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BOARD OF RETIREMENT MINUTES

August 13, 2008

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

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

Others Present: Kelly Cerny, Natalie Elliott, Doris Foster, Deirdre McGrath, Joyce Parker, Michele Silva, Tom Watson, and Steve Yauch

1. Meeting called to order at 2:00 p.m. by Mike Fisher, Chair

2. **Announcements**

None.

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 July 22, 2008, Investment Meeting Minutes

Jim DeMartini arrived at 2:01 p.m.

b. Adoption of Resolution to Honor Steve Yauch, Former General Member Representative, Board of Retirement – Years of Service

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

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

1. Richard Boyd, Fire Safety, Effective 08-28-08
2. Karen Burdick, BHRS, Effective 08-03-08
3. George McClure, Environmental Resources, Effective 08-30-08
4. Nancy Millberry, BHRS, Effective 07-21-08
5. Debra Peters, HSA, Effective 08-16-08
6. Douglas Riggs, CSA, Effective 07-21-08
7. Elsa Salazar, Treasurer-Tax Collector, Effective 08-02-08

d. Approval of Deferred Retirement(s) – **Section 31700**

1. Vanessa Clayton, CSA, Effective 06-28-08
2. Neil Costa, Sheriff, Effective 04-30-08
3. Sharon Dean, BHRS, Effective 07-05-08
4. Kimberly Groesbeck, Auditor-Controller, Effective 07-26-08
5. Elizabeth Kelso, Sheriff, Effective 05-17-08
6. Dani Khayou, BHRS, Effective 04-12-08
7. Kipp Loving, District Attorney, Effective 04-29-08
8. Olivia Reyes, Sheriff, Effective 05-27-08
9. Devin Rush, Sheriff, Effective 05-14-08
10. Anupinder Sahota, Effective 01-11-08
11. Ehsan Sood, Agricultural Commissioner, Effective 07-05-08

5. **Administrator**

a. Presentation of New Report Format – Investment Managers' Ranking History

Tom Watson, Retirement Administrator, gave an overview of the new report format created to track StanCERA's investment managers' peer rankings for returns over one-quarter, one-year, three-years, and five-years respectively. These peer rankings are compiled from StanCERA's investment consultant, SIS, Inc.'s quarterly investment reports. Mr. Watson acknowledged this was not the best year for StanCERA investments, nor was it for the market in general. All indices were down and while disappointing, StanCERA still maintains a solid investment program. The biggest determination is in the asset allocation, not the managers. He reiterated that while everyone wants investments to always increase and have positive returns, there are no guarantees that this will occur.

Mr. Watson reminded Board members that the Board has taken prudent steps to create, monitor, and amend its investment program so that StanCERA's membership is assured to receive its promised retirement benefits; that the administrative and investment expenses are defrayed through the use of investment earnings; and the employer's cost is minimized.

5. **Administrator (cont.)**

- a. Presentation of New Report Format – Investment Managers’ Ranking History (cont.)

The new report format demonstrates the peer rankings of StanCERA’s investment managers for each quarter over the span of 13 quarters (approximately three years).

Mr. Watson answered the Board members various questions. He concluded by noting a correction to the memorandum, page 4, paragraph 5, fourth line, should read -8%+ annual return as of June 30, 2008.

Board members reviewed the information presented and had no further questions. There was interest amongst the Board members to continue producing this report.

- b. Verbal Report on Vacant Space Leasing Activity – 832 12th Street, 6th Floor

Mr. Watson stated there is currently no activity regarding the leasing of the 6th floor vacant space. Although there had been some interest from a local firm, the firm has since withdrawn its interest in a lease. Mr. Watson stated Peter Zeff, PMZ Realtors, is the current broker of the 6th floor vacant space.

- c. Verbal Report on the Progress of the Tyler Technologies, Inc. System

Joyce Parker, StanCERA’s Information Technology Coordinator provided a verbal update of the Tyler Technologies System used by StanCERA. The update included information on both the non-retired and retiree portions of the system (such as retiree payroll, data conversion, processes, reporting, and payroll accuracy verification). Ms. Parker informed the Board the retiree payroll system is repeatedly tested for accuracy. Once it is 98% accurate, the system will be rolled out. Ms. Parker anticipates this should occur by the end of the year.

Ms. Parker gave a brief summary of the non-retired member system status. The non-retired portion of the Tyler system continues to run well in production. Identified production issues are being addressed in a timely manner. The Tyler system handles most functions that previously were done manually. Five semi-annual member statements and five semi-annual interest postings have been produced since June 30, 2006. Ms. Parker said the non-retired member payroll posting portion is fully functional.

Ms. Parker answered various questions from Board members. She concluded by inviting Board members who may be interested in a demonstration of any part of the system to contact her or, Kathy Herman, Special Projects Manager.

5. **Administrator (cont.)**

- d. Presentation of the Government Finance Officers' Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for June 30, 2007

Mike Fisher, Chair, presented the GFOA's Certificate of Achievement for Excellence in Financial Reporting for June 30, 2007, to staff member Natalie Elliott, Accountant. The award is given to a system and accountant responsible for preparing the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2007. StanCERA's CAFR qualified for this award for the third consecutive year. Board members congratulated Ms. Elliott who in turn thanked the Board for the honor to receive this award for the third consecutive year.

- e. Discussion and Action on News Release Regarding the GFOA Certificate of Achievement for Excellence in Financial Reporting for June 30, 2007

Mr. Watson mentioned that Board members received a news release from the GFOA regarding StanCERA receiving the certificate. He inquired if the Board would like to submit the news release to the local media.

Motion was made by Ron Martin and seconded by Wes Hall to direct staff to provide the GFOA news release to local media.

Motion carried.

- f. Verbal Report on Upcoming Events at Future Board of Retirement Meetings

- i. "Actuarial 101" Educational Session – August 26, 2008 Board of Retirement Meeting

Mr. Watson informed the Board that an educational session on actuarial processes and terms, and developing the actuarial valuation for StanCERA, will be provided at the August 26, 2008 Board meeting by EFI Actuaries. A copy of the California Research Bureau's paper entitled, *"Actuarially Speaking: A Plain Language Summary of Actuarial Methods and Practices for Public Employee Pension and Other Post-Employment Benefits,"* was distributed for the Board members perusal prior to the upcoming educational session.

- ii. Board of Retirement Strategic Planning Session – September 23, 2008

Mr. Watson reminded Board members that the usual Tuesday, September 23, 2008, Board of Retirement Investment meeting will now be a half-day strategic planning session. The Board session will begin at Noon and conclude by 5:00 p.m. at the Oakdale Golf & Country Club, Oakdale, CA. Ms. Herman will facilitate the strategic planning session portion of the meeting. Mr. Paul Harte, SIS, Inc., will be present to assist with investment strategic direction.

6. **Presentation of Resolution to Honor Steve Yauch, Former General Member Representative, Board of Retirement – Years of Service**

Mr. Fisher, Chair, presented Steve Yauch, the former general member representative to the Board of Retirement, a signed Board of Retirement Resolution honoring his years of service to the Board. Mr. Yauch was also awarded his service plaque and Board portrait. Mr. Yauch thanked staff and Board members for the recognition and the good work the Board has performed over the years.

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

Darin Gharat commended Steve Yauch for his years of service to the Board of Retirement. He mentioned that in Mr. Yauch's last term, several serious items were undertaken and completed. Lt. Gharat also thanked the Chief Executive Office representative, Doris Foster, for attending the meeting.

Linda Stotts-Burnett, Trustee, also extended her appreciation for the years of service provided by Mr. Yauch.

Kelly Cerny, Board Secretary, informed Board members that those attending the Board of Retirement Half-Day Strategic Planning Session on Tuesday, September 23, 2008, to notify her of their attendance no later than Wednesday, September 17, 2008.

8. **Adjournment**

Meeting adjourned at 3:05 p.m.

Respectfully submitted,

Tom Watson, Retirement Administrator

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

Deirdre McGrath, Deputy County Counsel