



Executive Staff:

Eric Stern  
Chief Executive Officer

Margo Allen  
Chief Operations Officer

Steve Davis  
Chief Investment Officer

Keith Riddle  
Chief Benefits Officer

Timothy Taylor  
Chief Technology Officer

Jason Morrish  
General Counsel

## MINUTES

### REGULAR MEETING OF THE BOARD OF RETIREMENT

### SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Members of the Board of Retirement:

Keith DeVore, President  
Appointed by the Board of Supervisors

James Diepenbrock, Vice President  
Appointed by the Board of Supervisors

Robert Aguallo Jr.  
Appointed by the Board of Supervisors

Ronald Suter  
Appointed by the Board of Supervisors

Chad Rinde  
Ex Officio, Interim Director of Finance

Alina Mangru  
Elected by the Miscellaneous Members

M. Tapa Banda  
Elected by the Miscellaneous Members

Jack Noble  
Elected by the Safety Members

Chris Giboney  
Elected by the Safety Members (Alternate)

Martha Hoover  
Elected by the Retired Members

Dave Irish  
Elected by the Retired Members (Alternate)

WEDNESDAY, AUGUST 16, 2023

10:00 A.M.

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

**Live-stream at [www.scers.org](http://www.scers.org)**

## OPEN SESSION

### Item 1. Call to Order/Roll Call

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

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

**Board Members Absent:** Noble.

Also present: Eric Stern, Chief Executive Officer; Margo Allen, Chief Operations Officer; Steve Davis, Chief Investment Officer; Keith Riddle, Chief Benefits Officer; Jason Morrish, General Counsel; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Senior Retirement Investment Officer; JR Pearce, Senior Retirement Investment Officer; Jose Martinez, Senior Accounting Manager; Ashwin Prasad, Accounting Manager; and Adrienne Abed-Fitt, Office Specialist.

**Item 2. Election of Board Officers**

A motion was made by Board Member Hoover to nominate Vice President Diepenbrock as President. Motion was seconded by Board Member DeVore. **(Adopted 9-0.)**

A motion was made by Board Member Mangru to nominate Board Member Aguallo as President. Motion was not seconded.

A motion was made by Board Member Suter to nominate President DeVore as President. Motion was not seconded.

A motion was made by Board Member Hoover to nominate Board Member Aguallo as Vice President. Motion was seconded by Board Member DeVore. **(Adopted 9-0.)**

**Item 3. Public Comment**

None.

**CONSENT MATTERS – Items 4 - 14:**

**A motion was made by Vice President Aguallo, seconded by Board Member Suter, to approve the recommendations on Consent Calendar Items 4-14. (Adopted 9-0; as corrected by Vice President Aguallo as to Item 4.)**

**Item 4. Minutes of the June 21, 2023 Regular Meeting**

Recommendation to approve the minutes of the June 21, 2023 Regular Meeting.

**Item 5. Minutes of the June 15, 2023 Audit Committee Meeting**

Recommendation to approve the minutes of the June 15, 2023 Audit Committee Meeting.

**Item 6. Disability Retirement Applications**

Recommendation to adopt Staff's recommendations for the following Disability Retirement Applications:

- A. ERHART, Andrew (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- B. MILLER, Allen (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- C. NEWMAN, Jess (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- D. PAHL, Hunter (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- E. ROCHESTER, Catherine (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- F. ROMERO, Annette (Printing Service Operator, Department of General Services): Grant a non-service-connected disability retirement.
- G. RUEB, Aaron (Water Systems Operator, Department of Water Resources): Grant a service-connected disability retirement.

- Item 7. Ratification of Service Retirement Application Approvals—June and July 2023**  
Recommendation to ratify the Service Retirement Application Approvals for June and July 2023.
- Item 8. State Association of County Retirement Systems Legislative Update—August 2023**  
Recommendation to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for August 2023.
- Item 9. CEO Delegated Authority Expense Quarterly Report—Second Quarter 2023**  
Recommendation to receive and file the CEO Delegated Authority Expense Report for the quarter ended June 2023.
- Item 10. Sacramento County 2023-24 Contribution Prepayment**  
Recommendation to receive and file report confirming County contribution prepayment for fiscal year 2023-24.
- Item 11. Portfolio Allocation and Rebalancing Report—Second Quarter 2023**  
Recommendation to receive and file the Portfolio Allocation and Rebalancing Report for Second Quarter 2023.
- Item 12. Quarterly Investment Manager Compliance and Watch List Report—Second Quarter 2023**  
Recommendation to receive and file the Quarterly Investment Manager Compliance and Watch List Report—Second Quarter 2023.
- Item 13. 2022 Alternative Asset Fee and Expense Report**  
Recommendation to receive and file the 2022 Alternative Asset Fee and Expense Report.
- Item 14. Monthly Report of Investment Activity—June and July 2023**  
Recommendation to receive and file the Monthly Report of Investment Activity—June and July 2023.

**EXECUTIVE REPORTS:**

**Item 15. Chief Executive Officer's Report**

Mr. Stern welcomed Chad Rinde, new Department of Finance Director and ex-officio member of the Board of Retirement, Tim Taylor, SCERS Chief Technology Officer, and Adrienne Abed-Fitt, SCERS Office Specialist, who is working in a temporary assignment as Executive Secretary.

Mr. Stern discussed the 24-hour biennial education requirement and stated he will provide a mid-year status update in the next two weeks. Mr. Stern asked for and received feedback from Board Members Banda, Irish, Giboney about the SACRS UC Berkeley Public Pension Investment Management program in July, and from Vice President Aguallo about the Catalyst Conference in July. He noted that Board Member Mangru will be attending the CALAPRS Principles of Pension Governance for Trustees at the end of August and that the SACRS Fall Conference will be in mid-November in the Palm Springs area.

## **Item 16. Chief Investment Officer's Report**

Mr. Davis stated that at the June meeting, the Board approved the liquidation of a Liquid Real Return mandate managed by Brookfield Asset Management, and authorized Staff to implement the liquidation. He stated that Staff utilized the services of transition manager State Street Global Markets to execute the liquidation, which consisted of selling equity and fixed income positions. The liquidation occurred in early July, and the total cost of the transaction, including commissions and market impact costs, was around 2bps, or approximately \$24k.

Mr. Davis further noted that, at the September meeting, general investment consultant Verus and Staff will present SCERS annual liquidity analysis report. This analysis is required annually by SCERS Cash Management Policy. The liquidity analysis measures whether a plan has enough cash flows and liquid assets to meet cash outflows over a 5-year period.

## **Item 17. Chief Benefits Officer's Report**

Mr. Riddle provided an update regarding member services:

- The Benefits team processed 62 retirement applications in June and 39 in July, sustaining a steady pace as we exited out of the remnants of the busy season.
- As the stream of incoming retirement applications lessens, attention will shift to other workload pipelines needing attention such as buybacks, reciprocity, and terminations.
- SCERS once again had a large volume of Disability Retirement agenda items. This may continue through the remainder of the year as older applications are processed.
- Earlier in August, the Benefits team participated at a SETA all-team event that was staffed by various entities highlighting the services they provide to SETA employees. The team saw heavy traffic and answered a multitude of questions from the large number of attendees.
- SCERS is hosting a pension planning webinar on September 14 in partnership with Sacramento County Employee Benefits Office (EBO), Social Security, Fidelity Investments, and Sacramento County Retired Employees Association.
- Staff will also be partnering with the Sacramento County EBO to have a SCERS presence at open enrollment benefit fairs occurring in early October.

## **ADMINISTRATIVE MATTERS:**

### **Item 18. Actuarial Experience Study**

Recommendation to approve the assumptions recommended in the Actuarial Experience Study to be used in the actuarial valuation as of June 30, 2023, including a reduction in the investment return to 6.50%, and approve a phase-in of the unfunded liability contribution-rate increase; or, approve the alternative assumptions recommended in the

Actuarial Experience Study to be used in the actuarial valuation as of June 30, 2023, maintaining the 6.75% investment return assumption.

Mr. Stern presented the actuarial recommendations and discussed feedback he received from stakeholders in the County Executive's Office and from labor groups regarding the recommendations. Todd Tauzer, representing Segal, answered questions from Board members.

Following discussion, a motion was made by Board Member Suter, seconded by Board Member Rinde, to approve the actuarial assumption recommendation maintaining the 6.75% investment return assumption. **(Adopted 9-0.)**

**Item 19. Strategic Management Plan Quarterly Performance Report**

Recommendation to receive and file an update on activities and progress related to the 2023 Strategic Management Plan.

Mr. Stern presented an update on the activities and progress related to the 2023 Strategic Management Plan.

Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Rinde, to receive and file the update to the 2023 Strategic Management Plan. **(Adopted 9-0.)**

**Item 20. Proposed Special Meeting Agenda Review**

Recommendation to review proposed draft agenda for September 18, 2023, Special Meeting and provide direction to Staff.

Mr. Stern presented a draft agenda for the September 18, 2023, Special Meeting.

Following discussion, a motion was made by Board Member Suter, seconded by Board Member Hoover, to approve the draft agenda for the September 18, 2023, Special Meeting. **(Adopted 9-0.)**

**Item 21. Records Retention Policy**

Recommendation to approve minor amendments to Records Retention Policy.

Mr. Morrish presented proposed amendments to SCERS Records Retention Policy.

Following discussion, a motion was made by Board Member Chad Rinde, seconded by Board Member DeVore, to approve the amendments to the Records Retention Policy. **(Adopted 9-0.)**

**Item 22. Staff Background Check Policy**

Recommendation to approve minor amendments to the Staff Background Check Policy.

Mr. Morrish presented proposed amendments to SCERS Staff Background Check Policy.

Following discussion, a motion was made by Board Member Suter, seconded by Board Member Hoover, to approve the amendments to the Staff Background Check Policy. **(Adopted 9-0.)**

## **INVESTMENT MATTERS:**

### **Item 23. Global Equity Manager Recommendation**

Recommendation to approve an investment of approximately \$75 million with Allspring Global Investments (Global Closed End Fund Equity Strategy) and authorize the Chief Executive Officer to execute necessary documents and agreements; and, authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets.

President Diepenbrock recused himself from this item and left the meeting. Vice President Aguallo presided in his stead.

Scott Eldrige and Trevor Lavin, representing Allspring, provided a presentation on the firm's Global Closed End Fund Equity Strategy.

Following discussion, a motion was made by Board Member Devore, seconded by Board Member Suter, to approve an investment of approximately \$75 million with Allspring Global Investments (Global Closed End Fund Equity Strategy) and authorize the Chief Executive Officer to execute necessary documents and agreements; and, authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets. **(Adopted 8-0.)**

### **Item 24. Total Fund Investment Performance Report—Second Quarter 2023**

Recommendation to receive and file Total Fund Investment Performance Report for the second quarter ended June 30, 2023, as presented by Verus Advisory.

President Diepenbrock returned to the meeting as presiding officer.

John Nicolini and Brian Kwan, representing Verus Advisory, presented the Total Fund Investment Performance Report for the second quarter ended June 30, 2023.

A motion was made by Board Member Suter, seconded by Board Member Rinde, to receive and file the Total Fund Investment Performance Report for the second quarter ended June 30, 2023, as presented by Verus Advisory. **(Adopted 9-0.)**

## **OTHER MATTERS:**

### **Item 25. Comments from Members of the Board of Retirement**

None.

**At 12:20 p.m., President Diepenbrock called for closed session.**

## **CLOSED SESSION**

### **Item 26. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**

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

**Item 27. CONFERENCE WITH LEGAL COUNSEL—INITIATE LITIGATION**

Pursuant to Government Code Section 54956.9(d)(4), this session shall be closed for the Board to discuss a decision whether to initiate litigation in one (1) case.

**Item 28. PERSONNEL MATTERS—EMPLOYEE DISABILITY RETIREMENT APPLICATIONS**

Pursuant to Government Code Section 54957(b), this session shall be closed for the Board to discuss the employment of public employees, specifically, the disability retirement applicants referenced in Item 6, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

**OPEN SESSION**

At 1:55 p.m., following the closed session, President Diepenbrock reconvened the meeting in Open Session and announced there were no actions to report.

**ADJOURNMENT**

There being no further business, President Diepenbrock adjourned the meeting at 1:56 p.m.



# Retirement Board Order

## Sacramento County Employees' Retirement System

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Before the Board of Retirement  
September 20, 2023

AGENDA ITEM:

### Minutes of the August 16, 2023 Regular Meeting

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to receive and file the Minutes of the August 16, 2023 Regular Meeting.

I HEREBY CERTIFY that the above order was passed and adopted on September 20, 2023 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:  
(Present but not voting)

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James Diepenbrock  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary