



Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

AGENDA

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

October 24, 2017
1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the fourth Tuesday of each month. Your interest is encouraged and appreciated.

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

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

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

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

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

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

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

1. Call Meeting to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
 - a. Approval of the September 26, 2017 Meeting Minutes [View](#)
 - b. Monthly Staff Report [View](#)
 - c. Legal/Legislation Update
 - d. Executive Director Goals Update Quarter 3, 2017 [View](#)
 - e. StanCERA Complaint Log: July 1 and September 30, 2017 [View](#)
 - d. Approval of Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810**
 1. Berg, Thomas – Sheriff – Effective 10-18-17 *
 2. Blair, Ofelia – Public Works – Effective 10-28-17
 3. Boone, Lawrence – HSA – Effective 10-04-17
 4. Dionne, Candy – CSA – Effective 10-01-17
 5. Dysert, Jess – CSA – Effective 10-22-17
 6. Fielder, Holly – HSA – Effective 10-10-17

7. Jackson, Robert – Sheriff – Effective 10-18-17 *
8. Matich, Coral – HSA – Effective 10-09-17
9. Ramczyk, Frank – CSA – Effective 10-28-17
10. Roberts, Gwendolyn – HSA – Effective 08-19-17
11. Shugart, Joyce – CSA – Effective 10-28-17
12. Vanhille, Stephanie – CSA – Effective 10-07-17
13. Zepeda, Carla – CSA – Effective 10-03-17

** Indicates Safety Personnel*

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

1. Baker, Christopher – Sheriff – Effective 09-28-17 *
2. Buck, Gregory - Sheriff – Effective 09-14-17 *
3. Cain, Toni – Courts – Effective 09-14-17
4. Carter, Jennifer – DCSS – Effective 11-4-16
5. Cox, Caleb – GSA – Effective 09-09-17
6. Hoogendoorn, Colin – Probation – Effective 08-24-17 *
7. O'Brien, William – Board of Supervisors – Effective 01-10-17
8. Petitt, Joshua – Sheriff– Effective 09-13-17 *

** Indicates Safety Personnel*

f. Approval of Death Benefit - **Section 31781**

1. Avila, Darlene, Deceased September 21, 2017, DCSS - Active Member

g. Approval of Reciprocal Disability Retirement - **Section 31838.5**

1. Manica, Mandy - Sheriff, Service-Connected, Effective 07.22.17 *

h. Approval of Disability Retirement - **Section 31724**

1. Given, Jeffrey - Police Department, Service-Connected, Effective 11.29.11

6. Executive Director – Investment

None

7. Verus – Investment Consultant

- a. Workplan [View](#)
- b. September 30, 2017 Flash Report [View](#)
- c. Discussion and Action : Value Added Real Estate Education and Search [View](#)
 1. American Reality Presentation – Jay Butterfield

8. Executive Director – Administrative

- a. Information Technology Solutions (ITS) Project Update [View](#)
- b. Discussion and Action: Voting directive for delegates for the State Association of County Retirement Systems (SACRS) 2017 Fall Business Meeting [View](#)

9. Closed Session

- a. Conference with Legal Counsel – Pending Litigation – One Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- b. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees’ Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)
- c. Discussion and Action: Risk Parity Contract Negotiation –
Government Code Section 54956.81
- d. Discussion and Action: Appointment of General Counsel
Government Code Section 54957(b)(4)

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

11. Adjournment



**BOARD OF RETIREMENT MINUTES
September 26, 2017**

1. Call Meeting to Order

Meeting called to order 1:30 p.m. by Trustee Gharat, Chair

2. Roll Call

Trustees Present: Darin Gharat , Mike Lynch, Sam Sharpe, Jim DeMartini,
Michael O'Neal, Lauren Klein, Mandip Dhillon and Jeff Grover

Trustees Absent: Donna Riley

Alternate Trustee Rhonda Bieseimeier, Alternate Retiree Representative

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

Others Present: Fred Silva, General Legal Counsel

1. Call Meeting to Order

2. Roll Call

3. Announcements

4. Public Comment

5. Consent Items

a. Approval of the August 22, 2017 Meeting Minutes

b. Monthly Staff Report

c. Legal/Legislation Update

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

1. Becker, Lois – SBT – Effective 09-08-17
2. Casey, Linda – Courts – Effective 09-30-17
3. Eggener, Marilyn – CSA – Effective 09-30-17
4. Guerrero-Booker, Martha – Public Defender – Effective 09-02-17
5. Hancock, Shawn – Stan Co Fire – Effective 09-30-17
6. Holsinger, Thomas – Courts – Effective 09-06-17
7. Inderbitzen, Daniel – DA – Effective 09-04-17 *
8. Machado, Dwayne – Library – Effective 09-01-17
9. Mello, Crystal – CSA – Effective 09-02-17
10. Ramirez, Virginia – CSA – Effective 09-16-17
11. Reid, Karen – BHRS – Effective 09-05-17
12. Sanders, Theresa – SBT – Effective 09-30-17
13. Tovar, Teresa – Workforce Dev – Effective 08-28-17
14. Vasquez, Ralph – Workforce Dev – Effective 09-01-17

15. Williams, Audrey – Sheriff – Effective 08-29-17
16. Williams, Daryl – City of Ceres – Effective 09-08-17
17. Wilson, Sandra – CSA – Effective 09-14-17
18. Wortham, George – Sheriff – Effective 09-07-17 *

** Indicates Safety Personnel*

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

1. Blewett, Kenneth – Sheriff – Effective 07-09-17 *
2. Brooks, Devin - Sheriff – Effective 08-26-17 *
3. Chau Yang, Laura – CSA – Effective 08-15-17
4. Gomez, Monica – DCSS – Effective 08-04-17
5. Gutierrez, Maria – Probation – Effective 08-03-17 *
6. Leamy, Michael – Library – Effective 07-31-17
7. Lew, Mabel – DA – Effective 08-26-17
8. McKee, Mack – Sheriff – Effective 09-02-17
9. Reavill, Rose Marie – Assessor – Effective 05-26-17
10. Rodriguez, Katherine – CSA – Effective 08-05-17
11. Uribe, Fatima – CSA – Effective 08-17-17
12. Walbridge, Lanette – CSA – Effective 08-03-17

** Indicates Safety Personnel*

f. Approval of Death Benefit - **Section 31781**

1. Bernardi, Robert, Deceased September 16, 2017, CSA - Active Member
2. Harter, Marie, Deceased July 29, 2017, Courts - Active Member

g. Revised Q2 2017 Investment Performance Review

Motion was made by Trustee Grover and seconded by Trustee O'Neal to accept the consent items as presented with the correction to the spelling of Trustee O'Neal's last name.

Motion carried unanimously

6. Executive Director – Investment

- a. Fiscal Year 16/17 Auxiliary Investment Report
- b. Functionally Focused Portfolio Update
- c. 2017 Due Diligence Trip Update

7. Verus – Investment Consultant

- a. Workplan
- b. August 31, 2017 Flash Report
- c. Discussion and Action : Value Added Real Estate Education and Search

Motion was made by Trustee O'Neal and seconded by Trustee Sharpe to direct Ed Hoffman, Investment Consultant to search for Real Estate Debt Managers for further education.

Motion carried unanimously

8. Executive Director – Administrative

- a. Information Technology Solutions (ITS) Project Update
- b. Discussion and Action for Voting Proxy of State Association of County Retirement Systems (SACRS) 2017 Fall Business Meeting

Motion was made by Trustee Grover and seconded by Trustee Lynch to accept the volunteers Trustee O'Neal and Trustee Bieseimer Voting Proxy of State Association of County Retirement Systems (SACRS) 2017 Fall Business Meeting.

Motion carried unanimously

9. Closed Session

- a. Discussion and Action: Risk Parity Contract Negotiation – Government Code Section 54956.81
- 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)

No closed session Items heard

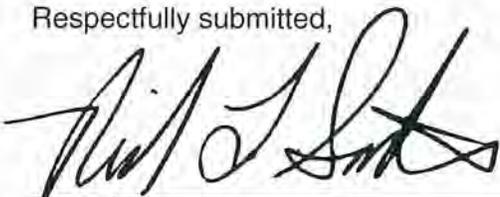
10. Members' Forum (Information and Future Agenda Requests Only)

Trustee Sharpe announced he would be at the 2017 NCPRS 2017 Public Safety Employees' Pension Benefits Conference in the first week of October.

11. Adjournment

Meeting adjourned at 3:02 p.m.

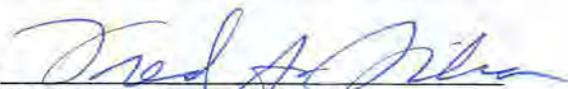
Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:
Fred Silva, GENERAL LEGAL COUNSEL

By:



Fred Silva, General Legal Counsel



September 26, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 5.b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) *Member & Employer Services – During the month of September 2017, Member and Employer Services Staff processed 44 new hires (5 Safety and 39 General), 22 terminations, 17 member requests resulting in 48 estimates and 23 member requests resulting in 45 buy back contracts. There were 36 individual counseling sessions.*

Staff continues to devote many hours to meeting with the Tegrity Analysts to continue defining the business rules necessary to ensure that StanCERA's needs will be met with the Arrivos system. Staff is now using the Arrivos Imaging System.

Staff continues to audit member files in anticipation of the data conversion that will be required with the implementation of the Arrivos pension administration system.

- b) *Fiscal Services – Employer and employee contributions totaling \$7,864,332 were received through 12 different payroll batches in September. In addition, 15 contribution refunds and death benefit payouts totaling \$260,775 were processed. The retiree payroll for September totaled \$9,912,748 and was processed as scheduled.*

The fiscal year end 16/17 financial audit is complete and the CAFR is in final review by Brown Armstrong.

Arrivos Imaging has gone live and all member files are now hosted on the cloud. Staff continues to partner with Member Services in defining the business rules for the new pension software. Staff continues to meet with Tegrity to define employer payroll upload business rules for the Arrivos system. Partnering with our employers, County payroll individuals are being invited to attend some of these meetings.

- c) *Investment Governance and Compliance – During the past month, staff has been proceeding through the recruitment process for the Investment Officer I/II/III. The process saw 85 applications and through initial screening, the pool was pared down to 40 applicants. The second phase of the process entailed a 15 minute interview with each candidate asking basic questions on defined benefit plans, investments and the StanCERA Organization. This phase condensed the pool down to 14 and these candidates will be interviewed the last week of October. The final pool consists of some highly qualified candidates from across the country with a wide range of skill sets. Staff hopes to submit an offer letter to the desired candidate by the week of November 6th. The final candidate will also be invited to spend a day with staff and Trustees before starting full time.*



October 24, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Executive Director Goals Update - Quarter 3

II. ITEM NUMBER: 5.d

III. ITEM TYPE: Consent

IV. STAFF RECOMMENDATION: None

V. ANALYSIS: This is the Quarter 3 Executive Director goals update for 2017 (Attachment 1). Quarter 3 progress for all items is denoted in green. This quarter, as it relates to the Strategic Plan, progress was driven largely by work surrounding the information technology solutions, investment governance issues and the asset allocation transition. Additionally, staff has begun an analysis of our work processes in anticipation of developing efficiencies. While not a specific part of the Strategic Plan at this stage, the desired outcome does associate well with Strategic Objective 4:

“Refine StanCERA’s business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently”

The Director met recently with each employee individually and in conjunction with the Organization’s managers, have developed a plan to determine where work processes and flow can be made more efficient. The analysis period is expected to take 2 to 3 months before a determination can be made regarding ways to improve the process.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA’s business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE


Rick Santos, Executive Director



General and/or Ongoing Items

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - Media responses
 - Meeting with plan sponsors regarding acquisition of data elements for the new Pension Administration System
2. Facilitate transition of StanCERA's asset allocation
 - Facilitate asset transfers and timing across portfolio to fund new asset classes. Phase 1a completed
 - Research issues concerning private credit and equity
 - Facilitate contract negotiations with new managers
 - Facilitate account structuring with Custodian Bank
3. Continued progress on the System data clean-up project
 - Continued work on clean up and audit
 - IT consultant retained to study StanCERA database structure to facilitate mass edits
4. Complete 2 Trustee Elections
 - Seats 3 and 8 elections complete
5. Continued monitoring of StanCERA lawsuits
 - Internal facilitation of O'Neal case
6. Director Professional Development
7. Facilitate RFP for General Legal Counsel
8. Oversee Information Technology Solutions Project
 - Retention of new Technology Consultant
 - Monitoring potential risk points
 - Discussion with County regarding new pension data upload process
 - Discussion with County regarding reporting of pensionable pay items
9. Oversee and completion of day to day administrative functions
 - All normal business and administrative functions complete and on time
 - Outstanding disabilities as of October 6, 2017: 10
10. Training of Investment Officer
11. Re-organization of Investment Data and Reporting Tools
 - All investment data has been input into the system as of June 30, 2017
 - Processes developed for monthly data upload from various sources
 - Value added and fee summary reports modified
12. Biennial By-Law Review



Items Explicitly Tied to the 2017-2019 Strategic Plan

Strategic Objective #1

Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability

Strategic Plan Objective #1: Action Plan with Deliverables

1. Implementation of Functionally Focused Portfolio Concept
 - ✓ Creation of a spot curve derivation tool used to place a market value on StanCERA shortfalls and liabilities (2017): *Complete Quarter 1*
 - ✓ Fund the Liquidity sub-portfolio by June 30th of each year (ongoing): *Complete Quarter 2*
 - ✓ Creation of a balance sheet derivation tool used to track asset and shortfall values and measure additional surpluses or unfunded liabilities generated by the FFP process (2017): *Complete Quarter 1*
 - ✓ Creation of contribution, benefit and expense projection software (2017): *The first phase of the program complete Quarter 1; Complete Quarter 2*
2. Consult regularly with plan sponsors regarding salary and retirement projections
 - ✓ Meet with Stanislaus County officials each year (ongoing): *Complete Quarter 2*
 - ✓ Meet with City of Ceres officials each year (ongoing): *Complete Quarter 2*
3. Consult regularly with plan sponsors regarding pension contribution projections
 - ✓ Meet each year with all plan sponsors (ongoing): *Complete Quarter 2*
4. Monitor and assess capital market expectations on a continual basis
 - ✓ Maintain monthly monitoring and trends of the general level of interest rates and market value of StanCERA liabilities (ongoing): *Quarter 2 analysis complete Note: there has been little movement in overall interest rates, consequently, liability valuations remain steady*
 - ✓ Report annually to the Board of Retirement a prospective analysis of the trend in the general level of interest rates and consider any changes in the FFP process (ongoing) *This task generally undertaken in May*
 - ✓ Provide the Board, at least annually, a review of capital market conditions and assumptions on a forward looking basis for all major asset classes (ongoing): *Complete Quarter 1*
 - ✓ At least annually, recommend asset allocation changes (if applicable) to the Board of Retirement for consideration (ongoing): *Complete Quarter 1*



5. Maintain awareness of the cash flow process
 - ✓ Work with alternative investment managers on contribution and distribution projections *(ongoing) Complete Quarter 2*
 - ✓ Project and reconcile semi-annually, budget expenditures *(ongoing): Complete Quarter 1*
 - ✓ Annual reconciliation of the FFP shortfall projections and source of cash flows *(ongoing): Quarter 2 Complete*

Strategic Objective # 2

Develop efficient and effective processes for the evaluation, monitoring, and disposition of StanCERA's active managers

Strategic Plan Objective #2: Action Plan with Deliverables

1. Maintain and improve the comprehensive internal investment governance process
 - ✓ Train internal investment staff on the general processes, procedures and the data collection process *(2017)*
 - ✓ Enhance the internal reporting format *(ongoing): Quarter 1 progress includes enhanced alternative reporting. Quarter 2 Complete*
2. Maintain a comprehensive internal investment data repository: *Quarter 1 progress includes the creation of a new relational database and initial conversion of all investment related data. This database is currently being used to produce quarterly auxiliary investment reports and is up to date*
3. Develop and maintain auxiliary performance reporting
 - ✓ Continue to develop and enhance auxiliary reporting with an eye towards simplicity *(ongoing): Quarter 1 progress includes a revised reporting format for value added and investment summary reporting*
 - ✓ Enhance reporting format and aesthetics *(ongoing): Quarter 1 progress includes a new reporting format for value added, alternatives and investment summary reporting*
 - ✓ Work with consultant to develop a valid benchmark for all alternative investments *(2017) Quarter 1 progress includes preliminary discussions and input from the consultant and Board of Retirement*
4. Provide StanCERA staff opportunities to enhance their knowledge regarding the investment governance process
 - ✓ Develop study programs and reimbursement policies for the CFA and CAIA designations *(2017) Quarter 3: Preliminary draft completed*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to alternative investments *(ongoing)*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences related to understanding investment contracts, ADV and SOC reports *(ongoing)*



Strategic Objective # 3

Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability, and achievement.

Strategic Plan Objective #3: Action Plan with Deliverables

1. Train for succession planning to prepare for StanCERA's future and continue to cross-train staff to optimize efficacies for staffing level fluctuations.
 - ✓ Involve all staff in the design and implementation of new software. *(ongoing)*
Quarter 1: Identified subject matter experts are attending 4-6 work sessions each week to facilitate this process.
Quarter 2: Signed off on 8 critical documents which allowed the project to move forward and remain on schedule. Contracted with a data base expert to assist data conversion issues.
 - ✓ Establish training plan for each classification with goals and milestones *(2017)*
2. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
 - ✓ All Board approved policies are updated to meet current communications standards. *(2017): Quarter 1: Work on going, 35% complete. Quarter 2: Work on going, 75% complete.*
 - ✓ Annual staff training on communication standards and implementation. *(ongoing)*
 - ✓ All standard forms are updated to meet current communication guidelines. *(2017): Quarter 1: All standard forms in place as of January 10, 2017 have been updated.*
 - ✓ Formalize StanCERA's peer review philosophy *(2017)*
3. Develop and implement an educational policy and plan for staff.
 - ✓ Identify individual staff educational needs annually through the annual employee evaluation process. *(ongoing)*
 - ✓ Develop study programs and reimbursement policies for job related training and certification programs *(2017): Quarter 1: Draft to ED on 4/8/2017*
 - ✓ Provide opportunities for internal staff to attend seminars and conferences dedicated to job specific training needs *(ongoing): Quarter 1: Seven staff members took part in various on site and off site trainings or conferences in the 1st quarter. (CALAPRS, GFOA, Microsoft Office Enhancement, and Organization Development.) Quarter 2: Six staff members took part in various off site trainings or conferences in the 2nd quarter. (CALAPRS roundtables and overview class, SACRS).*



4. Develop and implement a team-building action plan.
 - ✓ Hold a minimum of one team building event offsite annually (*ongoing*) *Complete Quarter 3*
 - ✓ Institute a quarterly teambuilding event onsite (2017) *Quarter 1: Formal employee recognition established with Board of Retirement presentations. 1st quarterly team building event completed March 31, followed by special events celebration. 2nd quarter team building event (Walk America & Team Lunch) has started and will complete with a special event celebration.*
 - ✓ Institute monthly team meetings with supervisors (2017): *Quarter 1: Monthly meetings are in place and ongoing. Note: Supervisors have begun a new process of meeting with each staff member once a week and bi-monthly divisional meeting*

Strategic Objective # 4

Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

Strategic Plan Objective #4: Action Plan with Deliverables

1. Implementation of Electronic Member Filing Content Management System
 - ✓ Identify Subject Matter Expert to oversee implementation (2017): *Quarter 1: Complete*
 - ✓ Develop records retention guidelines for member records (2017): *Quarter 1: Complete. Adopted by the Board on February 28, 2017*
 - ✓ Determine index scheme (2017) *Quarter 3 Complete*
 - ✓ Vendor completes back file conversion of member files (2017): *Quarter 1: File preparation completed on March 31, 2017. Quarter 2: Project Complete*
2. Enhance stakeholder education and communication opportunities
 - ✓ Formally meet with all plan sponsors, no less than annually (*ongoing*): *Quarter 2 Complete*
3. Substantial completion of Pension Software System implementation
 - ✓ Project initiation and startup (2017): *Quarter 1: Phase I completed March 29, 2017*
 - ✓ Infrastructure / Hardware / Software setup and hosting (2017) *Quarter 2: Servers were deployed on June 13, 2017. Quarter 3: Arrivos Imaging went live and member files are now hosted on the cloud.*



4. Design and rollout of improved StanCERA website
 - ✓ Complete RFP Process for a Web Designer (2017)

5. Create an organizational structure that maximizes recruitment potential and encourages staff development for future leadership positions
 - ✓ Survey 37 act system to determine optimum staffing (2017): *Staff note: In reassessing this action item, the ability to determine optimum staffing will need to be analyzed when the new Pension System is closer to being completed*
 - ✓ Collaborate with County Personnel to block budget multiple retirement positions (2017): *Quarter 2: Currently working with Personnel to accomplish this task. Submitted proposed Org Chart. Quarter 3: With collaboration with the County, three Investment Officer positions were created for StanCERA.*
 - ✓ Restructure organization chart (2017): *Quarter 2: Submitted new Org chart to Board of Retirement with the new fiscal year budget proposal*



October 24, 2017

Retirement Board Agenda Item

TO: Retirement Board

FROM: Alaine Taa, Administrative Assistant

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

There were several complaints between July 1 and September 30, 2017. Staff keeps a tally of duplicate complaints to better gauge the extent of any problems. A summary of these complaints follows:

Number of Complaints	Caller Status	Nature of Complaints
10	Active	Several calls from active members regarding the long turn around time for Estimates and Buy Backs (up to 11 months)

The number of complaints this quarter slightly decreased compared to the previous report period April 1 through June 30, 2017.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



Alaine Taa, Administrative Assistant



Natalie Elliott, Interim Fiscal Services Manager

StanCERA Investment Program 12-Month Workplan

	Time
<i>changes from prior month highlighted in yellow</i>	
October, 2017	0:50
Flash report and 12-month workplan	0:05
Real estate 2nd session	0:45
November, 2017	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Present search for Real Estate mandate(s)	0:30
December, 2017	0:35
Flash report and 12-month workplan	0:05
Private markets 2nd session	0:30
January, 2018	1:05
Flash report and 12-month workplan	0:05
Finalists for Real Estate mandate(s)	1:00
February, 2018	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Private markets search	0:30
March, 2018	0:25
Flash report and 12-month workplan	0:05
Annual review of FFP with updated capital market assumptions	0:20
April, 2018	1:35
Flash report and 12-month workplan	0:05
Annual review of IPS and updated asset allocation table	0:30
Private markets finalists	1:00
May, 2018	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Cash overlay education and search authorization	0:30

StanCERA Investment Program 12-Month Workplan

changes from prior month highlighted in yellow

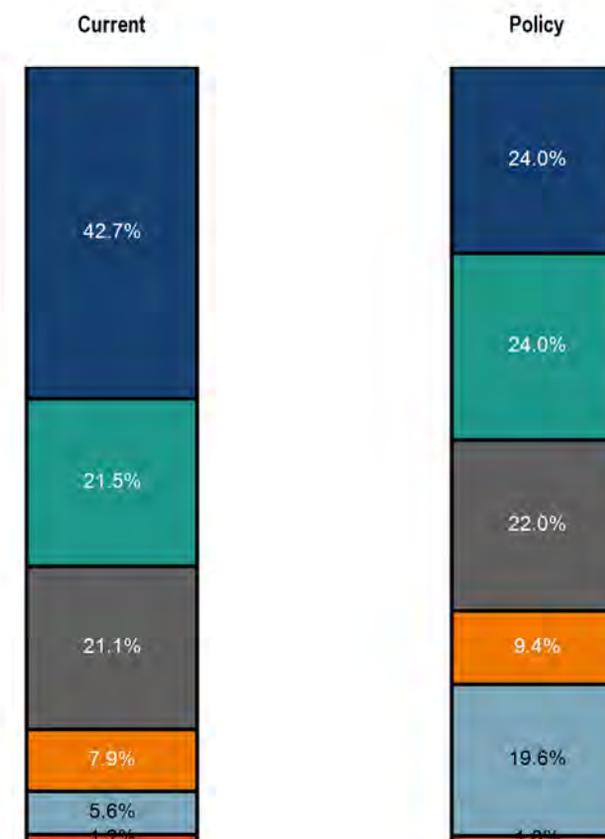
	Time
June, 2018	0:35
Flash report and 12-month workplan	0:05
Transition management education and search authorization	0:30
July, 2018	0:35
Flash report and 12-month workplan	0:05
Cash overlay search presentation & selection	0:30
August, 2018	1:05
Flash report and 12-month workplan	0:05
Quarterly investment performance report	0:30
Transition management search presentation & selection	0:30
September, 2018	0:05
Flash report and 12-month workplan	0:05

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: September 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Total Fund	2,045,191,806	100.0	1.7	11.3	3.5
<i>Policy Index</i>			1.3	10.4	3.4
US Equity	872,959,294	42.7	3.0	13.7	4.7
<i>US Equity Blended</i>			3.0	13.6	4.7
<i>Russell 3000</i>			2.4	13.9	4.6
Northern Trust Russell 1000	159,721,889	7.8	2.1	--	--
<i>Russell 1000</i>			2.1	--	--
BlackRock Russell 1000 Growth	108,742,741	5.3	1.3	20.7	5.9
<i>Russell 1000 Growth</i>			1.3	20.7	5.9
Jackson Square	155,288,195	7.6	2.3	24.6	8.9
<i>Russell 1000 Growth</i>			1.3	20.7	5.9
BlackRock Russell 1000 Value	121,126,706	5.9	3.0	8.0	3.1
<i>Russell 1000 Value</i>			3.0	7.9	3.1
Dodge & Cox-Equity	216,352,855	10.6	3.9	11.6	4.6
<i>Russell 1000 Value</i>			3.0	7.9	3.1
Capital Prospects	111,672,835	5.5	7.1	10.4	6.7
<i>Russell 2000 Value</i>			7.1	5.7	5.1
International Equity	440,079,009	21.5	2.0	20.9	5.3
<i>MSCI ACWI ex USA Gross</i>			1.9	21.6	6.3
LSV Asset Mgt	222,950,272	10.9	1.7	20.8	5.5
<i>MSCI ACWI ex USA Gross</i>			1.9	21.6	6.3
Fidelity	217,128,737	10.6	2.4	21.0	5.1
<i>MSCI ACWI ex USA Gross</i>			1.9	21.6	6.3
US Fixed Income	431,151,649	21.1	-0.3	3.8	0.9
<i>BBgBarc US Aggregate TR</i>			-0.5	3.1	0.8
PIMCO	386,303	0.0	0.1	2.3	0.0
<i>BBgBarc US Aggregate TR</i>			-0.5	3.1	0.8
Insight	94,830,014	4.6	-0.2	--	0.5
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>			-0.3	--	0.4
DFA	277,339,543	13.6	-0.2	--	--
<i>BofA Merrill Lynch US Corp & Gov 1-5 Yrs</i>			-0.3	--	--
Northern Trust Intermediate Gov't Bond	43,772,867	2.1	-0.6	--	--
<i>BBgBarc US Govt/Credit Int TR</i>			-0.5	--	--

	Current	%	Policy	%
Domestic Equity	\$872,959,294	42.7%	\$490,846,033	24.0%
International Equity	\$440,079,009	21.5%	\$490,846,033	24.0%
Domestic Fixed Income	\$431,151,649	21.1%	\$449,942,197	22.0%
Real Estate	\$162,012,250	7.9%	\$192,248,030	9.4%
Alternatives	\$114,655,978	5.6%	\$400,857,594	19.6%
Cash and Equivalents	\$24,333,626	1.2%	\$20,451,918	1.0%
Total	\$2,045,191,806	100.0%	\$2,045,191,806	100.0%



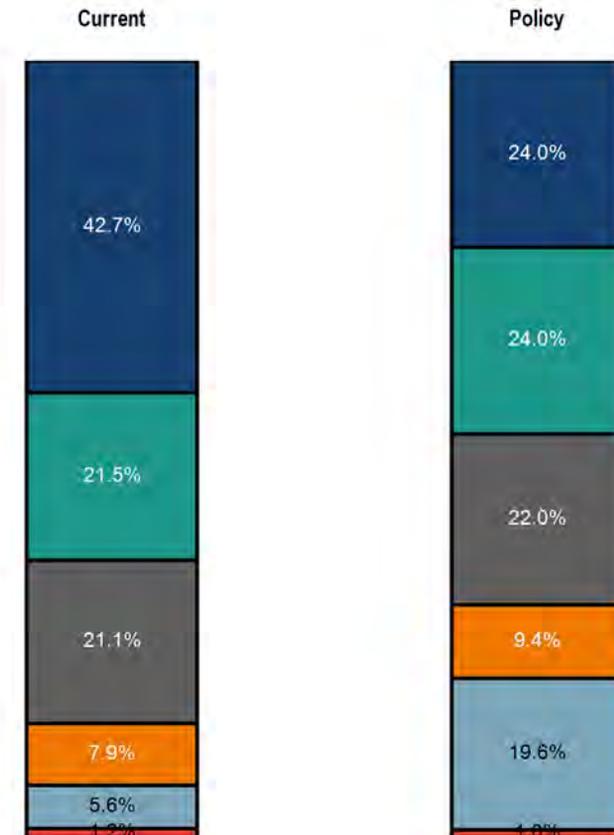
Policy Index (7/1/2017): 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex-USA, 19% BBgBarc US Govt/Credit 1-3 Yr, 3% BBgBarc US Treasury 7-10 Yr, 7.7% NCREIF Property, 1.7% NCREIF Property +2%, 0.6% CPI +5%, 5% BBgBarc US High Yield +2%, 14% 60% MSCI ACWI / 40% BBgBarc Global Aggregate, 1% Citi 1 Month T-Bills. Mellon S&P 500, Legato Capital, and Dodge and Cox-Fixed are in liquidation and residual cash balances are included in total fund market value. All data is preliminary.

Total Fund Flash Report (Net of Fees) - Preliminary

Period Ending: September 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD
Northern Trust Long Term Gov't Bond	14,822,348	0.7	-2.2	--	--
<i>BBgBarc US Govt/Credit Long TR</i>			-1.0	--	--
Real Estate	162,012,250	7.9	0.4	5.1	1.3
<i>DJ US Select RESI</i>			0.3	1.7	0.4
Prime Property Fund	17,993,624	0.9	2.2	6.5	2.2
<i>NCREIF-ODCE</i>			0.0	3.5	0.0
American Strategic Value Realty	22,166,437	1.1	0.0	5.3	0.0
<i>NCREIF Property Index</i>			0.0	3.3	0.0
BlackRock US Real Estate	109,075,475	5.3	0.3	1.7	0.4
<i>DJ US Select RESI TR USD</i>			0.3	1.7	0.4
Greenfield Gap	12,776,715	0.6			
Direct Lending	94,724,415	4.6			
Medley Capital	23,423,544	1.1			
Raven Capital	15,643,963	0.8			
Raven Opportunity III	22,136,200	1.1			
White Oak Pinnacle	33,520,708	1.6			
Infrastructure	19,931,563	1.0			
MS Infrastructure Partners II	19,931,563	1.0			
Cash Account	24,333,626	1.2	0.0	0.7	0.2

	Current	%	Policy	%
Domestic Equity	\$872,959,294	42.7%	\$490,846,033	24.0%
International Equity	\$440,079,009	21.5%	\$490,846,033	24.0%
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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

Item 7.c.

OCTOBER 24, 2017

Real assets outlook for StanCERA



Table of contents



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Executive summary 3

Real estate environment 5

Infrastructure environment 14

Appendix 17

Executive summary

Executive summary

The long-term asset allocation approved by the Board has a target allocation to value-add real estate of 5.0% (~\$100mm) and an allocation to core real estate of 5.0% (~\$100mm).

As of August 31st, the Plan had allocations to core (1.6%), value-add (1.1%), and REIT (4.2%) strategies totaling approximately \$138mm.

This session is a follow-up to the September Board meeting.

Proposals:

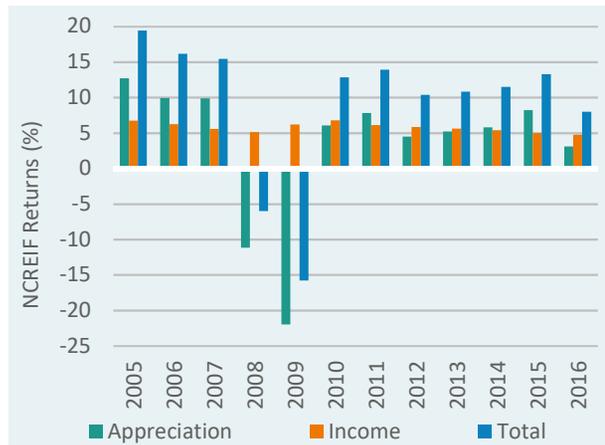
1. The Board authorize Verus to conduct a search for appropriate real estate debt strategies.
2. Pending completion of the first proposal, the Board authorize 2.5% of plan assets to be allocated to real estate debt as half of its allocation to core real estate.

Real estate environment

Real estate performance – Recent history

- Core real estate has seen an extended period of outsized returns. From 2010 to 2015, core real estate generated six consecutive years of 10-14% annual returns following the global financial crisis. In 2016, returns moderated to a more normal level as the NCREIF Property Index returned 8%. The recent trend in performance has been slowing, but remains positive.
- Correlation between GDP growth and core real estate returns has historically been very high. A slow but steady recovery has created a positive environment for real estate fundamentals without leading to excessive new supply overheating the market.
- Some of the best non-core real estate vintage years occur during recessionary years (2001-2003 and 2008-2009) as market dislocations create attractive entry valuations.
- Late stage vintage years for non-core have historically been the most challenged (1998-1999) and (2005-2007).

NCREIF RETURNS



VINTAGE YEAR RETURN (%) – NON CORE REAL ESTATE



REAL ESTATE AND THE BUSINESS CYCLE



Source: NCREIF, as of 12/31/16

Source: Cambridge Associates, as of 9/30/16

Source: NCREIF, Bloomberg, as of 3/31/17

Real estate fundamentals

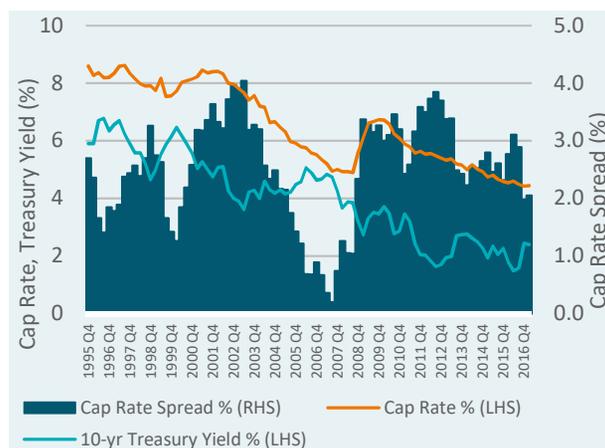
- Real estate fundamentals remain generally healthy across the board. Vacancy rates continue to decline in most property types. Multifamily is the only exception, which has seen a slight uptick in vacancy after being the earliest sector to recover. This move has been influenced by an increase in prices and some pockets of strong new supply.
- Cap rates continue to move in a steady downward trend and now sit at historic lows. The spread versus the 10-year Treasury yield remains moderate however, providing a slight cushion against rising interest rates. This was recently tested when the 10-year yield rose from 1.5% to 2.4% after the presidential election, yet cap rates remained flat. Capital continues to flow into the asset class as investors seek sources of high quality income and U.S. dollar-denominated assets.
- Net operating income (NOI) growth has remained strong - above 5% in the first quarter for all property types. Multifamily NOI has come down from above 10% growth, while industrial properties have seen the strongest improvement.

VACANCY BY PROPERTY TYPE



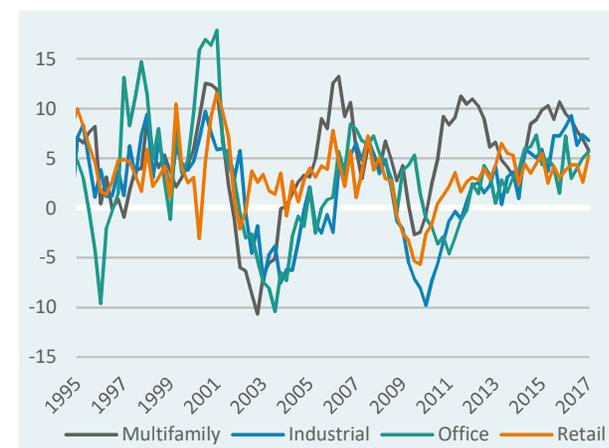
Source: NCREIF, as of 3/31/17

CAP RATE SPREADS



Source: FRED, NCREIF, as of 3/31/17

4-QTR ROLLING NOI GROWTH (%) BY PROPERTY TYPE



Source: NCREIF, as of 3/31/17

Real estate fundamentals – Commercial

- New supply has remained moderate throughout this cycle and has even started to come down over the last several years for office, industrial and retail. Current levels are well below peak and remain below historical averages.
- Tighter lending standards have continued post-financial crisis. More stringent regulations on tier-one capital requirements for banks and insurance companies have kept new supply in check.
- Much of the new supply has occurred in primary and gateway markets and been heavily concentrated in urban markets that have experienced the most job growth.

NEW DEVELOPMENT – OFFICE (MM SQ. FT)



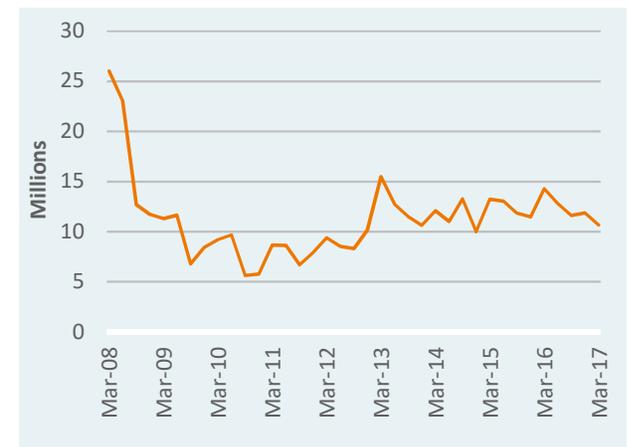
Source: JPMorgan, CoStar

NEW DEVELOPMENT – INDUSTRIAL (MM SQ. FT)



Source: JPMorgan, Dodge Construction

NEW DEVELOPMENT – RETAIL (MM SQ. FT)



Source: JPMorgan, CoStar

Real estate fundamentals – Multifamily

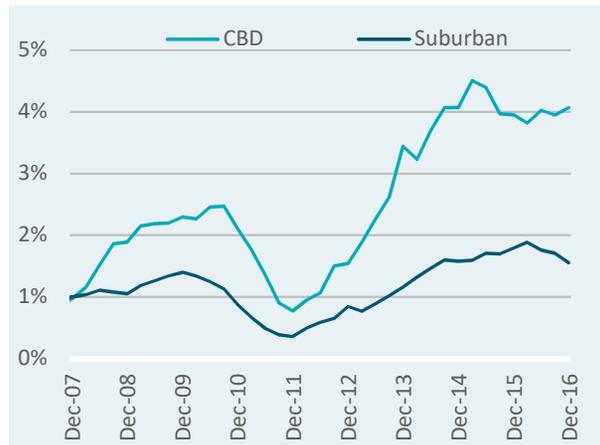
- Multifamily is one area of the real estate market where there has been significant new supply. New apartment supply has reached prior peak levels. Multifamily was the first sector to recover after the financial crisis as homeownership rates declined and job growth increased.
- The majority of new supply has been in high-end apartments and Central Business Districts (CBD). New developments in suburban markets remain between 1-2% of total stock.
- Because of the new supply coming on-line in downtown and luxury markets, rental growth rates have declined. Due to the spread in growth rates between downtown and suburban markets, opportunities may still exist in higher growth, transit-oriented suburban markets. However, we continue to be cautious with lower quality secondary markets.

ANNUAL APARTMENT PERMITS (EX NY)



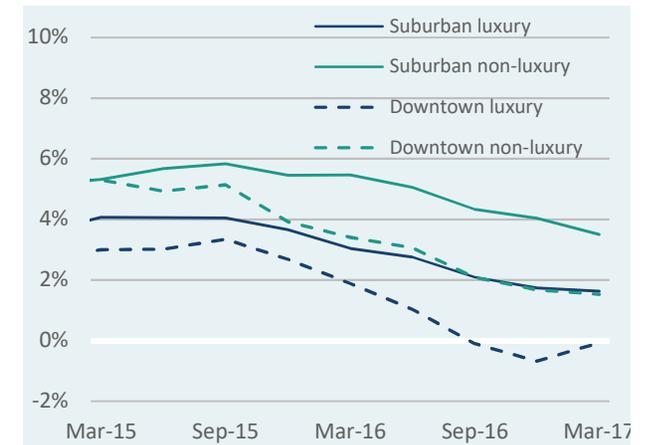
Source: Bureau of Census, JPMorgan, as of 2/28/17

APARTMENT SUPPLY AS A SHARE OF STOCK



Source: JPMorgan, Axiometrics, as of 12/31/17

APARTMENT RENT GROWTH (YOY)



Source: JPMorgan, Axiometrics, as of 3/31/17

Real estate fundraising

- Aggregate capital raised by closed-end funds has increased over the last several years, although it flattened a bit in 2016. The number of funds that have been raised declined slightly, which has led to larger average fund sizes.
- Core real estate queues have come down dramatically over the last 12 months. Competition from foreign capital remains strong, however, as many sovereign funds view U.S. core real estate as a high quality income proxy for fixed income.
- Dry powder in the closed-end fund space (heavily weighted towards non-core real estate) has risen to all time highs. The bulk of this capital continues to favor North American real estate strategies.
- Fundraising in Q1 (a combined \$15bb) was down from the first quarter of 2016 (\$26bb) and well below Q4 2016 (\$32bb). The majority of fund raising was through value-add strategies.

HISTORICAL PRIVATE REAL ESTATE CLOSED-END FUNDRAISING



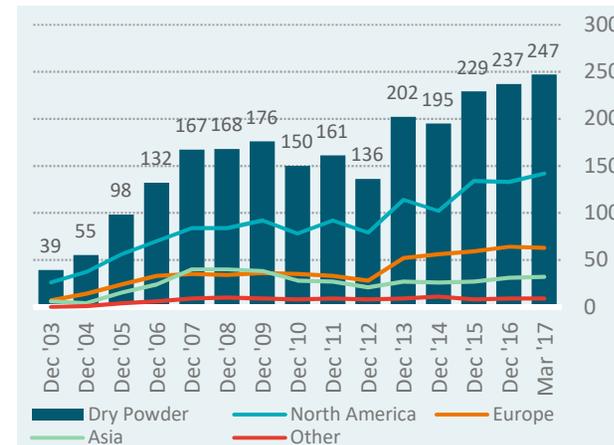
Source: Preqin, as of 4/30/17

2016 PRIVATE REAL ESTATE CLOSED-END FUNDRAISING BY STRATEGY



Source: Preqin, as of 4/30/17

DRY POWDER BY REGION – CLOSED-END FUNDS



Source: Preqin, as of 4/30/17

Real estate debt

- Over the last several years, due to regulatory pressures for risk retention (Dodd-Frank) and increased capital requirements for “High Volatility Commercial Real Estate Loans” or HVCRE loans, traditional sources of lending from banks and insurance companies has declined, allowing private capital sources to step in and garner a premium for providing capital.
- Real estate transaction volumes have remained healthy and there will be a continued need for debt refinancing over the next several years.
- The potential returns for providing mezzanine loans on core-plus and light transitional assets or leveraged returns on senior whole loans on stable assets appear to offer a favorable risk versus return tradeoff in comparison to real estate equity.
- These loans are typically floating rate and tied to a premium over LIBOR, which provides some protection against rising interest rates.

WALL OF DEBT MATURITIES



Source: Seeking Alpha

LENDING PREMIUMS

	Stable Asset Whole Loans	Transitional Asset Whole Loans	Lower Risk Mezzanine	Transitional Asset Mezzanine & Preferred Equity	Developmental Asset Mezzanine & Preferred Equity
Capital Stack	0 - 70% LTV	0 - 85% LTV	50-85% LTV	65-90% LTC	65 - 90% LTC
Duration	2-5 Years	2-5 Years	2-7 Years	2-4 Years	2-4 Years
Typical Lending Spreads	LIBOR + 2.75 - 4.0%	LIBOR + 3.0 - 5.5%	LIBOR + 6 - 7%	LIBOR + 7 - 8.5%	LIBOR + 10 - 15%

Source: Invesco, CIM Group, Brookfield

REITs

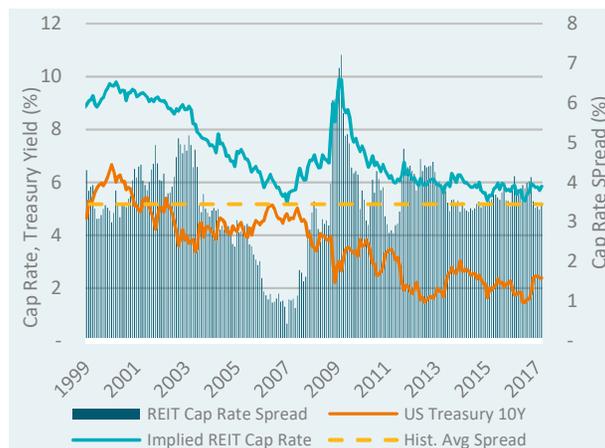
- REITs have broadly benefitted from the overall strength of the real estate market, however REITs have underperformed broader equities over the last year. A rise in interest rates and increased economic growth expectations led to a rotation away from yield-oriented assets.
- Valuations currently appear fair on a number of metrics. Implied cap rate spreads relative to Treasuries look fairly valued compared to history.
- REITs also appear fairly valued relative to equities as measured by the adjusted funds from operations (AFFO) multiple in comparison to the S&P 500 forward P/E.
- REITs can provide liquid exposure to real estate with the following caveats: high sensitivity to equity market volatility over shorter holding periods, higher leverage and higher exposures to non-core sectors such as hotels, self storage, for-rent residential, etc.
- Verus recommends utilizing active management in REITs with managers that have significant private real estate expertise.

**PERFORMANCE VS. S&P 500
(1-YEAR ROLLING)**



Source: MPI

YIELDS (VS. TREASURIES)



Source: JPMorgan, as of 3/31/17

VALUATION (VS. EQUITIES)



Source: JPMorgan, as of 3/31/17

Real estate summary

Strategy	Current Environment	Potential Risks	Outlook/Implementation	View
Core	Fundamentals remain strong, however valuations are getting expensive, especially for high quality assets in gateway markets.	<ul style="list-style-type: none"> — New supply could increase ahead of current projections and outpace demand. — A sharp rise in interest rates could lead to increased cap rates, hurting values. — A general economic slowdown would drastically impact demand for real estate. 	Steady, but slow growth could lead to a longer than normal cycle, as we have not seen the level of overheating and new construction that typically occurs near the end of a cycle.	Neutral/ Positive
Value-Add	Heavy demand for high quality core real estate assets has been a tailwind for value-add strategies, as the completed project are often core real estate buyers.	<ul style="list-style-type: none"> — Slowing demand for core real estate could lead to fewer buyers of value-add assets. — Any decline in demand due to an economic slowdown would likely impact renovation and lease-up strategies. — Increased capital moving up the risk spectrum could lead to increased competition. 	A flat to positive environment for core real estate should be a good environment for value-add. Increased capital raising in the space will lead to additional competition however, squeezing returns.	Neutral
Opportunistic	The strong recovery in the commercial real estate market has led to fewer distressed opportunities available for opportunistic funds, especially in the U.S. Lending standards remain tight for new construction opportunities, pressuring returns.	<ul style="list-style-type: none"> — A turn in the market might dramatically affect the performance of investments with a long time horizon, such as construction or complex distressed situations. — Increased capital moving up the risk spectrum could lead to increased competition. 	Fewer distressed opportunities should continue to put downward pressure on returns. We would caution against broad development strategies at this point in the cycle.	Negative
Debt	Traditional lenders, such as banks and insurance companies have reduced lending to commercial real estate, creating a need for capital.	<ul style="list-style-type: none"> — Changes in regulations, such as the elimination or loosening of Dodd-Frank, could possibly lead to a re-emergence of banks and insurance companies in lending, increasing competition and reducing potential returns. 	The risk-return profile for commercial real estate loan origination, both senior loans and mezzanine loans, appears to be favorable compared to core real estate. These strategies can be implemented in both open end and closed end fund structures.	Positive

Infrastructure environment

Infrastructure

- Infrastructure encompasses a suite of investment strategies across a subset of particular industries. While there is not one definition for what can be included within infrastructure, we focus on the power generation, transportation, midstream energy, telecom and utility sectors. Listed and unlisted infrastructure funds will invest across these sectors, or in some cases specialize in one or two particular industries.
- Unlisted infrastructure has grown dramatically in the last 5-7 years as investors sought assets that could provide a more attractive yield relative to fixed income, and the potential for inflation protection.
- Low interest rates and a competitive market drove deal valuations to historically high levels. Listed infrastructure is trading around 10.5x EBITDA with a 2.5% growth rate. It appears that the market is leveling off, reflecting an awareness that valuations are rich.
- There is a lot of speculation in the marketplace around the Trump administration's impact on the infrastructure market. Given the political realities of passing legislation with a deeply divided Congress, we are not putting a lot of stock into large infrastructure projects being developed by the government. The one area where there has been notable changes is within the make-up of the FERC (Federal Energy Regulatory Commission) board. FERC regulates midstream pipeline development and power transmission and generation. The new board headed by Trump nominees is viewed to be friendlier to the midstream and power companies and should spur new developments in those markets.

INFRASTRUCTURE AVERAGE FUND SIZE



Source: Preqin

LISTED INFRASTRUCTURE VALUATIONS/GROWTH



Source: Capital IQ

MEDIAN NET MULTIPLE RETURNS FOR INFRASTRUCTURE BY VINTAGE YEAR



Source: Cambridge Associates

Infrastructure (continued)

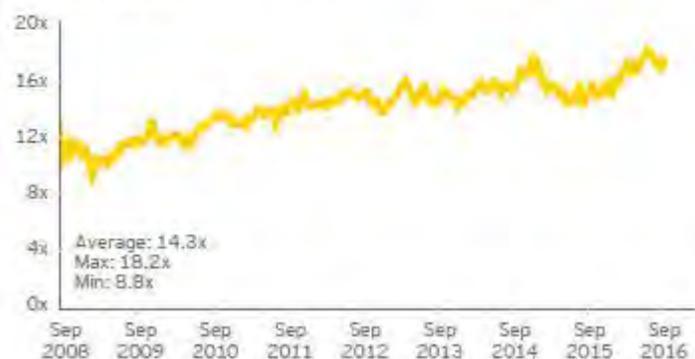
- We remain favorable towards value-add relative to core infrastructure as the risk/reward looks more attractive today. Interest rate sensitivity is generally lower in value-add infrastructure and pricing levels, though elevated, are below comparable core valuations. Within value-add we focus on sector specialists or teams with a track record of successful project development.
- Relative to regulated power, which is trading at a premium to historical valuations, merchant power generation is trading at a discount given the pricing dynamics in that market. Low natural gas prices, along with the disruption of renewables has driven commodity power prices lower, significantly reducing cash flow and impairing balance sheets across the industry. Though we are cautious given the number of unknowns, there could be some

attractive deals in the merchant market with financial stress and lack of IPP competition for deals.

- Midstream energy has been the best performing and most attractive industry within infrastructure for years. There continues to be a need in unconventional basins (Appalachian and Permian, in particular) for additional processing and transportation infrastructure. That said, the MLP market is healthier today than it was a year ago and large amounts of private capital raised over the last 2-3 years has contributed to a competitive market. Midstream deals increasingly favor the E&P drillers as MLPs and PE-backed teams compete for volume and acreage dedication. We continue to look for opportunities in midstream energy with a focus on nimble management teams.

VALUATIONS ON REGULATED UTILITY POWER

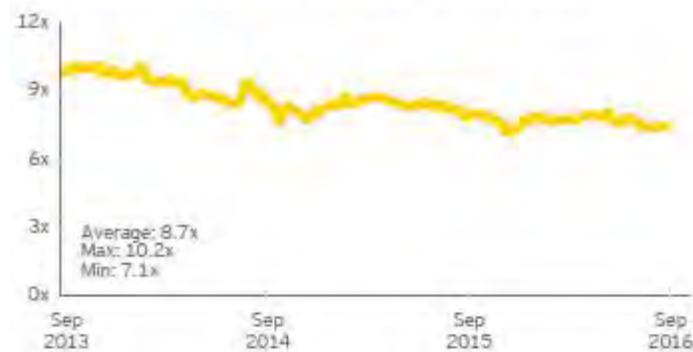
Average price/earnings (P/E) trading multiples for select US regulated utilities
(on FY2 consensus earnings-per-share (EPS) estimates, 2008-Q3 2016)



Source: E&Y

VALUATIONS ON MERCHANT POWER

Average enterprise value/earnings before interest, taxes, depreciation and amortization (EV/EBITDA) trading multiples for select IPPs
(on FY2 consensus EBITDA estimates, 2013-Q3 2016)



Source: E&Y

Appendix

Real assets outlook summary

Strategy	Current Environment	Potential Risks	Outlook/Implementation	View
Private Real Estate	Fundamentals remain strong, however valuations are getting expensive, especially for high quality core assets in gateway markets.	<ul style="list-style-type: none"> — New supply could increase ahead of current projections and outpace demand. — A sharp rise in interest rates could lead to increased cap rates, hurting values. — A general economic slowdown would drastically impact demand for real estate. 	We remain broadly favorable on real estate given continued strong fundamentals, low new supply and favorable interest rate environment. Given we are potentially late in the cycle, we would recommend remaining cautious with the use of leverage, excess illiquidity, lower quality assets or strategies that will take a long time horizon to execute such as complex distress or construction.	Positive
REITs	REITs have benefitted from the overall strength of the real estate markets, however REITs have underperformed broader equities in 2016 and early 2017. In Q1 U.S. REITs were hurt by a spike in interest rates and increased economic growth expectations led to a rotation away from yield-oriented assets.	<ul style="list-style-type: none"> — Rising interest rates can have a negative effect on REITs and all yield-sensitive assets over short time periods. — REITs will be sensitive to economic decline and general equity market volatility. 	While we are broadly favorable on real estate, we remain neutral on REITs given current valuations appear fair. REITs can provide liquid exposure to real estate with the following caveats: high sensitivity to equity market volatility over shorter holding periods, higher leverage and higher exposures to non-core sectors such as hotels, self storage, for-rent residential, etc.	Neutral
Commodities	Commodities futures have had lackluster performance over the last decade. An upward sloping futures curve for most of the last decade has created a headwind for the asset class. Contributing factors also include slowing global GDP growth, low global inflation and pockets of oversupply across most commodity complexes.	<ul style="list-style-type: none"> — Key risks would be decreasing inflation expectations, general economic weakness (especially in emerging markets) or a further overhang in supply. 	Overall, commodities futures curves have been flattening, creating a more positive environment. Global inflation expectations have been rising moderately. Expected returns over the long run for this asset class remain low and are typically used as an inflation hedge rather than a portfolio return enhancer.	Neutral
TIPS	Low nominal interest rates combined with low to moderate inflation has led to a depressed return environment for TIPS.	<ul style="list-style-type: none"> — Decreasing inflation expectations or rising nominal interest rates would be a headwind to TIPS. Continued low rates create a high cost of carry. 	While inflation expectations have been trending modestly upward, low current yields and modest inflation expectations has led to other real assets offering higher total return potential than TIPS.	Negative

Real assets outlook summary (continued)

Strategy	Current Environment	Potential Risks	Outlook/Implementation	View
Infrastructure	Infrastructure markets are trading at elevated levels as global interest rates remain low. With U.S. central bank policy diverging from European and Asian counterparts, it will be interesting to follow how yield-oriented investments manage the shift. European infrastructure appears to still have an accommodative central bank to buoy valuations. The U.S. core infrastructure market may face headwinds as rising Treasury yields push discount rates higher.	<ul style="list-style-type: none"> — Rising interest rates in the U.S. market could present a headwind to infrastructure returns. — Valuations and a highly competitive market in core infrastructure remains a risk. 	We remain negative on core infrastructure given valuation concerns. We do think opportunities exist within pockets of the value-add universe. We generally like teams with a particular sector expertise and with a strong development track record and pipeline.	Neutral
Private Natural Resources	Oil prices remain range-bound in the \$45-55 area. Assuming demand remains stable and growth expectations are met, we would expect higher prices in the next few years as higher cost producers are pulled back into the market to meet global demand. There is more uncertainty around gas prices given the abundance of low cost gas in the Appalachian region and as more associated gas is produced from oilier drilling operations. We are more selective within the metals and minerals space as oversupply continues to present headwinds to a number of commodities.	<ul style="list-style-type: none"> — Too much capital chasing deals results in undisciplined capital deployment. — Demand growth below expectations resulting in lower prices for longer. — Speculative drilling programs driven by an abundance of capital offsets supply cuts by OPEC. 	Interesting opportunities in upstream energy, primarily onshore North America. Current supply/demand dynamics favor a higher oil price longer-term. Mining opportunities exist for similar reasons as oil but more difficult to find attractive GPs. We have favored structured equity/debt vehicles within the mining sector.	Positive
MLPs	A stabilization in the price of oil led to a rebound in MLP performance since early 2016. Oil trading in the \$45-\$55 range is sufficient to support growth in midstream energy projects. Total rig counts have doubled over the last twelve months.	<ul style="list-style-type: none"> — A further pullback in energy prices would limit potential growth opportunities in the sector and hurt valuations. 	MLPs are currently providing a healthy 7% dividend yield and distribution growth has declined, but still positive at around 3%. A pro-growth policy administration should provide a tailwind.	Neutral

Real assets outlook summary (continued)

Strategy	Current Environment	Potential Risks	Outlook/Implementation	View
Timberland	Timber markets in North America remain challenged. Southeastern U.S. timber markets faced supply/demand headwinds in saw timber and pulp markets. Northeastern hardwood has been a relatively attractive timber market, though prices have fallen recently on lower demand from China, but finding scalable transactions has been difficult. The few transactions that take place in the U.S. timber market happen primarily in the Southeast which is the market with the least attractive fundamentals.	<ul style="list-style-type: none"> — Despite several years of disappointing returns within timber, we see the risks within the asset class as outweighing any potential return. — Markets outside the U.S. tend to face currency and political risk which has resulted in disappointing returns for many investors. 	Currently viewed as expensive. Not a good near term entry point.	Negative
Farmland	Farmland prices in the Midwest leveled off after 2014 but remain too expensive for the income and return potential. We are selectively looking at permanent crop deals but broadly they trade well above historical valuations.	<ul style="list-style-type: none"> — Similar to timber markets, we have concerns around valuations. — The income potential within farmland is more attractive than timber and the global growth in food is a more compelling macro trend than pulp and paper but we remain bearish on the sector, in general. 	Currently viewed as expensive. Selectively looking at agriculture business investments where crop and land are a component of the return.	Negative

Glossary of terms

Adjusted Funds From Operations (AFFO): A measurement which is helpful in analyzing real estate investment trusts (REITs). The AFFO typically equals the trust's funds from operations (FFO) but is adjusted for ongoing capital expenditures which are necessary for upkeep of the REIT's assets.

Capitalization Rates: The rate of return of a real estate investment, which is calculated by dividing the property's net operating income by the property's purchase price.

Core Real Estate: This category of real estate will include a preponderance of stabilized properties. Core real estate should achieve relatively high income returns and exhibit relatively low volatility. Core real estate funds tend to use less leverage.

Consumer Price Index (CPI): A measure of purchasing power and inflation that takes the average prices of a basket of consumer goods and services, such as food, medical care, and transportation, and compares the same basket of goods in terms of prices to the same period in a previous year. Changes in CPI are used to assess price changes associated with the cost of living.

Dry Powder: Investment reserves raised by investment funds to cover future obligations or to purchase assets in the future.

GDP: The total value of all services and goods produced within a country's borders, for a given time period. This calculation includes both private and public consumption, government expenditures, investments, along with total exports net of total imports.

Internal Rate of Return (IRR): the IRR is the discount rate that equates the present value of cash outflows (investment) with the present value of cash inflows (return of capital). IRR is often referred to as a dollar-weighted rate of return that accounts for the timing of cash inflows and outflows.

Master Limited Partnerships (MLPs): A limited partnership structure which is publicly traded on an exchange. MLPs combine the tax benefits of a limited partnership with the liquidity of publicly traded securities. To qualify as an MLP, the entity must generate 90% of its income from the production, processing and transportation of oil, natural gas and coal.

Net Operating Income (NOI): A calculation which is used to analyze real estate investments that generate income. NOI is the property's annual income generated by operations after deducting all expenses incurred from those operations. The growth rate in NOI is a common metric used in determining the health of a property.

Opportunistic Real Estate: An opportunistic fund is one that includes preponderantly non-core assets. The fund as a whole is expected to derive most of its return from property appreciation which may result in significantly volatile returns. These funds may employ a variety of tools such as development, significant leasing risk and potentially high leverage.

Real Estate Investment Trusts (REITs): A REIT is a company that owns and operates commercial real estate properties. REITs can be publicly traded or privately held. There are two main type of REITs: Equity REITs which generate income from the operation of properties, and Mortgage REITs, which invest in mortgages or mortgage securities.

Timber Investment Management Organizations (TIMOs): A management group that invests in timberland assets for institutional investors. TIMOs will purchase, manage and sell various timberland properties on behalf of investors.

Treasury Inflation Protected Securities (TIPS): A treasury bond that is adjusted to eliminate the effects of inflation on interest and principal payments, as measured by the Consumer Price Index (CPI). TIPS are issued in terms of five, ten and twenty years and are auctioned twice per year.

Value-Added Real Estate: A value-added real estate fund often holds a combination of core assets and other assets characterized by less dependable cash flows. These strategies are likely to have moderate lease exposure and employ moderate leverage. Consequentially, these strategies seek significant returns from property appreciation and typically exhibit moderate volatility.

Vacancy Rates: The vacancy rate is calculated as the total number of unoccupied units of a property divided by the total units of the property, at a particular point in time.

Vintage Year: Represents the year the first capital call or portfolio company investment was made.

Notices & disclosures

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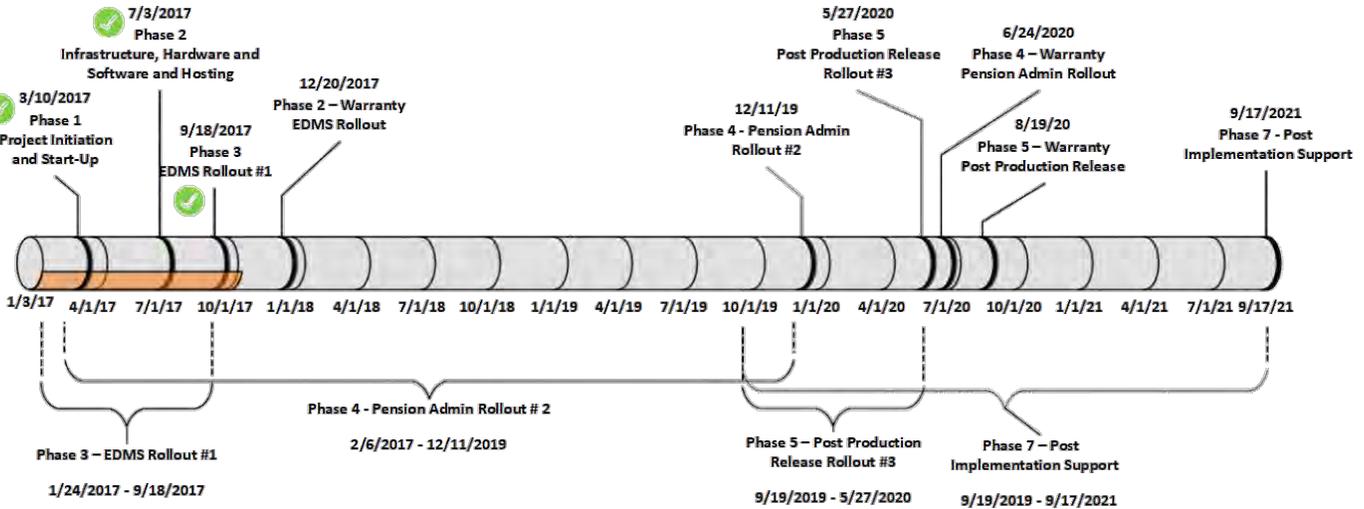


PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



SPONSOR: Rick Santos

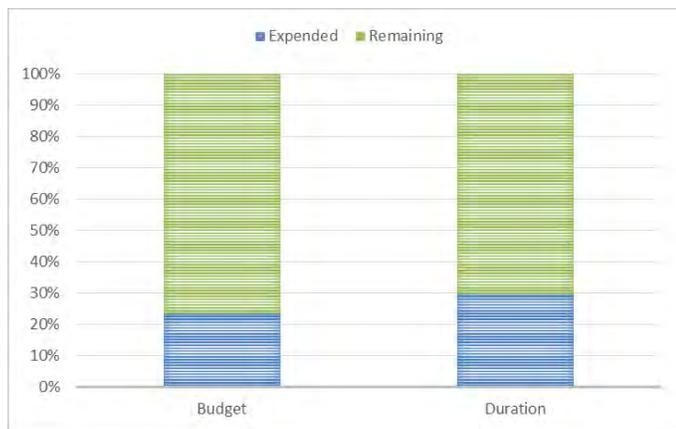
REPORT DATE: 10-06-2017



Baseline 12/01/2016

STATUS

Risks & Issues:



Budget as of 07/31/17

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

Accomplishments:

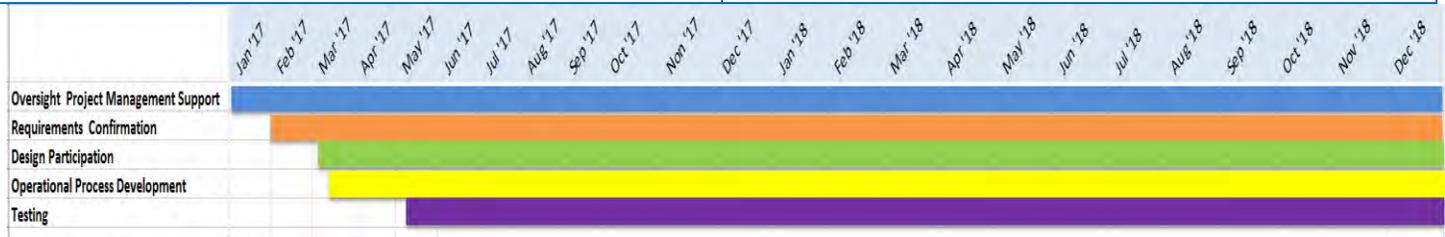
Upcoming:

- Continued working with StanCERA management to refine transitional document handling and imaging procedures, revised the procedure overview document, and provided additional staff training.
- Continued to provide support to StanCERA in implementing new document handling procedures and using Arrivos Imaging.

- Continue development of detailed business process documentation for document handling and imaging.
- Continue to provide training and support to StanCERA as new document handling and imaging procedures are implemented, including assisting staff and refining procedural changes.
- Coordinate and execute retesting of resolved PIRs from Phase 4A UAT and document results.

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.
 - 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.





March 16, 2016

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Assistant

- I. SUBJECT: SACRS 2017 Fall Business Meeting
- II. ITEM NUMBER: 8.b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: Each year in November, the SACRS (State Association of County Retirement Systems) holds a Fall Conference with a business meeting on the last day of the conference. The Constitution of SACRS states that "the purpose of the Association is to provide forums for disseminating knowledge of, and developing expertise in, the 1937 Act retirement systems; and further, that the Association foster and take an active role in the legislative process as it affects SACRS retirement systems".

Attachment 1 contains the 2017 SACRS Business Meeting Agenda, the Board of Retirement is being asked how they would like the voting delegates Michael O'Neal or Rhonda Biesemeirer to vote at the business meeting on Friday, November 17, 2017
- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



Kellie Gomes, Executive Board Assistant



SACRS Business Meeting Agenda

Friday, November 17, 2017

10 am-Adjournment

Hyatt Regency San Francisco Airport Hotel, Burlingame, CA

SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Bob Goodchild, San Diego CERA

1. SACRS County Roll Call

Kathryn Cavness, SACRS Secretary

2. SACRS Secretary's Report – Receive and File

- Spring 2017 SACRS Business Meeting Minutes

3. SACRS Treasurer's Report – Receive and File

Harry Hagen, SACRS Treasurer

- SACRS Financials July – August 2017
- SACRS Annual Budget 2017-2018

4. Board of Director's Report – No Action

Dan McAllister, SACRS President

- Board of Directors Update

5. SACRS Legislative Report & Legislative Proposals 2018 – Action Item

Tracy Towner, Legislative Committee Chair

- Ventura #1- This proposal would add a provision to County Employees Retirement Law (CERL) to define "surviving spouse" so as to include only a spouse who is legally married to the member, is neither divorced nor legally separated from the member, has lived with the member continuously from the date of marriage to the date of the member's death, and who meets all other requirements of CERL pertaining to the length of the marriage and the spouse's age at the time of the member's death

Recommendation: The Committee voted to recommend that SACRS sponsor legislation to define "surviving spouse" so retirement systems are not confused by the conflicting case law. The Committee did recommend a modified version of the proposed language.

- Ventura #2 – This proposal would require an application for disability retirement to be filed within four months after the applicant knows or should have known that his or her illness or injury



has become permanent. The proposal is intended to address a recent court case where a member waited eight years after discontinuance of service to file for disability retirement.

Recommendation: The Committee voted to recommend that SACRS not sponsor legislation reflecting this proposal.

- Tulare #1- Current law allows San Diego, Sacramento, Kern, San Joaquin, and Marin retirement systems the authority to exclude assistant administrators and chief investment officers from civil service. Employees working in these positions serve at the pleasure of, and may be dismissed at the will of, the appointed retirement board. TCERS proposed legislation to apply this law to all 1937 Act Systems.

Recommendation: The Committee voted to recommend that SACRS not sponsor legislation reflecting this proposal. However, they voted to recommend SACRS support legislation that provides this authority to TCERS if they introduced a Tulare specific bill.

6. SACRS Audit Committee Report – Receive and File

Steve Delaney, SACRS Audit Committee Chair

- SACRS Annual 2015-2016 Audit

7. SACRS Bylaws Committee Report – Action Item

Vivian Gray, SACRS Bylaws Committee Chair

- SACRS Board of Directors proposed Bylaw amendments

8. SACRS Education Committee Report – No Action

Christie Porter, SACRS Education Committee Chair

- SACRS Fall Conference Evaluations 2017

9. SACRS Program Committee Report – No Action

Gabe Rodrigues, SACRS Program Committee Chair

- SACRS Fall Conference 2017

10. SACRS Affiliate Committee Report – No Action

Michael Keough, SACRS Affiliate Committee Chair

- Affiliate Committee Update

11. SACRS Nomination Committee Report – No Action

Ray McCray, SACRS Nomination Committee Chair

- Update on 2018-2019 Elections



12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- Administrators
- Counsel
- Disability
- Internal Auditors
- Investment Officers
- Operations & Benefits
- Safety Trustees
- General Trustees

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 18, 2018 at the Anaheim Marriott Hotel in Anaheim, CA.



2. SACRS Secretary's Report – Receive and File

- Spring 2017 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, May 19, 2017
10:00 AM - Upon Adjournment
Napa Valley Marriott Hotel
Napa, CA

SACRS Parliamentarian – Lance Kjeldgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA

Meeting called to order at 10:12 am by Dan McAllister, SACRS President

Board members present:
Gabe Rodrigues, Art Goulet, Dan McAllister, Larry Walker

1. SACRS System Roll Call
Art Goulet, SACRS Secretary

20 systems present

2. Secretary's Report - Receive and File
Art Goulet, SACRS Secretary

A. November 2016 SACRS Business Meeting Minutes

Motion: A motion to receive and file the SACRS Fall 2016 Business Meeting Minutes was made by San Diego.

2nd: Orange

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

No: 0

Motion Passed

3. Treasurer's Report - Receive and File
Larry Walker, SACRS Treasurer

A. July 2016 – February 2017

Motion: A motion to receive and file the SACRS Treasurers report was made by Contra Costa.

2nd: Los Angeles

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura.

No: 0

Motion Passed



4. SACRS President Report - No Action

Dan McAllister, SACRS President

- **Board of Directors Update, Verbal Update**

5. SACRS Audit Report - Receive and File

Steve Delaney, SACRS Audit Committee Chair

- A. June 30, 2015 and 2014 Audit

Motion: A motion to receive and file the Audit Committee report on the annual audit report was made by Fresno.

2nd: Alameda

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Motion Passed

6. SACRS Legislative Committee Update - No Action

Richard Stensrud, SACRS Legislative Committee Chair

- A. 2017 Legislative Update

SACRS Legislative Committee Update – Verbal update only

7. SACRS Bylaws Committee Report - Vote

Vivian Gray, SACRS Bylaws Committee Chair

- A. Amendment to Article XI - Standing Committees,
Section 4. Program Committee

Motion: A motion to approve and accept the amendment to Article X-Standing Committee, Section 4. Program Committee was made by Contra Costa.

2nd: San Diego

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Sonoma, Stanislaus, Tulare, Ventura

No: Merced, Santa Barbara

Motion Passed

- B. Amendment to Article III – Membership,
Section 7. Membership Code of Conduct

Motion: A motion to approve and accept the amendment to Article III-Membership, Section 7. Membership Code of Conduct was made by Fresno.

2nd: Imperial

Discussion: Orange requested that the Board of Directors develop a procedure for managing complaints, violations and a full review of the investigation process.



Yes: Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstain: Alameda

Motion Passed

8. SACRS Nomination Committee - 2017-2018 SACRS BOD Elections - Vote
Ray McCray, Nomination Committee Chair

A. SACRS BOD 2017 – 2018 Ballot

Motion: A motion to approve the positions of President, Vice President and Treasurer per the recommendation of the Nomination Committee was made by San Diego.

- Dan McAllister, SACRS President
- Gabe Rodrigues, SACRS Vice President
- Harry Hagen, SACRS Treasurer

2nd: Fresno

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Marin, Mendocino, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Sonoma, Stanislaus, Tulare, Ventura

No: 0

Abstain: Los Angeles

Motion Passed

Motion: A motion to vote for either Art Goulet or Kathryn Cavness per system was made by San Diego.

2nd: San Joaquin

Yes: All

Motion Passed

Voice Roll Call Vote for position of Secretary;

Goulet – Contra Costa, Orange, Sacramento, San Diego, San Joaquin, Sonoma, Ventura

Cavness – Alameda, Fresno, Imperial, Kern, Marin, Mendocino, Merced, San Bernardino, San Mateo, Santa Barbara, Stanislaus, Tulare

Abstain: Los Angeles

Cavness 12 Goulet 7 Abstain 1

Upon completion of the vote, Art Goulet stepped down and left meeting. Art noted that he questioned the Nomination Committee election process this year, but would discuss with the bylaws chair.



9. SACRS Committee & Breakout Reports:

Committee		Breakout Reports	
Affiliate	Mike Keough reported that the group voted and added 3 new members to their committee. They've established the new 3-year term and will hold their elections in November	Administrators	Sonoma CERA will be hosting the administrator's breakout in the Fall
Audit	Agenda item served as report.	Counsels	San Mateo will be hosting the counsel's breakout in the Fall
Bylaws	Agenda item served as report.	Disability Operations & Benefits	Great presentations, liked the combo sessions and Jackie Purter will host in the Fall
Education	Christie Porter reported that the committee received great feed back on the conference, thanked staff for their help	Internal Auditors	No report
Legislative	Agenda item served as report.	Investment Officers	Nancy Calkins reported on behalf of the group. Session was well attended.
Nomination	Agenda item served as report. Ray also mentioned well done to the program committee. great conference.	Safety Trustees	Gabe Rodrigues reported that the group held a roundtable and really enjoyed the ability to share information.
Program	Gabe Rodrigues thanked the committee members for a great conference. Encouraged attendees to submit potential topics and speaker ideas to the committee for the Fall 2017 conference. Larry Walker thanked the program committee as well	General Trustees	No report

Next scheduled SACRS Association Business Meeting will be held Friday, November 17, 2017, at the Hyatt Regency San Francisco Airport, Burlingame, CA



3. SACRS Treasurer's Report – Receive and File

Harry Hagen, SACRS Treasurer

- SACRS Financials July – August 2017
- SACRS Annual Budget 2017-2018

State Association of County Retirement Systems

Balance Sheet

As of August 31, 2017

	Aug 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1000 · Community 1st Bank - Checking	258,470.28
1001 · BofA Interest Checking 4389	138,918.29
1002 · Community 1st Bank - ICS Account	57,281.45
Total Checking/Savings	454,670.02
Other Current Assets	
1099 · CalTrust - BlackRock TempFund	7,811.83
1100 · CalTrust - Medium Term	1,131,342.62
1103 · CalTrust - Short Term	391.96
1104 · CalTrust - BlackRock FedFund	753,701.58
1102 · Deposits in Transit	5,470.00
Total Other Current Assets	1,898,717.99
Total Current Assets	2,353,388.01
TOTAL ASSETS	2,353,388.01
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2150 · Refund Liability	1,020.00
Total Other Current Liabilities	1,020.00
Total Current Liabilities	1,020.00
Total Liabilities	1,020.00
Equity	
32000 · Retained Earnings	2,174,622.69
Net Income	177,745.32
Total Equity	2,352,368.01
TOTAL LIABILITIES & EQUITY	2,353,388.01

**State Association of County Retirement Systems
Profit & Loss
August 2017**

	Aug 17
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	74,000.00
4102 · Non Profit - Organizations	750.00
4103 · Non Profit - Systems	1,500.00
4105 · Systems - Large	18,000.00
Total 4100 · Membership Dues	94,250.00
4270 · UC Berkeley Program	
4271 · Registrations	15,000.00
4272 · Sponsorships	6,000.00
Total 4270 · UC Berkeley Program	21,000.00
4300 · Fall Conference Registration	
4301 · Affiliates - Early	81,600.00
4304 · Non Profit	240.00
4305 · Systems	5,160.00
4306 · Non-Members	32,040.00
4307 · Fun Run	230.00
Total 4300 · Fall Conference Registration	119,270.00
4350 · Spring Conference Registration	
4353 · Affiliates - Late/Onsite	2,560.00
Total 4350 · Spring Conference Registration	2,560.00
4900 · Interest Earned	2,236.37
Total Income	239,316.37
Gross Profit	239,316.37
Expense	
5000 · Administrative Fee - SYAi	14,605.58
5001 · Administrative Services	29.00
5003 · Bank Charges/Credit Card Fees	3,866.56
5010 · Berkeley & Symposium	
5015 · Materials/Printing/Design	578.88
5016 · Travel	219.00
Total 5010 · Berkeley & Symposium	797.88
5041 · Consulting	1,986.00
5070 · Insurance	3,414.12
5072 · Legislative Advocacy	4,603.71
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	1,114.06
6001.2 · Printing/Supplies	422.18
6001.3 · Travel - BOD Meetings	3,472.89
6001.4 · Travel - Miscellaneous BOD	434.11
Total 6001 · Board of Directors	5,443.24

**State Association of County Retirement Systems
Profit & Loss
August 2017**

	Aug 17
Total 6000 · Board & Committees	5,443.24
6010 · Office Expenses / Supplies	439.06
6011 · Postage & Delivery	127.20
6020 · Spring Conference	
6021 · Audio/Visual	34,600.00
Total 6020 · Spring Conference	34,600.00
6053 · Technology/AMS/Website	875.00
9000 · BofA Credit Card Holding Acct	3,075.21
Total Expense	73,862.56
Net Ordinary Income	165,453.81
Net Income	165,453.81

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget Overview
 July 2017 through June 2018

	Jul '17 - Jun 18
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	215,000.00
4102 · Non Profit - Organizations	3,000.00
4103 · Non Profit - Systems	6,000.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
Total 4100 · Membership Dues	318,000.00
4250 · Product Income	
4255 · Magazine Advertising	2,000.00
Total 4250 · Product Income	2,000.00
4270 · UC Berkeley Program	
4271 · Registrations	75,000.00
4272 · Sponsorships	50,000.00
Total 4270 · UC Berkeley Program	125,000.00
4300 · Fall Conference Registration	
4301 · Affiliates - Early	185,000.00
4302 · Affiliates - Regular	82,500.00
4303 · Affiliates - Late/Onsite	36,000.00
4304 · Non Profit	500.00
4305 · Systems	22,500.00
4306 · Non-Members	237,500.00
4307 · Fun Run	1,000.00
Total 4300 · Fall Conference Registration	565,000.00
4350 · Spring Conference Registration	
4351 · Affiliates - Early	185,000.00
4352 · Affiliates - Regular	82,500.00
4353 · Affiliates - Late/Onsite	36,000.00
4354 · Non Profit	500.00
4355 · Systems	22,500.00
4356 · Non-Members	237,500.00
4357 · Fun Run	1,000.00
Total 4350 · Spring Conference Registration	565,000.00
Total Income	1,575,000.00
Gross Profit	1,575,000.00
Expense	
5000 · Administrative Fee - SYAI	175,267.01
5001 · Administrative Services	21,000.00
5002 · Awards	1,000.00
5003 · Bank Charges/Credit Card Fees	45,000.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget Overview
 July 2017 through June 2018

	Jul '17 - Jun 18
5010 · Berkeley & Symposium	
5011 · Audio/Visual	500.00
5013 · Hotel	4,000.00
5016 · Travel	500.00
5017 · UC Berkeley	190,000.00
Total 5010 · Berkeley & Symposium	195,000.00
5030 · CERL	
5031 · Materials/Printing/Design	20,000.00
5032 · Shipping	5,000.00
Total 5030 · CERL	25,000.00
5040 · Commissions & Fees	15,000.00
5041 · Consulting	20,000.00
5042 · Dues & Subscriptions	3,700.00
5050 · Fall Conference	
5051 · Audio/Visual	42,500.00
5054 · Hotel	
5054.1 · Wednesday Night Event	75,000.00
5054 · Hotel - Other	275,000.00
Total 5054 · Hotel	350,000.00
5055 · Program Material	30,000.00
5056 · Speakers	50,000.00
Total 5050 · Fall Conference	472,500.00
5070 · Insurance	6,000.00
5071 · Legal & Professional Fees	25,000.00
5072 · Legislative Advocacy	55,244.00
5080 · Magazine	25,000.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	1,000.00
6001.2 · Printing/Supplies	2,000.00
Total 6001 · Board of Directors	3,000.00
6002 · Legislative Committee Meetings	500.00
6003 · Program Committee Meetings	600.00
Total 6000 · Board & Committees	4,100.00
6010 · Office Expenses / Supplies	4,000.00
6011 · Postage & Delivery	3,200.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget Overview

July 2017 through June 2018

	<u>Jul '17 - Jun 18</u>
6020 · Spring Conference	
6021 · Audio/Visual	42,500.00
6024 · Hotel	
6024.1 · Wednesday Night Event	75,000.00
6024 · Hotel - Other	275,000.00
Total 6024 · Hotel	<u>350,000.00</u>
6025 · Program Material	30,000.00
6026 · Speakers	<u>50,000.00</u>
Total 6020 · Spring Conference	472,500.00
6051 · Taxes & Licenses	100.00
6053 · Technology/AMS/Website	21,596.00
6054 · Travel	<u>35,900.00</u>
Total Expense	<u>1,626,107.01</u>
Net Ordinary Income	<u>-51,107.01</u>
Net Income	<u><u>-51,107.01</u></u>

State Association of County Retirement Systems

Budget vs. Actuals

July through August 2017

	Jul - Aug 17	Annual Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues	161,000.00	215,000.00	-54,000.00	74.88%
4101 · Affiliates	2,250.00	3,000.00	-750.00	75.0%
4102 · Non Profit - Organizations	4,500.00	6,000.00	-1,500.00	75.0%
4103 · Non Profit - Systems	52,000.00	52,000.00	0.00	100.0%
4104 · Systems - Medium	42,000.00	42,000.00	0.00	100.0%
4105 · Systems - Large	261,750.00	318,000.00	-56,250.00	82.31%
Total 4100 · Membership Dues				
4250 · Product Income	0.00	2,000.00	-2,000.00	0.0%
4255 · Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
Total 4250 · Product Income				
4270 · UC Berkeley Program	37,500.00	75,000.00	-37,500.00	50.0%
4271 · Registrations	23,500.00	50,000.00	-26,500.00	47.0%
4272 · Sponsorships	61,000.00	125,000.00	-64,000.00	48.8%
Total 4270 · UC Berkeley Program				
4300 · Fall Conference Registration	83,640.00	185,000.00	-101,360.00	45.21%
4301 · Affiliates - Early	0.00	82,500.00	-82,500.00	0.0%
4302 · Affiliates - Regular	0.00	36,000.00	-36,000.00	0.0%
4303 · Affiliates - Late/Onsite	240.00	500.00	-260.00	48.0%
4304 · Non Profit	9,480.00	22,500.00	-13,020.00	42.13%
4305 · Systems	37,380.00	237,500.00	-200,120.00	15.74%
4306 · Non-Members	240.00	1,000.00	-760.00	24.0%
4307 · Fun Run	130,980.00	565,000.00	-434,020.00	23.18%
Total 4300 · Fall Conference Registration				
4350 · Spring Conference Registration	0.00	185,000.00	-185,000.00	0.0%
4351 · Affiliates - Early	0.00	82,500.00	-82,500.00	0.0%
4352 · Affiliates - Regular	7,680.00	36,000.00	-28,320.00	21.33%
4353 · Affiliates - Late/Onsite				

State Association of County Retirement Systems

Budget vs. Actuals

July through August 2017

	Jul - Aug 17	Annual Budget	\$ Over Budget	% of Budget
4354 · Non Profit	120.00	500.00	-380.00	24.0%
4355 · Systems	3,360.00	22,500.00	-19,140.00	14.93%
4356 · Non-Members	0.00	237,500.00	-237,500.00	0.0%
4357 · Fun Run	0.00	1,000.00	-1,000.00	0.0%
Total 4350 · Spring Conference Registration	11,160.00	565,000.00	-553,840.00	1.98%
4900 · Interest Earned	4,193.85			
Total Income	469,083.85	1,575,000.00	-1,105,916.15	29.78%
Gross Profit	469,083.85	1,575,000.00	-1,105,916.15	29.78%
Expense				
5000 · Administrative Fee - SYAI	29,211.16	175,267.01	-146,055.85	16.67%
5001 · Administrative Services	389.00	21,000.00	-20,611.00	1.85%
5002 · Awards	0.00	1,000.00	-1,000.00	0.0%
5003 · Bank Charges/Credit Card Fees	4,906.11	45,000.00	-40,093.89	10.9%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	500.00	-500.00	0.0%
5013 · Hotel	0.00	4,000.00	-4,000.00	0.0%
5015 · Materials/Printing/Design	578.88			
5016 · Travel	219.00	500.00	-281.00	43.8%
5017 · UC Berkeley	0.00	190,000.00	-190,000.00	0.0%
Total 5010 · Berkeley & Symposium	797.88	195,000.00	-194,202.12	0.41%
5030 · CERN				
5031 · Materials/Printing/Design	0.00	20,000.00	-20,000.00	0.0%
5032 · Shipping	0.00	5,000.00	-5,000.00	0.0%
Total 5030 · CERN	0.00	25,000.00	-25,000.00	0.0%
5040 · Commissions & Fees	3,500.00	15,000.00	-11,500.00	23.33%
5041 · Consulting	3,652.00	20,000.00	-16,348.00	18.26%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	42,500.00	-42,500.00	0.0%

State Association of County Retirement Systems

Budget vs. Actuals

July through August 2017

	Jul - Aug 17	Annual Budget	\$ Over Budget	% of Budget
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
5054 · Hotel - Other	0.00	275,000.00	-275,000.00	0.0%
Total 5054 · Hotel	0.00	350,000.00	-350,000.00	0.0%
5055 · Program Material	0.00	30,000.00	-30,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%
Total 5050 · Fall Conference	0.00	472,500.00	-472,500.00	0.0%
5070 · Insurance	3,293.74	6,000.00	-2,706.26	54.9%
5071 · Legal & Professional Fees	5,300.00	25,000.00	-19,700.00	21.2%
5072 · Legislative Advocacy	9,207.42	55,244.00	-46,036.58	16.67%
5080 · Magazine	0.00	25,000.00	-25,000.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	1,114.06	1,000.00	114.06	111.41%
6001.2 · Printing/Supplies	853.02	2,000.00	-1,146.98	42.65%
6001.3 · Travel - BOD Meetings	3,472.89			
6001.4 · Travel - Miscellaneous BOD	434.11			
Total 6001 · Board of Directors	5,874.08	3,000.00	-1,032.92	195.8%
6002 · Legislative Committee Meetings	0.00	500.00	-500.00	0.0%
6003 · Program Committee Meetings	0.00	600.00	-600.00	0.0%
Total 6000 · Board & Committees	5,874.08	4,100.00	1,774.08	143.27%
6010 · Office Expenses / Supplies	439.06	4,000.00	-3,560.94	10.98%
6011 · Postage & Delivery	145.77	3,200.00	-3,054.23	4.56%
6020 · Spring Conference				
6021 · Audio/Visual	34,600.00	42,500.00	-7,900.00	81.41%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
6024.3 · Food & Beverage	168,960.44			
6024 · Hotel - Other	0.00	275,000.00	-275,000.00	0.0%
Total 6024 · Hotel	168,960.44	350,000.00	-181,039.56	48.27%

State Association of County Retirement Systems
Budget vs. Actuals
July through August 2017

	Jul - Aug 17	Annual Budget	\$ Over Budget	% of Budget
6025 · Program Material	0.00	30,000.00	-30,000.00	0.0%
6026 · Speakers	12,035.09	50,000.00	-37,964.91	24.07%
6027 · Supplies	319.14			
6028 · Travel	101.32			
Total 6020 · Spring Conference	216,015.99	472,500.00	-256,484.01	45.72%
6051 · Taxes & Licenses	0.00	100.00	-100.00	0.0%
6053 · Technology/AMS/Website	4,508.75	21,596.00	-17,087.25	20.88%
6054 · Travel	813.63	35,900.00	-35,086.37	2.27%
9000 · BofA Credit Card Holding Acct	3,283.94			
Total Expense	291,338.53	1,626,107.01	-1,334,768.48	17.92%
Net Ordinary Income	177,745.32	-51,107.01	228,852.33	-347.79%
Net Income	177,745.32	-51,107.01	228,852.33	-347.79%



4. Board of Director's Report – No Action

Dan McAllister, SACRS President

- Board of Directors Update



Providing insight. Fostering oversight.

No printed materials for this item, verbal report only.



5. SACRS Legislative Report & Legislative Proposals 2018 – Action Item

Tracy Towner, Legislative Committee Chair

- Ventura #1
- Ventura #2
- Tulare #1



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS LEGISLATIVE COMMITTEE REPORT – SEPTEMBER 2017

By Mike Robson and Trent Smith
September 28, 2017

On September 22, 2017, the SACRS Legislative Committee (Committee) met to consider three Legislative proposals submitted by member systems. The Committee received two proposals; one from the Ventura County Employees' Retirement System (VCERS) and one proposal from the Tulare County Employees' Retirement System (TCERS).

VCERS Proposal 1: This proposal would add a provision to County Employees Retirement Law (CERL) to define "surviving spouse" so as to include only a spouse who is legally married to the member, is neither divorced nor legally separated from the member, has lived with the member continuously from the date of marriage to the date of the member's death, and who meets all other requirements of CERL pertaining to the length of the marriage and the spouse's age at the time of the member's death.

The proposal is intended to address conflicting court cases. A recent court case in Contra Costa concluded that a legally separated spouse qualifies for a survivor continuance as the member's "surviving spouse". This opinion is contrary to the practices of at least eight CERL systems and three prior decisions issued by the Superior Court in Santa Barbara, Contra Costa, and Ventura Counties.

The Committee voted to recommend that SACRS sponsor legislation to define "surviving spouse" so retirement systems are not confused by the conflicting case law. The Committee did recommend a modified version of the proposed language that reads:

"Surviving spouse", as used in this Chapter, means a person who has legally married the member, is neither divorced nor legally separated from the member, is the spouse of the member at the time of the member's death, and who meets all other requirements of this Chapter pertaining to the length of the marriage, and the person's age at the time of the member's death.

VCERS Proposal 2: VCERS' second proposal would require an application for disability retirement to be filed within four months after the applicant knows or should have known that his or her illness or injury has become permanent.

The proposal is intended to address a recent court case where a member waited eight years after discontinuance of service to file for disability retirement.

The Committee agreed that waiting eight years is excessive. However, most committee members were uncomfortable placing a specific time frame in statute, as it would restrict the flexibility of the systems to address specific and unique cases that arise in their systems. The Committee voted to recommend that SACRS not sponsor legislation reflecting this proposal.

TCERS Proposal: Current law allows San Diego, Sacramento, Kern, San Joaquin, and Marin retirement systems the authority to exclude assistant administrators and chief investment officers from civil service. Employees working in these positions serve at the pleasure of, and may be dismissed at the will of, the appointed retirement board. TCERS proposed legislation to apply this law to all 1937 Act Systems.

The Committee voted to recommend that SACRS not sponsor legislation reflecting this proposal. However, they voted to recommend SACRS support legislation that provides this authority to TCERS if they introduced a Tulare specific bill.

The Committee agreed with the underlining policy of TCERS proposal. However, they believe legislation on this matter would likely be opposed by the counties based on their previous opposition of AB 1158; SACRS sponsored legislation in 2016 that would have provided more operational autonomy for 1937 Act Systems. Additionally, the Committee was concerned that a system-wide approach would run contrary to the Governor's veto message on AB 1158, which directed systems to reach agreement locally with their respective counties and then pursue individual legislation.



6. SACRS Audit Committee Report – Receive and File

Steve Delaney, SACRS Audit Committee Chair

- SACRS Annual 2015-2016 Audit

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015**

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2016

EXECUTIVE COMMITTEE

Dan McAllister
President

Gabe Rodrigues
Vice President

Harry Hagen
Treasurer

Kathryn Cavness
Secretary

Ray McCray
Immediate Past President

Michael Keough
Affiliate Chair

* * * *

Sulema Peterson,
Shaw / Yoder / Antwih, Inc.
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL SECTION	
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	3
NOTES TO THE FINANCIAL STATEMENT	4
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	7
GRAPHICAL PRESENTATION OF CASH RECEIPTS	8
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS	10
CONFERENCE SUMMARY REPORT	12



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2016 and 2015, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 12, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 6, 2017

FINANCIAL SECTION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2015-16</u>	<u>2014-15</u>
<u>Cash Receipts</u>		
Dues	\$ 310,229	\$ 313,500
Conference		
Fall	586,760	600,200
Spring	483,940	509,860
Seminars	123,950	130,500
Other Admin Receipts	1,525	446
Other Conference Receipts	19,590	22,065
Interest	12,519	3,688
Total Cash Receipts	<u>1,538,513</u>	<u>1,580,259</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2015 and 2014		
Hotel and meals	307,814	259,226
Audio and visual	42,378	38,118
Program materials	44,958	22,546
Spring - 2016 and 2015		
Hotel and meals	50,034	-
Audio and visual	10,033	10,000
Program materials	23,059	13,078
Seminars	264,034	212,516
Conference Administration	26,815	18,108
Prior Year and Other Expenses	299,745	81,853
Total conference disbursements	<u>1,068,870</u>	<u>655,445</u>
Administration	349,771	310,093
Legislative representation	181	511
Lobbying	86,781	81,300
Newsletters	-	11,581
Committee meetings	2,842	2,267
Special projects	17,343	25,255
Total administration disbursements	<u>456,918</u>	<u>431,007</u>
Total Cash Disbursements	<u>1,525,788</u>	<u>1,086,452</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	12,725	493,807
Cash and Investments, Beginning	<u>2,225,070</u>	<u>1,731,263</u>
Cash and Investments, Ending	<u>\$ 2,237,795</u>	<u>\$ 2,225,070</u>
Supplementary Information		
<u>Cash and Investments at June 30,</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 1,121,681	\$ 1,119,080
Current portion of investments	-	-
Non current portion of investments	<u>1,116,114</u>	<u>1,105,990</u>
Total Cash and Investments	<u>\$ 2,237,795</u>	<u>\$ 2,225,070</u>

The accompanying notes are an integral part of this financial statement.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Strategic Local Government Services, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

Management has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2016	2015
Bank accounts	\$ 308,090	\$ 307,529
Bank certificates of deposit	57,178	57,106
Money market accounts	756,413	754,445
Total cash and cash equivalents	\$ 1,121,681	\$ 1,119,080

Cash in bank accounts at June 30, 2016 consisted of the following:

	Bank of America	Banner Bank	Total
Per bank	\$ 321,512	\$ 96,110	\$ 417,622
Checks outstanding	(109,538)	-	(109,538)
Deposits in transit	-	6	6
Total bank accounts	\$ 211,974	\$ 96,116	\$ 308,090

Cash in bank accounts at June 30, 2015 consisted of the following:

	Bank of America	Bank of Sacramento	Total
Per bank	\$ 139,911	\$ 169,642	\$ 309,553
Checks outstanding	(2,024)	-	(2,024)
Total bank accounts	\$ 137,887	\$ 169,642	\$ 307,529

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The amount in excess of FDIC as of June 30, 2016 and 2015 was \$71,512 and \$0 respectively.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the "Fund"), depositing \$1,104,130. The balance as of June 30, 2016 and 2015 presented in the financial statement is \$1,116,114 and \$1,105,990; respectively. This balance includes reinvested interest income totaling \$10,124 and \$1,860, respectively, but does not include changes in fair market value for the year ended June 30, 2016 and 2015 totaling \$7,755 and (\$3), respectively. The fair market value of SACRS' investment in the Fund at June 30, 2016 and 2015 is \$1,123,869 and \$1,105,987, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2016 and 2015 was \$0. The Fund is not rated or insured. Total return on the Fund for the years ended June 30, 2016 and 2015 was 0.78% and 0.65%, respectively.

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

<u>Conference</u>	<u>Cancellation Fees</u>	<u>Food and Beverage Minimums</u>	<u>Guest Room Nights Reserved</u>	<u>Guest Room Nights Minimum</u>	<u>Rooms Attrition</u>
Fall 2017	\$187,162-\$274,324	\$100,000	995	796	\$219 plus tax
Spring 2018	\$44,868-\$179,473	\$150,000	935	748	\$192 plus tax
Fall 2018	\$55,418-\$286,672	\$100,000	968	774	\$226 plus tax
Spring 2019	\$156,549-\$281,789	\$100,000	1035	880	\$189 plus tax
Fall 2019	\$84,596-\$181,192	\$120,000	875	700	\$199 plus tax
Fall 2020	\$49,194-\$408,276	\$80,000	890	700	\$226 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS' management has evaluated subsequent events through September 6, 2017, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

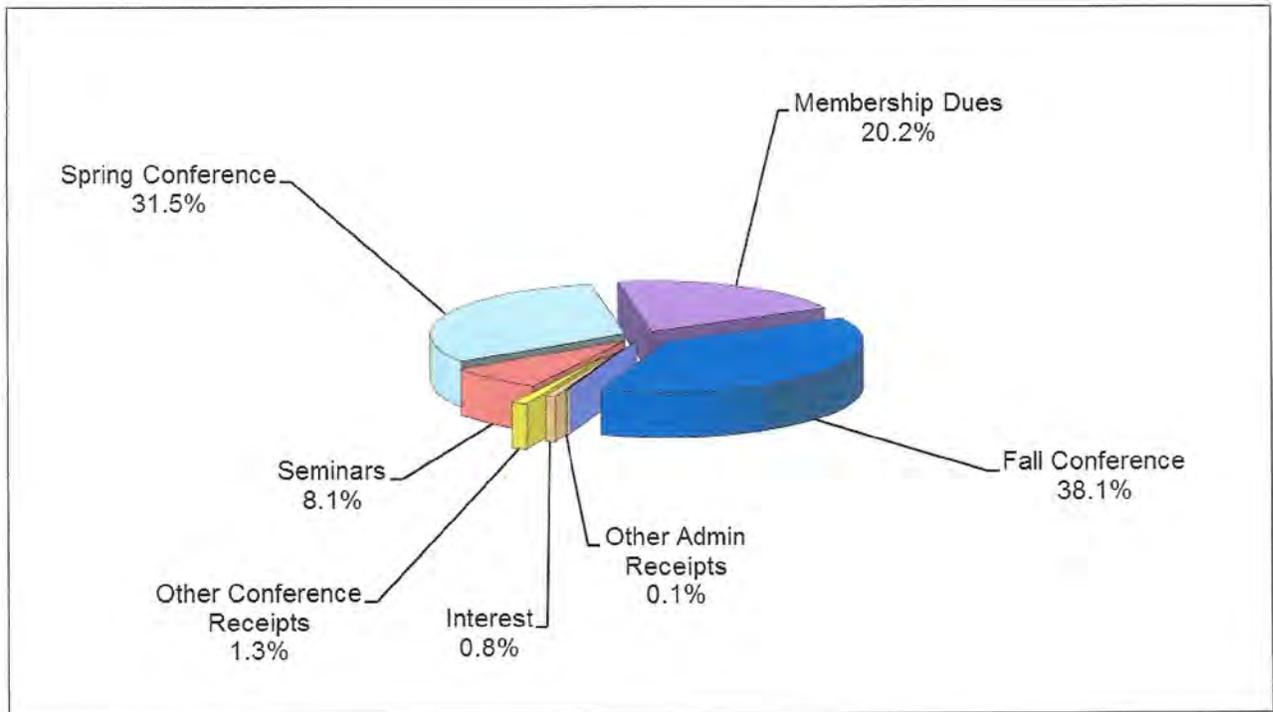
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 310,229	\$ 310,229
Conference			
Fall	586,760	-	586,760
Spring	483,940	-	483,940
Seminars	123,950		123,950
Other Admin Receipts	-	1,525	1,525
Other Conference Receipts	19,590	-	19,590
Interest	12,519	-	12,519
Total Cash Receipts	<u>1,226,759</u>	<u>311,754</u>	<u>1,538,513</u>
<u>Cash Disbursements</u>			
Conference			
Fall - 2015			
Hotel and meals	307,814	-	307,814
Audio and visual	42,378	-	42,378
Program materials	44,958	-	44,958
Spring - 2016			
Hotel and meals	50,034	-	50,034
Audio and visual	10,033	-	10,033
Program materials	23,059	-	23,059
Seminars	264,034	-	264,034
Conference Administration	26,815	-	26,815
Prior Year and Other Expenses	299,745	-	299,745
Total conference disbursements	<u>1,068,870</u>	<u>-</u>	<u>1,068,870</u>
Administration	-	349,771	349,771
Legislative representation	-	181	181
Lobbying	-	86,781	86,781
Newsletters	-	-	-
Committee meetings	-	2,842	2,842
Special projects	-	17,343	17,343
Total administration disbursements	<u>-</u>	<u>456,918</u>	<u>456,918</u>
Total Cash Disbursements	<u>1,068,870</u>	<u>456,918</u>	<u>1,525,788</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	157,889	(145,164)	12,725
Cash and Investments, Beginning	<u>2,583,894</u>	<u>(358,824)</u>	<u>2,225,070</u>
Cash and Investments, Ending	<u>2,741,783</u>	<u>(503,988)</u>	<u>2,237,795</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CASH RECEIPTS BY SOURCE

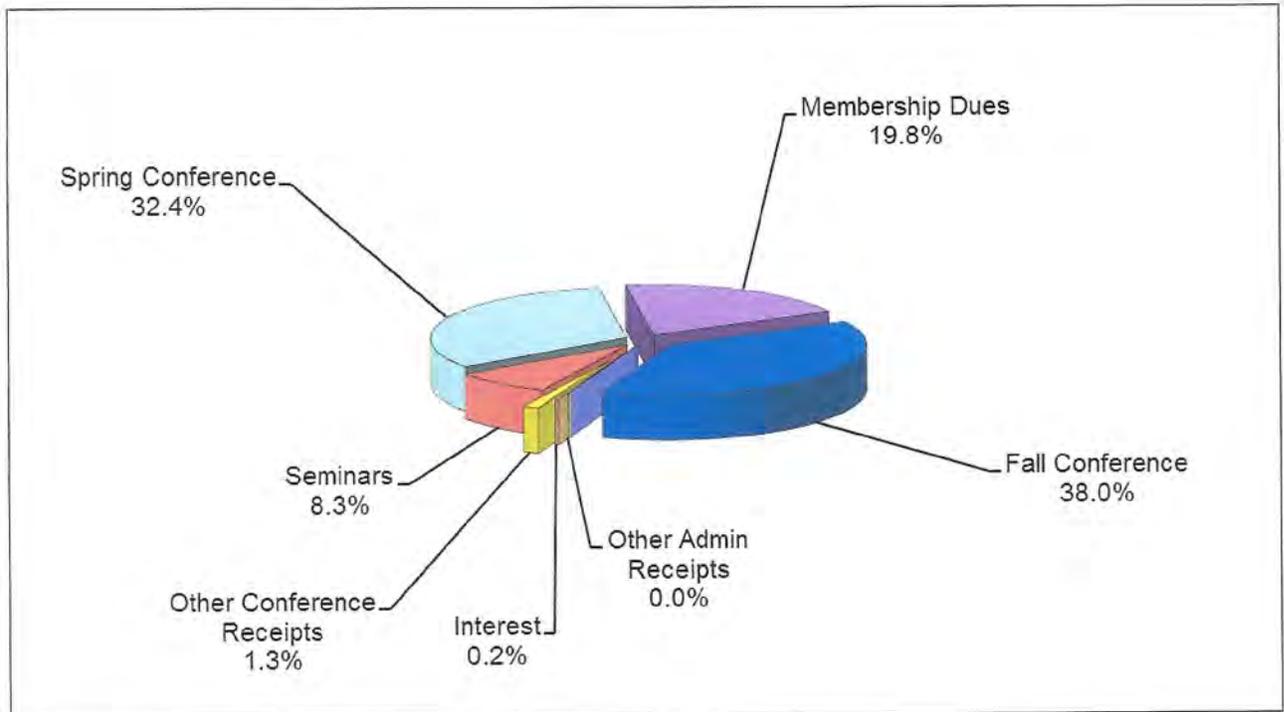


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CASH RECEIPTS BY SOURCE

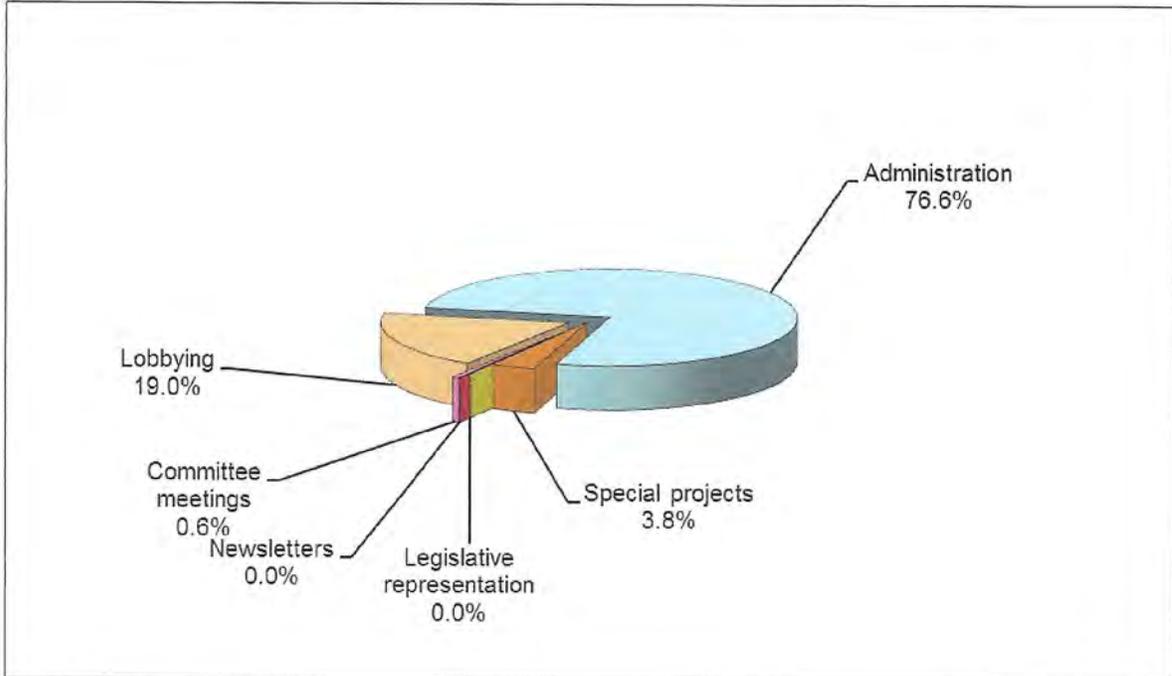


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

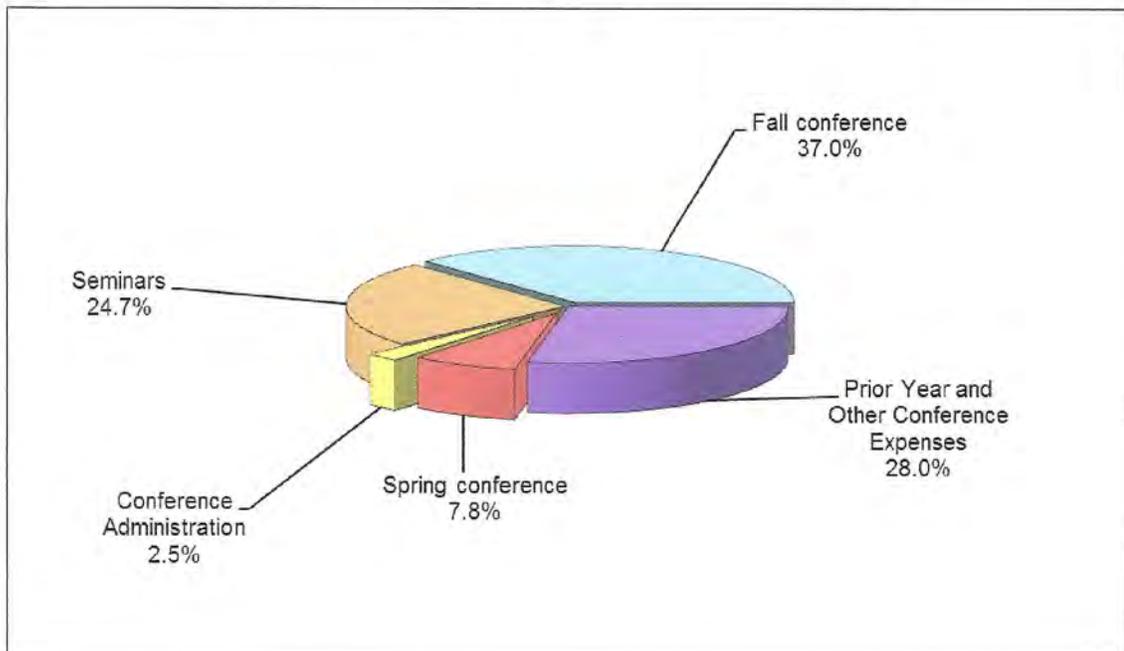
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS

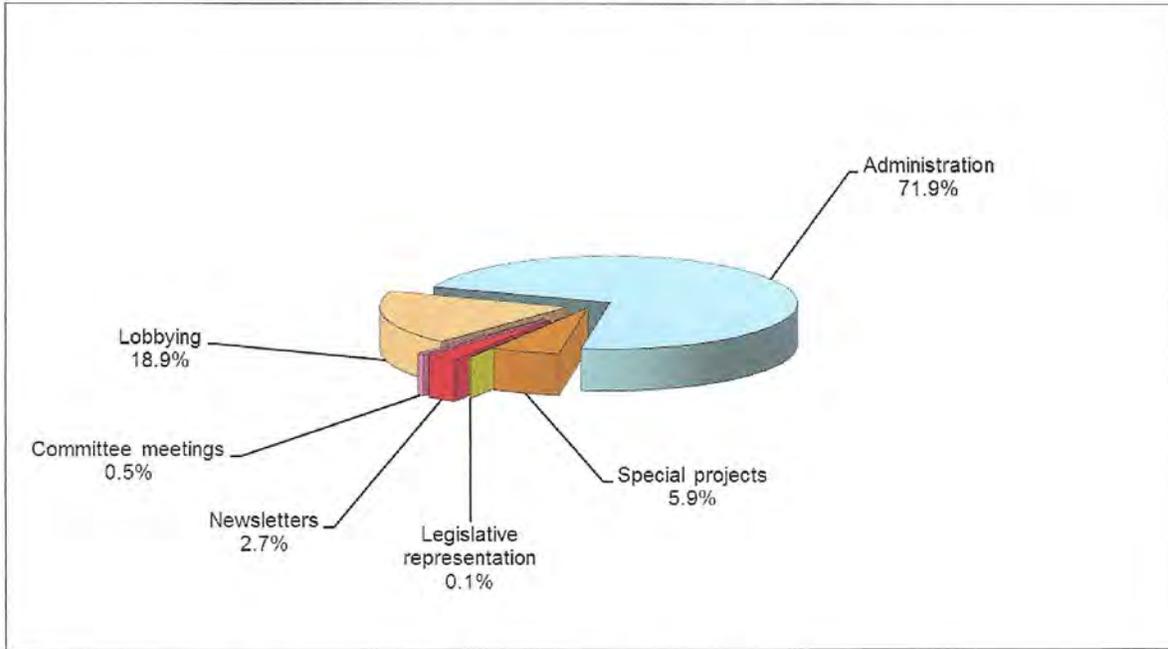


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

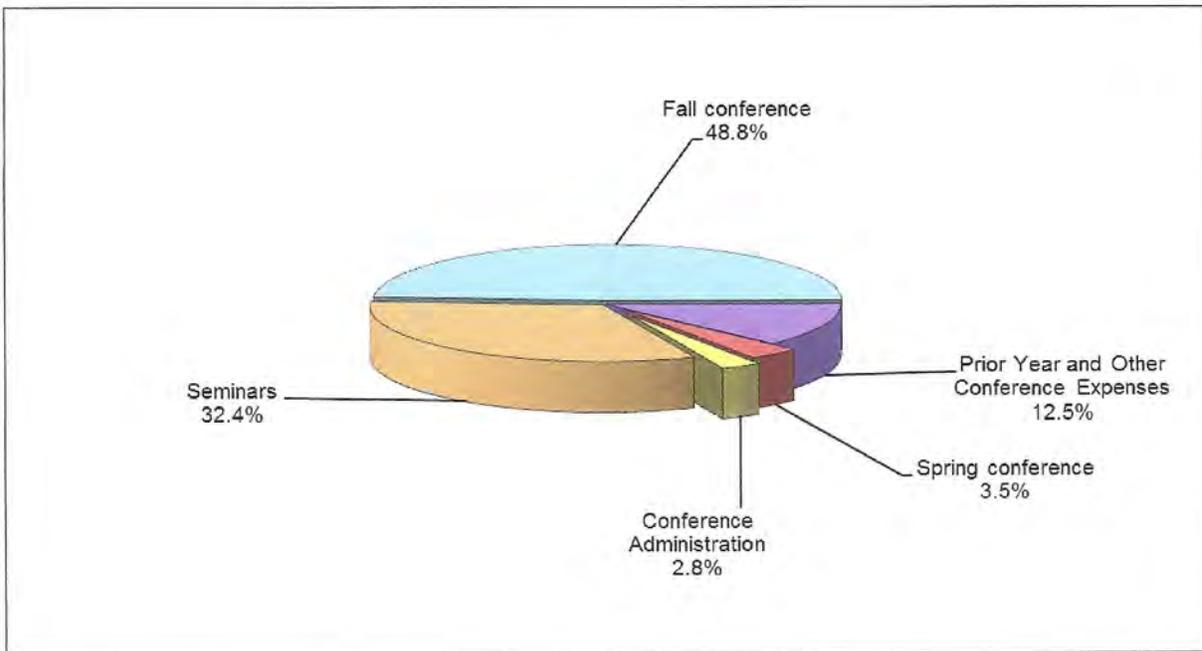
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

CONFERENCE SUMMARY REPORT

	Spring 2016	Fall 2015	Spring 2015	Fall 2014	Spring 2014	Fall 2013
	Costa Mesa	San Diego	Anaheim	Monterey	Sacramento	Indian Wells
Cash receipts						
Conference	\$ 494,920	\$ 586,885	\$ 525,675	\$ 600,405	\$ 503,655	\$ 564,440
Total cash receipts	<u>494,920</u>	<u>586,885</u>	<u>525,675</u>	<u>600,405</u>	<u>503,655</u>	<u>564,440</u>
Cash disbursements						
Hotel and meals	236,616	307,120	242,932	256,075	154,322	328,405
Audio and visual	39,483	42,378	40,980	38,118	42,031	36,800
Program materials	36,907	44,441	32,726	25,711	42,182	46,851
Conference Administration	15,958	17,570	12,788	10,201	9,322	16,800
Other			-	4,466	1,750	-
Total cash disbursements	<u>328,963</u>	<u>411,509</u>	<u>329,426</u>	<u>334,571</u>	<u>249,607</u>	<u>428,856</u>
Net cash provided by conference	\$ <u>165,957</u>	\$ <u>175,376</u>	\$ <u>196,249</u>	\$ <u>265,834</u>	\$ <u>254,048</u>	\$ <u>135,584</u>
Total attendees	601	715	604	664	570	631



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2016 and 2015 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated September 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered SACRS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 6, 2017



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2016 and 2015, and have issued our report thereon dated September 6, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 13, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement. Our audit of the financial statement does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statement is free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SACRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our report on internal control over financial reporting in a separate letter to you dated September 6, 2017.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are typically an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. As the accounting of SACRS is prepared on a cash basis, no estimates are necessary for the preparation of the financial statement.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We are not aware of any sensitive disclosures affecting SACRS' financial statement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no audit adjustments identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SACRS' financial statement or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 6, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SACRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SACRS' auditors.

We are contracted to prepare the fiscal year 2016 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

James Marta & Company LLP
Certified Public Accountants

This report is intended solely for the information and use of the Board of Directors, and management of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 6, 2017



MANAGEMENT REPRESENTATION LETTER

September 6, 2017

James Marta & Company LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal year ended June 30, 2016, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 6, 2017:

Financial Statement

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 13, 2017, for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.



- All events subsequent to the date of the financial statement which requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statement all assets under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators, or others.



- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report accompanying the financial statement:

- We acknowledge our responsibility for the presentation of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements in accordance with the cash basis accounting as described in Note 1 to the financial statement. We acknowledge our responsibility for the presentation of the Conference Summary Report which presents all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- We believe the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, including its form and content, is fairly presented in accordance with the cash basis accounting as described in Note 1 to the financial statement. We believe the Conference Summary Report, including its form and content, is fairly presented and inclusive of all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.



Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:
 - We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
 - We are responsible for establishing and maintaining effective internal control over compliance.
 - We have performed an evaluation of the Association's compliance with tax filing requirements and we are not aware of any instances of noncompliance.
 - We have reviewed and approved the tax returns prepared by your office.
 - We have made available to you all documentation related to compliance with specified requirements.
 - We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
 - We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
 - We accept responsibility for the results of the services.



Sulema Peterson 9/6/17
Sulema Peterson, SACRS Administrator

Dodie Wishek 9-6-17
Dodie Wishek, SACRS Financial Services



7. SACRS Bylaws Committee Report – Action Item

Vivian Gray, SACRS Bylaws Committee Chair

- SACRS Board of Directors proposed Bylaw amendments



DANNIS WOLIVER KELLEY

Attorneys at Law

MEMORANDUM

555 Capitol Mall, Suite 645
Sacramento, CA 95814

Tel 916.978.4040
Fax 916.978.4039

TO: Dan McAlister, President
State Association of County Retirement Systems

FROM: Marilyn L. Jacobs

DATE: September 25, 2017

RE: Amended and Restated Bylaws

The bylaws of an organization contain the rules that govern its operations. They generally contain provisions for electing directors; holding member, board of directors, and committee meetings; and addressing other essential formalities. As an organization evolves and changes, its bylaws should be periodically reviewed and amended to respond to these changes.

During the last 6 months, SACRS' Board of Directors ("Board") and the members of the various Standing Committees ("Committees") have been working to amend and restate the current Bylaws. It is my understanding that the Board and the Committees undertook this rather daunting project pursuant to their strategic plan, and because the organization is growing and they genuinely desire to see more members actively participate in SACRS.

As you will see in the attached document, the Bylaws were amended and restated to address situations not contemplated by the current Bylaws; eliminate statutory provisions that are not applicable to SACRS; and correct formatting and minor grammatical error contained in the Bylaws.

The significant changes made to the Bylaws include:

- increasing the number of Directors from 5 to 7. As amended, 2 regular members will now serve on the Board in addition to the Officers (President, Vice-President, Secretary and Treasurer) and the immediate Past President.
- streamlining the process for electing Directors. As revised, regular members must submit their nominees to the Nominating Committee no later than noon on March 1st. Write-in candidates are no longer permitted. The Nominating Committee will report its slate of candidates, along with the names of all nominees, to the regular member County Retirement Systems prior to March 25th.
- proposed changes made by the Standing Committees to their respective sections in the Bylaws. For example, the Nominating Committee section was revised to help ensure geographic diversity by restricting the number of representatives from each system. Also, in the event the immediate Past President is unable to Chair the Nominating Committee, the Chair of the Audit Committee is now responsible for appointing an alternate trustee to serve as the Chair. Finally, after serving their 2-year term, members of the Nominating Committee must wait 1 year before reapplying.
- limiting the number of committees that a member may apply to serve on to one (1) in order to encourage participation by more members.



BYLAWS

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

ARTICLE I

NAME, MISSION, PURPOSES AND GENERAL POLICY

Section 1. Name. The name of this corporation is State Association of County Retirement Systems (“SACRS”).

Section 2. Mission. The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Section 3. General Purpose. SACRS is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

Section 4. Specific Purpose. The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of county retirement systems existing under the County Employees Retirement Law of 1937 as set forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Section 5. Limitations. SACRS is organized exclusively for purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the “Code”), or the corresponding provisions of any future United States Internal Revenue Law. Notwithstanding any other provision of these Bylaws, SACRS shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of SACRS, and SACRS shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

Section 6. Private Benefit. All of SACRS’ property is irrevocably dedicated to social welfare purposes. No part of the net earnings of SACRS shall inure to the benefit of any of its Directors, or any other person or individual.

ARTICLE II

OFFICES

Section 1. Offices. The principal office for the transaction of the business, activities and affairs of SACRS is located in Sacramento, California. The Board of Directors of SACRS (the “Board”) may change the principal office from one location to another.

Section 2. Branch Offices. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE III **MEMBERSHIP**

Section 1. Membership. SACRS shall be composed of regular, associate, nonprofit and affiliate members as hereinafter defined.

- A. Regular Membership. Regular membership shall be extended to all duly elected or appointed members of County Retirement and Investment Boards operating under the County Employees Retirement Law of 1937, California Government Code 31450 et seq. Regular membership shall also be extended to the Administrator of a system operating under the County Employees Retirement Law of 1937 when said Administrator is employed by and reports directly to the Retirement Board of the Member county.
- B. Associate Membership. Associate membership shall be extended to (i) the staff of County Retirement and/or Investment Boards; (ii) those staff of the County Treasurer whose specific duties are retirement related; and (iii) legal counsel advising County Retirement and Investment Boards.
- C. Nonprofit Membership. Nonprofit organizations having an active interest in the purpose of SACRS may be extended nonprofit membership upon (i) the appropriate letter of application approved by the majority vote of the Board, and (ii) payment of the annual Nonprofit membership dues as set forth under Article III, Sections 5 and 6 herein. Nonprofit members will be comprised of two distinct tiers as follows: (i) Nonprofit Retirement Systems - defined as public retirement systems not eligible for regular membership; and (ii) Nonprofit Organizations - defined as nonprofit organization other than public retirement systems.
- D. Affiliate Membership. Affiliate membership may be extended to a retirement-related business or institutional investment-related company or firm on a first come, first served basis as follows: (i) submission of an appropriate letter of application approved by a majority vote of the Board; and (ii) payment of the annual Affiliate membership dues as set forth under Article III, Sections 5 and 6 herein.
- E. Past Presidents. Past Presidents who are no longer eligible for regular membership under Article III, Section 1(A), and who are not eligible for associate or affiliate membership under Article III, Section 1(B) and (D), shall be afforded lifetime membership and the privileges of membership held in the name of SACRS; and shall have their annual regular membership dues as defined in Article III, Section 5(A) and conference registration fees waived by SACRS.

Section 2. Rights of Regular Membership. Regular member County Retirement Systems shall have the right to vote, as set forth in these Bylaws, on (i) the election of the Officers/Directors, (ii)

the disposition of all or substantially all of the corporation's assets, (iii) any merger and its principal terms and any amendment of those terms, and (iv) any election to dissolve the corporation. In addition, the regular member County Retirement Systems shall have all rights afforded members under the California Nonprofit Public Benefit Corporation Law.

Section 3. Rights of Associate and Affiliate Membership. Associate and affiliate members shall be accorded all the rights and privileges to which any regular member is entitled except the right to vote and as specifically restricted in the Articles of Incorporation and these Bylaws.

All associate and affiliate memberships shall be held in the name of the County Retirement System, organization or firm. Membership shall not be personal to an individual.

Affiliate member organizations must designate two (2) representatives by name, on their Letter of Application. Only the Affiliate's two (2) designated representatives shall be afforded registration at SACRS meetings unless specific exceptions are made by a majority vote of the Board.

Section 4. Rights of Nonprofit Membership. Nonprofit Retirement Systems may have up to ten (10) delegates attend the regular meetings, and Nonprofit Organizations may have up to two (2) delegates attend the regular meetings. Nonprofit members are not entitled to vote.

Section 5. Membership Dues and Fees.

- A. Regular Members. Regular member County Retirement Systems shall pay annual dues as approved by the organization's delegates at any noticed meeting. This fee shall, in addition to a regular membership, entitle the member systems to an annual associate membership under Article III, Section 1(B) herein.
- B. Nonprofit Members. Nonprofit members shall pay annual dues in any amount determined by the Board.
- C. Affiliates. Affiliate members shall pay annual dues in any amount determined by the Board.
- D. Registration. Registration fees for meetings may be charged to all members in addition to annual dues.

Section 6. Payment of Annual Dues. Annual dues are due and payable July 1 and are delinquent July 31 of each year. Registration fees are due at the discretion of the Board.

Section 7. Membership Code of Conduct.

- A. Policy against Harassment, Discrimination, and Retaliation. SACRS is committed to providing an environment free from harassment and maintains a strict policy that forbids sexual harassment and other harassment, discrimination and retaliation based on race, color, national origin, ancestry, religion and religious creed, political affiliation, citizenship, sex, gender, gender identity, sexual orientation, age,

pregnancy or breastfeeding, medical conditions, marital status, medical condition, physical or mental disability, or any other protected classification under federal, state or local law.

- B. Standard of Decorum and Professionalism. SACRS members, representatives, family members, and guests are expected to maintain appropriate decorum and professionalism to improve the deliberative process and foster the integrity of the SACRS community. Verbal or non-verbal conduct which has the purpose or effect of affecting a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment will not be tolerated, regardless of whether such behavior amounts to unlawful conduct. Such inappropriate behavior includes, but is not limited to, the use of profanity, threats, offensive gestures, racial slurs, ethnic jokes, posting of offensive statements or pictures, derogatory remarks, insults, epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, assault or other unwelcome physical conduct, or other similar conduct.
- C. Penalties for Violation. Any person found in violation of the SACRS Code of Conduct by the Board of Directors may, within the discretion of Board of Directors and as permitted by law, be temporarily or permanently barred from attending or participating in any SACRS conference, meeting, function, or event. Any member found in violation of the SACRS Code of Conduct by the Board of Directors may be subject to penalty within the discretion of Board of Directors and as permitted by law, including but not limited to:
- (1) Warning and/or Censure;
 - (2) Suspension or revocation of the privileges of any member or their designated representatives;
 - (3) Suspension of membership; and,
 - (4) Termination of membership.
- D. Affiliate Guidelines. Affiliate Members are and remain subject to additional guidelines as have been or may be approved by the Board.
- E. No Duty. Although SACRS endeavors to create a respectful and welcoming environment for its membership, representatives, and other guests, it does not by this Code of Conduct or any other act, voluntarily assume a duty to do so, except as otherwise required by federal, state, or local law.

ARTICLE IV **DELEGATES**

Section 1. Delegates. Regular member County Retirement Systems shall be entitled to one (1) voting delegate. The delegate shall be designated in writing by the County Retirement Board and shall be a regular member from the member County Retirement System consistent with Article III, Section 1(A) herein.

Section 2. Alternate Delegates. Alternate delegates may be designated in writing by the member County Retirement Board.

Section 3. Voting by Delegates/Alternative Delegates. Voting delegates serve as a proxy for their respective County Retirement System. The delegate or alternative delegate shall vote as directed by their respective County Retirement System.

Section 4. Credentials. Credentials for the delegates who are voting participants shall be filed with the Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials shall include the names of the member County Retirement System, the delegate and alternate delegates, if any, consistent with Article IV, Sections 1 and 2 of these Bylaws.

ARTICLE V **MEMBER MEETINGS**

Section 1. Regular Meetings. The membership shall meet to conduct SACRS business once in the Spring and once in the Fall of each calendar year. These meetings shall be referred to as regular meetings.

Section 2. Special Meetings. Special meetings of the membership may be called by (i) a resolution of the membership at a meeting, or (ii) a majority vote of the Board.

Section 3. Site Selection for Meetings. The meeting sites shall be designated by the Board.

Section 4. Agenda for Business Meetings. The Board shall be responsible for the final agenda of all SACRS meetings. The business meeting agendas shall be mailed by first-class postage or provided by Electronic Transmission (as defined in Article XVII, Section 2) to all members no later than ten (10) days prior to any meeting.

Section 5. Quorum. The presence of eleven (11) credentialed delegates (as defined in Article IV, Section 4) shall constitute a quorum for the transaction of business at all SACRS meetings. If, however, the attendance at any SACRS meeting, whether in person or by proxy, is less than one-third (1/3) of the voting power, the members may vote only on those matters specified in the meeting agenda described in Article V, Section 4 herein. Meetings may be restricted to regular members only by a majority vote of the quorum present.

Section 6. Voting. Voting at meetings of SACRS shall be the exclusive privilege of the delegates or alternate delegates. Voting delegates or alternate delegates must have proper credentials on file consistent with Article IV, Section 4 herein prior to voting. Each delegate or alternate delegate may cast one (1) vote on each matter submitted to vote of the members. Voting shall be by open roll-call. A simple majority vote of the quorum present shall pass all issues considered by the regular membership unless otherwise specified in the Articles of Incorporation or these Bylaws. A roll-call vote of delegates and alternate delegates shall decide any voice vote in doubt by the regular members present.

Section 7. Proxy. A delegate may issue his or her proxy to an alternate delegate from the same member County Retirement System. All proxies must be in writing, signed and filed with the Credentials Committee prior to voting.

Section 8. Procedures. All meetings of SACRS shall be governed by Robert's Rules of Order unless other rules are specifically provided herein. The rules shall be interpreted at meetings, as necessary, by a parliamentarian appointed by the President prior to the first order of business.

Section 9. Resolutions. Any regular, associate and non-profit member may submit resolutions for consideration by the regular membership at any meeting. Submission of such resolutions shall be made in writing and sent by certified mail to the President at least thirty (30) days prior to any meeting of SACRS.

Section 10. Travel Expenses. The travel expenses incurred by officers and committee members may be reimbursed in accordance with the current SACRS travel policy.

ARTICLE VI **OFFICERS**

Section 1. Officers. The officers of SACRS, upon being elected, shall serve on the Board. The officers of SACRS shall be the President, Vice-President, Secretary, and Treasurer.

Section 2. Election and Qualification. The officers of SACRS shall be regular members of SACRS. The officers shall be elected pursuant to the procedure described in Article VIII, Section 2 by a majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year.

Section 3. Resignation of Officers. Any officer may resign pursuant to the procedure described in Article VIII, Section 7, however said Article VIII, Section 7 shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board relating to the employment of any officer of SACRS.

Section 4. President. The President shall be the Chief Executive Officer of SACRS and shall preside over all membership meetings and Board meetings. The President shall appoint committee members subject to the approval of the Board, and shall serve as an ex-officio member of all committees with the exception of the Nominating Committee. The President shall be responsible for the general administration of SACRS.

Section 5. Vice-President. The Vice-President shall, in the absence or inability of the President, perform the duties of the President.

Section 6. Secretary. The Secretary shall keep, prepare and publish prior to the next immediate regular meeting an accurate record of the proceedings of all SACRS meetings defined under Article V herein. In addition, the Secretary, together with the SACRS' Administrator, shall prepare and maintain a current list of members in good standing.

Section 7. Treasurer. The Treasurer shall be the Chief Financial Officer of SACRS. The Treasurer shall act as custodian of all funds and financial records of SACRS; collect, deposit and disperse funds consistent with SACRS direction; prepare and present a written detailed financial report at each meeting of SACRS.

ARTICLE VII **BOARD ADVISORS**

Section 1. Chair of Affiliate Committee. The Chair of the Affiliate Membership Committee shall serve as an advisor and/or consultant to the Board for educational (not legislative) purposes.

Section 2. Vice Chair of Affiliate Committee. The Vice Chair of the Affiliate Membership Committee shall, in the absence or inability of the Chair of the Affiliate Committee, perform the duties of the Chair.

Section 3. Members of the Board. Neither the Chair nor the Vice Chair of the Affiliate Membership Committee is a member of the Board.

ARTICLE VIII **BOARD OF DIRECTORS**

Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.

- A. Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.
- B. Two (2) Regular Members. Two (2) regular members shall also be members of the Board with full voting rights.

Section 2. Elections of Directors. Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

Section 3. General Powers. Subject to limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of SACRS shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of SACRS to any person, persons, management company, or committees however composed, provided that the activities and affairs of SACRS shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 4. Special Powers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- A. To select and remove all the agents and employees of SACRS, prescribe powers and duties for them as are consistent with law, the Articles of Incorporation or these Bylaws, and fix their compensation.
- B. To conduct, manage, and control the affairs and activities of SACRS and to make such rules and regulations that are consistent with the law, the Articles of Incorporation, or these Bylaws, as they may deem best, including, but not limited to, executing all motions, resolutions, association positions and/or direction passed on by the membership at any meeting.
- C. To incur indebtedness, including but not limited to extensions of credit, for the purposes of SACRS, and to cause to be executed and delivered in SACRS' name.
- D. To change the principal office of SACRS in Sacramento County, California, from one location to another.
- E. To accept on behalf of SACRS any contribution, gift, bequest, or devise for the social welfare purposes of SACRS.
- F. To report to the regular membership, in writing, as soon as possible, all actions taken by the Board under this Article VIII.

Section 5. Term. The Directors shall hold office for one (1) year and until a successor Director has been designated and qualified.

Section 6. Vacancies. Vacancies on the Board shall exist in the event of:

- A. the death, resignation or removal of any Director;

- B. the declaration by resolution of the Board of a vacancy in the office of a Director who has been (i) declared of unsound mind by a final order of a court; (ii) convicted of a felony; (iii) found by a final order of judgment of any court to have breached any duty arising under Article 3 of the California Nonprofit Public Benefit Corporations Law; or (iv) absent without good cause, as determined by the remaining Directors, from regular Board meetings for either two (2) consecutive meetings or four (4) meetings in any one twelve (12) month period; and
- C. the vote of a majority of the delegates or alternate delegates to remove the Director(s).

Except for a vacancy created by the removal of a Director by the delegates and alternate delegates, vacancies occurring on the Board may be filled by Board approval or, if the number of Directors then in office is less than a quorum, by the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to these Bylaws, or a sole remaining Director. The delegates and alternate delegates may fill any vacancy not filled by the Directors.

A person elected to fill a vacancy as provided by this Section shall hold office for the remaining term of the vacating Director, or until his or her death, resignation or removal from office.

Section 7. Resignation of Directors. Except as provided below, any Director may resign effective upon giving written notice to the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, the Board may appoint a successor before such time, to take office when the resignation becomes effective and for the remaining term of the vacating Director. Except on notice to the California Attorney General, no Director may resign if the corporation would be left without a duly elected Director.

Section 8. Conflicts of Interest.

- A. All Directors shall comply with the disclosure requirements of California Corporation Code Section 5234 concerning transactions between SACRS and any other entity in which a Director is an officer or director; and
- B. SACRS will not lend money or other property, or guarantee the obligation, of any Director or officer, except as authorized by California Corporation Code Section 5236.

Section 9. Compensation/Travel Policy. Directors shall serve without compensation however they are allowed reasonable advancement or reimbursement for food and beverage, transportation, and lodging expenses incurred in the performance of their regular duties as specified in these Bylaws.

Section 10. Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of SACRS.

Section 11. Insurance for Corporate Agents. SACRS shall purchase and maintain Directors and Officers Insurance (D&O) and Errors and Omissions Insurance (E&O) on behalf of SACRS' Directors, officers, employee or other agents.

ARTICLE IX **MEETINGS OF THE BOARD OF DIRECTORS**

Section 1. Place of Meeting. All Board meetings shall be held at SACRS' office or at such other place as may be designated for that purpose in the notice of the meeting or, if not stated in the notice or there is no notice, at such place as may be designated in the Bylaws or by resolution of the Board.

Section 2. Annual Meeting. Immediately following the election of the Directors at the first meeting of the calendar year, the Board shall hold a general meeting for the purposes of conducting any business or transactions as shall come before the meeting. Other general meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

Section 3. Special Meetings. Special meetings of the Board for any purpose or purposes may be called by the President, the Secretary, or any two (2) or more Directors.

Section 4. Notice of Meetings. Written notice of the time and place of any special meeting shall be given to each Director by one of the following methods (i) personal delivery, (ii) first class mail, postage prepaid, (iii) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or (iv) Electronic Transmission if the Director has consented to accept notice in this manner. All notices shall specify the purpose of the special meeting and shall be given or sent to the Director's address, phone number, facsimile number or e-mail address as shown on SACRS' records.

Notices sent by first class mail shall be deposited into a United States mail box at least four (4) days prior to the time set the meeting. Notices given by personal delivery, telephone, voice messaging system, Electronic Transmission, or other similar means of communication shall be delivered at least forty-eight (48) hours prior to the time set for the meeting. Any notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director.

Section 5. Meeting by Telephone or Other Telecommunications Equipment. Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section 5 shall constitute presence in person at the meeting if both the following apply:

- A. Each member participating in the meeting can communicate concurrently with all other members; and
- B. Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Board.

Section 6. Validation of Meeting. Transactions of the Board at any meeting, however called or noticed or wherever held, shall be as valid as though the meeting had been properly called and noticed and duly held if (i) a quorum is present, and (ii) either before or after the meeting, each Director who was not present at the meeting signs a written waiver of notice, a consent to the holding the meeting, or an approval of the minutes. All waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 7. Waiver of Notice. Notice of a meeting is not required to be given to any Director who (i) attends the meeting without protesting, before or at its commencement, about the lack of adequate notice, (ii) signs a waiver of notice or a written consent to holding the meeting, or (iii) signs an approval of the minutes whether before or after the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. A majority of the Directors present in person or pursuant to Article IX, Section 5 shall constitute a quorum for the transaction of business, except as provided in Article IX, Section 11. A meeting, at which a quorum is initially present, may continue to transact business notwithstanding the withdrawal of Directors as long as the action is approved by at least a majority of the required quorum for the meeting.

Section 9. Majority Action as Board Action. Every act or decision done or made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by SACRS' Articles of Incorporation, these Bylaw, or provisions of the California Nonprofit Public Benefit Corporation Law.

Section 10. Prohibition against Voting by Proxy. Directors may not vote by proxy.

Section 11. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the next meeting are fixed at the adjourned meeting and if the adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to Directors absent from the original meeting if the meeting is adjourned for more than twenty-four (24) hours from the time of the original meeting.

ARTICLE X **POWERS OF COMMITTEES**

Section 1. Powers of Committees. The committees described in these Bylaws shall have the authority described herein, and any additional authority of the Board to the extent provided in a Board resolution. Notwithstanding the preceding sentence, no committee may do the following:

- A. Take any final action on any matter that, under the California Nonprofit Corporation Law, also requires approval of the members or approval of a majority of all members;
- B. Fill vacancies on the Board or any committee of the Board;

- C. Amend or repeal Bylaws or adopt new Bylaws;
- D. Amend or repeal any resolution of the Board that by its express terms cannot be amended or repealed by a committee;
- E. Create any other committees of the Board or appoint the members of committees of the Board; and
- F. Expend corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected.

Section 2. Ratification of Committee Activities. All activities and actions of the committees shall be reported to and ratified by the full Board at a duly scheduled Board meeting.

ARTICLE XI STANDING COMMITTEES

Section 1. Legislative Committee. The Legislative Committee shall be comprised of not less than three (3) members but not more than thirteen (13) members. The Legislative Committee Chair shall be appointed by the President, with Board approval. The Legislative Committee membership shall be appointed annually by the President, with Board approval, from names submitted from the Legislative Committee Chair, and shall be seated by September 1st. The President may remove Legislative Committee members who miss twenty-five percent (25%) or more of the Legislative Committee meetings in any given year. The Legislative Committee shall be responsible for the legislative activities of SACRS.

Section 2. Nominating Committee. The Nominating Committee shall be responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS. The Nominating Committee shall consist of the following five (5) members: (i) the immediate Past President; (ii) one (1) member of the Program Committee appointed by the Program Committee Chair; (iii) one (1) member of the Legislative Committee appointed by the Legislative Committee Chair; (iv) one (1) member of the Bylaws Committee appointed by the Bylaws Committee Chair; and (v) one (1) member of the Education Committee appointed by the Education Committee Chair.

The immediate Past President shall serve as the Nominating Committee Chair. In the event the immediate Past President is unable to serve as the Nominating Committee Chair and there is no other qualified immediate Past President to serve in that capacity, the Chair of the Audit Committee shall appoint an alternate trustee (who satisfies the geographic diversity requirements in the immediately following paragraph) to chair the Nominating Committee.

To help ensure geographic diversity on the Nominating Committee, the immediate Past President and the Chairs of the Program Committee, the Legislative Committee, the Bylaws Committee and the Education Committee shall ensure that (i) only one (1) representative from a system serves on the Nominating Committee (this prohibition also applies to the system represented by the immediate Past President); (ii) Committee Chairs do not serve on the Nominating Committee, and (iii) no one from their respective systems serves on the Nominating Committee.

The members of the Nominating Committee shall serve a two (2)-year term, and may reapply for appointment following a one (1)-year break. The members of the Nominating Committee may not run for an office.

The Chairs of the Program Committee, the Legislative Committee, the Bylaws Committee and the Education Committee shall appoint members to the Nominating Committee no later than ninety (90) days prior to the second business meeting of SACRS each calendar year.

If there is a vacancy on the Nominating Committee (other than the immediate Past President), the Committee Chair responsible for appointing the seat that is being or has been vacated shall submit the name of his or her appointee to the Board for its consideration and approval.

Section 3. Bylaws Committee. The Bylaws Committee shall be comprised of not less than three (3) members, with at least one (1) regular trustee member, one (1) regular administrative member, and one (1) associate member. The President shall appoint the Bylaws Committee Chair, with Board approval. The Bylaws Committee shall be comprised of appointees selected from names submitted by the Bylaws Committee Chair, with Board approval, within forty-five (45) days after the President is notified of the vacancy. The Bylaws Committee shall be responsible for the maintenance of the Articles of Incorporation and the Bylaws.

Section 4. Program Committee. The Program Committee shall be comprised of not more than twenty-five (25) members from names submitted by the Program Committee Chair, with Board approval, and shall include the Education Committee Chair and Vice Chair and the Affiliate Committee Chair and Vice Chair.

The President shall fill mid-term vacancies, with Board approval, within forty-five (45) days of taking office. The President shall appoint the Program Committee Chair, with the approval of the Board, within forty-five (45) days of taking office. The Program Committee Chair shall serve a one (1) year term that expires on the last day of the Spring regular meeting. The President may remove Program Committee members missing twenty-five percent (25%) or more of the Program Committee meetings in any given year, with Board approval. If an Affiliate member changes their firm mid-term, he/she may be subject to committee membership review, with Board approval.

The Program Committee shall be responsible for the planning and developing the SACRS conferences.

Participation on the committee includes: Pre-conference planning; brainstorming content and topics for General and Concurrent sessions; recruitment of speakers and moderators for all conference sessions; and attending quarterly Program Committee meetings, and as needed. Participation at conference includes: collecting feedback forms, assisting the moderator with question and answer component during sessions; coordinating the distribution of materials and; participating at networking events.

Length of appointment to committee: Committee members will serve three (3) year terms, and the terms are on a staggered basis of one (1), two (2) and three (3) year rotation. A committee member

may reapply for appointment upon completion of his or her term. Ex-Officio members are exempt from the term limitation process. Terms end at the completion of the Fall Conference.

Section 5. Audit Committee. The Audit Committee shall be comprised of two (2) regular members appointed by the Board from names submitted by the Audit Committee Chair within forty-five (45) days of the President taking office. The President shall appoint the Audit Committee Chair, with Board approval. Audit Committee members shall be familiar with auditing procedures; shall not receive, directly or indirectly, any consulting, advisory, or other compensatory fees from SACRS; and shall not be from the same County as SACRS' Treasurer. The Audit Committee shall be responsible for SACRS' audits, and its duties shall include, but shall not be limited to, the following:

- A. Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- B. Negotiating the auditor's compensation;
- C. Conferring with the auditor regarding SACRS' financial affairs; and
- D. Reviewing and accepting or rejecting the audit.

If SACRS establishes a finance committee, the Chair of the Audit Committee may not serve on such committee, nor may a majority of the members of the Audit Committee serve concurrently as members of such committee.

Section 6. Credentials Committee. The Credentials Committee shall be comprised of SACRS' Secretary as the Chair and SACRS' Treasurer who shall verify designated voting delegates at all meetings where a delegate vote is conducted.

Section 7. Affiliate Membership Committee. The Affiliate Membership Committee shall be comprised of nine (9) affiliate member delegates, appointed by the President to serve three (3)-year terms on a staggered basis. If a committee member becomes ineligible to serve or resigns, a successor may be appointed by the Board for the remaining term of the outgoing member. The Affiliate Membership Committee shall provide counsel and advice to the Board regarding educational (not legislative) activities, and shall represent the Affiliate membership. Additional information regarding the Affiliate Membership Committee is located in the Affiliate Member Guidelines, as amended September 15, 2015.

Section 8. Education Committee. The Education Committee shall be comprised of not more than ten (10) members from names submitted by the Education Committee Chair, with Board approval. Such appointments shall be made within forty-five (45) days of the President being notified of the vacancy. The President shall appoint the Education Committee Chair, with Board approval.

The President may remove Education Committee members who miss twenty-five percent (25%) or more of the Education Committee meetings in any given year. The Education Committee shall be responsible for the educational activities of SACRS.

Participation on the Education Committee includes: Determining training needs of the SACRS community with input from the community itself through conference feedback and networking. Summary reports of feedback forms will be prepared by the Education Committee Chair and presented to the Board and Program Committee after each conference.

Meeting at each SACRS Conference, with additional meetings held as workload or needs require. Participating at conferences including review and summary of feedback forms at meetings, collection of feedback forms, and coordination of the distribution of materials.

Working closely with the Program Committee for pre-conference planning, brainstorming content and topics for general and concurrent sessions, and recruitment of speakers and moderators for all conference sessions.

Participating in subcommittees/workgroups as identified to address education/program issues needing specialized knowledge/focused efforts.

Attendance: Committee members accept the responsibility for carrying out the goals of the Education Committee when appointed, and meeting attendance is part of that responsibility. If a Committee member will be absent from a meeting, a written notice shall be submitted to the Committee Chair before the meeting date (email suffices as a written notice). If a Committee member is absent from two (2) consecutive regularly scheduled Committee meetings without providing notice to the Committee Chair, the Committee Chair may request that the President remove Education Committee members, with Board approval.

Length of appointment to the Education Committee. Members shall be reviewed by the Education Committee Chair every three (3) years. The President, with Board approval, may remove individuals if it is determined to be in the best interest of SACRS. Any member removed from the Education Committee may be eligible to be reappointed to the Education Committee following the next annual meeting at which the Board is elected.

Section 9. Resolutions Committee. The President may appoint a Resolutions Committee, comprised of regular members, to analyze proposed resolutions and make recommendations for adoption, rejection or amendment prior to consideration by the delegates and alternate delegates.

Section 10. Meetings and Action of Committees. Committee meetings and actions shall be governed by, noticed, held and taken in accordance with the provisions of Article IX, with such changes in the context of Article IX as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings and special meetings of committees may be fixed by the Board or the committee. The minutes of all committee meetings shall be filed with the corporate records. The Board may also adopt rules and regulations for conducting committee meetings that are consistent with the provisions of these Bylaws. Committee expenditures of SACRS funds require prior Board approval.

Section 11. Members Serving on Committees. A member may not simultaneously serve on more than one (1) standing committee.

Section 12. System Representation on a Committee. Each standing committee shall not have more than one (1) representative from each system.

ARTICLE XII **CORPORATE RECORDS**

Section 1. Maintenance of Corporate Records. SACRS shall keep at its principal office in California:

- A. Minutes of all meetings of the Board and the committees, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- B. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- C. A copy of SACRS' Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours;
- D. A copy of its federal and state tax exemption application and determination letters, and, for the last three (3) years from their date of filing, its annual federal and state information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 2. Inspection Rights. Every Director and member shall have the right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of SACRS.

Section 3 Right to Copy and Make Extracts. Any inspection under the provisions of this Article may be made in person or by agent or attorney, and the right to inspection includes the right to copy and make extracts.

ARTICLE XIII **FISCAL YEAR AND ANNUAL AUDIT**

Section 1. Fiscal Year. The fiscal year of SACRS shall be July 1 through June 30.

Section 2. Annual Audit. There shall be an annual audit of SACRS.

ARTICLE XIV **INDEMNIFICATION**

Section 1. Indemnification. SACRS may, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or

hereafter in effect, indemnify each person who is or was a Director or officer of SACRS against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct as Directors or officers, or by reason of the fact that any one or more of them is or was a Director or officer of SACRS. "Proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorney's fees and any expenses of establishing a right to receive indemnification from SACRS.

ARTICLE XV **WINDING UP AND DISSOLUTION**

Section 1. Irrevocable Dedication. SACRS' property is irrevocably dedicated to social welfare purposes. Upon the winding up and dissolution of SACRS, its assets remaining after payment or adequate provision for payments of all debts and obligations of SACRS shall be distributed in accordance with the plan of liquidation to an organization which is organized and operated exclusively for social welfare purposes and exempt from federal income tax under Section 501(c)(4) of the Code, as the Board may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if the organization carries on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

ARTICLE XVI **AMENDMENTS**

Section 1. Amendment of Articles of Incorporation and Bylaws. Amendments to the Articles of Incorporation and Bylaws may be proposed by the Board, any regular member of SACRS, or any standing committee. Proposed amendments shall be submitted in writing by certified mail to the President at least sixty (60) days before any meeting of SACRS. The President shall submit the proposed amendments to the membership at least thirty (30) days before any meeting of SACRS. A two-thirds (2/3) vote of a quorum present at any meeting of SACRS is required to adopt an amendment.

Section 2. Certain Amendments. Notwithstanding Article XVI, Section 1, SACRS shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation relating to the name and address of its initial agent, except to correct an error in such statement or to delete such statement after SACRS has filed a "Statement of Information" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE XVII **CONSTRUCTION AND DEFINITIONS**

Section 1. Construction and Definitions. Except as provided in these Bylaws and/or unless the context requires otherwise, the general provisions, rules of construction, and definitions of the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without

limiting the generality of the above, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both SACRS and the natural person.

Section 2. Specific Definitions. For purposes of these Bylaws, the following terms have the following meanings specified:

- A. Business Day. Any day other than a Saturday, Sunday, or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed.
- B. Electronic Transmission. Notice given by SACRS by Electronic Transmission shall be valid only if:
 - (1) delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with SACRS; (ii) posting on an electronic message board or network that SACRS has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (iii) other means of electronic communications;
 - (2) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and
 - (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notwithstanding the foregoing, an Electronic Transmission by SACRS to a recipient is not authorized unless, in addition to satisfying the requirements of this Subsection B, the transmission satisfies the requirements applicable to consumer consent to electronic record as set forth in the Electronic Signatures in Global and National Commerce Act (15 United States Code Section 7001(c)(1)). Notice shall not be given by Electronic Transmission by SACRS after either of the following: (i) SACRS is unable to deliver two (2) consecutive notices to the recipient by that means, or (ii) the inability so to deliver the notices to the recipient becomes known to the Secretary or any other person responsible for the giving of the notice.

CERTIFICATE OF THE SECRETARY

I, the undersigned, do hereby certify that:

1. I am the Secretary of the State Association of County Retirement Systems, a California nonprofit public benefit corporation ("SACRS"); and

2. The foregoing is a true and correct copy of the Bylaws of SACRS and that such Bylaws were duly adopted by the Board of Directors on May 13, 2016.

IN WITNESS WHEREOF, I have hereunto subscribed and affixed my name on _____, 2017.



8. SACRS Education Committee Report – No Action

Christie Porter, SACRS Education Committee Chair

- SACRS Fall Conference Evaluations 2017



No printed materials for this item, verbal report only.



9. SACRS Program Committee Report – No Action

Gabe Rodrigues, SACRS Program Committee Chair

- SACRS Fall Conference 2017



Providing insight. Fostering oversight.

No printed materials for this item, verbal report only.



10. SACRS Affiliate Committee Report – No Action

Michael Keough, SACRS Affiliate Committee Chair

- Affiliate Committee Update



Providing insight. Fostering oversight.

No printed materials for this item, verbal report only.



11. SACRS Nomination Committee Report – No Action

Ray McCray, SACRS Nomination Committee Chair

- Update on 2018-2019 Elections



No printed materials for this item, verbal report only.



12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give report on their meetings.

- Administrators
- Counsel
- Disability
- Internal Auditors
- Investment Officers
- Operations & Benefits
- Safety Trustees
- General Trustees



13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 18, 2018 at the Anaheim Marriott Hotel in Anaheim, CA.



BYLAWS
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

~~(Amended November 11, 2005)~~
~~(Amended May 11, 2007)~~
~~(Amended May 16, 2008)~~
~~(Amended November 13, 2009)~~
~~(Amended November 14, 2014)~~
~~(Amended May 13, 2016)~~
~~(Amended May 19, 2017)~~

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ARTICLE I
NAME, MISSION, PURPOSES AND GENERAL POLICY

Section 1. Name. The name of this corporation is State Association of County Retirement Systems (“SACRS”).

Section 2. Mission. The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Section 3. General Purpose. SACRS is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

Section 4. Specific Purpose. The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of county retirement systems existing under the County Employees Retirement Law of 1937 as set forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Section 5. Limitations. SACRS is organized exclusively for purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the “Code”), or the corresponding provisions of any future United States Internal Revenue Law. Notwithstanding any other provision of these Bylaws, SACRS shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of SACRS, and SACRS shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

Section 6. Private Benefit. All of SACRS’ property is irrevocably dedicated to social welfare purposes. No part of the net earnings of SACRS shall inure to the benefit of any of its Directors, or any other person or individual.

ARTICLE II
OFFICES

Section 1. Offices. The principal office for the transaction of the business, activities and affairs of SACRS is located in Sacramento, California. The Board of Directors of SACRS (the "Board") may change the principal office from one location to another.

Section 2. Branch Offices. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE III
MEMBERSHIP

Section 1. Membership. SACRS shall be composed of regular, associate, nonprofit and affiliate members as hereinafter defined.

(a) Regular Membership. Regular membership shall be extended to all duly elected or appointed members of ~~Boards of County~~ Retirement and Investments Boards operating under the County Employees Retirement Law of 1937, California Government Code 31450 et seq. Regular membership shall also be extended to the Administrator of a system operating under the County Employees Retirement Law of 1937 when said Administrator is employed by and reports directly to the Retirement Board of the Member county.

(b) Associate Membership. Associate membership shall be extended to (i) the staff of County Retirement and/or Investment Boards; (ii) those staff of the County Treasurer whose specific duties are retirement related; and (iii) legal counsel advising County Retirement and Investment Boards.

(c) Nonprofit Membership. Nonprofit organizations having an active interest in the purpose of SACRS may be extended nonprofit membership upon (i) the appropriate letter of application approved by the majority vote of the Board, and (ii) payment of the annual Nonprofit membership dues as set forth under Article III, Sections 5 and 6 herein. Nonprofit members will be comprised of two distinct tiers as follows: (i) Nonprofit Retirement Systems - defined as public retirement systems not eligible for regular membership; and (ii) Nonprofit Organizations - defined as nonprofit organization other than public retirement systems.

(d) Affiliate Membership. Affiliate membership may be extended to a retirement-related business or institutional investment-related company or firm on a first come, first served basis as follows: (i) submission of an appropriate letter of application approved by a majority vote of the Board; and (ii) payment of the annual Affiliate membership dues as set forth under Article III, Sections 5 and 6 herein.

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~~(e)~~E. Past Presidents. Past Presidents who are no longer eligible for regular membership under Article III, Section 1(~~a~~A), and who are not eligible for associate or affiliate membership under Article III, Section 1(~~b~~B) and (~~d~~D), shall be afforded lifetime membership and the privileges of membership held in the name of SACRS; and shall have their annual regular membership dues as defined in Article III, Section 5(~~a~~A) and conference registration fees waived by SACRS.

Section 2. Rights of Regular Membership. Regular member County Retirement Systems shall have the right to vote, as set forth in these Bylaws, on (i) the election of the ~~officers~~Officers/Directors, ~~on~~(ii) the disposition of all or substantially all of the corporation's assets, ~~on~~(iii) any merger and its principal terms and any amendment of those terms, and ~~on~~(iv) any election to dissolve the corporation. In addition, the regular member County Retirement Systems shall have all rights afforded members under the California Nonprofit Public Benefit Corporation Law.

Section 3. Rights of Associate and Affiliate Membership. Associate and affiliate members shall be accorded all the rights and privileges to which any regular member is entitled except the right to vote and as specifically restricted in the Articles of Incorporation and these Bylaws. ~~Associate and affiliate members are not entitled to vote.~~

All associate and affiliate memberships shall be held in the name of the County Retirement System, organization or firm. Membership shall not be personal to an individual.

Affiliate member organizations must designate two (2) representatives by name, on their Letter of Application. Only the Affiliate's two (2) designated representatives shall be afforded registration at SACRS meetings unless specific exceptions are made by a majority vote of the Board.

Section 4. Rights of Nonprofit Membership. Nonprofit Retirement Systems may have up to ten (10) delegates attend the regular meetings, and Nonprofit Organizations may have up to two (2) delegates attend the regular meetings. Nonprofit members are not entitled to vote.

Section 5. Membership Dues and Fees.

A. ~~(a)~~ Regular Members. Regular member County Retirement Systems shall pay annual dues as approved by the organization's delegates at any noticed meeting. This fee shall, in addition to a regular membership, entitle the member systems to an annual associate membership under Article III, Section 1(~~b~~B) herein.

~~(b)~~ B. Nonprofit Members. Nonprofit members shall pay annual dues in any amount determined by the Board.

C. ~~(c)~~ Affiliates. Affiliate members shall pay annual dues in any amount determined by the Board.

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~~D.~~ ~~(d)~~ Registration. Registration fees for meetings may be charged to all members in addition to annual dues.

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Section 6. Payment of Annual Dues. Annual dues are due and payable July 1 and are delinquent July 31 of each year. Registration fees are due at the discretion of the Board.

Section 7. Membership Code of Conduct.

~~(a)~~ A. Policy ~~Against~~ Harassment, Discrimination, and Retaliation. SACRS is committed to providing an environment free from harassment and maintains a strict policy that forbids sexual harassment and other harassment, discrimination and retaliation based on race, color, national origin, ancestry, religion and religious creed, political affiliation, citizenship, sex, gender, gender identity, sexual orientation, age, pregnancy or breastfeeding, medical conditions, marital status, medical condition, physical or mental disability, or any other protected classification under federal, state or local law.

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~~(b)~~ B. Standard of Decorum and Professionalism. SACRS members, representatives, family members, and guests are expected to maintain appropriate decorum and professionalism to improve the deliberative process and foster the integrity of the SACRS community. Verbal or non-verbal conduct which has the purpose or effect of affecting a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment will not be tolerated, regardless of whether such behavior amounts to unlawful conduct. Such inappropriate behavior includes, but is not limited to, the use of profanity, threats, offensive gestures, racial slurs, ethnic jokes, posting of offensive statements or pictures, derogatory remarks, insults, epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, assault or other unwelcome physical conduct, or other similar conduct.

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~~(c)~~ C. Penalties for Violation. Any person found in violation of the SACRS Code of Conduct by the Board of Directors may, within the discretion of Board of Directors and as permitted by law, be temporarily or permanently barred from attending or participating in any SACRS conference, meeting, function, or event. Any member found in violation of the SACRS Code of Conduct by the Board of Directors may be subject to penalty within the discretion of Board of Directors and as permitted by law, including but not limited to:

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- (1) Warning and/or Censure;
- (2) Suspension or revocation of the privileges of any member or their designated representatives;
- (3) Suspension of membership; and,
- (4) Termination of membership.

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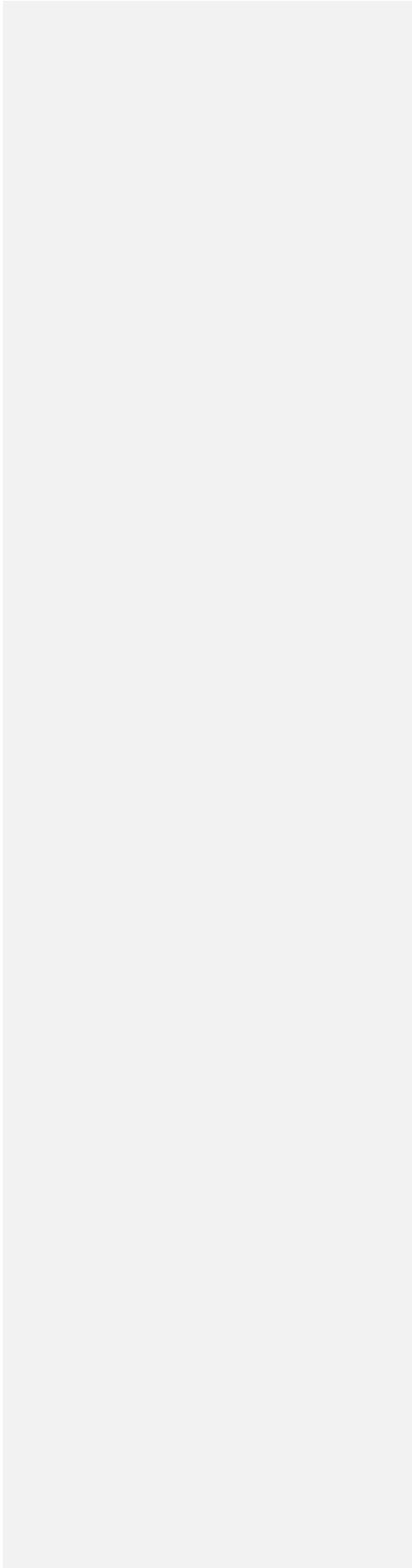
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~~(d)~~ D. Affiliate Guidelines. Affiliate Members are and remain subject to additional guidelines as have been or may be approved by the Board ~~of Directors~~.

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~~(e)~~E. No Duty. Although SACRS endeavors to create a respectful and welcoming environment for its membership, representatives, and other guests, it does not by this Code of Conduct or any other act, voluntarily assume a duty to do so, except as otherwise required by federal, state, or local law.

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ARTICLE IV **DELEGATES**

Section 1. Delegates. Regular member County Retirement Systems shall be entitled to one (1) voting delegate. The delegate shall be designated in writing by the County Retirement Board and shall be a regular member from the member County Retirement System consistent with Article III, Section 1(~~#A~~) herein.

Section 2. Alternate Delegates. Alternate delegates may be designated in writing by the member County Retirement Board.

Section 3. Voting by Delegates/Alternative Delegates. Voting delegates serve as a proxy for their respective County Retirement System. The delegate or alternative delegate shall vote as directed by their respective County Retirement System.

Section 4. Credentials. Credentials for the delegates who are voting participants shall be filed with the Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials shall include the names of the member County Retirement System, the delegate and alternate delegates, if any, consistent with Article IV, Sections 1 and 2 of these Bylaws.

ARTICLE V **MEMBER MEETINGS**

Section 1. Regular Meetings. The membership shall meet to conduct SACRS business once in the Spring and once in the Fall of each calendar year. These meetings shall be referred to as regular meetings.

Section 2. Special Meetings. Special meetings of the membership may be called by (i) a resolution of the membership at a meeting~~;~~ or (ii) a majority vote of the Board.

Section 3. Site Selection for Meetings. The meeting sites shall be designated by the Board.

Section 4. Agenda for Business Meetings. The Board shall be responsible for the final agenda of all SACRS meetings. The business meeting agendas shall be mailed by first-class postage or provided by Electronic Transmission (as defined in ~~Section 2 of~~ Article XVII, Section 2) to all members no later than ten (10) days prior to any meeting.

Section 5. Quorum. The presence of eleven (11) credentialed delegates (as defined in Article IV, Section 4) shall constitute a quorum for the transaction of business at all SACRS meetings. If, however, the attendance at any SACRS meeting, whether in person or by proxy, is less than one-third (1/3) of the voting power, the members may vote only on those matters specified in the

meeting agenda described in Article V, Section 4 herein. Meetings may be restricted to regular members only by a majority vote of the quorum present.

Section 6. Voting. Voting at meetings of SACRS shall be the exclusive privilege of the delegates or alternate delegates. Voting delegates or alternate delegates must have proper credentials on file consistent with Article IV, Section 34 herein prior to voting. Each delegate or alternate delegate may cast one (1) vote on each matter submitted to vote of the members. Voting shall be by open roll-call. A simple majority vote of the quorum present shall pass all issues considered by the regular membership unless otherwise specified in the Articles of Incorporation or these Bylaws. A roll-call vote of delegates and alternate delegates shall decide any voice vote in doubt by the regular members present.

Section 7. Proxy. A delegate may issue his or her proxy to an alternate delegate from the same member County Retirement System. All proxies must be in writing, signed and filed with the Credentials Committee prior to voting.

Section 8. Procedures. All meetings of SACRS shall be governed by Robert's Rules of Order unless other rules are specifically provided herein. The rules shall be interpreted at meetings, as necessary, by a parliamentarian appointed by the President prior to the first order of business.

Section 9. Resolutions. Any regular, associate and non-profit member may submit resolutions for consideration by the regular membership at any ~~meetings~~meeting. Submission of such resolutions shall be made in writing and sent by certified mail to the President at least thirty (30) days prior to any meeting of SACRS ~~at which the proposed resolution is to be considered for a vote. The President shall provide a sufficient number of legible copies of the proposed resolutions to allow delegates and alternate delegates to receive one (1) copy each before voting. Additional copies shall be made available to the membership at meetings.~~

~~Any resolution not so submitted shall first, in order to be considered by the membership, obtain a consent vote for introduction of two thirds (2/3) of the voting delegates or alternate delegates present at the session at which such resolution is to be offered from the floor. The member requesting such consent shall have a sufficient number of legible copies of such proposed resolution available, so that the delegates and alternate delegates present may receive one (1) copy each thereof before any vote is taken. The foregoing shall not bar the introduction of resolutions formulated by and originating with the President, or the Board, or at the request of a majority of the members of the Board, or by any standing committee.~~

Section 10. Travel Expenses. The travel expenses incurred by officers and committee members may be reimbursed ~~according to~~ in accordance with the current SACRS travel policy.

ARTICLE VI
OFFICERS

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Section 1. Officers. The officers of SACRS, upon being elected, shall ~~comprise~~serve on the Board. The officers of SACRS shall be the President, the Vice-President, the Secretary, and the Treasurer, ~~and the immediate Past President.~~

Section 2. Election, and Qualification and Term of Office. The officers of SACRS shall be regular members of SACRS. The officers shall be elected pursuant to the procedure described in Article VIII, Section 2 by a majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year ~~and shall hold office for one (1) year and until a successor is elected.~~

Section 3. Resignation of Officers. Any officer may resign ~~at any time by giving written notice pursuant to the Board or to the President or Secretary of SACRS. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The provisions of this procedure described in Article VIII, Section 37, however said Article VIII, Section 7 shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board relating to the employment of any officer of SACRS.~~

~~**Section 4. Officer Elections.** Any regular member may submit nominations for the election of officers to the Nominating Committee, provided the Nominating Committee receives those nominations prior to February 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election. Prior to March 1 and subsequent to verification of interest, the Nominating Committee shall report its recommended ballot to each regular member County Retirement System.~~

~~The board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee's final ballot, provided the Nominating Committee receives those write-in candidates prior to March 25.~~

~~The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.~~

~~The administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS officers on his or her board agenda. The administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.~~

~~Officer elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform with Article V, Section 6 and 7 of these Bylaws.~~

~~Newly elected officers shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.~~

~~**Section 5.**~~ **Section 4. President.** The President shall be the Chief Executive Officer of SACRS and shall preside over all membership meetings and Board meetings. The President shall appoint committee members ~~and~~subject to the approval of the Board, and shall serve as an ex-officio

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member of all committees with the exception of the Nominating Committee. The President shall be responsible for the general administration of SACRS ~~in the absence of the membership.~~

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Section 65. Vice-President. The Vice-President shall, in the absence or inability of the President, perform the duties of the President.

Section 76. Secretary. The Secretary shall keep, prepare and publish prior to the next immediate regular meeting an accurate record of the proceedings of all SACRS meetings defined under Article V herein. In addition, the Secretary, ~~together with the SACRS' Administrator,~~ shall prepare and maintain a current list of members in good standing.

Section 87. Treasurer. The Treasurer shall be the Chief Financial Officer of SACRS. The Treasurer shall act as custodian of all funds and financial records of SACRS; collect, deposit and disperse funds consistent with SACRS direction; prepare and present a written detailed financial report at each meeting of SACRS.

~~**Section 9.** Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.~~

ARTICLE VII BOARD ADVISORS

Section 1. Chair of Affiliate Committee. The Chair of the Affiliate Membership Committee shall serve as ~~a non-voting~~ advisor and/or consultant to the Board for educational (not legislative) purposes.

Section 2. Vice Chair of Affiliate Committee. The Vice Chair of the Affiliate Membership Committee shall, in the absence or inability of the Chair of the Affiliate Committee, perform the duties of the Chair.

Section 3. Members of the Board. Neither the Chair nor the Vice Chair of the Affiliate Membership Committee is a member of the Board.

ARTICLE VIII BOARD OF DIRECTORS

~~**Section 1.**~~ **Section 1.** Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.

A. Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.

B. Two (2) Regular Members. Two (2) regular members shall also be members of the Board with full voting rights.

Section 2. Elections of Directors. Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year (if March 1 is not a Business Day, then nominations must be received by the Nominating Committee no later than noon on the immediately next Business Day). Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor, on the day of the election shall not be accepted.

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

Section 3. General Powers. Subject to limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of SACRS shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of SACRS to any person, persons, management company, or committees however composed, provided that the activities and affairs of SACRS shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

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Section 24. Special Powers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a)A. To select and remove all the agents and employees of SACRS, prescribe powers and duties for them as ~~may not be inconsistent~~are consistent with law, the Articles of Incorporation or these Bylaws, and fix their compensation, ~~and require from them security for faithful service.~~

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(b)B. To conduct, manage, and control the affairs and activities of SACRS and to make such rules and regulations that are ~~not inconsistent~~consistent with the law, the

Articles of Incorporation, or these Bylaws, as they may deem best, including, but not limited to, executing all motions, resolutions, association positions and/or direction passed on by the membership at any meeting.

~~(c)C.~~ To ~~borrow money and~~ incur indebtedness, including but not limited to extensions of credit, for the purposes of SACRS, and to cause to be executed and delivered, in SACRS' name, ~~promissory notes, bond, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities.~~

~~(d)D.~~ To change the principal office ~~or the principal business office~~ of SACRS in Sacramento County, California, from one location to another.

~~E.~~ ~~To adopt, make, and use a corporate seal and to alter the form of the seal from time to time, as determined by the Board.~~

~~(f)E.~~ To accept on behalf of SACRS any contribution, gift, bequest, or devise for the social welfare purposes of SACRS.

~~(g)E.~~ To report to the regular membership, in writing, as soon as possible, all actions taken by the Board under this Article VIII.

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Section 35. Term. The Directors, ~~as the officers of SACRS,~~ shall hold office for one (1) year and until a successor Director has been designated and qualified.

Section 46. Vacancies. Vacancies on the Board shall exist in the event of:

~~(a)A.~~ the death, resignation or removal of any Director;

~~(b)B.~~ the declaration by resolution of the Board of a vacancy in the office of a Director who has been (i) declared of unsound mind by a final order of a court; (ii) convicted of a felony; (iii) found by a final order of judgment of any court to have breached any duty arising under Article 3 of the California Nonprofit Public Benefit Corporations Law; or (iv) ~~the Director has been~~ absent without good cause, as determined by the remaining Directors, from regular Board meetings for either two (2) consecutive meetings or four (4) meetings in any one twelve (12) month period; and

~~(c)C.~~ the vote of a majority of the delegates or alternate delegates to remove the Director(s).

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Except for a vacancy created by the removal of a Director by the delegates and alternate delegates, ~~when vacancies occur~~ occurring on the Board ~~such vacancies~~ may be filled by Board approval ~~of the Board~~ or, if the number of Directors then in office is less than a quorum, by the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to these Bylaws, or a sole remaining Director. The delegates and alternate delegates may fill any vacancy not filled by the Directors.

A person elected to fill a vacancy as provided by this Section shall hold office for the remaining term of the vacating Director, or until his or her death, resignation or removal from office.

Section 57. Resignation of Directors. Except as provided below, any Director may resign effective upon giving written notice to the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, the Board may appoint a successor ~~may be appointed by the Board~~ before such time, to take office when the resignation becomes effective and for the remaining term of the vacating Director. Except on notice to the California Attorney General, no Director may resign if the corporation would be left without a duly elected Director.

Section 68. Conflicts of Interest.

(a)A. All Directors ~~of the Board~~ shall comply with the disclosure requirements of California Corporation Code Section 5234 concerning transactions between SACRS and any other entity in which a Director is an officer or director; and

(b)B. SACRS will ~~make no loan of~~ not lend money or other property, or guarantee the obligation, of any Director or officer, except as authorized by California Corporation Code Section 5236.

Section 79. Compensation/Travel Policy. Directors shall serve without compensation ~~except that~~ however they ~~shall bear~~ allowed reasonable advancement or reimbursement for food and beverage, transportation, and lodging expenses incurred in the performance of their regular duties as specified in these Bylaws.

Section 810. Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of SACRS.

~~**Section 9.** Insurance for Corporate Agents. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of SACRS (including a Director, officer, employee or other agent) against any liability other than for violating provisions of law relating to self dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not SACRS would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law~~

11. Insurance for Corporate Agents. SACRS shall purchase and maintain Directors and Officers Insurance (D&O) and Errors and Omissions Insurance (E&O) on behalf of SACRS' Directors, officers, employee or other agents.

ARTICLE IX

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Place of Meeting. All Board meetings ~~of the Board~~ shall be held at ~~SACRS' office~~ SACRS' office or at such other place as may be designated for that purpose in the

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notice of the meeting or, if not stated in the notice or there is no notice, at such place as may be designated in the Bylaws or by resolution of the Board.

Section 2. Annual Meeting. Immediately following the election of the ~~officers~~Directors at the first meeting of the calendar year, the Board shall hold a general meeting for the purposes of conducting any business or transactions as shall come before the meeting. Other general meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

Section 3. Special Meetings. Special meetings of the Board for any purpose or purposes may be called by the President, the Secretary, or any two (2) or more Directors.

Section 4. Notice of Meetings. Written notice of the time and place of any special meeting shall be ~~delivered personally to each Director or sent to~~ given to each Director by ~~mail or other formone of written communication, charges~~ the following methods (i) personal delivery, (ii) first class mail, postage prepaid, ~~addressed to the Director either at his or her address as it is shown on the records or, if not readily ascertainable, to the place in which the Director meets as a regular member of a County Retirement System. Such notice, if mailed, shall be sent at least four (4) days prior to the time of holding the meeting. Said notice shall specify the purpose of the special meeting of the Board. In addition, (iii) telephone~~ (including a voice messaging system or other system or technology designed to record and communicate messages, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director), or (iv) Electronic Transmission, or other similar means of communication may be used to provide such notice. If given personally, or by telephone, Electronic Transmission, or other similar means of communication, such notice shall be provided at least forty eight (48) hours prior to the meeting. if the Director has consented to accept notice in this manner. All notices shall specify the purpose of the special meeting and shall be given or sent to the Director's address, phone number, facsimile number or e-mail address as shown on SACRS' records.

~~Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the next meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to Directors absent from the original meeting if the adjourned meeting is held more than twenty four (24) hours from the time of the original meeting.~~

Notices sent by first class mail shall be deposited into a United States mail box at least four (4) days prior to the time set the meeting. Notices given by personal delivery, telephone, voice messaging system, Electronic Transmission, or other similar means of communication shall be delivered at least forty-eight (48) hours prior to the time set for the meeting. Any notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director.

Section 5. Meeting by Telephone or Other Telecommunications Equipment. Any Board meeting may be held by conference telephone, video screen communication, or other

communications equipment. Participation in a meeting under this Section 5 shall constitute presence in person at the meeting if both the following apply:

- (a) Each member participating in the meeting can communicate concurrently with all other members; and
- (b) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Board.

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Section 6. Validation of Meeting. ~~The transactions~~ Transactions of the Board at any meeting, however called or noticed, or wherever held, shall be as valid as though the meeting had been properly called and noticed and duly held ~~after proper call and notice~~ if (i) a quorum is present, and ~~if~~ (ii) either before or after the meeting, each ~~voting~~ Director who was not present at the meeting signs a written waiver of notice ~~or, a~~ consent to the holding ~~of such~~ the meeting, or an approval of the minutes ~~thereof~~. All ~~such~~ waivers, consents or approvals shall be filed with the corporate records ~~and/or~~ made a part of the minutes of the meeting.

Section 7. Waiver of Notice. Notice of a meeting ~~needs~~ is not required to be given to any Director who (i) attends the meeting without protesting, before or at its commencement, about the lack of adequate notice, (ii) signs a waiver of notice or a written consent to holding the meeting, or (iii) signs an approval of the minutes ~~thereof~~, whether before or after the meeting, ~~or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.~~ All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. ~~At all meetings of the Board, a~~ A majority of the Directors present in person or pursuant to Article IX, Section 5 of this Article IX shall ~~be necessary and sufficient to~~ constitute a quorum for the transaction of business, except ~~to adjourn~~ as provided in Article IX, Section 11 of this Article IX. A meeting, at which a quorum is initially present, may continue to transact business notwithstanding the withdrawal of Directors as long as the action is approved by at least a majority of the required quorum for the meeting.

Section 9. Majority Action as Board Action. Every act or decision done or made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless ~~the greater number is expressly required by SACRS' Articles of Incorporation or Bylaws of SACRS, these Bylaw,~~ or provisions of the California Nonprofit Public Benefit Corporation Law, ~~particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a Director has a material financial interest (Section 5233) and indemnification of Directors (Section 5238(e)),~~ require a greater percentage or different voting rules for approval of a matter by the Board.

Section 10. Prohibition ~~Against~~ Voting by Proxy. Directors may not vote by proxy.

Section 11. Adjournment. A majority of the Directors present, whether or not constituting a quorum ~~is present~~, may adjourn any meeting to another time and place. Notice of the time and

place of holding an adjourned meeting need not be given to absent Directors if the time and place ~~is of the next meeting are~~ fixed at the ~~meeting adjourned, except that meeting and if the adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting.~~ Notice shall be given of any adjourned regular or special meeting to Directors absent from the original meeting if the meeting is adjourned for more than twenty-four (24) hours; ~~notice of the adjournment to another time and place shall be given prior to from~~ the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. ~~original meeting.~~

ARTICLE X POWERS OF COMMITTEES

Section 1. Powers of Committees. The committees described in these Bylaws shall have the authority described herein, and any additional authority of the Board to the extent provided in a Board resolution. Notwithstanding the preceding sentence, no committee may do the following:

- ~~(a)~~A. Take any final action on any matter that, under the California Nonprofit Corporation Law, also requires approval of the members or approval of a majority of all members;
- ~~(b)~~B. Fill vacancies on the Board or any committee of the Board;
- ~~C. Fix compensation of the Directors for serving on the Board or on any committee of the Board;~~
- ~~(d)~~C. Amend or repeal Bylaws or adopt new Bylaws;
- ~~(e)~~D. Amend or repeal any resolution of the Board that by its express terms cannot be amended or repealed by a committee;
- ~~(f)~~E. Create any other committees of the Board or appoint the members of committees of the Board; and
- ~~(g)~~F. Expend corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected.

Section 2. Ratification of Committee Activities. All activities and actions of the committees shall be reported to and ratified by the full Board at a duly scheduled Board meeting.

ARTICLE XI STANDING COMMITTEES

Section 1. Legislative Committee. The Legislative Committee shall be comprised of not less than three (3) members but not more than thirteen (13) members. The Legislative Committee Chair shall be appointed by the President, with Board approval. The Legislative Committee membership shall be appointed annually by the President, with Board approval, from names submitted from the Legislative Committee Chair, and shall be seated by September 1st. The President may remove Legislative Committee members who miss twenty-five percent (25%) or

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more of the Legislative Committee meetings in any given year. The Legislative Committee shall be responsible for the legislative activities of SACRS.

Section 2. Nominating Committee. The Nominating Committee shall be responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS. The Nominating Committee shall consist of the following five (5) members: (i) the immediate Past President ~~of SACRS~~; (ii) one (1) member of the Program Committee appointed by the Program Committee Chair; (iii) one (1) member of the Legislative Committee appointed by the Legislative Committee Chair; (iv) one (1) member of the Bylaws Committee appointed by the Bylaws Committee Chair; and (v) one (1) member of the Education Committee appointed by the Education Committee Chair.

~~The~~The immediate Past President shall serve as the Nominating Committee Chair. In the event the immediate Past President is unable to serve as the Nominating Committee Chair and there is no other qualified immediate Past President to serve in that capacity, the Chair of the Audit Committee shall appoint an alternate trustee (who satisfies the geographic diversity requirements in the immediately following paragraph) to chair the Nominating Committee.

To help ensure geographic diversity on the Nominating Committee, the immediate Past President and the Chairs of the Program Committee, the Legislative Committee, the Bylaws Committee and the Education Committee ~~Chairs shall appoint~~ shall ensure that (i) only one (1) representative from a system serves on the Nominating Committee (this prohibition also applies to the system represented by the immediate Past President); (ii) Committee Chairs do not serve on the Nominating Committee, and (iii) no one from their respective systems serves on the Nominating Committee.

The members of the Nominating Committee shall serve a two (2)-year term, and may reapply for appointment following a one (1)-year break. The members of the Nominating Committee may not run for an office.

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The Chairs of the Program Committee, the Legislative Committee, the Bylaws Committee and the Education Committee shall appoint members to the Nominating Committee, ~~as previously specified~~, no later than ninety (90) days prior to the second business meeting of SACRS each calendar year. ~~The immediate Past President shall serve as~~

If there is a vacancy on the Nominating Committee (other than the immediate Past President), the ~~Committee Chair. The Nominating Committee shall be~~ responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS ~~appointing the seat that is being or has been vacated shall submit the name of his or her appointee to the Board for its consideration and approval.~~

Section 3. Bylaws Committee. The Bylaws Committee shall be comprised of not less than three (3) members, with at least one (1) regular trustee member, ~~at least~~ one (1) regular administrative member, and one (1) ~~of whom may be an~~ associate member. ~~The president~~President shall appoint the Bylaws Committee Chair, with Board approval. The Bylaws Committee shall be comprised of appointees selected from names submitted by the Bylaws

Committee Chair, with Board approval, within forty-five (45) days after the President ~~takes office-is notified of the vacancy.~~ The Bylaws Committee shall be responsible for the maintenance of the Articles of Incorporation and the Bylaws.

Section 4. Program Committee. The Program Committee shall be comprised of not more than twenty-five (25) members from names submitted by the Program Committee Chair, with Board approval, and shall include the Education Committee Chair and Vice Chair and the Affiliate Committee Chair and Vice Chair.

The President shall fill mid-term vacancies, with Board approval, within forty-five (45) days of taking office. The President shall appoint the Program Committee Chair, with the approval of the Board, within forty-five (45) days of taking office. The Program Committee Chair shall serve a one (1) year term that expires on the last day of the Spring regular meeting. The President may remove Program Committee members missing twenty-five percent (25%) or more of the Program Committee meetings in any given year, with Board approval. If an Affiliate member changes their firm mid-term, he/she may be subject to committee membership review, with Board approval.

The Program Committee shall be responsible for the planning and ~~development of~~developing the SACRS conferences.

Participation on the committee includes:

Pre-conference planning; brainstorming content and topics for General and Concurrent sessions; recruitment of speakers and moderators for all conference sessions.~~Attend; and attending~~ quarterly Program Committee meetings, and as needed. Participation at conference includes;~~collection of; collecting~~ feedback forms, assisting the moderator with question and answer component during sessions; ~~coordination of~~coordinating the distribution of materials and; ~~participation~~participating at networking events.

Length of appointment to committee:

Committee members will serve ~~three (3)~~ year terms, ~~and~~ the terms are on a staggered basis of one (1), two (2) and three (3) year rotation. A committee member may reapply for appointment upon completion of his ~~or~~ her term. Ex-Officio members are exempt from the term limitation process. Terms end at the completion of the Fall Conference.

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Section 5. Audit Committee. The Audit Committee shall be comprised of two (2) regular members appointed by the Board from names submitted by the Audit Committee Chair within forty-five (45) days of the President taking office. The President shall appoint the Audit Committee Chair, with Board approval. Audit Committee members shall be familiar with auditing procedures; shall not receive, directly or indirectly, any consulting, advisory, or other compensatory fees from SACRS; and shall not be from the same County as SACRS' Treasurer. The Audit Committee shall be responsible for SACRS' audits, and its duties shall include, but shall not be limited to, the following:

- (a) A. Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) B. Negotiating the auditor's compensation;
- (c) C. Conferring with the auditor regarding SACRS' financial affairs; and
- (d) D. Reviewing and accepting or rejecting the audit.

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If SACRS establishes a finance committee, the Chair of the Audit Committee may not serve on such committee, nor may a majority of the members of the Audit Committee serve concurrently as members of such committee.

Section 6. Credentials Committee. The Credentials Committee shall be comprised of SACRS' Secretary as the Chair and SACRS' Treasurer who shall verify designated voting delegates at all meetings where a delegate vote is conducted.

Section 7. Affiliate Membership Committee. The Affiliate Membership Committee shall be comprised of nine (9) affiliate member delegates, appointed by the President to serve three (3)-year terms on a staggered basis. If a committee member becomes ineligible to serve or resigns, a successor may be appointed by the Board for the remaining term of the outgoing member. The Affiliate Membership Committee shall provide counsel and advice to the Board regarding educational (not legislative) activities, and shall represent the Affiliate membership. Additional information regarding the Affiliate Membership Committee is located in the Affiliate Member Guidelines, as amended September 15, 2015.

Section 8. Education Committee. The Education Committee shall be comprised of ~~at least three (3) but~~ not more than ~~nine (9)~~ ten (10) members ~~appointed from names submitted~~ by the Education Committee Chair, with Board approval. ~~Such~~ No two (2) members from the same system may be appointed to serve on the Education Committee at the same time. All appointments shall be made within forty-five (45) days of the President taking office. The President shall appoint the Education Committee Chair, with Board approval. ~~The President may remove Education Committee members who miss twenty five percent (25%) or more of the Education Committee meetings in any given year. The Education Committee shall be responsible for the educational activities of SACRS.~~

Participation on the Education Committee includes: Determining training needs of the SACRS community with input from the community itself through conference feedback and networking. Summary reports of feedback forms will be prepared by the Education Committee Chair and presented to the Board and Program Committee after each conference.

Meeting at each SACRS Conference, with additional meetings held as workload or needs require. Participating at conferences including review and summary of feedback forms at meetings, collection of feedback forms, and coordination of the distribution of materials.

Working closely with the Program Committee for pre-conference planning, brainstorming content and topics for general and concurrent sessions, and recruitment of speakers and moderators for all conference sessions.

Participating in subcommittees/workgroups as identified to address education/program issues needing specialized knowledge/focused efforts.

Attendance: Committee members accept the responsibility for carrying out the goals of the Education Committee when appointed, and meeting attendance is part of that responsibility. If a Committee member will be absent from a meeting, a written notice shall be submitted to the Committee Chair before the meeting date (email suffices as a written notice). If a Committee member is absent from two (2) consecutive regularly scheduled Committee meetings without providing notice to the Committee Chair, the Committee Chair may request that the President remove Education Committee members, with Board approval.

Length of appointment to the Education Committee. Members shall be reviewed by the Education Committee Chair every three (3) years. The President, with Board approval, may remove individuals if it is determined to be in the best interest of SACRS. Any member removed from the Education Committee may be eligible to be reappointed to the Education Committee following the next annual meeting at which the Board is elected.

Section 9. Resolutions Committee. The President may appoint a Resolutions Committee, comprised of regular members, to analyze proposed resolutions and make recommendations for adoption, rejection or amendment prior to consideration by the delegates and alternate delegates.

Section 10. Meetings and Action of Committees. ~~Meetings-Committee meetings and action of committees~~actions shall be governed by, noticed, held and taken in accordance with the provisions of ~~these Bylaws concerning meetings of the Board~~Article IX, with such changes in the context of ~~such Bylaw provisions~~Article IX as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings and special meetings of committees may be fixed by the Board or the committee. ~~Minutes~~The minutes of ~~each meeting shall be kept and all committee meetings~~ shall be filed with the corporate records. The Board may also adopt rules and regulations ~~pertaining to the conduct of~~for conducting ~~committee meetings of committees to the extent that such rules and regulations are not inconsistent~~consistent with the provisions of these Bylaws. ~~Any expenditure~~ Committee expenditures of SACRS funds ~~by a committee shall~~require prior ~~Board~~ approval ~~of the Board~~.

Section 11. Members Serving on Committees. ~~A member may not simultaneously serve on more than one (1) standing committee.~~

Section 12. System Representation on a Committee. ~~Each standing committee shall not have more than one (1) representative from each system.~~

ARTICLE XII **CORPORATE RECORDS AND SEAL**

Section 1. Maintenance of Corporate Records. SACRS shall keep at its principal office in ~~the State of~~ California:

~~(a)~~A. Minutes of all meetings of the Board and the committees, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

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~~(b)~~B. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses; ~~and~~

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~~(c)~~C. A copy of SACRS' Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours;

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~~**Section 2.** Corporate Seal. The Board may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of SACRS. Failure to affix the seal to SACRS instruments, however, shall not affect the validity of any such instrument.~~

~~D. Section 3A copy of its federal and state tax exemption application and determination letters, and, for the last three (3) years from their date of filing, its annual federal and state information returns. These documents shall be open to public inspection and copying to the extent required by the Code.~~

Section 2. Inspection Rights. Every Director and member shall have the right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of SACRS.

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Section 4.3 Right to Copy and Make Extracts. Any inspection under the provisions of this Article may be made in person or by agent or attorney, and the right to inspection includes the right to copy and make extracts.

ARTICLE XIII **FISCAL YEAR AND ANNUAL AUDIT**

Section 1. Fiscal Year. The fiscal year of SACRS shall be July 1 ~~through~~ June 30.

Section 2. Annual Audit. There shall be an annual audit of SACRS.

ARTICLE XIV **INDEMNIFICATION**

Section 1. Indemnification. SACRS may, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or hereafter in effect, indemnify each person who is or was a Director or officer of SACRS against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct as Directors or officers, or by reason of the fact that any one or more of them is or was a Director

or officer of SACRS. "Proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorney's fees and any expenses of establishing a right to receive indemnification from SACRS.

ARTICLE XV
WINDING UP AND DISSOLUTION

Section 1. Irrevocable Dedication. ~~The SACRS' property of SACRS~~ is irrevocably dedicated to social welfare purposes. Upon the winding up and dissolution of SACRS, its assets remaining after payment or adequate provision for payments of all debts and obligations of SACRS shall be distributed in accordance with the plan of liquidation to an organization which is organized and operated exclusively for social welfare purposes and exempt from federal income tax under Section 501(c)(4) of the Code, as the Board may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if the organization carries on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

ARTICLE XVI
AMENDMENTS

Section 1. Amendment of Articles of Incorporation and Bylaws. Amendments to the Articles of Incorporation and Bylaws may be proposed by the Board ~~or~~, any regular member of SACRS, or ~~by~~ any standing committee. Proposed amendments shall be submitted in writing by certified mail to the President at least sixty (60) days before any meeting of SACRS. The President shall submit the proposed amendments to the membership at least thirty (30) days before any meeting of SACRS. A two-thirds (2/3) vote of a quorum present at any meeting of SACRS is required to adopt an amendment.

Section 2. Certain Amendments. Notwithstanding ~~Section 1 of this~~ Article XVI, Section 1, SACRS shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation relating to the name and address of its initial agent, except to correct an error in such statement or to delete such statement after SACRS has filed a "Statement of Information" pursuant to Section 6210 of the California Nonprofit Corporation Law.

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ARTICLE XVII
CONSTRUCTION AND DEFINITIONS

Section 1. Construction and Definitions. Except as provided in these Bylaws and/or unless the context requires otherwise, the general provisions, rules of construction, and definitions of the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both SACRS and the natural person.

Section 2. Specific Definitions. For purposes of these Bylaws, the following terms have the following meanings specified:

A. Business Day. Any day other than a Saturday, Sunday, or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed.

B. Electronic Transmission. Notice given by SACRS by Electronic Transmission shall be valid only if:

(1) ~~(a)~~ —delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with SACRS; (ii) posting on an electronic message board or network that SACRS has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (iii) other means of electronic communications;

(2) ~~(b)~~ —to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and

(3) ~~(c)~~ —that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notwithstanding the foregoing, an Electronic Transmission by SACRS to a recipient is not authorized unless, in addition to satisfying the requirements of this ~~Section 2~~**Subsection B**, the transmission satisfies the requirements applicable to consumer consent to electronic record as set forth in the Electronic Signatures in Global and National Commerce Act (15 United States Code Section 7001(c)(1)). Notice shall not be given by Electronic Transmission by SACRS after either of the following: (i) SACRS is unable to deliver two (2) consecutive notices to the recipient by that means, or (ii) the inability so to deliver the notices to the recipient becomes known to the Secretary or any other person responsible for the giving of the notice.

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CERTIFICATE OF THE SECRETARY

I, the undersigned, do hereby certify that:

1. I am the Secretary of the State Association of County Retirement Systems, a California nonprofit public benefit corporation (“SACRS”); and
2. The foregoing is a true and correct copy of the Bylaws of SACRS and that such Bylaws were duly adopted by the Board of Directors on May 13, 2016.

IN WITNESS WHEREOF, I have hereunto subscribed and affixed my name on _____, 2017.

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