



Stanislaus County Employees' Retirement Association

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

AGENDA

BOARD OF RETIREMENT

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

April 25, 2017
1:30 p.m.

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

CONSENT 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/agenda>.

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

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

1. Call Meeting to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the March 28, 2017 Meeting Minutes [View](#)
 - b. Monthly Staff Report [View](#)
 - c. Executive Director Goals Update Quarter 1 2017 [View](#)
 - d. StanCERA Complaint Log of January 1 – March 31, 2017 [View](#)
 - e. Legal/Legislation Update [View](#)
 - f. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Bazar, Timothy – Public Defender – Effective 03-18-17
 2. O'Neal, Carla – Alliance Worknet – Effective 02-03-17
 3. Solis, Mario – Auditor Controller – Effective 04-06-17
 4. Stahley, Paula – HSA – Effective 04-22-17
 5. Sutherland, Priscilla – Superior Court – Effective 04-29-17
 6. Trujillo, Jacqueline – CSA – Effective 04-18-17

5. Consent Items(Cont.)

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

1. Barnett, Andrea – BHRS – Effective 02-17-17
2. Baliel, Michael - SBT – Effective 01-07-17
3. Brock, Tamara – BHRS – Effective 02-18-17
4. Croom, Katherine – CSA– Effective 03-04-17
5. Gintz, Erin – CSA – Effective 01-07-17
6. Gali, Melori – HSA – Effective 01-13-17
7. Henderson, Candace – Alliance Worknet – Effective 03-03-17
8. Martinez, Maria – HSA – Effective 03-15-17
9. Pedisich, Sara – Probation – Effective 07-09-16 *
10. Quiroz, Carlos – Ceres – Effective 12-23-16 *
11. Schemmel, Ross – Assessor – Effective 3-24-17
12. Valentine, Regina – StanCOG – Effective 07-14-16
13. Watson, Pamela – GSA – Effective 12-30-16

* Indicates Safety Personnel

6. Executive Director – Investment

- a. Discussion and Action Regarding Annual Meetings [View](#)
- b. Discussion and Action Regarding Raven Fund I [View](#)
- c. Discussion and Action Regarding Insight Investment [View](#)

7. Verus – Investment Consultant

- a. Flash Report March 31, 2017 [View](#)
- b. Discussion and Action Regarding Asset Allocation [View](#)
- c. 12-Month Investment Program Workplan [View](#)

8. Executive Director – Administrative

- a. SACRS Board of Director's Outreach Program
- b. Discussion and Action for Voting Proxy of State Association of County Retirement Systems (SACRS) 2017 Spring Business Meeting [View](#)
- c. Information Technology Solutions (ITS) Project Update [View](#)

9. Closed Session

- a. Discussion and Action Regarding Recommendation for Service Connected Disability Retirement for Jacqueline Trujillo – Government Code Section 31533
- b. Discussion and Action Regarding Bank of New York Mellon Disposition –Government Code Section 54956.81
- c. Discussion and Action Regarding Public Equity Restructuring Review and Manager Disposition – Government Code Section 54956.81

9. Closed Session (cont.)
 - 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. 648469
Government Code Section 54956.9(d)(1)
 - e. 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)
10. Members’ Forum (Information and Future Agenda Requests Only)
11. Adjournment



BOARD OF RETIREMENT MINUTES
March 28, 2017

1. Call Meeting to Order

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

2. Roll Call

Trustees Present: Donna Riley Jim DeMartini, Michael O'Neal, Jeff Grover, Mandip Dhillon, Mike Lynch, Darin Gharat, Sam Sharpe and Jegan Raja for Gordon Ford

Trustees Absent: Gordon Ford

Alternate Trustee Absent Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kellie Gomes, Executive Board Assistant
Kathy Herman, Fiscal Services Manager
Dawn Lea, Member and Employer Services Manager

Others Present: Fred Silva, General Legal Counsel
Ed Hoffman, Investment Consultant joined by phone

3. Announcements

Executive Director Rick Santos presented the following service awards to StanCERA employees:

- Teresa Clayton 20 Year Service Award
- Natalie Elliott 15 Year Service Award

4. Public Comment

None

5. Consent Items

- a. Approval of the February 28, 2017 Meeting Minutes
- b. Monthly Staff Report
- c. Approval of Service Retirement(s) – Sections 31499.14, 31670, 31662.2 & 31810
 1. Almen, Christine – Alliance Worknet – Effective 03-18-17
 2. Arredondo, Ralph – Alliance Worknet – Effective 03-31-17
 3. Baker, Lynne – Assessor - Effective 03-31-17
 4. Bean, Jeanine – Courts – Effective 03-31-17
 5. Bekedam, Beverley – HSA – Effective 03-27-17
 6. Bertalotto, Kevin –DA – Effective 03-18-17 *
 7. Blomquist, Carol – Library – Effective 03-31-17
 8. Blumenstein, Joann – CSA – Effective 03-30-17
 9. Boulet, Jeanne – Alliance Worknet– Effective 03-31-17
 10. Brewer, Sharon – HSA – Effective 03-18-17

5. Consent Items(Cont.)

11. Burrows, Lynda – CSA – Effective 03-17-17
12. Camboia, Phyllis - CSA – Effective 03-04-17
13. Cambron, Roger – CSA – Effective 03-04-17
14. Cardoza, Mark – Sheriff – Effective 03-18-17 *
15. Concepcion, Cynthia – CSA – Effective 03-04-17
16. Dean, Nenita – CSA – Effective 03-31-17
17. Dunbar, Carol – HSA – Effective 03-18-17
18. Egbikuadje, John – Alliance Worknet – Effective 03-31-17
19. Fidalgo, Teresa – CSA – Effective 03-25-17
20. Frisk, Rose – CSA – Effective 03-04-17
21. Frost, David – Sheriff - Effective 03-13-17 *
22. Gatto, Frank – DER – Effective 03-29-17
23. Gisler, Karen – DA – Effective 03-31-17
24. Gobel, Gene – HSA – Effective 03-16-17
25. Gomez, Jose – City of Ceres – Effective 03-31-17
26. Hendricks, Richard – Sheriff – Effective 03-02-17 *
27. Hunt, Robert – Sheriff – Effective 03-18-17 *
28. Huntsinger, Peggy – CEO – Effective 3-18-17
29. Jeffries, Vaughn – HSA – Effective 03-03-17
30. Jimenez, Cheryl – Sheriff – Effective 03-18-17 *
31. Jonasen, Laura – CSA – Effective 03-31-17
32. Kelly, Alice – CSA – Effective 03-04-17
33. Loeser, Shawna – Public Works – Effective 03-02-17
34. Lopez, Elsa – DCSS – Effective 02-28-17
35. Mahaney, Richard – CSA – Effective 03-30-17
36. Martinez, Aaron – BHRS – Effective 03-31-17
37. Mitre, Maria – CSA – Effective 03-11-17
38. Morrison, Elizabeth – CSA – Effective 03-18-17
39. Muldrow, Karen – Probation – Effective 03-02-17 *
40. Negley, Denise – Sheriff – Effective 03-18-17 *
41. Pagcaliuagan, Leonard – Sheriff – Effective 03-18-17 *
42. Perez, Lucila – HSA – Effective 03-31-17
43. Perez, Vita – Alliance Worknet – Effective 03-31-17
44. Peterson, Dwight – DCSS – Effective 03-17-17
45. Powers, Jerry – Probation – Effective 01-05-16 *
46. Renard, Melanie – Courts – Effective 03-09-17
47. Sanchez, Juan – BHRS – Effective 03-31-17
48. Sciabica, Emily – Alliance WorkNet – Effective 03-31-17
49. Sharp, Sharon – DA – Effective 03-31-17
50. Sorlin, Asiyah – CSA – Effective 03-18-17
51. Sweatman, Vivian – Sheriff – Effective 03-18-17 Corrected from original agenda (not safety personnel)
52. Tigner, Debra – Probation – Effective 03-09-17
53. Valenzuela, Olga – CSA – Effective 03-31-17
54. Villalobos, Elvia – CSA – Effective 02-08-17
55. Walker, John – HSA – Effective 03-31-17
56. Weaver, James – Sheriff – Effective 03-16-17 *
57. Wheeler, Randall – City of Ceres – Effective 03-30-17 *

* Indicates Safety Personnel

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

1. Casas, Martha – HSA – Effective 01-21-17
2. Gregory-Duarte, Laura – HSA – Effective 01-26-17
3. Grow, Tara - Probation – Effective 02-25-17 *
4. Martinez, Adrian – Sheriff – Effective 01-6-17 *
5. Ramirez, Ashely – Probation – Effective 2-27-17 *
6. Rogers, Lillian – DA – Effective 11-19-16

e. Approval of Death Benefit - Sections 31781, 31781.1 and 31781.3

1. Meredith, Diane, Deceased March 16, 2017, Active Member

Motion was made by Trustee O'Neal and seconded by Trustee Grover to accept the consent items as presented.

Motion carried unanimously

6. Investment Manager Annual Presentation

- a. PIMCO
 1. Value Added
- b. LSV
 1. Value Added

7. Executive Director – Investment

- a. Discussion and Action Regarding Bank of New York Mellon Foreign Exchange Transaction Litigation

Staff was directed to bring back Insight Investment and Bank of New York Mellon Core Fund for discussion and action for the April board meeting

- b. Auxiliary Investment Report

8. Verus – Investment Consultant

- a. Flash Report February 29, 2017
- b. Discussion and Action Regarding Asset Allocation and Risk Parity Review

Staff was asked to bring this item back to the April 25, 2017 meeting to discuss further.

- c. Value Add Private Investments

9. Executive Director – Administrative

- a. Discussion and Action Regarding 2016 Final Actuarial Valuation Results

Motion was made by Trustee Grover and seconded by Trustee Dhillon to accept the 2016 Final Actuarial Valuation as presented.

Motion carried unanimously

- b. Legal/Legislation Update

Fred Silva provided a legal update regarding a recent City of San Jose case regarding PRA requests and personal email accounts

9. Executive Director – Administrative (cont.)

c. Information Technology Solutions (ITS) Project Update

Dawn Lea provided a ITS update. Please see agenda item for details.

10. Closed Session

Motion was made by Trustee Riley and seconded by Trustee Raja to move in to closed session at 4:28 p.m.

Motion carried unanimously

a. Discussion and Action Regarding Jackson Square Partners Government Code Section 54956.81

b. Conference with Legal Counsel – Pending Litigation – One Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)

c. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees’ Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)

Motion was made by Trustee Riley and seconded by Trustee Dhillon to move in to open session at 4:42 p.m.

Motion carried unanimously

Read out from closed session for Item 10a by Kellie Gomes:

Motion was made by Trustee Grover and seconded by Trustee O’Neal to Authorize the Executive Director to enter into the Amendment to the Investment Advisory Agreement provided by Jackson Square.

Motion carried unanimously

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

Director Rick Santos presented the request from the SACRS Board of Directors to present the SACRS Outreach Program at the April Board of Retirement meeting. Staff was directed to allow the presenter time at the April Board meeting.

12. Adjournment

Meeting adjourned at 4:45 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: 
Fred Silva, General Legal Counsel



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 5.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) *Member & Employer Services* – During the month of March 2017, Member and Employer Services Staff processed 42 new hires (14 Safety and 28 General), 32 terminations, 3 estimates and 2 buy backs. There were 33 individual counseling sessions and one disability hearing.

Staff continues to devote many hours to meeting with the Tegrity Analysts to continue defining the business rules necessary to ensure that StanCERA's needs will be met with the Arrivos system.

Staff met the end of March deadline for having the files of deceased and refunded members ready to be scanned during the first week of April.

Staff continues to audit member files in anticipation of the data conversion that will be required with the implementation of the Arrivos pension administration system

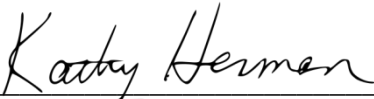
- b) *Fiscal Services* – Employer and employee contributions totaling \$9,844,591 were received through 19 different payroll batches in March. In addition, 17 contribution refunds and death benefit payouts totaling \$144,755.96 were processed. The retiree payroll for April of \$9,372,058 was processed as scheduled. Form 700 and IRS forms 1099R were submitted as required. Staff continues to update policies and will bring several to the Internal Governance Committee in May

- c) *Investment Governance and Compliance* – Staff recently completed the 2nd round of interviews for the Investment Officer position. It is staff's intent to bring the potential candidate in to spend time with both staff and any trustees that may wish to participate. Staff will make a final decision and offer based on this final step. Staff has also been putting together a 1-year work plan for this position with the intent that the candidate set up an investment governance program that focuses mainly on review of manager documents, communication, investment policy compliance, portfolio monitoring and AB2833 (alternative investment reporting). With this framework in mind, as current staff exits over the years, the Organization will be well poised to continue this internal governance into the future.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



Dawn Lea, Member and Employer Services Manager



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update - Quarter 1
- II. ITEM NUMBER: 5.c
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: This is the Quarter 1 Executive Director goals update for 2017 (Attachment 1). Quarter 1 progress for all items is denoted in green. This quarter, as it relates to the Strategic Plan, progress was driven largely by work surrounding the information technology solutions, investment governance issues, preparation for the asset allocation transition, succession planning and organizational structure issues. Regarding ongoing items, staff outreach with employer and employee stakeholders, organizational diligence and ITS Statements of Work and Process Plans dominated.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Rick Santos, Executive Director



General and/or Ongoing Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - Work on various pension issues with County Officials
 - Hybrid DC/DB workshop with BOS
 - Participation in labor negotiations regarding pension issues/costs
2. Facilitate transition of StanCERA's asset allocation
 - Due diligence with prospective managers
 - Research issues concerning private credit and equity
3. Continued progress on the System data clean-up project
 - Ongoing progress continues, but was slowed due to the file preparation for back file conversion.
4. Complete 2 Trustee Elections
5. Continued monitoring of StanCERA lawsuits
 - Participation in O'Neal appeal
 - Participation in Buck/StanCERA negotiations
6. Director Professional Development
7. Facilitate RFP for General Legal Counsel
8. Oversee Information Technology Solutions Project
 - Completion and sign off of process flow documents, Statements of Work and various project plans
 - Provide input and direction in sessions pertaining to imaging and employer reporting
 - Develop understanding and mitigation strategies for project risk points
9. Oversee and completion of day to day administrative functions
 - All normal business and administrative functions complete and on time
 - Outstanding disabilities as of April 11, 2017: 11
10. Training of Investment Officer
11. Re-organization of Investment Data and Reporting Tools
 - Transformation of all investment related data into an Access relational database
 - Preliminary research into and drafting of new reporting tools
12. Biennial By-Law Review



Items Explicitly Tied to the 2017-2019 Strategic Plan

Strategic Objective #1

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

Strategic Plan Objective #1: Action Plan with Deliverables

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



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

Strategic Objective # 2

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

Strategic Plan Objective #2: Action Plan with Deliverables

1. Maintain and improve the comprehensive internal investment governance process
 - ✓ Train internal investment staff on the general processes, procedures and the data collection process (2017)
 - ✓ Enhance the internal reporting format (*ongoing*): *Quarter 1 progress includes enhanced alternative reporting*
2. Maintain a comprehensive internal investment data repository: *Quarter 1 progress includes the creation of a new relational database and initial conversion of all investment related data. This database is currently being used to produce quarterly auxiliary investment reports*
3. Develop and maintain auxiliary performance reporting
 - ✓ Continue to develop and enhance auxiliary reporting with an eye towards simplicity (*ongoing*): *Quarter 1 progress includes a revised reporting format for value added and investment summary reporting*
 - ✓ Enhance reporting format and aesthetics (*ongoing*): *Quarter 1 progress includes a new reporting format for value added, alternatives and investment summary reporting*
 - ✓ Work with consultant to develop a valid benchmark for all alternative investments (2017) *Quarter 1 progress includes preliminary discussions and input from the consultant and Board of Retirement*
4. Provide StanCERA staff opportunities to enhance their knowledge regarding the investment governance process
 - ✓ Develop study programs and reimbursement policies for the CFA and CAIA designations (2017)
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to alternative investments (*ongoing*)
 - ✓ Provide opportunities for internal staff to attend seminars and conferences related to understanding investment contracts, ADV and SOC reports (*ongoing*)



Strategic Objective # 3

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

Strategic Plan Objective #3: Action Plan with Deliverables

1. Train for succession planning to prepare for StanCERA's future and continue to cross-train staff to optimize efficacies for staffing level fluctuations.
 - ✓ Involve all staff in the design and implementation of new software. *(ongoing)*
Identified subject matter experts are attending 4-6 work sessions each week to facilitate this process.
 - ✓ Establish training plan for each classification with goals and milestones *(2017)*
2. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
 - ✓ All Board approved policies are updated to meet current communications standards. *(2017) Work on going, 35% complete*
 - ✓ Annual staff training on communication standards and implementation. *(ongoing)*
 - ✓ All standard forms are updated to meet current communication guidelines. *(2017) All standard forms in place as of January 10, 2017 have been updated.*
 - ✓ Formalize StanCERA's peer review philosophy *(2017)*
3. Develop and implement an educational policy and plan for staff.
 - ✓ Identify individual staff educational needs annually through the annual employee evaluation process. *(ongoing)*
 - ✓ Develop study programs and reimbursement policies for job related training and certification programs *(2017) Draft to ED on 4/8/2017*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to job specific training needs *(ongoing)* *Seven staff members took part in various on site and off site trainings or conferences in the 1st quarter. (CALAPRS, GFOA, Microsoft Office Enhancement, and Organization Development.)*
4. Develop and implement a team-building action plan.
 - ✓ Hold a minimum of one team building event offsite annually *(ongoing)*
 - ✓ Institute a quarterly teambuilding event onsite *(2017) Formal employee recognition established with Board of Retirement presentations. 1st quarterly team building event completed March 31, followed by special events celebration.*
 - ✓ Institute monthly team meetings with supervisors *(2017) Monthly meetings are in place and ongoing.*

Strategic Objective # 4



Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

Strategic Plan Objective #4: Action Plan with Deliverables

1. Implementation of Electronic Member Filing Content Management System
 - ✓ Identify Subject Matter Expert to oversee implementation (2017) *Complete*
 - ✓ Develop records retention guidelines for member records (2017) *Adopted by the Board on February 28, 2017*
 - ✓ Determine index scheme (2017)
 - ✓ Vendor completes back file conversion of member files (2017) *File preparation completed on March 31, 2017.*
2. Enhance stakeholder education and communication opportunities
 - ✓ Formally meet with all plan sponsors, no less than annually (ongoing)
3. Substantial completion of Pension Software System implementation
 - ✓ Project initiation and startup (2017) *Phase I completed March 29, 2017*
 - ✓ Infrastructure / Hardware / Software setup and hosting (2017)
4. Design and rollout of improved StanCERA website
 - ✓ Complete RFP Process for a Web Designer (2017)
5. Create an organizational structure that maximizes recruitment potential and encourages staff development for future leadership positions
 - ✓ Survey 37 act system to determine optimum staffing (2017)
 - ✓ Collaborate with County Personnel to block budget multiple retirement positions (2017)
 - ✓ Restructure organization chart (2017)



Stanislaus County Employees' Retirement Association

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

April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Alaine Taa, Administrative Assistant

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

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

Number of Complaints	Caller Status	Nature of Complaints
1	Retiree	Retiree complained about being overcharged on her health insurance coverage
1	Active	Active member complained about several manual processes that will be resolved with the implementation of the new pension system.
11	Active	Several calls from active members regarding the long turn around time for Estimates and Buy Backs (up to 11 months)

The number of complaints this quarter slightly decreased compared to the previous report period October 1 through December 31, 2016.

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


Alaine Taa, Administrative Assistant


Kathy Herman, Fiscal Services Manager



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Dawn Lea, Member and Employer Services Manager

I. SUBJECT: Legal Update

II. ITEM NUMBER: 5.e

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

In November 2010, City of San Diego Mayor Sanders publicly announced that he would pursue a ballot measure to amend the San Diego city charter to provide 401(k) style retirement benefits, instead of a defined benefit pension to newly hired employees.

In April 2011, while proponents of the Citizens Pension Reform Initiative (CPRI) were collecting signatures for the measure to be placed on the Ballot, Mayor Sanders started touting the measure in public speeches and interviews.

In July 2011, labor unions representing City employees wrote to Mayor Sanders demanding that the City meet and confer before placing the CPRI on the ballot. The City declined the demand, replying that if the proponents obtained enough valid signatures, state law required the City Council to place the measure on the ballot and thus there was no policy decision over which to meet and confer.

Enough valid signatures were eventually collected and the City Council passed a resolution placing the measure on the ballot for the June 2012 primary election.

In January 2012, the unions filed unfair practice charges with the Public Employment Relations Board (PERB) alleging that the City violated its duty to meet and confer before placing the CPRI on the ballot. PERB issued a complaint and set an expedited hearing on the charges. They also unsuccessfully sought an injunction to keep the initiative off the ballot.

In June 2012, a majority of the electorate voted in favor of the CPRI.

After a hearing, a PERB Administrative law judge (ALJ) ruled that the City violated the Meyers-Milias-Brown Act (MMBA), because Mayor Sanders was acting as an agent of the City when he supported the CPRI and therefore the City was obligated to meet and confer. On appeal, PERB affirmed the ALJ's decision and ordered "make whole" relief that essentially required the City to ignore the city charter provisions that resulted from the voters' approval of the CPRI.

In August 2016, the California Court of Appeal heard arguments in The City of San Diego vs. PERB. Ultimately, the court of appeal annulled PERB's decision, finding that the City had no obligation to meet and confer over the CPRI. The court found that the MMBA's meet and confer requirements do not apply to citizens' initiatives.

It is also important to note that the court's decision was based in part on the limited power and special duty that elected officials have in connection with citizen initiatives. The court emphasized that, under the Elections Code, the city council was required to place the initiative on the ballot without alteration, and was not legally authorized to do otherwise. Thus, there was no policy decision over which the City could have met and conferred.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



Dawn Lea, Member and Employer Services Manager



Rick Santos, Executive Director



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Annual Manager Visits
- II. ITEM NUMBER: 6.a
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Eliminate the annual manager performance review with the Board of Retirement and only require formal manager visits and discussion if either the Board or the StanCERA Investment Consultant or StanCERA staff deem it necessary
- V. EXECUTIVE SUMMARY: StanCERA's current practice regarding visits with investment managers is to have them present to the Board either in person or by conference call once annually. This has been a long held tradition and in general, has served the Board and the Organization well. However, in light of changes in StanCERA's investment governance practices and staff involvement with reporting, analysis and regular communication with managers, the benefits from the current practice appears to be marginal at best. Consequently, staff is recommending a change to our current practice, whereby managers are brought before the Board at such time that conditions suggest it may be beneficial.
- VI. ANALYSIS: Recently, the StanCERA Board approved Investment Directive #2, *Investment Strategy Disposition*. This directive laid the foundation for the monitoring, assessment and retention of StanCERA investment managers. The directive implicitly contained 5 general criteria regarding investment manager disposition.
 1. Performance
 2. Investment Strategy
 3. Organizational Stability
 4. Regulatory Actions
 5. Compliance

In general, most managers meet or exceed expectations regarding the mentioned criteria on a consistent basis. Through regular communication and independent monitoring, staff has found that managers are forthcoming regarding organizational issues and regulatory actions. Performance and strategy issues generally lie in the domain of the Consultant and StanCERA staff but are regularly monitored and subject to objective analysis. Compliance issues will be enhanced with the addition of an Investment Officer.

Given the structural changes in the way StanCERA now administers its investment governance, staff and the consultant monitor these issues on a regular basis and can make the determination whether further diligence in the form of a formal discussion with the StanCERA Board is necessary. Further, the addition of a StanCERA Investment Office dedicated solely to the administration of investment governance, greatly enhances the Organization's capabilities. Additionally, the StanCERA Board can always request to meet with any manager if it so chooses.

Performance

Through a combination of analyses by the Investment Consultant and StanCERA staff, performance monitoring is regular and comprehensive. For the most part, performance analysis and monitoring in this sense means relative and absolute performance, fee and attribution analysis. These metrics are currently analyzed and evaluated on at least a quarterly basis.

Investment Strategy

Investment strategy is related to adherence to manager philosophies and processes, the current economic environment and whether these still fit within StanCERA's strategic asset allocation. The economic environment and potential effects on asset allocation are discussed with the Board quarterly.

Adherence to investment philosophies and processes may be revealed through regular communication and objective statistical and mathematical analyses and can be analyzed as needed. Currently, staff does not report regularly on these metrics, however if conditions warrant, these analyses are available and can be used in the evaluation and discussion with managers if necessary.

Organizational Stability

Monitoring of organizational stability is achieved through regular communication with managers and monitoring various news sources. In general, the managers themselves are the first line of defense for monitoring in this area. Managers are fairly quick to get out ahead of organizational issues that may arise, since they are widely reported on and managers are motivated to quell any speculation. Staff currently reports on these issues to the Board through meetings or general email.

Regulatory Actions

As with organizational stability issues, managers generally look to communicate quickly with clients. Additionally, with new investment staff coming aboard, regular monitoring of news sources will become a staple of the governance program. Staff currently reports out on these issues through meetings and email.

Compliance

Currently, StanCERA does not have a formal process in place for monitoring manager compliance with the Investment Policy. Some managers do reach out to staff when their holdings or actions place them out of compliance with policy and in fact some actually have internal processes in place for self-monitoring. However, from staff's perspective, there is more work that can be done in this area.

One of the tasks that will be assigned to StanCERA's new Investment Officer will be to set up formal processes and procedures that allow the Organization to monitor compliance issues. This will be achieved through various means such as monitoring the portfolio and its holdings using the Bloomberg application, regular review of SOC/ADV reports and by regular communication with the managers. It has not yet been determined the extent of reporting out on these issues but monitoring will be regular and can always be used in the determination of manager disposition and resulting visits.

Further Diligence and Routine Communication

In addition to the governance processes discussed earlier, StanCERA staff and Board Trustees visit each manager on-site at least once every 4 years. These visits focus mainly on operational risks and Organizational changes. Regarding communication, for various reasons, staff communicates routinely with investment managers via email and telephone. From time to time, staff also participates in conference calls with managers regarding portfolio holdings, fee reconciliation and performance. On average, staff estimates routine communication with managers 10 times per year, more or less depending on the mandate. For instance for the alternative mandates, staff may communicate with managers once every 2 weeks, whereas for the passive investments staff may only communicate once or twice per year.

Fiduciary Question

Naturally, the elimination of annual manager visits may prompt concerns regarding whether the Organization and in particular, the Board of Retirement is meeting its required fiduciary responsibilities. Staff has asked StanCERA special counsel Reed Smith to be available today to discuss any concerns that may arise from this important issue.

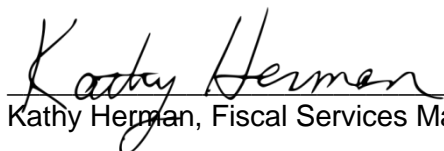
Recommendation

Given the nature and extent of the current state of manager monitoring, the addition of a StanCERA Investment Officer and expected enhancements to the investment governance process, staff feels it is in a favorable position to assess whether a formal visit by a particular manager is a necessary step. As such, staff is recommending that the Board eliminate the annual manager performance review with the Board of Retirement and only require formal manager visits and discussion if either the Board, the StanCERA Investment Consultant or StanCERA staff deem it necessary.

- VII. RISK: None
- VIII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- IX. ADMINISTRATIVE BUDGET IMPACT: No discernible impact



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



Stanislaus County Employees' Retirement Association

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

April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kathy Herman, Fiscal Services Manager

- I. SUBJECT: Raven Opportunity Fund I Update
- II. ITEM NUMBER: 6.b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: The Asset Allocation approved by the Board of Retirement on November 7, 2012 include a 5% allocation to direct lending. In 2013, upon recommendation of the investment consultant, the StanCERA Board of Retirement directed staff to invest \$40 Million in the Raven Opportunity Fund I. As part of this agreement, StanCERA provides one member to the Advisory Committee for this Fund. Trustee Jeff Grover volunteered to take on this responsibility. The most recent Committee meeting was held on April 19, 2017.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None


Kathy Herman, Fiscal Services Manager



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Insight Investments

II. ITEM NUMBER: 6.c

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: None

V. EXECUTIVE SUMMARY: During the March Retirement Board meeting, there was some discussion regarding the relationship between Insight Investments and the Bank of New York Mellon. Insight Investments was chosen in January to fulfill a portion of the liquidity mandate for StanCERA. The liquidity mandate is the major component of the FFP process, whereby the manager invests in a highly liquid, ultra safe portfolio of fixed income securities designed to fund StanCERA's shortfalls (retirement benefit payments less contributions). Staff estimates this mandate to be approximately \$100 million for fiscal year 2017-2018.

Last month the discussion regarding BNYM and Insight centered around the relationship between the two, namely that Insight is a wholly owned subsidiary of BNYM. From the ensuing discussion, the Board directed staff to bring this agenda back for further discussion and disposition. Staff from Insight will be on hand today to answer any questions or address any concerns.

VI. ANALYSIS: Insight Investments was initially chosen to manage the liquidity mandate after on-site diligence and subsequent recommendation to the StanCERA Board. The diligence process interviewed 6 potential candidates for the mandate, eventually settling on 2. The main reason for the recommendation was staff felt that the processes at Insight regarding liability immunization were keenly understood and completely addressed the Organization's needs and desires for this mandate.

Should the Board decide not to engage Insight, staff recommends Conning to fulfill the mandate. Based on the diligence review, Conning seems adequately prepared to address this part of the liquidity mandate. Regarding fees, Insight's engagement consisted of fees amounting to 12 basis points on assets under management, while Conning's fee arrangement amounts 11 basis points on assets under management.

VII. RISK: None

VIII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

IX. ADMINISTRATIVE BUDGET IMPACT: None

A handwritten signature in black ink, appearing to read "Rick Santos", with a stylized, cursive script.

Rick Santos, Executive Director

A handwritten signature in black ink, appearing to read "Kathy Herman", with a stylized, cursive script.

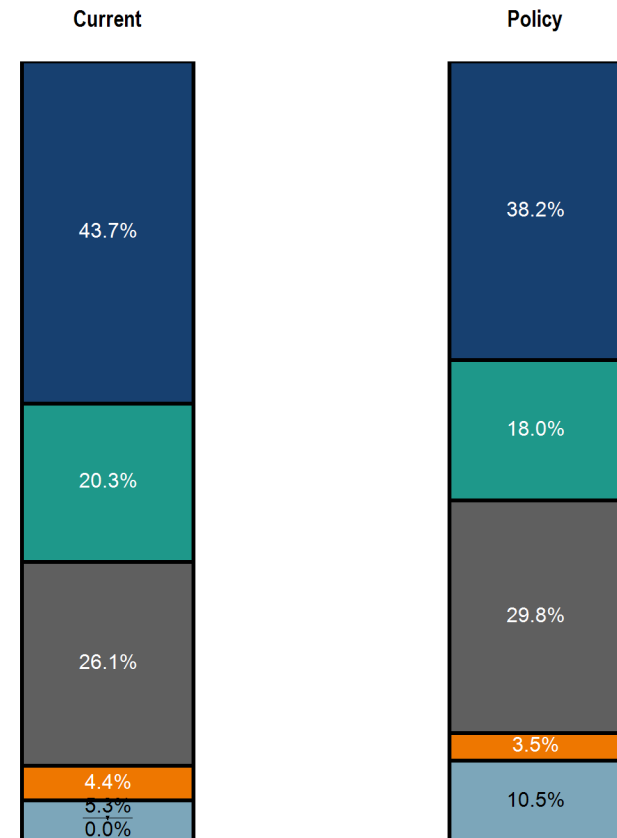
Kathy Herman, Fiscal Services Manager

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: March 31, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	1,928,549,715	100.0	0.7	4.1	10.7
<i>Policy Index</i>			0.4	3.8	8.2
US Equity	843,624,377	43.7	0.2	5.2	17.6
<i>US Equity Blended</i>			0.1	5.3	16.0
<i>Russell 3000</i>			0.1	5.7	15.0
Mellon S&P 500	98,830,344	5.1	0.1	6.1	14.4
<i>S&P 500</i>			0.1	6.1	14.4
BlackRock Russell 1000 Growth	98,090,949	5.1	1.2	8.9	15.1
<i>Russell 1000 Growth</i>			1.2	8.9	15.0
Jackson Square	133,873,399	6.9	1.2	7.4	10.4
<i>Russell 1000 Growth</i>			1.2	8.9	15.0
BlackRock Russell 1000 Value	115,848,970	6.0	-1.0	3.3	14.0
<i>Russell 1000 Value</i>			-1.0	3.3	14.0
Dodge & Cox-Equity	203,131,149	10.5	-0.5	4.8	25.8
<i>Russell 1000 Value</i>			-1.0	3.3	14.0
Legato Capital	90,798,804	4.7	1.1	4.2	15.6
<i>Russell 2000 Growth</i>			1.2	5.3	19.2
Capital Prospects	103,050,762	5.3	0.3	1.9	24.0
<i>Russell 2000 Value</i>			-0.8	-0.1	24.0
International Equity	392,215,097	20.3	2.8	7.7	15.6
<i>MSCI ACWI ex USA Gross</i>			2.6	8.0	14.2
LSV Asset Mgt	199,376,740	10.3	2.6	7.9	20.1
<i>MSCI ACWI ex USA Gross</i>			2.6	8.0	14.2
Fidelity	192,838,357	10.0	3.0	7.5	11.2
<i>MSCI ACWI ex USA Gross</i>			2.6	8.0	14.2
US Fixed Income	504,161,172	26.1	0.1	1.3	1.3
<i>BBgBarc US Aggregate TR</i>			-0.1	0.8	-1.7
Dodge & Cox-Fixed	388,598,179	20.1	0.1	1.3	1.8
<i>BBgBarc US Aggregate TR</i>			-0.1	0.8	-1.7
PIMCO	115,562,993	6.0	0.0	1.0	-0.6
<i>BBgBarc US Aggregate TR</i>			-0.1	0.8	-1.7

	Current	%	Policy	%
Domestic Equity	\$843,624,377	43.7%	\$736,705,991	38.2%
International Equity	\$392,215,097	20.3%	\$347,138,949	18.0%
Domestic Fixed Income	\$504,161,172	26.1%	\$574,707,815	29.8%
Real Estate	\$85,631,126	4.4%	\$67,499,240	3.5%
Alternatives	\$102,729,769	5.3%	\$202,497,720	10.5%
Cash and Equivalents	\$188,174	0.0%	--	--
Total	\$1,928,549,715	100.0%	\$1,928,549,715	100.0%



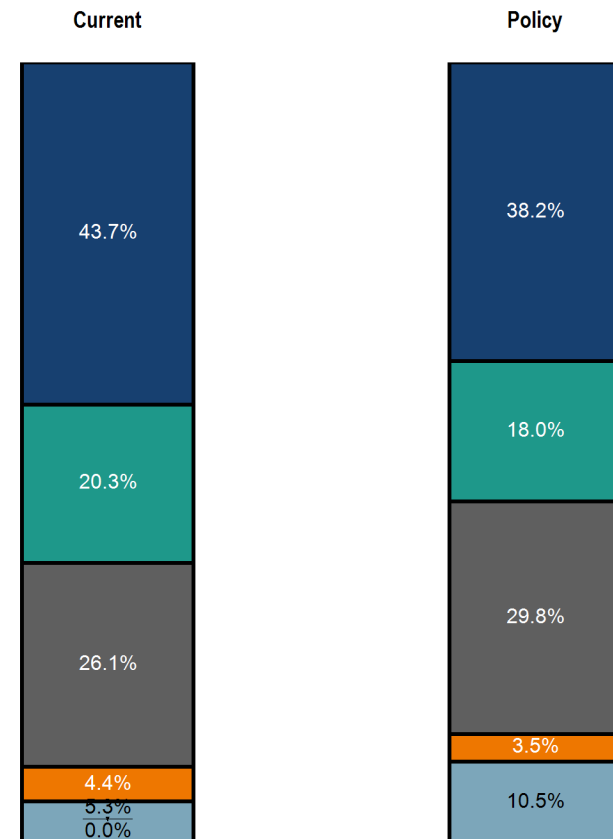
Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% BBgBarc US Aggregate TR, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: March 31, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Real Estate	85,631,126	4.4	-0.6	1.3	1.8
DJ US Select RESI			-2.8	-0.3	-4.0
Prime Property Fund	17,215,373	0.9	1.9	1.9	6.7
NCREIF-ODCE			0.0	0.0	4.2
American Strategic Value Realty	19,901,824	1.0	0.0	0.0	5.3
NCREIF Property Index			0.0	0.0	3.5
BlackRock US Real Estate	34,631,144	1.8	-2.8	-0.3	-4.1
DJ US Select RESI TR USD			-2.8	-0.3	-4.0
Greenfield Gap	13,882,786	0.7			
Direct Lending	90,541,954	4.7			
Medley Capital	24,639,459	1.3			
Raven Capital	15,336,447	0.8			
Raven Opportunity III	15,215,717	0.8			
White Oak Pinnacle	35,350,330	1.8			
Infrastructure	12,187,815	0.6			
MS Infrastructure Partners II	12,187,815	0.6			
Cash Account	188,174	0.0	0.1	0.1	0.8

	Current	%	Policy	%
Domestic Equity	\$843,624,377	43.7%	\$736,705,991	38.2%
International Equity	\$392,215,097	20.3%	\$347,138,949	18.0%
Domestic Fixed Income	\$504,161,172	26.1%	\$574,707,815	29.8%
Real Estate	\$85,631,126	4.4%	\$67,499,240	3.5%
Alternatives	\$102,729,769	5.3%	\$202,497,720	10.5%
Cash and Equivalents	\$188,174	0.0%	--	--
Total	\$1,928,549,715	100.0%	\$1,928,549,715	100.0%



Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% BBGBarc US Aggregate TR, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. Cash Account includes cash held at Northern Trust for all closed end funds and cash held by BlackRock. All data is preliminary.

Disclosures

This report is subject to the terms and conditions of the Consulting Agreement. The report may not be sold or otherwise provided, in whole or in part, to any other person or entity without written permission from Verus Advisory, Inc., (hereinafter Verus) or as required by law or any regulatory authority. The information presented does not constitute a recommendation by Verus and cannot be used for advertising or sales promotion purposes. This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities or any other financial instruments or products.

The information presented has been prepared using data from third party sources that Verus believes to be reliable. While Verus exercised reasonable professional care in preparing the report, it cannot guarantee the accuracy of the information provided by third party sources. Therefore, Verus makes no representations or warranties as to the accuracy of the information presented. Verus takes no responsibility or liability (including damages) for any error, omission, or inaccuracy in the data supplied by any third party. Nothing contained herein is, or should be relied on as a promise, representation, or guarantee as to future performance or a particular outcome. Even with portfolio diversification, asset allocation, and a long-term approach, investing involves risk of loss that the investor should be prepared to bear.

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

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

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



April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Asset Allocation Review
- II. ITEM NUMBER: 7.b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Each year, StanCERA is tasked to review capital market expectations and their implications on the asset allocation mix. In keeping with this mandate, this item takes a look at the revised capital market expectations, their effect on the current asset allocation and offers up other potential mixes for the Board to consider going forward.
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director

Kathy Herman, Fiscal Services Manager



PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



APRIL 2017

Annual Asset Allocation Update

Stanislaus County Employees' Retirement Association

Table of Contents



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

Asset allocation review

Executive summary	3
Asset allocation analysis	5
Next steps	15

Appendix

Plan profile	18
2017 Capital market assumptions	19

Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Verus Advisory Inc. and Verus Investors, LLC (“Verus”) file a single form ADV under the United States Investment Advisors Act of 1940, as amended.

Executive summary

Executive summary

- Per StanCERA's IPS approved in January 2017, "the Board will review capital market expectations annually. The result of this review will be used to update the Investment Resolutions as needed."
- At the March 2017 Board meeting, three alternative mixes were presented, and a fourth additional mix was discussed. Per the Board's request, this presentation includes a full analysis of the fourth mix.
- The recommendation is to adopt the alternative mix outlined in this presentation.

Asset allocation analysis

Asset allocation analysis

	Current (12/31/16)	Phase 1 Targets	2016 FFP 6-Yr	FFP 6-Yr Alternative Mix	CMA's (10 Yr)		
					Return	Standard Deviation	Sharpe Ratio
US Large	33.0	13.7	12.0	16.0	4.7	15.8	0.16
US Small	10.1	3.4	3.0	3.0	4.8	21.8	0.12
Private Equity	0.0	0.0	5.0	5.0	7.8	26.2	0.33
Total Domestic Equity	43.1	17.1	20.0	24.0			
International Developed	15.8	18.3	16.0	19.0	9.7	18.9	0.40
Emerging Markets	3.9	4.6	4.0	5.0	8.6	27.2	0.35
Total International Equity	19.7	22.9	20.0	24.0			
Private Credit	4.9	5.6	14.0	6.0	6.5	11.8	0.37
Core Real Estate	3.1	8.3	5.0	5.0	4.6	9.9	0.25
Value Add Real Estate	1.7	1.7	5.0	5.0	6.6	17.9	0.25
Total Growth Portfolio	72.5	55.6	64.0	64.0			
Core Fixed Income	27.4	8.4	0.0	0.0	3.3	6.5	0.17
Cash	0.1	1.0	1.0	1.0	2.2	1.2	--
Short-Term Gov't/Credit	0.0	18.0	18.0	18.0	2.6	3.7	0.13
Total Liquidity Portfolio	27.5	27.4	19.0	19.0			
Risk Parity	0.0	14.0	14.0	14.0	7.2	10.0	0.50
US Treasury	0.0	3.0	3.0	3.0	2.4	6.9	0.04
Total Risk Diversifying	0.0	17.0	17.0	17.0			
Total Allocation	100.0	100.0	100.0	100.0			

Asset allocation characteristics

Risk & return characteristics

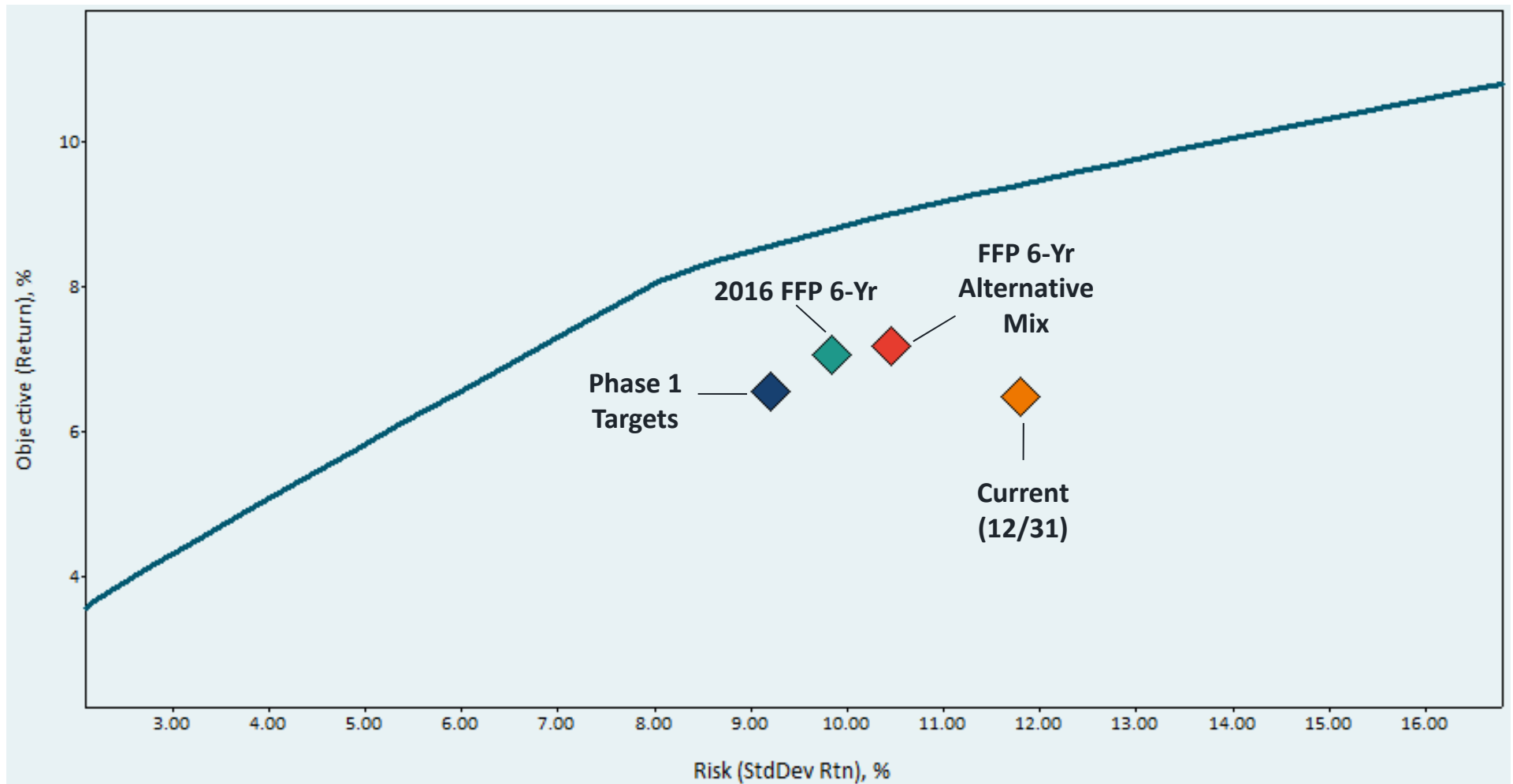
	Current (12/31/16)	Phase 1 Targets	2016 FFP 6-Yr	FFP 6-Yr Alternative Mix
Mean Variance Analysis				
Forecast 10 Year Return	5.8	6.2	6.6	6.7
Standard Deviation	11.8	9.2	9.8	10.5
<i>Return/Std. Deviation</i>	<i>0.49</i>	<i>0.67</i>	<i>0.67</i>	<i>0.64</i>
<i>1st percentile ret. 1 year</i>	<i>-24.9</i>	<i>-19.2</i>	<i>-20.9</i>	<i>-22.8</i>
Sharpe Ratio	0.36	0.47	0.49	0.47
Real Return	3.74	4.07	4.51	4.57

— Compared to the FFP 6-Yr asset allocation approved in 2016, the Alternative Mix:

- Decreases the exposure to private credit;
- Increases the exposure to both US & International equity;
- Modestly increases the portfolio's expected return and expected standard deviation; and
- Slightly decreases the portfolio's efficiency (i.e., Sharpe Ratio).

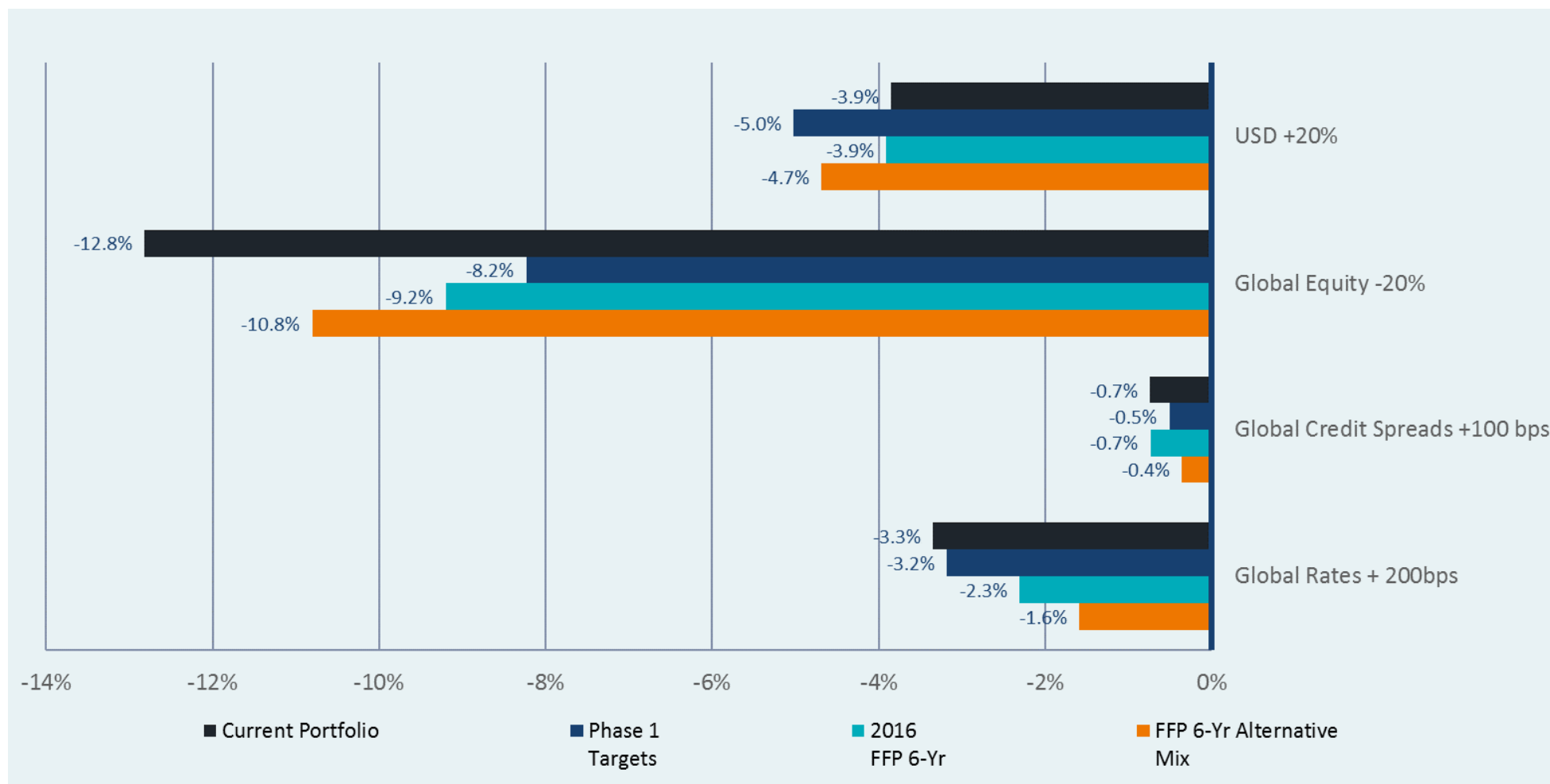
Asset allocation characteristics

Efficient Frontier



Stress test

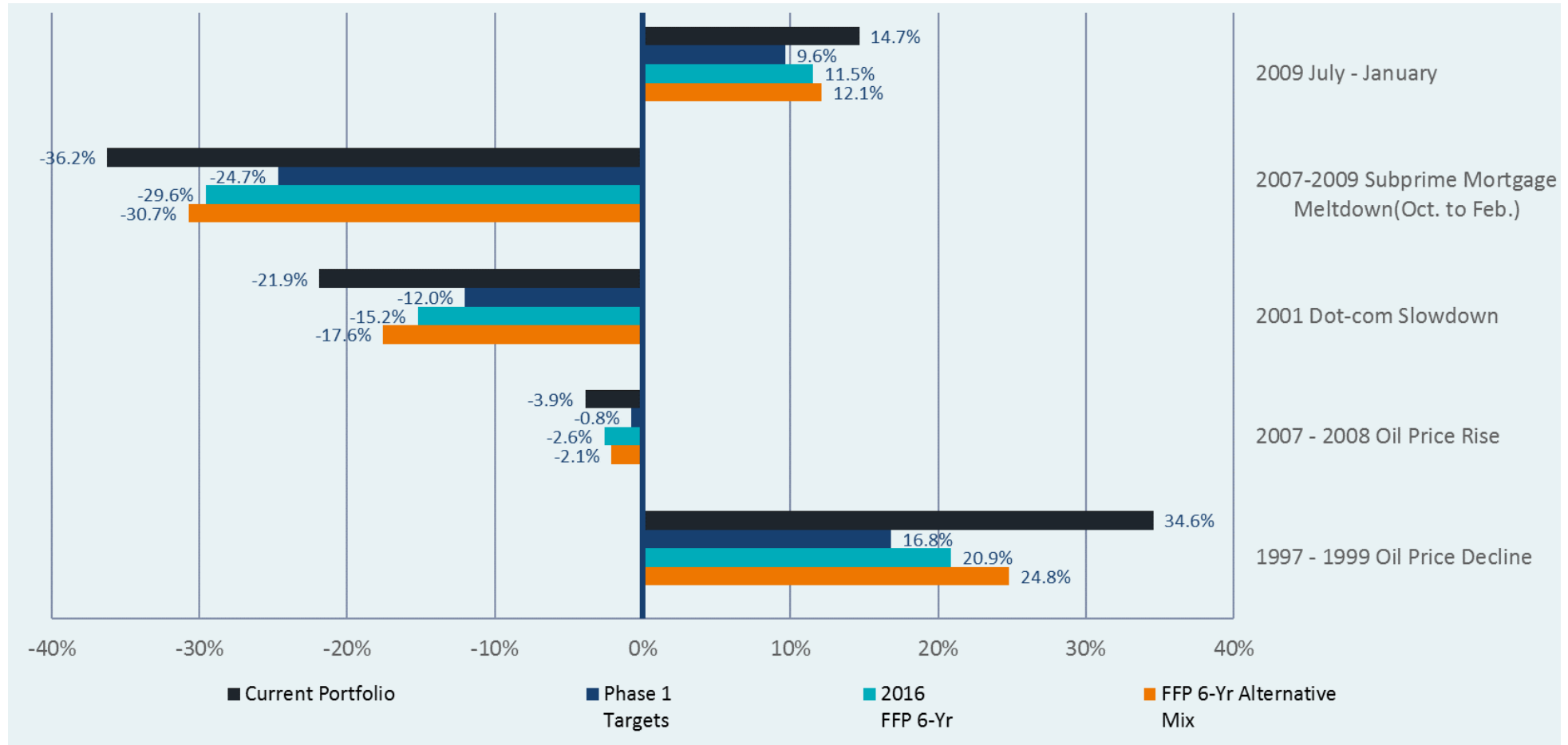
TAIL RISK – STRESS TEST



Scenario analysis based on risk factors in each mix and computed as hypothetical scenarios using MSCI Barra One

Historical scenario analysis

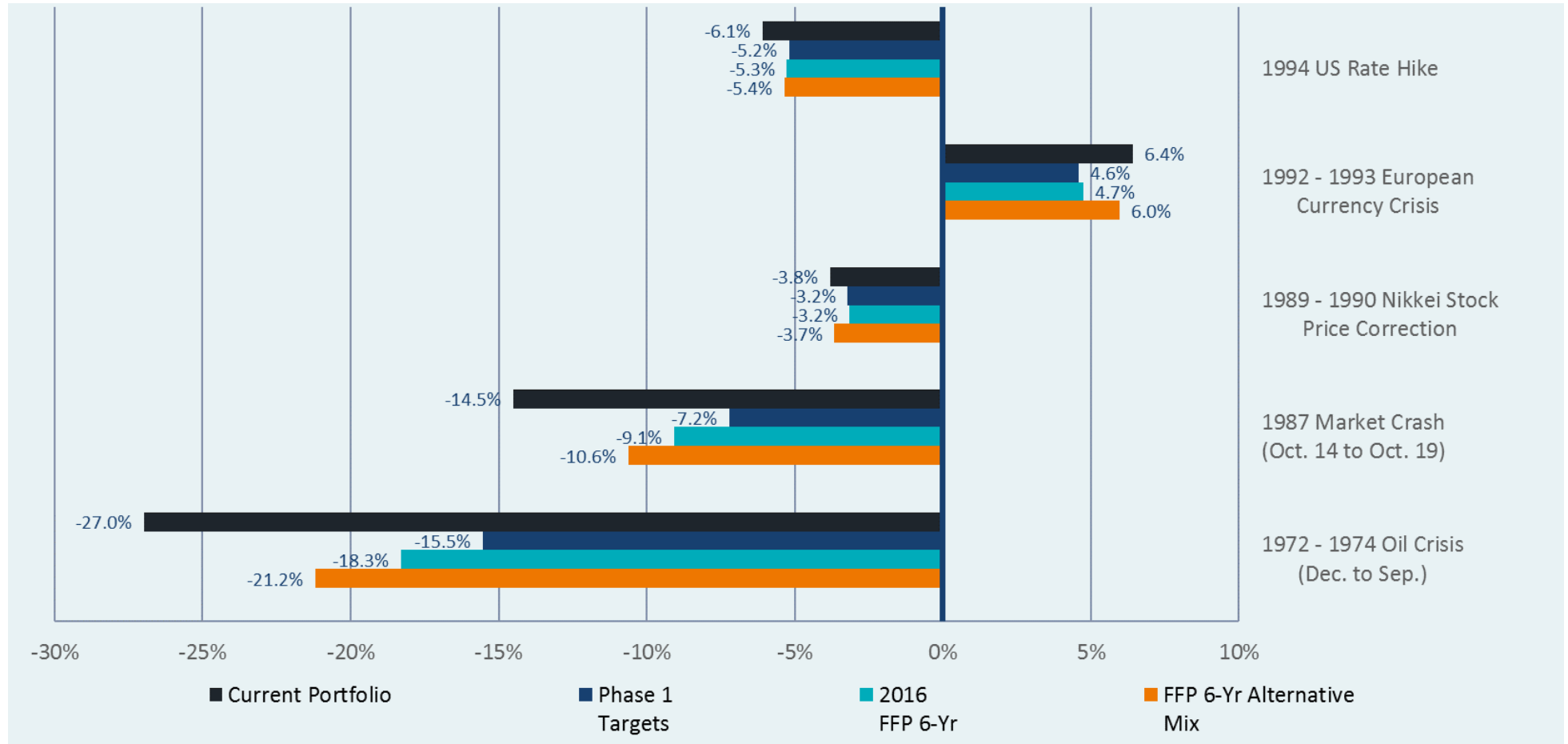
TAIL RISK – SCENARIO ANALYSIS



Scenario analysis based on risk factors in each mix and computed as hypothetical scenarios using MSCI Barra One

Historical scenario analysis

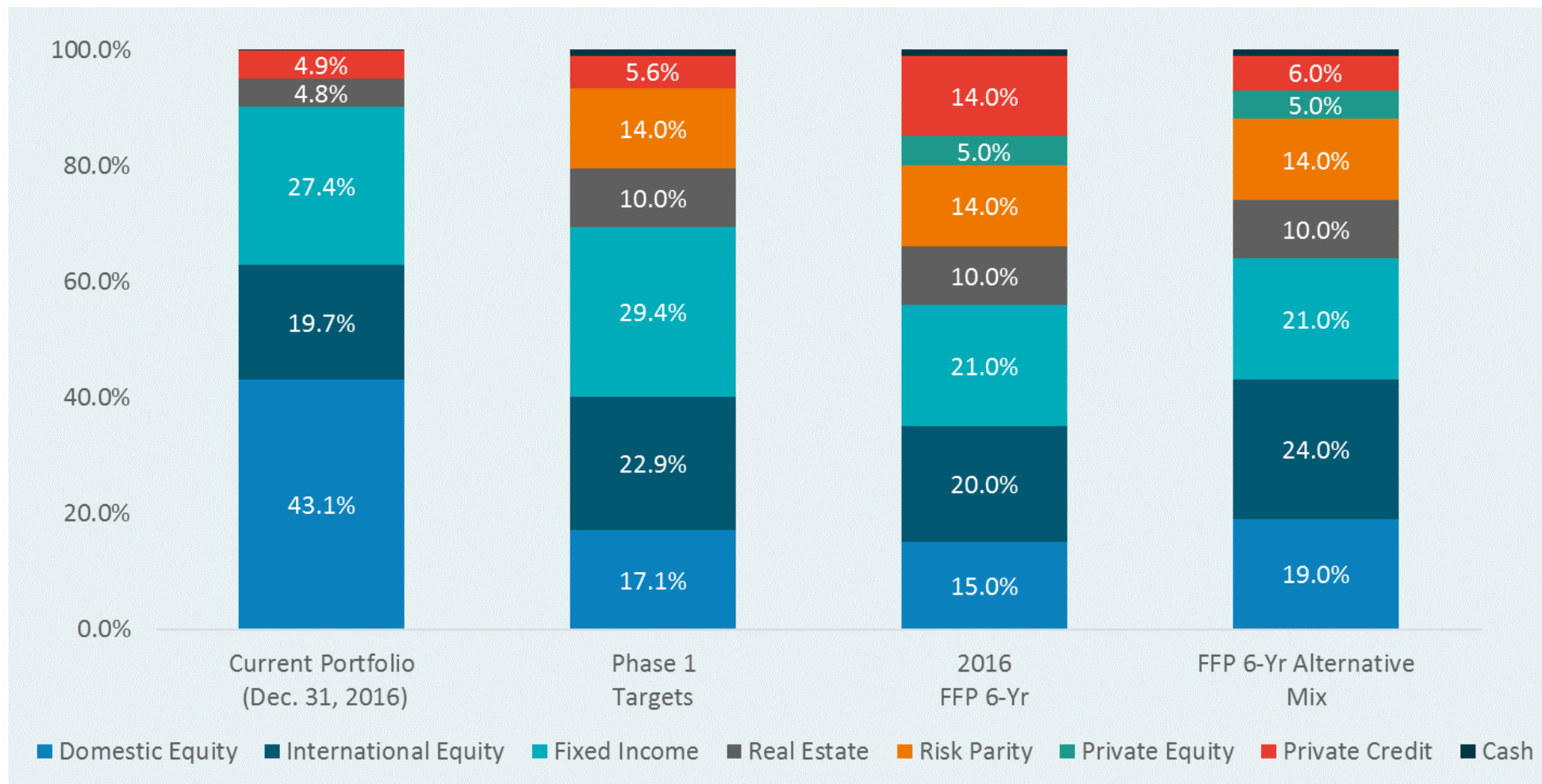
TAIL RISK – SCENARIO ANALYSIS



Scenario analysis based on risk factors in each mix and computed as hypothetical scenarios using MSCI Barra One

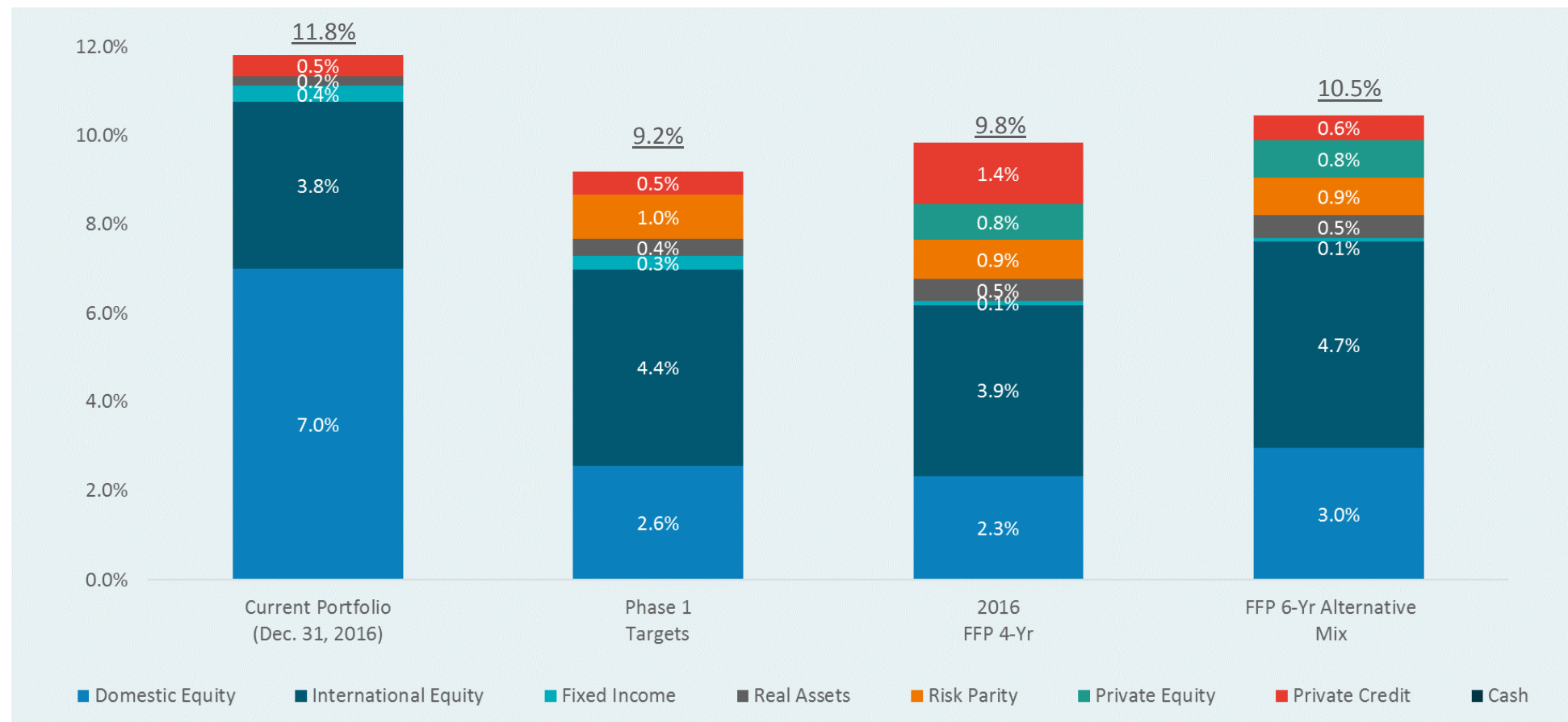
Asset allocation by asset class

ASSET ALLOCATION BY ASSET CLASS



Risk contribution by asset class

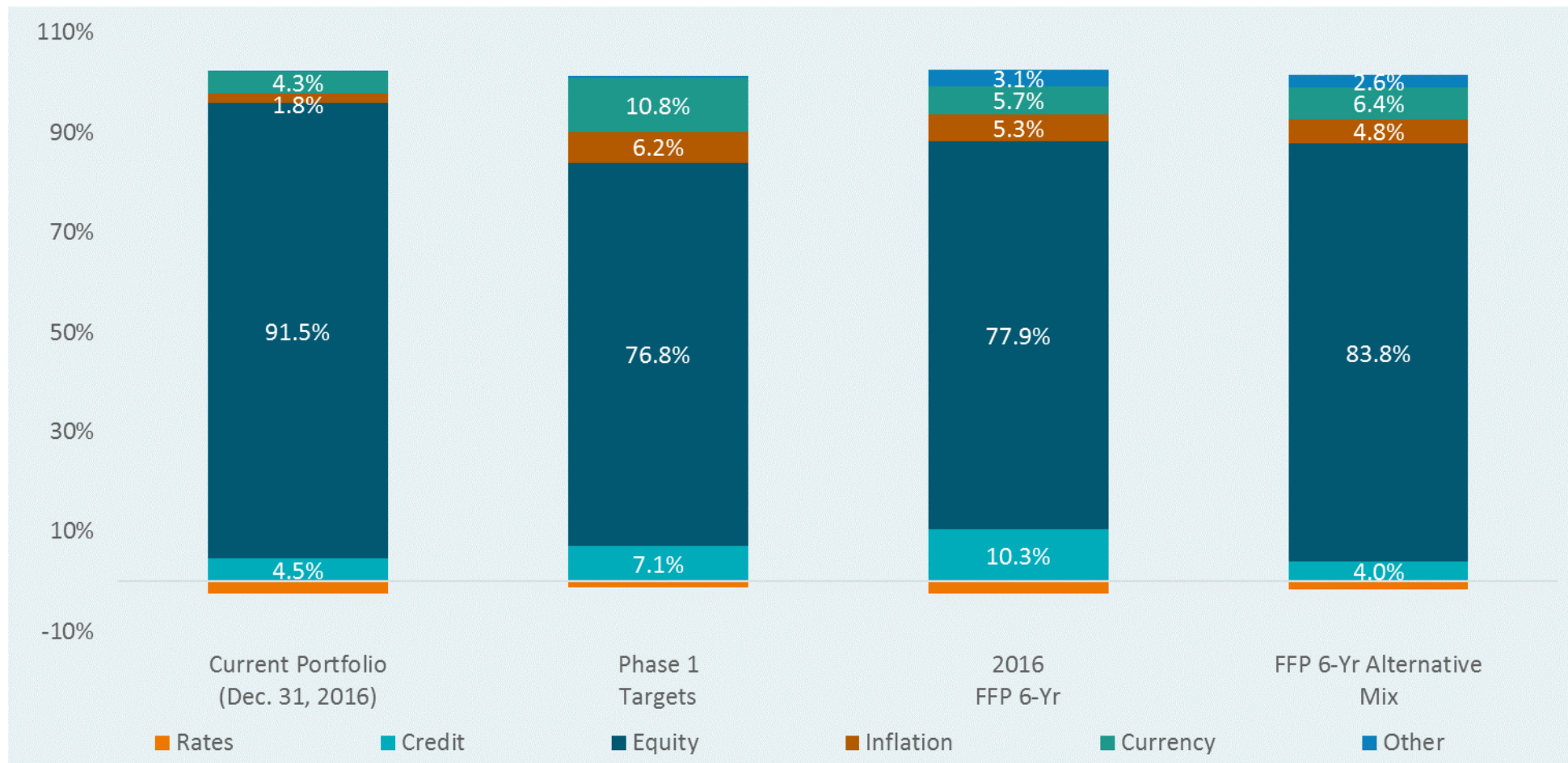
RISK CONTRIBUTION BY ASSET CLASS



Risk contribution based on Verus' Capital Market Assumptions

Risk contribution by risk factor

RISK CONTRIBUTION BY RISK FACTOR



Risk contribution based on MSCI BarraOne's Capital Market Assumptions

Next steps

Next steps

- Recommendation is to approve the “Alternative Mix”.
- No immediate changes will be made to the portfolio’s actual allocation.
 - The “Phase 1 targets & ranges” approved by the Board in January 2017 will be revised via an updated investment directive.
 - Implementation will take place in phases following the selection of risk parity manager(s) and approval of a rebalancing analysis at that time.

Appendix

Plan profile

Assumptions:

- Inflation = 3.0%
- Total return = 7.25%
- Real return = 4.25%

As of June 30, 2016:

- Average monthly Plan cash flows based on the previous 24 months:
 - Total Contributions\$6.62mm
 - Total Benefit Payments & Expenses\$(8.95)mm
 - Benefit Payments\$(8.75)mm
 - Operating Expenses\$(0.20)mm
 - Net Operating Cash Inflow (Outflow)\$(2.32)mm
 - Total Interest & Dividends\$3.77mm
 - Net Cash Inflow\$1.44mm
- Total participants = 9,120 (4,249 or 46.6% active, 1,289 or 14.1% inactive, 3,582 or 39.3% retired)
- Market value of assets as of December 31, 2016 = \$1,859.7 mm
- Actuarial liability = \$2,537.1 mm
- Funded ratio = 73.3% (December 31, 2016 market value of assets)

Sources: StanCERA Comprehensive Annual Financial Reports, Cheiron Actuarial Valuation Reports

10 year return & risk assumptions

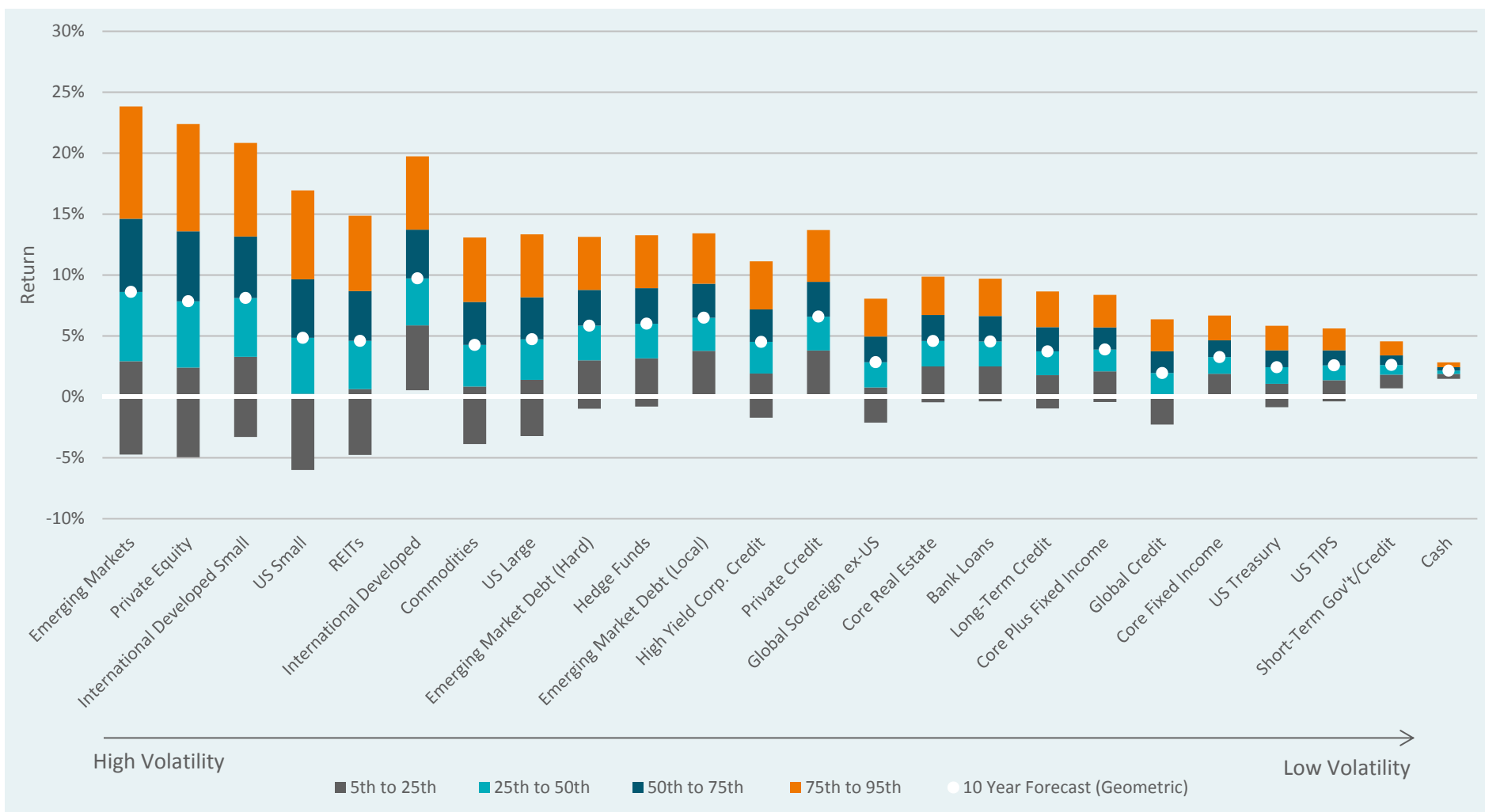
Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation	Sharpe Ratio (g)	Sharpe Ratio (a)	Ten Year Historical Sharpe Ratio (g)	Ten Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Equities								
US Large	S&P 500	4.7%	5.9%	15.8%	0.16	0.24	0.39	0.45
US Small	Russell 2000	4.8%	7.0%	21.8%	0.12	0.22	0.30	0.39
International Developed	MSCI EAFE	9.7%	11.3%	18.9%	0.40	0.48	-0.02	0.07
International Small	MSCI EAFE Small Cap	8.1%	10.5%	23.3%	0.26	0.36	0.09	0.19
Emerging Markets	MSCI EM	8.6%	11.8%	27.2%	0.24	0.35	0.04	0.16
Global Equity	MSCI ACWI	7.0%	8.4%	17.9%	0.27	0.35	0.15	0.23
Private Equity	Cambridge Private Equity	7.8%	10.8%	26.2%	0.22	0.33	0.88	0.89
Fixed Income								
Cash	30 Day T-Bills	2.2%	2.2%	1.2%	-	-	-	-
US TIPS	Barclays US TIPS 5 - 10	2.6%	2.7%	5.7%	0.08	0.10	0.57	0.59
US Treasury	Barclays Treasury 7 - 10 year	2.4%	2.7%	6.9%	0.04	0.08	0.70	0.72
Global Sovereign ex US	Barclays Global Treasury ex US	2.8%	3.3%	10.0%	0.07	0.12	0.23	0.27
Core Fixed Income	Barclays US Aggregate Bond	3.3%	3.5%	6.5%	0.17	0.20	1.07	1.06
Core Plus Fixed Income	Barclays US Corporate IG	3.9%	4.2%	8.5%	0.20	0.24	0.75	0.76
Short-Term Gov't/Credit	Barclays US Gov't/Credit 1 - 3 year	2.6%	2.7%	3.7%	0.13	0.14	1.45	1.44
Short-Term Credit	Barclays Credit 1 - 3 year	2.8%	2.9%	3.5%	0.17	0.20	1.08	1.07
Long-Term Credit	Barclays Long US Corporate	3.7%	4.2%	9.6%	0.17	0.21	0.56	0.59
High Yield Corp. Credit	Barclays High Yield	4.5%	5.2%	11.8%	0.20	0.26	0.60	0.63
Bank Loans	S&P/LSTA	4.5%	5.1%	10.8%	0.22	0.27	0.45	0.48
Global Credit	Barclays Global Credit	2.0%	2.3%	7.8%	-0.03	0.01	0.50	0.53
Emerging Markets Debt (Hard)	JPM EMBI Global Diversified	5.8%	6.6%	13.0%	0.28	0.34	0.66	0.69
Emerging Markets Debt (Local)	JPM GBI EM Global Diversified	6.5%	7.2%	13.4%	0.35	0.41	0.22	0.28
Private Credit	High Yield + 200 bps	6.5%	7.2%	11.8%	0.37	0.43	-	-
Other								
Commodities	Bloomberg Commodity	4.3%	5.5%	16.1%	0.13	0.21	-0.37	-0.35
Hedge Funds	HFRI Fund of Funds	6.0%	6.8%	13.2%	0.29	0.35	0.08	0.10
Hedge Funds (Fund of Funds)	HFRI Fund of Funds	5.0%	5.8%	13.2%	0.22	0.28	-	-
Core Real Estate	NCREIF Property	4.6%	5.1%	9.9%	0.25	0.29	1.03	1.03
Value-Add Real Estate	NCREIF Property + 200bps	6.6%	8.1%	17.9%	0.25	0.33	-	-
Opportunistic Real Estate	NCREIF Property + 400bps	8.6%	11.5%	26.0%	0.25	0.46	-	-
REITs	Wilshire REIT	4.6%	6.4%	19.7%	0.1	0.21	0.15	0.28
Risk Parity		7.2%	7.7%	10.0%	0.50	0.55	-	-
Inflation		2.1%	-	1.4%*	-	-	-	-

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

*Historical volatility of inflation. This is not a forecast.

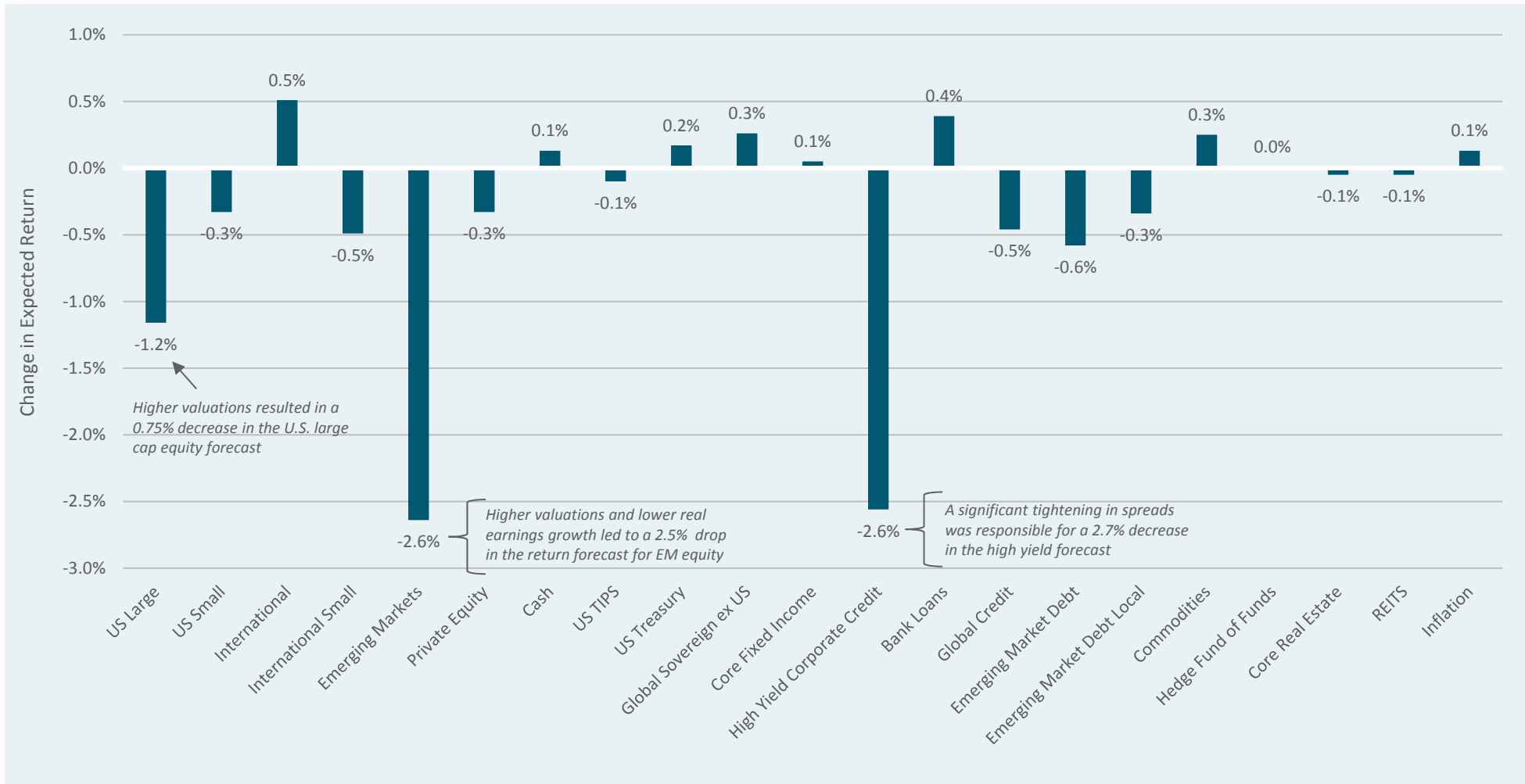
Range of likely 10 year outcomes

10 YEAR RETURN 90% CONFIDENCE INTERVAL



2017 vs. 2016 return forecast

2017 VS. 2016 RETURN FORECAST



Correlation assumptions

	Cash	US Large	US Small	Developed Large	Developed Small	EM	Global Equity	PE	US TIPS	US Treasury	Global Sovereign ex US	US Core	US Core Plus	Short – Term Govt/Credit	Short-Term Credit	Long-Term Credit	US HY	Bank Loans	Global Credit	EMD USD	EMD Local	Commodities	Hedge Funds	Real Estate	REITs	Risk Parity	Inflation
Cash	1.0																										
US Large	-0.2	1.0																									
US Small	-0.2	0.9	1.0																								
Developed Large	-0.1	0.9	0.8	1.0																							
Developed Small	-0.2	0.8	0.8	1.0	1.0																						
EM	-0.1	0.8	0.7	0.9	0.9	1.0																					
Global Equity	-0.1	1.0	0.9	1.0	0.9	0.9	1.0																				
PE	-0.2	0.7	0.7	0.6	0.5	0.5	0.7	1.0																			
US TIPS	0.1	0.2	0.1	0.3	0.3	0.4	0.3	0.0	1.0																		
US Treasury	0.1	-0.3	-0.3	-0.2	-0.2	-0.2	-0.3	-0.2	0.6	1.0																	
Global Sovereign ex US	0.1	0.2	0.1	0.4	0.4	0.4	0.3	-0.1	0.6	0.5	1.0																
US Core	0.1	0.0	-0.1	0.1	0.1	0.2	0.1	-0.1	0.8	0.9	0.6	1.0															
US Core Plus	-0.1	0.3	0.3	0.5	0.5	0.5	0.5	0.0	0.7	0.5	0.5	0.8	1.0														
Short – Term Govt/Credit	0.4	-0.1	-0.1	0.1	0.1	0.1	0.0	-0.2	0.6	0.6	0.6	0.7	0.5	1.0													
Short-Term Credit	0.1	0.3	0.2	0.5	0.5	0.5	0.4	-0.2	0.5	0.2	0.5	0.5	0.8	0.6	1.0												
Long-Term Credit	-0.1	0.3	0.2	0.4	0.4	0.4	0.4	-0.1	0.6	0.5	0.5	0.8	1.0	0.4	0.6	1.0											
US HY	-0.2	0.7	0.7	0.8	0.8	0.8	0.8	0.4	0.4	-0.2	0.3	0.2	0.6	0.1	0.6	0.5	1.0										
Bank Loans	-0.2	0.6	0.6	0.6	0.6	0.6	0.6	0.2	0.2	-0.4	0.0	0.0	0.4	-0.2	0.5	0.3	0.8	1.0									
Global Credit	-0.1	0.6	0.5	0.8	0.8	0.8	0.7	0.2	0.6	0.2	0.7	0.6	0.8	0.5	0.7	0.8	0.8	0.5	1.0								
EMD USD	-0.1	0.6	0.5	0.7	0.7	0.7	0.7	0.3	0.7	0.3	0.5	0.6	0.8	0.4	0.6	0.7	0.8	0.5	0.9	1.0							
EMD Local	0.1	0.6	0.6	0.8	0.7	0.8	0.7	0.3	0.5	0.1	0.7	0.4	0.6	0.4	0.5	0.5	0.7	0.4	0.8	0.8	1.0						
Commodities	0.0	0.5	0.4	0.6	0.6	0.7	0.6	0.2	0.3	-0.2	0.4	0.1	0.3	0.2	0.4	0.2	0.5	0.4	0.6	0.5	0.6	1.0					
Hedge Funds	-0.1	0.7	0.6	0.8	0.8	0.8	0.8	0.6	0.2	-0.3	0.1	0.0	0.4	0.0	0.4	0.3	0.7	0.6	0.6	0.5	0.5	0.6	1.0				
Real Estate	-0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.0	0.2	0.2	0.2	0.0	0.2	1.0			
REITs	-0.1	0.7	0.8	0.7	0.6	0.6	0.7	0.5	0.3	0.0	0.3	0.3	0.5	0.1	0.3	0.4	0.7	0.5	0.6	0.6	0.6	0.3	0.4	0.4	1.0		
Risk Parity	0.1	0.5	0.4	0.6	0.6	0.6	0.6	0.0	0.7	0.4	0.6	0.6	0.7	0.5	0.6	0.6	0.5	0.3	0.8	0.7	0.7	0.6	0.5	-0.1	0.4	1.0	
Inflation	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	-0.2	0.0	-0.1	-0.1	0.0	-0.1	-0.2	0.2	0.3	0.1	0.1	0.1	0.3	0.3	0.1	0.1	0.0	1.0

Note: Correlation assumptions are based on the last ten years. Private Equity and Real Estate correlations are especially difficult to model – we have therefore used BarraOne correlation data to strengthen these correlation estimates.

Relevant forecast changes

- Valuations for U.S. large cap equities continued to move higher during the year as increases in prices outpaced modest gains in earnings. At year-end, the Shiller P/E ratio was 28.0 and the trailing 12-month P/E ratio was 20.9. The rise in these valuation metrics resulted in a repricing assumption of -1.25% per year, compared to only -0.50% in last year's forecast. Additionally, we changed our methodology for calculating an average real earnings growth rate to only include data from 1972 to allow for better comparisons between asset classes. This change resulted in a 0.5% lower forecast than last year.
- Our forecast for international developed large cap equities rose 0.5%, mainly driven by a higher currency effect forecast. Our methodology includes an adjustment based on implied currency movements, as indicated by the forward curve. A steeper forward curve resulted in a 0.7% higher forecast than then previous year. Please see the next page for more detail on our currency adjustment methodology.
- For international developed small cap equities, the higher currency effect was more than offset by rising valuations. The trailing 12-month P/E ratio rose to 34.8 from 23.5, and resulted in a 1.0% decrease in the return forecast.
- Emerging markets equities performed well over the year, and valuation metrics rose off of historic lows. The Shiller P/E ratio rose to 8.7 from 8.1 and the trailing 12-month P/E ratio rose to 15.4 from 12.2. The upward move in valuations resulted in a change in the repricing assumption from 2.0% per year to only 0.5% per year. Falling average 10-year real earnings growth detracted an additional 1.0% from the return forecast.
- Modest rises in Treasury yields and inflation premiums helped move U.S. fixed income nominal return forecasts slightly higher than the previous year.
- Tightening spreads in high yield corporate fixed income led to significantly lower return forecasts. High yield spreads to Treasuries fell 274 bps over the course of the year.
- Spreads also compressed in global credit relative to global sovereign bonds, which resulted in a 0.5% decrease in return forecast.
- The return forecast for emerging market U.S. dollar denominated debt fell 0.6%, mainly driven by a 75 bps compression in spreads.
- Yields in emerging market local debt fell from 7.1% to 6.8%, leading to a 0.3% decline in expected return from the prior year.

Notices & disclosures

Past performance is no guarantee of future results. The information presented in this report is provided pursuant to the contractual agreement (the “Contract”) by and between Stanislaus County Employees’ Retirement Association (“Client”) and Verus Advisory, Inc. (“Company”). In the event of conflict between the terms of this disclosure and the Contract, the Contract shall take precedence. Client is an institutional counter-party and in no event should the information presented be relied upon by a retail investor.

The information presented has been prepared by the Company from sources that it believes to be reliable and the Company has exercised all reasonable professional care in preparing the information presented. However, the Company cannot guarantee the accuracy of the information contained therein. The Company shall not be liable to Client or any third party for inaccuracy or in-authenticity of information obtained or received from third parties in the analysis or for any errors or omissions in content.

The information presented does not purport to be all-inclusive nor does it contain all information that the Client may desire for its purposes. The information presented should be read in conjunction with any other material furnished by the Company. The Company will be available, upon request, to discuss the information presented in the report that Client may consider necessary, as well as any information needed to verify the accuracy of the information set forth therein, to the extent Company possesses the same or can acquire it without unreasonable effort or expense. Nothing contained therein is, or should be relied on as, a promise, representation, or guarantee as to future performance or a particular outcome. Even with portfolio diversification, asset allocation, and a long-term approach, investing involves risk of loss that the client should be prepared to bear.

The material may include estimates, outlooks, projections and other “forward-looking statements.” Such statements can be identified by the use of terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward-looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

StanCERA Investment Program 12-Month Workplan

	Time
April, 2017	0:55
Flash report and 12-month workplan	0:05
Asset allocation update	0:20
Public equity restructuring preview	0:30
May, 2017	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Finalist(s) for Risk Parity mandate	0:30
June, 2017	0:20
Flash report and 12-month workplan	0:05
Phase 1 re-balance analysis to fund Liquidity, US Treasury, and Risk Parity mandates	0:15
July, 2017	0:35
Flash report and 12-month workplan	0:05
Private markets approaches	0:30
August, 2017	0:45
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Propose search for private markets	0:10
September, 2017	0:40
Flash report and 12-month workplan	0:05
Present search for private markets	0:30
Launch Value-Add Real Estate search	0:05
October, 2017	0:35
Flash report and 12-month workplan	0:05
Present search for Value-Add Real Estate mandate	0:30
November, 2017	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Finalist(s) for Private Markets mandate	0:30
December, 2017	0:35
Flash report and 12-month workplan	0:05
Finalists for Value-Add Real Estate mandate	0:30
January, 2018	0:20
Flash report and 12-month workplan	0:05
Present funding & implementation plans for Private Markets & Value-Add RE	0:15

StanCERA Investment Program 12-Month Workplan

	Time
February, 2018	0:35
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
March, 2018	0:25
Flash report and 12-month workplan	0:05
Annual review of FFP with updated capital market assumptions	0:20



Stanislaus County Employees' Retirement Association

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

April 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Assistant

I. SUBJECT: SACRS 2017 Spring Business Meeting

II. ITEM NUMBER: 8.b

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: None

V. ANALYSIS: Each year in May, the SACRS (State Association of County Retirement Systems) elects members to serve as President, Vice President, Treasurer and Secretary for the next fiscal year. The Constitution of SACRS states that "the purpose of the Association is to provide forums for disseminating knowledge of, and developing expertise in, the 1937 Act retirement systems; and further, that the Association foster and take an active role in the legislative process as it affects SACRS retirement systems".

Today two proxy's will be needed one primary and one alternate to vote on behalf of StanCERA at the the Spring SACRS business meeting in May. Attached is the proposed ballot information as well as the buisness packet.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Kellie Gomes, Executive Board Assistant

Rick Santos, Executive Director



SACRS VOTING PROXY FORM

The following are authorized by the _____ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference (*if you have more than one alternate, please attach the list of alternates in priority order*):

_____ Voting Delegate

_____ Alternate Voting Delegate

These delegates were approved by the Retirement Board on ____ / ____ / ____.

The person authorized to fill out this form on behalf of the Retirement Board:

Signature: _____

Print Name: _____

Position: _____

Date: _____

Please send your system's voting proxy by **May 1, 2017** to:

SACRS
Attn: Sulema H. Peterson, SACRS Administrator
1415 L Street, Suite 1000
Sacramento, CA 95814

E-mail: sacrs@sacrs.org

SACRS By-Laws

Article III – Membership

Section 7 – Membership Code of Conduct

1. Policy Against Harassment, Discrimination, and Retaliation. SACRS is committed to providing an environment free from harassment and maintains a strict policy that forbids sexual harassment and other harassment, discrimination and retaliation based on race, color, national origin, ancestry, religion and religious creed, political affiliation, citizenship, sex, gender, gender identity, sexual orientation, age, pregnancy or breastfeeding, medical conditions, marital status, medical condition, physical or mental disability, or any other protected classification under federal, state or local law.

2. Standard of Decorum and Professionalism. SACRS members, representatives, family members, and guests are expected to maintain appropriate decorum and professionalism to improve the deliberative process and foster the integrity of the SACRS community. Verbal or non-verbal conduct which has the purpose or effect of affecting a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment will not be tolerated, regardless of whether such behavior amounts to unlawful conduct. Such inappropriate behavior includes, but is not limited to, the use of profanity, threats, offensive gestures, racial slurs, ethnic jokes, posting of offensive statements or pictures, derogatory remarks, insults, epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, assault or other unwelcome physical conduct, or other similar conduct.

3. Penalties for Violation. Any person found in violation of the SACRS Code of Conduct by the Board of Directors may, within the discretion of Board of Directors and as permitted by law, be temporarily or permanently barred from attending or participating in any SACRS conference, meeting, function, or event. Any member found in violation of the SACRS Code of Conduct by the Board of Directors may be subject to penalty within the discretion of Board of Directors and as permitted by law, including but not limited to:

- (a) Warning and/or Censure;
- (b) Suspension or revocation of the privileges of any member or their designated representatives;
- (c) Suspension of membership; and,
- (d) Termination of membership.

4. Affiliate Guidelines. Affiliate Members are and remain subject to additional guidelines as have been or may be approved by the Board of Directors.

5. No Duty. Although SACRS endeavors to create to create a respectful and welcoming environment for its membership, representatives, and other guests, it does not by this Code of Conduct or any other act, voluntarily assume a duty to do so, except as otherwise required by federal, state, or local law.

SACRS Business Meeting Agenda
Friday, May 19, 2017
10:00 AM - Upon Adjournment
Napa Valley Marriott Hotel
Napa, CA

SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA

1. SACRS System Roll Call
Art Goulet, SACRS Secretary
2. Secretary's Report - Receive and File
Art Goulet, SACRS Secretary
 - A. November 2016 SACRS Business Meeting Minutes
3. Treasurer's Report - Receive and File
Larry Walker, SACRS Treasurer
 - A. July 2016 – February 2017
4. SACRS President Report - No Action
Dan McAllister, SACRS President
5. SACRS Audit Report - Receive and File
Steve Delaney, SACRS Audit Committee Chair
 - A. June 30, 2015 and 2014 Audit
6. SACRS Legislative Committee Update - No Action
Richard Stensrud, SACRS Legislative Committee Chair
 - A. 2017 Legislative Update
7. SACRS Bylaws Committee Report - Vote
Vivian Gray, SACRS Bylaws Committee Chair
 - A. Amendment to Article XI - Standing Committees,
Section 4. Program Committee
 - B. Amendment to Article III – Membership,
Section 7. Membership Code of Conduct

continued

8. SACRS Nomination Committee - 2017-2018 SACRS BOD Elections - Vote
 Yves Chery, Nomination Committee Chair

A. SACRS BOD 2017 – 2018 Ballot

9. SACRS Committee & Breakout Reports:

Committee	Chair	Breakout Reports	Representative
Affiliate	Michael Keough	Administrators	James Wilbanks
Audit	Steve Delaney	Attorneys	David Lantzer
Bylaws	Vivian Gray	General Trustees	Yves Chery
Education	Christie Porter	Internal Auditors	Harsh Jadhav
Legislative	Richard Stensrud	Investment Officers	Steve Marsh
Nomination	Yves Chery	Ops & Benefits/ Disability	JJ Popowich
Program	Gabe Rodrigues	Safety Trustees	Tracy Towner

**Next scheduled SACRS Association Business Meeting will be held Friday,
 November 17, 2017, at the Hyatt Regency San Francisco Airport, Burlingame, CA.**





I. SACRS System Roll Call
Art Goulet, SACRS Secretary

System	In Attendance	Absent	Delegate Name
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			



2. Secretary's Report - Receive and File
Art Goulet, SACRS Secretary

A. November 2016 SACRS Business Meeting Minutes

SACRS Business Meeting Minutes

Friday, November 11, 2016

9:45 a.m.

**Renaissance Resort and Spa, Indian Wells, CA
Crystal Ballroom**

**SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Not in attendance**

Meeting to order at 9:51 am

Board members present:

Yves Chery, Gabe Rodrigues, Art Goulet, Dan McAllister, Larry Walker

1. County Roll Call

Art Goulet, SACRS Secretary

9:51 am – 19 Systems present, Sonoma absent

9:56 am – 20 Systems present

2. Secretary's Report – Receive and File

- May 2016 SACRS Business Meeting Minutes

Motion: A motion to receive and file the SACRS Spring 2016 Business Meeting Minutes was made by San Diego.

2nd: Los Angeles

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Stanislaus, Tulare, Ventura.

No: 0

Absent: Sonoma

Motion Passed

3. Treasurer's Report – Receive and File

Larry Walker, SACRS Treasurer

- SACRS Financials July 1, 2016 – August 31, 2016

Motion: A motion to receive and file the SACRS Treasurers report was made by Contra Costa.

2nd: Santa Barbara

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

No: 0

Motion Passed

4. Board of Director's Report – No Action

Dan McAllister, SACRS President

- Board of Directors Update

5. SACRS Strategic Consultant Report – No Action

Jim Lites, Strategic Consultant

- Projects for 2015-2016

Jim Lites gave a verbal report on the status of the development of the CERL Index project. The draft information will be available to the Legislative committee by the end of November. The committee will review, edit if necessary and then present to Attorneys Breakout for their feedback. Once reviewed, the Legislative Committee will present to the Board for their review. No action was taken.

6. SACRS Legislative Proposals 2017 – Action Item

Richard Stensrud, Legislative Committee Chair

- **Merced #1** – Alternate Retiree Voting. This measure would modify alternate retiree trustee voting rights allowing for the absence of 2 board members at a meeting to provide additional voting rights to the Alternate Retiree in a case where there is no alternate safety member.

Recommendation: The Committee declined to recommend this proposal for SACRS sponsorship. The Committee found the proposal would impact a single system, and thus did not meet the criteria for SACRS legislative proposals to have multi-systems benefits or impacts.

- **Ventura #1** – Transfers of Leave Balances during Implementation of Independent Operating Authority. This proposal would clarify that the leave balances may be transferred for any retirement system employees who shift to BOR employment from county employment during implementation of independent operating authority.

Recommendation: Conditionally Approved. This proposal was approved for sponsorship IF the Governor signs AB 1853, which is the current 2016 SACRS-sponsored measure that provides system operating authority. AB 1853 is now pending on the Governor's desk. If the Governor does not sign AB 1853, the Committee's recommendation will be for Ventura to pursue clarification legislation as a single-system effort. The Governor has until September 30th to act upon all 2016 legislation.

Motion: Based on the Parliamentarian's determination, a motion to postpone both legislative proposals indefinitely, due to each of the sponsors of the proposals desire to withdraw their items, was made by San Joaquin.

2nd: San Diego

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Motion Passed

7. SACRS Audit Committee Report – Receive and File

Steve Delaney, SACRS Audit Committee Chair

- SACRS Annual 2014 - 2015 Audit

Motion: A motion to receive and file the Audit Committee report on the annual 2014-2015 Audit was made by Sonoma.

2nd: Contra Costa

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Motion Passed

8. SACRS Nomination Committee – No Action

Yves Chery, Nomination Committee Chair

No Action was taken, verbal update on the schedule of dates and details for the upcoming election.

- Schedule for the Spring 2017 Board of Directors Election

DEADLINE	DESCRIPTION
February 1, 2017	Nominating Committee receives nominations from SACRS membership
March 1, 2017	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2017	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2017	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the Nominating Committee (April 1 is a Saturday; next business day applies)

May 19, 2017	Conduct elections during the SACRS Business Meeting (at end of the May 2017 conference)
May 19, 2017	Board of Directors take office for 1 year

9. SACRS Committee & Breakout Reports:

Committee		Breakout Reports	
Affiliate	No report	Administrators	James Wilbanks will be the Spring rep
Audit	Agenda item served as report.	Counsels	Michael Calabrese reported that the meeting was well attended, discussed AB 2833 and appreciated the Administrators taking time to hold a joint discussion during the breakouts.
Bylaws	Vivian Gray discussed potential new bylaws that cover committee charters and code of conduct for members. The committee will forward to the Board as soon as drafts are prepared and then to the membership for consideration at the Spring conference.	Disability	No report
Education	No report as Chairs were not present. However, staff will forward feedback forms to Christie Porter and Kathy Foster for review.	Internal Auditors	No report
Legislative	Agenda item served as report.	Investment Officers	Don Pierce reported that the group

			discussed AB 2833, and would like additional time at the Spring conference to meet.
Nomination	Agenda item served as report.	Operations & Benefits	Los Angeles will be the Spring rep
Program	Gabe Rodrigues thanked the committee members for a great conference. Encouraged attendees to submit potential topics and speaker ideas to the committee for the Spring 2017 conference.	Safety Trustees	No report
		General Trustees	Yves Chery reported that the trustee breakout had great attendance, good session with Sam Austin and Ashley Dunning. Yves Chery and Vivian Gray will be the Spring reps.

10. Adjournment

Motion: A motion to adjourn the meeting at 10:24 am was made by Santa Barbara.

2nd: San Joaquin

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Motion Passed

Next scheduled SACRS Association Business Meeting will be held Friday, May 19, 2017 at the Napa Valley Marriott.



3. Treasurer's Report - Receive and File Larry Walker, SACRS Treasurer

A. July 2016 – February 2017

State Association of County Retirement Systems

Balance Sheet

As of February 28, 2017

	<u>Feb 28, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Community 1st Bank - Checking	142,653.92
1001 · BofA Interest Checking 4389	213,962.01
1002 · Community 1st Bank - ICS Account	57,238.19
Total Checking/Savings	<u>413,854.12</u>
Other Current Assets	
1100 · CalTrust - Medium Term	1,123,969.19
1101 · CalTrust - MMA	7,769.72
1102 · CalTrust - GMMA	750,894.86
Total Other Current Assets	<u>1,882,633.77</u>
Total Current Assets	<u>2,296,487.89</u>
TOTAL ASSETS	<u><u>2,296,487.89</u></u>
LIABILITIES & EQUITY	
Equity	
32000 · Retained Earnings	2,237,795.50
Net Income	58,692.39
Total Equity	<u>2,296,487.89</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,296,487.89</u></u>

State Association of County Retirement Systems

Budget vs. Actuals

July through February 2017

Ordinary Income/Expense	Jul - Feb 17	Annual Budget	\$ Over Budget	% of Budget
Income				
4100 · Membership Dues				
4101 · Affiliates	203,000.00	215,000.00	(12,000.00)	94.42%
4102 · Non Profit - Organizations	3,000.00	3,000.00	-	100.0%
4103 · Non Profit - Systems	6,000.00	5,000.00	1,000.00	
4104 · Systems - Medium	52,000.00	52,000.00	-	
4105 · Systems - Large	42,000.00	42,000.00	-	80.77%
Total 4100 · Membership Dues	306,000.00	317,000.00	(11,000.00)	96.53%
4200 · Conference Registration				
4201 · Affiliates - Early	295,899.00		295,899.00	
4202 · Affiliates - Regular	97,180.00		97,180.00	
4203 · Affiliates - Late/Onsite	32,010.00		32,010.00	
4204 · Non Profit	620.00		620.00	
4205 · Systems	29,520.00		29,520.00	
4206 · Non-Members	306,960.00		306,960.00	
4207 · Fun Run	1,380.00		1,380.00	
4200 · Conference Registration - Other	-	1,020,000.00	(1,020,000.00)	0.0%
Total 4200 · Conference Registration	763,569.00	1,020,000.00	(256,431.00)	74.86%
4250 · Product Income				
4251 · CERL	50.00			
4252 · Roster	50.00		50.00	
4255 · Magazine Advertising	2,290.00		2,290.00	
4256 · Conference DVDs	225.00		225.00	
4250 · Product Income - Other	65.00	500.00	(435.00)	13.0%
Total 4250 · Product Income	2,680.00	500.00	2,180.00	536.0%
4270 · UC Berkeley Program				
4271 · Registrations	35,000.00	75,000.00	(40,000.00)	46.67%
4272 · Sponsorships	35,000.00	65,000.00	(30,000.00)	53.85%
Total 4270 · UC Berkeley Program	70,000.00	140,000.00	(70,000.00)	50.0%
Total Income	1,142,249.00	1,477,500.00	(335,251.00)	77.31%
Gross Profit	1,142,249.00	1,477,500.00	(335,251.00)	77.31%

State Association of County Retirement Systems

Budget vs. Actuals

July through February 2017

	Jul - Feb 17	Annual Budget	\$ Over Budget	% of Budget
Expense				
Administrative Fee - SYAI	114,242.93	152,375.00	(38,132.07)	74.98%
Administrative Services	8,905.86	21,000.00	(12,094.14)	42.41%
Audio/Visual Equipment	68,250.00	85,000.00	(16,750.00)	80.29%
Awards	-	1,000.00	(1,000.00)	0.0%
Bank Charges/Credit Card Fees	29,107.42	45,000.00	(15,892.58)	64.68%
Berkeley & Symposium	12,972.84	190,000.00	(177,027.16)	6.83%
BofA Credit Card Holding Account	7,299.44		7,299.44	
CERL	2,187.50	25,000.00	(22,812.50)	8.75%
Commissions & Fees	18,826.00	5,000.00	13,826.00	376.52%
Consulting	18,977.84	42,000.00	(23,022.16)	45.19%
Dues & Subscriptions	3,325.00	3,700.00	(375.00)	89.87%
Hotels	565,279.21	500,000.00	65,279.21	113.06%
Insurance	9,198.32	6,000.00	3,198.32	153.31%
Legal & Professional Fees	35,624.30	25,000.00	10,624.30	142.5%
Legislative Advocacy	36,380.52	55,244.00	(18,863.48)	65.85%
Magazine	7,851.33	25,000.00	(17,148.67)	31.41%
Meals and Entertainment	4,613.38	100,000.00	(95,386.62)	4.61%
Office Expenses	-	1,000.00	(1,000.00)	0.0%
Postage	3,034.69	3,000.00	34.69	101.16%
Program Material	24,215.24	50,000.00	(25,784.76)	48.43%
Speakers	53,145.80	60,000.00	(6,854.20)	88.58%
Stationery & Printing	1,459.89	1,500.00	(40.11)	97.33%
Strategic Facilitator	1,725.00	25,000.00	(23,275.00)	6.9%
Supplies	744.33	1,500.00	(755.67)	49.62%
Taxes & Licenses	10.00	100.00	(90.00)	10.0%
Travel	22,279.25	50,000.00	(27,720.75)	44.56%
Website	44,127.78	189,775.00	(145,647.22)	23.25%
Total Expense	1,093,783.87	1,663,194.00	(569,410.13)	65.76%
Net Ordinary Income	48,465.13	(185,694.00)	234,159.13	-26.1%
Other Income/Expense				
Other Income				

State Association of County Retirement Systems Budget vs. Actuals July through February 2017

Interest Earned

Other Income

Total Other Income

Net Other Income

Net Income

Jul - Feb 17	Annual Budget	\$ Over Budget	% of Budget
10,000.02		10,000.02	
227.24		227.24	
10,227.26		10,227.26	
10,227.26		10,227.26	
58,692.39	(185,694.00)	244,386.39	-31.61%

the 1990s, the number of people with a mental health problem has increased by 50% (Mental Health Foundation 1999).

There is a growing awareness of the need to address the needs of people with mental health problems, and the importance of providing them with appropriate services. However, there is a significant gap between the current needs of people with mental health problems and the services available to them. This gap is due to a number of factors, including a lack of resources, a lack of training for health professionals, and a lack of awareness of the needs of people with mental health problems.

One of the main reasons for the gap between need and service is a lack of resources. There are not enough mental health professionals to meet the demand for services, and there are not enough resources to provide the services that are needed. This is particularly true in the area of community mental health services, which are essential for the prevention and early intervention of mental health problems.

Another reason for the gap is a lack of training for health professionals. Many health professionals do not have the necessary training to deal with people with mental health problems, and this can lead to a lack of confidence and a reluctance to provide services. This is particularly true for general practitioners, who are often the first point of contact for people with mental health problems.

A third reason for the gap is a lack of awareness of the needs of people with mental health problems. Many people do not understand what it is like to have a mental health problem, and this can lead to a lack of empathy and a failure to provide the services that are needed. This is particularly true for the general public, who often have a negative view of people with mental health problems.

There are a number of ways in which the gap between need and service can be closed. One way is to increase the number of mental health professionals and the resources available to them. Another way is to provide training for health professionals, so that they are better equipped to deal with people with mental health problems. A third way is to increase awareness of the needs of people with mental health problems, so that they are better understood and better served.

It is essential that we take action to close the gap between need and service, so that people with mental health problems can receive the services that they need. This is a challenge, but it is one that we must meet, if we are to improve the lives of people with mental health problems.



4. SACRS President Report - No Action Dan McAllister, SACRS President

No printed materials for this item



5. SACRS Audit Report - Receive and File
Steve Delaney, SACRS Audit Committee Chair

A. June 30, 2015 and 2014 Audit

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2015

EXECUTIVE COMMITTEE

Yves Chery
President

Gabe Rodrigues
Vice President

Dan McAllister
Treasurer

Art Goulet
Secretary

Ray McCray
Immediate Past President

Michael Bowman
Affiliate Chair

*** * * ***

Sulema Peterson,
Shaw / Yoder / Antwih, Inc.
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL SECTION	
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	3
NOTES TO THE FINANCIAL STATEMENT	4
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	7
GRAPHICAL PRESENTATION OF CASH RECEIPTS	8
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS	10
CONFERENCE SUMMARY REPORT	12



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2015 and 2014, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 12, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016

FINANCIAL SECTION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2014-15	2013-14
<u>Cash Receipts</u>		
Dues	\$ 313,500	\$ 318,000
Conference		
Fall	600,200	564,390
Spring	509,860	483,250
Seminars	130,500	145,000
Other Admin Receipts	446	269
Other Conference Receipts	22,065	6,300
Interest	3,688	2,041
Total Cash Receipts	<u>1,580,259</u>	<u>1,519,250</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2014 and 2013		
Hotel and meals	259,226	328,405
Audio and visual	38,118	36,800
Program materials	22,546	46,591
Spring - 2015 and 2014		
Hotel and meals	-	86,618
Audio and visual	10,000	41,759
Program materials	13,078	35,892
Seminars	212,516	205,617
Conference Administration	18,108	17,136
Prior Year and Other Expenses	81,853	199,830
Total conference disbursements	<u>655,445</u>	<u>998,648</u>
Administration	310,093	274,954
Legislative representation	511	281
Lobbying	81,300	76,375
Newsletters	11,581	-
Committee meetings	2,267	1,911
Special projects	25,255	26,435
Total administration disbursements	<u>431,007</u>	<u>379,956</u>
Total Cash Disbursements	<u>1,086,452</u>	<u>1,378,604</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	493,807	140,646
Cash and Investments, Beginning	<u>1,731,263</u>	<u>1,590,617</u>
Cash and Investments, Ending	<u>\$ 2,225,070</u>	<u>\$ 1,731,263</u>
<u>Supplementary Information</u>		
Cash and Investments at June 30,	2015	2014
Cash and cash equivalents	\$ 1,119,080	\$ 1,731,263
Current portion of investments	-	-
Non current portion of investments	<u>1,105,990</u>	<u>-</u>
Total Cash and Investments	<u>\$ 2,225,070</u>	<u>\$ 1,731,263</u>

The accompanying notes are an integral part of this financial statement.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Strategic Local Government Services, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

Management has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2015	2014
Bank accounts	\$ 307,529	\$ 619,631
Bank certificates of deposit	57,106	357,634
Money market accounts	754,445	753,998
Total cash and cash equivalents	<u>\$ 1,119,080</u>	<u>\$ 1,731,263</u>

Cash in bank accounts at June 30, 2015 consisted of the following:

	Bank of America	Bank of Sacramento	Total
Per bank	\$ 139,911	\$ 169,642	\$ 309,553
Checks outstanding	(2,024)	-	(2,024)
Deposits in transit	-	-	-
Total bank accounts	<u>\$ 137,887</u>	<u>\$ 169,642</u>	<u>\$ 307,529</u>

Cash in bank accounts at June 30, 2014 consisted of the following:

	Bank of America	Bank of Sacramento	Total
Per bank	\$ 268,311	\$ 343,848	\$ 612,159
Checks outstanding	-	(10,578)	(10,578)
Deposits in transit	-	18,050	18,050
Total bank accounts	<u>\$ 268,311</u>	<u>\$ 351,320</u>	<u>\$ 619,631</u>

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The amount in excess of FDIC as of June 30, 2015 and 2014 was \$0 and \$112,159 respectively.

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the "Fund"), depositing \$1,104,130. The balance as of June 30, 2015 presented in the financial statement is \$1,105,990; this balance includes reinvested interest income totaling \$1,860, but does not include changes in fair market value for the year ended June 30, 2015 totaling (\$3). The fair market value of SACRS' investment in the Fund at June 30, 2015 is \$1,105,987. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2015 was \$0. The Fund is not rated or insured. Total return on Fund was 0.65% for the year ended June 30, 2015.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

Conference	Cancellation Fees	Food and Beverage Minimums	Guest Room Nights Reserved	Guest Room Nights Minimum	Rooms Attrition
Fall 2015	\$57,659-\$230,635	\$75,000	990	792	\$229 plus tax
Spring 2016	\$28,432 -\$213,240	\$99,000	842	674	\$226 plus tax
Fall 2016	\$50,544-\$299,674	\$80,000	888	710	\$229 plus tax
Spring 2017	\$28,373-\$283,733	\$100,000	817	654	\$225 plus tax
Fall 2017	\$187,162-\$274,324	\$100,000	995	796	\$219 plus tax
Spring 2018	\$44,868-\$179,473	\$150,000	935	748	\$192 plus tax
Fall 2018	\$55,418-\$286,672	\$100,000	968	774	\$226 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS' management has evaluated subsequent events through August 16, 2016, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

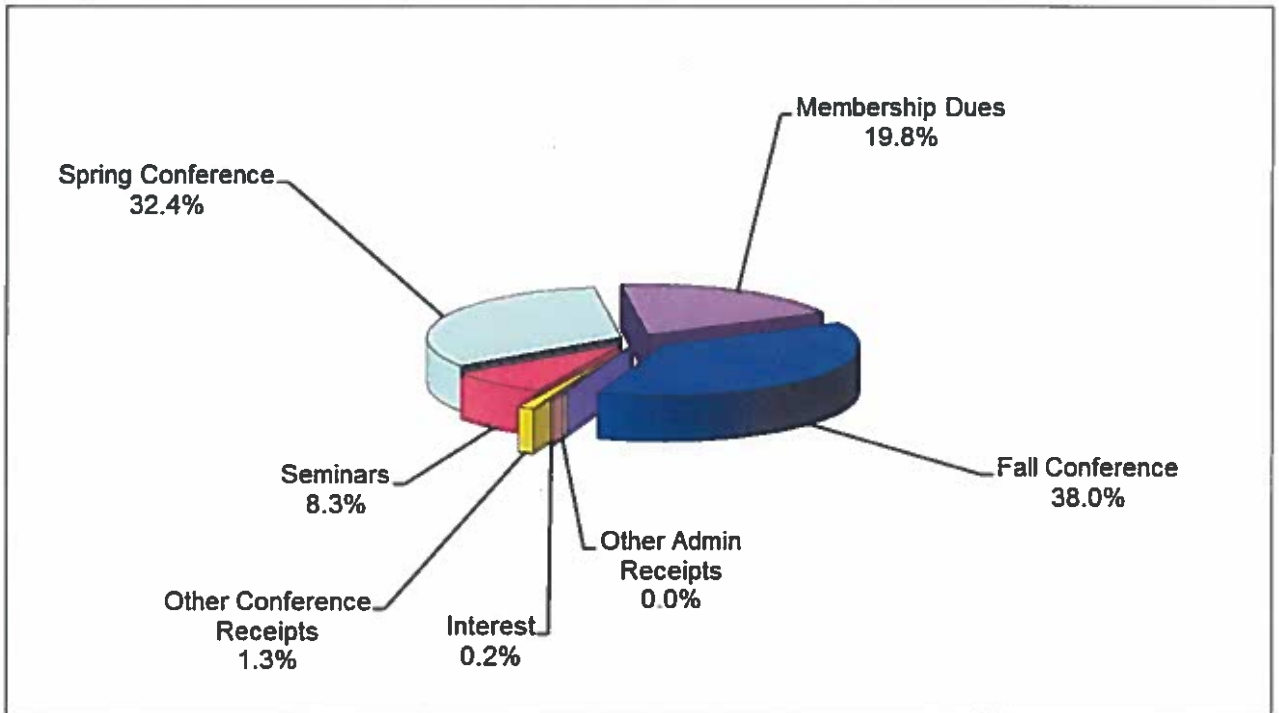
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 313,500	\$ 313,500
Conference			
Fall	600,200	-	600,200
Spring	509,860	-	509,860
Seminars	130,500		130,500
Other Admin Receipts	-	446	446
Other Conference Receipts	22,065	-	22,065
Interest	3,688	-	3,688
 Total Cash Receipts	<u>1,266,313</u>	<u>313,946</u>	<u>1,580,259</u>
 <u>Cash Disbursements</u>			
Conference			
Fall - 2014			
Hotel and meals	259,226	-	259,226
Audio and visual	38,118	-	38,118
Program materials	22,546	-	22,546
Spring - 2015			
Hotel and meals	-	-	-
Audio and visual	10,000	-	10,000
Program materials	13,078	-	13,078
 Seminars	212,516	-	212,516
Conference Administration	18,108	-	18,108
Prior Year and Other Expenses	81,853	-	81,853
Total conference disbursements	<u>655,445</u>	<u>-</u>	<u>655,445</u>
 Administration	-	310,093	310,093
Legislative representation	-	511	511
Lobbying	-	81,300	81,300
Newsletters	-	11,581	11,581
Committee meetings	-	2,267	2,267
Special projects	-	25,255	25,255
Total administration disbursements	<u>-</u>	<u>431,007</u>	<u>431,007</u>
 Total Cash Disbursements	<u>655,445</u>	<u>431,007</u>	<u>1,086,452</u>
 Excess (Deficit) of Cash Receipts over Cash Disbursements	610,868	(117,061)	493,807
 Cash and Investments, Beginning	<u>1,973,026</u>	<u>(241,763)</u>	<u>1,731,263</u>
 Cash and Investments, Ending	<u>\$ 2,583,894</u>	<u>\$ (358,824)</u>	<u>\$ 2,225,070</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CASH RECEIPTS BY SOURCE

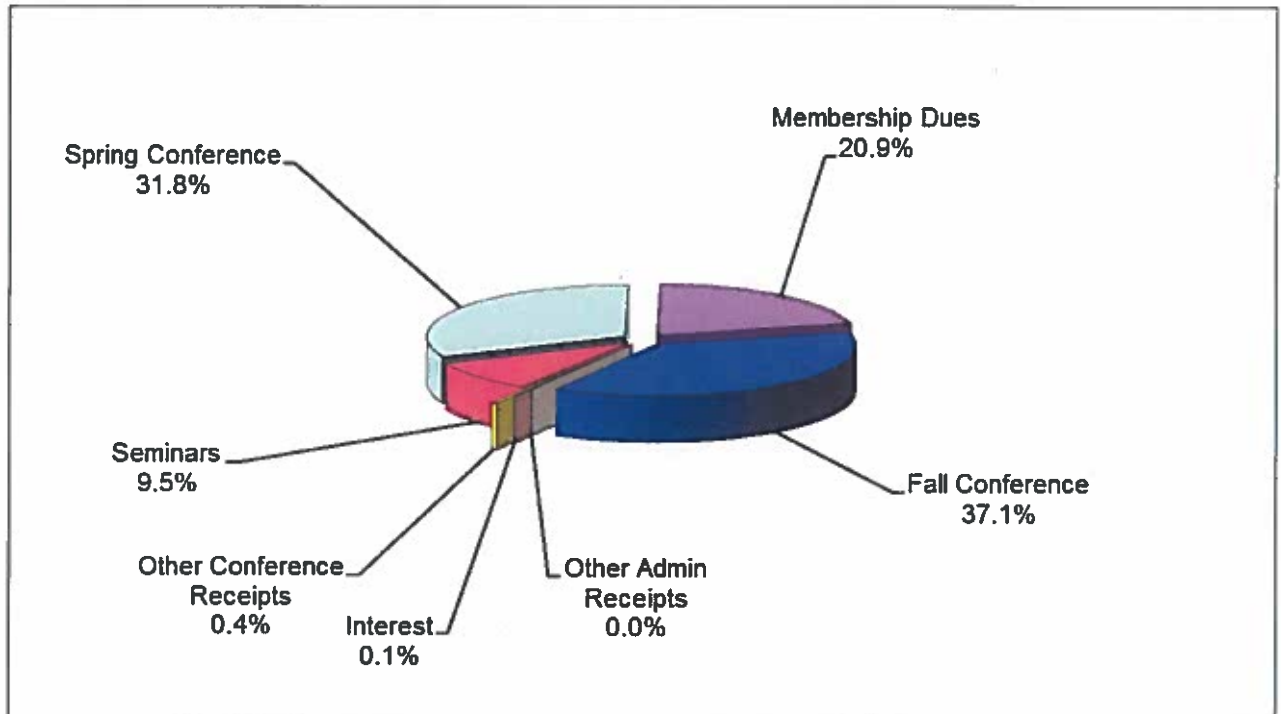


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CASH RECEIPTS BY SOURCE

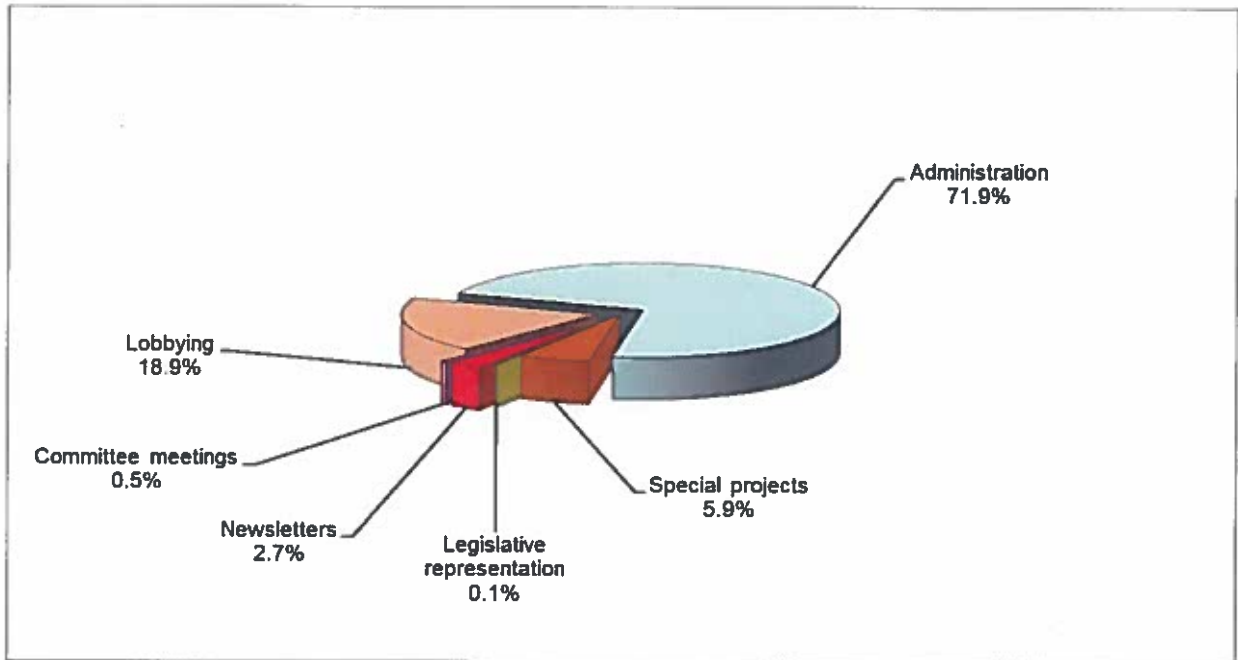


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

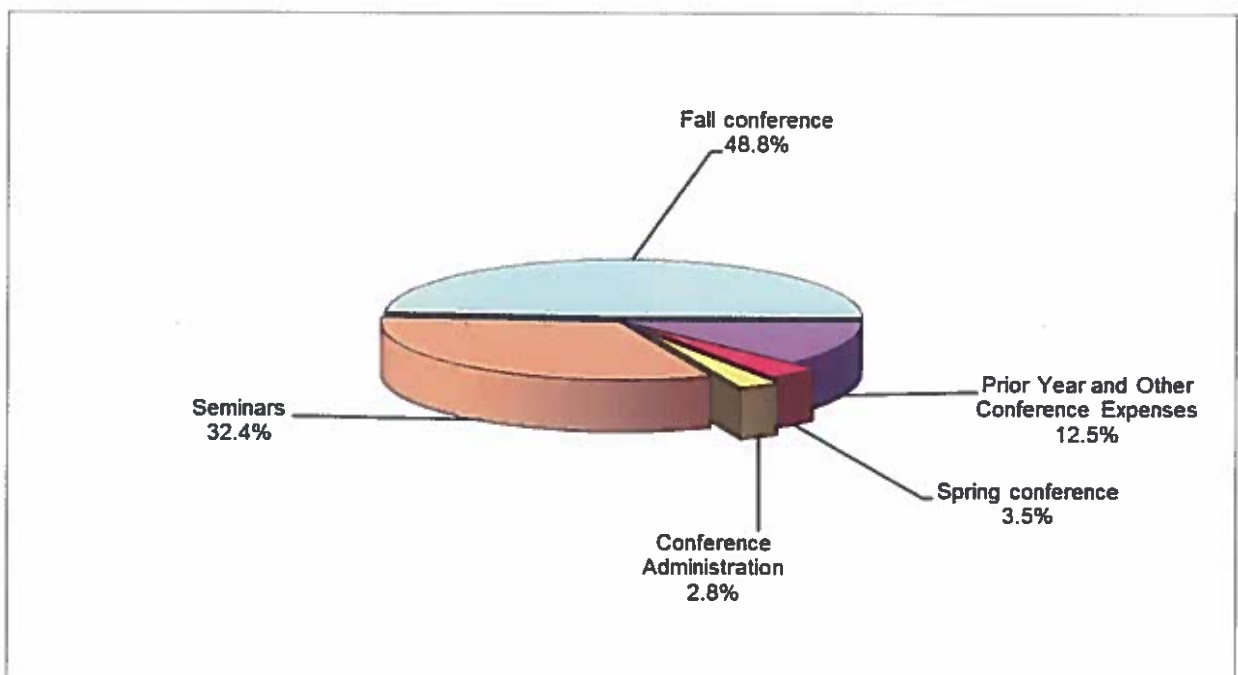
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS

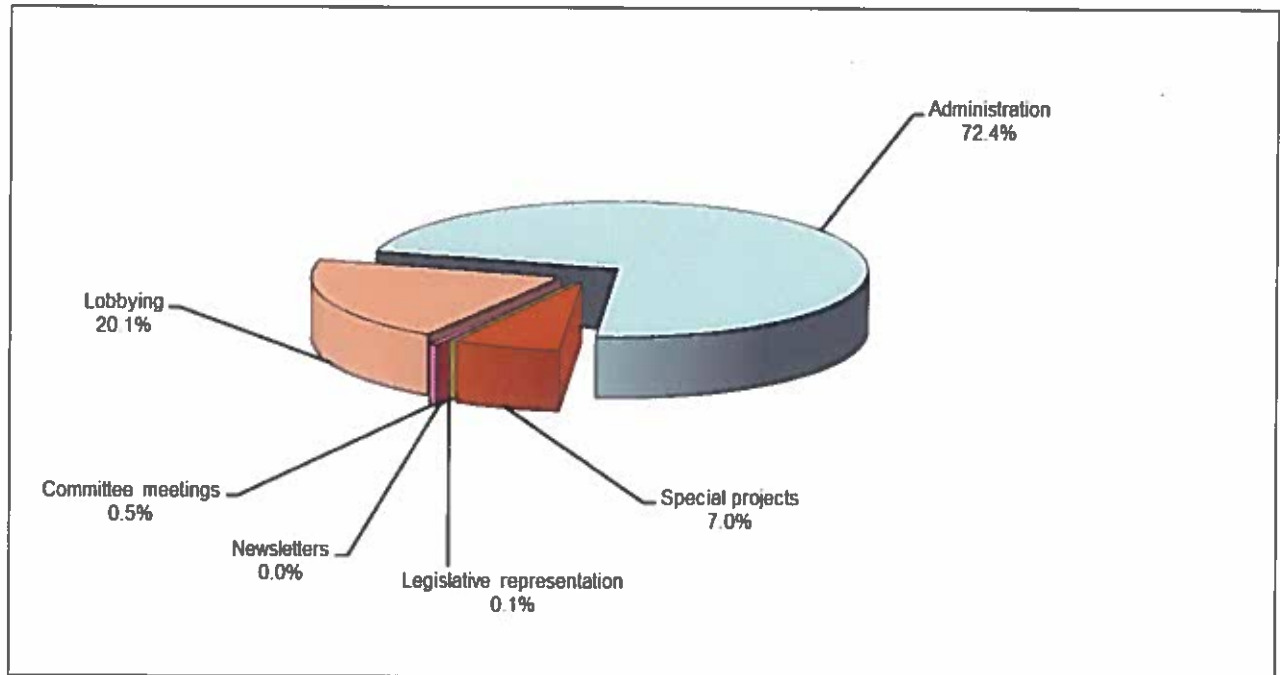


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

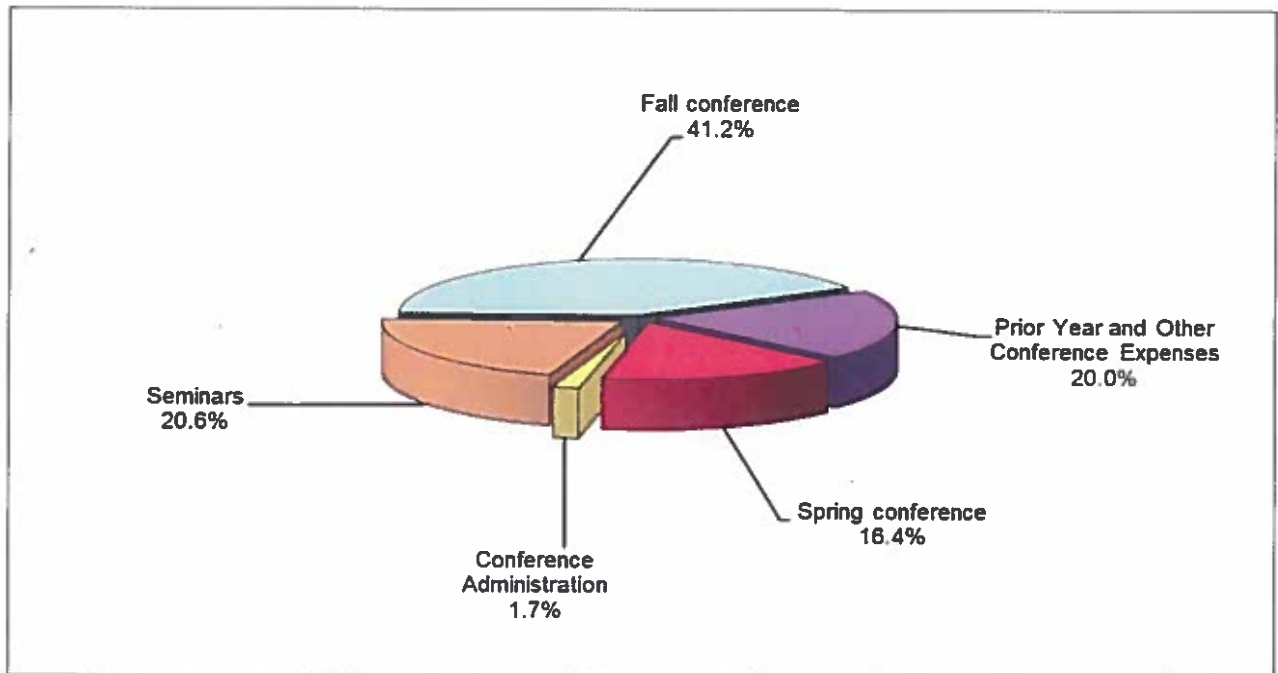
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

CONFERENCE SUMMARY REPORT

	Spring 2015 Anaheim	Fall 2014 Monterey	Spring 2014 Sacramento	Fall 2013 Indian Wells	Spring 2013 Napa	Fall 2012 Hollywood
Cash receipts						
Conference	\$ 525,675	\$ 600,405	\$ 503,655	\$ 564,440	\$ 536,295	\$ 561,480
Total cash receipts	<u>525,675</u>	<u>600,405</u>	<u>503,655</u>	<u>564,440</u>	<u>536,295</u>	<u>561,480</u>
Cash disbursements						
Hotel and meals	242,932	256,075	154,322	328,405	189,939	257,884
Audio and visual	40,980	38,118	42,031	36,800	36,800	37,725
Program materials	32,726	25,711	42,182	46,851	38,822	44,073
Conference Administration	12,788	10,201	9,322	16,800	13,448	9,131
Other	-	4,466	1,750	-	2,601	-
Total cash disbursements	<u>329,426</u>	<u>334,571</u>	<u>249,607</u>	<u>428,856</u>	<u>281,610</u>	<u>348,813</u>
Net cash provided by conference	<u>\$ 196,249</u>	<u>\$ 265,834</u>	<u>\$ 254,048</u>	<u>\$ 135,584</u>	<u>\$ 254,685</u>	<u>\$ 212,667</u>
Total attendees	604	664	570	631	612	636



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

To the Management
State Association of County Retirement Systems
Sacramento, CA, 95814

We have recently completed the audit of the financial statement of State Association of County Retirement Systems (SACRS) and have issued our report thereon dated August 16, 2016. In planning and performing our audit of your financial statement for year ending June 30, 2015, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters that we are submitting for your consideration for the improvement of SACRS' accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated August 16, 2016 on the financial statement of the State Association of County Retirement Systems.

Current Year Recommendations

2015-1 Beginning Equity

Observation:

The beginning balance of equity per the books differed from the prior year audited figure by \$7,770. This was due to the auditor's reclassification of prepaid expenses to expense at June 30, 2014, in accordance with the cash basis of accounting.

Recommendation:

While this timing difference between fiscal year 2014 and 2015 will not affect future periods, we recommend that SACRS adjust for the difference so that its financial records match the audit.

Management Response:

In accordance with the auditors' prior year recommendation the Bookkeeper no longer uses the general ledger code for prepaid expense and no adjustment will be recorded for this timing difference.

Status of Prior Year Recommendations

2013-1 Classification of Revenue

Observation:

Fall 2013 conference revenues totaling \$9,150 were posted to the "General" Class in QuickBooks. This revenue should have been posted to the "Fall Conference" Class.

Recommendation:

We recommend reclassifying the income as of the original deposit date, similar to our RJE-1.

Management Response:

Bookkeeper identified this item independent of the audit and reclassified accordingly.

Status: Implemented

2013-2 Prepaid-Expenses

Observation:

At June 30, 2014 and 2013, we noted activity in the "Prepaid Expenses" account on QuickBooks. SACRS uses the cash basis of accounting, no accrual of prepaid expenses is necessary.

Recommendation:

While we have detailed our reclassification of the prepaid expenses in RJE-2, we do not recommend adjustment to SACRS' books at this time. All of the underlying transactions are captured on the books, only the timing of the expense recognition will differ slightly from the audit.

Management Response:

Bookkeeper will no longer use the general ledger code for "Prepaid Expenses".

Status: Implemented

2011-2 Cash Management Policy

Observation:

The Cash Management Policy approved by the board on March 10, 2009 states that "one primary bank will have a commercial account for check responsibilities of the association...other three banks will be used for holding the association's reserves." As of June 30, 2011, SACRS had deposits in only two banks: Bank of America and Bank of Sacramento. Deposits with Bank of America were in excess of FDIC insured limits by \$532,212 at June 30, 2011.

Recommendation:

Auditor recommends that accounts be maintained with balances below the federally insured limits—i.e. no more than \$250,000 on deposit per institution. Further, the cash management policy and management's compliance with the policy should be reviewed at least annually by the Treasurer to ensure that the policy represents current facts and circumstances and that cash is being managed consistent with the policy.

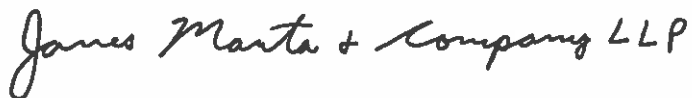
Status: Implemented

We believe that the implementation of these recommendations will provide State Association of County Retirement Systems with a stronger system of internal accounting control while also making its operations more efficient.

Management's responses to our recommendations are described above. We did not audit the Management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, and others within the association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, CA

In planning and performing our audit of the financial statement of State Association of County Retirement Systems (SACRS) as of and for the years ended June 30, 2015 and 2014, in accordance with auditing standards general accepted in the United States of America, we considered SACRS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of SACRS' internal control. Accordingly, we do not express an opinion on the effectiveness of SACRS' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain matters that we have reported to management of SACRS in a separate letter dated August 16, 2016.

This communication is solely for the information and use of management, the board of directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2015 and 2014, and have issued our report thereon dated August 16, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 10, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement. Our audit of the financial statement does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statement IS free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SACRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our report on internal control over financial reporting in a separate letter to you dated August 16, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are typically an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. As the accounting of SACRS is prepared on a cash basis, no estimates are necessary for the preparation of the financial statement.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We are not aware of any sensitive disclosures affecting SACRS' financial statement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SACRS' financial statement or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 16, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SACRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SACRS' auditors.

We are contracted to prepare the fiscal year 2015 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

James Marta & Company LLP
Certified Public Accountants

This report is intended solely for the information and use of the Board of Directors, and management of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
August 16, 2016



MANAGEMENT REPRESENTATION LETTER

August 16, 2016

James Marta & Company LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal year ended June 30, 2015, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 16, 2016:

Financial Statement

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 10, 2015, for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events subsequent to the date of the financial statement which requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.



- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statement all assets under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report accompanying the financial statement:



- We acknowledge our responsibility for the presentation of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements in accordance with the cash basis accounting as described in Note 1 to the financial statement. We acknowledge our responsibility for the presentation of the Conference Summary Report which presents all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- We believe the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, including its form and content, is fairly presented in accordance with the cash basis accounting as described in Note 1 to the financial statement. We believe the Conference Summary Report, including its form and content, is fairly presented and inclusive of all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:



- We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
- We are responsible for establishing and maintaining effective internal control over compliance.
- We have performed an evaluation of the Association's compliance with tax filing requirements and we are not aware of any instances of noncompliance.
- We have reviewed and approved the tax returns prepared by your office.
- We have made available to you all documentation related to compliance with specified requirements.
- We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
- We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
- We accept responsibility for the results of the services.

Sulema Peterson, SACRS Administrator

Dodie Wishek, SACRS Financial Services

James Marta & Company LLP
Certified Public Accountants



Client: **SACRS - State Association of County Retirement Systems**
Engagement: **SACRS15 - State Association of County Retirement Systems***
Period Ending: **6/30/2015**
Workpaper: **2508 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
Adjusting Journal Entry, JE # 1			
To adjust beginning net assets to prior year ending net assets per the audit.			
2020	Retained Earnings	7,770.00	
1405	Prior Year Expenses		7,770.00
Total		7,770.00	7,770.00

the 1990s, the number of people in the world who are undernourished has increased from 600 million to 800 million (FAO 1996).

There is a growing awareness of the need to improve the nutritional status of the world's population. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.

The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Health Organization (WHO) has estimated that the cost of malnutrition to the world economy is \$100 billion per year. The World Bank (1992) has estimated that the cost of malnutrition to the world economy is \$100 billion per year.



SACRS

State Association of County Retirement Systems

*Staff * Trustees * Affiliates * Success*

A California Non Profit Corporation

6. SACRS Legislative Committee Update - No Action Richard Stensrud, SACRS Legislative Committee Chair

2017 Legislative Update

Public Pension Legislation

Full Report 4/10/2017

AB 20 (**Kalra** D) Public employee retirement systems: divestment: Dakota Access Pipeline.

Introduced: 12/5/2016

Fiscal: Y

Urgency: N

Status: 1/19/2017 - Referred to Com. on P.E., R., & S.S.

Location: 1/19/2017 - A . P.E.,R. & S.S.

Summary: Would prohibit the boards of administration of the Public Employees' Retirement System and the State Teachers' Retirement System, on and after January 1, 2018, from making additional investments or renewing investments in a company constructing, or funding the construction of, the Dakota Access Pipeline, as defined. This bill would require the boards, on or before July 1, 2018, to liquidate their investments in a company constructing, or funding the construction of, the Dakota Access Pipeline.

AB 52 (**Cooper** D) Public employees: orientation and informational programs: exclusive representatives.

Introduced: 12/5/2016

Fiscal: Y

Urgency: N

Status: 1/19/2017 - Referred to Com. on P.E., R., & S.S.

Location: 1/19/2017 - A . P.E.,R. & S.S.

Summary: Current law, including the Meyers-Milias-Brown Act, the Ralph C. Dills Act, the Trial Court Employment Protection and Governance Act, the Trial Court Interpreter Employment and Labor Relations Act, and the Los Angeles County Metropolitan Transportation Authority Transit Employer-Employee Relations Act, as well as provisions commonly referred to as the Educational Employment Relations Act and the Higher Education Employer-Employee Relations Act, regulates the labor relations of the state, the courts, and specified local public agencies and their employees. This bill would require the public employers regulated by the acts described above to provide all employees an orientation.

The bill would also require these public employers to permit the exclusive representative, if applicable, to participate.

AB 283 (**Cooper** D) County employees' retirement: permanent incapacity.

Introduced: 2/2/2017

Last Amended: 3/23/2017

Fiscal: N

Urgency: N

Status: 3/27/2017 - Re-referred to Com. on P.E., R., & S.S.

Location: 3/23/2017 - A . P.E.,R. & S.S.

Summary: The County Employees Retirement Law of 1937 provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and that employment contributes substantially to that incapacity or the member has completed 5 years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. This bill would require, for purposes of determining permanent incapacity of certain members employed as peace officers, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer, as specified.

AB 512 (**Rodriguez** D) Public employees' retirement: safety members: industrial disability retirement.

Introduced: 2/13/2017

Fiscal: Y

Urgency: N

Status: 3/29/2017 - Action From P.E.,R. & S.S.: Do pass.To APPR..

Location: 3/29/2017 - A . APPR.

Summary: The Public Employees' Retirement Law, until January 1, 2018, provides a state safety member of the Public Employees' Retirement System who retires for industrial disability a retirement benefit equal to the greatest amount resulting from 3 possible calculations. In this regard, the benefit amount is based on an actuarially reduced service retirement, a service retirement allowance, if the member is qualified, or 50% of his or her final compensation,

plus an annuity purchased with his or her accumulated contributions, if any. Current law establishes the Public Employees' Retirement Fund, which is appropriated continuously for various purposes, including the payment of benefits. This bill would delete the repeal of these provisions, thereby extending them indefinitely.

AB 526 (**Cooper D**) County employees' retirement: districts: retirement system governance.

Introduced: 2/13/2017

Last Amended: 4/4/2017

Fiscal: N

Urgency: N

Status: 4/5/2017 - Re-referred to Com. on P.E., R., & S.S.

Location: 4/3/2017 - A . P.E.,R. & S.S.

Summary: Would define the Sacramento County retirement system as a district under CERL. The bill would authorize the board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. The bill would require the retirement system to notify, and to meet and discuss with, participating employers in the retirement system, the employees of the system, and specified employee organizations, regarding the retirement system's intent to exercise this authority at least 60 days before considering a resolution to make these provisions applicable.

AB 530 (**Cooper D**) Public employment: collective bargaining: peace officers.

Introduced: 2/13/2017

Last Amended: 4/4/2017

Fiscal: Y

Urgency: N

Status: 4/5/2017 - Re-referred to Com. on P.E., R., & S.S.

Location: 4/3/2017 - A . P.E.,R. & S.S.

Summary: Current law requires the Public Employment Relations Board (PERB) to enforce and apply rules adopted by a public agency concerning unit determinations, representation, recognition, and elections. Current law also requires specified complaints to be processed as an unfair practice charge by

PERB. Current law does not apply the above provisions to persons who are peace officers, as defined. This bill would expand the jurisdiction of PERB to include resolving disputes and statutory duties and rights of persons who are peace officers, as defined.

AB 561 (**Voepel** R) Sales and use taxes: exclusion: public safety first responder vehicle and equipment: local public employee retirement: employer contributions.

Introduced: 2/14/2017

Last Amended: 3/20/2017

Fiscal: Y

Urgency: N

Status: 4/6/2017 - From committee: Amend, and do pass as amended and re-refer to Com. on P.E., R., & S.S. (Ayes 10. Noes 0.) (April 3).

Location: 4/3/2017 - A . P.E.,R. & S.S.

Summary: Would for any public safety first responder vehicle and any equipment required on a public safety first responder vehicle that is purchased by a local public agency, exclude from the terms "gross receipts" and "sales price," amounts of the gross receipts or sales price in excess of \$300,000. This bill contains other related provisions and other existing laws.

AB 590 (**Medina** D) Public employees' retirement: membership election.

Introduced: 2/14/2017

Fiscal: Y

Urgency: N

Status: 2/27/2017 - Referred to Com. on P.E., R., & S.S.

Location: 2/27/2017 - A . P.E.,R. & S.S.

Summary: The Public Employees' Retirement Law permits a member of the Public Employees' Retirement System (PERS) who is employed by a school employer, the Board of Governors of the California Community Colleges, or the State Department of Education to elect to have specified service excluded from coverage by the Defined Benefit Program of the State Teachers' Retirement Plan and instead be subject to coverage by PERS, as specified. This bill would limit the application of that option to a member of PERS who was employed by a school employer, the Board of Governors of the California Community Colleges, or the State Department of Education within 120 days before the member's date of hire

to perform service that requires membership in the Defined Benefit Program of the State Teachers' Retirement Plan.

AB 592 (**Dahle** R) Public employees' retirement: contracting agencies.

Introduced: 2/14/2017

Fiscal: Y

Urgency: N

Status: 4/6/2017 - In committee: Hearing postponed by committee.

Location: 2/27/2017 - A . P.E.,R. & S.S.

Summary: Current law authorizes public agencies to contract with the Board of Administration of the Public Employees' Retirement System to have their employees become members of the Public Employees' Retirement System (PERS) and makes an contracting agency that terminates a contract liable to PERS for any deficit in funding for earned benefits, interest, and reasonable and necessary costs of collection. This bill would authorize a contracting agency to request a calculation of the total costs necessary to terminate its contract with PERS.

AB 679 (**Cooley** D) Public employees' retirement: investments: security loans.

Introduced: 2/15/2017

Fiscal: Y

Urgency: N

Status: 3/2/2017 - Referred to Com. on P.E., R., & S.S.

Location: 3/2/2017 - A . P.E.,R. & S.S.

Summary: PERL grants the Board of Administration of PERS exclusive control of and fiduciary responsibility for the investment of the Public Employees' Retirement Fund, and authorizes the board to enter into specific types of security loan agreements, whereby a legal owner (the lender) agrees to lend specific marketable corporate or government securities for no more than one year, and the lender retains the right to collect from the borrower all dividends, interest, premiums, rights, and other distributions. This bill would require a borrower with respect to any security loan agreement to provide the board with collateral in the form of cash, United States government debt securities, or other specified forms of collateral, and would require that the amount of the collateral be at least 102% of the market value of the loaned securities.

AB 799 (**Choi** R) Alternate retirement program.

Introduced: 2/15/2017

Fiscal: N

Urgency: N

Status: 2/16/2017 - From printer. May be heard in committee March 18.

Location: 2/15/2017 - A . PRINT

Summary: Current law requires the Department of Human Resources to administer an alternate retirement program for state employees who became state miscellaneous members or state industrial members of the Public Employees' Retirement System between August 11, 2004, and June 30, 2013, inclusive, and who did not make contributions into the system during the 24 months of employment following the date they qualified for membership in the system, as specified. This bill would make a nonsubstantive change to that provision.

AB 825 (**Choi** R) State employees' retirement.

Introduced: 2/16/2017

Fiscal: N

Urgency: N

Status: 2/17/2017 - From printer. May be heard in committee March 19.

Location: 2/16/2017 - A . PRINT

Summary: Current law, for the purposes of complying with the federal Omnibus Budget Reconciliation Act of 1990, requires the Department of Human Resources to develop and administer a retirement program in which state employees, as defined, who are not covered by social security or by the Public Employees' Retirement System can defer compensation at 7.5% of wages, as specified. This bill would make nonsubstantive changes to that provision.

AB 833 (**Allen, Travis** R) Public employees' retirement.

Introduced: 2/16/2017

Fiscal: N

Urgency: N

Status: 2/17/2017 - From printer. May be heard in committee March 19.

Location: 2/16/2017 - A . PRINT

Summary: Current law, the California Public Employees' Pension Reform Act of 2013, establishes various limits on retirement benefits generally applicable to a public employee retirement system, except as specified, and among other things, prescribes limits on service after retirement without reinstatement into the applicable retirement system. This bill would make a nonsubstantive change to that provision.

AB 883 (**Dahle** R) Emergency services: Governor: powers.

Introduced: 2/16/2017

Last Amended: 3/23/2017

Fiscal: Y

Urgency: N

Status: 3/27/2017 - Re-referred to Com. on G.O.

Location: 3/23/2017 - A . G.O.

Summary: The California Emergency Services Act requires the Governor to coordinate the State Emergency Plan and any programs necessary for the mitigation of the effects of an emergency in this state, as specified, and authorizes the Governor to take certain actions, including providing for use of public airports, in accordance with the State Emergency Plan and programs for the mitigation of the effects of an emergency in this state. This bill would additionally authorize the Governor to provide for the use of aviation coordination in accordance with the State Emergency Plan and programs for the mitigation of the effects of an emergency in this state.

AB 946 (**Ting** D) State public retirement systems: divestiture: border wall construction companies.

Introduced: 2/16/2017

Last Amended: 3/28/2017

Fiscal: Y

Urgency: N

Status: 3/28/2017 - From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E., R., & S.S. Read second time and amended.

Location: 3/27/2017 - A . P.E., R. & S.S.

Summary: Would prohibit the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new

investments or renewing existing investments of public employee retirement funds in a border wall construction company, as defined. The bill would require the boards to liquidate investments in a border wall construction company within 12 months of the company contracting or subcontracting to provide work or material for a border wall, as defined.

AB 1243 (**Arambula** D) Public Employees' Retirement System: replacement benefits plan.

Introduced: 2/17/2017

Last Amended: 3/13/2017

Fiscal: Y

Urgency: N

Status: 3/29/2017 - Action From P.E.,R. & S.S.: Do pass.To APPR..

Location: 3/29/2017 - A . APPR.

Summary: Current law establishes in the treasury of each county the county school service fund, for use by the county superintendent of schools to pay all the charges against the fund and to provide for additional apportionments to school districts or community districts under his or her jurisdiction for various expenses. This bill would authorize a county superintendent of schools, for the purpose of paying necessary contributions to the replacement benefit plan, to draw requisitions against the county school service fund and the funds of the respective school districts or other local educational agencies in amounts equal to the total of the contribution required to be paid pursuant to replacement benefit plan provision.

AB 1487 (**Rodriguez** D) Public Employees' Retirement System: limited term appointments.

Introduced: 2/17/2017

Last Amended: 3/28/2017

Fiscal: Y

Urgency: N

Status: 3/28/2017 - From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E., R., & S.S. Read second time and amended.

Location: 3/27/2017 - A . P.E.,R. & S.S.

Summary: The Public Employees' Retirement Law authorizes a public agency and a school employer to contract to make their employees members of PERS.

PERL establishes the compensation earnable by members of the system, defined as the member's payrate and special compensation, which includes out-of-class pay for state members. This bill would prohibit an out-of-class appointment by a contracting agency or school employer from exceeding 960 hours each fiscal year. The bill would define "out-of-class appointment" to mean an appointment to an upgraded position or higher classification by the governing body to a vacant position for a limited duration.

SB 32 (**Moorlach** R) California Public Employees' Pension Reform Act of 2018.

Introduced: 12/5/2016

Last Amended: 3/2/2017

Fiscal: Y

Urgency: N

Status: 3/17/2017 - Set for hearing April 24.

Location: 3/8/2017 - S . P.E. & R.

Summary: Would create the Citizens' Pension Oversight Committee to serve in an advisory role to the Teachers' Retirement Board and the Board of Administration of PERS. The bill would require the committee, on or before January 1, 2019, and annually thereafter, to review the actual pension costs and obligations of PERS and STRS and report on these costs and obligations to the public.

SB 200 (**Morrell** R) Public employees' retirement benefits: final compensation.

Introduced: 1/31/2017

Fiscal: N

Urgency: N

Status: 2/9/2017 - Referred to Com. on RLS.

Location: 1/31/2017 - S . RLS.

Summary: The California Public Employees' Pension Reform Act of 2013 provides, for purposes of determining a retirement benefit paid to a person who first becomes a member of a public retirement system on or after January 1, 2013, that final compensation means the highest average annual pensionable compensation earned, as defined, during a period of at least 36 consecutive months, or at least 3 consecutive school years. This bill would make a nonsubstantive change to that provision.

SB 371 (**Moorlach** R) Local public employee organizations.

Introduced: 2/14/2017

Fiscal: N

Urgency: N

Status: 3/17/2017 - Set for hearing May 8.

Location: 2/23/2017 - S . P.E. & R.

Summary: The Meyers-Milius-Brown Act requires the governing body of a local public agency to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of a recognized employee organization. This bill would prohibit an individual who will be covered by a memorandum of understanding between a local public agency and a recognized public employee organization from representing the public agency in negotiations with the recognized employee organization.

SB 454 (**Moorlach** R) Public employees' health benefits.

Introduced: 2/16/2017

Last Amended: 4/6/2017

Fiscal: Y

Urgency: N

Status: 4/6/2017 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E. & R.

Location: 3/2/2017 - S . P.E. & R.

Summary: Would, for state employees who are first employed and become members of the retirement system on or after January 1, 2018, limit the employer contribution for annuitants to 80% of the weighted average of the health benefit plan premiums for an active employee enrolled for self alone, during the benefit year to which the formula is applied, for the 4 health benefit plans with the largest state civil service enrollment, as specified.

SB 525 (**Pan** D) Public employees' retirement.

Introduced: 2/16/2017

Fiscal: Y

Urgency: N

Status: 3/17/2017 - Set for hearing April 24.

Location: 3/2/2017 - S . P.E. & R.

Summary: PERL requires a member who is incapacitated, as specified, to be retired for disability in accordance with certain provisions if that member meets specified requirements concerning service. Under PERL, the terms "disability" and "incapacity for performance of duty" are defined, as a basis of retirement, to mean disability of permanent or extended and uncertain duration, as determined by the board, except with respect to certain local safety members. This bill would redefine those terms to specify that the duration of the disability or incapacity must be expected to last at least 12 consecutive months or result in death.

SB 529 (**Nguyen R**) Inspection of public records.

Introduced: 2/16/2017

Fiscal: Y

Urgency: N

Status: 4/4/2017 - Set for hearing April 18.

Location: 3/2/2017 - S . E. & C.A.

Summary: Current law requires filing officers to hold nomination documents and signatures in lieu of filing fee petitions for a specified time. Current law limits public access to these documents and allows only for the public to view them. This bill would require that nomination documents and signatures in lieu of filing fee petitions be furnished promptly upon request, and it would clarify that a member of the public need not request these records pursuant to the California Public Records Act.

SB 599 (**Portantino D**) Public Employees' Medical and Hospital Care Act: Peace Officers Research Association of California Insurance and Benefits Trust.

Introduced: 2/17/2017

Last Amended: 3/23/2017

Fiscal: Y

Urgency: N

Status: 3/31/2017 - Set for hearing April 24.

Location: 3/29/2017 - S . P.E. & R.

Summary: Would authorize the Peace Officers Research Association of California Insurance and Benefits Trust to offer different health benefit plan

designs with varying premiums in different areas of the state.

SB 671 (**Moorlach** R) County employees' retirement: retirement funds: transfers.

Introduced: 2/17/2017

Last Amended: 3/28/2017

Fiscal: N

Urgency: N

Status: 3/28/2017 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E. & R.

Location: 3/9/2017 - S . P.E. & R.

Summary: CERL authorizes the board of supervisors to authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution if the payment is made within 30 days after the county's fiscal year begins. Current law also authorizes a district that is a member of the retirement system in the County of San Bernardino to make advance payments, as described above. This bill would specify that the authority to make advance payments, described above, does not prevent the board of supervisors or governing body of a district from making advance payments for the estimated annual county contributions for an additional year or years, for a county or a district, if certain requirements are satisfied.

SCA 1 (**Moorlach** R) Retirement savings plans: funding prohibition: General Fund.

Introduced: 12/5/2016

Fiscal: Y

Urgency:

Status: 1/12/2017 - Referred to Coms. on P.E. & R. and E. & C.A.

Location: 1/12/2017 - S . P.E. & R.

Summary: Would prohibit the state from incurring any liability for payment of the retirement savings benefit earned by program participants in the California Secure Choice Retirement Savings Program. The measure would also prohibit the appropriation, transfer, or encumbrance of moneys in the General Fund for the purposes of the program, including any unfunded liability that the program may incur, unless the appropriation, transfer, or encumbrance is for funding the startup and first-year administrative costs for the program.

SCA 8**(Moorlach R) Public employee retirement benefits.**

Introduced: 2/15/2017

Fiscal: Y

Urgency:

Status: 2/23/2017 - Referred to Coms. on P.E. & R. and E. & C.A.

Location: 2/23/2017 - S . P.E. & R.

Summary: Would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law. The measure would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed, as specified. The measure would define government employer and retirement benefits for the purposes of its provisions.

Total Measures: 27

Total Tracking Forms: 27

4/10/2017 2:33:31 PM



SACRS

State Association of County Retirement Systems

*Staff * Trustees * Affiliates * Success*

A California Non Profit Corporation

7. SACRS Bylaws Committee Report - Vote

Vivian Gray, SACRS Bylaws Committee Chair

- A. Amendment to Article XI - Standing Committees,
Section 4. Program Committee
- B. Amendment to Article III – Membership,
Section 7. Membership Code of Conduct

SACRS By-Laws

...

Article XI – Standing Committees

...

Section 4 – Program Committee

Program Committee. The Program Committee shall be comprised of ~~not less than four (4) members but not more than eighteen (18) members~~ not more than (25) members from names submitted by the Program Committee Chair, with Board approval, and shall include the Education Committee Chair and Vice Chair and the Affiliate Committee Chair and Vice Chair. The committee shall also include five (5) regular members, three (3) staff members and eleven (11) affiliate members.

The President shall fill mid-term vacancies, with Board approval, within forty-five (45) days of taking office. The President shall appoint the Program Committee Chair, with the approval of the Board, within forty-five (45) days of taking office. The Program Committee Chair shall serve a one (1) year term that expires on the last day of the Spring regular meeting. The President may remove Program Committee members missing twenty-five percent (25%) or more of the Program Committee meetings in any given year, with Board approval. If an Affiliate member changes their firm mid-term, he/she may be subject to committee membership review, with Board approval.

The Program Committee shall be responsible for the planning and development ~~program~~ of the ~~two (2) annual~~ SACRS conferences.

Participation on the committee includes:

Pre-conference planning; brainstorming content and topics for general and concurrent sessions; recruitment of speakers and moderators for all conference sessions. Attend quarterly Program Committee meetings, and as needed.

Participation at conference includes; collection of feedback forms, assisting the moderator with question and answer component during sessions; coordination of the distribution of materials and; participation at networking events.

Length of appointment to committee:

Committee members shall serve in 3 year terms, the terms are on a staggered basis of one (1), two (2) and three (3) year rotation. A committee member may reapply for appointment upon completion of his/her term. Ex-Officio members are exempt from the term limitation process. Terms end at the completion of the Fall Conference.

SACRS By-Laws

...

Article III – Membership

...

Section 7 – Membership Code of Conduct

1. Policy Against Harassment, Discrimination, and Retaliation. SACRS is committed to providing an environment free from harassment and maintains a strict policy that forbids sexual harassment and other harassment, discrimination and retaliation based on race, color, national origin, ancestry, religion and religious creed, political affiliation, citizenship, sex, gender, gender identity, sexual orientation, age, pregnancy or breastfeeding, medical conditions, marital status, medical condition, physical or mental disability, or any other protected classification under federal, state or local law.

2. Standard of Decorum and Professionalism. SACRS members, representatives, family members, and guests are expected to maintain appropriate decorum and professionalism to improve the deliberative process and foster the integrity of the SACRS community. Verbal or non-verbal conduct which has the purpose or effect of affecting a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment will not be tolerated, regardless of whether such behavior amounts to unlawful conduct. Such inappropriate behavior includes, but is not limited to, the use of profanity, threats, offensive gestures, racial slurs, ethnic jokes, posting of offensive statements or pictures, derogatory remarks, insults, epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, assault or other unwelcome physical conduct, or other similar conduct.

3. Penalties for Violation. Any person found in violation of the SACRS Code of Conduct by the Board of Directors may, within the discretion of Board of Directors and as permitted by law, be temporarily or permanently barred from attending or participating in any SACRS conference, meeting, function, or event. Any member found in violation of the SACRS Code of Conduct by the Board of Directors may be subject to penalty within the discretion of Board of Directors and as permitted by law, including but not limited to:

- (a) Warning and/or Censure;
- (b) Suspension or revocation of the privileges of any member or their designated representatives;
- (c) Suspension of membership; and,
- (d) Termination of membership.

4. Affiliate Guidelines. Affiliate Members are and remain subject to additional guidelines as have been or may be approved by the Board of Directors.

5. No Duty. Although SACRS endeavors to create to create a respectful and welcoming environment for its membership, representatives, and other guests, it does not by this Code of Conduct or any other act, voluntarily assume a duty to do so, except as otherwise required by federal, state, or local law.



8. SACRS Nomination Committee - 2017-2018 SACRS BOD Elections - Vote
Yves Chery, Nomination Committee Chair

A. SACRS BOD 2017 – 2018 Ballot



March 31, 2017

Attn: SACRS Administrators
From: Yves Chery, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Directors Elections 2017-2018 – **FINAL BALLOT**

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 25, 2017. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1, 2017.

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...”

Listed below is the SACRS’ Nominating Committee recommended Final Slate and all the write-in candidates submitted by the systems. As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete slate. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

Please distribute the ballot 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.

Continued (Page 1 of 2)



SACRS Nominating Committee Recommended 2017-2018 Final Slate:

President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA
Secretary	Kathryn Cavness, Mendocino CERA

Write-In Candidates:

Treasurer	Art Goulet, Ventura CERA
Secretary	Art Goulet, Ventura CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA

If you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you for your prompt attention to this timely matter.

Best Regards,

Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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

(Page 2 of 2)



March 31, 2017

To: All 37 Act Systems
From: Yves Chery, Chair SACRS Nominating Committee
Re: **SACRS NOMINATING COMMITTEE 2017-2018 ELECTION REPORT**

Nominating Committee Members: Yves Chery, Chairperson (LACERA), Louis Fiorino (San Bernardino CERA), Tracy Towner (Ventura CERA), Vivian Gray (LACERA), Deanna McCormick (Ventura CERA) (absent)

For years the SACRS' Nominating Committee has contributed to the stability and continuity of our association and its election process. Given the diversity of the 37 Act Systems and the importance of ensuring the continuity and collegiality of the SACRS' Board in its work to further the mission of SACRS, and encourage greater participation by the membership, the Nominating Committee considered numerous factors in making its recommendation to the 37 Act Systems.

Prior to the February 1, 2017 deadline, the Nominating Committee received 6 letters of interest from SACRS members for 4 open seats on the SACRS' Board of Directors for the 2017-2018 election.

On February 20, 2017 the Nominating Committee received an email from Marin CERA administrator, Jeff Wickman, suggesting that the committee consider diversifying the SACRS' Board of Directors to ensure it reflects the diversity of the overall SACRS' member systems. (See Attachment)

On February 23, 2017 the committee convened via conference call and carefully and thoroughly reviewed all the candidates' information, considered their experience, qualifications, and the following to ensure a broad and diverse representation of the 37 Act memberships on the SACRS' Board of Directors:

- **Size of System – Small, Medium, Large**
- **Location of System – North, Central, South, Urban, Rural**
- **Trustee – Elected, Appointed, Gender**

PRESIDENT

The Nominating Committee recommends, Mr. Dan McAllister, San Diego CERA Trustee for President

Mr. Dan McAllister, San Diego CERA Trustee (Treasurer & Tax-Collector), was the only candidate that submitted a letter of interest for President. MOTION by Yves Chery and seconded by Louis Fiorino to recommend Dan McAllister for President. MOTION PASSED UNANIMOUSLY.

VICE PRESIDENT

The Nominating Committee recommends, Mr. Gabe Rodrigues, Contra Costa CERA Trustee for Vice President

Continued (Page 1 of 3)



Mr. Gabe Rodrigues, Contra Costa CERA Trustee, was the only candidate that submitted a letter of interest for Vice President. MOTION by Yves Chery and seconded by Ms. Gray to recommend Gabe Rodrigues for Vice President. MOTION PASSED UNANIMOUSLY.

The Treasurer and Secretary seats were the only contested positions. After unanimously approving the President and Vice President nominees, the committee considered the two contested seats.

Both of the incumbents of the contested seats (Mr. Larry Walker and Mr. Art Goulet) were from systems in the Southern California Region; however, SACRS current Treasurer, Larry Walker (San Bernardino CERA), was completing his first term on the Board while SACRS current Secretary, Art Goulet (Ventura CERA), was finishing his second term.

After weighing all the above factors, including Marin CERA's suggestion to broaden and diversify the representation on the Board, the committee voted to recommend the incumbent Larry Walker as Treasurer and a non-incumbent, Kathryn Cavness, the current Vice Chairwoman of Mendocino CERA as SACRS' Board Secretary

On March 3, 2017 the Nominating Committee's nominee for Treasurer, Larry Walker, withdrew his name to allow Mr. Goulet the opportunity to serve as SACRS' Treasurer. Moreover, Mr. Goulet did not accept Mr. Walker's gracious gesture of suggesting that he considers the Treasurer's position. (See Attachments)

On March 30, 2017, the committee reconvened via conference call to review all the candidates' information for the vacant Treasurer seat, make a recommendation for the Treasurer position, and prepare a final ballot for the 37 Act Systems.

The committee received two letters of interest for Treasurer. One from, Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector) and another from, Tarrell V. Gamble, Alameda CERA Trustee.

TREASURER

The Nominating Committee recommends, Mr. Harry E. Hagen, Santa Barbara CERA Trustee for Treasurer

While Mr. Gamble was considered, the committee recommends Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector). Mr. Hagen who is the Treasurer and Tax-Collector of Santa Barbara CERA is a Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM) and chairman of Santa Barbara CERA.

MOTION by Mr. Fiorino and seconded by Ms. Gray to recommend Harry E. Hagen for Treasurer. MOTION PASSED UNANIMOUSLY.

Continued (Page 2 of 3)



SECRETARY

The Nominating Committee recommends, Ms. Kathryn Cavness, Mendocino CERA Trustee for Secretary

Ms. Kathryn Cavness and Mr. Art Goulet were the only candidates who submitted a letter of interest for SACRS' Board Secretary.

Mr. Art Goulet, a trustee from Ventura CERA, who is currently finishing his second term as SACRS' Board Secretary is seeking a third term. Ms. Kathryn Cavness, the Vice Chairwoman of Mendocino CERA, is seeking her first term.

Currently, the bylaws do not preclude any SACRS' Board of Directors from seeking the same position beyond two terms, but historically, SACRS Board of Directors serve for two terms in one seat, then continues to the next seat, until she/he becomes President or resigns from the SACRS' Board. This process allows the Board Member the opportunity to learn and grow while serving on the Board of Directors. However, Mr. Art Goulet has no desire to advance to the next seat, the Treasurer; instead, he wishes to run for a third term as Secretary. (See Attachment)

The Nominating Committee voted (3-1) to recommend Ms. Kathryn Cavness, the Vice chairwoman of Mendocino CERA. In addition to possessing the retirement board experience and qualification, Ms. Cavness would broaden and expand the representation on the SACRS' Board, as she is from a rural, relatively small, Northern California County Retirement System. Further, Ms. Cavness would be the only woman on the SACRS' Board for the upcoming year, and the first since 2015.

MOTION by Ms. Gray and seconded by Mr. Fiorino to recommend Ms. Kathryn Cavness for Secretary. [Louis Fiorino – YES (San Bernardino CERA), Vivian Gray – YES (LACERA), Tracy Towner – NO (Ventura CERA), Yves Chery – YES (LACERA). VOTE (3 – 1) MOTION PASSED.

The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California. Should you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you!

Best Regards,

Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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

(Page 3 of 3)



Yves Chery <ychery2013@gmail.com>

SACRS Nominating Committee Feedback

1 message

Wickman, Jeff <JWickman@marincounty.org>
To: Yves Chery <ychery2013@gmail.com>

Mon, Feb 20, 2017 at 9:52 AM

Yves Chery

SACRS Immediate Past President

Nominating Committee Chair

SACRS Board of Directors Nominating Committee

Dear Yves,

At their February 8, 2017 meeting the Board of Retirement for the Marin County Employees' Retirement Association (MCERA) reviewed your memorandum regarding the 2017-2018 SACRS Board of Directors election process. On behalf of the Board I want to thank you for providing the opportunity to consider and potentially nominate qualified candidates for the Board of Directors.

At the end of the discussion, the MCERA Board Chair directed me to provide you with some feedback that they would like the Nominating Committee to consider. The MCERA Board believes that the composition of the Board of Directors should reflect the diversity of the overall SACRS member systems. SACRS member systems are broadly dispersed throughout California and vary greatly in size. One thing that all member systems have in common is they are composed of genders and races that represent the broad population within the specific jurisdiction. The MCERA Board of Retirement encourages the Nominating Committee to consider all these factors when deciding on the final ballot that will be presented to the voting member systems.

Please feel free to contact me directly if you have any questions.

Jeff Wickman

Retirement Administrator

Marin County Employees' Retirement Association

One McInnis Parkway, Suite 100

San Rafael, CA. 94903

jwickman@marincounty.org

415-473-3733 Office

415-473-4179 Fax

Email Disclaimer: <http://www.marincounty.org/main/disclaimers>

Larry Walker
POB 968
Chino, CA 91708
larry@larrywalker.us
909-628-8000

Yves Chery
Chair, Nominating Committee, SACRS
ychery2013@gmail.com
[delivered as e-mail attachment]

March 3, 2017

Subj: Withdrawal of candidacy for SACRS Treasurer

Dear Yves:

Pursuant to our discussions during the past few days, this is a notice of withdrawal of my candidacy for the position of Treasurer of SACRS for 2017-18. As laid out below, I strongly believe that Art Goulet should replace me on the ballot for that position.

I have thoroughly enjoyed this past year as a member of the SACRS Board of Directors. We have made substantial accomplishments in the area of leading the management of our organization, including the improvement of our information systems and our web presence. We have also established a very positive working relationship among board members, staff, and local systems. I am committed to doing whatever I can to assure that that effort continues.

Looking at the Nominating Committee's proposed list of candidates, I believe the committee responded to a very important issue, that of diversity in the representation of our organization's members. We have no women on the board, and only one board member from Northern California. The committee's action remedies that situation. I have the impression, however, that the Nominating Committee action may have also awakened negative aspects of SACRS history, in particular negative feelings from 2015.

I support the nomination of Kathryn Cavness. I do not know her, but I trust the committee's judgement, and her addition to the board should be a positive. It should not become a battlefield on which ghosts of the past are revived and old battles re-fought. The issue is simply whether Art Goulet or Larry Walker should give way to accommodate the new board member. On this I disagree with the Nominating Committee. I will step back.

I note that the Committee's hands were tied by the fact that each of us nominated ourselves for a specific position. The committee could not therefore take what I believe would be the best course of action — nominate Art Goulet for Treasurer, and Kathryn Cavness for Secretary. My withdrawal paves the way to remedy that situation.

Yesterday, at my request, SBCERA nominated Art Goulet for Treasurer. I propose that you formally seek Art's consent to serve in that capacity. Assuming that he agrees, the Nominating Committee will be in a position to add Art's name to their recommended ballot as part of their final ballot process in late March. I do not withdraw with joy or celebration. However, I volunteered for this position with the goal of making SACRS a better organization, and I now believe that withdrawing in this moment will help avoid a controversy that would be as pointless as it is potentially destructive.

It comes down to this: on one hand, we can stand by and watch another conference overshadowed by a competition in which there is little difference in the candidates, but in which normally constructive leaders fall prey to the temptation to cast opponents as incapable or dishonest, even treacherous, and demand that each system take a side, however uncomfortable the situation. On the other hand, we can take a simple action that places virtually the same group onto the Board of Directors with very little antagonism on the part of anyone (other than whatever has gone on already.)

I urge the second course, and this withdrawal sets the table for the accomplishment of that strategy. My hope is that Art will accept this gesture for what it is – an effort to accomplish the best for our organization. My goal is that 2017-18 will be a year of accomplishment and fulfillment for SACRS, and not another cleanup year spent patching up relationships that have been needlessly damaged.

If there is any further procedural step that I need to undertake in order to accomplish the action outlined above, please so notify me at your convenience.

Thank you for your leadership.

Sincerely,



Larry Walker
Treasurer, SACRS

Cc:	Dan McAllister	President, SACRS
	Sulema Peterson	Administrator, SACRS



March 6, 2017

To: All 37 Act Systems

From: Yves Chery, Chair SACRS Nominating Committee

Re: Withdrawal of Treasurer Candidate for SACRS BOD

On Friday, March 3, 2017, Larry Walker, the Nominating Committee's nominee for the position of Treasurer of SACRS for 2017-2018 withdrew his name for consideration from the upcoming elections.

This development in the election process necessitated the Nominating Committee, with guidance from SACRS' legal counsel, to inform you of this matter to ensure that the election process remains fair, transparent and consistent with our bylaws.

Therefore, the Treasurer's position is now open. Interested candidates should submit their letter of interest and brief bio to the Nominating Committee prior to March 25, 2017.

Additionally, in accordance with our bylaws, the Boards of the regular members may also submit a write-in candidate for the Treasurer's position (or any other office). All submissions must be made prior to March 25, 2017.

The Nominating Committee will report a final slate to all 37 Act Systems prior to April 1, 2017. The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

If you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you for your prompt attention to this important matter.

Best Regards,

Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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



Yves Chery <ychery2013@gmail.com>

SACRS Treasurer

1 message

Artgou@aol.com <Artgou@aol.com>
To: ychery2013@gmail.com

Fri, Mar 24, 2017 at 11:05 AM

Yves,

Please remove my name as a write-in candidate for Treasurer, as nominated by SBCERA.

Larry Walker did not talk to me before he convinced the SBCERA Board to nominate me. He did that and withdrew his nomination because he graciously sought to dampen the controversy you caused.

My goal is to be re-elected Secretary despite your actions.

Art

January 31, 2017

Mr. Yves Chery
Chairman
Nominating Committee
State Association of County Retirement Systems

Dear Mr. Chery,

This is to officially submit my name for consideration by the Nominating Committee for the office of SACRS President.

When I first ran for the Presidency one year ago, I pledged to continue to help move our organization forward with strong, inclusive leadership. I also spoke of my experiences and accomplishments as San Diego County Treasurer-Tax Collector; and of serving as a Trustee on the San Diego County Employees Retirement Association (SDCERA) Board and two successful terms as Board Chair.

Over the past three years it has been my distinct honor and pleasure to serve on the SACRS Board. The first two years as Treasurer and this year as President. During this year our Board has worked closely together to establish and implement goals that will improve our levels of customer service to our members. Some of the key goals include:

1. Re-branding SACRS with a fresh new logo and look
2. Re-building our website to create more interactive capabilities for members
3. Presenting high quality speakers and topics of interest at each of our conferences
4. Building attendance at the SACRS Berkeley Education program through stronger marketing efforts
5. Reaching out to each '37 Act systems to determine what we can do to build Trustee and staff attendance at SACRS fall and spring conferences.

I am proud of the work our board has accomplished this year under my leadership. It has been a productive year for our Board and we have made a difference for the SACRS membership. Ours has been a team effort and one that can point to positive developments.

SACRS is a special organization and one that must continue to provide educational forums for disseminating knowledge and information to Trustees and system staffs from all '37 Act counties in California. Additionally, SACRS must take an active role in the legislative process as it affects county retirement systems. As SACRS President for the coming year, I will continue to work collaboratively with the SACRS Board and Trustees and system staff statewide to ensure that our educational programs and conferences continue to be of the highest quality.

With your support and nomination, I would be honored to serve a second term as President of SACRS. Thank you in advance for your careful and positive consideration of my candidacy for re-election.

Sincerely,


Dan McAllister
President

To: Yves Chery, SACRS Nomination Committee Chairperson
From: Gabe Rodrigues, CCCERA and SACRS VP
Re: 2017-2018 SACRS Elections

Mr. Chery,

I am requesting that my name be included on the 2017-2018 SACRS Nomination Slate for the position of Vice President at the upcoming elections in May 2017.

The past two years as the SACRS Vice President has been a most enjoyable and rewarding journey. It has not only given me the opportunity to work with some of the best and brightest individuals in the Public Pension and Institutional Investment communities, but it has also given me the ability to give back to our members who are made up of good, hardworking public servants.

I have been the Chairperson for three successful SACRS Conferences as well as a contributing member of the SACRS Board of Directors. With the knowledge and experience I have gained from overseeing the conferences and working with our esteemed and highly qualified Board members, Program Committee members and the Shaw/Yoder/Antwih Inc. staff, I feel qualified as well as motivated to be a successful Vice President. My goals are to keep moving SACRS forward as a premier public pension organization by reaching out to our members and understanding what our organization can do for them. My focus will be on our Spring and Fall Conferences, the UC Berkeley Educational Program, our upcoming new website and branding launch and any new, needed legislation.

It would be an honor to serve as the 2017-2018 SACRS Vice President.

Sincerely,
Gabe Rodrigues
CCCERA Safety Trustee

Education:

- Bachelor of Arts In Management – Saint Mary's College at Moraga, California
- MBA in Marketing Management – California State University, Hayward

Public Pension Trustee Certificates:

State Association of Public Retirement Systems - SACRS:

- Modern Investment Theory & Practice for Retirement Systems - U.C. Berkeley

California Association of Public Retirement Systems – CALAPRS:

- Principles of Pension Management - Stanford University
- Advanced Principles of Pension Management – UCLA

International Foundation of Employee Benefit Plans – IFEBP:

- Portfolio Concepts and Management – Wharton School of Business
- Certificate of Achievement in Public Plan Policy I
- Certificate of Achievement in Public Plan Policy II
- International an Emerging Market Investing
- Trustees Masters Program

National Conference on Public Employees Retirement Systems – NCPERS:

- Trustee Educational Seminar
- Public Pension Funding Forum - Yale University

March 17, 2017

To Yves Cherry, Chair, SACRS Nominating Committee

I would like to submit my letter of interest in running for the SACRS Board of Directors position of Treasurer. I am the current Treasurer-Tax Collector-Public Administrator for the County of Santa Barbara. I was first elected in 2010 and am currently serving in my second four-year term.

I believe I am well qualified for the position based upon my educational and work experience. I have a Bachelor of Arts degree in Business Economics from UCSB and a certificate in Public Treasury Management from USC. I also hold the following professional designations: Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM).

I am a 20-year employee of Santa Barbara County and the current Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for 6 years. I was also an alternate member to the Board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration. I look forward to your positive decision in regards to my expression of interest in becoming SACRS Treasurer.

Harry E. Hagen, CPA, CPFO, CFIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us

Kathryn Cavness

(707) 459-2215
k24u2figure@gmail.com

January 29, 2017

SACRS Nominating Committee
1415 L St., Suite 1000,
Sacramento, CA 95814

Dear Nominating Committee:

Please consider my request to run for secretary in the State Association of County Retirement Systems (SACRS) Board of Directors upcoming election. Currently, I am a Trustee and Vice Chair of the Mendocino County Employee Retirement Association (MCERA) as well as a member of the MCERA audit committee. My educational background and professional experience has provided me with a strong financial background ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors.

As a public employee, I have been serving as the Senior Department Analyst for the County of Mendocino District Attorney's Office since 2008. My position encompasses budget and finance administration for the DA's Office, as well as providing grant management for the DA's Victim Advocacy programs, the Mendocino County's Behavioral Health Court, and the Mendocino County Community Corrections Partners AB109 Realignment efforts to decrease recidivism.

Additional responsibilities include:

- SACRS Educational Committee Member

My educational background consists of a Master's Degree in Business Administration as well as an abundance of investment management opportunities while serving on the MCERA Board including:

- Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University
- Advanced Principles of Pension Management for Trustees, UC Davis

Sincerely,

Kathryn Cavness

Art Goulet
artgou@aol.com

I am the current SACRS Secretary, first elected in 2015. I am also the Retired Member Trustee of the Ventura County Employees Retirement Association, having recently completed the second year of my fourth term. Every time I have run for the position, I have run unopposed. I am a Past President of the Retired Employees Association of Ventura County (REAVC), after having served 10 years as President. I also serve as the Legislative Chair for the California Retired County Employees Association (CRCEA) and have been a member of the SACRS Legislative and Audit Committees for 12 and 5 years, respectively.

I have Bachelor of Civil Engineering and Master of Public Administration Degrees, and varied public service and private consulting experience, including more than 22 years as County Director of Public Works. While Director of Public Works, I progressed through the offices of the County Engineers Association of California (CEAC), culminating as President. I was also named County Engineer of the year during my career, and received the Circle of Service Award twice from the California State Association of Counties.

I have a reputation for hard work, doing my homework, and being prepared to make meaningful contributions. I have put that reputation to work as Secretary of SACRS for the past year, and would appreciate being nominated again, so I can continue to do so.

the 'information' and 'communication' fields. The 'information' field is defined as:

...the study of the processes of information production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'communication' field is defined as:

...the study of the processes of communication production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'information' field is defined as:

...the study of the processes of information production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'communication' field is defined as:

...the study of the processes of communication production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'information' field is defined as:

...the study of the processes of information production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'communication' field is defined as:

...the study of the processes of communication production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'information' field is defined as:

...the study of the processes of information production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'communication' field is defined as:

...the study of the processes of communication production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'information' field is defined as:

...the study of the processes of information production, distribution, access, use and evaluation, and the study of the social, cultural, economic and political contexts in which these processes take place. (p. 10)

The 'communication' field is defined as:

9. SACRS Committee & Breakout Reports:

Committee	Chair	Breakout Reports	Representative
Affiliate	Michael Keough	Administrators	James Wilbanks
Audit	Steve Delaney	Attorneys	David Lantzer
Bylaws	Vivian Gray	General Trustees	Yves Chery
Education	Christie Porter	Internal Auditors	Harsh Jadhav
Legislative	Richard Stensrud	Investment Officers	Steve Marsh
Nomination	Yves Chery	Ops & Benefits/ Disability	JJ Popowich
Program	Gabe Rodrigues	Safety Trustees	Tracy Towner



**Next scheduled SACRS Association Business Meeting will be held Friday,
November 17, 2017, at the Hyatt Regency San Francisco Airport, Burlingame, CA.**

March 31, 2017

Attn: SACRS Administrators
From: Yves Chery, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Directors Elections 2017-2018 – **FINAL BALLOT**

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 25, 2017. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1, 2017.

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...”

Listed below is the SACRS’ Nominating Committee recommended Final Slate and all the write-in candidates submitted by the systems. As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete slate. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

Please distribute the ballot 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.

Continued (Page 1 of 2)

SACRS Nominating Committee Recommended 2017-2018 Final Slate:

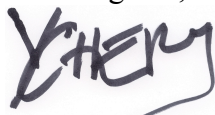
President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA
Secretary	Kathryn Cavness, Mendocino CERA

Write-In Candidates:

Treasurer	Art Goulet, Ventura CERA
Secretary	Art Goulet, Ventura CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA

If you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you for your prompt attention to this timely matter.

Best Regards,



Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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

March 31, 2017

To: All 37 Act Systems
From: Yves Chery, Chair SACRS Nominating Committee
Re: **SACRS NOMINATING COMMITTEE 2017-2018 ELECTION REPORT**

Nominating Committee Members: Yves Chery, Chairperson (LACERA), Louis Fiorino (San Bernardino CERA), Tracy Towner (Ventura CERA), Vivian Gray (LACERA), Deanna McCormick (Ventura CERA) (absent)

For years the SACRS' Nominating Committee has contributed to the stability and continuity of our association and its election process. Given the diversity of the 37 Act Systems and the importance of ensuring the continuity and collegiality of the SACRS' Board in its work to further the mission of SACRS, and encourage greater participation by the membership, the Nominating Committee considered numerous factors in making its recommendation to the 37 Act Systems.

Prior to the February 1, 2017 deadline, the Nominating Committee received 6 letters of interest from SACRS members for 4 open seats on the SACRS' Board of Directors for the 2017-2018 election.

On February 20, 2017 the Nominating Committee received an email from Marin CERA administrator, Jeff Wickman, suggesting that the committee consider diversifying the SACRS' Board of Directors to ensure it reflects the diversity of the overall SACRS' member systems. **(See Attachment)**

On February 23, 2017 the committee convened via conference call and carefully and thoroughly reviewed all the candidates' information, considered their experience, qualifications, and the following to ensure a broad and diverse representation of the 37 Act memberships on the SACRS' Board of Directors:

- **Size of System – Small, Medium, Large**
- **Location of System – North, Central, South, Urban, Rural**
- **Trustee – Elected, Appointed, Gender**

PRESIDENT

The Nominating Committee recommends, Mr. Dan McAllister, San Diego CERA Trustee for President

Mr. Dan McAllister, San Diego CERA Trustee (Treasurer & Tax-Collector), was the only candidate that submitted a letter of interest for President. MOTION by Yves Chery and seconded by Louis Fiorino to recommend Dan McAllister for President. MOTION PASSED UNANIMOUSLY.

VICE PRESIDENT

The Nominating Committee recommends, Mr. Gabe Rodrigues, Contra Costa CERA Trustee for Vice President

Continued (Page 1 of 3)

Mr. Gabe Rodrigues, Contra Costa CERA Trustee, was the only candidate that submitted a letter of interest for Vice President. MOTION by Yves Chery and seconded by Ms. Gray to recommend Gabe Rodrigues for Vice President. MOTION PASSED UNANIMOUSLY.

The Treasurer and Secretary seats were the only contested positions. After unanimously approving the President and Vice President nominees, the committee considered the two contested seats.

Both of the incumbents of the contested seats (Mr. Larry Walker and Mr. Art Goulet) were from systems in the Southern California Region; however, SACRS current Treasurer, Larry Walker (San Bernardino CERA), was completing his first term on the Board while SACRS current Secretary, Art Goulet (Ventura CERA), was finishing his second term.

After weighing all the above factors, including Marin CERA's suggestion to broaden and diversify the representation on the Board, the committee voted to recommend the incumbent Larry Walker as Treasurer and a non-incumbent, Kathryn Cavness, the current Vice Chairwoman of Mendocino CERA as SACRS' Board Secretary

On March 3, 2017 the Nominating Committee's nominee for Treasurer, Larry Walker, withdrew his name to allow Mr. Goulet the opportunity to serve as SACRS' Treasurer. Moreover, Mr. Goulet did not accept Mr. Walker's gracious gesture of suggesting that he considers the Treasurer's position. **(See Attachments)**

On March 30, 2017, the committee reconvened via conference call to review all the candidates' information for the vacant Treasurer seat, make a recommendation for the Treasurer position, and prepare a final ballot for the 37 Act Systems.

The committee received two letters of interest for Treasurer. One from, Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector) and another from, Tarrell V. Gamble, Alameda CERA Trustee.

TREASURER

The Nominating Committee recommends, Mr. Harry E. Hagen, Santa Barbara CERA Trustee for Treasurer

While Mr. Gamble was considered, the committee recommends Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector). Mr. Hagen who is the Treasurer and Tax-Collector of Santa Barbara CERA is a Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM) and chairman of Santa Barbara CERA.

MOTION by Mr. Fiorino and seconded by Ms. Gray to recommend Harry E. Hagen for Treasurer. MOTION PASSED UNANIMOUSLY.

Continued (Page 2 of 3)

SECRETARY

The Nominating Committee recommends, Ms. Kathryn Cavness, Mendocino CERA Trustee for Secretary

Ms. Kathryn Cavness and Mr. Art Goulet were the only candidates who submitted a letter of interest for SACRS' Board Secretary.

Mr. Art Goulet, a trustee from Ventura CERA, who is currently finishing his second term as SACRS' Board Secretary is seeking a third term. Ms. Kathryn Cavness, the Vice Chairwoman of Mendocino CERA, is seeking her first term.

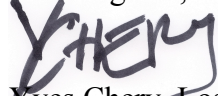
Currently, the bylaws do not preclude any SACRS' Board of Directors from seeking the same position beyond two terms, but historically, SACRS Board of Directors serve for two terms in one seat, then continues to the next seat, until she/he becomes President or resigns from the SACRS' Board. This process allows the Board Member the opportunity to learn and grow while serving on the Board of Directors. However, Mr. Art Goulet has no desire to advance to the next seat, the Treasurer; instead, he wishes to run for a third term as Secretary. **(See Attachment)**

The Nominating Committee voted (3-1) to recommend Ms. Kathryn Cavness, the Vice chairwoman of Mendocino CERA. In addition to possessing the retirement board experience and qualification, Ms. Cavness would broaden and expand the representation on the SACRS' Board, as she is from a rural, relatively small, Northern California County Retirement System. Further, Ms. Cavness would be the **only woman on the SACRS' Board for the upcoming year, and the first since 2015.**

MOTION by Ms. Gray and seconded by Mr. Fiorino to recommend Ms. Kathryn Cavness for Secretary. [Louis Fiorino – YES (San Bernardino CERA), Vivian Gray – YES (LACERA), Tracy Towner – NO (Ventura CERA), Yves Chery – YES (LACERA). VOTE (3 – 1) MOTION PASSED.

The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California. Should you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you!

Best Regards,



Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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



Yves Chery <ychery2013@gmail.com>

SACRS Nominating Committee Feedback

1 message

Wickman, Jeff <JWickman@marincounty.org>

Mon, Feb 20, 2017 at 9:52 AM

To: Yves Chery <ychery2013@gmail.com>

Yves Chery

SACRS Immediate Past President

Nominating Committee Chair

SACRS Board of Directors Nominating Committee

Dear Yves,

At their February 8, 2017 meeting the Board of Retirement for the Marin County Employees' Retirement Association (MCERA) reviewed your memorandum regarding the 2017-2018 SACRS Board of Directors election process. On behalf of the Board I want to thank you for providing the opportunity to consider and potentially nominate qualified candidates for the Board of Directors.

At the end of the discussion, the MCERA Board Chair directed me to provide you with some feedback that they would like the Nominating Committee to consider. The MCERA Board believes that the composition of the Board of Directors should reflect the diversity of the overall SACRS member systems. SACRS member systems are broadly dispersed throughout California and vary greatly in size. One thing that all member systems have in common is they are composed of genders and races that represent the broad population within the specific jurisdiction. The MCERA Board of Retirement encourages the Nominating Committee to consider all these factors when deciding on the final ballot that will be presented to the voting member systems.

Please feel free to contact me directly if you have any questions.

Jeff Wickman

Retirement Administrator

Marin County Employees' Retirement Association

One McInnis Parkway, Suite 100

San Rafael, CA. 94903

jwickman@marincounty.org

415-473-3733 Office

415-473-4179 Fax

Email Disclaimer: <http://www.marincounty.org/main/disclaimers>

Larry Walker
POB 968
Chino, CA 91708
larry@larrywalker.us
909-628-8000

Yves Chery
Chair, Nominating Committee, SACRS
ychery2013@gmail.com
[delivered as e-mail attachment]

March 3, 2017

Subj: Withdrawal of candidacy for SACRS Treasurer

Dear Yves:

Pursuant to our discussions during the past few days, this is a notice of withdrawal of my candidacy for the position of Treasurer of SACRS for 2017-18. As laid out below, I strongly believe that Art Goulet should replace me on the ballot for that position.

I have thoroughly enjoyed this past year as a member of the SACRS Board of Directors. We have made substantial accomplishments in the area of leading the management of our organization, including the improvement of our information systems and our web presence. We have also established a very positive working relationship among board members, staff, and local systems. I am committed to doing whatever I can to assure that that effort continues.

Looking at the Nominating Committee's proposed list of candidates, I believe the committee responded to a very important issue, that of diversity in the representation of our organization's members. We have no women on the board, and only one board member from Northern California. The committee's action remedies that situation. I have the impression, however, that the Nominating Committee action may have also awakened negative aspects of SACRS history, in particular negative feelings from 2015.

I support the nomination of Kathryn Cavness. I do not know her, but I trust the committee's judgement, and her addition to the board should be a positive. It should not become a battlefield on which ghosts of the past are revived and old battles re-fought. The issue is simply whether Art Goulet or Larry Walker should give way to accommodate the new board member. On this I disagree with the Nominating Committee. I will step back.

I note that the Committee's hands were tied by the fact that each of us nominated ourselves for a specific position. The committee could not therefore take what I believe would be the best course of action — nominate Art Goulet for Treasurer, and Kathryn Cavness for Secretary. My withdrawal paves the way to remedy that situation.

Yesterday, at my request, SBCERA nominated Art Goulet for Treasurer. I propose that you formally seek Art's consent to serve in that capacity. Assuming that he agrees, the Nominating Committee will be in a position to add Art's name to their recommended ballot as part of their final ballot process in late March. I do not withdraw with joy or celebration. However, I volunteered for this position with the goal of making SACRS a better organization, and I now believe that withdrawing in this moment will help avoid a controversy that would be as pointless as it is potentially destructive.

It comes down to this: on one hand, we can stand by and watch another conference overshadowed by a competition in which there is little difference in the candidates, but in which normally constructive leaders fall prey to the temptation to cast opponents as incapable or dishonest, even treacherous, and demand that each system take a side, however uncomfortable the situation. On the other hand, we can take a simple action that places virtually the same group onto the Board of Directors with very little antagonism on the part of anyone (other than whatever has gone on already.)

I urge the second course, and this withdrawal sets the table for the accomplishment of that strategy. My hope is that Art will accept this gesture for what it is – an effort to accomplish the best for our organization. My goal is that 2017-18 will be a year of accomplishment and fulfillment for SACRS, and not another cleanup year spent patching up relationships that have been needlessly damaged.

If there is any further procedural step that I need to undertake in order to accomplish the action outlined above, please so notify me at your convenience.

Thank you for your leadership.

Sincerely,



Larry Walker
Treasurer, SACRS

Cc: Dan McAllister President, SACRS
 Sulema Peterson Administrator, SACRS

March 6, 2017

To: All 37 Act Systems

From: Yves Chery, Chair SACRS Nominating Committee

Re: Withdrawal of Treasurer Candidate for SACRS BOD

On Friday, March 3, 2017, Larry Walker, the Nominating Committee's nominee for the position of Treasurer of SACRS for 2017-2018 withdrew his name for consideration from the upcoming elections.

This development in the election process necessitated the Nominating Committee, with guidance from SACRS' legal counsel, to inform you of this matter to ensure that the election process remains fair, transparent and consistent with our bylaws.

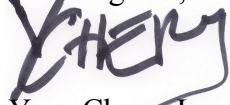
Therefore, the Treasurer's position is now open. Interested candidates should submit their letter of interest and brief bio to the Nominating Committee prior to March 25, 2017.

Additionally, in accordance with our bylaws, the Boards of the regular members may also submit a write-in candidate for the Treasurer's position (or any other office). All submissions must be made prior to March 25, 2017.

The Nominating Committee will report a final slate to all 37 Act Systems prior to April 1, 2017. The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

If you have any questions, please contact me directly at (818) 989-4435 or ychery2013@gmail.com. Thank you for your prompt attention to this important matter.

Best Regards,



Yves Chery, Los Angeles CERA Trustee
SACRS Nominating Committee Chair

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



Yves Chery <ychery2013@gmail.com>

SACRS Treasurer

1 message

Artgou@aol.com <Artgou@aol.com>
To: ychery2013@gmail.com

Fri, Mar 24, 2017 at 11:05 AM

Yves,

Please remove my name as a write-in candidate for Treasurer, as nominated by SBCERA.

Larry Walker did not talk to me before he convinced the SBCERA Board to nominate me. He did that and withdrew his nomination because he graciously sought to dampen the controversy you caused.

My goal is to be re-elected Secretary despite your actions.

Art

January 31, 2017

Mr. Yves Chery
Chairman
Nominating Committee
State Association of County Retirement Systems

Dear Mr. Chery,

This is to officially submit my name for consideration by the Nominating Committee for the office of SACRS President.

When I first ran for the Presidency one year ago, I pledged to continue to help move our organization forward with strong, inclusive leadership. I also spoke of my experiences and accomplishments as San Diego County Treasurer-Tax Collector; and of serving as a Trustee on the San Diego County Employees Retirement Association (SDCERA) Board and two successful terms as Board Chair.

Over the past three years it has been my distinct honor and pleasure to serve on the SACRS Board. The first two years as Treasurer and this year as President. During this year our Board has worked closely together to establish and implement goals that will improve our levels of customer service to our members. Some of the key goals include:

1. Re-branding SACRS with a fresh new logo and look
2. Re-building our website to create more interactive capabilities for members
3. Presenting high quality speakers and topics of interest at each of our conferences
4. Building attendance at the SACRS Berkeley Education program through stronger marketing efforts
5. Reaching out to each '37 Act systems to determine what we can do to build Trustee and staff attendance at SACRS fall and spring conferences.

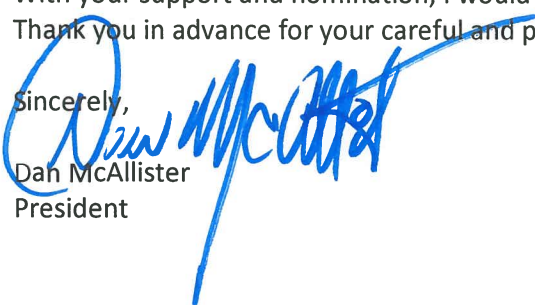
I am proud of the work our board has accomplished this year under my leadership. It has been a productive year for our Board and we have made a difference for the SACRS membership. Ours has been a team effort and one that can point to positive developments.

SACRS is a special organization and one that must continue to provide educational forums for disseminating knowledge and information to Trustees and system staffs from all '37 Act counties in California. Additionally, SACRS must take an active role in the legislative process as it affects county retirement systems. As SACRS President for the coming year, I will continue to work collaboratively with the SACRS Board and Trustees and system staff statewide to ensure that our educational programs and conferences continue to be of the highest quality.

With your support and nomination, I would be honored to serve a second term as President of SACRS. Thank you in advance for your careful and positive consideration of my candidacy for re-election.

Sincerely,

Dan McAllister
President



To: Yves Chery, SACRS Nomination Committee Chairperson
From: Gabe Rodrigues, CCCERA and SACRS VP
Re: 2017-2018 SACRS Elections

Mr. Chery,

I am requesting that my name be included on the 2017-2018 SACRS Nomination Slate for the position of Vice President at the upcoming elections in May 2017.

The past two years as the SACRS Vice President has been a most enjoyable and rewarding journey. It has not only given me the opportunity to work with some of the best and brightest individuals in the Public Pension and Institutional Investment communities, but it has also given me the ability to give back to our members who are made up of good, hardworking public servants.

I have been the Chairperson for three successful SACRS Conferences as well as a contributing member of the SACRS Board of Directors. With the knowledge and experience I have gained from overseeing the conferences and working with our esteemed and highly qualified Board members, Program Committee members and the Shaw/Yoder/Antwih Inc. staff, I feel qualified as well as motivated to be a successful Vice President. My goals are to keep moving SACRS forward as a premier public pension organization by reaching out to our members and understanding what our organization can do for them. My focus will be on our Spring and Fall Conferences, the UC Berkeley Educational Program, our upcoming new website and branding launch and any new, needed legislation.

It would be an honor to serve as the 2017-2018 SACRS Vice President.

Sincerely,
Gabe Rodrigues
CCCERA Safety Trustee

Education:

- Bachelor of Arts In Management – Saint Mary's College at Moraga, California
- MBA in Marketing Management – California State University, Hayward

Public Pension Trustee Certificates:

State Association of Public Retirement Systems - SACRS:

- Modern Investment Theory & Practice for Retirement Systems - U.C. Berkeley

California Association of Public Retirement Systems – CALAPRS:

- Principles of Pension Management - Stanford University
- Advanced Principles of Pension Management – UCLA

International Foundation of Employee Benefit Plans – IFEBP:

- Portfolio Concepts and Management – Wharton School of Business
- Certificate of Achievement in Public Plan Policy I
- Certificate of Achievement in Public Plan Policy II
- International and Emerging Market Investing
- Trustees Masters Program

National Conference on Public Employees Retirement Systems – NCPERS:

- Trustee Educational Seminar
- Public Pension Funding Forum - Yale University

March 17, 2017

To Yves Cherry, Chair, SACRS Nominating Committee

I would like to submit my letter of interest in running for the SACRS Board of Directors position of Treasurer. I am the current Treasurer-Tax Collector-Public Administrator for the County of Santa Barbara. I was first elected in 2010 and am currently serving in my second four-year term.

I believe I am well qualified for the position based upon my educational and work experience. I have a Bachelor of Arts degree in Business Economics from UCSB and a certificate in Public Treasury Management from USC. I also hold the following professional designations: Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM).

I am a 20-year employee of Santa Barbara County and the current Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for 6 years. I was also an alternate member to the Board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration. I look forward to your positive decision in regards to my expression of interest in becoming SACRS Treasurer.

Harry E. Hagen, CPA, CPFO, CFIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us

Kathryn Cavness

(707) 459-2215
k24u2figure@gmail.com

January 29, 2017

SACRS Nominating Committee
1415 L St., Suite 1000,
Sacramento, CA 95814

Dear Nominating Committee:

Please consider my request to run for secretary in the State Association of County Retirement Systems (SACRS) Board of Directors upcoming election. Currently, I am a Trustee and Vice Chair of the Mendocino County Employee Retirement Association (MCERA) as well as a member of the MCERA audit committee. My educational background and professional experience has provided me with a strong financial background ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors.

As a public employee, I have been serving as the Senior Department Analyst for the County of Mendocino District Attorney's Office since 2008. My position encompasses budget and finance administration for the DA's Office, as well as providing grant management for the DA's Victim Advocacy programs, the Mendocino County's Behavioral Health Court, and the Mendocino County Community Corrections Partners AB109 Realignment efforts to decrease recidivism.

Additional responsibilities include:

- SACRS Educational Committee Member

My educational background consists of a Master's Degree in Business Administration as well as an abundance of investment management opportunities while serving on the MCERA Board including:

- Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University
- Advanced Principles of Pension Management for Trustees, UC Davis

Sincerely,

Kathryn Cavness

Art Goulet
artgou@aol.com

I am the current SACRS Secretary, first elected in 2015. I am also the Retired Member Trustee of the Ventura County Employees Retirement Association, having recently completed the second year of my fourth term. Every time I have run for the position, I have run unopposed. I am a Past President of the Retired Employees Association of Ventura County (REAVC), after having served 10 years as President. I also serve as the Legislative Chair for the California Retired County Employees Association (CRCEA) and have been a member of the SACRS Legislative and Audit Committees for 12 and 5 years, respectively.

I have Bachelor of Civil Engineering and Master of Public Administration Degrees, and varied public service and private consulting experience, including more than 22 years as County Director of Public Works. While Director of Public Works, I progressed through the offices of the County Engineers Association of California (CEAC), culminating as President. I was also named County Engineer of the year during my career, and received the Circle of Service Award twice from the California State Association of Counties.

I have a reputation for hard work, doing my homework, and being prepared to make meaningful contributions. I have put that reputation to work as Secretary of SACRS for the past year, and would appreciate being nominated again, so I can continue to do so.

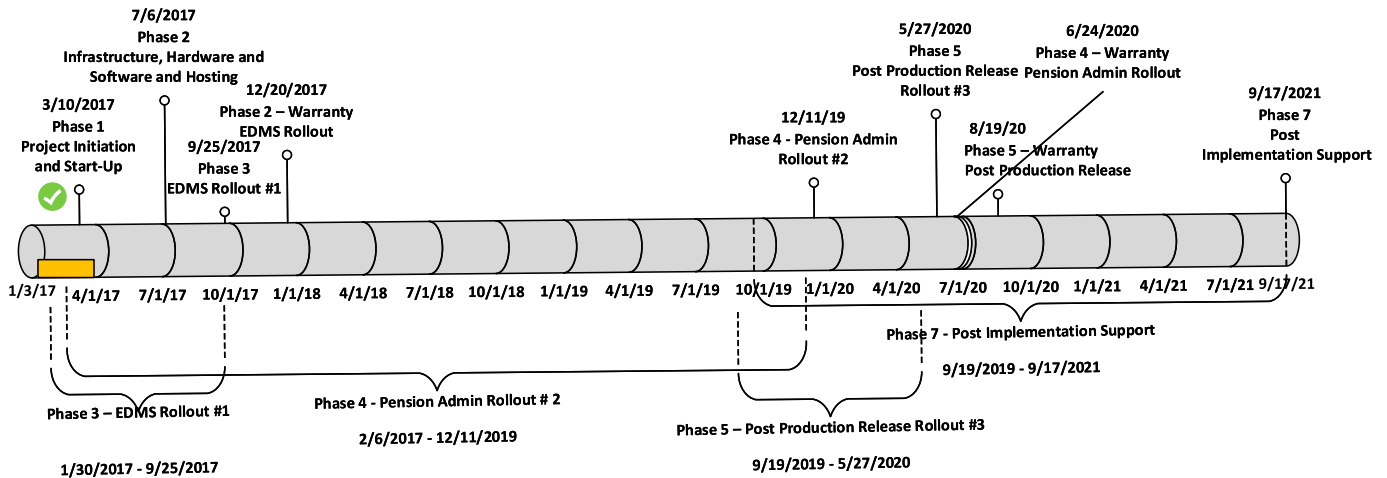


PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



SPONSOR: Rick Santos

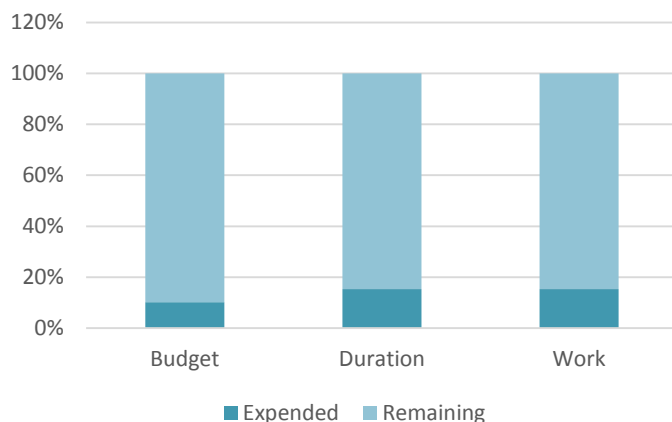
REPORT DATE: 04-07-2017



Baseline 12/01/2016

STATUS

Risks & Issues:



No high-level risks have been identified.

Accomplishments:

Upcoming:

- Facilitated the monthly Project Steering Committee meeting.
- Facilitated the weekly Project Manager meeting.
- Facilitated meeting with the StanCERA management to discuss and consolidate individual review comments on the outstanding Project Plan documents and obtained final acceptance and signoff from the StanCERA management.
- Completed work on the project timeline infographic and provided to StanCERA for review.
- Participated in Tegrity work sessions conducted by Paul Booth and several ad-hoc meetings or discussions.

- Facilitate the weekly Project Manager meeting.
- Participate in multiple Tegrity work sessions, PM Meetings and/or other meetings scheduled each week.
- Continue tracking requirements discussed in work sessions using the RTM.
- Continue to review Tegrity meeting minutes, decision logs, and action items, as needed.
- Continue to compile and track decisions and action items generated during meetings.
- Review and hold group review sessions for additional BSR deliverables made by Tegrity.

Accomplishments: (Contd.)

- Conducted a group review session of BSR008 with StanCERA and a follow-up session including Paul Booth to answer comments and questions.
- Reviewed Tegrit JAD session meeting minutes, decision logs, and action items, as needed.
- Compiled project decisions and action items generated during meetings for tracking purposes.
- Tracked requirements discussed in work sessions using the RTM.
- Assisted with coordination and issue resolution related to FNTI's arrival and start of on-site operations.

Upcoming: (Contd.)

- Continue to assist StanCERA, as needed, with executing their plan to manifest paper files for back file conversion.
- Provide StanCERA with oversight, consulting, and other assistance related to FNTI's on-site back file scanning activities.
- Work with StanCERA to review and complete action items from prior weeks' Tegrit work sessions.

