



ITEM 2

Executive Staff

Richard Stensrud
Chief Executive Officer

Steve Davis
Chief Investment Officer

Robert L. Gaumer
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

For Agenda of:
April 6, 2017

April 5, 2017

TO: President and Members
Board of Retirement

FROM: Richard Stensrud
Chief Executive Officer

SUBJECT: Executive Recruiter to Conduct the CEO Search

Recommendation:

That the Board select either Hudepohl & Associates or EFL Associates as the executive recruiting firm that will conduct the search to fill the Chief Executive Officer position.

At the March Board Meeting, the Board concurred with the recommendation of the CEO Recruitment Committee that SCERS conduct a national search for the next CEO, and engage an executive recruiting firm that combines national reach and national experience with expertise in the pension fund market to lead that effort. To that end, tomorrow your Board will receive presentations from the two firms generally considered to be the national leaders in the recruitment of public pension professionals – Hudepohl & Associates, and EFL Associates. Information regarding the two firms is attached.

Hudepohl and EFL will discuss their respective firms; their experience with public pension executive searches; the recruiting team they propose to us; their philosophy and approach for identifying candidates that will be an optimal fit for the SCERS CEO position; and their process and expected timeline for conducting the search. The firms have also been advised that they should be prepared to address whether, based on their experience in conducting public pension executive searches, the current salary range for the CEO position is sufficient for a successful recruitment and/or whether a higher salary range is advisable. The information gained from that discussion can then be drawn upon by the

Executive Recruiter to Conduct CEO Search

April 5, 2017

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Board when considering the second item on the Agenda for this meeting – the compensation study for the CEO position prepared by Ralph Andersen & Associates.

The concept of finding the 'right fit' has dual importance with respect to the CEO search in that identifying the executive recruiting firm that provides the 'right fit' for the recruitment will be critical for identifying CEO candidates that represent the 'right fit' for the position. I believe the determining factor in both of these 'right fit' decisions will be to select a recruiting firm that understands SCERS – its culture, strengths and way of doing business – and then uses that insight and perspective to identify candidates that exemplify the values and leadership style that would be an optimal match for SCERS. In that regard, I would further submit that SCERS is a highly functional organization on almost every level, and the choice of the next CEO should center on the candidate's ability to sustain and build upon the success and excellence SCERS has achieved.

Given that your Board is at the center of SCERS' culture, philosophy and values, I am confident that you will identify the right recruiting firm to assist you in finding the right CEO.

I will be happy to answer any questions you might have.

Respectfully,

Richard Stensrud
Chief Executive Officer



Executive Search Services

Chief Executive Officer

Sacramento County Employees' Retirement System

"Best for client. Best for candidate. Best for culture."

**Submitted by:
Hudepohl & Associates, Inc.**

March 3, 2017

Mr. Richard Stensrud
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814

Dear Richard:

Thank you for the opportunity to share some general information on our firm and services. Hudepohl has been serving public pension funds, small municipal to Top 5 funds, for the past 15 years. Our 25+ public fund clients, managing \$2 billion to over \$150 billion in assets, are located in virtually every region of the country including the West and Southwest.

We understand the various pension plan governance models, state, county and municipal, and have successfully recruited executives to lead funds in all these models. As will be confirmed by our references, we are effective understanding culture, "recruiting" leaders, selling relocation, and advising and leading boards through a public search.

Top Three reasons our firm is uniquely qualified to assist the SCERS board on this search are:

#1 Team Strength – Our senior leadership team of Gary Hudepohl and Debbie Roche will be assigned. They are one of the most experienced and qualified teams of any search firm managing public pension fund searches.

#2 Placement Retention – When comparing long term retention, we simply exceed. Of the executives we've placed in public funds, 97% were employed beyond their guarantee period. The tenure ranges from 3 to 11 ½ years, and most continue in their roles today.

#3 Conflicts of Interest – Our office has no conflicts with other active searches, bringing SCERS national access to top public pension plan talent.

If there are questions, please contact me at 614-854-7300 (office), 614-571-3056 (cell), or via email at ghudepohl@hudepohl.com.

Sincerely,



Gary L. Hudepohl
Principal and Managing Director

Company Overview

Hudepohl & Associates, a retained executive search firm, was founded in 1994. Our purpose is to strategically discover and link best of breed leaders with extraordinary leadership opportunities. We serve a diverse national client base — public pension funds, higher education institutions, and state & local governments located throughout the U.S.

Our team has over 35 years of search experience, has managed over 550 searches, and includes two Principals and one Consultant. Our senior leadership team of Gary Hudepohl and Debbie Roche has over 40 years of Fortune 50 business experience and 25 years of retained search experience.

At Hudepohl, we specialize in national searches for public pension plan executives, filling positions for the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, and other executives.

Public Pension Fund Experience

Our reputation and experience managing national public pension fund searches will be of significant value on the search. We will leverage our national network, and knowledge and experience to recruit top talent as SCERS' next leader. Here's what this means.

Knowledge

- Our team has in-depth knowledge of the public pension fund sector and knows the skill set and leadership competencies required of an executive to lead a defined benefit plan.
- From our in-depth needs analysis, we will learn and understand the SCERS' culture and the leadership competencies necessary for success.

Experience

- Our firm is recognized nationally as a leader in public pension fund executive search, completing over 85 searches in the past 15 years for 25+ public pension plans.
- The team assigned to SCERS is one of the most experienced and qualified of any search firm managing public pension fund searches, led by Gary Hudepohl.
- We have worked in the West and Southwest regions and have a demonstrated track record of selling relocation across the country.

Performance

- Based on an independent survey, our performance simply exceeds.
 - 98% Leadership Fit Rate
 - 95% Client Satisfaction Rate
 - 9.33 Placement Satisfaction Rate (scale 1 – 10, 10 being highest)

Retention Statistics

Of the CEOs/Executive Directors we placed, all were employed beyond their guarantee period (100% Retention Rate) and most are still employed at the fund today. The average tenure is 5 years, with the longest tenure being 11 years.

Experience (cont.)

Relevant Experience

Below are national search examples completed for public pension funds.

<u>Executive Director/Deputy Executive Director</u>	<u>Assets (\$)</u>
CEO/CIO, Florida State Board of Administration	156B
Executive Director, Ohio Public Employees Retirement System	87B
Executive Director, State Teachers Retirement System of Ohio	60B
Executive Director, Colorado Public Employees Retirement Association	44B
Executive Director, Teachers' Retirement System of Illinois	31B
Executive Director, Ohio Bureau of Workers' Compensation	21B
Executive Director/CIO, Nebraska Investment Council (2014)	18B
Executive Director, Oklahoma Teachers Retirement System	13B
Executive Director, Maine Public Employees Retirement System	12B
Executive Director, School Employees Retirement System of Ohio (2016)	12B
Executive Director/CIO, Nebraska Investment Council (2009)	11B
Executive Director, Kentucky Retirement Systems	11B
Executive Director, Ohio Police & Fire Pension Fund	11B
Executive Director, School Employees Retirement System of Ohio (2005)	10B
Executive Director, Colorado Fire and Police Pension Association	5B
Executive Director, Dallas Police & Fire Pension System	3B
Executive Director, Fort Worth Employees' Retirement Fund	2B
Executive Director, City of Cincinnati Retirement System (2009)	3B
Executive Director, City of Milwaukee Employees' Retirement System	3B
Executive Director, City of Cincinnati Retirement System (2005)	2B
Deputy Executive Director, Ohio Public Employees Retirement System	87B
Deputy Executive Director, Ohio Police & Fire Pension Fund	11B
Deputy Executive Director, School Employees Retirement System of Ohio	10B

Our process is what separates us from the competition, ensuring **magnetic professional matches** between client, candidate and culture. At Hudepohl, we don't waste your time with sub-par candidates, pooling talent incorrectly, and burning valuable organizational resources. But what we do have time for is doing it right!

Our breed of search, called source-search, is an *active recruiting of passive candidates*. We don't just draft candidates to employers, we draw them together. To discover and ensure magnetic matches, we adhere to our **5A Advantage** and practice this process to perfection.

Our performance is not just meeting, but continually exceeding the expectations of candidates and clients alike. Our **5A Advantage**, detailed below, outlines the key activities in each of the steps.

1 Aspire

All professional matches begin from a foundation of aspiration; seeking unequaled results which exceed clients' objectives and specified outcomes. In this first phase, we meet with various stakeholders (e.g. Board members, leadership team, and other key stakeholders) to conduct a needs analysis and develop the position specification, and design the recruitment strategy.

2 Assimilate

This phase entails the adaptation between SCERS' leadership values and cultural visions and prospective candidates' principles, philosophies, practices and doctrines. During this second phase, we target and actively recruit top talent, unexpected candidates. Applicants are also sourced from our proprietary resume database and from networking with our contacts nationally in the plan sponsor community.

Our team will develop the content for any advertising and postings; advertising may be placed in *Pensions & Investments*; and to support sourcing a qualified, diverse applicant pool, the position may be posted on selected websites, such as CFA Institute, NASRA and NCTR.

Targeted entities are confirmed based on selection criteria identified from the needs analysis. We own a research database, and have many resumes of top leaders at public and corporate plan sponsors ensuring a "quick start" on a search. Our Executive Summary, detailing activities and results, is submitted regularly to the Search Committee Chair/Board. Regular meetings and conference calls are scheduled as needed to ensure SCERS is updated on the search at all times.

3 Appraise

Mid process we conduct applicant interviews, by phone and of course in person, (some firms only conduct phone or video interviews) and commence background checks. These interviews are designed to collect experiential data, assess cultural fit, and affirm interest.

Personal interviews are conducted by the lead consultant, Gary Hudepohl, (he has completed over 3,500 personal interviews) to assess technical skills and leadership competencies as compared to the *Proprietary Leadership Assessment Model* developed from the many searches conducted.

Unlike some of our competitors, a background check is completed, by a licensed investigation firm, on all candidates recommended prior to client interviews. This practice ensures anything that would disqualify a candidate is known in advance, not discovered at some future point after client interviews have commenced.

If requested, media searches, the mining of information in the public domain, are performed on finalists. This background information is obtained from an electronic search of 20,000+ publications worldwide in the public domain, in print or electronic form, where the candidate's name is mentioned. These articles are reviewed by our office and a summary of the findings is provided to the Search Committee/Board.

4 Authenticate

It is in this stage where the ultimate outcome is the authenticity between all – candidate, client and culture, and their respective objectives. In this fourth phase, where client interviews are conducted, we make advisory recommendations, supported and validated by our unique methodology. Here we produce our FLIQ Briefing Book for the Search Committee/Board, which includes candidate resumes and a Summary of Experience & Qualifications, a rating and comparison of candidates' experience and performance.

Reference interviews are also executed on the finalist, which are customized based on first round interviews. Specific references are requested that are best qualified to speak to the selected topics. A copy of the final report is provided to the Search Committee/Board.

Our office will schedule interviews and arrange travel in accordance with the SCERS travel policies. Gary Hudepohl will attend and facilitate interview sessions. He will also prepare interview questions, develop an evaluation form, and conduct interview training, if requested.

5 Activate

Our final phase activates the commencement of the human capital relationship by negotiating detailed compensation packages and an employment agreement, if applicable, with your candidate of choice. Gary Hudepohl, having extensive experience negotiating compensation packages and employment agreements, and in collaboration with the Board, can lead negotiations or act as an intermediary.

Our office will also assist the new hire with transition services, realtor services, and other relocation assistance. We will also follow-up with the System and the placement within the first 90 to 120 days to checkup on the transition plan.

Below is the proposed work schedule indicating when each activity will be accomplished. A typical search takes approximately 14 to 16 weeks, depending on the availability of qualified candidates in the market at this time, and availability of stakeholders, Board members, and potential candidates to meet.

Major Task	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Step 1 - Aspire																	
Stakeholder Interviews																	
Develop Position Specification																	
Design Recruitment Strategy																	
Execute Name Generation Research, if required																	
Step 2 - Assimilate																	
Search Hudepohl Resume Database																	
Develop and Place Advertising/Postings																	
Active Recruiting of Targeted People																	
Step 3 - Appraise																	
Phone Interviews Qualified Applicants																	
Personal Interviews Most Qualified Applicants																	
Commence Background Checks																	
Step 4 - Authenticate																	
Production of FLIQ Board Briefing Book																	
Develop Interview Questions & Evaluation System																	
Arrange Candidate Travel																	
SCERS Interviews																	
Reference Interviews on Finalist																	
Step 5 - Activate																	
Negotiate Compensation Package																	
Facilitate Transition and Relocation Services																	

Gary Hudepohl, the lead consultant on all public pension fund searches, has completed over 85 public fund searches, and would be the Principal on the SCERS search. A brief profile on each consultant is provided below; a complete bio is available at www.hudepohl.com.

Gary Hudepohl, Principal & Managing Director - Gary, a graduate of Xavier University, founded Hudepohl & Associates in 1994. He has completed more than 550 searches for a wide range of organizations, including public pension funds, higher education institutions, Fortune 500 companies, and privately held companies. He is a member of the National Association of State Retirement Administrators (NASRA) and the National Association of State Treasurers (NAST). Gary has managed searches for the CEO, Executive Director, and many other executive positions in the public and private sectors.

Prior to founding Hudepohl, he worked over 20 years for UPS and served on the Executive Leadership Team of the Midwest Region, Upstate New York, Massachusetts, and East New England operating districts.

Debbie Roche, Principal & Senior Vice President - Debbie is a CPA and a graduate of The Ohio State University. She has over 20 years of experience in public accounting and the private sector. She manages searches for a wide range of organizations, including public pension funds, higher education institutions, Fortune 500 companies, and privately held companies. Debbie has managed searches for the CEO, Executive Director, CFO, Chief Human Resources Officer, and many other executive positions in the public and private sectors.

Prior to joining Hudepohl, Debbie held various positions during her tenure at Borden, Inc. – President of Borden Asset Management, General Controller and General Auditor, and Interim Chief Information Officer. Prior to Borden, she spent 11 years at PricewaterhouseCoopers managing large clients in various industries and worked two years in the London, England practice office.

Our fees are simple, there are no surprises.

Placement Fee: One-third of total first year's cash compensation, base salary + bonus. The minimum fee is \$65,000. The fee is due whether the new hire is directly sourced by Hudepohl, an internal candidate, or from any other source.

Payment Terms: Payment is due in three, non-refundable installments. Retainers are based on estimated first year compensation, and at the conclusion of search, reconciled to actual.

- 25% within 10 days of contract execution.
- 25% within 45 days.
- 50% upon candidate's acceptance.

Termination Fee: If the client suspends or terminates the search after the first installment is paid, but before 45 days, SCERS has no further financial obligation. After 45 days, the full fee or minimum fee is earned and due.

Advertising and Postings: Approved advertising and development costs are re-billed to SCERS.

Administrative Services: No charge.

Research Services: No charge.

Background Checks: No charge.

Media Checks: Cost may range from \$650 to \$1,200 per candidate.

Reference Interviews: Completed on finalist at a cost of \$650.

Miscellaneous Expenses: Cost for overnight air services provided by FedEx and similar type carriers.

Consultant Travel Expenses: Airfare, hotel, rental car, parking, meals, and other expenses incurred to attend client meetings and interview candidates.

Candidate Travel Expenses: At no additional charge, our firm will arrange and pay candidate travel expenses to interview with SCERS and rebill the expenses to SCERS at actual cost.

Placement Guarantee: Our guarantee is one year. If the new hire's employment is terminated for performance related reasons, we will replace the person for expenses only (no additional fee).

School Employees Retirement System of Ohio (\$13B AUM)

Executive Director (2005 & 2016), Deputy Executive Director, CFO and other searches
Barbra Phillips, Chair of the Board
(419) 651-9228, bphillips@zoominternet.net

Ohio Public Employees Retirement System (\$87B AUM)

Executive Director, Deputy Executive Director, CIO, CFO and other searches
Robert Smith, Appointed Trustee and Chair of Investment Committee
CEO, SperoSmith Investment Advisors
(216) 514-3406 x. 208, bob@sperosmith.com

Colorado Public Employees Retirement Association (\$44B AUM)

Executive Director search
The Honorable James Casebolt, Board Member and Search Chair
(303) 717-3422, wilcase@q.com

New Mexico State Investment Council (\$18B AUM)

Deputy State Investment Officer search
Steve Moise, State Investment Officer
(505) 476-9542, (505) 629-2060, steven.moise@state.nm.us

Maine Public Employees Retirement System (\$12B AUM)

Executive Director search
Peter Leslie, Board Chair
207-775-0700, pleslie@maine.rr.com

Dallas Police & Fire Pension Fund (\$3B AUM)

Executive Director search
Sam Friar, Board Chair and Search Committee Chair
(972) 567-5930, sfriar@dcpf.org

Fort Worth Employees' Retirement Fund (\$2B AUM)

Executive Director search
Billy Samuel, Board Chair & Elected Trustee
(817) 319-5742, BillySamuel.1492@gmail.com

Nebraska Investment Council (\$21B AUM)

Executive Director/CIO searches (2009 & 2014)
Gail Werner-Robertson, Council Chair
(402) 496-7200, gwr@gwrwealth.com



EFL Associates Executive Search Capabilities Summary

Exclusively prepared for:



Presented to: Board of Trustees
Sacramento County Employees' Retirement System

Presented by: Mary L. Hobson, Executive Vice President
Daniel J. Cummings, Senior Vice President & Managing Director
EFL Associates

March 2, 2017





EFL Associates

8181 E Tufts Avenue, Suite 600
Denver, CO 80237-2579
Phone: 303.779.1724
www.effassociates.com

March 2, 2017

Board of Trustees
C/O Mr. Richard Stensrud, Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814

Ladies and Gentlemen:

Thank you for considering EFL Associates as a partner to assist in the recruitment of a **Chief Executive Officer** for the **Sacramento County Employees' Retirement System**. Our firm is uniquely qualified to handle this assignment for a number of reasons:

- A successful 30-year history in the executive search field – our exclusive specialty.
- Extensive, successful, and **current** experience recruiting senior public pension executives.
- We possess the stability and resources of a national recruiting company, yet you can expect the responsiveness and hands-on approach of a boutique organization.
- Extensive original research is conducted on every project rather than “recycling” contacts from our database. We proactively network through phone calls, emails, associations and social networking sites to generate interest in your position.
- We take the “consultant” aspect of our role to heart. We're pleased to be able to offer the boards/search committees we're privileged to serve, time-honored counsel at all stages of the search process.
- EFL Associates would be proud to represent the **Sacramento County Employees' Retirement System**. We have a vested interest in completing projects in the public pension industry.

Thank you for the privilege of presenting this proposal. We are certain you will be pleased with the quality, dedication and professionalism of our firm, and also with the strong results orientation EFL Associates always brings to the table. We look forward to the prospect of working with you.

Sincerely,

Handwritten signature of Daniel J. Cummings in cursive.

Daniel J. Cummings
Senior Vice President

Handwritten signature of Mary Hobson in cursive.

Mary Hobson
Executive Vice President



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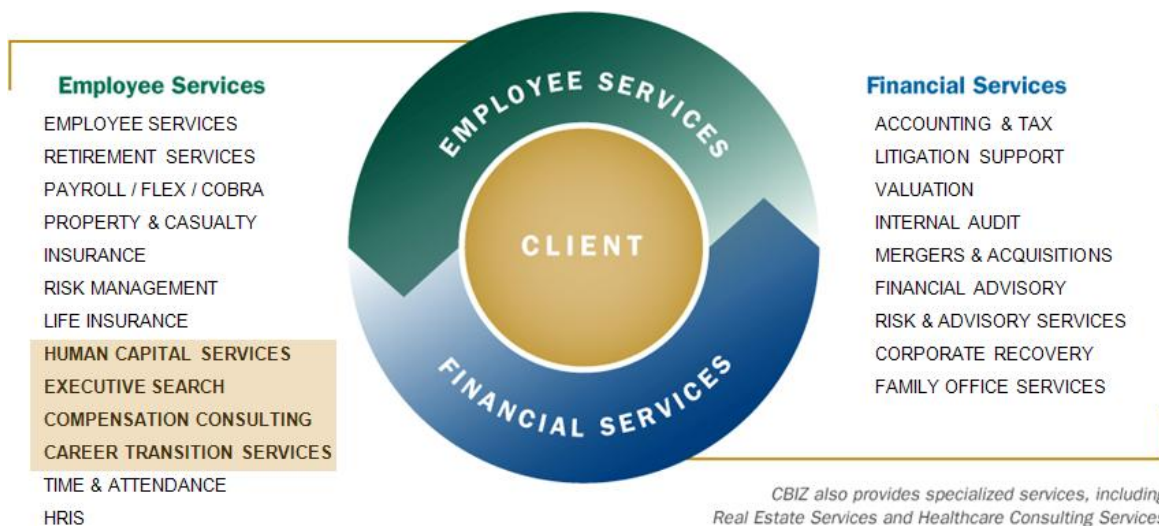


EFL Associates

EFL ASSOCIATES is a management consulting firm specializing in executive search. Our organization offers the **Sacramento County Employees' Retirement System** the competitive advantage of a nationally recognized recruiting company, along with a demonstrated record of accomplishment in attracting quality leadership to a variety of opportunities. EFL Associates is one of the largest and best established practices of its type in the country, historically ranking in the top two percent of the 2,500 national, retainer-based search firms (*Executive Recruiter News*).

Our firm employs multiple consultants, and offers the strategic advantage of a full-time professional research staff to support search activities from offices in Denver, Kansas City, and St. Louis. The clients of EFL Associates benefit from the expertise, control, and quality of our in-house research team in comparison to other firms that outsource this critical aspect of overall project management.

- **Founded:** 1978
- **Industry Ranking:** Top 2%
- **Historical Number of Engagements:** 4,000+
- **Geographical Scope:** 48 states; 250+ cities; six foreign countries



CBIZ, INC. EFL Associates is affiliated with CBIZ, Inc. (NYSE: CBZ), a \$680 million professional services company headquartered in Cleveland, Ohio. CBIZ is the largest provider of multi-specialty professional service offerings to businesses of all sizes. We offer auditing and tax services, employee benefits consulting, human capital services, valuation assistance, retirement plan services, payroll, property & casualty insurance, and many others. With 130 offices and over 5,000 associates throughout the United States, CBIZ provides the credentials and resources that benefit clients across the board.





Credentials

There are many compelling reasons to select EFL Associates to represent your organization in the marketplace.

NATIONAL RECRUITING SCOPE - EFL Associates has a national reputation with clients across the country while maintaining the “hands-on” responsiveness of a boutique firm. This responsiveness is accentuated by top-notch information technology resources, including our proprietary database with more than 250,000 professional contacts/candidates. However, the principal foundation of any search conducted by EFL Associates relies upon *original research* to identify and network with top professionals in a given industry or discipline.

RESEARCH CAPABILITY – As noted above, EFL Associates employs its own in-house research team, comprised of trained professionals, who conduct custom, original research to identify and network with potential candidates and sources of candidates. Although our proprietary database contains most senior executives in public pension funds across the country, we expect to perform extensive research to identify additional organizations and individuals in those organizations who may be candidates or sources of candidates for this position. Controlling this function in-house, with the resulting ability to change course or add research as needed, is a distinct advantage over firms that outsource this critical function.

INDUSTRY EXPERTISE – EFL Associates’ experience in the public pension industry is second to none; the firm has completed more top level searches for public pension funds than any other firm in the country. As a result of these projects and involvement in industry groups, we have an excellent understanding of public agencies and the issues facing them. This experience will help us come up to speed quickly on the specific issues and challenges facing the **Sacramento County Employees’ Retirement System**. It will also allow us to quickly identify potential candidates and better assess their fit.

EFL ASSOCIATES’ CLIENTS – In addition to our public pension clients (listed in the next section), our clients include some of the most respected organizations in the country. A sampling of clients served by EFL Associates includes: American Humane Association, Delta Dental of Colorado, Kaiser Permanente, AMC Theatres, the Kansas City Chiefs Football Organization, Hill’s Science Diet, CoorsTek, Cessna, Russell Stover, Hallmark, The Colorado Trust, University of Colorado, Western Union, and many others.





Industry Expertise: Public Pension Executive Searches

Within the past sixteen years, the firm has handled the following searches for executives in the public pension industry.

- **California State Teachers' Retirement System**
Chief Executive Officer
- **Los Angeles City Employees' Retirement System**
General Manager
- **San Bernardino County Employees' Retirement Association**
CEO
- **Houston Firefighters' Relief & Retirement Fund**
Executive Director
- **El Paso (TX) Firemen & Policemen's Pension Fund**
Executive Director
- **City of Austin Police Retirement System**
Executive Director
- **Texas Municipal Retirement System**
Executive Director
- **State of Wisconsin Investment Board**
Executive Director
- **Kansas Public Employees' Retirement System**
Executive Director
- **Public School and Education Employee Retirement Systems of Missouri**
Executive Director
- **El Paso County (CO) Retirement Plan**
Executive Director
- **Colorado Public Employees Retirement Association**
Executive Director
- **District of Columbia Retirement Board**
Executive Director
- **Virginia Retirement System**
Executive Director
- **Kansas City Public School Retirement System**
Executive Director
- **San Diego County Employees' Retirement Association**
CEO
- **Orange County Employees Retirement System**
Chief Executive Officer
- **San Francisco Employees' Retirement System**
Executive Director
- **San Diego City Employees' Retirement System**
CEO
- **Los Angeles Fire & Police Pension Association**
Executive Director
- **San Joaquin County Employees Retirement Association**
Assistant Retirement Administrator
- **City of Austin Employees' Retirement System**
Executive Director
- **Jacksonville Police & Fire Pension Fund**
Executive Director & Plan Administrator
- **Austin Police Retirement System**
Executive Director
- **City of Dallas Employees Retirement Fund**
Executive Director
- **City of Fort Worth Employees Retirement Fund**
Executive Director
- **Municipal Fire & Police Retirement System of Iowa**
Executive Director
- **Missouri Department of Transportation & Highway Patrol Employees Retirement System**
Executive Director
- **New Hampshire Retirement System**
Executive Director



Industry Expertise: Public Pension Executive Searches (cont.)

- **Denver Public Schools Retirement System**
Executive Director
- **State Universities Retirement System of Illinois**
Executive Director/CEO
- **Tacoma Employees' Retirement System**
Retirement Director
- **City of Spokane Employees' Retirement System**
Retirement Director
- **City of Kansas City, MO Retirement Systems**
Retirement Services Executive Officer
- **Omaha Public School Employees Retirement System**
Executive Director
- **Pennsylvania Public School Employees' Retirement System**
Executive Director
- **Public Employee Retirement System of Idaho**
Executive Director
- **Missouri State Employees Retirement System**
Executive Director
- **Chicago Teachers Pension Fund**
Executive Director
- **Public Employees' Retirement Association of Minnesota**
Executive Director
- **City of Wichita Retirement Systems**
Pension Manager
- **Teachers' Retirement System of Louisiana**
Director
- **Wyoming Retirement System**
Executive Director
- **Pennsylvania State Employees' Retirement System**
Executive Director



Industry Expertise: Public Pension Investment Searches

Within the past sixteen years, the firm has handled the following searches for investment executives and professionals in the public pension industry.

- **California State Teachers' Retirement System**
Director of Global Equity
- **Colorado Public Employees' Retirement System**
Chief Investment Officer
Deputy Chief Investment Officer
Director of Fixed Income
- **Houston Firefighters' Relief & Retirement Fund**
Chief Investment Officer
- **Oklahoma Public Employees Retirement System**
Chief Investment Officer
- **Pennsylvania Public School Employees' Retirement System**
Chief Investment Officer
- **State of Wisconsin Investment Board**
Chief Investment Officer
- **New Hampshire Retirement System**
Director of Investments
- **Kansas Public Employees' Retirement System**
Chief Investment Officer
Deputy CIO for Public Markets
Fixed Income Officer
Alternatives Investment Officer
Real Estate Investment Officer
Chief Fiscal Officer
- **Wyoming Retirement System**
Chief Investment Officer
- **Ohio Public Employees' Retirement System**
Director of Investments
- **Washington State Investment Board**
Senior Investment Officer – Risk Management and Asset Allocation
Senior Investment Officer, Tangible Assets
Senior Investment Officer, Public Equity
- **San Joaquin County Employees Retirement Association**
Chief Investment Officer
- **San Diego County Employees' Retirement Association**
Chief Investment Officer
- **Employees Retirement System of Texas**
Deputy Executive Director of Investments
Director of Investment Operations
Senior Portfolio Manager, Private Equity
Fixed Income Analyst/Portfolio Manager
Director of Fixed Income
- **Teachers Retirement System of Oklahoma**
Chief Investment Officer
- **Oregon State Treasury**
Chief Investment Officer
Senior Investment Officer, Private Equity
Director of Investment Operations
Chief Compliance and Regulatory Officer
- **Pennsylvania State Employees' Retirement System**
Chief Investment Officer
- **Kentucky Retirement Systems**
Chief Investment Officer
- **Illinois Municipal Retirement Fund**
Chief Investment Officer
- **Teachers' Retirement System of Louisiana**
Chief Investment Officer
Director of Public Equities
Director of Alternatives
- **North Dakota Retirement & Investment Office**
Chief Investment Officer/Executive Director
- **Indiana Public Employees' Retirement Fund**
Chief Investment Officer



Search Team

THE CONSULTANTS WHO MARKET THE WORK ARE THE ONES WHO COMPLETE THE WORK – Avoiding a common industry practice of passing service delivery to more junior staff members; EFL Associates distinguishes itself by adhering to a philosophy that the consultants who market the work are the ones who complete the work. Consequently, the **Sacramento County Employees' Retirement System** will be well served by experienced search consultants who offer expertise to evaluate candidates and effectively manage the process to your satisfaction.

The **Chief Executive Officer** search for **Sacramento County Employees' Retirement System** will be handled by our Denver office, the headquarters of our public pension and capital markets practice. This location is managed by Senior Vice President and Managing Director, Daniel Cummings. Also located in Denver is Mary Hobson, Executive Vice President and long-time search consultant to the public pension sector. Ms. Hobson will serve as the primary contact for **Sacramento County Employees' Retirement System**, and together with Mr. Cummings they will: attend all meetings with **Sacramento County Employees' Retirement System**; manage the recruitment team and overall search strategy; contact and network with individuals in the industry to solicit interest and referrals; interview in person or by videoconference all candidates recommended to **Sacramento County Employees' Retirement System**; assist with interviews as desired; and handle negotiations with the successful **Chief Executive Officer** candidate.

Our research team will: manage our original research efforts and outreach to candidates identified through those efforts; handle all advertising and posting; conduct outreach to potential candidates and review candidate resumes in conjunction with Ms. Hobson and Mr. Cummings.



DANIEL (DAN) J. CUMMINGS, VICE PRESIDENT

Daniel (Dan) Cummings offers over 30 years of diverse business experience to the Denver office of EFL Associates and its clients. As a Vice President, he is responsible for directing all aspects of highly targeted search assignments, from identification of organizational talent needs and requirements through candidate identification, evaluation, selection and project completion.



Cummings, who holds CPA certificates from both Kansas and Missouri, began his career as an Auditor with the Kansas City office of KPMG, the world's largest audit, tax and organizational consulting firm. While with KPMG, he specialized in serving the office's largest, publicly-held client companies and became well versed in the requirements of mandated SEC reporting. Equipped with this expertise, Cummings was asked to join one of his client companies, Butler Manufacturing Co. as an Assistant Controller charged with overseeing all aspects of the corporation's financial reporting and analysis.

In 1985, he was recruited to found the Kansas City office of then-Source Finance, a multi-office, national contingency search firm specializing in the placement of accounting and finance professionals. Over the next eight years, he oversaw the growth and success of this office which positioned it as the leading provider of its kind in the local marketplace. Cummings earned membership in the firm's highest performer categories multiple times and was named Small Branch Manager of the Year in 1989.

In 1993, Cummings founded his own firm continuing to specialize in the placement of accounting/financial professionals, including numerous high-level search assignments for some of Kansas City's largest employers. Over the course of the next 12 years, he oversaw the rapid expansion of this practice until he was recruited, once again, to join a client organization, Uhlig LLC. At Uhlig, Cummings was responsible for all business operational aspects of the company's largest division, Illustratus. Under his direction were sales, customer service, marketing, product development, production, art & editorial, and business development.

"Attracting and retaining top-shelf talent is critical to the success of any growing organization. At EFL Associates, we are uniquely positioned not only to advise our clients but also to proactively aid them in this crucial process."

In addition to the demands of his professional career, Cummings is actively involved in a number of civic and philanthropic volunteer activities. He has served his alma mater's alumni and collegiate fraternal organization boards in various capacities and is a member of the Benedictine College Business School Advisory Board.

EDUCATION

M.B.A., Finance and Marketing, University of Kansas, Lawrence, Kansas

B.S.B.A., Accounting and Business Administration, University of Kansas, Lawrence, Kansas

720-200-1765 ▪ dcummings@eflassociates.com





MARY HOBSON, J.D., EXECUTIVE VICE PRESIDENT, DENVER COLORADO

Mary Hobson brings over 40 years of business experience in the general management, legal and financial arenas to EFL Associates and its clients. This combination of experience provides Hobson a unique breadth of knowledge and practical perspective on the diverse staffing issues facing the firm’s clients.



Since joining EFL Associates, Ms. Hobson has handled over 200 executive search assignments, including numerous President/CEO/Executive Director/CIO searches, many in the public pension sector. Hiring the organization’s leader is one of the most critical responsibilities of a Board. Ms. Hobson has extensive experience working with Boards and Search Committees to ensure that this responsibility is handled effectively and efficiently.

Ms. Hobson began her career auditing business entities for the Internal Revenue Service in Kansas City, MO (1971–1977). After completing her JD degree (1980), she joined a large Kansas City law firm, specializing in tax, securities and real estate matters.

“In today’s business environment, senior level assignments involve complex interpersonal, legal, and financial aspects. At EFL Associates, we draw on our cumulative experience in these areas to find individuals who take our clients to the next level of success.”

In 1982, she co-founded her own firm, which subsequently merged with the 100-plus attorney St. Louis firm of Husch & Eppenberger. From 1982 through 1992, Ms. Hobson advised business clients on all aspects of business formation and operations. She focused on integrating legal advice with the client’s business objectives to achieve practical solutions to problems.

In 1993, Ms. Hobson accepted the position of Vice President with Cal Emblem Labels, Inc., a label printer with multiple production facilities. In that position, she coordinated operations, corporate administration and legal matters and was a part of the top management team leading the company. After successfully concluding the sale of Cal Emblem to a public company in 1995, Ms. Hobson joined EFL Associates.

Ms. Hobson has been active both professionally and in the community throughout her career. Ms. Hobson serves as Vice President of the board of Senior Housing Options and has served as board chair of the Colorado-Wyoming Chapter of the National Multiple Sclerosis Society.

EDUCATION J.D., University of Missouri – Kansas City, Kansas City, Missouri
B.B.A., University of Missouri – Kansas City, Kansas City, Missouri
CPA certificate, Missouri

720-200-7005 ▪ mhobson@eflassociates.com





Framework for Conducting a Search

- 1 Client Needs Analysis
- 2 Position Profile Development
- 3 Search Strategy Development
- 4 Candidate Generation
- 5 Candidate Evaluation & Presentation
- 6 Background & Reference Checks
- 7 Candidate Negotiations

The process will begin with EFL Associates' consultants meeting with the Search Committee and/or Board and senior staff to analyze the **Sacramento County Employees' Retirement System** needs and establish qualifications, background and personal characteristics needed and desired. We will then prepare a position specifications document of the **Sacramento County Employees' Retirement System** and the **Chief Executive Officer** position, which will be provided to the **Sacramento County Employees' Retirement System** for review and revision.

Subsequent to approval of the position specifications, we will develop a search strategy and recruitment plan with the **Sacramento County Employees' Retirement System** to identify and target well-qualified candidates. Sources of candidates will include: other public pension plans in California and around the country; state agencies, especially those with complex financial service components; private sector pension plans; and other financial services organizations. EFL Associates will mine its proprietary database for individuals in these organizations, and will conduct custom research to identify others who are not in our database. We will analyze the list of database names and names generated through custom research, and prioritize based on closest similarity to the **Sacramento County Employees' Retirement System** in terms of type of organization and relative size.

Although a good number of potential candidates are in our database, our efforts will require extensive, original research for the purpose of identifying a solid list of possible candidates and/or referral sources. We will also use business/social networking sites to identify appropriate candidates and to establish past ties to Sacramento and California through college attendance, prior work history, etc.

We recognize the importance of identifying and recruiting a diverse slate of candidates, and will undertake specific diversity outreach primarily through networking. Extensive diversity related networking will also be conducted through the use of social networking sites, such as LinkedIn. At the **Sacramento County Employees' Retirement System's** request, diversity outreach may also include selective advertising on diversity websites.

In addition, we may suggest ads and/or postings with Pensions & Investments, The CFA Institute and selected local chapters, NASRA, NCTR, and local print media. We will discuss the advisability and cost of ads with the **Sacramento County Employees' Retirement System** before proceeding.

Potential candidates and sources identified through our research activities will be contacted by phone, email, or both, by the consultant and/or our research staff to solicit interest and generate referrals.



Framework for Conducting a Search (cont.)

The resumes of all applicants will be reviewed initially for basic qualifications. Qualified applicants will then be screened by our research staff to gain more knowledge about experience and personal characteristics. The best qualified candidates will be interviewed by the consultant, initially by telephone and then in person or by videoconference.

We will then present a list of the best qualified candidates to the **Sacramento County Employees' Retirement System**, along with assessment information and the candidates' application materials. We will review this list with the **Sacramento County Employees' Retirement System** to determine which candidates appear most interesting to the **Sacramento County Employees' Retirement System**.

Once the **Sacramento County Employees' Retirement System** has identified candidates from this short list for interview with the **Sacramento County Employees' Retirement System**, we will perform media searches on those candidates to determine whether there is any negative publicity about the candidate. We will assist the **Sacramento County Employees' Retirement System** in arranging candidate interviews, and will attend and facilitate such interviews, if desired. We will perform background investigations and professional reference checks (e.g., supervisors, peers, and subordinates) on finalist candidates, and provide detailed written summaries to the **Sacramento County Employees' Retirement System**. We ask references specific questions about the candidate's past performance, skills, abilities, and character.

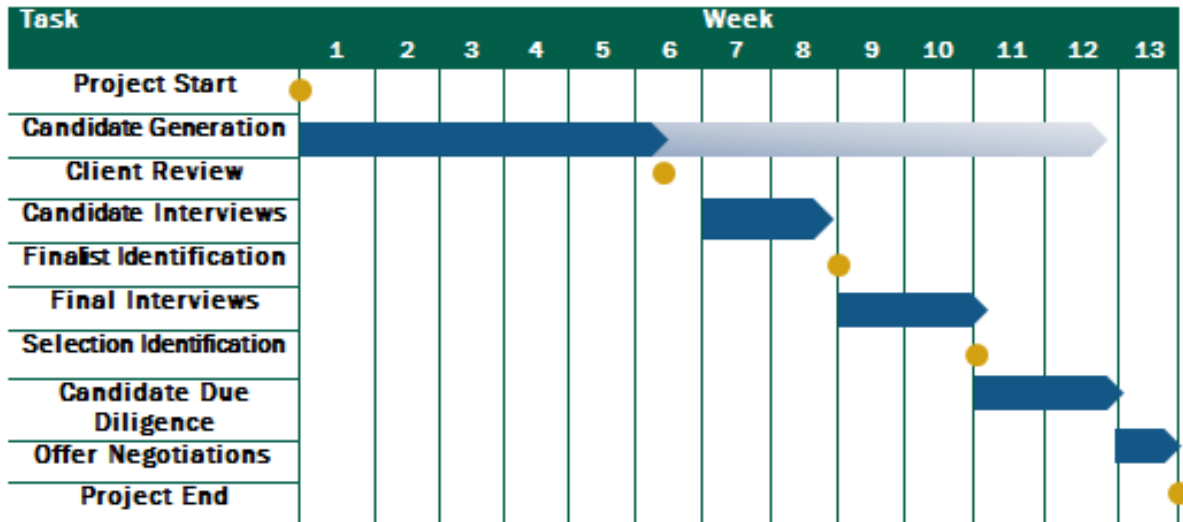
Finally, we will assist the **Sacramento County Employees' Retirement System** in negotiations with the successful candidate, and provide advice on relocation as desired. With regard to transition, it is our practice to continue to stay in touch in a professionally appropriate manner on an on-going basis. We will work with the **Sacramento County Employees' Retirement System** as desired to develop a transition plan, and remain in contact with the successful candidate and the hiring manager to act as a sounding board and provide assistance in assimilating the new **Chief Executive Officer** as needed or desired.

Throughout the process, EFL Associates will provide weekly status reports and advice on compensation. Our status reports will include information about the progress of the search, including number of applications received, number and viability of potential candidates, market feedback from candidates and potential candidates regarding compensation, reputation of the **Sacramento County Employees' Retirement System**, and the desirability of the position. We are always available to answer questions and provide information by phone and email, and will meet with the **Sacramento County Employees' Retirement System** representatives in person as desired.



Project Timeline

The process of identifying and presenting several quality candidates normally takes from 30-to-45-days. At that point, EFL Associates will meet with you to discuss our findings, submit candidates, point out any potential problems we might be encountering, and continuously refocus our strategy for a positive result. On an ongoing basis, we will provide updates as needed or requested. You should anticipate your project to be concluded within a 90- to 120-day timeframe.





Professional Fees & Expenses

Our typical professional fee is calculated at 33.3 percent of the selected candidate's assured cash compensation (base salary, any sign-on bonus, cash allowance, car allowance, or guaranteed portion of the performance bonus), with a minimum fee level of \$35,000 per assignment. *We will also work on a fixed fee basis and will be happy to discuss a fixed fee arrangement if that is preferable.*

Procedurally, a client is billed on a retainer basis during the course of a given project. This total anticipated fee will be invoiced in three monthly installments beginning at commencement of the search with the final settlement of our search fee invoiced at the conclusion of the assignment based upon the successful candidate's assured cash compensation (unless a fixed fee is negotiated, in which case there will be no final settlement).

Incidental, out-of-pocket expenses are invoiced at the rate of \$550 per month and cover expenses such as long-distance telephone charges, fax, delivery services, copies, postage, etc. Expenses billed separately will be: standard and reasonable candidate and consultant travel costs, mileage, videoconferencing charges, any required/requested advertising charges, as well as background investigation charges.

If additional candidates become employed by the **Sacramento County Employees' Retirement System** as a result of our efforts on an individual assignment, the professional fee will be 25 percent of the first year's total assured cash compensation.

If a project is cancelled for any reason, the **Sacramento County Employees' Retirement System** is obligated to pay only for those retainers billed and expenses incurred up to the date of cancellation.



References

The following professional references can speak to the knowledge and skills of our consultants as well as the ability of EFL Associates to attract top-notch candidates to a variety of opportunities.

Mr. Jack Ehnes

Chief Executive Officer
California State Teachers' Retirement
System
916-414-2200
jehnes@calstrs.com

Mr. Todd Clark

Chair, Board of Trustees
Houston Firefighters' Relief & Retirement
Fund
281-372-5186
todd@hfrf.org

Mr. Alan Conroy

Executive Director
Kansas Public Employees' Retirement
System
785-296-1019
aconroy@kpers.org

Mr. David Wescoe

Chief Executive Officer
San Diego County Employees' Retirement
Association
619-515-6844
dwescoe@sdcera.org

Mr. Skip Murphy

Board Chair
San Diego County Employees' Retirement
Association
760-787-0945
smurphy65@cox.net

Mr. Sam Jones

Chairman, Board of Trustees
City of Austin Employees' Retirement
System
512-458-2551
srjones4242@yahoo.com



Standards of Professionalism & Guarantees

EFL Associates subscribes to the Code of Professional Practice and follows the Standards of Excellence of the Association of Executive Search Consultants. Our firm will not recruit any person from the **Sacramento County Employees' Retirement System** for a period of one year after completion of this search assignment. Furthermore, EFL Associates will never recruit an executive who is hired by your organization through the direct efforts of our firm.

No guarantee is made that the search project will be completed successfully within a defined time frame. EFL Associates' efforts and resources will continue to be engaged until the search is filled or cancelled. Upon hiring a candidate, our firm guarantees continued employment of this individual for **twelve (12) months** or EFL Associates will reengage in one equivalent replacement search on an expenses-only basis unless the candidate's departure has been caused by significant changes in reporting structure, responsibility, or factors beyond the control of the individual or the search.

Non-Discrimination Policy

EFL Associates firmly supports the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

Summary

EFL Associates is pleased to present our firm's capabilities and credentials. We are hopeful and optimistic to be selected to partner with your organization. Thank you, again, for the opportunity to issue this material. We welcome your decision.





EFL Associates Executive Leadership Solutions

CEO Search Capabilities Presentation
prepared for:



Sacramento County Employees' Retirement System
April 6, 2017





EFL Associates

Executive Leadership Solutions

- **Three offices:** Denver, Kansas City, & St. Louis
- **Ranking:** Top two percent of 2,500 firms, nation-wide
- **Body of work:** Over 4,000 search projects; 48 states, 250 cities, and six foreign countries
- **Clients:** Generalist, but specialty niche practices, including pension plans and investment professionals
- **Resources:**
 - Dedicated, *in-house* research staff
 - A proprietary database with more than 350,000 professional contacts/candidates, and growing every day





Specialty Practice: Pensions & Investments

- EFL Associates is recognized nationally as a leader in identifying and placing senior pension plan professionals. Our clientele includes a number of state, county, and municipal public pension funds, state investment offices, endowments and foundations.
- We have successfully completed numerous pension plan senior leadership searches, including many in California.
- Our firm is adept in the full continuum of search committee dynamics – requiring a certain finesse and diplomacy



Dan Cummings
SVP & Managing Director
dcummings@cbiz.com
720.200.1765



Mary Hobson
Executive Vice President
mhobson@cbiz.com
720.200.7005





Our Consultants



Mary L. Hobson, Executive Vice President
JD, CPA

- 21 years in executive search, all with EFL Associates
- Founder of the public pension/investment specialty
- Successful leader of numerous searches in the industry



Daniel J. Cummings, Senior Vice President and
Managing Director
MBA, CPA

- 7 years with EFL Associates; 20 years in executive search
- Successful leader of many searches in the pension industry



What distinguishes EFL?

Proactive Outreach/Original Research

- Extensive outreach to potential candidates and networking sources in targeted organizations and functional roles by our consultants and in-house research staff; original research to identify additional targets.
- Familiarity with California and '37 Act systems, but few off-limits issues in California.
- Excellent reputation and experience in the public pension industry, with knowledge of pension executives across the country.





What distinguishes EFL?

Quality, Efficiency, Diversity

- **Longevity**: *Of searches we handled more than 5 years ago, 67% of our placements remained in their jobs 5 or more years and many are still in their roles today.*
- **Efficiency**: *Industry average is 130-140 days to complete (DTC) search engagements. Our 2016 average DTC was 97 days.*
- **Diversity**: *51% of all searches completed by our Denver office in the past 16 years have been filled by diversity candidates.*





What distinguishes EFL?

- Robust database of pension and retirement plan professionals from funds of all sizes and types
- Excellent understanding of public sector and retirement plan issues and environment – political environment, funding, etc. – so we can explain the challenges and opportunities and assess fit
- First search firm vendor to join NASRA and NCTR (15 years ago); speakers at conferences and attend conferences to network and stay current on issues



What distinguishes EFL?

- Our first public pension search was in 2000. Since that time we have completed ***MORE PUBLIC PENSION LEADERSHIP SEARCHES THAN ANY FIRM IN THE COUNTRY.***
- This despite oftentimes NOT being the cheapest option. There must be a reason! We deliver value and are proud of our track record. Please talk to our references.
- We've worked with plans of all sizes and types.



A Sampling of EFL Clients



North Dakota
Retirement and Investment Office



COLORADO
PERA

SDCERA

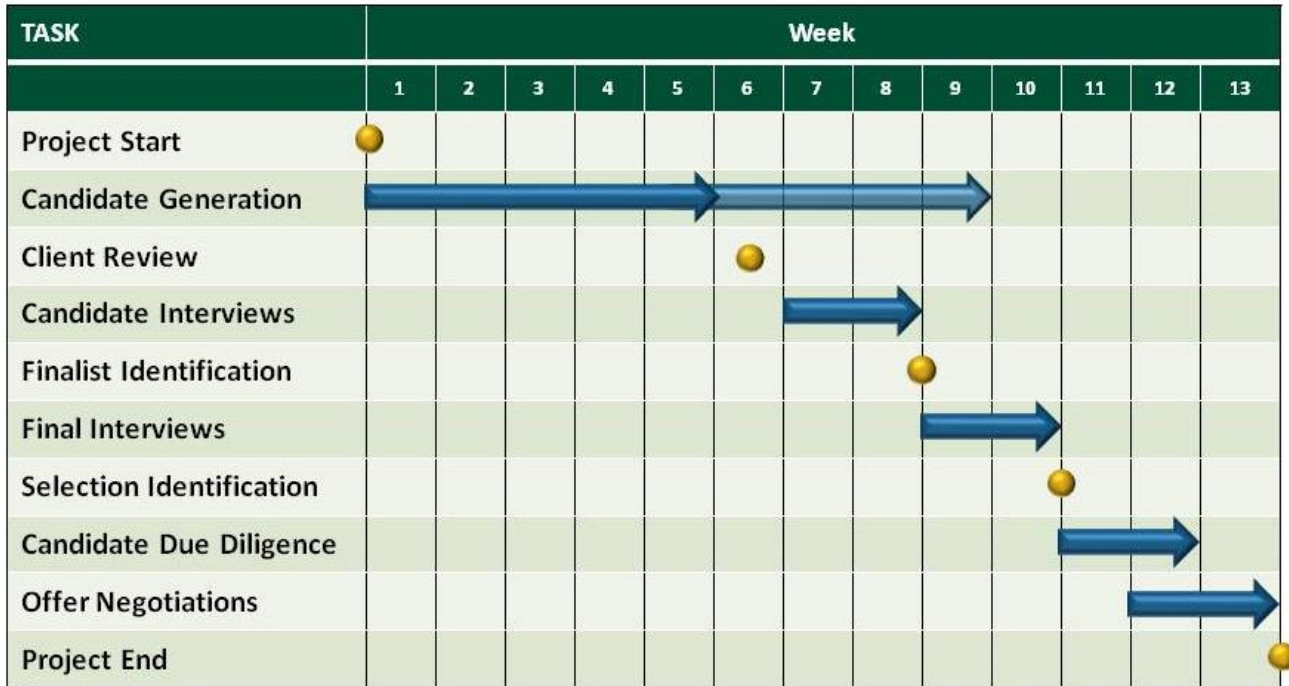


CALSTRS





Timeline





Timeline/Coming Weeks

- Meeting with the board, other key stakeholders, and senior staff , as appropriate, to conduct needs analysis and draft detailed position profile (the “*Discovery*” process)
- Devise search strategy and more detailed search process timeline
- Implement approved advertising/posting plan, develop target list of potential candidates and sources of candidates, commence highly –targeted outreach
- Begin comprehensive candidate vetting process (multi-step, including in-person or videoconference interviews) (the “*Due Diligence*” process)



Relationship with SCERS

- Our role is to support and provide advice to your board and/or search committee. We take the “consultant” aspect of our role seriously and will participate and provide counsel at each step in the recruitment process. We’re large enough to have national reach, but small enough to be nimble and adapt to your specific needs
- Provide weekly written status reports including number of applicants, their classification and status, along with market feedback regarding the position and the search – have conference calls/meetings to provide additional information at your request



Relationship with SCERS(cont.)

- We will provide all logistical support for the search, including record-keeping, notifying unsuccessful candidates, arranging for candidate interviews, and other support as needed.
- EFL consultants who sell the work, deliver the work. No hand-off to junior associates.
- We have a very strong reputation in the pension and retirement plan industry. We're very proud of that fact. We have a vested interest in delivering on what we promise for all our clients!



Role in Interview Process

- Provide suggested questions; assist board and/or search committee in determining final set of questions and process
- Typically attend interviews but do not ask questions; assist with logistics; take interview notes; participate in committee discussion with observations and insights, but not decision-making – this is our preferred role
- Allows continuity of contact with candidate, observation of similarities/differences in interview style and information, better ability to determine final reference issues, answer questions for candidates subsequent to interviews and in negotiations



Role in Negotiations

- Work with your board and/or search committee to determine parameters of offer – provide advice based on experience and candidates requirements/desires.
- Make trial offer to candidate
- Negotiate with candidate to get to agreement
- Prepare/review offer letter/contract, as desired
- Assist with relocation logistics
- Provide counsel and recommendations on appropriate “on-boarding” protocol
- Periodic post-hire follow-up to ensure smooth transition



EFL Associates Executive Leadership Solutions



Mary Hobson, Executive Vice President

Thank you for this opportunity to share the EFL story!

