



Executive Staff:

Eric Stern
Chief Executive Officer

Steve Davis
Chief Investment Officer

Stephen Lau
General Counsel

Stephen Hawley
Chief Strategy Officer

Mario Sierras
Chief Benefits Officer

Members of the Board of Retirement:

Rick Fowler, President
Appointed by the Board of Supervisors

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

Keith DeVore, Vice President
Appointed by the Board of Supervisors

James A. Diepenbrock
Appointed by the Board of Supervisors

Dave Comerchero
Elected by the Miscellaneous Members

Diana Gin
Elected by Miscellaneous Members

Ben Lamera
Ex Officio, Director of Finance

Martha J. Hoover
Elected by the Retired Members

Matt Petersen
Elected by the Safety Members

Kathy O'Neil
Elected by the Retired Members

MINUTES

REGULAR MEETING OF THE BOARD OF RETIREMENT

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

WEDNESDAY, JUNE 17, 2020

10:00 A.M.

Location: BLUEJEANS TELECONFERENCE

OPEN SESSION

Item 1. Call to Order—The meeting was convened at 10:00 a.m.

Mr. Fowler stated that the meeting was occurring via teleconference under Executive Order N-25-20 which relaxed provisions of the Brown Act to make it easier for local government boards to conduct board meeting without convening in the same physical location. Mr. Fowler took a roll call of other members present:

1. John Kelly
2. Keith DeVore
3. Jim Diepenbrock
4. Dave Comerchero
5. Diana Gin
6. Ben Lamera
7. Martha Hoover
8. Matt Petersen
9. Kathy O'Neil

Item 2. Public Comment—None

CONSENT MATTERS – ITEMS 3-9:

The Board approved the Consent Matters Items 3-9 (9-0).

Item 3. Disability Retirement Applications

- A. ALI, Mohammed; Granted a nonservice-connected disability retirement as recommended by staff.
- B. BALDO, Rose; Granted a service-connected disability retirement as recommended by staff.
- C. CHETNER, Walter; Granted a service-connected disability retirement as recommended by staff.
- D. ENGELDINGER, Cheryl; Granted a service-connected disability retirement as recommended by staff.
- E. GOMEZ, Jacqueline; Granted a service-connected disability retirement as recommended by staff.
- F. STEPANICK, Andrew; Granted a service-connected disability retirement as recommended by staff.
- G. Reference: General Law and Authorized Board Actions on Disability Retirement Proposed Decisions.

Item 4. Minutes—Approved the Minutes of the May 20, 2020 meeting.

Item 5. Ratification of Service Retirement Application Approvals—May 2020—Ratified the Service Retirement Applications that were finalized in the previous month.

Item 6. State Association of County Retirement Systems Legislative Update—Received and filed the SACRS Legislative Update for June 2020.

Item 7. SACRS Board of Directors Election—Approved the election of officers for the 2020-21 State Association County Retirement Systems Board of Directors.

Item 8. Monthly Investment Manager Activity, Compliance, and Watch List Report—May 2020—Received and filed the Monthly Investment Manager Activity, Compliance, and Watch List report for the previous month.

Item 9. Monthly Report of New Investment Activity—May 2020—Received and filed the report summarizing SCERS' investment activity from the previous month.

EXECUTIVE REPORTS:

Item 10. Chief Executive Officer's Report

Mr. Stern provided the following updates on SCERS activities:

- Reminded the Board that there is no Board meeting in July. August will be the next meeting. Mr. Stern reported that the upcoming meetings will include more discussion about sick leave conversion and how SCERS collects overpayment of benefits. He noted that a future agenda will also include a discussion that was postponed about the Board's fiduciary obligations and considerations when SCERS enters into contracts for private market investments. Mr. Stern stated that SCERS will present the Annual Actuarial Valuation and Comprehensive Annual Financial Report at the December meeting. Mr. Stern reminded the Board that SCERS does not have a regular meeting scheduled for November; however, Mr. Stern will be reaching out to coordinate dates for a special strategic planning meeting/workshop for November to set goals for 2021 and revisit the mission statement.
- Mr. Stern acknowledged again Barry Dennis from Verus, who is retiring. Mr. Stern thanked Mr. Dennis for support of SCERS, the Board, and staff over the years.
- Mr. Stern reminded the Board that in the spirit of distance learning, the State Association of County Retirement Systems, the California Association of Public Retirement Systems, and other organizations have provided webinars to help trustees earn continuing education hours.

Item 11. Chief Investment Officer's Report

No report was provided.

ADMINISTRATIVE MATTERS:

Item 12. Sacramento County 2020-21 Contribution Prepayment

Mr. Stern presented a request by Sacramento County to prepay the 2020-21 employer contribution.

The Board approved a motion to authorize Sacramento County to prepay the employer contribution. **(8-0 Ben Lamera abstained)**

Item 13. Amendment to Sacramento Metropolitan Fire District Funding Agreement

Mr. Stern recommended the Board determine that a "triggering event" has occurred regarding outstanding pension liabilities on behalf of North Highlands Fire District retirees and beneficiaries; receive and file the actuarial analysis from Segal; and, authorize the Chief Executive Officer to execute an amended agreement with the Sacramento Metropolitan Fire District to provide a funding mechanism to address the North Highlands Fire District pension liabilities owed to SCERS.

The Board approved a motion to adopt the Staff recommendation. **(9-0)**

INVESTMENT MATTERS:

Item 14. Quarterly Investment Performance Report—Alternative Assets

Jaime Feidler from Cliffwater presented the Quarterly Investment Performance Report for the periods ending March 31, 2020, and December 31, 2019 for the Private Equity, Private Credit, Real Assets, and Opportunities portfolios.

SCERS ALTERNATIVE ASSETS PERFORMANCE SUMMARY
Quarter Reporting Periods Ending March 31, 2020

SCERS ASSET CLASS	Quarter*	1-Year*	3-Year*	5-Year*	Since Inception*	Since Inception Date*
SCERS Absolute Return	-9.0%	-5.1%	-0.9%	0.0%	3.3%	Sep-04
HFRI FoF Conservative	-7.2%	-4.3%	0.2%	0.4%	2.2%	
HFRI FoF Composite + 1%	-8.5%	-4.5%	1.0%	1.0%	3.5%	
SCERS Private Equity	4.4%	20.3%	21.7%	17.7%	15.4%	Feb-08
Cambridge Private Equity/Venture Capital	5.2%	15.2%	15.5%	13.3%	12.9%	
SCERS Private Credit	2.2%	9.5%	7.6%	7.9%	8.1%	Oct-11
Credit Suisse Leveraged Loan + 2%	2.2%	10.2%	6.5%	6.5%	7.1%	
SCERS Real Assets	0.3%	5.5%	10.2%	11.7%	11.9%	Jan-13
(45%) Cambridge Private Infrastructure; (35%) Cambridge Private Energy; (20%) NCREIF Agriculture/Timber	0.9%	2.7%	6.5%	6.1%	6.3%	
SCERS Opportunities	2.0%	8.0%	5.7%	7.8%	18.4%	Jan-08
SCERS Portfolio Actuarial Rate of Return	1.8%	7.0%	7.0%	7.0%	7.0%	
*Note: Periods ending 12/31/19 for Private Equity, Private Credit, Real Assets, and Opportunities Periods ending 3/31/30 for Absolute Return All returns are net IRR, except Absolute Return which is time-weighted						

The Board approved a motion to receive and file the Quarterly Investment Performance Report—Alternative Assets. **(9-0)**

Item 15. Quarterly Investment Performance Report—Real Estate

Chris Cunningham and Richard Brown from Townsend presented SCERS' Real Estate Portfolio Performance Report for the period ending March 31, 2020.

SCERS REAL ESTATE PERFORMANCE SUMMARY
Quarter Reporting Period Ending March 31, 2020

SUB-ASSET CLASS	Quarter 3/31/20	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
SCERS Real Estate Portfolio	-0.4%	6.2%	8.9%	8.5%	8.5%	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	0.8%	3.4%	6.2%	7.8%	6.6%	Nov-86
Core Portfolio	1.1%	7.5%	9.0%	8.8%	6.6%	Nov-86
Separate Account	N/A	N/A	N/A	11.8%	9.6%	Nov-86
Commingled Funds	1.1%	7.5%	9.8%	10.8%	7.2%	Sep-13
NFI-ODCE Index	0.8%	3.9%	5.9%	7.5%	6.3%	
Non-Core Portfolio	-4.9%	2.2%	9.0%	11.1%	5.6%	Jun-06
Value Add Portfolio	-3.4%	9.9%	10.8%	11.8%	4.7%	Jun-06
Opportunistic	-6.3%	-5.2%	6.7%	10.8%	6.8%	May-13
NFI-ODCE + 1% Index	1.0%	4.9%	6.9%	8.5%	7.2%	

The Board approved a motion to receive and file the Quarterly Investment Performance Report- Real Estate. **(9-0)**

Item 16. Board Education: Global Markets Update

Investment Officer, Brian Miller and Mike Pyle from BlackRock presented a Global Market Update summarizing the macroeconomic environment and global investment outlook.

The Board approved a motion to receive and file the Global Markets Update. **(9-0)**

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:26 a.m.

MEMBERS PRESENT

via teleconference: Keith DeVore, John B. Kelly, James A. Diepenbrock, Diana Gin, Ben Lamera, Dave Comerchero, Martha J. Hoover, Matt Petersen, Kathy O'Neil, and Rick Fowler presiding.

MEMBERS ABSENT: None; Alternate Safety Representative is vacant

OTHERS PRESENT

via teleconference: Eric Stern, Chief Executive Officer; Stephen Lau, General Counsel; Stephen Hawley, Chief Strategy Officer; Mario Sierras, Chief Benefits Officer; Debbie Chan, Senior Accounting Manager; John Lindley, Senior IT Analyst; Jim Donohue, Deputy Chief Investment Officer; JR Pearce, Retirement Investment Officer; Brian Miller, Retirement Investment Officer; Joan Kudin, Public Information Officer; Jamie Feidler, Cliffwater, LLC; John Nicolini and Stuart Odell, Verus Advisory, Inc.; Mike Pyles, BlackRock Inc.; Felix Fels, The Townsend Group; Richard Brown, The Townsend Group; Akin Greville; Chetner Walter; Chao Thor, Disability Retirement Analyst; Gar Chung, Michael Bowman and, Debbie Musilli-Sidhu, Executive Secretary.

Respectfully submitted,

/S/

Eric Stern
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Richard B. Fowler II, President

DATE: _____