



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

December 17, 2019
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/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video 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. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment
6. Consent Items
 - a. Approval of the November 26, 2019 Meeting Minutes [View](#)
 - b. Investment Matrix [View](#)
 - c. Auxiliary Investment Report as of September 30, 2019
 1. AB2833 Auxiliary Report
Agenda Item [View](#) Attachment 1 [View](#)
 2. Investment Fee Summary, Value Added and Cash Flow Reports
Agenda Item [View](#) Attachment 1 [View](#)
 - d. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**
 1. Acevedo, Estela – HSA – Effective 12-07-19
 2. Carter, Renee – DA – Effective 12-04-19
 3. Clower, Sharon – HSA – Effective 12-05-19
 4. Elness, Bryon – City of Ceres – Effective 12-24-19 *
 5. Eudy, Darren – SR911 – Effective 12-07-19
 6. Garcia, Cristina – CSA – Effective 12-07-19

7. Gundlach, Craig – Sheriff – Effective 12-31-19 *
8. Hartzell, Noreen – HSA – Effective 12-31-19
9. Kimbrough, Vincent – Sheriff – Effective 12-07-19 *
10. Lauzon, Suzanne – Superior Court – Effective 12-03-19
11. Olson, Teresa – CSA – Effective 12-11-19
12. Richards, Carol – CSA – Effective 12-03-19
13. Simril, Veronna – Clerk Recorder – Effective 12-10-19
14. Taylor, Sandra – Probation – Effective 12-21-19 *
15. Wever, Lorene – Hospital – Effective 10-29-19
16. Zervos, Michael – Sheriff – Effective 12-19-19 *

** Indicates Safety Personnel*

e. Applications for Deferred Retirement(s) – **Government Code Section 31700**

1. Lambertson, Allison – CEO – Effective 09-13-19
2. Pollinger, Cambria – City of Ceres – Effective 04-05-19
3. Wesner-Donaldson, LeAnn – BHRS – Effective 08-02-19

** Indicates Safety Personnel*

f. Information Technology Solutions (ITS) Project Update
Agenda Item [View](#) Attachment 1 [View](#)

7. Verus – Investment Consultant

- a. 2020 Private Markets Pacing Study [View](#)
- b. November Flash Report [View](#)

8. Investment

None

9. Administrative

- a. Cheiron's Presentation of the 2019 Preliminary Valuation Results [View](#)
- b. StanCERA Disability Retirement Summary of Process and Legal Standards – Presented by Ted Cabral, Disability Counsel [View](#)
- c. Ethics, Fiduciary and Brown Act Review- Presented by Fred Silva, General Counsel
- d. Triennial review of placement agency policy
Agenda Item [View](#) Attachment 1 [View](#)
- e. Triennial review of governing law and jurisdiction policy
Agenda Item [View](#) Attachment 1 [View](#)
- f. Report on Earnings Allocation for Fiscal Year Ended June 30, 2019
Agenda Item [View](#) Attachment 1 [View](#)

10. Committee Reports and Recommendations for Action

STANDING COMMITTEES

a. Strategic Planning Committee

1. Presentation of the 2020-2022 StanCERA Strategic Plan

Agenda Item [View](#) Attachment 1 [View](#)

11. Closed Session

a. Discussion and Action regarding the Executive Director's Annual Review Public Employment
Government Code Section 54954.5

b. 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)

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 54956.9d)(4)

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

13. Adjournment



**BOARD OF RETIREMENT MINUTES
November 26, 2019**

1. Call Meeting to Order

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

2. Pledge of Allegiance

3. Roll Call

Trustees Present: Darin Gharat, Mike Lynch, Jim DeMartini,
Jeff Grover, Michael O'Neal, Jeff Mangar and Mandip Dhillon

Trustees Absent: Sam Sharpe and Donna Riley

Alternate Trustee: Rhonda Biesemeier, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Natalie Elliott, Fiscal Services Manager
Kellie Gomes, Executive Board Assistant
Stan Conwell, Retirement Investment Officer

Others Present: Fred Silva, General Legal Counsel
Eileen Neil, Verus Investment Consultant

4. Announcements

Stan Conwell announced that Capital Prospects, StanCERA's small cap domestic equity manager, announced to their clients on Friday, November 22, 2019 that they will be merging with Attucks Asset Management, based out of Chicago. Staff was aware of a potential merger for almost a year, but the details of the deal including the name of the other firm were not available due to confidentiality requirements. Attucks, like Capital Prospects, is a manager of emerging managers and serves a similar institutional client base with roughly the same firmwide assets under management. Capital Prospects will operate as a subsidiary of Attucks with no change in fees, office location, or services provided. The team is expected to change in the latter part of 2020 with the retirement of Elizabeth Knope, one of Capital Prospects founding partners. Staff is pleased with the care and diligence Capital Prospects put into vetting the current merger and early indications appear to be positive. Staff will work closely with Verus in the coming months to review the merger more in depth.

Rick Santos announced that all of the new technology in the board room is up and running. He reminded everyone to speak directly into the microphones so that the cameras can sync up.

Monthly staff report will now be done on a quarterly basis going forward.

Kellie Gomes noted that the dates on page 2 and 3 of the agenda were incorrect for the agenda and every effort will be made to make sure that it doesn't happen in the future.

5. Public Comment

None

6. Consent Items

a. Approval of the October 22, 2019 Meeting Minutes

- b. Monthly Staff Report
- c. Investment Matrix
- d. Conference Summary
- e. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**
 - 1. Butler, Cara – City of Ceres – Effective 11-01-19
 - 2. Chalupnik, Robert – HSA– Effective 11-10-19
 - 3. Drabin, Jeffrey – DCSS – Effective 10-25-19
 - 4. Felt, Cindy – DCSS – Effective 11-13-19
 - 5. Gulley, Glen – DA – Effective 11-08-19 *
 - 6. Kelly, Gillian – CSA – Effective 10-22-19
 - 7. Lomeli, Maria – CSA – Effective 11-16-19
 - 8. McDonald, Shannyn – BHRS – Effective 10-16-19
 - 9. Smith, Karin – DCSS – Effective 10-29-19
 - 10. Wells, Douglas – Probation – Effective 11-22-19 *

** Indicates Safety Personnel*
- f. Applications for Deferred Retirement(s) – **Government Code Section 31700**
 - 1. Alvarado, John – BHRS – Effective 05-15-19
 - 2. Baker, Jennifer – BHRS – Effective 07-05-19
 - 3. Chukwuka, Ogiram – BHRS – Effective 10-11-19
 - 4. Davalos-Mendoza, Veronica – BHRS – Effective 08-02-19
 - 5. Fagan, Dana – HSA – Effective 06-07-19
 - 6. Jeng, Emily – DA – Effective 06.03-19
 - 7. Macias, Johanna – Probation – Effective 10-26-19 *
 - 8. Molina, Luis Ismael – BHRS – Effective 08-29-19
 - 9. Sanchez, Martha – Workforce Dev – Effective 09-27-19
 - 10. Stachura, Lester – Public Works – Effective 10-18-19

** Indicates Safety Personnel*
- h. Applications Reciprocal Disability Retirement(s) – **Government Code Section 31538.5**
 - 1. Butler, Lee – Sheriff – Effective 08-18-18 *
- i. Information Technology Solutions (ITS) Project Update
- j. 2020 Board of Retirement Committee Assignments
- k. 2020 StanCERA Board Meeting Calendar

Motion was made by Trustee Gharat and seconded by Trustee Mangar to accept the consent items as presented.

Motion carried unanimously

7. Verus – Investment Consultant

a. Investment Performance 2019 Quarter 3

b. October Flash Report

8. Investment

None

9. Administrative

a. Memorandum of Understanding Between Stanislaus County and StanCERA Regarding the Replacement Benefits Plan

Agenda Item Attachment 1 Attachment 2

Motion was made by Trustee Gharat and seconded by Trustee Mangar to accept staff recommendation and ratify the Memorandum of Understanding (MOU) (attachment 2) between the County and StanCERA regarding the 415(b) replacement benefits plan as present.

Motion carried unanimously

10. Committee Reports and Recommendations for Action

STANDING COMMITTEES

a. Internal Governance Committee

Discussion and Action to accept the Internal Governance Committees' Recommendation Regarding:

1. The June 30, 2019 and 2018 Comprehensive Annual Financial Report (CAFR) and Independent Auditor Report

Agenda Item Attachment 1 Attachment 2

Motion was made by Trustee O'Neal and seconded by Trustee Gharat to accept the Internal Governance Committee's recommendation to Accept the Committee's Recommendation for Receipt of the Comprehensive Annual Financial Report (Attachment 1) as presented.

Motion carried unanimously

2. Records Retention Policy Agenda Item Attachment 1

Motion was made by Trustee Grover and seconded by Trustee Gharat to accept the Internal Governance Committee's recommendation to approve the Records Retention Policy and Schedule as presented.

Motion carried unanimously

11. Closed Session

Motion was made by Trustee Gharat and seconded by Trustee O'Neil to go into closed session at 2:20 p.m.

Motion carried unanimously

- a. Application for Non-Service Connected Disability Retirement for Brenda Williams
Government Code Section 31724
- b. 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)
- 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 54956.9d)(4)

Motion was made by Trustee Gharat and seconded by Trustee O'Neil to go into open session at 2:39 p.m.

Motion carried unanimously

Read out from closed session Item 11.a is as follow:

Motion was made by Trustee Gharat and seconded by Trustee Dhillon to dismiss, without prejudice, the Non-Service Connected Disability Application of Brenda Williams.

Motion carried unanimously

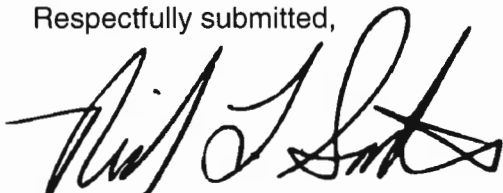
11. Members' Forum (Information and Future Agenda Requests Only)

None

12. Adjournment

Meeting adjourned at 2:44 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: 

Fred Silva, General Legal Counsel



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Investment Matrix

II. ITEM NUMBER: 6.b.

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None.

V. ANALYSIS:

a) *Investment Program Governance:* During November, staff finished up completing some of the remaining current strategic plan goals as well as partnering with other StanCERA staff to develop the strategic goals for the 2020-2022 strategic plan. Review of a couple private market funds moved forward to the next phase of due diligence. Staff also attended a Bloomberg terminal training and began implementing a plan to feed data from StanCERA's custodial bank into Bloomberg in order to fully benefit from the portfolio analysis features of the service. Trainings on internal investment reporting took place as well and some process updates were deployed. Additionally, staff participated in a few annual investment manager meetings online.

b) *Money Transfer Report:*

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
Northern Trust	Cash	\$-1,164,836	Raven III	Private Credit	\$1,164,836
Northern Trust	Cash	\$ -406,206	North Haven Infrastructure	Private Credit	\$ 406,206
BlackRock Real Estate	Real Estate	\$-1,365,517	Greenfield VIII	Real Estate	\$1,365,517

c) *Manager Meeting Notes:*

Northern Trust Institutional Asset Management

Staff met briefly with StanCERA's client relationship director with Northern Trust Institutional Asset Management. Northern Trust manages three passive mandates for StanCERA's portfolio. The Russell 3000 Index fund, an intermediate-term US government bond fund and a long-term US government bond fund. Various details of each fund were discussed including a review of the different vehicles the mandate can be accessed by StanCERA.

Discussion continued a wide range of topics including the culture at Northern Trust, various novel investment product offerings, investment resources available to clients, and general market and industry developments.

- d) *Trainings/Conferences:*
None

- 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.



Stan Conwell, Retirement Investment Officer



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: AB2833 Auxiliary Report

II. ITEM NUMBER: 6.c.1

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

Attachment 1 contains information regarding StanCERA's alternative type investments. In StanCERA's context, "alternative" type investments are defined as the private credit, infrastructure and private real estate asset classes. This information is required to be published at least annually and is a result of Assembly Bill 2833 that went into effect January 1, 2017. The bill requires various information mostly related to performance, cash flows and their classification. Internal staff has been producing most of this information since October of 2014 and enhance and update the report periodically to response to changing investment program and reporting requirements.

The report presents information about individual funds including general fund information, performance measures, fund balance reconciliation, performance decomposition, and fund expense information. A visual exhibit is also provided for each fund that describes the changes in the investment's fund value over the past 8 periods. With this information, one can quickly see recent trends in the general partner's performance and its attribution.

In addition, the report presents performance and expense information for funds grouped by asset class. Provided in this report are the real estate, private credit and alternative type program grouping. The alternative type program includes the private credit, infrastructure, and private real estate asset classes.

Below are the metrics and their definitions used in the report:

- Performance measures
 - **Net internal rate of return (IRR)** – The return on the investment since inception after fees. This measure includes all cash flows into and out of the investment, their timing and the ending fund value as of the measurement date. This measure is generally the most accurate, however, is highly dependent on the ending fund value as approximated by the general partner.
 - **Realization multiple or distributions to paid-in-capital (DPI)** – This is a measure of the cash received by StanCERA relative to cash contributed. For instance, if this measure is \$0.75, then for every dollar StanCERA has contributed, it has received back 75 cents.
 - **Residual value to paid-in-capital multiple (RVPI)** – This is a measure of the current fund value relative to cash contributed. For instance, if this measure is \$0.50, then

- for every dollar StanCERA has contributed, it holds an investment dollar valued at 50 cents. Like IRR, this measure is highly dependent on the ending fund value approximated by the general partner.
- **Investment multiple or total value to paid-in-capital (TVPI)** – This measure is simply the sum of the DPI and RVPI and is a widely quoted number in the investment world in a general sense.
- **Return decomposition** – The return decomposition allows the investor to see the decomposition of the net internal rate of return from the following sources:
 - **Return from income and cash flow** – Generally, this is the return from interest, principal maturation and the timing of the cash flows from the investment. If this number is relatively high, then it can be said that the general partner is generating a good portion of its returns from income and the timely return of contributions to the investor
 - **Return from expenses** – This is the drag on return from expenses incurred by the fund. If this number is relatively high, then the return on investment is lower because of the high expense ratio
 - **Return from gain/loss** – This is the return due to gains and losses on the actual investments since purchase. This number is the sum of both realized and unrealized gains and losses. If this number is relatively high, then it can be considered that the general partner has made good investment choices
 - **Interaction effect** – This is the return due to the interaction between all of the sources mentioned above. In other words, the return from the other sources are not completely independent of one another
 - **Expense matrix** – This is simply all the expenses/fees broken out by all sources reported to StanCERA by the general partner

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective II: Develop efficient and effective procedures for the evaluation, monitoring and disposition of StanCERA's active managers
- VIII. ADMINISTRATIVE BUDGET IMPACT: None.



Stan Conwell, Retirement Investment Officer

Fund Information

Manager Name:	North Haven Infrastructure II GP LP
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Infrastructure
Fund Vintage Year:	2015
StanCERA Investment Start Date:	5/19/2015
Initial Commitment:	\$50,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$32,497,674
Total Commitment Unfunded:	\$17,502,326
Fund Balance:	\$42,904,924

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	11.79%
Investment Multiple (TVPI):	\$1.18
Realization Multiple (DPI):	\$0.45
Residual Value to Paid in Multiple (RVPI):	\$0.73
Paid in Capital Multiple (PIC):	65.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$58,391,144
Distributions	-\$26,184,466
Expenses	-\$4,367,087
Income	\$2,879,103
Gain/(Loss)	<u>\$12,881,384</u>
Ending Fund Balance	\$43,600,078

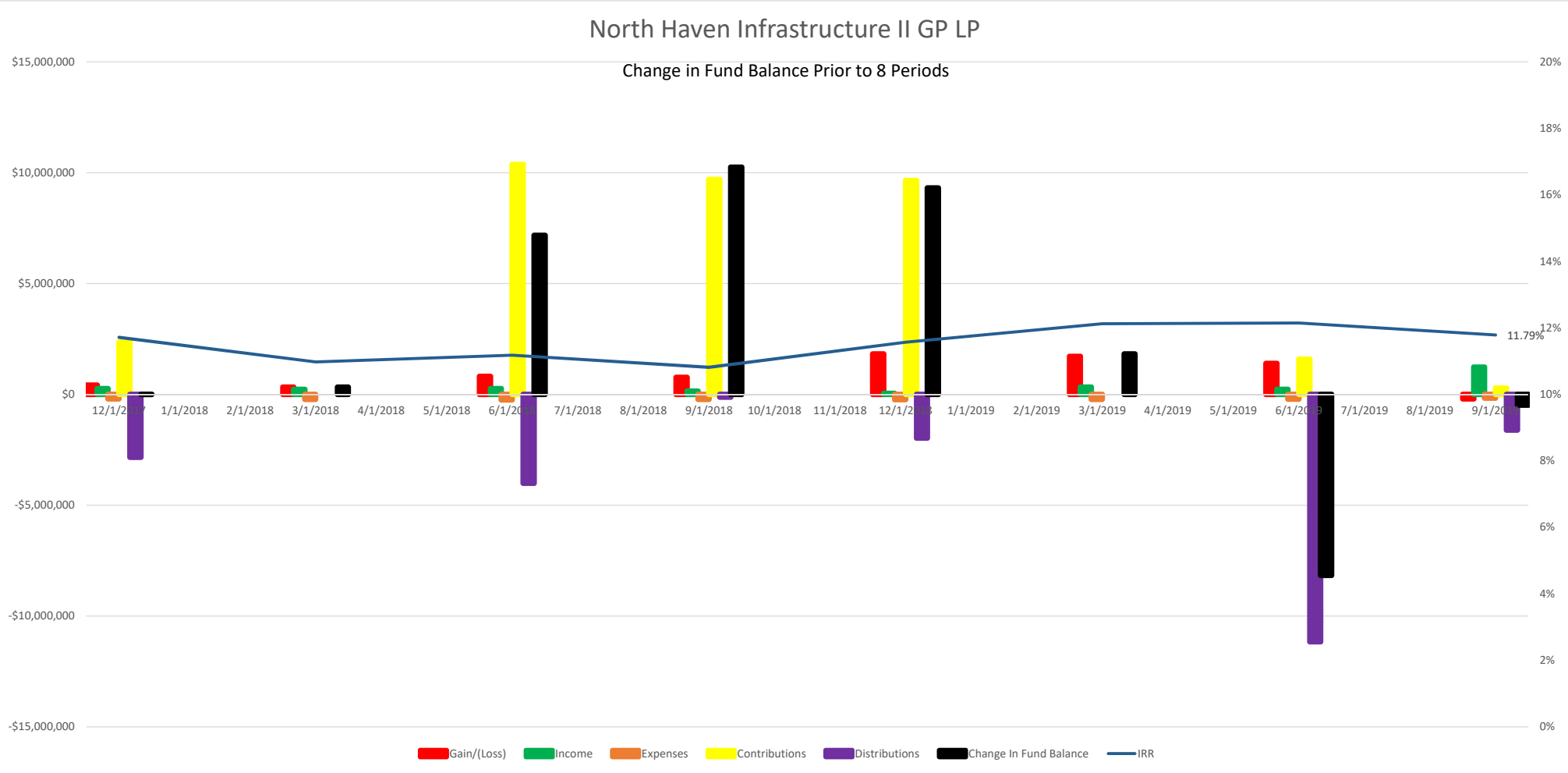
Internal Rate of Return Decomposition

Return from Income and Cash Flow	3.25%
Return from Expenses	-3.86%
Return from Gain/Loss	13.58%
Interaction/Timing Effect:	<u>-1.18%</u>
Net IRR Since Inception:	11.79%

Expense Matrix

Management Fee	\$3,447,411
Organizational Expense	\$52,991
Syndication Costs	\$65,354
Professional Fee	\$46,038
General/Administrative Expense	\$296,087
Broken Deal Expense	\$267,706
Interest Expense	<u>\$191,500</u>
Total	\$4,367,087

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	American Realty Advisors Fund
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Value Added Real Estate
Fund Vintage Year:	2009
StanCERA Investment Start Date:	12/15/2014
Initial Commitment:	\$30,000,000
Additional Commitments:	\$28,000,000
Total Commitment Funded:	\$44,266,000
Total Commitment Unfunded:	\$13,734,000
Fund Balance:	\$52,655,541

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	10.11%
Investment Multiple (TVPI):	\$1.24
Realization Multiple (DPI):	\$0.05
Residual Value to Paid in Multiple (RVPI):	\$1.19
Paid in Capital Multiple (PIC):	76.3%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$44,266,000
Distributions	-\$2,031,680
Expenses	-\$1,707,027
Income	\$5,356,971
Gain/(Loss)	<u>\$6,771,277</u>
Ending Fund Balance	\$52,655,541

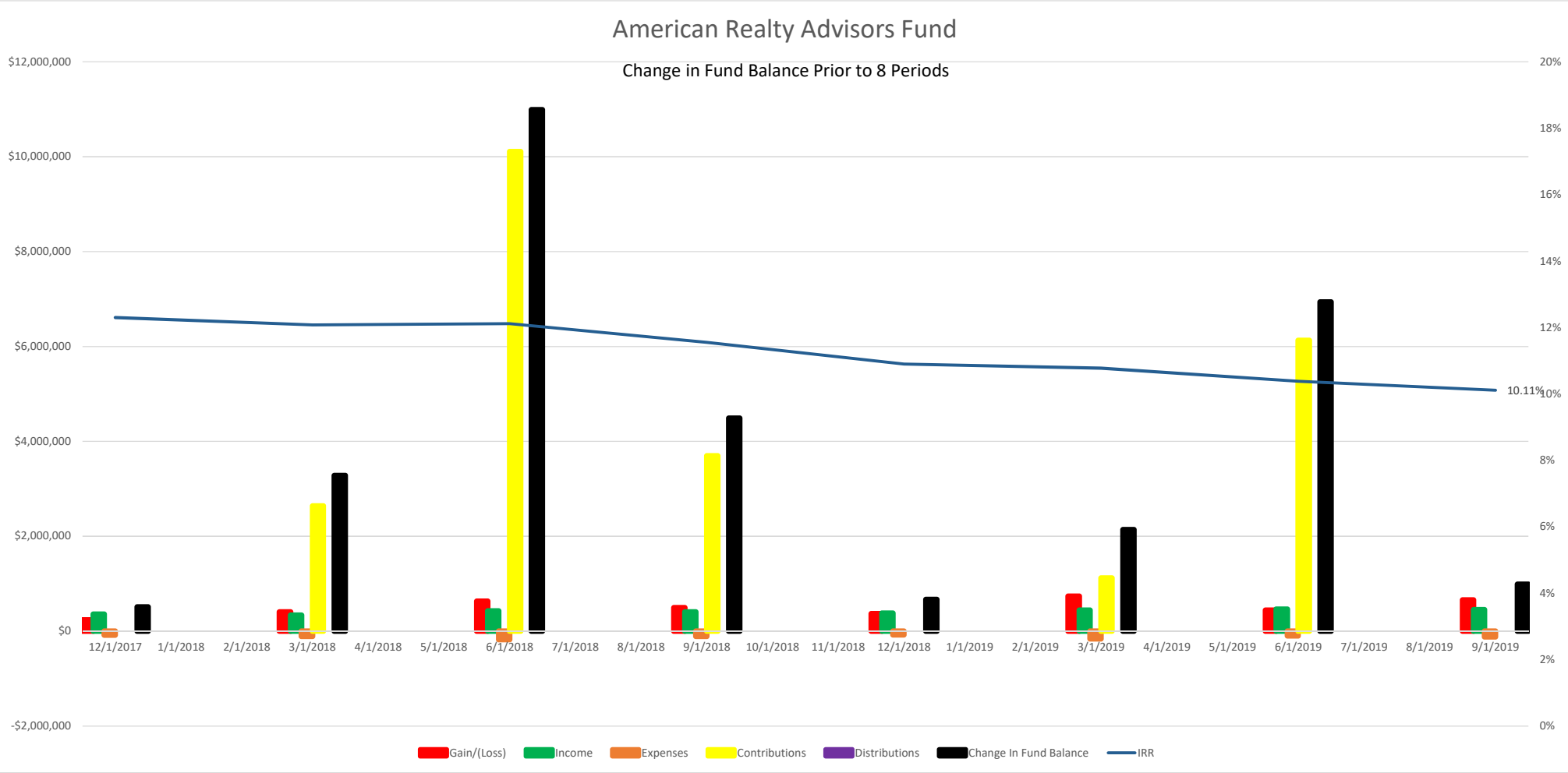
Internal Rate of Return Decomposition

Return from Income and Cash Flow	5.47%
Return from Expenses	-1.47%
Return from Gain/Loss	6.32%
Interaction/Timing Effect:	<u>-0.21%</u>
Net IRR Since Inception:	10.11%

Expense Matrix

Management Fee	\$1,379,357
Incentive Allocation	\$327,616
Offering Costs	<u>\$54</u>
Total	\$1,707,027

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Morgan Stanley Prime Property Fund, L.L.C
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Core Real Estate
Fund Vintage Year:	1973
StanCERA Investment Start Date:	10/1/2015
Initial Commitment:	\$15,000,000
Additional Commitments:	\$35,000,000
Total Commitment Funded:	\$50,000,000
Total Commitment Unfunded:	\$0
Fund Balance:	\$58,055,197

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	7.84%
Investment Multiple (TVPI):	\$1.16
Realization Multiple (DPI):	\$0.00
Residual Value to Paid in Multiple (RVPI):	\$1.16
Paid in Capital Multiple (PIC):	100.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$50,000,000
Distributions	\$0
Expenses	-\$1,197,617
Income	\$4,230,933
Gain/(Loss)	<u>\$5,021,881</u>
Ending Fund Balance	\$58,055,197

Internal Rate of Return Decomposition

Return from Income and Cash Flow	4.26%
Return from Expenses	-1.07%
Return from Gain/Loss	4.75%
Interaction/Timing Effect:	<u>-0.10%</u>
Net IRR Since Inception:	7.84%

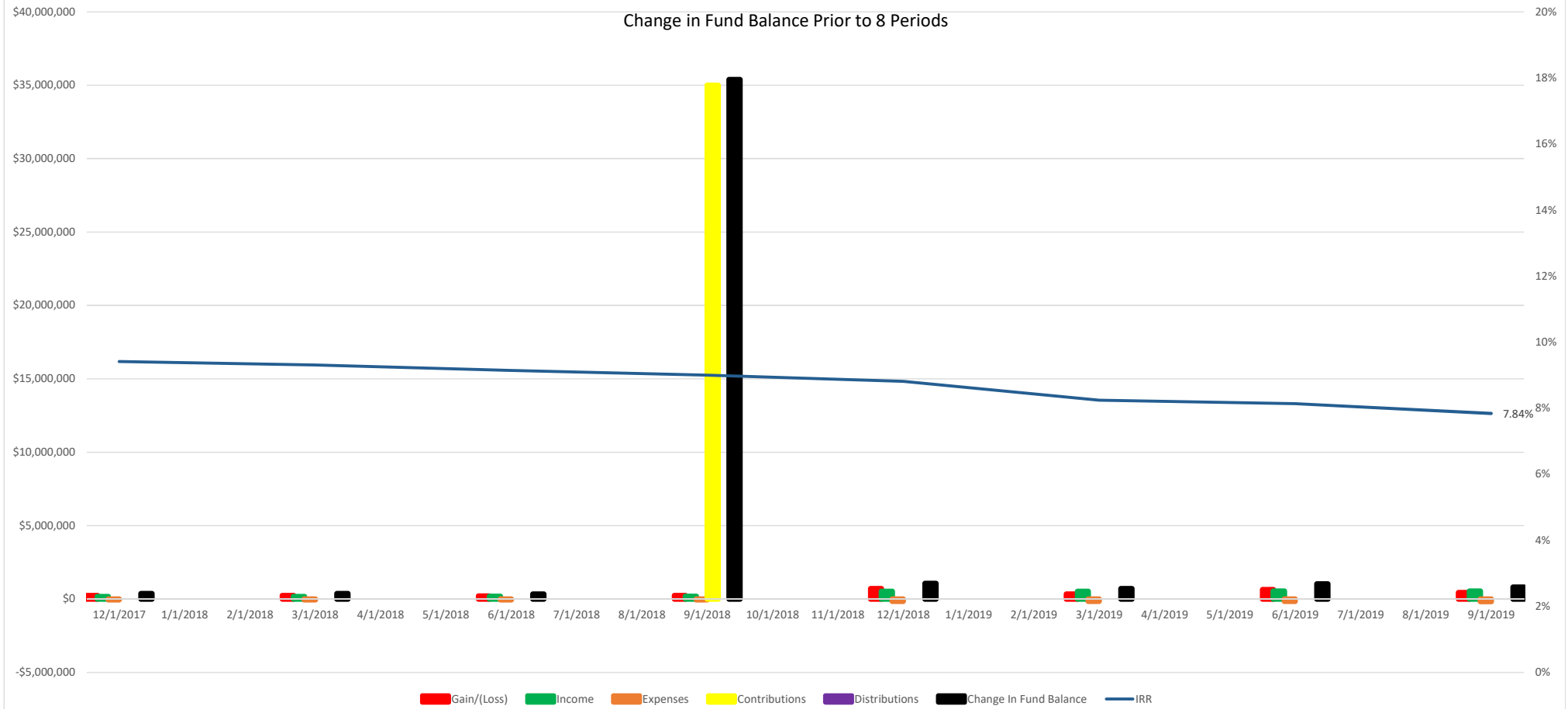
Expense Matrix

Management Fee	\$899,132
Incentive Allocation	<u>\$298,485</u>
Total	\$1,197,617

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates

Morgan Stanley Prime Property Fund, L.L.C

Change in Fund Balance Prior to 8 Periods



Fund Information

Manager Name:	Greenfield GAP VII Management Fund, L.L.C
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Value Added Real Estate
Fund Vintage Year:	2011
StanCERA Investment Start Date:	7/8/2014
Initial Commitment:	\$15,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$9,352,498
Total Commitment Unfunded:	\$5,647,502
Fund Balance:	\$10,300,624

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	15.29%
Investment Multiple (TVPI):	\$1.41
Realization Multiple (DPI):	\$0.84
Residual Value to Paid in Multiple (RVPI):	\$0.57
Paid in Capital Multiple (PIC):	62.3%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$18,013,692
Distributions	-\$15,177,712
Expenses	-\$2,261,553
Income	\$2,361,983
Gain/(Loss)	<u>\$7,364,214</u>
Ending Fund Balance	\$10,300,624

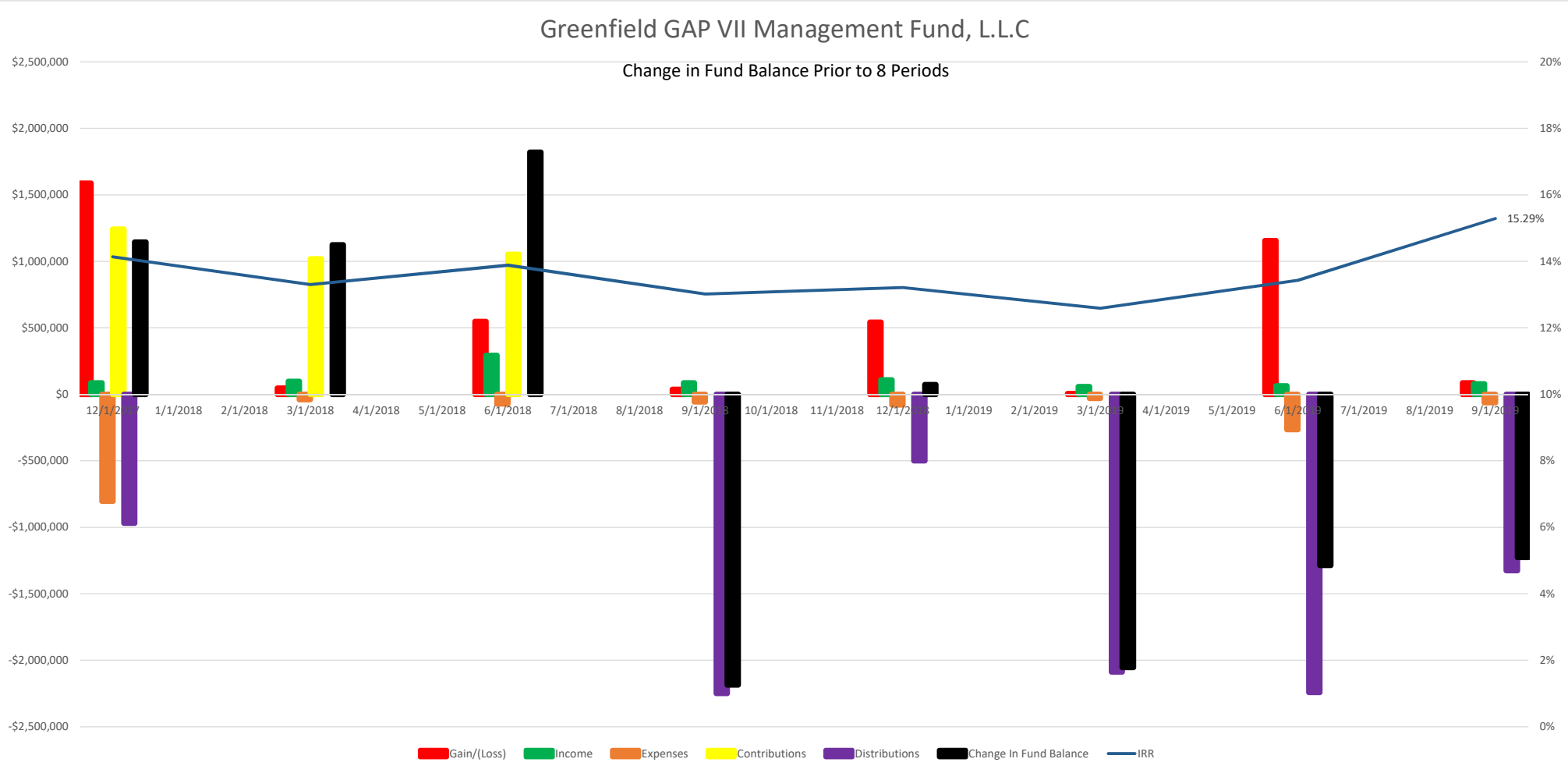
Internal Rate of Return Decomposition

Return from Income and Cash Flow	7.98%
Return from Expenses	-2.71%
Return from Gain/Loss	11.35%
Interaction/Timing Effect:	<u>-1.33%</u>
Net IRR Since Inception:	15.29%

Expense Matrix

Management Fee	\$1,289,774
Partnership Operations	\$58,352
Incentive Allocation	\$910,558
Interest Expense	<u>\$2,869</u>
Total	\$2,261,553

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Medley Opportunity Fund II L.P.
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Private Credit
Fund Vintage Year:	2011
StanCERA Investment Start Date:	5/16/2013
Initial Commitment:	\$30,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$29,000,453
Total Commitment Unfunded:	\$999,547
Fund Balance:	\$12,054,751

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	0.69%
Investment Multiple (TVPI):	\$1.13
Realization Multiple (DPI):	\$0.74
Residual Value to Paid in Multiple (RVPI):	\$0.39
Paid in Capital Multiple (PIC):	96.7%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$31,086,716
Distributions	-\$22,943,895
Expenses	-\$3,559,475
Income	\$17,319,771
Gain/(Loss)	<u>-\$9,848,367</u>
Ending Fund Balance	\$12,054,750

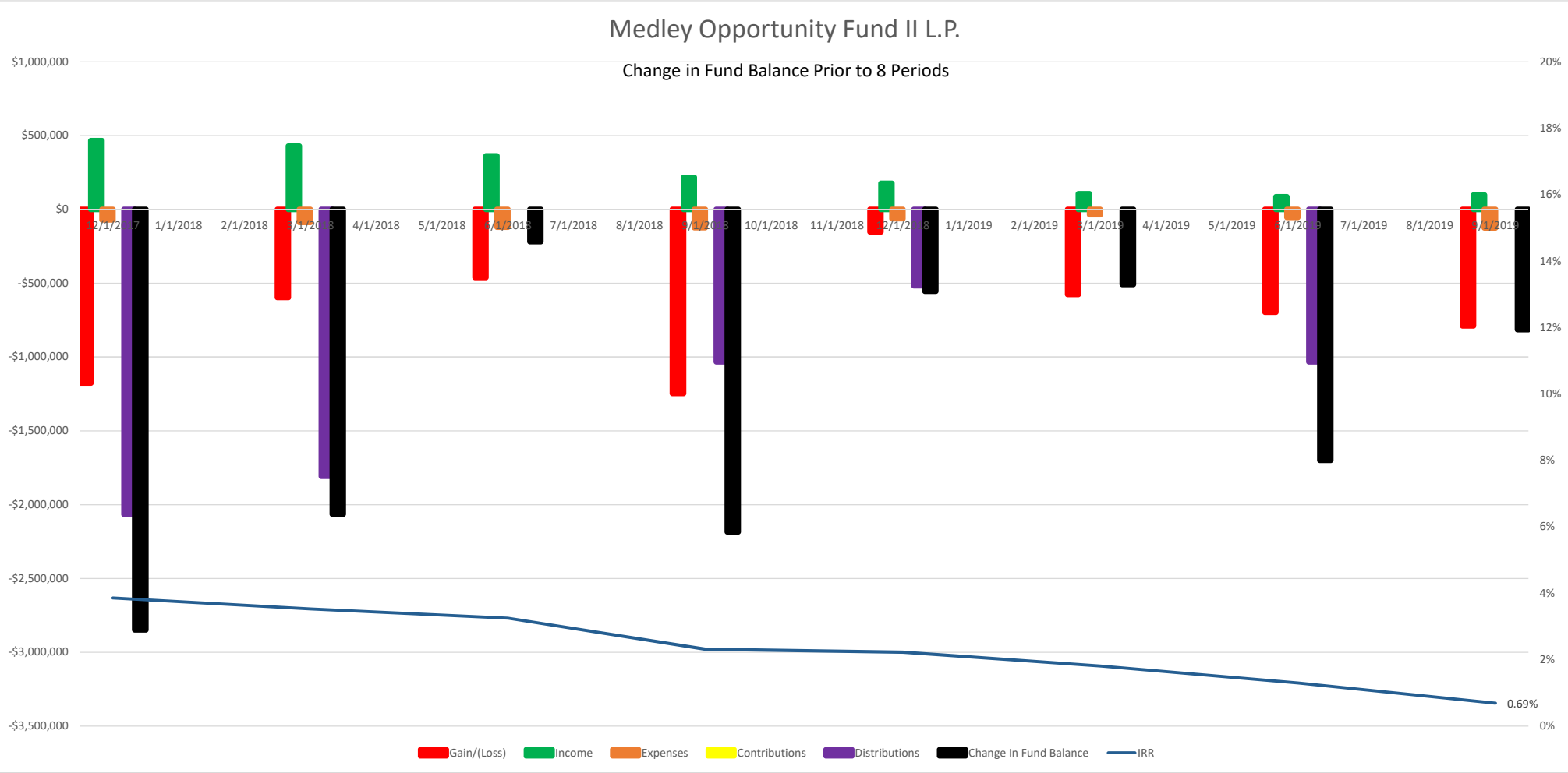
Internal Rate of Return Decomposition

Return from Income and Cash Flow	8.35%
Return from Expenses	-2.39%
Return from Gain/Loss	-5.93%
Interaction/Timing Effect:	<u>0.66%</u>
Net IRR Since Inception:	0.69%

Expense Matrix

Management Fee	\$2,447,115
Partnership Operations	\$1,112,361
Incentive Allocation	<u>-\$1</u>
Total	\$3,559,475

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Raven Asset-Based Opportunity Fund I L.P.
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Private Credit
Fund Vintage Year:	2012
StanCERA Investment Start Date:	5/22/2013
Initial Commitment:	\$40,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$34,505,763
Total Commitment Unfunded:	\$5,494,237
Fund Balance:	\$14,330,002

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	2.03%
Investment Multiple (TVPI):	\$1.10
Realization Multiple (DPI):	\$0.68
Residual Value to Paid in Multiple (RVPI):	\$0.42
Paid in Capital Multiple (PIC):	86.3%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$34,505,763
Distributions	-\$23,582,991
Expenses	-\$5,240,977
Income	\$13,038,766
Gain/(Loss)	<u>-\$4,390,560</u>
Ending Fund Balance	\$14,330,001

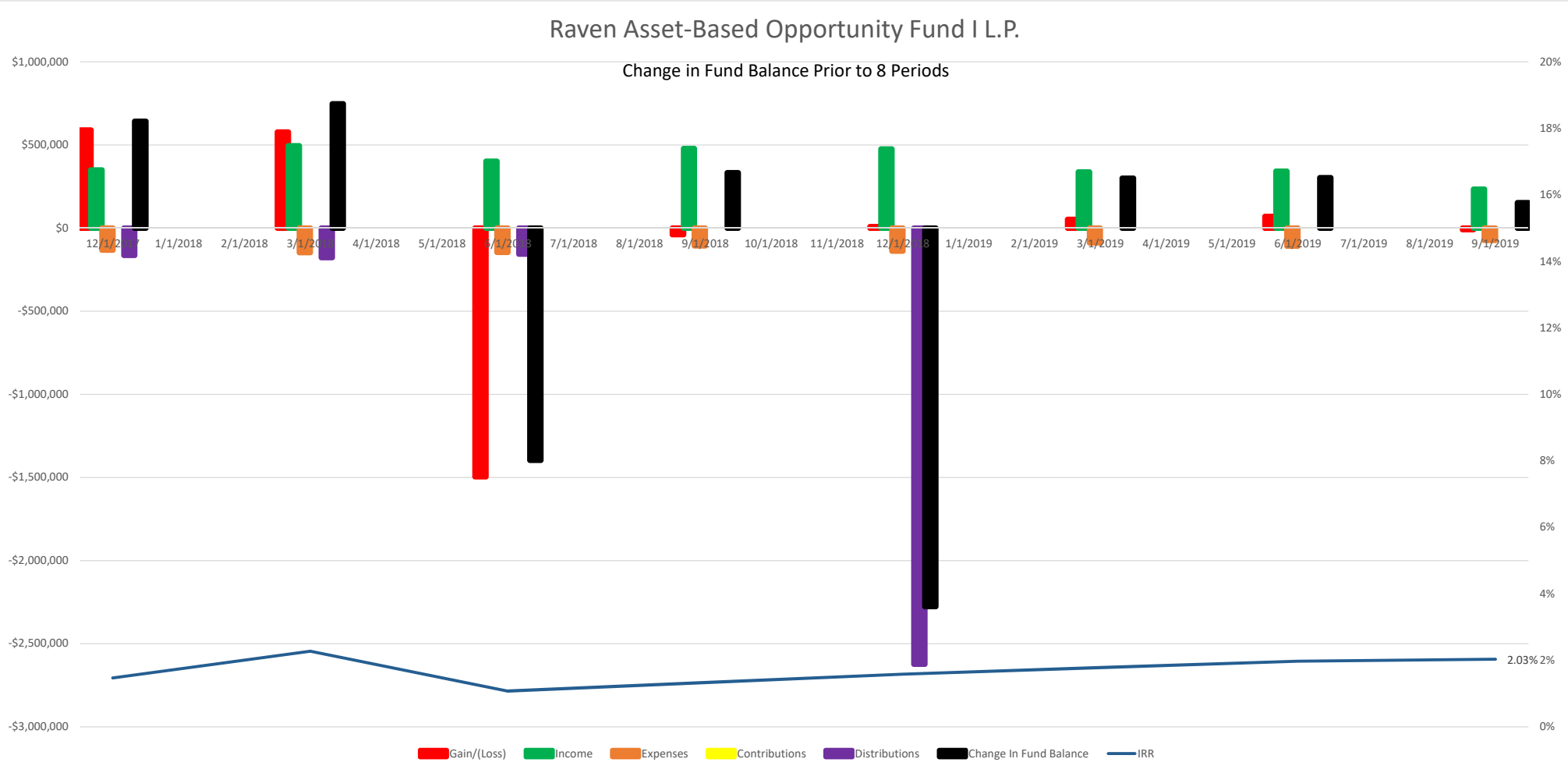
Internal Rate of Return Decomposition

Return from Income and Cash Flow	8.05%
Return from Expenses	-3.52%
Return from Gain/Loss	-3.00%
Interaction/Timing Effect:	<u>0.50%</u>
Net IRR Since Inception:	2.03%

Expense Matrix

Management Fee	\$3,335,060
Organizational Expense	\$92,275
Service Fee	\$339,601
Professional Fee	<u>\$1,474,041</u>
Total	\$5,240,977

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Raven Asset-Based Opportunity Fund III L.P.
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Private Credit
Fund Vintage Year:	2015
StanCERA Investment Start Date:	7/6/2015
Initial Commitment:	\$15,000,000
Additional Commitments:	\$35,000,000
Total Commitment Funded:	\$41,719,265
Total Commitment Unfunded:	\$8,280,735
Fund Balance:	\$43,113,606

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	5.92%
Investment Multiple (TVPI):	\$1.11
Realization Multiple (DPI):	\$0.20
Residual Value to Paid in Multiple (RVPI):	\$0.91
Paid in Capital Multiple (PIC):	83.4%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$47,196,919
Distributions	-\$9,492,000
Expenses	-\$4,925,001
Income	\$7,852,667
Gain/(Loss)	<u>\$2,481,019</u>
Ending Fund Balance	\$43,113,604

Internal Rate of Return Decomposition

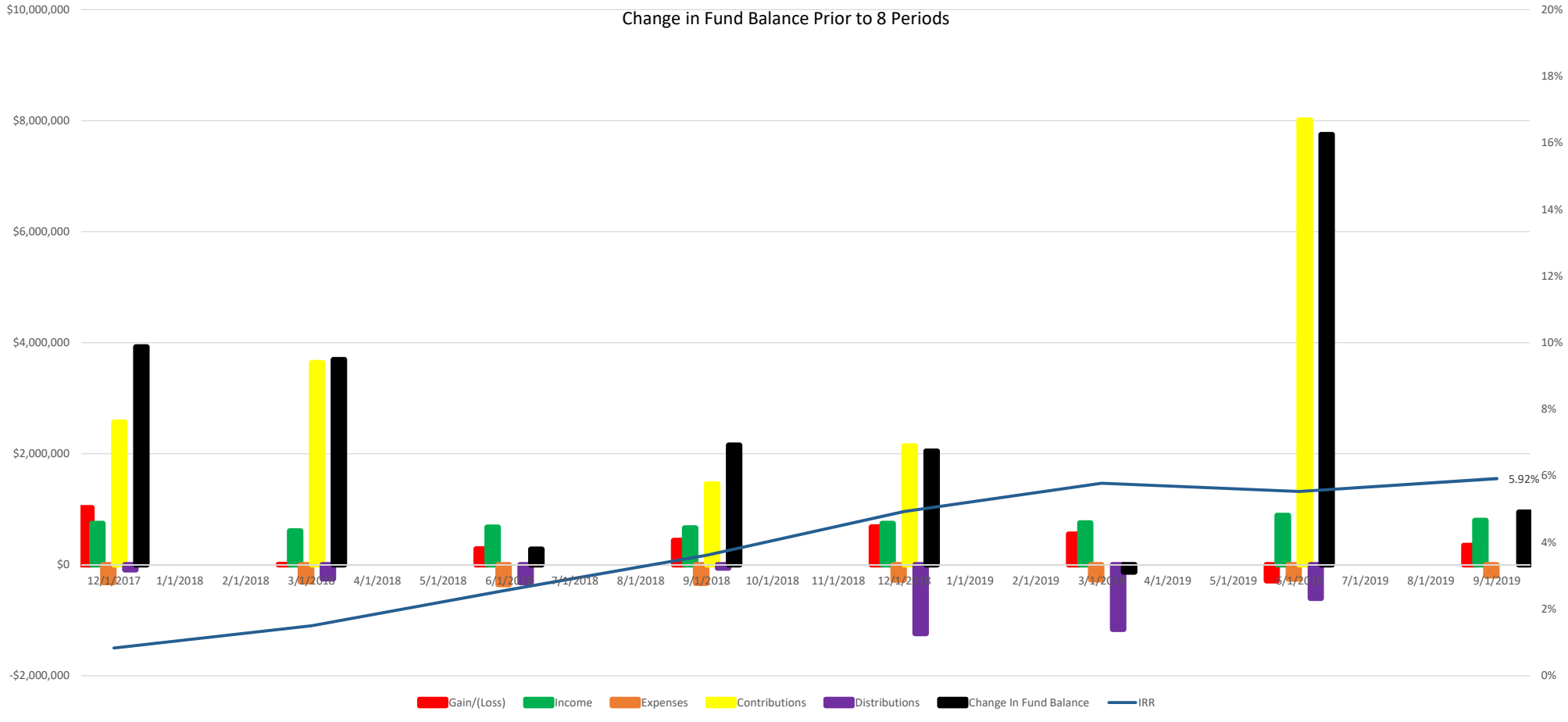
Return from Income and Cash Flow	8.40%
Return from Expenses	-4.90%
Return from Gain/Loss	2.64%
Interaction/Timing Effect:	<u>-0.23%</u>
Net IRR Since Inception:	5.92%

Expense Matrix

Management Fee	\$3,495,963
Organizational Expense	\$80,143
Professional Fee	<u>\$1,348,895</u>
Total	\$4,925,001

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates

Raven Asset-Based Opportunity Fund III L.P.



Fund Information

Manager Name:	White Oak Pinnacle Fund L.P.
Analysis Date:	9/30/2019
Reporting Frequency:	Quarterly
Latest Data Date:	9/30/2019
Manager Investment Style:	Private Credit
Fund Vintage Year:	2012
StanCERA Investment Start Date:	8/2/2013
Initial Commitment:	\$40,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$32,758,125
Total Commitment Unfunded:	\$7,241,875
Fund Balance:	\$26,272,134

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	7.36%
Investment Multiple (TVPI):	\$1.27
Realization Multiple (DPI):	\$0.79
Residual Value to Paid in Multiple (RVPI):	\$0.48
Paid in Capital Multiple (PIC):	81.9%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$55,047,161
Distributions	-\$43,501,295
Expenses	-\$4,047,742
Income	\$21,329,841
Gain/(Loss)	<u>-\$2,555,832</u>
Ending Fund Balance	\$26,272,133

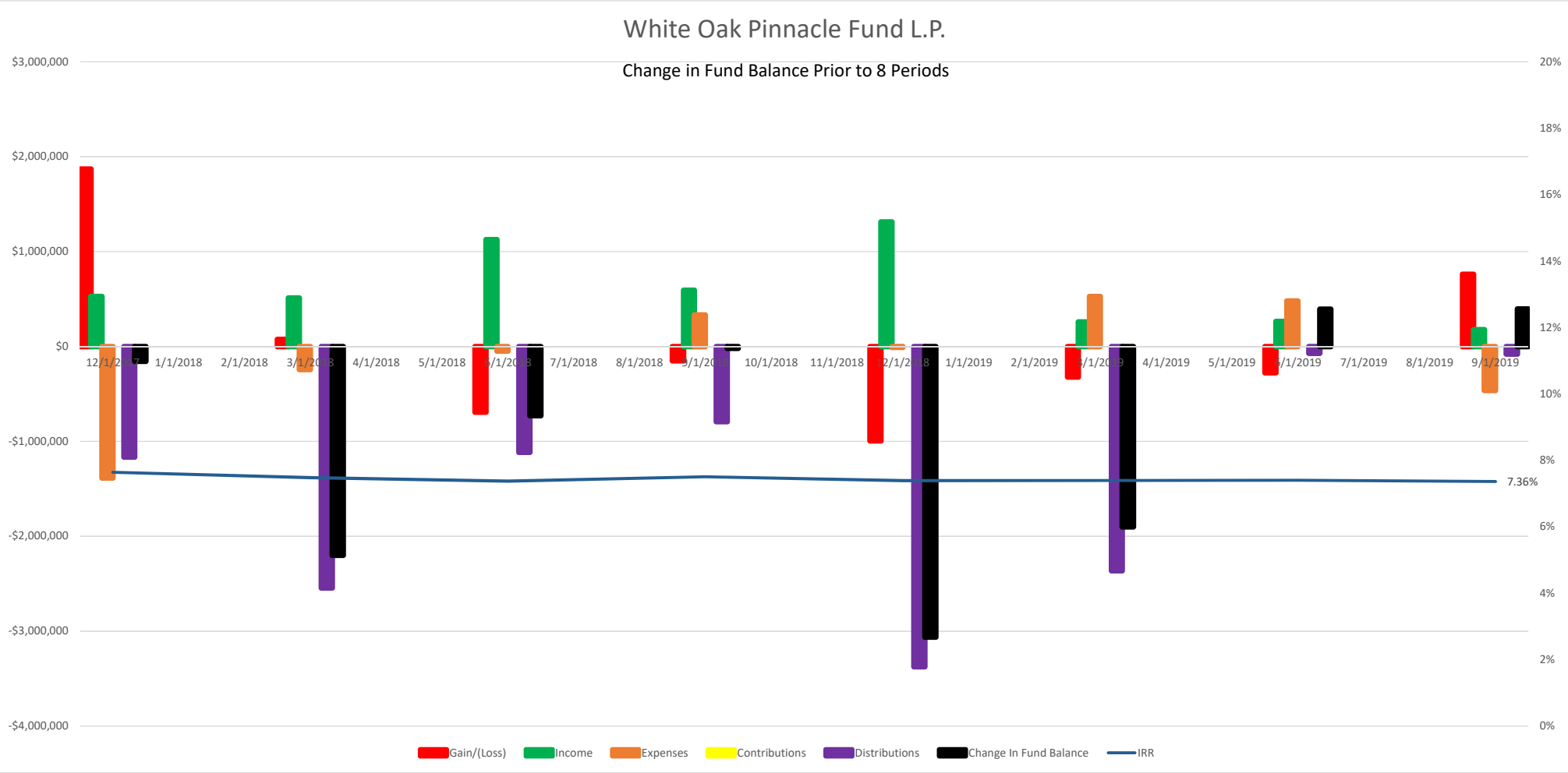
Internal Rate of Return Decomposition

Return from Income and Cash Flow	10.29%
Return from Expenses	-1.84%
Return from Gain/Loss	-1.18%
Interaction/Timing Effect:	<u>0.10%</u>
Net IRR Since Inception:	7.36%

Expense Matrix

Management Fee	\$4,057,263
Incentive Allocation	\$1,038,377
Other Expense	\$67,476
Management Fee Reimbursement	-\$1,611,862
General/Administrative Expense	<u>\$496,487</u>
Total	\$4,047,742

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Alternative Type Program Performance

Analysis Date:	9/30/2019	Expense Matrix Since Inception		
Program Name:	Alternative Type	<u>Expense Type</u>	<u>Expense</u>	<u>% of Total</u>
Program Inception Date:	5/16/2013	Management Fee	\$22,300,617	69.9%
Total Commitment:	\$426,999,999	Partnership Operations	\$1,178,765	4.0%
Unfunded Commitment as of Analysis Date:	\$81,134,842	Organizational Expense	\$225,409	0.8%
% Funded as of Analysis Date:	81.00%	Incentive Allocation	\$2,610,974	8.8%
Program Fund Balance:	\$336,517,175	Offering Costs	\$54	0.0%
		Service Fee	\$339,601	1.1%
		Syndication Costs	\$65,354	0.2%
		Professional Fee	\$2,889,360	9.8%
		Other Expense	\$67,476	0.2%
		Management Fee Reimbursement	-\$1,611,862	-
		General/Administrative Expense	\$792,574	2.7%
		Broken Deal Expense	\$267,706	0.9%
		Interest Expense	\$390,567	1.3%
		Custody Fee	\$95,839	0.3%
		Dividend Expense	\$0	0.0%
		Performance Fee	\$0	0.0%
		Total	\$29,612,435	100.0%
Performance Measures				
Net IRR Since Inception:	7.03%			
Realization Multiple (DPI):	\$0.32			
Residual Value to Paid in Multiple (RVPI):	\$0.77			
Investment Multiple (TVPI):	\$1.09			
Net IRR Decomposition				
Return from Income & Cash Flow:	7.77%			
Return from Expenses:	-2.70%			
Return from Gain/Loss:	1.78%			
Interaction Effect:	0.18%			
Net IRR Since Inception:	7.03%			

Real Estate Program Performance

Analysis Date:	9/30/2019	Expense Matrix Since Inception		
Program Name:	Real Estate	<u>Expense Type</u>	<u>Expense</u>	<u>% of Total</u>
Program Inception Date:	7/8/2014	Management Fee	\$5,517,804	74.4%
Total Commitment:	\$217,000,000	Partnership Operations	\$66,404	0.9%
Unfunded Commitment as of Analysis Date:	\$41,616,122	Organizational Expense	\$0	0.0%
% Funded as of Analysis Date:	80.82%	Incentive Allocation	\$1,572,598	21.2%
Program Fund Balance:	\$197,841,759	Offering Costs	\$54	0.0%
		Service Fee	\$0	0.0%
		Syndication Costs	\$0	0.0%
		Professional Fee	\$20,386	0.3%
		Other Expense	\$0	0.0%
		Management Fee Reimbursement	\$0	-
		General/Administrative Expense	\$0	0.0%
		Broken Deal Expense	\$0	0.0%
		Interest Expense	\$199,067	2.7%
		Custody Fee	\$37,235	0.5%
		Dividend Expense	\$0	0.0%
		Performance Fee	\$0	0.0%
		Total	\$7,413,549	100.0%
Performance Measures				
Net IRR Since Inception:	10.99%			
Realization Multiple (DPI):	\$0.09			
Residual Value to Paid in Multiple (RVPI):	\$1.03			
Investment Multiple (TVPI):	\$1.12			
Net IRR Decomposition				
Return from Income & Cash Flow:	6.65%			
Return from Expenses:	-2.26%			
Return from Gain/Loss:	6.33%			
Interaction Effect:	0.27%			
Net IRR Since Inception:	10.99%			

Private Credit Program Performance

Analysis Date:	9/30/2019	Expense Matrix Since Inception		
Program Name:	Private Credit	<u>Expense Type</u>	<u>Expense</u>	<u>% of Total</u>
Program Inception Date:	5/16/2013	Management Fee	\$13,335,401	65.8%
Total Commitment:	\$159,999,999	Partnership Operations	\$1,112,361	6.2%
Unfunded Commitment as of Analysis Date:	\$22,016,394	Organizational Expense	\$172,418	1.0%
% Funded as of Analysis Date:	86.24%	Incentive Allocation	\$1,038,376	5.8%
Program Fund Balance:	\$95,770,492	Offering Costs	\$0	0.0%
		Service Fee	\$339,601	1.9%
		Syndication Costs	\$0	0.0%
		Professional Fee	\$2,822,936	15.8%
		Other Expense	\$67,476	0.4%
		Management Fee Reimbursement	-\$1,611,862	-
		General/Administrative Expense	\$496,487	2.8%
		Broken Deal Expense	\$0	0.0%
		Interest Expense	\$0	0.0%
		Custody Fee	\$48,672	0.3%
		Dividend Expense	\$0	0.0%
		Performance Fee	\$0	0.0%
		Total	\$17,821,867	100.0%
Performance Measures				
Net IRR Since Inception:	4.08%			
Realization Multiple (DPI):	\$0.54			
Residual Value to Paid in Multiple (RVPI):	\$0.52			
Investment Multiple (TVPI):	\$1.05			
Net IRR Decomposition				
Return from Income & Cash Flow:	8.89%			
Return from Expenses:	-2.53%			
Return from Gain/Loss:	-2.01%			
Interaction Effect:	-0.27%			
Net IRR Since Inception:	4.08%			



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Fee Summary, Value Added and Cash Flow Reports - September 30, 2019
- II. ITEM NUMBER: 6.c.2
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

Attachment 1 contains the investment fee summary, value added and cash flow reports.

Investment Fee Summary – This report details StanCERA's investment management fees by asset class, manager discretion, investment style and individual manager. Fee data for this report began in July 2014 and is updated on at least a quarterly basis. For the period, 7/01/2014 to 9/30/2019, total investment fees were approximately \$49.3 Million or roughly 47 bps (0.47%) when annualized. While, relatively unchanged from last quarter, the number has trended down over time due to performance fee give backs and lower custodial fees.

Value Added Report – For the quarter ending 9/30/2019, the portfolio finished slightly in the negative, down approximately \$200,000, relative to a comparable passive investment portfolio. LSV (\$2.1 Million) reversed some of its previous period underperformance as its deep value style saw some improvement during the quarter.

Cash Flow Report – This report details StanCERA's cash activities.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective II: Develop efficient and effective procedures for the evaluation, monitoring and disposition of StanCERA's active managers
- VIII. ADMINISTRATIVE BUDGET IMPACT: None.

Stan Conwell, Retirement Investment Officer



StanCERA Investment Fee Summary - By Asset Class

Fiscal Year to Date

7/1/2014

thru

9/30/2019

	Fees In Dollars						Annualized Fees in Basis Points				
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance*</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Total StanCERA Portfolio	\$1,862,895,472	\$39,176,295	\$3,694,530	\$4,591,970	\$1,868,960	\$49,331,755	37.5	3.5	4.4	1.8	47.3

Fees By Asset Class

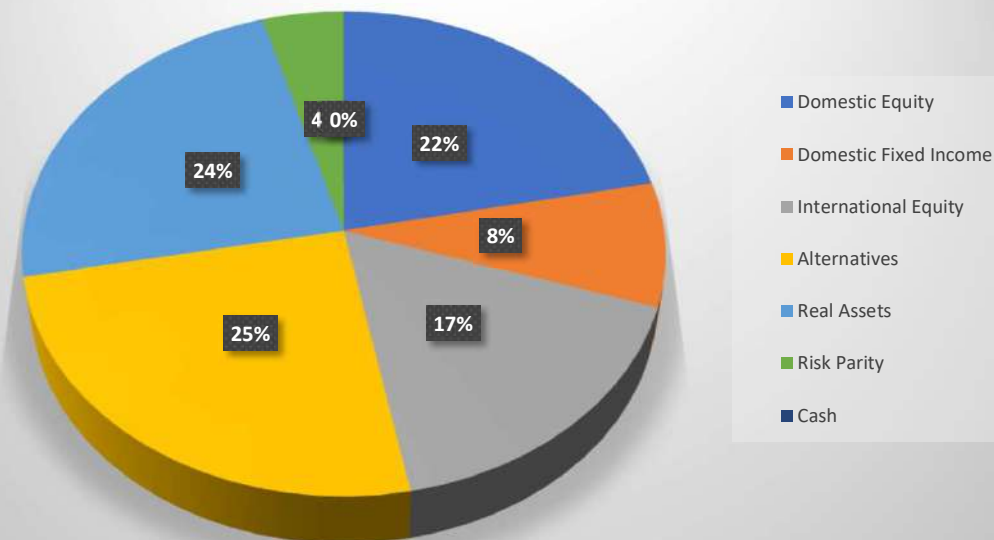
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Domestic Equity	\$682,122,190	\$10,130,301	\$0	\$0	\$614,321	\$10,744,622	9.7	0.0	0.0	0.6	10.3
Domestic Fixed Income	\$454,236,740	\$3,898,933	\$0	\$0	\$171,643	\$4,070,575	3.7	0.0	0.0	0.2	3.9
International Equity	\$407,438,171	\$5,494,083	\$1,889,149	\$0	\$967,806	\$8,351,038	5.3	1.8	0.0	0.9	8.0
Alternatives	\$93,949,828	\$9,174,682	\$232,782	\$2,879,389	\$46,247	\$12,333,100	8.8	0.2	2.8	0.0	11.8
Real Assets	\$123,281,438	\$8,792,637	\$1,572,598	\$1,205,587	\$57,905	\$11,628,728	8.4	1.5	1.2	0.1	11.1
Risk Parity	\$93,695,964	\$1,685,660	\$0	\$506,994	\$10,287	\$2,202,941	1.6	0.0	0.5	0.0	2.1
Cash	\$8,171,142	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.0	0.0

* Performance fees can be negative due to the clawback of incentive fees

<u>Asset Class</u>	<u>Fees</u>
Domestic Equity	\$10,744,622
Domestic Fixed Income	\$4,070,575
International Equity	\$8,351,038
Alternatives	\$12,333,100
Real Assets	\$11,628,728
Risk Parity	\$2,202,941
Cash	\$750

Total \$49,331,755

Fees By Asset Class





StanCERA Investment Fee Summary - By Investment Discretion

Fiscal Year to Date

7/1/2014

thru

9/30/2019

	Fees In Dollars						Annualized Fees in Basis Points				
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance*</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Total StanCERA Portfolio	\$1,862,895,472	\$39,176,295	\$3,694,530	\$4,591,970	\$1,868,960	\$49,331,755	37.5	3.5	4.4	1.8	47.3

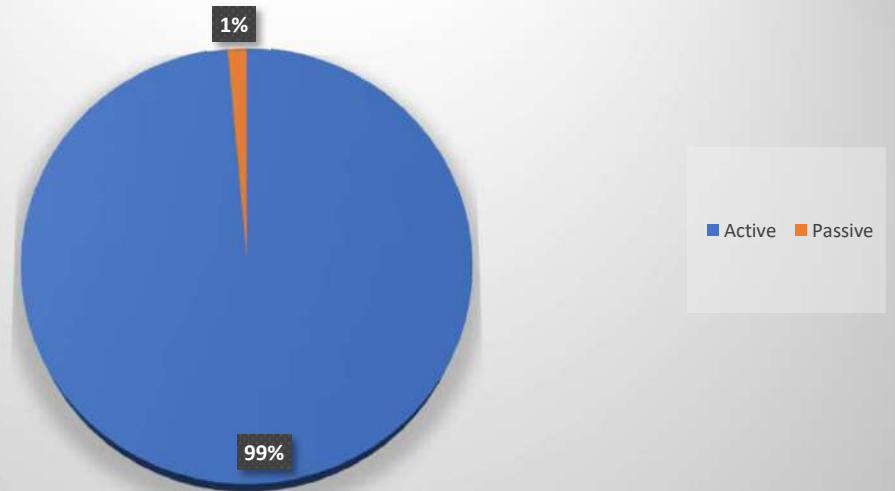
Fees By Investment Discretion

	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Active	\$1,479,756,954	\$38,547,452	\$3,694,530	\$4,591,970	\$1,815,614	\$48,649,566	36.9	3.5	4.4	1.7	46.6
Passive	\$383,138,518	\$628,843	\$0	\$0	\$53,345	\$682,188	0.6	0.0	0.0	0.1	0.7

* Performance fees can be negative due to the clawback of incentive fees

Investment Discretion	<u>Fees</u>
Active	\$48,649,566
Passive	<u>\$682,188</u>
Total	\$49,331,755

Fees By Investment Discretion





StanCERA Investment Fee Summary - By Investment Style

Fiscal Year to Date

7/1/2014 thru 9/30/2019

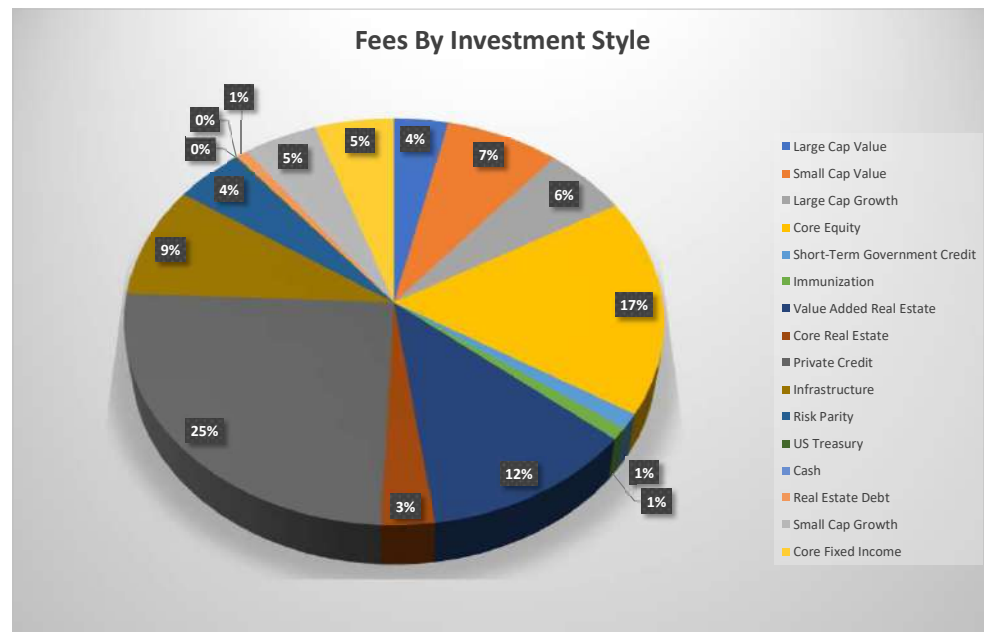
	Fees In Dollars						Annualized Fees in Basis Points				
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance*</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Total StanCERA Portfolio	\$1,862,895,472	\$39,176,295	\$3,694,530	\$4,591,970	\$1,868,960	\$49,331,755	37.5	3.5	4.4	1.8	47.3

	Fees By Investment Style										
	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Large Cap Value	\$246,667,121	\$1,664,403	\$0	\$0	\$84,332	\$1,748,735	1.6	0.0	0.0	0.1	1.7
Small Cap Value	\$92,765,261	\$3,463,877	\$0	\$0	\$225,981	\$3,689,858	3.3	0.0	0.0	0.2	3.5
Large Cap Growth	\$193,411,085	\$2,671,403	\$0	\$0	\$71,593	\$2,742,996	2.6	0.0	0.0	0.1	2.6
Core Equity	\$513,174,698	\$5,637,910	\$1,889,149	\$0	\$977,673	\$8,504,733	5.4	1.8	0.0	0.9	8.1
Short-Term Government Credit	\$95,898,408	\$569,379	\$0	\$0	\$24,435	\$593,814	0.5	0.0	0.0	0.0	0.6
Immunization	\$69,880,685	\$455,224	\$0	\$0	\$19,672	\$474,896	0.4	0.0	0.0	0.0	0.5
Value Added Real Estate	\$37,129,639	\$4,234,880	\$1,274,114	\$285,911	\$25,192	\$5,820,097	4.1	1.2	0.3	0.0	5.6
Core Real Estate	\$66,969,443	\$1,110,346	\$298,485	\$0	\$22,781	\$1,431,611	1.1	0.3	0.0	0.0	1.4
Private Credit	\$93,949,828	\$9,174,682	\$232,782	\$2,879,389	\$46,247	\$12,333,100	8.8	0.2	2.8	0.0	11.8
Infrastructure	\$19,182,355	\$3,447,411	\$0	\$919,676	\$9,932	\$4,377,019	3.3	0.0	0.9	0.0	4.2
Risk Parity	\$93,695,964	\$1,685,660	\$0	\$506,994	\$10,287	\$2,202,941	1.6	0.0	0.5	0.0	2.1
US Treasury	\$25,398,515	\$57,767	\$0	\$0	\$0	\$57,767	0.1	0.0	0.0	0.0	0.1
Cash	\$8,171,142	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.0	0.0
Real Estate Debt	\$10,319,420	\$383,792	\$0	\$0	\$3,075	\$386,867	0.4	0.0	0.0	0.0	0.4
Small Cap Growth	\$43,542,196	\$2,186,791	\$0	\$0	\$222,547	\$2,409,338	2.1	0.0	0.0	0.2	2.3
Core Fixed Income	\$252,739,712	\$2,432,770	\$0	\$0	\$124,461	\$2,557,231	2.3	0.0	0.0	0.1	2.4

* Performance fees can be negative due to the clawback of incentive fees

By Investment Style	Fees
Large Cap Value	\$1,748,735
Small Cap Value	\$3,689,858
Large Cap Growth	\$2,742,996
Core Equity	\$8,504,733
Short-Term Government Credit	\$593,814
Immunization	\$474,896
Value Added Real Estate	\$5,820,097
Core Real Estate	\$1,431,611
Private Credit	\$12,333,100
Infrastructure	\$4,377,019
Risk Parity	\$2,202,941
US Treasury	\$57,767
Cash	\$750
Real Estate Debt	\$386,867
Small Cap Growth	\$2,409,338
Core Fixed Income	\$2,557,231

Total \$49,331,755





Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2014

thru

9/30/2019

Manager Name	Fees in Dollars						Fees in Annualized Basis Points				
	Average AUM	Management	Performance	Other	Custodial	Total	Management	Performance	Other	Custodial	Total
Dodge Cox Equity	\$150,757,959	\$1,564,298	\$0	\$0	\$69,379	\$1,633,677	19.8	0.0	0.0	0.9	20.6
PIMCO	\$97,042,656	\$1,155,601	\$0	\$0	\$46,241	\$1,201,841	37.6	0.0	0.0	1.5	39.1
Bernzott	\$12,664,890	\$460,315	\$0	\$0	\$30,159	\$490,473	69.3	0.0	0.0	4.5	73.8
Eudaimonia	\$9,386,528	\$207,171	\$0	\$0	\$56,109	\$263,280	105.9	0.0	0.0	28.7	134.6
Jackson Square	\$118,621,045	\$2,555,472	\$0	\$0	\$56,883	\$2,612,354	58.8	0.0	0.0	1.3	60.1
LSV	\$203,644,994	\$2,647,539	\$1,125,002	\$0	\$575,203	\$4,347,744	24.8	10.5	0.0	5.4	40.7
Dodge Cox Fixed Income	\$321,714,499	\$1,277,170	\$0	\$0	\$78,220	\$1,355,390	12.5	0.0	0.0	0.8	13.3
Fidelity	\$203,793,177	\$2,846,544	\$764,147	\$0	\$392,602	\$4,003,294	26.6	7.1	0.0	3.7	37.4
Blackrock Value	\$95,909,161	\$100,104	\$0	\$0	\$14,954	\$115,058	2.0	0.0	0.0	0.3	2.3
Blackrock Growth	\$110,617,680	\$115,931	\$0	\$0	\$14,711	\$130,642	2.0	0.0	0.0	0.3	2.3
Raven Asset-Based Opportunity Fund I L.P.	\$20,122,040	\$1,805,334	\$0	\$1,226,424	\$12,590	\$3,044,348	170.9	0.0	116.1	1.2	288.3
BNYM S&P	\$85,219,782	\$94,682	\$0	\$0	\$9,867	\$104,549	3.5	0.0	0.0	0.4	3.9
White Oak Pinnacle Fund L.P.	\$33,104,355	\$2,687,598	\$1,038,377	-\$570,666	\$12,487	\$3,167,796	154.7	59.8	-32.8	0.7	182.3
Medley Opportunity Fund II L.P.	\$23,670,999	\$1,185,787	-\$805,595	\$794,593	\$12,103	\$1,186,888	95.4	-64.8	64.0	1.0	95.5
Blackrock US Real Estate	\$45,476,636	\$211,214	\$0	\$0	\$13,814	\$225,027	8.8	0.0	0.0	0.6	9.4
Greenfield GAP VII Management Fund, L.L.C	\$11,791,388	\$1,289,774	\$910,558	\$61,221	\$11,193	\$2,272,746	215.4	152.1	10.2	1.9	379.5
AMI	\$18,361,932	\$488,104	\$0	\$0	\$19,097	\$507,201	91.2	0.0	0.0	3.6	94.7
CastleArk	\$12,772,750	\$337,737	\$0	\$0	\$58,705	\$396,443	99.3	0.0	0.0	17.3	116.5
Lee Munder	\$14,535,949	\$385,832	\$0	\$0	\$49,140	\$434,972	99.6	0.0	0.0	12.7	112.3
Rice Hall	\$21,637,341	\$567,780	\$0	\$0	\$21,359	\$589,139	90.0	0.0	0.0	3.4	93.4
Riverbridge	\$9,352,194	\$7	\$0	\$0	\$5,937	\$5,945	0.0	0.0	0.0	25.5	25.5
Stephens	\$9,768,049	\$3	\$0	\$0	\$8,259	\$8,262	0.0	0.0	0.0	33.9	33.9
Channing	\$20,195,683	\$736,497	\$0	\$0	\$46,676	\$783,172	69.5	0.0	0.0	4.4	73.9
Inview	\$20,175,817	\$724,040	\$0	\$0	\$30,706	\$754,746	68.4	0.0	0.0	2.9	71.3
Keeley	\$11,635,895	\$423,156	\$0	\$0	\$31,223	\$454,379	69.3	0.0	0.0	5.1	74.4
Pacific Ridge	\$15,753,886	\$671,523	\$0	\$0	\$44,953	\$716,476	81.2	0.0	0.0	5.4	86.7
Walhausen	\$12,339,091	\$448,346	\$0	\$0	\$42,264	\$490,611	69.2	0.0	0.0	6.5	75.8
Morgan Stanley Prime Property Fund, L.L.C	\$29,450,831	\$899,132	\$298,485	\$0	\$8,967	\$1,206,584	79.7	26.5	0.0	0.8	107.0
American Realty Advisors Fund	\$23,837,208	\$1,379,357	\$327,616	\$54	\$10,848	\$1,717,875	119.8	28.5	0.0	0.9	149.2
North Haven Infrastructure II GP LP	\$23,244,358	\$3,447,411	\$0	\$919,676	\$9,932	\$4,377,019	342.4	0.0	91.3	1.0	434.8
Raven Asset-Based Opportunity Fund III L.P.	\$21,939,271	\$3,495,963	\$0	\$1,429,038	\$9,067	\$4,934,068	390.6	0.0	159.7	1.0	551.3
Insight Investment	\$163,168,420	\$455,224	\$0	\$0	\$19,672	\$474,896	12.4	0.0	0.0	0.5	12.9
Dimensional Fund Advisors	\$232,705,377	\$569,379	\$0	\$0	\$24,435	\$593,814	11.3	0.0	0.0	0.5	11.8
Essex	\$13,775,561	\$77,144	\$0	\$0	\$519	\$77,664	111.8	0.0	0.0	0.8	112.5
Redwood	\$15,823,940	\$123,012	\$0	\$0	\$3,420	\$126,432	155.2	0.0	0.0	4.3	159.5
Northern Trust Cash Account	\$19,827,949	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.2	0.2
Northern Trust Long Term Bond Fund	\$15,171,716	\$14,732	\$0	\$0	\$0	\$14,732	4.3	0.0	0.0	0.0	4.3
Northern Trust Intermediate Term Bond Fund	\$44,132,733	\$43,034	\$0	\$0	\$0	\$43,034	4.3	0.0	0.0	0.0	4.3
Northern Trust Russell 1000 Fund	\$138,105,067	\$30,438	\$0	\$0	\$0	\$30,438	1.7	0.0	0.0	0.0	1.7
PanAgora Diversified Risk Multi-Asset Fund, Ltd.	\$142,471,840	\$914,448	\$0	\$193,813	\$5,643	\$1,113,904	35.1	0.0	7.4	0.2	42.7
Prudential	\$50,208,955	\$383,792	\$0	\$0	\$3,075	\$386,867	70.9	0.0	0.0	0.6	71.4
AQR Capital Management	\$146,096,841	\$771,212	\$0	\$313,181	\$4,644	\$1,089,037	33.4	0.0	13.5	0.2	47.1
Greenfield Acquisition Partners VIII, L.P.	\$13,264,460	\$1,565,749	\$35,940	\$224,636	\$3,151	\$1,829,476	788.2	18.1	113.1	1.6	921.0



StanCERA Value Added Report

7/1/2019

through

9/30/2019

<u>Manager</u>	<u>Average AUM</u>	<u>Average Cash Balance</u>	<u>Manager \$ Return</u>	<u>Manager Fees</u>	<u>Custodial Fees</u>	<u>Benchmark \$ Returns</u>	<u>Benchmark Fees*</u>	<u>Value Added</u>
Dodge Cox Equity	\$ 78,018,473	\$ 3,693,687	\$ 277,450	-\$44,141	-\$2,882	\$1,057,582	-\$4,859	\$ (822,295)
Bernzott	\$ 10,890,903	\$ 452,039	\$ (115,291)	-\$19,615	-\$1,351	-\$62,388	-\$6,512	\$ (67,357)
Dimensional Fund Advisors	\$ 183,701,187	\$ 40,412,494	\$ 1,332,264	-\$52,456	-\$2,695	\$1,702,655	-\$22,884	\$ (402,657)
LSV	\$ 252,298,075	\$ 3,192,044	\$ (2,133,588)	-\$154,736	-\$37,412	-\$4,285,243	-\$194,862	\$ 2,154,369
Fidelity	\$ 256,984,222	\$ 1,839,062	\$ (4,532,718)	-\$157,984	-\$17,194	-\$4,364,837	-\$198,481	\$ (144,578)
Channing	\$ 15,313,124	\$ 383,867	\$ (275,466)	-\$27,527	-\$3,262	-\$87,720	-\$9,156	\$ (209,378)
Inview	\$ 15,504,047	\$ 731,866	\$ (508,717)	-\$27,750	-\$1,270	-\$88,814	-\$9,271	\$ (439,653)
Keeley	\$ 10,338,097	\$ 386,245	\$ (226,815)	-\$18,560	-\$1,318	-\$59,221	-\$6,182	\$ (181,290)
Pacific Ridge	\$ 14,419,052	\$ 353,816	\$ (210,299)	-\$30,970	-\$1,906	-\$286,045	-\$8,622	\$ 51,492
Walhausen	\$ 10,125,744	\$ 462,404	\$ (181,801)	-\$18,182	-\$1,882	-\$58,005	-\$6,055	\$ (137,806)

Totals	\$ 847,592,926	\$ 51,907,524	\$ (6,574,981)	\$ (551,921)	\$ (71,172)	\$ (6,532,036)	\$ (466,884)	\$ (199,154)
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* Benchmark fees are approximated based on a hypothetical investment in a passive fund/ETF



Cash Flow Report

July 2019 through Sept 2019

Beginning Cash Balance*	\$13,742,724
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Cash Flow In

Cash Draw From Managers	\$5,434,281
Employer Contributions	\$24,095,007
Employee Contributions	\$7,690,871
Employee Redeposits	\$112,885
Rental Income	\$25,731
Commission Recapture	\$1,270
Litigation Recovery	\$982
W/O Cancelled checks	\$926

Total Cash Flow In	\$37,361,953
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Cash Flow Out

Retiree Payroll	\$33,556,367
StanCERA Payroll	\$434,632
StanCERA Operations Expense	\$250,856
Tyler Maintenance	\$13,319
Fixed Asset Purchases	\$291,341
Refunds	\$482,671
Death Benefits - Salary Based	\$69,767
Burial Allowance	\$40,000
Investment Consulting Fees	\$126,376
Actuarial Fees	\$40,944
Audit Fees	\$19,714
Legal Fees	\$118,236

Total Cash Flow Out	\$35,444,223
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Ending Cash Balance	\$15,660,454
Change in Cash Balance	\$1,917,730



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Triennial Review of Policies

II. ITEM NUMBER: 9.e.

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve Submitted Policy

V. ANALYSIS:

In accordance with the policy review schedule and the ongoing strategic goal of developing StanCERA's governance practices in alignment with the dynamic needs of the organization, staff evaluated and updated the Governing Law and Jurisdiction Policy.

After review, staff did not make any changes. The Governing Law and Jurisdiction Policy is attached.

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.

Stan Conwell, Retirement Investment Officer



Governing Law and Jurisdiction

Purpose

StanCERA is established in accordance with and subject to the Stanislaus County Employees' Retirement Law of 1937, section 31450, et seq., of the California Government Code (hereinafter "the 37 Act"). For the purpose of carrying out the provisions of said law within Stanislaus County California, StanCERA is governed by the 1937 Act as supplemented by Bylaws, Policies and Resolutions approved by the Board of Retirement and when applicable the Stanislaus County Board of Supervisors.

This policy will clarify and set standards for the Jurisdiction and Governing Law to be sought for all contracts, agreements, and/or partnerships entered into by the Stanislaus County Employees' Retirement Association Board of Retirement.

Policy

The Board of Retirement shall endeavor to include language substantially similar to the below in any and all contracts, agreements, and/or partnership entered into by the Board of Retirement or its designee, with such adjustments and modifications as designee or Board of Retirement deem reasonable and appropriate"

"This Agreement shall be construed and enforced according to the laws of the State of California, without regard to the provisions, policies or principals thereof relating to choice or conflict of laws. The parties hereto hereby submit to the jurisdiction of the courts of the State of California, Northern District, or of the United States of America sitting in the State of California, over any action, suits, or proceedings arising out of or relating to this Agreement. "

Policy Review

This Board shall review this policy at least every three years.

Policy History

Adopted by the Retirement Board on [November 6, 2014](#)

Reviewed and adopted by the Board of Retirement

Rick Santos, Executive Director

Approval/Adoption Date: [November 6, 2014](#)



Stanislaus County Employees' Retirement Association

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December 17, 2019

Retirement Board Agenda Item


TO: Retirement Board

FROM: Jamie Borba, Member and Employer Services Specialist

- I. SUBJECT: Information Technology Solutions (ITS) Project
- II. ITEM NUMBER: 6.f.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: The Pension Administration System (PAS) Project continues moving forward with representatives from Tegrit on-site, at least once per month, as we grow closer to the go-live date. Staff is currently reviewing four (4) Business and Systems Requirement Documents (BSRD's) and testing the functionalities of three (3) processes while system testing continues on a daily basis. The development and sign-off of the following processes have been completed: Periodic Payroll Process, Miscellaneous Workflow, Interest Process, Health Deduction Import Process and Payment Summary.
- 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



Jamie Borba, Member and Employer Services Specialist



Lisa Frazer, Member and Employer Services Manager



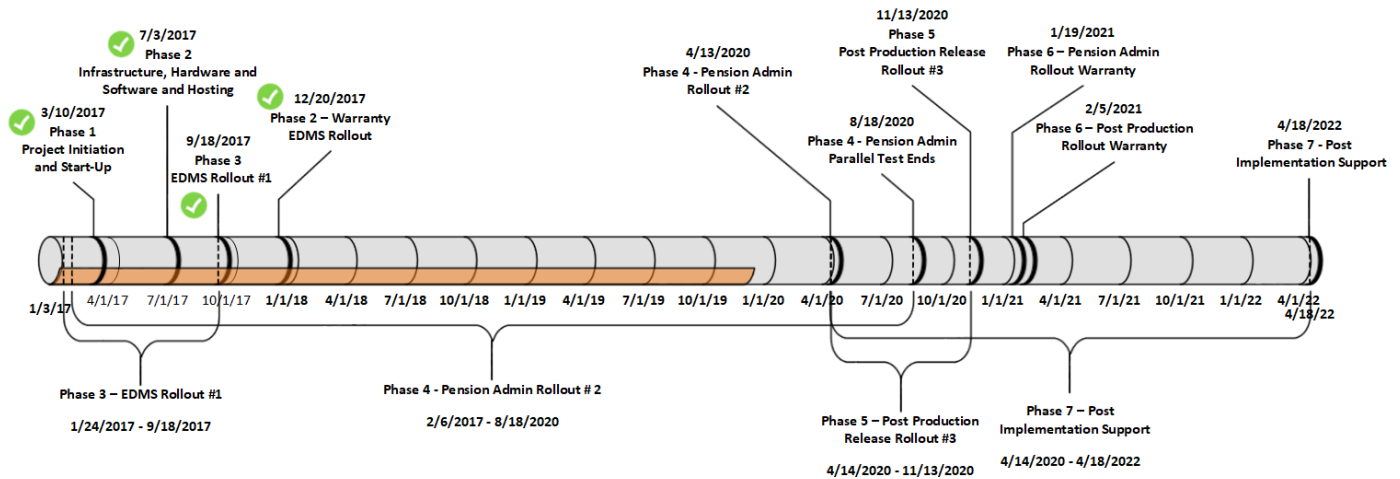
Rick Santos, Executive Director



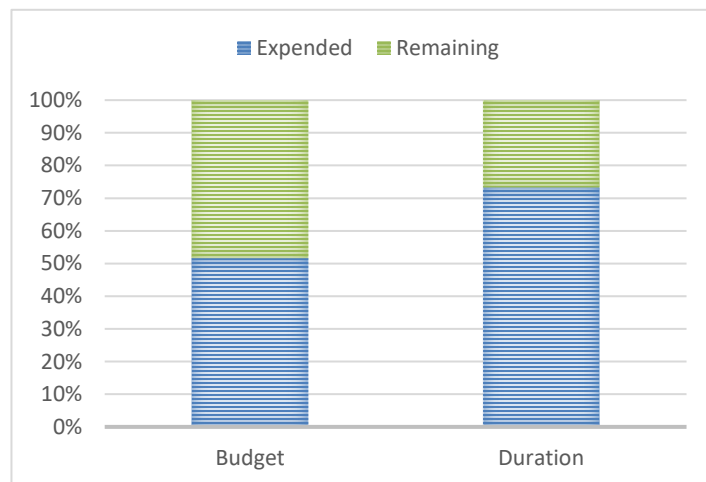
PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



SPONSOR: Rick Santos **REPORT DATE:** 11-29-2019



Baseline 12/01/2016 **STATUS**



Linea Budget as of 09/30/19

Risks & Issues:

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

Accomplishments:

- Linea and StanCERA completed testing of R16 workflow functionality in UAT and began compiling and submitting related PIRs.
- Tegrit made R17 release to UAT and began proving associated test cases.
- Continued progress in testing Courts and County transmittal test files.

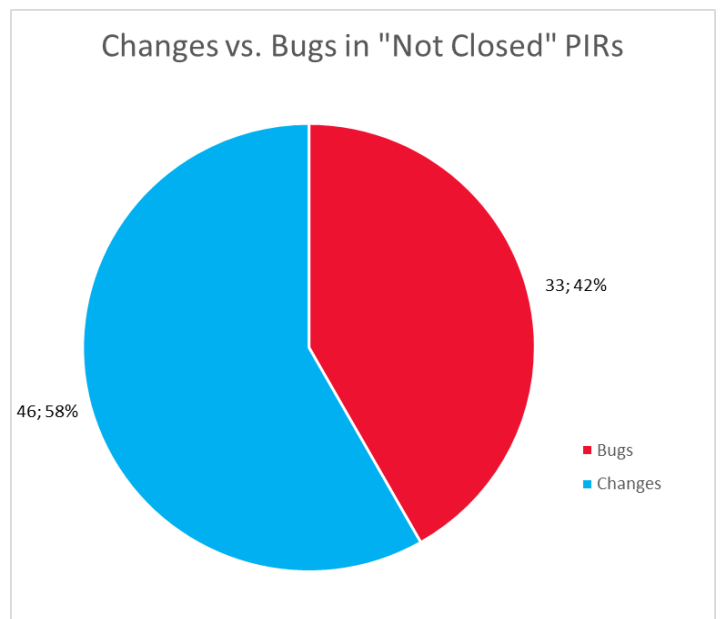
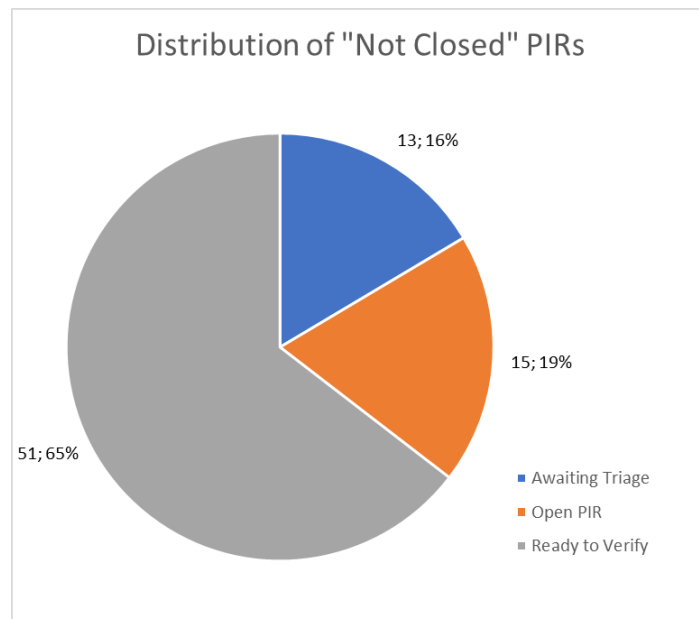
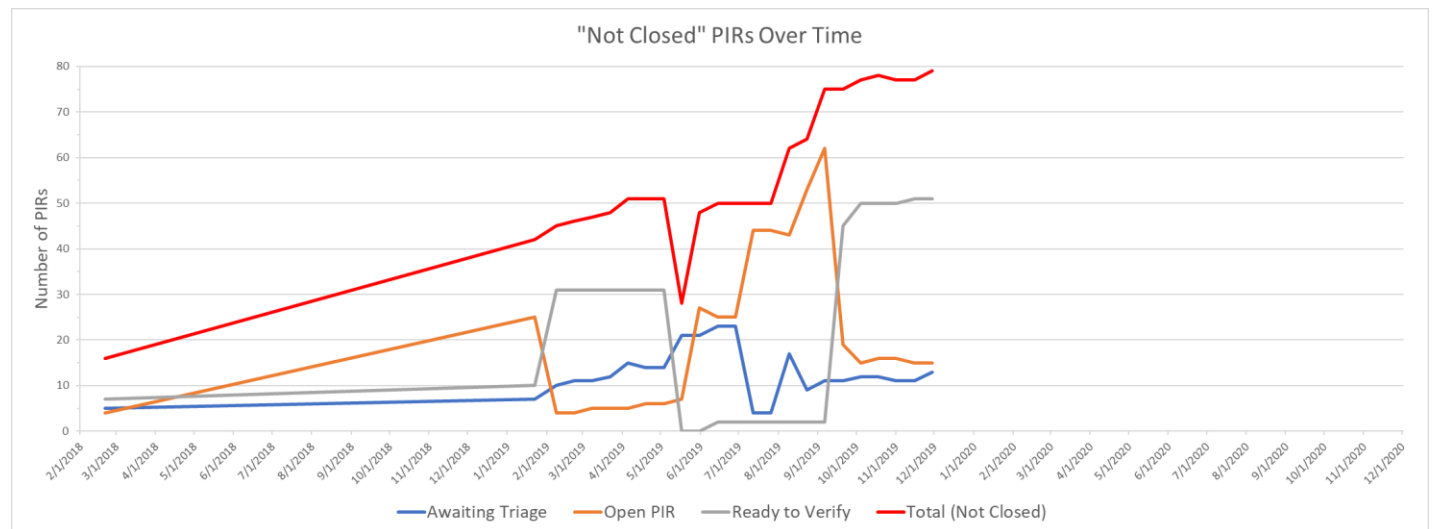
Upcoming:

- Retesting of R13 and R14 resolved PIRs.
- Linea and StanCERA to begin testing R17 functionality in UAT.
- Continued analysis and evaluation of upload employer test files being received for consecutive pay periods.
- StanCERA to begin parallel payroll testing.

Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
- Facilitate monthly Steering Committee Meetings and create meeting minutes.
- Participate in Tegrity 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 Tegrity (BSR059, BSR060, BSR068, BSR069, BSR071).
- 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.

Current PIR Summary





PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



DECEMBER 2019

Private Markets Investment Plan

Stanislaus County Employees' Retirement Association

Private Markets Investment Plan Overview

- Plan update per Private Markets Investment Policy
- Achieve target allocation:
 - Private Markets: 12% by 2025 (6% private equity/ 6% private credit)
- Forecast based on the following assumptions:
 - Plan value: \$2.2 billion (September 30, 2019)
 - Long-term investment return assumption: 6.6% per year
 - Plan Contributions / Distributions
 - Cash flows and valuations of existing funds

Private Equity Investment Plan: 2020-2022

New Commitments Required to Achieve Target Allocations / Diversification*

Buyout:	5-6 new funds	\$155 million
Venture Capital:	3-5 new funds	\$50 million
Direct Lending:	3-5 new funds	\$60 million
Debt/Spec. Sits:	4-6 new funds	\$80 million

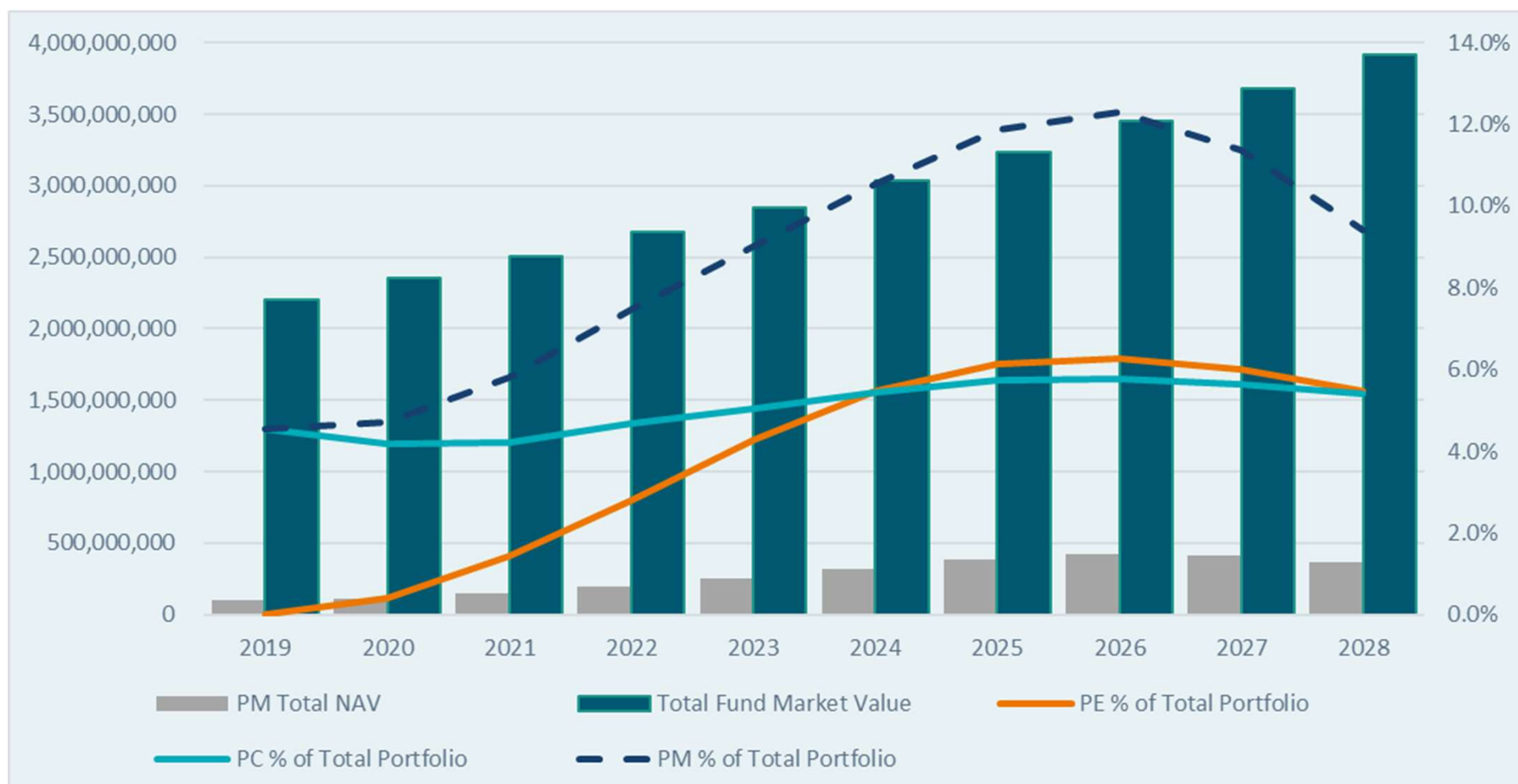
*All projected commitments (number and size)
subject to bottom-up evaluation of GPs and market opportunities.

Private markets pacing analysis

<i>(in millions)</i>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Plan Assets	\$2,192	\$2,326	\$2,481	\$ 2,645	\$2,820	\$3,007	\$3,206	\$3,419	\$3,647	\$3,889
Annual Commitment	\$10	\$135	\$120	\$90	\$90	\$90	\$90	\$90	\$90	\$90
Private Equity	-	75	80	50	40	40	40	40	40	40
Venture Capital	-	20	20	10	10	10	10	10	10	10
Buyout	-	55	60	40	30	30	30	30	30	30
Private Credit	10	60	40	40	50	50	50	50	50	50
Direct Lending	10	20	20	20	20	20	20	20	20	20
Special Situations	-	40	20	20	30	30	30	30	30	30
Private Markets										
(\$ amount)	\$101	\$110	\$144	\$198	\$254	\$317	\$380	\$421	\$415	\$366
(% of assets)	4.6%	4.7%	5.8%	7.5%	9.0%	10.6%	11.9%	12.3%	11.4%	9.4%
Target										
(\$ amount)	\$263	\$279	\$298	\$317	\$338	\$361	\$385	\$410	\$438	\$467
Private Markets (% of assets)	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Allocation vs. Target										
(\$ amount)	(\$162)	(\$169)	(\$154)	(\$120)	(\$84)	(\$44)	(\$4)	\$10	(\$23)	(\$100)
(% of assets)	-7.4%	-7.3%	-6.2%	-4.5%	-3.0%	-1.4%	-0.1%	0.3%	-0.6%	-2.6%

Private markets pacing analysis

Increase commitments in early years to reach target within 5-7 years



Notices & disclosures

Past performance is no guarantee of future results.

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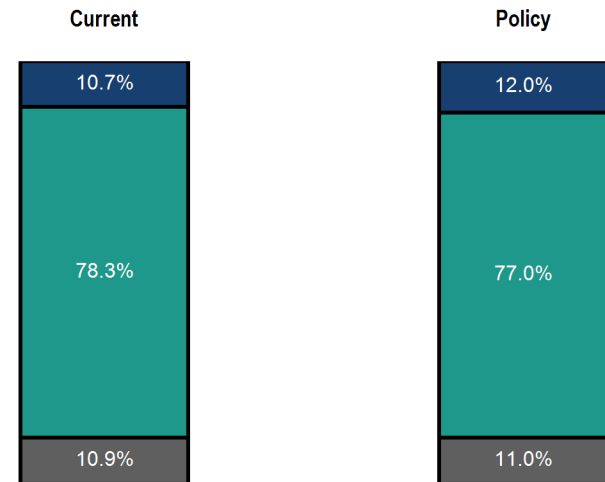
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Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: November 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	2,262,491,705	100.0	1.1	15.1	3.8
<i>Policy Index</i>			1.3	14.2	3.4
Liquidity Sub-Portfolio	242,938,658	10.7	0.0	7.3	2.1
<i>StanCERA Liquidity Blended BM</i>			0.0	3.6	1.0
Cash	26,329,530	1.2	0.1	1.4	0.9
<i>FTSE T-Bill 1 Month TR</i>			0.1	2.1	0.8
Short-Term Gov't/Credit	216,609,127	9.6	0.0	8.1	2.3
<i>BBgBarc US Gov't/Credit 1-3 Yr. TR</i>			0.0	3.8	1.0
<i>Insight</i>	216,609,127	9.6	0.0	8.1	2.3
<i>BBgBarc US Gov't/Credit 1-3 Yr. TR</i>			0.0	3.8	1.0
Growth Sub-Portfolio	1,772,430,363	78.3	1.5	17.9	4.4
<i>StanCERA Growth Blended BM</i>			1.6	17.4	4.1
US Large	331,631,168	14.7	3.9	26.8	7.7
<i>Russell 1000</i>			3.8	27.7	7.5
<i>BlackRock Russell 1000 Growth</i>	166,309,587	7.4	4.4	32.4	9.0
<i>Russell 1000 Growth</i>			4.4	32.4	9.0
<i>BlackRock Russell 1000 Value</i>	82,186,055	3.6	3.1	23.3	6.0
<i>Russell 1000 Value</i>			3.1	23.2	5.9
<i>Dodge & Cox-Equity</i>	83,135,525	3.7	3.8	20.0	6.5
<i>Russell 1000 Value</i>			3.1	23.2	5.9
US Small	80,804,705	3.6	3.6	21.1	3.4
<i>Russell 2000</i>			4.1	22.0	4.3
<i>Capital Prospects</i>	80,804,705	3.6	3.6	21.1	3.4
<i>Russell 2000 Value</i>			2.3	18.3	4.2
Private Equity Proxy	141,661,024	6.3	3.8	27.4	7.3
<i>Russell 3000 +3%</i>			3.9	29.8	8.8
<i>Northern Trust Russell 3000</i>	141,661,024	6.3	3.8	27.4	7.3
<i>Russell 3000</i>			3.8	27.3	7.3

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$242,938,658	10.7%	\$271,499,005	12.0%
Cash	\$26,329,530	1.2%	\$22,624,917	1.0%
Short-Term Gov't/Credit	\$216,609,127	9.6%	\$248,874,088	11.0%
Growth Sub-Portfolio	\$1,772,430,363	78.3%	\$1,742,118,613	77.0%
US Large	\$331,631,168	14.7%	\$316,748,839	14.0%
US Small	\$80,804,705	3.6%	\$67,874,751	3.0%
Private Equity Proxy	\$141,661,024	6.3%	\$135,749,502	6.0%
Int'l Developed	\$521,493,481	23.0%	\$520,373,092	23.0%
Core Real Estate	\$153,137,959	6.8%	\$113,124,585	5.0%
Value Add Real Estate	\$84,188,625	3.7%	\$113,124,585	5.0%
Risk Parity	\$320,566,465	14.2%	\$294,123,922	13.0%
Infrastructure	\$43,310,598	1.9%	\$45,249,834	2.0%
Private Credit	\$95,636,337	4.2%	\$135,749,502	6.0%
Risk-Diversifying Sub-Portfolio	\$247,122,685	10.9%	\$248,874,088	11.0%
US Treasury	\$64,064,939	2.8%	\$67,874,751	3.0%
Short Term Gov't/Credit	\$183,057,745	8.1%	\$180,999,336	8.0%
Total	\$2,262,491,705	100.0%	\$2,262,491,705	100.0%



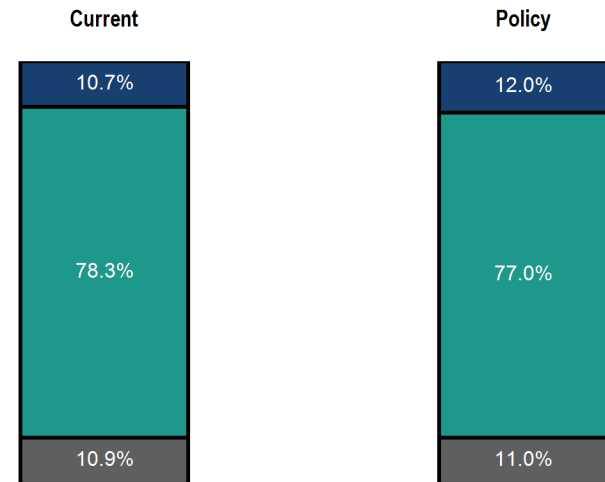
Policy Index (5/31/2019): 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: November 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Int'l Developed	521,493,481	23.0	1.1	16.9	3.5
MSCI ACWI ex USA Gross			0.9	17.0	2.7
LSV Asset Mgt	261,973,469	11.6	0.8	15.4	4.4
MSCI ACWI ex USA Gross			0.9	17.0	2.7
Fidelity	259,520,012	11.5	1.4	18.4	2.7
MSCI ACWI ex USA Gross			0.9	17.0	2.7
Core Real Estate	153,137,959	6.8	-0.3	9.0	2.7
Prime Property Fund	58,055,197	2.6	N/A	4.6	1.4
NCREIF-ODCE			N/A	3.8	1.3
BlackRock US Real Estate	38,119,307	1.7	-1.3	24.2	6.5
DJ US Select RESI TR USD			-1.3	24.3	6.5
PGIM Real Estate US Debt Fund	56,963,455	2.5	N/A	4.6	1.5
Gilberto-Levy Commercial Mortgage Performance Index			N/A	6.0	0.0
Value Add Real Estate	84,188,625	3.7	N/A	7.4	3.5
NCREIF Property Index +2%			N/A	6.7	2.2
American Strategic Value Realty	52,655,541	2.3	N/A	6.1	1.9
NCREIF Property Index			N/A	4.8	1.4
Greenfield Gap VII	10,300,624	0.5	N/A	15.4	10.6
NCREIF ODCE + 1%			N/A	4.7	1.7
Greenfield Gap VIII	21,232,460	0.9	N/A	6.4	3.9
NCREIF ODCE + 1%			N/A	4.7	1.7
Risk Parity	320,566,465	14.2	N/A	20.6	3.5
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			1.2	15.8	3.4
AQR Global Risk Premium - EL	160,247,611	7.1	N/A	18.8	2.8
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			1.2	15.8	3.4
PanAgora Risk Parity Multi Asset	160,318,854	7.1	N/A	22.5	4.3
60% MSCI ACWI Net/40% BBgBarc Global Aggregate			1.2	15.8	3.4

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$242,938,658	10.7%	\$271,499,005	12.0%
Cash	\$26,329,530	1.2%	\$22,624,917	1.0%
Short-Term Gov't/Credit	\$216,609,127	9.6%	\$248,874,088	11.0%
Growth Sub-Portfolio	\$1,772,430,363	78.3%	\$1,742,118,613	77.0%
US Large	\$331,631,168	14.7%	\$316,748,839	14.0%
US Small	\$80,804,705	3.6%	\$67,874,751	3.0%
Private Equity Proxy	\$141,661,024	6.3%	\$135,749,502	6.0%
Int'l Developed	\$521,493,481	23.0%	\$520,373,092	23.0%
Core Real Estate	\$153,137,959	6.8%	\$113,124,585	5.0%
Value Add Real Estate	\$84,188,625	3.7%	\$113,124,585	5.0%
Risk Parity	\$320,566,465	14.2%	\$294,123,922	13.0%
Infrastructure	\$43,310,598	1.9%	\$45,249,834	2.0%
Private Credit	\$95,636,337	4.2%	\$135,749,502	6.0%
Risk-Diversifying Sub-Portfolio	\$247,122,685	10.9%	\$248,874,088	11.0%
US Treasury	\$64,064,939	2.8%	\$67,874,751	3.0%
Short Term Gov't/Credit	\$183,057,745	8.1%	\$180,999,336	8.0%
Total	\$2,262,491,705	100.0%	\$2,262,491,705	100.0%



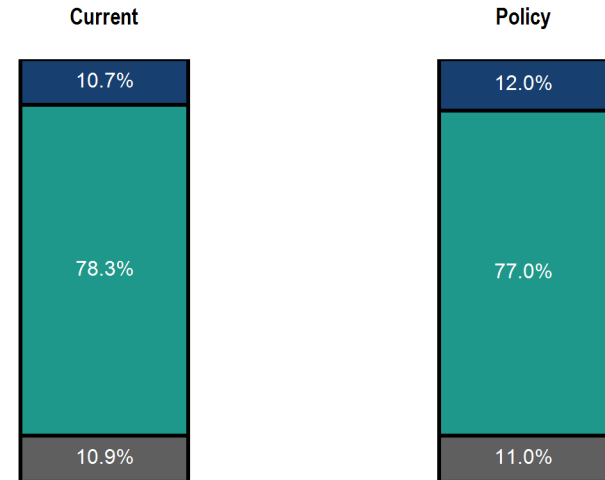
Policy Index (5/31/2019): 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: November 30, 2019

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Infrastructure	43,310,598	1.9	N/A	13.1	5.3
CPI + 5%			N/A	6.7	2.1
MS Infrastructure Partners II	43,310,598	1.9	N/A	13.1	5.3
CPI + 5%			N/A	6.7	2.1
Private Credit	95,636,337	4.2	N/A	4.8	1.3
S&P/LSTA Leveraged Loan Index+2%			N/A	8.9	2.0
Medley Capital	12,054,750	0.5	N/A	-14.3	-10.9
S&P/LSTA Leveraged Loan Index+2%			N/A	8.9	2.0
Owl Rock First Lien Fund	4,088,385	0.2	N/A	--	--
S&P/LSTA Leveraged Loan Index+2%			N/A	--	--
Raven Capital	14,330,002	0.6	N/A	8.3	3.3
S&P/LSTA Leveraged Loan Index+2%			N/A	8.9	2.0
Raven Opportunity III	38,891,072	1.7	N/A	9.9	3.3
S&P/LSTA Leveraged Loan Index+2%			N/A	8.9	2.0
White Oak Pinnacle	26,272,129	1.2	N/A	6.9	3.7
S&P/LSTA Leveraged Loan Index+2%			N/A	8.9	2.0
Risk-Diversifying Sub-Portfolio	247,122,685	10.9	0.0	5.9	1.7
StanCERA Risk-Diversifying Blended BM			-0.2	5.3	1.4
US Treasury	64,064,939	2.8	-0.3	8.4	2.6
BBgBarc US Treasury 7-10 Yr TR			-0.7	9.3	2.2
Northern Trust Intermediate Gov't Bond	46,490,613	2.1	-0.2	5.2	1.2
BBgBarc US Govt Int TR			-0.2	5.2	1.2
Northern Trust Long Term Gov't Bond	17,574,326	0.8	-0.5	18.0	6.4
BBgBarc US Govt Long TR			-0.5	18.0	6.4
Short-Term Gov't/Credit	183,057,745	8.1	0.1	5.1	1.4
BBgBarc US Govt/Credit 1-3 Yr. TR			0.0	3.8	1.0
DFA	183,057,745	8.1	0.1	5.1	1.4
BBgBarc US Govt/Credit 1-3 Yr. TR			0.0	3.8	1.0

	Current	%	Policy	%
Liquidity Sub-Portfolio	\$242,938,658	10.7%	\$271,499,005	12.0%
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Policy Index (5/31/2019): 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% BBgBarc US Gov't/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. All data is preliminary.

Blended Benchmark Compositions

- StanCERA Liquidity Blended BM (8/31/2019): 92% BBgBarc US Govt/Credit 1-3 Yr. TR and 8% FTSE T-Bill 1 Month TR.
- StanCERA Growth Blended BM (8/31/2019): 18% Russell 1000, 4% Russell 2000, 8% Russell 3000 + 3%, 30% MSCI ACWI ex-US Gross, 6% NCREIF Property, 6% actual private Value Add Real Estate returns, 17% 60% MSCI ACWI/40% BBgBarc Global Aggregate, 3% actual Infrastructure returns, and 8% actual Private Credit returns.
- StanCERA Risk-Diversifying Blended BM (8/31/2019): 27% BBgBarc US Treasury 7-10 Yr. TR and 73% BBgBarc US Govt/Credit 1-3 Yr. TR.

Item 9.a.
12/17/19

2019 Preliminary Valuation Results

December 17, 2019

Graham A. Schmidt, ASA, FCA, MAAA, EA

- Preliminary 2019 Valuation Results
 - Executive Summary and Highlights
 - Changes Since Last Valuation
- Historical Review
- Projections
- Next Steps
- Appendix

Executive Summary



Stanislaus County Employees' Retirement Association Summary of Key Valuation Results (in millions)

Valuation Date Fiscal Year End	June 30, 2018 2020	June 30, 2019 2021
Actuarial Liability	\$ 2,749.1	\$ 2,897.2
Actuarial Value of Assets*	<u>2,100.3</u>	<u>2,200.0</u>
Unfunded Actuarial Liability (Actuarial Value)	\$ 648.8	\$ 697.2
Funding Ratio (Actuarial Value)	76.4%	75.9%
Market Value of Assets*	<u>2,105.1</u>	<u>2,184.8</u>
Unfunded Liability (Market Value)	\$ 644.0	\$ 712.4
Funding Ratio (Market Value)	76.6%	75.4%
Net Employer Full Contribution Rate	30.38%	31.45%

* Net of non-valuation reserves



- Investment return on the market value of assets was 4.7%, net of all investment expenses, compared to the 7.00% assumed rate of return
 - The approximate return is computed using an assumption that cash flows occur mid-year, on average. May not match actual time- or money-weighted returns provided by investment consultant.
- Actuarial return on assets was 5.6%, which resulted in a \$28.7 million loss and increased the contribution rate by 0.79% of pay. There are approximately \$15.2 million in deferred asset losses not yet recognized in the smoothed asset value.
- The FY18-19 actuarial cost was less than the actual contribution by \$4.1M (due to one-year lag), decreasing the contribution rate by 0.12% of pay

- The net impact of all other changes, including salary and demographic changes, increased the contribution rate by 0.40% of pay
 - Losses from salary and retiree COLA increases higher than expected (approximately \$32M in overall liability losses)
 - Offset by reduction in employer normal cost rate of ~0.1%, due to movement of new hires into PEPRA tiers
 - Because overall payroll grew by more than assumption (4.89% vs. 3.00% assumed) UAL and admin expense rate decreased by 0.37% of pay, but no impact on dollar amount
- The amortization period for the UAL has dropped to 17 years. The Plan no longer experiences “negative amortization” (i.e. the payment on the unfunded is more than the interest on the UAL). This means that the UAL is expected to decrease each year if all assumptions are realized.

Changes Since Last Valuation



Stanislaus County Employees' Retirement Association Employer Contribution Reconciliation

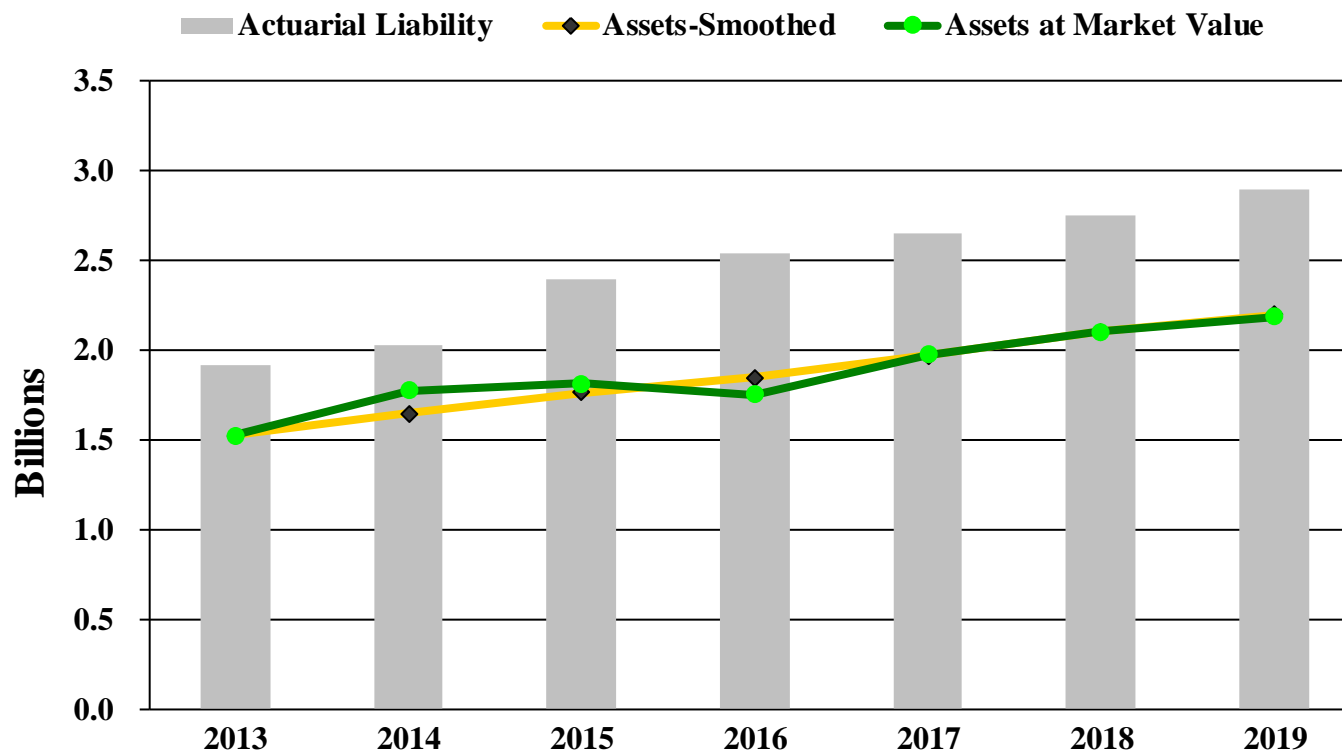
(in millions)

	Total	Normal Cost	Amortization	Admin Exp
FYE 2020 Net Employer Contribution Rate	30.38%	11.65%	17.74%	0.99%
Change Due to Asset Loss	0.79%	0.00%	0.79%	0.00%
Change Due to Contribution Surplus	-0.12%	0.00%	-0.12%	0.00%
Change Due to Demographic Changes	0.77%	-0.09%	0.86%	0.00%
Change Due to Effect of Payroll on Amortization	-0.37%	0.00%	-0.35%	-0.02%
Change Due to Assumption Changes	0.00%	0.00%	0.00%	0.00%
FYE 2021 Net Employer Contribution Rate	31.45%	11.56%	18.92%	0.97%

Historical Review

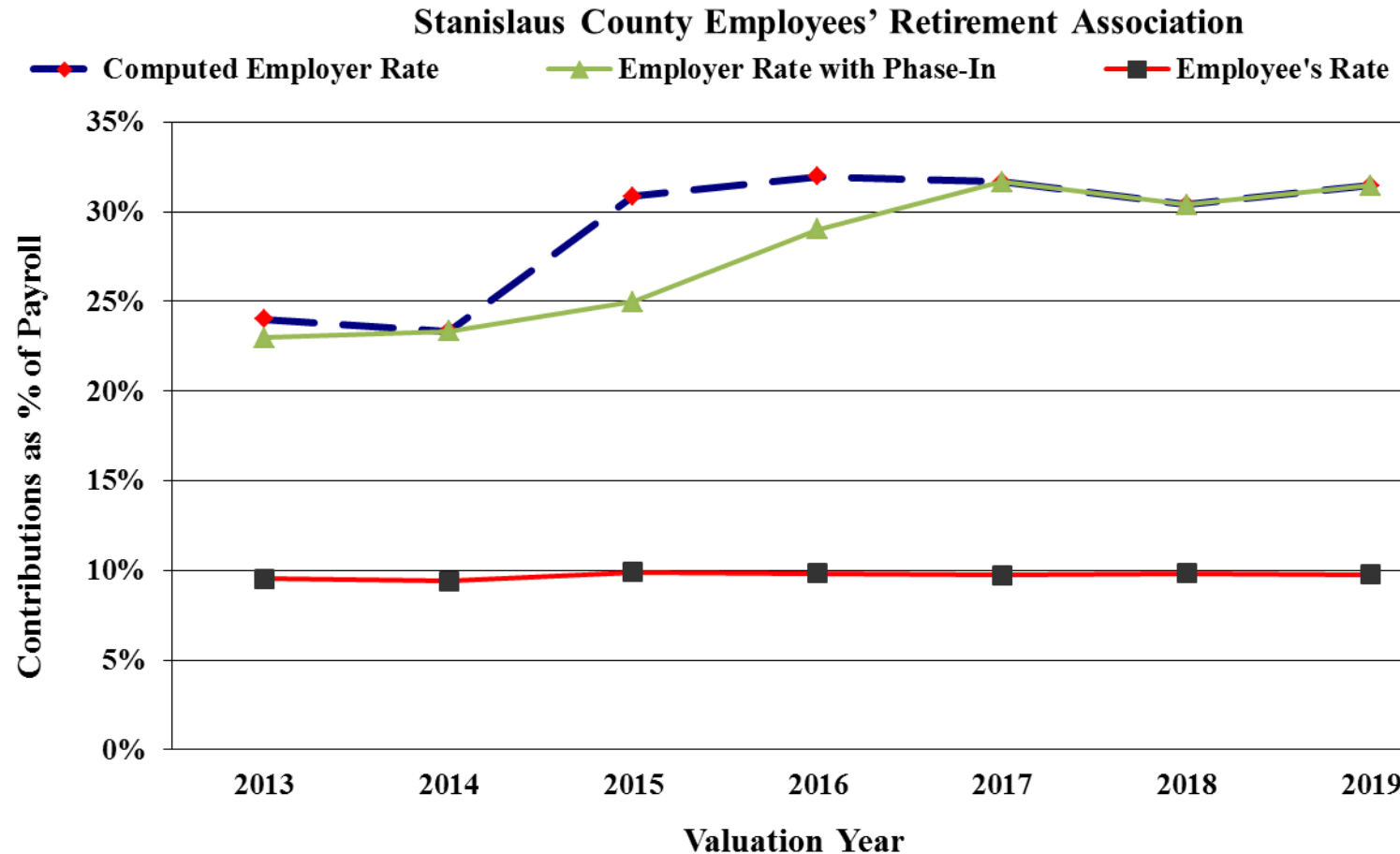


Assets and Liabilities



Valuation Year	2013	2014	2015	2016	2017	2018	2019
Funded Ratio	79.4%	81.1%	73.7%	72.8%	74.3%	76.4%	75.9%
UAL (Billions)	\$ 0.40	\$ 0.38	\$ 0.63	\$ 0.69	\$ 0.68	\$ 0.65	\$ 0.70

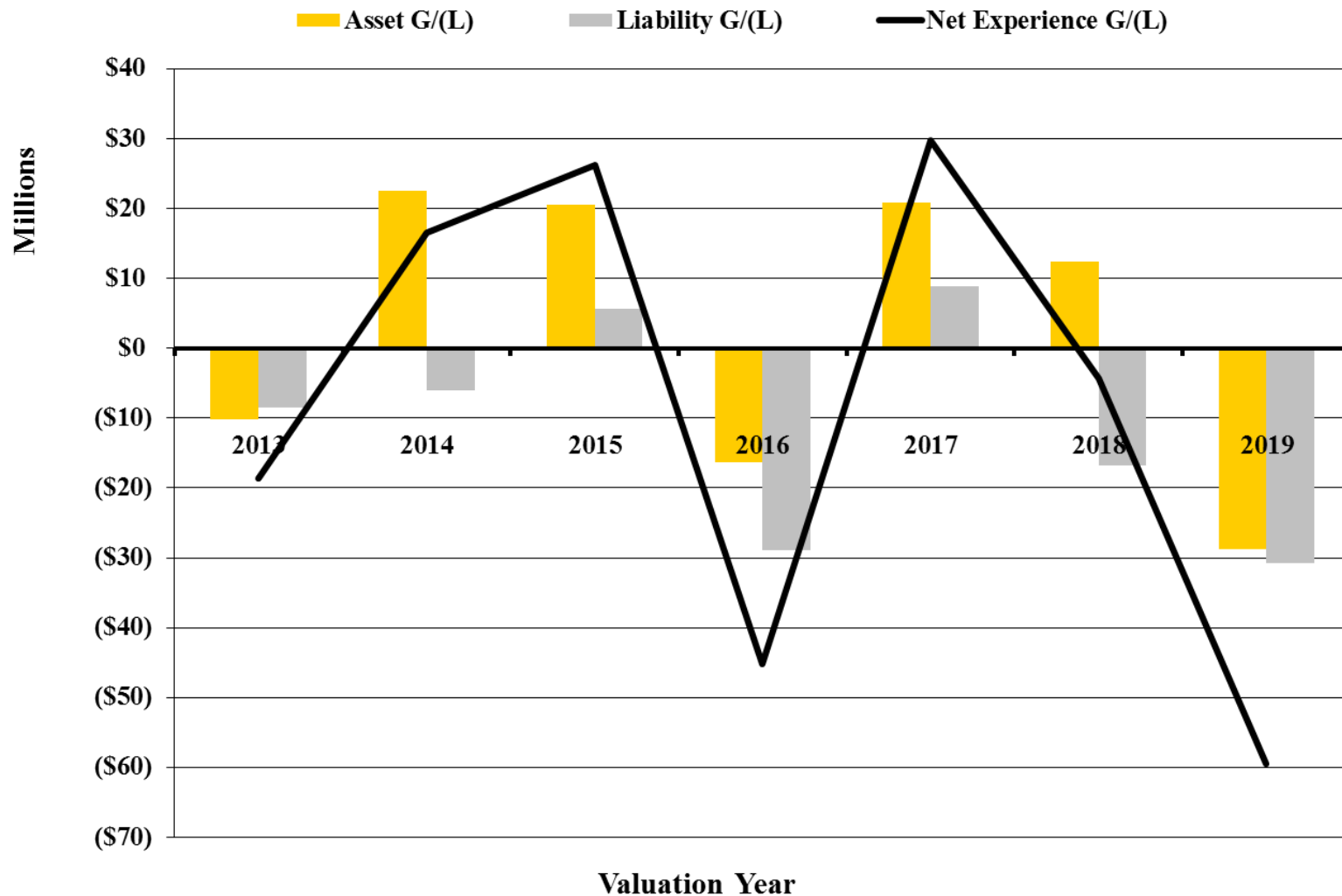
Historical Review



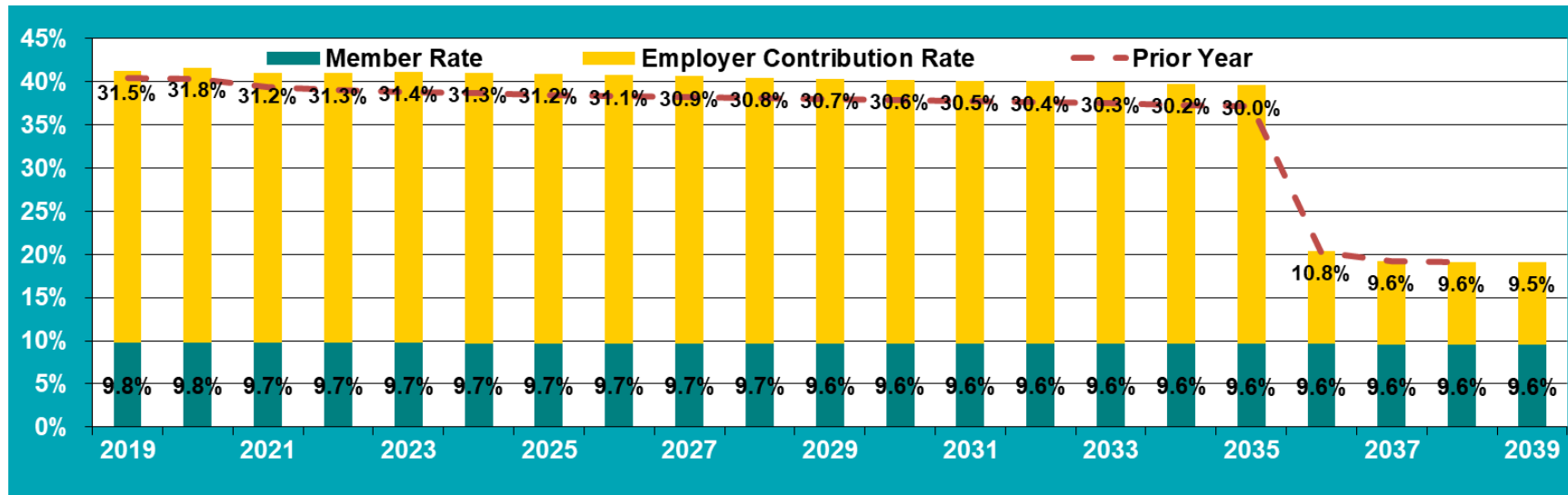
Historical Review



Experience Gains and Losses

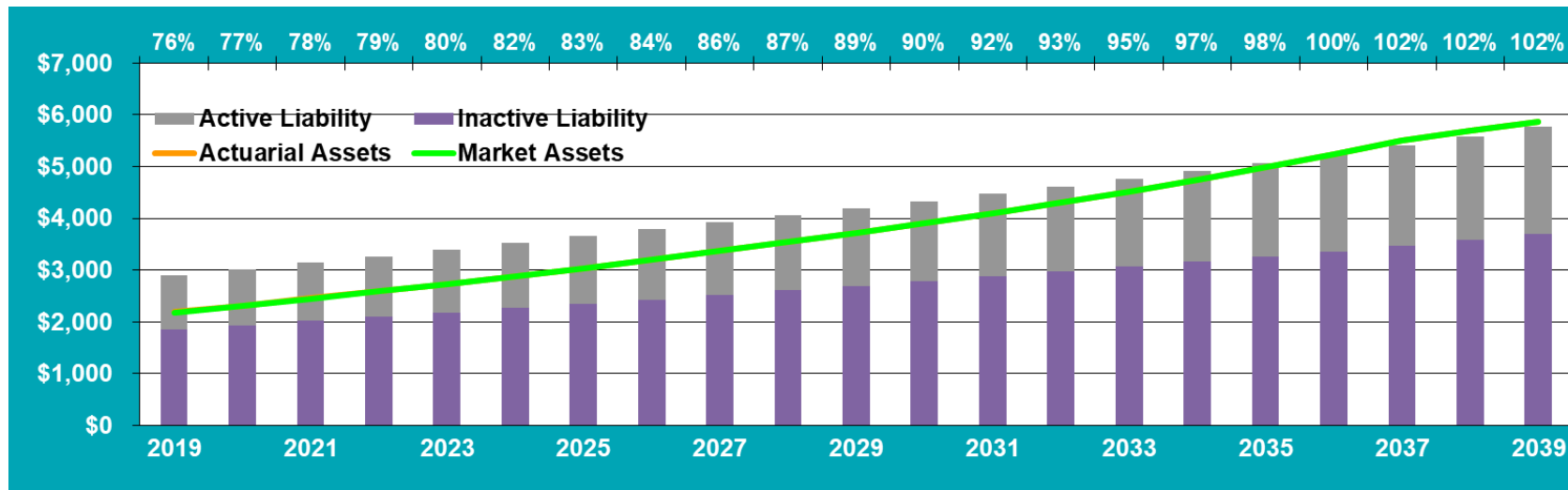


Projections – Contribution Rates



- Employer rate is expected to increase from 31.5% to 31.8% next year, and then decrease to 31.2% as asset losses and gains are phased-in
- Remain relatively level until 2036 when the 2019 UAL is paid off after 17 years of amortization. The remaining payment of around 20% of pay represents the expected Normal Cost plus administrative expenses.
- The total contribution rate (employer plus employee) is expected to gradually decline during the period as PEPPRA members replace legacy members, lowering the average normal cost of the Plan

Projections – Funded Ratio



- Funded status is projected to increase gradually over the next 20 years, and is project to reach 100% in 2037
- Projections are based on all actuarial assumptions being met each and every year
- Actual returns will determinate the future funded status and contribution rate

- Finalize Actuarial Valuation results
 - Results shown in this presentation are preliminary (proceeding with peer review)
 - Valuation report to include an additional Risk Section for compliance with new ASOP 51
- Adopt June 30, 2019 Actuarial Valuation and FYE 2021 Contribution Rates

Stanislaus County Employees' Retirement Association Membership Total

	June 30, 2018	June 30, 2019	% Change
Actives	4,452	4,504	1.17%
Current Inactives	1,105	1,122	1.54%
In-Pay Members	3,856	4,001	3.76%
Total Members	9,413	9,627	2.27%
Active Member Payroll (FYE 2019/2020)	\$ 284,969,342	\$ 298,900,309	4.89%
Average Pay per Active	\$ 64,009	\$ 66,363	3.68%

Stanislaus County Employees' Retirement Association Contributions

	FYE 2020	FYE 2021	Change
Gross Normal Cost %	21.47%	21.34%	-0.13%
Employee Contributions	9.82%	9.78%	-0.04%
Employer Normal Cost %	11.65%	11.56%	-0.09%
Administrative Expense %	0.99%	0.97%	-0.02%
Amortization of UAL %	17.74%	18.92%	1.18%
Net Employer Contribution Rate:	30.38%	31.45%	1.07%

Required Disclosures



The purpose of this presentation is to present the preliminary results of the annual actuarial valuation and experience study of the Stanislaus County Employees' Retirement Association (StanCERA). This presentation is for the use of the StanCERA in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by the StanCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

We hereby certify that this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the StanCERA Retirement Board for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

The actuarial assumptions, data and methods are those that will be used in the preparation of the actuarial valuation report as of July 1, 2019. The assumptions and methods used for the prior year results are the same as those used in the preparation of the actuarial valuation report as of July 1, 2018.

The assumptions reflect our understanding of the likely future experience of the Plans, and the assumptions as a whole represent our best estimate for the future experience of the Plans. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.

Graham A. Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

STANCERA DISABILITY RETIREMENT

Summary of Process and Legal Standards

December 2019

A. THE PROCESS

1. Staff counsels member/applicant about options, rights, and obligations
2. Member/applicant submits application to StanCERA
 - a. Application filed by member
 - b. Application filed by employer
3. Staff reviews application for completeness and accepts as filed
4. Staff refers application to disability retirement counsel
5. Counsel investigates, evaluates application
 - a. Obtains relevant medical, psychiatric, employment, and worker's compensation records
 - by written authorization
 - by subpoena
 - b. Refers member to independent medical evaluation (IME), if necessary
 - c. Takes depositions, if necessary
6. Counsel issues opinion letter with recommendations to staff/Board of Retirement
 - a. "Grant" if all elements of application are established by a preponderance of evidence
 - b. "Deny" if applicant has clearly failed to establish one or more elements of application
 - c. "Refer to Hearing" where there is substantial evidence in support of application, but not a preponderance of evidence
7. Board action on administrative recommendation
 - a. Grant application

- b. Deny application (applicant has 30 days to request hearing)
 - c. Refer application to hearing before a referee
- 8. Hearing by referee (reported by certified shorthand reporter)
 - a. Receives and evaluates witness testimony and documentary evidence
 - b. Issues “findings of fact and recommended decision” to the Retirement Board
- 9. Board action on referee’s recommendation
 - a. Approve and adopt the referee’s recommendation
 - b. Send the application back to the referee with instructions for further hearing
 - d. Reject the referee’s recommendation and hear the matter itself
- 10. Appeal of Retirement Board Decisions
 - a. Applicants/interested parties have 90 days to appeal the Board’s decision
 - b. Appeals are through writ of mandate to the Superior Court (CCP 1094.5 and 1094.6)
 - c. Standard of review on appeal is usually “de novo”

B. THE KEY ISSUES/LEGAL STANDARDS UNDER CERL

- 1. Is the member permanently incapacitated?
 - a. A member is incapacitated (disabled) if he or she is physically or mentally substantially incapacitated from performing the usual duties of his or her job. (Government Code §§ 31720 and 31724; *Mansperger v. Public Employees’ Retirement System* (1970) 6 Cal.App.3d 873.)
 - b. A member is *not* incapacitated if the employer is willing to accommodate the member’s medical or mental condition within the member’s existing permanent position at the same rate of pay. (*Schrier v. San Mateo County Employee’s Retirement Association* (1983) 142 Cal.App.3d 957.)
 - c. An incapacity is “permanent” where further change – for better or worse – is not reasonably to be anticipated under usual medical standards. (*Sweeney v. Industrial Acc. Comm.* (1951) 107 Cal.App.2d 155, 159.)
 - d. Under CERL (in contrast to the Workers’ Compensation system) the Board does not determine the member’s percentage of disability. The Board’s decision is “all or nothing” – the member either is or is not permanently incapacitated from his or her particular job.

2. Is the incapacity service connected (work-related)?
 - a. To establish that an incapacity is “service connected” (work-related), a member must prove two things: (1) that the injury arose out of and occurred in the course of the employment and (2) that the employment contributed substantially to the incapacity. (Government Code § 31720.)
 - b. For an injury to “arise out of the employment,” it must arise out of a risk peculiar to the work and not a risk to which the member would be exposed outside of work. (*Kimbol v. Industrial Acc. Comm.* (1916) 173 Cal. 351-354.)
 - c. For an injury to arise in the “course of employment,” it must occur while the member is performing a service incidental to the employment. This includes any activity reasonably authorized by the employment contract or reasonably related to the fulfillment of the member’s job duties. (*Southern California Rapid Transit District, Inc. v. Workers’ Comp. Appeals Bd. (Weitzman)* (1979) 23 Cal.3d 158, 164.)
 - d. To establish that an incapacity is service connected does not require that the employment be the sole cause of the incapacity or even that the employment be the majority cause of the incapacity. All that is required is that there be substantial evidence of a connection between the incapacity and the employment. There must be a “real and measurable” connection between the employment and the incapacity. (*Bowen v. Board of Retirement* (1986) 42 Cal.3d 572, 577-579.)
 - e. Under CERL (in contrast to the Workers’ Compensation system) the Board does not determine what percentage of the incapacity is “service connected” and what percentage is not “service connected.” The Board’s decision is “all or nothing” – the incapacity is either “service connected” or it is not.
3. Burden/Standard of proof
 - a. The applicant has the burden of proof on all elements necessary to establish entitlement to disability retirement (e.g., permanent incapacity, service connection, start date for disability retirement allowance, etc.).
 - b. StanCERA has burden of proof on all defenses (e.g., statute of limitations, laches, intemperate use of alcohol or drugs, willful misconduct, etc.).
 - c. The standard of proof is “preponderance of the evidence.” This means that for each factual claim raised by an application, the Board must decide whether the fact is or is not probably true.



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Triennial Review of Policies

II. ITEM NUMBER: 9.d.

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve Submitted Policy

V. ANALYSIS:

In accordance with the policy review schedule and the ongoing strategic goal of developing StanCERA's governance practices in alignment with the dynamic needs of the organization, staff evaluated and updated the Placement Agent Policy.

After review staff amended the policy with a few minor edits to better align the Placement Agent Policy and the Placement Agent Disclosure Form.

The Placement Agent Policy is attached with any changes in redline.

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.

Stan Conwell, Retirement Investment Officer



Stanislaus County Employees' Retirement Association

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Placement Agent Disclosure Policy

I. **PURPOSE**

StanCERA Retirement Board members, its employees, external investment managers and consultants are all subject to numerous legal requirements intended to ensure the ethical conduct of all parties involved in the prudent handling of the investment of StanCERA monies held in trust for member retirement benefits as governed by the County Employees Law of 1937 (or "1937 Act") and all subsequent legislation. Ethical conduct by all parties includes the compliance to legal requirements, insuring that fiduciary responsibilities are maintained throughout all processes and preventing conflicts of interest in decision making.

This Policy sets forth the circumstances under which StanCERA shall require the disclosure of payments to Third Party Representatives (also known as Placement Agents) by external investment managers or consultants in connection with securing investment related business with StanCERA.

The purpose of this Policy is to enhance the transparency of investment related decisions by requiring broad and timely disclosure of the existence of any relationships between StanCERA external investment managers or consultants and other Third Party Representative(s) who serve as compensated representative(s) of the external investment manager or consultant to secure investment related business with StanCERA. The goal of this Policy is to help ensure that all investment related decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective and are consistent with StanCERA's Statement of Investment Policy.

II. **Glossary of Terms**

A. Consultant

Person (s) or firms(s) including key personnel of such firms(s), who are contractually retained by StanCERA to provide advice to StanCERA on investments, external manager selection and monitoring, and other services, but who do not exercise investment discretion, generally.

B. External Manager (As defined in Government Code section 7513.8(b))

1. A person who is seeking to be, or is, retained by the StanCERA Board of Retirement or an Investment Vehicle to manage a portfolio of securities or other assets for compensation
2. A person who manages an Investment Fund and who offers or sells, or has offered or sold an ownership interest in the Investment Fund to the StanCERA Board of Retirement or an Investment Vehicle.

C. Investment Fund (As defined in Government Code section 7513.8([cb](#)))



1. "Investment fund" means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.
2. Notwithstanding paragraph (1), an investment company that is registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and that makes a public offering of its securities is not an investment fund.

| D. Investment Vehicle (As defined in Government Code section 7513.8(d))

A corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an external manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other external managers.

E. Placement Agent (As defined in Government Code section 7513.8(f))

1. Any person or entity hired, engaged by or acting for the benefit of or on behalf of an external manager or an Investment Fund managed by an External Manager, and who acts or has acted for compensation as a finder, solicitor, placement agent, marketer, consultant, broker or other intermediary to raise money or solicit investment funding from or to obtain access to StanCERA, either directly or indirectly.
 - a. In the case of an External Manager within the meaning of paragraph (1) of 75138(b), the investment management services of the external manager.
 - b. In the case of an External Manager within the meaning of paragraph (2) of 7513.8(b), an ownership interest in an Investment Fund managed by the External Manager.
2. Notwithstanding paragraph (1), an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.

III. **Application**

This Policy is effective immediately upon adoption by the Retirement Board. This policy is intended to supplement any applicable provisions of state or federal law and to comply with such laws. This Policy shall apply to current external investment managers and consultants as well as those firms who are considered for investment management or consultation subsequent to the adoption of this Policy.



IV. **RESPONSIBILITIES**

- A. **Each External Manager is responsible for** providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly within 30 days of receipt of notification from StanCERA staff that the information needs to be supplied.

Each firm that is being considered for investment management or consultation subsequent to the adoption of this Policy shall submit the following information to the Retirement Board and its investment consultant BEFORE making any presentations to the Retirement Board. The information shall include:

1. A statement that the firm or any of its principals, agents or affiliates has (or has not) compensated or agreed to compensate, directly or indirectly, any Third Party Representative (or Placement Agent) in connection with any investment or proposed investment by StanCERA. If compensation of a Third Party Representative (or Placement Agent) has occurred or been agreed upon, items 2 – 8 need to be completed.
2. A resume for each officer, partner or principal of the Third Party Representative (or Placement Agent) detailing the education, professional designations, regulatory licenses, investment and work experience. The resume shall include whether the person is a current or former StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA, or a member of the immediate family of a StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA.
3. A description of any and all compensation of any kind provided or agreed to be provided to a Third Party Representative (or Placement Agent) including the nature, timing and value thereof along with written acknowledgment that the compensation is the sole responsibility of the investment manager or consultant.
4. A description of the services to be performed by the Third Party Representative (or Placement Agent).
5. A statement as to whether the Third Party Representative (or Placement Agent) is used by the investment manager or consultant with all prospective clients or only a subset of prospective clients.
6. A written copy of any and all agreements between the investment manager or consultant and the Third Party Representative (or Placement Agent).
7. The name(s) of any current or former StanCERA Retirement Board member, StanCERA employee or consultant(s) to StanCERA who suggested the retention of the Third Party Representative (or Placement Agent).
8. A statement that the Third Party Representative (or Placement Agent) is registered with the United States Securities and Exchange Commission, the United States Financial Industry Regulatory Authority, the United States Commodity Futures



Trading Commission or any similar regulatory agency in a country other than the United States including the details of such registration.

9. A statement whether the Third Party Representative (or Placement Agent) or any of its affiliates, is registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agency in a country other than the United States and the details of such registration or explanation of why no registration is required.

- 9.10. A statement that the Third Party Representative (or Placement Agent) understands and agrees that all of the information provided to StanCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.

Investment managers and consultants shall provide to StanCERA any updated information of the above items (1 to 9) within 30 days of the change in information.

Investment managers and consultants shall agree to incorporate this Policy and compliance thereto as part of the investment manager's or consultant's agreement with StanCERA for services rendered. Investment managers and consultants will cooperate with StanCERA staff in monitoring and assuring compliance with this Policy.

In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require disclosure.

Any Third Party Representative (or Placement Agent) shall, prior to acting as such, disclose to StanCERA the following:

1. All campaign contributions made by the Third Party Representative (or Placement Agent) to any elected StanCERA Retirement Board member during the prior 24 months and while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.
2. All gifts, as defined in Government Code section 82028, given by the Third Party Representative (or Placement Agent) to any StanCERA Retirement Board member or employee or consultant during the prior 24 month period and while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.

B. **StanCERA staff are responsible for the following actions:**

1. Ensure that an agreement to comply with this Policy is incorporated in all current and future investment management agreements. Ensure that all existing External Managers complete and submit the Placement Agent Information Disclosure to StanCERA in a timely manner.
2. Ensure that future candidates for StanCERA investment management or consultant services provide all information as noted above and such information is forwarded to the Retirement Board BEFORE any presentation is made to the Retirement Board



3. Provide the Board with the disclosure information before any investment decision by the StanCERA Board with respect to that Manager. Promptly advise the Board of any material violation of this Policy.

C. Sanctions for Policy Violations

In the event of a material omission or inaccuracy in the information disclosed pursuant to this Policy, the following sanctions may be applied by the Retirement Board:

1. The reimbursement to StanCERA by the investment manager or consultant of the greater of the following:
 - a. Any investment management or advisory fees paid over four quarters or
 - b. An amount equal to the amounts paid or promised to be paid to the Third Party Representative (or Placement Agent)
2. Immediate termination of the investment management or consultation agreement without penalty to StanCERA, including withdrawal from a limited partnership, limited liability company or other investment vehicles and the cessation of any further capital contributions thereto.
3. A prohibition for the existing or potential investment manager or consultant or Third Party Representative (/Placement Agent) from soliciting new investments from StanCERA for five (5) years. The five (5) years may be reduced by a majority vote of the Retirement Board at a public session upon a showing of good cause.
4. Any other sanction(s) which in the opinion of legal counsel is prudent and assists the Retirement Board in meeting its fiduciary obligations.

V. Policy Review

This Board shall review this policy at least every three years.

VI. Policy History

Adopted by the Retirement Board on May 25, 2010

Amended [12/17/2019](#)

Reviewed and amended by the Board of Retirement

Rick Santos, Executive Director

Approval / Adoption Date: _____



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Triennial Review of Policies

II. ITEM NUMBER: 9.e.

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve Submitted Policy

V. ANALYSIS:

In accordance with the policy review schedule and the ongoing strategic goal of developing StanCERA's governance practices in alignment with the dynamic needs of the organization, staff evaluated and updated the Governing Law and Jurisdiction Policy.

After review, staff did not make any changes. The Governing Law and Jurisdiction Policy is attached.

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.

Stan Conwell, Retirement Investment Officer



Governing Law and Jurisdiction

Purpose

StanCERA is established in accordance with and subject to the Stanislaus County Employees' Retirement Law of 1937, section 31450, et seq., of the California Government Code (hereinafter "the 37 Act"). For the purpose of carrying out the provisions of said law within Stanislaus County California, StanCERA is governed by the 1937 Act as supplemented by Bylaws, Policies and Resolutions approved by the Board of Retirement and when applicable the Stanislaus County Board of Supervisors.

This policy will clarify and set standards for the Jurisdiction and Governing Law to be sought for all contracts, agreements, and/or partnerships entered into by the Stanislaus County Employees' Retirement Association Board of Retirement.

Policy

The Board of Retirement shall endeavor to include language substantially similar to the below in any and all contracts, agreements, and/or partnership entered into by the Board of Retirement or its designee, with such adjustments and modifications as designee or Board of Retirement deem reasonable and appropriate"

"This Agreement shall be construed and enforced according to the laws of the State of California, without regard to the provisions, policies or principals thereof relating to choice or conflict of laws. The parties hereto hereby submit to the jurisdiction of the courts of the State of California, Northern District, or of the United States of America sitting in the State of California, over any action, suits, or proceedings arising out of or relating to this Agreement. "

Policy Review

This Board shall review this policy at least every three years.

Policy History

Adopted by the Retirement Board on [November 6, 2014](#)

Reviewed and adopted by the Board of Retirement

Rick Santos, Executive Director

Approval/Adoption Date: [November 6, 2014](#)



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Natalie Davis, Fiscal Services Manager

I. SUBJECT: Report on Earnings Allocation for Fiscal Year Ended June 30, 2019

II. ITEM NUMBER: 9.f

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

ANALYSIS: Fiscal year 2018/2019 ended with investment earnings available to allocate of \$108,537,832. This report explains the allocation of undistributed earnings in accordance with the Excess Earnings Policy, effective December 15, 2016.

After payment of Administrative, Investment and Actuarial expenses, \$11,768,981 (Policy item #1), allocation of \$1,587,450 to maintain the 1% Contingency Reserve (Policy item #2), and allocation of the active member accounts interest of \$23,089,092, a surplus of \$72,092,309 was available for crediting to Active, Employer and Retiree Reserves (Policy item #4). There were no prior loss contra-reserve balances to absorb for fiscal year 2018/2019 (Policy item #3). The surplus was distributed on a pro rata basis between these Reserves at the rate of 5.10% for the active member reserves and 2.77% for all other reserves. Refundable (.125%) and non-refundable (2.2023%) interest posting to Active member accounts will occur on December 31, 2019 and June 30, 2020, based on the member's account balance on June 30, 2019 and December 31, 2019 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 Davis, Fiscal Services Manager

Rick Santos, Executive Director

**StanCERA's Earnings Allocations per the Excess Earnings Policy, effective
December 15, 2016, for the Fiscal Year Ended June 30, 2019**

Total Undistributed Earnings for Fiscal Year 2018- 2019:		\$	108,537,832
Less Administrative, Investment and Actuarial Expenses:			
Administrative Expenses	\$	2,557,391	
Investment Expenses		9,067,527	
Actuarial Expenses		<u>144,063</u>	
(Per the Excess Earnings Policy item #1)			11,768,981
Less amount to maintain 1% Contingency Reserve			1,587,450
(Per the Excess Earnings Policy item #2)			
There were no prior loss contra-reserve balances			-
(Per the Excess Earnings Policy item #3)			
Semi Annual Interest posted to member accounts December 2018 and June 2019			23,089,092
Excess Earnings to be distributed to reserves for Fiscal Year 2018-2019		\$	<u>72,092,309</u>
Balance of Investment Earnings available to allocate as Excess Earnings:			
(Per the Excess Earnings Policy item #4)			
Distributed between:			
Reserves - Active (Non-Retiree) - Basic	\$	14,342,293	
Reserves - Active (Non-Retiree)- COL		4,364,064	
Reserve for Unvested (Non-Retiree) Interest		9,832,407	
Reserves - Employer - Normal		4,360,529	
Reserves - Employer - Special		4,100,943	
Reserves - Employer - Transfer		4,493,466	
Reserves - Retired - Annuity		4,213,476	
Reserves - Retired - Pension		24,817,580	
Reserves - Retired - Service Disability Benefit		284,381	
Reserves - Retired - COL		1,146,337	
Reserves - Other - Burial Allowance		<u>136,834</u>	
	\$	<u>72,092,309</u>	



December 17, 2019

Retirement Board Agenda Item

TO: Retirement Board

FROM: Strategic Planning Objectives Committee

- I. SUBJECT: StanCERA Strategic Plan 2020-2022
- II. ITEM NUMBER: 10.a.1
- III. ITEM TYPE: Discussion and Action
- IV. COMMITTEE RECOMMENDATION: Accept the StanCERA Strategic Plan for 2020-2022 (Attachment 1)
- V. ANALYSIS: Every 3 years, StanCERA staff are required to produce a 3 year Strategic Plan for the Organization. The Strategic Plan clarifies and focuses on important tasks the Organization wishes to accomplish over the corresponding period. The Plan is divided into Strategic Objectives that:
 - State the Objective
 - Develop background on why the objective is sound
 - State the desired outcome
 - State the general strategy
 - Lay out an action plan with deliverables that are meant to keep staff on track in accomplishing the objective and provide a way to measure staff's success over the period

This year, the Strategic Planning Objectives Committee and staff identified 5 strategic objectives the Organization should focus on over the next 3 years:

1. Develop an Organization Structure reflective of our operational capabilities and succession planning needs
2. Successful implementation of the Pension Administration System (PAS)
3. Development and implementation of a formalized succession plan for StanCERA
4. Develop a formalized Operational Risk Management Plan
5. Process documentation and standardization of the Investment Governance Process

The following is a short summary of each objective:

Develop an Organizational Structure reflective of our operational capabilities and succession planning needs

StanCERA is a growing Organization and as Organizations grow, they must adapt to the changes that come along with that growth. This objective attempts to set StanCERA up to handle the accompanying changes in terms of its organizational structure and succession planning

Successful implementation of the Pension Administration System (PAS)

It goes without saying, that a major objective over the next 3 years should be the successful implementation of our PAS

Development and implementation of a formalized succession plan for StanCERA

Over the next 10 years, StanCERA will most likely turn over close to 100% of its current staffing. As such, it is imperative that the Organization plan for this event. This objective formalizes a succession plan that involves the Board of Retirement, ensures staff receives proper training and provides a path for moving up within the Organization should employees wish to

Develop a formalized Operational Risk Management Plan

As StanCERA moves technologically into the next decade, it acknowledges that operational risks will continue to grow. This objective attempts to quantify those risks, come up with a plan to mitigate those risks and define roles and responsibilities across the Organization.

Process documentation and standardization of the Investment Governance Process

With the advent of the Retirement Investment Officer position, the ability to document all of the Organization's investment governance processes has been greatly enhanced. This objective will ensure that those employed at StanCERA in the future will have a "road map" in maintaining the governance process that StanCERA has built up over the past 8 years and provide for seamless transitions.

- 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: INDETERMINABLE. At this stage, those items that would have a significant impact on the budget would be brought to the Board of Retirement for approval.

StanCERA's Strategic Plan 2020-2022



Mission

Provide and Promote Comprehensive and Financially
Sound Retirement in a Professional, Efficient and
Courteous Manner

Vision

Empowering Our Members Through Education and
Technology to Play a Proactive Role in Understanding
and Managing their Retirement Benefits



Strategic Objective # 1

Develop an Organizational Structure reflective of our operational capabilities and succession planning needs.

Background

In 2014, the Board of Retirement approved *Stanislaus County Employees' Retirement Association (StanCERA) 10-Year Strategic Organizational Realignment*, which focused on several issues such as technology, staff demographics, institutional knowledge, organizational work load, investment governance, pension software, and website renovation. Most of these goals have been accomplished (or are in progress), however, as StanCERA continues to grow, the organization must evolve as well.

As StanCERA moves into the next decade, a new organizational structure (Attachment 1) needs to be developed that is reflective of its current mission, vision, and values, fostering leadership, professionalism, and succession planning.

Desired Outcome

The desired outcome is an organizational structure that promotes a professional environment, ensures redundancy, and allows for a transfer of information throughout the organization.

Succession planning should be built into StanCERA's organizational structure, ensuring a well-developed plan is in place, providing StanCERA leadership and stakeholders the ability to look within for the next leaders at all levels.

Strategy

In order to successfully develop an advantageous organizational structure, StanCERA must assess the demands of the organization today and ten years from now. The needs of line staff, leadership, members, and stakeholders must also be assessed, as they are the driving force of StanCERA. During the process, each division of StanCERA will be analyzed for efficiency and accuracy, and future goals will be set accordingly. Staff should be included during the process as they may provide insight and organizational knowledge, adding value to the development of the structure.



Strategic Plan Objective #1: Action Plan with Deliverables

1. Present new Organizational Structure to StanCERA staff by StanCERA Leadership (First Quarter 2020)
2. Evaluate job descriptions of StanCERA positions to ensure they are still relevant and upholding the Mission, Vision, and business practices and processes of the Organization by Fiscal Services and Member and Employer Services Manager (Third Quarter 2020)
3. Develop the Job Description for the Organizational Support Manager position by StanCERA Leadership (Fourth Quarter 2020)
4. Evaluate StanCERA's internal operational needs as it supports the new Organizational Structure by StanCERA Leadership
 - ✓ Create an internal office layout that supports the new Organizational Structure and professionalism
 - ✓ Define workflow processes in the new Pension Administration System that promote teamworking styles and mentorship
5. Phased Implementation of new Organizational Structure by StanCERA Leadership (Fourth Quarter 2020)
 - ✓ Benefits and Operations Staff will begin transitioning
 - ✓ All Benefits and Operations staff in place
6. On-board Organizational Support Manager by StanCERA Leadership

Strategic Objective # 2

Successful implementation/completion of the Pension Administration System (PAS)

Background

In 2017, StanCERA began implementation of its new pension administration system. This idea was borne out of a 2013 study staff prepared for the Board of Retirement outlining future system growth and the Organization's capability to service its members. At that time, it was recommended that StanCERA:

- ✓ Employ software with case management capabilities
- ✓ Integrate online customer service enhancements with new pension software
- ✓ Develop online capabilities that allow members to view and change personal data
- ✓ Develop online capabilities that allow members to complete and submit applications online
- ✓ Set a goal of processing 95 percent of all benefit estimates/calculations without human intervention

To that end, the successful implementation/completion of the PAS, is critical to StanCERA's ability to meet the inevitable future growth challenges in an efficient and cost-effective manner.



Strategy

To successfully implement StanCERA's new Pension Administration System, it is generally believed that the Organization must play a very visible and participatory role in its design, build-out and implementation. StanCERA must understand how the system is being designed and anticipate future administrative needs. Additionally, StanCERA must insure that all functionality within the scope of the project works as designed with a high degree of reliability.

Staff should maximize employee involvement on the project while being able to balance and maintain a productive normal workload. The Organization's main strategy should be to automate as much of the daily work processes as possible while balancing security concerns.

Desired Outcome

From an administrative/technical perspective, Strategic Objective #2's desired outcome should closely align with the automation/efficiency needs first presented to the Board 6 years ago (see *Background*). From the perspective of a successful implementation, the desired outcome would be for both phases of the project to come in on time and under budget with all anticipated functionality working at a high degree of reliability. Additionally, staff would stay engaged in the project for its duration, and ultimately support, affirm and rely on every aspect of the System.

Strategic Plan Objective # 2: Action Plan with Deliverables

1. Integrate staff into all aspects of the PAS. Create an atmosphere of "ownership" of the project by employees (Q1, 2020; StanCERA Management)
 - ✓ Maintain an internal PAS project manager position with at least 75% of the position's time spent on the project
 - ✓ Create and implement a process whereby all line employees participate (within their relevant program area) in documenting current processes, assist in the creation of new processes, test system functionality and ultimately be required to sign off on releases of the new system functionality
 - ✓ Require at least one StanCERA manager participate in all process work flow development meetings
 - ✓ Require staff redundancy (more than 1) in all phases of the documentation and development of system functionality
2. Develop and instill trust in the PAS so that Organizational "buyoff" of the system is achieved, thereby maximizing the potential efficiencies the System can offer (Q1, 2020; StanCERA Management)
 - ✓ Maximize the number of test cases that are performed and analyzed regarding benefit estimation and calculation



- ✓ Parallel test the Arrivos System (PAS) with the Tyler System (StanCERA's current system) for at least 2 weeks after "go live"
 - ✓ Staff training with live demos, data and actual cases/scenarios prior to "go live"
 - ✓ Management to maintain a high degree of transparency amongst staff regarding all aspects of the project
 - ✓ Maintain communication and encourage involvement by the Steering Committee and the Board regarding new functionality and business process changes inherent in the PAS
 - ✓ Create and maintain a Committee of no less than 2 trustees to oversee the electronic integration of customer service opportunities into the PAS
3. Strive to unlock the full value inherent in the PAS for both internal and external constituents (Q4, 2020; StanCERA Management)
- ✓ 65-70% of all data audits complete by "go live"
 - ✓ 85% of all data audits complete by the end of 2020
 - ✓ Creation of short online webinars members can use to understand their retirement benefits
 - ✓ Revamp/revise the way information is dispensed to members at the Pre-Retirement seminars. Consider more personalized (and less general) information and integrate the capabilities of the PAS at seminars
 - ✓ Consider mid-career retirement seminars
4. Maximize the potential value inherent in our member web portal and StanCERA website
- ✓ Research the value of educational seminars on StanCERA's website
 - ✓ Hold training sessions for members designed to introduce them to the capabilities of the portal
 - ✓ Maximize the functionality available for members on the member portal
 - ✓ Rebrand and market StanCERA (see action item #5 below)
5. Rebrand and market StanCERA
- ✓ Revamp all forms, documents and templates using StanCERA's new logo
 - ✓ Replace all items/documents using StanCERA's old mission and vision statements with new statements
 - ✓ Resume all quarterly newsletter publication
 - ✓ Study the potential use of social media to promote StanCERA
 - ✓ Consider modern, aesthetic changes to StanCERA's office



Strategic Objective # 3

Development and implementation of a formalized succession plan for StanCERA

Background

Succession planning prepares an organization for future changes in leadership, personnel and growth. The process itself evaluates critical roles within an Organization and develops a plan to meet the changes that inevitably occur when management transitions and/or business grows.

The idea of creating strong leadership within the Organization should be weighted very heavily and requires considerable thought. StanCERA is a growing Organization and in the absence of major changes to the structure of member benefit accumulation, future growth is inevitable. StanCERA's assets have doubled since 2008. Its retiree count has also doubled in the same period. Generally, public pension systems across California have been shown to double in growth approximately every 12 to 15 years. Several years ago, staff presented the Board with a white paper that outlined the projected future growth of the System and its required resources. This paper demonstrated that StanCERA's growth trajectory was roughly every 12 to 13 years. Thus, by the early 2030's, StanCERA can be expected to be managing roughly \$5 billion in assets. When one looks at other systems today that manage \$5 billion or more in assets, we see a much different Organizational structure and "pension presence" than that of StanCERA. Pension presence in this context may be defined as an Organization that is more visible to the community, the media, its members and in its political awareness.

Unfortunately, StanCERA can no longer be looked at as a small, intimate Organization. Its inevitable future growth means StanCERA will need a high level of leadership across the Organization and a culture that can seamlessly handle change and meet the challenges that all larger pension systems must deal with. As such, it is imperative that the Board of Retirement foster and promote a professional organization and strong leadership team.

Desired Outcome

The desired outcome is the implementation of a formalized succession plan for StanCERA, outlining critical roles and qualifications. Natural and transparent career progressions would be developed in conjunction with StanCERA's Organizational Structure. With the help of the Board of Retirement, StanCERA staff are properly evaluated for potential success in management positions and are given the tools to succeed. Professionalism and accountability are promoted within the Organization through various means.

Strategy

Currently, with the hiring of the Retirement Investment Officer and documentation of the investment governance process, the ability for the Board to recruit the Director's position is



enhanced. The Board can recruit for a capable leader with good administrative skills and not necessarily one with investment experience. With the implementation of the new Organizational Structure, (Strategic Objective I), succession planning strategy across the entire organization will be as follows:

1. *With involvement from the Board of Retirement create an environment and action plan that evaluates and promotes desirable leadership qualities and capabilities in internal staff;* It is important that the Board of Retirement be involved in the future succession of the Organization. The Board should understand what StanCERA is today and what it is or wants to be tomorrow. Given this vision of tomorrow, the Board should weigh in on what qualities they wish to seek and cultivate in future leaders.
2. *Document all business processes and practices;* The ability for an Organization to practice efficient succession means position transitions should be as seamless as possible. With all business processes and practices properly documented, future leaders and line staff of the Organization will be able to make transitions easier.
3. *Promote professionalism and accountability by marketing StanCERA's brand, mission and core values;* As systems grow and get larger, they become more visible to a larger number of constituents and as a result, must continually strive to be as professional and accountable as possible. The rebranding of StanCERA and the promotion its new mission, vision and core values will instill in staff a greater sense of our identity, accountability, professionalism and responsibility to our members and constituency.

Strategic Plan Objective # 3: Action Plan with Deliverables

1. Documentation of all StanCERA business processes and policies (Q4, 2020; MESS Manager, Investment Officer, Office Support)
 - a. Build training guidelines for each role that supports the Organizational Structure's natural progression
 - b. Research and source an appropriate knowledge management system meant to house the documentation of StanCERA's business processes and policies
2. Foster and promote a professional organization and strong leadership team (Q4 2020 and beyond; Board of Retirement, StanCERA Management)
 - ✓ Create a Committee comprised of at least 2 trustees, the Fiscal and Member & Employer Services Managers and the Executive Director. This committee will:
 - research and recommend strategies on the type of Organization StanCERA wishes to become as it grows over the next several years
 - be tasked with building a leadership program that will foster StanCERA's leadership qualities in staff who may choose to become future leaders.
3. Rebrand and market StanCERA (Note that this action item is covered in Strategic Objective II)



Strategic Objective # 4

Development of a formalized Operational Risk Management Plan

Background

Risk is inherent in all businesses, including StanCERA's. Managing risk is important to ensure StanCERA can continue to serve our members. By strategically managing risk we can protect our resources, reduce the chance of loss, exploit opportunities and continue providing secure retirement benefits for our members. Operational Risk Management is a shared responsibility and all StanCERA associates are responsible for the effective management of risk including identifying new and emerging risks.

Strategy

- I. Formally acknowledge StanCERA's commitment to Operational Risk Management.
- II. Integrate and communicate a consistent approach to Operational Risk Management in operational activities and strategic processes to minimize risks.
- III. Assign accountability for the management of risks that supports responsible risk-taking, policy administration, and decision making.

Desired Outcome

Developing an Operational Risk Management Plan will enhance Board risk oversight, enable the Board and staff to make risk informed decisions, lessen the impact of opportunities and adverse events, and it will create a risk aware culture.

Strategic Plan Objective #4: Action Plan with Deliverables

1. Reach out to other pension systems to gain further understanding of the requirements of an Operational Risk Management Plan – January 2020
2. Define StanCERA's operational objectives and objectives for each of the strategies within the strategic plan – First quarter 2020
3. Identify the risks within the organization and determine the type of risk, the level of the risk, cause of the risk, effect of the risk and the controls in place regarding the risk – Fourth Quarter 2020
4. Communicate and inform StanCERA staff of their risk responsibilities and any controls that are associated with their activities.
5. Monitor risks and controls.
6. Review Operational Risk Management Plan bi-annually.



Strategic Objective # 5

Process documentation and standardization of the Investment Governance process.

Background

One of the long-term objectives of StanCERA is the continual improvement and evolution of the internal investment governance processes. The addition of the retirement Investment Officer position in 2017 was an important part of that objective and created additional opportunities to both formalize the critical operational tasks of the investment program and to position the program with greater alignment and understanding of the objectives and challenges of the plan.

Strategy

The documentation and standardization of tasks can be viewed in the broader context of knowledge management. Knowledge management begins with the simple recognition that data, information, and knowledge are essential assets of the organization and should be captured and effectively used to create value. Knowledge management is often established within an organization through the development of a knowledge management system.

A crucial step in achieving the objective is to establish guidelines for the system that will help outline the scope of the project and define appropriate and achievable outcomes. While the investment program can be considered a unique component of the organization, it will be important to create a knowledge management system that is functionally compatible and implementable within the broader organization. Another important consideration will be to design a system that fits StanCERA's unique needs and resources while also being able to provide suitable capabilities and scale in anticipation of future investment program growth.

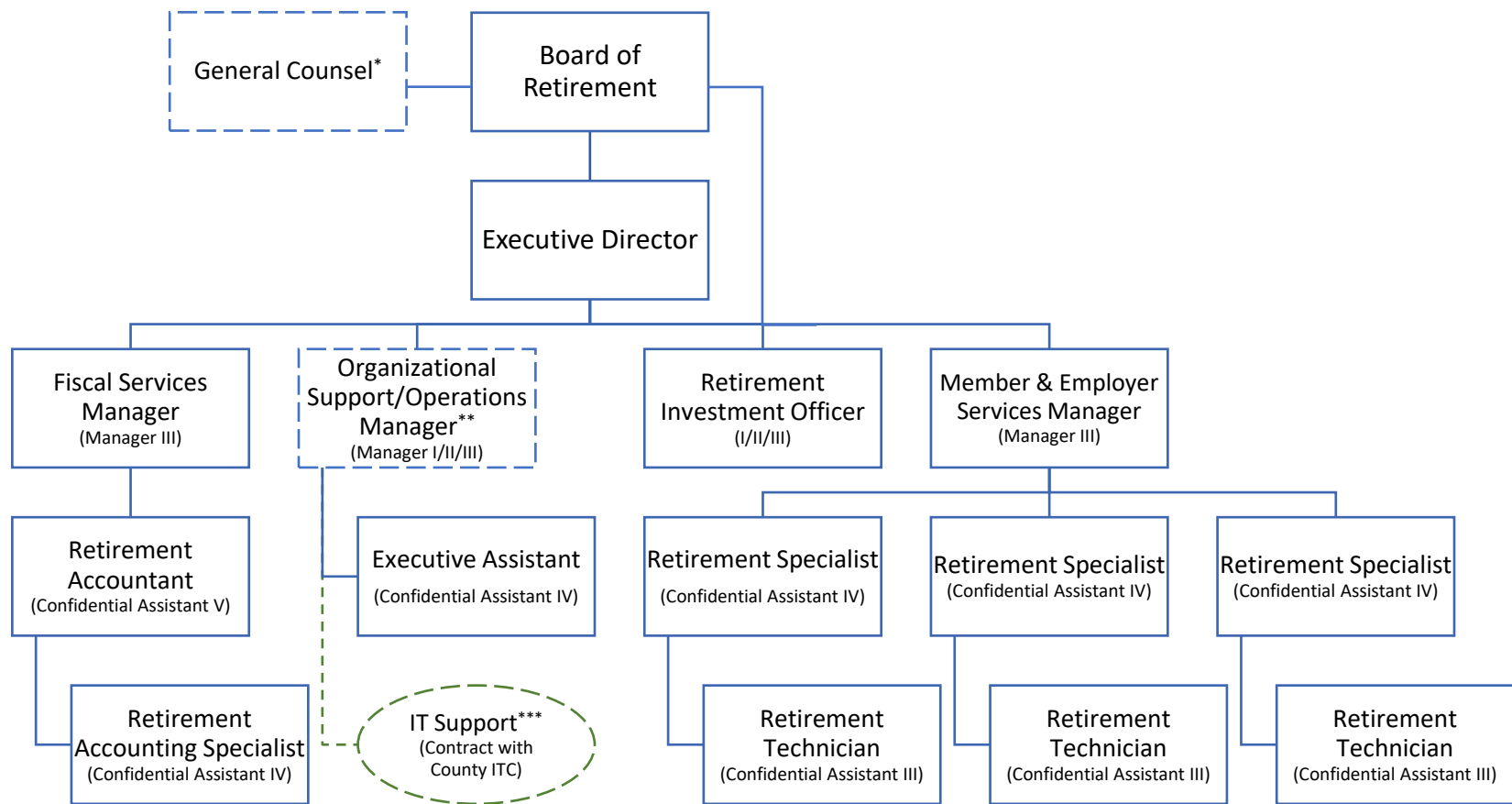
Desired Outcome

The successful outcome of the Strategic Objective would be the development of a knowledge management system that not only documents the critical investment governance tasks, but also captures the personal expertise and lessons learned of the past. A good knowledge management system will enhance organizational communication, provide greater opportunities for employee collaboration, and increase the productivity of investment staff. Overall, the documentation and standardization of tasks, will provide greater stability to StanCERA's investment governance program and provide the necessary foundation to better meet the investment program challenges of the future.



Strategic Objective # 5: Action Plan with Deliverables

1. Develop and maintain a comprehensive list of critical investment governance processes. (Second Quarter 2020)
 - ✓ Identify and categorize tasks that require documentation
 - ✓ Create a master calendar for investment governance tasks
2. Research and source an appropriate knowledge management system (Fourth Quarter 2020)
 - ✓ Determine the design and scope of the desired system
 - ✓ Identify and select a system that provides the required functionality while also remaining compatible with the organization's existing systems and resource constraints.
3. Standardize the documentation process (Fourth Quarter 2020)
 - ✓ Research methods to capture implicit knowledge in the documentation process.
 - ✓ Create a procedure template appropriate for investment governance tasks.
4. Create an investment governance process manual.
 - ✓ Tasks with high operational importance and greater frequency will take priority and will be completed during the first half of the 2020-2022 Strategic plan.



*General Counsel position is allocated for – remains vacant

**Organizational Support/Operations Manager is allocated for – remains vacant

*** IT Support position is allocated for – StanCERA contracts with the County for onsite support two days per week