



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 17

MEETING DATE: June 18, 2025

SUBJECT: General Investment Consultant Services

SUBMITTED FOR: X Action Information

RECOMMENDATION

Authorize the Chief Executive Officer to extend the consulting services agreement with Verus for an additional two years, through June 30, 2027, with expenditures not to exceed \$510,000 each fiscal year.

PURPOSE

This item supports the 2025 Annual Investment Plan and contributes to the effective management and oversight of investment activities. The Board is responsible for approving contracts with its consultants.

BACKGROUND

In March 2011, SCERS hired Strategic Investment Solutions (SIS), which became Verus following the merger between SIS and Verus in 2016, as its general investment consultant. The contract with Verus was amended and extended in 2014, 2017, 2019, and 2022, with each extension, the language and terms of the underlying general investment consultant agreement remained largely unchanged. The current contract with Verus expires June 30, 2025.

Specific duties of the general investment consultant include:

- Investment strategy development and implementation
- Investment policy development
- Asset allocation among asset classes and subclasses
- Investment manager selection, monitoring, and due diligence
- Investment performance monitoring, measurement, and analytics
- Investment risk monitoring
- Capital markets projections
- Coordination with the System's actuary in conducting periodic asset-liability studies and other required reporting
- Board education

DISCUSSION

Verus has been a good partner for SCERS and has assisted SCERS in developing a strong-performing and well-diversified strategic asset allocation and investment portfolio.

There also has been meaningful merger activity and changes within the consulting industry over the years, and SCERS has not issued an RFP for general consulting services since Verus (formerly SIS) was hired. Therefore, Staff recommends extending Verus' contract, but for two years rather than the typical three years. During the two-year contract extension period, Staff recommends conducting an RFP for general investment consulting services to survey the marketplace against SCERS' needs.

Under the current contract, Verus charges a flat annual fee of \$315,000, with a 3% annual adjustment. The current fee structure will remain in place for the recommended two-year extension. The contract contains language that gives either party the ability to terminate the engagement upon notice, and prior to the end of the contract period.

The contract includes one asset liability study every 3 years. However, non-recurring project fees such as investment manager searches and special asset-liability modeling are charged as additional fees. The cost for investment manager searches is \$30,000 per search with a current cap on fees related to manager searches of \$90,000 in a given year. Verus has increased the cap from \$90,000 to \$150,000 in a given year to account for the expected increase in investment manager search activity within the recently revised Liquid Credit sub-strategy of the Credit asset class.

The chart below shows the prior years and estimated costs; providing expenditure authority up to \$510,000 per fiscal year allows flexibility due to the variable pricing, and for the potential for a greater than expected number of manager searches within the Global Equity and Credit asset classes.

Verus Costs				
Actual Expenditures			Estimated Expenditures	
2022-23	2023-24	2024-25	2025-26	2026-27
\$375,000	\$345,000	\$379,450	\$450,000	\$450,000

The current Verus consulting team for SCERS of John Nicolini (lead consultant) and Brian Kwan (lead consultant) will remain in place, with Trevor Parmelee replacing Garrett Dinsmore as the back up consultant.

ATTACHMENT

- Board Order

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
June 18, 2025**

AGENDA ITEM:

General Investment Consultant Services

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to authorize the Chief Executive Officer to extend the consulting services agreement with Verus for an additional two years, through June 30, 2027, with expenditures not to exceed \$510,000 each fiscal year.

I HEREBY CERTIFY that the above order was passed and adopted on June 18, 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