



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**

WEDNESDAY, FEBRUARY 21, 2024

10:00 A.M.

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

Live-stream at www.scers.org

OPEN SESSION

Item 1. Call to Order/Roll Call

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

Board Members Present: Diepenbrock (at 10:02 a.m.), Aguallo, Devore, Rinde, Banda (at 10:05 a.m.), Mangru, Noble, Giboney (at 10:02 a.m.), Hoover, Irish.

Board Members Absent: Suter

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; JR Pearce, Senior Retirement Investment Officer; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Senior Retirement Investment Officer.

Item 2. Public Comment

None.

Members of the Board of Retirement:

James Diepenbrock, 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)

CONSENT MATTERS—Items 3 - 9:

A motion was made by Board Member DeVore, seconded by Board Member Rinde, to approve the recommendations on Consent Calendar Items 3 and 5-9. (Adopted 7-0 as to Item 3, Board Member Mangru abstained, and 8-0 as to Items 5-9.) Item 4 was pulled for separate consideration as referenced below.

Item 3. Minutes of the January 17, 2024 Regular Meeting

Approve the minutes of the January 17, 2024 Regular Meeting.

Item 4. Disability Retirement Applications

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

- A. ALEJANDRE, Victor: (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- B. ALLEN, Heather: (Human Services Social Worker, Department of Human Assistance): Grant a non-service-connected disability retirement
- C. FREITAS, Trenton: (Code Enforcement Officer II, Code Enforcement): Grant a service-connected disability retirement.
- D. LOPEZ, Eduardo: (Assistant Probation Officer, Probation Department): Grant a service-connected disability retirement.
- E. MARTINEZ, Elliott: (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- F. PEOPLES, Cory: (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement with corrected effective date.
- G. REDDING, Julie: (Sheriff's Security Officer, Sheriff's Department): Grant a service-connected disability retirement.

Vice President Aguallo expressed general concerns about disability applicants with prior injuries. Board Member Banda arrived during discussion of this item. Following discussion, a motion was made by Board Member Noble, seconded by Vice President Aguallo, to approve the recommendation on Item 4. **(Adopted 8-0.)**

Item 5. Ratification of Service Retirement Application Approvals— January 2024

Ratify the service retirement applications that were finalized in January 2024.

Item 6. State Association of County Retirement Systems Legislative Update—February 2024

Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for February 2024.

Item 7. Annual Cost-of-Living Adjustment (COLA)

Approve COLA adjustments effective April 1, 2024.

Item 8. Portfolio Allocation and Rebalancing Report—Fourth Quarter 2023

Receive and file the Portfolio Allocation and Rebalancing Report for quarter ended December 31, 2023.

Item 9. Monthly Report of Investment Activity—January 2024

Receive and file the Monthly Report of Investment Activity for January 2024.

EXECUTIVE REPORTS:

Item 10. Chief Executive Officer’s Report (no action requested)

Mr. Stern noted the annual Employer Forum will be held on February 23.

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

- Registration closes February 29 for the California Association of Public Retirement Systems (CALAPRS) Advanced Principles of Pension Governance for Trustees; March 27-29, at UCLA.
- The annual conference for the National Conference on Public Employee Retirement Systems (NCPERS) is May 19-22 in Seattle, and NCPERS is hosting another conference in late October in Palm Springs.
- The “Wharton Program,” sponsored by the International Foundation of Employee Benefits Plans (IFEBP) at the University of Pennsylvania Wharton School of Business is May 6-9. IFEBP is also hosting a program in San Francisco July 22-24.

Mr. Stern noted that Form 700 financial disclosures are due by April 2.

Item 11. Chief Investment Officer’s Report (no action requested)

Mr. Davis provided a preview of investment related items that will be presented at the March Board meeting:

- Global equity manager recommendation
- Education related to the Absolute Return asset class
- Quarterly performance reports for alternative assets and real estate
- Inaugural annual investment operations report, which will provide annual data on:
 - Proxy voting
 - Transaction cost analysis
 - Commission recapture
 - Placement agent disclosure
 - Securities lending
 - Tax dividend reclaims
 - Securities litigation

Mr. Davis also provided an update on the new Caissa portfolio analytics software that is now fully onboarded and operational. Once Staff gets up to speed learning the system, reporting will be provided to the Board.

Item 12. Chief Benefits Officer’s Report (no action requested)

Mr. Riddle reported that, as indicated in Agenda Item 5, the team processed 31 retirement applications in January. He further advised that SCERS is now in the peak season, having received a large volume of retirement applications with March 2024 retirement dates.

Mr. Riddle acknowledged the Board’s confirmation of 7 Disability Retirement recommendations in February, and stated the inventory now stands at 49 applications, 2 of which are scheduled for administrative hearings, and 5 others slated for consideration at the March Board meeting.

Mr. Riddle indicated that, in regard to Alameda corrections, staff recently concluded calculating the adjustments that will occur on the March allowance, with members to be notified by the end of February. With the March adjustments, SCERS has completed over 1,500 recalculations and will have adjusted pensions of the entire County employee and retiree population. The team still needs to complete the analysis of overpaid benefits against over-collected contributions to determine if refunds are owed and also focus on potential impacts to other employers and various clean-up activities. Mr. Riddle recognized the significance of reaching this goal and thanked all the SCERS employees responsible for achieving this milestone.

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.

ADMINISTRATIVE MATTERS:

Item 13. Strategic Management Plan Annual Report

Receive and file the Strategic Management Plan Annual Report for 2023.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Mangru, to receive and file the Strategic Management Plan Annual Report for 2023. **(Adopted 8-0.)**

Item 14. Sacramento Area Sewer District Pension Protection Act

Approve a “support, if amended” position on legislation regarding the allocation of pension assets and liabilities, and treatment of pension benefits, for the reorganized Sacramento Area Sewer District.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Hoover, to approve a “support, if amended” position on legislation regarding the allocation of pension assets and liabilities, and treatment of pension benefits, for the reorganized Sacramento Area Sewer District. **(Adopted 8-0.)**

BENEFIT MATTERS:

Item 15. Administrative Appeals Policy

Approve amendments to SCERS’ Appeal of SCERS’ Administrative Decision Policy.

Mr. Morrish presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Hoover, to approve amendments to SCERS’ Appeal of SCERS’ Administrative Decision Policy as recommended with an additional revision to reflect the correct date of the amendment. **(Adopted 8-0.)**

INVESTMENT MATTERS:

Item 16. Master Investment Policy Statement

Approve amendments to the 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 Vice President Aguallo, seconded by Board Member Rinde, to approve amendments to the

Master Investment Policy Statement regarding investment considerations involving environmental, social, and governance factors. **(Adopted 8-0.)**

Item 17. Dedicated Cash Allocation—Implementation Strategy

Reallocate dedicated cash allocation from State Street Demand Deposit Account to State Street Government Short Term Investment Fund.

Mr. Davis presented this item. Following discussion, a motion was made by Vice President Aguallo, seconded by Board Member Rinde, to approve reallocation of the dedicated cash allocation from State Street Demand Deposit Account to State Street Government Short Term Investment Fund. **(Adopted 8-0.)**

Item 18. Securities Litigation Policy

Approve amendments to Securities Litigation Policy.

Mr. Morrish presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Noble, to approve amendments to the Securities Litigation Policy. **(Adopted 8-0.)**

Item 19. Consultant Contract Timelines

Receive and file report on contract terms for consultant relationships.

Mr. Stern introduced this item, which was presented by Mr. Davis, with assistance from Stephen Nesbitt and Jamie Feidler of Cliffwater. Following discussion, a motion was made by Vice President Aguallo, seconded by Board Member Noble, to receive and file the report on contract terms for consultant relationships. **(Adopted 8-0.)**

Item 20. Total Fund Investment Performance Report—Fourth Quarter 2023

Receive and file the SCERS Total Investment Performance Review report, prepared by Verus Advisory, for the quarter ended December 31, 2023.

John Nicolini of Verus Advisory presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Mangru, to receive and file the SCERS Total Investment Performance Review report, prepared by Verus Advisory, for the quarter ended December 31, 2023. **(Adopted 8-0.)**

Item 21. Education: Global Equity and Fixed Income Asset Classes

Receive and file presentations on Global Equity and Fixed Income asset classes.

Mr. Davis presented this item, with assistance from Mr. Miller and Mr. Nicolini of Verus Advisory. Board Member Irish (12:39 p.m.) departed the meeting during this discussion. Following discussion, a motion was made by Vice President Aguallo, seconded by Board Member Mangru, to receive and file the presentations on the Global Equity and Fixed Income asset classes. **(Adopted 8-0.)**

OTHER MATTERS:

Item 22. Comments from Members of the Board of Retirement

None.

President Diepenbrock stated that there were no matters for discussion in closed session. Items 23 and 24 were withdrawn.

CLOSED SESSION

Item 23. 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 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 1:12 p.m.