



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: P.O. Box 3150 Modesto 95353-3150

Phone (209) 525-6393
Fax (209) 558-5976
www.stancera.org
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AGENDA

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

**February 12, 2014
2:00 p.m.**

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

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

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

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

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

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

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

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

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the January 28, 2014, Administrative/Investment Meeting Minutes [View](#)

5. Consent Items (Cont.)

- b. Receipt of the Internal Revenue Service (IRS) Compliance – Voluntary Correction Program (VCP) and Favorable Determination Letter [View](#)
- c. Approval of the Cost of Living Adjustment (COLA) Effective April 1, 2014, for Payment on May 1, 2014, per Government Code Section 31870.1 [View](#)
- d. 2013 Updated Continuing Education Record [View](#)
- e. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 - 1. Mary Barraza, CSA, Effective 2-11-14
 - 2. Jon Bradford, Assessor, Effective 02-19-14
 - 3. Janette Gurule, CSA, Effective 02-04-14
 - 4. Linda Homen, CSA, Effective 02-04-14
 - 5. Don Hosley, Assessor, Effective 02-08-14
 - 6. Eve-Lynn Manning, CSA, Effective 02-12-14
 - 7. John Minor, DA, Effective 02-08-14
 - 8. Mary Schortner, CEO-Risk Management, Effective 02-08-14
 - 9. Lynnette Strong, BHRS, Effective 02-04-14
 - 10. Rochelle Tilton, Planning, Effective 02-01-14
- f. Approval of Deferred Retirement(s) – Section 31700
 - 1. Keri Brasil, Superior Court, Effective 01-04-14
 - 2. Bryan Briggs, Ceres, Effective 11-16-13
 - 3. Brian Munguia, Sheriff, Effective 01-25-14
 - 4. Ramiro Nevarez, Probation, Effective 01-11-14
 - 5. Eduardo Rodriguez, DA, Effective 12-28-13
 - 6. Stephen Snyder, DCSS, Effective 01-22-14
 - 7. Paul Teso, Sheriff, Effective 01-22-14
 - 8. Douglas Wells, Probation, Effective 12-20-13
- g. Approval of Disability Retirement – Section 31724
 - 1. Marianna Gutierrez, CSA, Non-Service Connected, Effective 07-24-13
 - 2. Jon Rivera, Sheriff, Service Connected, Effective 03-21-13

6. Executive Director

- a. Discussion and Action Regarding Section 31680.4 - Reinstatement from Retirement [View](#)

7. Closed Session

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

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

9. Adjournment



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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

January 28, 2014

Members Present: Gordon Ford, Maria De Anda, Donna Riley, Jason Gordo
Mike Lynch, Jim DeMartini, Darin Gharat and Michael O'Neal

Members Present: Jeff Grover

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Luiana Irizarry, Investment/Accounting Technician
Dawn Lea, Benefits Manager
Kathy Herman, Operations Manager
Natalie Elliot, Accountant

Others Present: Fred Silva, General Legal Counsel
Paul Harte, Strategic Investment Solutions (SIS), Inc.
Doris Foster, County Chief Executive Office

1. Meeting called to order at 2:02 p.m. by Darin Gharat, Chair.

2. **Roll Call**

3. **Rotation of Officers**

Pursuant to Bylaws Section 1.5, and the rotation by succession of the seat number Assigned to Board Members, Gordon Ford is Chair of the 2014 Board of Retirement, and Maria De Anda, 2014 Vice-Chair.

4. **Announcements**

Ms. Irizarry announced that the updated 2013 Continuing Education Record will be placed on the agenda for the February 12, 2014 meeting.

Ms. Irizarry announced that beginning in 2014, StanCERA will invite Investment managers to provide an annual portfolio presentation (once a year) instead of bi-annually. An updated "Investment Manager Presentation" schedule is included in StanCERA's Anticipated Executive Master Calendar for 2014.

Ms. Irizarry announced that Tricia Turner was added to consent item #6.j. for approval of service retirement effective January 4, 2014. Her name was inadvertently left off.

5. **Public Comment**

Retiree Rick Dodge addressed the Board advocating that the Board recommend to the Board of Supervisors adoption of 1937 Act Government Code Section 31680.4, allowing retirees the ability to return to work. (See Members' Forum below for more).

6. **Consent Items**

Ms. Clendenin requested to pull Consent Item #6a for discussion.

Consent Item Pulled for Discussion

- a. Approval of the December 11, 2013, Administrative/Investment Meeting Minutes

Ms. Clendenin asked that Item #6 be pulled and the word "revised" changed to "amended" in item 8a.i.

Motion was made by Mike Lynch and seconded by Donna Riley to approve consent item #6, changing the word "revised" to "amended" in item 8a.i.

Motion carried.

Motion was made by Maria De Anda and seconded by Donna Riley to approve Consent Items as presented:

Motion carried.

M. O'Neal arrived at 2:09 p.m.

- b. Approval of the December 11, 2013, Special Meeting Minutes
- c. Approval of the 2014 StanCERA's Anticipated Executive Master Calendar
- d. Receipt of the 2014 Board of Retirement Standing Committee Assignments
- e. Receipt of the 2013 4th Quarter Update of the Executive Director's Goals and Strategic Action Plan
- f. Approval of StanCERA's 2014 – 2016 Strategic Plan
- g. StanCERA Complaint Log of October 1, 2013 through January 15, 2014
- h. Receipt of Strategic Investment Solutions Inc.'s November 30, 2013 Monthly Performance Review for StanCERA
- i. Report on Earnings Allocation for Fiscal Year End June 30, 2013

6. **Consent Items (Cont.)**

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

1. Terry Allen, HSA, Effective 01-07-14
2. Zeinab Benatia, HSA, Effective 01-18-14
3. Michelle Brooks, GSA, Effective 12-25-13
4. Linda Christy, DCSS, Effective 01-03-14
5. Melvin Eslinger, Public Works, Effective 01-24-14
6. John Honnette, DER, Effective 01-03-14
7. Isaac Montelongo, HSA, Effective 01-11-14
8. Edna New, DCSS, Effective 01-23-14
9. Steven Owens, Sheriff, Effective 01-10-14
10. Diane Pearson, Risk Management, Effective 01-07-14
11. Jennifer Piciucco, HSA, Effective 01-19-14
12. Sheila Pules, Sheriff, Effective 01-07-14
13. Marianne Rucker, Planning, Effective 01-25-14
14. Mary Saldana, HSA, Effective 01-03-14
15. Marlys Stafford, CSA, Effective 12-08-13
16. Inette Strojan, Superintendent of Schools, Effective 01-04-14
17. Tricia Turner, DCSS, Effective 01-04-14 (**ADDED** - Refer to Announcements)

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

17. Cathy Switzer, CSA, Effective 01-07-14

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

1. Amy Au, HSA, Effective 05-18-13
2. Kimothy Bankston, Sheriff, Effective 01-10-14
3. Yolanda Castillo, Sheriff, Effective 12-19-13
4. Letisia Corona, Public Works, Effective 01-04-14
5. Regina Guzman, CSA, Effective 11-26-13
6. Lao Lauren Ha, CSA, Effective 07-27-13
7. Susan Harper, Sheriff, Effective 10-18-13
8. Angela Jameson, CSA, Effective 12-21-13
9. Jill Johnson, CSA, Effective 01-04-14
10. John Boy Palarca, Sheriff, Effective 12-14-13

7. Strategic Investment Solutions (SIS), Inc.

a. Monthly Performance Review for the Month Ending December 31, 2013

1. Monthly performance – 1.42%
2. Fiscal YTD – 12.29%
3. Fiscal YTD alpha – 2.09%
4. Monthly Alpha winners – All except PIMCO, D&C Equity
5. Monthly Alpha losers – Pimco, D&C Equity
6. Total fund value as of December 31: \$1.713 billion

b. Report on “Top 10 Holdings” by StanCERA Investment Managers as of December 31, 2013

c. Real Estate Asset Class Introduction

Paul Harte of SIS gave a brief introduction to the real estate asset class. StanCERA will eventually commit 3.5% to this asset class. After some discussion, it was decided to bring back this item as an agenda item that will allow the Board to weigh in on how it wishes to allocate the 3.5% across the entire asset class. Once the Board determines which areas of the real estate class best suit StanCERA's needs, then SIS will bring back those managers that specifically fit that criterion.

8. Executive Director

a. Discussion and Action Regarding Extension of Cheiron Contract

Motion was made by Darin Gharat and seconded by Michael O'Neal to approve the extension of StanCERA's contract with Cheiron for actuarial services for another 2 years.

Motion carried.

b. Discussion and Action Regarding Securities Lending Collateral Pools with Northern Trust

Motion was made by Michael O'Neal and seconded by Darin Gharat to approve staff's recommendation to enter into an agreement with Northern Trust (pending reaching final agreement for custodial services), to the U.S. Government/Agency Non Cash Collateral pool and the Basic Collateral pool for acceptable non-cash and cash collateral (respectively) backing its securities lending program.

Motion carried.

9. Closed Session

Motion was made by Maria De Anda and seconded by Darin Gharat to move into Closed Session at 3:37 p.m.

Motion carried.

9. Closed Session (Cont.)

Motion was made by Darin Gharat and seconded by Donna Riley to return to Open Session at 3:51 p.m.

Motion carried

Ms. Irizarry read the findings of the Closed Session:

- a. Public Employment:
Discussion and Action on the Executive Director's 2014 Goals
Government Code Section 54954.5

Motion was made by Darin Gharat and seconded by Donna Riley to return to accept Executive Director's 2014 Goals.

Motion carried

- b. Conference with Legal Counsel – Pending Litigation – One Case:
StanCERA v. Buck Consultants, LLC
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(a)

No Report.

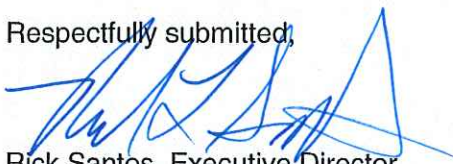
10. Members' Forum (Information and Future Agenda Requests Only)

The Board asked staff to bring back an item regarding the possible adoption of Government Code Section 311680.4 which would allow reinstatement for retired members.

11. Adjournment


Meeting adjourned at 4:02 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
FRED A. SILVA, GENERAL LEGAL COUNSEL

By: 
Fred A. Silva, General Legal Counsel



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**For the Board of Retirement meeting
Held on February 12, 2014**

02/12/14
Item 5.b

TO: Board of Retirement

FROM: Kathy Herman, Operations Manager

- I. SUBJECT: Internal Revenue Service (IRS) Compliance – Voluntary Correction Program (VCP) and Favorable Determination Letter
- II. ITEM TYPE: Information
- III. STAFF RECOMMENDATION: None
- IV. ANALYSIS: In September 2010, Stan CERA with the assistance of HansonBridget LLP began the process along with 14 other systems to file for a Determination letter with the IRS. StanCERA recently received a favorable determination letter and related compliance statement from the IRS dated January 13, 2014. (Attached)

Receipt of the favorable determination letter by StanCERA represents an important step in maintaining the tax-favored status of the retirement system. The determination letter that was issued to StanCERA is only valid through January 31, 2014. Subsequent qualification requirements, including newly published IRS guidance or enacted statutes, are not covered by the determination letter, and must be addressed annually and required changes must be submitted to the IRS with StanCERA's regular filings in the future. However, if the IRS audits StanCERA, the determination letter can be used to ensure that the IRS would not attempt to challenge the qualification of the system in form to a retroactive date. StanCERA's next deadline to file is January 31, 2016.

The determination letter addresses only the IRS's view that the plan document meets the qualification requirements. It does not protect against operational failures. That is why the VCP process was also utilized to correct any operational errors (e.g. Not permitting rollovers to Roth IRA's) that StanCERA found in the thorough review process we all went through prior to the filing in 2011. Together, these actions serve to help protect the qualified status of StanCERA and fulfills one of the most important fiduciary duties of the StanCERA Retirement Board.

In addition, the favorable determination letter provides further help if subsequent operational failures occur for StanCERA. Under the IRS Employer Plan Compliance Resolution System (EPCRS), StanCERA is also permitted to voluntarily correct certain compliance failures without formally undertaking a VCP submission. This portion of the EPCRS is known as the self-correction program ("SCP"). The SCP does not require a formal submission to the IRS and entails no fees or sanctions. However, to take advantage of the SCP, StanCERA must have a current favorable determination letter. Given the complexity of the CERL, it would be impossible to ensure no operational errors. Therefore, having the ability to use self-correction is an important tool to protect StanCERA and its Retirement Board from future liability.

The VCP compliance statement the IRS issued to StanCERA requires that the adoption of the proposed amendments to the CERL, the adoption of the proposed model regulations, and the implementation of the modified administrative procedures described in the VCP submission, must be completed by the 91st day after the close of the first legislative session that will begin more than 120 days after StanCERA's favorable determination letter is issued (i.e., about March of 2017).

- V. RISK: The risk of not following through with the requirements of the IRS could jeopardize StanCERA's qualified status.
- VI. STRATEGIC PLAN: Objective #4: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- VII. ADMINISTRATIVE BUDGET IMPACT: Current fees for tax and benefit advice with HansonBridget LLP include:
 - \$472 - Partner
 - \$333 - Senior Counsel & Associates



Rick Santos, Executive Director



Kathy Herman, Operations Manager



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JAN 13 2014

Nancy Hilu
Hanson Bridgett LLP
425 Market Street, 26th Floor
San Francisco, CA 94105

Re: Compliance Statement for: Stanislaus County Employees' Retirement Association
Control Number: 911703165
Employer Identification Number: 94-6084280
Plan No.: 001

Dear Ms. Hilu:

The enclosed documents are sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

The determination letter issued with respect to your client's recent application as part of their Voluntary Correction Program submission is also enclosed for your reference.

If you have any questions, please contact Patrick Gutierrez by phone at 202-317-8718 or by fax at 855-225-2566.

Sincerely,

A handwritten signature in cursive script, reading "Carlton A. Watkins", is positioned above the typed name.

Carlton Watkins
Manager, EP Technical Group 1

Enclosures:

Copy of Letter to Taxpayer
Copy of Signed Compliance Statement
Copy of Determination letter
Publication 794

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JAN 13 2014

BOARD OF RETIREMENT OF STANISLAUS
COUNTY EMPLOYEES RETIREMENT
ASSOCIATION
C/O NANCY G HILU
HANSON BRIDGETT LLP
425 MARKET ST 26TH FL
SAN FRANCISCO, CA 94105

Employer Identification Number:
94-6084280
DLN:
601036028
Person to Contact:
MAXINE B TERRY ID# 50016
Contact Telephone Number:
(202) 283-9644
Plan Name:
STANISLAUS COUNTY EMPLOYEES
RETIREMENT ASSOCIATION
Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which this application was submitted.

This letter may not be relied on after the end of the plan's first five-year remedial amendment cycle that ends more than twelve months after the application was received. This letter expires on January 31, 2014. This letter considered the 2009 Cumulative List of Plan Qualification Requirements.

This determination letter is applicable for the plan adopted on 07/01/1948.

Letter 2002

BOARD OF RETIREMENT OF STANISLAUS

This determination is subject to your adoption of the proposed amendments submitted in your letter dated 12/11/2013. The proposed amendments should be adopted on or before the date prescribed by the regulations under Code section 401(b).

This determination letter is based solely on your assertion that the plan is entitled to be treated as a Governmental plan under section 414(d) of the Internal Revenue Code.

This determination letter is applicable to the plan and related documents submitted in conjunction with your application filed during the remedial amendment cycle ending 2009.

This is not a determination with respect to any language in the plan or any amendment to the plan that reflects Section 3 of the Defense of Marriage Act, Pub. L. 104-199, 110 Stat. 2419 (DOMA) or U.S. v. Windsor, 133 S. Ct. 2675 (2013), which invalidated that section.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely,



Andrew E. Zuckerman
Director, EP Rulings & Agreements

Enclosures:
Publication 794



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JAN 13 2014

Board of Retirement of Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

Re: Compliance statement for: Stanislaus County Employees' Retirement Association
Control Number: 911703165
Employer Identification Number: 94-6084280
Plan No.: 001

Dear Board of Retirement of Stanislaus County Employees' Retirement Association:

Enclosed is your compliance statement. A compliance statement constitutes an enforcement resolution solely with respect to certain failures of an employee retirement plan that is intended to satisfy the requirements of the Internal Revenue Code. It does not constitute a ruling letter within the meaning of Revenue Procedure 2013-4, 2013-1 I.R.B. 126, or a determination letter within the meaning of Revenue Procedure 2013-6, 2013-1 I.R.B. 198. The compliance statement should not be construed as affecting the rights of any party under any other law, including Title I of the Employee Retirement Income Security Act of 1974.

The determination letter issued with respect to your recent application as part of your Voluntary Correction Program submission is also enclosed for your reference.

At a later date, you may be required to verify that the correction of the failures and any modification of administrative procedures (upon which your enforcement resolution is conditioned) have been timely made.

Copies of this compliance statement and of this letter have been sent to your authorized representative in accordance with a power of attorney on file in this office. If you have any questions, please contact Patrick Gutierrez by phone at 202-317-8718 or by fax at 855-225-2566.

Sincerely,

Carlton A. Watkins

for

Manager,
Employee Plans Voluntary Compliance

Enclosure(s):

Compliance statement
Determination letter
Publication 794

cc: Judith Boyette & Nancy Hilu, Hanson Bridgett LLP
425 Market Street, 26th Floor
San Francisco, CA 94105

INTERNAL REVENUE SERVICE
VOLUNTARY CORRECTION PROGRAM
COMPLIANCE STATEMENT

Date: JAN 13 2014

Re: Stanislaus County Employees' Retirement System
SE:T:EP:RA Control Number: 911703165
Employer Identification Number: 94-6084280
Plan No.: 001

I. APPLICANT'S DESCRIPTION OF QUALIFICATION FAILURES

Board of Retirement of the Stanislaus County Employees' Retirement Association ("Applicant") administers the Stanislaus County Employees' Retirement Association ("StanCERA") as established under the County Employees' Retirement Law of 1937 ("CERL") (together referred to as the "Plan"), and has submitted a request to the Internal Revenue Service ("the Service") under the Voluntary Correction Program for a compliance statement relating to qualification failures under section 401(a) of the Internal Revenue Code ("Code"). The Plan uses the twelve-month period that ends on June 30 as its plan year.

Failure #1: ("CERL Failure")

The Plan does not include language required under section 401(a)(7) of the Code that participants must become 100% vested in benefits accrued upon plan termination or the complete discontinuance of employer contributions.

Failure #2: ("CERL Failure")

The Plan provides for a reasonable good faith interpretation of section 401(a)(9) of the Code as permitted by the Pension Protection Act of 2006 as applicable to governmental plans. With respect to payments of survivor benefits to other than the surviving spouse and the surviving child of the member, the Plan does not include the basic rules under 401(a)(9) as they apply to governmental plans since CERL does not include provisions that comply with Treasury Regulation 1.401(a)(9)-6, Q&A-2 addressing how life annuities must be paid in these survivor situations in order to satisfy the required minimum distribution requirements.

Failure #3: ("CERL Failure")

The Plan provides the required limitation under section 401(a)(17) on the amount of compensation that can be taken into account for purposes of computing benefits. The language used in the CERL to adopt the grandfathered section 401(a)(17) rules did not take into account that a retirement system could operate on a calendar year basis.

Stanislaus County Employees' Retirement Association

Failure #4: ("CERL Failure")

The Plan was not amended to comply with the requirements of section 401(a)(31) of the Code under the Unemployment Compensation Amendments of 1992 ("UCA") regarding rollover distributions or the requirements of section 402(c) of the Code regarding accepting eligible rollovers in the Plan or the Economic Growth and Tax Relief Act of 2001 ("EGTRRA") regarding the expansion of the definition of eligible retirement plans to include 403(b) and 457(b) plans until 2009.

CERL §31685.2 allows nonmembers who are a party to a domestic relations order to obtain a refund of the accumulated contributions in his or her separate account under the plan but does not provide that these alternate payees may make rollovers from a system as required by section 402(c) and Treasury Regulation § 1.402(c)(2), Q&A-12(a).

Failure #5: ("CERL Failure")

The Plan does not contain the plan language required by section 401(h) of the Code for the provision of health benefits to retirees.

Failure #6: ("CERL Failure")

The Plan include a provision that may violate USERRA rules regarding granting service credit applicable to qualified military service in a plan that does not provide for mandatory employee contributions.

Failure #7: ("CERL Failure")

The Plan incorporates section 415 of the Code by reference but does not set out the detailed provisions of section 415 that are required or optional under section 415, including not explicitly providing the actuarial equivalence factors, which plan will be "primary" in the case of where a member participates in more than one defined benefit plan of the employer, and the treatment of any benefits that may be subject to the defined contribution limits.

Failure #8: ("CERL Failure")

The Plan does not comply with the restrictions on distributions before the earliest of death, disability, normal retirement age, severance from employment or plan termination. The following CERL provisions permit distributions prior to these events in certain circumstances: CERL §§ 31486.2, 31489, 31496.7 and 31499.2 (refunds): CERL § 31553 (withdrawals by elective officers): CERL § 31564 (participating district withdrawals): CERL § 31627.2 (refunds of supplemental member contributions): CERL § 31653 (refunds of contributions for military credit): CERL § 31680.1 (temporary reemployment of judges): CERL §§ 31680.2 and 31680.3 (reemployment limitations).

Stanislaus County Employees' Retirement Association

Failure #9: ("CERL Failure")

The Plan contains a provision (CERL § 31656) that permits a party other than the employer to make a contribution to the Plan on behalf of an employee who is on authorized leave to serve as an official of a recognized employee bargaining unit. [

Failure #10: ("CERL Failure")

The Plan permits a refund of contributions in violation of the exclusive benefit rule which requires that plan assets must be used for the exclusive benefit of employees and their beneficiaries (CERL § 31564).

Failure #11: ("StanCERA Failure")

The Plan did not permit rollovers to Roth IRAs prior to February 15, 2011.

Failure #12: ("StanCERA Failure")

The Plan's notices provided under Code section 402(f) do not reflect the law changes made by the Pension Protection Act prior to February 15, 2011.

Failure #13: ("StanCERA Failure")

In 2004, the Plan paid one retiree \$451 over the Code section 415(b) annual benefit limit.

Failure #14: ("StanCERA Failure")

Under CERL section 31553, the Plan allowed one elected official who was reelected to office, to waive membership in the Plan and receive a refund of past contributions without incurring a break in service.

Failure #15: ("StanCERA Failure")

The Plan allows members to retire and return to work while continuing to receive benefits from the Plan, and the Plan does not have an established procedure that requires a break in service prior to reemployment.

II. APPLICANT'S CORRECTION

Failure #1: ("CERL Failure")

The Applicant will correct the qualification failure by adopting the proposed amendments to the CERL that satisfy the requirements of section 401(a)(7) of the Code.

Failure #2: ("CERL Failure")

The Applicant will correct the failure by adopting proposed model regulations in accordance with a reasonable good faith interpretation of section 401(a)(9) of the Code and the Treasury regulations thereunder, as applicable to a governmental plan.

Stanislaus County Employees' Retirement Association

Failure #3: ("CERL Failure")

The Applicant will correct the failure by adopting the proposed amendments to the CERL and the proposed model regulations which will ensure that compliance with 401(a)(17) of the Code as applicable to a governmental plan.

Failure #4: ("CERL Failure")

The Applicant has corrected the qualification failures by adopting CERL § 31485.15, effective January 1, 2009 and it will adopt the proposed model regulations that provide the rules regarding rollover distributions and accepting rollover contributions and satisfy section 401(a)(31) and 402(c).

Failure #5: ("CERL Failure")

The Applicant will correct the qualification failure by adopting the proposed amendments to the CERL and the proposed model regulations that satisfy the requirements of section 401(h) of the Code.

Failure #6: ("CERL Failure")

The Applicant will correct the qualification failure by adopting an amendment to the CERL deleting the provision not in compliance with USERRA.

Failure #7: ("CERL Failure")

The Applicant will correct the failure by adopting the proposed model regulations that comply with the Code and Treasury regulations issued under section 415(b) and (c) of the Code that are required or optional under section 415 as applicable to a governmental plan.

Failure #8: ("CERL Failure")

The Applicant will correct the qualification failure by adopting the proposed amendment to the CERL and adopting the proposed model regulations that satisfy the distribution requirements of section 401(a) of the Code.

Failure #9: ("CERL Failure")

The Applicant will correct the qualification failure by adopting the proposed amendment to the CERL to provide that only the employer may make contributions to the retirement system on behalf of his or her employee who is on authorized leave to serve as an official of a recognized employee bargaining unit.

Failure #10: ("CERL Failure")

The Applicant will correct the qualification failure by adopting the proposed amendment to the CERL to remove the provision permitting refunds of contributions in violation of the exclusive benefit rule.

Stanislaus County Employees' Retirement Association

Failure #11: ("StanCERA Failure")

The Applicant corrected the operational failure by permitting rollovers to Roth IRAs effective February 15, 2011.

Failure #12: ("StanCERA Failure")

The Applicant corrected the operational failure by providing 402(f) notices that reflect the law changes made by the Pension Protection Act effective February 15, 2011.

Failure #13: ("StanCERA Failure")

The Applicant corrected the operational failure by reducing the affected retiree's March 2010 benefit by \$593.48 (equal to the excess payment plus interest of 4% compounded semiannually).

Failure #14: ("StanCERA Failure")

The operational failure was corrected when the elected official who received the refund later was reelected and chose to become a member of the Applicant again and re-deposited the refunded past contributions. Additionally, the Applicant will prevent future operational failures by adopting the proposed regulation that will require a bona fide separation from service to the extent required under Code section 401(a).

Failure #15: ("StanCERA Failure")

The Applicant will correct the operational failure by adopting the proposed regulation that will require a bona fide separation from service to the extent required under Code section 401(a).

III. APPLICANT'S REVISION OF ADMINISTRATIVE PROCEDURES

The State Association of County Retirement Systems ("SACRS") has established an ad hoc task force to deal with tax compliance. SACRS intends to establish an on-going committee (or modify the charter of an existing committee) to monitor tax compliance issues for all SACRS member plans such as the Plan. This committee will meet at least annually and more often if necessary. It will be tasked to review tax compliance issues and make recommendations for any new CERL or model regulation provisions or changes.

IV. APPLICANT'S PAYMENT

The Applicant will neither attempt to nor otherwise amortize, deduct, or recover from the Service any compliance fee paid in connection with this compliance statement, nor receive any Federal tax benefit on account of payment of such compliance fee.

Stanislaus County Employees' Retirement Association

V. ENFORCEMENT RESOLUTION

The Service will not pursue the sanction of plan disqualification on account of the qualification failures described in Part I.

This compliance statement is conditioned on (1) there being no misstatement or omission of material facts in connection with the submission, (2) the completion of all corrections described within one hundred fifty (150) days of the date of the compliance statement, and (3) the issuance of a favorable determination letter with respect to the plan as a result of determination letter application control number 601036028, submitted to the Service in relation to the qualification failures covered by this submission. If one or more of the failures described in this submission are being corrected via proposed plan amendments and such amendments are associated with the above referenced determination letter application then the Applicant may adopt such amendments by the later of: 150 days of the date of the compliance statement or ninety-one (91) days after the issuance of a favorable determination letter by the Service. For governmental plans within the meaning of Code section 414(d) the deadline to adopt these amendments is further extended to the 91st day after the close of the first legislative session that begins more than one hundred twenty (120) days after a favorable determination letter is issued for the plan.

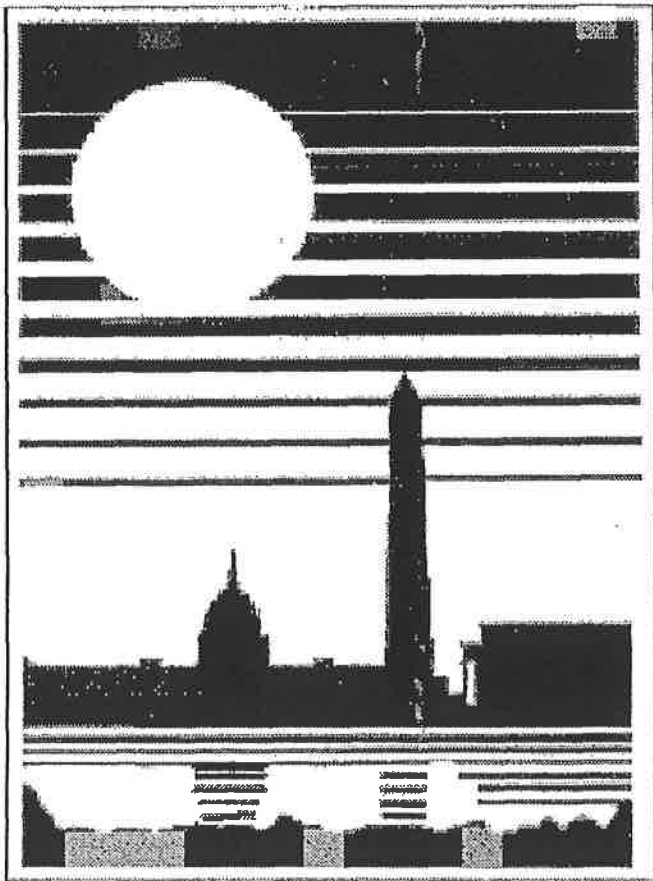
This compliance statement considers only the acceptability of the correction methods and the revision to administrative procedures described in the submission and does not express an opinion as to the accuracy or acceptability of any calculations or other material submitted with the application. In no event may this compliance statement be relied on for the purpose of concluding that the Plan or Plan Sponsor (as defined in the applicable revenue procedure setting forth the Employee Plans Compliance Resolution System) was not a party to an abusive tax avoidance transaction. The compliance statement should not be construed as affecting the rights of any party under any other law, including Title I of the Employee Retirement Income Security Act of 1974.

Approved: Carlton A. Watkins
for Manager, Employee Plans Voluntary Compliance
Tax Exempt and Government Entities Division



Favorable Determination Letter

Publication 794
(January 2013)



Introduction

This publication explains the significance of a favorable determination letter, points out some features that may affect the qualified status of an employee retirement plan and nullify the determination letter without specific notice from us, and provides general information on the reporting requirements for the plan.

Significance of a Favorable Determination Letter

An employee retirement plan qualified under Internal Revenue Code (IRC) section 401(a) (qualified plan) is entitled to favorable tax treatment. For example, contributions made in accordance with the plan document are generally currently deductible. However, participants will not include these contributions in income until the time they receive a distribution from the plan. In some cases, taxation may be further deferred by rollover to another qualified plan or individual retirement arrangement. (See Publication 575, Pension and Annuity Income, for further details.) Finally, plan earnings may accumulate tax free. Employee retirement plans that fail to satisfy the requirements under IRC section 401(a) are not entitled to favorable tax treatment. Therefore, many employers desire advance assurance that the terms of their plans satisfy the qualification requirements.

The Internal Revenue Service (IRS) provides such advance assurance through the determination letter program. A favorable determination letter indicates that, in the opinion of the IRS, the terms of the plan conform to the requirements of IRC section 401(a). A favorable determination letter expresses the IRS's opinion regarding the form of the plan document. However, to be a qualified plan under IRC section 401(a) entitled to favorable tax treatment, a plan must satisfy, in both form and operation, the requirements of IRC section 401(a), including nondiscrimination and coverage

requirements. If elected, a favorable determination letter may also provide assurance that the plan satisfies certain of these nondiscrimination requirements in form. See the following topic, Limitations and Scope of a Favorable Determination Letter, for more details.

Limitations and Scope of a Favorable Determination Letter

A favorable determination letter is limited in scope. A determination letter generally applies to qualification requirements regarding the form of the plan.

Generally no reliance for nondiscrimination requirements. Generally, a favorable determination letter does not consider, and may not be relied on with regard to whether a plan satisfies the nondiscrimination requirements of IRC section 401(a)(4).

However, if elected by the applicant, a determination letter may be relied on with respect to whether the terms of the plan satisfy one of the design-based safe harbors in Regulation sections 1.401(a)(4)-2(b) and 1.401(a)(4)-3(b), pertaining to the requirement that either the contributions or the benefits under a qualified plan be nondiscriminatory in amount.

No reliance for coverage requirements.

A favorable determination letter does not consider, and may not be relied on with regard to whether a plan satisfies the minimum participation requirements of IRC section 401(a)(26) and the minimum coverage requirements of IRC section 410(b).

No reliance for changes in law and guidance subsequent to publication of the applicable Cumulative List.

Every year, the IRS publishes a Cumulative List of Changes in Plan Qualification Requirements,

(Cumulative List). The Cumulative List identifies changes in the qualification requirements that the IRS will consider in reviewing determination letter applications that are filed during the 12-month "submission period" that begins on the February 1st following publication of the applicable list.

A determination letter for an on-going individually designed plan is based on the Cumulative List in effect for the submission period in which the determination letter application is filed (that is, the "applicable Cumulative List"). See sections 4, 13, and 14 of Revenue Procedure 2007-44 for further details.

Generally, a determination letter issued to an adopting employer of a pre-approved volume submitter plan with minor modifications is based on the list for which the volume submitter practitioner filed its application for an advisory letter for the volume submitter specimen plan (that is, the "applicable Cumulative List," in the case of a volume submitter plan).

For terminating plans, a determination letter is based on the law in effect at the time of the plan's proposed date of termination. See section 8 of Rev. Proc. 2007-44.

A favorable determination letter generally may not be relied on for any guidance published, or any statutes enacted, after the issuance of the "applicable Cumulative List" or for any qualification requirements that become effective in a calendar year after the calendar year in which the submission period begins, except for guidance that is included in the "applicable Cumulative List." See section 4.03 of Rev. Proc. 2007-44.

Other limitations. In addition, the following apply generally to all determination letters:

- If the employer maintain two or more retirement plans, any of which were either not submitted to the IRS

for determination or not disclosed on each application, certain limitations and requirements will not have been considered on an aggregate basis. Therefore, the employer may not rely on the determination letter regarding the plans when considered as a total package.

- A determination letter does not consider the special requirements relating to: (a) IRC section 414(m) (affiliated service groups), (b) IRC section 414(n) (leased employees), or (c) a partial termination of a plan unless the application includes requests that the letter consider such requirements.

- A determination letter does not consider whether actuarial assumptions are reasonable for funding or deduction purposes or whether a specific contribution is deductible.

- A determination letter does not express an opinion whether disability benefits or medical care benefits are accident and health plan benefits under IRC section 105 or whether contributions are contributions by an employer to accident and health plans under IRC section 106.

- A determination letter does not express an opinion on whether the plan is a governmental plan defined in IRC section 414(d).

- A determination letter does not express an opinion on whether contributions made to a plan treated as a governmental plan defined in IRC section 414(d) constitute employer contributions under IRC section 414(h)(2), nor on whether a governmental excess benefit arrangement satisfies the requirements or IRC section 415(m).

- A determination letter does not express an opinion on whether the plan is a church plan within the meaning of section 414(e).

Become familiar with the terms of the determination letter. Call the contact person listed on the determination letter if any of the terms in the determination letter are not understood.

Retention of Information.

Whether a plan meets the qualification requirements is determined from the information in the written plan document, the application form, and the supporting information submitted by the employer. **Therefore, the employer must retain a copy of the application, information submitted with the application and all other correspondence.**

Other Conditions for Reliance.

We have not verified the information submitted with the application. The determination letter will not provide reliance if:

- (1) there has been a misstatement or omission of material facts, (for example, the application indicated that the plan was a governmental plan and it was not a governmental plan);
- (2) the facts subsequently developed are materially different than the facts on which the determination was made; or
- (3) there is a change in applicable law.

Amendments to the plan for changes in law and guidance.

A favorable determination letter issued for an individually designed plan provides reliance up to and including the expiration date identified on the determination letter. This reliance is conditioned upon the timely adoption of any necessary interim amendments as required by section 5.04 of Rev. Proc. 2007-44. A favorable determination letter issued to an adopting employer of a pre-approved volume submitter plan with minor modifications provides reliance up to and including the last day of

the six-year remedial amendment cycle,, conditioned upon the timely adoption of any necessary interim amendments as required by section 5.04 of Rev. Proc. 2007-44.

Also see Rev. Proc. 2011-49, 2011-44 I.R.B. 609 sections 5.01 and 15.05.

Plan Must Qualify in Operation

Generally, a plan qualifies in operation if it satisfies the coverage and nondiscrimination requirements and is maintained according to its terms. However, a plan generally must be operated in a manner that satisfies any change in the qualification requirements for the period beginning when the change is effective, even if the plan has not yet been amended for the change. Changes in facts on which the determination letter was issued may mean that the determination letter may no longer be relied upon.

Some examples of the effect of a plan's operation on a favorable determination are:

Contributions or benefits in excess of the limitations under IRC section 415. A retirement plan may not provide retirement benefits or, in the case of a defined contribution plan, contributions and other annual additions, that exceed the limitations specified in IRC section 415. The plan contains provisions designed to provide benefits within these limitations. The plan is disqualified if these limitations are exceeded.

Top heavy minimums under IRC section 416. If this plan is top heavy in accordance with IRC 416, the plan must provide certain minimum benefits and vesting for non-key employees. If the plan provides the minimum benefits and accelerated vesting only for years during which the plan is top heavy, failure to identify such years and to provide the accelerated vesting and benefits will disqualify the plan.

Actual deferral percentage or contribution percentage tests.

If this plan provides for cash or deferred arrangements, employer matching contributions, or employee contributions, the determination letter considers whether the terms of the plan satisfy the requirements specified in IRC section 401(k)(3) or 401(m)(2), in form. However the determination letter does not consider whether special nondiscrimination tests described in IRC section 401(k)(3) or 401(m)(2) have been satisfied in operation.

Reporting Requirements

Most plan administrators or plan sponsors/employers who maintain an employee benefit plan must file a Form 5500 series annual return/report.

A "Final" Form 5500 series annual return/report must be filed if the plan is terminated.

Form 5330 for prohibited transactions. Transactions between a plan and someone having a relationship to the plan (disqualified person) are prohibited, unless specifically exempted from this requirement. A few examples are loans, sales and exchanges of property, leasing of property, furnishing goods or services, and use of plan assets by the disqualified person. Disqualified persons who engage in a prohibited transaction for which there is no exceptions must file Form 5330 by the last day of the seventh month after the end of the tax year of the disqualified person.

Form 5330 for tax on nondeductible employer contributions to qualified plans - If contributions are made to this plan in excess of the amount deductible, a tax may be imposed upon the excess contribution. Form 5330 must be filed by the last day of the seventh month after the end of the employer's tax year.

Form 5330 for tax on excess contributions to cash or deferred arrangements or excess employee contributions or employer matching contributions - If a

plan includes a cash or deferred arrangement (IRC section 401(k)) or provides for employee contributions or employer matching contributions (IRC section 401(m)), then excess contributions that would cause the plan to fail the actual deferral percentage or the actual contribution percentage test are subject to a tax unless the excess is eliminated within 2½ months after the end of the plan year. Form 5330 must be filed by the due date of the employer's tax return for the plan year in which the tax was incurred.

Form 5330 for tax on reversions of plan assets - Under IRC section 4980, a tax is payable on the amount of almost any employer reversion of plan assets. Form 5330 must be filed by the last day of the month following the month in which the reversion occurred.

Form 5310-A for certain transactions - Under IRC section 6058(b), an actuarial statement is required at least 30 days before a merger, consolidation, or transfer (including spin-off) of assets to another plan. This statement is required for all plans. However, penalties for non-filing will not apply to defined contribution plans for which:

- (1) The sum of the account balances in each plan equals the fair market value of all plan assets,
- (2) The assets of each plan are combined to form the assets of the plan as merged,
- (3) Immediately after a merger, the account balance of each participant is equal to the sum of the account balances of the participant immediately before the merger, and

- (4) The plans must not have an unamortized waiver or unallocated suspense account.

Penalties will also not apply if the assets transferred are less than three percent of the assets of the plan involved in the transfer (spinoff), and the transaction is not one of a series of two or more transfers (spinoff transactions) that are, in substance, one transaction.

The purpose of the above discussions is to illustrate some of the principal filing requirements that apply to pension plans. This is not an exclusive listing of all returns and schedules that must be filed.

January 23, 2014

Mr. Rick Santos
Executive Director
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

Re: Cost of Living Adjustment (COLA) as of April 1, 2014

Dear Rick:

Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to the Stanislaus County Employees' Retirement Association (StanCERA), we have computed the Cost of-Living Adjustment (COLA) percentages to be used as of April 1, 2014. The calculations outlined herein have been performed in accordance with 31870.1 of the County Employees Retirement Law of 1937.

Background

The cost-of-living-adjustment (COLA) is determined annually based on increases in the December Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose area, using a base period of 1982-1984. The ratio is calculated, and rounded to the nearest one-half percent.

COLA Calculations

The CPIs described above were 245.711 and 239.533 for December, 2013 and December, 2012 respectively. This represents an increase of 2.579%, which is rounded to 2.50%.

Retirees – other than members of Tier 3 - are subject to the provisions of Section 31870.1, which limits annual COLA increases to 3.0% annually. Therefore these members should receive an increase in benefits of 2.5%, based on the current year change in the CPI. However, based on the accumulated carry-over balances as of April 1, 2013, some retirees from these Tiers will receive an increase of up to 3.0%, depending on their accumulated carry-over balances. The remaining carry-over balances will then be reduced by up to 0.5%. The enclosed exhibit summarizes the COLA calculations and carry-over balances for these Tiers. Tier 3 members do not receive an automatic COLA from the Association.

Please contact us if you have any questions regarding these calculations.

Sincerely,
Cheiron



Robert T. McCrory, FSA, CERA
Principal Consulting Actuary



Graham Schmidt, ASA, FCA
Consulting Actuary



STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

COST OF LIVING ADJUSTMENTS (COLA) - Section 31870.1
As of April 1, 2014

Maximum Annual COLA: 3.0%

Initial Retirement Date	April 1, 2013		Increase in the Annual		April 1, 2014	
	Accumulated Carry-Over		Average CPI ¹		COLA	Accumulated Carry-Over
			Actual	Rounded		
	(A)		(B)	(C)	(D)	(E)
On or Before 4/1/1970	67.5%		2.58%	2.5%	3.0%	67.0%
04/02/1970 to 04/01/1971	65.0%		2.58%	2.5%	3.0%	64.5%
04/02/1971 to 04/01/1972	63.0%		2.58%	2.5%	3.0%	62.5%
04/02/1972 to 04/01/1973	62.0%		2.58%	2.5%	3.0%	61.5%
04/02/1973 to 04/01/1974	61.5%		2.58%	2.5%	3.0%	61.0%
04/02/1974 to 04/01/1975	58.5%		2.58%	2.5%	3.0%	58.0%
04/02/1975 to 04/01/1976	51.5%		2.58%	2.5%	3.0%	51.0%
04/02/1976 to 04/01/1977	44.5%		2.58%	2.5%	3.0%	44.0%
04/02/1977 to 04/01/1978	42.0%		2.58%	2.5%	3.0%	41.5%
04/02/1978 to 04/01/1979	37.5%		2.58%	2.5%	3.0%	37.0%
04/02/1979 to 04/01/1980	31.0%		2.58%	2.5%	3.0%	30.5%
04/02/1980 to 04/01/1981	25.5%		2.58%	2.5%	3.0%	25.0%
04/02/1981 to 04/01/1982	13.5%		2.58%	2.5%	3.0%	13.0%
04/02/1982 to 04/01/1983	3.5%		2.58%	2.5%	3.0%	3.0%
04/02/1983 to 04/01/1984	1.0%		2.58%	2.5%	3.0%	0.5%
04/02/1984 to 04/01/1985	1.0%		2.58%	2.5%	3.0%	0.5%
04/02/1985 to 04/01/1986	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1986 to 04/01/1987	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1987 to 04/01/1988	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1988 to 04/01/1989	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1989 to 04/01/1990	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1990 to 04/01/1991	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1991 to 04/01/1992	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1992 to 04/01/1993	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1993 to 04/01/1994	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1994 to 04/01/1995	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1995 to 04/01/1996	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1996 to 04/01/1997	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1997 to 04/01/1998	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1998 to 04/01/1999	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/1999 to 04/01/2000	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2000 to 04/01/2001	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2001 to 04/01/2002	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2002 to 04/01/2003	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2003 to 04/01/2004	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2004 to 04/01/2005	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2005 to 04/01/2006	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2006 to 04/01/2007	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2007 to 04/01/2008	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2008 to 04/01/2009	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2009 to 04/01/2010	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2010 to 04/01/2011	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2011 to 04/01/2012	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2012 to 04/01/2013	0.0%		2.58%	2.5%	2.5%	0.0%
04/02/2013 to 04/01/2014	0.0%		2.58%	2.5%	2.5%	0.0%

¹ All Urban Consumers, San Francisco-Oakland-San Jose Area (1982-84 base). (G.C. 31870.1)



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

**For the Retirement Board meeting
Held on February 12, 2014**

02/12/14
Item 5.d

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2013 Board of Retirement Continuing Education Report
- II. RECOMMENDATION: None
- III. ANALYSIS: Please find attached the 2013 Board of Retirement Continuing Education Report. In accordance to StanCERA Bylaws Article 14.3., educational requirement and AB1519, Government Code Section 31522.8.

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

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

Rick Santos, Executive Director

Kellie Gomes, Executive Board Secretary

2013 STANCERA CONTINUING EDUCATION RECORD

2013 Education Credit Log														
Board Member	Ethics Training Completed	3-Year Rolling Total Education Credits	2011 Total Education Credits	2012 Total Education Credits	2013 Total Education Credits	Opal Financial Group's Public Funds Summit (January)	CALAPRS General Assembly (March)	CALAPRS Principles of Pensions (March)	StanCERA Bonds and Pension Liabilities (April)	SACRS Spring Conference (May)	OPAL Investment Trends Summit (July)	CALAPRS Public Pension Investment Management Program (July)	StanCERA Cash Flow Management (August)	SACRS Fall Conference (November)
Gordon B. Ford	12/19/11	73.50	10.50	32.00	31.00	13.00			1.00	16.00			1.00	
Maria De Anda	12/30/12	75.50	24.50	33.00	18.00				1.00	16.00			1.00	
Donna Riley	05/07/12	76.00	1.00	20.00	55.00			26.50	1.00			26.50	1.00	
* Jason Gordo		0.00												
Mike Lynch	05/14/13	50.00	0.00	4.00	46.00	13.00				16.00			1.00	16.00
Jim DeMartini	12/11/11	32.00	0.00	17.00	15.00	13.00			1.00				1.00	
Darin Gharat	09/22/11	140.00	40.50	44.50	55.00	13.00	8.00		1.00	16.00			1.00	16.00
Michael O'Neal	05/07/12	130.00	23.00	51.00	56.00	13.00	8.00		1.00		17.00		1.00	16.00
Joan Clendenin	02/02/12	88.50	23.50	31.00	34.00				1.00	16.00			1.00	16.00
Jeff Grover	03/23/11	74.50	41.50	2.00	31.00	13.00			1.00	16.00			1.00	

* New Trustee

StanCERA Bylaws:

Article 14.3 Educational Requirement

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

Note:

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



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
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e-mail: retirement@stancera.org**

**For the Board of Retirement meeting
Held on February 12, 2014**

**02/12/14
Item 6.a**

TO: Board of Retirement

FROM: Rick Santos, Executive Director

- I. SUBJECT: Section 31680.4 - Reinstatement from Retirement
- II. ITEM TYPE: Discussion and Action
- III. STAFF RECOMMENDATION: Direct StanCERA staff to begin research involving implementation of Government Code Section 31680.4
- IV. ANALYSIS: On January 28th, 2014 a StanCERA retired member came before the Board of Retirement asking that it consider recommending to the County Board of Supervisors adoption of Government Code Section 31680.4. Government Code Section 31680.4 would allow a retired member to become re-employed with the County, reinstate as an active StanCERA member and begin accruing additional retirement benefits. After some preliminary discussion with County Executive Staff, it was discovered that there is some interest in adopting this benefit for employees/retired members.

To summarize, 31680.4 would allow a member that is currently retired to return to work, reinstate their active membership with StanCERA and begin accruing additional retirement benefits. While they are working during this reinstatement period, their first retirement benefit would cease, but accrue normal cost of living adjustments (COLA's) during the deferral period. When the member retires for the second time, their new benefit would be the sum of the prior benefit with COLA's plus any new retirement benefit earned during the reinstatement period. The member would also be eligible for disability benefits during the reinstatement period. It is unclear, based on an initial reading of 31680.4, whether the member would be placed back into his or her old tier or would begin to accrue service in the new tier of benefits mandated by the Public Employees' Pension Reform Act of 2012.

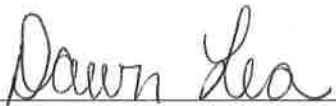
There are several issues that staff must resolve before an informed decision can be made by the County and the Board of Retirement. The following are issues that should be researched and considered before an informed decision can be made:

- Legal issues
- Tax issues
- Required pension software changes
- Required additional staff resources
- Actuarial issues
- Magnitude of increased pension costs
- Impact on the System and the potential for added pension risk

- V. RISK: None
- VI. STRATEGIC PLAN: 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: Staff estimates approximately \$7,500 in consultant/legal fees and staff time to research this issue



Rick Santos, Executive Director



Dawn Lea, Benefits Manager