



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

February 21, 2001

Members Present: Lyn Bettencourt, Kent Crawford, Wes Hall, Al Sarina, Virgil Thompson, and Tom Watson

Members Absent: Nick Blom, Maria DeAnda, Steve Yauch

Others Present: Victoria Halliday, Lois Ertel; Andy Yeung & Marcia Chapman of William M. Mercer; Rick A. Roeder & Jay D. Hirsch of Gabriel, Roeder, Smith & Company; J. Tim Biddle & Dave Bergerson of The Segal Company; and Richard A. Wright & John R. Botsford of Milliman & Robertson

1. Meeting called to order at 2:05 p.m. by Chairman Lyn Bettencourt

2. **ANNOUNCEMENTS**

None

3. **PUBLIC COMMENT**

None

4. **ACTUARIAL AUDIT FIRM PRESENTATION.**

1. Andy Yeung of William M. Mercer, Inc. gave a brief background of their firm which has west coast offices in San Francisco and Portland. He has experience with the '37 Act and has known Krys Upstill of Buck Consultants for 17 years. Marcia Chapman, with 11 years experience in the public sector, reviewed the objectives of the audit and the audit process, with communication a key to clear understanding of goals and objectives. She provided a list of the California counties (6) which use them for their regular valuations and those that have had them do audits (2). When asked, the Board was told they do not "out source" their work. The fee for a full audit would be \$60,000 with hourly rates quoted for any additional Board authorized work.

2. Rick A. Roeder and Jay D. Hirsch of Gabriel, Roeder, Smith & Company, with California offices in Sacramento and San Diego, reviewed their experience with the public sector and the '37 Act Counties. Because they have audited other Buck Consultant clients in three California counties, they have experience of Buck's methods and have found they work well together. In the audit process they re-examine the valuation for accuracy and adherence to accepted principles as well as philosophy issues. In their written reports, they have a non-technical section which highlights results for a layperson. In response to questions, they do not "out source" work and Buck Consultants, Inc. has audited their work. The fee for a full audit would be \$32,750 with hourly rates quoted for any additional Board authorized work.

4. **ACTUARIAL AUDIT FIRM PRESENTATION**

3. Tim Biddle and Dave Bergerson of The Segal Company, with west coast offices in San Francisco and Denver, gave a brief review of their company's history, experience in the public sector, and the experience and qualifications of their staff. In the audit process, they would want to obtain data from both StanCERA and Buck Consultants, Inc. They have worked with Buck Consultants, are familiar with their system and believe communication is an integral part of the audit process. In response to questions, the Board was told they have not audited Buck or been audited by Buck. They do not "out source" their work. The fee for a full audit is \$45,000 with hourly rates provided for any additional Board authorized work.
4. Richard Wright and John Botsford were present to represent Milliman & Robertson, Inc. With California offices in San Francisco, Pasadena, Irvine, and San Diego, they are very familiar with public sector programs in this state. In their audit process, they would obtain their data from StanCERA and try to reproduce Buck Consultants' findings. They would determine whether they are conservative, moderate or aggressive in their assumptions. The fee for a full audit is \$45,000 with hourly rates provided for any additional Board authorized work. Virgil Thompson complimented them on the disclosure in their RFP, even though it did not affect our request. They have not previously audited Buck Consultants and do not "out source" their work.

5. **SELECTION OF FIRM FOR AUDIT OF 6/30/2000 ACTUARIAL VALUATION**

After some discussion and review, a vote was taken to determine the majority preference. The vote was unanimous for Gabriel, Roeder, Smith & Company, with The Segal Company second, Milliman & Robertson third, and William Mercer fourth.

Motion was made by Virgil Thompson and seconded by Tom Watson to hire Gabriel, Roeder, Smith and Company to do a full audit of the Actuarial Valuation done by Buck Consultants, Inc. as of June 30, 2000 for a fee not to exceed \$32,750. The Administrator is authorized to negotiate a contract with approval of County Counsel.

Motion carried.

6. **MEMBERS FORUM (Information and Future Agenda Requests Only)**

Virgil Thompson requested a meeting of the Independence Committee which was set for Tuesday, March 13, 2001 at 1:30 p.m. This committee consists of Wesley Hall, Al Sarina, Virgil Thompson, Steve Yauch, and Robert Harmon.

A Benefits Committee report and the establishing of members for the Accountability Committee will be put on the agenda for March 14, 2001

7. **ADJOURNMENT**

Meeting adjourned at 4:15 p.m.

Respectfully submitted,

Tom Watson, Secretary
Board of Retirement

APPROVED AS TO FORM:
MICHAEL KRAUSNICK
County Counsel

Victoria Halliday, Deputy County Counsel