



Executive Staff:

Eric Stern  
Chief Executive Officer

Margo Allen  
Chief Operations Officer

Steve Davis  
Chief Investment Officer

Keith Riddle  
Chief Benefits Officer

Jason Morrish  
General Counsel

## 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

James Diepenbrock, Vice President  
Appointed by the Board of Supervisors

Robert Aguallo Jr.  
Appointed by the Board of Supervisors

Ronald Suter  
Appointed by the Board of Supervisors

Joyce Renison  
Ex Officio, Interim 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, JUNE 21, 2023**

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

**Board Members Present:** DeVore, Diepenbrock, Aguallo, Suter, Renison, Mangru, Noble, Giboney, Hoover, Irish.

**Board Members Absent:** Banda.

Also present: Eric Stern, Chief Executive Officer (CEO); Margo Allen, Chief Operations Officer (COO); Steve Davis, Chief Investment Officer (CIO); Keith Riddle, Chief Benefits Officer (CBO); Jason Morrish, General Counsel; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Senior Retirement Investment Officer; JR Pearce, Senior Retirement Investment Officer; Michael Vang, Retirement Investment Analyst; and Carolyn Hill, Executive Secretary.

## Item 2. Public Comment

None.

## **CONSENT MATTERS – Items 3 - 9:**

A motion was made by Board Member Suter, seconded by Vice President Diepenbrock, to approve the recommendations on Consent Calendar Items 3 - 9. (Adopted 9-0.) Item 4B, 5 and 7 were pulled for separate consideration as referenced below.

### Item 3. Minutes of the May 17, 2023 Regular Meeting

Recommendation to approve the minutes of the May 17, 2023 Regular Meeting.

### Item 4. Disability Retirement Applications

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

- A. BELLAN, Jack—Grant a non-service-connected disability retirement.
- B. GUIBORD, Ronald—Dismiss for non-cooperation in pursuing the application.

Mr. Guibord addressed the Board requesting an extension in completing his application. Mr. Stern explained the details of the member's non-cooperation.

A motion was made by Board Member Suter, seconded by Board Member Diepenbrock, to refer the matter back to staff to work with Mr. Guibord on scheduling a new medical examination. (Adopted 9-0.)

- C. LADWIG, Alex—Grant a service-connected disability retirement.
- D. ROBERTSON, Julie—Grant a service-connected disability retirement.
- E. SNYDER, Brent—Grant a service-connected disability retirement.
- F. SYMEONIDES, Sarah—Grant a non-service-connected disability retirement.
- G. VAN ASSEN, John—Dismiss for non-cooperation in pursuing the application.
- H. WILSON, Jonathan—Grant a service-connected disability retirement.
- I. GLEASON, Cayman—Grant a service-connected disability retirement.

### Item 5. Ratification of Service Retirement Applications—May 2023

Recommendation to ratify the Service Retirement Application Approvals for May 2023.

Board Member Aguallo asked about use of direct deposit and the time between the retirement application and first payment. Staff responded that ninety-eight percent (98%) are direct deposit, but the first check is issued by paper.

A motion was made by Board Member Aguallo, seconded by Board Member Mangru, to approve Staff's recommendation to ratify the Service Retirement Applications that were finalized in May 2023. (Adopted 9-0.)

**Item 6. State Association of County Retirement Systems Legislative Update–June 2023**  
Recommendation to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for June 2023.

**Item 7. Sacramento County 2023-24 Contribution Prepayment**  
Recommendation to approve Sacramento County’s intent to prepay the employer contribution for the 2023-24 fiscal year.

Board Member Aguallo questioned the timing of the details provided and Mr. Stern responded to questions.

A motion was made by Board Member Aguallo, seconded by Board Member Noble, to approve Staff’s recommendation to approve Sacramento County’s intent to prepay the employer contribution for the 2023-24 fiscal year. **(Adopted 9-0.)**

**Item 8. Monthly Report of Investment Activity – May 2023**  
Recommendation to receive and file the Monthly Report of New Investment Activity– May 2023.

**Item 9. Investment Reports – Updated Timeframes**  
Recommendation to approve revisions to the Placement Agent Policy, Proxy Voting Policy, and the Transaction Cost Analysis Policy to reflect moving from quarterly to annual reporting timeframes.

#### **EXECUTIVE REPORTS:**

**Item 10. Chief Executive Officer’s Report**

Mr. Stern welcomed Jason Morrish, General Counsel, and Keith Riddle, Chief Benefits Officer; thanked Interim Director of Finance Joyce Renison who is serving in the Ex-Officio seat for the Board of Retirement; and reported the Audit Committee met on June 15, 2023, to review the audit timeline and scope of work.

**Item 11. Chief Investment Officer’s Report**

Mr. Davis reported on the next steps following the educational session on ESG provided at the March Board meeting. He stated Verus and staff are proposing to survey the Board members individually as it relates to ESG and the format will be similar to the Enterprise Risk Tolerance (ERT) survey that Verus conducts individually with Board Members at the start of asset liability studies. It will include a questionnaire as well as individual discussions of a broad range of ESG related topics including DEI. He stated Verus and staff will aggregate the data prior to the survey and present the finding at a future Board meeting for the Board to have the opportunity to discuss the findings to determine any next steps.

Mr. Davis provided an update on Staff’s travel noting it included travels back east the previous week. He stated the purpose was to perform due diligence with an onsite public equity manager and spend several days in New York visiting several SCERS’ absolute return, public equity, and private markets manager. It also included a visit with alternative assets consultant, Cliffwater, in their New York office and due diligence on

several new absolute return managers who could be potential additions to the portfolio as SCERS looks to replace a recent redemption.

Lastly, Mr. Davis informed the Board that SCERS received a Silver Regional – Indirect Strategy award at the IPE Real Estate Global Conference and Awards ceremony in Milan, Italy. He noted that last year, SCERS was selected as medium-sized real estate investor of the year by the same publication, and recognition goes to JR Pearce, Senior Investment Manager, who leads SCERS' Real Estate Asset Class with Townsend, SCERS' real estate consultant.

#### **Item 12. Chief Benefits Officer's Report**

Keith Riddle, Chief Benefits Officer, provided his career background and gave an update of the Benefits Team processing 58 retirement applications for the month of May which was 12 more than the month of April. As reflected in the large volume disability retirement agenda items, Mr. Riddle reported that Staff is clearing out the queue of disability retirement applications; that Staff participated in the Juneteenth event on June 15<sup>th</sup> hosted by the African American Caucus, an employee resource group in the social service department of Human Assistance and Health Services; and lastly, that Staff is hosting a pension planning webinar on June 22nd, in partnership with Sacramento County Employee Benefits Office, Social Security, Fidelity Investments and Sacramento County Retired Employees' Association.

#### **ADMINISTRATIVE MATTERS:**

#### **Item 13. Actuarial Experience Study**

Recommendation to receive and file the Actuarial Experience Study during the Period July 1, 2019 through June 30, 2022, and defer approval of new actuarial assumptions until August 16, 2023 Regular Board meeting.

Mr. Stern presented the staff report and introduced Paul Angelo, Todd Tauzer, and Andy Yeung of Segal, who provided a presentation on the recommendation to receive and file the Actuarial Experience Study for the period July 1, 2019 through June 30, 2022 and defer approval of new actuarial assumptions until the August 16, 2023 regular Board Meeting. Board Member Irish left the meeting at 11:15 a.m. (during discussion).

After discussion, a motion was made by Board Member Suter, seconded by Board Member Mangru, to approve Staff's recommendation. **(Adopted 8-1; Board Member Aguallo opposed.)**

**At 11:45 a.m., there being no objection, President DeVore recessed the meeting for 15 minutes. At 12:00 p.m., President DeVore reconvened the meeting.**

## **INVESTMENT MATTERS:**

### **Item 14. Alternative Asset Investment Standard of Care Policy**

Recommendation to receive and file report regarding SCERS' overall record with respect to fiduciary duty of care negotiations, as presented by Foley & Lardner LLP.

Mr. Davis presented the staff report and introduced attorney Michael Calabrese of Foley & Lardner LLP, who provided a presentation on the recommendation to receive and file report regarding SCERS' overall record with respect to fiduciary duty of care negotiations.

After discussion, a motion was made to approve Staff's recommendation. **(Adopted 9-0.)**

### **Item 15. Strategic Asset Allocation Adjustment**

Recommendation to revise SCERS' strategic asset allocation by increasing the Cash allocation from 1% to 2% (with a range of 0-3%) and reducing the Liquid Real Return allocation from 2% to 1% (with a range of 0-3%), and approve other implementation actions.

Mr. Davis presented the staff report and introduced John Nicolini of Verus, who provided a presentation on the recommendation.

After discussion, a motion was made by Board Member Suter, seconded by Board Member Aquallo, to approve Staff's recommendation. **(Adopted 9-0.)**

### **Item 16. Quarterly Investment Performance Report – Alternative Assets**

Recommendation to receive and file the performance report for the periods ended March 31, 2023 for the Absolute Return portfolio, and the periods ended December 31, 2022 for the Private Equity, Private Credit, and Real Assets portfolios, as presented by Cliffwater, LLC.

Mr. Davis presented the staff report and introduced Jamie Feidler of Cliffwater, who provided a presentation on Quarterly Investment Performance Report for the quarter ending December 31, 2022.

After discussion, a motion was made to approve Staff's recommendation. **(Adopted 9-0.)**

### **Item 17. Quarterly Investment Performance Report – Real Estate**

Recommendation to receive and file performance report on real estate investments for quarter ended March 31, 2023, as presented by Townsend Group.

Mr. Davis presented the staff report and introduced Felix Fels and Chris Cunningham of the Townsend Group, who provided a presentation on the Quarterly Investment Performance Report for Real Estate for the quarter ended December 31, 2022.

After discussion, a motion was made to approve Staff's recommendation. **(Adopted 9-0.)**

## **OTHER MATTERS:**

### **Item 18. Comments from Board Members of the Board of Retirement**

Board Member Noble stated the potential contribution rate with regards to actuarial assumptions would have a significant impact to the safety tiers.

Board Member Mangru asked about the Board of Supervisors process for adopting SCERS contribution rates .

Board Member Suter questioned the reason for a separate meeting regarding governance, and requested an agenda item to the August meeting to discuss the objective and/or purpose of the special meeting.

Board Member Aguillo stated the purpose of the special meeting is to discuss the oversight and delegated authority to define the role and asked staff to bring scope to the August meeting.

Board Member Giboney asked for further information about the stakeholders meeting regarding the actuarial assumption recommendations.

**At 1:19 p.m., President DeVore called for a closed session.**

### **CLOSED SESSION**

### **Item 19. 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 20. 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.

### **OPEN SESSION**

**At 2:17 p.m., following the closed session, President DeVore reconvened the meeting in Open Session and announced there were no actions to report.**

### **ADJOURNMENT**

**There being no further business, President DeVore adjourned the meeting at 2:17 p.m.**