



Members of the Board of Retirement:

Rick Fowler, President  
Appointed by the Board of Supervisors

John B. Kelly, Vice President  
Appointed by the Board of Supervisors

Keith DeVore, Vice President  
Appointed by the Board of Supervisors

James A. Diepenbrock  
Appointed by the Board of Supervisors

Dave Comerchero  
Elected by the Miscellaneous Members

Diana Gin  
Elected by Miscellaneous Members

Ben Lamera  
Ex Officio, Director of Finance

Martha J. Hoover  
Elected by the Retired Members

Matt Petersen  
Elected by the Safety Members

Kathy O'Neil  
Elected by the Retired Members

**MINUTES**

**REGULAR MEETING  
OF THE  
BOARD OF RETIREMENT**

**SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

**Wednesday February 17, 2021**

**10:00 A.M.**

**Location: BLUEJEANS TELECONFERENCE**

**OPEN SESSION**

**Item 1. Call to Order—The meeting was convened at 10:03 a.m.**

Mr. Fowler stated that the meeting was occurring via teleconference under Executive Order N-25-20 which relaxed provisions of the Brown Act to make it easier for local government boards to conduct board meeting without convening in the same physical location.

Mr. Stern noted the following Board members were present:

1. Rick Fowler
2. John Kelly
3. Keith DeVore
4. Dave Comerchero
5. Diana Gin
6. Ben Lamera
7. Martha Hoover
8. James Diepenbrock
9. Kathy O'Neil
10. Matt Petersen

**Item 2. Public Comment**

None.

## OPEN SESSION

### CONSENT MATTERS – ITEMS 3-12:

The Board approved the Consent Matters Items 3-12 (9-0, Mr. Petersen abstained from Item 3).

- Item 3. Minutes of the January 19, 2021 regular meeting**—Approved the Minutes of the January 19, 2021 meeting.
- Item 4. Minutes of the January 29, 2021 Special Meeting**—Approved the Minutes of the January 29, 2021 meeting.
- Item 5. Disability Retirement Applications**
- A. ARMSTRONG, Lonnie; Granted a service-connected disability retirement as recommended by staff.
  - B. ELLIOTT, Steven; Denied the application for service-connected disability retirement per the proposed decision of the Administrative Law Judge.
  - C. FONTILLAS, Ferdinand; Granted a service-connected disability retirement as recommended by staff.
  - D. ROOP, Scott; Granted a nonservice-connected disability retirement as recommended by staff.
  - E. SPRAGUE, John; Granted a service-connected disability retirement as recommended by staff.
  - F. Reference: General Law and Authorized Board Actions on Disability Retirement Proposed Decisions.
- Item 6. Ratification of Service Retirement Application Approvals—January 2021**—Ratified the Service Retirement Applications that were finalized in the previous month.
- Item 7. Cost-of-Living Adjustment (COLA) effective April 1, 2021**—Approved the Cost-of-Living Adjustment (COLA) effective April 1, 2021.
- Item 8. Strategic Management Plan Annual Report**—Received and filed the Strategic Management Plan Annual Report for 2020.
- Item 9. Portfolio Allocation and Rebalancing Report**—Received and filed the Portfolio Allocation and Rebalancing Report for the previous quarter.
- Item 10. Proxy Voting Activity Report**—Received and filed the Proxy Voting Activity Report for the previous quarter.
- Item 11. Monthly Investment Manager Activity, Compliance, and Watch List Reports—January 2021**—Received and filed the Monthly Investment Manager Activity, Compliance, and Watch List Report—January 2021.

- Item 12. Monthly Report of New Investment Activity – January 2021**—Received and filed the report summarizing SCERS’ investment activity from the previous month.

**EXECUTIVE REPORTS:**

**Item 13. Chief Executive Officer’s Report**

No report was provided.

**Item 14. Chief Investment Officer’s Report**

Chief Investment Officer Steve Davis provided an update on the hiring of Snyder Capital Management that replaced former manager DGHM. Since the termination of DGHM, the assets have been held on an interim basis in a Russell 2000 Value ETF managed by State Street Global Markets. The transition of assets from the ETF to the Snyder portfolio occurred in late January and cost approximately 27 bps. The transition also sold approximately \$25 million in small cap growth exposure from Weatherbie Capital, which was overweight its target, thereby reducing an overweight to small cap growth versus value. The overall transition brought the aggregate small cap equity exposure in line with its target.

Mr. Davis stated that several of SCERS’ public market asset classes need to be realigned to their target allocations, due to the market movements in 2020. While the overlay program rebalances broad asset category exposures quarterly, Mr. Davis noted that Staff is putting together a physical rebalance plan within the large cap segments of Domestic Equity, the International Equity portfolio, and the Fixed Income portfolio. The information will be provided to the Board regarding any rebalance activity in upcoming board meetings.

Mr. Davis informed the Board that at the March meeting, Verus will be presenting data, and insights from the recently conducted Enterprise Risk Tolerance (ERT) survey with the Board that will assist the Asset-Liability Modeling process and broader portfolio considerations.

**BENEFIT MATTERS:**

**Item 15. Ratification of Retirement Applications Policy**

Chief Executive Officer Eric Stern presented amendments to the Ratification of Retirement Applications Policy to provide additional clarity regarding estimated benefit payments.

The Board approved a motion to adopt the revised policy and rescind the Estimated Benefit Payment Policy for Deferred Reciprocal Members. **(9-0)**

## **INVESTMENT MATTERS:**

### **Item 16. Alternative Assets Consultant Recommendation**

Chief Investment Officer Steve Davis, and Deputy Chief Investment Officer Jim Donohue presented a recommendation to retain Cliffwater LLC as SCERS' alternative assets consultant.

The Board approved a motion to extend the contract with Cliffwater for a three-year term, and authorize SCERS' Chief Executive Officer to negotiate and execute documents necessary to update the contract. **(9-0)**

### **Item 17. Quarterly Investment Performance Report-Fourth Quarter 2020**

Mr. Nicolini presented SCERS' Total Fund Investment Performance Review report prepared by Verus, for the quarter ended December 31, 2020.

**SCERS TOTAL FUND PERFORMANCE SUMMARY**  
Quarter Reporting Periods Ending December 31, 2020

SCERS ASSET CLASS	Quarter	Fiscal Year-to-Date	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS TOTAL FUND Return w/Overlay</b>	<b>9.9%</b>	<b>15.9%</b>	<b>12.5%</b>	<b>9.4%</b>	<b>10.6%</b>	<b>8.6%</b>	Jun-86
Policy Index	8.7%	14.3%	10.7%	7.8%	9.2%	8.6%	
InvestorForce Public DB > \$1B	10.3%	15.6%	11.1%	7.8%	9.4%	8.2%	
<b>SCERS TOTAL FUND Return w/o Overlay</b>	<b>9.6%</b>	<b>15.7%</b>	<b>11.5%</b>	<b>9.0%</b>	<b>10.2%</b>	<b>8.4%</b>	Jun-86
Policy Index	8.7%	14.3%	10.7%	7.8%	9.2%	8.6%	
<b>GROWTH ASSET CATEGORY</b>	<b>14.7%</b>	<b>24.3%</b>	<b>16.8%</b>	<b>11.8%</b>	-	<b>13.7%</b>	Mar-17
Custom Benchmark	13.5%	22.5%	15.1%	10.2%	-	11.8%	
<b>DIVERSIFYING ASSET CATEGORY</b>	<b>3.3%</b>	<b>5.1%</b>	<b>8.2%</b>	<b>4.9%</b>	-	<b>4.9%</b>	Mar-17
Custom Benchmark	2.2%	3.6%	7.6%	4.9%	-	4.8%	
<b>REAL RETURN ASSET CATEGORY</b>	<b>3.2%</b>	<b>5.2%</b>	<b>-0.7%</b>	<b>5.0%</b>	-	<b>6.4%</b>	Mar-17
Custom Benchmark	2.3%	4.0%	-0.9%	3.0%	-	3.8%	
<b>OPPORTUNITIES PORTFOLIO</b>	<b>3.5%</b>	<b>2.2%</b>	<b>0.1%</b>	<b>3.2%</b>	<b>4.9%</b>	<b>13.8%</b>	Oct-07
Custom Benchmark	8.7%	14.3%	10.7%	7.8%	9.2%	8.1%	
<b>DEDICATED CASH</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.8%</b>	-	-	<b>0.9%</b>	Jun-19
Overnight LIBOR	0.0%	0.4%	0.4%	-	-	0.9%	

The Board approved a motion to receive and file the Quarterly Investment Performance Report—Fourth Quarter 2020. **(9-0)**

### **Item 18. 2020 Investment Year in Review and 2021 Annual Investment Plan**

Chief Investment Officer Steve Davis and SCERS' investment staff presented an overview of SCERS' investment activity from the previous year and highlighted the 2021 investment plans for each asset class.

The Board approved the motion to receive and file the 2020 Investment Year in Review and approved the 2021 Annual Investment Plan. **(8-0)**

Mr. Kelly left the meeting during this agenda item.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:34 a.m.

**MEMBERS PRESENT**

**via teleconference:** Keith DeVore, John B. Kelly, Diana Gin, Dave Comerchero, Martha J. Hoover, Ben Lamera, James Diepenbrock, Kathy O’Neil, Matt Petersen, and Rick Fowler presiding.

**MEMBERS ABSENT:** Alternate Safety Representative is vacant

**OTHERS PRESENT**

**via teleconference:** Eric Stern, Chief Executive Officer; Steve Davis, Chief Investment Officer; Stephen Lau, General Counsel; Mario Sierras, Chief Benefits Officer; Debbie Chan, Senior Accounting Manager; John Lindley, Senior IT Analyst; Jim Donohue, Deputy Chief Investment Officer; JR Pearce, Senior Investment Officer; Brian Miller, Retirement Investment Officer; Michael Vang, Retirement Investment Analyst; Joan Kudin, Public Information Officer; Jamie Feidler, Cliffwater, LLC; John Nicolini and Stuart Odell, Verus Advisory, Inc.; Richard Brown and Felix Fels, The Townsend Group; Gar Chung; Paul Moen; Brian White; Amy Larson, Senior Personnel Analyst; Jenna Taylor, Retirement Services Manager; Chao Thor, Disability Retirement Analyst; Margaret Wade, Office Specialist; Catherine Mitchell; Maja Ben; Michelle Rovito; Jack Philp; Jamison Gagnier; Joe Schulman, John Balaod; John Kennedy; Lara Clarke; Lindsay Saienni, Michael Pinkham; Richard Forslund; and, Debbie Musilli-Sidhu, Executive Secretary.

Respectfully submitted,

Eric Stern  
Chief Executive Officer and  
Secretary of the Retirement Board

APPROVED: \_\_\_\_\_  
Richard B. Fowler II, President

DATE: \_\_\_\_\_