



Executive Staff:

Richard Stensrud
Chief Executive Officer

Scott Chan
Chief Investment Officer

Robert L. Gaumer
General Counsel

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, Vice President
Appointed by the Board of Supervisors

Michael DeBord
Elected by the Retired 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

Chris A. Pittman
Elected by the Safety Members

Julie Valverde
Ex Officio, Director of Finance

John Conneally
Elected by the Safety Members

Martha J. Hoover
Elected by the Retired Members

MINUTES

RETIREMENT BOARD MEETING, WEDNESDAY, JULY 16, 2014

A regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 19th Floor, Sacramento, California, on Wednesday, July 16, 2014, and commenced at 10:01 a.m.

OPEN SESSION:

PUBLIC COMMENT:

1. None heard.
2. Chief Executive Officer Richard Stensrud invited nominations for the positions of SCERS Board Officers for fiscal year 2014-2015. Motion by Mr. Diepenbrock that Rick Fowler serve as Board President and that John Kelly and Keith DeVore serve as Vice President for the 2014-2015 fiscal year; Seconded by Ms. O'Neil. Motion carried (7-0).

MINUTES:

3. The Minutes of the June 18, 2014 regular meeting were approved on Motion by Mr. DeVore; Seconded by Ms. O'Neil. Motion carried (7-0).

CONSENT MATTERS:

Items 4-11

The Consent Matters were acted upon as one unit upon a Motion by Ms. O’Neil; Seconded by Mr. Diepenbrock. Motion carried (7-0).

4. BORREGO, Susan J.: Granted an interim nonservice-connected disability retirement.
5. GEORGE, Annamma: Granted a nonservice-connected disability retirement.
6. GUERRERO, Eduardo: Granted a nonservice-connected disability retirement.
7. SABIN, Mark L.: Granted a service-connected disability retirement.
8. Approved the request by the County of Sacramento to prepay its employer retirement contribution for the 2014-2015 fiscal year.
9. Executed the Annual Oath of Office and Affirmation of Duties and Responsibilities.
10. Received and filed the June 2014 Monthly Investment Portfolio Activity Report.
11. Received and filed the June 2014 Monthly Investment Manager Compliance Report and Watch List.

ADMINISTRATIVE MATTERS:

12. Chief Executive Officer Richard Stensrud provided an update on developments affecting public retirement systems and on miscellaneous system and staff activities.

Mr. Stensrud reported that SCERS has earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the popular annual financial report (PAFR). Mr. Stensrud noted that the PAFR is the short-form version of the comprehensive annual financial report (CAFR), which also earned a GFOA award last month. Mr. Stensrud commended the Staff on their accomplishment, noting that SCERS had received this award every year since the report began being produced.

Mr. Stensrud noted that there was a new monthly investment report presented in the consent matters that reviewed changes to the portfolio over the previous month. Mr. Stensrud stated that this report would supplement the existing monthly compliance report.

ADMINISTRATIVE MATTERS (continued):

Mr. Stensrud reported that in August, as part of the presentation of the quarterly investment performance report, Staff would be making a presentation with a qualitative focus to complement and supplement the quantitative analysis produced by general investment consultant Strategic Investment Solutions (SIS). Mr. Stensrud stated that this qualitative report would review how the performance reported reflected the asset allocation, asset class structure and specific fund decisions that have been made by Staff and the Board, and considerations going forward.

Mr. Stensrud reported that the Investment Staff would be providing three educational presentations for the Board over the next few months. Mr. Stensrud stated that these presentations would cover 'soft dollar' arrangements, high frequency trading, and adjusting sub-asset class allocation levels within the real assets asset class.

Mr. Stensrud noted that CalPERS and CalSTRS had recently released their fiscal year investment performance results. Mr. Stensrud stated that both earned in the 18% range and that while SCERS results have not been finalized yet, Mr. Stensrud expected SCERS' performance to be close to those results, but slightly lower. Mr. Stensrud noted that both CalPERS and CalSTRS have more mature private equity portfolios, and that this likely contributed to their slightly higher results.

INVESTMENT MATTERS:

13. Chief Executive Officer Richard Stensrud presented the proposed investment policy statements (IPS) for the equity and fixed income asset classes.

Mr. Stensrud stated that these statements complete the project to update the investment policy statements for all of the asset classes following the changes to the asset allocation. Mr. Stensrud noted that these statements not only explain how SCERS plans to invest in these asset classes, but also why. Mr. Stensrud further noted that these statements also include the twelve month investment plan and implementation protocol for the asset classes.

Chief Investment Officer Scott Chan stated that following the adoption of these last two asset class investment policy statements, Staff will work to build a comprehensive investment policy statement for SCERS' entire investment portfolio.

Motion by Mr. Diepenbrock to approve the proposed investment policy statements for the equity and fixed income asset classes; Seconded by Ms. O'Neil. Motion carried (7-0).

The meeting was adjourned at 10:25 a.m.

MEMBERS PRESENT: Rick Fowler, John B. Kelly, Keith DeVore, James A. Diepenbrock, Kathy O'Neil, John Conneally, and Martha J. Hoover.

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MEMBERS ABSENT: Michael DeBord, Diana Gin, Chris Pittman, and Julie Valverde.

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Scott Chan, Chief Investment Officer; Robert L. Gaumer, General Counsel; Kathryn T. Regalia, Chief Operations Officer; Steve Davis, Deputy Chief Investment Officer; Suzanne Likarich, Retirement Services Manager; JR Pearce, Investment Officer; John Lindley, IT Administrator; Patrick Thomas, Strategic Investment Solutions, Inc; and Jeremy Zerbe, SCALE.

Respectfully submitted,

Richard Stensrud
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Rick Fowler, President

DATE: _____

cc: Retirement Board (11); Board of Supervisors (6); County Counsel; County Executive (2); Internal Services Agency (2); County Labor Relations; Employee Organizations (20); Sacramento County Retired Employees' Association; SCERS Member Districts (10); Elected Officials (3); Superior Court of California, County of Sacramento; Amervest Company, Inc.; Mark Merin; John R. Descamp; and The Sacramento Bee.