



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 20

MEETING DATE: January 15, 2025

SUBJECT: Consultant/Service Provider Contract Timelines

SUBMITTED FOR: Action Information

RECOMMENDATION

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

PURPOSE

This item supports the Strategic Management Plan objective to leverage external experts to maximize investment guidance and results and contributes to the effective management and oversight of investment activities.

DISCUSSION

SCERS has several consultant/service provider contracts that are set to expire over the next couple of years. The consultants/service providers and their contract expiration dates are listed below:

Consultant	Mandate	Hire Date	Current Contract Term	Contract Expiration Date	Last RFP Issued
Verus	General Consultant	3/3/2011	3 Years	6/30/2025	2010
Townsend Group	Real Estate	8/16/2012	3 Years	6/30/2025	2012
Cliffwater, LLC	Alternative Assets	2/17/2011	2 Years	6/30/2026	2020
State Street	Custodial Services	7/1/2004	3 Years	12/31/2026	2024

Staff is providing this information to keep the Board up to date on upcoming consultant and service provider contract expirations. SCERS' Master Investment Policy Statement states that the SCERS Board is responsible for engaging Board consultants and service providers.

At the January Board meeting, Staff will highlight each expiring contract and provide guidance on extending the contract or issuing a Request for Proposal (RFP) to evaluate the universe of service providers to ensure that the consultant/service provider is still meeting SCERS' needs.

SCERS has not historically issued RFPs for major professional service providers each time a contract expires. While a regular RFP process can provide a healthy review of the marketplace, other considerations include the following: satisfaction of the current firm's performance and fees, Staff capacity to facilitate the RFP process and the potential transition of services, and the universe of service providers in that field.

The Verus (general investment consultant) and Townsend (real estate investment consultant) are the most near-term contracts, with each expiring on June 30, 2025. The Cliffwater (alternative assets investment consultant) contract was renewed in 2024 and ends on June 30, 2026. The SCERS Board approved a three-year contract extension for SCERS' custodian, State Street Bank and Trust, in late 2023, but also guided Staff to issue an RFP for custodial services, which is currently taking place and expected to conclude during the first half of 2025.

ATTACHMENTS

- Board Order
- Consultant Contract/Service Provider Timelines presentation

Prepared by:

/S/

Steve Davis
Chief Investment Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
January 15, 2025

AGENDA ITEM:

Consultant/Service Provider Contract Timelines

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file report on contract terms for consultant and service provider relationships.

I HEREBY CERTIFY that the above order was passed and adopted on January 15, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Consultant/Service Provider Contract Timelines

January 15, 2025

Consultant/Service Provider Contract Expirations

Consultant	Mandate	Hire Date	Current Contract Term	Contract Expiration Date	Last RFP Issued
Verus	General Consultant	March 3, 2011	3 Years	June 30, 2025	2010
Townsend Group	Real Estate	August 16, 2012	3 Years	June 30, 2025	2012
Cliffwater, LLC	Alternative Assets	February 17, 2011	2 Years	June 30, 2026	2020
State Street	Custodial Services	July 1, 2004	3 Years	December 31, 2026	2024

Verus

SCERS hired SIS in 2010, which merged with Verus in 2016

SCERS has not issued an RFP since SIS/Verus was hired

What's changed – evolving consulting landscape with several mergers and acquisitions; increasing complexity of portfolios

Staff guidance – extent contract for one year and issue RFP in second half of 2025

Townsend

SCERS' first and only dedicated real estate consultant

SCERS has not issued an RFP since Townsend was hired

What's changed – Townsend parting ways from Aon and sale to private equity firm

Staff guidance – extend contract but consider RFP after general consultant RFP concludes

Cliffwater

SCERS' first and only dedicated alternative assets consultant

Alternative assets RFP last issued in 2020 – Cliffwater was retained

What's changed – rapid growth of Cliffwater's asset management business and recent minority equity sale

Staff guidance – evaluate contract after conclusion of the general consultant RFP

State Street

SCERS' longtime custodian, since 2004

Extended contract for two years in late 2023, and issued an RFP in 2024

Fewer providers – three firms responded to SCERS' RFP

Staff guidance – Expect a recommendation to the SCERS Board during the first half of 2025