



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

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

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

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

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

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

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

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

1. Call Meeting to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the June 27, 2017 Meeting Minutes [View](#)
 - b. Monthly Staff Report [View](#)
 - c. Legal/Legislation Update
 - d. Executive Director Goals Update Quarter 2, 2017 [View](#)
 - e. StanCERA Complaint Log: April 1 and June 30, 2017 [View](#)
 - f. Approval of Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**
 1. Canapi-Williams, Norma – Public Works – Effective 07-01-17
 2. Collyer Jr., Stephen – Sheriff – Effective 07-03-17 *
 3. Cruz, Silvia – DER – Effective 07-06-17
 4. Dunham, Cathrine – Courts – Effective 07-06-17
 5. Fregoso, Marisa – Probation – Effective 06-20-17
 6. Gunnoe, Constance – Sheriff – Effective 07-22-17 *

7. Pinto, Justine – CSA – Effective 07-08-17
8. Reed, David – StanCOG – Effective 7-06-17
9. Reuben, Julie – Library – Effective 07-01-17
10. Rocha, Robert – Public Works – Effective 07-09-17
11. Yonan-Powers, Claire – CSA – Effective 07-22-17

** Indicates Safety Personnel*

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

1. Casillas-Franco, Elaine – DA – Effective 06-24-17
2. Young, Melissa - CSA – Effective 06-10-17

** Indicates Safety Personnel*

h. Approval of Disability Retirement – **Government Code Section 31724**

1. Borges, Dedra - Police Department, Service-Connected, Effective 04.17.15*

i. Approval of Death Benefit – **Government Code Section 31781**

1. Gooden, Hilma, Deceased July 18, 2017, HSA - Active Member

6. Executive Director – Investment

- a. Functionally Focused Portfolio Update [View](#)

7. Verus – Investment Consultant

- a. 12-Month Investment Program Workplan
- b. June 30, 2017 Flash Report [View](#)

8. Executive Director – Administrative

- a. Information Technology Solutions (ITS) Project Update [View](#)
- b. 2017 Due Diligence Trip Update [View](#)

9. Closed Session

- a. 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)
- 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 54956.9d)(4)

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

11. Adjournment



BOARD OF RETIREMENT MINUTES
June 27, 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, Michael O'Neal, Jeff Grover, , Mandip Dhillon,
Jim DeMartini, Mike Lynch, Darin Gharat and Jegan Raja for Gordon Ford

Trustees Absent: Gordon Ford, Sam Sharpe

Alternate Trustee Joan Clendenin, Alternate Retiree Representative

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

Others Present: Fred Silva, General Legal Counsel

3. Announcements

4. Public Comment

None

5. Consent Items

a. Approval of the May 23, 2017 Meeting Minutes

b. Monthly Staff Report

c. Northern Trust, Global Custody, Securities Lending and Related Services –
Signature Resolution

d. Legal/Legislation Update

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

1. Bailey, Elizabeth – BHRS – Effective 06-22-17

2. Black, John – BHRS – Effective 06-09-17

3. Cochran, Edgar – DER – Effective 06-17-17

4. Hitchcock, Brenda – HSA – Effective 06-02-17

5. Mendes, Anthony – DER – Effective 06-01-17

6. Newell, Kay-Marie – Stan Reg 911 – Effective 06-02-17

7. Powers, Jamie – Probation – Effective 06-04-17 *

8. Supnet, Deborah – CSA – Effective 06-01-17

* *Indicates Safety Personnel*

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

1. Ernest, Sheila – Animal Services – Effective 05-06-17
2. Gutierrez, Jesse - Ceres – Effective 03-23-17 *
3. Merzoian, Richard – HSA – Effective 04-29-17
4. Mireles, Sylvia – ER – Effective 06-01-16
5. Sanchez, Melissa – BHRS– Effective 05-02-17

** Indicates Safety Personnel*

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

1. Supremo, Betty - CSA, Non-Service Connected, Effective January 12, 2017

Motion was made by Trustee Grover and seconded by Trustee Riley to accept the consent items as presented with exception to the corrections to the minutes as follows:

*Chair Darin Gharat asked to observe a moment of silence for the sudden and tragic deaths of active members Deputy Jason “Garner”, Raschel Johnson as well as the victims of the Manchester terror attack.

Motion carried unanimously

6. Executive Director – Investment

- a. Auxiliary Investment Performance 2017 Quarter 1 Report

7. Verus – Investment Consultant

- a. 12-Month Investment Program Workplan
- b. April 30, 2017 Flash Report

8. Executive Director – Administrative

- a. Information Technology Solutions (ITS) Project Update

9. Standing Committees

- a. Internal Governance Committee
 - i. Discussion and Action : Internal Governance Committee’s Recommendation.

Motion was made by Trustee Lynch and seconded by Trustee O’Neal to accept the Internal Governance Committee’s recommendation to approve the Travel Policy as presented.

Motion carried unanimously.

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

HEARD OUT OF ORDER (to RECUSE Trustee O'Neal and Trustee Clendenin from Closed Session)

Trustee Clendenin expressed her gratitude to the Board and pleasure in serving on the Retirement Board. If she is not successful in the Election for her Seat this would be her last meeting.

Trustee DeMartini announced that the Board of Supervisors reappointed both Trustee Lynch and Trustee Grover for another 3 year term to the Retirement Board.

Trustee O'Neal announced the date (August 19) for the RESSCO Picnic.

Trustee Dhillon expressed gratitude for opportunity to attend the recent NCPRS conference and recommend it to others.

10. Closed Session

Motion was made by Trustee Dhillon and seconded by Trustee Riley to move in to closed session at 2:07 pm p.m.

Motion carried unanimously

- a. 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)
- 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 54956.9d)(4)

Motion was made by Trustee Riley and seconded by Trustee Raja to move in to open session at 2:28 p.m.

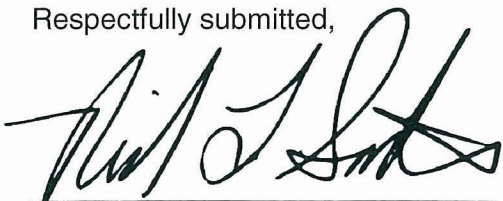
Motion carried unanimously

Nothing to Report from Closed Session

12. Adjournment

Meeting adjourned at 2:28 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: Fred A. Silva
Fred Silva, General Legal Counsel



July 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 – Member & Employer Services* – During the month of June 2017, Member and Employer Services Staff processed 59 new hires (6 Safety and 53 General), 22 terminations, 31 estimates and 25 buy backs. There were 26 individual counseling sessions, 2 group sessions (1 New Employee Orientation and 1 at the Auditor/Controller's staff meeting) and a well attended Pre-Retirement Seminar.

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

Staff continues to perform quality assurance reviews on a sampling of files from each box of scanned files as they get returned to us from FNTI.

Using overtime hours, 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 \$6,896,821 were received through 15 different payroll batches in June. In addition, 27 contribution refunds and death benefit payouts totaling \$285,760 were processed. The retiree payroll for July totaled \$9,861,099 and was processed as scheduled. Staff is preparing for the annual financial audit which interim audit field work will begin July 31st. All member files requested by the auditors will be provided electronically. Staff is in the final stages of assisting with quality review of the member file project. Staff continues to partner with Member Services in defining the business rules for the new pension software.

County I.T. is providing one person part time to help with computer network needs in the absence of the I.T. Coordinator. Staff finalized the contract with an outside computer consultant for assistance with the pension system data base needs and transition to the new pension administration system.

- c) *Investment Governance and Compliance* – The recruitment for the Retirement Officer position was begun on July 7th. An advertisement was placed in a major pension publication and posted on the CFA Institute website. Staff finished the \$100 million allocation to Insight Investments to begin funding the FFP program. The 7-year benefit shortfall matrix was completed this month and given to Insight. The first payment from this process is expected to commence in late July and will be used to meet August benefit payroll and administrative expenses. Staff also finished the contract negotiations with Northern Trust on the Treasury and Russell mandates. Staff is currently working on the contract details and negotiations with AQR, Panagora and DFA. The contract with DFA should be complete by the July Board meeting. Staff is also preparing to send out our request for additional data to all alternative investment managers. This information is required by AB 2833 (note that most of the information required by 2833 is already captured by staff and published quarterly). Finally, staff continues to transition cash around the portfolio in accordance with the transition rebalancing plan.

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



Dawn Lea, Member and Employer Services Manager



Natalie Elliott, Interim Fiscal Services Manager



July 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Update - Quarter 2
- II. ITEM NUMBER: 5.d
- III. ITEM TYPE: Consent
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: This is the Quarter 2 Executive Director goals update for 2017 (Attachment 1). Quarter 2 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, employer and employee outreach, the FFP process and preparation for the asset allocation transition.
- 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
 - Presentation of 2016 Actuarial Valuation to Board of Supervisors
 - Media responses
 - Begin outreach to plan sponsors regarding acquisition of data elements for the new Pension Administration System
 - Meet with County staff regarding 12th Street Building security
2. Facilitate transition of StanCERA's asset allocation
 - Due diligence with prospective managers
 - Facilitate asset transfers and timing across portfolio to fund new asset classes
 - Research issues concerning private credit and equity
 - Facilitate contract negotiations with new managers
 - Facilitate account clean-up and set-up with Custodian Bank
3. Continued progress on the System data clean-up project
 - Staff overtime
 - Tegrity staff looking into possible ways to clean a large proportion of data in mass
4. Complete 2 Trustee Elections
 - Seats 3 and 8 delayed due to technicalities; The filling of seats have been delayed and are projected to be filled by the August Board meeting
5. Continued monitoring of StanCERA lawsuits
 - Internal facilitation of O'Neal case
6. Director Professional Development
7. Facilitate RFP for General Legal Counsel
8. Oversee Information Technology Solutions Project
 - Onboarding of new Technology Consultant
 - Monitoring potential risk points
 - Discussion with County regarding new pension data upload process
9. Oversee and completion of day to day administrative functions
 - All normal business and administrative functions complete and on time
 - Outstanding disabilities as of July 6, 2017: 11
10. Training of Investment Officer
11. Re-organization of Investment Data and 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): *Complete Quarter 2*
 - ✓ 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): *The first phase of the program complete Quarter 1; Complete Quarter 2*
2. Consult regularly with plan sponsors regarding salary and retirement projections
 - ✓ Meet with Stanislaus County officials each year (ongoing): *Quarter 2: Met with County Officials to obtain data to be used in projecting contributions and benefit payments.*
 - ✓ Meet with City of Ceres officials each year (ongoing): *Quarter 2: Met with City of Ceres and all other plan sponsors and discussed potential changes to the data submission processes and contribution and benefit payment projections*
3. Consult regularly with plan sponsors regarding pension contribution projections
 - ✓ Meet each year with all plan sponsors (ongoing): *Quarter 2: Met with County and Courts, Ceres and all other plan sponsors regarding the actuarial valuation and future contribution rates.*
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): *Quarter 2: Began the valuation*



process of StanCERA's shortfall liabilities (the FFP process). The initial benchmark valuation complete as of June 28, 2017

- ✓ 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) *Quarter 2: Secured projected cash flows from 2 alternative managers*
- ✓ Project and reconcile semi-annually, budget expenditures (ongoing): Complete Quarter 1
- ✓ Annual reconciliation of the FFP shortfall projections and source of cash flows (ongoing): *Quarter 2: The initial shortfall valuation and FFP balance sheet complete. This valuation and balance sheet is the starting point for the annual reconciliation which will commence in 2018*

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. Quarter 2: completion of alternative auxiliary report format*
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)*
Quarter 1: Identified subject matter experts are attending 4-6 work sessions each week to facilitate this process.
Quarter 2: Signed off on 8 critical documents which allowed the project to move forward and remain on schedule. Contracted with a data base expert to assist data conversion issues.
 - ✓ 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): Quarter 1: 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): Quarter 1: 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): Quarter 1: Draft to ED on 4/8/2017*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to job specific training needs *(ongoing): Quarter 1: 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.) Quarter 2: Six staff members took part in various off site trainings or conferences in the 2nd quarter. (CALAPRS roundtables and overview class, SACRS)*
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) Quarter 1: Formal employee recognition established with Board of Retirement presentations. 1st quarterly team building event completed March 31, followed by special events celebration. 2nd quarter team building event (Walk America & Team Lunch) has started and will complete with a special event celebration.*
 - ✓ Institute monthly team meetings with supervisors *(2017): Quarter 1: 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): Quarter 1: Complete*
 - ✓ Develop records retention guidelines for member records *(2017): Quarter 1: Complete. Adopted by the Board on February 28, 2017*
 - ✓ Determine index scheme *(2017) Quarter 2: Ongoing (90% complete)*
 - ✓ Vendor completes back file conversion of member files *(2017): Quarter 1: File preparation completed on March 31, 2017. Quarter 2: Project Complete*
2. Enhance stakeholder education and communication opportunities
 - ✓ Formally meet with all plan sponsors, no less than annually *(ongoing): Quarter 2: Annual visit with plan sponsors*



3. Substantial completion of Pension Software System implementation
 - ✓ Project initiation and startup (2017): *Quarter 1: Phase I completed March 29, 2017*
 - ✓ Infrastructure / Hardware / Software setup and hosting (2017) *Quarter 2: Servers were deployed on June 13, 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): *Staff note: In reassessing this action item, the ability to determine optimum staffing will need to be analyzed when the new Pension System is closer to being completed*
 - ✓ Collaborate with County Personnel to block budget multiple retirement positions (2017): *Quarter 2: Currently working with Personnel to accomplish this task. Submitted proposed Org Chart*
 - ✓ Restructure organization chart (2017): *Quarter 2: Submitted new Org chart to Board of Retirement with the new fiscal year budget proposal*



Stanislaus County Employees' Retirement Association

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July 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Alaine Taa, Administrative Assistant

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

There were several complaints between April 1 and June 30, 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 the re-mailing of elections forms
8	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 January 1 through March 31, 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

Alaine Taa, Administrative Assistant

Natalie Elliott, Interim Fiscal Services Manager



July 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Functionally Focused Portfolio Update
- II. ITEM NUMBER: 6.a
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: On June 29th, staff completed the funding of the Functionally Focused Portfolio (FFP) mandate. \$100 million dollars was transitioned to this new account managed by Insight Investments. Originally, the mandate was to immunize 6 years of benefit payments and expenses, however, the valuation cost to immunize 6 years came out to be approximately \$76.7 million. A revised valuation calculating the cost to immunize 7 years of shortfall payments was determined to be \$88,145,223. Thus staff made the decision to immunize a full 7 years of shortfall payments instead of 6. The remaining \$11.9 million will be invested by Insight in high quality bonds with a duration match close to StanCERA's year 8 shortfall. This money can be used next year to replenish a portion of the new 7-year shortfall matrix that will be needed due to the payment of this fiscal year's shortfall payments (year 1).

StanCERA will receive its first shortfall payment from Insight on July 27th. This payment will be used to cover the shortfall that exists between August retiree benefits and administrative expenses, offset by employer and employee contributions taken in during the month of July. Thereafter, StanCERA will receive a shortfall payment from Insight on the 3rd to the last business day of each month. This strategy serves to keep our assets invested for as long as possible, deliver payments at just the right time and eliminate the need to rely on the rest of the portfolio to pay benefits. Staff plans on keeping an initial float of \$1 million in an account with our local bank to cover any projection errors or timing issues that the process may encounter. The goal is to minimize this float over time as we learn more from the actual execution of this strategy.
- 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:

Rick Santos, Executive Director

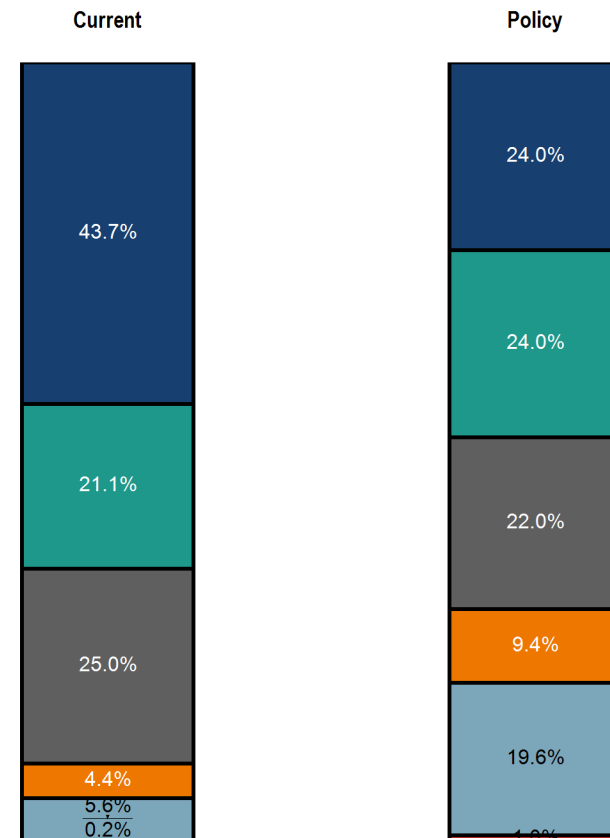
Natalie Elliott, Interim Fiscal Services Manager

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: June 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	1,982,561,867	100.0	0.9	7.5	14.3
<i>Policy Index</i>			0.7	6.8	11.3
US Equity	866,318,219	43.7	1.6	8.7	21.5
<i>US Equity Blended</i>			1.2	8.4	19.4
<i>Russell 3000</i>			0.9	8.9	18.5
Mellon S&P 500	96,405,453	4.9	0.6	9.3	17.9
<i>S&P 500</i>			0.6	9.3	17.9
BlackRock Russell 1000 Growth	102,682,320	5.2	-0.3	14.0	20.5
<i>Russell 1000 Growth</i>			-0.3	14.0	20.4
Jackson Square	142,614,259	7.2	1.6	14.4	17.6
<i>Russell 1000 Growth</i>			-0.3	14.0	20.4
BlackRock Russell 1000 Value	117,446,306	5.9	1.6	4.7	15.6
<i>Russell 1000 Value</i>			1.6	4.7	15.5
Dodge & Cox-Equity	206,808,222	10.4	1.6	6.7	28.0
<i>Russell 1000 Value</i>			1.6	4.7	15.5
Legato Capital	95,654,751	4.8	3.1	9.7	21.8
<i>Russell 2000 Growth</i>			3.4	10.0	24.4
Capital Prospects	104,706,907	5.3	2.7	3.5	26.0
<i>Russell 2000 Value</i>			3.5	0.5	24.9
International Equity	418,199,312	21.1	0.7	14.8	23.2
<i>MSCI ACWI ex USA Gross</i>			0.4	14.5	21.0
LSV Asset Mgt	211,624,045	10.7	1.2	14.5	27.4
<i>MSCI ACWI ex USA Gross</i>			0.4	14.5	21.0
Fidelity	206,575,267	10.4	0.2	15.2	19.2
<i>MSCI ACWI ex USA Gross</i>			0.4	14.5	21.0
US Fixed Income	495,956,375	25.0	0.0	2.9	2.8
<i>BBgBarc US Aggregate TR</i>			-0.1	2.3	-0.3
Dodge & Cox-Fixed	278,953,694	14.1	0.1	3.0	3.5
<i>BBgBarc US Aggregate TR</i>			-0.1	2.3	-0.3
PIMCO	117,063,790	5.9	-0.2	2.3	0.7
<i>BBgBarc US Aggregate TR</i>			-0.1	2.3	-0.3
Insight	99,938,891	5.0	--	--	--
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>			--	--	--

	Current	%	Policy	%
Domestic Equity	\$866,318,219	43.7%	\$475,814,848	24.0%
International Equity	\$418,199,312	21.1%	\$475,814,848	24.0%
Domestic Fixed Income	\$495,956,375	25.0%	\$436,163,611	22.0%
Real Estate	\$87,253,258	4.4%	\$186,360,816	9.4%
Alternatives	\$111,426,220	5.6%	\$388,582,126	19.6%
Cash and Equivalents	\$3,408,485	0.2%	\$19,825,619	1.0%
Total	\$1,982,561,867	100.0%	\$1,982,561,867	100.0%



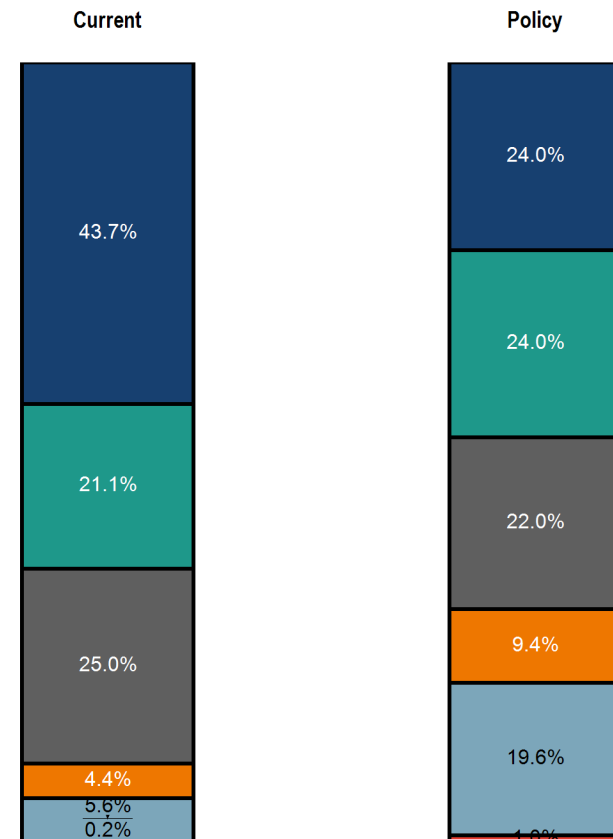
Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% BBgBarc US Aggregate TR, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. All data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

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: June 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Real Estate	87,253,258	4.4	1.4	3.2	3.7
DJ US Select RESI			2.4	1.4	-2.4
Prime Property Fund	17,599,725	0.9	2.2	4.2	9.1
NCREIF-ODCE			0.0	1.8	6.1
American Strategic Value Realty	21,645,785	1.1	0.0	2.9	8.3
NCREIF Property Index			0.0	1.6	5.1
BlackRock US Real Estate	35,190,427	1.8	2.4	1.3	-2.5
DJ US Select RESI TR USD			2.4	1.4	-2.4
Greenfield Gap	12,817,321	0.6			
Direct Lending	92,283,671	4.7			
Medley Capital	22,996,174	1.2			
Raven Capital	15,453,392	0.8			
Raven Opportunity III	18,090,723	0.9			
White Oak Pinnacle	35,743,382	1.8			
Infrastructure	19,142,549	1.0			
MS Infrastructure Partners II	19,142,549	1.0			
Cash Account	3,408,485	0.2	0.0	0.5	1.2

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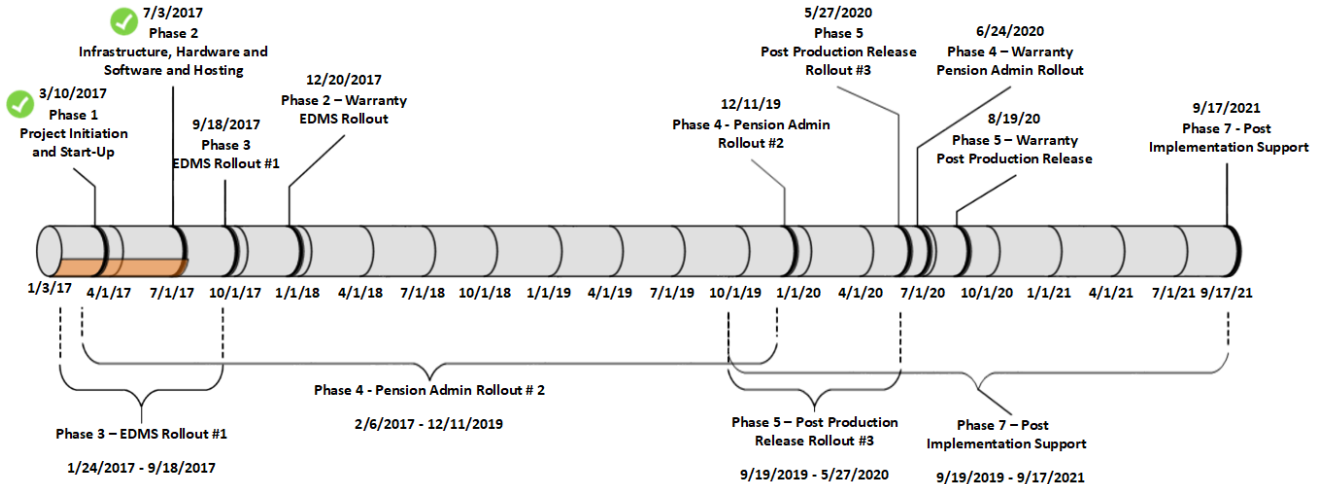
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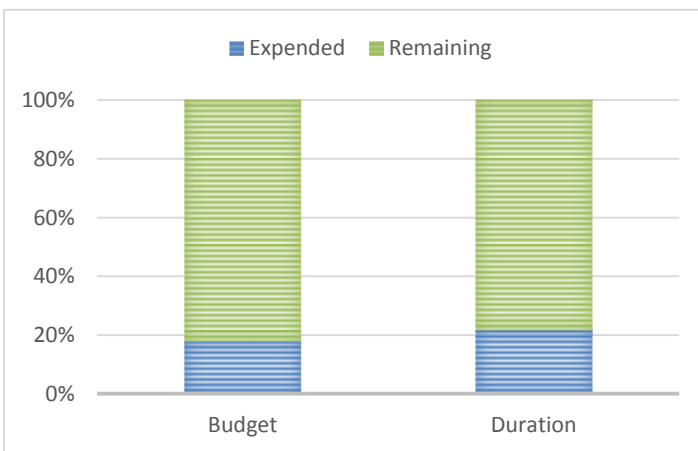
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PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE

**SPONSOR:** Rick Santos**REPORT DATE:** 06-30-2017**Baseline 12/01/2016****STATUS****Risks & Issues:**

No high-level risks have been identified.



Budget as of 05/31/17

Accomplishments:

- Facilitated the weekly Project Manager meeting.
- Facilitated the monthly Steering Committee Meeting
- Generated PM meeting minutes.
- Reviewed and conducted group review of BSR003 with StanCERA SMEs.
- Met with Dawn Lea to conduct requirements confirmation on those requirements Tegrat has included in BSRDs to date.
- Participated in a planning and strategy meeting with Tegrat and StanCERA's new IT Consultant.

Upcoming:

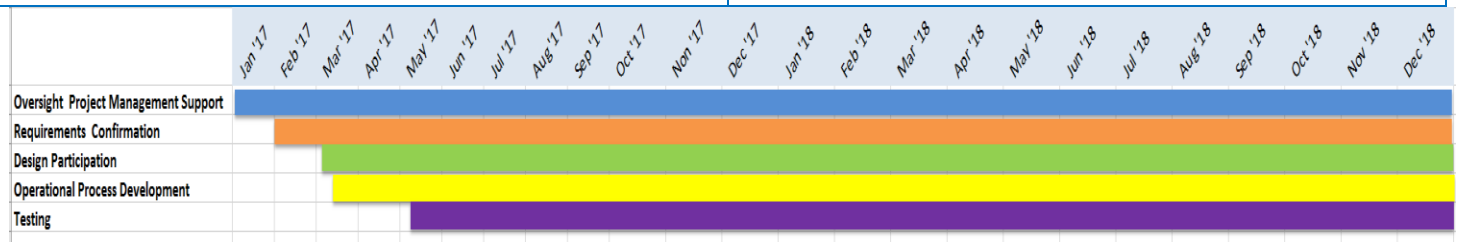
- Facilitate the weekly Project Manager meetings.
- Participate in any Tegrat work sessions and other meetings scheduled each week.
- Continue tracking requirements discussed in work sessions using the RTM.
- Continue to review Tegrat meeting minutes, decision logs, and action items, as needed.
- Continue to compile and track decisions and action items generated during meetings.

Accomplishments: (Contd.)

- Conducted one additional work sessions with StanCERA SMEs to develop Imaging system folder, document type, and keyword structures and began compiling results of this work.
- Participated in a meeting with StanCERA, Tegrit, and Stanislaus County personnel regarding PeopleSoft data integration.

Upcoming: (Contd.)

- Assist StanCERA with preparations of the work space and planning for upcoming UAT.
- Participate in the kick-off of UAT and begin tracking of testing work and results.
- Review and hold group review sessions for additional BSR deliverables made by Tegrit.
- Continue to work with StanCERA to review and complete action items.





July 25, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Secretary

- I. SUBJECT: 2017 Due Diligence Trip Summary
- II. ITEM NUMBER: 8.b
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

During May 7-9, 2017 two members of the Due Diligence Committee, Trustee Grover and Trustee O'Neal along with Rick Santos, Executive Director and Kellie Gomes, Executive Board Secretary traveled to Morgan Stanley Prime / North Haven in New York, NY and Greenfield in Westport, CT Below is a Summary of the visits.

Morgan Stanley – PRIME Real Estate Investment Manager – New York, NY

The Committee met with Scott Brown, Global Head of Prime and Megan Golder, Executive Director who facilitated our visit. An overview of our portfolio was provided as well as their investment strategies/philosophies. There was an in-depth discussion regarding the process used to select investment property as well insight on the strategies used to manage these types of investments. Several other topics pertaining to our current investments and the future of these investments were discussed at this meeting. Primes strategy seems centered on investing in "Blue Chip" type assets.

Investment Start date :	10/1/2015
Total Paid in Capital as of 3/31/17:	\$15,000,000.
Total Distributed Capital as of 3/31/17:	\$ 0.
Current Capital Balance as of 3/31/17:	\$16,890,251.
Net IRR Since Investment Start Date:	8.24%

Morgan Stanley – North Haven Infrastructure Investment Manager- New York , NY

The Committee met with James Willmott, Managing Director who facilitated our visit. An overview of our portfolio was provided as well as their investment strategies/philosophies for the Infrastructure investments managed by Morgan Stanley NHIP II Fund. There was an in-depth discussion regarding the process used to select investments and as well as several topics pertaining to our current investments and the future of these investments. Additionally Mr. Willmott discussed specific investments that the firm was ready to commit to.

Investment Start date :	5/19/2015
Total Paid in Capital as of 3/31/17:	\$15,194,282.
Total Distributed Capital as of 3/31/17:	\$ 2,989,515.
Current Capital Balance as of 3/31/17:	\$11,951,236.
Net IRR Since Investment Start Date:	-1.43%

Greenfield – Westport, CT

We started our visit with a discussion with Dean Sotter, Partner Director, Client Portfolio Services and joined by Gene Gorab, President & CEO. Mr. Sotter provided an overview of our portfolio management, investment research, and regulatory compliance. There was an in-depth discussion with Mr. Gorab regarding managing the overall strategic direction of the Firm, including investments, and asset management as well as the funding of the firm and the evolution to its current state today.

Investment Start date :	7/8/2014
Total Paid in Capital as of 3/31/17:	\$14,699,505.
Total Distributed Capital as of 3/31/17:	\$ 3,789,458.
Current Capital Balance as of 3/31/17:	\$13,882,853.

Net IRR Since Investment Start Date:	11.77%
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Conclusion

The Committee feels that there are no reasons to question whether StanCERA would again reinvest with each of these firms today.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective I: 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
- VIII. ADMINISTRATIVE BUDGET IMPACT: None


Kellie Games, Executive Board Assistant