



## MINUTES

**Executive Staff:**

Eric Stern  
Chief Executive Officer

Steve Davis  
Chief Investment Officer

Stephen Lau  
General Counsel

Stephen Hawley  
Chief Strategy Officer

Mario Sierras  
Chief Benefits Officer

### **REGULAR MEETING OF THE BOARD OF RETIREMENT**

### **SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM**

**WEDNESDAY, JANUARY 15, 2020  
10:00 A.M.**

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

### OPEN SESSION

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

John Conneally  
Elected by the Safety Members

Kathy O'Neil  
Elected by the Retired Members

**Item 1. Swearing-In Ceremony**—Alma Munõz, Assistant Clerk of the Board of Supervisors, administered the Oath of Office for Board Members Dave Comerchero, Kathy O'Neil, and Martha Hoover.

**Item 2. Call to Order**—The meeting was convened at 10:03 a.m.

**Item 3. Public Comment**—None

### CONSENT MATTERS – ITEMS 4-10:

The Board approved the Consent Matters Items 4-10 (8-0, with Mr. Comerchero abstaining from Item 4A and 4B).

**Item 4. Minutes**

A. Audit Committee Meeting Minutes of December 2, 2019 approved.

B. Regular Board Meeting Minutes of December 18, 2019 approved.

**Item 5. Ratification of Service Retirement Application Approvals—December 2019**—Ratified the Service Retirement Applications that were finalized in the previous month.

- Item 6. CEO Delegated Authority Expense Report**—Received and filed the CEO Delegated Authority Expense Report for the quarter ended December 31, 2019.
- Item 7. Board Education Compliance Report for 2019**—Received and filed the Board Education Compliance Report for 2019.
- Item 8. IT Modernization Program Quarterly Review**—Received and filed a report regarding the state of SCERS’ IT projects from the previous quarter.
- Item 9. Placement Agent Disclosure Report—Fourth Quarter 2019**—Received and filed a report regarding placement agents associated with alternative assets from the previous quarter.
- Item 10. Monthly Report of New Investment Activity—December 2019**—Received and filed a report on new investment activity from the previous month.

**EXECUTIVE REPORTS:**

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

Chief Executive Officer Eric Stern provided the following updates:

- Mr. Stern introduced and welcomed Joan Kudin, SCERS’ Public Information Officer.
- Mr. Stern provided information on upcoming education conferences for Board members:
  - CALAPRS General Assembly, March 7-10, at Rancho Mirage
  - CALAPRS Advanced Principles of Pension Management for Trustees, March 30-April 1, at UCLA
  - SACRS Spring Conference, May 12-15, at San Diego
  - SACRS UC Berkeley Investment Program, July 26-29, Berkeley

**Item 12. Chief Investment Officer’s Report**

- Mr. Davis reminded the Board that at the December meeting, the Board authorized staff to develop and issue an RFP for alternative assets consulting services. The objective of the RFP is to allow SCERS to gauge the current market for alternative asset consultants, to compare SCERS’ current consultant, Cliffwater, to other consultants, and determine the best consulting partner going forward. Mr. Davis stated that staff has created an RFP, which will be posted to the main SCERS website for consulting candidates to view and respond to. Mr. Davis noted that SCERS is targeting receiving responses

from candidates the first week of March.

- Mr. Davis stated that the preliminary performance for the fourth quarter 2019 was just under 5%, so SCERS' calendar year performance is estimated between 16%-17%. Mr. Davis stated that every major class generated outsized returns. The strong 2019 market returns were opposite of 2018, when 93% of financial markets generated negative returns. Mr. Davis noted that while global growth is slowing, it appears that the risk of a recession, particularly in the U.S., has subsided due to accommodative monetary policy and fairly strong economic data around employment and the consumer, and benign inflation numbers.

### **ADMINISTRATIVE MATTERS:**

#### **Item 13. Independent Auditor Contract Extension**

Approved a motion to extend the audit service contract with Brown Armstrong Accountancy Corporation for three years and authorized the CEO to execute documents necessary to update the contract. **(9-0)**

#### **Item 14. UC Davis Medical Center Pension Liabilities**

Approved a motion to determine that a "triggering event" has occurred regarding outstanding University of California-Davis Medical Center (UCD) pension liabilities owed to SCERS, and received and filed the actuarial analysis from Segal Consulting. **(9-0)**

#### **Item 15. Strategic Management Plan—Quarterly Performance Report**

Approved a motion to receive and file the Strategic Management Plan Quarterly Performance Report. **(9-0)**

#### **Item 16. Disability Retirement Counsel Request for Proposals**

Approved a motion to authorize SCERS to issue a request for proposals (RFP) for disability retirement legal services. **(9-0)**

#### **Item 17. Education: Securities Litigation**

General Counsel Stephen Lau provided an overview of SCERS' securities litigation policy, historic practices, and relationships with outside counsel. The Board approved a motion to receive and file the education presentation. **(9-0)**

#### **Item 18. Education: Global Markets Outlook**

Benjamin Mandel and Darren Smith of J.P. Morgan Asset Management provided an overview of global markets. The Board approved a motion to receive and file the education presentation. **(9-0)**

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:45 a.m.

**MEMBERS PRESENT:** John B. Kelly, Keith DeVore, James A. Diepenbrock, Diana Gin, Ben Lamera, Dave Comerchero, Martha J. Hoover, Matt Petersen, John Conneally (safety alternate), Kathy O’Neil (retiree alternate), and Rick Fowler presiding.

**MEMBERS ABSENT:** none

**OTHERS PRESENT:** Eric Stern, Chief Executive Officer; Steve Davis, Chief Investment Officer; Stephen Lau, General Counsel; Stephen Hawley, Chief Strategy Officer; Mario Sierras, Chief Benefits Officer; Jim Donohue, Deputy Chief Investment Officer; Brian Miller, Investment Officer; Debbie Chan, Senior Accounting Manager; John Lindley, IT Administrator; Gina Cameron, Retirement Services Manager; Jett Lewis, Retirement Services Analyst; Joan Kudin, Public Information Officer; John Nicolini, Verus Advisory, Inc.; Benjamin Mandel, J.P. Morgan; Darren Smith, J.P. Morgan; Kelsey Johnson, Deputy County Counsel; and, Debbie Musilli-Sidhu, Executive Secretary.

Respectfully submitted,

/S/

Eric Stern  
Chief Executive Officer and  
Secretary of the Retirement Board

APPROVED: \_\_\_\_\_  
Richard B. Fowler II, President

DATE: \_\_\_\_\_