



Executive Staff:

Eric Stern
Chief Executive Officer

Margo Allen
Chief Operations Officer

Steve Davis
Chief Investment Officer

Keith Riddle
Chief Benefits Officer

Timothy Taylor
Chief Technology Officer

Jason Morrish
General Counsel

MINUTES

REGULAR MEETING OF THE BOARD OF RETIREMENT

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Members of the Board of Retirement:

James Diepenbrock, President
Appointed by the Board of Supervisors

Robert Aguallo, Jr., Vice President
Appointed by the Board of Supervisors

Keith DeVore
Appointed by the Board of Supervisors

Ronald Suter
Appointed by the Board of Supervisors

Chad Rinde
Ex Officio, Director of Finance

Alina Mangru
Elected by the Miscellaneous Members

M. Tapa Banda
Elected by the Miscellaneous Members

Jack Noble
Elected by the Safety Members

Chris Giboney
Elected by the Safety Members (Alternate)

Martha Hoover
Elected by the Retired Members

Dave Irish
Elected by the Retired Members (Alternate)

WEDNESDAY, April 17, 2024

10:00 A.M.

**Location: SCERS Board Room
980 9th Street, 19th Floor
Sacramento, California 95814**

Live-stream at www.scers.gov

OPEN SESSION

Item 1. Call to Order/Roll Call

Board Member DeVore called the meeting to order at 10:00 a.m. Eric Stern, Chief Executive Officer, took roll call.

Board Members Present: DeVore, Suter, Rinde, Mangru, Banda, Giboney, Hoover, Irish.

Board Members Absent: Aguallo, Diepenbrock, Noble.

Also present: Eric Stern, Chief Executive Officer; Margo Allen, Chief Operations Officer; Steve Davis, Chief Investment Officer; Tim Taylor, Chief Technology Officer; Keith Riddle, Chief Benefits Officer; Jason Morrish, General Counsel; Jim Donohue, Deputy Chief Investment Officer; Vinny Ortega, Senior Office Specialist (c).

Board Member DeVore indicated that he called the meeting to order because both President Diepenbrock and Vice President Aguallo were absent, and Mr. Morrish had advised that any member of the Board could call the meeting to order for the purpose of immediately electing a President Pro Tem to preside during the day's session.

After discussion, a motion was made by Board Member Rinde, seconded by Board Member Suter, to nominate Board Member DeVore to act as President Pro Tem for the meeting. **(Adopted 7-0.)**

Item 2. Public Comment

None.

CONSENT MATTERS—Items 3–11:

A motion was made by Board Member Rinde, seconded by Board Member Giboney, to approve the recommendations on Consent Calendar Items 3-7, and 11. **(Adopted 7-0.)** Items 8, 9 and 10 were pulled for separate consideration as referenced below.

Item 3. Minutes of the March 20, 2024 Regular Meeting

Approve the minutes of the March 20, 2024 Board Meeting.

Item 4. Disability Retirement Applications

Adopt Staff's recommendations for the following Disability Retirement Applications:

- A. POMPEI, Rhonda (Deputy Clerk III, Superior Court): Grant a Service-connected Disability Retirement.

Item 5. Ratification of Service Retirement Application Approvals—March 2024

Ratify the service retirement applications that were finalized in March 2024.

Item 6. State Association of County Retirement Systems Legislative Update—April 2024

Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for April 2024.

Item 7. State Association of County Retirement Systems—Board of Directors Election

Approve the election of officers for the 2024-25 State Association of County Retirement Systems (SACRS) Board of Directors, as recommended by the SACRS Nominating Committee.

Item 8. Board Policies

Re-affirm the following policies with minor, non-substantive amendments:

- A. Missing Member/Beneficiary Location Policy
B. Recognized Retiree Organization Policy
C. Actuarial Funding Policy
D. Interest Crediting and Unallocated Earnings Policy

Board Member Rinde inquired about whether the proposed changes to the Actuarial Funding Policy impacted the actuarial discussion scheduled for later in the meeting. Mr. Stern, with assistance from Todd Tauzer and Andy Yeung of Segal, informed the Board that the changes were related but would not impact any actual decisions. A motion was then made by Board Member Rinde, seconded by Board Member Hoover, to approve the recommendations on Item 8. **(Adopted 7-0.)**

Item 9. Quarterly CEO Delegated Authority Expense Report—First Quarter 2024

Receive and file the Quarterly CEO Delegated Authority Expense Report for the quarter ended March 31, 2024.

Board Member Suter inquired about the reported amounts. Mr. Stern, with assistance from Ms. Allen, responded and added that further budgeting details would be reviewed later in the meeting during Item 16. A motion was then made by Board Member Suter, seconded by Board Member Giboney to approve the recommendation on Item 9. **(Adopted 7-0.)**

Item 10. Quarterly Investment Manager Compliance and Watch List Report—First Quarter 2024

Receive and file the Quarterly Investment Manager Compliance and Watch List Report for the quarter ended March 31, 2024.

Board Member Suter inquired about when SCERS receives payment for the redeemed investments being reported. Mr. Davis responded that receipt of proceeds is monitored depending on the investment and that, in one of the cases, full payment was expected by the end of the quarter. A motion was then made by Board Member Suter, seconded by Board Member Rinde, to approve the recommendation on Item 10. **(Adopted 7-0.)**

Item 11. Monthly Report of Investment Activity—March 2024

Receive and file the Monthly Report of Investment Activity for March 2024.

EXECUTIVE REPORTS:

Item 12. Chief Executive Officer’s Report (no action requested)

Mr. Stern indicated that there was nothing to report, and he was yielding his time to the Chief Investment Officer.

Item 13. Chief Investment Officer’s Report (no action requested)

Mr. Davis provided an update on preliminary returns for the first quarter of 2024 and indicated that Verus Advisory would present a total portfolio performance update at the May Board meeting. Mr. Davis further provided an update on contract discussions with Arrowstreet Capital and rebalancing of the general global equity allocation. Mr. Davis concluded by noting that investment staff travel is picking up again, with several investor conferences and manager meetings scheduled in the coming months.

Item 14. Chief Benefits Officer’s Report (no action requested)

Mr. Riddle reported that, as indicated in Agenda Item 5, the team processed 57 retirement applications in March. He further advised that SCERS is maintaining a steady pace during this peak season volume of applications.

Mr. Riddle reiterated from the last meeting that SCERS recently hired Kevin Fine as an intermittent employee who possesses a significant amount of experience in disability retirement application adjudication. With his onboarding, momentum in the processing of disability retirement applications should be restored after key employee departures in 2023. An uptick in Disability Retirement recommendations is anticipated in the coming months.

Mr. Riddle indicated that SCERS would be hosting a Pension Planning Webinar on Thursday, June 25, 2024 from 10:00 a.m. – 12:00 p.m.

ADMINISTRATIVE MATTERS:

Item 15. Actuarial Smoothing Options

Receive and file presentation from Segal regarding actuarial smoothing options.

Todd Tauzer and Andy Yeung of Segal presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Hoover, to receive and file the presentation from Segal regarding actuarial smoothing options. **(Adopted 7-0.)**

Item 16. Annual Budget for Fiscal Year 2024-25

Approve an annual budget of approximately \$21.5 million and 76 positions for fiscal year 2024-25.

Ms. Allen presented this item, with assistance from Mr. Stern. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Rinde, to approve the annual budget of approximately \$21.5 million and 76 positions for fiscal year 2024-25. **(Adopted 7-0.)**

Item 17. Quarterly Strategic Management Plan Report—First Quarter 2024

Receive and file Quarterly Strategic Management Plan Report for the quarter ended March 31, 2024.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Hoover, seconded by Board Member Rinde, to receive and file the Quarterly Strategic Management Plan Report for the quarter ended March 31, 2024. **(Adopted 7-0.)**

Item 18. Quarterly Technology Report—First Quarter 2024

Receive and file Quarterly Technology Report for the quarter ended March 31, 2024.

Mr. Taylor presented this item, with assistance from Mr. Stern. Following discussion, a motion was made by Board Member Mangru, seconded by Board Member Giboney to receive and file the Quarterly Technology Report for the quarter ended March 31, 2024. **(Adopted 7-0.)**

INVESTMENT MATTERS:

Item 19. Education: Private Equity and Private Credit Asset Classes

Receive and file presentations on Private Equity and Private Credit asset classes.

Mr. Davis presented this item, with assistance from Mr. Pearce. Following discussion, a motion was made by Board Member Mangru, seconded by Board Member Rinde to receive and file the presentations on Private Equity and Private Credit asset classes. **(Adopted 7-0.)**

OTHER MATTERS:

Item 20. Comments from Members of the Board of Retirement

Board Member Mangru, Board Member Hoover, and President Pro Tem DeVore complimented staff on the budget presentation.

Mr. Stern, with confirmation from Mr. Morrish, indicated that the closed session would be to discuss Item 21 only. Item 22 was withdrawn as a result of the Board's action on Item 4.

At 1:00 p.m., President Pro Tem DeVore called for closed session.

CLOSED SESSION

Item 21. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9(d)(2), this session shall be closed for the Board to discuss significant exposure to litigation to which SCERS may be a party in one (1) case.

Item 22. PERSONNEL MATTERS—EMPLOYEE DISABILITY RETIREMENT APPLICATIONS

Pursuant to Government Code Section 54957(b), this session shall be closed for the Board to discuss the employment of public employees, specifically, the disability retirement applicants referenced in Item 4, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

At 1:16 p.m., President Pro Tem DeVore reconvened the meeting in Open Session and stated that there was nothing to report on Item 21

ADJOURNMENT

President Pro Tem DeVore adjourned the meeting at 1:16 p.m.