



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, DECEMBER 11, 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. Call to Order/Roll Call

President Diepenbrock called the meeting to order at 10:00 a.m. Eric Stern, Chief Executive Officer, took roll call.

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

Board Members Absent: Banda.

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; Kenter Ludlow, Acting Retirement Investment Analyst.

Item 2. Public Comment

None.

CONSENT MATTERS – Items 3-11:

A motion was made by Board Member DeVore, seconded by Board Member Noble, to approve the recommendations on Consent Calendar Items 3-11. **(Adopted 9-0.)**

Item 3. Minutes of the October 16, 2024 Regular Meeting

Approve the minutes of the October 16, 2024 Regular Meeting.

Item 4. Minutes of the November 19, 2024 Audit Committee Meeting

Approve the minutes of the November 19, 2024 Audit Committee Meeting.

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

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

Item 6. Disability Retirement Applications

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

- A. BALLANTYNE, George (Collection Equipment Operator, Waste Management and Recycling): Grant a service-connected disability retirement.
- B. CERVANTES, Irma (Custodian Level 2, Airports): Grant a service-connected disability retirement.
- C. FUSILIER, Angela (Human Services Social Worker – Master's Degree, Child, Family and Adult Services): Grant a service-connected disability retirement.
- D. POWE, Dexter (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- E. SLONEKER, Brad (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- F. TELL, Lionel (Senior Highway Maintenance Worker, Airports): Grant a service-connected disability retirement.
- G. VALIENTE, Ambar (Head Start Intervention Specialist, Sacramento Employment Training Agency): Grant a service-connected disability retirement.
- H. WALSH, Malika (Mental Health Counselor, Department of Behavioral Health): Grant a service-connected disability retirement.

Item 7. Ratification of Service Retirement Application Approvals—October and November 2024

Ratify the service retirement applications that were finalized in October and November 2024.

Item 8. Board Meeting Calendar 2025

Approve the Retirement Board Meeting Calendar for 2025.

Item 9. Salary Resolution Amendment

Approve the following positional change for 2025-26: Reallocate 1.0 FTE Information Technology Systems Support Specialist to 1.0 FTE Information Technology (IT) Infrastructure Analyst II.

Item 10. Monthly Report of Investment Activity—October and November 2024

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

Item 11. Portfolio Allocation and Rebalancing Report—Third Quarter 2024

Recommendation to receive and file the Portfolio Allocation and Rebalancing Report for quarter ended September 30, 2024.

EXECUTIVE REPORTS:

Item 12. Chief Executive Officer’s Report (no action requested)

Mr. Stern announced results of the Miscellaneous trustee election and congratulated Board Member Mangru on her re-election for a 3-year term that begins January 1, 2025. Mr. Stern stated that results for the Safety trustee election were previously announced, and that Sacramento County Sheriff Sergeant Brandon Gayman won the Safety Representative seat, and Board Member Giboney will retain his Alternate Safety Representative seat for another 3-year term. Mr. Stern also congratulated Vice President Aguallo on his reappointment to the Board for another 3-year term.

Mr. Stern discussed the Board Meeting Calendar for 2025 (Consent Item 8) and noted that 3 special meetings will likely be added: 2 board workshops for strategic vision planning late July or early August, and an investment education day also in the latter half of the year.

Item 13. Chief Investment Officer’s Report (no action requested)

Mr. Davis stated that SCERS had a real estate fund that had been marked as a 2024 commitment during the Investment Year in Review, but that it was still undergoing investment due diligence and would be carried over to the 2025 budget and activity. Mr. Davis indicated that this meant that for 2024, SCERS made two real estate investments instead of three, with a total commitment amount of \$100 million instead of \$130 million. Lastly, Mr. Davis stated that the 2024 budget for real estate was \$120 million over 3 funds.

Item 14. Chief Benefits Officer’s Report (no action requested)

Mr. Riddle noted that as indicated in Item 7, the team processed 45 retirement applications in October and 33 in November. He further advised that per item 6, staff completed 8 disability retirement application recommendations that were approved. Mr. Riddle noted that after the approvals made during the board meeting, SCERS had 31 disability retirement applications in the queue, 4 of which were awaiting ALJ hearings and 14 that had been referred to Medical Advisor, and 13 that were in preliminary stages.

Mr. Riddle stated that SCERS would be hosting a quarterly Pension Planning webinar on December 12 at 10:00 a.m. along with the County EBO, Fidelity, Social Security, Mission Square, and SCREA.

Lastly, Mr. Riddle reported that SCERS assembled 2 teams of 5 employees each, for a total of 10, to participate in the County's 2024 Employee Giving Campaign 5K race. Mr. Riddle indicated that the event occurred on Halloween at Discovery Park and was attended by 500 race participants, many dressed in costume, and that the 5k race contributed toward the Campaign raising over \$195,000 for local charitable organizations.

ADMINISTRATIVE MATTERS:

Item 15. Actuarial Valuation and Review and GASB 67 Report as of June 30, 2024

Adopt the 2025-26 fiscal year employer and member contribution rates recommended by Segal; receive and file the Actuarial Valuation and Review as of June 30, 2024; and receive and file the Governmental Accounting Standards Board Statement 68 Actuarial Valuation as of June 30, 2024.

Ms. Allen introduced Andy Yeung of Segal, who presented this item. Following discussion, including clarification that GASB Statement 67 was under consideration rather than GASB Statement 68 as inadvertently stated on the agenda in the recommendation, a motion was made by Board Member Suter, seconded by Board Member Rinde, to adopt the 2025-26 fiscal year employer and member contribution rates recommended by Segal; receive and file the Actuarial Valuation and Review as of June 30, 2024; and receive and file the Governmental Accounting Standards Board Statement 67 Actuarial Valuation as of June 30, 2024. **(Adopted 9-0.)**

Item 16. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024

Receive and file the SCERS Annual Comprehensive Financial Report (the ACFR) based on the audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2024, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong).

Board Member and Audit Committee Chair Irish presented this item and noted that Brown Armstrong rendered an unmodified (or "clean") opinion on SCERS' financial statements. Following discussion, a motion was made by Board Member Mangru, seconded by Board Member Hoover, to receive and file the SCERS Annual Comprehensive Financial Report (the ACFR) based on the audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2024, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong). **(Adopted 9-0.)**

INVESTMENT MATTERS:

Item 17. ALM Study

Receive and file presentation regarding Asset Liability Modeling study.

Mr. Davis introduced Brian Kwan and John Nicolini of Verus, who, presented this item. Following discussion, a motion was made by Board Member Aguillo, seconded by Board Member Mangru, to receive and file the presentation regarding Asset Liability Modeling study. **(Adopted 9-0.)**

At 11:43 a.m., President Diepenbrock called for a brief recess.

At 11:53 p.m., President Diepenbrock ended the recess and called the meeting to order.

Item 18. Total Fund Investment Performance Report—Third Quarter 2024

Receive and file the performance report for the quarter ended September 30, 2024, as presented by Verus.

Mr. Davis introduced Brian Kwan and John Nicolini of Verus, who presented this item. Following discussion, a motion was made by Board Member Noble, seconded by Board Member Mangru, to receive and file the performance report for the quarter ended September 30, 2024, as presented by Verus. **(Adopted 9-0.)**

Item 19. Quarterly Investment Performance Report—Alternative Assets

Receive and file the performance report for the periods ending September 30, 2024 for the Absolute Return portfolio, and the periods ending June 30, 2024 for the Private Equity, Private Credit, and Real Assets portfolios, as presented by Cliffwater.

Mr. Davis introduced Brady O’Connell of Cliffwater, who presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Noble, to receive and file the performance report for the periods ending September 30, 2024 for the Absolute Return portfolio, and the periods ending June 30, 2024 for the Private Equity, Private Credit, and Real Assets portfolios, as presented by Cliffwater. **(Adopted 9-0.)**

Item 20. Quarterly Investment Performance Report—Real Estate

Receive and file the performance report on real estate investments for the quarter ended September 30, 2024, as presented by Townsend Group.

Mr. Davis introduced Chris Cunningham and Richard Brown of the Townsend Group, who presented this item. Following discussion, a motion was made by Board Member Aguillo, seconded by Board Member Noble, to receive and file the performance report on real estate investments for the quarter ended September 30, 2024, as presented by Townsend Group. **(Adopted 9-0.)**

OTHER MATTERS:

Item 21. Comments from Members of the Board of Retirement

Mr. Stern presented Board Member Noble with an honorary resolution thanking him for his service on the SCERS Board.

At 12:40 p.m., President Diepenbrock called for a recess to 1:00 p.m.

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

At 1:00 p.m., President Diepenbrock ended the recess and called the meeting to order.

Item 22. Administrative Appeal

Adopt Staff’s recommendation for the following matter:

A. Tidwell, Walter (former Criminal Investigator, District Attorney’s Office): Affirm the denial of Appellant’s request regarding community property.

Mr. Stern presented this item, with assistance from Mr. Riddle and John Kennedy of Nossaman LLP. Steven Welty of Mastagni Holstedt appeared and presented for Appellant Walter Tidwell. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Rinde, to affirm the denial of Appellant's request regarding community property. **(Adopted 9-0.)**

President Diepenbrock called for closed session at 1:30 p.m.

CLOSED SESSION

Item 23. 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 24. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9(d)(4), this session shall be closed for the Board to discuss potential litigation to which SCERS may be a party (1 case).

Item 25. 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 6 above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

Item 26. PUBLIC EMPLOYEE PERFORMANCE EVALUATION—CHIEF EXECUTIVE OFFICER

Public employee performance evaluation pursuant to Government Code Section 54957(b)(1).

Board Member Irish departed the meeting during closed session. At 2:43 p.m., President Diepenbrock reconvened the meeting in open session and requested clarification from Mr. Morrish regarding a closed session announcement. Mr. Morrish stated that only Item 26 was discussed and that there was nothing to report. Items 23 and 24 were withdrawn, and Item 25 was withdrawn as a result of the Board's action on Item 6.

ADJOURNMENT

President Diepenbrock adjourned the meeting at 2:44 p.m.