



Executive Staff:

Richard Stensrud  
Chief Executive Officer

Steve Davis  
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

Steven L. Baird  
Elected by the Miscellaneous Members

James A. Diepenbrock  
Appointed by the Board of Supervisors

Ben Lamera  
Ex Officio, Director of Finance

Alan Matré, CPA  
Elected by the Miscellaneous Members

Kathy O'Neil  
Elected by the Retired Members

Chris A. Pittman  
Elected by the Safety Members

John Conneally  
Elected by the Safety Members

Martha J. Hoover  
Elected by the Retired Members

## MINUTES

### RETIREMENT BOARD MEETING, THURSDAY, APRIL 6, 2017

A special meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 19th Floor, Sacramento, California, on Thursday, April 6, 2017, and commenced at 10:01 a.m.

#### OPEN SESSION:

##### PUBLIC COMMENT:

1. None heard.

##### ADMINISTRATIVE MATTERS:

2. Chief Executive Officer Richard Stensrud introduced the presentations by executive recruiting firms EFL Associates and Hudepohl & Associates. Mr. Stensrud stated that Staff was recommending that the Board select one of these firms to conduct the recruitment for the SCERS Chief Executive Officer position.

Mr. Stensrud stated that these two firms represent the industry leaders in executive recruiting in the public pension space. Mr. Stensrud noted that both firms are highly capable, can provide SCERS access to a very strong candidate pool, and have great experience in terms of matching a candidate with an employer. Mr. Stensrud further noted that he had advised the firms that the Board would be interested in hearing their perspective regarding compensation for the position.

Gary Hudepohl of Hudepohl & Associates provided a presentation to the Board on his firm. Mr. Hudepohl reviewed the company's history and experience. Mr. Hudepohl stated that his firm had conducted over 85 executive searches in the past 15 years. Mr. Hudepohl reviewed his firm's experience specifically in California. Mr. Hudepohl then detailed the search process that his firm uses.

Discussion followed.

Mary Hobson of EFL Associates (EFL) provided a presentation to the Board on her firm. Ms. Hobson provided an overview of the company and its consultants. Ms. Hobson reviewed the distinguishing characteristics of EFL and listed many of its clients. Ms. Hobson discussed the search process that EFL uses and its timeline. Ms. Hobson reviewed what EFL's relationship with SCERS would be and EFL's role in interviews and negotiations with candidates.

Discussion followed.

Motion by Ms. O'Neil to receive and file the presentations by executive recruiting firms EFL Associates and Hudepohl & Associates, and to select Hudepohl & Associates to conduct the recruitment for the SCERS Chief Executive Officer position; Seconded by Mr. Kelly. Motion carried (8-0).

3. Doug Johnson of Ralph Andersen & Associates presented the compensation study performed for the SCERS Chief Executive Officer position.

Mr. Johnson reviewed the process by which the labor market used in the study was selected. Mr. Johnson noted that there are typically five important criteria utilized in identifying those employers that comprise an agency's labor market: (1) Historical practices; (2) Nature of services provided; (3) Geographic proximity; (4) Employer size; and (5) Economic similarity.

Mr. Johnson presented the list of the 21 California retirement agencies that were used in the study. Mr. Johnson discussed the way in which the cost-of-living and wage index numbers were compiled.

Mr. Johnson presented three different charts comparing SCERS to other agencies: One including all 21 agencies; one that is a subset of 13 agencies which match SCERS in terms of size; and one that is a subset of 7 agencies that even more closely match SCERS in terms of size. Mr. Johnson summarized the findings noting that SCERS' current Chief Executive Officer position salary lags the market significantly with all comparisons showing the salary no higher than the 16<sup>th</sup> percentile of the market.

Discussion followed. The discussion included consideration of: (1) The median market salary for the CEO position; (2) The appropriate salary range for the position; (3) The possible need to set the maximum of the salary range above the market median in order to

be competitive for the desired knowledge, skills and experience; (4) The impact of compensation elements beyond salary, in particular retirement benefits, on the competitiveness of the total compensation package; and (5) The substantial adjustment in compensation that would be required in order to bring SCERS into a competitive position given that it has been more than ten years since the CEO compensation was ‘marked to market.’

Chief Executive Officer Richard Stensrud recommended that additional information be presented to help the Board reach a decision. To that end, Mr. Stensrud stated that Staff would prepare a short list of potential salary range options that the Board can use for reference during the regular April Board Meeting when the Board deliberates on where to set the actual salary range for the Chief Executive Officer position.

Motion by Mr. Diepenbrock to receive and file the compensation study performed for the SCERS Chief Executive Officer; Seconded by Mr. Kelly. Motion carried (8-0).

The meeting was adjourned at 1:05 p.m.

MEMBERS PRESENT: Rick Fowler, John B. Kelly, Keith DeVore, James A. Diepenbrock (by phone), Ben Lamera, Alan Matré, Kathy O’Neil, John Conneally, and Martha J. Hoover.

MEMBERS ABSENT: Steven L. Baird and Chris Pittman.

OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Steve Davis, Chief Investment Officer; Robert L. Gaumer, General Counsel; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Annette St. Urbain, Assistant Retirement Administrator; Suzanne Likarich, Retirement Services Manager; Thuyet Dang, Senior Accounting Manager; John Lindley, IT Administrator; Gary Hudepohl, Hudepohl & Associates; Mary Hobson, EFL Associates; Doug Johnson, Ralph Andersen & Associates; and Kevin Isawa.

Respectfully submitted,

Richard Stensrud  
Chief Executive Officer and  
Secretary of the Retirement Board

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

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

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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.