AGENDA

BOARD OF RETIREMENT
832 12th Street, Suite 600 – Wesley W. Hall Board Room TIME CHANGE 1:00 p.m.
Modesto, CA 95354

July 8, 2015

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. Approval of the June 23, 2015 Meeting Minutes View
   b. StanCERA Quarter 2 2015 Complaint Log View
c. Approval of Service Retirement(s) – Sections 31499.14, 31670, 31662.2 & 31810

5. Broderick, Peter – HSA – Effective 03-31-2015
6. Camara, Joe – Sheriff – Effective 07-26-2015 *
7. De Chari, Dina – Probation – Effective 07-08-2015 *

* Indicates Safety Personnel

d. Approval of Deferred Retirements – Section 31700


* Indicates Safety Personnel

e. Executive Director Goals Update Quarter 2 2015 View

6. Executive Director

a. Discussion and Action Regarding New Meeting Schedule View

b. Monthly Staff Report View
7. **Closed Session**

a. Conference with Legal Counsel – Pending Litigation – One Disability Case:
   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 54956.9(d)(4)

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

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

e. Interview of Investment Consultants to Function as an Investment Officer
   Government Code Section 54957(b)(1)

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

9. **Adjournment**
PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES                                      June 23, 2015

Trustees Present: Maria DeAnda, Jim DeMartini, Michael O’Neal, Jeff Grover, Jason Gordo, Donna Riley and Gordon Ford

Trustees Absent: Mike Lynch

Alternate Trustee Absent: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
               Dawn Lea, Benefits Manager
               Kellie Gomes, Executive Board Secretary

Others Present: Fred Silva, General Legal Counsel

1. Meeting Called to Order

Meeting called to order at 2:02 p.m. by Trustee DeAnda, Chair

2. Roll Call

3. Announcements

Kellie Gomes announced that Trustees had a SACRS Survey given to them take from the Trustee handbook.

Rick Santos, Director announced that Samuel Sharpe had won the Safety Seat 7 election by default (only candidate) and that staff would try to have him seated by the July 28th meeting.

4. Public Comment

2:05 p.m. Trustee O’Neal arrived

5. Consent Items

   a. Approval of the June 10, 2015 Meeting Minutes

   b. Approval of Death Benefit – Sections 31781, 31781.1, and 31781.3

      1. Hutchison, Shelley, Deceased, June 9, 2015, Active Member

      Motion was made by Trustee Grover and seconded by Trustee Gordo to approve consent items as presented.

      Motion carried unanimously
6. **Annual Performance Report, White Oak Global Advisors, LLC**

Barbara McKee and Landy Pheloung gave the Board an update on the firm, the investment lineup and preliminary rates of return from individual investments within the portfolio.

7. **Strategic Investment Solutions (SIS), Inc.**

Nate Pratt from SIS updated the Board on monthly performance by teleconference.

a. **Monthly Flash Report for the Month Ending May 31, 2015**

   Monthly Performance: .33%
   Active Return: Not provided in this report for May%
   Fiscal YTD Return: 5.20%
   Total Fund Value as of 5/31/2015: $1,838,145,401.


8. **Executive Director**

a. **Due Diligence Summary**

Director gave an update on the Due Diligence onsite trip conducted the week of June 1, 2015. Please see the summary from the agenda item for the report. Overall, the Committee felt that the trip was a very informative one and felt that there is no reason that StanCERA would not continue to invest with all of the visited managers (White Oak, Raven, Medley, Capital Prospects and Pyramis)

9. **Closed Session**

Motion was made by Trustee Grover and seconded by Trustee Gordo to move in to closed session at 3:10 pm

Motion carried unanimously

a. **Discussion and Action Regarding Allocation of StanCERA’s Direct Lending**

   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)
9. **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)

Motion was made by Trustee Grover and seconded by Trustee Riley to move in to open 
session at 3: 17pm

Motion carried unanimously

Closed Session Read out was read by Kellie Gomes: 
Today June 23, 2015 in closed session regarding Item 9.a motion was made by Trustee 
O’Neal and Seconded by Trustee Riley upon final recommendation from StanCERA 
special counsel:

Approve the negotiated terms of the Limited Partnership Agreement and accompanying 
Side Letter and to invest $15,000,000 to the Raven III fund.

Authorize the Executive Director to sign all documents authorizing the acquisition and 
execution of the Partnership Agreement, the Subscription Agreement and the other 
documentation necessary to facilitate the agreement.

Authorize the Executive Director or his designee to allocate and transfer cash for this 
investment during the investment period.

Motion carried unanimously

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

None

11. **Adjournment**

Meeting adjourned at 3:18 p.m.

Respectfully submitted,

[Signature]

Rick Santos, Executive Director

APPROVED AS TO FORM:
FRED SILVA, GENERAL LEGAL COUNSEL

By: [Signature]
Fred Silva, General Legal Counsel
For the Board of Retirement Meeting
Held on July 8, 2015

TO: Retirement Board

FROM: Alaine Taa, Member and Employer Services Technician

SUBJECT: StanCERA Complaint Log

There were seven (7) retiree complaints logged between April 1, 2015, and June 30, 2015. A summary of these complaints follows:

<table>
<thead>
<tr>
<th>Number of Complaints</th>
<th>Caller Status</th>
<th>Nature of Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Retiree</td>
<td>Complaints received regarding dental insurance broker.</td>
</tr>
<tr>
<td>3</td>
<td>Retiree/Active</td>
<td>Complaints about the heat in the office.</td>
</tr>
<tr>
<td>1</td>
<td>Retiree</td>
<td>Retiree stated that the hold music on the phone was awful.</td>
</tr>
</tbody>
</table>

The number of complaints this quarter decreased by 3 (three) complaints compared to the previous report period January 1, 2015, through March 31, 2015.

Alaine Taa, Member and Employer Services Technician

Kathy Herman, Operations Manager
July 8, 2015, Retirement Board Meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Executive Director Goals Update Quarter 2 2015

II. ITEM NUMBER: 5.e

III. ITEM TYPE: Consent

IV. STAFF RECOMMENDATION: Approve progress on Executive Director Goals for Quarter 2 2015

V. ANALYSIS: This is the second quarter update on the Executive Director Goals for 2015. Attachment 1 shows the Quarter 2 progress on the goals for 2015. The task list that’s directly tied to the Strategic Plan represent 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*
   - *Ongoing and continued dialogue with County Staff regarding various pension issues*
   - *Facilitate Pre-retirement seminar*
   - *Outreach with various plan sponsors and employee groups regarding Trustee Seat 7*

2. Facilitate completion of the transition to alternative investments
   - *Complete legal diligence and negotiation for infrastructure deployment*
   - *Complete/facilitate various capital calls*
   - *Deployment of alternative distributions*
   - *Negotiation and legal review and diligence on Direct Lending space*

3. Complete Custodial Bank Transition
   - *Custodial Bank transition complete – 2014*

4. Complete Trustee Elections
   - *Trustee Elections complete – 2014*
   - *Complete Seat 7 fulfillment*

5. Complete intermediate and long-term Organizational Structure Review
   - *10 Year Strategic Realignment analysis complete - 2014*

6. Continued monitoring of StanCERA lawsuits
   - *Analyses and discussions regarding settlement issues in Buck case*

7. Director Professional Development
   - *Nothing to report*

8. Facilitate RFP for an Investment Consultant
   - *RFP proposal created and distributed*
   - *Complete evaluation processes*
   - *Initial interviews complete*
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 12 as of June 25th (this compares to 9 outstanding at the end of Quarter 1, 2015)
- 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 the Bloomberg application. Note: The Bloomberg augmentation will most likely be put off indefinitely until staff has the internal resources to complete this task

   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. Note:
This task will most likely be pushed off to the consultant in the latter half of this year

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. Note: This task will most likely be pushed off to the consultant during the latter half of this year
   
   3. Define processes and remedies for active managers when performance is deemed to be unsatisfactory (continuation policy)
      
      • Nothing to report. Note: This task will most likely be pushed off to the consultant during the latter half of this year

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
      • Current and unique job duty statements for each position completed in Quarter 1
      • Monitoring and refining of the validity of the job duty statement continues during Quarter 2. Note: Monitoring process should be complete by the end of Quarter 2 and job duty statements should now be able to be used to evaluate the desk/employee
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

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 – Task complete
      - Outline job duties/responsibilities for a Communications Specialist – Current duties and responsibilities laid out
      - Determine areas of stakeholder educational needs – Task complete
      - 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 – Creation of a formal disaster recovery plan was put into place this quarter. The goal of this plan is to identify and address any additional resources necessary in order to assure continuance of operations in the event of an emergency. Staff has also begun the process of researching the cost/benefit of Cyber Insurance designed to provide coverage in the event of a data breach
      - Develop a formal schedule and process for disaster drills of Technology systems – Nothing to report
July 8, 2015, Retirement Board meeting

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: StanCERA Retirement Board Monthly Meeting Format

II. ITEM NUMBER: 6.a

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Move to single monthly retirement board meetings

V. ANALYSIS: Recently, staff floated the idea of one monthly retirement board meeting to the Board of Retirement. At that time, the Board directed staff to bring the idea back for discussion and action. Historically, StanCERA went to 2 monthly meetings in January 1999 due to the increasing complexity of investment issues. However, it was found at that time, the disability review process was more involved, since the Retirement Board reviewed in detail every recommendation from Counsel. Today, the disability process is more streamlined, our Disability Counsel performs much of the analyses and the Board relies heavily on these recommendations. Additionally, most of the decisions are made on consent.

1937 Act System Research

Staff queried and researched all 1937 Act Systems to find out how they conduct their monthly business. Out of twenty 1937 Act Systems, fourteen conduct business only once monthly, one has two separate Boards and five Systems (including StanCERA) have two meetings per month. Most Systems that have one meeting per month rely heavily on Committees (i.e. Investment, Disability, Governance, etc.) and almost always have multiple Committee meetings per month. Additionally, most all Systems begin their meetings in the morning.

<table>
<thead>
<tr>
<th>System</th>
<th>Meetings Per Month</th>
<th>Start Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merced</td>
<td>2</td>
<td>8:15</td>
</tr>
<tr>
<td>San Joaquin</td>
<td>2</td>
<td>9:00</td>
</tr>
<tr>
<td>Tulare</td>
<td>2</td>
<td>8:30</td>
</tr>
<tr>
<td>Marin</td>
<td>1</td>
<td>9:00</td>
</tr>
<tr>
<td>Sonoma</td>
<td>1</td>
<td>8:30</td>
</tr>
<tr>
<td>Mendocino</td>
<td>1</td>
<td>8:30</td>
</tr>
<tr>
<td>Imperial</td>
<td>1</td>
<td>8:30</td>
</tr>
<tr>
<td>Fresno</td>
<td>2</td>
<td>8:30</td>
</tr>
<tr>
<td>Sacramento</td>
<td>1</td>
<td>10:00</td>
</tr>
<tr>
<td>Orange</td>
<td>1</td>
<td>9:00</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>1</td>
<td>9:00</td>
</tr>
<tr>
<td>Alameda</td>
<td>1</td>
<td>2:00</td>
</tr>
<tr>
<td>San Bernadino</td>
<td>1</td>
<td>9:00</td>
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<td>9:00</td>
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<td>San Francisco</td>
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<tr>
<td>Kern</td>
<td>1</td>
<td>8:30</td>
</tr>
<tr>
<td>Ventura</td>
<td>1</td>
<td>9:00</td>
</tr>
</tbody>
</table>
Meeting Logistics

Should the Board choose to move to single monthly meetings, it is anticipated that on average, meetings would last approximately 3 hours with a range of 1.5 to 4.5 hours. As such, it is highly recommended that meetings begin in the morning.

At the onset, staff does not anticipate using Committees any more frequently than it does currently, however, if full Board meetings begin to become too lengthy, then it is quite possible Committees would be used more frequently to compensate.

Staff also recommends single monthly meetings take place the 3rd Wednesday of each month. In this case, there would be no interference with County Board of Supervisor meetings and no need to reshuffle meetings during SACRS months. Finally, should the Board approve single monthly meetings, staff would initiate this change beginning in January 2016, since the meeting calendar for 2015 is already set.

VI. RISK: There is a risk from time to time, that business may come up that requires a Board decision that cannot wait until the next scheduled meeting. In that case, a special meeting would need to take place.

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: No significant changes to the administrative budget

Rick Santos, Executive Director
July 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 – Staff has been involved with the coordination of the RFP’s for both an Investment Consultant and a pension system Project Manager. Staff also continues the process of transitioning retiree payroll from member services to accounting. And this past month, staff just finished up creating and implementing a formal disaster plan for the Organization.

b) Member & Employer Services – During the past month, Member and Employer Services staff prepared 48 estimates and 49 buy back calculations and are now in the process of counseling those members. Staff have also prepared and presented retirement information to two separate groups. The first was a group of approximately 65 Court employees and the second was a group of approximately 75 Payroll and HR Clerks. Staff also completed 48 counseling appointments over the past month.

Staff has also begun the process of relooking at all benefit administration process flow charts. Staff is looking to complete this task prior to any work being done on the pension system project and to discover whether these processes have become obsolete in light of the most recent pension reform initiative (Public Employee Pension Reform Act). This past month has been spent looking at the buyback process.

c) Investment Governance and Compliance – Staff and the Evaluation Team finished up evaluations for the Investment Consultant Position, with a decision to be made in July. Additionally, the Due Diligence Team completed their annual onsite visits this year at the beginning of the month. Staff has also been heavily involved in the legal review and negotiation process for a potential new direct lending investment.
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

Dawn Lea, Member and Employer Services Manager