

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: StanCERA

BOARD AGENDA # *B-3

Urgent

Routine

CEO Concurs with Recommendation YES NO
(Information Attached)

AGENDA DATE March 6, 2012

4/5 Vote Required YES NO

SUBJECT:

Authorize the Addition of one (1) New Confidential Assistant IV Full-time Allocated Position to the Salary and Position Allocation Report for the Stanislaus County Employees' Retirement Association (StanCERA) Effective the First Pay Period after Board of Supervisors' Approval

STAFF RECOMMENDATIONS:

1. Approve the addition of one (1) new full-time allocated Confidential Assistant IV position to the Salary and Position Allocation Report for StanCERA effective the first full pay period after Board of Supervisors' approval of this item.
2. Authorize the Chief Executive Office to amend the Salary and Position Allocation Report to add one (1) Confidential Assistant IV position.

FISCAL IMPACT:

The annual cost of the position is approximately \$68,399 which will be covered by the funded vacant Manager II position for the remainder of the 2011-2012 Fiscal Year. There is no fiscal impact to the County General Fund.

BOARD ACTION AS FOLLOWS:

No. 2012-094

On motion of Supervisor Monteith, Seconded by Supervisor Withdraw
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withdraw, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

DISCUSSION:

On January 24, 2012 the StanCERA Board of Retirement approved the addition of one Confidential Assistant IV for the Department. Over the past several months, the Department has undergone a major transition. The Department's Administrator and Operations Manager, with a combined knowledge base of 40 years, have both retired. At the same time, the Retirement Board and the Department are facing and must address some major issues that are confronting most governmental pension plans today. They are:

1. GASB Issues – Major changes have been proposed by the Governmental Accounting Standards Board for compliance.
2. Pension Risk – Over the next several months, the organization will be exploring alternative ways of funding pension benefits.
3. Transparency – Over the last few years, Auditors have noted discrepancies in Investment Manager Reports and our Custodian Bank. While procedures have been put into place, the Auditors have again noted discrepancies this last fiscal year.
4. Staff Development – Staff development is critical if the Department is to have a thorough understanding of all our investment fees, calculation and the effects on portfolio performance.
5. Pension Software Contract - StanCERA is the only 1937 Act System with this software. If the vendor does not choose to support this software past the contract period (3 years), the Department may be forced into another system conversion.

The bulk of the issues will ultimately be thrust upon the Accountant, Executive Director and Operations Manager. As such, some of the "routine" duties performed by these positions in the past must be reassigned. Adding one new Confidential Assistant IV will allow StanCERA to continue to operate with efficiency and allow the Department to confront the issues at hand.

The main focus and duties of the Confidential IV position will be as follows:

- Publication of all printed material such as newsletters, flyers and brochures
- Graphic design and publication of the Comprehensive Annual Financial Report and Popular Annual Financial Report

Authorize the Addition of One (1) New Confidential Assistant IV Full-time Allocated Position to the Salary and Position Allocation Report for the Stanislaus County Employees' Retirement Association (StanCERA) Effective the First Pay Period after Board of Supervisor's Approval

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- Website Maintenance
- Accounts Payable
- Member Statements
- Provide support to the Board Secretary as necessary
- Provide support to the Department's Accountant as necessary

Although the Retirement Board is a separate entity as it relates to fiduciary and operational issues, StanCERA employees are County employees and approval from the Board of Supervisors is necessary to amend the Salary and Position Allocation.

POLICY ISSUES:

California Constitution Article 16 Section 17 states the retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assume prompt delivery of benefits and related services to the participants and their beneficiaries. In addition, the California Employees Retirement Law of 1937 Section 31522.1 states the personnel of the Retirement system shall be county employees and shall be subject to the county civil service or merit system rules and shall be included in the salary ordinance or resolution adopted by the Board of Supervisors for the compensation of county officers and employees.

STAFFING IMPACT:

The staffing impact associated with this recommendation will add one new full-time allocated Confidential Assistant IV position to StanCERA. If approved the Department is requesting to fill the position through an existing recruitment.

CONTACT:

Rick Santos, StanCERA Director

209-525-4650



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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email: retirement@stancera.org

AGENDA

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

February 8, 2012
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.

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 January 24, 2012, Investment Meeting Minutes View
 - b. Approval of the Cost of Living Adjustment (COLA) Effective April 1, 2012, for Payment on May 1, 2012, per Government Code Section 31870.1 View



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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

January 24, 2012

Members Present: Maria De Anda, Jim DeMartini, Gordon Ford, Darin Gharat, Jeff Grover, Mike Lynch, Ron Martin, Michael O'Neal and Donna Riley

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Kelly Cerny, Executive Secretary
Kathy Herman, Operations Manager
Dawn Lea, Benefits Manager
Kathy Johnson, Accountant
Luiana Irizarry, Administrative Assistant

Others Present: Paul Harte & Nathan Pratt, Strategic Investment Solutions (SIS), Inc.
Fred Silva, General Legal Counsel
Delia Roges, Max Swango, & Bill Grubbs, Invesco National Trust
John West, Research Affiliates (in attendance) & Rob Arnott, Research Affiliates (via teleconference)
Stan Risen and Doris Foster County Chief Executive Office

1. Meeting called to order at 2:00 p.m. by Jim DeMartini, Chair.

2. **Roll Call**

3. **Announcements**

Ms. Cerny announced Board members received today the brochure for the National Conference on Public Employee Retirement Systems' (NCPERS) Annual Conference. It was noted that this year it is held the same week at the State Association of County Retirement Systems' (SACRS) Spring 2012 Conference.

4. **Public Comment**

None.

5. **Consent Items**

Mr. DeMartini requested to pull Consent Item #5d for discussion.

Consent Item Pulled for Discussion

5d. Receipt of the 2012 Board of Retirement Standing Committee Assignments

Mr. DeMartini will consult with the Board members on their appointments to the 2012 Standing Committees. The assignments will be relayed to the Executive Director and placed on the consent calendar for the February 8, 2012 Board of Retirement Administrative meeting.

Motion was made by Darin Gharat and seconded by Michael Lynch to approve the following items as listed.

Motion carried.

- a. Approval of the January 11, 2012, Administrative Meeting Minutes
- b. Received StanCERA Complaint Log of October 1, 2011 through December 31, 2011
- c. Receipt of Strategic Investment Solutions Inc.'s November 2011 Monthly Performance Review for StanCERA

6. **Invesco's Presentation of the Global Real Estate Investment Trusts (REITs) Portfolio for the Fourth Quarter 2010**

Delia Roges, Senior Director, Institutional Sales & Service, Max Swango, Managing Director, Real Estate, and Bill Grubbs, Managing Director, Real Estate, gave the presentation on StanCERA's global REITs portfolio for the fourth quarter of 2011.

The portfolio's investment performance of 8.45% net of fees was above the developed Index benchmark of 7.36%. Since inception as of March 2008 through December 31, 2011, this commingled fund returned -3.93% net of fees against the benchmark return of -3.52%. Market value as of December 31, 2011 is \$17.2 million.

7. **Research Affiliates' Presentation of the Long/Short Absolute Return Portfolio**

John West, CFA, was present, and Rob Arnott, Chairman, via teleconference, presented StanCERA's portfolio as of December 31, 2011.

Past results have been poor, coming in at -20.4% for fiscal year 2011-2012 which represents a full underperformance relative to the short-term treasuries benchmark.

Mr. Martin left at 3:14 p.m.

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

a. Monthly Performance Review for the Month Ending December 31, 2011

Mr. Harte distributed the monthly performance review for the period ending December 31, 2011. StanCERA's portfolio is \$1.32 billion, an increase of 0.57% for the month. The total fund returned .8% for December, and the six-month fiscal year to date return is -5.41%, under StanCERA's policy index of -3.35%, for the same period.

Mr. Gharat left at 4:02 p.m.

Mr. Gharat returned at 4:07 p.m.

b. Report on "Top 10 Holdings" by StanCERA Investment Managers as of December 31, 2011

c. Verbal Update on BNY Mellon Securities Lending

9. **Executive Director Report**

a. Discussion and Action on a Request for Allocation of One Confidential Assistant IV (CAIV) Position

Motion was made by Gordon Ford and seconded by Darin Gharat to add one (1) Confidential Assistant IV position.

Roll Call Yes: M. De Anda, J. DeMartini, G. Ford, D. Gharat, M. Lynch, and M. O'Neal

Roll Call No: J. Grover and D. Riley

R. Martin Not Present

Vote 6-2

Motion carried.

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

Mr. DeMartini shared that the Public Funds Summit he recently attended was educational. He requested future Board training on alternative investments.

Mr. Ford requested an opportunity to discuss the discount rate in the near future. He asked the Executive Director to forward to Board members the email regarding discount rates of 1937 Act systems.

10. **Members' Forum (Information and Future Agenda Requests Only) [Cont.]**

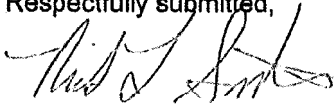
Mr. Gharat offered his condolences to the family of County employee Sandra Hopp, regarding Ms. Hopp's recent passing. Mr. Gharat also commended staff for the service provided to safety members. He has received positive comments from safety members who have sought assistance from StanCERA.

Mr. Ford and Ms. Clendenin agreed with Mr. DeMartini that the Public Funds Summit they attended was very informative.

11. **Adjournment**

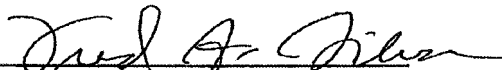
Meeting adjourned at 4:37 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
FRED A. SILVA, GENERAL LEGAL COUNSEL

By: 
Fred A. Silva, General Legal Counsel