



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:

James Dipenbrock, President  
Appointed by the Board of Supervisors

Robert Aguallo, Jr., Vice President  
Appointed by the Board of Supervisors

Keith DeVore  
Appointed by the Board of Supervisors

Ronald Suter  
Appointed by the Board of Supervisors

Chad Rinde  
Ex Officio, 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, JANUARY 17, 2024**

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

**Board Members Present:** Diepenbrock, Aguallo, Devore, Suter, Rinde (at 10:12 a.m.), Banda, Noble, Giboney, Hoover.

**Board Members Absent:** Mangru, Irish.

Also present: Eric Stern, Chief Executive Officer; Margo Allen, Chief Operating Officer; Steve Davis, Chief Investment Officer; Tim Taylor, Chief Technology Officer; Keith Riddle, Chief Benefits Officer; Jason Morrish, General Counsel; Jose Martinez, Senior Accounting Manager; JR Pearce, Senior Retirement Investment Officer; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Senior Retirement Investment Officer; Ashwin Prasad, Accounting Manager.

## Item 2. Public Comment

None.

### **CONSENT MATTERS—Items 3 - 13:**

**A motion was made by Board Member DeVore, seconded by Board Member Noble, to approve the recommendations on Consent Calendar Items 4A-4I and 5-13. (Adopted 8-0.) Items 3 and 4J were pulled for separate consideration as referenced below.**

## Item 3. Minutes of the December 6, 2023 Regular Meeting

Recommendation to approve the minutes of the December 6, 2023 Regular Meeting.

Board Member Suter questioned whether Item 4J was addressed by the Board at its December meeting. Mr. Morrish advised that the disability application in question was pulled from the agenda and not considered at the December meeting, as noted in the minutes. A motion was then made by Board Member Suter, seconded by Board Member Noble to approve the recommendations on Items 3 and 4J. **(Adopted 8-0.)**

## Item 4. Disability Retirement Applications

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

- A. AAKHUS, James (Senior Highway Maintenance Worker, Department of Transportation): Grant a service-connected disability retirement.
- B. BEESON, Cambron (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- C. CAMPOY, Joseph (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- D. GIL, Stephanie (Sheriff Communication Dispatcher II, Sheriff's Department): Grant a service-connected disability retirement.
- E. NEWLAND, Colleen (Sheriff's Community Services Officer, Sheriff's Department): Grant a service-connected disability retirement.
- F. OLIVES, Tosca (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- G. PEOPLES, Cory (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- H. REYES, Carlos (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- I. SNOW, Kent (Airport Operations Worker, Airports): Grant a non-service-connected disability retirement.

Recommendation to adopt Proposed Decision of Administrative Law Judge for the following Disability Retirement Applications:

- J. SILVA, Richard (Maintenance and Operations Assistant, Sacramento Area Sewer District): Deny a service-connected disability retirement.

**(Adopted 8-0 as referenced in Item 3, above.)**

- Item 5. Felony Forfeiture Review**  
Recommendation to adopt Staff's recommendations for the following Felony Forfeiture Review:
- A. MARIN, Edward (Human Services Specialist, Department of Human Assistance):  
Finding of no forfeiture.
- Item 6. Ratification of Service Retirement Application Approvals—November and December 2023**  
Recommendation to ratify the service retirement applications that were finalized in November and December 2023.
- Item 7. State Association of County Retirement Systems Legislative Update—January 2024**  
Recommendation to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for January 2024.
- Item 8. Annual Board Education Compliance Report**  
Recommendation to receive and file the annual Board Education Compliance Report for 2023.
- Item 9. Quarterly CEO Delegated Authority Expense Report—Fourth Quarter 2023**  
Recommendation to receive and file the Quarterly CEO Delegated Authority Expense Report for quarter ended December 31, 2023.
- Item 10. Annual Comprehensive Financial Report**  
Recommendation to receive and file the SCERS Annual Comprehensive Financial Report (the ACFR) based on the audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2023, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong).
- Item 11. Board Policies**  
Recommendation to re-affirm the following policies with no substantive changes:
- A. CEO Performance Evaluation Policy
- B. Board Elections Policy
- C. Subrogation Claims Policy
- D. Board and Staff Personal Information Policy
- Item 12. Quarterly Investment Manager Compliance and Watch List Report—Fourth Quarter 2023**  
Recommendation to receive and file the Quarterly Investment Manager Compliance and Watch List Report for the quarter ended December 31, 2023.
- Item 13. Monthly Report of Investment Activity—December 2023**  
Recommendation to receive and file the Monthly Report of Investment Activity for December 2023.

**At 10:04 a.m., without objection from the Board, President Diepenbrock called for closed session (Items 22 and 23) to be taken up out of order. Item 24 was withdrawn in light of the Board's action on Item 4.**

At 11:07 a.m., following the closed session, President Diepenbrock reconvened the meeting in Open Session and announced that the Board had unanimously authorized General Counsel to send a letter to the Second District Court of Appeal in support of the Ventura County Employees' Retirement Association request for publication of the Court's opinion in *VCERA v. Criminal Justice Attorneys Association of Ventura County, et al.*

## **EXECUTIVE REPORTS:**

### **Item 14. Chief Executive Officer's Report (no action requested)**

Mr. Stern provided an update on the Pension Administration System project, noting that SCERS has previously communicated to the Board that the project initiated in late 2017 was suspended in the first half of 2023. Mr. Stern stated that the project was not successfully completed and SCERS has formally terminated the contract effective December 31, 2023 with Telus Health, formerly known as LifeWorks, formerly known as Morneau-Shepell.

Mr. Stern provided information on the following board education conferences in March:

- CALAPRS General Assembly, March 2-5, in Rancho Mirage;
- CALAPRS Advanced Principles of Pension Governance for Trustees, March 27-29, at UCLA.

Mr. Stern noted that trustees should have received an email from the County Clerk regarding the filing deadline for Form 700 financial disclosures, which is April 2.

### **Item 15. Chief Investment Officer's Report (no action requested)**

Mr. Davis reported generally on the preliminary returns for the fourth quarter of 2023:

- SCERS portfolio was up around 5.5% fueled by strong public market returns, putting fiscal-year-to-date return through the first half of the year at ~3.6%.
- Global equities were up close to 11% after struggling the prior quarter, rallying amid cooling inflation and expected easing from central banks.
- Fixed income rallied significantly as interest rates on the long end of the yield curve plummeted off of easing inflation and potential rate cuts by the Federal Reserve.
  - The Bloomberg 10-Year Treasury and Aggregate Bond Indexes were both up around 8%.
- Liquid Real Return was also up close to 7%, fueled by strong REIT and infrastructure stock returns.
- Absolute Return was flat.
- Private Markets, which are lagged a quarter, generated muted returns:
  - Private Equity was flat.
  - Private Credit was up close to 3%.
  - Real Assets was up a little over 1%.
  - Real Estate continued to struggle, down around 5%.

Mr. Davis indicated that general investment consultant Verus would present the total portfolio performance at the February Board meeting.

Also in February, staff and consultants will begin the asset class educational series, a deep dive into SCERS' various asset classes to assist the Board in better understanding each asset class prior to the ALM study later in the year. Mr. Davis stated that the education will include a review asset class construction, the role and objectives of each

asset class, an overview of asset class performance in meeting their objectives, and a discussion of trends and considerations within each asset class.

**Item 16. Chief Benefits Officer's Report (no action requested)**

Mr. Riddle reported that, as indicated in Agenda Item 6, the team processed 43 retirement applications in November and 40 in December. He further advised that staff maintained a steady pace during the holidays and is gearing up for peak retirement season, as they are seeing an uptick in applications for members with reciprocity with CalPERS and anticipating increased volume as the SCERS COLA date of April 1 approaches.

Mr. Riddle acknowledged the lull in Disability Retirement recommendations in December, and noted that the team packaged 10 recommendations in Item 4 and has another 9 queued up for February. Mr. Riddle thanked the Board for its willingness to take action on the larger-than-normal volume of disability retirement recommendations.

Mr. Riddle indicated that, in regard to Alameda corrections, staff recently concluded calculating the adjustments that will occur on the February allowance, with members to be notified by the end of January. With the February adjustments, SCERS has completed over 1,400 recalculations and is over 85% complete.

Mr. Riddle advised that the next Pension Planning Webinar is scheduled for Thursday, March 21, 2024 from 10:00 a.m. to 12:00 p.m.

**INVESTMENT MATTERS:**

**Item 17. Investment Counsel Legal Services Agreement**

Approve an extension of legal services agreement with Foley & Lardner LLP through January 31, 2027, in an amount not to exceed a total of \$825,000 and authorize the CEO to execute any necessary documents.

Mr. Morrish presented this item. A motion was made by Board Member DeVore, seconded by Board Member Noble, to approve an extension of the legal services agreement with Foley & Lardner LLP through January 31, 2027, in an amount not to exceed a total of \$825,000 and authorize the CEO to execute any necessary documents. **(Adopted 9-0.)**

**Item 18. Master Investment Policy Statement**

Amend Master Investment Policy Statement regarding investment considerations involving environmental, social, and governance factors.

Mr. Davis presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to continue this item to the March Board meeting to allow staff to present a modified recommendation regarding amendments to the Master Investment Policy Statement. **(Adopted 9-0.)**

**Item 19. Education: ALM Study Overview**

Receive and file the Asset Liability Modeling (ALM) Study Overview education presentation by SCERS' staff and general investment consultant, Verus Advisory.

Mr. Davis presented this item, with assistance from John Nicolini and Brian Kwan of Verus Advisory. Following discussion, a motion was made by Vice President Aguallo, seconded by Board Member Banda, to receive and file the Asset Liability Modeling (ALM) Study Overview education presentation. **(Adopted 9-0.)**

### **ADMINISTRATIVE MATTERS:**

#### **Item 20. Litigation Counsel Legal Services Agreement**

Approve amendment to legal services agreement with Nossaman LLP to increase the annual fiscal year not-to-exceed amount from \$675,000 to \$875,000 and authorize the CEO to execute any necessary documents.

Mr. Morrish presented this item. A motion was made by Board Member Noble, seconded by Board Member Suter, to approve an amendment to the legal services agreement with Nossaman LLP to increase the annual fiscal year not-to-exceed amount from \$675,000 to \$875,000 and authorize the CEO to execute any necessary documents. **(Adopted 9-0.)**

### **OTHER MATTERS:**

#### **Item 21. Comments from Members of the Board of Retirement**

Board Member Suter indicated that he would not be present for the February Board meeting. Board Member DeVore expressed concern about the impact of possible turnover of Board members in 2024.

### **CLOSED SESSION**

#### **Item 22. 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 23. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**

*Ventura County Employees' Retirement Association v. Criminal Justice Attorneys Association of Ventura County, et al.* Second District Court of Appeals Case No. B325277 Pursuant to Government Code Section 54956.9(d)(4), this session shall be closed for the Board to discuss a request for publication of opinion.

#### **Item 24. 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 4, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

### **ADJOURNMENT**

**President Diepenbrock adjourned the meeting at 12:30 p.m.**