



MINUTES

REGULAR MEETING OF THE BOARD OF RETIREMENT

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

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

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

Brandon Gayman
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)

WEDNESDAY, JANUARY 15, 2025

10:00 A.M.

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

Live-stream at www.scers.gov

OPEN SESSION

Item 1. Call to Order/Roll Call

Vice President Aguallo called the meeting to order at 10:01 a.m. Eric Stern, Chief Executive Officer, took roll call.

Board Members Present: Aguallo, DeVore, Rinde, Banda, Mangru, Gayman, Giboney, Hoover.

Board Members Absent: Diepenbrock, Irish, Suter.

Also present: Eric Stern, Chief Executive Officer; Margo Allen, Chief Operations Officer; Steve Davis, Chief Investment Officer; Tim Taylor, Chief Technology Officer; Keith Riddle, Chief Benefits Officer; Jason Morrish, General Counsel; Jim Donohue, Deputy Chief Investment Officer; JR Pearce, Senior Retirement Investment Officer; Brian Miller, Senior Retirement Investment Officer; Kenter Ludlow, Acting Retirement Investment Analyst.

Item 2. Swearing-In Ceremony

Nichole Lee, Assistant Clerk of the Board of Supervisors, performed the swearing-in ceremony for Board Members Alina Mangru, Brandon Gayman, Chris Giboney, and Robert Aguallo.

Item 3. Public Comment

None.

CONSENT MATTERS – Items 4-10:

A motion was made by Board Member Rinde, seconded by Board Member DeVore, to approve the recommendations on Consent Calendar Items 5(A), 5(B), 5(D), 5(E), 6, and 8-10. Consent Items 4, 5(C) and 7 were pulled for separate consideration as referenced below. **(Adopted 7-0.)**

Item 4. Minutes of the December 11, 2024 Regular Meeting

Approve the minutes of the December 11, 2024 Regular Meeting.

Board Member Hoover requested that language be added to the December Board meeting minutes for Item 16 regarding the auditor’s opinion on SCERS’ financial statements. A motion was then made by Board Member Rinde, seconded by Board Member Mangru, to approve the recommendation on Item 4 as modified by Board Member Hoover. **(Adopted 6-0; Board Member Banda abstained.)**

Item 5. Disability Retirement Applications

Adopt Staff’s recommendations for the following Disability Retirement Applications:

- A. COTA, David (Lead Electrician, Regional Sanitation District): Grant a service-connected disability retirement.
- B. CROUCH, Kenneth (Deputy Sherriff, Sherriff’s Department): Grant a service-connected disability retirement.
- C. IOSIF, Ileana (Deputy Sheriff, Sheriff’s Department): Grant a service-connected disability retirement.

Vice President Aguallo inquired generally about the adequacy of information being disclosed by the employer in disability cases. Mr. Stern and Mr. Riddle explained that the circumstances in Item 5(C) were unusual, more indicative of a one-time oversight related to staff turnover rather than any ongoing policy or procedural issue. A motion was then made by Board Member Rinde, seconded by Board Member DeVore, to approve the recommendation on Item 5(C). **(Adopted 7-0.)**

D. KELLY, Marisa (Human Service Supervisor Master’s Degree, Department of Child, Family, and Adult Services): Grant a service-connected disability retirement.

E. WEST, Mark (Stormwater Utility Worker, Water Resources): Grant a service-connected disability retirement.

Item 6. Ratification of Service Retirement Application Approvals—December 2024

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

Item 7. Disability Retirement Procedures

Re-affirm the Disability Retirement Procedures with minor amendments.

Vice President Aguallo inquired as to whether additional policy edits might be appropriate in light of his concerns regarding Item 5(C). Mr. Riddle indicated that the policy was adequate, but additional education at the upcoming Employer Roundtable for employers to impart information to employees regarding the timing of applications would be helpful. A motion was then made by Board Member Rinde, seconded by Board Member Hoover, to approve the recommendation on Item 7. **(Adopted 7-0.)**

Item 8. Annual Board Education Compliance Report

Receive and file the annual Board Education Compliance Report for 2024.

Item 9. CEO Delegated Authority Expense Report—Fourth Quarter 2024

Receive and file the CEO Delegated Authority Expense Report for quarter ended December 31, 2024.

Item 10. Monthly Report of Investment Activity—December 2024

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

EXECUTIVE REPORTS:

Item 11. Chief Executive Officer's Report (no action requested)

Mr. Stern stated that the annual Employer Forum will be held on February 14.

Mr. Stern announced that Mosaic Governance Advisors has been selected as the consultant for SCERS' Strategic Vision Plan project, which will examine what kind of retirement system SCERS will look like and need to be when it turns 100 years old in 2041. Mr. Stern stated that more information about the project timeline and scope will be provided at the February Board meeting, and noted the consultants have asked to schedule a special Board workshop over two days on July 29-30 or July 30-31.

Mr. Stern also discussed scheduling a special meeting later in the year for an investment education day that was proposed as part of the annual business plan in November and efforts to strengthen Board oversight of the investment program as presented last year. The event would be like a 1-day mini-conference, with presentations and panel discussions with SCERS' investment managers. Mr. Stern indicated that staff is looking at the day before or after the August 20 or September 17 meetings.

Item 12. Chief Investment Officer's Report (no action requested)

Mr. Davis stated that SCERS' preliminary return for the fourth quarter of 2024 was down a little under 1%, which puts SCERS' fiscal year return halfway through the year at around +4%. Public equities and fixed income were down for the quarter while alternative asset returns were up moderately.

Mr. Davis previewed a couple of items for the February Board meeting, including updated asset allocation modeling for the asset liability modeling study being conducted by SCERS general consultant, Verus, and an educational presentation that will be provided by one of SCERS' private credit managers, Ares Management.

Mr. Davis provided an update on physical rebalancing that occurred within SCERS' U.S. equity portfolio in December to bring SCERS' Global Equity allocation closer to the 40% target. The rebalance included selling approximately \$215 million in partial sales across 5 investment managers, and brought the Global Equity allocation down to around 41% from 42.5%. Staff chose to have each manager raise proceeds by selling positions directly, rather than using a transition manager. \$10 million of the \$215 million remains to be sold and will be raised by a commingled fund at the end of January. The proceeds of the overall rebalance are being used to increase SCERS' cash position heading into the second half of the fiscal year, and before the next employer contribution is received in July.

Mr. Davis communicated that SCERS recently engaged a third-party service provider named XTP, who specializes in analyzing and verifying fees and expenses that are paid to investment managers. XTP has been initially engaged to review several asset managers across a few asset classes, both traditional and alternative assets. XTP will be compensated on a contingency basis, in which they will receive a percentage of cost savings to SCERS. Staff will report back to the Board with the results.

Toward the end of last year, Staff updated the Board on a GP-led continuation vehicle being raised by one of SCERS' VC managers, Trinity Ventures. Investors in Trinity Venture XI, in which SCERS is an investor, had the option of rolling their position in Trinity XI to the new continuation vehicle being raised by Trinity, while committing additional capital to the new fund, or taking liquidity and exiting the investment in Trinity XI. SCERS chose to take liquidity and that transaction has closed, with proceeds being received at the end of 2024, as identified in the Monthly Report of Investment Activity for December (Consent Item 10).

Item 13. Chief Benefits Officer's Report (no action requested)

Mr. Riddle informed the Board that as indicated in Item 6, the team processed 26 retirement applications in December. He further advised that per Item 5, staff completed 5 disability retirement application recommendations that were approved. Mr. Riddle noted that after the approvals made during the Board meeting, SCERS had 34 disability retirement applications in the queue, 4 of which were awaiting ALJ hearings, 18 that were referred to the Medical Advisor, and 12 that were in the preliminary stages.

Mr. Riddle informed the board that the next pension planning webinar is scheduled for March 13 at 10:00 a.m.

ADMINISTRATIVE MATTERS:

Item 14. Annual Discharge of Uncollectible Receivables

Approve the discharge of \$98,334.25 of uncollectible receivables.

Ms. Allen presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Mangru, to approve the discharge of \$98,334.25 of uncollectible receivables. **(Adopted 7-0.)**

Item 15. CEO Delegated Authority Policy for Expenses

Approve amendments to CEO Delegated Authority Policy for Expenses.

Ms. Allen presented this item. Following discussion, a motion was made by Board Member Banda, seconded by Board Member DeVore, to approve amendments to CEO Delegated Authority Policy for Expenses. **(Adopted 7-0.)**

Item 16. Media and Legislative Relations Policy

Approve new Media and Legislative Relations Policy.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Hoover, directing staff to modify the proposed policy in accordance with comments from the Board and return it for further consideration at a future Board meeting. **(Adopted 7-0.)**

Item 17. Risk Assessment Project

Receive and file Risk Assessment Project Overview, as presented by Larry Jensen, Audit & Risk Management Services.

Ms. Allen introduced Larry Jensen of Audit & Risk Management Services, who presented this item. Following discussion, a motion was made by Board Member Mangru, seconded by Board Member Rinde, to receive and file Risk Assessment Project Overview, as presented by Larry Jensen, Audit & Risk Management Services. **(Adopted 7-0.)**

Item 18. Technology Report—Fourth Quarter 2024

Receive and file the Technology Report for the quarter ended December 31, 2024.

Mr. Taylor presented this item. Following discussion, a motion was made by Board Member Hoover, seconded by Board Member Mangru, to receive and file the Technology Report for the quarter ended December 31, 2024. **(Adopted 7-0.)**

INVESTMENT MATTERS:

Item 19. Investment Manager Compliance and Watch List Report—Fourth Quarter 2024

Receive and file the Investment Manager Compliance and Watch List Report for the quarter ended December 31, 2024.

Mr. Davis presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Mangru, to receive and file the Investment Manager Compliance and Watch List Report for the quarter ended December 31, 2024. **(Adopted 7-0.)**

Item 20. Consultant/Service Provider Contract Timelines

Receive and file report on contract terms for consultant and service provider relationships.

Mr. Davis presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Mangru, to receive and file report on contract terms for consultant and service provider relationships. **(Adopted 7-0.)**

OTHER MATTERS:

Item 21. Comments from Members of the Board of Retirement

Board Member Rinde indicated that, due to scheduling conflicts in February and May, he has designated Deputy Director of Finance Mark Aspesi to assume the ex officio position on the Board in his absence. Vice President Aguallo indicated that he would likely have a scheduling conflict for April's meeting. Board Member Gayman thanked everyone for the warm welcome and stated that he looked forward to serving on the Board.

Mr. Stern requested clarification from Mr. Morrish regarding closed session. Mr. Morrish indicated that Item 22 was withdrawn, and that Item 23 was withdrawn as a result of the Board's actions on Item 5.

CLOSED SESSION

Item 22. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1), this session shall be closed for the Board to discuss formally initiated litigation to which SCERS is a party: *SCERS vs. Telus Health (US) Ltd.*, United States District Court, Eastern District of California, Case No. 2:24-cv-01431-JAM-DB.

Item 23. 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 5, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

ADJOURNMENT

Vice President Aguallo adjourned the meeting at 12:10 pm