



Executive Staff:

Richard Stensrud
Chief Executive Officer

Steve Davis
Chief Investment Officer

Robert L. Gaumer
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

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

Steven L. Baird
Elected by the Miscellaneous Members

Michael DeBord
Elected by the Retired Members

James A. Diepenbrock
Appointed by the Board of Supervisors

Diana Gin
Elected by the Miscellaneous Members

Ben Lamera
Ex Officio, Director of Finance

Chris A. Pittman
Elected by the Safety Members

John Conneally
Elected by the Safety Members

Martha J. Hoover
Elected by the Retired Members

MINUTES

RETIREMENT BOARD MEETING, WEDNESDAY, OCTOBER 19, 2016

A regular meeting of the Retirement Board was held in the Sacramento County Employees' Retirement System Administrative Office, 980 9th Street, 19th Floor, Sacramento, California, on Wednesday, October 19, 2016, and commenced at 10:00 a.m.

OPEN SESSION:

PUBLIC COMMENT:

1. None heard.

MINUTES:

2. The Minutes of the September 21, 2016 regular meeting were approved on Motion by Mr. Pittman; Seconded by Mr. DeVore. Motion carried (9-0).

CONSENT MATTERS:

Items 3-8

Item 5 was taken off the Consent Calendar for discussion in Closed Session at the request of Mr. Baird. The remaining Consent Matters (Items 3, 4, and 6-8) were acted upon as one unit upon a Motion by Mr. Diepenbrock; Seconded by Mr. Pittman. Motion carried (9-0).

3. BAUTISTA, Manuel: Granted an interim nonservice-connected disability retirement.

CONSENT MATTERS (continued):

4. KING, Minnie M.: Granted a nonservice-connected disability retirement.
6. Approved sponsor-provided travel and lodging for staff participation in the Global ARC Boston Conference.
7. Received and filed the September 2016 Monthly Investment Portfolio Activity Report.
8. Received and filed the September 2016 Monthly Investment Manager Compliance Report and Watch List.

CLOSED SESSION:

5. NICKELL, Lisa A.: Granted a service-connected disability retirement.

Motion by Mr. Diepenbrock to grant a service connected disability retirement; Seconded by Mr. Kelly. Motion carried (8-1, Mr. Baird dissenting).
9. No action was taken upon the discussion of Public Employee Appointment [Government Code Section 54957]: Chief Investment Officer.
10. Considered the sale of a particular pension fund investment.

OPEN SESSION:

ADMINISTRATIVE MATTERS:

11. Chief Executive Officer Richard Stensrud provided an update on developments affecting public retirement systems and on miscellaneous system and staff activities.

Mr. Stensrud reported that SCERS had promoted Steve Davis from Deputy Chief Investment Officer to Chief Investment Officer. Mr. Stensrud congratulated Mr. Davis and noted that SCERS is looking forward to his continued contributions to the organization.

Mr. Stensrud reported that the State Association of County Retirement Systems (SACRS) Fall Conference would be taking place November 8 – 11 in Indian Wells. Mr. Stensrud reminded the Board that as a result of the conference, the November Retirement Board Meeting would be moved to Monday, November 7.

Mr. Stensrud reported that SCERS had recently completed a Retirement Board Election. Mr. Stensrud noted that the two Retiree Trustee positions were not contested and therefore

ADMINISTRATIVE MATTERS (continued):

no election was held for those positions. Mr. Stensrud stated that former Board Member Kathy O'Neil would be returning to the SCERS Board to replace Michael DeBord as the lead Retiree Trustee, and that Martha Hoover would be continuing in her position as the Alternate Retiree Trustee. Mr. Stensrud reported there was an election for one of the Miscellaneous Trustees in which Alan Matré narrowly defeated the incumbent Diana Gin. Mr. Stensrud stated that SCERS appreciates Ms. Gin's contributions to the Board. Mr. Stensrud noted that the three-year terms will begin in January, 2017.

Mr. Stensrud provided an update on SCERS' IT Modernization Program. Mr. Stensrud reported that SCERS had received three responses to the Request for Proposals (RFP) for Data Conversion Services that was released in August. Mr. Stensrud stated that those responses were being evaluated and that Staff anticipates presenting a proposed selection to the Board at the December Board Meeting.

Mr. Stensrud revisited a topic that he had brought to the Board's attention at the September Board Meeting regarding a recent court ruling involving the Marin County Employees' Retirement Association (MCERA) and its decision that 'stand-by pay' should not be included in the pay elements considered as compensation earnable under CalPEPRA. Mr. Stensrud noted that the court opinion went beyond what was necessary to decide the question of MCERA's authority to exclude a pay element, and included substantial discussion of vested pension benefits. Mr. Stensrud noted that there has been a significant amount of case law in California that established the principle that vested benefits can be changed for new employees, but not for existing employees. Mr. Stensrud stated that the language in the court decision appears to have disassembled the precedential structure behind the idea of vested pension benefits and whether or not a vested pension benefit could be modified going forward. Mr. Stensrud stated that the labor organizations representing employees of Marin County were planning to appeal the decision to the State Supreme Court and that he would continue to update the Board on the situation.

Discussion followed.

Mr. Stensrud shared the story of a member who recently left employment and elected to withdraw contributions of roughly 20 years of service rather than leave the funds on deposit for a future monthly allowance. Mr. Stensrud stated that Staff ensured the member understood the ramifications of this decision before completing the transaction.

The meeting was adjourned at 10:58 a.m.

MEMBERS PRESENT: Rick Fowler, John B. Kelly, Keith DeVore, Steven L. Baird, James A. Diepenbrock, Diana Gin, Ben Lamera, Chris Pittman, and Martha J. Hoover.

MEMBERS ABSENT: Michael DeBord and John Conneally.

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OTHERS PRESENT: Richard Stensrud, Chief Executive Officer; Robert L. Gaumer, General Counsel; Steve Davis, Chief Investment Officer; Kathryn T. Regalia, Chief Operations Officer; John W. Gobel, Sr., Chief Benefits Officer; Suzanne Likarich, Retirement Services Manager; Thuyet Dang, Senior Accounting Manager; JR Pearce, Investment Officer; John Lindley, IT Administrator; Pete Keliuotis and John Nicolini, Verus Advisory, Inc; and Kevin Isawa.

Respectfully submitted,

Richard Stensrud
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Rick Fowler, President

DATE: _____

cc: Retirement Board (11); Board of Supervisors (6); County Counsel; County Executive (2); Internal Services Agency (2); County Labor Relations; Employee Organizations (20); Sacramento County Retired Employees' Association; SCERS Member Districts (10); Elected Officials (3); Superior Court of California, County of Sacramento; Amervest Company, Inc.; Mark Merin; John R. Descamp; and The Sacramento Bee.