



**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](http://www.stancera.org)  
e-mail: [retirement@stancera.org](mailto:retirement@stancera.org)

## AGENDA

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

**April 10, 2013**  
**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](http://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 March 26, 2013 Investment Meeting Minutes [View](#)
  - b. Executive Director Goals Quarter 1 2013 Update and Strategic Action Plan [View](#)
  - c. Notice of Elections – Seat 2 [View](#)

5. Consent Items (Cont.)

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

1. Jennie Campos-Ford, Alliance Worknet, Effective 03-30-2013
2. Gwendolyn Edmonson, Alliance Worknet, Effective 03-30-2013
3. Connie Field, BHRS, Effective 03-29-2013
4. Aaron Gallagher, District Attorney, Effective 04-07-2013
5. Vickie Mackenzie, Assessor, Effective 03-23-2013
6. Steve Tomlinson, BHRS, Effective 03-30-2013
7. Earl Watkins, Probation, Effective 03-23-2013

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

1. Jonathan Coley, Environment Resources, Effective 11-28-2012
2. Cherlyn Davis, CSA, Effective 03-01-2013
3. Richard Gonzales, Sheriff, Effective 03-20-2013
4. Robin Jurevich, Assessor, Effective 03-27-2013
5. Thomas Myers, Probation, Effective 04-23-2012
6. Veronica Naranjo, BHRS, Effective 12-14-2012
7. Michael Roehlk, Sheriff, Effective 02-15-2013
8. Daphne Short, CSA, Effective 03-07-2013
9. Lorna Trujillo, CSA, Effective 02-24-2012
10. Jeanine Tucker, Courts, Effective 03-01-2013
11. Steve Watson, Sheriff, Effective 03-19-2013
12. Shanette Williams, BHRS, Effective 02-15-2013

6. Executive Director

- a. New Legislation Update
- b. Discussion and Action on the State Association of County Retirement System' (SACRS) Nominating Committee's Final Ballot for the Board of Directors' Elections at the May 17, 2013 Business Meeting [View](#)
- c. Discussion and Action to Appoint a StanCERA representative to Raven Capital Managements' Advisory Committee Seat. [View](#)

7. Closed Session

- a. Discussion and Action Regarding Investment in Medley Opportunity Fund II  
Roll Call Vote Required. Government Code Section 54956.81
- b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,  
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152  
Government Code Section 54956.9(d)(4)
- c. Conference with Legal Counsel – Pending Litigation – One Case:  
O'Neal et al v. Stanislaus County Employees' Retirement Association  
Stanislaus County Superior Court Case No. 648469  
Government Code Section 54956.9(d)(1)
- d. Conference with Legal Counsel – Pending Litigation – One Case:  
O'Neal et al v. Stanislaus County Employees' Retirement Association  
Stanislaus County Superior Court Case No. 683548  
Government Code Section 54956.9(d)(1)
- e. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224  
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

March 26, 2013

**Members Present:** Gordon Ford, Maria De Anda, Mike Lynch, Jim DeMartini,  
Darin Gharat, Jeff Grover and Ron Martin

**Members Absent:** Donna Riley and Michael O'Neal

**Absent Alternate Member** Joan Clendenin, Alternate Retiree Representative

**Staff Present:** Rick Santos, Executive Director  
Kellie Gomes, Executive Board Secretary  
Kathy Herman, Operations Manager

**Others Present:** Fred Silva, General Legal Counsel  
Paul Harte and Nate Pratt, Strategic Investment Solutions (SIS), Inc.  
Kevin Brown, Delaware Investments  
Stan Risen, County Chief Executive Office  
Jeanine Bean, Superior Court

1. Meeting Called to Order

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

2. Roll Call

3. Announcements

None.

4. Public Comment

None.

5. Consent Items

Motion was made by Maria DeAnda and seconded by Jeff Grover to approve the following Items:

Motion carried.

- a. Approval of the March 13, 2013 Administrative Meeting Minutes

6. Semi-Annual Performance Report by Delaware Investments

Presenters: Kevin Brown, Vice President, Senior Investment Specialist

Investment Style: Large-Cap Growth Equity Portfolio

Inception: \$104 million Funded on September, 2006

Portfolio Assets: \$125 million as of February 28, 2013

Total Return: 10.40% 1 yr.gross of fees as of February 28, 2013

Total Return: 9.59% - 1 yr Benchmark, Russell 1000 growth index as of February 28, 2013

7. Strategic Investment Solutions (SIS), Inc.

a. Monthly Performance Review for the Month Ending February 28, 2013

Monthly performance – 0.54%

Fiscal YTD – 11.81%

Fiscal YTD alpha – 2.01%

Total fund value as of February 28: \$1.518 billion

b. Report on “Top 10 Holdings” by StanCERA Investment Managers as of February 28, 2013

A review of the Monthly Performance and the “Top 10 Holdings” was given by Paul Harte (SIS).

c. Update on Direct Lending Fund Candidate Review

Paul Harte, SIS, Inc. reported that the Side Letter for Medly LLC is ready for legal review and should be ready to be presented at the April Investment meeting.

8. Committee Reports and Recommendations for Action

STANDING COMMITTEES

a. Strategic Planning Committee [View](#)

i. Discussion and Action to Accept the Recommendation of the Strategic Planning Committee to Utilize Cortex Applied Research, for the 2013-2016 Strategic Planning Process [View](#)

Motion was made by Darin Gharat and seconded by Maria DeAnda to approve the recommendation of the Strategic Planning Committee to Utilize Cortex Applied Research for the 2013-2016 Strategic Planning Process. The Board has agreed to delay the meeting until Tom Iannucci, Cortex President is available to facilitate.

Motion Carried.



b. Internal Governance Committee

- i. Discussion and Action on Attendance and Travel Cost for the 2013 California Retired County Employees Association (CRCEA) Spring Conference held on April 15-17, 2013 in Long Beach, CA

Motion was made by Ron Martin and seconded by Jim DeMartini to decline StanCERA's paying for Trustees' travel expenses to this event.

Motion carried.

9. Executive Director

- a. New Legislation Update

None.

- b. Discussion and Action on the Addition to the Investment Policy Statement Regarding Direct Lending

Motion was made by Michael Lynch and seconded by Ron Martin to approve the addition to the Investment Policy Statement regarding Direct Lending as submitted.

Motion carried.

10. Closed Session

Motion was made by Maria DeAnda and seconded by Ron Martin to enter into closed session at 3:03pm

Motion carried.

- a. Discussion and Action Regarding Investment in Raven Capital Management  
Roll call Vote Required. Government Code Section 54956.81

Motion was made by Michael Lynch and seconded by Ron Martin to authorize Paul Harte, Strategic Investment Solutions (SIS), Rick Santos, Director of StanCERA and Scott Smith of Hanson and Brigett to negotiate a Side Letter Agreement with Raven Capital. The Board authorized Rick Santos to enter into all necessary agreements with Raven Capital provided that Raven agrees to the terms specified by the Board.

Roll Call Yes: Maria DeAnda, Michael Lynch, Jim DeMartini, Darin Gharat, JeffGrover and Ron Martin

Roll Call No: Gordon Ford

10. Closed Session (Cont.)

- 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)

No Report.

- 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)

No Report.

- d. Conference with Legal Counsel – Pending Litigation – One Case:  
O'Neal et al v. Stanislaus County Employees' Retirement Association  
Stanislaus County Superior Court Case No. 683548  
Government Code Section 54956.9(d)(1)

No Report.

- e. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224  
Government Code Section 54956.9(d)(1)

No Report.

Motion was made by Michael Lynch and seconded by Maria DeAnda to return from closed session at 4:10 pm

Motion carried.

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

Trustee DeAnda directed staff to look into encryption abilities concerning closed session items.

Trustee Lynch requested that staff research payroll service options with the intent of StanCERA administering its own payroll and human resource functions.

12. Adjournment

Meeting adjourned at 4:13 p.m.

Respectfully submitted,



Rick Santos, Executive Director



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





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**For the Retirement Board Meeting**

4/10/13

**Held on April 10, 2013**

Item # 5.b

TO: StanCERA Board of Retirement

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update Quarter 1 2013 and Strategic Action Plan
- II. RECOMMENDATION: Approve progress on Director Goals and Strategic Action Plan
- III. ANALYSIS: This is the first quarter update on the Executive Director Goals for 2013 and an update on the progress for the Organizational Strategic Action Plan for 2010-2013. In the past, updates prior to this report explicitly linked the Executive Director Goals with the Strategic Action Plan. However, in January, a new set of Director Goals for 2013 were approved by the Board of Retirement. These goals did not contain the explicit link with the Strategic Action Plan, since a new plan is set to go into effect in July. As such, the update on the Director goals looks considerably different than in the past. Next year when the Organization has a new Strategic Plan in place, the link between the two documents will be resumed.

#### Executive Director Goals (Attachment 1)

This document lists the goals set forth by the Executive Director in January 2013. For tasks that are expected to be ongoing and regular throughout the year, a list of the Quarter 1 progress is laid out. For other tasks that ultimately have a resolution, the tasks completed thus far are reported out.

This document takes a different approach to reporting. It uses color coding and the following “stop light” symbols to suggest progress:

- Green light = Tasks completed thus far
- Yellow light = Tasks incomplete but not late; yet still on the Director’s radar
- Red light = Tasks incomplete and have missed their intended deadline

There are two areas in this quarter’s goals that have a “red light” attached to them. Staff has been revising the redeposit process for the past month and has made considerable progress in the completion of this task; however, we did miss our goal of March 2013. We anticipate no problems completing the task and will most likely be finished by mid-May.

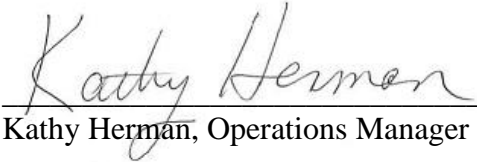
The other task that needs attention is the recent increase in outstanding disability applications. This is an issue that staff has been spending a considerable amount of time on the past few weeks. Please see Attachment 1 for a more detailed explanation of the problem, the stated solution and staff progress.

Strategic Action Plan (Attachment 2)

This document is divided into three sections; tasks that are on going in nature, those that have a specific resolution and incomplete ad hoc Board requests. Only tasks that are on going or have not been completed are part of this document. Many of the tasks in the original Strategic Action Plan have been completed and as such, are not a part of this document. Tasks that are ongoing will simply list the action taken during the quarter being reported out. This information will then be updated each subsequent quarter and the prior quarter's action removed. Those tasks that have a specific resolution will list whether the item has been completed and if so, it will be removed in subsequent quarters.

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

Rick Santos, Executive Director

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

Kathy Herman, Operations Manager

# **Attachment 1**

## **Executive Director's Goals for 2013**

### **Quarter 1 Update**

#### ***1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and employee groups***

Anticipated Completion Date: Ongoing



- **Quarter 1 Progress – Tasks Completed**

- ✓ AB 340 FAQ's for Current Members
- ✓ AB 340 FAQ's for New Members
- ✓ AB 340 FAQ's for Retired Members
- ✓ Employee notice regarding an increase in Employee Contributions. Accompanied with access to a spreadsheet that calculates the change
- ✓ AB 340 Memorandum to Employers regarding Retirees returning to work
- ✓ Face to face discussions with several StanCERA covered employers regarding legal issues
- ✓ Presentation of 2012 actuarial valuation to Board of Supervisors

#### ***2. Revise member redeposit process***

Anticipated Completion Date: March 2013



- **Tasks Completed**

- ✓ Process has been developed and documented
- ✓ Rationale for the process change has been documented



- **Tasks Not completed**

- ✓ Finish testing of the process regarding all possible redeposit scenarios
- ✓ Implementation

#### ***3. Complete Custodial Bank Study and possible transition***

Anticipated Completion Date: 4<sup>th</sup> quarter of 2013



- **Incomplete**

## Executive Director's Goals for 2013 Quarter 1 Update

### 4. *Complete Organizational Strategic plan for fiscal years 13-14, 14-15 and 15-16*

Anticipated Completion Date: June 2013 (projected July/August due to recent change)

- **Tasks Completed**



- ✓ Strategic Planning Objectives Committee Meeting - 2/14/2013
- ✓ Facilitator Hired – 2/14/2013

### 5. *Complete Actuarial audit of experience study and 2012 annual valuation*

Anticipated Completion Date: August 2013

- **Tasks Completed**



- ✓ 2012 annual valuation – 2/13
- ✓ Secured the services of the auditing actuary
- ✓ Audit began on 3/25

### 6. *Revise Investment Policy Statement*

Anticipated Completion Date: Prior to completion of the transition to alternatives

- **Tasks Completed**



- ✓ Direct Lending module – 3/26

- **Incomplete**



- ✓ Annual required revisions and recommendations

# Executive Director's Goals for 2013

## Quarter 1 Update

### 7. *Complete transition to alternative investments*

Anticipated Completion Date: 4<sup>th</sup> quarter of 2013

- **Tasks Completed**



- ✓ Raven due diligence complete (anticipated fund date 4/22)

### 8. *Incorporate cash flow matching of short-term liabilities*

Anticipated Completion Date: Prior to completion of the transition to alternatives

- **Incomplete**



- ✓ Staff to meet with Dodge & Cox on April 26th to discuss mechanics of cash flow matching

### 9. *Complete Trustee Elections*

Anticipated Completion Date: Seat 2, June 2013; Seat 7, December 2013

- **Incomplete**



### 10. *Begin studying and implementation of an internal formal peer review process*

Anticipated Completion Date: December 2013

- **Incomplete**



### 11. *Complete biennial review of by-laws*

Anticipated Completion Date: October 2013

- **Incomplete**





## Executive Director's Goals for 2013 Quarter 1 Update

### *12. Complete a preliminary review of capital market conditions*

Anticipated Completion Date: October 2013

- **Incomplete**



- ✓ Staff will undertake this task in the fall of 2013

### *13. Continue ongoing process review and organizational structure review*

Anticipated Completion Date: Mostly on going

- **Incomplete**



- ✓ Part of the new Strategic Objective Plan will be used to complete this goal

### *14. Continued monitoring of StanCERA lawsuits*

Anticipated Completion Date: Ongoing

- **Quarter 1 Progress – Tasks Completed**



- ✓ StanCERA staff attendance for case management
- ✓ Several discovery and PRA requests completed regarding current lawsuits
- ✓ Numerous meetings with special counsel and general counsel
- ✓ Data gathering for initiation of one new lawsuit
- ✓ Coordination of insurance issues

### *15. Explore opportunities for Board educational sessions*

Anticipated Completion Date: Ongoing

- **Tasks Completed**



- ✓ Active vs. Passive Investing; “The Value Added Concept”

- **Incomplete**



- ✓ Scheduled session on liabilities and bonds in April/May

# Executive Director's Goals for 2013

## Quarter 1 Update

### *16. Director Professional Development*

Anticipated Completion Date: December 2013

- **Tasks Completed**



- ✓ CFA Session with Treasury Under Secretary for domestic finance – February
- ✓ CFA Session regarding local economy - January

### *17. Oversee administrative functions*

Anticipated Completion Date: December 2013

- **Quarter 1 Progress – Tasks Completed**



- ✓ All agenda and minute production for all Board and Committee Meetings
- ✓ Facilitation of Board and Staff travel
- ✓ Quarterly accounting reconciliations and journal entries complete through January
- ✓ 1st Quarter newsletter
- ✓ Tier 6, Tier 5 member handbooks updated
- ✓ All retiree payrolls complete
- ✓ Member contributions and refunds up to date

- **Outstanding Items – Yet to be completed**



- ✓ Presentation of the 2013-2014 Admin Budget Draft in April
- ✓ Completion of due diligence meetings (travel scheduled for week of July 8)
- ✓ Presentation and completion of the June 30, 2013 audit (to be completed in October)

## Executive Director's Goals for 2013 Quarter 1 Update



- **Outstanding Items – Task Not Completed in Quarter 1**

- ✓ 18 or less outstanding disability retirement applications

Currently, there are 20 outstanding disability retirement applications open. Staff has spent the last few weeks analyzing this deficiency. The following have been identified along with solutions that are being implemented:

1. **StanCERA administration:** Since the process was changed a year ago, staff is being required to do more upfront work before sending the cases off to the attorney. We have also had transition in the disability unit over the year and new staff is still learning the process. Staff will be provided more training and will be working overtime if necessary to get caught up.
2. **Attorney turn-around time:** Attorney turn-around time has slowed considerably over the past year. We are meeting with our attorney on April 16<sup>th</sup> to discuss ways to improve this process
3. **Increased disability case load:** There are initial indications that StanCERA's disability case load may have increased recently. Staff is doing some basic statistical analysis on whether case load has increased over the past 3 years to a significant level. Should this turn out to be the case, then in all likelihood, pensionable disabilities may have become more marginal and attorneys and doctors may be spending more time trying to "get the decision right".

# Attachment 2 - 2013 Strategic Action Plan (SAP) Quarter 1 Progress Update

## SAP Tasks on going in nature

- 1) Periodically review and revise the investment policy as needed
  - ✓ Completion of Direct Lending Module
- 2) Periodically review and revise assumptions as needed
  - ✓ Board approved new actuarial assumptions including demographic and economic assumptions; implementation to begin on July 1, 2013
- 3) Conduct regular discussions with Strategic Investment Solutions (SIS)
  - ✓ Monthly Investment Meetings
  - ✓ Numerous preparation meetings for direct lending candidates
  - ✓ Ongoing and regular meetings with alternative investment legal counsel
  - ✓ Meetings regarding performance measurements
  - ✓ Meetings regarding cash transitions to alternative investments
  - ✓ Cash flow management discussions
- 4) Periodically discuss key investment decisions with experts as needed
  - ✓ Monthly SIS reports
  - ✓ Monthly Investment Manager reports
  - ✓ Alternative discussions
  - ✓ Value added concept and how that relates to a manager's disposition
- 5) Maintain current information on website
  - ✓ Current quarter information
    - Board Agenda information
    - Board minutes
    - Board audio
    - Financial Reports; Actuarial reports
    - Pension reform information updates, handbooks and calculators
- 6) Maintain educational sessions for interested stakeholders
  - ✓ Board study sessions
    - Active vs. Passive investing
  - ✓ Stakeholder visits
    - Onsite meetings with plan sponsors regarding legal issues
- 7) Explore other sources of communication with Plan Sponsors and Members
  - ✓ New analytical tools employed on StanCERA website
    - New employee contribution calculator
    - New retirement benefit calculators
- 8) Gather and report benchmarking data against other Systems
  - Nothing new to report out
- 9) Analyze benchmarking data
  - Nothing new to report out

## Attachment 2 - 2013 Strategic Action Plan (SAP) Quarter 1 Progress Update

### SAP Tasks on going in nature – cont.

- 10) Communicate with peers in other pension Systems
  - ✓ Director ongoing email and telephone communication with other System Leaders
- 11) Continue to contract with established knowledgeable attorneys
  - ✓ Current contracts
    - Hanson and Bridgett
    - Damrell, Nelson, Schrimp, Pallios, Pacher & Silva
    - Fletcher Alford
    - Reed Smith
    - Ted Cabral, Disability Attorney
- 12) Explore opportunities to offer educational sessions at StanCERA
  - 1 staff member participation in CFA exam process
- 13) Identify high quality educational opportunities and inform Board Members
  - ✓ Interest rates and pension liabilities in April/May
- 14) Ensure that StanCERA processes are completed on time and to standards
  - ✓ All major processes completed on time
    - Board agenda and minute production
    - 4th quarter retiree payrolls
    - 4th quarter member refunds
    - Disability retirement applications (20 outstanding; Increase of 3 from 4th quarter)
      - ✓ See 2013 Executive Director Goals for explanation and resolution
- 15) Staff and Board to attend approved educational opportunities
  - ✓ Staff
    - CFA seminar – Meeting with Under Secretary of the Treasury Finance
    - CFA seminar – Local economic update
  - ✓ Board
    - Opal Financial Summit
    - CALAPRS General Assembly
    - Stanford Business Institute – Principals of Pension Management
- 16) Search out other Systems' websites for best practices and ideas for the future
  - Nothing new to report out



## **Attachment 2 - 2013 Strategic Action Plan (SAP) Quarter 1 Progress Update**

- 17) Enhance website based on research of other Systems' websites
  - After researching other websites, we implemented a newer, more robust Content Management System which will maintain and enhance the StanCERA's website.
- 18) Track and resolve post-implementation Tyler issues as needed
  - ✓ **PEPRA Issues**
    - ✓ All contribution reporting issues have been implemented and tested. Tyler is fully functional with regard to contribution reporting
    - ✓ Currently, staff is still working with plan sponsors assisting them in their ability to report contributions properly
    - ✓ Benefit calculator not in place in Tyler, however, Tier 6 benefits may not be paid for a considerable period of time

### **SAP Tasks with a specific resolution**

- 1) Explore and make recommendations regarding document imaging
  - Incomplete; This efficacy and completion of this task should be reevaluated and included in the new Organizational Strategic Plan if so desired

### **Ad Hoc Board Requests**

- 1) Feasibility study regarding a change of custodial bank
  - Staff has not made considerable headway in this area
  - Staff has had preliminary talks with our consultant regarding the process
  - Staff and Director goal is to complete this task in 2013



4/10/13

Item #5.c

## STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### NOTICE OF ELECTION

The current term for **Seat Number 2** of the Board of Retirement Board (the general member representative) ends on June 30, 2013. Therefore an election will be conducted for its next three-year term. Following are the important dates and activities for the election process:

<u>DATE</u>	<u>ACTIVITY</u>
May 2, 2013	Notice of Election Distributed to General Members
May 24, 2013	Deadline to Submit Nomination Papers*
June 3, 2013	Mailing of Election Ballots
June 27, 2013	Final Date to Receive Ballots
June 28, 2013	Canvassing the Ballots (Counting)

**\*Note:** Any general member who desires to run for election to the Board of Retirement must request a nomination paper (including 25 supporting signatures from other StanCERA general members) from StanCERA:

Pick-Up	Stanislaus County Employees' Retirement Association 832 12 <sup>th</sup> Street, Suite 600 Modesto, CA 95354	Mail: Stanislaus County Employees' Retirement Association P.O. Box 3150 Modesto, CA 95353-3150
	GroupWise: RETIREMENT	Phone: (209) 525-6393 Email: retirement@stancera.org

## SACRS MEMORANDUM

April 1, 2013

Attn: SACRS Administrators  
From: Raymond McCray, SACRS Nominating Committee Chair  
SACRS Nominating Committee  
Re: SACRS Board of Director Elections 2012-2013 – Final Ballot

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Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th.

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee...”

Below is the final ballot/slate – As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete ballot/slate. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference May 13 – 17, 2013 at the Napa Valley Marriott, Napa, CA. Elections will be held during the Annual Business meeting on Friday, May 17, 2013.

Please distribute the ballot/slate to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at [sulema@sacrs.org](mailto:sulema@sacrs.org).

*Continued*

SACRS Nominating Committee Recommended 2012-2013 Nominees/Candidates:

President                      Doug Rose, San Diego CERA

Vice President              Yves Chery, Los Angeles CERA

Treasurer                    Tom Ford, Sonoma CERA

Secretary                    John Kelly, Sacramento CERS

If you have any questions or require assistance, please contact me directly at 209-468-2163 or raym1@sbcglobal.net. Thank you for your prompt attention to this timely matter.

Sincerely,

*Raymond McCray*

Raymond McCray, San Joaquin County  
SACRS Nominating Committee Chair

CC:    SACRS Board of Directors  
      SACRS Nominating Committee Members  
      Sulema H. Peterson, SACRS Administrator

Attachment

RMC:shp



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12<sup>th</sup> 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

4/10/13

Item # 6.c

**For the Retirement Board meeting  
Held on April 10, 2013**

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Discussion and action regarding the Advisory Committee Seat with Raven Capital
- II. RECOMMENDATION:
  1. Designate a specific Board member to represent StanCERA on the Advisory Committee or
  2. If a specific Board member cannot be designated, then staff recommends deferring the seat to our Investment Consultant or a StanCERA staff member.
- III. ANALYSIS: During the week of April 22, StanCERA will be making its first capital commitment to the Direct Lending space with Raven Capital. As part of the Letter of Partnership Agreement (LPA), StanCERA secured a seat on Raven's Advisory Committee. The Committee will be comprised of not less than 3, nor more than 5 members. The following is a summary of the pertinent items from the LPA regarding the seat and the responsibilities and/or requirements that go along with it:
  - *Committee Function*
    - i. review business valuations
    - ii. review and approve/disapprove potential conflicts of interest
    - iii. provide general advice and counsel
    - iv. approve matters requiring consent of the Committee
  - *Appointment Term*: Variable (determined by the Committee)
  - *Meetings*: May be called at any time by the General Partner (staff was informed that generally the Committee will meet once a quarter)
  - *Means of Participation*: Conference call is acceptable
  - *Compensation*: Reasonable out-of-pocket travel related expenses

Attachment 1 lays out Section 3.16 of the LPA which discusses the Advisory Committee in more detail.

Raven has given StanCERA the right to appoint someone in a non-specific manner. That is, StanCERA doesn't have to specifically name an individual to fill this role and if no member of the Board wishes to be StanCERA's sole representative, staff recommends appointing our Investment Consultant or a StanCERA staff member.



IV. RISK: None

V. STRATEGIC PLAN: Goal 1, Strategy C: Investment Information. Review investment decisions regularly and ensure that the Board has a full range of information to make informed decisions regarding investment policy.

VI. BUDGET IMPACT: Undetermined travel costs that may not be covered by the LPA, should the StanCERA representative choose to travel to the meetings



\_\_\_\_\_  
Rick Santos, Executive Director



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Kathy Herman, Operations Manager

(d) On any issue involving actual conflicts of interest not provided for elsewhere in this Agreement, the General Partner will be guided by its good faith judgment as to the best interests of the Partnership, and shall take such actions as are determined to be necessary or appropriate to ameliorate the conflicts of interest.

SECTION 3.16. LP Advisory Committee. Promptly following the Final Closing, the General Partner shall establish an advisory committee comprised of not less than three (3) and not more than five (5) individual representatives of Unaffiliated Limited Partners (the "LP Advisory Committee"). The function of the LP Advisory Committee shall be to (i) review valuations in accordance with Section 3.12, (ii) review and approve or disapprove any potential conflicts of interest in any transaction or relationship between the Partnership and the General Partner or the Investment Manager; (iii) provide advice and counsel on other issues as requested by the General Partner and (iv) take other action or consent or approve of other matters expressly requiring consent or approval of the LP Advisory Committee under the terms of this Agreement. The appointment, size, terms of appointment and all other matters relating to the LP Advisory Committee shall be as set forth in this Section 3.16 or as otherwise determined by a majority of the members of the LP Advisory Committee; provided, however, that the General Partner may, with the consent of a majority of the members of the LP Advisory Committee, terminate the right of an Unaffiliated Limited Partner to have a representative on the LP Advisory Committee upon thirty (30) days' notice to the Unaffiliated Limited Partner and, in such case, the General Partner may, in its sole discretion, designate another Unaffiliated Limited Partner to have such representation. Any member of the LP Advisory Committee (i) may resign by giving the General Partner prior written notice, and (ii) shall be deemed removed upon the Limited Partner by which such member was designated becoming a Defaulting Partner. The General Partner may, in its reasonable discretion, disapprove of any individual representative on the LP Advisory Committee designated by any Limited Partner and shall have the right to remove any such Person from the LP Advisory Committee at any time upon notice to such Limited Partner and the other members of the LP Advisory Committee with an explanation for such removal; provided that the Limited Partner designating such individual representative will have the right to designate an alternative individual representative. The transaction of any business of the LP Advisory Committee shall require the affirmative vote of a majority of the members thereof. A meeting of the LP Advisory Committee may be called by the General Partner or by any member of the LP Advisory Committee. Members of the LP Advisory Committee may participate in a meeting of the LP Advisory Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Members of the LP Advisory Committee will not be acting in a fiduciary capacity with respect to the Partnership or any Limited Partners in connection with the functions of the LP Advisory Committee. The members of the LP Advisory Committee will not receive any compensation or reimbursement from the Partnership for serving on the LP Advisory Committee, but will receive reimbursement for the reasonable out-of-pocket travel-related expenses incurred in connection with the performance of their functions on the LP Advisory Committee. The Partnership will bear any reasonable expenses related to the functions of the LP Advisory Committee.

SECTION 3.17. Limited Partner Information. The General Partner will use commercially reasonable efforts to cause the Partnership to comply with any requirements of Sections 1471 or 1472 of the Code (including those set forth in Section 1471(b)(1) of the Code)