



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 20

MEETING DATE: January 21, 2026

SUBJECT: Segal Contract Amendment

SUBMITTED FOR: Action Information

RECOMMENDATION

Authorize the Chief Executive Officer to amend the contract with Segal to support a commercial banking procurement process, with expenditures for the additional scope of work not to exceed \$70,000.

PURPOSE/STRATEGIC PRIORITY

This item supports Strategic Management Plan objectives to modernize SCERS' technology infrastructure and evolve SCERS' operational model by strategically aligning responsibilities to balance independent functions in a way that best serves members and beneficiaries.

DISCUSSION

SCERS currently relies on the Department of Finance to process payment services and support critical operational functions, including cash management, benefit payments, contribution processing, and vendor disbursements. As SCERS transitions to a future-state pension administration system, the organization will require independent commercial banking services to directly support these functions. Given the operational importance, regulatory considerations, and evolving service needs of the organization, staff is recommending a competitive RFP to ensure SCERS's banking services remain cost-effective, secure, and aligned with current and future operational requirements.

The proposed RFP will allow SCERS to evaluate available providers, service models, fee structures, and technological capabilities, and to confirm that the organization's banking partner continues to meet fiduciary, operational, and member-service expectations.

The scope and complexity of a commercial banking RFP extend beyond routine procurement activities. Banking services impact multiple SCERS functions, including finance, investments, benefit payments, employer contributions, fraud prevention, cybersecurity, and business continuity. Engaging a consultant with specialized experience in public pension banking relationships will support:

- Development of a comprehensive and appropriately scoped RFP
- Identification of key risk, control, and service considerations
- Objective evaluation of proposals and fee structures
- Support during contract negotiation and transition planning

While the recommendation seeks authorization to engage Segal Marco to support the commercial banking RFP, it is driven in part by pension administration system delivery requirements that require advance review of the RFP to ensure proposed banking services align with future system requirements. Staff anticipates a phased approach to the commercial banking procurement timeline; however, Segal Marco's support is needed at this time to develop the RFP framework, scope, evaluation criteria, and other pre-engagement deliverables so that a potential pension administration system vendor has adequate time to review and assess the RFP.

Completing this preparatory work in advance ensures the RFP is aligned with SCERS's future operational and regulatory needs and positions the organization to proceed efficiently once internal readiness milestones and system-transition dependencies are met.

The actual public release of the commercial banking RFP may occur later, potentially in late 2026 or early to mid-2027, depending on the timing of pension administration system implementation activities, operational readiness, and coordination with other modernization initiatives. Engaging the consultant now allows SCERS to address complex planning and design considerations proactively, while retaining flexibility regarding the final RFP issuance and selection timeline.

Segal Marco

Staff is recommending Segal Marco to provide this support based on its familiarity with SCERS's operations, prior advisory work with the system, and experience supporting public pension systems with financial and operational consulting engagements beyond actuarial services. Segal's institutional knowledge of SCERS reduces onboarding time and enhances continuity while maintaining independence from potential banking respondents.

Under the CEO's delegated authority, SCERS amended the Segal contract in the current fiscal year for advisory services related to the SacSewer payroll and contribution reconciliation matters, totaling \$130,000, which will be reimbursed to SCERS by SacSewer. The delegated authority policy limits contract amendments to \$150,000 per fiscal year.

In compliance with the policy and in the interest of transparency and good governance, staff is seeking Board approval for an additional contract amendment to authorize Segal to provide consulting support related to the commercial banking RFP and potential transition activities. This work is outside the scope of actuarial services covered in the main contract and therefore is being brought forward for explicit Board consideration.

Fiscal Impact

Issuing a commercial banking RFP, supported by experienced independent consulting and advisory support will ensure the RFP process is thorough, defensible, and aligned with industry best practices. Furthermore, assistance will help ensure SCERS continues to meet its fiduciary

responsibilities, operational needs, and service expectations. Approval of the recommended actions provides a structured, transparent, and best-practice approach to this critical operational function. Consulting costs associated with the proposed amendment are estimated at \$70,000 to be funded from the operating budget. Any future costs associated with commercial banking services will be addressed through the RFP process and brought to the Board for approval as appropriate.

Prepared by:

/S/

Margo Allen
Chief Operations Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
January 21, 2026

AGENDA ITEM:

Segal Contract Amendment

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to authorize the Chief Executive Officer to amend the contract with Segal to support a commercial banking procurement process, with expenditures for the additional scope of work not to exceed \$70,000.

I HEREBY CERTIFY that the above order was passed and adopted on January 21, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary