



STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

DECEMBER 14, 2005

**Members Present:** Maria DeAnda, Jim DeMartini, Mike Fisher, Gordon Ford, Darin Gharat, Wes Hall, Mike Lynch, Ron Martin and Steve Yauch

**Members Absent:** None

**Alternate Members Present:** Linda Stotts-Burnett (Retiree Representative)

**Others Present:** Kelly Cerny, Deirdre McGrath, Michele Silva, Hank Skau and Tom Watson

1. Meeting called to order at 2:02 p.m. by Chair Steve Yauch

2. **Announcements**

Tom Watson, Administrator, shared a Thanksgiving card from Vicki Halliday, the previous StanCERA Deputy County Counsel.

Steve Yauch, Chair, presented Tom Watson, Administrator, with his 25 Years of Service Award.

Mike Lynch arrived at 2:05 p.m.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

a. Approval of the November 22, 2005 Minutes

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

b. Approval of Service Retirement(s) – Sections 31499.14, 31760.1, 31662.2 & 31810

1. Linda Bradley, Effective 12-03-05
2. Jim Griffin, Effective 12-31-05
3. Dennis McNeff, Effective 12-31-05
4. Priscilla Parker, Effective 12-17-05
5. Terry Plett, Effective 12-03-05
6. Joy Randall, Effective 12-02-05

c. Approval of Deferred Retirement(s) – Section 31700

1. Amy Allen, Effective 11-19-05
2. Gregg Halladay, Effective 11-11-05
3. Henry Hapin, Effective 11-26-05
4. Bella Shamoun, Effective 10-25-05
5. Guadalupe Spangler, Effective 11-15-05

d. Approval to RESCIND Service Retirement - **Sections 31499.14, 31760.1 & 31810**

1. Chom Cavan, Effective 8-30-05 (Rescind Approval of 8-10-05)

5. **Closed Session**

Motion was made by Darin Gharat and seconded by Mike Fisher to commence the Closed Session at 2:07 p.m.

After returning to Regular Session at 2:14 p.m., Tom Watson, Administrator read the findings of the Closed Session.

The application of David Gomez for a Service-Connected Disability Retirement benefit was remanded back to the Administrator for further investigation.

6. **Strategic Investment Solutions, Inc. (SIS) Monthly Performance Review for the Month Ending November 30, 2005**

Paul Harte presented the monthly performance review for the period ending November 30, 2005. As of November 30, 2005, StanCERA's portfolio was \$1.2 billion, a 7.61% increase for the month. November saw an increase, and the first five months of this fiscal year have been strong with a return of 4.84%, gross of fees.

Item #7 heard out of order.

8. **Discussion and Action on Investment Policy Changes**

Paul Harte, SIS, shared with the Board proposed changes to the Diversification section of the Statement of Investment Policy. The change is to have the maximum limit in any economic sector not to exceed 20% of StanCERA's portfolio market value at the time of purchase. In addition, if there are fluctuations due to market or independent actions, the investment manager will notify the Retirement Administrator of the limit that was exceeded.

Motion was made by Wes Hall and seconded by Maria DeAnda to adopt the investment policy changes.

Motion carried.

Darin Gharat left at 2:25 p.m.

9. **Administrator**

a. 2006 Calendar of Events (information only)

Tom Watson, Administrator, informed the Board they had received the initial 2006 Calendar of Events and TACS Testing Schedule for their perusal.

b. Discussion and Approval of the 2006 Calendar of Retirement Board Meetings (including the Investment Managers' reporting schedule)

The Retirement Board received and reviewed the 2006 Calendar of Retirement Board Meetings, including the Investment Managers' reporting schedule. Administrative Board meetings are held on the second Wednesday of each month (except in May and November to allow Retirement Board members and staff to attend the State Association of County Retirement Systems' (SACRS) conferences), and Investment Board meetings held the fourth Tuesday of each month (except for December due to the holidays).

Motion was made by Maria DeAnda and seconded by Wes Hall to approve the 2006 Calendar of Retirement Board Meetings (including the Investment Managers' reporting schedule).

Motion carried.

c. Discussion and Action of the Retirement Board's 2006 Educational Opportunities

The Retirement Board reviewed the 2006 Educational Opportunities for trustees and staff. This includes the California Association of Public Retirement Systems (CALAPRS), the National Association of Public Pension Attorneys (NAPPA), National Conference on Public Employees Retirement Systems (NCPERS), and the State Association of County Retirement Systems (SACRS) conferences, seminars and roundtables.

Motion was made by Maria DeAnda and seconded by Mike Fisher to approve the Retirement Board's 2006 Educational Opportunities as presented.

Motion carried.

9. **Administrator (cont.)**

d. Administrator's 2006 Vacation Request

Tom Watson, Administrator, shared with the Board his 2006 vacation and SACRS Executive Committee Meeting schedules.

10. **Correspondence**

a. Strategic Investment Solutions, Inc. (SIS) Memorandum of Meeting with Putnam International Core Equity

Paul Harte, SIS, reviewed the Memorandum of a meeting with Putnam Investments on the underperformance of StanCERA's international equity portfolio. Steve Yauch, Chair, asked Paul to bring back alternatives to the Board for action at the January 24, 2006 meeting.

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

**STANDING COMMITTEES**

a. Retiree Benefits Committee - Wes Hall, Chair

i. November 22, 2005 Committee Meeting Minutes

Wes Hall, Chair, noted the Retirement Board received the minutes of the November 22, 2005 meeting. He asked staff if StanCERA's insurance broker, Patrick McTighe, BMTI Services, had been given the Retiree Health Benefit Insurance Survey. Tom Watson, Administrator, stated Patrick had received the survey.

ii. Discussion and Approval of the Retiree Special Cost of Living Adjustment (COLA) To Be Paid on the January 3, 2006 Retiree Payroll

Wes Hall, Chair, explained the special cost of living adjustment (COLA) reserve to the Board, and the reasoning for making the payment and how payments are calculated. He recommended approval of similar payments to retirees with more than 25% banked COLA credits and for the excess percentage to be applied to their annualized allowance up to a maximum of \$2,400 for any retiree. Board members had questions about the reserve and how it is established. Staff offered information and noted it is a one-time payment occurring in January and clarified it is permissible per Article 16.5 of the Government Code, Sections 31870 and 31874.3. Mike Lynch asked if we had four excess reserve funds. Hank Skau reported there are four ad-hoc special reserve funds that have been generated from earnings in excess of the 8.16% interest rate applied to all vested accounts (member contributions, employer contributions and vested retiree reserve amounts): burial \$3 million; retiree health insurance \$94.8 million; special COLA \$2.5 million; and legal contingency \$2.7 million. Hank explained these are separate reserves that the Board established for the purpose intended.

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

**STANDING COMMITTEES (cont.)**

b. Retiree Benefits Committee - Wes Hall, Chair (cont.)

Motion was made by Maria DeAnda and seconded by Wes Hall to approve the one-time retiree special COLA with a maximum of \$2,400 per retiree to be paid on the January 3, 2006 retiree payroll.

Jim DeMartini opposed.

Mike Lynch opposed.

Motion carried.

A break was taken at 3:10 p.m.

Members returned at 3:21 p.m.

Item #7 heard out of order.

7. **Discussion and Action to Accept Tenant Improvement Bid**

Patty Hill Thomas, County Chief Operating Officer and Don Phemister, Chief Executive Office-Capital Projects, were present to give an update of the status of the 12<sup>th</sup> Street building tenant improvements. Patty distributed a recap of the December 8, 2005, tenant improvement bids process, and explained the bid opening process. The bid selected was the lowest out of the four submitted, and is a local contractor.

Patty informed the Board that in the 2003 Master Agreement, StanCERA's tenant improvements were for 5,286 square feet at \$28 per square foot. Since then StanCERA added 2,500 square feet to the former estimate, for a total of 7,820 square feet at \$51 per square foot. Patty explained in terms of the contract this is a reasonable price given the increase in square footage and the recent economic conditions and scope of work. This will require an additional \$280,000 to complete the tenant improvements.

Patty concluded the presentation by inviting Board members on another tour of the 12<sup>th</sup> Street building at their convenience.

Motion was made by Gordon Ford and seconded by Ron Martin to accept the tenant improvements bid and approve the transfer of \$280,000 to pay for the increased costs of tenant improvements.

Motion carried.

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

**STANDING COMMITTEES (cont.)**

b. Bylaws Committee – Ron Martin, Chair

i. Bylaws Committee Report - Update on Committee Activity

Ron Martin, Chair, informed the Board that the Committee had met and expect to bring final amendments to the Retirement Board in January.

c. Due Diligence Committee – Darin Gharat, Chair

No Report.

d. Education Committee, Maria DeAnda, Chair

i. Report of Retirement Board Members' 2005 Educational Hours

Maria DeAnda, Chair, announced that Board Members had received a list of the continuing education hours for Board Members for 2005. Due to Board and staff changes in 2004 and 2005, the list is not complete and will be revised for the January 11, 2006 Board meeting.

Maria asked the Board for input on how they would like to receive future educational opportunity information. She suggested continuing to allow Board members to receive all educational materials and then contact Committee members if there are educational opportunities they think are beneficial so the Committee may bring recommendations to the Retirement Board. Steve Yauch, Chair, asked to have just the Education Committee receive and review all information and then bring opportunities to the Board as they deem appropriate. After some discussion, general consensus was for Board members to continue receiving all educational opportunity information. Maria is going to look at ways to simplify this process.

**AD-HOC COMMITTEES**

a. Independence Committee – Darin Gharat, Chair

No Report.

b. Disability Retirement Accountability Committee – Mike Fisher, Chair

No Report.

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

Tom Watson, Administrator, announced he gave a presentation on the post-Ventura/*Francis* settlement at the Retired Employees of Stanislaus County's (RESCO) December luncheon.

Wes Hall asked if the name of the departments could be added to the list of employees' names who retire each month. Deirdre McGrath, Deputy County Counsel responded she had found no reason it cannot be added. Kelly Cerny, Secretary, said the departments' names will be added beginning with the first Agenda of 2006.

Deirdre McGrath informed the Board the post-Ventura/*Francis* settlement is proceeding as planned.

Steve Yauch, Chair, thanked the Board and staff for assisting him in his role as Chair since his re-election to the Board effective July 1, 2005.

13. **Adjournment**

Meeting adjourned at 3:52 p.m.

Respectfully submitted,

Tom Watson, Administrator

APPROVED AS TO FORM:  
MICHAEL KRAUSNICK, COUNTY COUNSEL

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Deirdre McGrath, Deputy County Counsel