



STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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BOARD OF RETIREMENT MINUTES

October 14, 2009

Members Present:

Maria De Anda, Mike Fisher, Darin Gharat, Wes Hall,
Mike Lynch, Ron Martin, and Clarence Willmon

Alternate Member Absent:

Linda Stotts-Burnett (Alternate Retiree Representative)

Members Absent:

Jim DeMartini, Gordon Ford

Staff Present:

Tom Watson, Retirement Administrator
Michele Silva, Benefits Manager
Kelly Cerny, Executive Secretary
Joyce Parker, I.T. Coordinator

Others Present:

Deirdre McGrath, Deputy County Counsel
Graham Schmidt, EFI Actuaries
Doris Foster and Nancy Bronstein, Chief Executive Office

1. Meeting called to order at 2:01 p.m. by Maria De Anda, Vice-Chair
2. **Roll Call**
3. **Announcements**

Mike Lynch arrived at 2:04 p.m.

Mr. Watson announced EFI Actuaries was awarded a consulting actuary services contract with the Merced County Employees' Retirement Association.

Mr. Watson noted the Dow Jones Industrial Average closed today at 10,015.86.

4. **Public Comment**

None.

5. **Consent Items**

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

Motion carried.

- a. Approval of the September 22, 2009, Investment Meeting Minutes
- b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Charlene Boone, BHRS, Effective 10-18-09
 2. Mark Conway, Alliance Worknet, Effective 10-01-09
 3. Ron De Long, Environmental Resources, Effective 10-02-09
 4. ~~Candy Dionne, CSA, Effective 09-02-09~~ (RESCIND Approval as of 01-13-10)
 5. Judith Eskes, HSA, Effective 09-17-09
 6. Cindy Fulton, HSA, Effective 10-31-09
 7. John Goold, District Attorney, Effective 09-26-09
 8. Cynthia Kelley, BHRS, Effective 10-07-09
 9. Douglas Lemcke, City of Ceres, Effective 09-03-09
 10. Barrie Qualle, Ag Commissioner, Effective 09-10-09
 11. Cynthia Schmidt, Assessor, Effective 10-23-09
 12. Michael Thrasher, Public Works, Effective 10-16-09
 13. George M. Vroege, GSA, Effective 09-04-09
 14. Dena Wilson, BHRS, Effective 09-26-09
- c. Approval of Deferred Retirement(s) – **Section 31700**
 1. Vicki Griffith-Gardner, DCSS, Effective 09-02-09
 2. Debra Peterson, Regional 911, Effective 09-05-09
- d. Approval of Disability Retirement – **Section 31724**
 1. Gregory Valdez, Sheriff, Service-Connected, Effective 04-10-09

6. **EFI Actuaries**

- a. Presentation on Funding Policy Discussion

Mr. Schmidt distributed an informational paper from the Government Finance Officers Association (GFOA) regarding the recommended practice for the funding of public employee retirement systems.

Mr. Schmidt gave an overview of establishing an actuarial funding policy for a public retirement system. A funding policy allows a retirement system to fund the long-term cost of promised benefits to the plan participants. This is accomplished through employer and employee contributions and the investment program. A policy can achieve intergenerational equity among those who financially support the system, thereby avoiding transfer of costs to future generations.

6. **EFI Actuaries (Cont.)**

a. Presentation on Funding Policy Discussion (cont.)

Mr. Schmidt reviewed the key components of an actuarial funding policy such as amortization, asset smoothing, contingency reserves, excess earnings and using other policies such as the investment policy to decrease liabilities. Mr. Schmidt commented that he had reviewed a StanCERA document entitled "Actuarial Policy Recommendations," from StanCERA's Board of Retirement's February 27, 2003, strategic planning retreat discussions.

b. Overview of EFI Actuaries' Presentation at the November 17, 2009, StanCERA Stakeholders Educational Workshop

Mr. Schmidt briefly addressed the workshop presentation, noting that the actuarial funding policy will be included in the November 17, 2009 presentation as well.

7. **Administrator**

a. Discussion and Action on Chair Gordon Ford's Letter Dated September 30, 2009 – Review and Evaluation of the Investment Consultant, Strategic Investment Solutions (SIS), Inc.'s Services

No action taken.

b. Discussion and Action on the State Association of County Retirement Systems' (SACRS) Nominating Committee's Recommended Changes to the SACRS' Election Procedures Bylaws

Motion was made by Mike Lynch and seconded by Ron Martin to not support the SACRS' Nominating Committee's recommended changes to the SACRS' election procedures bylaws at this time.

Motion carried.

Recessed at 3:18 p.m.

Reconvened at 3:24 p.m.

8. **Closed Session**

Ms. McGrath announced Item #8c. anticipated litigation, significant exposure to litigation pursuant to subdivision (b) (1) of Section 54956.9 is potential litigation for the claim of Michael O'Neal, President, Retired Employees of Stanislaus County (RESCO).

Mr. Hall inquired if he should recuse himself for the entire Closed Session, or just for Item #8c due to a conflict. Ms. McGrath informed him he could do either. Mr. Hall chose to recuse himself for just Item #8c.

8. **Closed Session (Cont.)**

Motion was made by Wes Hall and seconded by Mike Fisher to commence to Closed Session at 3:26 p.m.

Motion was made by Clarence Willmon and seconded by Darin Gharat to return to Open Session at 4:17 p.m. Ms. Cerny read the findings of the Closed Session:

Mr. Hall returned at 4:18 p.m.

- a. Discussion and Action on the Application for Service-Connected Disability Retirement for StanCERA Retired Member Shawn Donahue

Set the matter for hearing before a hearing officer and, in addition, address the issue regarding Government Code Section 31722. The applicant has the burden to show that she has been continuously incapacitated from performing her duties from her last date of service to date of filing the application for disability benefits.

- b. Conference with Legal Counsel – Anticipated Litigation
Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9:
One Case

Item #8d Heard Out of Order

- d. Conference with Legal Counsel – Existing Litigation
One Case: The Modesto Bee, et al. v. StanCERA, Stanislaus
County Superior Court Case No. 644964, Government Code
Section 54956.9 (a)

Mr. Hall recused himself at 3:53 p.m.

- c. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to Subdivision (b) (1)
of Section 54956.9: One Case

Motion was made by Darin Gharat and seconded by Ron Martin to reject the claim as filed by Michael O'Neal and hire the firm of Reed Smith in all matters related to the claim.

Motion carried.

Roll Call Vote Yes: D. Gharat, R. Martin, C. Willmon, M. Lynch, M. Fisher and
M. De Anda

Not Present: J. DeMartini, G. Ford, and W. Hall

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

None.

10. **Adjournment**

Meeting adjourned at 4:20 p.m.

Respectfully submitted,



Tom Watson, Retirement Administrator

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



Deirdre McGrath, Deputy County Counsel