



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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AGENDA

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

**April 8, 2015
2:00 p.m.**

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

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

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

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

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

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

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

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

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. StanCERA Quarterly Complaint Log [View](#)

5. Consent Items (Cont.)

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

1. Jenner, Dennis – SBT – Effective 03-23-2015
2. Kwartz, Barbara – Library – Effective 03-28-2015
3. McFarland, Carol – Probation – Effective 03-30-2015
4. Miller, James Scott – City of Ceres – Effective 03-01-2015 *
5. Perez, Rachel – BHRS – Effective 03-31-2015
6. Phillips-Bland, Samantha – HSA – Effective 03-30-2015
7. Simac, Shelene – DCSS – Effective 03-20-2015
8. Wright, Georgeanna – CSA – Effective 03-30-2015

** Indicates Safety Personnel*

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

1. Diederich, Gregory – HSA – Effective 01-03-2015
2. Kamienski, Sarah – Regional 911 – Effective 03-01-2015
3. Romero, Maribel – CSA – Effective 01-10-2015
4. Williams, Felisha – DA – Effective 01-08-2015

d. Executive Director Goals Update Quarter 1 2015 [View](#)

6. Executive Director

a. Discussion and Action Regarding SACRS 2015 – 2016 Board of Directors Elections [View](#)

b. Monthly Staff Report [View](#)

c. New Quarterly Investment Reports [View](#)

d. Legal/Legislation Update [View](#)

7. Closed Session

a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets
Government Code Section 54956.81

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

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

7. Closed Session (Cont.)

- d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate
District, Case No. H038894
Government Code Section 54956.9(d)(1)

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

9. Adjournment



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For the Board of Retirement Meeting
Held on March 31, 2015

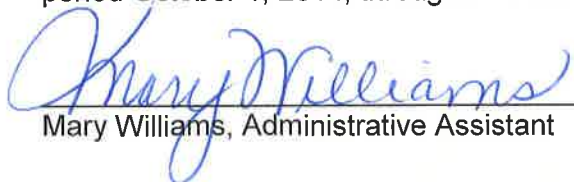
04/08/15
Item# 5.a

TO: Retirement Board
FROM: Mary Williams, Administrative Assistant
SUBJECT: StanCERA Complaint Log

There were nine (9) retiree complaints logged between January 1, 2015, and March 31, 2015. A summary of these complaints follows:

Number of Complaints	Caller Status	Nature of Complaints
9	Retiree	Complaints received regarding medical, dental or vision insurance or insurance broker.

The number of complaints this quarter decreased by 10 (ten) complaints compared to the previous report period October 1, 2014, through December 31, 2014.


Mary Williams, Administrative Assistant


Kathy Herman, Operations Manager



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April 8, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update Quarter 1 2015
- II. ITEM NUMBER: 5.d
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: Approve progress on Executive Director Goals for Quarter 1 2015
- V. ANALYSIS: This is the first quarter update on the Executive Director Goals for 2015. Attachment 1 shows the Quarter 1 progress on the goals for 2015. The task list that's directly tied to the Strategic Plan represent new tasks slated to be completed in 2015. Those tasks that were a part of the Strategic Plan for 2014 have been completed and removed from this document. Progress (if any) is highlighted in blue. The document breaks out tasks that are general in nature and ongoing from those tasks that are explicitly tied to the Strategic Plan.

This year's theme is on manager assessment and disposition, the exercise of the creation of a glide path plan and risk reporting. Focus will also be on creating efficiencies within the Organization, from both a human resource perspective and technologically as well. Finally, stakeholder education and outreach will play a role in this year's goals.

- VI. RISK: None

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

- VII. BUDGET IMPACT: None



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



Ongoing/Required Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - *Ongoing routine dialogue with StanCERA Plan sponsors regarding various issues*
 - *StanCERA fiscal report to County Board of Supervisors*
 - *Continued dialogue with County Staff regarding various pension issues*

2. Facilitate completion of the transition to alternative investments

- *Continued legal diligence and negotiation for infrastructure deployment*
- *Complete/facilitate various capital calls*
- *Analyses regarding under-deployment of assets to the direct lending space*

Note: the deployment to the infrastructure fund will complete the alternative allocation

3. Complete Custodial Bank Transition

- Custodial Bank transition complete – 2014

4. Complete Trustee Elections

- Trustee Elections complete – 2014

Note: StanCERA staff will begin the trustee election process for seat 7 in April

5. Complete intermediate and long-term Organizational Structure Review

- 10 Year Strategic Realignment analysis complete - 2014

6. Continued monitoring of StanCERA lawsuits

- *Nothing to report out*

7. Director Professional Development

- *Participated in various actuarial webcasts*



8. Facilitate RFP for an Investment Consultant

- *RFP proposal created and distributed*

Note: Due diligence team to begin initial evaluations on April 20th

9. Oversee and complete day to day administrative functions

- *Disabilities; Organizational goal of 18 or less outstanding disabilities at any one time. Outstanding disabilities are 9 as of March 30 (this compares to 11 outstanding at the end of Quarter 4, 2014)*
- *Agenda and minute production for all Board and Committee Meetings*
- *Facilitation of Board and Staff travel*
- *All retiree payrolls completed on time*
- *Member contributions and refunds up to date*
- *Monitoring of Investment Policy and Bylaws*
- *Daily monitoring of pension issues in media*
- *Ongoing and regular meetings with Investment Managers*

Items Explicitly Tied to the 2014-2016 Strategic Plan

1. Strategic Plan Objective #1

a. Monitor current costs and risks

- Create a program that allows StanCERA to determine the approximate cost to immunize any portion (percentage) of StanCERA's future benefit obligations using current yields available on various government treasuries and high grade corporate bonds – *Program complete. However, will now need to be augmented to account for integration with Bloomberg application*

b. Enhance the understanding of various financial hedging tools available

- Contract with specialists in the area of asset-liability management – *Nothing to report*

c. Communicate with plan sponsors

- Meet with plan sponsors annually to discuss any issues that may affect StanCERA's future projected cash flows – *Nothing to report*
- Meet with plan sponsors annually to determine the sponsor's willingness and capacity to take pension risk – *Nothing to report*



d. Develop policy triggers for potential mitigating opportunities

- Develop a glide path approach to determine when and if efficiencies exist in the bond markets relative to StanCERA's liabilities – *Nothing to report*

2. Strategic Plan Objective #2

a. Develop clear and concise processes and policies dedicated to the continual assessment, monitoring and disposition of StanCERA's active managers

1. Develop various reports meant to assess active manager performance

- *Creation of enhanced value added reports*
- *Creation of risk allocation reports*
- *Creation of benchmark adherence reports*

2. Define satisfactory performance with an eye towards asset liability and risk management

- *Nothing to report*

3. Define processes and remedies for active managers when performance is deemed to be unsatisfactory (continuation policy)

- *Nothing to report*

3. Strategic Plan Objective #3

a. Optimize StanCERA's organizational resources

1. Review current job duties as they relate to the position, classification and Organizational needs

- *Staff review and documentation of current position and task analysis*



2. Continue to cross train and/or train staff with a goal of establishing multiple levels of backup (ongoing)
 - Accounting specialist training in all aspects of member and fiscal services
 - Accounting specialist training in investment compliance processes
 - Retiree payroll cross training from member services to accounting
 - Back up training for executive secretary regarding Board meeting planning, facilitation and web posting complete
 - Cross train staff for web site maintenance and updating
 - Staff completion of intense 4-day seminar regarding the understanding, monitoring and reporting of alternative investments
- b. Identify potential programs that will enhance skills and advance development of staff
 - Establish in-house training opportunities (ongoing) – *Nothing to report*
4. Strategic Plan Objective #4
 - a. Formalize a process to educate StanCERA stakeholders
 - Develop an education/advocacy Committee – *Task complete*
 - Identify StanCERA stakeholders
 - Outline job duties/responsibilities for a Communications Specialist
 - Determine areas of stakeholder educational needs
 - Review and amend the media policy
 - b. Enhance StanCERA technology in order to optimize human resources and productivity
 - Create a focus group to identify possible technology enhancements – *Nothing to report*
 - c. Expand technology and training to ensure continuity of operations during a natural disaster or a period of major outage
 - Develop testing and training for COOP – *Nothing to report*
 - Develop a formal schedule and process for disaster drills of Technology systems – *Nothing to report*



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April 8, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Secretary

- I. SUBJECT: SACRS 2015 – 2016 Board of Directors Elections
- II. ITEM NUMBER: 6.a
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Direct voting delegate and/or alternate voting delegate to vote for Option 1 or Option 2.
- V. ANALYSIS: Below are two options for the upcoming SACRS Spring Conference May 12-15. Elections will be held during the Annual Business meeting on Friday, May 15, 2015. Option 1 is the SACRS Nomination committee recommendation. Option 2 is the slate submitted by both the San Joaquin CERA and Sacramento CERS. The elections will be held at the upcoming SACRS Spring Conference May 12-15, 2015. Elections will be held during the Annual Business meeting on Friday, May 15, 2015.

Option 1

SACRS Nominating committee recommended 2015-2016 slate:

President	Yves Chery, Los Angeles CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Dan McAllister, San Diego CERA
Secretary	Art Goulet, Ventura CERA

Option 2

San Joaquin CERA and Sacramento CERS proposed 2015-2016 slate:

President	John Kelly, Sacramento CERS
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Dan McAllister, San Diego CERA
Secretary	Art Goulet, Ventura CERA

VI. RISK: None

VII. BUDGET IMPACT: None

Kellie Gomes, Executive Board Secretary

Rick Santos, Executive Director



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April 8, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Monthly Staff Report
- II. ITEM NUMBER: 6.b
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. SUMMARY:

- a) *Fiscal Services* – The team has been busy processing contributions and other receivables, payables, refunds, public records requests, financial auditor proposals, and preparing the Investment Consultant and I.T. consultant RFP's. With the acceptance of the June 30, 2014 actuarial valuation, all employers were notified and new contribution rates were distributed. The team successfully completed the transition of manual check processing from the County Auditor to StanCERA. Retiree payroll is also now being processed by the Fiscal Services team. Inventory of all electronic hardware and software has been updated and the content management of the website continues to improve as staff becomes more knowledgeable with the software. Two part time and temporary staff are still being utilized to ensure continuing progress on the member audit project.
- b) *Member & Employer Services* – Member & Employer Services team has spent a considerable amount of time over the past month processing service retirements. This time of year is particularly busy due to the COLA incentive to retire. In total, the team processed 61 retirements with effective dates of March 30. This represents a 325% increase from a normal month.
- c) *Investment Governance and Compliance* – Staff continues to develop processes to acquire, assimilate, process and report data meant to enhance the governance process. Staff has been working with the custodian bank to acquire all necessary data for the enhanced measurement reports. We have acquired the ability to look at our alternative managers with consideration of all fees and expenses deducted from the accounts. Reporting also includes the ability to look at all manager performance after accounting for average uninvested assets over the measurement period. Staff recently participated in a 4-day intensive seminar to acquire alternative investment reporting and measurement skills.

- 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. BUDGET IMPACT: None



Rick Santos, Executive Director



Kathy Herman, Fiscal Services Manager



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April 8, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: New Quarterly Investment Reports – *Value Added*
- II. ITEM NUMBER: 6.c
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

Strategic Objective II of StanCERA's 2014-2016 Strategic Plan states that StanCERA will:

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

Part of that mandate includes the creation of various reports that will aid in the achievement of this strategic objective. Over the past couple months, staff has been developing processes that allow it to download useful data from its custodian bank and use that data to create such reports. These reports are not widely used in the industry (if at all), yet represent information that staff considers vital in the evaluation of its active managers.

These reports are the first step towards the achievement of Strategic Objective II. Beginning this month, it is staff's intent to bring various reports to the Board each month for discussion, education and recommendation before being pushed out on a regular basis. This is a chance to understand what the numbers are telling us and how they can be used to evaluate a manager's performance. This month we will be looking at an improved version of the Value Added Reports. The information presented in these reports is similar to that presented in the past, with some enhanced modifications.

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

Rick Santos, Executive Director



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April 8, 2015, Retirement Board Meeting

TO: Board of Retirement

FROM: Dawn Lea, Member and Employer Services Manager

- I. SUBJECT: Legislative Update
- II. ITEM NUMBER: 6.d
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Attached is a summary of bills that have been introduced for the current legislative session.
- VI. RISK: None
- VII. STRATEGIC PLAN: 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.
- VIII. BUDGET IMPACT: None

Dawn Lea, Benefits Manager

Rick Santos, Executive Director

LEGISLATIVE UPDATE TO THE BOARD OF RETIREMENT April 8, 2015

AB 241 (Gordon)

Introduced 2/05/2015

This law would require a local public entity to provide the name and mailing address of each retired employee or beneficiary receiving the retired employee's retirement benefit, to any organization that is incorporated and qualified under specific state and federal laws for the purpose of representing retired employees or their beneficiaries, under the following conditions:

1. The local public entity began the process of participating in a neutral evaluation process.
2. The local public entity declared a fiscal emergency and adopted a resolution by a majority vote of the governing Board.
3. The local public entity filed a petition pursuant to applicable federal bankruptcy law.

An organization receiving the name and mailing address of a retired employee or beneficiary shall use that information only for the purpose of representing the retired employee or beneficiary in the three scenarios listed above. An organization that uses the information received for any other purpose shall be subject to a civil penalty.

AB 259 (Dababneh)

Introduced 2/09/2015

Current law requires an agency that owns or licenses computerized data that includes personal information to provide notification of any breach in the security of that data to any California resident whose personal information may have been compromised by the breach. Existing law requires the notification to be written in plain language and contain specified information, including, but not limited to, the agency's contact information and a list of the types of personal information that were or are reasonably believed to have been the subject of the breach.

This bill would require the agency that was the source of the breach to provide identity theft prevention and mitigation services at no cost, for no less than 12 months, if the breach included a person's social security number, driver's license number, or California identification card number.

AB 505 (Melendez)

Introduced 2/23/2015

The Personal Income Tax Law provides various exclusions from gross income in determining tax liability, including an exclusion for combat-related special compensation and death benefit payments received by a surviving spouse or other beneficiary of a military veteran who dies or is killed in the performance of duty.

If approved, this bill would exclude from gross income, concurrent retirement and disability pay payments received by an eligible individual for taxable years beginning with January 1, 2016.

AB 992 (Committee on Public Employees, Retirement, and Social Security)

Introduced 2/26/2015

The 1937 Act allows a member who is eligible to retire for service to do so when an application for disability retirement is pending.

This bill would specify that a member who applies for disability and is granted a service retirement pending a determination of disability may change the type of allowance that he or she elected at the time of the service retirement.

AB 1291 (Williams)

Introduced 2/27/2015

This bill would authorize the Ventura County to provide 1937 Act retirement benefits to the employees' of Ventura County Employees' Retirement Association to be classified as a "special district".

SB 258 (Bates)

Introduced 2/18/2015

This bill would clarify the appropriate use of special meetings under the Brown Act.

SB 272 (Hertzberg)

Introduced 2/19/2015

This bill would require each local agency, in implementing the California Public Records Act, to conduct an inventory of data gathered by the agency that discloses what data is maintained by the agency, by whom, and with what frequency it is collected. The bill would require the inventory to be available to the public. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program.

SB 331 (Mendoza)

Introduced 2/23/2015

The California Public Records Act requires that the public records of a local agency be open to inspection and provides that every person has a right to inspect any public record, except as specified. The Ralph M. Brown Act requires that all meetings of a local agency be open and public and all persons permitted to attend unless a closed session is authorized. This bill would express the intent of the Legislature to enact legislation that would increase transparency in local government.

SB 574 (Pan)

Introduced 2/26/2015

Existing law excludes from disclosure specified records of public investment funds, regarding alternative investments, unless the information in the records has already been publicly released by the keeper of the information. This bill would make certain aspects of alternative investments subject to disclosure.

SB 704 (Bates)

Introduced 2/27/2015

The Political Reform Act of 1974 establishes the Fair Political Practices Commission as the agency responsible for enforcing the act. This bill would establish an additional situation in which an official is not financially interested in a contract as applied to an owner or partner of a firm serving on an advisory board or commission to the contracting agency, if the owner or partner recuses himself or herself from all participation in reviewing a project that results from a contract between the firm and the contracting agency.

Senate Joint Resolution 1 (Beall and Pavley)

Introduced 12/1/2014

This measure would request the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and the Windfall Elimination Provisions from the Social Security Act.