



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: December 20, 2017

SUBJECT: Affirmation of Existing SCERS Policies

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends that the Board, as part of Staff's effort to review, update and standardize all of SCERS' existing policies, affirm the attached policies.

PURPOSE

To collect, reformat, affirm and centralize all Board policies to ensure proper administration of SCERS and Board policy review and maintenance.

DISCUSSION

A policy represents the general principles by which an entity is guided in the management of its affairs. SCERS operates under many policies and procedures. They serve to guide the strategic direction as well as govern the day-to-day activities of the system. The Board adopts these policies to provide guidance to Staff to conduct SCERS business.

Policy generation generally follows a repeated process. Typically Staff identifies an activity or process that it believes that the Board should provide direction. Staff researches the issue, consults other systems that have addressed the issue, makes inquiries of its consultants if appropriate, and discusses potential solutions. Staff will analyze the information derived from this investigation and, considering how the Board has approached similar issues in the past, Staff will draft a proposed policy. The policy is then presented to the Board in an open meeting for discussion. The Board will either approve the proposed policy or provide further guidance to Staff. If the latter, Staff will revise the policy and bring it back at a subsequent meeting for Board approval. While SCERS has many current policies, the system does not have a comprehensive library of all the policies governing the system. Staff sought to remedy this situation.

Over the past couple of years, Staff has been collecting Board and Staff policies to create a library of all policies that govern SCERS' strategic, legal, administrative and operational

activities. In addition to collecting the policies, Staff sought to classify the policies into categories and identify the SCERS executive responsible for overseeing its application. Over the next few months, Staff will be bringing forth the collected policies to the Board to affirm and/or revise as appropriate. To begin this multi-meeting process, Staff wanted to start by identifying what it believed were the most straightforward policy affirmations. Straightforward includes simply updating the existing policy into the revised format that will be used for all policies going forward. The policies included in this agenda item all represent a longstanding policy being that is being re-formatted, verbatim into the new standard SCERS policy format. Several Attachments accompany this memorandum to assist the Board. The first is a brief summary of the policy transition. The next seven provide copies of the policies in the new standard SCERS policy format and in their current format. These are provided so the Board can confirm that the only changes being made are format changes.

BACKGROUND

The project began with Staff determining the universe of policies, then reviewing archive Board materials to identify when the policies were adopted or last revised by the Board. This provided the initial list of policies. Over the past year or so, when a new one has been identified, it has been added to the policy list. Staff now has what it believes is a comprehensive list of SCERS policies.

In compiling the list and collecting the policies, one thing became very evident: SCERS has policies that exist in many formats. A majority of policies were prepared as a separate policy document. However, there exists no uniform SCERS policy format. Some policies exist in the body of resolutions that were passed by the Board. Some exist in the form of memoranda that were presented to and adopted by the Board. Finally, some exist in the body of Board Meeting minutes that describe the decisions reached by the Board and then approved in the following meeting.

ATTACHMENTS

1. Summary of policy changes
2. Board Education Policy
3. Facilitating Communications by Third Parties to Retirees and Beneficiaries Policy
4. Subrogation Claims Policy
5. Post-Retirement Employment Policy
6. Board and Staff Trading Policy
7. Representation on Advisory Committees Policy
8. Placement Agent Policy

Prepared by:
/S/

Robert L. Gaumer
General Counsel

Reviewed by:
/S/

Eric Stern
Chief Executive Officer

ATTACHMENT 1

Board Education Policy

The policy was adopted by the Board on December 19, 2012, and it has remained unchanged since its adoption. Staff has reformatted the 2012 policy verbatim into the new SCERS policy format. Staff is requesting that the Board affirm the reformatted policy.

Facilitating Communications by Third Parties to Retirees and Beneficiaries Policy

The policy was adopted by the Board on October 16, 2013, and it has remained unchanged since its adoption. Staff has reformatted the 2013 policy verbatim into the new SCERS policy format. Staff is requesting that the Board affirm the reformatted policy.

Subrogation Claims Policy

The policy was adopted by the Board on December 18, 2008, and it has remained unchanged since its adoption. Staff has reformatted the 2008 policy verbatim into the new SCERS policy format. Staff is requesting that the Board affirm the reformatted policy.

Post-Retirement Employment Policy

The policy was adopted by the Board on June 17, 2015, and it has remained unchanged since its adoption. Staff has reformatted the 2015 policy verbatim into the new SCERS policy format. Staff is requesting that the Board affirm the reformatted policy.

Board and Staff Trading Policy

The policy was adopted by the Board on April 11, 2011, and it has remained unchanged since its adoption. Staff has reformatted the 2011 policy verbatim into the new SCERS policy format. Staff is requesting that the Board affirm the reformatted policy.

Representation on Advisory Committees Policy

The policy was adopted by the Board on January 18, 2007. Resolution 2007-02 amended the policy on October 18, 2012 and in Resolution 2012-15 and has remained unchanged since its 2015 amendment. Staff has transitioned the policy from the resolution format to SCERS' standard policy format. In doing so, minor format and clean-up changes occurred. Staff is requesting that the Board adopt the reformatted policy.

Placement Agent Policy

This policy, as adopted by the Board in June 18, 2009, was revised on June 17, 2010 to incorporate legislative changes made to the statute upon which it is based. It was revised again on July 20, 2016 to provide additional clarity regarding the definition of a placement agent. Staff has reformatted the 2016 policy into the new SCERS policy format, and recommends renaming the policy from the "Third Party Representation of and Fee Sharing by SCERS' Investment Managers" to "Placement Agent Policy".

"Third Party Representative" is a bit of a misnomer. As the Board recalls, SCERS created the policy as legislation was making its way through the California Legislature related to Placement Agent disclosure. SCERS labeled the disclosure requirements in the context of the traditional third party placement agent relationship (a third party acting as a liaison between an investment fund and an institutional investor). A year later the California Legislature passed the Placement Agent legislation that broadly defines "placement agent" to include internal staff of an investment firm who markets the firm's products to prospective investors. In California a placement agent includes employees of a fund that conduct market activities and do not spend at least 1/3 of their time managing the assets of the subject fund. In such situations, California requires that these employees be identified, any lobbying licenses be identified, and a resume and a description of their compensation be provided.

Labeling our Policy as "Third Party Representation" policy has raised numerous questions from investment managers that use internal staff to market their products. They consistently inquire why they have to disclose employees, when they clearly are not a Third Party Representative. Staff believes that renaming the policy will reduce such inquiries.

ATTACHMENT 2

BOARD EDUCATION POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

No proposed revisions

For affirmation by the Board on December 20, 2017

2 - POLICY AS ADOPTED BY THE BOARD

On December 19, 2012



BOARD EDUCATION POLICY

Revision Date: December 20, 2017	Policy Number: 004
Revision Number: 1	

PURPOSE

The purpose of this policy is to establish a Board Education Policy consistent with statutory requirements and the Board's Fiduciary Duty of Care or Prudence.

- A. To assure that all SCERS Board Members have access to the knowledge they need to prudently and effectively carry out their fiduciary and statutory duties.
- B. To assure that all SCERS Board Members possess a common base of knowledge relevant to pension fund administration, the investment of pension fund assets, and fiduciary practices sufficient to enable effective group discussion, debate and decision-making.
- C. To encourage all Board Members to seek and maintain up-to-date knowledge regarding the information necessary to prudently administer the retirement system.
- D. To establish a Board Education Policy that facilitates compliance with Section 31522.8 of the 1937 Act, which, effective January 1, 2013, requires Board Members to complete twenty-four (24) hours of Board Member education within the first two (2) years of assuming office, and for every subsequent two year period thereafter.

OBJECTIVE

This Board Education Policy sets forth principles and guidelines for introductory and ongoing educational activities for Board Members. The Policy does not impose a rigid approach to Board Member education or restrict permissible education to specific conferences or programs. Rather, the Policy establishes a framework for the subject matter, and types of sessions and programs, through which Board Members can develop the skills and knowledge necessary to effectively carry out their duties and responsibilities, recognizing that such information can be obtained in a variety of formats.

As a group, the SCERS Board will seek to bring a portfolio of skills and knowledge to the execution of their duties and responsibilities. While each Board Member is expected to have significant, relevant experience or expertise to contribute to the decisions made by the SCERS Board, it is further expected that each Board Member will possess a level of knowledge in all pertinent subjects addressed by the SCERS Board that is sufficient to allow the Board Member to participate meaningfully in discussion, debate and decision-making on the subject.

To that end, Board Members will pursue an appropriate level of education across a broad spectrum of public pension fund-related areas, rather than limiting their education to particular subjects. Board Members will also endeavor to gain knowledge that is consistent and appropriate with the SCERS Board's role as a high level, policy-setting and oversight body.

APPLICATION

Relevant subjects for Board Member education include, but are not limited to the following:

- Fiduciary responsibilities
- Effective governance practices;
- Institutional investment practices, asset allocation principles and investment program management;
- Actuarial analysis;
- Pension funding policy;
- Benefits structure and administration;
- Fiscal management;
- Regulatory and legal consideration; and
- Ethics.

Board Members may receive education in these and other relevant subjects through various formats including, but not limited to the following:

- External conferences, seminars, workshops, roundtables or similar programs (collectively, 'conferences');
- Courses and programs conducted by and/or through academic institutions;
- In-house educational presentations can take place at regular SCERS Board Meetings or at special sessions;
- Programs related to professional licensing requirements or obtaining/maintaining professional credentials;
- Training programs mandated by law, including ethics training and sexual harassment prevention training;
- Electronic media, including CD ROM-based education, Internet-based education and video-based education; and
- Relevant periodicals, journals, textbooks or similar materials.

On an ongoing basis, SCERS Staff will identify appropriate external educational opportunities and make information regarding such educational opportunities available to the SCERS Board. Standards for evaluating the appropriateness of a potential educational opportunity will include: (1) The extent to which the opportunity is expected to provide Board Members with the skills and knowledge they need to carry out their roles and responsibilities; (2) The timeliness and relevance of the education opportunity; (3) The extent to which the opportunity meets the requirements of this Policy; and (4) The cost-effectiveness of the education opportunity in light of travel, lodging, program cost and related expenses.

Board Members may also gain credit for educational activity based on writing an article for a qualified publication, or teaching or presenting educational information at a qualified conference or program, on the subjects noted in this Policy. Whether an article or presentation qualifies as an educational opportunity under this Policy will be determined, in the first instance, by the Chief Executive Officer. Upon request, such a determination may be reviewed by the SCERS Board.

The Chief Executive Officer will utilize his/her best professional judgment to determine the number of hours an educational opportunity qualifies for under this Policy. Upon request, a determination regarding the appropriateness of an education opportunity or the number of hours the education opportunity qualifies for may be reviewed by the SCERS Board.

Board Members will report quarterly on their education activities during the quarter, and if the education activity occurred outside of a SCERS Board Meeting, attest to the time spent on the activity and/or if the education opportunity included multiple sessions or was held over multiple days, the number of education sessions attended. SCERS Staff will prepare and present an annual report to each Board member regarding his/her education activities for the year.

Beginning January 1, 2013, Board Members will acquire a minimum of twenty-four (24) hours of Board Member education within the first (2) years of assuming office and for every subsequent two (2) year period thereafter. SCERS will maintain a record of Board Members compliance with the Board Education Policy. An annual compliance report and a copy of this Policy will be posted on the SCERS website.

A formal orientation program will be developed by the Chief Executive Officer for the benefit of new Board Members. The goal of the orientation program will be to help assure that new Board Members are in a position to effectively carry out their fiduciary and statutory duties as soon as possible upon joining the Board. The orientation program will focus on the subject areas noted in this Policy.

As part of the orientation process, new Board Members will be introduced to SCERS executive staff and provided with:

- A brief history and review of SCERS, including its mission and purpose;
- An overview of the role and expectation of Board Members;
- An overview of the organizational structure and the roles of Staff and key service providers (including investment consultants, actuary, investment managers, custodian, auditors and outside legal counsel);
- An overview of system operations and fiscal management;
- A summary of Board Member indemnity and fiduciary insurance protection;
- A summary of the actuarial status of the system, including actuarial assumptions and methodologies, funded status, funding policy, contribution rates, and member demographics;

- An overview of SCERS' investment program, including asset allocation, manager structure and investment performance;
- An overview of the benefit structure and benefit administration;
- An overview of fiduciary responsibility, conflict of interest and ethics guidelines;
- A summary of the laws and rules governing SCERS and the Board, including Open Meeting, Public Records, and financial disclosure laws;
- An overview of Board policies and practices;
- An overview of recent, current and emerging issues facing SCERS; and
- Information regarding decisions and actions of the SCERS Board over the previous twenty-four (24) months.

During the course of their first twenty-four (24) months on the SCERS Board, new Board Members will endeavor to attend and participate in extended programs focused on new Board Member training, the principles of pension fund management, and the principles of institutional investing.

BACKGROUND

Under Article XVI, Section 17 of the California Constitution, the SCERS Board has plenary authority and fiduciary responsibility for the investment of the SCERS pension trust and administration of the retirement system. Under the County Employees' Retirement Law, the SCERS Board and staff shall discharge their duties with respect to the retirement system with the care, skill, prudence and diligence that would be used by a prudent person, familiar with such matters.

This Board Education Policy ('Policy') is grounded in the SCERS Board's recognition there is a unique body of knowledge that is relevant to Board Members in carrying out their distinct roles and responsibilities, and that education in such matters is necessary for Board Members to successfully carry out their fiduciary and statutory duties.

This Board Education Policy also reflects the SCERS Board's affirmation that it is incumbent on each Board Member to achieve and maintain proficiency in matters central to the administration of the retirement system, the investment of retirement system assets, and prudent fiduciary practices.

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

Date	Description
12/20/2017	<i>Board to affirm in revised policy format</i>
12/19/2012	Board approved new policy



Executive Staff:

Richard Stensrud
Chief Executive Officer

Scott Chan
Chief Investment Officer

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

Members of the Board of Retirement

James A. Diepenbrock, President
Appointed by the Board of Supervisors

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

William D. Johnson, Second Vice President
Elected by the Safety Members

Keith DeVore
Appointed by the Board of Supervisors

Richard B. Fowler II
Appointed by the Board of Supervisors

Diana Gin
Elected by the Miscellaneous Members

Kathy O'Neil
Elected by the Miscellaneous Members

Julie Valverde
Ex Officio, Director of Finance

Nancy Wolford-Landers
Elected by the Retired Members

John Conneally
Elected by the Safety Members

Michael DeBord
Elected by the Retired Members

BOARD EDUCATION POLICY

Purpose of the Policy:

Under Article XVI, Section 17 of the California Constitution, the SCERS Board has plenary authority and fiduciary responsibility for the investment of the SCERS pension trust and administration of the retirement system. Under the County Employees' Retirement Law of 1937 ('1937 Act'), the SCERS Board and staff shall discharge their duties with respect to the retirement system with the care, skill, prudence and diligence that would be used by a prudent person, familiar with such matters.

This Board Education Policy ('Policy') is grounded in the SCERS Board's recognition there is a unique body of knowledge that is relevant to Board Members in carrying out their distinct roles and responsibilities, and that education in such matters is necessary for Board Members to successfully carry out their fiduciary and statutory duties.

This Board Education Policy also reflects the SCERS Board's affirmation that it is incumbent on each Board Member to achieve and maintain proficiency in matters central to the administration of the retirement system, the investment of retirement system assets, and prudent fiduciary practices.

Objectives:

- A. To assure that all SCERS Board Members have access to the knowledge they need to prudently and effectively carry out their fiduciary and statutory duties.
- B. To assure that all SCERS Board Members possess a common base of knowledge relevant to pension fund administration, the investment of pension fund assets, and fiduciary practices sufficient to enable effective group discussion, debate and decision-making.

- C. To encourage all Board Members to seek and maintain up-to-date knowledge regarding the information necessary to prudently administer the retirement system.
- D. To establish a Board Education Policy that facilitates compliance with Section 31522.8 of the 1937 Act, which, effective January 1, 2013, requires Board Members to complete twenty-four (24) hours of Board Member education within the first two (2) years of assuming office, and for every subsequent two-year period thereafter.

Principles and Guidelines:

This Board Education Policy sets forth principles and guidelines for introductory and ongoing educational activities for Board Members. The Policy does not impose a rigid approach to Board Member education or restrict permissible education to specific conferences or programs. Rather, the Policy establishes a framework for the subject matter, and types of sessions and programs, through which Board Members can develop the skills and knowledge necessary to effectively carry out their duties and responsibilities, recognizing that such information can be obtained in a variety of formats.

As a group, the SCERS Board will seek to bring a portfolio of skills and knowledge to the execution of their duties and responsibilities. While each Board Member is expected to have significant, relevant experience or expertise to contribute to the decisions made by the SCERS Board, it is further expected that each Board Member will possess a level of knowledge in all pertinent subjects addressed by the SCERS Board that is sufficient to allow the Board Member to participate meaningfully in discussion, debate and decision-making on the subject.

To that end, Board Members will pursue an appropriate level of education across a broad spectrum of public pension fund-related areas, rather than limiting their education to particular subjects. Board Members will also endeavor to gain knowledge that is consistent and appropriate with the SCERS Board's role as a high level, policy-setting and oversight body.

Relevant subjects for Board Member education include, but are not limited to the following:

- Fiduciary responsibilities;
- Effective governance practices;
- Institutional investment practices, asset allocation principles and investment program management;
- Actuarial analysis;
- Pension funding policy;
- Benefits structure and administration;

- Fiscal management;
- Regulatory and legal considerations; and
- Ethics.

Board Members may receive education in these and other relevant subjects through various formats including, but not limited to the following:

- External conferences, seminars, workshops, roundtables or similar programs (collectively, 'conferences');
- Courses and programs conducted by and/or through academic institutions;
- In-house educational presentations by external consultants, service providers, SCERS Staff or others. Such presentations can take place at regular SCERS Board Meetings or at special sessions;
- Programs related to professional licensing requirements or obtaining/maintaining professional credentials;
- Training programs mandated by law, including ethics training and sexual harassment prevention training;
- Electronic media, including CD ROM-based education, Internet-based education and video-based education; and
- Relevant periodicals, journals, textbooks or similar materials.

On an ongoing basis, SCERS Staff will identify appropriate external educational opportunities and make information regarding such educational opportunities available to the SCERS Board. Standards for evaluating the appropriateness of a potential educational opportunity will include: (1) The extent to which the opportunity is expected to provide Board Members with the skills and knowledge they need to carry out their roles and responsibilities; (2) The timeliness and relevance of the education opportunity; (3) The extent to which the opportunity meets the requirements of this Policy; and (4) The cost-effectiveness of the education opportunity in light of travel, lodging, program cost and related expenses.

Board Members may also gain credit for educational activity based on writing an article for a qualified publication, or teaching or presenting educational information at a qualified conference or program, on the subjects noted in this Policy. Whether an article or presentation qualifies as an educational opportunity under this Policy will be determined, in the first instance, by the Chief Executive Officer. Upon request, such a determination may be reviewed by the SCERS Board.

The Chief Executive Officer will utilize his/her best professional judgment to determine the number of hours an educational opportunity qualifies for under this Policy. Upon request, a determination regarding the appropriateness of an education opportunity or the number of hours the education opportunity qualifies for may be reviewed by the SCERS Board.

Board Members will report quarterly on their education activities during the quarter, and if the education activity occurred outside of a SCERS Board Meeting, attest to the time spent on the activity and/or if the education opportunity included multiple sessions or was held over multiple days, the number of education sessions attended. SCERS Staff will prepare and present an annual report to each Board Member regarding his/her education activities for the year.

Beginning January 1, 2013, Board Members will acquire a minimum of twenty-four (24) hours of Board Member education within the first two (2) years of assuming office and for every subsequent two (2) year period thereafter. SCERS will maintain a record of Board Member compliance with the Board Education Policy. An annual compliance report and a copy of this Policy will be posted on the SCERS website.

A formal orientation program will be developed by the Chief Executive Officer for the benefit of new Board Members. The goal of the orientation program will be to help assure that new Board Members are in a position to effectively carry out their fiduciary and statutory duties as soon as possible upon joining the Board. The orientation program will focus on the subject areas noted in this Policy.

As part of the orientation process, new Board Members will be introduced to SCERS executive staff and provided with:

- A brief history and review of SCERS, including its mission and purpose;
- An overview of the role and expectations of Board Members;
- An overview of the organizational structure and the roles of Staff and key service providers (including investment consultants, actuary, investment managers, custodian, auditors and outside legal counsel);
- An overview of system operations and fiscal management;
- A summary of Board Member indemnity and fiduciary insurance protection;
- A summary of the actuarial status of the system, including actuarial assumptions and methodologies, funded status, funding policy, contribution rates, and member demographics;
- An overview of SCERS' investment program, including asset allocation, manager structure and investment performance;
- An overview of the benefit structure and benefit administration;

- An overview of fiduciary responsibility, conflict of interest and ethics guidelines;
- A summary of the laws and rules governing SCERS and the Board, including Open Meeting, Public Records, and financial disclosure laws;
- An overview of Board policies and practices;
- An overview of recent, current and emerging issues facing SCERS; and
- Information regarding decisions and actions of the SCERS Board over the previous twenty-four (24) months.

During the course of their first twenty-four (24) months on the SCERS Board, new Board Members will endeavor to attend and participate in extended programs focused on new board member training, the principles of pension fund management, and the principles of institutional investing.

This Board Member Education Policy will be reviewed and updated on an as-needed basis.

ATTACHMENT 3

**FACILITATING COMMUNICATIONS BY THIRD
PARTIES TO RETIREES AND BENEFICIARIES POLICY**

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

No proposed revisions

For affirmation by the Board on December 20, 2017

2 - POLICY AS ADOPTED BY THE BOARD

On October 16, 2013



FACILITATING COMMUNICATIONS BY THIRD PARTIES TO RETIREES AND BENEFICIARIES POLICY

Revision Date: December 20, 2017	Policy Number: 006
Revision Number: 1	

PURPOSE

The purpose of this Policy is to provide when, how, and why the Sacramento County Employees' Retirement System ("SCERS") will facilitate written communication by third parties with SCERS' retirees and beneficiaries through the use of individually identifying retiree and beneficiary information such as names and addresses.

POLICY

SCERS will facilitate written communication by third parties with SCERS' retirees and beneficiaries in certain, limited situations, and with certain mandatory procedures and controls.

It is recognized that SCERS' plan sponsor--Sacramento County--and SCERS' other participating employers, may, from time to time, have a legitimate interest and need to send written communication to retirees and beneficiaries. In such a case, SCERS will facilitate delivery of the written communication to retirees and beneficiaries, subject to the other provisions in this policy, including measures to protect confidentiality and provide cost reimbursement.

It is further recognized that the Sacramento County Retired Employees' Association (SCREA), pursuant to section 31596.2, may also have a legitimate interest and need to send written communication to retirees and beneficiaries.

As with written communication by a participating employer, SCERS will facilitate delivery of written SCREA communication to retirees and beneficiaries, subject to the other provisions in this policy, including measure to protect confidentiality and provide cost reimbursement. Except in extraordinary and appropriate circumstances, SCERS will not facilitate written communication with retirees and beneficiaries by a third party other than a participating employer or SCREA. In any such case, the decision to facilitate the written communication must be made by the SCERS Board.

An example of such an exception would be in the context of a SCERS Board election. If requested by a duly qualified candidate in such an election, SCERS will facilitate written communication with retirees and beneficiaries by the candidate, subject to the same terms and condition applicable to written communication from participating employers or SCREA as set forth in this policy.

APPLICATION

Protecting the Confidentiality of Retiree/Beneficiary Information

In any case where SCERS determines that it is appropriate to facilitate written third party communication with retirees and beneficiaries, SCERS will take reasonable steps to protect the confidentiality of individually identifying retiree and beneficiary information, including, but not limited to the following:

SCERS will not provide the third party with names, addresses or other individually identifying information.

The mailing of the written communication will be handled by an independent professional provider of such services. That provider will be required to execute a confidentiality agreement prohibiting release or disclosure of retiree and beneficiary information to any party other than SCERS.

In appropriate cases, the third party requesting the written communication may be required to execute a confidentiality agreement prohibiting release or disclosure of any retiree and beneficiary information the party may legitimately obtain directly from the retiree or beneficiary.

Purpose and Content of the Written Communication

SCERS reserves the right, in its sole discretion, to determine whether the intent or purpose of a request to facilitate written communication is based on a legitimate interest and need of the third party making the request. In making such an assessment, SCERS will give appropriate weight to the privacy interests of the retiree and beneficiary.

SCERS reserves the right, in its sole discretion, to determine whether the content of the requested written communication is appropriate for its stated purpose, and to not facilitate the written communication if SCERS determines the content is inappropriate. If deemed necessary and appropriate, SCERS may place a disclaimer on the written communication, or on the SCERS website, noting that the content of the communication is the sole responsibility of the party issuing the communication and that SCERS does not support or endorse the content of the communication.

To reduce the potential that SCERS may be associated with the content of written communication, in appropriate cases any reference to SCERS in the return mail address may be removed, with the return address being a post office box only.

Other Actions that May be Required of the Third Party Communicator

When reasonable and appropriate, SCES may require that the third party requesting to communicate with retirees and beneficiaries agree to indemnify and hold SCERS harmless for any claims associated with the written communication.

When reasonable and appropriate, SCERS may require the third party requesting to communicate with retirees and beneficiaries to enter into a Memorandum of Understanding (MOU) with SCERS, outlining the respective roles and responsibilities of the parties. A MOU or a decision to facilitate one requested written communication does not guarantee

the SCERS will facilitate all subsequent communication; rather, SCERS reserves the right to determine whether any subsequent communications are appropriate under this policy.

Limitations on the Policy

As with all SCERS policies, this policy is subject to the provisions of the 1937 Act, the California Constitution, and other sources of law. Accordingly, while the positions and procedures set forth in this policy are intended to provide guidelines for decisions regarding a request to facilitate written communication with SCERS' retirees and beneficiaries, it may be necessary that a position or procedure set forth herein will need to give way to some other provision of law. In addition, in exercising its fiduciary discretion over the management of SCERS, the SCERS Board may determine that it is reasonable and appropriate to deviate from or alter provisions of this policy.

Undeliverable mail will be returned to SCERS through use of a return mail post office box address.

Cost Associated with the Written Communication

The party requesting the written communication with retirees and beneficiaries will be responsible for paying the reasonable and necessary cost associated with the written communication, including but not limited to cost to produce the materials, mailing expenses, and any administrative cost incurred by SCERS.

BACKGROUND

SCERS has a duty under Government Code section 31532 to protect the confidentiality of retiree and beneficiary information. However, SCERS also has a duty under section 31592.6 to facilitate the distribution of communication materials regarding retiree benefit programs to retirees and beneficiaries.

The Sacramento County Employees' Retirement System (SCERS) considers protecting the confidentiality of retiree and beneficiary information to be a fundamental duty. As a corollary to that duty, it is SCERS' position that individually identifying retiree and beneficiary information not be used to unduly or inappropriately intrude on the privacy of retirees and beneficiaries. The purpose of this policy statement is to outline when, how and why SCERS will facilitate written communication by third parties with SCERS' retirees and beneficiaries through the use of individually identifying retiree and beneficiary information such as names and addresses.

RESPONSIBILITIES

Executive Owner: Chief Benefits Officer

POLICY HISTORY

Date	Description
12/20/2017	<i>Board to affirm in revised policy format</i>
10/16/2013	Board approved new policy

**SCERS POLICY
ON FACILITATING COMMUNICATION BY THIRD PARTIES
WITH SCERS' RETIREES AND BENEFICIARIES**

The Sacramento County Employees' Retirement System (SCERS) considers protecting the confidentiality of retiree and beneficiary information to be a fundamental duty. As a corollary to that duty, it is SCERS' position that individually identifying retiree and beneficiary information not be used to unduly or inappropriately intrude on the privacy of retirees and beneficiaries. The purpose of this policy statement is to outline when, how and why SCERS will facilitate written communication by third parties with SCERS' retirees and beneficiaries through the use of individually identifying retiree and beneficiary information such as names and addresses.

Authorized Third Party Communicators

SCERS will only facilitate written communication by third parties with SCERS' retirees and beneficiaries in certain, limited situations, and with certain mandatory procedures and controls.

It is recognized that SCERS' plan sponsor – Sacramento County – and SCERS' other participating employers, may, from time to time, have a legitimate interest and need to send written communication to retirees and beneficiaries. In such a case, SCERS will facilitate delivery of the written communication to retirees and beneficiaries, subject to the other provisions in this policy, including measures to protect confidentiality and provide cost reimbursement.

In addition, the County Employees' Retirement Law of 1937 (1937 Act) establishes that there is to be a "recognized retiree organization" and that such an organization may also have a legitimate interest and need to send written communication to retirees and beneficiaries. For SCERS, the recognized retiree organization is the Sacramento County Retired Employees' Association (SCREA). Section 31592.6 of the 1937 Act sets forth the authority and responsibility for SCERS to facilitate written communication by SCREA with retirees and beneficiaries in appropriate cases:

"In order for a recognized retiree organization to fulfill its obligations to the retired members of the system and to communicate with them, upon the organization's request the board shall cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs available through the organization to all or a portion of those retired members. The content of those communications shall be wholly the responsibility of the recognized retiree organization, and the board shall not have any liability for the content of those communications. Cooperation and assistance in distribution may consist of combined or separate mailings. The board may charge a reasonable fee for those mailings, which may not exceed the actual costs to the system, including staff time for preparation of the mailings."

As with written communication by a participating employer, SCERS will facilitate delivery of written SCREA communication to retirees and beneficiaries, subject to the other provisions in this policy, including measures to protect confidentiality and provide cost reimbursement.

Except in extraordinary and appropriate circumstances, SCERS will not facilitate written communication with retirees and beneficiaries by a third party other than a participating employer or SCREA. In any such case, the decision to facilitate the written communication must be made by the SCERS Board.

An example of such an exception would be in the context of a SCERS Board election. If requested by a duly qualified candidate in such an election, SCERS will facilitate written communication with retirees and beneficiaries by the candidate, subject to the same terms and conditions applicable to written communication from participating employers or SCREA as set forth in this policy.

Protecting the Confidentiality of Retiree/Beneficiary Information

In any case where SCERS determines that it is appropriate to facilitate written third party communication with retirees and beneficiaries, SCERS will take reasonable steps to protect the confidentiality of individually identifying retiree and beneficiary information, including, but not limited to the following:

- (1) SCERS will not provide the third party with names, addresses or other individually identifying information.
- (2) The mailing of the written communication will be handled by an independent professional provider of such services. That provider will be required to execute a confidentiality agreement prohibiting release or disclosure of retiree and beneficiary information to any party other than SCERS.
- (3) In appropriate cases, the third party requesting the written communication may be required to execute a confidentiality agreement prohibiting release or disclosure of any retiree and beneficiary information the party may legitimately obtain directly from the retiree or beneficiary.
- (4) Undeliverable mail will be returned to SCERS through use of a return mail post office box address.

Cost Associated with the Written Communication

The party requesting the written communication with retirees and beneficiaries will be responsible for paying the reasonable and necessary cost associated with the written communication, including but not limited to cost to produce the materials, mailing expenses, and any administrative cost incurred by SCERS.

Purpose and Content of the Written Communication

SCERS reserves the right, in its sole discretion, to determine whether the intent or purpose of a request to facilitate written communication is based on a legitimate interest and need of the third party making the request. In making such an assessment, SCERS will give appropriate weight to the privacy interests of the retiree and beneficiary.

SCERS reserves the right, in its sole discretion, to determine whether the content of the requested written communication is appropriate for its stated purpose, and to not facilitate the written communication if SCERS determines the content is inappropriate.

If deemed necessary and appropriate, SCERS may place a disclaimer on the written communication, or on the SCERS website, noting that the content of the communication is the sole responsibility of the party issuing the communication and that SCERS does not support or endorse the content of the communication.

To reduce the potential that SCERS may be associated with the content of written communication, in appropriate cases any reference to SCERS in the return mail address may be removed, with the return address being a post office box only.

Other Actions that May be Required of the Third Party Communicator

When reasonable and appropriate, SCERS may require that the third party requesting to communicate with retirees and beneficiaries agree to indemnify and hold SCERS harmless for any claims associated with the written communication.

When reasonable and appropriate, SCERS may require the third party requesting to communicate with retirees and beneficiaries to enter into a Memorandum of Understanding (MOU) with SCERS, outlining the respective roles and responsibilities of the parties. A MOU or a decision to facilitate one requested written communication does not guarantee that SCERS will facilitate all subsequent communications; rather, SCERS reserves the right to determine whether any subsequent communications are appropriate under this policy.

Limitations on the Policy

As with all SCERS policies, this policy is subject to the provisions of the 1937 Act, the California Constitution, and other sources of law. Accordingly, while the positions and procedures set forth in this policy are intended to provide guidelines for decisions regarding a request to facilitate written communication with SCERS' retirees and beneficiaries, it may be necessary that a position or procedure set forth herein will need to give way to some other provision of law.

In addition, in exercising its fiduciary discretion over the management of SCERS, the SCERS Board may determine that it is reasonable and appropriate to deviate from or alter provisions of this policy.

ATTACHMENT 4

SUBROGATION CLAIMS POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

No proposed revisions

For affirmation by the Board on December 20, 2017

2 - POLICY AS ADOPTED BY THE BOARD

On December 18, 2008



SUBROGATION CLAIMS POLICY

Revision Date: December 20, 2017	Policy Number: 016
Revision Number: 1	

PURPOSE

The purpose of this Policy is to establish guidelines and procedures for the recovery of a portion of the benefits payable by the Sacramento County Employees' Retirement System ("SCERS") because of an injury to, or the death of, a member of SCERS proximately caused by the act of any person(s) other than the member's employer from such person(s).

POLICY

The General Counsel shall pursue a subrogation action only if it can be commenced within three years after the liability of SCERS to pay applicable benefits has been fixed.

Liability of SCERS to pay benefits shall be considered fixed at the time the Retirement Board, or staff if authorized by the Board, approves the payment of benefits.

The General Counsel may take any and all action necessary to prosecute any subrogation action consistent with the subrogation provisions of any workers' compensation law, as required by Government Code Section 31820. The action may include, but shall not be limited to, the filing of a claim of lien in pending litigation; the filing of a separate action; or a combination of both.

The General Counsel may engage an outside law firm to provide legal services to evaluate and/or pursue a subrogation claim.

The General Counsel shall report on the filing and progress of any subrogation action to the Board, and shall request authorization from the Board prior to settling a subrogation action for any amount less than the additional costs payable by SCERS for benefits payable because of an injury to, or the death of, a member proximately caused by the act of any person(s) other than the member's employer.

Notwithstanding the foregoing, the General Counsel may authorize a settlement of subrogation claim without further action of the Board, on the following conditions:

1. The General Counsel concludes, in consultation with the Chief Executive Officer, that a proposed settlement is reasonable under the particular circumstances of the case, but must be accepted prior to the next scheduled meeting of the Board; and

2. The General Counsel reports the terms of the settlement to the Board at its next regularly scheduled meeting.

BACKGROUND

The Board has a fiduciary obligation to prudently manage the assets of SCERS that it holds in trust for the benefit of its participants and beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administration.

Article 14 of the County Employees' Retirement Law of 1937 ("CERL"), consisting of Government Code Sections 31820-31823, authorizes a retirement board to recover from such person(s) an amount which is the lesser of the following:

1. An amount which is equal to one-half of the actuarial equivalent of the benefits for which the retirement system is liable because of such injury or death; or
2. An amount which is equal to one-half of the remaining balance of the amount recovered after allowance of that amount which the employer or its insurance carrier have paid or become obligated to pay (e.g., Workers' Compensation).

The right to prosecute such recovery is referred to as a claim for subrogation or subrogation action ("subrogation"). Subrogation rights are assets belonging to SCERS and as with any other assets the Board has an obligation to reasonably manage and pursue subrogation in order to recover such funds as will benefit its participants and beneficiaries, minimize employer contributions, and defray reasonable expenses of administration.

RESPONSIBILITIES

Executive Owner: General Counsel

POLICY HISTORY

Date	Description
12-20-2017	<i>Board to affirm in revised policy format</i>
12-08-2008	Board approved new policy

POLICY
SUBROGATION CLAIMS

Sacramento County Employees' Retirement System

PURPOSE

The purpose of this policy is to establish guidelines and procedures for the recovery of a portion of the benefits payable by the Sacramento County Employees' Retirement System ("SCERS") because of an injury to, or the death of, a member of SCERS proximately caused by the act of any person(s) other than the member's employer from such person(s).

PRINCIPLES

The Board has a fiduciary obligation to prudently manage the assets of SCERS which it holds in trust for the benefit of its participants and beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administration.

Article 14 of the County Employees' Retirement Law of 1937 ("CERL"), consisting of Government Code Sections 31820 – 31823, authorizes a retirement board to recover from such person(s) an amount which is the lesser of the following:

- (1) An amount which is equal to one-half of the actuarial equivalent of the benefits for which the retirement system is liable because of such injury or death; or
- (2) An amount which is equal to one-half of the remaining balance of the amount recovered after allowance of that amount which the employer or its insurance carrier have paid or become obligated to pay (e.g., Workers' Compensation).

The right to prosecute such recovery is referred to as a claim for subrogation or subrogation action ("subrogation"). Subrogation rights are assets belonging to SCERS, and as with any other assets the Board has an obligation to reasonably manage and pursue subrogation in order to recover such funds as will benefit its participants and beneficiaries, minimize employer contributions, and defray reasonable expenses of administration.

///

POLICY

The General Counsel shall be responsible, in consultation with the Chief Executive Officer, to determine whether SCERS may have a claim for subrogation as to any benefits payable by SCERS. Once that determination has been made, the General Counsel is authorized and directed to take any and all steps reasonably necessary to perfect and pursue a subrogation action on behalf of SCERS.

PROCEDURES

The General Counsel shall pursue a subrogation action only if it can be commenced within three years after the liability of SCERS to pay applicable benefits has been fixed.

Liability of SCERS to pay benefits shall be considered fixed at the time the Retirement Board, or staff if authorized by the Board, approves the payment of benefits.

The General Counsel may take any and all action necessary to prosecute any subrogation action consistent with the subrogation provisions of any workers' compensation law, as required by Government Code Section 31820. The action may include, but shall not be limited to, the filing of a claim of lien in pending litigation; the filing of a separate action; or, a combination of both.

The General Counsel may engage an outside law firm to provide legal services to evaluate and/or pursue a subrogation claim.

The General Counsel shall report on the filing and progress of any subrogation action to the Board, and shall request authorization from the Board prior to settling a subrogation action for any amount less than the additional costs payable by SCERS for benefits payable because of an injury to, or the death of, a member proximately caused by the act of any person(s) other than the member's employer.

Notwithstanding the foregoing, the General Counsel may authorize a settlement of a subrogation claim without further action of the Board, on the following conditions:

- (1) The General Counsel concludes, in consultation with the Chief Executive Officer, that a proposed settlement is reasonable under the particular circumstances of the case, but must be accepted prior to the next scheduled meeting of the Board; and,
- (2) The General Counsel reports the terms of the settlement to the Board at its next regularly-scheduled meeting.

ATTACHMENT 5

POST RETIREMENT EMPLOYMENT POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

No proposed revisions

For affirmation by the Board on December 20, 2017

2 - POLICY AS ADOPTED BY THE BOARD

On June 17, 2015



POST RETIREMENT EMPLOYMENT POLICY

Revision Date: December 20, 2017	Policy Number: 025
Revision Number: 1	

PURPOSE

The purpose of this policy is to outline the parameters and guidelines regarding post-retirement employment of Sacramento County Employee's Retirement System ("SCERS") retirees by employers participating in SCERS.

POLICY

SCERS retirees often seek to return to the workforce after retirement; and they are free to do so without SCERS' approval. However, depending on the retiree's new employer or the employment relationship chosen, (i.e. private industry, independent contractor, third party employer, or direct employment) how quickly the retiree can return to work and how many hours he/she can work annually may be restricted. This policy is intended to assist retirees and participating employers (PE) to assure that the post-employment relationship is in compliance with the law.

Private Industry and Non-SCERS Employers

Retirees working in private industry or for a non-SCERS employer generally pose no problems. When SCERS retirees chose to work for these post-retirement employers, it is permissible for the retiree to earn the income from that employment and continue to collect their SCERS retirement allowance. Because such employment relationships do not meet the definition of a Retired Annuitant, the Retired Annuitant restrictions discussed below do not apply.

Independent Contractor, Consultant and Contract Employment

If the retiree is employed under a direct contract with a SCERS employer as an independent contractor, consultant or contract employee, the employment is not subject to the Retired Annuitant restrictions discussed below. It should be noted, however, that the employer and Retiree should understand that the term "independent contractor" is a term of with specific legal requirements that must be met. The internal Revenue Service has issued specific guidance to assist employers in determining whether an employment relationship satisfies the definition of an independent contractor. It is strongly recommended that SCERS be contacted regarding any proposed agreement or contract before it is signed and employment is commenced.

Third-Party Employer

If a retiree is employed through a third-party employer, including the retiree's own business entity, particular attention must be paid to the characteristics of the employment relationship. These situations are typically encountered where a Retiree works for the County through an employment agency. Employment via an employment agency cannot be used in an attempt to subvert the Retired Annuitant restrictions discussed below. Upon review, should SCERS determine that the third-party employment relationship in fact constitutes a common-law employer-employee relationship, the Retired Annuitant restrictions will apply. It is strongly recommended that SCERS be contacted regarding any proposed agreement or contract before it is signed and employment is commenced.

SCERS Participating Employers

SCERS' approval is not required for employment as a Retired Annuitant. However, post-retirement employment with a SCERS PE invokes eligibility; separation and annual hour limit restrictions. SCERS and its PEs are responsible for insuring compliance with these restrictions.

APPLICATION

Retired Annuitant Eligibility

Eligibility requirements can vary depending on your situation. Eligible retirees can work for a PE contracting in SCERS (without reinstatement), if the following requirements are met:

- The retiree has specialized skills needed to perform work of limited duration or the retiree's employment is needed during an emergency to prevent stoppage of public business.
- The compensation cannot exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal an hourly rate.
- The retiree cannot have received unemployment insurance compensation during the 12-month period prior to the employment
- The retiree did not take advantage of an employer incentive to retire. If so, then the retiree must wait 180 days after retirement to begin working as a Retired Annuitant.
- The retiree cannot return to a position from which he/she is receiving a disability retirement benefit.

Separation – 60/180- Day Wait Period

A SCERS retiree cannot be employed by a SCERS PE for a period of 180 days after his/her retirement. The 180-day waiting period starts from the date of retirement.

There are two exceptions to the 180-day waiting period: (1) The retiree is a retired firefighter or retired public safety officer (peace officer) who will perform firefighter or peace

officer retired annuitant work; or (2) The public agency or governing body adopts a resolution passed in a public meeting, that approves the employment in which the employer has certified the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days have passed. The appointment may not be placed on a consent calendar.

The 180-day waiting period applies without exception if the Retired Annuitant received a Golden Handshake or any other retirement incentive. It is recommended that a PE or retiree contact SCERS prior to commencement of employment regarding any questions about whether the retiree received a retirement incentive.

All retirees that retire for service must meet the bona fide separation in service requirement even if an exception to the 180-day wait period applies. Based on plan qualification requirements set forth by the Internal Revenue Service (and independent of the CERL and PEPRA requirements) SCERS established a bona fide separation in service period of sixty (60) days. This means that even if the retiree is a safety member or comes back to work via resolution, the retiree must demonstrate a bona fide separation in service period of 60 days.

Hours Limit- 960 Hours Per Year

Retired Annuitants are permitted to work up to 960 paid hours per calendar/fiscal year for their SCERS' employers in aggregate. This means that any hour worked for any SCERS employer in a calendar year by a Retired Annuitant counts against the 960-hour limit. Apart from the 960-hour annual limit, the law does not prescribe the type or categorization of compensation that may be paid to a Retired Annuitant, such as overtime, vacation or compensated time off. Should a Retired Annuitant work an overtime hour, it will count as one hour towards the 960-hour annual limit. Participating Employers have been free, therefore, to pay a Retired Annuitant for accrued leave in the form of a termination of employment payout if they deemed it necessary and appropriate. In certain cases, Participating Employers were not including such terminal payments in the calculation of the 960-hour annual limit. In light of the changes made by PEPRA, since such compensation is directly related to the hours worked by the Retired Annuitant, should a Participating Employer elect to provide such compensation, going forward it will be included in the calculation of the 960 hour annual limit, subject to the following exception: If a Participating Employer certifies that, prior to the effective date of this Policy, it was providing such compensation and was not including it in the calculation of the 960 hour annual limit, and that such a practice is necessary to the continued use of Retired Annuitants to meet its limited duration employment needs, that employer may continue its current practice. On an annual basis, such an employer must provide SCERS with information regarding the levels paid of such compensation. After the effective date of the Policy, if a Participating Employer other than one that qualifies under the noted exception elects to provide such compensation, it must advise SCERS of this practice and attest that such compensation will be included in the calculation of the 960 hour annual limit.

Once the 960-hour limit has been reached, the Retired Annuitant is not permitted to receive any additional compensation from the employer for the remainder of the calendar/fiscal year. Should a Retired Annuitant work more than 960 hours, any

compensation received for work performed in excess of 960 hours must be returned to the employer or the Retired Annuitant risks having their retirement benefit suspended and being reinstated to active employment.

Limited Duration Appointment

Under the law, post-retirement employment of a SCERS retiree by a participating SCERS employer is structured as being permissive, within certain rules and limitations. As noted above, a Retired Annuitant may be employed if the retiree has special skills needed to perform work of limited duration or is needed during an emergency to prevent stoppage of public business. This reflects a public policy determination that in such situations it is in the interests of the employer and the public to employ a Retired Annuitant, and thus it is permissible for the Retired Annuitant to receive pay in addition to his/her retirement benefit. Participating Employers and Retired Annuitants should be cognizant that an extended employment relationship with a Retired Annuitant may be determined to be regular, part-time employment that could subject the Retired Annuitant to reinstatement to regular employment as described below.

Monitoring

Each PE shall prepare and submit to SCERS a quarterly report that identifies the Retired Annuitants employed and the number of hours worked at the time of the reports preparation.

Reinstatement

The CERL provides for the reemployment, reinstatement to active membership, payment of contributions and discontinuance of retirement allowance in certain circumstances. Post-Retirement employment which fails to meet the requirement set forth in PEPRA and the CERL is considered unlawful employment and warrants the remedy of reinstatement of the Retired Annuitant to active membership.

Consequences of Unlawful Employment

Potential remedies for violation of the 180-day waiting period include, but are not limited to, the following:

The employer can certify in a request to its governing body that the nature of the employment is necessary to fill a critically needed position before the 180-day separation period has passed. The appointment must then be approved by the governing body in a public meeting.

SCERS can reinstate the retiree to active employment and suspend his/her retirement benefit until such time as he/she decides to re-retire. Upon reinstatement, the employee and employer will both be required to pay contributions (including interest) for the period of unlawful employment. Upon re-retirement, should the retiree wish to return as a Retired Annuitant, the 180-day clock would start again effective with the new retirement date.

The retiree can return any compensation received to the employer and remain unemployed by any SCERS Participating Employer until 180 days has elapsed since his/her retirement date.

Similarly, violation of the 960-hour annual work limit will result in unlawful employment. Remedies for this violation include, but are not limited to, the following:

SCERS can reinstate the retiree to active employment and suspend his/her retirement benefit until such time as he/she decides to re-retire. Upon reinstatement, the employee and employer will both be required to pay contribution (including interest) for the period of unlawful employment. Upon re-retirement, should the retiree wish to return as a Retired Annuitant, the 960-hour annual limit would be in effect.

The retiree can return to the employer any compensation received for hours worked in excess of the 960-hour limit and remain unemployed until the expiration of the calendar year. At which time the Retired Annuitant could begin working for another 960 hours in any subsequent year.

The employer's utilization of Retired Annuitants, the policies establishing use and compliance with state and federal laws governing the employment relationship are all subject to monitoring, audit and penalties, in the event of violation.

BACKGROUND

In 2013 the California State Legislature instituted broad pension reforms with the enactment of the Public Employees' Pension Reform Act (PEPRA). These reforms imposed additional restrictions on retirees looking to return to work as Retired Annuitants. A Retired Annuitant is defined as a retiree who is hired by his or her former employer or by another Participating Employer (PE) in the same retirement system as the former employer; in other words, a SCERS retiree going back to work for a SCERS PE. PEPRA also shifted the oversight responsibilities to public pension plans in several new areas. With respect to Retired Annuitants, PEPRA has transformed what has traditionally been an employer oversight function and melded it into a shared auditing, monitoring and oversight function between the employer and the public pension plan. Retirees and PEs need to be cognizant of this change and the additional restrictions imposed on each of them when a SCERS retiree seeks re-employment; otherwise the SCERS retiree risks jeopardizing his/her retirement benefits.

RESPONSIBILITIES

Executive Owner: Chief Benefits Officer

POLICY HISTORY

Date	Description
12-20-2017	<i>Board to affirm in revised policy format</i>
06-17-2015	Board amended policy
05-06-2015	Board approved policy



Executive Staff
Richard Stensrud
Chief Executive Officer
Vacant
Chief Investment Officer
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General Counsel
Kathryn T. Regalia
Chief Operations Officer
John W. Gobel, Sr.
Chief Benefits Officer

POLICY ON POST-RETIREMENT EMPLOYMENT

Introduction

The purpose of this policy is to outline the parameters and guidelines regarding post-retirement employment of SCERS retirees by employers participating in SCERS

Background

In 2013 the California State Legislature instituted broad pension reforms with the enactment of the Public Employees' Pension Reform Act (PEPRA). These reforms imposed additional restrictions on retirees looking to return to work as Retired Annuitants. A Retired Annuitant is defined as a retiree who is hired by his or her former employer or by another Participating Employer (PE) in the same retirement system as the former employer; in other words, a SCERS retiree going back to work for a SCERS PE. PEPRA also shifted the oversight responsibilities to public pension plans in several new areas. With respect to Retired Annuitants, PEPRA has transformed what has traditionally been an employer oversight function and melded it into a shared auditing, monitoring and oversight function between the employer and the public pension plan. Retirees and PEs need to be cognizant of this change and the additional restrictions imposed on each of them when a SCERS retiree seeks re-employment; otherwise the SCERS retiree risks jeopardizing his/her retirement benefits.

Typical Post-Employment Relationships

SCERS retirees often seek to return to the workforce after retirement; and they are free to do so without SCERS' approval. However, depending on the retiree's new employer or the employment relationship chosen, (i.e. private industry, independent contractor, third party employer, or direct employment) how quickly the retiree can return to work and how many hours he/she can work annually may be restricted. This policy is intended to assist retirees and PEs to assure that the post-employment relationship is in compliance with the law.

Private Industry and Non-SCERS Employers

Retirees working in private industry or for a non-SCERS employer generally pose no problems. When SCERS retirees chose to work for these post-retirement employers, it is permissible for the retiree to earn the income from that employment and continue to collect their SCERS retirement allowance. Because such employment relationships do not meet the definition of a Retired Annuitant, the Retired Annuitant restrictions discussed below do not apply.

Independent Contractor, Consultant and Contract Employment

If the retiree is employed under a direct contract with a SCERS employer as an independent contractor, consultant or contract employee, the employment is not subject to the Retired Annuitant restrictions discussed below. It should be noted, however, that the employer and Retiree should understand that the term “independent contractor” is a term of art with specific legal requirements that must be met. The Internal Revenue Service has issued specific guidance to assist employers in determining whether an employment relationship satisfies the definition of an independent contractor. It is strongly recommended that SCERS be contacted regarding any proposed agreement or contract before it is signed and employment is commenced.

Third-Party Employer

If a retiree is employed through a third-party employer, including the retiree’s own business entity, particular attention must be paid to the characteristics of the employment relationship. These situations are typically encountered where a Retiree works for the County through an employment agency. Employment via an employment agency cannot be used in an attempt to subvert the Retired Annuitant restrictions discussed below. Upon review, should SCERS determine that the third-party employment relationship in fact constitutes a common-law employer-employee relationship, the Retired Annuitant restrictions will apply. It is strongly recommended that SCERS be contacted regarding any proposed agreement or contract before it is signed and employment is commenced.

SCERS Participating Employers

SCERS’ approval is not required for employment as a Retired Annuitant. However, post-retirement employment with a SCERS PE invokes eligibility, separation and annual hour limit restrictions. SCERS and its PEs are responsible for insuring compliance with these restrictions.

Retired Annuitant Eligibility

Eligibility requirements can vary depending on your situation. Eligible retirees can work for a PE contracting in SCERS (without reinstatement), if the following requirements are met:

- The retiree has specialized skills needed to perform work of limited duration or the retiree's employment is needed during an emergency to prevent stoppage of public business.
- The compensation cannot exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal an hourly rate.
- The retiree cannot have received unemployment insurance compensation during the 12-month period prior to the employment.
- The retiree did not take advantage of an employer incentive to retire. If so, then the retiree must wait 180 days after retirement to begin working as a Retired Annuitant.
- The retiree cannot return to a position from which he/she is receiving a disability retirement benefit.

Separation – 60/180-Day Wait Period

A SCERS retiree cannot be employed by a SCERS PE for a period of 180 days after his/her retirement. The 180-day waiting period starts from the date of retirement.

There are two exceptions to the 180-day waiting period: (1) The retiree is a retired firefighter or retired public safety officer (peace officer) who will perform firefighter or peace officer retired annuitant work; or (2) The public agency or governing body adopts a resolution passed in a public meeting, that approves the employment in which the employer has certified the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days have passed. The appointment may not be placed on a consent calendar.

The 180-day waiting period applies without exception if the retiree received a Golden Handshake or any other retirement incentive. It is recommended that a PE or retiree contact SCERS prior to commencement of employment regarding any question about whether the retiree received a retirement incentive.

All retirees that retire for service must meet the bona fide separation in service requirement even if an exception to the 180-day wait period applies. Based on plan qualification

requirements set forth by the Internal Revenue Service (and independent of the CERL and PEPRA requirements) SCERS established a bona fide separation in service period of sixty (60) days. This means that even if the retiree is a safety member or comes back to work via resolution, the retiree must demonstrate a bona fide separation in service period of 60 days.

Hours Limit -- 960 Hours Per Year

Retired Annuitants are permitted to work up to 960 paid hours per calendar/fiscal year for their SCERS' employers in aggregate. This means that any hour worked for any SCERS employer in a calendar year by a Retired Annuitant counts against the 960-hour limit. Apart from the 960 hour annual limit, the law does not prescribe the type or categorization of compensation that may be paid to a Retired Annuitant, such as overtime, vacation or compensated time off. Should a Retired Annuitant work an overtime hour, it will count as one hour towards the 960-hour annual limit. Participating Employers have been free, therefore, to pay a Retired Annuitant for accrued leave in the form of a termination of employment payout if they deemed it necessary and appropriate. In certain cases, Participating Employers were not including such terminal payments in the calculation of the 960 hour annual limit. In light of the changes made by PEPRA, since such compensation is directly related to the hours worked by the Retired Annuitant, should a Participating Employer elect to provide such compensation, going forward it will be included in the calculation of the 960 hour annual limit, subject to the following exception: If a Participating Employer certifies that, prior to the effective date of this Policy, it was providing such compensation and was not including it in the calculation of the 960 hour annual limit, and that such a practice is necessary to the continued use of Retired Annuitants to meet its limited duration employment needs, that employer may continue its current practice. On an annual basis, such an employer must provide SCERS with information regarding the levels paid of such compensation. After the effective date of this Policy, if a Participating Employer other than one that qualifies under the noted exception elects to provide such compensation, it must advise SCERS of this practice and attest that such compensation will be included in the calculation of the 960 hour annual limit.

Once the 960 hour limit has been reached, the Retired Annuitant is not permitted to receive any additional compensation from the employer for the remainder of the calendar/fiscal year. Should a Retired Annuitant work more than 960 hours, any compensation received for work performed in excess of 960 hours must be returned to the employer or the Retired Annuitant risks having their retirement benefit suspended and being reinstated to active employment.

Pre-Employment Inquiries

Before establishing an employment relationship, it is the responsibility of the PE and retiree, respectively, to identify:

- Whether the employer participates in SCERS.
- Whether the retiree is receiving retirement benefits from SCERS.
- Whether the retiree received a retirement incentive at the time of retirement.
- Whether the retiree has received unemployment insurance compensation from an employer participating in SCERS during the 12-month period prior to the contemplated employment.

As noted above, under the law a Retired Annuitant may be employed if the retiree has special skills needed to perform work of limited duration or is needed during an emergency to prevent stoppage of public business. Once hired, it is the retiree's and his or her employer's responsibility to ensure the retiree's employment remains in compliance with state and federal laws and, therefore, does not jeopardize the retiree's benefits during the course of employment.

Limited Duration Appointment

Under the law, post-retirement employment of a SCERS retiree by a participating SCERS employer is structured as being permissive, within certain rules and limitations. As noted above, a Retired Annuitant may be employed if the retiree has special skills needed to perform work of limited duration or is needed during an emergency to prevent stoppage of public business. This reflects a public policy determination that in such situations it is in the interests of the employer and the public to employ a Retired Annuitant, and thus it is permissible for the Retired Annuitant to receive pay in addition to his/her retirement benefit. Participating Employers and Retired Annuitants should be cognizant that an extended employment relationship with a Retired Annuitant may be determined to be regular, part-time employment that could subject the Retired Annuitant to reinstatement to regular employment as described below.

Monitoring

Each PE shall prepare and submit to SCERS a quarterly report that identifies the Retired Annuitants employed and the number of hours worked at the time of the reports preparation.

Reinstatement

The CERL provides for the reemployment, reinstatement to active membership, payment of contributions and discontinuance of retirement allowance in certain circumstances. Post-Retirement employment which fails to meet the requirement set forth in PEPR and the CERL is considered unlawful employment and warrants the remedy of reinstatement of the Retired Annuitant to active membership.

Consequences of Unlawful Employment

Potential remedies for violation of the 180-day waiting period include, but are not limited to, the following:

- The employer can certify in a request to its governing body that the nature of the employment is necessary to fill a critically needed position before the 180-day separation period has passed. The appointment must then be approved by the governing body in a public meeting.
- SCERS can reinstate the retiree to active employment and suspend his/her retirement benefit until such time as he/she decides to re-retire. Upon reinstatement, the employee and employer will both be required to pay contributions (including interest) for the period of unlawful employment. Upon re-retirement, should the retiree wish to return as a Retired Annuitant, the 180-day clock would start again effective with the new retirement date.
- The retiree can return any compensation received to the employer and remain unemployed by any SCERS Participating Employer until 180 days has elapsed since his/her retirement date.

Similarly, violation of the 960-hour annual work limit will result in unlawful employment. Remedies for this violation include, but are not limited to, the following:

- SCERS can reinstate the retiree to active employment and suspend his/her retirement benefit until such time as he/she decides to re-retire. Upon reinstatement, the employee and employer will both be required to pay contributions (including interest) for the period of unlawful employment. Upon re-retirement, should the retiree wish to return as a Retired Annuitant, the 960-hour annual limit would be in effect.
- The retiree can return to the employer any compensation received for hours worked in excess of the 960-hour limit and remain unemployed until the expiration of the calendar year. At which time the Retired Annuitant could begin working for another 960 hours in any subsequent year.

Policy on Post-Retirement Employment

June 12, 2015

Page 7 of 7

The employer's utilization of Retired Annuitants, the policies establishing use and compliance with state and federal laws governing the employment relationship are all subject to monitoring, audit and penalties, in the event of violation.

ATTACHMENT 6

BOARD AND STAFF TRADING POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

No proposed revisions

For affirmation by the Board on December 20, 2017

2 - POLICY AS ADOPTED BY THE BOARD

On April 21, 2011



BOARD AND STAFF TRADING POLICY

Revision Date: December 20, 2017	Policy Number: 030
Revision Number: 1	

PURPOSE

The purpose of this policy is to assure Sacramento County Employees' Retirement System ("SCERS") Trustees and employees comply with fiduciary responsibility and the federal securities laws regarding "insider trading."

POLICY

SCERS, its Trustees and employees, shall endeavor in good faith to avoid obtaining insider information relating to securities that SCERS holds, or may acquire. Notwithstanding, should they come into possession of such insider information they shall take reasonable steps to avoid violating standards of fiduciary behavior and the federal securities laws regarding the use of such insider information.

APPLICATION

A. Guidelines

1. The steps to be taken by Trustees or employees of SCERS who come into possession of insider information in order to comply with fiduciary duties and the federal securities laws shall include, but not be limited to, the following:
 - a. Keep the information strictly confidential, and scrupulously avoid disclosing it to any person (including relatives, friends and associates), unless such persons are reasonably required to know such information in the course and scope of their employment or position with SCERS.
 - b. Refrain from any participation, direct or indirect, in the making of any investment decision regarding the sale or purchase of any security to which the insider information reasonably relates ("trade"), for so long as the information continues to be unavailable to the public, whether for the benefit of SCERS or any other person.
 - c. Consult with the General Counsel prior to any such trade.
2. The General Counsel is designated the Compliance Officer for purposes of assuring that all Trustees and staff are properly advised of their responsibilities under this Policy, and to take such steps as may be reasonable to correct any deficiencies in compliance with this Policy as discovered in the course of his or her duties.

3. SCERS shall provide appropriate education and training of its Trustees and employees regarding their responsibilities and duties under this Policy.

B. Excluded Transactions

The following transactions are excluded by their nature from those which may otherwise involve the making of an investment decision by a Trustee or employee regarding the sale or purchase of any security to which insider information may relate:

1. Transactions made by any external Investment Manager with discretion to trade securities so long as no insider information has been shared with the Investment Manager.
2. Transactions made to substantially duplicate an Index in the ordinary course of business.
3. Specific transactions mandated by legal agreement or binding instructions executed prior to the receipt of insider information.

C. Common Examples of Insider Trading

Common, but by no means the only, examples of categories of information that may be considered insider information include:

- Significant changes in management
- Impending bankruptcy or significant exposure to litigation
- Stock splits or consolidations
- Mergers and acquisitions
- New product development

BACKGROUND

SCERS, its Trustees and employees are committed to managing system resources with the highest level of professionalism and fiduciary responsibility, and acknowledge that in pursuing their fiduciary duties they may also be subject to the anti-fraud provisions of the federal securities laws and rules promulgated thereunder by the Securities and Exchange Commission ("SEC"). Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b 5 promulgated by the SEC prohibit the purchase or sale of securities on the basis of material, nonpublic information ("insider information") acquired by "insiders" who acquire such information in the context of a relationship of trust or confidence or by "tippees" who may acquire such information from any "insider."

For purposes of this Policy information shall be considered material if it is foreseeable that it would be considered important to a reasonable investor in making an investment decision regarding the sale or purchase of the securities to which the information relates. Trustees and employees of SCERS may come into possession of insider information whether as an insider, or as a tippee.

RESPONSIBILITIES

Executive Owner: Chief Investment Officer

POLICY HISTORY

Date	Description
12-20-2017	<i>Board to affirm in revised policy format</i>
04-21-2011	Board approved new policy

SCERS BOARD AND STAFF TRADING POLICY

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

PURPOSE

SCERS, its Trustees and employees are committed to managing system resources with the highest level of professionalism and fiduciary responsibility, and acknowledge that in pursuing their fiduciary duties they may also be subject to the anti-fraud provisions of the federal securities laws and rules promulgated thereunder by the Securities and Exchange Commission ("SEC"). Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b 5 promulgated by the SEC prohibit the purchase or sale of securities on the basis of material, nonpublic information ("insider information") acquired by "insiders" who acquire such information in the context of a relationship of trust or confidence or by "tippees" who may acquire such information from any "insider." For purposes of this Policy information shall be considered material if it is foreseeable that it would be considered important to a reasonable investor in making an investment decision regarding the sale or purchase of the securities to which the information relates.

Trustees and employees of SCERS may come into possession of insider information whether as an insider, or as a tippee.

The purpose of this Policy and Procedures is to assure compliance with fiduciary responsibility and the federal securities laws regarding "insider trading."

POLICY

SCERS, its Trustees and employees, shall endeavor in good faith to avoid obtaining insider information relating to securities that SCERS holds, or may acquire. Notwithstanding, should they come into possession of such insider information they shall take reasonable steps to avoid violating standards of fiduciary behavior and the federal securities laws regarding the use of such insider information.

PROCEDURES

1. The steps to be taken by Trustees or employees of SCERS who come into possession of insider information in order to comply with fiduciary duties and the federal securities laws shall include, but not be limited to, the following:
 - a. Keep the information strictly confidential, and scrupulously avoid disclosing it to any person (including relatives, friends and associates), unless such persons are reasonably required to know such information in the course and scope of their employment or position with SCERS.

- b. Refrain from any participation, direct or indirect, in the making of any investment decision regarding the sale or purchase of any security to which the insider information reasonably relates (“trade”), for so long as the information continues to be unavailable to the public, whether for the benefit of SCERS or any other person.
 - c. Consult with the General Counsel prior to any such trade.
2. The General Counsel is designated the Compliance Officer for purposes of assuring that all Trustees and staff are properly advised of their responsibilities under this Policy, and to take such steps as may be reasonable to correct any deficiencies in compliance with this Policy as discovered in the course of his or her duties.
 3. SCERS shall provide appropriate education and training of its Trustees and employees regarding their responsibilities and duties under this Policy.

EXCLUDED TRANSACTIONS

The following transactions are excluded by their nature from those which may otherwise involve the making of an investment decision by a Trustee or employee regarding the sale or purchase of any security to which insider information may relate:

1. Transactions made by any external Investment Manager with discretion to trade securities so long as no insider information has been shared with the Investment Manager.
2. Transactions made to substantially duplicate an Index in the ordinary course of business.
3. Specific transactions mandated by legal agreement or binding instructions executed prior to the receipt of insider information.

COMMON EXAMPLES OF INSIDER INFORMATION

Common, but by no means the only, examples of categories of information that may be considered insider information include:

- Significant changes in management
- Impending bankruptcy or significant exposure to litigation
- Stock splits or consolidations
- Mergers and acquisitions
- New product development

Adopted by the Retirement Board on April 21, 2011.

ATTACHMENT 7
REPRESENTATION ON ADVISORY
COMMITTEES POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

Minor, clean-up changes were need to transition the policy from a resolution to SCERS' standard policy format. For affirmation by the Board on December 20, 2017

2 - POLICY AS AMENDED BY THE BOARD

On October 18, 2012



REPRESENTATION ON ADVISORY COMMITTEES POLICY

Revision Date: December 20, 2017

Policy Number: 037

Revision Number: 2

PURPOSE

The purpose of this policy is to establish for Sacramento County Employees' Retirement System ("SCERS") trustees or staff serving on Advisory Committees of limited partnership in which SCERS is a participating limited partner.

POLICY

The Chief Investment Officer with approval of the Chief Executive Officer may authorize investment staff participation on no more than four Advisory Committees with any of the limited partnerships in which SCERS invests, so long as:

1. SCERS will reimburse its representative for all reasonable expenses and costs directly related to the representative's attendance and participation at an advisory committee or board meeting.
2. Neither SCERS nor its representative will accept any form of remuneration or reimbursement from the general partnership for serving on an advisory committee or board.
3. The general partner will agree that representative shall not receive, review or otherwise have access to any confidential information that is not readily available to all other Limited Partners.
4. The Private Placement Memorandum, the Offering Memorandum or any similar document (the "Fund Document") shall specify that the general partner and all limited partners waive any claim, including but not limited to subrogation rights, against SCERS or its representative, provided such representative acted in good faith.
5. The Fund Document shall further provide that the general partner and the Partnership will indemnify SCERS and its representative for any claim against the Partnership, the general partner, SCERS or its representative, provided that the representative acted in accordance with the rights of Indemnification and Exculpation as more fully set forth in the Fund Document.
6. Legal Counsel for SCERS shall concur that SCERS participation on an Advisory Committee pursuant to Fund Documents is consistent with this policy.

BACKGROUND

SCERS invests in real estate and alternative investment funds that often use limited partnership arrangements. In these limited partnerships the investment manager is the general partner, and the institutional investors are the limited partners. Many of the general partners invite investment staff or trustees of the limited partner/institutional investors to serve on Advisory Committees.

There are good reasons and many benefits to SCERS in serving on Advisory Committees. Those serving on Advisory Committees learn a great deal about the markets and the particular asset class that the limited partnership is investing in. The Advisory Committee members also get a much closer look and understanding of the investment manager.

There are also concerns with serving on Advisory Committees. These issues include: potential conflicts of interest under the California FPPC rules, especially when the general partner pays for travel and lodging and/or offers other remuneration to the pension fund for a trustee or staff person to participate on the Advisory Committee; the liability of the individual serving on the Advisory Committee and the corresponding liability of the underlying pension fund for decisions made by the Advisory Committee; and, any special access an Advisory Committee member may have confidential information that is not shared with other limited partners or even the individual committee member's parent fund.

RESPONSIBILITIES

Executive Owner: Chief Investment Officer

POLICY HISTORY

Date	Description
12-20-2017	<i>Board to affirm in revised policy format</i>
10-18-2012	Board amended policy in Resolution 2012-15
01-18-2007	Board approved policy in Resolution 2007-02

RESOLUTION NO. SCERS 2012-15

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
TO AMEND THE POLICY AS TO REPRESENTATION ON ADVISORY COMMITTEES**

WHEREAS, the Sacramento County Employees' Retirement System (SCERS) has invested in several alternative investment funds, including hedge funds and real property funds; and,

WHEREAS, several of these funds include provisions for the establishment of an Advisory Committee ("Advisory Committee") with various responsibilities, including the approval or rejection of potential conflicts of interest, the review of committed investments, and participation in conference with key personnel or the general partner and other limited partners; and,

WHEREAS, the employment of such Advisory Committees has become more common and desirable as they may involve other investment programs in which SCERS will invest in the future; and,

WHEREAS, it may be beneficial for SCERS to participate on an Advisory Committee in an appropriate case, but it is also important to qualify such participation to avoid liability; and

THEREFORE, BE IT RESOLVED AND ORDERED, that this Board adopts the following policy as to participation on Advisory Committees:

The Chief Investment Officer with approval of the Chief Executive Officer may authorize investment staff participation on no more than four Advisory Committees with any of the limited partnerships in which SCERS invests, so long as:

1. SCERS will reimburse its representative for all reasonable expenses and costs directly related to the representative's attendance and participation at an advisory committee or board meeting.
2. Neither SCERS nor its representative will accept any form of remuneration or reimbursement from the general partnership for serving on an advisory committee or board.
3. The general partner will agree that the representative shall not receive, review or otherwise have access to any confidential information that is not readily available to all other Limited Partners.
4. The Private Placement Memorandum, the Offering Memorandum or any similar document (the "Fund Document") shall specify that the general partner and all limited partners waive any claim, including but not limited to subrogation rights, against SCERS or its representative, provided such representative acted in good faith.
5. The Fund Document shall further provide that the general partner and the Partnership will indemnify SCERS and its representative for any claim against the Partnership, the general partner, SCERS or its representative, provided that the representative acted in accordance with the rights of Indemnification and Exculpation as more fully set forth in the Fund Document.

6. Legal Counsel for SCERS shall concur that SCERS participation on an Advisory Committee pursuant to Fund Documents is consistent with this policy.

Participation on more than four Advisory Committees may be authorized upon approval of the Board.

On motion made by Member DeVore, Seconded by Member Kelly, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 18th day of October, 2012, by the following vote:

AYES: Diepenbrock, Kelly, Johnson, DeVore, Fowler, Gin, Valverde, Conneally, DeBord

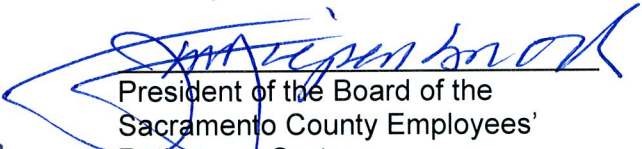
NOES: None

ABSTAIN: None

ABSENT: O'Neil, Wolford-Landers

ATTEST:


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


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

ATTACHMENT 8

PLACEMENT AGENT POLICY

DOCUMENTS:

1 - POLICY PRESENTED IN REVISED POLICY FORMAT

With proposed name change and minor clean-up

For adoption by the Board on December 20, 2017

2 - POLICY AS LAST ADOPTED BY THE BOARD

On July 20, 2016



PLACEMENT AGENT POLICY

Revision Date:	December 20, 2017	Policy Number:	045
Revision Number:	3		

PURPOSE

The purpose of this policy regarding Placement Agent activities by Sacramento County Employees' Retirement System ("SCERS") Investment Managers ('Placement Agent Policy') is to enhance the transparency of the investment decision-making process by requiring broad, timely and updated disclosure of the existence of any relationships between SCERS' investment managers and individuals or entities serving as a compensated representative of the investment manager for the purpose of securing an investment by SCERS ('Placement Agents'). The goal of the Third Party Representation and Fee Sharing Policy is to help ensure that SCERS' investment decisions are made solely on the merits of the investment opportunity, are reasonably prudent from a fiduciary perspective, and are consistent with SCERS' Investment Policy and Objectives.

POLICY

All SCERS staff, investment managers, and manager candidates will follow the following guidelines, as described herein below in the Application section, for reporting Placement Agents activities.

APPLICATION

The Placement Agents policy shall apply to all current SCERS investment managers and all investment managers being considered by SCERS for an investment management engagement ('Investment Managers and Manager Candidates')

A. Investment Managers and Manager Candidates shall:

1. Provide the following information to SCERS promptly upon request:
 - a. Whether the Investment Manager of Manager Candidate or any of their principals, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any Placement Agents in connection with any investment or proposed investment by SCERS.
 - b. A resume for each officer, partner, or principal of the Placement Agents detailing the education, professional designations, regulatory licenses and investment and work experience. It should be specifically noted if any such individual is a current or former SCERS Board Member, employee or consultant, or a member of the immediate family of any such person.

- c. A description of any and all compensation of any kind provided or agreed to be provided to the Placement Agents, including the nature, timing, and value thereof.
 - d. A description of the services to be performed by the Placement Agents.
 - e. A statement as to whether the Placement Agents is utilized by the Investment Manager of Manager Candidate with all clients or prospective clients or with only a subset of clients or prospective clients.
 - f. Whether any current or former SCERS Board Member, employee or consultant suggested the retention of the Placement Agents.
 - g. Whether the Placement Agents or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agency in a country other than the United States, the details of such registration, or an explanation of why no registration is required.
 - h. Whether the Placement Agents or any of its affiliates is registered as a lobbyist with any state or national government.
2. Provide an update of any changes to the information required above (collectively, Placement Agents Disclosure Information') within thirty (30) days of the occurrence of the change in information.
 3. Agree to incorporate compliance with the Placement Agents and Fee Sharing Policy in the investment management engagement with SCERS.
 4. Require any Placement Agents acting on its behalf in connection with any investment, or potential investment, by SCERS to disclose to SCERS' Staff any campaign contribution or gift made by the Placement Agents to any member or former member of the SCERS' Board, SCERS' Staff or SCERS' consultant during the prior twenty-four (24) month period or while continuing to receive any compensation in connection with a SCERS investment.
 5. Fully cooperate with SCERS Staff in monitoring and assuring compliance with the Placement Agents Policy.

B. SCERS Staff shall:

1. Assure that an agreement to comply with the Placement Agent Policy is incorporated in all current and future investment management engagements.
2. Assure that all existing Investment Managers complete and submit the Placement Agents Disclosure Form to SCERS in a timely manner. SCERS has developed a Placement Agent Disclosure Form (Form) to supplement this policy that is designed to capture the data and information described in this section. The Form is presented to all Investment Managers and Manager Candidates; completion of which is a requirement for SCERS to enter into any formal investment agreement.
3. Confirm that the Investment Manager or Manager Candidate is solely responsible for any fees, compensation or expenses for any Placement Agents, and that SCERS will not pay any such items either directly or indirectly.

4. Provide the SCERS Board with the Placement Agents information prior to any investment decision by SCERS with respect to the Investment Manager or Manager Candidate.
5. Promptly advise the SCERS Board of any material violation of the Placement Agents Disclosure Policy.
6. Compile a quarterly report regarding the names of Placement Agents by each Investment Manager

C. Sanctions:

Sanctions in the event of a material omission or inaccuracy in the Placement Agents Disclosure Information, or any other material violation of the Placement Agents Policy can include, but are not limited to:

1. The reimbursement to SCERS of any management or investment advisory fees for one (1) year, or an amount equal to the amounts paid or promised to be paid to the Placement Agents, whichever is greater.
2. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle.
3. A prohibition on the Investment Manager, Manger-Candidate or Placement Agents from soliciting new investments from SCERS for twenty-four (24) months.
4. The SCERS Board shall determine which sanction(s) will apply in a given case based on the nature of the violation of the Placement Agents Policy and any other relevant legal parameters.

D. All Parties are Responsible

All parties responsible for implementing, monitoring and complying with the Placement Agents Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to the Placement Agents Policy, the Policy should be interpreted to require disclosure.

DEFINITIONS

For purposes of this Policy, a Placement Agents is defined as follows: Any person or entity hired, engaged by, or acting on behalf of an investment manager, or on behalf of another Third Party Representative, as a finder, solicitor, placement agent, marketer, consultant, broker or other intermediary to raise money or solicit investment funding from or to obtain access to SCERS, either directly or indirectly. This definition does not include employees, officers, directors, partners or members that spend more than one third of their time managing the securities or assets.

BACKGROUND

California Government Code Section 7531.85 and 7513.9 require a board of any public retirement system to adopt and implement a policy that requires minimum disclosure requirements with respect to the use of placement agents by Investment Managers and Manager Candidates. In addition SCERS' Board members, employees and consultants are subject to numerous legal requirements intended to ensure their ethical conduct, their compliance with their fiduciary responsibilities, and to prevent conflicts of interest.

RESPONSIBILITIES

Executive Owner: General Counsel

POLICY HISTORY

Date	Description
12-20-2017	<i>Board to affirm in revised policy format</i>
07-20-2016	Board amended policy
06-17-2010	Board amended policy
06-18-2009	Board approved policy

**POLICY REGARDING DISCLOSURE OF
THIRD PARTY REPRESENTATION OF AND FEE SHARING BY
SCERS' INVESTMENT MANAGERS**

(Revised by the Retirement Board on July 20, 2016)

SCERS' Board members, employees and consultants are subject to numerous legal requirements intended to ensure their ethical conduct, their compliance with their fiduciary responsibilities, and to prevent conflicts of interest. The purpose of this Policy Regarding Third Party Representation of and Fee Sharing by SCERS' Investment Managers ('Third Party Representation and Fee Sharing Policy') is to enhance the transparency of the investment decision-making process by requiring broad, timely and updated disclosure of the existence of any relationships between SCERS' investment managers and individuals or entities serving as a compensated representative of the investment manager for the purpose of securing an investment by SCERS ('Third Party Representatives'). The goal of the Third Party Representation and Fee Sharing Policy is to help ensure that SCERS' investment decisions are made solely on the merits of the investment opportunity, are reasonably prudent from a fiduciary perspective, and are consistent with SCERS' Investment Policy and Objectives.

Furthermore, it is the intent of this policy to comply with the requirements of Government Code §§7531.85 and 7513.9 which require a board of any public retirement system to adopt and implement a policy which requires minimum disclosure requirements with respect to the use of placement agents by Investment Managers and Manager Candidates.

Definition of Third Party Representative

For purposes of the Third Party Representation and Fee Sharing Policy, a Third Party Representative is defined as follows: Any person or entity hired, engaged by, or acting on behalf of an investment manager, or on behalf of another Third Party Representative, as a finder, solicitor, placement agent, marketer, consultant, broker or other intermediary to raise money or solicit investment funding from or to obtain access to SCERS, either directly or indirectly. This definition does not include employees, officers, directors, partners or members that spend more than one third of their time managing the securities or assets.

Application of the Third Party Representation and Fee Sharing Policy

The Third Party Representation and Fee Sharing Policy shall apply to all current SCERS investment managers and all investment managers being considered by SCERS for an investment management engagement ('Investment Managers and Manager Candidates').

Responsibilities

A. Investment Managers and Manager Candidates shall:

1. Provide the following information to SCERS promptly upon request:
 - a. Whether the Investment Manager of Manager Candidate or any of their principals, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any Third Party Representative in connection with any investment or proposed investment by SCERS.
 - b. A resume for each officer, partner, or principal of the Third Party Representative detailing the education, professional designations, regulatory licenses and investment and work experience. It should be specifically noted if any such individual is a current or former SCERS Board Member, employee or consultant, or a member of the immediate family of any such person.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to the Third Party Representative, including the nature, timing, and value thereof.
 - d. A description of the services to be performed by the Third Party Representative.
 - e. A statement as to whether the Third Party Representative is utilized by the Investment Manager of Manager Candidate with all clients or prospective clients or with only a subset of clients or prospective clients.
 - f. Whether any current or former SCERS Board Member, employee or consultant suggested the retention of the Third Party Representative.
 - g. Whether the Third Party Representative or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agency in a

country other than the United States, the details of such registration, or an explanation of why no registration is required.

- h. Whether the Third Party Representative or any of its affiliates is registered as a lobbyist with any state or national government.
2. Provide an update of any changes to the information required above (collectively, 'Third Party Representation Disclosure Information') within thirty (30) days of the occurrence of the change in information.
3. Agree to incorporate compliance with the Third Party Representation and Fee Sharing Policy in the investment management engagement with SCERS.
4. Require any Third Party Representative acting on its behalf in connection with any investment, or potential investment, by SCERS to disclose to SCERS' Staff any campaign contribution or gift made by the Third Party Representative to any member or former member of the SCERS' Board, SCERS' Staff or SCERS' consultant during the prior twenty-four (24) month period or while continuing to receive any compensation in connection with a SCERS investment.
5. Fully cooperate with SCERS Staff in monitoring and assuring compliance with the Third Party Representation and Fee Sharing Policy.

B. SCERS Staff shall:

1. Assure that an agreement to comply with the Third Party Representation and Fee Sharing Policy is incorporated in all current and future investment management engagements.
2. Assure that all existing Investment Managers complete and submit the Third Party Representation and Disclosure Information to SCERS in a timely manner. SCERS has developed a Placement Agent Disclosure Form (Form) to supplement this policy that is designed to capture the data and information described in this section. The Form is presented to all Investment Managers and Manager Candidates; completion of which is a requirement for SCERS to enter into any formal investment agreement.

3. Confirm that the Investment Manager or Manager Candidate is solely responsible for any fees, compensation or expenses for any Third Party Representative, and that SCERS will not pay any such items either directly or indirectly.
 4. Provide the SCERS Board with the Third Party Representation and Disclosure Information prior to any investment decision by SCERS with respect to the Investment Manager or Manager Candidate.
 5. Promptly advise the SCERS Board of any material violation of the Third Party Representation Disclosure Policy.
 6. Compile a quarterly report regarding the names of Third Party Representatives by each Investment Manager.
- C. Sanctions in the event of a material omission or inaccuracy in the Third Party Representation and Disclosure Information, or any other material violation of the Third Party Representation and Fee Sharing Policy can include, but are not limited to:
1. The reimbursement to SCERS of any management or investment advisory fees for one (1) year, or an amount equal to the amounts paid or promised to be paid to the Third Party Representative, whichever is greater.
 2. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle, or suspension of any further capital contributions (and any fees on these re-called commitments) to the limited partnership, limited liability company, or other investment vehicle.
 3. A prohibition on the Investment Manager, Manager Candidate or Third Party Representative from soliciting new investments from SCERS for twenty-four (24) months.
 4. The SCERS Board shall determine which sanction(s) will apply in a given case based on the nature of the violation of the Third Party Representation and Fee Sharing Policy and any other relevant legal parameters.

- D. All parties responsible for implementing, monitoring and complying with the Third Party Representation and Fee Sharing Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to the Third Party Representation and Fee Sharing Policy, the Policy should be interpreted to require disclosure.