



## 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, OCTOBER 16, 2024**

**10:00 A.M.**

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

**Live-stream at [www.scers.gov](http://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, Banda, Noble, Giboney.

**Board Members Absent:** Hoover, Irish.

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 3-9:**

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

### **Item 3. Minutes of the September 18, 2024 Regular Meeting**

Approve the minutes of the September 18, 2024 Regular Meeting.

### **Item 4. Disability Retirement Applications**

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

A. DOORN, Candice (Associate Teacher, Sacramento Employment Training Agency); Grant a service-connected disability retirement

B. IOSIF, Ileana (Deputy Sheriff, Sheriff's Department); Grant a service-connected disability retirement.

### **Item 5. Ratification of Service Retirement Application Approvals—September 2024**

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

### **Item 6. CEO Delegated Authority Expense Report—Third Quarter 2024**

Receive and file the Quarterly CEO Delegated Authority Expense Report for the quarter ended September 30, 2024.

### **Item 7. State Association of County Retirement Systems (SACRS) Information**

A. Legislative Update—October 2024: Receive and file the SACRS Legislative Update for October 2024.

B. 2025 Legislative Proposals: Recommendation to support SACRS legislative proposals for 2025.

### **Item 8. Board Policies**

Reaffirm the following policy:

A. Board Education Policy

### **Item 9. Monthly Report of Investment Activity—September 2024**

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

## **EXECUTIVE REPORTS:**

### **Item 10. Chief Executive Officer's Report (no action requested)**

Mr. Stern announced election results of the Safety trustee election. Sacramento County Sheriff Sergeant Brandon Gayman won the Safety Representative seat, and incumbent Airport Fire Captain Christopher Giboney will retain his Alternate Safety Representative seat. Mr. Stern noted that Jack Noble did not seek re-election and thanked him for his service on the SCERS Board.

Mr. Stern also stated an additional voting period was added for the Miscellaneous election for those members who did not receive ballots mailed in September:

- November 4 to November 8, 2024: Ballots not previously delivered mailed to members.
- November 11 to November 22, 2024: Additional Voting Period (by mail ballot); if using hand delivery or inter-office mail, it must be delivered to the Elections Office by 5:00 p.m. on November 22, 2024; if returning by US mail service it must be postmarked by November 22, 2024, and received by Elections Office by 5:00 p.m. November 29, 2024.
- December 6, 2024: Official Results released.

The term of office for the new trustees will begin on January 1, 2025.

Mr. Stern thanked the Voter Registration and Elections department for accommodating the extended election period during a busy time.

#### **Item 11. Chief Investment Officer's Report (no action requested)**

Mr. Davis provided the following information regarding the 2024 third quarter preliminary returns:

- Estimate that the SCERS portfolio was up a little over 4% for the third quarter, which is also the first quarter of the current fiscal year
- Public equities continue to drive performance, and were up over 6% for the quarter, and are up 17% for the calendar year, through September 30, 2024
- The strong performance was driven by the anticipation of rate cuts and continued resilient economic data
- The longer end of the yield curve fell dramatically during the quarter off the expected rate cuts, with the 10-year yield dropping from 4.3% to 3.7% during the quarter, which translated to strong Fixed Income returns of around 5%
- Absolute return was up around 1%
- Private equity, which is lagged a quarter, was up 1.5%
- Private Credit (also lagged a quarter) continues to do well and was up 3%
- Real Assets (also lagged a quarter), was up a solid 2.5%
- Real Estate returns were flat for the quarter, which was a positive for the asset class after experiencing multiple quarters of negative returns

- Liquid Real Return had a very strong quarter, up 8%, led by strong returns within REITs and infrastructure stocks
- General Investment Consultant Verus will present the total portfolio performance at the December Board meeting

Lastly, Mr. Davis stated that staff would be presenting the Investment Year in Review and Annual Investment Plan at the November meeting. Mr. Davis noted that the Investment Year in Review is a comprehensive document that covers the investment activity during calendar year 2024, the recommended 2025 annual investment plans for each of the major asset classes, as well as broader portfolio considerations and projects for the year ahead.

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

Mr. Riddle noted that as indicated in Item 5, the team processed 23 retirement applications in September. He further advised that, per Item 4, staff completed 2 disability retirement application recommendations that were approved. Mr. Riddle noted that after the approvals made during the board meeting, SCERS had 36 disability retirement applications in the queue, 3 of which were awaiting ALJ hearings, 7 of which would be on the agenda for the December Board of Retirement meeting and 9 of which were in the Medical Advisor pipeline.

Lastly, Mr. Riddle reported that throughout the month of October, SCERS had and would be attending County open enrollment fairs hosted by the EBO for both active employees and retirees.

**BENEFIT MATTERS:**

**Item 13. Service Purchase Policy**

Approve new Service Purchase Policy that clarifies existing practices and procedures.

Mr. Riddle presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to approve the new Service Purchase Policy that clarifies existing practices and procedures. **(Adopted 9-0.)**

**Item 14. Education: Disability Retirement**

Receive and file presentation on the disability retirement process.

Mr. Riddle presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Noble, to receive and file the presentation on the disability retirement process. **(Adopted 9-0.)**

**ADMINISTRATIVE MATTERS:**

**Item 15. Technology Report—Third Quarter 2024**

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

Mr. Taylor presented this item. Following discussion, a motion was made by Board Member Mangru, seconded by Board Member Rinde, to receive and file the Technology Report for the quarter ended September 30, 2024. **(Adopted 9-0.)**

### **INVESTMENT MATTERS:**

**Item 16. Investment Manager Compliance and Watch List Report—Third Quarter 2024**

Receive and file the Investment Manager Compliance and Watch List Report for quarter ended September 30, 2024.

Mr. Davis presented this item. Following discussion, a motion was made by Board Member Aguillo, seconded by Board Member Mangru, to receive and file the Investment Manager Compliance and Watch List Report for quarter ended September 30, 2024. **(Adopted 9-0.)**

**Item 17. Education: Cryptocurrency**

Receive and file presentation regarding cryptocurrency, as presented by Verus.

Mr. Davis introduced Brian Kwan and John Nicolini who assisted in presenting this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Aguillo, to receive and file the presentation regarding cryptocurrency, as presented by Verus. **(Adopted 9-0.)**

**At 12:27 p.m., President Diepenbrock called for a recess. President Diepenbrock concluded the recess and called the meeting back to order at 12:44 p.m.**

**Item 18. Education: Portfolio Analytics**

Receive and file presentation on portfolio analytics software implementation.

Mr. Davis and Mr. Donohue presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member DeVore, to receive and file presentation on portfolio analytics software implementation. **(Adopted 8-0.)**

### **OTHER MATTERS:**

**Item 19. Comments from Members of the Board of Retirement**

None.

President Diepenbrock, with confirmation from Mr. Morrish, indicated that only Items 20 and 21 would be discussed in closed session. Item 22 was withdrawn as a result of the Board's action on Item 4.

### **CLOSED SESSION**

**Item 20. 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 21. CONFERENCE WITH LEGAL COUNSEL—INITIATION OF LITIGATION**

Pursuant to Government Code Section 54956.9(d)(4), this session shall be closed for the Board to discuss a decision whether to initiate litigation in one (1) case.

**Item 22. 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 4, above. This item will be withdrawn in whole or in part if approved on Consent as recommended by staff.

At 1:42 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 1:43 p.m.**