

**BOARD OF RETIREMENT
FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

January 20, 2010

Trustees Present:

Nick Cornacchia
Eulalio Gomez
Phil Larson

Vicki Crow
James E. Hackett
Ronald S. Frye

Franz Criego
Steve Jolly

Trustees Absent:

Michael Cardenas

John Souza

Others Present:

Ron Madsen, FCERA Member
Les Jorgensen, Retired Members of Fresno County (REFCO)
Thomas J. Tusan, Attorney at Law
Maria Benningfield, Retirement Coordinator
Diane Didulo, Retirement Coordinator
Carol Sheela, Retirement Benefits Manager
Susan Coberly, Senior Deputy County Counsel
Roberto L. Peña, Retirement Administrator
Becky Van Wyk, Assistant Retirement Administrator
Elizabeth Avalos

1. Call to Order

Chair Gomez called the meeting to order at 8:31 AM and noted that Alternate Trustee Frye was sitting in for Trustee Souza.

2. Pledge of Allegiance

Recited.

Trustee Cornacchia joined the Board at 8:34 AM.

3. Public Presentations

Ron Madsen, FCERA Member, commented on the Consumer Price Index (CPI) stating that this is the first time the CPI is negative. Mr. Madsen noted the importance of applying the Retiree Cost of Living Adjustments appropriately to ensure that Administration will not have to deal with issues related to the negative CPI in the future.

Roberto L. Peña, Retirement Administrator, stated that Administration is aware of the negative CPI as it relates to the Western Region. The issue is scheduled to be discussed at the February 17, 2010 Regular Meeting.

In response to a question from Vice Chair Hackett regarding whether the Board has a policy addressing issues such as a negative CPI, Mr. Peña noted that the Board does not currently have a policy on the issue.

Consent Agenda/Opportunity for Public Comment

Trustee Cornacchia pulled Consent Agenda Item 12 for discussion.

Roberto L. Peña, Retirement Administrator, pulled Consent Agenda Item 13 for discussion.

A motion was made by Trustee Hackett, seconded by Trustee Larson, to Approve Consent Agenda Items 4-11 and 14. VOTE: Unanimous (Absent – Cardenas, Jolly)

- *4. Approve the January 6, 2010 Retirement Board Regular Meeting Minutes and revised December 16, 2009 Regular Meeting Minutes**

RECEIVED AND FILED; APPROVED

- *5. Summary of monthly statistics from the Retirement Association Office on service credit purchases, retirement benefit estimates, public service, age adjustments, final compensation calculations, and disability retirement applications for December 2009**

RECEIVED AND FILED

- *6. Public Records Requests and/or Retirement Related Correspondence from Ron Madsen, FCERA Member; Carl Winfield, Money Management Letter; and James Dickson, FCERA Member**

RECEIVED AND FILED

- *7. Update of Board of Retirement directives to FCERA Administration**

RECEIVED AND FILED

- *8. Board Communications**

RECEIVED AND FILED

- *9. Quarterly Trustee Travel Report and Anticipated Trustee Travel**

RECEIVED AND FILED

- *10. Fresno County Employees' Retirement Association Budget Status for the period ending December 31, 2009**

RECEIVED AND FILED

- *11. Memorandum from Richard A. White, SACRS President, regarding Funding for Phase II of the SIRS Task Force Process at a cost of \$6,000**

RECEIVED AND FILED

Trustee Jolly joined the Board at 8:39 AM.

***12. Correspondence regarding Administrative Operations Survey: Consideration to participate in CEM Benchmarking at a cost of \$10,000**

At the request of Trustee Cornacchia, Roberto L. Peña, Retirement Administrator, explained that CEM Benchmarking is an Administrative Operations Survey distributed by CEM (Cost Effective Measurement) for SACRS systems that is designed to measure FCERA's effectiveness in providing services to the membership and compare it to peer systems. Mr. Peña stated that as part of the Strategic Planning approved by the Board in 2008 Administration would like to participate in the survey because it will provide the necessary tools to quantify FCERA's effectiveness as it relates to customer satisfaction.

Trustees Larson and Criego commented on the current financial downturn and expressed their concerns regarding the cost of the survey (\$10,000).

A motion was made by Trustee Criego, seconded by Vice Chair Hackett, to reject the recommendation to participate in the CEM Benchmarking survey.

Mr. Peña reminded the Board of its prior direction for Administration to establish a means of measuring the effectiveness of the services provided to the membership with the goal of learning where improvements may be needed.

Trustee Crow noted her opposition to the motion and stated the importance of benchmarking a best business practice. In addition, Trustee Crow reminded the Board of its prior direction to Administration to measure FCERA's service performance.

Trustee Cornacchia noted that only nine of the SACRS systems indicate an interest in participating in the CEM survey. Detailed discussion ensued regarding the relevance of information gathered through the survey when not all SACRS systems are participating.

Trustee Jolly agreed on the importance of the benchmarking survey and suggested that Administration work with SACRS in an attempt to bring the other systems "on board" before agreeing not to participate all together.

A motion was made by Trustee Jolly, seconded by Trustee Crow, to Instruct Administration to work with SACRS in an attempt to bring the other systems on board with the benchmarking survey.

Mr. Peña noted that he had communicated with SACRS regarding the other system's participation in the survey and feels that there is nothing more on the issue to discuss with the SACRS representatives at this time.

Chair Gomez restated the first motion as follows:

**To reject the recommendation to participate in the CEM Benchmarking survey.
VOTE: Yes – Cornacchia, Criego, Hackett, Larson, and Frye. No – Crow, Jolly, Gomez. Motion Passed.**

Trustee Jolly withdrew his motion and expressed his concern that based on the decision not to participate in the survey affects FCERA's ability to participate in the future should more systems agree to join at a later time.

Chair Gomez cautioned the Board against instructing Administration to complete a task only to then reject Administration's suggestions and/or recommendations.

A motion was made by Vice Chair Hackett to reconsider Trustee Criego's motion.

Due to no second, the motion died.

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***13. Final version of the Actuarial Valuation report as of June 30, 2009 for the employee and employer contribution rates for 2010/2011 fiscal year prepared by The Segal Company**

Roberto L. Peña, Retirement Administrator, presented the final Actuarial Valuation report as of June 30, 2009 noting the changes approved by the Board at the at the January 6, 2010 Regular Meeting. Mr. Peña reviewed the changes as follows:

Page 71 ~ Non-Valuation Reserves

The balances of the reserves are reflected assuming no new excess earnings transfers will be made by the Board.

In response to a question from Les Jorgensen, Retired Employees of Fresno County (REFCO), regarding the present value of the Retiree Health Insurance Benefit Reserve, Mr. Peña noted that the value will decrease based on the drawdown of monthly benefits, but will not increase in the near future based on the Interest Crediting Policy approved by the Board.

Ron Madsen, FCERA Member, noted that the total undiscounted value of the Supplemental COLA Benefit Reserve is not reflected in the current valuation and requested that the valuation show the undiscounted amount so to reflect a more accurate reserve balance.

In response to questions and comments from Mr. Madsen regarding the Contra Tracking Account, the Board suggested that Mr. Madsen work directly with Administration for further clarification on the issue. Mr. Madsen agreed.

Page 72 ~ Amortization Schedule for Unfunded Accrued Liability (UAAL)

The amortization schedule for UAAL reflects the "source" of the UAAL.

In response to a question from Mr. Madsen regarding the amount of flexibility the Board has in setting the UAAL contribution rates, Mr. Peña noted that, although the Board has flexibility, the amount of flexibility is determined by the laws. In addition, Mr. Peña noted that, at the Board's direction, the issue will be discussed at a later date.

A motion was made by Vice Hackett, seconded by Chair Gomez, to Accept the Actuarial Valuation as of June 30, 2009 with the noted changes on pages 71 and 72. VOTE: Yes – Cornacchia, Crow, Frye, Gomez, Hackett, Larson. No – Jolly. (Absent – Cardenas)

The Board directed Administration to work directly with Mr. Madsen for further clarification on the Contra Tracking Account and to work with Segal to update the Supplemental COLA Benefit Reserve to reflect the undiscounted reserve balance.

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- *14. Request by Chair Eulalio Gomez to attend the Stanford Law School Fiduciary College 2010 March 25-26, 2010 in Palo Alto, California and the Pension Bridge Annual April 6-8, 2010 in San Francisco, California**

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- 15. Presentation on Service Retirement Counseling Session process presented by Maria Benningfield and Diane Didulo, Retirement Coordinators**

Roberto L. Peña, Retirement Administrator, noted that the Service Retirement Counseling Session presentation is one in a series that Administration plans to bring before the Board.

Maria Benningfield and Diane Didulo, Retirement Coordinator, gave a presentation on the process of Service Retirement Counseling. The presentation included information on the following:

- o Scheduling and Preparing for an Appointment
- o Preparing and Reviewing a Member's File
- o Calculation Summary – Benefit Payment Options
- o Reciprocity
- o Service Credit Purchases
- o Temporary Annuity Option (TAO)
- o Divorce
- o IRC Section 415 Benefit Limits
- o Replacement Benefit Program
- o Retired Employees of Fresno County (REFCO) address waiver form
- o Process After the Counseling Session

The Board and Administration engaged in detailed questions and comments related to the Service Retirement Counseling process.

Mr. Peña commented on the current benefit payroll process and noted that Administration is considering changing the approach to one that will make the office more efficient by reducing adjustments and potential errors. Mr. Peña noted that a formal discussion on the issue will take place in the next few months.

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16. Discussion and appropriate action on potentially seeking changes to Government Code Section 31760.2 ~ the continuance of a retirement allowance to a surviving spouse specifically limiting any allowance to a surviving spouse that was married (after retirement) to the member for at least two years prior to the date of death and that has attained the age of 55 years on or prior to the date of death

Roberto L. Peña, Retirement Administrator, opened discussions by reminding the Board that on December 17, 2008, after listening to the plea of the surviving spouse who did not meet the age requirement of Government Code Section 321760.2, it directed Administration to determine the process required to pursue legislative changes to this code section regarding the age of the spouse to be eligible for a continuing benefit at the death of the member.

Mr. Peña noted that he contacted Richard Stensrud, Chair of the SACRS Legislative Committee, for information and was informed that, historically, SACRS has not sponsored bills that enhance or add benefits, and modifying this statute would expand both the category of eligible surviving spouses and the fiscal cost to the systems. In addition, Mr. Stensrud does not foresee SACRS changing their position and has no reason to believe that the Legislative Committee would have any opposition to such a change should FCERA choose to pursue such a change.

Mr. Peña noted that to change this statute would require research of the legislative history to determine why the age requirement was included in the legislation and noted that Mr. Stensrud has offered to have someone do this research should the Board decide to move forward on this issue. Once that is determined, legislation would need to be drafted and a sponsor identified to push the legislation through the legislative process.

Mr. Peña noted that, although such a change may have standing from an equity position, it is a cost to the system and ultimately the plan sponsors and as such, any deliberation on this topic should also include input from the plan sponsors.

Trustees Crow and Criego expressed their opposition to pursuing a change in the legislation resulting in increased benefits and noting that any changes should be sought by the plan sponsor [County]. Mr. Peña clarified that the government code section was actually adopted by the Board and it could pursue a change.

A motion was made by Trustee Crow, seconded by Trustee Jolly, to not pursue changes to Government Code Section 31760.2. VOTE: Yes – Cornacchia, Criego, Crow, Gomez, Jolly, Larson. No – Frye, Hackett. (Absent – Cardenas)

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Roberto L. Peña, Retirement Administrator, pulled Closed Session Agenda Item 17.A.1. and 17.B.1. as there was nothing to discuss.

17. Closed Session:**A. Conference with Legal Counsel – Actual Litigation - pursuant to G.C. §54956.9(a)**

1. *Marsha Stillman v. Fresno County Employees' Retirement Association*

B. Conference with Real Property Negotiators – pursuant to G.C. §54956.8

1. Property: 1713 Tulare Street, Fresno, CA 93721
Agency Negotiators: Brian Decker of Colliers Tingey

C. Disability Retirement Applications – Personnel Exception (G.C. §54957):

1. Oscar Carter
2. Elvira Guerra
3. Robert Hagler, Jr.

18. Report from Closed Session

17.A. Pulled.

17.B. Pulled.

17.C.1. Oscar Carter - Decision - to Approve the Findings of Fact and Decision for Oscar Carter, granting him SCD retirement benefits. M - Jolly. S - Gomez. VOTE: Yes - Criego, Frye, Gomez, Hackett, Jolly, Larson. No - Crow, Cornacchia. (Absent – Cardenas.

17.C.2. Elvira Guerra - Decision - to Approve a motion granting Elvira Guerra SCD benefits based on the Findings of Fact and Decision with an effective date of May 18, 2005. M - Jolly. S - Crow. VOTE: Unanimous (Absent - Cardenas)

17.C.3. Robert Hagler, Jr. Continued until February 3, 2010.

19. Report from FCERA Administration

Administration had nothing to report.

20. Report from County Counsel

Susan Coberly, Senior Deputy County Counsel had nothing to report.

21. Board Member Announcements or Reports

Trustee Jolly commented on his wife's medical progress.

There being no further business the meeting adjourned at 12:04 PM.

Roberto L. Peña
Secretary to the Board