AGENDA

BOARD OF RETIREMENT
Boardroom
832 12th Street Suite 600 Modesto, CA 95353

December 15, 2020
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.

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.

AUDIO/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video 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.

Pursuant to California Governor Gavin Newsom's Executive Order N-29-20, The Board of Retirement ("StanCERA") is authorized to hold public meetings via teleconference and to make public meetings accessible telephonically or otherwise electronically to all members of the public who wish to participate and to provide public comment to the local legislative body during the current health emergency. We are unable to safely distance ourselves due to the COVID-19 Pandemic guidelines in our own boardroom. StanCERA's offices are currently closed to public access. The StanCERA Boardroom is being utilized for some Trustees and Staff who will be attending in person. All other Trustees, Staff and Consultants unable to attend in person will be attending remotely via teleconference.

If you wish to make either a general public comment or to comment on a specific agenda item in writing, please submit your comment (if your comment pertains to a specific agenda item, please include the agenda item number in the subject line) via email or fax prior to the meeting. Written comments regarding StanCERA's agenda items can be submitted by 4:30 p.m. on the day before the board meetings via email to Gomesk@Stancera.org or via fax to 209-558-4976. Pursuant to Government Code section 54954.3(a), Public Comment or public comment on an Agenda Item are limited to (400 words or less).

The public will not be granted access to Board of Retirement Boardroom to attend StanCERA's meeting. If you wish to join the meeting by teleconference as a member of the public and listen to the meeting, then please dial in using your phone and call **209-689-0007 Access Code: 414752**
When directed to do so please press 5* on your phone to alert the Chair you wish to a public comment. Pursuant to Government Code section 54954.3(a), Public Comment or public comment on an Agenda Item are limited to three (3) minutes StanCERA will provide its best effort to fulfill the request.

In compliance with the Americans with Disabilities Act, a person requiring an accommodation, auxiliary aid, or service to participate in this meeting should contact StanCERA at (209) 525-6393, as far in advance as possible but no later than 48 hours before the scheduled event.

Agendas and Minutes are on our website at www.stancera.org.

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment
6. Consent Items

   a. Approval of the November 24, 2020 Meeting Minutes View

   b. Investment Matrix View

   c. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**

      1. Anderson, Tammie – Stanislaus County – Effective 12-19-2020
      2. Barajas, David – Stanislaus County – Effective 12-05-2020
      3. Demartini, James – Stanislaus County – Effective 12-16-2020
      4. Gardner, Tamera – Stanislaus County – Effective 12-09-2020
      5. Johnson, Barbara – Stanislaus County – Effective 12-31-2020
      6. Kruger, Ana – Stanislaus County – Effective 12-01-2020
      7. Krukov, Deana – Stanislaus County – Effective 12-02-2020
      8. Looney, Victoria – Stanislaus County – Effective 12-19-2020
      9. Louis, Daniel – Stanislaus County – Effective 12-31-2020
      10. Mayne, John – Stanislaus County – Effective 12/29/20
      11. Oliveira, Elizabeth – City of Ceres – Effective 12-02-2020
      12. Peitz, Victoria – Stanislaus County – Effective 12-26-2020
      13. Rayonez, David – Stanislaus County – Effective 12-19-2020
      14. Roberts, Alan – Stanislaus County – Effective 12-31-2020
      15. Streifling, Sharon – Stanislaus County – Effective 12-01-2020
      16. Wade, Patricia – Stanislaus County – Effective 12-02-2020

   d. Applications for Deferred Retirement(s) – **Government Code Section 31700**

      1. Perez, Marissa – Stanislaus County – Effective 11/17/2020

   e. Application for Non-Service Connected Disability Retirement – **Government Code Section 31724**

      1. Zapata, Vanessa – Stanislaus Superior Court – Effective 09-11-20

   f. 2021 StanCERA Board Meeting Calendar View

   g. Information Technology Solutions (ITS) Project Update
      Agenda Item View Attachment 1 View

7. NEPC – Investment Consultant

   a. November Flash Verbal Report

   b. Work Plan for 2021 View

8. Investment

   None

9. Administrative

   a. Cheiron's Presentation of the June 30, 2020 Preliminary Actuarial Valuation Results View

   b. Electronic Signature Policy
      Agenda Item View Attachment 1 View

10. Closed Session

   a. Discussion and Action regarding the Executive Director's Annual Review Public Employment
      Government Code Section 54954.5

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

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

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

12. Adjournment

BOARD OF RETIREMENT MINUTES
November 24, 2020

1. Call Meeting to Order

   Meeting called to order 1:30 pm by Trustee O'Neal, Chair

2. Pledge of Allegiance

3. Roll Call

   Trustees Present:
   Michael O'Neal, Jim DeMartini arrived at 1:36pm, Darin Gharat
   Trustees Present by Conference Call Mike Lynch, Jeff Mangar, Donna Riley Jeff Grover, Mandip Dhillon, Joshua Clayton, Rhonda Biesemeier, Alternate Retiree Representative,

   Trustees Absent: NONE

   Staff Present:
   Fred Silva, General Legal Counsel
   Rick Santos, Executive Director
   Stan Conwell, Retirement Investment Officer
   Kellie Gomes, Executive Board Assistant
   Natalie Davis, Fiscal Services Manager
   Others Present by Conference Call:
   Lisa Fraser, Benefits Manager
   Daniel Hennessy, NEPC Investment Consultant
   Sam Austin, NEPC Investment Consultant

4. Announcements

   Trustee O'Neal had the following announcements:
   Due to the COVID-19 Pandemic, StanCERA's offices are currently closed to public access. We are meeting today virtually with only a few in person to accommodate 6ft spacing for this meeting. If you are joining the meeting today by teleconference as a member of the public your phone will be muted. If you would like to comment on an item today please email your comments to gomesk@stancera.org or fax them to 209 558-4976. Today's agenda was posted with the same information and allowed for public comments to be sent ahead of today's meeting as well. We will make every effort to read all comments received during our meeting today if we are unable to present your public comment today it will be agenized and presented at our next meeting.

5. Public Comment

   None

6. Consent Items

   a. Approval of the October 27, 2020 Meeting Minutes

   b. Information Technology Solutions (ITS) Project Update

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

1. Boddie, William – Stanislaus County – Effective 11-23-2020
2. Busch, Georgia – Stanislaus County – Effective 11-13-2020
3. Borgess, Michele– Stanislaus County – Effective 11/18/2020
4. Davis, Natalie – Stanislaus County – Effective 11-21-2020
5. Greer, Debra – Stanislaus County – Effective 11-18-20
6. Jara, Aracelia – Stanislaus County – Effective 11-03-2020
7. Perez, Maria Sallie – Stanislaus County – Effective 10-16-2020
8. Rettberg, Karen – Stanislaus County – Effective 10-30-2020
9. Zapata, Vanessa – Superior Court – Effective 09-11-2020

d. Applications for Deferred Retirement(s) – Government Code Section 31700

1. Chandler, Jereme – Stanislaus County – Effective 08/03/20
2. Flores, Thomas – Stanislaus County – Effective 09-07-20
3. Parmenter, Laura – Courts – Effective 9/3/2020
4. Pearson, Eric – Stanislaus County – Effective 9/16/2020
5. Slater, Aaron – City of Ceres – Effective 8/4/2020
6. Tyler, Becky – Stanislaus County – Effective 6/29/20

e. Investment Matrix

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

Roll call vote::

Michael O'Neal	YES
Jeff Grover,	YES
Donna Riley,	YES
Jeff Mangar,	YES
Darin Gharat,	YES
Mike Lynch,	YES
Joshua Clayton	YES
Mandip Dhillon	YES

Motion carried unanimously

7. Investment

   a. NEPC October_Flash Report

   b. NEPC Investment Performance 2020 Quarter 3

   c. StanCERA 2020 Asset Liability Study

   Motion was made by Trustee Gharat and seconded by Trustee DeMartini to approve mix 3 as presented today for StanCERA's new asset allocation.

   Roll call vote: :

Michael O'Neal	YES
Jeff Grover,	YES
Jim DeMartini,	YES
Donna Riley,	YES
Jeff Mangar,	YES
Darin Gharat,	YES
Mike Lynch,	YES
Joshua Clayton	YES
Mandip Dhillon	NO

   Motion passed 8/1

8. Administrative

   a. Alameda Supreme Court Update

      There was nothing to update currently.

9. STANDING COMMITTEES

   a. Internal Governance Committee

      1. The June 30, 2020 and 2019 Comprehensive Annual Financial Report (CAFR) and Independent Auditor Report

   Motion was made by Trustee Gharat and seconded by Trustee Manger to approve this repot as presented.

   Roll call vote:

Michael O'Neal	YES
Jeff Grover,	YES
Jim DeMartini,	YES
Donna Riley,	YES
Jeff Mangar,	YES
Darin Gharat,	YES
Mike Lynch,	YES
Joshua Clayton	YES
Mandip Dhillon	YES

   Motion carried unanimously

10. 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)

No Closed Session

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

Trustee O'Neal discussed if this board would like an agenda item brought to them to discuss the possibility of a Covid disability process. This topic was discussed at the 2020 SCARS business meeting. This board does not have interest currently and feels that the current disability process in place is sufficient.

12. Adjournment

Meeting adjourned at 3:09 p.m.

Respectfully submitted,

Rick Santos, Executive

APPROVED AS TO FORM

By

Fred Silva, GENERAL LEGAL COUNSEL

December 15, 2020

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Investment Matrix

II. ITEM NUMBER: 6.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: N/A

V. ANALYSIS:

a) *Investment Program Activities & Governance:*

Following the new strategic asset allocation decision at the November Board meeting, staff has been busy putting together a work plan on implementing the changes. This includes a review and update of the investment policies and directives, a phased rebalancing plan, and benchmark and manager structure reviews. The increased allocation to private markets also triggers the need for updated pacing plans and the increased utilization of market proxies given the time needed to properly build out the additional allocation to private markets. Over the coming months staff will be working closely with our investment consultants to implement the new asset allocation efficiently and effectively. Cross training on some critical operational functions also increased recently ahead of Natalie's retirement and will continue into the transition period of the new Fiscal Manager.

b) *Money Transfer Report:*

November:

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
StanCERA Cash	Cash	$-1,172,144	Owl Rock First Lien Fund, LP	Private Credit	$1,172,144

c) *Manager Meeting Notes:*

Owl Rock

Staff met recently with the portfolio manager and other representatives of the Owl Rock First Lien fund for an update call. Owl Rock is a private credit direct lender and StanCERA made a $10 Million commitment to the First Lien fund in Q4 of 2019. As the fund name implies, the Owl Rock First Lien Fund makes conservative first lien loans to companies with attractive fundamentals. The call focused on Owl Rock's Covid-19 response framework, performance review, portfolio ratings, borrower fundamentals and operating results. The fund continues to deploy capital and was able to add some positions at attractive entry points during the market dislocation earlier in the year. While risks still remain in the market, the portfolio appears to have weathered the market disruption well through the end of Q3 2020. Interest rates have dropped considerably since the initial close of the fund and the expected annual return of the fund is expected to be slightly lower as a result. It's important to note however, that the credit quality standards of the fund are unchanged.

d) *Trainings/Conferences:*
N/A

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Stan Conwell, Retirement Investment Officer

StanCERA

2021

Board Meetings are held every 4th Tuesday at 1:30p.m.

*Exception December's Board Meeting will be moved to 2nd Tuesday, December 14th Due to the Holiday

January

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November

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* December

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December 15, 2020
Retirement Board Agenda Item

TO: Retirement Board

FROM: Lisa Frazer, Memeber and Employer Services Manager

I. SUBJECT: Information Technology Solutions (ITS) Project

II. ITEM NUMBER: 6.g.

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS: Release 23 testing concluded and is scheduled to be deployed to Arrivos Production. This version brings additional functionality to the system:

- Benefit Estimate Workflow;
- Quarterly State Tax Reports; and
- Functionality for 1099 Processing.

Additionally, various errors to the existing functionality have been resolved:

- Benefit calculator;
- Effective dates in select workflows; and
- Employer reporting options.

Staff will begin utilizing the newly available functionality in addition to preparing for the next release, tentatively scheduled for Quarter 1 2021.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective II: Successful implementation/completion of the Pension Administration System (PAS).

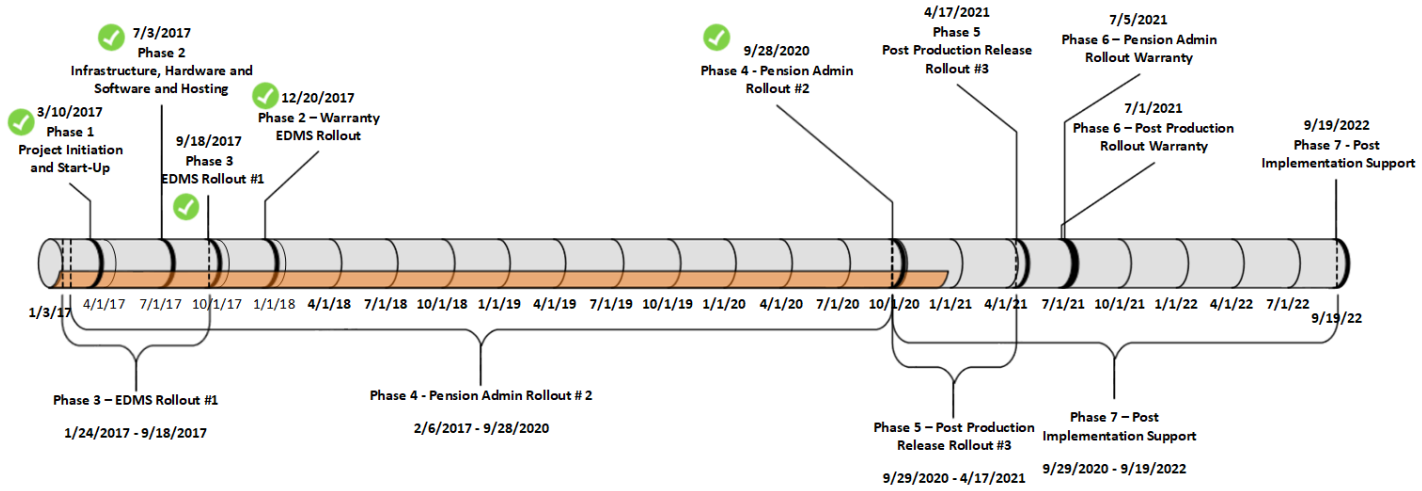
VIII. ADMINISTRATIVE BUDGET IMPACT: None

Lisa Frazer, Member and Employer Services Manager

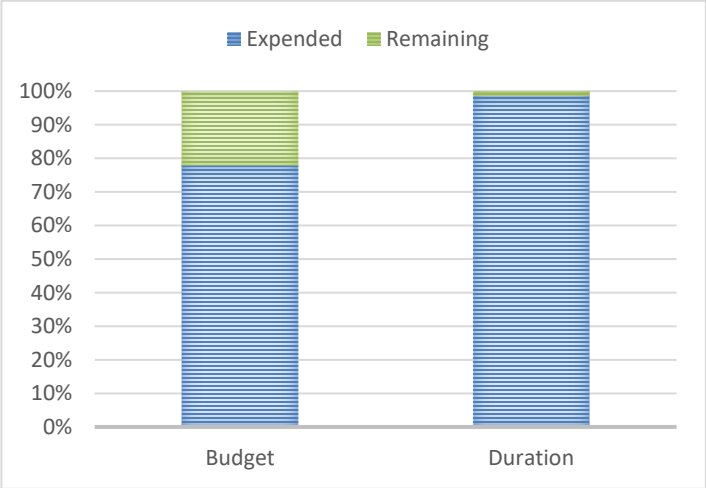
Rick Santos, Executive Director

PAS Implementation
Linea Bi-weekly Status Update

Sponsor:	Rick Santos	**Report Date:**	12-11-2020



Baseline 12/01/2016 STATUS



Linea Budget as of 11/30/2020

Risks & Issues:

No new high-level risks have been identified at this time.

Accomplishments:

- Regular design work sessions continued with discussions of disability retirement scenarios.
- Project management team continued work to define remaining project activities for completion.
- StanCERA completed testing and acceptance of R23 UAT release, including new functionality and resolved PIRs.

Upcoming:

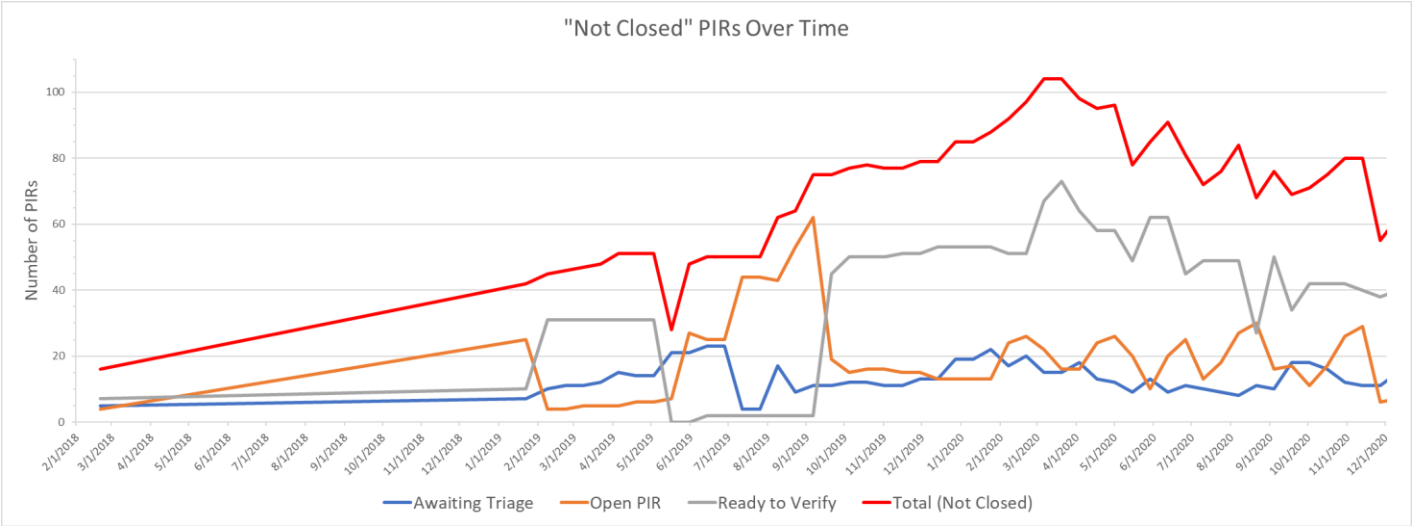
- Production release of R23 code planned for 12/11/2020 after close of business.
- Further definition of remaining project activities and delivery timeline.

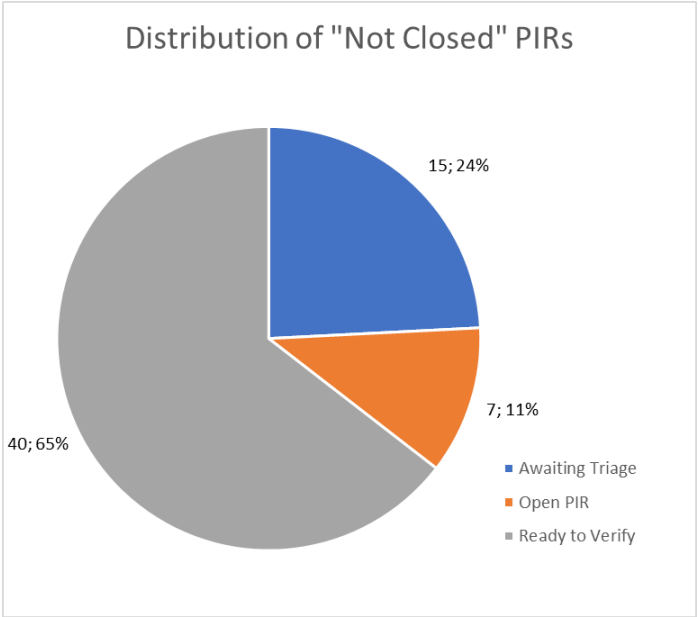
Erik Brischler ● Linea Solutions ● (310) 633-1497

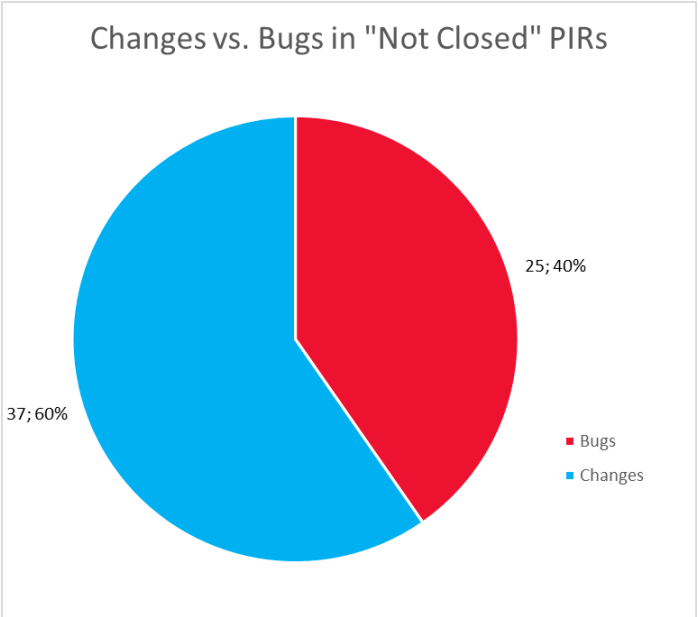
Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
- Facilitate monthly Steering Committee Meetings and create meeting minutes.
- Participate in Tegrit work sessions, review meeting minutes, and compile resulting decision logs and action items.
- Regularly review action items for follow up and completion.
- Review and hold group review sessions for BSRD deliverables made by Tegrit (BSR080, BSR087).
- Track requirements, as discussed in work sessions and BSRDs, using the RTM and meet with StanCERA PM to update requirements confirmation.
- Manage and participate in system testing efforts, including review of test scripts, compiling of results, input of PIRs, and tracking of issue resolution.

Current PIR Summary







Stanislaus County Employees' Retirement Association
NEPC's 2021 Work Plan

January 26th	▪ Real estate and infrastructure pacing plans ▪ Review of public proxies for private market allocations ▪ Rebalancing plan
February 23rd	▪ NEPC 2021 capital market discussion and outlook ▪ Quarterly investment performance report ▪ Real assets opportunities discussion
March 23rd	▪ Infrastructure search interviews
April 27th	▪ Liquid absolute return education
May 25th	▪ Quarterly investment performance report ▪ Liquid absolute return search interviews
June 29th	▪ Investment policy review ▪ Public equity asset class review
July 27th	▪ Investment policy review ▪ Risk parity asset class review
August 24th	▪ Quarterly investment performance report
September 28th	▪ Asset class or manager review – TBD
October 26th	▪ Asset class or manager review - TBD
November	▪ Quarterly investment performance report
December	▪ Year end review

Stanislaus County Employees' Retirement Association

CHEIRON

Classic Values, Innovative Advice

2020 Preliminary Valuation Results

December 15, 2020

Graham A. Schmidt, ASA, FCA, MAAA, EA

Topics for Discussion

- Preliminary 2020 Valuation Results
  - Executive Summary and Highlights
  - Changes Since Last Valuation
- Historical Review
- Projections
- Next Steps
- Appendix

Executive Summary

Stanislaus County Employees' Retirement Association
Summary of Key Valuation Results
(in millions)

Valuation Date Fiscal Year End	June 30, 2019 2021	June 30, 2020 2022	Absolute Change
Actuarial Liability	$ 2,897.2	$ 3,028.6	$ 131.4
Actuarial Value of Assets*	2,200.0	2,290.3	90.3
Unfunded Actuarial Liability (Actuarial Value)	$ 697.3	$ 738.4	$ 41.1
Funding Ratio (Actuarial Value)	75.9%	75.6%	-0.3%
Market Value of Assets*	2,184.8	2,182.2	(2.6)
Unfunded Liability (Market Value)	$ 712.4	$ 846.5	$ 134.1
Funding Ratio (Market Value)	75.4%	72.1%	-3.3%
Net Employer Full Contribution Rate	31.45%	33.20%	1.75%

* Net of non-valuation reserves

Highlights

- Investment return on the market value of assets was 0.8%, net of all investment expenses, compared to the 7.00% assumed rate of return
  - The approximate return is computed using an assumption that cash flows occur mid-year, on average. May not match actual time- or money-weighted returns provided by investment consultant.
- Actuarial (i.e. smoothed) return on assets was 5.1%, which resulted in a $42.1 million loss and increased the contribution rate by 1.16% of pay
  - There are approximately $108.2 million in deferred asset losses not yet recognized in the smoothed asset value
- FY19-20 actuarial cost was more than the actual contribution by $1.3M (due primarily to one-year lag in implementation of rates), increasing the contribution rate by 0.04% of pay

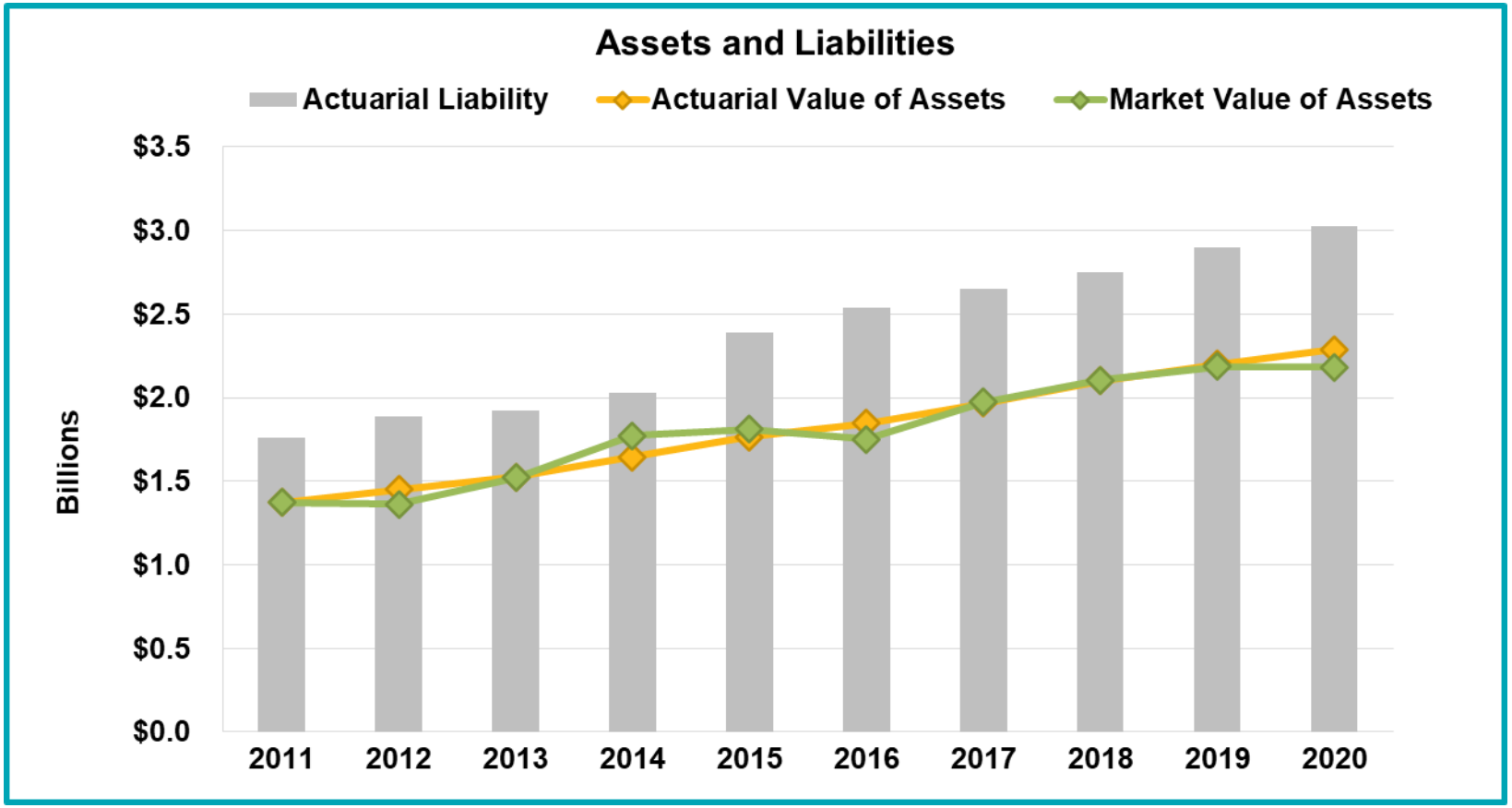
Highlights

- Net impact of all other changes, including salary and demographic changes, increased the contribution rate by 0.55% of pay
  - Losses from new retirements and retiree COLA increases higher than expected offset by salary gains (approximately $7.4M in net liability losses or 0.20% of pay)
  - Offset by reduction in employer normal cost rate of 0.16% of pay, due to movement of new hires into PEPRA tiers
  - Because overall payroll grew less than the assumption (0.56% vs. 3.00% assumed) UAL and admin expense rate increased by 0.51% of pay, but no impact on dollar amount
- Amortization period for the UAL has dropped to 16 years
  - Plan no longer experiences “negative amortization” (i.e. the payment on the unfunded is more than the interest on the UAL)
  - Board will eventually need to consider changes to funding policy

Changes Since Last Valuation

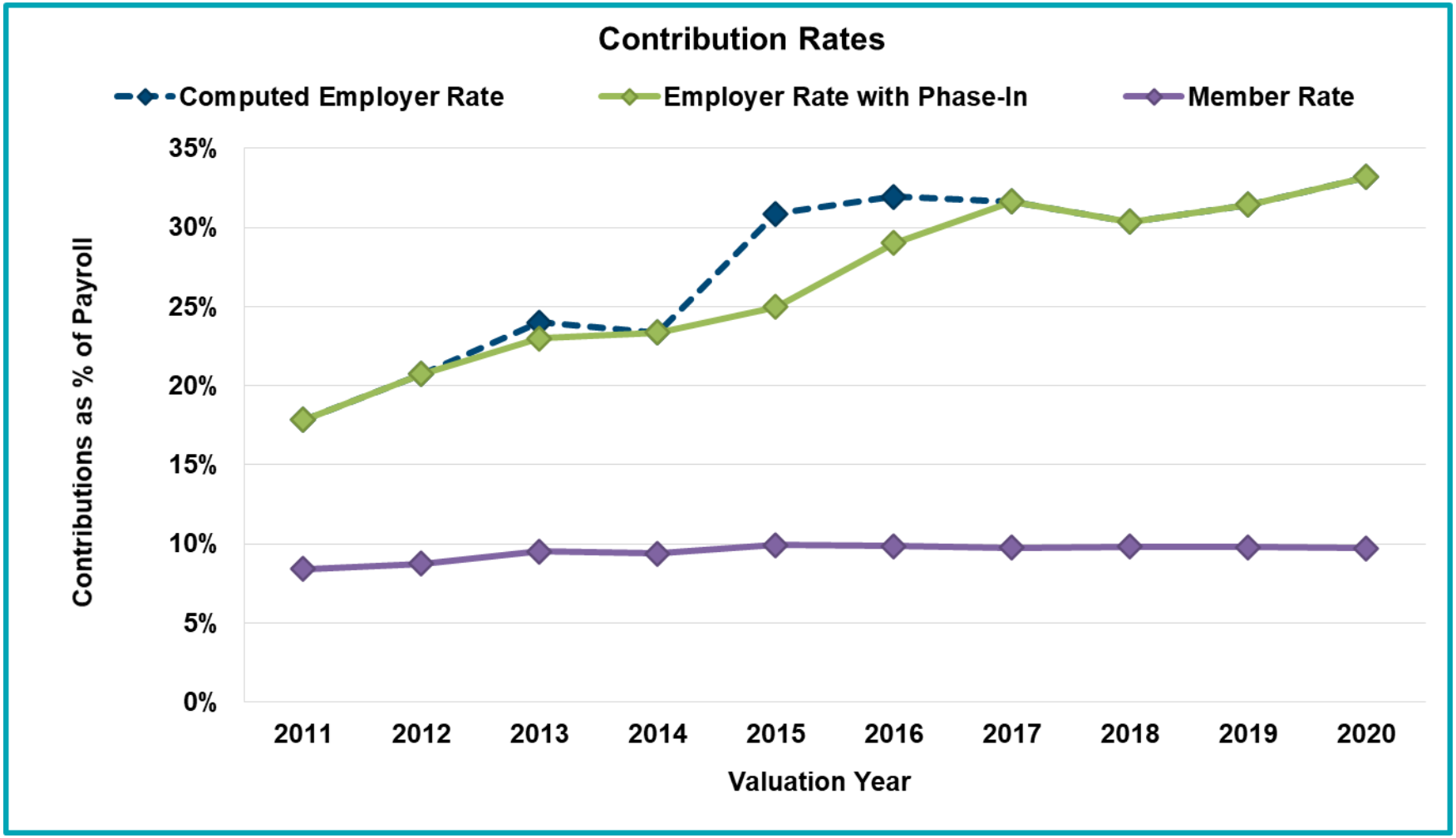
Stanislaus County Employees' Retirement Association Employer Contribution Reconciliation				
	Total	Normal Cost	Amortization	Admin Exp
FYE 2021 Net Employer Contribution Rate	31.45%	11.56%	18.92%	0.97%
Change Due to Asset Loss	1.16%	0.00%	1.16%	0.00%
Change Due to Contribution Deficit	0.04%	0.00%	0.04%	0.00%
Change Due to Demographic Changes	0.04%	-0.16%	0.20%	0.00%
Change Due to Effect of Payroll on Amortization	0.51%	0.00%	0.49%	0.02%
Change Due to Assumption Changes	0.00%	0.00%	0.00%	0.00%
Total Change	1.75%	-0.16%	1.89%	0.02%
FYE 2022 Net Employer Contribution Rate	33.20%	11.40%	20.81%	0.99%

Historical Review

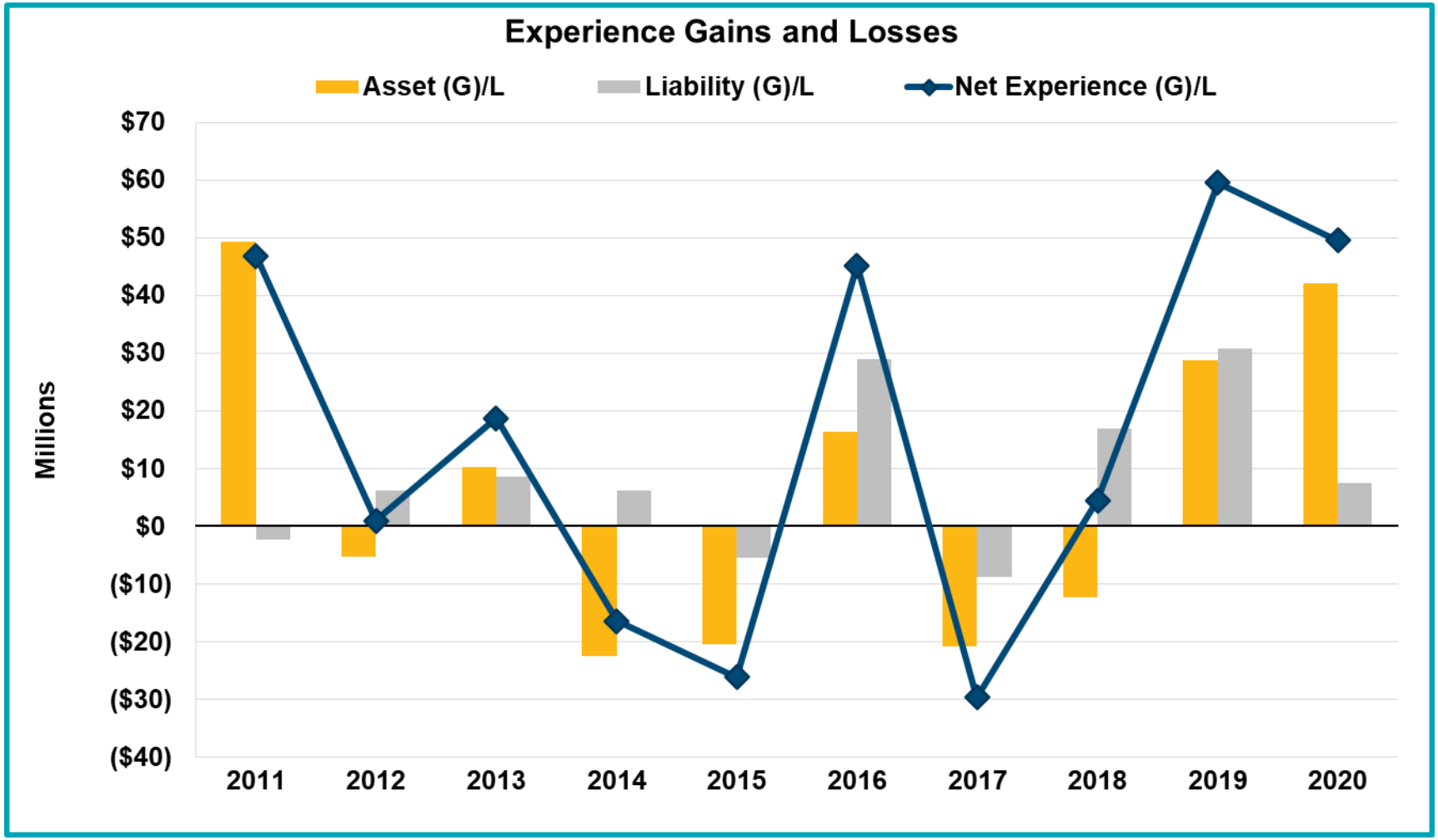


Valuation Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Funded Ratio	78.1%	76.9%	79.4%	81.1%	73.7%	72.8%	74.3%	76.4%	75.9%	75.6%
UAL (Billions)	$ 0.39	$ 0.44	$ 0.40	$ 0.38	$ 0.63	$ 0.69	$ 0.68	$ 0.65	$ 0.70	$ 0.74

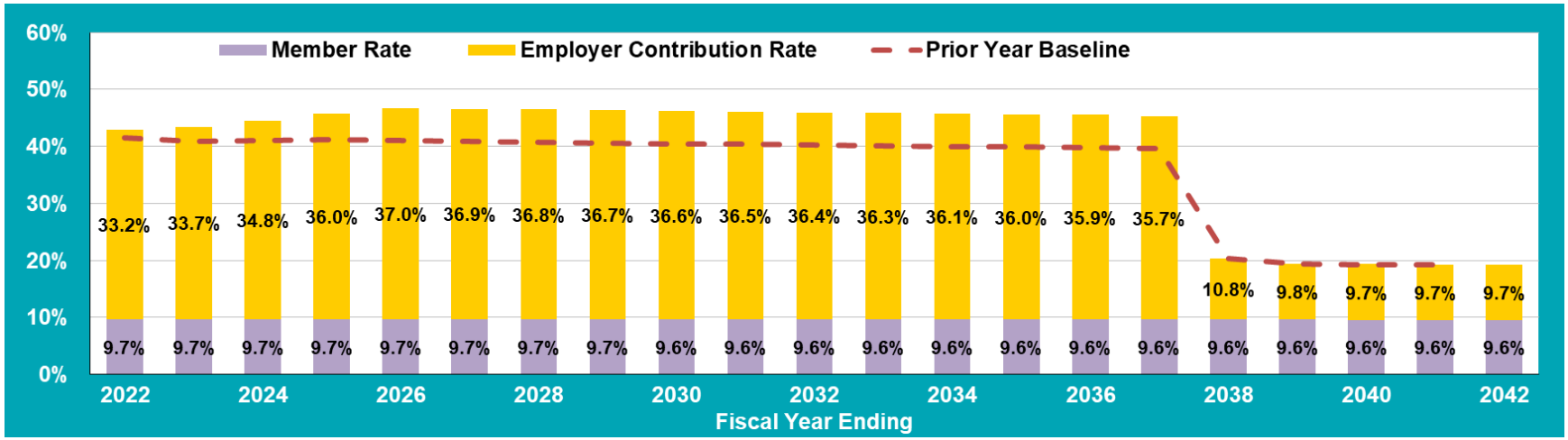
Historical Review



Historical Review

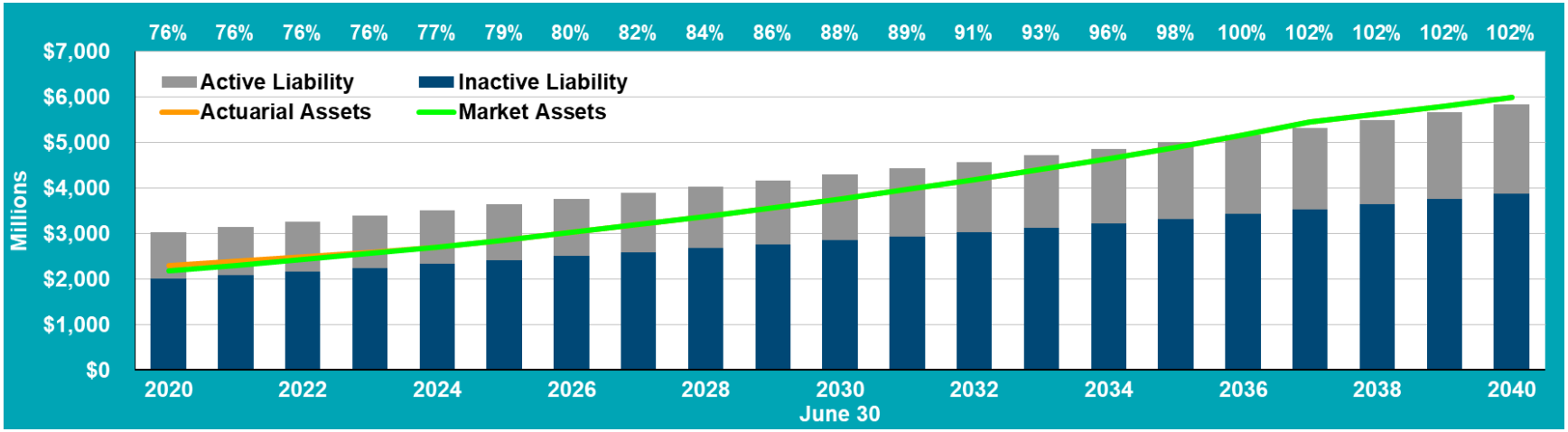


Projections – Contribution Rates



- Employer rate is expected to increase from 33.2% to 33.7% next year, with further increases to 37.0% through FYE 2026 as asset losses are phased-in
- Total rate is expected to remain relatively level from FYE 2026 to 2037 when the UAL is paid off after 16 years of payments. The FYE 2038 rate of about 20% of pay consists of only the employer Normal Cost, plus administrative expenses.
- The total contribution rate (employer plus member) is expected to gradually decline after FYE 2026 as PEPRA members replace legacy members, lowering the average normal cost of the Plan

Projections – Funded Ratio



- The funded ratio on an AVA basis (top of graph) remains level for the next five years as asset losses are phased-in. The funded ratio then gradually increases until it reaches 100% in 2036.
- Projections are based on all actuarial assumptions being met each and, every year as well as a steady active population
- Actual returns and other economic and demographic experience will determinate the future funded status and contribution rates

Next Steps

- Finalize Actuarial Valuation results
  - Results shown in this presentation are preliminary (proceeding with peer review)
- Adopt June 30, 2020 Actuarial Valuation and FYE 2022 Contribution Rates

Appendix

Stanislaus County Employees' Retirement Association Membership Total	June 30, 2019	June 30, 2020	Percent Change
Actives	4,504	4,458	-1.02%
Current Inactives	1,122	1,158	3.21%
In-Pay Members	4,001	4,177	4.40%
Total Members	9,627	9,793	1.72%
Active Member Payroll (FYE 2020/2021)	$ 298,900,309	$ 300,575,911	0.56%
Average Pay per Active	$ 66,363	$ 67,424	1.60%

Appendix

Stanislaus County Employees' Retirement Association Net Employer Contribution Rate	FYE 2021	FYE 2022	Absolute Change
Total Normal Cost Rate	21.34%	21.12%	-0.22%
Member Contribution Rate	9.78%	9.72%	-0.06%
Employer Normal Cost Rate	11.56%	11.40%	-0.16%
Administrative Expense Rate	0.97%	0.99%	0.02%
UAL Amortization Rate	18.92%	20.81%	1.89%
Net Employer Contribution Rate	31.45%	33.20%	1.75%

Required Disclosures

The purpose of this presentation is to present the preliminary results of the annual actuarial valuation and experience study of the Stanislaus County Employees' Retirement Association (StanCERA). This presentation is for the use of StanCERA in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by StanCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

I hereby certify that this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the StanCERA Retirement Board for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. Cheiron uses internally developed models to project contributions and funded status.

The actuarial assumptions and methods as well as the plan provisions used for the June 30, 2020 valuation are the same as those used in the preparation of the actuarial valuation report as of June 30, 2019. The data for this valuation was provided as of June 30, 2020. Future results may differ significantly from the current results presented herein due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law. The risk assessment disclosures required under Actuarial Standard of Practice No. 51 will be included in the final valuation report as of June 30, 2020.

Graham A. Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

December 15, 2020
Retirement Board Agenda Item

TO: Retirement Board

FROM: Lisa Frazer, Member and Employer Services Manager

I. SUBJECT: Electronic Signature Policy

II. ITEM: 9.b

III. ITEM TYPE: Discussion and Action

IV. RECOMMENDATION: Accept Staff's Recommendation for Board Approval of the Electronic Signature Policy

V. ANALYSIS: Staff has identified the use of electronic signatures as a key part of StanCERA's effort to improve member services.

California Government Code §16.5 and California Civil Code §§1633.1, and Government Code §31527(i) (CERL) authorizes the Board to issue a policy permitting:

> *"…the use and acceptance of a document requiring a signature that is submitted by a member using an electronic signature, if the document and electronic signature are submitted using technology the board deems sufficient to ensure its integrity, security, and authenticity. A document submitted pursuant to the regulation shall be given the same force as signed, valid original document."*

Approved electronic signature software must meet security standards, providing a secure method of signing and transferring documents electronically and prohibits the alteration of a document once the signer(s) have completed the e-signature process. A history of any changes made into the document prior to the signature is kept with the document and cannot be changed or deleted. When electronic signatures are used, hash values are attached to the document to verify the authenticity of a document during any transfer for added security.

> *(A hash value is a unique numerical identifier that can be assigned to a file, a group of files, or a portion of a file, based on a standard mathematical algorithm applied to the characteristics of the data set. The numerical identifier is so distinctive that the chance of any two files will have the same hash value, no matter how similar they appear, is less than one in one billion. "Hashing" is used to guarantee the authenticity of an original file."*

Staff has researched and concluded that DocuSign and Adobe Sign use technology and security as required by California Government regulations. Both software programs enable documents to be uploaded and sent, through secure means, to signer(s) for signature and returned to the sender (StanCERA) providing a hash value. Tracking of the document(s) is conducted through a workflow, ensuring delivery, viewing, and signing. Once the document is signed, it is locked and undatable by any party and a secure

certificate is attached. Signers are not required to download or own any software in order to complete the signatory process.

Any member documents process through the electronic signature process shall be uploaded into the Arrivos Imaging System and indexed to the Member's file according to StanCERA's Records Retention Policy.

Members will have the option to sign documents with a "wet" signature, with staff sending documents through email and U.S. Mail. Utilizing electronic signature technology allows staff to work securely, efficiently, and accurately.

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

Lisa Frazer
Member and Employers Services Manager

Rick Santos
Executive Director

Stanislaus County Employees' Retirement Association

ELECTRONIC SIGNATURE POLICY

Policy 1013

December 14, 2020

Purpose

To authorize StanCERA to accept electronic signatures (eSignatures), increasing productivity and ensuring convenient, timely and appropriate access to StanCERA information by utilizing electronic signature technology.

Authority

County Employees Retirement Law of 1937 (CERL): Government Code §31527(i),

> *"Notwithstanding any other law, for the use and acceptance of a document requiring a signature that is submitted by a member using an electronic signature, if the document and electronic signature are submitted using technology the board deems sufficient to ensure its integrity, security, and authenticity. A document submitted pursuant to the regulation shall be given the same force as a signed, valid original document."*

Procedure

The use of electronic signatures is permitted and shall have the same force and effect as the use of a "wet" signature or manual signature if all the following criteria are met:

1. The electronic signature is unique to the person using it.
2. The electronic signature is capable of verification.
3. The electronic signature is under the sole control of the person using it.
    a. Email notifications requesting electronic signatures must not be forwarded.
4. The electronic signature is linked to the data in such a manner that if the data is changed after the electronic signature is affixed, the electronic signature is invalidated.

DocuSign and Adobe Sign are software programs that use technology sufficient to ensure the integrity, security, and authenticity of documents with an electronic signature. StanCERA will give an electronically signed document filled through DocuSign or Adobe Sign the same legal force as a signed, valid original document.

Any member documents processed through DocuSign or Adobe Sign will be processed into the Arrivos Imaging System for storage according to the Records Retention Policy.

Policy Review

This Board shall review this policy at least every three years.

Policy History

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Richard Santos, Executive Director

POLICY APPROVAL DATE: December XX, 2020

DRAFT