



Executive Staff:

Eric Stern  
Chief Executive Officer

Margo Allen  
Chief Operations Officer

Steve Davis  
Chief Investment Officer

Stephen Lau  
General Counsel

Mario Sierras  
Chief Benefits Officer

## 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

Kathy O'Neil, Vice President  
Elected by the Retired Members (Alternate)

Robert Aguallo Jr.  
Appointed by the Board of Supervisors

James Diepenbrock  
Appointed by the Board of Supervisors

Ronald Suter  
Appointed by the Board of Supervisors

Ben Lamera  
Ex Officio, Director of Finance

M. Tapa Banda  
Elected by the Miscellaneous Members

Alina Mangru  
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

**WEDNESDAY, DECEMBER 7, 2022**

**10:00 A.M.**

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

#### **Swearing-In Ceremony**

Florence Evans, Clerk of the Board Supervisors, administered the Oath of Office for newly appointed trustee M. Tapa Banda.

#### **OPEN SESSION**

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

President DeVore called the meeting to order at 10:05 a.m. Eric Stern, Chief Executive Officer (CEO), took roll call.

**Board Members Present:** DeVore, O'Neil, Aguallo, Diepenbrock, Suter, Lamera, Banda, Mangru, Noble, Giboney.

**Board Members Absent:** Hoover.

Also present: Eric Stern, Chief Executive Officer (CEO); Margo Allen, Chief Operations Officer (COO); Steve Davis, Chief Investment Officer (CIO); Stephen Lau, General Counsel; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Senior Retirement Investment Officer; JR Pearce, Senior Retirement Investment Officer; and Carolyn Hill, Executive Secretary.

Item 2. **Public Comment**

None.

**CONSENT MATTERS—Items 3–13:**

**The Board approved a motion to approve Consent Calendar Items 5-13, except for Item 4. The motion carried 9-0. Agenda Item 4 was abstained by Aguallo.**

- Item 3. **Disability Retirement Applications**—Approved the Disability Retirement Applications.
- A. ESSARY, Jasin—Granted a nonservice-connected disability as recommended by Staff.
  - B. Reference: General Law and Authorized Board Actions on Disability Retirement Proposed Decisions
- Item 4. **Minutes of the October 19, 2022 Regular Meeting**—Approved the Minutes of the October 19, 2022 Regular Meeting.
- Item 5. **Minutes of the November 15, 2022 Audit Committee Meeting**—Approved the Minutes of the November 15, 2022 Audit Committee Meeting.
- Item 6. **Minutes of the November 16, 2022 Special Meeting**—Approved the Minutes of the November 15, 2022 Special Meeting.
- Item 7. **Ratification of Service Retirement Application Approvals – October 2022**—Ratified the Service Retirement Applications that were finalized in June and July 2022
- Item 8. **2023 Board Meeting Calendar**—Received and filed the 2023 Board Meeting Calendar.
- Item 9. **Investment Manager Changes – September 2022 Board Action in Closed Session**—Received and filed the Investment Manager Changes that the Board approved at the September 21, 2022 meeting.
- Item 10. **Proxy Voting Activity Report—Third Quarter 2022**—Received and filed the Proxy Voting Activity Report for Third Quarter 2022.
- Item 11. **Portfolio Allocation and Rebalance Report—Third Quarter 2022**—Received and filed the Portfolio Allocation and Rebalancing Report for the Third Quarter 2022.
- Item 12. **Trading Cost Analysis Reports—Third Quarter 2022**—Received and filed the Trading Cost Analysis Reports for the Third Quarter 2022
- Item 13. **Monthly Report of Investment Activity – October and November 2022**—Received and filed the report summarizing SCERS' investment activity for October and November 2022.

## **EXECUTIVE REPORTS:**

### **Item 14. Chief Executive Officer's Report**

Chief Executive Officer Eric Stern thanked Kathy O'Neil for her service on the Board; and presented a Proclamation.

### **Item 15. Chief Investment Officer's Report**

Steve Davis, Chief Investment Officer, reported the Investment Staff has been busy traveling, particularly in the back half of 2022. He stated Staff met with absolute return managers in NY, attended one of SCERS' equity manager's annual meeting in Washington DC, visited several venture capital funds, attended annual meetings for several private equity funds, met with investment managers in Boston, and participated in several conferences such as the Pension Bridge Alternatives Conference in LA, Global Real Asset Investment Forum in TX, Institutional Investor Sonoma Roundtable, ALTS Silicon Valley, and Global ARC Boston.

Mr. Davis reported on Board Education noting there has been fewer existing managers presenting to the Board over the past couple of years given the number of high level projects that have taken up much of the Board agendas (ALM studies, asset class restructurings, investment policies, public manager searches). He stated in 2023, Staff expects to have more of SCERS' investment managers present to the Board education on their existing strategies, including the opportunity set they are investing in, as well as insights into the markets.

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

None.

## **ADMINISTRATIVE MATTERS:**

### **Item 17. Actuarial Valuation and Review and GASB 67 Report as of June 30, 2022**

Margo Allen, Chief Operations Officer, Andy Yeung and Todd Tauzer, representing Segal, presented the staff report with a presentation recommending the Board adopt the 2023-24 fiscal year employer and member contribution rates recommended by Segal; receive and file the Actuarial Valuation and Review as of June 30, 2022; receive and file the Governmental Accounting Standards Board Statement 67 Actuarial Valuation as of June 30, 2022; and responded to questions.

The Board approved a motion to adopt the 2023-24 fiscal year employer and member contribution rates recommended by Segal; receive and file the Actuarial Valuation and Review as of June 30, 2022; and receive and file the Governmental Accounting Standards Board Statement 67 Actuarial Valuation as of June 30, 2022. **(9-0)**

**Item 18. Annual Independent Financial Statement Audit**

Ben Lamera, Ex Officio, presented the staff report recommending the Board receive and file the SCERS audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2022, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong).

The Board approved a motion to receive and file the SCERS audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2022, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong). **(9-0)**

**Item 19. Education: Open Meetings Law**

Stephen Lau, General Counsel, provided an educational presentation on AB 2449 regarding changes to Open Meetings Law and remote participation; and responded to questions.

The Board approved a motion to receive and file the educational presentation on AB 2449. **(9-0)**

**INVESTMENT MATTERS:**

**Item 20. International Equity: Emerging Markets Equity Manager Recommendations**

Mr. Davis, Chief Investment Officer, provided an overview and background on the search for an emerging market equity manager, and recommended ARGA Investment Management and Oaktree. Brian Kwan, representing Verus, provided an overview of the manager search process. Brian Miller, Senior Investment Officer, introduced Janet Wang, representing Oaktree, who provided an overview of the firm and its investment strategy. Mr. Miller introduced Rama Krishna, representing ARGA, who provided an overview of the firm and its investment strategy.

The Board approved a motion to invest approximately \$192 million with ARGA Investment Management and \$192 million with Oaktree; authorized the CEO to execute necessary documents and agreements for each mandate; and authorized Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets. **(9-0)**

**At 12:38 p.m., there being no objection, President DeVore recessed the meeting for 10-minutes.**

**At 12:48 p.m., President DeVore reconvened the meeting.**

Item 21. **Total Fund Investment Performance Report—Third Quarter 2022**

Brian Kwan, representing Verus, presented the Total Fund Quarterly Investment Performance Report for the Third Quarter of 2022.

The Board approved a motion to receive and file the report for quarter ended September 30, 2022. **(9-0)**

Item 22. **Quarterly Investment Performance Report—Alternative Assets**

Jaime Feidler, representing Cliffwater, presented the Quarterly Investment Performance Report for Alternative Assets.

The Board approved a motion to receive and file the Cliffwater Quarterly Investment Performance Report presentation for periods ending September 30, 2022 for the Absolute Return asset class, and period ending June 30, 2022 for the Private Equity, Private Credit Assets, and Real Asset classes. **(9-0)**

Item 23. **Quarterly Investment Performance Report—Real Estate**

Chris Cunningham and Richard Brown, representing Townsend, presented the Quarterly Investments Performance Report for Real Estate.

The Board approved a motion to receive and file the Quarterly Investment Performance Report – Real Estate for quarter ended September 30, 2022. **(9-0)**

**ADJOURNMENT**

There being no further business to discuss, President DeVore adjourned the meeting at 1:29 p.m.