



Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

AGENDA

BOARD OF RETIREMENT

832 12th Street Ste. 600, **Wesley W. Hall Board Room**
Modesto, CA 95354

January 23, 2018
1:30 p.m.

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

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are considered to be action items "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

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>.

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. Call Meeting to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the December 19, 2017 Meeting Minutes [View](#)
 - b. Monthly Staff Report
Agenda Item [View](#)
 - c. Legal/Legislation Update
Agenda Item [View](#)
 - d. Executive Director Goals Update Quarter 4 2017
Agenda Item [View](#)
Attachment 1 [View](#)
 - e. StanCERA Complaint Log of October 1 – December 1, 2017
Agenda Item [View](#)
 - f. StanCERA 2017 Education Log for Trustees [View](#)
 - g. Report on Earnings Allocation for Fiscal Year Ended June 30, 2017
Agenda Item [View](#)
Attachment 1 [View](#)

5. Consent Items (Cont.)

- h. Extension of Audit Services Contract with Brown Armstrong Accountancy Corporation
Agenda Item [View](#)

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

1. Barron, Cecelia – CSA – Effective 01-20-18
2. Campbell, Edgar – Sheriff – Effective 01-15-18 *
3. Foutz, Carol – Probation – Effective 01-16-18 *
4. Hubble, Eulalee – BHRS – Effective 01-02-18
5. Johnsen, Brett – Public Works – Effective 01-08-18
6. Lukshin, Paul – BHRS – Effective 12-29-17
7. Moore, Martha – BHRS – Effective 01-15-18
8. Morris, Delbert – HSA – Effective 01-06-18
9. Serrato, Michelle – BHRS – Effective 12-21-17
10. Skiles, Dale – CEO OES – Effective 12-30-17 *
11. Stinnett, Carol – CSA – Effective 01-05-18
12. Sullivan, Patrick – City of Ceres – Effective 01-19-18 *
13. Vento, Noel – Sheriff – Effective 01-20-18 *

** Indicates Safety Personnel*

j. Approval of Deferred Retirement(s) – **Government Code Section 31700**

1. Allen, Amy – BHRS – Effective 10-14-17
2. Logan, Deborah – Superior Court – Effective 12-07-17
3. Mize, Whitney – Probation – Effective 12-09-17 *

** Indicates Safety Personnel*

6. Executive Director – Investment

NONE

7. Verus – Investment Consultant

- a. Workplan [View](#)
- b. December Flash Report [View](#)

8. Executive Director – Administrative

- a. Information Technology Solutions (ITS) Project Update [View](#)
- b. Accept the 2018 Executive Director Goals
Agenda Item [View](#)
Attachment 1 [View](#)

9. Closed Session

- a. 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)
- 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 54956.9d)(4)

10. Members' Forum (Information and Future Agenda Requests Only)
11. Adjournment



BOARD OF RETIREMENT MINUTES

December 19, 2017

1. Call Meeting to Order

Meeting called to order 1:30 p.m. by Trustee Gharat, Chair

2. Roll Call

Trustees Present: Darin Gharat, Mike Lynch, Sam Sharpe, Jim DeMartini, Donna Riley, Jeff Grover, Michael O'Neal,

Trustees Absent: Lauren Klein and Mandip Dhillon

Alternate Trustee: Rhonda Biesemeier, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Natalie Elliott, Interim Fiscal Services Manager
Kellie Gomes, Executive Board Assistant

Others Present: Fred Silva, General Legal Counsel
Graham Schmidt, Actuary-Cheiron

3. Announcements

4. Public Comment

5. Consent Items

a. Approval of the November 28, 2017 Meeting Minutes

b. Monthly Staff Report

c. Legal/Legislation Update

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

1. Corcel, Dollie – CSA – Effective – 12-23-17
2. Crist, Ann – Sheriff – Effective 12-27-17
3. Crook, Mark – CEO Fire Warden – Effective 12-28-17 *
4. De Jesus, Arlene – CSA – Effective 12-23-17
5. Kasbarian, Lisa – HSA – Effective 11-28-17
6. Leichner, Kevin – Sheriff – Effective 12-30-17 *
7. Mancini, Cherilyn – CSA – Effective 12-23-17
8. McNett, Thomas – BHRS – Effective 12-01-17
9. Merrell, Mary Jane – DCSS – Effective 12-05-17
10. Picone, Marie – AG Comm – Effective 10-31-17
11. Schneider, Susan – CSA – Effective 12-28-17
12. Siebrecht, Debra – SBT – Effective 12-09-17
13. Szczepaniak, Margaret – HSA – Effective 12-25-17
14. Whitmore, Debra – Planning – Effective 12-02-17

* Indicates Safety Personnel

5. Consent Items (Cont.)

e. Approval of Deferred Retirement(s) – **Government Code Section 31700**

NONE

f. Approval of Disability Retirement - **Government Code Section 31724**

1. Herrera, Manuel - HSA, Service-Connected, Effective 07-05-16

Motion was made by Trustee Grover and seconded by Trustee Lynch to accept the consent items as presented

Motion carried unanimously

6. Executive Director – Investment

- a. 1937 Act survey Regarding Alternative Investment
- b. Cliffwater - Education Regarding Private Equity

1:36 pm Trustee Biesemeier arrived

2:35 pm Trustee Gharat left meeting

- c. Tax Reform Bill and UBIT (Unintended Business Income Tax)
- d. Quarter 3 Auxiliary Investment Report

7. Verus – Investment Consultant

- a. Workplan
- b. November 30, 2017 Flash Report

8. Executive Director – Administrative

- a. Cheiron Actuaries - June 30, 2017 Actuarial Valuation -

Motion was made by Trustee Riley and seconded by Trustee Biesemeier to accept the report as presented

Motion carried unanimously

- b. Information Technology Solutions (ITS) Project Update

9. Closed Session

Motion was made by Trustee Sharpe and seconded by Trustee Grover to go into Closed Session at 3:00p.m.

Motion carried unanimously

- a. Discussion and Action: Risk Parity Contract Negotiation –
Government Code Section 54956.81
- b. Discussion and Action regarding the Executive Director's Annual Review
Public Employment Government Code Section 54954.5

9. Closed Session(Cont.)

- 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:
Stanislaus County Employees’ Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)

Motion was made by Trustee Riley and seconded by Trustee DeMartini to go into Open session at 3:10 p.m.

Motion carried unanimously

3:10 p.m. Trustee O’Neal arrived

Read out from closed session was read by Trustee Lynch as follows:

Item 9.b. Motion was made by Trustee Riley and Seconded by Trustee Rhonda to accept the 2017 Executive Directors Committees review of the Executive Director.

Motion carried unanimously by roll call vote. Trustee Biesemeier voted in Trustee O’Neal’s absence.

Motions made in open Session were as follows:

Item 9.b. Motion was made by Trustee Biesemeier and Seconded by Trustee Sharpe to award the Executive Director a 3% increase effective 11/19/17

Motion carried unanimously by roll call vote. Trustee O’Neal present and voted.

Motion was made by Trustee Grover and seconded by Trustee Riley to request staff to work with the County to increase the Executive Directors salary band and match it to a comparable wage of Deputy Chief Executive Staff.

Motion carried unanimously by roll call vote. Trustee O’Neal present and voted.

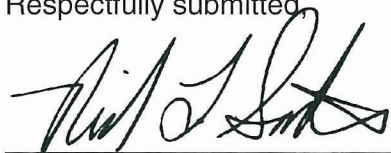
10. Members’ Forum (Information and Future Agenda Requests Only)

Trustee DeMartini requested an update on education hours and requested staff to look for additional training opportunities for Trustees

11. Adjournment

Meeting adjourned at 3:19 p.m.

Respectfully submitted



Rick Santos, Executive Director

Approved As To Form:

By: 
Fred Silva, General Legal Counsel



January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 5.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) *Member & Employer Services – Member & Employer Services* – During the month of December, Member and Employer Services Staff processed 44 new hires (6 Safety and 38 General), 10 terminations, 31 member requests resulting in 87 estimates and 23 member requests resulting in 50 buy back contracts. There were 33 individual counseling sessions.
- b) *Investment Governance and Compliance* – Staff completed the recruitment process for the Investment Officer position on January 16th. Staff is now preparing for the diligence and subsequent deployment of the real estate asset class.
- c) *Fiscal Services* – Employer and employee contributions totaling \$8,214,384 were received through 15 different payroll batches in October. 20 contribution refunds and death benefit payouts totaling \$122,834 were processed. The retiree payroll for December totaled \$9,910,867 and was processed as scheduled. Staff continues to partner with Member Services in defining the business rules for the new pension software. Staff continues to meet with Tegrit to define employer payroll upload business rules for the Arrivos system. Partnering with our employers, County payroll individuals are being invited to attend some of these meetings.

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. ADMINISTRATIVE BUDGET IMPACT: NONE

Rick Santos, Executive Director

Natalie Elliott, Interim Fiscal Services Manager



January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Leg/Legal Update – Alameda County Sheriff's Association (ACDSA) Decision
- II. ITEM NUMBER: 5.c
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

Recently, the First District Court of Appeals issued a unanimous 70 page published decision in what is referred to as the "Alameda County Sheriff's Association Decision". This case was a coordinated court case that included Alameda, Contra Costa and Merced County Retirement Systems. The decision addressed the systems' removal of two items from the calculation of a legacy member's pensionable compensation that the respective Board's of Retirement deemed no longer pensionable under PEPRA. One item was oncall or standby pay and the other was a form of additional vacation cash out that employees could arbitrarily convert to pensionable compensation at retirement (in addition to amounts already allowed through the normal collective bargaining process).

The opinion remanded the case back to the Contra Costa Superior Court to conduct a detailed, evidence based analysis of whether vested rights of legacy members in the three counties were unconstitutionally impaired by removing these compensation items from the calculation of retirement benefits. The court also said that not only were legacy members' pensionable compensation impacted but that no new advantage was given in consideration (this is the classic interpretation of the "California Rule" which many have interpreted as saying that an employer can't take any future pension benefits away unless something of equal value is given in exchange).

The Court went on to say that there has to be compelling evidence that these changes would make a substantial and material difference on the status of the pension system (i.e. prevent bankruptcy or insolvency) before they could be allowed. This opinion now requires that the three systems include the additional hours of vacation cash out and oncall/standby pay in the calculation of pensionable compensation for all legacy members. The decision applies not only prospectively, but retrospectively as well (those legacy members that retired after 12/31/2012). Finally, the Court also went as far as saying that they respectfully disagree with their appellate court colleagues on the MAPE vs. Marin decision. The MAPE vs. Marin decision is currently being heard by the California Supreme Court and essentially challenges the "California Rule" of absolute vesting in future benefits not yet earned. It will test the long-held belief that future benefit accruals are sacrosanct and cannot be taken away.

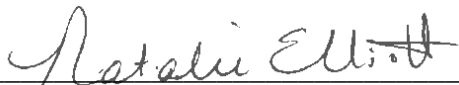
Staff Note

At the time of PEPR, the StanCERA Board chose not to alter legacy members pensionable compensation items other than resolving that oncall and standby pay are still pensionable items and that bonus pay was NOT a pensionable item (even though the County had not paid out any bonuses after 2008). The Board also chose to interpret that base pay was the only item considered pensionable for new members (PEPRA or non-legacy members). As a consequence, it does not appear that the Alameda County Sheriff's Association Decision would affect StanCERA's business operations or its pensionable compensation calculations today.

- 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. ADMINISTRATIVE BUDGET IMPACT:



Rick Santos, Executive Director



Natalie Elliott, Interim Fiscal Services Manager



January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update - Quarter 4
- II. ITEM NUMBER: 5.d
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: This is the Quarter 4 Executive Director goals update for 2017 (Attachment 1). Quarter 4 progress for all items is denoted in green. This quarter, as it relates to the Strategic Plan, progress was driven largely by work surrounding the information technology solutions and maintaining normal business processes.

For the most part, staff and the director completed the major goals for 2017. However, there are several items that either needed to be postponed or were not finished in a timely manner as anticipated. The following is a list of those items and the expected disposition:

- *Bylaw Review* – Given certain resource constraints at the end of the year, the project was not finished as anticipated. Staff expects to finish this project by the March 2018 Board meeting
- *Development of a valid benchmark for alternatives* – While staff put considerable effort and research into this concept, no solution was developed. Staff will continue this assignment into 2018
- *Establish training plan for each classification with goals and milestones* – Considerable effort has been put into this item as well, however, staff issues at the end of the year prevented completion. This project will continue into 2018
- *Website redesign* – this project will be permanently delayed until the ITS project is near completion
- *Formalize peer review policy* – Staff issues toward the end of the year prevented completion. Staff will place this on the agenda for 2018

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. ADMINISTRATIVE BUDGET IMPACT: NONE


Rick Santos, Executive Director



Executive Director Goals – Quarter 4

2017

General and/or Ongoing Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - Responses to media inquiries
 - Meetings with employee representatives regarding pension benefits
 - Meet with employers regarding various employee and reporting issues
2. Facilitate transition of StanCERA's asset allocation
 - Risk parity transfer (partial)
3. Continued progress on the System data clean-up project
 - Continued work on clean up and audit; (note that audit work and clean up has slowed, since 1 part-time staff devoted to this project has been moved to imaging and scanning)
4. Complete 2 Trustee Elections
5. Continued monitoring of StanCERA lawsuits
6. Director Professional Development
 - Attend SOA annual conference
7. Facilitate RFP for General Legal Counsel
 - Postponed until late 2018
8. Oversee Information Technology Solutions Project
 - Take on some of the responsibilities of the StanCERA project manager
 - Attend business meetings
 - Provide input for administrative decision variables
 - Monitor staff workload as it relates to the project
 - Monitoring potential risk points
9. Oversee and completion of day to day administrative functions
 - All normal business and administrative functions complete and on time
 - Outstanding disabilities as of January 16, 2018: 12
10. Training of Investment Officer
 - Investment Officer hired January 16
11. Re-organization of Investment Data and Reporting Tools
 - All investment data has been input into the system as of September 30, 2017
 - Continued refinement of process developed for monthly data upload from various sources
12. Biennial By-Law Review
 - Bylaw review NOT complete in 2017; Staff is planning on completing this task by March 2018



Items Explicitly Tied to the 2017-2019 Strategic Plan

Strategic Objective #1

Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability

Strategic Plan Objective #1: Action Plan with Deliverables

1. Implementation of Functionally Focused Portfolio Concept
 - ✓ Creation of a spot curve derivation tool used to place a market value on StanCERA shortfalls and liabilities (2017): *Complete Quarter 1*
 - ✓ Fund the Liquidity sub-portfolio by June 30th of each year (ongoing): *Complete Quarter 2*
 - ✓ Creation of a balance sheet derivation tool used to track asset and shortfall values and measure additional surpluses or unfunded liabilities generated by the FFP process (2017): *Complete Quarter 1*
 - ✓ Creation of contribution, benefit and expense projection software (2017): *The first phase of the program complete Quarter 1; Complete Quarter 2*
2. Consult regularly with plan sponsors regarding salary and retirement projections
 - ✓ Meet with Stanislaus County officials each year (ongoing): *Complete Quarter 2*
 - ✓ Meet with City of Ceres officials each year (ongoing): *Complete Quarter 2*
3. Consult regularly with plan sponsors regarding pension contribution projections
 - ✓ Meet each year with all plan sponsors (ongoing): *Complete Quarter 2*
4. Monitor and assess capital market expectations on a continual basis
 - ✓ Maintain monthly monitoring and trends of the general level of interest rates and market value of StanCERA liabilities (ongoing): *Quarter 2 analysis complete* Note: there has been little movement in overall interest rates, consequently, liability valuations remain steady
 - ✓ Report annually to the Board of Retirement a prospective analysis of the trend in the general level of interest rates and consider any changes in the FFP process (ongoing) *This task generally undertaken in May*
 - ✓ Provide the Board, at least annually, a review of capital market conditions and assumptions on a forward looking basis for all major asset classes (ongoing): *Complete Quarter 1*
 - ✓ At least annually, recommend asset allocation changes (if applicable) to the Board of Retirement for consideration (ongoing): *Complete Quarter 1*



5. Maintain awareness of the cash flow process

- ✓ Work with alternative investment managers on contribution and distribution projections *(ongoing) Complete Quarter 2*
- ✓ Project and reconcile semi-annually, budget expenditures *(ongoing): Complete Quarter 1*
- ✓ Annual reconciliation of the FFP shortfall projections and source of cash flows *(ongoing): Quarter 2 Complete*

Strategic Objective # 2

Develop efficient and effective processes for the evaluation, monitoring, and disposition of StanCERA's active managers

Strategic Plan Objective #2: Action Plan with Deliverables

1. Maintain and improve the comprehensive internal investment governance process

- ✓ Train internal investment staff on the general processes, procedures and the data collection process *(2017): Investment Officer hired Quarter 1, 2018*
- ✓ Enhance the internal reporting format *(ongoing): Quarter 1 progress includes enhanced alternative reporting. Quarter 2 Complete*

2. Maintain a comprehensive internal investment data repository: *Quarter 1 progress*

includes the creation of a new relational database and initial conversion of all investment related data. This database is currently being used to produce quarterly auxiliary investment reports and is up to date; Ongoing refresh complete

3. Develop and maintain auxiliary performance reporting

- ✓ Continue to develop and enhance auxiliary reporting with an eye towards simplicity *(ongoing): Quarter 1 progress includes a revised reporting format for value added and investment summary reporting*
- ✓ Enhance reporting format and aesthetics *(ongoing): Quarter 1 progress includes a new reporting format for value added, alternatives and investment summary reporting*
- ✓ Work with consultant to develop a valid benchmark for all alternative investments *(2017) Quarter 1 progress includes preliminary discussions and input from the consultant and Board of Retirement*

4. Provide StanCERA staff opportunities to enhance their knowledge regarding the investment governance process

- ✓ Develop study programs and reimbursement policies for the CFA and CAIA designations *(2017) Quarter 4 complete*
- ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to alternative investments *(ongoing)*
- ✓ Provide opportunities for internal staff to attend seminars and conferences related to understanding investment contracts, ADV and SOC reports *(ongoing)*



Strategic Objective # 3

Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability, and achievement.

Strategic Plan Objective #3: Action Plan with Deliverables

1. Train for succession planning to prepare for StanCERA's future and continue to cross-train staff to optimize efficacies for staffing level fluctuations.
 - ✓ Involve all staff in the design and implementation of new software. *(ongoing)*
Quarter 1: Identified subject matter experts are attending 4-6 work sessions each week to facilitate this process.
Quarter 2: Signed off on 8 critical documents which allowed the project to move forward and remain on schedule. Contracted with a data base expert to assist data conversion issues.
Quarter 4: Staff continues to work on business rule development and user acceptance testing. Most all staff is involved
 - ✓ Establish training plan for each classification with goals and milestones (2017):
Not Completed
2. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
 - ✓ All Board approved policies are updated to meet current communications standards. (2017): *Quarter 1: Work on going, 35% complete. Quarter 2: Work on going, 75% complete. Quarter 4: All policies except bylaw review complete*
 - ✓ Annual staff training on communication standards and implementation. *(ongoing)*
 - ✓ All standard forms are updated to meet current communication guidelines.
(2017): *Quarter 1: All standard forms in place as of January 10, 2017 have been updated.*
 - ✓ Formalize StanCERA's peer review philosophy (2017): *Not Completed*
3. Develop and implement an educational policy and plan for staff.
 - ✓ Identify individual staff educational needs annually through the annual employee evaluation process. *(ongoing)* *Quarter 4: Management continues to meet on a weekly basis with each employee to identify strengths and weaknesses and anticipate issues with work performance*
 - ✓ Develop study programs and reimbursement policies for job related training and certification programs (2017): *Quarter 4: Complete*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to job specific training needs *(ongoing)*: *Quarter 1: Seven staff members took part in various on site and off site trainings or conferences in the 1st quarter. (CALAPRS, GFOA, Microsoft Office Enhancement, and Organization Development.)*
Quarter 2: Six staff members took part in various off site trainings or conferences in the



2nd quarter. (CALAPRS roundtables and overview class, SACRS). *Quarter 4: Calaprs Benefit roundtable and disability training*

4. Develop and implement a team-building action plan.

- ✓ Hold a minimum of one team building event offsite annually (ongoing) *Complete Quarter 3*
- ✓ Institute a quarterly teambuilding event onsite (2017) *Quarter 1: Formal employee recognition established with Board of Retirement presentations. 1st quarterly team building event completed March 31, followed by special events celebration. 2nd quarter team building event (Walk America & Team Lunch) has started and will complete with a special event celebration.*
- ✓ Institute monthly team meetings with supervisors (2017): *Quarter 1: Monthly meetings are in place and ongoing. Note: Supervisors have begun a new process of meeting with each staff member once a week and bi-monthly divisional meeting; Quarter 4 complete*

Strategic Objective # 4

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.

Strategic Plan Objective #4: Action Plan with Deliverables

1. Implementation of Electronic Member Filing Content Management System
 - ✓ Identify Subject Matter Expert to oversee implementation (2017): *Quarter 1: Complete*
 - ✓ Develop records retention guidelines for member records (2017): *Quarter 1: Complete. Adopted by the Board on February 28, 2017*
 - ✓ Determine index scheme (2017) *Quarter 3 Complete*
 - ✓ Vendor completes back file conversion of member files (2017): *Quarter 1: File preparation completed on March 31, 2017. Quarter 2: Project Complete*
2. Enhance stakeholder education and communication opportunities
 - ✓ Formally meet with all plan sponsors, no less than annually (ongoing): *Quarter 2 Complete*
3. Substantial completion of Pension Software System implementation
 - ✓ Project initiation and startup (2017): *Quarter 1: Phase I completed March 29, 2017*
 - ✓ Infrastructure / Hardware / Software setup and hosting (2017) *Quarter 2: Servers were deployed on June 13, 2017. Quarter 3: Arrivos Imaging went live and member files are now hosted on the cloud.*



4. Design and rollout of improved StanCERA website
 - ✓ Complete RFP Process for a Web Designer (2017): **Not complete. This project will be completed in either 2018 or 2019**
5. Create an organizational structure that maximizes recruitment potential and encourages staff development for future leadership positions
 - ✓ Survey 37 act system to determine optimum staffing (2017): *Staff note: In reassessing this action item, the ability to determine optimum staffing will need to be analyzed when the new Pension System is closer to being completed*
 - ✓ Collaborate with County Personnel to block budget multiple retirement positions (2017): *Quarter 2: Currently working with Personnel to accomplish this task. Submitted proposed Org Chart. Quarter 3: Collaborating with the County, Investment Officer classification created*
 - ✓ Restructure organization chart (2017): *Quarter 2: Approved by the Board of Retirement with the new fiscal year budget proposal*



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January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Alaine Taa, Administrative Assistant

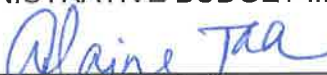
- I. SUBJECT: StanCERA Complaint Log
- II. ITEM NUMBER: # 5.e
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

There were several complaints between October 1 and December 31, 2017. Staff keeps a tally of duplicate complaints to better gauge the extent of any problems. A summary of these complaints follows:

Number of Complaints	Caller Status	Nature of Complaints
8	Active	Several calls from active members regarding the long turn around time for Estimates and Buy Backs (up to 11 months)
1	Active	Active member called and made a suggestion about better customer service at the counter

The number of complaints this quarter slightly decreased compared to the previous report period July 1 through September 30, 2017.

- 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. ADMINISTRATIVE BUDGET IMPACT: None


Alaine Taa, Administrative Assistant


Natalie Elliott, Interim Fiscal Services Manager

Board Member	Ethics Training Completed	3-Year Rolling Total Education Credits	2015 Total Education Credits	2016 Total Education Credits	2017 Total Education Credits	2017 STANCERA CONTINUING EDUCATION RECORD										Item 5.f				
						OPAL Public Funds Summit (Jan) 17.00	CALAPRS General Assembly (March) 9.75	Ethics AB1234 Training 2	Raven (May) 6	NCPRS (May) 24	SACRS Spring Conference (May) 16	CALAPRS Trustee RT (June) 6	Verus (Aug) 8	CALAPRS Public Pension Investment Mngt Prgm (Aug) 20.25	NCPRS Safety (Sept) 24	CRCEA Fall Conference (October) 5	CALAPRS Trustee RT (Oct) 6	SACRS Fall Conference (November) 16		
Lauren Klein		16.00			16.00													16.00		
Joined Board August 22, 2017																				
Mandip Dhillon		66.50		42.50	24.00						24.00									
Joined Board February 6, 2016																				
Donna Riley	03/09/16	20.00	2.00	18.00	0.00															
Darin Gharat		57.75		16.00	41.75		9.75				16.00							16.00		
Joined Board July 1, 2016																				
Mike Lynch	05/14/13	41.75	0.00	0.00	41.75		9.75				16.00							16.00		
Jim DeMartini	03/09/16	4.00	2.00	2.00	0.00															
Sam Sharpe	08/12/16	92.50	16.00	28.50	48.00								8.00		24.00			16.00		
Michael O'Neal	05/10/16	185.00	49.00	56.00	80.00	17.00		6.00		16.00		6.00	8.00			5.00	6.00	16.00		
Rhonda Biesemier		27.00			27.00											5.00	6.00	16.00		
Joined Board August 22, 2017																				
Jeff Grover	01/08/15	62.00	30.00	18.00	14.00			6.00					8.00							

* 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



January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Natalie Elliott, Interim Fiscal Services Manager

- I. SUBJECT: Report on Earnings Allocation for Fiscal Year Ended June 30, 2017
- II. ITEM NUMBER: 5.g
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None

ANALYSIS: Fiscal year 2016/2017 ended with investment earnings available to allocate as Excess Earnings of \$249,701,191. This report explains the allocation of excess earnings in accordance with the Excess Earnings Policy, effective December 15, 2016.

After payment of Administrative, Investment and Actuarial expenses, \$12,630,352 (Policy item #1) and elimination of the prior year loss contra-reserve balance, \$41,804,347 (Policy item #3), a surplus of \$207,896,843 was available for Interest Crediting to Active, Employer and Retiree Reserves prior to adjusting the Contingency Reserve by \$225,696 to maintain the level of the 1% minimum of Net Assets (Policy item #2), as voted by the Board of Retirement. The surplus was distributed on a pro rata basis between these Reserves (Policy item #4) at the rate of 7.25% for the active member reserves and 12.40% for all other reserves. Refundable (.125%) and non-refundable (3.4366%) interest posting to Active member accounts will occur on December 31, 2017 and June 30, 2018, based on the member's account balance on June 30, 2017 and December 31, 2017 respectively.

- V. RISK: None
- VI. 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.
- VII. ADMINISTRATIVE BUDGET IMPACT: None

Natalie Elliott, Interim Fiscal Services Manager

Rick Santos, Executive Director

Attachment 1

StanCERA's Earnings Allocations per the Excess Earnings Policy, effective December 15, 2016, for the Fiscal Year Ended June 30, 2017

1. Total Excess Earnings for Fiscal Year 2016- 2017:		\$ 262,331,542
2. Less Administrative, Investment and Actuarial Expenses:		
Administrative Expenses	\$ 2,644,554	
Investment Expenses	9,835,495	
Actuarial Expenses	<u>150,303</u>	
(Per the Excess Earnings Policy item #1)		12,630,352
3. Less Prior year loss Contra-Reserve Balance		41,804,347
Remaining after payment of Administrative, Investment and Actuarial expenses :		<u>\$ 207,896,843</u>
4. Balance of Investment Earnings available to allocate as Excess Earnings: (Per the Excess Earnings Policy item #4)		
Distributed between:		
Reserves - Active (Non-Retiree) - Basic	\$ 16,605,469	
Reserves - Active (Non-Retiree)- COL	5,328,208	
Reserve for Unvested (Non-Retiree) Interest	10,228,553	
Reserves - Employer - Normal	13,516,276	
Reserves - Employer - Special	15,395,498	
Reserves - Employer - Transfer	16,869,081	
Reserves - Retired - Annuity	16,899,110	
Reserves - Retired - Pension	102,748,290	
Reserves - Retired - Service Disability Benefit	1,345,295	
Reserves - Retired - COL	8,012,303	
Reserves - Other - Burial Allowance	723,064	
1% Contingency Reserve (per the Excess Earnings Policy item #2)	<u>225,696</u>	
		<u>\$ 207,896,843</u>



January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Natalie Elliott, Interim Fiscal Services Manager

- I. SUBJECT: Extension of Audit Services Contract with Brown Armstrong Accountancy Corporation
- II. ITEM NUMBER: 5.h
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: Extend the contract for three years
- V. ANALYSIS: Pursuant to Government Code section 31593 an audit of the retirement system shall be conducted at least once every twelve months and a report upon its financial condition shall be presented to the retirement board. Following an extensive request for proposal and screening process in 2015, Brown Armstrong Accountancy Corporation entered into a three year contract for audit services. This contract expires January 31, 2018.

Brown Armstrong Accountancy Corporation has conducted the financial audit for StanCERA for the past three fiscal years at a rate of \$30,000 per year. StanCERA has been approached by Brown Armstrong Accountancy Corporation to extend their contract to perform financial audit services for an additional three years. The extension would increase the annual cost of the financial audit to \$31,500 for each fiscal year ending June 30, 2018, 2019 and 2020. This incorporates a modest 5% cost of living adjustment for the audit firm. StanCERA will benefit from this extension by eliminating the need for staff and the Board to go through the proposal process and training of possible new auditors.
- 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. ADMINISTRATIVE BUDGET IMPACT: No additional impact to the budget

Natalie Elliott, Interim Fiscal Services Manager

Rick Santos, Executive Director

StanCERA Investment Program 12-Month Workplan

1/23/18
Item 7.a

changes from prior month highlighted in yellow

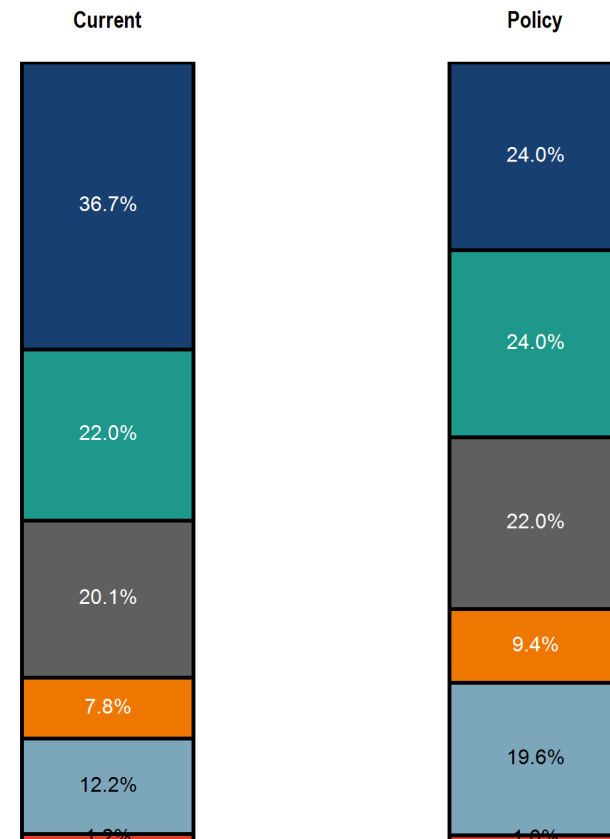
	Time	Changes from prior month
January, 2018	0:05	
Flash report and 12-month workplan	0:05	
February, 2018	1:00	
Flash report and 12-month workplan	0:05	
Quarterly investment performance report	0:30	
Real estate rebalancing recommendation	0:10	
Private markets search launch	0:15	
March, 2018	0:35	
Flash report and 12-month workplan	0:05	
Annual review of IPS	0:30	AA to be reviewed in April
April, 2018	1:25	
Flash report and 12-month workplan	0:05	
Annual review of FFP with updated capital market assumptions	0:20	
Private markets finalist presentations	1:00	
May, 2018	0:35	
Flash report and 12-month workplan	0:05	
Quarterly investment performance report	0:30	
June, 2018	0:35	
Flash report and 12-month workplan	0:05	
Cash overlay education and search authorization	0:30	Moved from May
July, 2018	0:35	
Flash report and 12-month workplan	0:05	
Transition management education and search authorization	0:30	Moved from June
August, 2018	1:05	
Flash report and 12-month workplan	0:05	
Quarterly investment performance report	0:30	
Cash overlay search presentation & selection	0:30	Moved from July
September, 2018	0:35	
Flash report and 12-month workplan	0:05	
Transition management search presentation & selection	0:30	Moved from August
October, 2018	0:05	
Flash report and 12-month workplan	0:05	
November, 2018	0:35	
Flash report and 12-month workplan	0:05	
Quarterly investment performance report	0:30	
December, 2018	0:05	
Flash report and 12-month workplan	0:05	

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: December 31, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	2,108,277,255	100.0	1.0	15.3	7.2
<i>Policy Index</i>			0.9	14.1	6.8
US Equity	773,660,367	36.7	0.9	19.4	9.9
<i>US Equity Blended</i>			0.8	20.3	10.9
<i>Russell 3000</i>			1.0	21.1	11.2
Northern Trust Russell 1000	170,238,401	8.1	1.1	--	--
<i>Russell 1000</i>			1.1	--	--
BlackRock Russell 1000 Growth	117,267,647	5.6	0.8	30.2	14.2
<i>Russell 1000 Growth</i>			0.8	30.2	14.2
Jackson Square	160,383,436	7.6	0.6	28.6	12.4
<i>Russell 1000 Growth</i>			0.8	30.2	14.2
BlackRock Russell 1000 Value	96,315,888	4.6	1.5	13.8	8.6
<i>Russell 1000 Value</i>			1.5	13.7	8.6
Dodge & Cox-Equity	113,477,694	5.4	2.4	16.9	9.6
<i>Russell 1000 Value</i>			1.5	13.7	8.6
Capital Prospects	115,977,301	5.5	-0.5	14.7	10.7
<i>Russell 2000 Value</i>			-1.0	7.8	7.3
International Equity	462,814,748	22.0	2.3	27.4	10.8
<i>MSCI ACWI ex USA Gross</i>			2.3	27.8	11.6
LSV Asset Mgt	235,014,821	11.1	2.6	27.5	11.4
<i>MSCI ACWI ex USA Gross</i>			2.3	27.8	11.6
Fidelity	227,799,927	10.8	2.0	27.0	10.3
<i>MSCI ACWI ex USA Gross</i>			2.3	27.8	11.6
US Fixed Income	423,793,294	20.1	0.2	3.8	0.9
<i>BBgBarc US Aggregate TR</i>			0.5	3.5	1.2
Insight	88,311,903	4.2	0.3	--	0.7
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>			0.0	--	0.1
DFA	276,630,498	13.1	0.1	--	--
<i>BofA Merrill Lynch US Corp & Gov 1-5 Yrs</i>			0.0	--	--
Northern Trust Intermediate Gov't Bond	43,593,157	2.1	0.0	--	--
<i>BBgBarc US Govt Int TR</i>			0.0	--	--
Northern Trust Long Term Gov't Bond	15,170,536	0.7	1.7	--	--
<i>BBgBarc US Govt Long TR</i>			1.7	--	--

	Current	%	Policy	%
Domestic Equity	\$773,660,366	36.7%	\$505,986,541	24.0%
International Equity	\$462,814,748	22.0%	\$505,986,541	24.0%
Domestic Fixed Income	\$423,793,294	20.1%	\$463,820,996	22.0%
Real Estate	\$165,386,305	7.8%	\$198,178,062	9.4%
Alternatives	\$257,442,203	12.2%	\$413,222,342	19.6%
Cash and Equivalents	\$25,180,338	1.2%	\$21,082,773	1.0%
Total	\$2,108,277,255	100.0%	\$2,108,277,254	100.0%



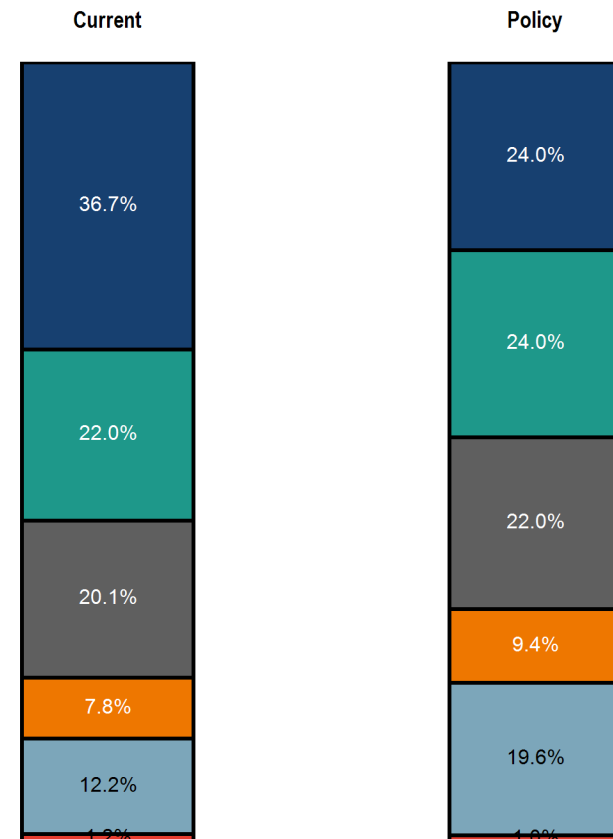
Policy Index (7/1/2017): 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex-USA, 19% BBgBarc US Govt/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 7.7% NCREIF Property, 1.7% NCREIF Property +2%, 0.6% CPI +5%, 5% BBgBarc US High Yield +2%, 14% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. PIMCO, and Dodge and Cox-Fixed are in liquidation and residual cash balances are included in total fund market value. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: December 31, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Real Estate	165,386,305	7.8	0.2	7.1	3.2
DJ US Select RESI			0.0	3.8	2.4
Prime Property Fund	18,368,188	0.9	2.1	8.8	4.4
NCREIF-ODCE			0.0	5.4	1.9
American Strategic Value Realty	22,647,938	1.1	0.0	7.6	2.2
NCREIF Property Index			0.0	5.1	1.7
BlackRock US Real Estate	111,209,496	5.3	0.0	3.7	2.4
DJ US Select RESI TR USD			0.0	3.8	2.4
Greenfield Gap	13,160,683	0.6			
Direct Lending	93,589,935	4.4			
Medley Capital	20,880,110	1.0			
Raven Capital	15,360,875	0.7			
Raven Opportunity III	24,963,131	1.2			
White Oak Pinnacle	32,385,819	1.5			
Risk Parity	141,652,770	6.7	1.2	--	--
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			1.1	--	--
PanAgora Risk Parity Multi Asset	141,652,770	6.7	1.2	--	--
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			1.1	--	--
Infrastructure	22,199,498	1.1			
MS Infrastructure Partners II	22,199,498	1.1			
Cash Account	25,180,338	1.2	0.1	0.9	0.4

	Current	%	Policy	%
Domestic Equity	\$773,660,366	36.7%	\$505,986,541	24.0%
International Equity	\$462,814,748	22.0%	\$505,986,541	24.0%
Domestic Fixed Income	\$423,793,294	20.1%	\$463,820,996	22.0%
Real Estate	\$165,386,305	7.8%	\$198,178,062	9.4%
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Cash and Equivalents	\$25,180,338	1.2%	\$21,082,773	1.0%
Total	\$2,108,277,255	100.0%	\$2,108,277,254	100.0%



Policy Index (7/1/2017): 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 7.7% NCREIF Property, 1.7% NCREIF Property +2%, 0.6% CPI +5%, 5% BBgBarc US High Yield +2%, 14% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. PIMCO, and Dodge and Cox-Fixed are in liquidation and residual cash balances are included in total fund market value. All data is preliminary.

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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvestorForce, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

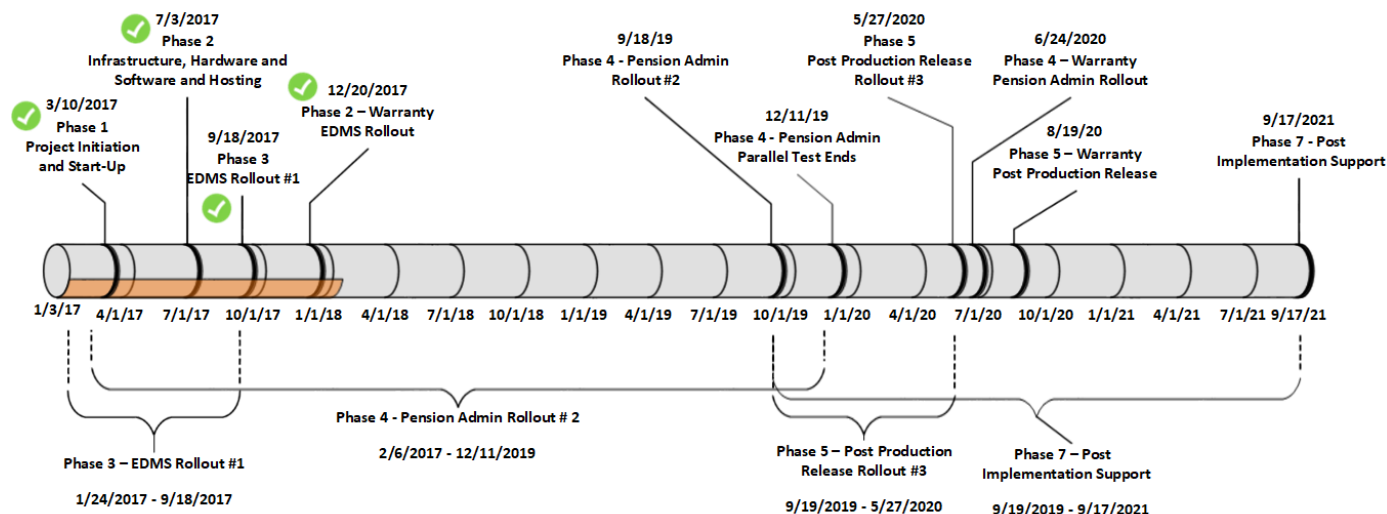


PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



SPONSOR: Rick Santos

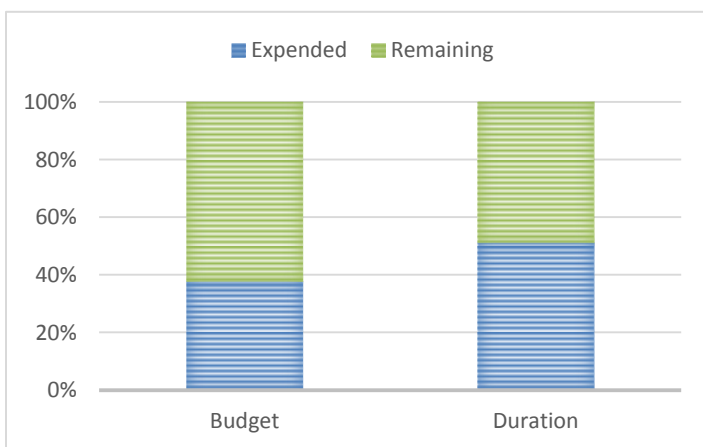
REPORT DATE: 01-12-2018



Baseline 12/01/2016

STATUS

Risks & Issues:



Budget as of 11/30/17

No high-level risks have been identified at this time.

Accomplishments:

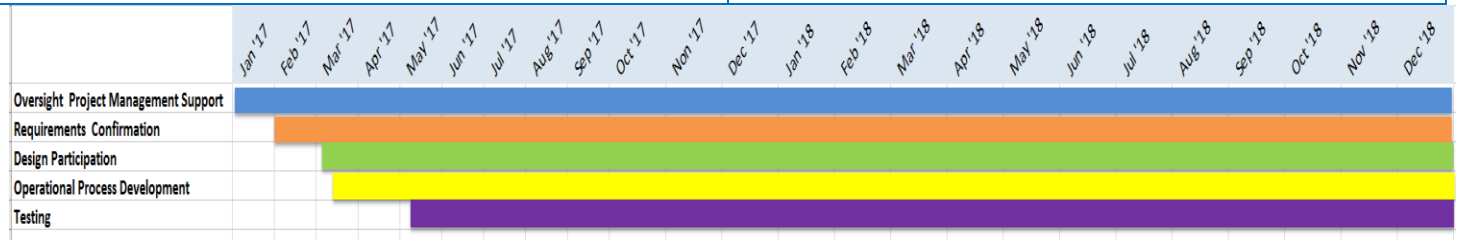
Upcoming:

- Created a draft of employer integration timeline and plan document for communicating and involving employers in the development of employer reporting functionality.
- Continued to coordinate testing efforts of SMEs for Phase 4C UAT, tracking results, and logging bugs.
- Created project management support materials to assist StanCERA leadership in tracking project tasks.

- Continue to develop and modify detailed business process documentation for document handling and imaging.
- Complete Phase 4C UAT.
- Help StanCERA to formally define and implement the employer communication plan as it relates to employer reporting.

Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
 - Facilitate monthly Steering Committee Meetings and create meeting minutes.
 - Participate in Tegrit work sessions, review meeting minutes, and compile resulting decision logs and action items.
 - Regularly review action items for follow up and completion.
- Review and hold group review sessions for BSRD deliverables made by Tegrit.
 - Track requirements, as discussed in work sessions and BSRDs, using the RTM and meet with StanCERA PM to update requirements confirmation.
 - Manage and participate in system testing efforts, including review of test scripts, compiling of results, input of PIRs, and tracking of issue resolution.





January 23, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals 2018
- II. ITEM NUMBER: 8.b.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Accept the Executive Director Goals for 2018
- V. ANALYSIS: The Executive Director Goals for 2018 represent those tasks that were designated to be completed in 2018 when the original Strategic Planning Document was put together in late 2016. Staff made a few minor tweaks to this task list based on whether the task has already been completed or whether the task was best left to a time in the future (generally ITS project related). Further, there are a few items that weren't completed in 2017 that have been added to this year's slate.

This year, the goals center mainly around investment governance and staff education and succession planning. Most of the investment goals pertain to the addition of StanCERA's new Investment Officer and the fulfillment of tasks the Board has deemed important to a sound investment governance program.

Goals associated with staff education and succession planning relate to StanCERA's ability to succession plan, administer effective education and training and create an environment that gives staff the tools and abilities to succeed in their jobs and in leadership roles within the Organization (if applicable).

For the most part, we have left the entire list of 2018 goals and tasks intact from the original strategic plan. However, in light of recent staffing resource issues, it is possible that the goals for 2018 may need to be modified.

- 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. ADMINISTRATIVE BUDGET IMPACT: NONE

Rick Santos, Executive Director



Executive Director Goals **2018**

Strategic Goals 2018 (Attachment 1)

General and/or Ongoing Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
2. Facilitate transition of StanCERA's asset allocation
3. Continued progress on the System data clean-up project
4. Continued monitoring of StanCERA lawsuits
5. Director Professional Development
6. Facilitate RFP for General Legal Counsel
7. Oversee Information Technology Solutions Project
8. Oversee and completion of day to day administrative functions
9. Training of Investment Officer
10. Biennial By-Law Review

Items Tied to the Strategic Plan

Strategic Objective #1

Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability

Strategic Plan Objective #1: Action Plan with Deliverables

1. Implementation of Functionally Focused Portfolio Concept
 - ✓ Fund the Liquidity sub-portfolio by June 30th
 - ✓ Training of new investment staff on FFP process and maintenance of reporting projection and process tools
2. Consult regularly with plan sponsors regarding salary and retirement projections
 - ✓ Meet with Stanislaus County officials each year
 - ✓ Meet with City of Ceres officials each year
3. Consult regularly with plan sponsors regarding pension contribution projections
 - ✓ Meet each year with all plan sponsors
4. Monitor and assess capital market expectations on a continual basis
 - ✓ Monitor trends in the general level of interest rates and market value of StanCERA liabilities
 - ✓ Report at least annually (April/May) to the Board of Retirement on the general level of interest rates and market value of StanCERA liabilities and trends



- ✓ Report annually (April/May) to the Board of Retirement the consideration of any changes in the FFP process
 - ✓ Provide the Board, at least annually, a review of capital market conditions and assumptions on a forward looking basis for all major asset classes
 - ✓ At least annually, recommend asset allocation changes (if applicable) to the Board of Retirement for consideration
5. Maintain awareness of the cash flow process
- ✓ Work with alternative investment managers on contribution and distribution projections
 - ✓ Project and reconcile (semi-annually) budget expenditures
 - ✓ Annual reconciliation (July/August) of the FFP shortfall projections and source of cash flows

Strategic Objective # 2

Develop efficient and effective processes for the evaluation, monitoring, and disposition of StanCERA's active managers

Strategic Plan Objective #2: Action Plan with Deliverables

1. Maintain and improve the comprehensive internal investment governance process
 - ✓ Train internal investment staff on general processes and procedures and the data collection process
 - ✓ Monitor IPS compliance
 - ✓ Monitor investment manager thesis
2. Maintain a comprehensive internal investment data repository
3. Develop and maintain auxiliary performance reporting
 - ✓ Continue to develop and enhance auxiliary reporting with an eye towards simplicity
 - ✓ Enhance reporting format and aesthetics
 - ✓ Work to develop a valid benchmark for alternative investments
4. Provide StanCERA staff opportunities to enhance their knowledge regarding the investment governance process
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to alternative investments
 - ✓ Provide opportunities for internal staff to attend seminars and conferences related to understanding investment contracts, ADV and SOC reports



Strategic Objective # 3

Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability, and achievement.

Strategic Plan Objective #3: Action Plan with Deliverables

1. Train for succession planning to prepare for StanCERA's future and continue to cross-train staff to optimize efficacies for staffing level fluctuations.
 - ✓ Develop training plan and philosophy for staff succession into manager roles
 - ✓ Implement new StanCERA Org Structure
2. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
 - ✓ Annual staff training on communication standards and implementation
 - ✓ Formalize StanCERA's peer review philosophy
3. Develop and implement an educational policy and plan for staff.
 - ✓ Formalize expected training requirements
 - ✓ Identify individual staff educational needs annually through the annual employee evaluation process
 - ✓ Formalize the individual employee education expected outcome
4. Develop and implement a team-building action plan.
 - ✓ Hold a minimum one team building event annually

Strategic Objective # 4

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.

Strategic Plan Objective #4: Action Plan with Deliverables

1. Implementation of Electronic Member Filing Content Management System
 - ✓ Complete the internal verification of back file conversion
 - ✓ Ongoing EDMS plan developed
 - ✓ Paper member files archived
2. Enhance stakeholder education and communication opportunities
 - ✓ Formally meet with all plan sponsors, no less than annually
3. Substantial completion of Pension Software System implementation
4. Design and rollout of improved StanCERA website (2019)



Executive Director Goals **2018**

5. Create an organizational structure that maximizes recruitment potential and encourages staff development for future leadership positions
 - ✓ Formal implementation of new StanCERA Org Structure