



STANISLAUS COUNTY
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BOARD OF RETIREMENT MINUTES

October 8, 2008

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

Alternate Member Present: Linda Stotts-Burnett (Alternate Retiree Representative)

Members Absent: *Clarence Willmon*

Others Present: Kelly Cerny, Doris Foster, Deirdre McGrath, Monica Nino, and Tom Watson

1. Meeting called to order at 2:04 p.m. by Mike Fisher, Chair

2. **Announcements**

Deirdre McGrath, Deputy County Counsel, announced the answer to Wes Hall's question asked at the September 10, 2008 Board meeting. Ms. McGrath said the acronym mentioned in her National Association of Public Pension Attorneys (NAPPA) June 2008 Conference Summary discussed at the September 10, 2008 Board meeting, derives from the first letter of the abbreviations used to describe legislation passed from 1994 through 1997 that affects the Internal Revenue Service's (IRS) reporting requirements of qualified retirement plans. GUST is:

- The General Agreements of Tariffs and Trade (GATT)
- The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA)
- The Small Business Job Protection Act of 1996 (SBJPA)
- The Tax Payer Relief Act of 1997 (TRA '97)

Mike Fisher, Chair, apologized to Board members regarding a statement he made at the September 23, 2008 Board Strategic Planning and Investment meeting. He said the statement that appointed Board members to the Retirement Board had certain duties as appointed members is not correct. There is no County policy regarding the actions of appointed Retirement Board members by the Board of Supervisors.

3. **Public Comment**

None.

4. **Consent Items**

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

Motion carried.

- a. Approval of the September 10, 2008 Administrative Meeting Minutes
- b. Approval of the September 23, 2008 Strategic Planning Session Minutes
- c. Report on Vacant Space Leasing
- d. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Vincent Angelino, StanCOG, Effective 10-01-08
 2. Victoria Armendariz, CSA, Effective 09-04-08
 3. Glinda Bartlett, HSA, Effective 10-06-08
 4. Beverly Botelho, BHRS, Effective 09-27-08
 5. Michael Corbin, CSA, Effective 10-29-08
 6. Julie Machado, Probation, Effective 10-04-08
 7. Janis Maderos, Parks & Recreation, Effective 10-04-08
 8. Shirley Maples, Auditor-Controller, Effective 10-11-08
 9. Deborah Morris, CSA, Effective 10-07-08
 10. Dennis Nasrawi, SBT, Effective 10-09-08
 11. David Nordell, Public Works, Effective 10-09-08
 12. Mark Ray, Juvenile Hall, Effective 10-31-08
 13. Marcia Strobe, Sheriff, Effective 10-01-08
 14. Gity Miller, Public Works, Effective 09-29-08
 15. Phyllis Voorhees, DCSS, Effective 10-10-08
- e. Approval of Deferred Retirement(s) – **Section 31700**
 1. Dolores Covarrubias, CSA, Effective 06-07-08
 2. Brian K. Z. Guerrero, City of Ceres, Effective 07-09-08
 3. Naife Reece, DCSS, Effective 08-25-08
 4. Maria I.O. Ruiz, HSA, Effective 07-26-08
 5. Julie Silva, Sheriff, Effective 08-18-08
- f. The Retirement Administrator's 2008 Goals Report for the Quarter Ending September 30, 2008

5. **Administrator**

- a. Discussion & Action to Change the Time of the October 28, 2008 Retirement Board Meeting to 1:00 p.m.

Tom Watson, Retirement Administrator, inquired if Board members would like to change the October 28, 2008, Investment Board of Retirement meeting to 1:00 p.m. This is due in part to the volume of material to be discussed, as well as two teleconferences with investment managers back East, and, two presentations by investment firms.

Motion was made by Gordon Ford and seconded by Maria De Anda to change the meeting time of the October 28, 2008, Investment Board meeting to 1:00 p.m.

Motion carried.

- b. Discussion and Action on Need to Have Financial Statements' Audit Report Presented to the Retirement Board

Mr. Watson informed the Board that prior to the creation of the Internal Governance Committee's (IGC) Audit Committee, the Financial Statements' Audit Report was presented to the Board by its external auditors Brown Armstrong Accountancy Corporation. He mentioned the Audit Committee heard the presentation at its meeting earlier today, and would the Board like to continue receiving the presentation each year, or, have the Audit Committee receive the presentation and bring back a summary and its recommendations to the Board. It was noted that the Board will continue to receive the written audit report for final review and approval. Ron Martin, Chair, of the Internal Governance Committee, apprised the Board of the Financial Statements' Audit Report presented at the Audit Committee's meeting prior to today's Board meeting. Board members discussed the options presented.

Motion was made by Gordon Ford and seconded by Ron Martin to have the Internal Governance Committee's (IGC) Audit Committee to receive the annual Financial Statements' Audit Report presentation, and bring its recommendations on the financial statements' audit report back to the Board annually. The Audit Committee will bring its recommendations on the June 30 2007 and 2008 Financial Statements' Audit Report presentation to the Board at the November 25, 2008 Board meeting.

Motion carried.

5. **Administrator (cont.)**

c. Discussion and Action on Potential Future Board of Retirement Strategic Planning Sessions

Mr. Watson said the September 23, 2008 Strategic Planning Session was incomplete due to time constraints. He inquired if the Board wanted another session to fulfill what was not completed. Board members reviewed and discussed potential dates and times of a future planning session.

Motion was made by Darin Gharat and seconded by Maria De Anda to convene another strategic planning session in March 2009, after the actuarial valuation report is available and prior to April 2009 when the County's budgetary information is required.

Motion carried.

6. **Correspondence**

a. Dodge & Cox Email Dated September 18, 2008 – StanCERA Equity

The Board reviewed Dodge and Cox's email regarding the status of one of its common stock holdings of American International Group (AIG).

b. Invesco National Trust Company's Letter Dated September 19, 2008 – Update of StanCERA's Global Real Estate Investment Trust (REIT)

The Board reviewed Invesco's letter regarding an update on its collective investment funds.

c. Dodge & Cox Email Dated September 30, 2008 – Wachovia Bond Holdings

The Board reviewed Dodge & Cox's email update on the status of the Wachovia bond holdings in its fixed income portfolio.

d. Retiree Letter of Appreciation

Kelly Cerny, Board Secretary, read a letter received from a retiree who expressed appreciation for the Board's continuous efforts in providing the retirement benefit.

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

STANDING COMMITTEES

a. Strategic Planning Objectives Committee – Jim DeMartini, Chair

i. Report of the Findings of the Annual Review of the Actuarial Assumed Rate of Return

Mr. DeMartini, Chair, gave an overview of the Committee's written report. He expressed his concern with maintaining the 8.16% assumed rate with the current turmoil in the markets this year. The Committee's report recommends the Board wait for the actuary to make its recommendation in early 2009. The actuary's analysis and the Committee's report should assist the Board in making a final determination for setting the future interest assumption and interest crediting rates.

Board members reviewed and discussed the report and the status of the current markets.

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

Ms. De Anda thanked staff for its work on the Comprehensive Annual Financial Report for the fiscal years ending June 30 2007 and 2008.

Mr. Hall shared an article from the September 2008 PlanSponsor magazine entitled, "*The Lion's Share.*" This article was about a 2008 investment consultant survey of the top 25 consultants by number of reported institutional consulting clients. Of note, StanCERA's investment consultant firm, Strategic Investment Solutions, Inc. (SIS), was on the list.

9. **Adjournment**

Meeting adjourned at 2:49 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

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

Deirdre McGrath, Deputy County Counsel