



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

Brandon Gayman
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, FEBRUARY 19, 2025

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

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

Board Members Present: Aguallo, DeVore, Suter, Aspesi (Ex-Officio Designee), Banda, Gayman, Giboney, Hoover, Irish.

Board Members Absent: Diepenbrock, Mangru, Rinde.

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; Brian Miller, Senior Retirement Investment Officer; Kenter Ludlow, Retirement Investment Analyst.

Item 2. Public Comment
None.

CONSENT MATTERS – Items 3-9:

A motion was made by Board Member Suter, seconded by Board Member Hoover, to approve the recommendations on Consent Calendar Items 3, 4(E) and 5-9. Consent Items 4(A)-(D) were pulled for separate consideration as referenced below. **(Adopted 8-0.)**

Item 3. Minutes of the January 15, 2025 Regular Meeting
Approve the minutes of the January 15, 2025 Regular Meeting.

Item 4. Disability Retirement Applications
Adopt Staff's recommendations for the following Disability Retirement Applications:

- A. BELL, Brian (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- B. FOUNTAIN, Thomas (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- C. MORTON, Michael (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.
- D. STEARNS, Burk (Lieutenant Sheriff, Sheriff's Department): Grant a service-connected disability retirement.

Board Member Irish inquired generally about the process for reviewing disability beneficiaries under Government Code §31729. Mr. Stern and Mr. Riddle explained that SCERS established a new procedure regarding periodic review in September 2023. A motion was then made by Board Member Suter, seconded by Board Member Giboney, to approve the recommendation on Items 4(A)-(D). **(Adopted 8-0.)**

E. UTTERBACK, Steven (Heavy Equipment Technician, General Services): Grant a service-connected disability retirement.

Item 5. Ratification of Service Retirement Application Approvals—January 2025
Ratify the service retirement applications that were finalized in January 2025.

Item 6. State Association of County Retirement Systems Legislative Update—February 2025
Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for February 2025.

Item 7. Annual Cost-of-Living Adjustment (COLA)
Approve COLA adjustments effective April 1, 2025.

Item 8. Portfolio Allocation and Rebalancing Report—Fourth Quarter 2024
Receive and file the Portfolio Allocation and Rebalancing Report for the quarter ended December 31, 2024.

Item 9. Monthly Report of Investment Activity—January 2025

Receive and file the Monthly Report of Investment Activity for January 2025.

EXECUTIVE REPORTS:

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

Mr. Stern reported that Mr. Aguallo inquired about the cost of the annual retiree COLA, which is roughly \$18 million in annual costs and noted the costs are included in contribution rates. Mr. Aguallo requested the information be included in future COLA reports.

Mr. Stern stated that the annual Employer Forum was held on February 14 and attended by about 35 employer representatives from County departments, courts, and special districts. Survey results gave high marks and participants recommended continuing the program annually.

Mr. Stern noted the following Special Meetings are being scheduled:

- July 30-31 for a special Board workshop for strategic planning.
- September 16 for a 1-day investment education program.

Mr. Stern noted that registration is open for the SACRS Spring Conference in Rancho Mirage from May 13-16.

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

Mr. Davis communicated that Staff and Cliffwater will be providing education related to exit considerations for mature private equity funds at either the March or April Board meetings. Mr. Davis stated that the presentation will focus on the challenges private equity funds face exiting and selling underlying fund investments toward the end of a fund's life. Lastly, Mr. Davis indicated that the education will additionally focus on the growing number of GP-led secondary transactions and continuation vehicles that are being raised by GPs.

Mr. Davis further reported that Staff will provide some clarifying language in the Master Investment Policy Statement as it relates to implementing these types of end-of-fund life decisions.

Mr. Davis also provided investment staffing updates. Mr. Davis introduced Kenter Ludlow as an Investment Analyst on the SCERS investment staff. Mr. Davis indicated that the Investment Analyst position had been open since SCERS' former analyst left SCERS for another opportunity. Mr. Davis indicated that Mr. Ludlow was formerly working as an Accountant at SCERS but transitioned over the investment team a few months ago to assist between both departments until he was officially hired as an Investment Analyst this month. Lastly, Mr. Davis stated that Staff is currently interviewing candidates for the newly created Investment Officer position that was approved by the Board last year and that Staff expects to hire for this position in the spring.

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

Mr. Riddle stated that as provided in Item 5, the team finalized 74 retirement applications in January. He further advised that per Item 4, staff completed 5 disability retirement application recommendations that were approved. Mr. Riddle noted that after the approvals made during the Board meeting, SCERS had 29 disability retirement applications in the queue, 4 of which were awaiting ALJ hearings, 14 that were referred to the Medical Advisor, and 11 that were in the preliminary stages.

Mr. Riddle stated in response to Mr. Aguillo's inquiry about direct deposit Retirement Allowances in light of the Southern California wildfires and the potential adverse impact on governmental services including mail delivery, that requiring a direct deposit authorization is the default when a member retires although SCERS will result to paper checks in extenuating circumstances.

Mr. Riddle further noted that 98.5% of SCERS retirees receive their allowances via direct deposit. SCERS sent notifications to the 222 paper check recipients encouraging them to sign up for direct deposit by completing and returning an enclosed form so that they can receive their SCERS pension without disruption, even when disasters occur.

Lastly, Mr. Riddle indicated that the next pension planning webinar is scheduled for Thursday, March 13 at 10:00 a.m.

ADMINISTRATIVE MATTERS:

Item 13. Technology Services

Authorize the Chief Executive Officer to engage QualApps for technology development services in an amount not to exceed \$280,000 and execute all necessary documents.

Mr. Taylor presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to authorize the Chief Executive Officer to engage QualApps for technology development services in an amount not to exceed \$280,000 and execute all necessary documents. **(Adopted 8-0.)**

Item 14. Strategic Management Plan Annual Report

Receive and file the Strategic Management Plan Annual Report for 2024.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Giboney, to receive and file the Strategic Management Plan Annual Report for 2024. **(Adopted 8-0.)**

Item 15. Strategic Vision Plan Project Update

Receive and file update on Strategic Vision Plan project.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to receive and file update on Strategic Vision Plan project. **(Adopted 8-0.)**

INVESTMENT MATTERS:

Item 16. Education: Private Credit

Receive and file presentation on private credit investing by Ares Management.

Mr. Davis and Mr. Pearce introduced Avni Gandhi and Jason Park of Ares Management, who presented the item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Gayman, to receive and file presentation on private credit investing by Ares Management. **(Adopted 8-0.)**

Item 17. ALM Study

Receive and file the Asset Liability Modeling (ALM) Study presentation by SCERS' staff and general investment consultant, Verus.

Mr. Davis and John Nicolini of Verus presented this item. Board Member Irish departed the meeting following discussion of this item. Following discussion, a motion was made by Board Member Banda, seconded by Board Member Hoover, to receive and file the Asset Liability Modeling (ALM) Study presentation by SCERS' staff and general investment consultant, Verus **(Adopted 8-0.)**

At 12:03 p.m., Vice President Aguallo called for a brief recess. At 12:14 p.m., Vice President Aguallo ended the recess and called the meeting to order. He also announced, without objection from the Board, that Item 19 would be taken next out of order to accommodate presenters' schedules.

Item 18. Consultant/Service Provider Contract Timelines—Updated

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

Mr. Davis presented this item, with assistance from Mr. Morrish. Following discussion, a motion was made by Board Member Devore, seconded by Board Member Hoover, to receive and file the updated report on contract terms for consultant and service provider relationships. **(Adopted 8-0.)**

Item 19. Total Fund Investment Performance Review Report—Fourth Quarter 2024

Receive and file the performance report for the quarter ended December 31, 2024, as presented by Verus.

John Nicolini of Verus presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Giboney, to receive and file the performance report for the quarter ended December 31, 2024, as presented by Verus. **(Adopted 8-0.)**

OTHER MATTERS:

Item 20. Comments from Members of the Board of Retirement

Board Member Giboney indicated his intention to run for a position on the SACRS Board of Directors.

Vice President Aguallo requested clarification from Mr. Morrish regarding closed session. Mr. Morrish indicated that Item 21 was withdrawn, and that Item 22 was withdrawn as a result of the Board's actions on Item 4.

CLOSED SESSION

Item 21. 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 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.

ADJOURNMENT

Vice President Aguallo adjourned the meeting at 12:50 p.m.