



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

Jack Noble
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, AUGUST 21, 2024

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. Swearing-In Ceremony

Swearing in of Keith DeVore and Ron Suter, re-appointed by the Board of Supervisors on July 23, 2024.

Item 2. Call to Order/Roll Call

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

Board Members Present: Diepenbrock, Aguallo, DeVore, Suter, Rinde, Mangru, Banda, Noble, Giboney, Hoover, Irish.

Board Members Absent: None.

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 (via Zoom); Brian Miller, Senior Retirement Investment Officer; Vinny Ortega, Senior Office Specialist (c).

Item 3. Election of Board Officers

Recommendation for the Board to nominate and elect officers for 2024-25.

A motion was made by Board Member Mangru to nominate Board Member Suter as President. Motion was not seconded.

A motion was made by Board Member DeVore, seconded by Board Member Suter, to re-nominate Board President Diepenbrock and Vice President Aguallo. **(Adopted 9-0.)**

Item 4. Public Comment

None.

CONSENT MATTERS – Items 5-15:

A motion was made by Board Member DeVore, seconded by Board Member Hoover, to approve the recommendations on Consent Calendar Items 6-15. **(Adopted 9-0 as to Items 6-15. Adopted 8-0 as to Item 5; Board Member Banda abstained.)**

Item 5. Minutes of the June 20, 2024 Regular Meeting

Approve the minutes of the June 20, 2024 Regular Meeting.

Item 6. Minutes of the June 13, 2024 Audit Committee Meeting

Approve the minutes of the June 13, 2024 Audit Committee Meeting.

Item 7. Disability Retirement Applications

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

- A. ANDERS, Jamie (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- B. BROOKS, Gwendolyn (Head Start Teacher, Sacramento Employment and Training Agency): Grant a non-service-connected disability retirement.
- C. FRENCH, Tara-Marie (Utility Billing Services Representative II, Department of Finance): Grant a service-connected disability retirement.
- D. GASTINELL, Judy (Human Services Specialist, Department of Human Assistance): Grant a service-connected disability retirement.
- E. MARIN, Noe (Sanitation District Maintenance and Operations Technician, Sacramento Area Sewer District): Grant a service-connected disability retirement.
- F. PREHODA, Brian (Sheriff's Sergeant, Sheriff's Department): Grant a service-connected disability retirement.
- G. SCRANTON, Donna (Mental Health Counselor, Health and Human Services): Grant a service-connected disability retirement.
- H. VAUGHN, Jacqueline (Sheriff Records Officer I, Sheriff's Department): Grant a service-connected disability retirement.

- I. WATKINS, Kaley (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.

- Item 8. Ratification of Service Retirement Application Approvals—June and July 2024**
Ratify the service retirement applications that were finalized in June and July 2024.
- Item 9. State Association of County Retirement Systems Legislative Update—August 2024**
Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for August 2024.
- Item 10. CEO Delegated Authority Expense Report—Second Quarter 2024**
Receive and file the CEO Delegated Authority Expense Report for the quarter ended June 30, 2024.
- Item 11. Employer Contribution Prepayments**
Receive and file report confirming County contribution prepayment for fiscal year 2024-25, SacSewer contribution prepayment for fiscal year 2024-25, and Metro Fire contribution prepayment for 2025-26.
- Item 12. Portfolio Allocation and Rebalancing Report—Second Quarter 2024**
Receive and file the Portfolio Allocation and Rebalancing Report for the quarter ended June 30, 2024.
- Item 13. Investment Manager Compliance and Watch List Report—Second Quarter 2024**
Receive and file the Investment Manager Compliance and Watch List Report for the quarter ended June 30, 2024.
- Item 14. 2023 Alternative Asset Fee and Expense Report**
Receive and file the 2023 Alternative Asset Fee and Expense Report.
- Item 15. Monthly Report of Investment Activity—June and July 2024**
Receive and file the Monthly Report of Investment Activity for June and July 2024.

EXECUTIVE REPORTS:

Item 16. Chief Executive Officer's Report (no action requested)

Mr. Stern provided the following timeline for Board elections for Miscellaneous, Safety, and Alternate Safety seats, for three-year terms beginning January 1, 2025:

- September 10: Ballots mailed out.
- September 16-27: Vote-by-mail period.
- October 8: Official results.

Mr. Stern noted that SCERS recently engaged Larry Jensen of Audit & Risk Management Services for risk assessment services. Mr. Jensen was previously the Chief Risk Officer for CalPERS and the chief auditor for CalPERS and CalSTRS.

Mr. Stern noted that two RFPs are in progress for Custodian Services (due September 27) and for Strategic Vision Planning (responses due September 13).

Item 17. Chief Investment Officer’s Report (no action requested)

Mr. Davis reported that at the September Board Meeting, Verus will be presenting the results of the Board’s Enterprise Risk Tolerance (ERT) survey and the annual liquidity study, which is required annually per SCERS’ cash management policy.

Mr. Davis advised that Verus expects to have their 2025 capital market assumptions (CMAs) available in November and ready for presentation at the December Board meeting.

Mr. Davis provided an update on the recent rebalancing activity that took place in the U.S. equity portfolio:

- SCERS’ U.S. large cap passive manager, Alliance Bernstein, sold \$25 million.
- SCERS contributed \$25 million to U.S. small cap manager Weatherbie.

Item 18. Chief Benefits Officer’s Report (no action requested)

Mr. Riddle reported that, as indicated in Item 8, the team processed 56 retirement applications in June and 23 in July. He further advised that, per agenda Item 7, staff completed 9 disability retirement application recommendations that were approved. After today’s approvals, SCERS has 39 disability retirement applications in the queue, 3 of which are awaiting ALJ hearings.

Mr. Riddle reported that SCERS participated in SETA’s All Staff Resource Fair, an event held on August 9 at the Scottish Rite Masonic Center in Sacramento. Nearly 550 of SETA’s staff were in attendance, and SCERS was one of 12 participating partners in attendance. Staff shared retirement information and provided support to SETA staff by answering questions, encouraging webinar attendance, recommending appointments for those nearing retirement, and offering printed resources to familiarize attendees with SCERS.

Mr. Riddle indicated that SCERS will be hosting a quarterly Pension Planning webinar on September 12.

ADMINISTRATIVE MATTERS:

Item 19. Sacramento Area Sewer District

Approve Sacramento Area Sewer District’s request to join SCERS as a new employer, effective December 15, 2024; authorize the Chief Executive Officer to execute a three-party agreement with Sacramento County and the District regarding the allocation of pension liabilities and funding obligations; and, adopt contribution rates for the District for December 15, 2024-June 30, 2025, as recommended by Segal.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Mangru, to approve Sacramento Area Sewer District’s request to join SCERS as a new employer, effective December 15, 2024; authorize the Chief Executive Officer to execute a three-party agreement with Sacramento County and the District regarding the allocation of pension liabilities and funding obligations; and, adopt contribution rates for the District for December 15, 2024-June 30, 2025, as recommended by Segal. **(Adopted 9-0.)**

Item 20. Strategic Management Plan Report—Second Quarter 2024

Receive and file an update on activities and progress related to the 2024 Strategic Management Plan for the quarter ended June 30, 2024.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Noble, seconded by Board Member Rinde, to receive and file an update on activities and progress related to the 2024 Strategic Management Plan for the quarter ended June 30, 2024. **(Adopted 9-0.)**

Item 21. Technology Report—Second Quarter 2024

Receive and file Technology Report for the quarter ended June 30, 2024.

Mr. Taylor presented this item. Board Member Banda departed the meeting during discussion of this item (11:08 a.m.) and returned following the vote (11:12 a.m.). Following discussion, a motion was made by Board Member Hoover, seconded by Board Member Suter, to receive and file Technology Report for the quarter ended June 30, 2024. **(Adopted 8-0.)**

INVESTMENT MATTERS:

Item 22. Education: Strategic Asset Allocation

Receive and file education presentation from Ian Toner, Verus' Chief Investment Officer, on Strategic Asset Allocation.

Mr. Davis introduced Ian Toner and John Nicolini of Verus, who presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to receive and file education presentation from Ian Toner, Verus' Chief Investment Officer, on Strategic Asset Allocation. **(Adopted 9-0.)** Board Member Irish departed the meeting following the vote (12:00 p.m.).

Item 23. Investment Oversight Initiative

Receive and file presentation on strengthening SCERS' oversight of investment portfolio.

Mr. Davis presented this item, with assistance from Mr. Donohue. Following discussion, a motion was made by Vice President Aguallo, seconded by Board Member Rinde, to receive and file presentation on strengthening SCERS' oversight of investment portfolio. **(Adopted 9-0.)**

Item 24. Salary Resolution Amendment

Approve the following positional changes: Reallocate 1.0 FTE Paralegal and 1.0 FTE Office Specialist to 1.0 FTE Retirement Investment Officer.

Ms. Allen presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Suter, to approve the following positional changes: Reallocate 1.0 FTE Paralegal and 1.0 FTE Office Specialist to 1.0 FTE Retirement Investment Officer. **(Adopted 9-0.)**

Item 25. Total Fund Investment Performance Report—Second Quarter 2024

Receive and file Total Fund Investment Performance Report for the quarter ended June 30, 2024, as presented by Verus.

Brian Kwan of Verus presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Suter, to receive and file Total Fund Investment Performance Report for the quarter ended June 30, 2024, as presented by Verus. **(Adopted 9-0.)**

OTHER MATTERS:

Item 26. Comments from Members of the Board of Retirement

Board Member Suter indicated he would be absent for the September Board Meeting.

BENEFITS MATTERS (Time Certain 1:00 P.M.):

Item 27. Felony Forfeiture Review

Adopt Staff's recommendations for the following Felony Forfeiture matter:

A. CHAO, Seng (Victim Witness Claims Assistant, District Attorney's Office): Enforce the felony forfeiture statutes against Member's retirement benefits.

Mr. Riddle presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to enforce the felony forfeiture statutes against Member's retirement benefits. **(Adopted 9-0.)**

Mr. Stern, with confirmation from Mr. Morrish, indicated that only Item 28 would be discussed in closed session, as Item 29 was withdrawn as a result of the Board's action on Item 7.

President Diepenbrock called for closed session at 1:22 p.m.

CLOSED SESSION

Item 28. 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 29. 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 7, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

At 1:31 p.m., President Diepenbrock reconvened the meeting in Open Session and announced that there was nothing to report out of closed session

ADJOURNMENT

President Diepenbrock adjourned the meeting at 1:32 p.m.



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
September 18, 2024**

AGENDA ITEM:

Minutes of the August 21, 2024 Regular Meeting

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to approve the minutes of the August 21, 2024 Regular Meeting.

I HEREBY CERTIFY that the above order was passed and adopted on September 18, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

Board President

Eric Stern
Chief Executive Officer and
Board Secretary