



Executive Staff:

Richard Stensrud
Chief Executive Officer

Vacant
Chief Investment Officer

Robert L. Gaumer
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
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

Michael DeBord
Elected by the Retired Members

James A. Diepenbrock
Appointed by the Board of Supervisors

Diana Gin
Elected by the Miscellaneous Members

Chris A. Pittman
Elected by the Safety Members

Julie Valverde
Ex Officio, Director of Finance

John Conneally
Elected by the Safety Members

Martha J. Hoover
Elected by the Retired Members

MINUTES

RETIREMENT BOARD MEETING, WEDNESDAY, JULY 15, 2015

A regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 19th Floor, Sacramento, California, on Wednesday, July 15, 2015, and commenced at 10:00 a.m.

OPEN SESSION:

PUBLIC COMMENT:

1. Comments from a member of the public were received regarding a disability matter on the Consent Calendar. Those comments are noted below.
2. Chief Executive Officer Richard Stensrud invited nominations for the positions of SCERS Board Officers for fiscal year 2015-2016. Motion by Mr. DeBord to retain the current Board Officers, with Rick Fowler serving as Board President and John Kelly and Keith DeVore serving as Vice President for the 2015-2016 fiscal year; Seconded by Mr. Pittman. Motion carried (6-0).

MINUTES:

3. The Minutes of the June 17, 2015 regular meeting were approved on Motion by Mr. Kelly; Seconded by Mr. Pittman. Motion carried (6-0).

CONSENT MATTERS:

Items 4-13

The Consent Matters were acted upon as one unit upon a Motion by Mr. DeBord; Seconded by Mr. Kelly. Motion carried (6-0).

4. ESTOMO, Rhonda J.: Granted a service-connected disability retirement.
5. RIVERO, Richard A.: Denied a nonservice-connected disability retirement.
6. SPAID, Brett D.: Denied a service-connected disability retirement.

Mr. Spaid addressed the Board regarding his application for disability retirement. At the request of Board President Rick Fowler, General Counsel Robert Gaumer and Chief Benefits Officer John Gobel provided an overview of the steps that were taken in processing Mr. Spaid's application. The Board approved the proposed decision submitted by the referee.

7. ZIEGELMANN-JACKSON, Delette: Denied a service-connected disability retirement.
8. Approved the request by the County of Sacramento to prepay its employer retirement contribution for the 2015-2016 fiscal year.
9. Executed the Annual Oath of Office and Affirmation of Duties and Responsibilities.
10. Approved a proposed resolution authorizing the conducting of a concurrent Miscellaneous member election for the remaining unexpired term of the vacant Miscellaneous Board seat and for the term beginning January 1, 2016 for the same Board seat.
11. Received and filed the notification of the name change associated with the modification of the corporates structure for William Blair & Company.
12. Received and filed the June 2015 Monthly Investment Portfolio Activity Report.
13. Received and filed the June 2015 Monthly Investment Manager Compliance Reports and Watch Lists.

CLOSED SESSION:

14. The Board discussed a public employee appointment (Chief Executive Officer) pursuant Government Code Section 54957. The Board reported that no action was taken.

ADMINISTRATIVE MATTERS:

15. Chief Executive Officer Richard Stensrud provided an update on developments affecting public retirement systems and on miscellaneous system and staff activities.

Mr. Stensrud provided an update on the IT systems project. Mr. Stensrud noted that SCERS had issued a request for proposals (RFP) for a consultant to assist SCERS with defining requirements for a potential IT system and for developing a RFP for a potential IT system procurement. Mr. Stensrud stated that SCERS received three responses to the RFP and invited two firms in for interviews with SCERS' evaluation committee. Mr. Stensrud reported that Staff hopes to recommend a consultant for Board approval at the August Board Meeting.

Mr. Stensrud reported on the transition of funds to a new U.S. equities small cap growth mandate with UBS Global Asset Management. At the request of Mr. Stensrud, Deputy Chief Investment Officer Steve Davis provided details of the transition, noting that the actual cost of the transition came in lower than the pre-trade cost estimate.

Mr. Stensrud reviewed items that are expected to be on the August Board Meeting agenda. Mr. Stensrud also noted that a review of the interest crediting and unallocated earnings policy would be included in a future Board Meeting.

Mr. Stensrud reported on a recent meeting he had with the State Legislative Analyst's Office (LAO), which is in the process of analyzing the proposed ballot initiative that would call for all new public employees to be part of a defined contribution plan as opposed to the current defined benefit plan. Discussion followed.

16. Chief Executive Officer Richard Stensrud provided a presentation on proposed changes for the SCERS staff structure for the fiscal year 2015-2016.

Mr. Stensrud stated that SCERS staff size has seen minimal growth over the past 5-10 years and that SCERS' administrative expenses have been stable over the same time. Mr. Stensrud noted, however, that the level of benefit administration activity has increased substantially over that time. Mr. Stensrud also noted that, compared to other 1937 Act systems similar in size, SCERS has the lowest staff levels and the lowest administrative expenses.

Mr. Stensrud referenced one of the key goals in SCERS' Strategic Plan: "Enhance the services provided to all SCERS' customers to improve efficiency, effectiveness and accountability." Mr. Stensrud stated that this goal included three objectives: (1) Modernizing the process and practices for administering benefits while maintaining appropriate person-to-person service capability; (2) Preparing staff to provide high quality customer service in a timely, efficient and accurate manner; and (3) Measuring customer service performance and continually working to improve it.

ADMINISTRATIVE MATTERS (continued):

Mr. Stensrud reviewed the current staff structure in benefits administration, noting that there are currently two 'full service' benefit teams, each led by a Retirement Services Supervisor, with two Senior Retirement Benefits Specialists and four Retirement Benefits Specialists. Mr. Stensrud stated that he would be recommending adding a third 'full service' benefit team and adding a new position of Office Specialist to each team to take on lower level, ministerial duties.

Mr. Stensrud stated that the expected outcomes to these changes included: (1) Improved efficiency and turn-around time; (2) Higher quality work product; (3) Ability to provide more staff-to-customer interface, including meetings with members; (4) Allow higher skilled staff to focus on higher skill duties; (5) Provide an enhanced career path and succession plan; and (6) Improve morale. Mr. Stensrud then reviewed the potential transition plan and fiscal impact.

Mr. Stensrud also reviewed proposed staff changes within operations, noted that additional staff would be required in order to support the expanded demands and complexity within the investment accounting and IT areas.

Mr. Stensrud stated that the addition of a Senior IT Analyst will be vital to handle the increased systems support that will be needed as SCERS prepares for and acquires new pension administration and financial systems. Mr. Stensrud noted that this new position will also provide important staff depth in this critical area. Mr. Stensrud further noted that the number of investment managers has expanded from 20 in 2004 to over 100 today. Mr. Stensrud stated that by changing the current half-time Senior Account Clerk position to a full-time position, Senior Accountants would be able to remain focused on the higher skill analytic duties to support the investment program.

Discussion followed and it was the consensus of the Board that the staff changes were necessary and should be reflected in the SCERS Final Budget for the 2015-2016 fiscal year considered in August.

INVESTMENT MATTERS:

17. Deputy Chief Investment Officer Steve Davis, Barry Dennis of Strategic Investment Solutions, and Jamie Feidler of Cliffwater, LLC provided a discussion of recent global economic and investment market events, including the state of the markets in China and Greece, and SCERS' exposure to those markets.

Discussion followed.

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The meeting was adjourned at 12:49 p.m.

MEMBERS PRESENT: Rick Fowler, John B. Kelly, Michael DeBord, Diana Gin, Chris Pittman, John Conneally, and Martha J. Hoover

MEMBERS ABSENT: Keith DeVore, James A. Diepenbrock, and Julie Valverde

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Robert L. Gaumer, General Counsel; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Steve Davis, Deputy Chief Investment Officer; Suzanne Likarich, Retirement Services Manager; Thuyet Dang, Senior Accounting Manager; JR Pearce, Investment Officer; John Lindley, IT Administrator; Barry Dennis and John Nicolini, Strategic Investment Solutions, Inc; Jamie Feidler, Clifffwater LLC; Katie Briscoe, Nossaman LLP; and Brett Spaid.

Respectfully submitted,

Richard Stensrud
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Rick Fowler, President

DATE: _____

cc: Retirement Board (11); Board of Supervisors (6); County Counsel; County Executive (2); Internal Services Agency (2); County Labor Relations; Employee Organizations (20); Sacramento County Retired Employees' Association; SCERS Member Districts (10); Elected Officials (3); Superior Court of California, County of Sacramento; Amervest Company, Inc.; Mark Merin; John R. Descamp; and The Sacramento Bee.