



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, Suite 600 – **Wesley W. Hall Board Room**
Modesto, CA 95354

September 9, 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. Call Meeting to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the August 25, 2015 Meeting Minutes [View](#)
 - b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
 1. Borges, John – City of Ceres– Effective 09-15-2015
 2. Francis, Sharon – CSA – Effective 08-29-2015
 3. Gray, Jessica – CSA – Effective 09-19-2015
 4. Lee, Karen – Assessor – Effective 09-19-2015
 5. Owen Jr, Edward – Sheriff – Effective 09-11-2015
 6. Sortwell, Linda– CSA – Effective 09-01-2015
 7. Stewart, Kathryn – BHRS– Effective 07-27-2015
 8. Woodward, Richard – DER– Effective 09-19-2015
 9. Yamzon, Carlos – StanCOG– Effective 09-05-2015

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

1. Alejandro, Marina – Stanislaus Regional 911 – Effective 07-22-2015
2. DeJesus, Mario – CSA – Effective 08-15-2015
3. Eden, Judy – Clerk Recorder– Effective 07-18-2015
4. Ewen, Joshua – CEO– Effective 08-01-2015
5. Huynh, Khaminh – Probation – Effective 08-22-2015 *
6. Luzadas, Samuel – District Attorney – Effective 02-07-15
7. Loeser, Mark – CEO – Effective 08-29-15
8. Pasillas, Joe – BHRS – Effective 08-22-2015
9. Matthews, Carrie – CSA – Effective 04-04-15
10. Ramirez, Jose – Sheriff – Effective 03-30-15 *
11. Schmidt, Gayle – DCSS – Effective 08-21-15
12. Woods, Cynthia – District Attorney – Effective 07-01-15

** Indicates Safety Personnel*

d. Approval of Disability Retirement – Section 31724

1. Zamora, Pedro - Sheriff, Service-Connected, Effective 09-10-2015

6. Executive Director

- a. Legal/Legislation Update
- b. Monthly Staff Report [View](#)
- c. Discussion and Action on the State Association of County Retirement Systems (SACRS) November 17-20, 2015 Fall Conference Voting Proxy Form [View](#)

7. Closed Session

- a. 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)
- 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)

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

9. Adjournment



BOARD OF RETIREMENT MINUTES
August 25, 2015

Trustees Present: Jim DeMartini, Jeff Grover, Sam Sharpe, Mike Lynch and Gordon Ford

Alternate Trustee Absent Joan Clendenin, Alternate Retiree Representative

Trustees Absent: Maria DeAnda, Michael O'Neal, Jason Gordo and Donna Riley

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

Others Present: Fred Silva, General Legal Counsel

1. Meeting Called to Order

Meeting called to order 2:01 p.m. by Trustee Grover, for Maria DeAnda, Chair

2. Roll Call

3. Announcements

Kellie Gomes announced that Trustee Grover would be filling in for Trustee DeAnda as Chair of the meeting.

Rick Santos, Director gave a brief update on the issue of burying the power lines on the east side of the StanCERA building. MID has given us a one-time price of \$150,000 to bury the lines (there will also be some additional cost to have AT&T bury the cable lines as well). Also, MID gave a price of \$2,700 for each occurrence that they would have to shut down the power so the windows can be cleaned. Trustee Riley will be looking into whether this is a feasible solution (there may be some logistical impediments that would make this solution unrealistic).

Director briefed the Board on the Manager III position upgrades. Director will complete the required documentation and submit it to the County for review.

Director noted that the asset liability study had been moved to December 16th at 9:00 a.m. at Seasons in Modesto. This study will be combined with our regular meeting and most likely will take most of the day.

Director discussed the transition from SIS to Verus. Verus will attend their first meeting on September 22nd, however, they won't be ready with their own reporting structure. For that meeting, Verus will be using Northern Trust's reporting format. Also of importance, Ed Hoffman from Verus will be contacting each Trustee to set up a personal interview with each of them as he attempts to get a feel for the individual as well as the aggregate risk profile and biases of the Board.

Director announced that this would be Nate Pratt's last meeting at StanCERA and thanked him for his time served at StanCERA.

Kathy Herman announced that the floors would be replaced starting 8/26, the analysis on the HVAC system was ongoing and a Request for Proposal was forthcoming to get pricing for the build out of the vacant space.

4. Public Comment

None

5. Consent Items

- a. Approval of the August 12, 2015 Meeting Minutes

Motion was made by Trustee Lynch and seconded by Trustee DeMartini to approve consent item as presented.

Motion carried unanimously

6. Annual Performance Report

- a. LSV Asset Management

Keith Brusch and Bhaskaran Swaminathan gave the Board an update on the portfolio's recent return history, interpretations and forecast on the situation in Europe and Asia.

1. Value Added Report

7. Executive Director

- a. 2015 Quarter 2 Value Added and Cash Flow Report

Director gave an overview of the information provided in the 2015 Quarter 2 Value Added and Cash Flow Report.

8. Strategic Investment Solutions (SIS), Inc.

- a. Investment Performance Analysis for the Quarter Ending June 30, 2015
Quarterly Portfolio Performance Analysis (Return, Benchmark and Peer Ranking.)

2nd Quarter	.5%,	-.3%,	19
Fiscal YTD:	4.2%,	3.6%,	17
3 Year:	12.2%,	10.5%,	9
5 Year:	11.8%,	10.7%,	14

- b. StanCERA Investment Managers Peer Rankings for Quarter Ending June 30, 2015
c. StanCERA Investment Managers Review List for Quarter Ending June 30, 2015
d. Monthly Flash Report for the Month Ending July 31, 2015

Monthly Performance:	.77%
Active Return:	.12%
Fiscal YTD Return:	.77%
Total Fund Value as of 7/31/2015:	\$1,840,244,015

8. Strategic Investment Solutions (SIS), Inc. (Cont.)

e. Report on "Top 10 Holdings" of StanCERA Investment Managers as of July 31, 2015

9. Closed Session

Motion was made by Trustee Lynch and seconded by Trustee Ford to move in to closed session at 3:15 pm

Motion carried unanimously

- a. 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)
- 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)

Motion was made by Trustee Lynch and seconded by Trustee Ford to move in to open session at 3:38 pm

Motion carried unanimously

Report out for Item# 9.a.

Motion was made Trustee Lynch and seconded by Trustee DeMartini to reject Buck Consultants settlement offer and directed General Counsel to continue mediation.

Motion carried unanimously

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

None

11. Adjournment

Meeting adjourned at 3:40p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By: 
Fred Silva, General Legal Counsel



September 9, 2015

Retirement Board Agenda Item

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 contract for the new investment consultant was finalized and the transition from Strategic Investment Solutions to Verus was initiated. The evaluation team interviewed the project and leadership teams for two I.T. Consulting firms. A recommendation to hire Linea Solutions was presented and approved, which allowed staff to begin the contract process. Staff completed the analysis of the quarterly and annual cash flow needs.

Both the RV Kuhns and Greenwich surveys were completed. StanCERA regularly participates in these two industry surveys, which collect data from across the country. Both offer state of the art web site services available to staff and trustees for information and education.

I.T. staff was busy maintaining day-to-day operations and providing accurate data to the actuary. Cross training and transitioning of staff continues as we strive to strengthen StanCERA's structure and develop succession plans

- b) *Member & Employer Services* – During the month of August, Member and Employer Services Staff processed 64 new hires (7 Safety and 57 General) and 53 benefit estimates. There were 47 individual counseling sessions and one group presentation at the New Employee Orientation.

Staff responded to inquiries from the Brown Armstrong Auditors regarding the files they reviewed while they were here earlier in the month. They also spent a considerable amount of time researching and responding to questions from Cheiron actuaries as they continue to collect and analyze data for the annual valuation and the triennial experience study.

The IRS compliance review process continues to move forward. We are now reviewing the first draft of the required forms and data that will be submitted by the Attorneys at Hansen and Bridgett on behalf of StanCERA.

Staff has also been extensively reviewing processes related to the calculation of final average compensation. This issue is part of an overall strategy to better understand and get a head start now on how certain StanCERA pension variables are calculated. The strategy benefits the Organization now and in the future when we take a hard look at our business processes with the IT consultant.

- c) *Investment Governance and Compliance* – Investment governance issues this past month consisted mainly of transitioning between our old and new investment consultants.

Some of the objectives that staff had originally intended to undertake this year to fulfill 2015's part of the Strategic Plan will be placed in the hands of the new consultant. Those include the development of a risk mitigation plan that outlines trigger points for when taking pension risk off the table might be optimal. Additionally, the consultant will be asked to develop more formal reports and processes that the Organization and the Board will be comfortable with regarding the assessment and disposition of StanCERA active managers.

- d) *2015 Financial Audit* - The auditors completed their interim field work, left for two weeks and are now back for an additional two weeks. Staff is current with the agreed upon timeline, however the auditors are still waiting for some information from employers. As expected Brown Armstrong is asking different questions than the previous auditors. This approach is always useful, in providing insight and possible opportunities for improvement. The "Critical Dates" list is included.

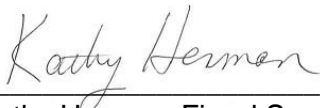
VI. RISK: None

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

Stanislaus County Employees Retirement Association
Financial Audit - Critical Dates List
For the year ended June 30, 2015

<i>Item</i>	2015 Dates	Status
PLANNING:		
AUDITOR to provide StanCERA with Population request email	Monday, June 01, 2015	Completed
AUDITOR to provide Info Request email to StanCERA	Friday, June 05, 2015	Completed
StanCERA to provide AUDITOR with May 31, 2015 Preliminary Financials and trial balance	Monday, July 06, 2015	Completed
StanCERA to provide Custodian, Investment Managers, and all other confirmations (Except for Legal, Participant, Cash and Contributions) to AUDITOR for mailing	Monday, July 06, 2015	Completed
Active, Retiree and Purchased Service Credit populations provided to AUDITOR for confirmation purposes	Friday, July 10, 2015	Completed
AUDITOR to provide StanCERA with samples for confirmation purposes	Tuesday, July 14, 2015	Completed
Active/Retired Participant, Actuary, and Employer payroll Confirmations returned to AUDITOR for mailing	Monday, July 20, 2015	Completed
Remaining participant populations due to AUDITOR. See email sent to client on Monday, June 1, 2015	Monday, August 03, 2015	Completed
StanCERA to provide confirmations to Auditor for Cash and Contributions	Wednesday, August 05, 2015	Completed
Employer payroll, Actuary, and participant confirmation responses due to AUDITOR, AUDITOR to send out second requests	Monday, August 10, 2015	
INTERIM FIELDWORK:		
Beginning of interim audit fieldwork at StanCERA's office. Please provide space for three auditors	Monday, August 10, 2015	Completed
Items on Interim Fieldwork Information Request Lists due	Monday, August 10, 2015	Completed

AUDITOR to meet with STANCERA's Internal Governance Committee - Entrance meeting between AUDITOR and STANCERA staff (at your discretion)	Tuesday, August 11, 2015	Completed
Expected completion date of interim fieldwork, and exit conference with StanCERA Management	Friday, August 14, 2015	Completed
FINAL FIELDWORK PLANNING:		
Confirm responses for all (Except Legal, Alternatives, Real Estate, Cash, Actuary and Contributions) due to AUDITOR. AUDITOR to send out second requests	Friday, August 14, 2015	
StanCERA to provide actuary with financial data for actuary report	Friday, August 14, 2015	Completed
Confirm responses for Cash, Actuary, Contributions, Alternative and Real Estate investments due to AUDITOR. AUDITOR to send out second requests	Friday, August 21, 2015	Completed
Items on Final Fieldwork Information Request Lists due. Begin audit work in BA offices.	Monday, August 24, 2015	Completed
StanCERA to provide 6/30/2015 trial balance in electronic format - Preliminary 8/24	Thursday, August 27, 2015	Completed
StanCERA to provide AUDITOR with draft Statement of Net Assets and Statement of Changes in Net Assets	Thursday, August 27, 2015	Completed
StanCERA to provide responses to Investment Inquiries Memo	Thursday, August 27, 2015	Completed
FINAL FIELDWORK:		
Beginning of final fieldwork at StanCERA's office. Please provide space for four auditors.	Monday, August 31, 2015	Completed
StanCERA to provide responses to General Question Memo	Wednesday, September 02, 2015	Completed
StanCERA to provide AUDITOR with legal confirmations for mailing/emailing	Thursday, September 03, 2015	Completed
StanCERA to receive Actuary GASB 67/68 report for inclusion in the CAFR	Friday, September 04, 2015	
StanCERA to provide draft Financial Section to AUDITOR	Tuesday, September 08, 2015	
Expected completion date of fieldwork and exit conference with StanCERA management	Friday, September 18, 2015	

AUDIT WRAP-UP & PRESENTATION:

StanCERA to provide AUDITOR with draft of CAFR	Friday, September 18, 2015
AUDITOR will provide all recommendations, revisions & suggestions for improvement to draft of CAFR	Friday, September 25, 2015
AUDITOR will provide Letter to Management in <u>draft</u> format	Friday, September 25, 2015
StanCERA to provide AUDITOR with complete revised draft of CAFR	Friday, October 02, 2015
StanCERA to provide AUDITOR with responses to findings included in Letter to Management	Friday, October 02, 2015
AUDIT Manager will provide all recommendations, revisions & suggestions for improvement to the CAFR	Tuesday, October 06, 2015
AUDITOR to provide StanCERA management with the following reports in <u>draft</u> format: Independent Auditors Report Report on Compliance and Internal Control Internal Governance Committee Report (SAS 114 letter)	Friday, October 09, 2015
Legal confirmation responses due to AUDITOR	Friday, October 23, 2015
StanCERA to provide AUDITOR with final revised CAFR. AUDITOR to submit for Partner/Cold review	Friday, October 23, 2015
StanCERA to provide approval of all AUDITOR reports	Friday, October 23, 2015
AUDITOR to provide StanCERA management with the Soft Copy of the following reports in <u>final</u> format: Independent Auditors Report Letter to Management Report on Compliance and Internal Control Internal Governance Committee Report (SAS 114 letter)	Monday, November 02, 2015
AUDITOR to provide StanCERA with "packets" of the above reports for Board meeting	Tuesday, November 03, 2015



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 **October 1, 2015** to Sulema H. Peterson, SACRS Administrator at Sulema@sacrs.org.