



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 7

MEETING DATE: December 20, 2017

SUBJECT: Resolution Delegating Authority to Enter into Private Credit Investments

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Staff recommends that the Board adopt the attached Resolution 2017-11 authorizing the President and the Chief Executive Officer to execute documents which may reasonably be required to complete a private credit investment on behalf of SCERS.

PURPOSE

To delegate the authority to Staff to enter into agreements which may reasonably be required to complete a private credit investment on behalf of SCERS.

DISCUSSION

When SCERS submits operational documents for acceptance into an alternative investment (such as Limited Partnership Agreement, side letter or subscription agreement) the investment fund manager will require proof that the person signing the documents has the authority to do so. Typically such authority is demonstrated by presenting the fund manager with a signed resolution from the governing body authorizing staff to invest a specified amount of money in the subject fund. For investments in public markets, SCERS is able to present such a Board resolutions to fund managers. However, due to the implementation protocol and delegation of authority to Staff to invest in the alternative investment asset class, the Board does not adopt such specific authorizing resolutions for each alternative investment. To replace the absence of a resolution, SCERS presents the fund manager with an Incumbency Certificate which sets forth the authority for either the Board President or Chief Executive Officer to sign contract documents. SCERS Staff has developed several specific Incumbency Certificates for the asset classes in which it invests: Private equity (attached for reference), Opportunity, Real Estate and Real Assets.

In May 2017, the Board approved investment in the private credit asset class. As a result, Staff needs to prepare a new “delegation resolution” authorizing Staff to execute documents required to complete a private credit investment. Resolution 2017-11, if adopted, would serve as the Incumbency Certificate for private credit.

ATTACHMENTS

Resolution 2017-11 delegating authority to Staff
Resolution 2011-02 for reference

Prepared by:

/S/

Robert L. Gaumer
General Counsel

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

RESOLUTION NO. SCERS 2017-11

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM TO
AUTHORIZE THE PRESIDENT OR CHIEF EXECUTIVE OFFICER TO
EXECUTE DOCUMENTS WHICH MAY BE REASONABLY REQUIRED TO
COMPLETE ANY PRIVATE CREDIT INVESTMENT**

WHEREAS, at its meeting on May 11, 2017, the Board voted to approve an implementation protocol ("Protocol") in order to delegate authority to SCERS' staff, in consultation with SCERS' investment consultants, to invest in private credit funds, as more particularly described in a memorandum from the Chief Executive Officer dated May 11, 2017; and,

WHEREAS, the Board adopted a Private Credit Investment Policy Statement to address the subject of the delegation of authority to staff to make such investments; and,

WHEREAS, the Board is confident that SCERS' staff and its consultants have the requisite knowledge and expertise to prudently invest in private credit funds on behalf of SCERS, and oversee a 12-month private credit investment plan to invest in private credit, as also adopted by the Board at its meeting held on June 21, 2017; and,

WHEREAS, the Protocol requires that staff make confidential reports systematically available to the Trustees as potential investments in private credit are identified, evaluated, negotiated, and documented in a manner that will permit any individual Trustee to address questions and concerns to the Chief Executive Officer, and also request review by the full Board prior to implementation of any investment; and,

WHEREAS, the Board also voted at its meeting on May 11, 2017 to authorize either the President or the Chief Executive Officer to execute any and all documents reasonably necessary to implement any private credit investment on behalf of SCERS under the Protocol, and now desires to clarify by this Resolution that either the President or Chief Executive Officer has been authorized to execute such documents on behalf of SCERS without further action of the Board;

NOW, THEREFORE, IT IS RESOLVED:

The President or Chief Executive Officer are authorized to execute any and all documents which may reasonably be required to complete any private credit investment on behalf of SCERS.

On motion made by Member _____, Seconded by Member _____, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 20th day of December, 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President of the Board of the
Sacramento County
Employees' Retirement System

ATTEST:

Secretary of the Board of the
Sacramento County
Employees' Retirement System

RESOLUTION NO. SCERS 2011-02

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM TO
AUTHORIZE THE PRESIDENT OR CHIEF EXECUTIVE OFFICER TO
EXECUTE DOCUMENTS WHICH MAY BE REASONABLY REQUIRED TO
COMPLETE ANY PRIVATE EQUITY INVESTMENT**

WHEREAS, at its meeting on May 19, 2011, the Board voted to approve an implementation protocol ("Protocol") in order to delegate authority to SCERS' staff, in consultation with SCERS' investment consultants, to invest in private equity funds, as more particularly described in a memorandum from the Chief Executive Officer dated May 13, 2011; and,

WHEREAS, the Board will eventually adopt a special Private Equity Investment Policy to address the subject of the delegation of authority to staff to make such investments, and it intends that the Protocol remain in effect until the Board does adopt such a Policy; and,

WHEREAS, the Board is confident that SCERS' staff and its consultants have the requisite knowledge and expertise to prudently invest in private equity funds on behalf of SCERS consistent with a sub-asset allocation to private equity, and a 12-month private equity plan to invest in private equity, as also adopted by the Board at its meeting held on May 19, 2011; and,

WHEREAS, the Protocol requires that staff make confidential reports systematically available to the Trustees as potential investments in private equity are identified, evaluated, negotiated, and documented in a manner that will permit any individual Trustee to address questions and concerns to the Chief Executive Officer, and also request review by the full Board prior to implementation of any investment; and,

WHEREAS, the Board also voted at its meeting on May 19, 2011 to authorize either the President or the Chief Executive Officer to execute any and all documents reasonably necessary to implement any private equity investment on behalf of SCERS under the Protocol, and now desires to clarify by this Resolution that either the President or Chief Executive Officer has been authorized to execute such documents on behalf of SCERS without further action of the Board;

NOW, THEREFORE, IT IS RESOLVED:

The President or Chief Executive Officer are authorized to execute any and all documents which may reasonably be required to complete any private equity investment on behalf of SCERS.

On motion made by Member O'Neil, Seconded by Member Gin, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 16th day of June, 2011, by the following vote:

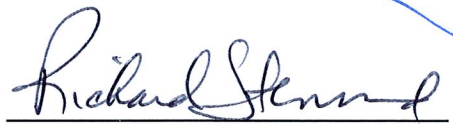
AYES: Diepenbrock, Gin, Valverde, Johnson, O'Neil,
Wolford-Landers, Woods

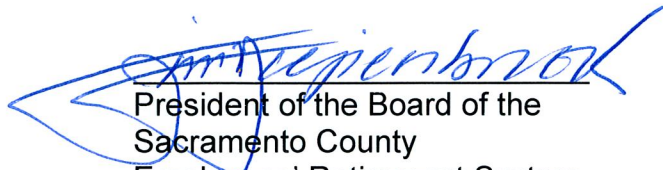
NOES: None

ABSTAIN: None

ABSENT: Kelly, Hickox

ATTEST:


Secretary of the Board of the
Sacramento County
Employees' Retirement System


President of the Board of the
Sacramento County
Employees' Retirement System