



Members of the Board of Retirement:

Rick Fowler, President
Appointed by the Board of Supervisors

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

Keith DeVore, Vice President
Appointed by the Board of Supervisors

James A. Diepenbrock
Appointed by the Board of Supervisors

Dave Comerchero
Elected by the Miscellaneous Members

Diana Gin
Elected by Miscellaneous Members

Ben Lamera
Ex Officio, Director of Finance

Martha J. Hoover
Elected by the Retired Members

Matt Petersen
Elected by the Safety Members

Kathy O'Neil
Elected by the Retired Members

Jack Philp
Elected by the Safety Members

MINUTES

**REGULAR MEETING
OF THE
BOARD OF RETIREMENT**

**SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

Wednesday, May 19, 2021

10:00 A.M.

Location: ZOOM TELECONFERENCE

OPEN SESSION

Executive Staff:

Eric Stern
Chief Executive Officer

Steve Davis
Chief Investment Officer

Stephen Lau
General Counsel

Mario Sierras
Chief Benefits Officer

Item 1. Call to Order—The meeting was convened at 10:01 a.m.

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

Mr. Stern noted the following Board members were present:

1. Rick Fowler
2. John Kelly
3. Keith DeVore
4. Dave Comerchero
5. Diana Gin
6. Ben Lamera
7. Martha Hoover
8. James Diepenbrock
9. Kathy O'Neil
10. Matt Petersen
11. Jack Philp

Item 2. Public Comment

None.

CONSENT MATTERS – ITEMS 3-10:

The Board approved the Consent Matters Items 3-10 (9-0).

- Item 3. Minutes of the April 21, 2021, regular meeting**—Approved the Minutes of the April 21, 2021 meeting.
- Item 4. Disability Retirement Applications**
- A. RIVERA, Evelyn—Granted a nonservice-connected disability retirement as recommended by staff.
- B. Reference: General Law and Authorized Board Actions on Disability Retirement Proposed Decisions.
- Item 5. Ratification of Service Retirement Application Approvals – April 2021**—Ratified the Service Retirement Applications that were finalized in the previous month.
- Item 6. State Association of County Retirement Systems Legislative Update – May 2021**—Received and filed the SACRS Legislative Update for March.
- Item 7. Proxy Voting Activity Report – First Quarter 2021**—Received and filed the report summarizing SCERS’ proxy voting results for the quarter ending March 31, 2021.
- Item 8. Portfolio Allocation and Rebalancing Report – First Quarter 2021**—Received and filed the quarterly asset allocation and rebalancing report.
- Item 9. Monthly Investment Manager Activity, Compliance, and Watch List Report – April 2021**—Received and filed the Monthly Investment Manager Activity, Compliance, and Watch List Report for the previous month.
- Item 10. Monthly Report of New Investment Activity – April 2021**—Received and filed the report summarizing SCERS’ investment activity from the previous month.

EXECUTIVE REPORTS:

Item 11. Chief Executive Officer’s Report

Chief Executive Officer Eric Stern provided the following updates:

- Lance Kjledgaard will be filling in for general counsel Steve Lau as parliamentarian and legal advisor while Mr. Lau is on paternity leave.
- SCERS’ video meetings are likely ending as Governor Newsom is expected to start lifting several executive orders related to the public health emergency. Mr. Stern noted that legislation was proposed that would make permanent several of the burdensome pre-pandemic rules for remote meetings – which were suspended during the pandemic – however, those bills are not moving forward this year. Mr. Stern indicated that while the timing is unclear of when the executive order will be lifted, he expects June’s board meeting to be held via Zoom. Lastly, Mr. Stern stated he believes the board meetings would be back in person in August and reminded the Board that without the executive

order, if a board member wants to attend the meeting remotely, they would need to notice the public of their location and allow the public to attend the meeting at that location.

- James Diepenbrock is not seeking re-appointment after 24 years on the board. There will be a resolution at the June meeting. Mr. Stern indicated that a replacement would be needed for Mr. Diepenbrock on the Audit Committee and noted the next Audit Committee meeting would be Thursday, June 10.
- The Membership Policy will be brought before the board at the June meeting to address employer concerns about situations in which in an employee in non-SCERS-covered position, like if a temporary or seasonal worker, is hired into a permanent, SCERS-covered position. The Membership Policy was adopted in 2018 and set an hour limit of how many hours an employee can work part-time before triggering mandatory membership. The policy was enacted to clarify situations when employees are working in multiple temporary positions.

Item 12. Chief Investment Officer's Report

Chief Investment Officer Steve Davis provided the following updates on the Asset Liability Management Study:

- At the June meeting, Verus and Staff will present materials related to the ongoing asset liability study including a range of additional asset mixes to complement those presented at the April meeting.
- Verus is running a liquidity analysis on a couple of the model mixes to determine the impact on SCERS' liquidity profile on any potential increases in private markets exposure, which will also be presented at the June meeting.
- In addition to the modeled mixes that will be presented, Staff and Verus will spend time running through each of the major asset classes to highlight structuring and sizing considerations for each.

ADMINISTRATIVE MATTERS:

Item 13. Investment Legal Services

Chief Executive Officer Eric Stern presented the recommendation to approve a new three-year contract with investment counsel Foley & Lardner LLP in an amount not to exceed \$700,000 and authorize the Chief Executive Officer to execute any necessary documents.

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

Item 14. Tax Counsel Services

Chief Executive Officer Eric Stern presented the recommendation to approve a new two-year contract with tax counsel Hanson Bridgett LLP in an amount not to exceed \$125,000 and authorize the Chief Executive Officer to execute any necessary documents.

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

BENEFIT MATTERS:

Item 15. Appeal of SCERS' Administrative Decisions Policy

Chief Benefits Officer Mario Sierras recommended the Board re-affirm the Appeal of SCERS' Administrative Decisions Policy without modification.

The Board approved a motion to re-affirm the Appeal of SCERS' Administrative Decisions Policy. **(9-0)**

INVESTMENT MATTERS:

Item 16. Board and Staff Trading Policy

Chief Investment Officer Steve Davis recommended the Board re-affirm the Board and Staff Trading Policy with minor corrections.

The Board approved a motion to re-affirm the Board and Staff Trading Policy. **(9-0)**

Item 17. Transaction Cost Analysis Policy

Chief Investment Officer Steve Davis recommended the Board approve the updated Transaction Cost Analysis Policy, which replaces the Directed Brokerage Transactions and Commission Recapture Policy.

The Board approved a motion to adopt the updated Transaction Cost Analysis Policy and replace the Directed Brokerage Transactions and Commission Recapture Policy with the updated policy. **(9-0)**

Item 18. Placement Agent Policy

Chief Investment Officer Steve Davis recommended the Board re-affirm the Placement Agent Policy with minor corrections.

The Board approved a motion to re-affirm the Placement Agent Policy. **(9-0)**

Item 19. Quarterly Investment Performance Report – First Quarter 2021

Investment consultant John Nicolini from Verus presented the SCERS Total Fund Investment Performance Review report, prepared by Verus, for the quarter ending March 31, 2021.

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

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:51 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT: None

OTHERS PRESENT

via teleconference: Eric Stern, Chief Executive Officer; Steve Davis, Chief Investment Officer; Mario Sierras, Chief Benefits Officer; Jenna Taylor, Retirement Services Manager; John Lindley, Senior IT Analyst; Jim Donohue, Deputy Chief Investment Officer; JR Pearce, Senior Investment Officer; Brian Miller, Retirement Investment Officer; Michael Vang, Retirement Investment Analyst; Shannon Browning, Administrative Services Officer; Joan Kudin, Public Information Officer; Lance Kjeldgaard; Jamie Feidler, Cliffwater, LLC; John Nicolini and Stuart Odell, Verus Advisory, Inc.; Gar Chung; Lara Clarke; Dick Brown; and Steve Baird.

Respectfully submitted,

/S/

Eric Stern
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Richard B. Fowler II, President

DATE: _____