



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

MINUTES

REGULAR MEETING OF THE BOARD OF RETIREMENT

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

WEDNESDAY, MARCH 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

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

Board Members Present: Aguallo, DeVore, Diepenbrock, Suter, Rinde, Banda (10:02 a.m.), Gayman, Mangru, Hoover, Irish.

Board Members Absent: Giboney.

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.

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)

Item 2. Public Comment
None.

CONSENT MATTERS – Items 3-8:

Mr. Davis addressed questions from Board Member DeVore and Board Member Rinde regarding the manner of reporting in Item 8. A motion was then made by Board Member Suter, seconded by Board Member Rinde, to approve the recommendations on Consent Calendar Items 3-8. **(Adopted 9-0.)**

Item 3. Minutes of the February 19, 2025 Regular Meeting
Approve the minutes of the February 19, 2025 Regular Meeting.

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

- A. FLORES, Jorge (Food Services Worker, Health Services): Grant a service-connected disability retirement.
- B. HUGHES, Rhonda (Senior Staff Attorney, Sacramento Superior Court): Grant a non-service-connected disability retirement.
- C. MORTON, Michael (Deputy Sheriff, Sheriff's Department): Grant a service-connected disability retirement.

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

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

Item 7. Monthly Report of Investment Activity—February 2025
Receive and file the Monthly Report of Investment Activity—February 2025.

Item 8. Annual Investment Operations Report
Receive and file Annual Investment Operations Report for 2024.

EXECUTIVE REPORTS:

Item 9. Chief Executive Officer's Report (no action requested)
Mr. Stern introduced Debra Smith, a consultant with Mosaic Governance Advisors, who is facilitating the Strategic Vision Plan project. Debra retired in 2020 after 24 years at the California State Teachers' Retirement System, where she was working as the Chief Operating Investment Officer. Mr. Stern noted the project is in full swing with surveys underway to members, employers, and other stakeholders. Focus groups will be conducted with SCERS' staff in April and May, which, with the survey results, will inform the Board workshops from July 30-31.

Mr. Stern provided an update on the SacSewer transition and stated that payroll information, including member contribution and service credit data, from SacSewer

continues to be delayed while SacSewer generates a payroll file that can successfully be ingested by SCERS' systems. He noted that SCERS is paying SacSewer retirees an estimated pension based only their County employment through December 14, 2024. He said this affects 15 members so far who have retired or have submitted retirement applications since the separation date.

Mr. Stern noted that SacSewer is deducting retirement contributions from their employees and remitting contributions to SCERS, but SCERS is unable to verify, reconcile, or allocate those contributions to individual member accounts, or provide refunds if members terminate employment. Mr. Stern said he notified SacSewer that they will incur penalties allowed under state law to reimburse SCERS for costs necessary to retroactively correct the payroll file, and he acknowledged that SacSewer is working closely with SCERS to complete this project.

Mr. Stern reminded the Board that the Form 700 filing deadline is April 1.

Mr. Stern noted that registration is open for the SACRS Spring Conference in Rancho Mirage from May 13-16 and the SACRS/UC Berkely Public Pension Investment Management Program, from July 13-16.

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

Mr. Davis communicated that this year's Annual Investment Operations Report was moved from an open item to a consent item. The Investment Operations Report reports on peripheral investment activities, including securities lending, commission recapture, tax dividend reclaims, securities litigation, proxy voting, placement agent disclosure, and transaction cost analysis. Last year was the inaugural report that included a lot of detail and background information on the different components of the report, which can be used for reference. This year, based on Board feedback, the report was streamlined to just provide high-level information.

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

Mr. Riddle stated that as provided in Item 5, the team finalized 54 retirement applications in February. He further advised that per Item 4, staff completed 3 disability retirement application recommendations that were approved. Mr. Riddle noted that after the approvals made during the Board meeting, SCERS had 34 disability retirement applications in the queue, 4 of which were awaiting ALJ hearings, 12 that were referred to the Medical Advisor, and 18 that were in the preliminary stages.

Mr. Riddle indicated that, at the request of the Courts, SCERS would be hosting a pension planning webinar specific to Courts employees scheduled for Thursday May, 29. Mr. Riddle stated that SCERS would be conducting a similar tailored presentation to the Probation department on June 4. Lastly, Mr. Riddle state the next pension planning webinar for the general membership is scheduled for Thursday June 26 at 10:00 a.m.

At 10:19 a.m., President Diepenbrock announced, without objection from the Board, that closed session items would be taken next out of order for discussion. President Diepenbrock further indicated, with clarification from Mr. Morrish, that only Items 19 and 20 would be discussed in closed session. Item 21 was withdrawn as a result of the Board's action on Item 4.

At 11:32 a.m., President Diepenbrock reconvened the meeting in open session and announced that there was nothing to report out of closed session.

BENEFITS MATTERS:

Item 12. Error Correction Policy

Approve amendments to Error Correction Policy.

Mr. Morrish and Mr. Stern presented this item. Following discussion, a motion was made by Board Member Rinde, seconded by Board Member Mangru, to approve amendments to Error Correction Policy. **(Adopted 9-0.)**

ADMINISTRATIVE MATTERS:

Item 13. 2025-26 Budget Preview

Receive and file presentation regarding anticipated changes in SCERS' 2025-26 annual budget.

Ms. Allen presented this item. Following discussion, a motion was made by Board Member Suter, seconded by Board Member Mangru, to receive and file presentation regarding anticipated changes in SCERS' 2025-26 annual budget. **(Adopted 9-0.)**

Item 14. Media and Legislative Relations Policy

Approve new Media and Legislative Relations Policy.

Mr. Stern presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Hoover, to approve new Media and Legislative Relations Policy. **(Adopted 9-0.)**

At 12:04 p.m., President Diepenbrock called for a brief recess. At 12:10 p.m., President Diepenbrock ended the recess and called the meeting to order.

INVESTMENT MATTERS:

Item 15. Strategic Asset Allocation

Approve adjustments to Strategic Asset Allocation.

Mr. Davis presented the item, with assistance John Nicolini of Verus. Following discussion, a motion was made by Board Member Rinde, seconded by Vice President Aguillo, to approve adjustments to Strategic Asset Allocation. **(Adopted 9-0.)**

Item 16. Investment Performance Report—Alternative Assets

Receive and file the Investment Performance Report for the quarter ended December 31, 2024 for the Absolute Return Portfolio, and the quarter ended September 30, 2024 for the Private Equity, Private Credit, and Real Assets portfolios, as presented by Cliffwater, LLC.

Mr. Davis introduced Brady O'Connell of Cliffwater, who presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to receive and file the Investment Performance Report for the quarter ended

December 31, 2024 for the Absolute Return Portfolio, and the quarter ended September 30, 2024 for the Private Equity, Private Credit, and Real Assets portfolios, as presented by Cliffwater, LLC. **(Adopted 9-0.)**

Item 17. Investment Performance Report—Real Estate

Receive and file the performance report on real estate investments for the quarter ended December 31, 2024, as presented by Townsend Group.

Mr. Davis introduced Chris Cunningham and Richard Brown of Townsend Group who presented this item. Following discussion, a motion was made by Board Member DeVore, seconded by Board Member Suter, to receive and file the performance report on real estate investments for the quarter ended December 31, 2024, as presented by Townsend Group. **(Adopted 8-0; Vice President Aguallo abstained.)**

OTHER MATTERS:

Item 18. Comments from Members of the Board of Retirement

Board Member Rinde indicated that he would be absent from the April Board meeting, and that he expected Deputy Director Aspesi to attend. Vice President Aguallo asked about inquiries from retirees regarding market volatility, and Mr. Stern indicated that the issue was addressed at the most recent SCREA luncheon.

CLOSED SESSION

Item 19. 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 20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8, this shall be a closed session to discuss real property located at 980 9th Street, Sacramento, California 95814.

Agency Negotiator: Eric Stern, Chief Executive Officer, SCERS

Negotiating Party: Prime US – Park Tower, LLC

Under Negotiation: Lease price and terms

Item 21. 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

President Diepenbrock adjourned the meeting at 12:55 p.m.