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 *
  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
  15. Montgomery, Aurora – HSA – Effective 01-03-2015
  17. Pierce, Elizabeth – DCSS – Effective 01-06-2015
  20. Saenz, Clara – HSA – Effective 08-22-2014
  22. Treat, Steven – Planning – Effective 01-03-2015

* Indicates Safety Personnel

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

   1. Arroyo, Judith – Ag Commissioner – Effective 12-02-2014
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**
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**

2. Florez, Alex – HSA – Effective 11-24-2014
6. Harden, Lynda – City of Ceres – Effective 12-02-2014
11. Merrill, Mary – Probation – Effective 12-23-2014

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

2. Costa, Michael – StanCOG – Effective 05-17-2014

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:  
   O'Neal et al v. Stanislaus County Employees' Retirement Association  
   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 Hansen & 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

[Signature]

APPROVED AS TO FORM:
JIM OLIVEIRA, GENERAL LEGAL COUNSEL

By: [Signature]
Jim Oliveira, General Legal Counsel
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

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

<table>
<thead>
<tr>
<th>Month</th>
<th>Speaker/Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>None</td>
</tr>
<tr>
<td>February</td>
<td>Capital Prospects, LLC</td>
</tr>
<tr>
<td>March</td>
<td>Legato Capital Management, LLC</td>
</tr>
<tr>
<td>April</td>
<td>PIMCO</td>
</tr>
<tr>
<td>May</td>
<td>Medley Opportunity Fund II, LP</td>
</tr>
<tr>
<td>June</td>
<td>White Oak Global Advisors, LLC</td>
</tr>
<tr>
<td>July</td>
<td>Dodge &amp; Cox / Raven Capital Management, LLC</td>
</tr>
<tr>
<td>August</td>
<td>LSV Asset Management</td>
</tr>
<tr>
<td>September</td>
<td>Pyramis Global Advisors</td>
</tr>
<tr>
<td>October</td>
<td>Jackson Square Partners</td>
</tr>
<tr>
<td>November</td>
<td>American Reality / Greenfield</td>
</tr>
<tr>
<td>December</td>
<td>Morgan Stanley Prime</td>
</tr>
</tbody>
</table>
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
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

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:

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCPERS Trustee Education Seminar</td>
<td>2 - 3</td>
<td>New Orleans, LA</td>
</tr>
<tr>
<td>NCPERS Annual Conference</td>
<td>3 – 7</td>
<td>New Orleans, LA</td>
</tr>
<tr>
<td>CALAPRS Overview Staff Training</td>
<td>8</td>
<td>LAX, CA</td>
</tr>
<tr>
<td>SACRS Spring Conference</td>
<td>12 - 15</td>
<td>Anaheim, CA</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALAPRS Management Academy: Module 2</td>
<td>01 - 03</td>
<td>Pasadena, CA</td>
</tr>
<tr>
<td>CALAPRS Communications Roundtable</td>
<td>11</td>
<td>Burbank, CA</td>
</tr>
<tr>
<td>CALAPRS Benefits Roundtable</td>
<td>12</td>
<td>Burbank, CA</td>
</tr>
<tr>
<td>CALAPRS Investment Officers Roundtable</td>
<td>12</td>
<td>Burbank, CA</td>
</tr>
<tr>
<td>CALAPRS Trustees Round Table</td>
<td>12</td>
<td>Burbank, CA</td>
</tr>
<tr>
<td>CALAPRS Attorneys Roundtable</td>
<td>26</td>
<td>LAX, CA</td>
</tr>
<tr>
<td>CALAPRS Administrators Roundtable</td>
<td>26</td>
<td>LAX, CA</td>
</tr>
</tbody>
</table>
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
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
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
Executive Director Goals Update Quarter 4

- 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
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 Education Credit Log

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

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

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:

<table>
<thead>
<tr>
<th>Number of Complaints</th>
<th>Caller Status</th>
<th>Nature of Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Terminated Member</td>
<td>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.</td>
</tr>
<tr>
<td>1</td>
<td>Retiree</td>
<td>The envelopes containing the retiree's last two payroll advices were not sealed.</td>
</tr>
<tr>
<td>1</td>
<td>Retiree</td>
<td>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.</td>
</tr>
<tr>
<td>16</td>
<td>Retiree</td>
<td>Complaints received regarding medical, dental or vision insurance or insurance broker.</td>
</tr>
</tbody>
</table>

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
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
Executive Director Goals

**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
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