



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

September 10, 2008

Members Present: Jim De Martini, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, Mike Lynch, Ron Martin, and Clarence Willmon

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

Members Absent: *Maria De Anda*

Others Present: Kelly Cerny, Doris Foster-CEO, Deirdre McGrath, Michele Silva, and Tom Watson

1. Meeting called to order at 2:05 p.m. by Mike Fisher, Chair

2. **Announcements**

Gordon Ford, Ex-Officio, shared a Wednesday, September 10, 2008, Wall Street Journal article that mentions Dodge & Cox, (StanCERA's large cap and fixed income investment manager), states on its website, "that they are currently studying the implications of the unprecedented action by the Treasury Department and FHFA (Federal Housing Finance Agency) and reviewing its options. As of September 5, 2008, Dodge & Cox had 1% of its assets invested in Fannie Mae's common stock, its balanced fund had a 0.7% investment and its global stock fund had a 1.7% investment." The article concluded by stating none of the Dodge & Cox funds own shares of Freddie Mac.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

Darin Gharat opposed Item 4d.

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

- a. Approval of the August 26, 2008, Investment Meeting Minutes
- b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 - 1. William R. Allen, SBT, Effective 08-30-08
 - 2. Julia Carrillo, HSA, Effective 07-12-08 (AMEND 07-09-08 Agenda)
 - 3. Lee Ann Castro, GSA, Effective 08-02-08
 - 4. Sharon Davis, Auditor-Controller, Effective 09-13-08
 - 5. Raul De Leon, Sheriff, Effective 08-30-08
 - 6. Carol Hancock, BHRS, Effective 09-13-08
 - 7. Philip Hoile, BHRS, Effective 09-03-08
 - 8. Carolyn Lucero, City of Ceres, Effective 09-06-08
 - 9. Denise Mitchel-Gartner, CSA, Effective 09-30-08
 - 10. Susan Novak, Library, Effective 09-13-08
 - 11. Doreen Paulson, Sheriff, Effective 08-08-08
 - 12. Denise Smalling, CSA, Effective 08-13-08
 - 13. Janette Smith, CSA, Effective 06-30-08
 - 14. Edwin Stevens, Alliance WorkNet, Effective 08-21-08
- c. Approval of Deferred Retirement(s) – **Section 31700**
 - 1. Don Ewoldt, Sheriff, Effective 08-04-08
 - 2. Amanda Edwards-Vieira, CSA, Effective 09-19-07
 - 3. Dwight Mahabir, BHRS, Effective 08-17-08
 - 4. Ranjit Takhar, Probation, Effective 08-02-08
- d. Approval of Disability Retirement – **Section 31724**
 - 1. Katrina Test, Superior Court, Non-Service-Connected, Effective 03-14-08
- e. Approval of Death Benefit – **Section 31781**
 - 1. Alejandro Rangel, Deceased August 25, 2008, Active Member, Option Pursuant to Government Code Section 31781

5. **Administrator**

- a. Discussion and Action on Memorandum of Support of No Change to the Actuarial Standards and to Reject Actuarial Standards Based on Financial Economics

Mr. Watson gave a brief summary of his memorandum dated August 27, 2008, regarding the American Academy of Actuaries (AAA) solicitation of comments to change the standard of valuation of public retirement plan liabilities from current methodologies to a financial economics model of discounting future liabilities with a risk-free rate of investment (U.S. Treasury bills or notes).

The Board reviewed a July 31, 2008, letter of support for no change to the current actuarial standards by 72 nationwide public employees' retirement systems, along with an 11-page National Association of State Retirement

5. **Administrator (cont.)**

- a. Discussion and Action on Memorandum of Support of No Change to the Actuarial Standards and to Reject Actuarial Standards Based on Financial Economics (cont.)

Administrators (NASRA) White Paper entitled, *Public Pensions and Market Value Liabilities.*” Board members also reviewed a State Association of County Retirement Systems’ (SACRS) letter of support for no change, dated August 27, 2008. The letter, addressed to the Public Interest Committee (PIC) of the AAA, requested that the PIC not recommend standards changes to the AAA Board of Directors. Mr. Watson answered Board members’ questions.

Motion was made by Wes Hall and seconded by Darin Gharat to approve support of the continuation of the current actuarial methodologies in computing retirement plan liabilities and direct the Retirement Administrator to take any necessary action by means of correspondence to demonstrate StanCERA’s support of no change to the actuarial standards and opposition to the use of financial economics and market valuation of liabilities in public sector retirement plans.

Motion carried.

- b. Discussion and Action on Approval of the Draft Revocable Health Benefits Subsidy Policy

Mr. Watson gave an overview of his August 14, 2008, memorandum regarding the recommended changes to the Retiree Health Allowance Policy. Mr. Watson informed the Board that the Retiree Benefits Committee submitted language changes to this policy, including a policy name change of “Revocable Health Benefits Subsidy Policy,” to the Board on June 11, 2008. At that time the Board approved the proposed changes and they were forwarded onto the Retired Employees of Stanislaus County (RESKO) for its final input.

RESKO reviewed the proposed changes and sent a letter dated July 22, 2008, to the Board of Retirement accepting the changes. The letter noted the policy language changes reflect the re-naming of the policy and minor language changes to identify the policy that was worked on by the Retiree Benefits Committee in conjunction with input from RESKO.

Motion was made by Darin Gharat and seconded by Mike Lynch to approve the Revocable Health Benefits Subsidy Policy as the policy governing the administration of the increased monthly amount retired members receive in lieu of health insurance premium payments being made by StanCERA, effective January 1, 2009.

Motion carried.

5. **Administrator (cont.)**

- c. Discussion and Action on the SACRS' Fall Conference 2008 Voting Proxy Form

Motion was made by Wes Hall and seconded by Darin Gharat to designate Mike Fisher as the voting delegate and Gordon Ford as the alternate voting delegate for the SACRS November 11-14, 2008 Fall Conference Business Meeting.

Motion carried.

6. **Deputy County Counsel**

- a. Report on the National Association of Public Pension Attorneys (NAPPA) 2008 Legal Education Conference, June 24-27, 2008

Deirdre McGrath, Deputy County Counsel, gave a brief outline of the information she submitted to board members on sessions she attended at the NAPPA conference. Ms. McGrath noted that the conference information was comprehensive, and of particular interest were the sessions on liability driven investments, negotiating key terms in service provider contracts, and taxes. Ms. McGrath answered the Board members' various questions, and mentioned the NAPPA binder with comprehensive information was also available for review.

7. **Correspondence**

- a. State Association of County Retirement Systems' (SACRS) Letter of Response to the Public Interest Committee- American Academy of Actuaries Regarding Support of No Change to the Actuarial Standards

Discussed under Item 5a.

- b. SACRS' Fall Conference 2008 Chair & Vice Chair Session Memorandum Dated September 1, 2008

Mr. Fisher noted Board members had received the SACRS' memorandum addressing the Chair and Vice Chair session from 3:00 to 5:00 p.m., on Tuesday, November 11, 2008.

- c. SACRS' Fall Conference 2008 Committee Meeting Reminder

Mr. Fisher noted Board members had received the SACRS Committee meetings' preliminary schedule for the Fall Conference.

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

Kelly Cerny, Board Secretary, reminded Board members to notify her no later than Wednesday, September 17, 2008, if they will be unable to attend the Tuesday, September 23, 2008, Strategic Planning Session Half-Day Retreat. Ms. Cerny reiterated the Retreat will be held from Noon to 5:00 p.m., at the Oakdale Golf & Country Club.

9. **Adjournment**

Meeting adjourned at 2:31 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

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

Deirdre McGrath, Deputy County Counsel