



Executive Staff:

Eric Stern
Chief Executive Officer

Steve Davis
Chief Investment Officer

Stephen Lau
General Counsel

Mario Sierras
Chief Benefits Officer

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

Vacant
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

Kathy O'Neil
Elected by the Retired Members

Jack Philp
Elected by the Safety Members

MINUTES

REGULAR MEETING OF THE BOARD OF RETIREMENT

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Wednesday, August 18, 2021

10:00 A.M.

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

OPEN SESSION

Item 1. Call to Order—The meeting was convened at 10:00 a.m.

Mr. Fowler stated that some members were attending via teleconference under Executive Order N-25-20, which relaxed provisions of the Brown Act to make it easier for local government boards to conduct board meeting without convening in the same physical location.

Mr. Fowler noted the following Board members were present:

1. Rick Fowler
2. John Kelly via Zoom
3. Keith DeVore
4. Dave Comerchero
5. Diana Gin
6. Martha Hoover via Zoom
7. Kathy O'Neil via Zoom
8. Matt Petersen

Mr. Fowler noted that Board members Ben Lamera and Jack Philp were absent, and there was one vacancy.

Item 2. Election of Board Officers

Chief Executive Officer Eric Stern conducted the Election of Board Officers.

The Board approved a motion to maintain Richard Fowler as the Board President and John Kelly and Keith DeVore as the Vice Presidents of the SCERS Board. **(7-0)**

Item 3. Public Comment

None.

CONSENT MATTERS – ITEMS 4-16:

The Board approved the Consent Matters Items 4-16 (7-0).

Item 4. Minutes of the June 10, 2021 Audit Committee meeting—Approved the Minutes of the June 10, 2021 Audit Committee meeting.

Item 5. Minutes of the June 16, 2021 Regular Meeting—Approved the Minutes of the June 16, 2021 regular meeting.

Item 6. Ratification of Service Retirement Application Approvals—June and July 2021—Ratified the Service Retirement Applications that were finalized in the previous months.

Item 7. State Association of County Retirement Systems Legislative Update—August 2021—Received and filed the SACRS Legislative Update for August.

Item 8. CEO Delegated Authority Expense Report—Received and filed the CEO Delegated Authority Expense Report for the quarter ended June 30, 2021.

Item 9. Pension Administration System Quarterly Review—Received and filed the Pension Administration System Quarterly Review.

Item 10. Proxy Voting Activity Report—Second Quarter 2021—Received and filed the Proxy Voting Activity Report—Second Quarter 2021.

Item 11. Placement Agent Disclosure Report—Second Quarter 2021—Received and filed the Placement Agent Disclosure Report—Second Quarter 2021.

Item 12. Portfolio Allocation and Rebalancing Report—Second Quarter 2021—Received and filed the quarterly asset allocation and rebalancing report for the Second Quarter 2021.

Item 13. Trading Cost Analysis Report—Fourth Quarter 2020 and First Quarter 2021—Received and filed the Trading Cost Analysis Report—Fourth Quarter 2020 and First Quarter 2021.

- Item 14. 2020 Alternative Asset Fee and Expense Report**—Received and filed the 2020 Alternative Asset Fee and Expense Report.
- Item 15. Monthly Investment Manager Activity, Compliance, and Watch List Report—June and July 2021**—Received and filed the Monthly Investment Manager Activity, Compliance, and Watch List Report for June and July 2021.
- Item 16. Monthly Report of New Investment Activity—June and July 2021**—Received and filed the report summarizing SCERS’ investment activity for June and July 2021.

EXECUTIVE REPORTS:

Item 17. Chief Executive Officer’s Report

Chief Executive Officer Eric Stern welcomed the Board back to the first in-person meeting since March 2020 and provided the following updates:

Mr. Stern reported to the Board that the SCERS’ office renovations are nearly complete and that the office has been re-opened fully to staff as of July 26th and to members as of August 2nd.

Mr. Stern advised the Board that the CALAPRS Principles of Pension Governance for Trustees 2021 will be held Tuesday – Thursday, September 28-30, 2021 from 8:30 a.m. to 12:00 p.m. via Zoom.

Lastly, Mr. Stern informed the Board that as part of SCERS’ 80th anniversary, Assembly Member and SCERS retiree Jim Cooper, prepared an honorary resolution for SCERS.

Item 18. Chief Investment Officer’s Report

Chief Investment Officer Steve Davis provided the following updates:

Mr. Davis informed the Board that SCERS received several responses for SCERS’ RFP for portfolio analytics systems and that staff has initiated reviewing the RFP responses. Mr. Davis indicated that staff expects to invite a few firms within the next couple of months for interviews and to provide demonstrations to SCERS’ staff; Mr. Davis stated that the Board members will be invited to participate in the demonstrations.

Mr. Davis reported that education on co-investments and a fund of one implementation structure was scheduled to take place at the August meeting but has been moved to the September Board meeting as Staff works with outside counsel on fine-tuning the presentation.

Lastly, Mr. Davis notified the Board that Retirement Investment Officer, Brian Miller, recently promoted to a Senior Investment Officer position.

Item 19. Chief Benefits Officer’s Report

Chief Benefits Officer Mario Sierras provided the following updates:

Mr. Sierras informed the Board that in the first two weeks of reopening, staff conducted 34 in-person retirement meetings with members.

Mr. Sierras reported to the Board that the IT project has consumed a lot of staff resources and time, which has impacted staff's ability to complete new retirement applications within targeted timeframes. Mr. Sierras reported that as of the week of the Board meeting, SCERS staff had already paid over 50 members for the month of August and expected more to be paid by the end of the month. Lastly, Mr. Sierras noted that he and his team recognize that delays in retirement checks can be a hardship to SCERS members and that they are committed to correcting course in the coming months.

Mr. Sierras updated the Board on the status of disability retirements, stating that no disability items were brought before the Board in the month of August due to a staffing vacancy though he believes SCERS is on track to bring items to the Board the following month.

ADMINISTRATIVE MATTERS:

Item 20. Project Management Services

Chief Executive Officer Eric Stern presented the recommendation to authorize the CEO to increase the contact maximum for project management and oversight services with Linea Solutions, not to exceed \$4.6 million.

The Board approved a motion to adopt the staff recommendation. **(7-0)**

Item 21. Strategic Management Plan—Quarterly Performance Report

Chief Executive Officer Eric Stern presented the Strategic Management Plan—Quarterly Performance Report for the second quarter 2021.

The Board approved a motion to receive and file the Strategic Management Plan—Quarterly Performance Report for the second quarter 2021. **(7-0)**

INVESTMENT MATTERS:

Item 22. Asset Liability Modeling Study—Final Recommendation

Chief Investment Officer Steve Davis and John Niccolini from Verus Advisory presented the recommendation for the Board approve the proposed asset allocation.

The Board approved a motion to adopt the staff recommendation. **(7-0)**

Item 23. Representation on Advisory Committees Policy

Deputy Chief Investment Officer Jim Donohue presented the recommendation to approve the updated Representation on Advisory Committees Policy.

The Board approved a motion to approve the updated Representation on Advisory Committees Policy. **(7-0)**

Item 24. Total Fund Investment Performance Report—Second Quarter 2021

John Niccolini of Verus Advisory presented the Total Fund Investment Performance Report – Second Quarter 2021.

The Board approved a motion to receive and file the Total Fund Investment Performance Report – Second Quarter 2021. **(7-0)**

CLOSED SESSION

Item 25. Public Employee Performance Evaluation—Chief Executive Officer

The closed session began at 11:55 a.m. and open session resumed at 12:30 p.m.

OPEN SESSION

Mr. Fowler announced that there were no actions to report from the closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:30 p.m.

MEMBERS PRESENT Keith DeVore, Diana Gin, Dave Comerchero, Matt Petersen, and Rick Fowler presiding.

via teleconference: John B. Kelly, Martha J. Hoover, and Kathy O’Neil.

MEMBERS ABSENT: Ben Lamera and Jack Philp.

OTHERS PRESENT Eric Stern, Chief Executive Officer; Steve Davis, Chief Investment Officer; Mario Sierras, Chief Benefits Officer; John Lindley, Senior IT Analyst; Jim Donohue, Deputy Chief Investment Officer; Debbie Chan, Senior Accounting Manager; and John Nicolini, Verus Advisory, Inc.

Respectfully submitted,

/s/

Eric Stern
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Richard B. Fowler II, President

DATE: _____



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
September 15, 2021**

MOTION:

Minutes

THE BOARD OF RETIREMENT hereby approves the Minutes of the August 18, 2021 regular meeting.

I HEREBY CERTIFY that the above order was passed and adopted on September 15, 2021, by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Richard B. Fowler II
Board President

Eric Stern
Chief Executive Officer and
Board Secretary