



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 19

MEETING DATE: February 21, 2024

SUBJECT: Consultant Contract Timelines

SUBMITTED FOR: Consent **Deliberation and Action** **Receive and File**

RECOMMENDATION

Receive and file report on contract terms for consultant relationships.

PURPOSE

This item supports the Strategic Management Plan objective to leverage external experts to maximize investment guidance and results and contributes to the effective management and oversight of investment activities.

DISCUSSION

SCERS has several consultant contracts that are set to expire over the next year and a half. The consultants and their contract expiration dates are listed below:

Consultant	Mandate	Hire Date	Current Contract Term	Contract Expiration Date	Last RFP Issued
Cliffwater, LLC	Alternative Assets	February 17, 2011	3 Years	June 30, 2024	2020
Verus Advisory	General Consultant	March 3, 2011	3 Years	July 1, 2025	2010
Townsend Group	Real Estate	August 16, 2012	3 Years	July 1, 2025	2012
Segal	Actuarial Services	July 1, 2004	1 Year	June 30, 2024	2004

Staff is providing this information to keep the Board up to date on upcoming consultant contract expirations. SCERS' Master Investment Policy Statement states that the SCERS Board is responsible for engaging Board consultants and service providers.

At the February Board meeting, Staff will highlight each expiring contract and provide guidance on extending the contract or issuing a Request for Proposal (RFP) to evaluate the universe of service providers to ensure that the consultant is still meeting SCERS' needs.

Alternative assets consultant Cliffwater has also been invited to address the Board. Stephen Nesbitt, Cliffwater's CEO, and Jamie Feidler, Senior Managing Director, will provide an overview of Cliffwater and update the Board on a recent minority equity sale of its business.

SCERS has not historically issued RFPs for major professional service providers each time a contract expires. While a regular RFP process can provide a healthy review of the marketplace, other considerations include the following: satisfaction of the current firm's performance and fees, Staff capacity to facilitate the RFP process and the potential transition of services, and the universe of service providers in that field. The SCERS Board recently approved a three-year contract extension for SCERS' custodian, State Street Bank and Trust, but also guided Staff to issue an RFP for custodial services later in 2024.

ATTACHMENTS

- Board Order
- Consultant Contract Timelines presentation

Prepared by:

/s/

Steve Davis
Chief Investment Officer

Reviewed by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
February 21, 2024

AGENDA ITEM:

Consultant Contract Timelines

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to receive and file report on contract terms for consultant relationships.

I HEREBY CERTIFY that the above order was passed and adopted on February 21, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Consultant Contract Timelines

February 21, 2024

Consultant Contract Expirations

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Cliffwater

SCERS' first and only dedicated alternative assets consultant

Alternative assets RFP last issued in 2020 – Cliffwater was retained

What's changed – recent minority equity sale

Staff guidance – extend contract and evaluate

Verus

SCERS hired SIS in 2010, which merged with Verus in 2016

SCERS has not issued an RFP since SIS/Verus was hired

What's changed – evolving consulting landscape with several mergers and acquisitions; increasing complexity of portfolios

Staff guidance – issue RFP in second half of 2024

Townsend

SCERS' first and only dedicated real estate consultant

SCERS has not issued an RFP since Townsend was hired

What's changed – consolidation within specialty real estate consulting industry

Staff guidance – extend contract but consider RFP after general consultant and custodian RFPs conclude

Segal

SCERS' longtime actuarial firm; relationship with actuaries extends further back with Mercer

SCERS has not issued an RFP since Segal was hired

What's changed – smaller pool of actuarial firms

Staff guidance – extend contract and evaluate