



Executive Staff:

Annette St. Urbain
Interim Chief Executive Officer

Steve Davis
Chief Investment Officer

Robert L. Gaumer
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

Stephen Hawley
Chief Strategy Officer

MINUTES

SPECIAL MEETING OF THE BOARD OF RETIREMENT SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

**THURSDAY, NOVEMBER 30, 2017
10:00 A.M.**

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

Members of the Board of Retirement

Rick Fowler, President
Appointed by the Board of Supervisors

John B. Kelly, Vice President
Appointed by the Board of Supervisors

Keith DeVore, Vice President
Appointed by the Board of Supervisors

Steven L. Baird
Elected by the Miscellaneous Members

James A. Diepenbrock
Appointed by the Board of Supervisors

Ben Lamera
Ex Officio, Director of Finance

Alan Matr , CPA
Elected by the Miscellaneous Members

Kathy O'Neil
Elected by the Retired Members

Chris A. Pittman
Elected by the Safety Members

John Conneally
Elected by the Safety Members

Martha J. Hoover
Elected by the Retired Members

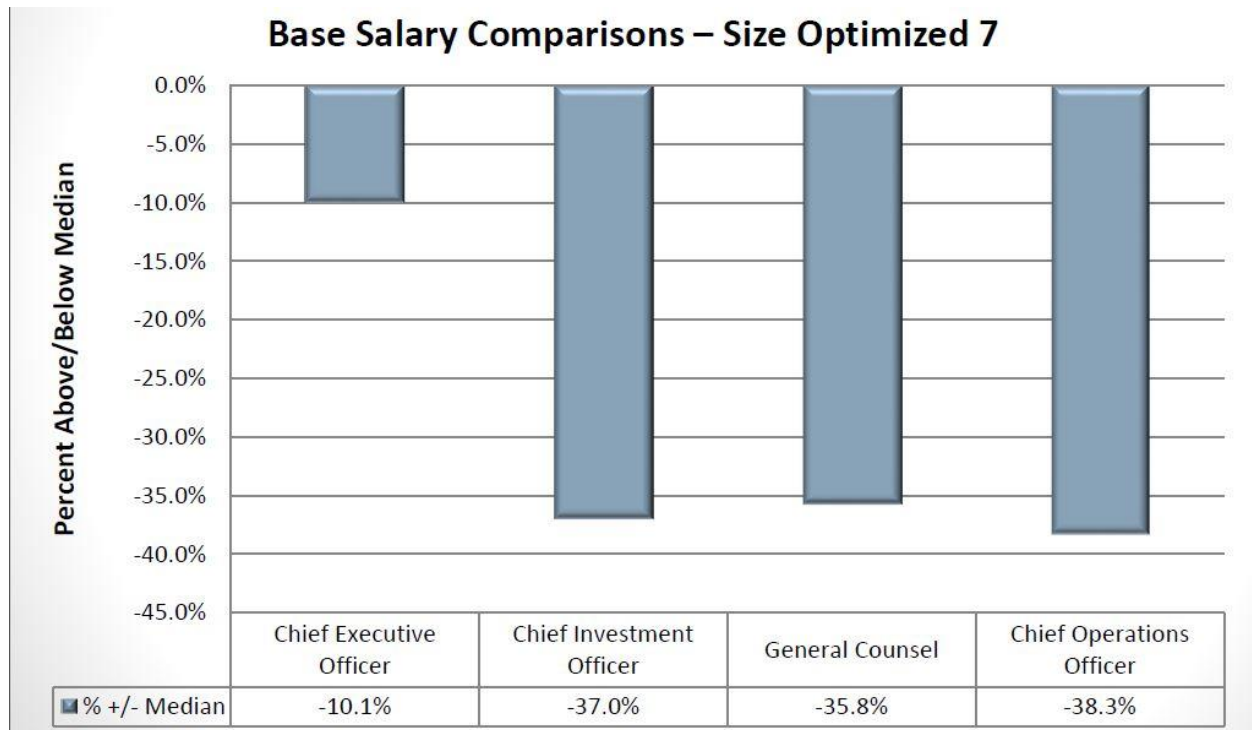
OPEN SESSION

- Item 1. Call to Order** - The meeting was convened at 10:04 a.m.
- Item 2. Public Comment** - None
- Item 3. Proposed Unrepresented Management Compensation Plan**

Doug Johnson of Ralph Andersen & Associates presented the results of the labor market survey and the compensation plan proposed by the Board's Ad Hoc Compensation Policy Committee ("the Committee").

Mr. Johnson opened with an overview of the objectives and reasoning for conducting a market survey before explaining the methodology used. The survey was completed applying the SCERS Compensation Policy that the Board approved on October 18, 2017. The policy defines seven size-optimized retirement systems in California as SCERS' labor market that include higher, similar, and lower economic areas.

The results of the survey for SCERS benchmark classes were presented as follows:



Mr. Johnson noted that in addition to base salary, benefits were also analyzed. It was found that while SCERS' insurance benefits are consistent with the labor market, SCERS' retirement benefit is significantly lower than the benefits for legacy members of reciprocal systems. Mr. Johnson noted that SCERS would need to pay a salary as much as 20% higher to equal the retirement benefits of most survey agencies' legacy benefit tiers. Benefits for employees who began public service in California after January 1, 2013, are comparable across labor market agencies.

After presenting the findings of the survey and analysis, the following salaries were recommended by Ralph Andersen as what is needed to bring compensation to market median. For all but the CEO position, the differences are significant because salaries have not been adjusted based on market in over ten years.

Job Title	Current Annual Max	Market Median (Benchmarks)	Recomm. Annual Max	Percent Change	Explanation for Adjustment
Chief Executive Officer	\$230,390	\$253,596	\$253,596	10.1%	Benchmark; set to market
Chief Investment Officer	\$176,728	\$242,195	\$242,195	37.0%	Benchmark; set to market
General Counsel	\$163,261	\$221,694	\$221,694	35.8%	Benchmark; set to market
Chief Operations Officer	\$150,315	\$207,948	\$207,948	38.3%	Benchmark; set to market
Chief Benefits Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer
Chief Strategy Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer
Deputy Chief Investment Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer

The Committee recommended that the Board increase the salaries for all but the CEO position by two-thirds of the difference between current and recommended as soon as possible, with the remaining one-third applied twelve months thereafter.

The Board was reminded that while the current control point on the CEO salary is \$230,400, the full salary range for the CEO position as approved in June 2017 has a maximum of \$253,695, which is at labor market median.

Discussion followed regarding internal position relationships, the proposed compensation plan and possible alternative implementation strategies. The Board also emphasized the importance going forward of the CEO evaluating the performance of the executive staff and ensuring performance is a consideration for future salary adjustments.

The Board unanimously modified its Compensation Policy to establish an internal relationship for the Deputy Chief Investment Officer (DCIO) salary range to be 15% below the Chief Investment Officer (CIO) salary range. The remaining non-benchmark classes will continue to have the same salary range as the Chief Operating Officer benchmark class. (7-0)

The Board unanimously modified the proposed compensation plan as follows:

Effective January 1, 2018, make an equity adjustment of 15% of the current salary for the CIO, set the Deputy CIO salary range at 15% below the adjusted CIO salary range, and make an equity adjustment of 10% of the current salary for all other unrepresented management positions (excluding the CEO); and

Effective July 1, 2018, make an equity adjustment of 10% of the salary then in effect for the CIO, set the Deputy CIO salary range at 15% below the adjusted CIO salary range, and make an equity adjustment of 5% of the salary then in effect for all other unrepresented management positions (excluding the CEO). (7-0)

Since there is an administrative process that must be followed to accomplish these salary adjustments, the intent is that when it is processed/approved, the first adjustment will be retroactive back to January 1, 2018.

Item 4. Proposed Performance Evaluation Process and Template for SCERS Chief Executive Officer

Doug Johnson and Interim CEO Annette St. Urbain presented the proposed process and template as recommended by the Committee. The presentation included an overview of the evaluation criteria, timetable, template, and document retention. Discussion followed. The Board noted that SCERS has some longer-term goals and the CEO performance evaluation needs to provide for assessing progress on longer-term goals for each evaluation period.

The Board unanimously approved the CEO Performance Evaluation Procedure and Template format as recommended by the Committee. (7-0)

The Board further directed that the new CEO propose definitions of target performance for each goal identified in the template for the first evaluation period, and submit for the Board's consideration and concurrence.

CLOSED SESSION

The Chair convened a closed session at 11:32 a.m. to discuss the Chief Executive Officer employment contract. The closed session adjourned at 11:54 a.m.

OPEN SESSION

No action was taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:55 a.m.

MEMBERS PRESENT: John B. Kelly, Keith DeVore, Steven L. Baird, Ben Lamera, Alan Matré, Kathy O'Neil, Chris Pittman, John Conneally, Martha Hoover and Rick Fowler presiding

MEMBERS ABSENT: James Diepenbrock

OTHERS PRESENT: Annette St. Urbain, Interim Chief Executive Officer; Robert L. Gaumer, General Counsel; Kathryn T. Regalia, Chief Operations Officer; Shannon Browning, Administrative Services Officer; Doug Johnson, Ralph Andersen & Associates; Eric Stern

Respectfully submitted,

/S/

Annette St. Urbain
Interim Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____ DATE: _____
Richard B. Fowler II, President