



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 18, 2018
1:30 p.m.

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

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

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

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

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

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

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

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

1. Call Meeting to Order

2. Roll Call

3. Announcements

4. Public Comment

5. Consent Items

- a. Approval of the November 27, 2018 Meeting Minutes [View](#)
- b. Monthly Staff Report [View](#)
- c. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**

- 1. Anderson, Randy – Stanislaus County Fire – Effective 12-28-18 *
- 2. Behrens, Ellen – CSA – Effective 12-23-18
- 3. Clay, Janelle – DCSS – Effective 12-04-18
- 4. Cotter, Susan – Workforce Development – Effective 12-01-18
- 5. Ducasse, Victor – CSA – Effective 12-15-18
- 6. Espinoza, Yvonne (Keimi) – Public Works – Effective 12-07-18
- 7. Galbraith, Donna – CSA – Effective 12-08-18
- 8. Mikawa, Ken – City of Ceres – Effective 12-29-18
- 9. Ochoa, Nelda – CSA – Effective 11-30-18
- 10. Parsons, Todd – Sheriff – Effective 12-03-18 *
- 11. Pavao, David – Public Works – Effective 12-03-18
- 12. Rosas, Jenny – HSA – Effective 12-22-18
- 13. Sako, Harvey – Probation – Effective 12-07-18

c. Applications for Service Retirement(s) (Cont.) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**

14. Santos, Jeff – City of Ceres – Effective 12-16-18 *
15. Swartwood, Karma – CSA – Effective 12-04-18
16. Tucker, Jeanine – Superior Court – Effective 12-01-18
17. Winkler, Steven – Public Works – Effective 12-31-18

** Indicates Safety Personnel*

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

1. Barter, Jason – Probation – Effective 06-22-18 *
2. Castro, Francisca – CSA – Effective 10-30-18
3. Hoang, Binh Thai – Probation – Effective 07-27-18 *
4. Sindal, Bal – DA – Effective 09-09-18
5. Soto-Cervantes, Amy – Probation – Effective 10-26-18

** Indicates Safety Personnel*

e. Application for Death Benefit – **Government Code Section 31781, 31781.1, 31781.3**

1. Hinostroza, Antonio, Sheriff's Department – Effective 11-25-18 – Active Member *
2. Ortega, Cynthia, KCSD – Effective 11-25-18 – Active Member

f. Application for Reciprocal Disability Retirement – **Government Code Section 31838.5**

1. Klinge, Joshua – Police Department – Effective 01-28-17 *
2. Zimmerman, Jonathan – Sheriff's Department – Effective 02-24-18 *

g. Application of Disability Retirement – **Government Code Section 31724**

1. Cordova, Dolores – CSA – Non-Service Connected – Effective 02-24-18

6. Investment

a. Private Debt (Direct Lending) Education

Agenda Item [View](#)

b. Private Debt Fund Structure Presentation – White Oak Global Advisors

Agenda Item [View](#)

c. Private Investment Fund Tax & Accounting Forum

Agenda Item [View](#)

7. Verus – Investment Consultant

a. November Flash Report

8. Administrative

- a. Information Technology Solutions (ITS) Project Update [View](#)
- b. Board Room Committee Update
- c. Report on Earnings Allocation for Fiscal Year Ended June 30, 2018
Agenda Item [View](#) Attachment 1 [View](#)
- d. Revised Travel and Education Policy
Agenda Item [View](#) Attachment 1 [View](#)

9. Closed Session

- a. Discussion and Action regarding 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)

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

11. Adjournment



BOARD OF RETIREMENT MINUTES

November 27, 2018

1. Call Meeting to Order

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

2. Roll Call

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

Trustees Absent:

Alternate Trustee: Rhonda Biesemeier, Alternate Retiree Representative

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

Others Present: Fred Silva, General Legal Counsel

3. Announcements

A moment of silence was observed in honor of fallen Deputy Sheriff, Antonio (Tony) Hinostroza.

Kellie Gomes announced item 5.e, 2019 StanCERA Master Calendar was replaced due to an error in calendar template for the month of March. This error did not change the stated Board meeting dates.

Mike Lynch, Chair pulled item 5.g for discussion with the Verus Consultant Ed Hoffman.

4. Public Comment

5. Consent Items

- a. Approval of the September 25, 2018 Meeting Minutes
- b. Monthly Staff Report
- c. StanCERA Complaint Log of June 30 – September 30, 2018
- d. Executive Director Goals Update Quarter 3 2018
- e. Approval of the 2019 StanCERA Master Calendar
- f. Receipt of the 2019 Board of Retirement Standing Committee Assignments
- g. Investment Work Plan

5. Consent Items (Cont.)

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

1. Atinsky, Michael – Sheriff – Effective 10-26-2018
2. Branco, Catherine – District Attorney – Effective 10-24-2018
3. Bristow, Alice – BHRS – Effective 11-10-2018
4. Castillo, Bertha – Ag Comm – Effective 11-10-2018
5. Clark, Dorris – Probation – Effective 10-05-2018 *
6. Corcel, Michael – Animal Services – Effective 11-10-2018
7. Flores, Ramona – CSA – Effective 10-22-2018
8. Green, Monica – HSA – Effective 10-11-2018
9. Hager, Mary – Superior Court – Effective 11-23-18
10. Hutchinson, Kenneth – Sheriff – Effective 10-03-2018 *
11. Jackson, Priscilla – DCSS – Effective 10-02-2018
12. King, Thomas – Public Works – Effective 09-19-2018
13. Lavito, Shamira – HSA – Effective 10-30-2018
14. Munoz, Michael – Probation – Effective 11-14-2018 *
15. Parga, Charlotte – CSA – Effective 10-19-2018
16. Radford, Michael – Sheriff – Effective 10-27-2018 *
17. Raja, Jegan – Treasurer/Tax Collector – Effective 11-02-2018
18. Reed, Jeffrey – Sheriff – Effective 10-24-2018 *
19. Robertson, Cindy – CSA – Effective 11-01-2018
20. Smyers, Janet – County Counsel – Effective 10-27-2018
21. Taylor, Elizabeth – Stan Reg 911 – Effective 11-22-2018
22. Travao, Karen – CSA – Effective 10-20-2018
23. Valenzuela, Dolores – Assessor – Effective 10-09-18 * *Indicates Safety Personnel*

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

1. Allen, Thomas - Mental Health – Effective 10-2-17
2. Anderson, Meghan – District Attorney – Effective 6-1-18
3. Bergendahl, Corey - City of Ceres, Public Works – Effective 10-16-17
4. Henderson, Denzel – Planning – Effective 8-26-18
5. Locarnini, Meko – Probation – Effective 6-25-18 *
6. Lopez, Lourdes – Health Services Agency – Effective 5-25-18
7. Luu, Chris Trong - Environmental. Resources – Effective 6-8-18
8. Ochoa, Nelda – CSA – Effective 9-5-18
9. Pratap, Yashweeni – CSA – Effective 9-4-18
10. Titre, Tanja – District Attorney – Effective 7-16-18
11. Tobon, Jorge – Probation – Effective 8-3-18 *
12. Uch, Sovann - Environmental. Resources – Effective 10-16-17
13. Waddell, Anne – District Attorney – Effective 1-16-18
14. Waskiewicz, Michael - City of Ceres, Public Works – Effective 2-20-18
15. Zamora, Tomás – CSA – Effective 8-3-18 * *Indicates Safety Personnel*

5. Consent Items (Cont.)

j. Disability Retirement – **Government Code Section 31725**

1. Orante, Julia – Stanislaus County Library, Service-Connected, Application Filed August 11, 2017

k. Approval of Death Benefit – **Government Section 31781, 31781.1, 31781.3**

1. Camacho, Kelly, Deceased October 21, 2018, CSA – Active Member

Motion was made by Trustee Grover and seconded by Trustee O'Neal to accept the consent items with the changes as noted to item 5e the 2019 Master Calendar.

Motion carried unanimously

6. Verus – Investment Consultant

- a. September Flash Report
- b. October Flash Report

2:52 Darin Gharat Arrived

- c. Investment Performance 2018 Quarter 3 Review

7. Investment

- a. ILPA (Institutional Limited Partners Association) Summit
- b. Private Investment Fund Tax & Accounting Forum

Item 7.b was tabled until next Board meeting scheduled on December 18, 2018

8. Administrative

- a. Information Technology Solutions (ITS) Project Update
- b. Board Room Committee Update
- c. StanCERA Bylaw Revision

Motion was made by Trustee Gharat and seconded by Trustee Sharpe to accept the Bylaw revisions as presented

Motion carried unanimously

9. Committee Reports and Recommendations for Action

STANDING COMMITTEES

a. Internal Governance Committee

i. Discussion and Action to accept the Internal Governance committee's Recommendation Regarding:

- The June 30, 2018 and 2017 Comprehensive Annual Financial Report (CAFR) and Independent Auditor Report

Motion was made by Trustee O'Neal and seconded by Trustee Grover to accept the June 30, 2018 and 2017 Comprehensive Annual Financial Report (CAFR) and Independent Auditor Report items as presented.

Motion carried unanimously

10. Closed Session

Motion was made by Trustee Gharat and seconded by Trustee Riley to go into closed session at 2:34 p.m.

Motion carried unanimously

- Discussion and Action regarding the Executive Director's Annual Review Public Employment Government Code Section 54954.5
- 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)
- 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 O'Neal and seconded by Trustee Gharat to go into Open session at 2:46 p.m.

Motion carried unanimously

There is were no reportable actions in closed session.

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

Trustee Gharat expressed condolences to the family and coworkers for the loss of Deputy Sheriff, Hinostroza.

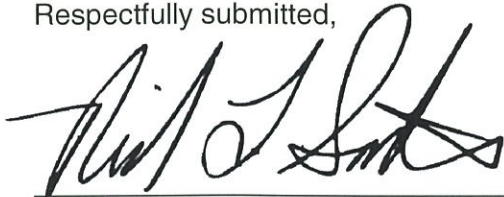
Trustee O'Neal, Trustee Biesemeier and Trustee Dhillon gave an update regarding the recently attended Fall SACRS.

Chris Wisdom expressed gratitude for the time spent at StanCERA and publicly acknowledged this would be his last meeting.

11. Adjournment

Meeting adjourned at 2:56 p.m.

Respectfully submitted,

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

Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: 
Fred Silva, General Legal Counsel



December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 5.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) *Member & Employer Services (MESS)* – During the month of November 2018, Member and Employer Services Staff processed 44 new hires (4 Safety and 40 General) 11 terminations, 6 member requests resulting in 17 estimates and 3 member requests resulting in 15 buy back contracts. There were 31 individual counseling sessions.
- b) *Investment Governance and Compliance* – Staff completed the Investment Compliance document and began work on drafting up a Manager Thesis document. There was also some transitional work back to the Executive Director from the Retirement Investment Officer that was completed (i.e. re-establishing authority and direction for the Investment Managers). Work continues on revamping staff reporting and this new information should be rolled out by the March 2019 Board meeting. We have also begun the process of backfilling the Retirement Investment Officer position. There were 3 other candidates on the list from last year that are still desirable and would be eligible for the position. The Director intends to meet with the first eligible candidate the first week of January. If no candidate is found to be a good fit for the Organization, staff will begin the recruitment process as soon as possible.
- c) *Fiscal Services* – Employer and employee contributions totaling \$8,887,183 were received through 12 different payroll batches in November. 19 contribution refunds and death benefit payouts totaling \$307,485 were processed which includes refund of contributions for two retired members. The retiree payroll for November totaled \$10,421,127 and was processed as scheduled.

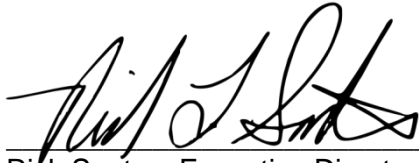
Staff continues to partner with Member Services in defining the business rules for the new pension software. Two of the upload employers have produced the new import file for testing. The third upload employer is working on producing the import file. We continue to be on time and within budget for this project.

The contract for the new Board Room tenant improvements has been signed and is in place. We are waiting to hear from the contractor for a start date for construction. Due to the holidays, construction may not start until after the first of the new year, around January 7th.

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*

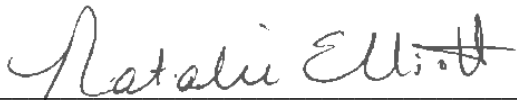
VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

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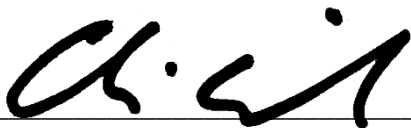
Rick Santos, Executive Director

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Dawn Lea, Member and Employer Services Manager

A handwritten signature in black ink, appearing to read "Natalie Elliott", written over a horizontal line.

Natalie Elliott, Fiscal Services Manager

A handwritten signature in black ink, appearing to read "Chris Wisdom", written over a horizontal line.

Chris Wisdom, Retirement Investment Officer



December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Ed Hoffman, Verus Consultant

- I. SUBJECT: Private Debt (Direct Lending) Education
- II. ITEM NUMBER: 6.a
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: At our November Board meeting, there were some questions regarding the Direct Lending asset class in light of the sub-par performance currently being realized. Today's discussion is intended to provide current views and research on the investment opportunities within the space. Direct Lending is one component of the private markets program designed for StanCERA's investment program. In addition to the current views, the long-term expected risk, return and correlation characteristics are important. Immediately following this session, White Oak Global Advisors will be presenting a session on a different fund structure that StanCERA may use as a part of its overall funding strategy for this asset class.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director



December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Private Debt Fund Structure Presentation - White Oak Global Advisors
- II. ITEM NUMBER: 6.b
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: As of December 12, 2018, StanCERA had approximately \$94.9 million dedicated to its Direct Lending asset class. This represents about 4.7% of the total portfolio. The target allocation to this asset class is 6%. Over the next several months, StanCERA expects a lot of its capital currently dedicated to this class to be returned, since all funds except the Raven III fund are in the harvest period. As such, the percentage allocated to this asset class will also drop as well. Given the challenges associated with keeping the Direct Lending asset class at or close to target, staff has been looking into an alternative fund structure or "Evergreen" type fund that could be used to achieve and maintain full funding in a more efficient manner.

In general, these evergreen type funds are more liquid, offer lower returns, are less risky and have lower fee structures. Because of their liquidity features, they are also more "nimble" and accommodative of transitions in the overall portfolio asset allocation and in the Direct Lending asset class itself. Thus, should a decision be made later to alter the amount of capital dedicated to this asset class or individual managers or fund structures, or significantly shift our outlook on direct lending, the transition would be less complicated and easier to manage.

Today, we've asked White Oak Global advisors to explain this new type of fund structure and compare and contrast it to the Pinnacle fund, which we are currently invested in. Staff is not asking the Board for a decision today. Pending a final vetting process by Verus Consultants and should the Board consider this funding structure to be a viable alternative, staff would most likely be bringing a recommendation back in the next 2 to 4 months.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director



December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Natalie Elliott, Fiscal Services Manager

- I. SUBJECT: Private Investment Fund Tax & Accounting Forum
- II. ITEM NUMBER: 6.c
- III. ITEM TYPE: Information/Discussion
- IV. STAFF RECOMMENDATION: None.
- V. EXECUTIVE SUMMARY: Earlier this month, Staff attended the Foundation Research Associates (FRA) Private Investment Fund Tax & Accounting Forum in New York.

The FRA provides resources for professionals seeking cutting-edge information on the next wave of business opportunities in the areas of finance, law enforcement, government, legal and compliance. Staff was invited by the FRA to attend a three day forum discussing accounting and tax issues faced by Private Equity Funds and Hedge Funds.

The Forum provided insight and understanding of the accounting and tax issues these funds face. Subjects covered were Latest Tax and Regulatory Legislation (2017 Tax Cut and Job Acts), Fund Accounting Best Practices, Strategizing for the Coming Tax Season, and Fair Value Measurement Accounting. Although the Forum was presented for the General Partners, Tax Accountants and Auditors, it was an enlightening experience to partake in as a representative of the Limited Partner side.

The FRA provides worthwhile events for StanCERA staff to attend and in future years as StanCERA enters into the private markets these events can be invaluable.
- 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


Natalie Elliott, Fiscal Services Manager


Rick Santos, Executive Director

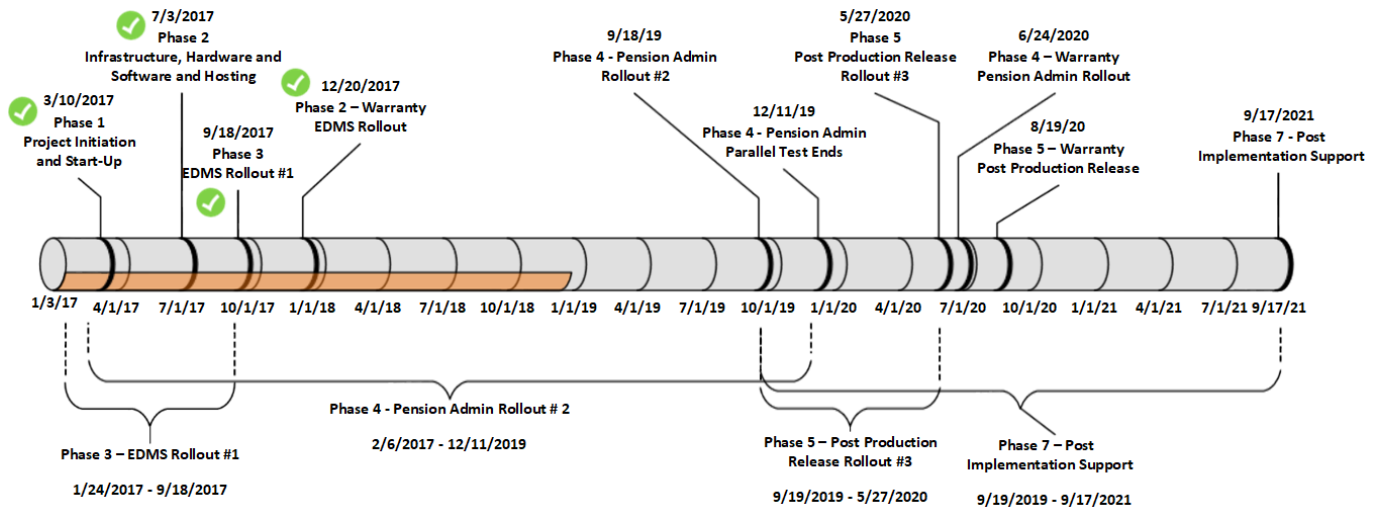


PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE

12/18/18
Item 8.a



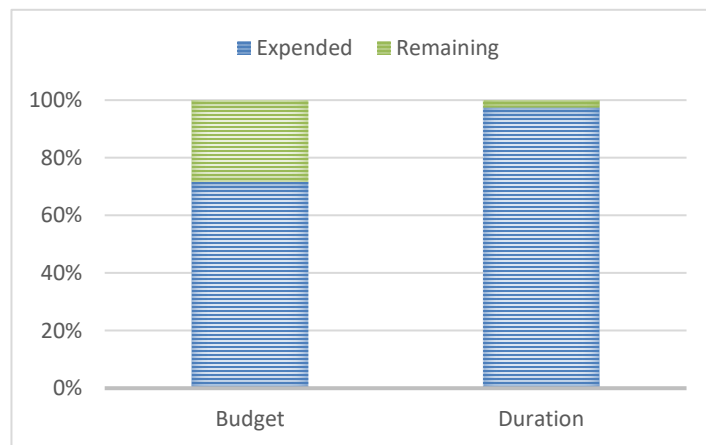
SPONSOR: Rick Santos **REPORT DATE:** 12-14-2018



Baseline 12/01/2016

STATUS

Risks & Issues:



Linea Budget as of 10/31/18

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

Accomplishments:

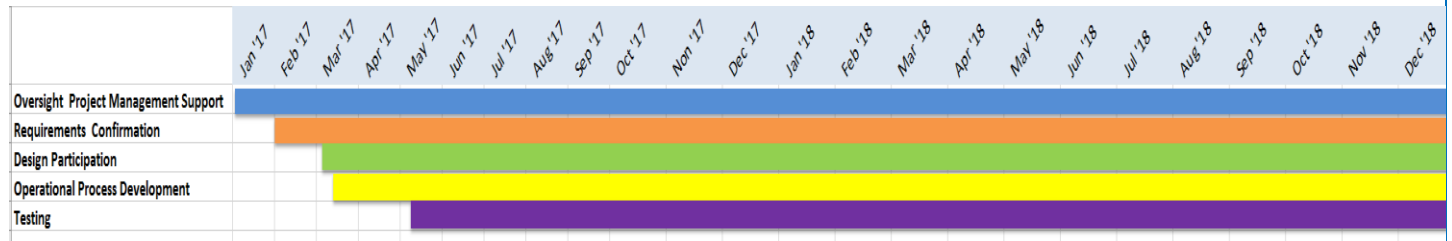
Upcoming:

- Continued collaborative work with StanCERA and Tegrit in discussions to define the scope of Arrivos go-live functionality.
- Continued work with StanCERA testers to accomplish the current UAT on the benefit calculator interface.
- Received information from City of Ceres that facilitated email contact with the developer working on their upload file reformatting.
- Implementation of IP Address restrictions for production Imaging system.

- Resume testing of new employer reporting data files from County and Courts in Arrivos and provide assistance to City of Ceres, as needed.
- Implement special document type permissions in Imaging production environment.
- Complete the Calculator UAT period and associated BSRD reviews.
- Complete work with StanCERA and Tegrit to define the scope of go-live functionality.

Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
 - Facilitate monthly Steering Committee Meetings and create meeting minutes.
 - Participate in Tegrit work sessions, review meeting minutes, and compile resulting decision logs and action items (Calculators).
 - Regularly review action items for follow up and completion.
- Review and hold group review sessions for BSRD deliverables made by Tegrit (BSR030 and BSR031).
 - 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.





December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Natalie Elliott, Interim Fiscal Services Manager

I. SUBJECT: Report on Earnings Allocation for Fiscal Year Ended June 30, 2018

II. ITEM NUMBER: 8.c

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS: Fiscal year 2017/2018 ended with investment earnings available to allocate of \$166,424,606. This report explains the allocation of those earnings in accordance with the Excess Earnings Policy, effective December 15, 2016.

After payment of Administrative, Investment and Actuarial expenses, \$14,147,316 (Policy item #1), allocation of \$1,589,231 to maintain the 1% Contingency Reserve (Policy item #2), and allocation of the active member accounts interest of \$21,636,492, a surplus of \$129,051,567 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 2017/2018 (Policy item #3). The surplus was distributed on a pro rata basis between these Reserves at the rate of 7.25% for the active member reserves and 6.29% for all other reserves. Refundable (.125%) and non-refundable (3.4366%) interest posting to Active member accounts will occur on December 31, 2018 and June 30, 2019, based on the member's account balance on June 30, 2018 and December 31, 2018 respectively.

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

Natalie Elliott, Interim 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, 2018**

Total Undistributed Earnings for Fiscal Year 2017- 2018:		\$	166,424,606
Less Administrative, Investment and Actuarial Expenses:			
Administrative Expenses	\$	2,791,409	
Investment Expenses		11,264,105	
Actuarial Expenses		91,802	
(Per the Excess Earnings Policy item #1)			14,147,316
Less amount to maintain 1% Contingency Reserve			1,589,231
(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 2017 and June 2018			21,636,492
Excess Earnings to be distributed to reserves for Fiscal Year 2017-2018		\$	129,051,567
Balance of Investment Earnings available to allocate as Excess Earnings:			
(Per the Excess Earnings Policy item #4)			
Distributed between:			
Reserves - Active (Non-Retiree) - Basic	\$	18,400,356	
Reserves - Active (Non-Retiree)- COL		5,772,697	
Reserve for Unvested (Non-Retiree) Interest		12,040,768	
Reserves - Employer - Normal		7,785,650	
Reserves - Employer - Special		8,773,921	
Reserves - Employer - Transfer		9,613,718	
Reserves - Retired - Annuity		9,305,977	
Reserves - Retired - Pension		53,697,139	
Reserves - Retired - Service Disability Benefit		640,346	
Reserves - Retired - COL		2,634,384	
Reserves - Other - Burial Allowance		386,611	
	\$	129,051,567	



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December 18, 2018

Retirement Board Agenda Item

TO: Retirement Board

FROM: Travel & Education Ad Hoc Committee

- I. SUBJECT: Revised Travel and Education Policy
- II. ITEM NUMBER: 8.d
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Accept and approve the revised Travel and Education Policy
- V. ANALYSIS: On December 6th, the Travel and Education Committee met to discuss potential changes to our current travel and education policy. During the meeting, staff asked the Committee for guidance and clarity regarding specific items and issues that have come up in the past. Attached is the red-line version (Attachment 1) containing the changes made based on the Committee meeting. The following summarizes the Committee recommendations and major changes from the current document:
 - Trustees will be required to fill out a 1 page summary of the conference attended and state what was beneficial and why they would recommend the conference to other trustees (if applicable). Staff will place the completed summary on the consent calendar for full Board review. This conference summary template may be found in Exhibit of Attachment 1.
 - International travel was conditionally approved on a case-by-case basis pending recommendation and justification from the Executive Director to the Internal Governance Committee
 - Meal reimbursement is to be on a per diem basis allowing for reasonable exceptions with receipts. Staff recommended the per diem with reasonableness based on travel to major metropolitan areas where per diems were inadequate.

Additionally, the Committee confirmed the notion of moving to a more self-service type of travel planning for staff and trustees. Most likely, this type of self-service will be internet, travel agency or application based. The idea is to create a one-stop place to “shop” for most travel services that StanCERA uses and a repository for receipts and financial reimbursement type data.
- 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: The per diem plus reasonable exceptions could create additional travel expenses, however, they most likely would be negligible. This increase would almost certainly be offset down the road in reduced staff processing time should the Organization choose to move to a self-service model.

Rick Santos, Executive Director

Kellie Gomez, Executive Board Secretary

Stanislaus County Employees' Retirement Association

TRAVEL AND EDUCATION POLICY

December 18, 2018





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

Stanislaus County Employees Retirement Association Travel and Education Policy

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Stanislaus County Employees' Retirement Association

Travel Policy

1. INTRODUCTION

Policy Statement

Stanislaus County Employees' Retirement Association (StanCERA) business requires necessary periodic travel by its' board members and staff beyond their offices or locations of normal work activities. StanCERA shall pay for business expenses when reasonable and directly related to conducting business outside the jurisdictional boundaries of Stanislaus County. Board members and staff shall exercise prudent judgement and show proper discretion for accountable and economic use of StanCERA funds.

1.1 GENERAL

StanCERA's Executive Director is accountable to the Retirement Board and the public for funds and assets entrusted to StanCERA. StanCERA Executive Director or his/her designee is responsible for administering and ensuring compliance with this policy. StanCERA designee shall be determined by the Executive Director in writing which will include those items the designee is authorized to approve.

Approved education and travel expenses for Board and staff members shall be direct costs of administration of StanCERA (or directly charged to investments for financial reporting in the case of education and travel expenses for investment staff) and may not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All travel and education expenses shall be included in the StanCERA annual budget and approved by the Board of Retirement. Due diligence expenses, as authorized by the Board, shall not be treated as costs of administration.

All travel must be for business or education related purposes. This may include, but is not limited to the following: conventions, conferences, trainings, seminars, meetings and due diligence trips. Each Board member and staff is expected to exercise good judgement ~~in~~ when incurring travel expenses.

~~The Executive Director shall submit to the Retirement Board a quarterly report on conference, seminar and educational course attendance and expenditures covering Board member and staff travel related to such events, and accumulated hours. The report shall identify the individual Board members and their educational hours, location and purpose of the travel, and total cost of travel for all Board members, and total cost of travel for staff.~~

Trustees will report to the Retirement Board, at the next regularly scheduled Board meeting after the travel, which conference/training they attended using Exhibit B template of this policy. At a minimum the report will include the conference/training name, the date or

dates of the conference/training, what was good about the conference/training, and if the conference/training would be recommended and why.

1.2 TRAVEL APPROVAL

Reimbursement for travel expenses for a Board member or the Executive Director to attend an educational conference or seminar (or other type of meeting or event) not listed in Exhibit A requires prior approval of the Board of Retirement. All reimbursement for travel expenses for an employee of StanCERA to attend an educational conference or seminar (or other type of meeting or event) not listed in Exhibit A requires the prior approval of the Executive Director or his/her designee.

~~Travel by a Board member to a destination outside the continental United States requires prior approval by the Board. Travel by staff to a destination outside the continental United States requires the appropriate regulatory approval prior to the travel.~~

Upon the recommendation and justification of the Executive Director, trustee and staff travel outside the continental United States will be approved on a case by case basis by the Internal Governance Committee.

For any other type of meeting, conference or event not listed in Exhibit 'A' written authorization to attend (electronic or hard copy) shall be obtained prior to incurring any expenses related to travel.

A Travel Authorization Form shall be completed prior to any StanCERA staff or Board member beginning the trip. All travel authorizations must be supported by written documentation including the business purpose for the travel. Documentation should include but not be limited to a copy of the conference agenda item, date, location, training information, sponsor and registration fee.

~~Board members and staff who travel to conferences or seminars that are not automatically authorized in Exhibit A shall provide to the Executive Director within 30 days a written report (electronic or hard copy) that briefly summarizes the information and knowledge gained that may be relevant to other Board members and staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. The Executive Director shall provide a copy of the report to the Retirement Board member along with his/her quarterly report.~~

1.3 PAYMENT FOR TRAVEL EXPENSES

Stanislaus County Purchasing Cards are the preferred method of payment for travel expenses and are governed by StanCERA's Purchasing Card Policy. Payroll reimbursement and check request reimbursement are also acceptable methods for payment of travel expenses incurred.

Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Stanislaus County.

Itemized receipts must be submitted for each purchase, along with the approved Travel Authorization Form. Documents that substantiate the expenses must be submitted including but not limited to, business purpose for the travel, agenda for the conference, copy of the hotel folio, airfare, and proof of mileage including destination and total miles either one way or both ways. *Items charged to the purchasing cards shall be excluded from the reimbursement claim being made through payroll or the check request reimbursement process.*

If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff to return home the same day and arrive prior to 10:00pm California time (due to the distance that must be traveled, or the unavailability of a return flight), the Board member or staff will be authorized for one additional night of lodging.

When a receipt is misplaced or an itemized receipt not available, a Misplaced Receipt Form must be completed and signed by the trustee or employee within 30 days of the travel date and signed by the Executive Director or his/her designee certifying the expense was a valid StanCERA travel expense.

1.4 GENERAL TRAVEL ARRANGEMENTS

StanCERA Board members and staff are encouraged to take advantage of government discounts, Internet travel discounts or travel agency's special rates available for car rentals, hotels and other incidental travel requirements.

The Executive Director or his/her designee shall make a determination to include such factors as employee schedules, distance, weather conditions, meeting participation or emergencies when approving travel expenses for extended travel time before or after a conference, or seminar, etc. Written documentation for the business purpose ~~of~~ the travel should include the approval for extended travel time, such as setting up prior to an early morning meeting.

Receipts for car rental or lodging that include multiple StanCERA individuals traveling together must list the names of all individuals included in the detailed receipt.

Board members and staff who are not able to honor a reservation will be responsible for contacting StanCERA for canceling reservations in compliance with the terms of the hotel, airline, etc. Any charges to StanCERA or lost refunds resulting from failure to cancel a reservation without cause shall be charged to the Board member or staff unless it can be shown that such failure to cancel the reservation was the result of circumstances beyond that individual's control.

2. TRAVEL POLICY PROVISIONS

2.1 TRANSPORTATION

The Executive Director or his/her designee is responsible for ensuring the most practical method of transportation is selected. Factors that may be considered include salary cost, staff schedules, ADA accommodations, distance of travel, and StanCERA priorities.

Reimbursement for travel by commercial aircraft shall be approved by the Executive Director or his/her designee. Board members and staff are not authorized to travel First Class, unless upgraded for free by the airline or emergency conditions exist, without prior authorization by the Executive Director or his/her designee. The Executive Director or his/her designee may approve exceptions to the foregoing when it is necessary or desirable to meet the business obligations of StanCERA.

The Executive Director or his/her designee may approve any mode of vehicle travel such as; private vehicle, rental car, or taxi. For liability reasons, Board members and staff who choose to transport a spouse, companion, or other in a rental vehicle shall be required to rent said vehicle at their own expense and then submit a claim for reimbursement upon their return. StanCERA staff and County employees on the Board of Retirement who receive a car allowance are prohibited from checking out a County vehicle or County-contracted rental vehicle for in-county travel.

In County travel does not require an approved Trip Authorization. Out of County does require an approved Trip Authorization. Both in County and out of County mileage reimbursement requests must be documented with proof of the mileage using the current mileage chart maintained by Stanislaus County Auditor-Controller's Office, or odometer readings, or Internet map services mileage calculations such as MapQuest or Google Maps.

StanCERA follows the Federal Travel Regulations contained in Title 41 of the Code of Federal Regulations, Subtitle D, Chapter 301 regarding mileage reimbursement. Board members or staff who elect to use their personal automobile for travel will be reimbursed for mileage to the point that does not exceed the cost of a reasonable round-trip ticket between Stanislaus County and the destination city plus salary costs (if employee) since travel time is compensable when the employee is the driver (see Section 2.2). Board members and staff must comply with applicable state laws regarding insurance coverage.

2.2 TRAVEL TIME

One-Day Trips – Time spent traveling as part of an employee's daily work activity during regular work hours is FLSA (Fair Labor Standards Act) compensable work time. This includes travel from one job site to another, or travel from a designated meeting place to a job site. For example, the employee reports to work as usual at 8:00am and then drives to a 10:00am meeting/training in another county.

Time spent traveling outside of regular work hours is FLSA compensable work time if the travel is from home to an alternate worksite outside the County for a one-day special assignment/training/meeting. For example, the employee leaves home at 6:00am to travel to Sacramento for a meeting at 8:00am. The employee is compensated for the travel time regardless if he/she is the driver or the passenger. However, the department should adjust the employee's work schedule to avoid any overtime liability whenever possible.

Overnight Travel – Overnight travel is FLSA compensable work time. Travel by an employee who will be away from home overnight is work time only during those periods that coincide with the employee’s regular working hours (e.g., 8:00am to 5:00pm). Such time is counted as hours worked even if it occurs on a non-working day such as Saturday or Sunday. Travel outside of regular working hours as a passenger in a plane, train, boat, bus, or automobile does not qualify as hours worked, unless work is performed while traveling. Travel time is only compensable if the employee is the driver.

2.3 MEALS

~~The County Purchasing Card is NOT to be used for meals during travel.~~

Two options are available for meal reimbursement.

A. Trustees and staff may provide receipts for reimbursement of meals outside Stanislaus County. When purchasing a meal personally or with a County Purchasing Card, the meal receipts must be itemized. The following are guidelines for meal limits. Any reasonable overages to these guidelines will be approved, reimbursed, and approved by the Board on a quarterly basis.

<u>Breakfast</u>	<u>\$15.00</u>
<u>Lunch</u>	<u>\$20.00</u>
<u>Dinner</u>	<u>\$35.00</u>

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B. Reimbursements for meals outside of Stanislaus County ~~will~~ may be made Per Diem which is determined annually by the U.S. GSA, effective the first pay period after October 1st. Please refer to the rate that corresponds to your destination site at the GSA website <http://www.gsa.gov/portal/category/100120>. The first and last calendar day of travel will be reimbursed at 75% of the daily rates.

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Under this option, the meal allowances for breakfast, lunch, dinner, and incidentals are combined into one amount. The description for incidental expenses includes fees and tips given to porters, baggage carriers and hotel staff. Employees are eligible for payroll reimbursement at a flat rate and are not required to provide receipts for reimbursement. Board members are eligible for check request reimbursement and are not required to provide receipts for the reimbursement.

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IN-COUNTY MEALS

With Executive Director or his/her designee written prior approval, in-county meals are allowable when incurred in conjunction with StanCERA business meetings or special projects, oral interview boards, and/or recognized trainings -where the employee’s attendance is required all day without a discretionary lunch period and the meal cannot be claimed through another agency. Meals provided as part of training or meetings that exceed meal rates are allowable and are not considered exceptions. The business purpose of the in-

county meal must be documented and retained with the accounting records as support and for audit purposes.

2.4 OTHER ALLOWABLE TRAVEL EXPENSES

Allowable Tips:

- Transportation that takes you between an airport or station and your hotel and the hotel to the temporary work location or meeting place – 10% to 15% of the fare
- Food and beverages (included in meal allowance limits)

Miscellaneous Out-of-Pocket Expenses including but not limited to:

- Internet service necessary to conduct business related to the function
- Taxi, -trains, Uber etc. fares
- Streetcar, city bus, ferry fares and road tolls
- Parking expenses

—Itemized receipts are required for any miscellaneous out-of-pocket expenses in excess of \$15.

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2.5 PROHIBITED PURCHASES

- Costs incurred by or related to a spouse or companion
- Alcoholic beverages
- Any type of tobacco
- Personal expenses such as; laundering, barbering, massages, tips other than those allowed, pay TV and personal calls made from the hotel phone.

Any non-business charges appearing on any billings will be excluded from a claim for reimbursement or, if the purchasing card was used, will be requested to be reimbursed by the purchasing card holder.

3. RECORD KEEPING

Written documentation to support travel must be located in centralized department files and available for audit purposes. StanCERA must retain all documentation supporting travel activity for a minimum of one (1) year hard copy and five (5) years electronically.

Policy Review

~~The Board shall review this policy at least every three years.~~

Policy History

Approved /Adopted by the Board of Retirement

—

Rick Santos, Executive Director

Approval / Adoption Date: _____

Authority

Department Head approval

Procedure

Rick Santos, Executive Director

POLICY APPROVAL DATE: December 18, 2018

EXHIBIT 'A'

Board members, StanCERA staff and the Executive Director are automatically authorized and encouraged to attend the following:

- ❖ Committee meetings and/or Board of Director meetings of the organizations named below of which the Board and/or staff member has been appointed
- ❖ State Association of County Retirement Systems (SACRS) regular meetings
- ❖ National Conference on Public Employee Retirement Systems (NCPERS) annual conference, annual safety conference and annual legislative workshop
- ❖ CalAPRS annual general assembly and round table meetings
- ❖ National Association of State Retirement Administrators (NASRA) conferences
- ❖ National Institute on Retirement Security (NIRS) conferences
- ❖ CalAPRS basic and advance educational programs
- ❖ SACRS basic and advanced educational programs
- ❖ Wharton School basic and advanced investment programs
- ❖ Global Financial Markets Institute programs
- ❖ CSAC California State Association of Counties
- ❖ Institute of Fiduciary Education conferences
- ❖ Pension Real Estate Association conferences
- ❖ International Institute for Research annual Public Funds conference
- ❖ Pension and Investments conferences
- ❖ Pacific Pension Institute conferences
- ❖ Institutional Investor forums
- ❖ Council of Institutional Investors conferences
- ❖ Institutional Real Estate, Inc. conferences
- ❖ Opal Financial Group conferences
- ❖ CRCEA California Retired County Employees' Association
- ❖ The Pension Bridge conferences
- ❖ Conferences sponsored by the Board of Retirement's retained consultants, investment managers, and pension software vendor
- ❖ Public Pension Financial Forum (P2F2) annual conference
- ❖ Government Finance Officers Association (GFOA) conference and trainings
- ❖ American Institute for Certified Public Accountants (AICPA) conference and trainings
- ❖ Society of Actuaries (SOA) conference and trainings
- ❖ Institutional Limited Partners Association (ILPA) conference
- ❖ Chartered Financial Analyst (CFA) trainings
- ❖ Chartered Alternative Investment Analyst (CAIA) conference and training

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EXHIBIT B
Conference Summary

1. Attendee Name: _____

2. Event Name: _____

3. Event Date: _____

4. Event Location: _____

5. Describe what was good about the event: _____

6. Would you recommend this event to other trustees/staff: _____?

7. Number of Education Credits: _____

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