



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

March 11, 2009

Members Present:

Maria De Anda, Jim DeMartini, Gordon Ford,
Darin Gharat, Mike Lynch, Wes Hall, Ron Martin,
and Clarence Willmon

Alternate Member

Absent:

Linda Stotts-Burnett (Alternate Retiree Representative)

Members Absent:

Mike Fisher

Staff Present:

Tom Watson, Retirement Administrator
Kelly Cerny, Executive Secretary
Hank Skau, Operations Manager
Deirdre McGrath, Deputy County Counsel

Others Present:

Monica Nino, Chief Executive Office
Richard White, President, State Association of County
Retirement Systems (SACRS)
Larry Poaster, Retiree
Tim Moran & Judy Sly, The Modesto Bee

1. Meeting called to order at 2:00 p.m. by Gordon Ford, Chair
2. **Roll Call**
3. **Announcements**

Mr. Ford announced the County had meetings with Department Heads and the Board of Supervisors regarding the state of the County's budget. It was announced at the March 11, 2009, Department Head meeting that general fund departments will be asked to use cost cutting strategies to cut budgets by 12%, and safety departments to cut budgets by 5%. Potential layoffs, furloughs, and discontinuing the pay for performance bonuses for management and confidential employees may be used, as well as discontinuance of the annual professional development allowances. Mr. Ford mentioned additional information from the Chief Executive Office would be forthcoming.

Mr. Watson informed Board members he and Hank Skau, Operations Manager, gave a presentation to the Board of Supervisors on March 10, 2009. The material presented involved the potential increases to the employer and employee contribution rates. Mr. Watson said the Board of Supervisors had many questions, and it appears the County is interested in ending all ad hoc non-vested retiree benefits.

4. **Public Comment**

Mr. Richard White, President of the State Association of County Retirement Systems (SACRS), was present to address the Board. Mr. White introduced himself and mentioned he is also the Safety Representative on the Orange County Employees Retirement Association Board of Retirement. In his capacity as SACRS' President it was his goal to visit each 1937 Act system, in addition to the interaction with Board members at the SACRS' conferences twice a year. Mr. White said the SACRS Board of Directors is committed to having a channel of communication to receive feedback from all 20 1937 Act systems. SACRS is most effective when all 20 counties are united administratively. SACRS views itself as a forum to promote good government and inform systems of fiduciary responsibilities. He noted SACRS conferences provide good topics and top notch speakers to share knowledge with the systems. He encouraged Board members to attend the SACRS one-day Education Symposium on March 20, 2009. Mr. White said the morning session would be dedicated to asset allocations and the afternoon session involves the liability equation. If Board members are unable to attend the Symposium, it will be recorded onto a DVD for future viewing. He informed the Board that SACRS has established an ad hoc committee to look at the feasibility of hiring an Executive Director for SACRS. Mr. White said Robert Palmer, the retired Retirement Administrator for the San Joaquin County Employees' Retirement Association has been hired as SACRS' Interim Executive Director for the next year. He said it is a pilot program. Mr. White concluded by saying it was a pleasure to address the Board in the Wesley W. Hall Board Room and acknowledged Mr. Hall's longevity to the Board and his value to SACRS. Mr. Hall stated he believed this is the first time a SACRS President has ever visited during a Board meeting. The Board members expressed their appreciation for Mr. White's visit.

Larry Poaster, Retiree, addressed the Board. He said he saw the Board of Supervisors meeting on television on March 10, 2009. He wanted to commend Mr. Watson and Mr. Skau for their well-informed presentation. He articulated that the presentation was done with class and dignity, while Mr. DeMartini did not exhibit these traits during the meeting. He particularly noted the insinuations and attacks that Mr. DeMartini expressed. Mr. Poaster concluded by saying he had been a 32-year employee with the County.

5. **Consent Items**

Motion was made by Maria De Anda and seconded by Clarence Willmon to approve the following items as listed.

Motion carried.

- a. Approval of the February 24, 2009, Investment Meeting Minutes
- b. Receipt of the Recommended Ballot for the State Association of County Retirement Systems' (SACRS) 2009-2010 Board of Directors from the SACRS Nominating Committee

5. **Consent Items (cont.)**

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

1. William Andrews, District Attorney, Effective 03-27-09
2. Mark Boucher, BHRS, Effective 03-28-09
3. Arvella Bovenker, CSA, Effective 03-28-09
4. Cecilia Chatham, CSA, Effective 03-12-09
5. Barbara Cooper, CEO-Risk Management, Effective 03-10-09
6. Dan Faucett, BHRS, Effective 02-06-09
7. Jesse Hammon, City of Ceres, Effective 03-20-09
8. Lori Hedrick, Superior Court, Effective 02-28-09
9. William Jespersen, District Attorney, Effective 03-13-09
10. Sheri Lehfeldt, Environ. Resources, Effective 03-28-09
11. Carl McCastle, Sheriff, Effective 03-14-09
12. Mary Ortendahl, CSA, Effective 03-07-09
13. Sharon Rivera, Public Works, Effective 03-30-09
14. Sharon Sawyer, Superior Court, Effective 03-28-09
15. Sharon Schuchert, CSA, Effective 03-28-09
16. Betty Swearingen, CSA, Effective 03-28-09
17. Alan Tate, Sheriff, Effective 03-31-09
18. Lydell Wall, Sheriff, Effective 02-26-09
19. Robert Watson, Sheriff, Effective 02-15-09
20. Kathleen West, Sheriff, Effective 03-01-09

d. Approval of Deferred Retirement – **Section 31700**

1. Jody R. Gill, Stanislaus Regional 911, Effective 02-18-09

6. **Counsel**

a. Discussion and Action on Retaining Harvey Leiderman, of Reed Smith, as Temporary External Fiduciary Counsel

Board members reviewed and discussed the written information provided by Mr. Watson and Ms. McGrath. Ms. McGrath informed the Board the hiring of a fiduciary counsel would support the Board as it moves through issues after the actuarial report is distributed. A fiduciary counsel would facilitate much like an adviser would from an independent view. She reminded Board members although she is General Counsel to the Board, Mr. Leiderman possesses more extensive fiduciary expertise. Mr. Lynch and Mr. DeMartini expressed concern in hiring an attorney prior to receiving the actuarial report. The Board discussed the appropriateness of hiring an attorney, and the cost. Ms. McGrath answered Board members various questions.

Motion was made by Wes Hall and seconded by Maria De Anda to retain Harvey Leiderman, of Reed Smith, as temporary external fiduciary Counsel, at a cost not to exceed \$20,000. If the services are not completed by June 30, 2009, the matter will be returned to the Board for direction.

Motion carried.

Jim DeMartini opposed.

Mike Lynch opposed.

7. **Closed Session**

- a. Public Employment: Performance Evaluation –Additional Discussion and Action on the Retirement Administrator’s 2008 Performance

Motion was made by Maria De Anda and seconded by Mike Lynch to commence to Closed Session at 2:45 p.m.

Tom Watson recused himself at 2:45 p.m.

Upon returning to Regular Session at 2:55 p.m. Mr. Ford read the findings of the Closed Session:

No action taken.

Tom Watson returned at 2:57 p.m.

8. **Administrator**

- a. Discussion and Action on Whether to Request the Retirement Administrator to Dispense Factual Information to the Media to Dispel Current Misconceptions Regarding StanCERA’s Current Fund Status

Mr. Watson informed the Board that a Board member had requested this agenda item for discussion. Board members discussed the request. General consensus was the media reporting has been fair and balanced.

No action taken.

- b. Discussion and Action on the State Association of County Retirement Systems’ (SACRS) May 12-15, 2009 Spring Conference Voting Proxy Form

Motion was made by Maria De Anda and seconded by Clarence Willmon to designate Wes Hall as the voting delegate, and Ron Martin as the alternate voting delegate at the SACRS May 12-15, 2009 Spring Conference Business Meeting.

Motion carried.

9. **Correspondence**

- a. Letter from Mike Lynch, Trustee, February 9, 2009, to Harold Loeb, Actuary, Buck Consultants – Clarification of Questions Regarding Actuarial Audit Issues Presented by Milliman Inc., Actuarial Audit Services and EFI Actuaries’ Presentations of November 25, 2008
- b. Letter of Response from Harold Loeb, Actuary, Buck Consultants, February 13, 2009 to Mike Lynch, Trustee – Clarification of Answers Regarding Actuarial Audit Issues Presented by Milliman Inc., Actuarial Audit Services and EFI Actuaries’ Presentations of November 25, 2008

9. **Correspondence (cont.)**

Board members reviewed Mr. Lynch's and Mr. Loeb's written correspondence. Mr. Lynch expressed his appreciation to Mr. Loeb for further responding to his questions. He reiterated to the Board that Mr. Loeb also offered to answer additional questions as needed. Mr. Lynch said he would have further questions and would forward them onto Mr. Watson. He thanked Mr. Watson for facilitating the correspondence.

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

Mr. Ford inquired if the Board's Committees had meetings planned or have already met. Mr. Watson responded the Internal Governance Committee had a meeting scheduled for 1:00 p.m., Tuesday, March 24, 2009, prior to the Board's Investment meeting. He mentioned the Due Diligence Committee has also been in contact and will be looking into either onsite due diligence visits or, videoconferencing. Mr. Ford asked the Committee Chairs to contact Mr. Watson to schedule committee meetings as necessary.

Ms. De Anda inquired if the Board members will have the actuarial report to review prior to the April 8, 2009, Board meeting. Mr. Watson confirmed the report should be received shortly and it will be disseminated to the Board members for review. He noted that customarily the actuarial report is received in January, however, the new actuary firm is doing additional modeling as the Board requested, thus, more research time was necessary. Mr. Ford noted the County will need the actuarial information prior to May 15, 2009, in order to finish their budget preparation for fiscal year 2009-2010.

Mr. Lynch requested a future agenda item on whether Board meetings should be audio and/or video recorded.

Mr. Willmon commended Mr. Watson for his professional presentation to the Board of Supervisors on March 10, 2009. He said good information was provided. Mr. Willmon informed the Board he will not be at the March 24, 2009 Investment meeting as he will be attending the California Association of Public Retirement Systems' (CALAPRS) Principles Pension Management for Trustees at Stanford, March 24-27, 2009.

Mr. DeMartini said he did not think any of the questions the Board of Supervisors asked Mr. Watson during the presentation to the Board of Supervisors were inappropriate.

Mr. Gharat noted that it is not the Retirement Administrator's decision for policy on contribution rates, it is the Board of Retirement's responsibility. Mr. Gharat would like to see mutual cooperation between the Board of Retirement and the Board of Supervisors.

Ms. Cerny reminded Board members that the last date for registration for the upcoming SACRS Spring Conference is April 1, 2009. She also reminded Board members that the Fair Political Practices Commission's (FPPC) Form 700 is also due by April 1, 2009.

11. **Adjournment**

Meeting adjourned at 3:25 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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



Deirdre McGrath, Deputy County Counsel