



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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Modesto, CA 95354
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Phone (209) 525-6393
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AGENDA

BOARD OF RETIREMENT
832 12th Street, Suite 600 – Wesley W. Hall Board Room
Modesto, CA 95354

January 14, 2015
2:00 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the second Wednesday and the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT ITEMS: These matters include routine administrative actions and are identified under the Consent Items heading.

PUBLIC COMMENT: Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

BOARD AGENDAS & MINUTES: Board agendas, Minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

AUDIO: All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at http://www.stancera.org/agenda_schedule.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

1. Meeting Called to Order

2. Roll Call

3. Announcements

4. Public Comment

5. Consent Items

a. Approval of the December 10, 2014 Meeting Minutes [View](#)

b. Approval of the 2015 StanCERA Anticipated Executive Master Calendar [View](#)

c. Receipt of the 2015 Board of Retirement Standing Committee Assignments [View](#)

- d. Executive Director Goals Update Quarter 4 2014 [View](#)
- e. 2014 Updated Continuing Education Record [View](#)
- f. StanCERA Complaint Log of October 1 – December 1, 2014 [View](#)
- g. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

- 1. Avilla, Brenda – DCSS – Effective 01-16-2015
- 2. Baba, Charles – Sheriff – Effective 01-10-2015 *
- 3. Bergquist, Charles – Fire Warden – Effective 12-27-2014 *
- 4. Del Angel, Alfonso – CSA – Effective 01-06-2015
- 5. Duran, Eva – HSA – Effective 01-10-2015
- 6. Garcia, Rosie – HSA – Effective 01-03-2015
- 7. Houk, William – CEO-OES – Effective 01-04-2015 *
- 8. Horvath, Susan – HSA – Effective 12-20-2014
- 9. Johnson, Leslie – HSA – Effective 01-01-2015
- 10. La Herran, Patricia – DCSS – Effective 12-10-2014
- 11. Lapp, Glen – BHRS – Effective 01-10-2015
- 12. Lindsey, Barbara – HSA – Effective 01-10-2015
- 13. Medina, Leigh – CSA – Effective 01-03-2015
- 14. Meyer, Harold – Sheriff – Effective 12-29-2014 *
- 15. Montgomery, Aurora – HSA – Effective 01-03-2015
- 16. Paxton-Bailey, Kathleen – BHRS – Effective 12-13-2014
- 17. Pierce, Elizabeth – DCSS – Effective 01-06-2015
- 18. Rodarte, Esther – CSA – Effective 01-10-2015
- 19. Romero, Carmen – CSA – Effective 01-10-2015
- 20. Saenz, Clara – HSA – Effective 08-22-2014
- 21. Simpson, Jan – Dept of Env Resources – Effective 01-03-2015
- 22. Treat, Steven – Planning – Effective 01-03-2015
- 23. Valverde, Harriet – HSA – Effective 12-12-2014

** Indicates Safety Personnel*

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

- 1. Arroyo, Judith – Ag Commissioner – Effective 12-02-2014
- 2. Asuncion, Amber – CSA – Effective 10-29-2014
- 3. Barajas, Susana – Probation – Effective 11-29-2014
- 4. Gutierrez, Martha – CSA – Effective 12-27-2014
- 5. Jimenez, Naomi – CSA – Effective 10-23-2014
- 6. Ulloa, Sheri – Superior Court – Effective 12-20-2014

6. Executive Director

- a. Discussion and Action Executive Director Goals for 2015 [View](#)
- b. Monthly Staff Report [View](#)

7. Closed Session

- a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets
Government Code Section 54956.81
- b. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- c. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894
Government Code Section 54956.9(d)(1)

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

9. Adjournment



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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

December 10, 2014

Members Present: Gordon Ford, Darin Gharat, Michael O'Neal
Jim DeMartini, Donna Riley, Jeff Grover
Maria DeAnda, and Jason Gordo

Member Absent: Mike Lynch

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kathy Herman, Fiscal Services Manager
Dawn Lea, Member and Employer Services Manager
Kellie Gomes, Executive Board Secretary

Others Present: Jim Oliveira, General Legal Counsel
Jody Hayes, Chief Executive Office
Paul Harte, Strategic Investment Solutions, Inc.
Nathan Pratt, Strategic Investment Solutions, Inc.

1. Meeting Called to Order

Meeting called to order at 2:02 p.m. by Gordon Ford, Chair.

2. Roll Call

3. Announcements

Rick Santos announced that Jim Oliveira would be sitting in for Fred Silva.

Kathy Herman introduced StanCERA's new employee Deanne Corbiser to the Board of Retirement.

4. Public Comment

None

5. Consent Items

a. Approval of the November 25, 2014 Minutes

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

1. Allen-Diaz, Cheryl – CSA – Effective 12-31-2014
2. Florez, Alex – HSA – Effective 11-24-2014
3. Funtilla, Melchor – Public Works – Effective 12-30-2014
4. Gack, Fred – HSA – Effective 12-02-2014
5. Hall, Raymond – CSA – Effective 07-05-2014
6. Harden, Lynda – City of Ceres – Effective 12-02-2014
7. Heuer, Debra – HSA – Effective 12-06-2014
8. Larkins, Doris – DA – Effective 12-31-2014
9. Martinez, Richard – BHRS – Effective 12-06-2014
10. Mc Manis, Virginia – Probation – Effective 12-20-2014
11. Merrill, Mary – Probation – Effective 12-23-2014
12. Mysouk, Liane – CSA – Effective 12-03-2014
13. Osuna-Baldwin, Maria – CSA – Effective 12-03-2014
14. Riley, Sandra – BHRS – Effective 11-01-2014
15. Wolfe, Jeanne – BHRS – Effective 12-27-2014
16. Wong, Sherre Lee – Planning – Effective 12-29-2014

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

1. Allen, Steve – CSA – Effective 11-18-2014
2. Costa, Michael – StanCOG – Effective 05-17-2014
3. Hughes, Torrie – CSA – Effective 07-19-2014

d. Approval of Death Benefit – **Section 31781**

1. Barksdale, Cammie – Deceased 11- 21-2014 – Active Member

e. Report on StanCERA earnings Allocation as of June 30, 2014

Motion was made by Maria DeAnda and seconded by Donna Riley to accept the consent items as presented.

Motion carried unanimously.

6. Executive Director

a. Discussion and Action to Adopt a Contract Governing Law and Jurisdiction Policy

Motion was made by Jeff Grover and seconded by Darin Gharat to approve the contract governing law and jurisdiction policy item as presented.

Motion carried unanimously.

b. Discussion and Action to Adopt a Contract Governing Law and Jurisdiction Policy Regarding Real Estate Investments

Motion was made by Donna Riley and seconded by Darin Gharat to approve the contract governing law and jurisdiction policy regarding real estate investments as presented.

Motion carried unanimously.

c. Discussion and Action to Accept Pyramis Global Advisors' Performance Based Fee Structure

Motion was made by Jason Gordo and seconded by Jeff Grover to enter into a performance based fee structure agreement with Pyramis Global Advisors as presented.

Motion carried unanimously.

d. Discussion and Action to Adopt the System Normal Retirement Age and Bona Fide Separation from Service Definition

Motion was made by Maria DeAnda and seconded by Darin Gharat to adopt normal retirement ages using the IRS Safe Harbor method of age 62 for General members and age 50 for Safety members and adopt the definition of a bona fide separation from service as presented.

Motion carried unanimously.

e. Discussion and Action to Adopt the Model Tax Compliance Regulations Reviewed and Approved by the IRS

Motion was made by Jeff Grover and seconded by Darin Gharat to adopt the resolution adopting tax compliance regulations for the Stanislaus County Employees' Retirement Association as presented with the effective date change of January 1, 2015.

Motion carried unanimously.

8. Members' Forum (Information and Future Agenda Requests Only) **Heard out of order**

Trustee Gharat inquired about sending out information to plan sponsors regarding the normal retirement age and definition of a bona fide separation from service.

Kellie Gomes reminded Board members to think about Committee assignments for 2015 and if the members had any preference to contact her.

7. Closed Session

Motion was made Darin Gharat and seconded by Michael O'Neal to enter into closed session at 2:42 p.m.

Motion carried unanimously.

7. Closed Session (Cont.)

- a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets
Government Code Section 54956.81
- b. Discussion and Action Regarding Allocation of StanCERA's Real Estate Assets
Government Code Section 54956.81
- c. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)
- d. Conference with Legal Counsel – Pending Litigation – One Case:
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Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- e. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224;
Court of Appeal, Sixth Appellate District, Case No. H038894
Government Code Section 54956.9(d)(1)

Motion was made by Maria DeAnda and seconded by Jason Gordo to enter into open session at 3:12 p.m..

Motion carried unanimously.

Kellie Gomes presented the following read out from closed session:

On May 27, 2014 in closed session action was taken on Item # 9.a. Motion was made by Jeff Grover and seconded by Jason Gordo to allocate \$15 Million to Morgan Stanley Prime Property Fund and directed staff to begin the legal review process with Hansen & Bridgett and negotiate the contract. A roll call vote carried unanimously.

Today, December 10, 2014 in closed session, action was taken on item 7.b. After legal review and the negotiation process with Hanson & Bridgett a motion was made by Jeff Grover and seconded by Michael O'Neal to commit \$15 million to Morgan Stanley Prime Property Fund and directed staff to sign the commitment letter.

Motion carried unanimously

9. Adjournment

Meeting adjourned at 3:13 p.m.

Respectfully submitted,

Rick Santos, Executive Director

A handwritten signature in blue ink, appearing to read "Rick Santos", written over a horizontal line.

APPROVED AS TO FORM:
JIM OLIVEIRA, GENERAL LEGAL COUNSEL

By:  _____
Jim Oliveira, General Legal Counsel



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January 14, 2015 Retirement Board Meeting

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Secretary

- I. SUBJECT: StanCERA's Anticipated 2015 Executive Master Calendar
- II. ITEM NUMBER :5.b
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Please find attached StanCERA's Anticipated Executive Master Calendar for calendar year 2015. The calendar includes a schedule of StanCERA's Board meetings, anticipated agenda items, as well as educational opportunities for the year. Upon Board of Retirement approval, this calendar will be displayed on StanCERA's website.

This calendar is an anticipated list of StanCERA's executive events for calendar year 2015 and may be updated over the course of the year. Please refer to this calendar prior to each meeting in order to stay informed of events that may be of interest.

- VI. RISK: None
- VII. STRATEGIC PLAN: Objective # IV; Refine StanCERA's business policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- IV. BUDGET IMPACT: None

Kellie Gomes, Executive Board Secretary

Rick Santos, Executive Director

2015 Calendar

January, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	February, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	March, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	April, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
May, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	June, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	July, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	August, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
September, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	October, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	November, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	December, 2015 S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Quick Dates:

Administrative Mtg – Second Wednesday of the Month*

Investment Mtg – Fourth Tuesday of the Month*

*Admin./Inv. Combo Mtgs - May, November & December

SACRS Conferences – May & November

Investment Manager Presentations

January	None
February	Capital Prospects, LLC
March	Legato Capital Management, LLC
April	PIMCO
May	Medley Opportunity Fund II, LP
June	White Oak Global Advisors, LLC
July	Dodge & Cox / Raven Capital Management, LLC
August	LSV Asset Management
September	Pyramis Global Advisors
October	Jackson Square Partners
November	American Reality / Greenfield
December	Morgan Stanley Prime

January

01/14 Administrative Mtg	Approve 2015 StanCERA Master Calendar Approve 2015 StanCERA Committee Assignments Approve 2014 StanCERA Continuing Education Record Rotation of Officers Executive Director's 2014 Quarterly Goals Update – Q4 Executive Director's 2015 Annual Goals StanCERA Quarterly Complaint Log
01/27 Investment Mtg	Capital Market Review SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" Cheiron Actuaries Preliminary Presentation of 2014 Actuarial Valuation

Education:

Opal Public Funds Summit	12-14	Scottsdale, AZ
CALAPRS Administrators Roundtable	23	San Jose, CA
CALAPRS Attorneys Roundtable	23	San Jose, CA
CALAPRS Adv. Princ. of Pension Mgmt	22 - 24	Los Angeles, CA
NCPERS Legislative Conference	25 - 27	Washington, DC

February

02/11 Administrative Mtg.	COLA Approval Effective 04/01/15
02/24 Investment Mtg.	Capital Prospects, LLC Presentation StanCERA Quarterly Inv. Mgrs. Peer Rankings SIS Quarterly Investment Performance SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" SIS Monthly Investment Manager Review Staff Value Added

Education:

CALAPRS Benefits Roundtable	6	San Jose, CA
CALAPRS Investment Officers Roundtable	6	San Jose, CA
CALAPRS Trustees Roundtable	6	San Jose, CA

StanCERA's Anticipated Executive Master Calendar **2015**

Revised 12/22/14

March

- 03/11 Administrative Mtg. SACRS Spring Conference Voting Proxy
SACRS Nominating Committee Rec. Ballot for Board of Directors
Finalize Cheiron Actuaries Presentation of 2014 Actuarial
Valuation and Approve FY2015-2016 Employer/Employee
Contribution Rates
- 03/24 Investment Mtg. **Legato Capital Management, LLC Presentation**
SIS Monthly Performance Review
SIS Monthly Report on "Top 10 Holdings"

Education:

CALAPRS General Assembly	7-10	Monterey , CA
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April

- 04/08 Administrative Mtg. Executive Director's 2015 Goals Quarterly Update
StanCERA Quarterly Complaint Log
SACRS Nominating Committee Final Ballot for Board of Directors
- 04/28 Due Diligence Committee Mtg. Determine BOR 2015 Due Diligence Schedule
- 04/28 Investment Mtg. **PIMCO Presentation**

SIS – Manager Structure Review of Fixed Income
SIS Monthly Performance Review
SIS Monthly Report on "Top 10 Holdings"
SIS Monthly Investment Manager Review

Education:

CALAPRS Accountants Roundtable	17	San Jose, CA
CALAPRS Administrative Asst. Roundtable	17	San Jose, CA
CALAPRS Information Tech. Roundtable	17	San Jose, CA
CALAPRS Management Academy: Module 1	20 - 21	Pasadena, CA

May

05/27	Administrative/ Investment Mtg.	Medley Opportunity Fund II, LP Presentation Approve StanCERA FY2014-2015 Administrative Budget StanCERA Quarterly Inv. Mgrs. Peer Rankings SIS Semi-Annual Investment Managers Fees SIS Quarterly Investment Performance SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" SIS Monthly Investment Manager Review Staff Value Added
05/27	Due Diligence Committee Mtg.	BOR 2015 Due Diligence Meeting Prep

Education:

NCPERS Trustee Education Seminar	2 - 3	New Orleans, LA
NCPERS Annual Conference	3 - 7	New Orleans, LA
CALAPRS Overview Staff Training	8	LAX, CA
SACRS Spring Conference	12 - 15	Anaheim, CA

June

06/10	Administrative Mtg.	No Scheduled Items
06/23	Investment Mtg.	White Oak Global Advisors, LLC Presentation SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" SIS Monthly Investment Manager Review

Education:

CALAPRS Management Academy: Module 2	01 - 03	Pasadena, CA
CALAPRS Communications Roundtable	11	Burbank, CA
CALAPRS Benefits Roundtable	12	Burbank, CA
CALAPRS Investment Officers Roundtable	12	Burbank, CA
CALAPRS Trustees Round Table	12	Burbank, CA
CALAPRS Attorneys Roundtable	26	LAX, CA
CALAPRS Administrators Roundtable	26	LAX, CA

July

07/08 Administrative Mtg.	Seating of New Board Member(s) Executive Director's 2014 Goals Quarterly Update StanCERA Quarterly Complaint Log
07/28 Investment Mtg.	Dodge & Cox / Raven Capital Management, LLC Presentations SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" SIS Monthly Investment Manager Review

Education:

CALAPRS Management Academy: Module 3	20 - 22	Pasadena, CA
SACRS Public Pension Investment Mgmt		Berkeley, CA

August

08/12 Administrative Mtg.	No Scheduled Items
08/12 Internal Governance Committee Mtg.	Annual Financial Audit Entrance Conference
08/25 Investment Mtg.	LSV Asset Management Presentation StanCERA Quarterly Inv. Mgrs. Peer Rankings SIS Quarterly Investment Performance SIS Monthly Performance Review SIS Monthly Report on "Top 10 Holdings" SIS Monthly Investment Manager Review Staff Value Added

Education:

NCPERS Public Pension Funding Forum	23 - 25	Berkeley, CA
CALAPRS Adv. Princ. of Pension Mgmt	25 - 28	Pepperdine University

September

09/09	Administrative Mtg.	SACRS Fall Conference Voting Proxy
09/22	Investment Mtg.	Pyramis Global Advisors Presentation SIS – Review Potential Real Estate Fund Options SIS Monthly Performance Review SIS Monthly Report on “Top 10 Holdings” SIS Monthly Investment Manager Review

Education:

CALAPRS Disability Staff Training	17	San Jose, CA
CALAPRS Attorneys Roundtable	18	San Jose, CA
CALAPRS Benefits Roundtable	18	San Jose, CA
CALAPRS Trustees Round Table	18	San Jose, CA
OPAL Investment Trends Summit	28 – 30	Santa Barbara, CA
CALAPRS Administrators Institute	30 – 2	Carmel, CA

October

10/14	Administrative Mtg.	Executive Director's 2015 Goals Quarterly Update StanCERA Quarterly Complaint Log
10/27	Internal Governance Committee Mtg.	Annual Financial Audit Meeting
10/27	Investment Mtg.	Jackson Square Partners Presentation SIS Monthly Performance Review SIS Monthly Report on “Top 10 Holdings” SIS Monthly Investment Manager Review

Education:

CALAPRS Intermediate Staff Training	7 - 9	San Jose, CA
CALAPRS Accountants Roundtable	23	San Francisco, CA
CALAPRS Administrative Asst. Roundtable	23	San Francisco, CA
CALAPRS Information Tech. Roundtable	23	San Francisco, CA

November

11/10 Asset Liability Study

11/24 Administrative/
Investment Mtg.

American Reality / Greenfield Presentations

Approval of FY 06/30/15 CAFR & Audited Financial Statements

Approval of Bylaws Revision

StanCERA Quarterly Inv. Mgrs. Peer Rankings

SIS Quarterly Investment Performance

SIS Monthly Performance Review

SIS Monthly Report on "Top 10 Holdings"

SIS Monthly Investment Manager Review List

Staff Value Added

Education:

CALAPRS Overview Staff Training

6

San Jose, CA

SACRS – Fall Conference

11 - 14

Monterey, CA

December

12/16 Administrative/
Investment Mtg.

Morgan Stanley Prime Presentations

Approve 2015 StanCERA Master Calendar

Approve 2015 StanCERA Committee Assignments

Approve 2015 StanCERA Continuing Education Record

StanCERA Report on Earnings Allocation

Education:

CALAPRS – Advanced Staff Training

2 - 4

San Jose, CA



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January 14, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2015 Board of Retirement Committee Assignments
- II. ITEM NUMBER: 5.c
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Please find attached the 2015 Board of Retirement Committee Assignments. In accordance with StanCERA Bylaws Article 1.7., regarding Committees,

"The Retirement Board Chair at his/her discretion may appoint Retirement Board members or staff to any standing or ad-hoc committee as the Chair deems necessary."

The committee assignments have been reviewed and approved by StanCERA's Board Chairperson. Committee assignments may change during the year due to upcoming elections. Additionally, from time to time, ad-hoc committees may need to be formed to accommodate unforeseen issues.
- VI. RISK: None
- VII. STRATEGIC PLAN: Objective #4; Refine StanCERA's business policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. BUDGET IMPACT: None

Rick Santos, Executive Director

Kellie Gomes, Executive Board Secretary

Standing Committees

Internal Governance Committee

Areas of Responsibility: *Audits, Bylaws Revisions, Policy Revisions, Board Member Education*

Jim DeMartini, Chair
Joan Clendenin
Jeff Grover
Staff as needed

Due Diligence Committee

Donna Riley, Chair
Jason Gordo
Maria De Anda
StanCERA Investment Consultant Strategic Investment Solutions, Inc.
Staff as needed

Ad-Hoc Committees

2015 Executive Director's Review Committee

Areas of Responsibility: *Assessment of the performance and compensation recommendation for the positions of Executive Director and Investment Officer*

Chair	Maria De Anda
Vice Chair	Donna Riley
Past Chair	Gordon Ford
Staff as needed	

Education / Advocacy Committee

Areas of Responsibility: *Identify stakeholders, formalize a process to educate stakeholders, review and amend the media policy, determine areas of educational needs of Members, Plan Sponsors/Employers, Tax Payers/Members of the public*

Joan Clendenin, Chair
Michael O'Neal
Maria De Anda



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January 14, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update Quarter 4 2014
- II. ITEM NUMBER: 5.d
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: Approve progress on Executive Director Goals for Quarter 4 2014
- V. ANALYSIS: This is the fourth quarter and final update on the Executive Director Goals for 2014. Attachment 1 shows the Quarter 4 progress on the goals for 2014. Progress (if any) is highlighted in blue, completed tasks are in black. The document breaks out tasks that are general in nature and ongoing and required to be completed in 2014 from those tasks that are explicitly tied to the Strategic Plan (also required to be completed in 2014).

Staff is happy to report that every item except two from the Strategic Plan slated to be finished in 2014 were completed. The items that were not completed are as follows:

- *Creation of a glide path approach to manage pension risk* – This is a major project that will require a large amount of staff time. While the intent was to complete this project in 2014, employee extended leaves of absences forced the Organization to postpone this project. This postponement was reported out to the Board in September. Staff intends to complete this task in 2015 and in fact has been placed on the 2015 Director goals
- *Contracting with specialists in the area of asset-liability management* – This task is directly associated with the creation of the glide path mentioned above

Overall in 2014, the Organization accomplished a great deal including such non-recurring items as the transition to the new custodial bank, the 10-year strategic realignment and the development of long-range technology requirements and solutions to our pension management software and systems.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- VIII. BUDGET IMPACT: None


Rick Santos, Executive Director


Kathy Herman, Fiscal Services Manager



Ongoing/Required Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - *Ongoing routine dialogue with StanCERA Plan sponsors regarding various issues*
 - *Continued dialogue with County Staff regarding various pension issues*
2. Facilitate completion of the transition to alternative investments
 - *Continued legal diligence and negotiation for PRIME deployment*
 - *Completion of deployment to PRIME Fund (real estate deployment complete)*
 - *Begin legal diligence and negotiation for Infrastructure deployment*
 - *Complete/facilitate various capital calls*

Note: the deployment to the infrastructure fund will complete the alternative allocation
3. Complete Custodial Bank Transition
 - Custodial Bank transition complete – Quarter 3
4. Complete Trustee Elections
 - Trustee Elections complete – Quarter 2
5. Complete intermediate and long-term Organizational Structure Review
 - 10 Year Strategic Realignment analysis complete – Quarter 3
6. Continued monitoring of StanCERA lawsuits
 - *Respond to correspondence and requests from general counsel and actuaries*
 - *Multiple meetings with attorneys and actuaries to discuss settlement issues*
7. Director Professional Development
 - *Annual Actuarial Conference*
 - *Speaker at the Pacific States Institutional Investor Forum*



8. Facilitate RFP for an Investment Consultant

- *Postponed until Q1 2015*

9. Oversee and complete day to day administrative functions

- *Disabilities; Organizational goal of 18 or less outstanding disabilities at any one time. Outstanding disabilities are 11 at the end of Quarter 4*
- *Agenda and minute production for all Board and Committee Meetings*
- *Facilitation of Board and Staff travel*
- *All retiree payrolls completed on time*
- *Member contributions and refunds up to date*
- *Monitoring of Investment Policy and Bylaws*
- *Daily monitoring of pension issues in media*
- *Ongoing and regular meetings with Investment Managers*

Items Explicitly Tied to the 2014-2016 Strategic Plan

- Strategic Plan Objective #1
 - a. Task: Create a StanCERA cash flow projection program
 - Task Complete – Quarter 4
 - b. Task: Create a valuation program to determine the cost to immunize StanCERA liabilities
 - Task Complete – Quarter 1
 - c. Task: Contract with specialists in the area of asset-liability management
 - *Nothing to report; Will commence in 2015 along with the glide path creation*
 - d. Ongoing: Enhance the knowledge base of StanCERA staff regarding asset-liability management
 - *Staff attendance on formal pension risk management principles*
 - *In house application training*
 1. *Excel functional lookup training – Quarter 4*
 2. *Relational database training – Quarter 4*
 3. *Querying and accessing data training – Quarter 4*



- e. Task: Board education sessions
 - 1. Futures
 - 2. Options
 - 3. Portfolio Insurance
 - Tasks complete - Quarter 3
- f. Task: Develop policy that defines and describes StanCERA's philosophy and approach to minimizing pension risk
 - Policy complete – Quarter 2
- g. Task: Create a glide path approach that defines the conditions when it is appropriate for StanCERA to migrate into risk reducing assets
 - *Item postponed until 2015*
- Strategic Plan Objective #2
 - a. Develop policy and processes for:
 - 1. Onsite Active Manager visits to StanCERA
 - 2. Trustee directed investment opportunities
 - Task Complete – Quarter 4
 - b. Develop objective criteria for determining whether a new investment is suitable for StanCERA
 - Task Complete – Quarter 4
 - c. Develop criteria for procedures at onsite due diligence trips
 - Task Complete – Quarter 4
- Strategic Plan Objective #3
 - a. Continue to cross train staff while establishing multiple levels of backup
 - *2014 Cross Training completed in the following areas*
 - New hire process
 - Member name change process
 - Member status change process



- Member buyback notification process
 - Mailing of member statements
 - Tracking changes to bylaws
 - Error review of refund checks
 - Error review of accounts payable checks
 - Error review of death benefit checks
 - Printing service retirement and disability packets
 - Website update process
 - Election balloting process
 - Cross training begun for member file audits
- b. Establish in-house training opportunities for staff
- Task Complete – Quarter 4; *Note that while nothing formal has been drafted, in-house training opportunities have been taking place throughout 2014*
- c. Review and reassess the Organizational Structure in alignment with long-term goals and needs of the Organization
- Task Complete – Quarter 3
- d. Reestablish monthly team meetings
- Task complete through Quarter 4
- e. Establish monthly IT Forum team meetings
- Task complete through Quarter 4
- f. Standardize all StanCERA documents (agenda items, external communication, etc.)
- Letterhead, agenda item and memo standardization complete – Quarter 3
 - Business card template complete – Quarter 3
 - Audit confirmation letters complete – Quarter 3
 - Return envelopes complete – Quarter 3
- g. Reorganize Office layout
- Task complete – Quarter 3



- Strategic Plan Objective #4
 - a. Develop long-range solution for StanCERA Pension Management System and software
 - b. Develop long-range technology requirements for StanCERA
 - Tasks complete – Quarter 3



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January 14, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2014 Board of Retirement Continuing Education Report Update
- II. ITEM NUMBER: 5.e
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Please find attached the 2014 Board of Retirement Continuing Education Report. In accordance with StanCERA Bylaws Article 14.3., educational requirement and AB1519, Government Code Section 31522.8.

"Require each Board to maintain a record of Board Member compliance with the policy. The policy and an annual report on Board Member compliance shall be placed on the Internet Web site of the retirement system."

- VI. RISK: None
- VII. STRATEGIC PLAN: Objective #4; Refine StanCERA's business policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. BUDGET IMPACT: None

Rick Santos, Executive Director

Kellie Gomes, Executive Board Secretary

2014 STANCERA CONTINUING EDUCATION RECORD

Board Member	Ethics Training Completed	3-Year Rolling Total Education Credits	2012 Total Education Credits	2013 Total Education Credits	2014 Total Education Credits	2014 Education Credit Log								
						Opal Financial Group's Public Funds Summit (January)	CALAPRS General Assembly (March)	Ethics AB1234 Training (March)	SACRS Spring Conference (May)	OPAL Investment Trends Summit (July)	CALAPRS Public Pension Investment Mngt Prgm (July)	StanCERA Options / Portfolio (August)	SIS Governance (November)	SACRS Fall Conference (November)
Gordon B. Ford	03/05/14	54.00	32.00	18.00	4.00			2.00				1.00	1.00	
Maria De Anda	11/12/14	69.00	33.00	18.00	18.00							1.00	1.00	16.00
Donna Riley	03/26/13	106.00	20.00	55.00	31.00								1.00	16.00
* Jason Gordo		31.00			31.00	13.00						1.00	1.00	16.00
Mike Lynch	05/14/13	64.00	4.00	46.00	14.00	13.00						1.00		
Jim DeMartini	03/16/14	65.00	17.00	15.00	33.00	13.00		2.00				1.00	1.00	16.00
Darin Gharat	03/16/214	154.50	44.50	55.00	55.00	13.00	8.00		16.00			1.00	1.00	16.00
Michael O'Neal	11/12/14	171.00	51.00	56.00	64.00	13.00			16.00	17.00		1.00	1.00	16.00
Joan Clendenin	05/05/14	93.50	31.00	34.00	28.50			2.00			26.50			
Jeff Grover	01/08/15	63.00	2.00	31.00	30.00	13.00							1.00	16.00

* New Trustee 24 Hours required by completion of 2 years of service

StanCERA Bylaws:

Article 14.3 Educational Requirement

- A.) A Retirement Board member must attend at least two State Association of County Retirement System (SACRS) meetings during the members 3 year term;
- B.) The member must have 36 hours of continuing education during his/her term. SACRS conferences may be included in those hours;
- C.) The Internal Governance Committee will be responsible for monitoring the Retirement Board members educational hours earned and determining the allowable credit hours for all conferences or seminars attended.

Note:

- 1.) SACRS Maximum Credit - 16 (Per February 11, 1998 Board of Retirement Minutes).
- 2.) Ethics - AB 1234 requires that all members of a legislative body who receive compensation, salary, or stipend to, or reimburse the expenses of, must attend AB 1234 training every two years.
The term "legislative body includes commissions, committee, board, or other body of a local agency, whether permanent or temporary, decision making or advisory.
- 3.) Board of Retirement Continuing Education Record will be posted on StanCERA's Web site due to AB1519, Government Code Section 31522.8.
- 4.) Board terms listed on StanCERA's Web site.
- 5.) StanCERA's Web site: www.stancera.org



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**For the Board of Retirement Meeting
Held on January 14, 2015**

Item # f

TO: Retirement Board
FROM: Mary Williams, Administrative Assistant
SUBJECT: StanCERA Complaint Log

There were nineteen (19) retiree complaints logged between October 1, 2014, and December 31, 2014. A summary of these complaints follows:

Number of Complaints	Caller Status	Nature of Complaints
1	Terminated Member	A recently terminated employee was very upset that she was unable to pick up her refund of contributions check on 10/3/14. She said that she had been promised that she could do so.
1	Retiree	The envelopes containing the retiree's last two payroll advices were not sealed.
1	Retiree	The retiree complained that she was required to pay RESCO dues in order to receive health benefits through Pacific Group Agencies. She wanted to opt out of paying RESCO dues.
16	Retiree	Complaints received regarding medical, dental or vision insurance or insurance broker.

The number of complaints this quarter increased by 15 (fifteen) complaints compared to the previous report period July 1, 2014, through September 30, 2014.


Mary Williams, Administrative Assistant


Kathy Herman, Operations Manager



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January 14, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. **SUBJECT:** Executive Director Goals for 2015
- II. **ITEM NUMBER:** 6.a
- III. **ITEM TYPE:** Discussion and Action
- IV. **STAFF RECOMMENDATION:** Accept the 2015 Executive Director Goals as presented
- V. **ANALYSIS:** Attachment 1 contains the Executive Director Goals for 2015. The goals are broken down into 2 categories:
 - a. General items that are either recurring in nature or tasks that are unique to 2015 but are not linked to the Strategic Plan and
 - b. Tasks that are explicitly linked to the Strategic Plan

The goals for 2015 are closely associated to the following high level topics that come directly from the strategic plan:

- a. Creation of a glide path strategy
- b. Active manager performance assessment and disposition
- c. StanCERA staff development
- d. Stakeholder awareness
- e. Technological awareness and enhancements

These goals can be considered as the next natural progression towards the realization and completion of the 2014-2016 Strategic Plan.

Of those items not linked to the Strategic Plan, most are recurring in nature and provide natural goals for the day to day operations of the Organization. However, of particular interest this year will be the inclusion of goals related to the data clean up project and the move towards a new pension software system.

- VI. **RISK:** None
- VII. **STRATEGIC PLAN:** Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently

VIII. BUDGET IMPACT: To be determined in the 2015-2016 Administrative Budget



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



General Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
2. Facilitate completion of the transition to alternative investments
3. 90% completion of clean-up of pre 1999 data
4. Develop and present a multi-year Information Technology Plan that includes all software solutions necessary for StanCERA to continue to administer the pension fund into the future efficiently and effectively
5. Identify and contract with a consulting firm to work with StanCERA in implementing the project itinerary included in the Information Technology Plan
6. Complete Trustee Election
7. Continued monitoring of StanCERA lawsuits
8. Director Professional Development
9. Facilitate RFP for an Investment Consultant
10. Facilitate RFP for Auditing Consultant
11. Oversee and complete day to day administrative functions
12. Complete cost benefit analysis of Investment Officer position

Items Explicitly Tied to the 2014-2016 Strategic Plan

1. Strategic Plan Objective #1
 - a. Create a program that allows StanCERA to determine the approximate cost to immunize (market cost to insure) any portion of StanCERA's future benefit obligations using current yields available on government, municipal and corporate bonds
 - b. Contract with specialists in the area of asset-liability management
 - c. Meet with plan sponsors to discuss any issues that may affect StanCERA's future projected cash flows
 - d. Meet with plan sponsors to determine the sponsor's willingness and capacity to assume pension risk
 - e. Develop a glide path approach that defines when StanCERA believes it is efficient and economically feasible to shift parts of its portfolio to risk minimizing assets
2. Strategic Plan Objective #2
 - a. Develop:
 - i. Reports that the Organization would be comfortable with in their assessment of StanCERA active managers and how their performance relates to risk management principles
 - ii. Reasonable criteria that defines satisfactory performance with an eye towards total risk management



- iii. Process and remedies for active managers when performance is deemed to be unsatisfactory

3. Strategic Plan Objective #3

- a. Continue to review current job duties as they relate to the position and job classification
- b. Continue to cross train staff while establishing multiple levels of backup
- c. Establish in-house training opportunities for staff
- d. Standardize all StanCERA documents (agenda items, external communication, etc.)
- e. Develop an employee incentive program with an emphasis on specific descriptions of exemplary actions that should be rewarded and how those actions benefit the Organization

4. Strategic Plan Objective #4

- a. Formalize a process to educate StanCERA stakeholders
 - 1. Creation of an Education/Advocacy Committee
 - 2. Identify StanCERA stakeholders
 - 3. Determine areas of educational need for members, plan sponsors and members of the public
 - 4. Outline job duties and responsibilities for a Communications Specialist
 - 5. Review and potentially amend the mass media policy
- b. Create an internal focus group to identify possible technology enhancements
- c. Develop testing and training for COOP (Continuity of Operations Plan)
- d. Develop a formal schedule and process for disaster drills of technology systems



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January 14, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Monthly Staff Report
- II. ITEM NUMBER: 6.b
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: The monthly staff report's intent is to report out to the Board of Retirement important issues/tasks staff has been working on over the past month.
 - a) *Retiree Insurance Open Enrollment Process* – Staff has been undergoing the process of reconciling retiree records to verify the amounts and authorization to deduct monies for health premiums. This was the first month for the new year and a new health plan administrator. As a result, the process was considerably more tedious and time consuming
 - b) *Cash Flow Projection* – The cash flow projection program was complete and the final task to be completed from the strategic plan for 2014. The program allows StanCERA to predict monthly benefit payments for periods of up to 12 to 36 months at an extremely high degree of accuracy. This tool will be used in 2015 to reconfigure the short end of StanCERA's fixed income portfolio and provide efficient liquidity to pay benefits for periods of up to 12 to 36 months
 - c) *Alternative Contract Negotiations* – Staff continues to work with Special Counsel to negotiate terms for our final alternative allocation. In addition, staff has been very busy funding capital calls for several of the alternative investments
 - d) *Popular Annual Financial Report* – Staff has also been busy completing the PAFR the past month. The PAFR is a summary of the CAFR and is meant as a quick reference guide for users of StanCERA financial information. The PAFR this year was changed dramatically to accommodate a more modern look and approach to reporting
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently

VIII. BUDGET IMPACT: None



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager