by the internal service funds. The Board directed staff to contact County Counsel to obtain an explanation or presentation on what and how the cost of legal services is determined for StanCERA, and bring back to the Board at the June 24, 2008 Board meeting.

Return to Item 5a.

Motion was made by Ron Martin who voted to approve the motion and seconded by Mike Lynch to reconsider the vote on the motion relating to the FY 2008-2009 Administrative budget of \$2,097,829 that includes the addition of \$4,500 to fund the CEO-Risk Management JTA Update.

Motion to reconsider carried.

a. Discussion and Action on the 2008-2009 Fiscal Year Administrative Budget

Board members had further questions and discussion on Item 5a. In particular, the potential funding of the Disability Management Program, the 12 line-item inquiries, and the manner in which the cost of legal services are established by County Counsel. Mr. Martin asked for the motion to approve the FY 2008-2009 Administrative budget of \$2,097,829 that includes the addition of \$4,500 to fund the CEO-Risk Management JTA Update (under Item 5a) be postponed.

5. **Administrator (cont.)**

Return to Item 5a. (cont.)

- a. Discussion and Action on the 2008-2009 Fiscal Year Administrative Budget (cont.)

Motion was made by Maria De Anda and seconded by Steve Yauch to postpone the motion to approve the FY 2008-2009 Administrative budget of \$2,097,829 that includes the addition of \$4,500 to fund the CEO-Risk Management JTA Update (Item 5a.), until the June 24, 2008, Board of Retirement meeting pending further explanation by staff and County Counsel.

Motion to postpone carried.

Item 5c.

- c. Discussion and Action on the Report on Review of Legal Services and Costs for Years 2005-2007

No action taken.

6. **Committee Reports & Recommendations for Action**

STANDING COMMITTEES

- a. Retiree Benefits Committee – Wes Hall, Chair

- i. Discussion and Action on the Report and Recommendations of Proposed Changes to the Retiree Health Allowance Policy

Wes Hall, Chair, informed the Board they had received the Committee's report on the annual review of the Retiree Health Allowance Policy. At the Committee's April 9, 2008, meeting, recommendations were made for proposed wording changes in the current Retiree Health Allowance Policy. Board members reviewed the proposed language changes as presented.

Motion was made by Wes Hall and seconded by Maria De Anda to approve the proposed changes and direct staff to forward to the Retired Employees' of Stanislaus County (RESKO) for its review before any final changes are approved by the Board of Retirement.

Motion carried.

6. **Committee Reports & Recommendations for Action (cont.)**

STANDING COMMITTEES (cont.)

a. Retiree Benefits Committee – Wes Hall, Chair (cont.)

- ii. Discussion and Action on the Report and Recommendations on the Continuance of the Retiree Health Allowance and the \$5,000 Death Benefit for Calendar Year 2009

The Board reviewed and discussed the Committee's recommendations on the retiree health allowance and \$5,000 Death Benefits. Darin Gharat, Trustee, requested the new actuary perform an actuarial study/amortization study on the retiree ad hoc benefits reserves.

Motion was made by Wes Hall and seconded by Steve Yauch to approve the payment of retiree health allowances for the calendar year 2009; that the retiree health allowances be made in accordance with the Retiree Health Allowance Policy as approved by the Board on September 13, 2006; and the Board will continue payment of the \$5,000 death benefit in accordance with Government Code Section 31789.5.

Motion carried.

b. Internal Governance Committee – Ron Martin, Chair

- i. Discussion and Action on the Committee's Report and Recommendations of Revisions to StanCERA's Restriction on Gifts Policy and Mass Media Policy

The Board reviewed the Committee's report and recommendations. The Committee proposed to make no changes to the Mass Media Policy, and add language to the StanCERA Restriction on Gifts Policy to include a reminder of the Fair Political Practice Commission's (FPPC) requirements related to gifts. Board members reviewed the policy.

Motion was made by Steve Yauch and seconded by Darin Gharat to approve the draft StanCERA Restriction on Gifts Policy as presented.

Motion carried.

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

Mr. Martin shared that the recent Due Diligence trip to Los Angeles and San Francisco was logistically difficult. The Board may want to look at other ways to perform due diligence, or, only visit new investment managers when they begin with StanCERA and/or, visit managers every five years instead of every three years.

Maria De Anda mentioned that perhaps in the future the Board should look at possible videoconferencing for due diligence visits.

Darin Gharat requested that the new actuary perform a comprehensive actuarial study on the retiree health allowance for better clarification of this non-vested benefit.

8. **Adjournment**

Meeting adjourned at 4:10 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

APPROVED AS TO FORM:
JOHN P. DOERING, COUNTY COUNSEL

Deirdre McGrath, Deputy County Counsel