A G E N D A

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JANUARY 8, 2021
AT 9:00 AM
Location: Via Zoom

In accordance with current state and local emergency proclamations and orders, this Board Meeting will be held virtually via Zoom Client.

The public may only attend the meeting by (1) clicking here **https://us02web.zoom.us/j/83575077889** and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID **83575077889**#.

Persons who require disability-related accommodations should contact SJCERA at (209) 468-2166 or GregF@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 APPROVAL OF MINUTES

3.01 Approval of the minutes for the Board Meeting of December 11, 2020 4

3.02 Board to approve minutes

4.0 PUBLIC COMMENT

4.01 Persons wishing to address the Board of Retirement should follow the steps below. Speakers are limited to three minutes and are expected to be civil and courteous.

If joining via Zoom from your PC or Mac, and you wish to make a Public Comment, please select “Participants” found in the toolbar at the bottom of your screen. From there you will see the option to raise and lower your hand.

If joining via Zoom from your mobile device, and you wish to make a Public Comment, please select the “More” option found in the toolbar at the bottom of your screen. From there you will see the option to raise and lower your hand.

If joining via Zoom from your tablet such as an iPad, and you wish to make a Public Comment, please click on the icon labeled “Participants” typically located at the top right of your screen and then tap the hand icon next to your device in the participants column to raise your digital hand.

If dialing in from a phone for audio only and you wish to make a Public Comment, please dial *9 to “raise your hand”.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

5.0 CONSENT ITEMS

5.01 Service Retirement (18) 8

5.02 General (2)

11.03 Market Commentary/Newsletters/Articles

01	NCPERS	The Monitor	December 2020	129
02	FundFire	Article re: PPP Loans	December 17, 2020	139

12.0 COMMENTS

12.01 Comments from the Board of Retirement

13.0 CALENDAR

13.01 Board Meeting, February 12, 2021 at 9:00 AM

14.0 ADJOURNMENT

M I N U T E S

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, DECEMBER 11, 2020
AT 9:00 AM
Location: Via Zoom

1.0 ROLL CALL

1.01 **MEMBERS PRESENT**: Phonxay Keokham, Emily Nicholas, Jennifer Goodman, Michael Duffy (in at 9:33 a.m.), Katherine Miller (in at 9:01 a.m.), Chanda Bassett, Adrian Van Houten, Margo Praus, Raymond McCray (in at 9:04 a.m.), and Michael Restuccia presiding

MEMBERS ABSENT: None

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Investment Officer Paris Ba, Information Systems Manager Adnan Khan, Management Analyst III Greg Frank, Department Information Systems Analyst II Lolo Garza, and Information Systems Specialist II Jordan Regevig

OTHERS PRESENT: Deputy County Counsel Jason Morrish, David Sancewich and Ryan Lobdell of Meketa Investment Group

2.0 PLEDGE OF ALLEGIANCE

3.0 APPROVAL OF MINUTES

3.01 Approval of the minutes for the Board Meeting of November 6, 2020

01 **The Board voted unanimously (8-0) to approve the Minutes for the Board Meeting of November 6, 2020. (Motion: Bassett; Second: Goodman)**

3.02 Approval of the minutes for the Administrative Committee Meeting of November 12, 2020

01 **The Board voted 7-0 to approve the minutes for the Administrative Committee Meeting of November 12, 2020. (Motion: Bassett; Second: Goodman; Abstain: Keokham)**

4.0 PUBLIC COMMENT

4.01 There was no public comment.

5.0 CONSENT ITEMS

5.01 Service Retirement (19)

5.02 General (2)

a 2021 Budget Summary

b 2021 Administrative Budget Adjustments

c Resolution 2020-12-01 titled “Annual Administrative Budget for 2021”

d Board to approve the 2021 Budget and adopt Resolution 2020-12-01

02 **Strategic Asset Allocation Policy**

a Proposed revisions to Strategic Asset Allocation Policy - Mark-up

b Proposed revisions to Strategic Asset Allocation Policy - Clean

c Board to adopt proposed policy revisions as recommended by the Administrative Committee

03 **Strategic Direction for Pension Administration System**

a Board to approve strategic direction for Pension Administration System as recommended by the Administrative Committee

5.03 **The Board voted unanimously (8-0) to approve the Consent Items and adopted Resolution 2020-12-01. (Motion: Keokham; Second: Van Houten)**

6.0 FIVE-YEAR TECHNOLOGY PLAN

6.01 SJCERA's Five-Year Technology Plan

6.02 **The Board voted unanimously (8-0) to approve the five-year technology plan. (Motion: Van Houten; Second: Keokham)**

7.0 CONSULTANT REPORTS PRESENTED BY DAVID SANCEWICH OF MEKETA INVESTMENT GROUP

7.01 QUARTERLY REPORTS FROM INVESTMENT CONSULTANT FOR PERIOD ENDED SEPTEMBER 30, 2020

01 Quarterly Investment Performance Analysis

02 Manager Certification Report

03 Manager Review Schedule

04 David Sancewich of Meketa Investment Group reviewed and discussed the reports in relation to the Board's investment policies. The Total Portfolio net return was 2.9 percent for the quarter and 2.9 percent for the one-year period ended September 30, 2020; performance trailed the policy benchmark by 2.8 percent for the quarter and by 3.0 percent for the one-year.

7.02 Monthly Investment Performance Updates

01 Receive and File Manager Performance Flash Report - October 2020

02 Receive and File Capital Markets Outlook and Risk Metrics - November 2020

7.03 Proposed 2021 Strategic Investment Plan

01 Board to discuss and give direction to staff and consultant as necessary

7.04 **Board accepted and filed reports.**

8.0 STAFF REPORTS

8.01 Legislative Summary Report - None; No Changes since 10/2020

8.02 Trustee and Executive Staff Travel

01 Conferences and Events Schedule for 2020 - 2021

a NCPERS Accredited Fiduciary (NAF) Program

02 Summary of Pending Trustee and Executive Staff Travel - None

03 Summary of Completed Trustee and Executive Staff Travel and Travel Reports

8.03 **Board accepted and filed reports.**

8.04 CEO Report

In addition to the CEO report, CEO Shick stated that staff approved the Principal US Property separate account structure changes. Additionally, due to the Governor's new regional Stay at Home order, staff are wearing masks 100 percent of the time while in the office and teleworking hours have been increased.

8.05 Report from Committee(s)

01 Committee Chair and staff will provide a brief summary of the outcome of the:

a *Alameda* Decision Ad Hoc Committee - November 10, 13, 24 and December 2, 2020

Committee Chair Bassett stated the Ad Hoc Committee has completed the review of earnings codes and that the Committee will bring a recommendation to the January Board meeting.

b Administrative Committee Meeting - November 12, 2020

Committee Chair Bassett thanked staff for their work on the 2021 Budget and policy amendments to the Stratgetic Asset Allocation policy.

9.0 CORRESPONDENCE

9.01 Letters Received

01	November 20, 2020	Meketa Investment Group	New Office Location

9.02 Letters Sent

9.03 Market Commentary/Newsletters/Articles

01	NCPERS	The Monitor	November 2020

10.0 COMMENTS

10.01 Comments from the Board of Retirement

01 Trustee Keokham recognized IT staff for their excellent work for the Retirement Board.

02 Trustee Restuccia congratulated Trustee Duffy on the Financial Center Credit Union's recognition.

03 Trustee McCray requested benchmark re-evaluation be completed within the next 90 days.

04 Trustee Bassett acknowledge staff's work on the *Alameda* Decision and suggested posting on the website the timeline when members can expect the return of overpayments.

05 Trustee Goodman inquired whether active members can use the return of contributions to purchase service credit.

06 Trustees Miller and Restuccia thanked CEO Shick for her leadership on wearing masks and protecting staff.

11.0 CLOSED SESSION

THE CHAIR CONVENED CLOSED SESSION AT 10:09 A.M. AND ADJOURNED THE CLOSED SESSION AND RECONVENED THE OPEN SESSION AT 10:55 A.M.

11.01 PURCHASE OR SALE OF PENSION FUND INVESTMENTS CALIFORNIA GOVERNMENT CODE SECTION 54956.81

11.02 THREAT TO PUBLIC SERVICES OR FACILITIES
CALIFORNIA GOVERNMENT CODE SECTION 54957
Consultation with: Adnan Khan, SJCERA Information Systems Manager

11.03 Counsel noted there was nothing to report out from closed session.

12.0 CALENDAR

12.01 Board Meeting, January 8, 2021 at 9:00 AM

13.0 ADJOURNMENT

13.01 There being no further business the meeting was adjourned at 10:58 a.m.

Respectfully Submitted:

____
Michael Restuccia, Chair

Attest:

____
Raymond McCray, Secretary

San Joaquin County Employees Retirement Association

January 2021

5.01 Service Retirement Consent

01 ALIW T ANUAT

Staff Nurse IV - Inpatient
Hosp Labor-Del-Rcvry-Post Part

Member Type: General
Years of Service: 20y 01m 01d
Retirement Date: 11/20/2020

02 GINA M ARAGONA

Social Worker II
HSA - Services Staff

Member Type: General
Years of Service: 17y 06m 14d
Retirement Date: 12/5/2020

03 DON F BLUME

Respiratory Care Prctnr II
Hosp Respiratory Care

Member Type: General
Years of Service: 17y 08m 11d
Retirement Date: 11/23/2020

04 MAGDA COLON

Deferred
N/A

Member Type: General
Years of Service: 07y 02m 15d
Retirement Date: 12/9/2020
Comments: Deferred member since September 2016.

05 JOE C DAVISON

Juvenile Facility Supervisor
Juvenile Detention

Member Type: Safety
Years of Service: 20y 08m 16d
Retirement Date: 10/1/2020

06 DAVID J DERKSEN

Chief Dist Atty Investigator
District Attorney

Member Type: Safety
Years of Service: 36y 06m 06d
Retirement Date: 11/7/2020

07 MARILYN S GREEN

Court Operations Manager
Courtroom Support - Stockton

Member Type: General
Years of Service: 35y 07m 11d
Retirement Date: 12/5/2020

08 CHARLOTTE V HUNTER-BROWN

Clinic Services Coordinator
Hosp FQHC Administration

Member Type: General
Years of Service: 13y 04m 01d
Retirement Date: 12/5/2020

09 DEBRA P LEWIS

Social Worker IV
HSA - Services Staff

Member Type: General
Years of Service: 20y 04m 19d
Retirement Date: 11/7/2020

10 **JOETTA I LOGAN** — Employment Training Superviso, HSA - Gain

Member Type: General
Years of Service: 33y 10m 03d
Retirement Date: 10/31/2020

11 **ROBIN S LOVING** — Accounting Technician II, Behavioral Health Admin

Member Type: General
Years of Service: 30y 03m 23d
Retirement Date: 11/21/2020

12 **THERESA MELENDEZ** — Senior Office Assistant, HSA - Clerical Support

Member Type: General
Years of Service: 05y 07m 10d
Retirement Date: 11/20/2020

13 **BENJAMIN NICOLAS** — Senior Administrative Spvr, HSA - Admin Support

Member Type: General
Years of Service: 20y 08m 25d
Retirement Date: 11/12/2020

14 **LEE PHILIPPI** — Deferred Member, N/A

Member Type: General
Years of Service: 10y 04m 05d
Retirement Date: 11/23/2020
Comments: Deferred member since since November 1991.

15 **JANINE M SCOTT** — Office Occupations Clerk, Conservator Services

Member Type: General
Years of Service: 40y 05m 22d
Retirement Date: 11/21/2020

16 **BOUACHINE T VISISOMBAT** — Eligibility Worker II, HSA - Eligibility Staff

Member Type: General
Years of Service: 25y 11m 13d
Retirement Date: 11/22/2020

17 **HAMISI M WHITE** — Child Support Officer II, Child Support Svs

Member Type: General
Years of Service: 06y 03m 18d
Retirement Date: 11/7/2020

18 **REBECCA I ZARATE** — Deferred Member, N/A

Member Type: General
Years of Service: 11y 00m 24d
Retirement Date: 11/18/2020
Comments: Deferred member since May 2013.

2020 ANNUAL BOARD EDUCATION COMPLIANCE REPORT

Government Code Section 31522.8 requires Board Members to complete 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period thereafter. Government Code Section 53235.1 requires at least two hours of Ethics training within one year of assuming office and every two years thereafter. Board Policy requires at least two hours of Sexual Harassment Prevention training within six months of assuming office and every two years thereafter.

TRUSTEE	TWO-YEAR PERIOD OF COMPLIANCE	EDUCATION HOURS COMPLETED*	REMAINING HOURS REQUIRED	Ethics Education	Sexual Harassment Prevention Training
Bassett, Chanda **Elected by Safety Members**	07/01/20-06/30/22	2.5	21.5	✓	✓
Duffy, Michael **Appointed by BOS**	01/01/19-12/31/20	29.2	0.0	✓	✓
Goodman, Jennifer **Elected by General Members**	07/01/19-06/30/21	33.2	0.0	✓	✓
Keokham, Phonxay **Ex-Officio Member**	09/17/20-09/16/22	0.7	23.3	✓	✓
McCray, Raymond **Appointed by BOS**	01/01/19-12/31/20	67.0	0.0	✓	Due 07/2021
Miller, Katherine **Appointed by BOS**	09/15/19-09/14/21	20.9	3.1	✓	✓
Nichols, Emily **Elected by General Members**	07/01/20-06/30/22	45.6	0.0	✓	✓
Praus, Margo **Alternate Retired Member**	07/24/19-07/23/21	39.9	0.0	✓	✓
Restuccia, Michael **Appointed by BOS**	01/01/19-12/31/20	47.5	0.0	✓	✓
Van Houten, Adrian **Elected by Retired Members**	07/01/19-06/30/21	12.7	11.3	✓	Due 07/2021

* Education hours are based whether the topics comply with GC Section 31522.8, 53235.1 and SJCERA's Trustee Education Policy.

Updated Dec 2020

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 5.02-02

January 08, 2021

SUBJECT: Compensation Earnable and Pensionable Compensation for SJCERA Members

SUBMITTED FOR: __X__ CONSENT __ ACTION __ INFORMATION

RECOMMENDATION

Staff recommends the Board ratify the new 2020 retirement-eligible earnings codes in Attachment I.

PURPOSE

To ratify the new 2020 earnings codes per the *Retirement-Eligible Compensation* policy.

DISCUSSION

In accordance with the *Retirement-Eligible Compensation* policy, staff has reviewed compensation items received from participating employer(s) and included those items that are substantially the same as other, previously Board-approved compensation types as Retirement Eligible Compensation.

The County Payroll Manager has provided SJCERA staff the information required to evaluate the new 2020 earnings codes for retirement eligibility, as provided in Attachment I. Staff has evaluated the earnings codes in Attachment I and determined the earnings codes to be substantially the same as other codes the Board previously approved as Pensionable Compensation and Compensation Earnable.

These codes were included in the *Alameda* Decision Ad Hoc Committee's review of codes and the committee did not recommend any changes in staff's determination. However, in accordance with policy, the codes still require ratification by the Board, which is the purpose of today's action.

In the past, staff has provided the Board a comprehensive list of retirement-eligible earnings codes in addition to the ratification report. However, pursuant to the Ad Hoc Committee's recommendation on Agenda Item 6.0, *Alameda* Decision Earning Codes Review, the eligibility of some of those codes may change. To avoid the potential confusion of a code being referenced as retirement eligible in Agenda Item 5.02-02 (this item), only to have its retirement eligibility reconsidered later in the agenda, staff omitted the complete list of retirement-eligible codes from the Agenda Item 5.02-02 materials (this item). If the Board would like a complete list of retirement-eligible codes, it can be updated to reflect the decisions made at the January meeting and provided at the February meeting.

ATTACHMENTS

2020 Earnings Code Retirement-Eligible Ratification Report

JOHANNA SHICK
Chief Executive Officer

GREG FRANK
Management Analyst III

ATTACHMENT I

2020 EARNINGS CODE RETIREMENT-ELIGIBLE RATIFICATION REPORT

Per the Retirement-Eligible Compensation Policy, the Board shall annually adopt and revise a resolution designating which compensation types shall be included in Retirement-Eligible Compensation

DATE	EARNINGS PAY CODE	DESCRIPTION	(TIER 1) COMPENSATION EARNABLE	(TIER 2) PENSIONABLE COMPENSATION	WORKSHEET SUBMITTED BY COUNTY PAYROLL
Mar-20	A4W	Longevity Pay 3%	Y	Y	Y
Mar-20	P4W	Longevity Pay 3% OT	N	N	Y
Mar-20	Q4W	Longevity Pay 3% Holiday	Y	Y	Y
Mar-20	R4W	Retro-Longevity Pay 3%	Y	Y	Y
Mar-20	A4X	Longevity Pay 6%	Y	Y	Y
Mar-20	P4X	Longevity Pay 6% OT	N	N	Y
Mar-20	Q4X	Longevity Pay 6% Holiday	Y	Y	Y
Mar-20	R4X	Retro-Longevity Pay 6%	Y	Y	Y
Apr-20	LSB	Emergency Paid Sick Leave (HR 6201 COVID Response)	Y	Y	Y
Apr-20	MTO	Mandatory Time Off (Isolation period for Sergeants and Deputy Sheriffs assigned to Patrol-COVID)	Y	Y	Y
Apr-20	EFM	Paid Expanded FMLA (HR 6201 COVID Response)	Y	Y	Y
Jun-20	EXT	Extension of leave accruals for essential employees working during the public health crisis extended from June 30 to December 31, 2020.	Y	Y	Y
Aug-20	A1C	Referral Bonus	N	N	Y
Aug-20	A1F	Recruitment Incentive	N	N	Y
Nov-20	A4Y	Employees assgined to Medical Guard Unit or Special Care Clinic, 3 % supplement	Y	Y	Y
Nov-20	P4Y	Employees assgined to Medical Guard Unit or Special Care Clinic, 3 % supplement - Overtime Pay	N	N	Y
Nov-20	Q4Y	Employees assgined to Medical Guard Unit or Special Care Clinic, 3 % supplement - Holiday Pay	Y	Y	Y
Nov-20	R4Y	Employees assgined to Medical Guard Unit or Special Care Clinic, 3 % supplement - Retro Pay	Y	Y	Y

Agenda Item 6.0

January 8, 2021

SUBJECT: ***Alameda*** **Decision Earnings Codes**

SUBMITTED FOR: ___ CONSENT __X_ ACTION ___ INFORMATION

RECOMMENDATION

Adopt the *Alameda* Decision Ad Hoc Committee's recommendation to make the earnings codes listed in Attachment A of Resolution 2021-01-01 ineligible for all future final average compensation periods, and those in Attachment B to be ineligible for new employees hired on or after a specific date to be determined by the Board. The date July 1, 2021, is suggested for discussion purposes.

PURPOSE

To refine the Board of Retirement's determination of retirement eligible earnings codes in light of the California Supreme Court July 30, 2020 *Alameda* decision, which among other things, clarified that Boards of Retirement have discretionary authority to refine their determinations of compensation earnable and pensionable compensation.

DISCUSSION

On July 30, 2020, the California Supreme Court issued a decision in the *Alameda County Deputy Sheriffs' Association, et al. v. Alameda County Employees' Retirement Association, et al.* case (referred to as the *Alameda* decision). SJCERA is bound by the *Alameda* decision because it interprets the County Employees' Retirement Law, which governs SJCERA.

In the decision, the Court determined that pay for hours "in excess of your normal working hours" cannot be included in calculating retirement benefits as of January 1, 2013 and that Boards of Retirement do not have authority to include items that are considered "in-kind" benefits under law. To comply with the *Alameda* decision, the Board of Retirement voted, at its October 15, 2020 meeting, to exclude three pay types from retirement benefit calculations: 1. Stand-By Pay, 2. Correctional Briefing Pay 3. Employer Contributions to Deferred Compensation on the Member's Behalf.

In addition to the above mandatory exclusions, the Court clarified that Boards of Retirement have discretionary authority to refine their determinations of compensation earnable and pensionable compensation. That discretionary authority to limit the pensionability of certain types of benefits was further described and upheld in *Marin Assn. of Public Employees v. Marin County Employees' Retirement Association* ((2016) 2 Cal.App.5th 674, 692) (the *Marin County* decision). In the *Marin County* decision, the court upheld the retirement board's exclusion of *all* in-kind conversions for final compensation periods following January 1, 2013. The California Supreme Court permitted the *Marin County* decision to remain published and did not review it following the *Alameda* decision.

In light of the *Alameda* decision, the Board of Retirement Chair appointed an ad hoc committee to conduct an in-depth review of any earnings codes meriting further consideration and bring their recommendations back to the full Board for consideration.

The *Alameda* Decision Ad Hoc Committee has completed its review of earnings codes. The Committee held a series of meetings with personnel and payroll experts to learn how the codes are used. Following each meeting with the personnel and payroll experts, the Committee met with counsel to review what they had learned and determine whether the code should remain retirement eligible or be changed to ineligible for future FAC periods.

The Committee recommends that SJCERA's more than 500 earnings codes remain the same, except for those noted on Attachments A and B. If the Board exercises its discretionary authority to revise the retirement eligibility of earnings codes as indicated on Attachments A and B, the Committee further recommends the following implementation plans:

- Attachment A: Implement changes only for prospective final average compensation (FAC) periods. This means SJCERA will use the highest earnings wherever they occur in a member's career: if the earnings on Attachment A were retirement eligible when the member earned them, SJCERA will use them in the member's retirement benefit calculation. For example, if the member's highest FAC period is from before the codes became retirement ineligible, SJCERA will use the earnings from the (subsequently ineligible) codes in calculating the employee's benefit. This enables SJCERA to make prudent changes to the retirement eligibility of earnings while protecting members from unexpected changes--particularly those that are retiring in the near term. This approach also tracks the approach taken to such across-the-board new exclusions discussed in the *Marin County* decision.
- Attachment B: Implement changes for new (and returning) employees hired on or after a date to be determined by the Board. These changes would not affect existing employees who promote into a position eligible for the pay type.

Finally, while the Committee does not recommend changing the retirement eligibility of the remaining earnings codes, the Committee directed staff to review the payment of these earnings types in accordance with the *Final Compensation Review* policy and review the effectiveness of internal controls related to implementing that policy.

JShick

JOHANNA SHICK
Chief Executive Officer

RESOLUTION TITLE: ALAMEDA DECISION EARNINGS CODES REVIEW

RESOLUTION NO. 2021-01-01

WHEREAS, Government Code Sections 31460 and 31461 define and specify Compensation that is included in, and excluded from, Compensation Earnable and establishes the Board of Retirement as responsible for determining Compensation Earnable for members of the San Joaquin County Employees' Retirement Association; and

WHEREAS, Government Code Sections 31460 and 7522.34 define and specify the Compensation that is included in, and excluded from, Pensionable Compensation and establishes the Board of Retirement as responsible for determining Pensionable Compensation for employees subject to the Public Employees' Pension Reform Act (PEPRA) of 2013; and

WHEREAS, Compensation Earnable and Pensionable Compensation are used to determine the retirement contributions payable to SJCERA and the benefits payable by SJCERA to members and beneficiaries; and

WHEREAS, in July 1995, the Board established guidelines for determining Compensation Earnable as adopted in Resolution 95-07-01; and

WHEREAS, in December 2012, the Board established guidelines for determining Pensionable Compensation for new members in Tier 2 as adopted in Resolution 2012-12-04; and

WHEREAS, the Board from time to time has amended its determination of Compensation Earnable and Pensionable Compensation due to changes in the compensation schedules of employers participating in SJCERA and/or changes in applicable law; and

WHEREAS, an Ad Hoc Committee appointed by the Board Chair following *Alameda County Deputy Sheriffs' Association, et al. v. Alameda County Employees' Retirement Association, et al.* case (referred to as the *Alameda* decision) has reviewed SJCERA's current earnings codes in light of the *Alameda* decision and *Marin Assn. of Public Employees v. Marin County Employees' Retirement Association* ((2016) 2 Cal.App.5th 674, 692) (the *Marin County* decision), which among other things, clarified that Boards of Retirement have discretionary authority to refine their determinations of compensation earnable and pensionable compensation, and limit retirement allowances accordingly, consistent with the statutory authority provided to them.

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the *Alameda* decision and the *Marin County* decision, the Board of Retirement hereby updates its determination of Compensation Earnable for members of SJCERA Tier 1 and Pensionable Compensation for members of SJCERA Tier 2 to include the revised earnings codes as contained in Attachments A and B, which are hereby incorporated into and made a part of this Resolution 2021-01-01, and which are to be implemented as follows:

1) The new rules set forth in Attachment A shall apply only to SJCERA members who retire from SJCERA on and after January 8, 2021, and only then as to the portion of their final average compensation periods that occur on or after the Board's adoption of the new exclusions.

2) The new rules set forth in Attachment B shall apply only to SJCERA members who enter, or re-enter, SJCERA active membership on or after July 1, 2021.

BE IT FURTHER RESOLVED that the determinations made herein shall remain in effect until such time as this Board, the Legislature or the Courts take action that requires a different determination.

PASSED AND ADOPTED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 8th day of January 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

History:
Revised by Resolution No. 95-07-01
Revised by Resolution No. 96-06-03
Revised by Resolution No. 97-06-03
Revised by Resolution No. 98-03-01
Revised by Resolution No. 98-04-01
Revised by Resolution No. 98-10-01
Revised by Resolution No. 2000-07-01
Revised by Resolution No. 2000-10-01
Revised by Resolution No.2001-03-03

Revised by Resolution No. 2002-02-01
Revised by Resolution No. 2002-11-01
Revised by Resolution No. 2004-07-01
Revised by Resolution No. 2007-07-13
Revised by Resolution No. 2010-06-03
Revised by Resolution No. 2012-12-04
Revised by Resolution No. 2015-09-01
Revised by Resolution No. 2017-02-02
Revised by Resolution No. 2017-08-01
Revised by Resolution No. 2018-01-02
Revised by Resolution No. 2019-01-01
Revised by Resolution No. 2020-10-04
Revised by Resolution No. 2021-01-01

1 **ATTACHMENT A - ALAMEDA DECISION AD HOC COMMITTEE RECOMMENDED CHANGES TO RETIREMENT-ELIGIBLE EARNINGS CODES**

Following a review of all SJCERA earnings codes, the committee recommends the changes noted in red for future FAC periods.

	Earnings Code	PeopleSoft Earnings Code Description	MOU Reference & Job Item Description (Description of when this code is used and to whom it applies)	CONCLUSION Comp Earnable Tier 1	CONCLUSION Pensionable Comp Tier 2	PEPRA Mandatory Exclusions for Tier 2	PEPRA Discretionary Exclusions for Tiers 1 and/or 2
4	A10	Lump Sum Payment	Lump sum payment for annual performance goals	N	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1)(B) [ad hoc/one-time payment]
5	A11	Recruit Incentive-AC	10% Recruit Incentive supplement. *Note: The Committee discovered that this code was most recently used to provide a 10% work-above-class supplement for a few months in 2018. Prior to that it hadn't been used since 2003.*	N	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1)(B) [ad hoc/one-time payment]
6	A1E	Essential Worker	Per BOS R-20-198 in response to the Federal Family First Coronavirus Response Act (HR 6201) for employees that are essential	N	N	PEPRA Exclusion for Tier 2 under §7255.34(c) subd. (10) [bonus], (11) [inconsistent with (a)], and (12) [not pensionable comp.]	
7	A1U	Director Incentive Comp	11% Recruit Incentive supplement	N	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1)(B) [ad hoc/one-time payment]
8	A3O	Physician Incentive Pay	Per Physician MOU Unit P Side Letter - OB/GYN share 60% of net collections; Anesthesiologists receive 15% of professional fee charges from inpatient clinical work; Psychiatry/Child Psychiatry 100% guaranteed salary and 0.8% for every 1% above 50% direct service productivity. These incentives are paid monthly.	N	N		Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit] Possible PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]
9	A80	Recruit Retent Supp	Recruitment Retention Supplement of 10%	N *Coordinate w/ HR; create new job class for Deputy Director II*	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1)(B) [ad hoc/one-time payment]
10	OBR	Overtime w Ben-Retire x1.5	Per various MOUs - Created to make the employee whole. When an employee works 80 hrs in two weeks, but one or more of their shifts is less than 8 hours apart from previous shift, the MOU requires that the second shift is paid at OT rate. Because the total time worked in 2 weeks is still 80 hours, absent the MOU requirement, this time would have been paid at straight time rate (not overtime). OBR was created because regular OT is not tied to any accruals. If the regular OT code had been used, the employee would have been shorted on seniority, vacation, sick leave, and retirement. Allows employee in this situation to be made whole in terms of their normal accruals. The OBR code is at 1.5x--change to 1.0x and create new code for the 0.5x as OT and not be retirement eligible.	Y *Leave as Y for only straight time, 1x. Create new overtime code for .5x*	Y *Leave as Y for only straight time, 1x. Create new overtime code for .5x*	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase retirement benefit], (2) [in-kind conversion] (5) [unused leave], (8) [overtime], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit]
11	ORT	Overtime FLSA Retire x1.5	Similar to OBR code, but only allows for retirement accruals, not other accruals such as vacation, sick, and seniority. Originally created for the airport, now being used for staff in non-benefitted positions who have less than 8 hrs between shifts. The ORT code is at 1.5x--change to 1.0x and create new code for the 0.5x as OT and not be retirement eligible	Y *Leave as Y for only straight time, 1x. Create new overtime code for .5x*	Y *Leave as Y for only straight time, 1x. Create new overtime code for .5x*	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase retirement benefit], (2) [in-kind conversion] (5) [unused leave], (8) [overtime], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	Possible PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit]
12	Q1E	Essential Worker Holiday Pay	Per BOS R-20-198 in response to the Federal Family First Coronavirus Response Act (HR 6201) for employees that are essential	N	N	PEPRA Exclusion for Tier 2 under §7255.34(c) subd. (10) [bonus], (11) [inconsistent with (a)], and (12) [not pensionable comp.]	
13	R10	Ret-Lump Sum Payment-200	Retro pay for A10 - Lump sum payment for annual performance goals	N	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit], subd. (1)(B) [ad hoc/one-time payment]

	A	B	C	D	E	F	G
14	R11	Ret-Recruit Incentive-AC	Retro pay for A11 - 10% Recruit Incentive supplement	**N**	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit], subd. (1)(B) [ad hoc/one-time payment]
15	R1E	Ret-Essential Worker-5P	Per BOS R-20-198 - 5% in response to the Federal Family First Coronavirus Response Act (HR 6201) for employees that are essential. Resulting from pay rate changes for hours previously paid (i.e. retro merit increase).	**N**	**N**	PEPRA Exclusion for Tier 2 under §7255.34(c) subd. (10) [bonus], (11) [inconsistent with (a)], and (12) [not pensionable comp.]	
16	R1U	RET-Director Incentive Comp	Retro pay for A1U - 11% Recruit Incentive supplement	**N**	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit], subd. (1)(B) [ad hoc/one-time payment]
17	R80	Ret-Recruit Retent Supp	Retro pay for A80 - Recruitment Retention Supplement of 10%	**N** *Coordinate w/ HR; create new job class for Deputy Director II*	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (3) [ad hoc payment], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	PEPRA Exclusion for Tier 1 under §31461(b) subd. (1) [Board determined exclusion: payment to enhance retirement benefit], subd. (1)(B) [ad hoc/one-time payment]

	A	B	C	D	E	F	G
19	**ATTACHMENT B - ALAMEDA DECISION AD HOC COMMITTEE RECOMMENDED CHANGES TO RETIREMENT-ELIGIBLE EARNINGS CODES** Following a review of all SJCERA earnings codes, the committee recommends the changes noted in red for new hires, **hired on or after July 1, 2021.**						
20	CCA	Cafeteria Allowance	Per various MOUs -Employees receive compensation for benefits from which premiums are deducted if they use one of the County-sponsored plans. If the employee doesn't use any or all of the allowance, they retain the amount as earnings.	**N** *Exclude for new hires after a date determined by BOR*	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (2) in-kind conversion, (7) [allowance], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	
21	T09	Ret-Cafe Benefit Credit	Retro pay for CCA - Cafeteria Allowance	**N** *Exclude for new hires after a date determined by BOR*	N	PEPRA Exclusion for Tier 2 under §7522.34(c) subd. (1) [paid to increase a member's retirement benefit], (2) in-kind conversion, (7) [allowance], (10) [bonus in addition to compensation in subd. (a)], (11) [inconsistent with requirements in subd. (a)], and (12) [Board determined should not be pensionable]	

Silver Point Capital

Prepared for San Joaquin County Employees' Retirement Association

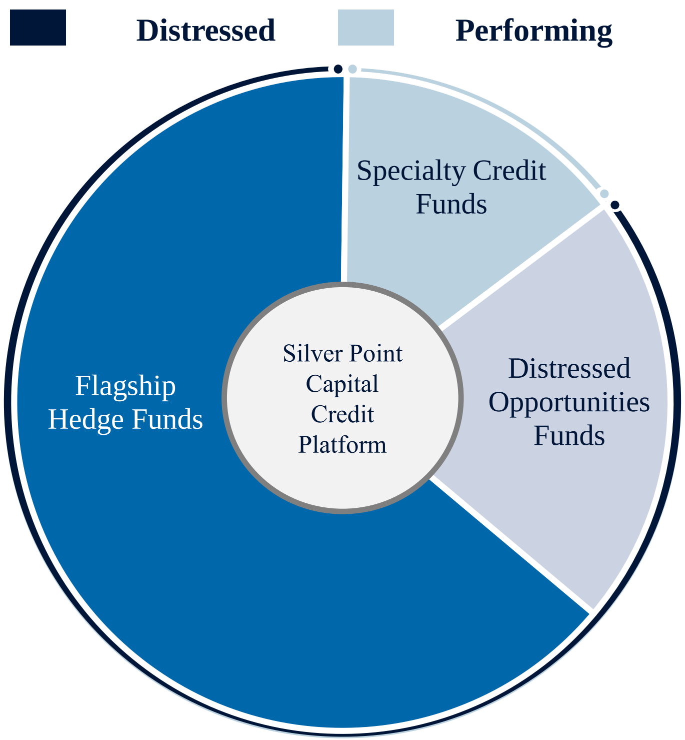
January 2021

Silver Point Capital Today

Since inception, Silver Point's business model has been built around a core platform of investing in global credit opportunities

SILVER POINT TODAY

Founded in 2002 by Ed Mulé and Bob O'Shea	**18+ year track record in global credit investing across credit cycles**	**Over $11 bn[1] AUM across synergistic strategies, all leveraging the Firm's core fundamental credit expertise**	**170 employees, including ~60 investment professionals**	**Deep, fundamental credit analysis with top down, macro perspective**



[1] As of November 30, 2020. For purposes of calculating AUM, we have included all committed capital and taken into account investor capital activity as of the first business day of the month following the relevant month.

Please review pages 13-15 for important explanatory notes and considerations.

Biographies

Silver Point Capital was launched in 2002 by Ed Mulé and Bob O’Shea

Edward A. Mulé
Founding Partner, Chief Executive Officer & Portfolio Manager

Mr. Mulé is the CEO of Silver Point Capital and Portfolio Manager of Silver Point’s funds, having built and run the Firm since inception in 2002. Prior to founding Silver Point, Mr. Mulé worked for more than 16 years at Goldman Sachs. Mr. Mulé, together with Mr. O’Shea, built and led Goldman’s distressed debt and special situation lending businesses. He headed or co-headed Goldman’s Special Situations Investing Business from 1999 to 2001, the Asian Distressed Debt Investing Business from 1998 to 2001, and associated funds, including the $1.525 billion Goldman Sachs Special Opportunities (Asia) Fund. Mr. Mulé and Mr. O’Shea established a senior secured, special situation lending business while at Goldman Sachs. He was elected general partner in 1994. Before joining Goldman’s distressed debt efforts in 1995, Mr. Mulé worked for Jon Corzine and Henry Paulson in 1994 and Robert E. Rubin and Stephen Friedman from 1991 to 1994 in the Office of the Chairman. In this role, he assisted the chairmen on strategy and its implementation, as well as reengineering, setting up control and compliance infrastructure and cost cutting. Prior to that, Mr. Mulé was an investment banker in the Mergers and Acquisitions Department from 1984 to 1991, specializing in a number of areas, including telecommunications, consumer products and forest products. He was a member of Goldman’s Senior Traders Committee. Mr. Mulé graduated magna cum laude from the University of Pennsylvania’s Wharton School, contemporaneously receiving both his M.B.A. and B.S. degrees at the age of 21.

Robert J. O’Shea
Founding Partner & Chairman

Mr. O’Shea is the Chairman of Silver Point Capital, having built and run the Firm since inception in 2002. Prior to founding Silver Point, he retired from Goldman Sachs as the Global Head of the High Yield Business Unit after almost 10 years at the firm. Mr. O’Shea, together with Mr. Mulé, built and led Goldman Sachs’ distressed debt and special situation lending businesses. Mr. O’Shea also led all of the firm’s high yield bond and bank loan underwriting, trading, sales, capital markets and research and the collateralized debt obligation (CDO) business. Together, with Mr. Mulé, Mr. O'Shea established a senior secured, special situation lending business while at Goldman Sachs. Mr. O’Shea was a member of Goldman’s Risk Committee which was comprised of approximately 15 partners, including the CEO, who were responsible for managing the firm’s global risk exposure. He was also on the Board of Goldman Sachs International Bank and Senior Traders Committee. He was elected general partner in 1994 at the age of 29. Mr. O’Shea joined Goldman Sachs in 1990 as the firm’s first distressed bank loan trader. Prior to working at Goldman Sachs, he worked at Bear Stearns in the High Yield and Bankruptcy Department and Security Pacific Bank in the Merchant Banking Group. Mr. O’Shea graduated from Fordham University with a B.S. in Finance.

Please review pages 13-15 for other important explanatory notes and considerations.

Biographies (continued)

Eve R. Teich
Partner, Head of Investor Relations

Ms. Teich joined Silver Point Capital in 2003 to build the Firm's investor relations and business development function and became a partner in 2017. Ms. Teich is the Head of Investor Relations, which also includes overseeing all fundraising processes as well as responsibility for product development, public relations and brand management. Prior to Silver Point, Ms. Teich worked at Morgan Stanley as an Executive Director in Prime Brokerage. Prior to joining Morgan Stanley, she worked in London with City Forum Ltd., developing international business conferences. Ms. Teich graduated with honors from Washington University in St. Louis with a B.S.B.A. in Finance and Marketing.

Please review pages 13-15 for other important explanatory notes and considerations.

Specialty Credit – Investment Team

Silver Point's Specialty Credit team has significant experience in direct lending across multiple credit cycles, and leverages a tenured and well-resourced team, including the depth of resources, knowledge and expertise of the Firm

57 Investment Professionals

SCF II Investment Team

Origination (5)

Due Diligence / Analysis / Execution (9)

Monitoring / Asset Management (6)

Industry-focused Investment Analysts (26)

Trading Desk (4)

Risk Management Analysts (5)

97 Infrastructure Professionals

Accounting & Operations

Legal & Compliance

Investor Relations

Information Technology

HR / Facilities

Note: As of September 30, 2020.

Lending Throughout Cycles

Silver Point and its Founders have extensive experience building specialty direct lending platforms and successfully originating and managing lending assets throughout multiple credit cycles

1996 | 2002 | 2015 | 2019

1996 – 2001
Silver Point's Founders built and ran Goldman's special situation lending platform, beginning in the mid-1990's

2002 – 2015
Silver Point established a lending platform in 2003 (Pre-Specialty Credit Fund), from which it deployed \$9.0bn[1] across ~130 self-originated loans, with a focus on senior secured specialty financing opportunities

2015 – Present
Specialty Credit Fund I has invested \$1.7bn in specialty direct lending opportunities[1]

2019 – Forward
Specialty Credit Fund II will seek to continue Silver Point's specialty, middle-market origination strategy

[1] Amounts reflect Aggregate Invested Capital. Please see page 13 for descriptions of the "Pre-Specialty Credit Fund" loans and the determination of Aggregate Invested Capital for the Pre-Specialty Credit Fund and SCF I.

Committee-Driven Investment Process

Silver Point has an experienced and established committee-driven investment process, with a focus on maximizing value and reducing risk by considering both the macro and micro investment considerations

- SCF II's investment process includes both a bottom-up credit evaluation of individual positions and a top-down view on markets and macro risk

Silver Point Markets Committee
Macro & Technical Overlay

- SCF II will leverage Silver Point's Markets Committee activities which help inform where we are in a credit and business cycle and the impact it may have on businesses and industries / sectors, themes and valuations

SCF II Investment Committee
Individual Position Analysis

Members: *Portfolio Manager; Partner; Senior Analyst; Industry Focused Senior Analyst*

- The Investment Committee reviews and approves all Fund investments

Specialty Credit – Investment Process

We believe attractive opportunities in specialty direct lending persist across cycles if your business model and process are properly structured

Platform → Sourcing → Underwriting → Structuring & Documentation → Monitoring & Asset Management

- **Platform:** SCF II will benefit from being a part of Silver Point's ~$11 billion global credit platform
- **Sourcing:** Differentiated sourcing across (i) dedicated resources, (ii) a broad external network of deep relationships across advisors, investment banks, corporate borrowers, lawyers, PE sponsors and broker / dealers and (iii) Silver Point's internal platform of 57 investment professionals
- **Underwriting:** SCF II will leverage Silver Point's deep credit and industry expertise to understand companies across sectors and high barrier-to-entry opportunities
- **Structuring & Documentation:** Deep credit analysis, expertise across industries, and underwriting skills rooted in Silver Point's experience have informed our loan structuring with enhanced downside protection
- **Monitoring & Asset Management:** Monitoring and asset management function with significant experience managing assets throughout cycles

Specialty Credit Fund II – Target Investments

SCF II is set up to take advantage of what we believe is a significant opportunity set in special situation lending and mispriced secondary opportunities with attractive risk-adjusted return characteristics

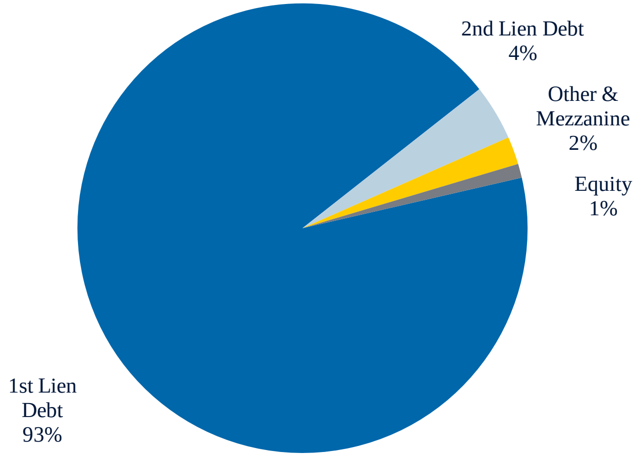
	Opportunity
Special Situation Middle-Market Lending	• Loans to companies sourced through a broad and differentiated sourcing network leveraging Silver Point's ability to be a provider of capital to borrowers in situations that are (i) less competitive and (ii) require a lender who can perform fundamental credit analysis, and who has the ability to structure loans and commit capital
Rescue Lending	• Loans to high quality companies with an imminent capital need
Secondary Opportunities	• Mispriced secondary opportunities, including attractive, performing, secured bank loans purchased at a material discount to par
Special Situation Asset-Based Lending Opportunities	• Loans collateralized by hard assets, often real estate, typically requiring a lender's ability to underwrite the collateral, structure the loan, and provide speed and certainty of execution

Specialty Credit Fund I – Summary Fund Overview[1]

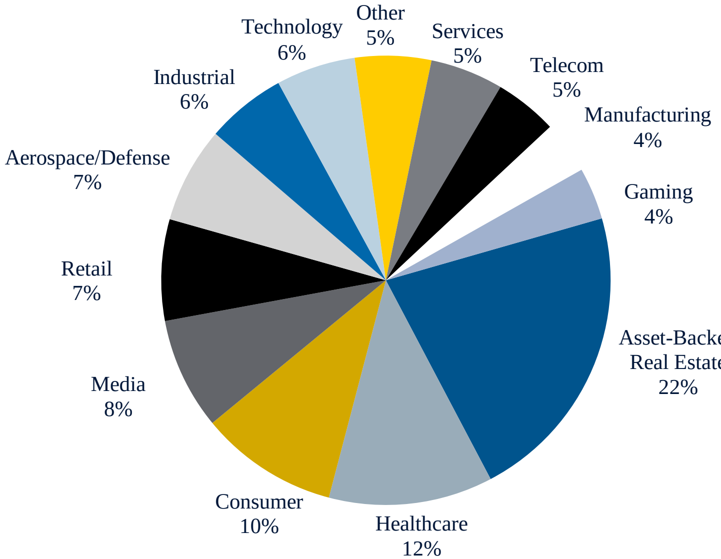
Specialty Credit Fund I Overview

Fund Inception	July 2015
Aggregate Invested Capital	$1,732 million

Asset Type Exposure



Industry Exposure

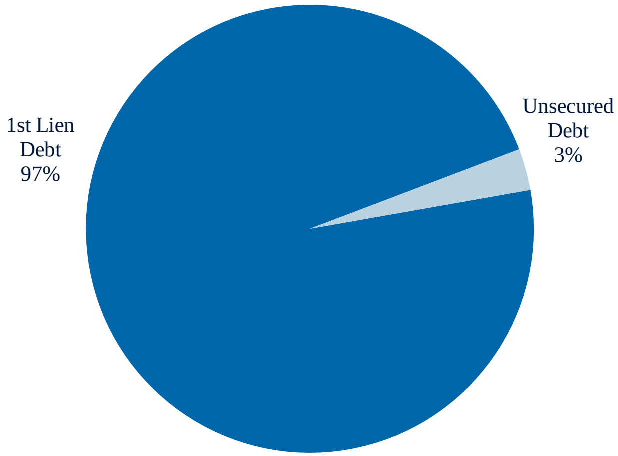


[1] Information is as of September 30, 2020 and reflects information relating to all investments made by Silver Point Specialty Credit Fund, L.P. since inception. Please see “Important Considerations” on page 13 for the definition of Aggregate Invested Capital and important explanatory notes, definitions and considerations.

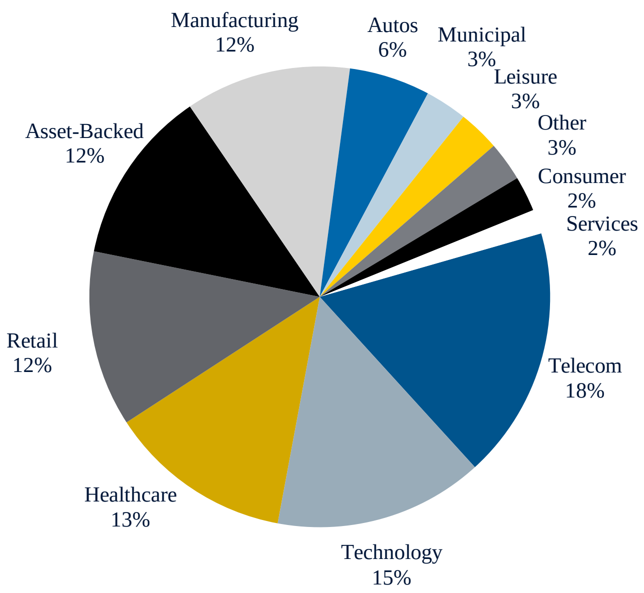
Specialty Credit Fund II – Summary Fund Overview[1]

Specialty Credit Fund II Overview	
Fund Inception	September 2019
Capital Commitments[2]	Over $1.1 billion

Asset Type Exposure



Industry Exposure



[1] Information is as of September 30, 2020 and reflects information relating to all investments made by Silver Point Specialty Credit Fund II, L.P. since inception. Please see "Important Considerations" on page 13 for important explanatory notes, definitions and considerations.
[2] Inclusive of expected commitments through January 8, 2021.

Q&A

Important Considerations

IMPORTANT CONSIDERATIONS

General

The information contained herein does not take into account the particular investment objectives or financial circumstances of any specific person who may receive it. It is not intended to provide, and should not be relied upon for, accounting, legal or tax advice. You should consult your tax, legal, accounting or other advisors about the matters discussed herein. This presentation is for informational purposes only, and is not intended to be, and should not be, relied upon by the recipient as an investment recommendation, in connection with any investment decision related to Silver Point Specialty Credit Fund II (the "Fund", "Specialty Credit Fund II" or "SCF II") or for any other purpose. Any such investment decision should be based solely on the information contained in the Fund's Confidential Offering Memorandum. While the information contained herein has been prepared in good faith, we make no representation as to its accuracy or completeness.

No assumption should be made that any investor will have an investment experience similar to that of any previous or existing investor or that any investor will achieve returns comparable to those shown.

The categorizations of investments by asset type, industry, use of proceeds, investment theme or any other category have been determined by Silver Point Capital, L.P. (the "Firm", "Silver Point", "we" or "our"). Certain of these categories are highly subjective and there can be no assurance that such investments could not reasonably be placed in categories other than those selected by Silver Point. In addition, Silver Point changes its categorizations of its investments and may or may not thereafter revise prior period exposure calculations.

Past performance is neither indicative nor a guarantee of future results. Actual investment performance of the Fund could differ materially from the returns presented herein.

"Pre-Specialty Credit Fund" refers to a group of small and middle market loans that were exclusively or primarily originated by Silver Point or sourced through Silver Point's origination team into Silver Point Capital Fund, L.P. and Silver Point Capital Offshore Fund, Ltd. (together, the "Flagship Funds") (and affiliated entities) from July 2003 until November 2013, after which originated loans were warehoused for Silver Point Specialty Credit Fund, L.P. The identification of loans as Pre-Specialty Credit Fund was made by Silver Point and there can be no guarantee that such loans could not reasonably be categorized in a different manner. The investment program of the Flagship Funds differs in significant respects from the anticipated investment activities of the Fund. In particular, the Flagship Funds are open-ended and have a broader investment mandate. The Pre-Specialty Credit Fund's IRR calculations are based on amounts invested by the Flagship Funds and any affiliated entities (and does not include investments made by third parties).

Whereas the Fund is a closed-end investment fund with capital called over the Investment Period on an as-needed basis, the Flagship Funds were structured as open-ended investment funds, and were thus subject to different terms, including liquidity rights, than those applicable to the Fund. The investment performance information relating to the Flagship Funds provided herein includes cash and cash equivalents held temporarily in the Flagship Funds. In addition, the capital structures, investment guidelines, diversification requirements, risk-return thresholds and collateral tests and, therefore, the investment results for open-ended funds are not directly comparable to the results that a finite-term fund (such as the Fund) may obtain.

There can be no assurance that similar investment opportunities will be available or pursued by SCF II in the future or that SCF II's investments will be successful. Differences in fund size, timing of transactions and market conditions prevailing at the time of investment may lead to different results.

Terms have been defined below once, unless used in varying ways.

Silver Point – Lending Throughout Cycles (Page 5)

"Aggregate Invested Capital" - With respect to Pre-Specialty Credit Fund, Aggregate Invested Capital presents, on an aggregated basis, the peak market exposure for each deal based on month-end exposure values. With respect to SCF I and II, Aggregate Invested Capital reflects the relevant fund's maximum aggregate net dollars funded to the issuer(s) (either directly or through secondary transactions) during the period in which such issuer(s) were held by SCF I and II, respectively.

IMPORTANT LEGAL CONSIDERATIONS

Risk Disclosure

Certain information referenced herein is unaudited and subject to revision without notice. Any revisions to such information (whether as a result of a fund's audit or otherwise) could have a material impact on the exposure data.

The Fund will invest in certain instruments (1) that are generally less liquid than publicly-traded securities and (2) for which reliable market quotations generally are not available. The Fund will hold such instruments at fair value, which will be determined in accordance with the Fund's valuation procedures. However, there is no single standard for determining fair value in good faith of private investments and, in many cases, fair value is best expressed as a range of fair values from which a single estimate can be derived. There can be no assurance that the valuations assigned to the Fund's investments will ever be realized.

RISK OF LOSS. An investment in the Fund involves a high degree of risk and should be considered only by investors who can withstand the loss of all or a substantial part of their investment. No guarantee or representation is made that the Fund's investment programs, including, without limitation, the Fund's investment objectives, diversification strategies, or risk monitoring goals, will be successful, and investment results may vary substantially over time. Economic, market and other conditions could also cause the Fund to alter its investment objectives, guidelines and restrictions. Investment losses may occur from time to time. Nothing herein is intended to imply that the Fund's investment methodology may be considered "conservative", "safe", "risk free" or "risk averse". PAST PERFORMANCE IS NEITHER INDICATIVE NOR A GUARANTEE OF FUTURE RESULTS. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

CERTAIN OTHER RISKS. An investment in the Fund is illiquid and may be ultimately realized at less than the original amount invested. Please review the terms and conditions of the Fund's as set forth in the Memorandum. The Fund's interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable statutes and the Memorandum. Accordingly, investors should be aware that they may be required to bear the financial risks of an investment in such interests for an indefinite period of time. There is no secondary market for an investor's interests and none is expected to develop. There can be no assurance that the Fund will achieve its investment objectives and performance may be volatile. The foregoing risk factors do not purport to be a complete explanation of the risks involved in an investment in the Fund. Investors should read the entire Memorandum before making investment determinations, including the section entitled "Certain Risk Factors."

NOT AN OFFER OR SOLICITATION. This document is not intended to be, nor should it be construed or used as an offer to sell, or a solicitation of any offer to buy, interests in the Fund. No offer or solicitation may be made prior to the delivery of the Memorandum, which will contain additional information about the Fund, including disclosures relating to risk factors.

CONFIDENTIALITY. The information contained herein is confidential, is intended only for the person to whom it has been provided and under no circumstance may a copy be disclosed, duplicated, transmitted, or otherwise given to any person other than the authorized recipient without the prior written consent of Silver Point. Any recipient of the information contained herein that is a registered user on our password-protected website will also be subject to the confidentiality provisions contained in the User Agreement. Notwithstanding anything to the contrary herein, any investor in the Fund (and each employee, representative, or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of: (i) the Fund and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Fund or (ii) the parties to a transaction. The distribution of the information contained herein in certain jurisdictions may be restricted, and, accordingly, it is the responsibility of any prospective investor to satisfy itself as to compliance with relevant laws and regulations.

FORWARD-LOOKING STATEMENTS. Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on such statements.

CCPA NOTICE

This notice contains disclosures relevant to the California Consumer Privacy Act (“CCPA”) and only applies to the collection/use of “personal information” (“PI”) of California (“CA”) residents that is subject to the CCPA.

In the past 12 months, we have collected the following categories of PI about CA consumers: personal identifiers, other PI categories as listed in the California Customer Records statute, protected classification characteristics under CA or federal law, commercial information, and professional or employment-related information. We obtain PI from potential and actual investors, service providers, Affiliates not under the Silver Point brand, and business partners. We may use the PI we collect for the following purposes: providing information about our products; providing performance and other updates; performing services such as account servicing, processing, and analytics; auditing related to our interactions with you; legal compliance; and internal operations. We may provide PI to service providers; affiliates; business partners; and legal or government regulatory authorities. In the past 12 months, we have not sold any PI we collect to third parties, and we have shared the PI categories we collect only as set forth above.

The CCPA provides a CA consumer the following rights, subject to certain exceptions and limitations: the right to request the categories and specific pieces of PI we collect, use, disclose, and sell (as applicable) about you, the categories of sources from which we collected your PI, our purposes for collecting/selling your PI, the categories of your PI (if any) that we have sold or disclosed for a business purpose, and the categories of third parties with which we have shared PI; for certain PI categories, the right to request a list of what PI (if any) we disclosed to third parties for their own direct marketing purposes in the past 12 months and the names and addresses of those third parties; the right to request that we delete the PI we have collected from/maintain about you; the right to opt out of our sale(s) of your PI (notwithstanding that we do not sell PI); and the right not to receive discriminatory treatment for exercising CCPA privacy rights. You may submit requests relating to your CCPA rights via phone 203-542-4880 or by emailing irelations@silverpointcapital.com.

SILVER POINT
CAPITAL

San Joaquin County Employees Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] — November 2020

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
TOTAL PLAN[1]			**$ 3,373,953,919**	**100.0%**	**100.0%**	**4.9**	**2.5**	**4.3**	**5.5**	**5.5**	**6.3**	**7.7**	**Apr-90**
Policy Benchmark [4]						*5.6*	*4.5*	*8.4*	*9.7*	*7.4*	*7.9*	*7.7*	
Difference:						-0.7	-2.0	-4.1	-4.2	-1.9	-1.6	0.0	
75/25 Portfolio [5]						*9.7*	*5.1*	*15.2*	*17.9*	*9.3*	*9.8*	*7.5*	
Difference:			.			-4.8	-2.6	-10.9	-12.4	-3.8	-3.5	0.2	
Broad Growth			**$ 2,450,428,931**	**72.6%**	**75.0%**	**6.9**	**3.6**	**2.6**	**4.8**	**5.9**	**7.6**	**8.3**	**Jan-95**
Aggressive Growth Lag[2]			**$ 235,824,883**	**7.0%**	**10.0%**	**-3.4**	**-3.4**	**-2.3**	**-1.4**	**8.3**	**7.2**	**-6.0**	**Feb-05**
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	*7.4*	*0.0*	
Difference:						-6.8	-23.4	-6.4	-6.1	1.9	-0.2	-6.0	
BlackRock Global Energy&Power Lag[3]	*$50,000*	*Global Infrastructure*	$ 10,489,431	0.3%		3.5	3.5	2.4	--	--	--	13.4	Jul-19
MSCI ACWI +2%Lag / 9% Lag						*3.4*	*20.0*	*4.1*	--	--	--	*7.3*	
Difference:						0.1	-16.5	-1.7	--	--	--	6.1	
Ocean Avenue II Lag[3]	*$40,000*	*PE Buyout FOF*	$ 33,611,187	1.0%		-11.8	-11.8	-6.7	-7.6	16.4	11.5	8.1	May-13
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	*7.4*	*7.9*	
Difference:						-15.2	-31.8	-10.8	-12.3	10.0	4.1	0.2	
Ocean Avenue III Lag[3]	*$50,000*	*PE Buyout FOF*	$ 53,224,819	1.6%		-5.6	-5.6	-2.1	2.9	32.1	--	19.5	Apr-16
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	--	*7.2*	
Difference:						-9.0	-25.6	-6.2	-1.8	25.7	--	12.3	
Ocean Avenue IV Lag[3]	*$50,000*	*PE Buyout*	$ 10,096,525	0.3%		0.5	0.5	17.5	--	--	--	17.5	Dec-19
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	--	--	--	*6.5*	
Difference:						-2.9	-19.5	13.4	--	--	--	11.0	
Morgan Creek III Lag[3]	*$10,000*	*Multi-Strat FOF*	$ 7,165,757	0.2%		1.2	1.2	-21.3	-32.0	-4.1	-2.9	-3.5	Feb-15
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	*7.4*	*7.6*	
Difference:						-2.2	-18.8	-25.4	-36.7	-10.5	-10.3	-11.1	
Morgan Creek V Lag[3]	*$12,000*	*Multi-Strat FOF*	$ 9,785,542	0.3%		-8.2	-8.2	-6.0	-2.1	8.0	8.6	11.4	Jun-13
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	*7.4*	*7.9*	
Difference:						-11.6	-28.2	-10.1	-6.8	1.6	1.2	3.5	
Morgan Creek VI Lag[3]	*$20,000*	*Multi-Strat FOF*	$ 21,511,900	0.6%		2.2	2.2	1.2	1.0	13.6	7.6	5.0	Feb-15
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	*6.4*	*7.4*	*7.6*	
Difference:						-1.2	-17.8	-2.9	-3.7	7.2	0.2	-2.6	
Opportunistic Private Real Estate													
Greenfield V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 240,142	0.0%		-23.8	-23.8	-24.5	-25.7	-4.8	-4.2	-3.2	Jul-08
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*6.4*	
Difference:						-22.1	-22.3	-24.0	-28.0	-10.6	-11.6	-9.6	
Greenfield VI[3]	*$20,000*	*Opportunistic Pvt. RE*	$ 254,061	0.0%		-9.4	-9.4	-19.6	-45.7	-32.7	-19.5	-7.8	Apr-12
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*9.6*	
Difference:						-7.7	-7.9	-19.1	-48.0	-38.5	-26.9	-17.4	
Greenfield VII[3]	*$19,100*	*Opportunistic Pvt. RE*	$ 13,153,942	0.4%		1.1	1.1	-3.5	5.3	10.6	12.1	11.7	Oct-14
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*8.6*	
Difference:						2.8	2.6	-3.0	3.0	4.8	4.7	3.1	
Grandview[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 17,493,807	0.5%		1.4	1.4	1.6	20.1	--	--	16.6	Apr-18
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	--	--	*5.3*	
Difference:						3.1	2.9	2.1	17.8	--	--	11.3	
Miller Global Fund V[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 8,651	0.0%		-13.0	-13.0	-26.2	-39.8	-5.0	-1.3	-20.5	Oct-05
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*8.2*	
Difference:						-11.3	-11.5	-25.7	-42.1	-10.8	-8.7	-28.7	
Miller Global Fund VI[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 186,875	0.0%		-73.4	-73.4	-84.4	-85.9	-43.1	-26.0	-12.1	May-08
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*6.5*	
Difference:						-71.7	-71.9	-83.9	-88.2	-48.9	-33.4	-18.6	
Miller Global Fund VII[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 139,526	0.0%		-21.7	-21.7	-41.3	-44.2	-23.6	-11.7	14.9	May-15
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*8.0*	
Difference:						-20.0	-20.2	-40.8	-46.5	-29.4	-19.1	6.9	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Total class returns are as of 9/30/20, and lagged 1 quarter.

[3] Manager returns are as of 9/30/20, and lagged 1 quarter.

[4] 4/1/20 to present benchmark is **32%** MSCI ACWI IMI, **10%** BB Aggregate Bond Index, **17%** *50%* BB High Yield/*50%* S&P Leveraged Loans, 6% NCREIF ODCE +1% lag; **10%** T-Bill +4%, **10%** MSCI ACWI +2%, **15%** CRO Custom Benchmark. Prior to 4/1/20 benchmark is legacy policy benchmark.

[5] 4/1/20 to present **75%** MSCI ACWI, **25%** BB Global Aggregate. Prior to 4/1/20 60% MSCI ACWI, 40% BB Global Aggregate.

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	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Opportunistic Private Real Estate (continued)													
Walton Street V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 2,462,348	0.1%		-2.7	-2.7	-7.8	-22.3	-14.0	-8.0	-5.0	Nov-06
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*7.4*	
Difference:						-1.0	-1.2	-7.3	-24.6	-19.8	-15.4	-12.4	
Walton Street VI[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 4,720,114	0.1%		0.4	0.4	-10.5	-10.4	-0.9	-0.1	6.6	Jul-09
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*8.6*	
Difference:						2.1	1.9	-10.0	-12.7	-6.7	-7.5	-2.0	
Value-Added Private Real Estate													
AG Core Plus IV[3]	*$20,000*	*Value-Added Pvt. RE*	$ 19,664,581	0.6%		-1.0	-1.0	0.3	5.1	8.4	6.9	4.0	Sep-15
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*7.5*	
Difference:						0.7	0.5	0.8	2.8	2.6	-0.5	-3.5	
Almanac Realty VI[3]	*$30,000*	*Value-Added Pvt. RE*	$ 3,800,670	0.1%		0.6	0.6	-28.7	-28.3	-12.1	-0.5	24.0	Feb-13
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*9.5*	
Difference:						2.3	2.1	-28.2	-30.6	-17.9	-7.9	14.5	
Colony Realty III[3]	*$21,000*	*Value-Added Pvt. RE*	$ 208,971	0.0%		6.4	6.4	-2.2	-14.5	-9.7	-5.1	21.0	Dec-09
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*9.7*	
Difference:						8.1	7.9	-1.7	-16.8	-15.5	-12.5	11.3	
Colony Realty IV[3]	*$21,000*	*Value-Added Pvt. RE*	$ 236,072	0.0%		-2.7	-2.7	-6.7	-58.6	-25.6	-12.3	1.0	Mar-13
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*9.5*	
Difference:						-1.0	-1.2	-6.2	-60.9	-31.4	-19.7	-8.5	
Stockbridge RE III[3]	*$45,000*	*Value-Added Pvt. RE*	$ 27,369,962	0.8%		-0.8	-0.8	0.1	3.9	--	--	0.0	Jul-18
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	--	--	*4.9*	
Difference:						0.9	0.7	0.6	1.6	--	--	-4.9	
Traditional Growth[2]			**$ 1,199,373,587**	**35.5%**	**32.0%**	**12.4**	**6.5**	**3.5**	**6.8**	**6.0**	**9.2**	**9.1**	**Jan-95**
MSCI ACWI IMI Net						*12.7*	*6.8*	*12.4*	*16.4*	*9.8*	*11.6*	*7.9*	
Difference:						-0.3	-0.3	-8.9	-9.6	-3.8	-2.4	1.2	
Global Equity			$ 1,161,174,505	34.4%									
Northern Trust MSCI World IMI		*All Cap Global*	$ 1,037,344,208	30.7%		13.0	--	--	--	--	--	6.5	Sep-20
MSCI World IMI Net						*13.1*	--	--	--	--	--	*6.4*	
Difference:						-0.1	--	--	--	--	--	0.1	
SJCERA Transition		*All Cap Global*	$ 441,324	0.0%		NM	NM	NM	--	--	--	NM	Jul-20
Emerging Markets			$ 123,388,973										
GQG Active Emerging Markets		*Emerging Markets*	$ 61,700,762	1.8%		5.0	6.2	--	--	--	--	10.8	Aug-20
MSCI Emerging Markets Index Net						*9.3*	*9.7*	--	--	--	--	*12.1*	
Difference:						-4.3	-3.5	--	--	--	--	-1.3	
PIMCO RAE Fundamental Emerging Markets		*Emerging Markets*	$ 61,688,211	1.8%		15.1	12.4	-7.7	-1.3	-1.2	8.5	4.0	Apr-07
MSCI Emerging Markets Index						*9.3*	*9.8*	*10.5*	*18.8*	*5.3*	*11.1*	*4.7*	
Difference:						5.8	2.6	-18.2	-20.1	-6.5	-2.6	-0.7	
REITS			$ 38,199,082	1.1%									
Invesco All Equity REIT		*Core US REIT*	$ 38,199,082	1.1%		6.2	-0.3	-11.5	-11.0	2.5	4.9	8.3	Aug-04
FTSE NAREIT Equity Index						*10.9*	*4.5*	*-10.9*	*-11.5*	*2.2*	*4.5*	*7.9*	
Difference:						-4.7	-4.8	-0.6	0.5	0.3	0.4	0.4	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] MSCI ACWI IMI Net as of 4/1/2020, MSCI ACWI Gross prior.

[3] Manager returns are as of 9/30/20, and lagged 1 quarter.

NM = Returns not meaningful

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	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Stabilized Growth			$ 1,015,230,461	30.1%	33.0%	2.7	2.0	3.1	4.3	5.1	5.9	3.6	Jan-05
Risk Parity			$ 395,354,348	11.7%		6.7	3.5	7.8	9.0	7.0	7.8	4.8	
T-Bill +4%						*0.3*	*1.0*	*4.3*	*4.8*	*5.7*	*5.3*	*4.6*	
Difference:						6.4	2.5	3.5	4.2	1.3	2.5	0.2	
Bridgewater All Weather		*Risk Parity*	$ 192,360,324	5.7%		5.8	2.3	5.8	7.7	6.0	7.0	5.1	Mar-12
T-Bill +4%						*0.3*	*1.0*	*4.3*	*4.8*	*5.7*	*5.3*	*5.6*	
Difference:						5.5	1.3	1.5	2.9	0.3	1.7	-0.5	
PanAgora Diversified Risk Multi-Asset		*Risk Parity*	$ 202,994,024	6.0%		7.6	4.8	9.8	10.2	7.8	--	8.5	Apr-16
T-Bill +4%						*0.3*	*1.0*	*4.3*	*4.8*	*5.7*	--	*5.3*	
Difference:						7.3	3.8	5.5	5.4	2.1	--	3.2	
Liquid Credit Lag[2]			$ 209,215,530	6.2%		1.8	10.5	-1.9	-1.2	2.1	2.6	2.7	Oct-06
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*-0.2*	*4.4*	*0.0*	*2.2*	*3.7*	*5.4*	*5.5*	
Difference:						2.0	6.1	-1.9	-3.4	-1.6	-2.8	-2.8	
Neuberger Berman Lag		*Global Credit*	$ 86,744,306	2.6%		1.6	12.0	-1.3	-0.5	--	--	2.6	Feb-19
33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Glbl Div.						*1.9*	*10.4*	*-2.0*	*-0.8*	--	--	*2.9*	
Difference:						-0.3	1.6	0.7	0.3	--	--	-0.3	
Stone Harbor Absolute Return Lag		*Absolute Return*	$ 122,471,224	3.6%		1.8	9.4	-2.0	-1.4	1.7	2.5	2.5	Oct-06
3-Month Libor Total Return						*0.0*	*0.4*	*1.5*	*2.1*	*2.1*	*1.5*	*1.5*	
Difference:						1.8	9.0	-3.5	-3.5	-0.4	1.0	1.0	
Private Credit Lag[2]			$ 255,440,739	7.6%		-0.5	-0.5	-1.7	-1.1	0.9	2.0	3.1	
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*1.1*	*9.9*	*-2.1*	*-1.0*	*2.7*	*3.9*	*5.5*	
Difference:						-1.6	-10.4	0.4	-0.1	-1.8	-1.9	-2.4	
BlackRock Direct Lending Lag[3]	*$100,000*	*Direct Lending*	$ 11,158,787	0.3%		8.2	8.2	--	--	--	--	3.1	May-20
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*1.1*	*9.9*	--	--	--	--	*-4.5*	
Difference:						7.1	-1.7	--	--	--	--	7.6	
Mesa West RE Income III Lag[3]	*$45,000*	*Comm. Mortgage*	$ 2,174,580	0.1%		-1.8	-1.8	-3.5	-2.9	5.8	7.1	5.2	Sep-13
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	*8.3*	*8.5*	
Difference:						-2.8	-3.1	-8.4	-9.6	-2.1	-1.2	-3.3	
Mesa West RE Income IV Lag[3]	*$75,000*	*Comm. Mortgage*	$ 46,265,470	1.4%		1.6	1.6	6.2	8.5	8.6	--	7.7	Mar-17
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	--	*8.0*	
Difference:						0.6	0.3	1.3	1.8	0.7	--	-0.3	
Crestline Opportunity II Lag[3]	*$45,000*	*Opportunistic*	$ 21,631,538	0.6%		-0.6	-0.6	-8.2	-8.0	-1.9	1.9	3.9	Nov-13
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	*8.3*	*8.5*	
Difference:						-1.6	-1.9	-13.1	-14.7	-9.8	-6.4	-4.6	
Davidson Kempner Distr Opp V Lag[3]	*$50,000*	*Opportunistic*	$ 1,998,590	0.0%		--	--	--	--	--	--	--	Oct-20
CPI +6% Annual Blend[4]						--	--	--	--	--	--	--	
Difference:						--	--	--	--	--	--	--	
Oaktree Lag	*$50,000*	*Leveraged Direct*	$ 9,443,073	0.3%		6.1	6.1	11.1	22.0	--	--	7.4	Mar-18
MSCI ACWI +2% Lag						*3.4*	*20.0*	*4.1*	*4.7*	--	--	*5.7*	
Difference:						2.7	-13.9	7.0	17.3	--	--	1.7	
HPS EU Asset Value II Lag[3]	*$50,000*	*Direct Lending*	$ 2,462,363	0.1%		13.7	--	--	--	--	--	--	Aug-20
CPI +6% Annual Blend[4]						*1.0*	--	--	--	--	--	--	
Difference:						12.7	--	--	--	--	--	--	
Raven Opportunity II Lag[3]	*$45,000*	*Direct Lending*	$ 11,658,389	0.3%		-14.0	-14.0	-21.1	-19.3	-0.9	-3.8	-5.1	Aug-14
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	*8.3*	*8.4*	
Difference:						-15.0	-15.3	-26.0	-26.0	-8.8	-12.1	-13.5	
Raven Opportunity III Lag[3]	*$50,000*	*Direct Lending*	$ 42,510,247	1.3%		-5.7	-5.7	-1.2	1.0	7.2	--	1.2	Nov-15
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	--	*8.3*	
Difference:						-6.7	-7.0	-6.1	-5.7	-0.7	--	-7.1	
Medley Opportunity II Lag[3]	*$50,000*	*Direct Lending*	$ 14,174,433	0.4%		-2.8	-2.8	-11.1	-16.8	-13.1	-6.2	-1.2	Jul-12
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	*8.3*	*8.6*	
Difference:						-3.8	-4.1	-16.0	-23.5	-21.0	-14.5	-9.8	
White Oak Summit Peer Fund Lag[3]	*$50,000*	*Direct Lending*	$ 45,332,392	1.3%		2.1	2.1	3.0	4.4	6.4	--	7.1	Mar-16
CPI +6% Annual Blend[4]						*1.0*	*1.3*	*4.9*	*6.7*	*7.9*	--	*8.2*	
Difference:						1.1	0.8	-1.9	-2.3	-1.5	--	-1.1	
White Oak Yield Spectrum Master V Lag[3]	*$50,000*	*Direct Lending*	$ 46,630,877	1.4%		3.8	3.8	--	--	--	--	-3.7	Mar-20
CPI +6% Annual Blend[4]						*1.0*	*1.3*	--	--	--	--	*3.7*	
Difference:						2.8	2.5	--	--	--	--	-7.4	
Core Private Real Estate Lag			$ 155,219,844	4.6%									
Principal US[3]	*$25,000*	*Core Pvt. RE*	$ 33,745,679	1.0%		-1.5	-1.5	-1.1	1.8	5.6	--	7.4	Jan-16
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	--	*7.0*	
Difference:						0.2	0.0	-0.6	-0.5	-0.2	--	0.4	
Prologis Logistics[3]	*$35,000*	*Core Pvt. RE*	$ 70,927,625	2.1%		-3.2	-3.2	-4.7	4.9	14.7	14.9	6.0	Oct-07
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	*7.4*	*6.7*	
Difference:						-1.5	-1.7	-4.2	2.6	8.9	7.5	-0.7	
RREEF America II[3]	*$45,000*	*Core Pvt. RE*	$ 50,546,540	1.5%		-0.6	-0.6	0.4	3.4	5.9	--	7.0	Jul-16
NCREIF ODCE + 1% Lag Blend						*-1.7*	*-1.5*	*-0.5*	*2.3*	*5.8*	--	*6.5*	
Difference:						1.1	0.9	0.9	1.1	0.1	--	0.5	

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Total class returns are as of 9/30/20, and lagged 1 quarter.

[3] Manager returns are as of 9/30/20, and lagged 1 quarter.

[4] 9% Annual until 7/1/2018 then CPI +6% Annual thereafter.

San Joaquin County Employees Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] November 2020

	Commitment ($000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Diversifying Strategies			**$ 776,018,517**	**23.0%**	**25.0%**	**-0.8**	**-0.8**	**3.1**	**1.6**	**3.2**	**2.2**	**6.5**	**Oct-90**
Principal Protection			**$ 326,790,522**	**9.7%**	**10.0%**	**1.0**	**1.7**	**1.6**	**2.5**	**4.1**	**4.0**	**6.4**	Oct-90
BB Aggregate Bond Index						*1.0*	*0.5*	*7.4*	*7.3*	*5.5*	*4.3*	*6.2*	
Difference:						0.0	1.2	-5.8	-4.8	-1.4	-0.3	0.2	
Dodge & Cox		*Core Fixed Income*	$ 117,335,920	3.5%		1.9	1.5	8.7	9.1	6.3	5.5	7.3	Oct-90
BB Aggregate Bond Index						*1.0*	*0.5*	*7.4*	*7.3*	*5.5*	*4.3*	*6.2*	
Difference:						0.9	1.0	1.3	1.8	0.8	1.2	1.1	
DoubleLine Capital		*MBS*	$ 110,572,535	3.3%		0.9	1.4	3.0	2.8	4.2	4.2	5.2	Feb-12
BB Aggregate Bond Index						*1.0*	*0.5*	*7.4*	*7.3*	*5.5*	*4.3*	*3.4*	
Difference:						-0.1	0.9	-4.4	-4.5	-1.3	-0.1	1.8	
PRIMA Lag		*Comm. Mortgage*	$ 98,882,067	2.9%		0.0	2.3	-7.0	-4.8	1.5	2.2	3.8	Jul-08
BB Aggregate Bond Index Lag						*-0.8*	*1.3*	*7.0*	*6.5*	*5.1*	*4.3*	*4.3*	
Difference:						0.8	1.0	-14.0	-11.3	-3.6	-2.1	-0.5	
Crisis Risk Offset			**$ 449,227,995**	**13.3%**	**15.0%**	**-2.0**	**-2.6**	**3.4**	**0.5**	**2.4**	**0.6**	**6.6**	**Jan-05**
CRO Custom Benchmark [2]						*1.5*	*0.2*	*8.4*	*7.4*	*5.9*	*4.2*	*4.9*	
Difference:						-3.5	-2.8	-5.0	-6.9	-3.5	-3.6	1.7	
Long Duration			$ 164,935,055	4.9%		1.4	-0.7	18.3	15.0	10.4	--	6.1	
BB US Long Duration Treasuries						*1.2*	*-1.5*	*19.1*	*15.8*	*10.9*	--	*7.3*	
Difference:						0.2	0.8	-0.8	-0.8	-0.5	--	-1.2	
Dodge & Cox Long Duration		*Long Duration*	$ 164,935,055	4.9%		1.4	-0.7	18.3	15.0	10.4	--	6.1	Feb-16
BB US Long Duration Treasuries						*1.2*	*-1.5*	*19.1*	*15.8*	*10.9*	--	*7.3*	
Difference:						0.2	0.8	-0.8	-0.8	-0.5	--	-1.2	
Systematic Trend Following			$ 156,423,788	4.6%		0.2	-0.5	-1.9	-4.1	-1.6	-4.0	7.5	
BTOP50 Index						*2.6*	*0.7*	*0.8*	*0.4*	*1.2*	*-0.4*	*4.0*	
Difference:						-2.4	-1.2	-2.7	-4.5	-2.8	-3.6	3.5	
Mt. Lucas Managed Futures - Cash		*Systematic Trend Following*	$ 75,203,261	2.2%		-2.1	1.9	0.7	-0.4	-3.2	-6.7	6.5	Jan-05
BTOP50 Index						*2.6*	*0.7*	*0.8*	*0.4*	*1.2*	*-0.4*	*4.0*	
Difference:						-4.7	1.2	-0.1	-0.8	-4.4	-6.3	2.5	
Graham Tactical Trend		*Systematic Trend Following*	$ 81,220,527	2.4%		2.4	-2.6	-4.4	-7.5	0.0	--	-1.3	Apr-16
SG Trend Index						*1.2*	*-1.0*	*-0.3*	*-0.8*	*0.9*	--	*-1.3*	
Difference:						1.2	-1.6	-4.1	-6.7	-0.9	--	0.0	
Alternative Risk Premia			$ 127,869,152	3.8%		-8.3	-7.2	-6.9	-10.0	-2.2	-1.8	7.6	
5% Annual						*0.4*	*1.2*	*4.6*	*5.0*	*5.0*	*5.1*	*6.4*	
Difference:						-8.7	-8.4	-11.5	-15.0	-7.2	-6.9	1.2	
AQR Style Premia		*Alternative Risk Premia*	$ 23,787,804	0.7%		-1.2	-7.0	-28.8	-31.1	-17.9	--	-9.7	May-16
5% Annual						*0.4*	*1.2*	*4.6*	*5.0*	*5.0*	--	*5.0*	
Difference:						-1.6	-8.2	-33.4	-36.1	-22.9	--	-14.7	
PE Diversified Global Macro		*Alternative Risk Premia*	$ 41,164,467	1.2%		-18.8	-8.6	-4.5	-10.8	-2.7	--	-0.1	Jun-16
5% Annual						*0.4*	*1.2*	*4.6*	*5.0*	*5.0*	--	*5.0*	
Difference:						-19.2	-9.8	-9.1	-15.8	-7.7	--	-5.1	
Lombard Odier		*Alternative Risk Premia*	$ 62,916,881	1.9%		-2.7	-6.3	-5.1	-5.6	--	--	-2.5	Jan-19
5% Annual						*0.4*	*1.2*	*4.6*	*5.0*	--	--	*5.0*	
Difference:						-3.1	-7.5	-9.7	-10.6	--	--	-7.5	
Cash[3]			**$ 112,553,842**	**3.3%**	**0.0%**	**0.0**	**0.0**	**0.3**	**0.5**	**1.1**	**1.0**	**2.5**	**Sep-94**
US T-Bills						*0.0*	*0.0*	*0.7*	*0.8*	*1.6*	*1.2*	*2.4*	
Difference:						0.0	0.0	-0.4	-0.3	-0.5	-0.2	0.1	
Northern Trust STIF		*Collective Govt. Short Term*	$ 82,181,578	2.4%		0.0	0.0	0.4	0.5	1.2	1.0	2.7	Jan-95
US T-Bills						0.0	0.0	0.7	0.8	1.6	1.2	*2.4*	
Difference:						0.0	0.0	-0.3	-0.3	-0.4	-0.2	0.3	
Parametric Overlay[4]		*Cash Overlay*	**$ 34,952,629**	**1.0%**		**0.0**	**0.0**	**0.0**	**--**	**--**	**--**	**0.0**	**Jan-20**

[1] Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

[2] Benchmark is (1/3) BB Long Duration Treasuries, (1/3) BTOP50 Index, (1/3) 5% Annual.

[3] Includes lagged cash.

[4] Given daily cash movement returns may vary from those shown above.

Capital Markets Outlook & Risk Metrics

As of November 30, 2020

Capital Markets Outlook

Takeaways

- November was a historically strong month for equity markets across the globe as most major indices produced gains of 10-20% over the month. Moreover, traditional safe haven assets (e.g., US Treasury Bonds) also produced positive returns.
- Supported by significant progress on COVID vaccines and lower interest rates, 2020 is on a path of what may turn out to be a materially positive period for most asset classes, and in particular, traditional equity and bond markets.
- Despite some catch-up over the last two months, there continues to be a high degree of divergence among equity regions/styles/capitalizations, and this is exemplified at the extremes with US large cap growth stocks outperforming US small cap value stocks by over 35% thus far in 2020.
- The US Treasury yield curve was stable during November with the yields at most maturity levels remaining unchanged or marginally declining. As a reminder, with yields at historically low levels, even marginal moves can cause noteworthy changes to bond prices.
- Real yields in the US declined during November as the entire TIPs yield curve shifted by roughly 10 basis points. As a result of this shift (and the relatively stable nominal curve), breakeven inflation rates increased by approximately 10 basis points over the month. The entire real yield curve continues to remain in negative territory.

Capital Markets Outlook

Takeaways

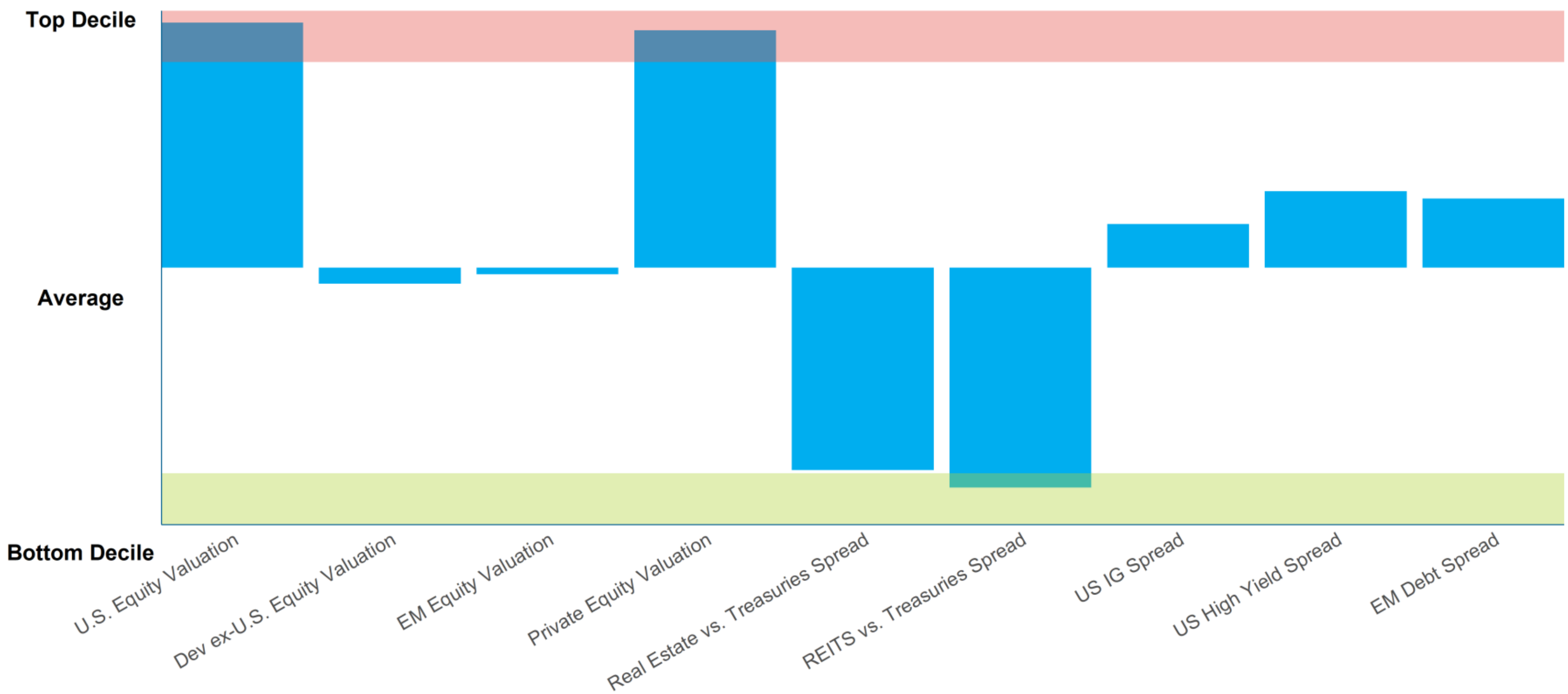
- Q3 GDP and other economic data indicate that an economic recovery was well underway. However, recent increases in COVID-related cases/deaths, recent payroll/unemployment data, and increased shutdowns across the globe represent headwinds to the recovery.
- While the markets do appear as though they are looking past COVID (largely due to successful vaccine development), the next several months are projected to be challenging from an economic standpoint as cases are expected to increase and the widespread distribution of the vaccine will not be immediate. Returning to pre-COVID levels of economic activity is not expected to occur until mid-2021 at the earliest.
- Implied equity market volatility[1] declined throughout November and ended the month roughly in-line with the long-term historical average at 20. Similarly, both our Systemic Risk measure and implied fixed income volatility[2] declined during the month.
- While valuations for several risk-based asset classes appear neutral-to-attractive at first glance, it is important to note that the full impact on corporate earnings and solvencies remains unknown.
- The Market Sentiment Indicator[3] flipped to green (i.e., positive) at month-end.

[1] As measured by VIX Index.

[2] As measured by MOVE Index.

[3] See Appendix for the rationale for selection and calculation methodology used for the risk metrics.

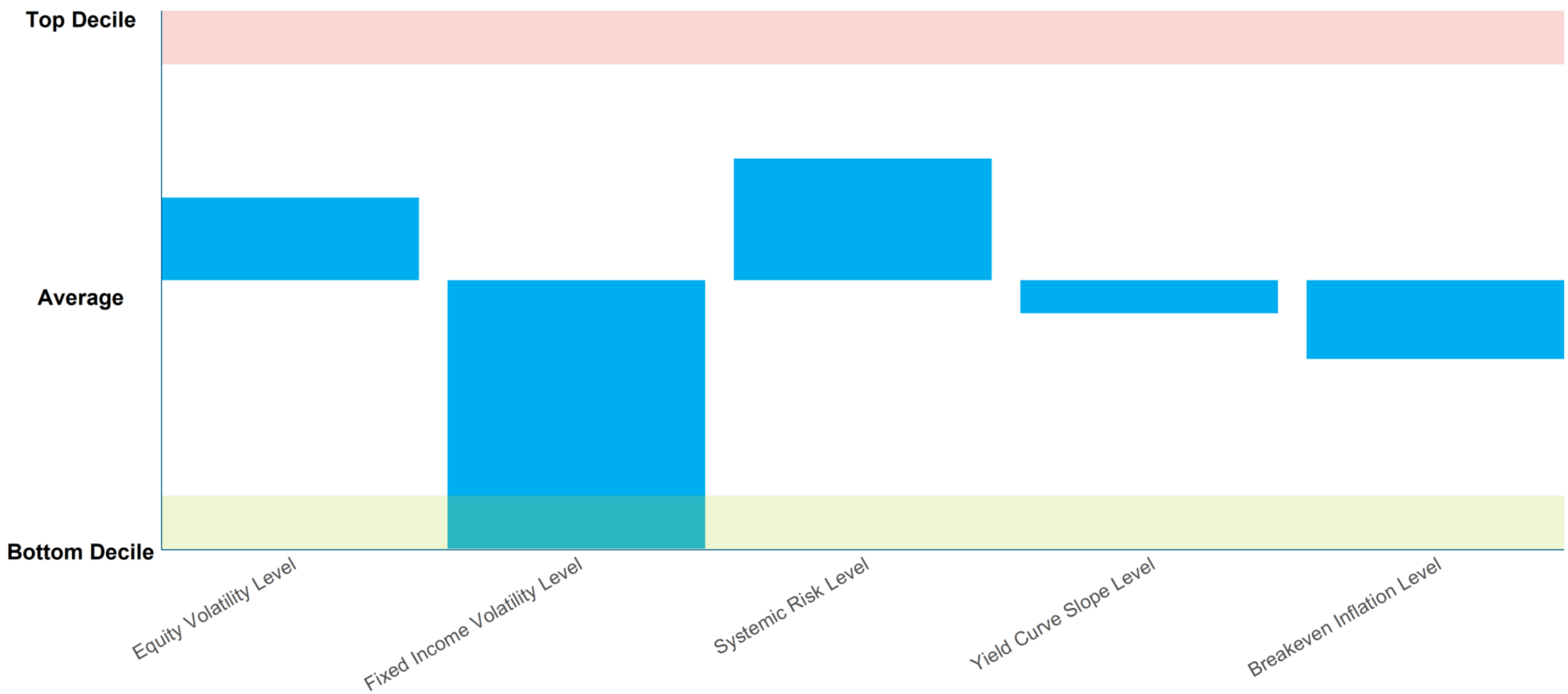
Risk Overview/Dashboard (1)
(As of November 30, 2020)[1]



- Dashboard (1) summarizes the current state of the different valuation metrics per asset class relative to their own history.

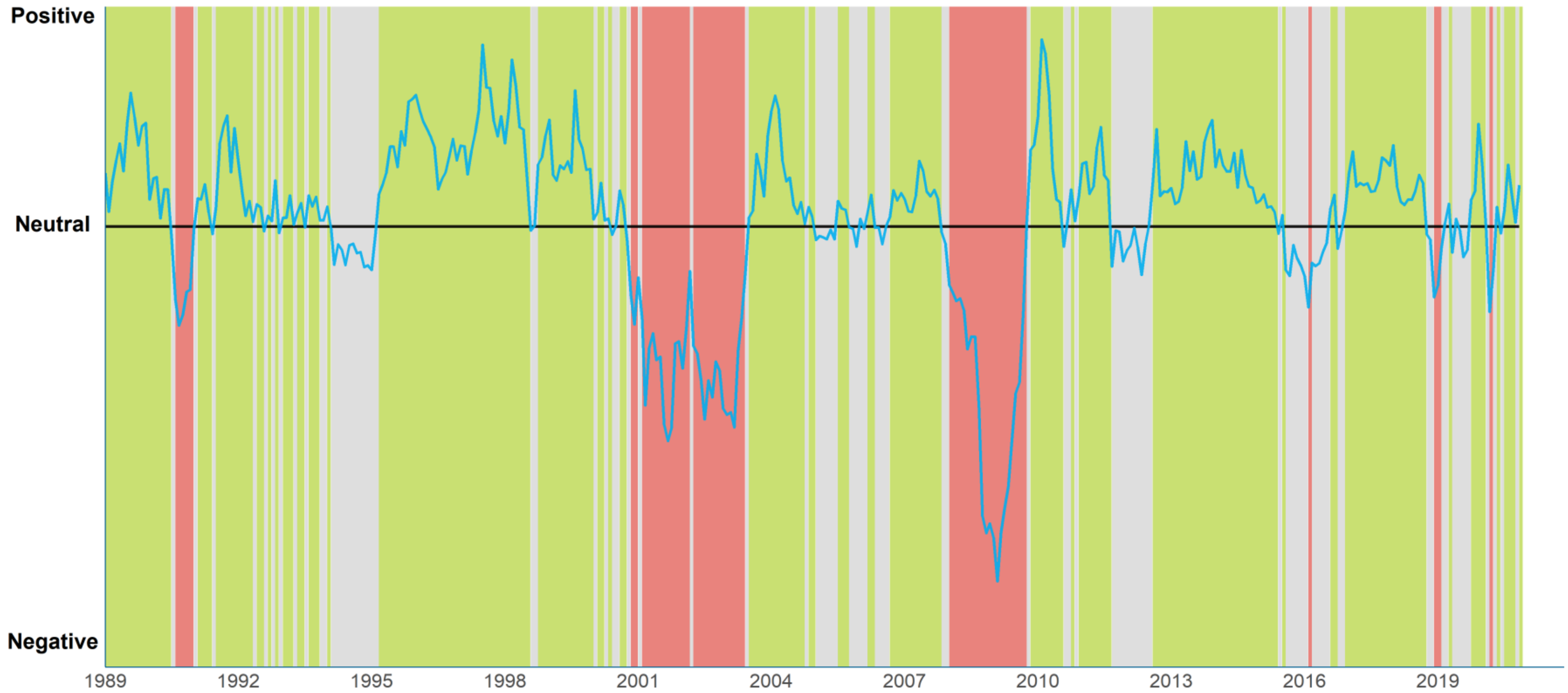
[1] With the exception of Private Equity Valuation, that is YTD as of December 31, 2019.

Risk Overview/Dashboard (2)
(As of November 30, 2020)

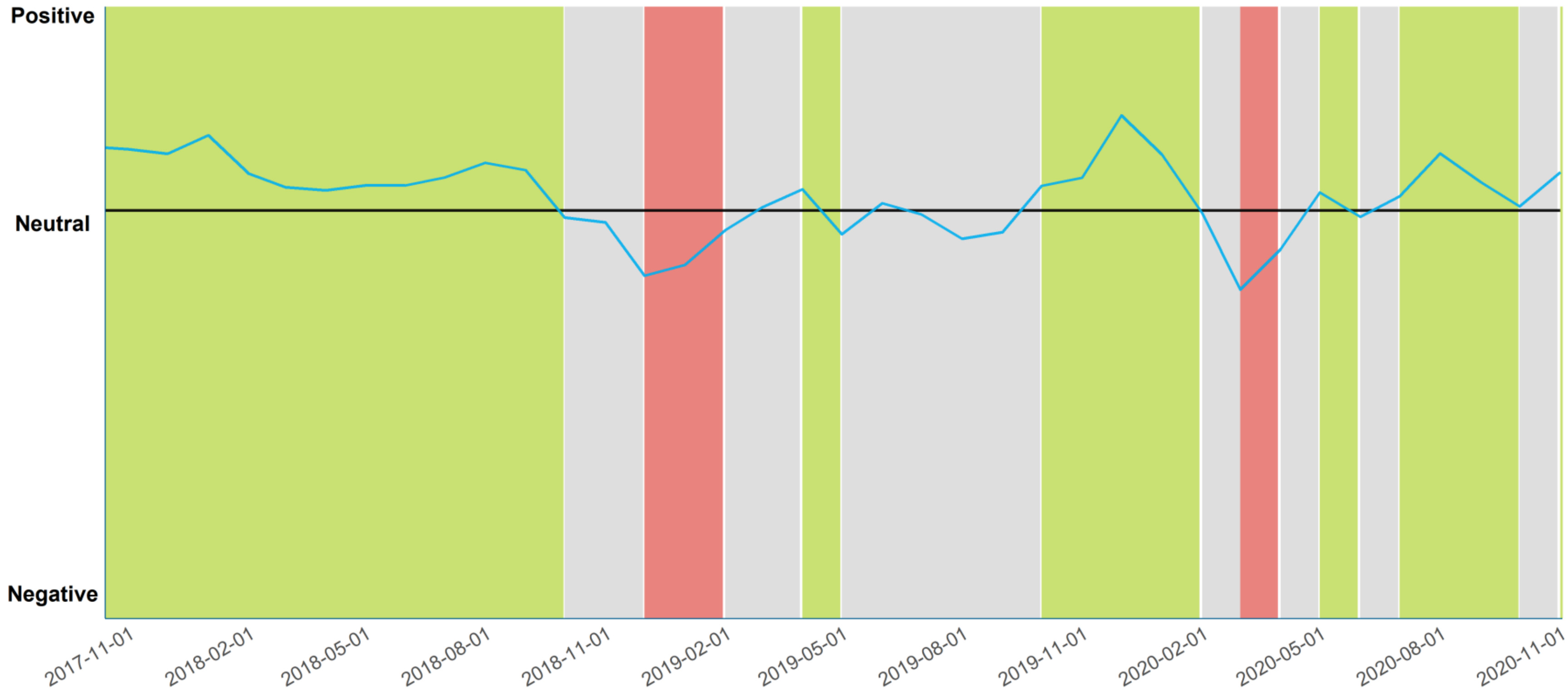


- Dashboard (2) shows how the current level of each indicator compares to its respective history.

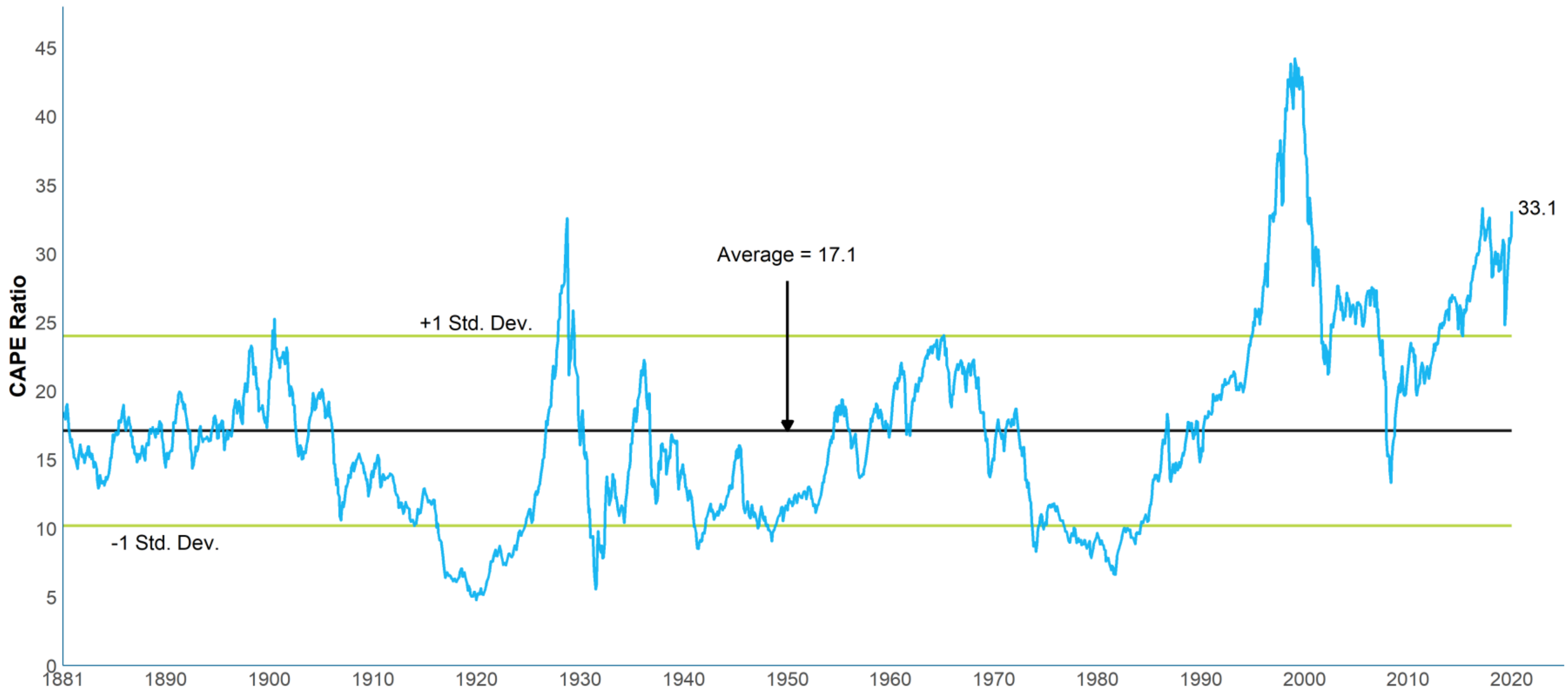
Market Sentiment Indicator (All History)
(As of November 30, 2020)



Market Sentiment Indicator (Last Three Years)
(As of November 30, 2020)



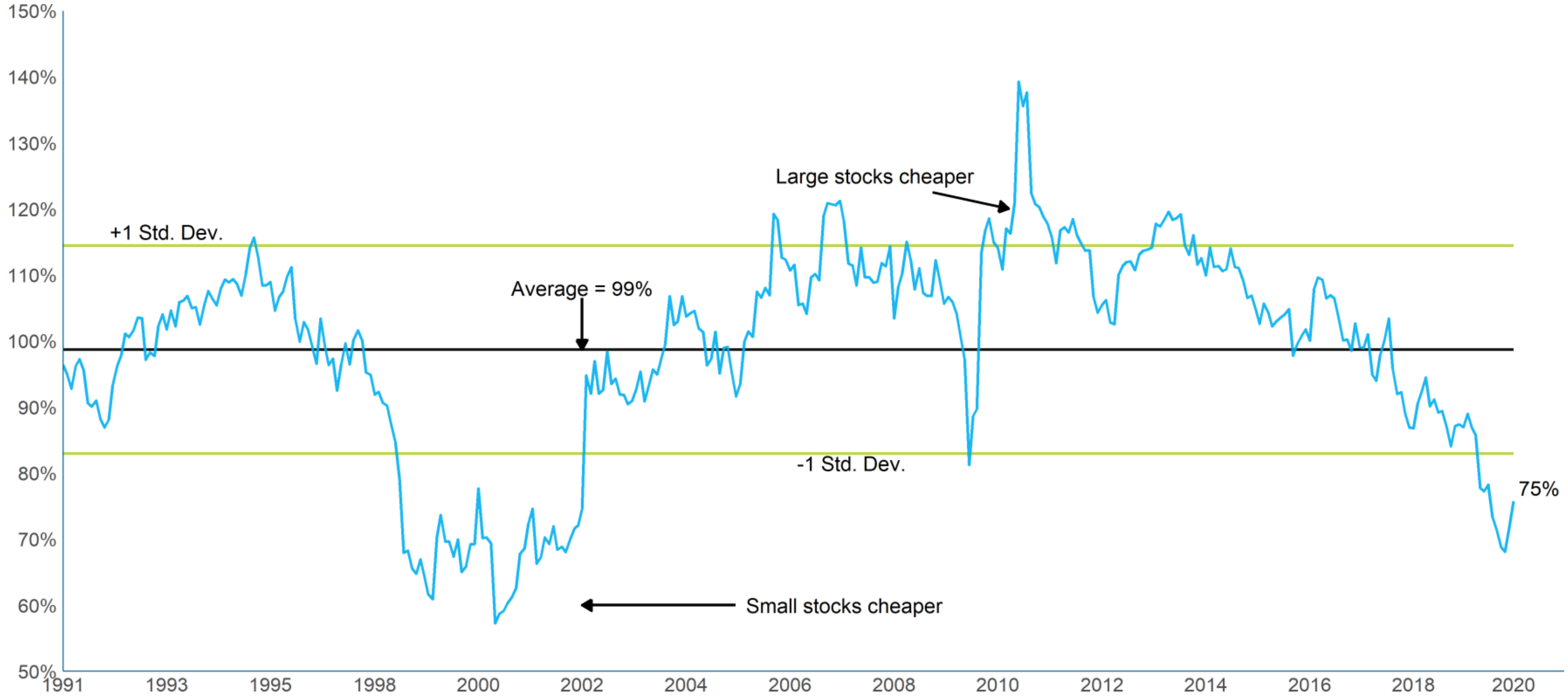
US Equity Cyclically Adjusted P/E[1]
(As of November 30, 2020)



- This chart details one valuation metric for US equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group.

Small Cap P/E vs. Large Cap P/E[1]
(As of November 30, 2020)



- This chart compares the relative attractiveness of small cap US equities vs. large cap US equities on a valuation basis. A higher (lower) figure indicates that large cap (small cap) is more attractive.

[1] Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings.

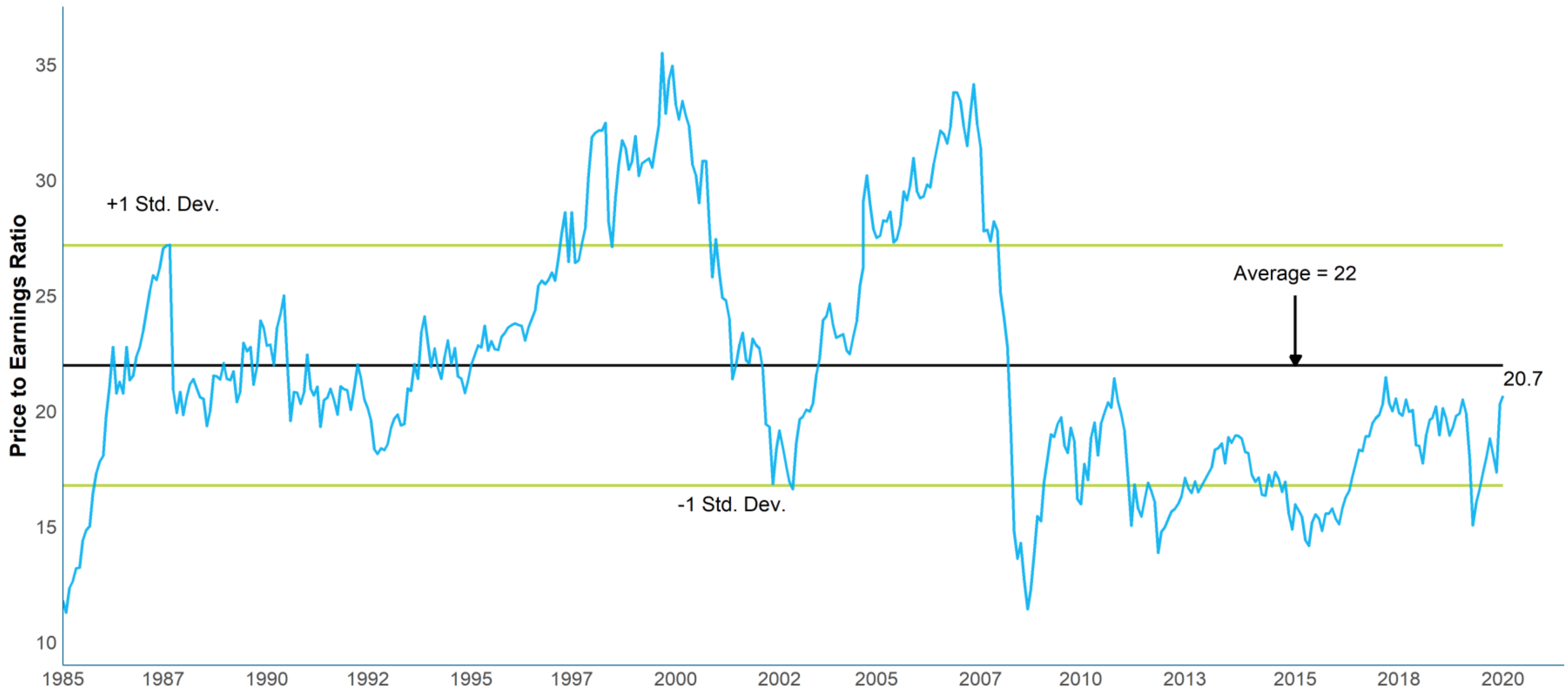
Growth P/E vs. Value P/E[1]
(As of November 30, 2020)

- This chart compares the relative attractiveness of US growth equities vs. US value equities on a valuation basis. A higher (lower) figure indicates that value (growth) is more attractive.

[1] Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.

Developed International Equity Cyclically Adjusted P/E[1]

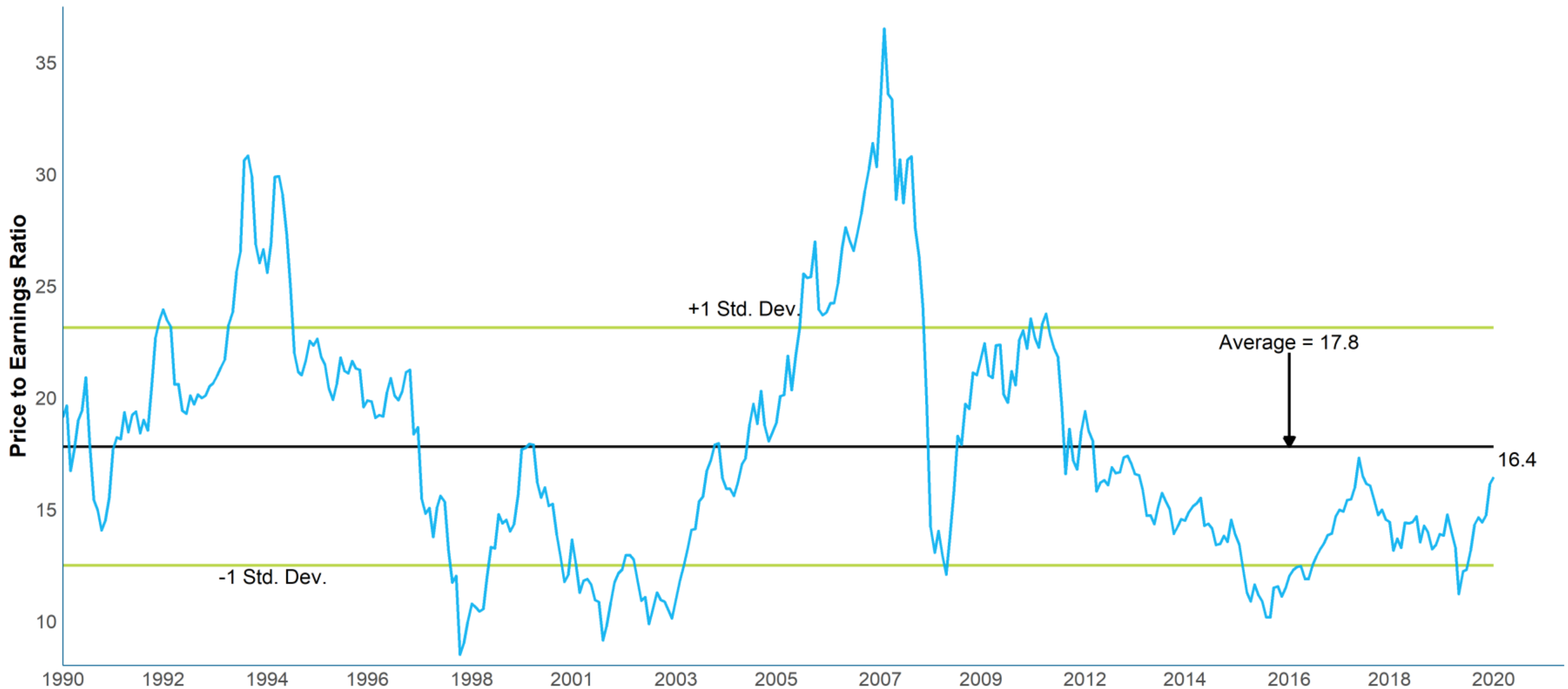
(As of November 30, 2020)



- This chart details one valuation metric for developed international equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

[1] Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

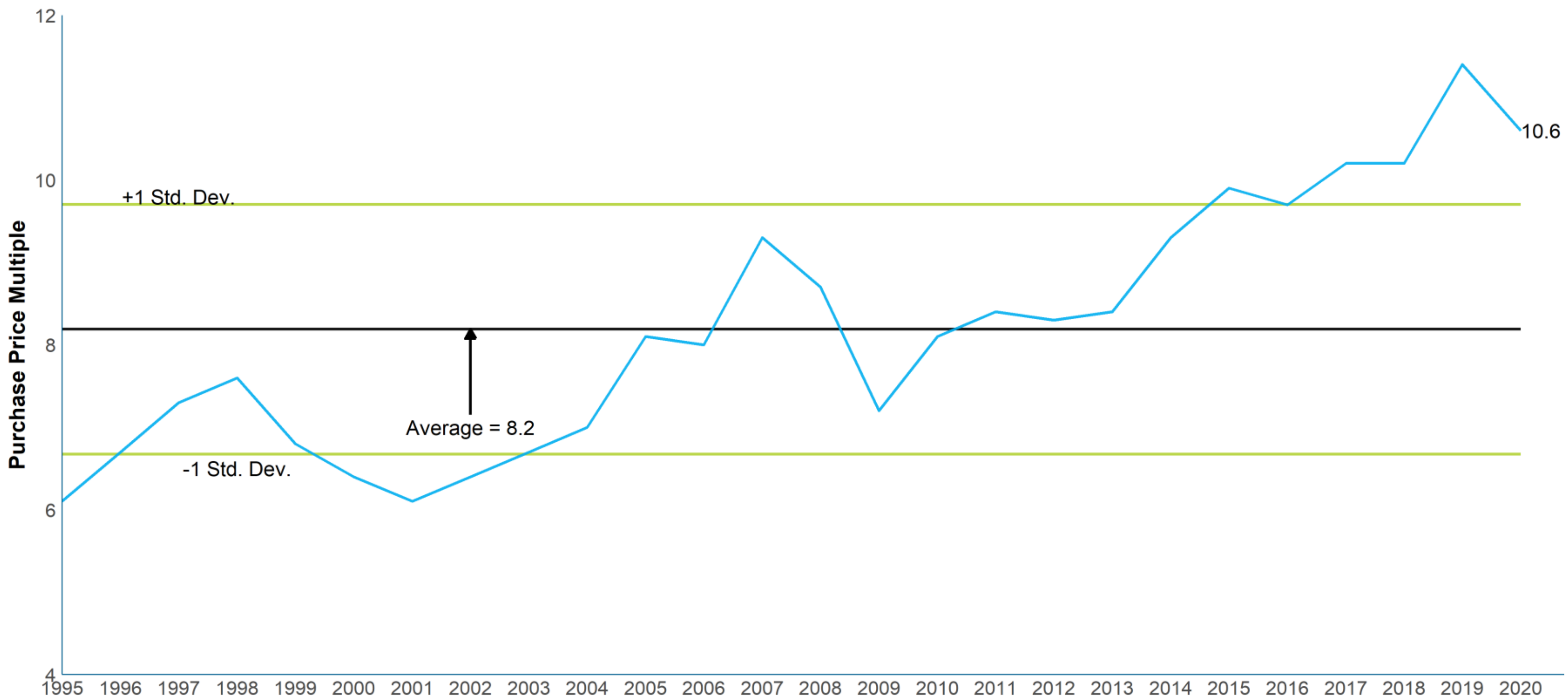
Emerging Market Equity Cyclically Adjusted P/E[1]
(As of November 30, 2020)



- This chart details one valuation metric for emerging markets equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

[1] Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

Private Equity Multiples[1]
(As of February 29, 2020)[2]



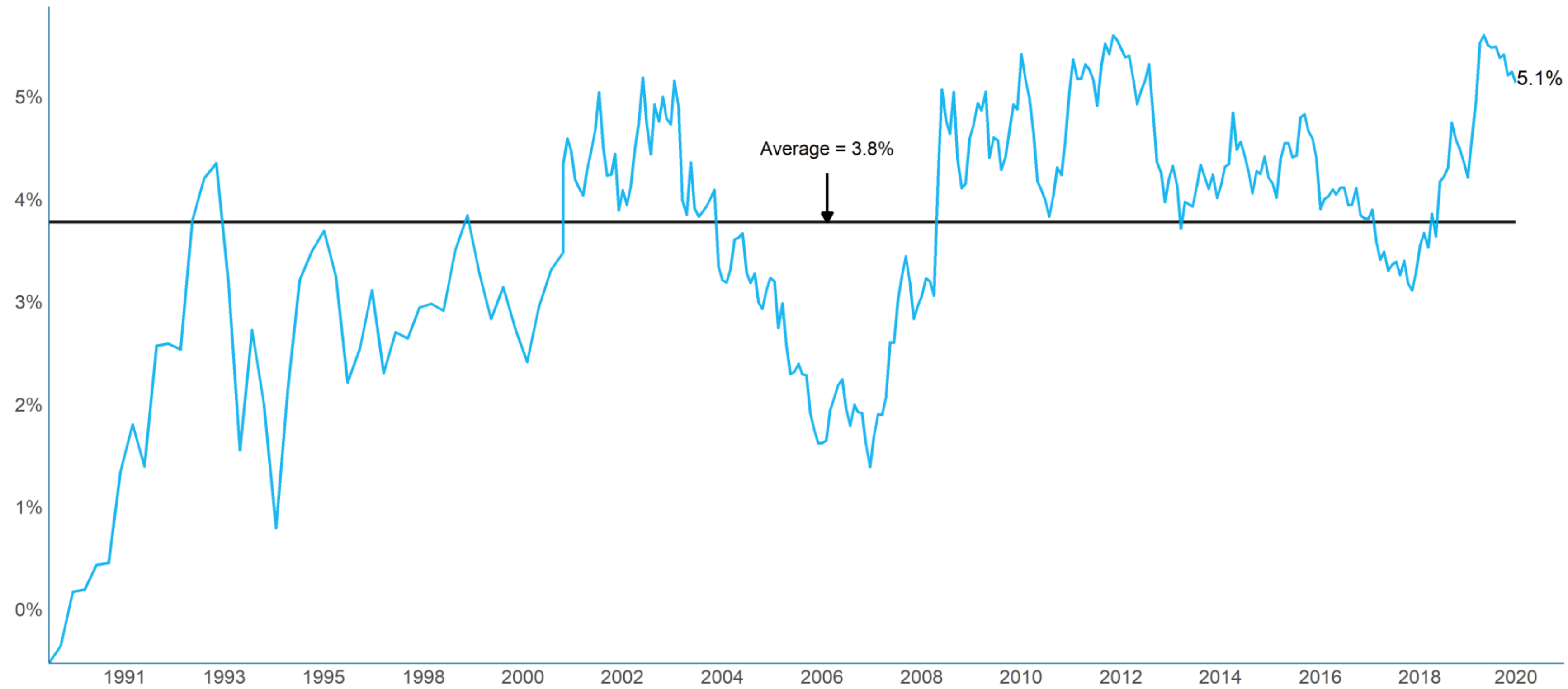
- This chart details one valuation metric for the private equity market. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

[1] Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.

[2] Annual figures, except for 2020 (YTD).

Core Real Estate Spread vs. Ten-Year Treasury[1]

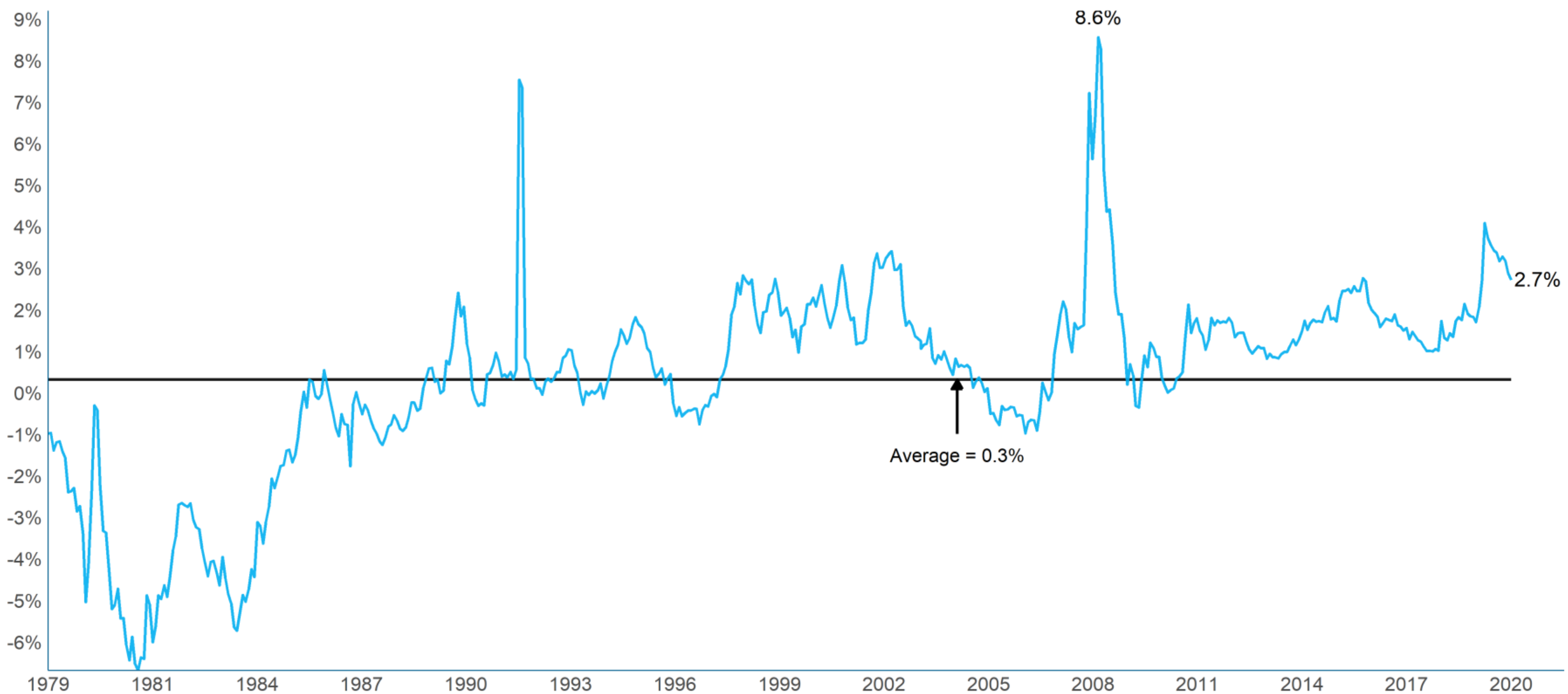
(As of November 30, 2020)



- This chart details one valuation metric for the private core real estate market. A higher (lower) figure indicates cheaper (more expensive) valuation.

[1] Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, US Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.

REITs Dividend Yield Spread vs. Ten-Year Treasury[1]
(As of November 30, 2020)

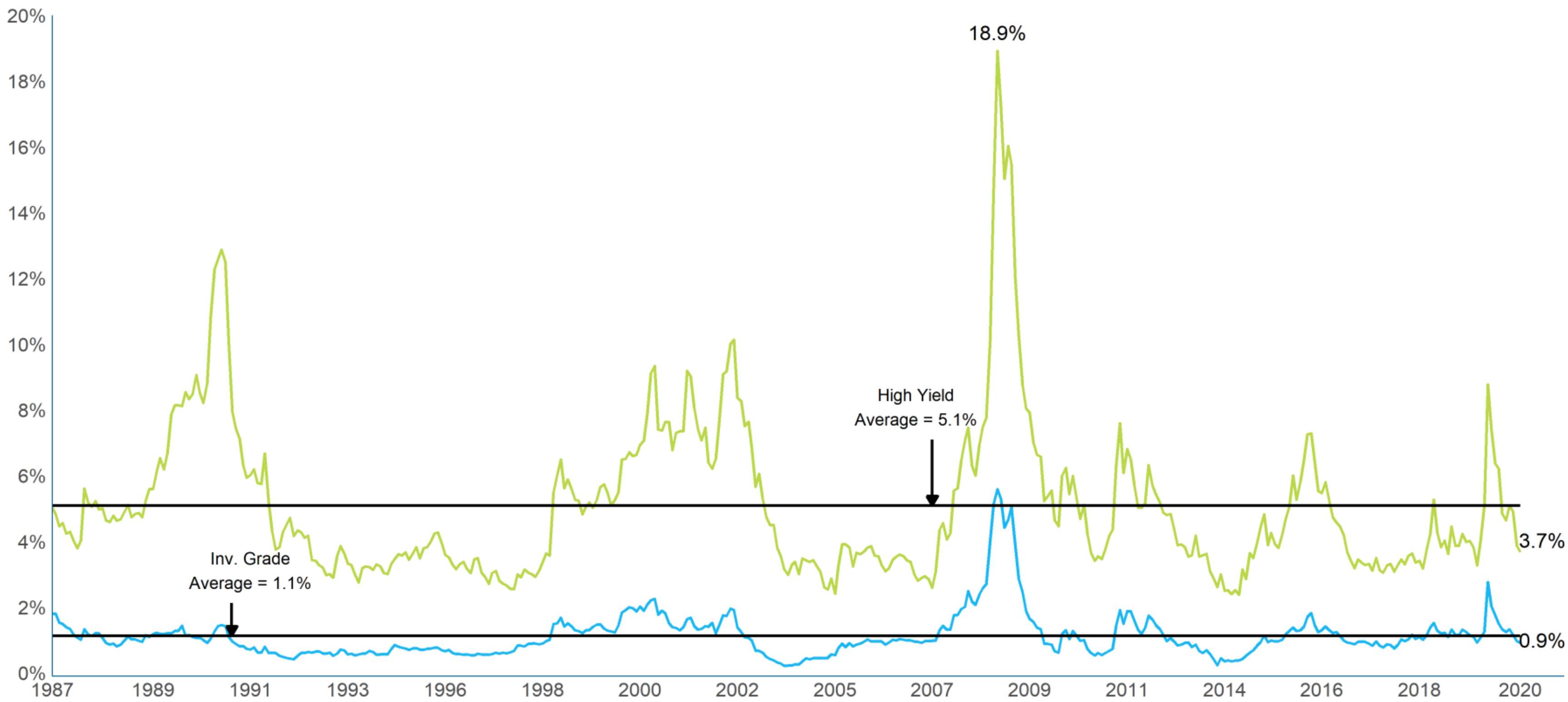


- This chart details one valuation metric for the public REITs market. A higher (lower) figure indicates cheaper (more expensive) valuation.

[1] REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, US Treasury. REITs are proxied by the yield for the NAREIT Equity index.

Credit Spreads[1]

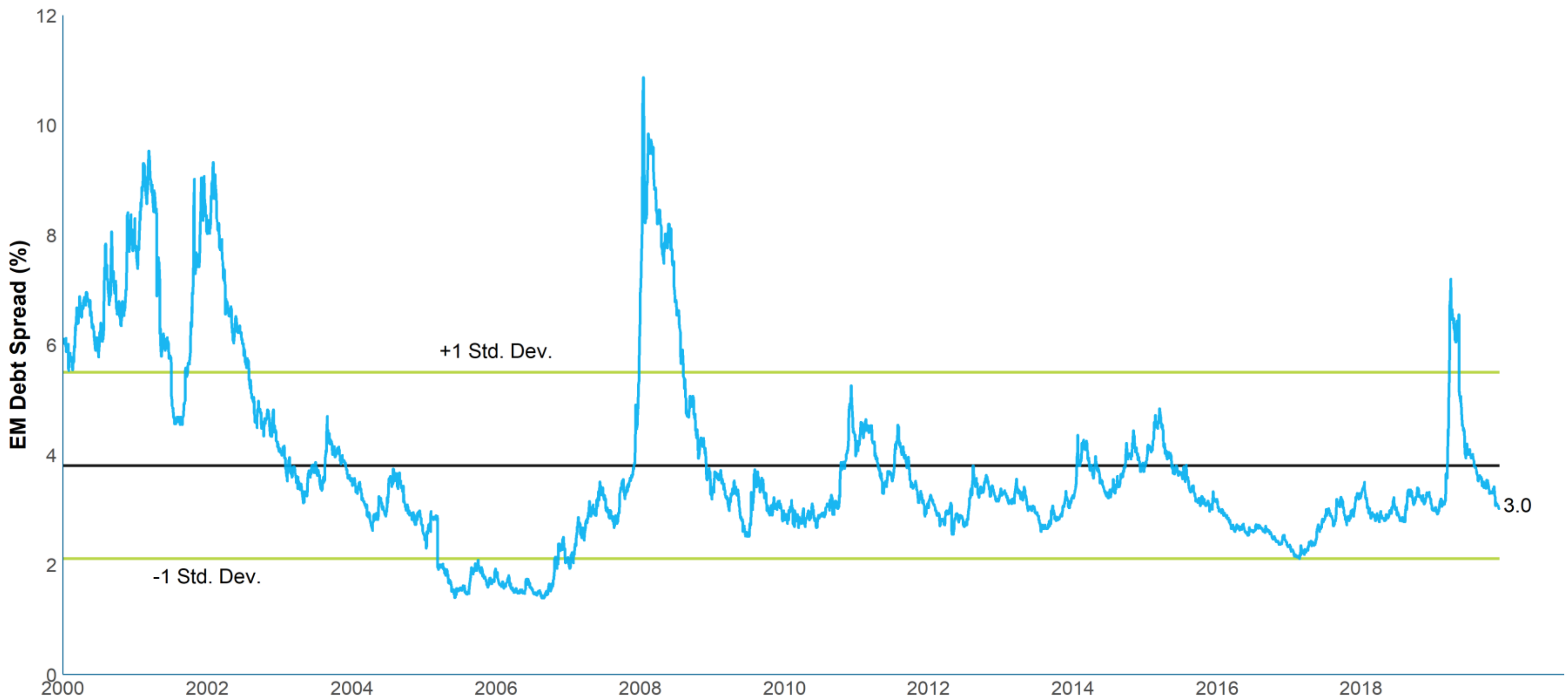
(As of November 30, 2020)



- This chart details one valuation metric for the US credit markets. A higher (lower) figure indicates cheaper (more expensive) valuation relative to history.

[1] Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays US Corporate Investment Grade index. Spread is calculated as the difference between the Yield to Worst of the respective index and the 10-Year US Treasury yield.

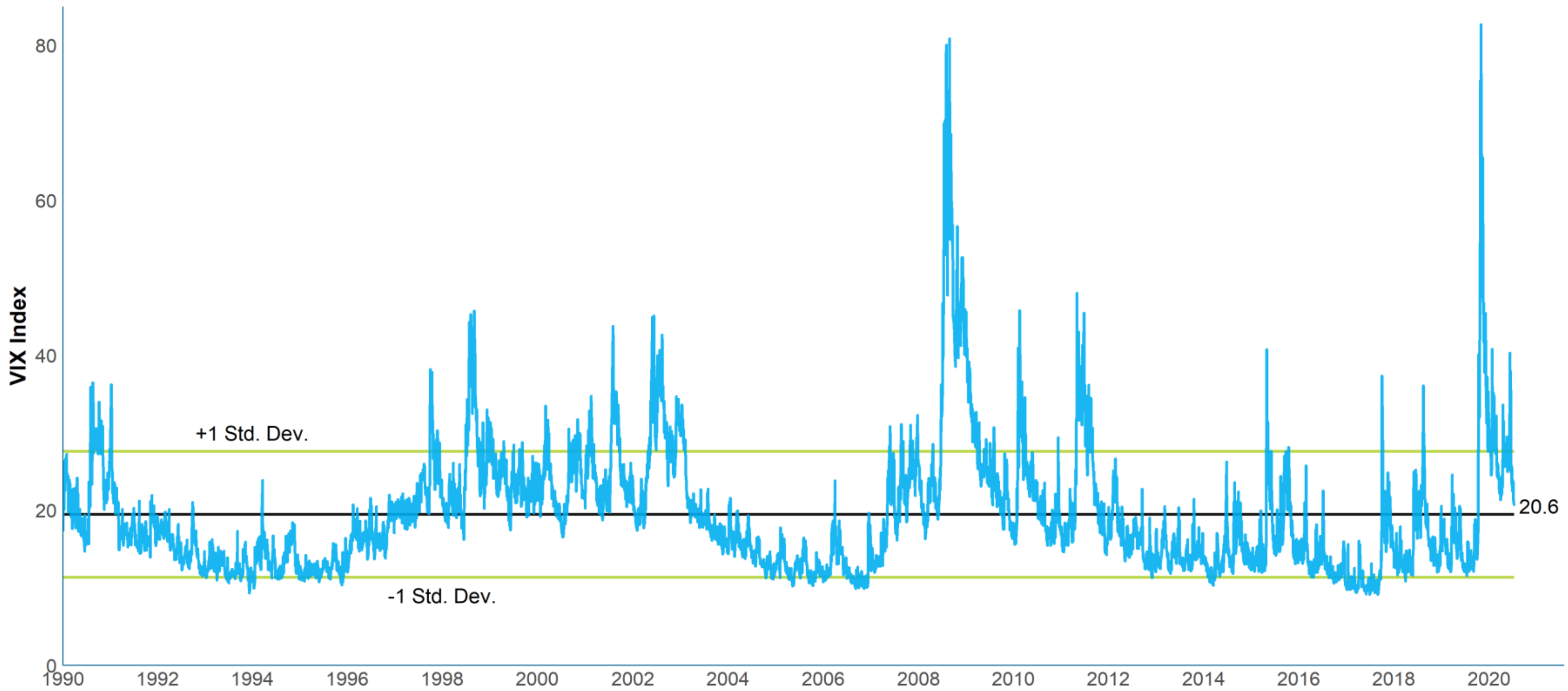
Emerging Market Debt Spreads[1]
(As of November 30, 2020)



- This chart details one valuation metric for the EM debt markets. A higher (lower) figure indicates cheaper (more expensive) valuation relative to history.

[1] EM Spreads – Source: Bloomberg. Option Adjusted Spread (OAS) for the Bloomberg Barclays EM USD Aggregate Index.

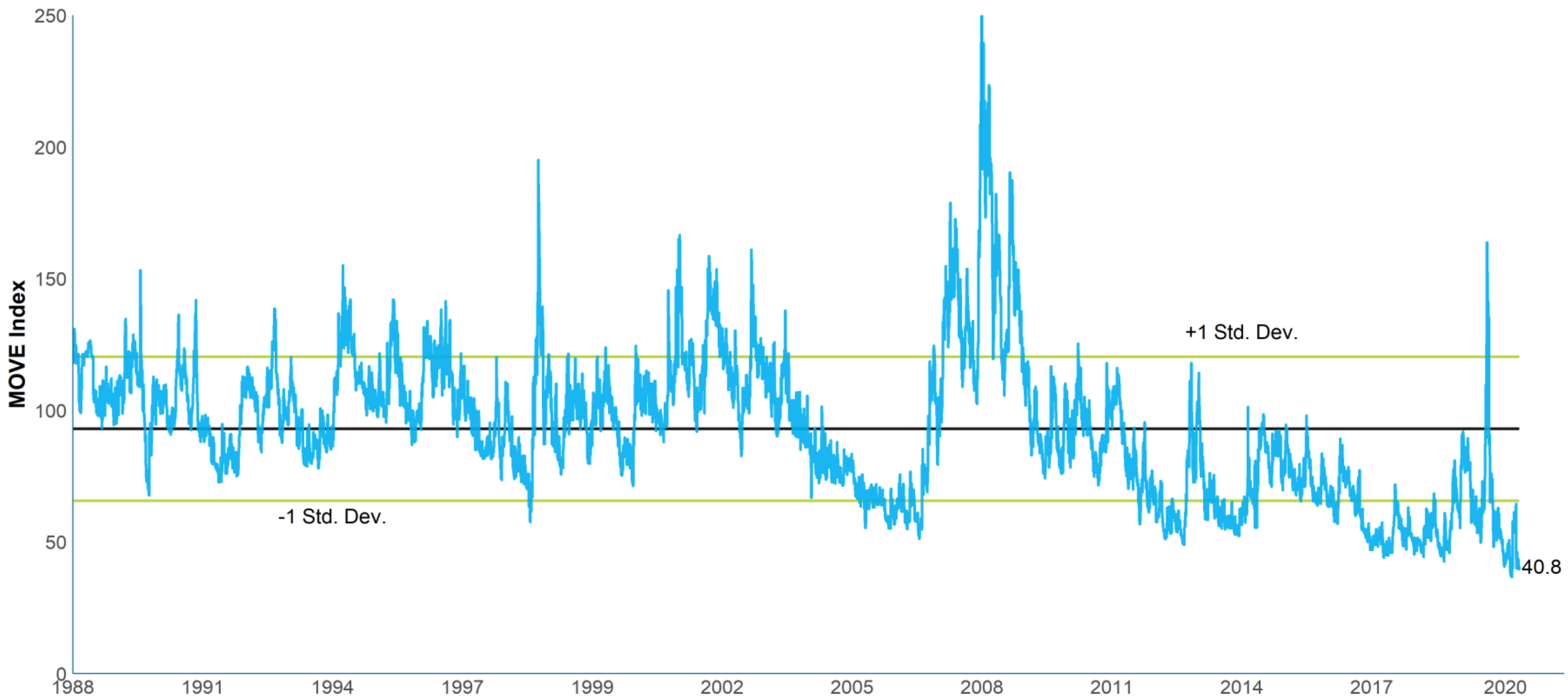
Equity Volatility[1]
(As of November 30, 2020)



- This chart details historical implied equity market volatility. This metric tends to increase during times of stress/fear and while declining during more benign periods.

[1] Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for US equity markets.

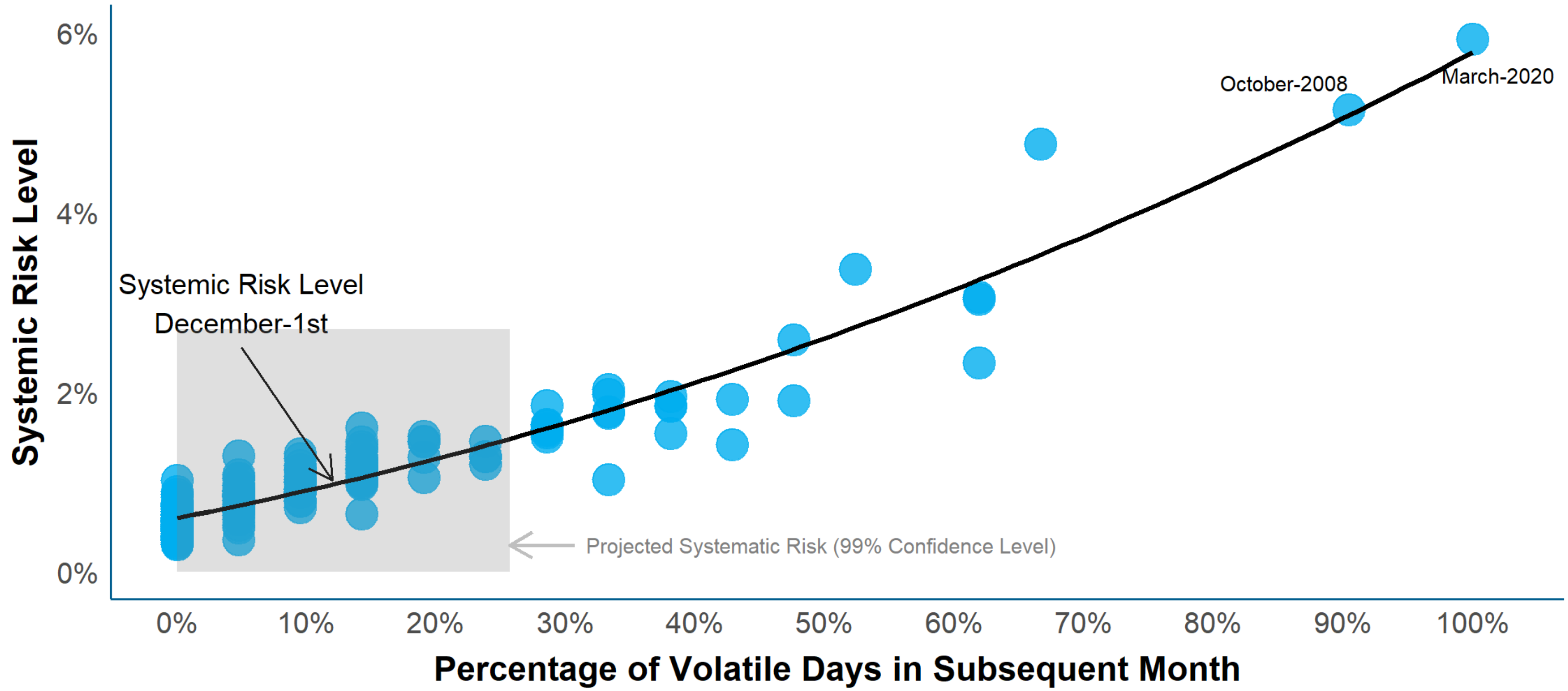
Fixed Income Volatility[1]
(As of November 30, 2020)



- This chart details historical implied fixed income market volatility. This metric tends to increase during times of stress/fear and while declining during more benign periods.

[1] Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Fixed Income Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets.

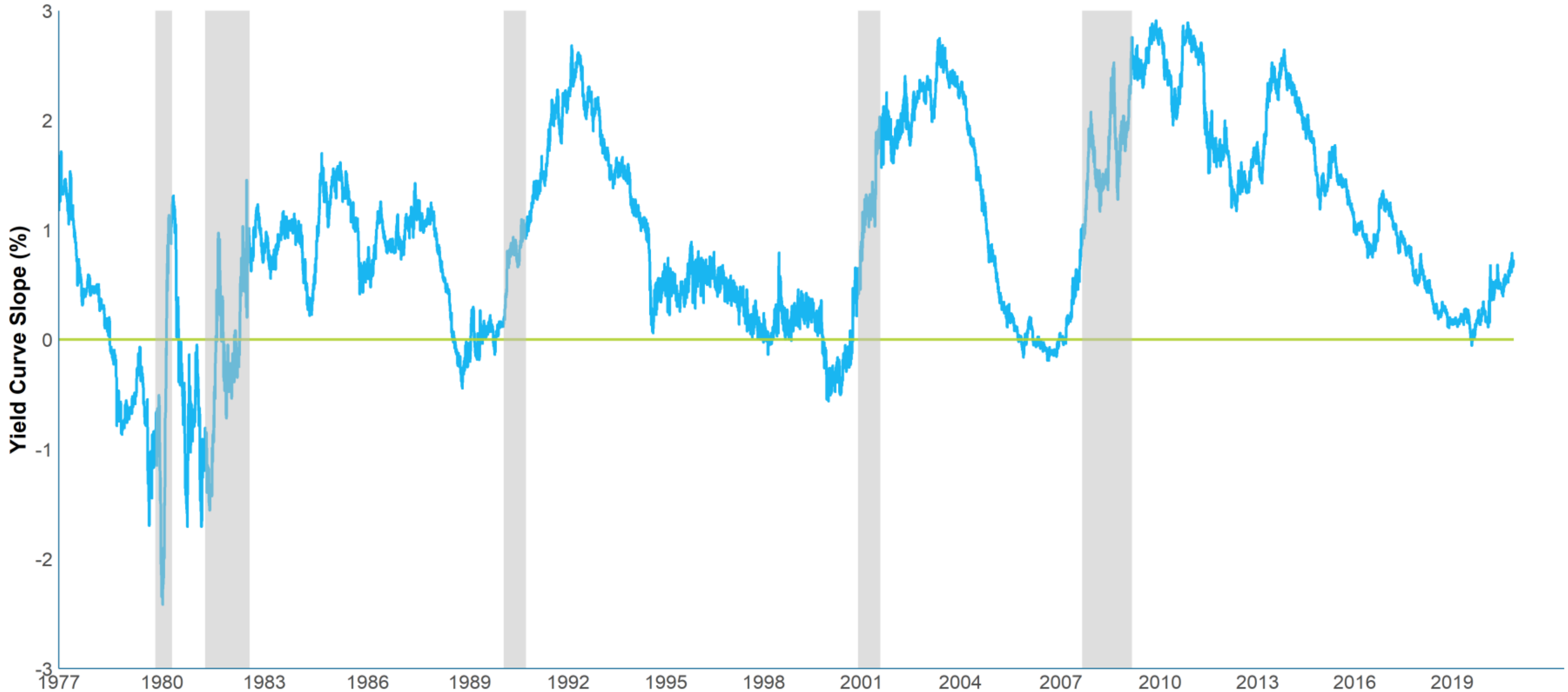
Systemic Risk and Volatile Market Days[1]
(As of November 30, 2020)



- Systemic Risk is a measure of 'System-wide' risk, which indicates herding type behavior.

[1] Source: Meketa Investment Group. Volatile days are defined as the top 10 percent of realized turbulence, which is a multivariate distance between asset returns.

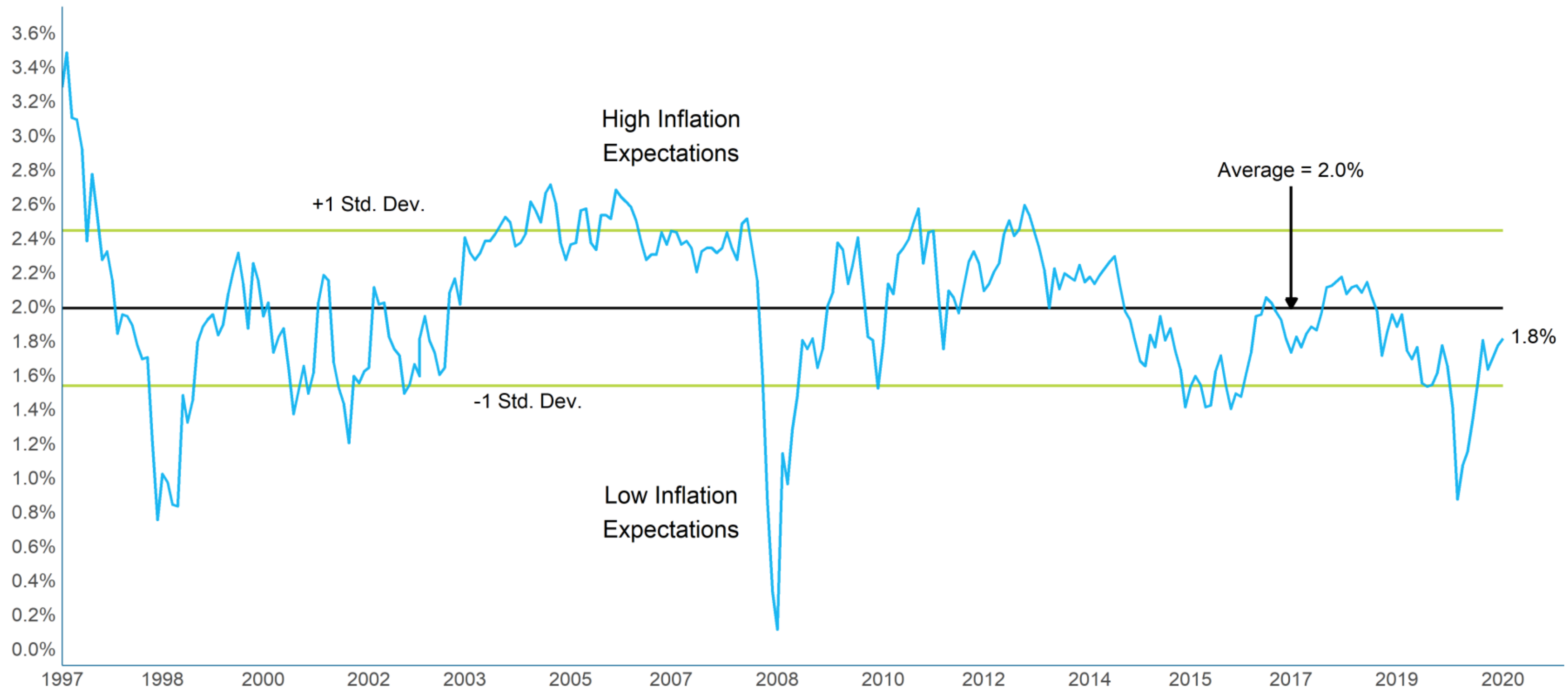
Yield Curve Slope (Ten Minus Two)[1]
(As of November 30, 2020)



- This chart details the historical difference in yields between ten-year and two-year US Treasury bonds/notes. A higher (lower) figure indicates a steeper (flatter) yield curve slope.

[1] Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.

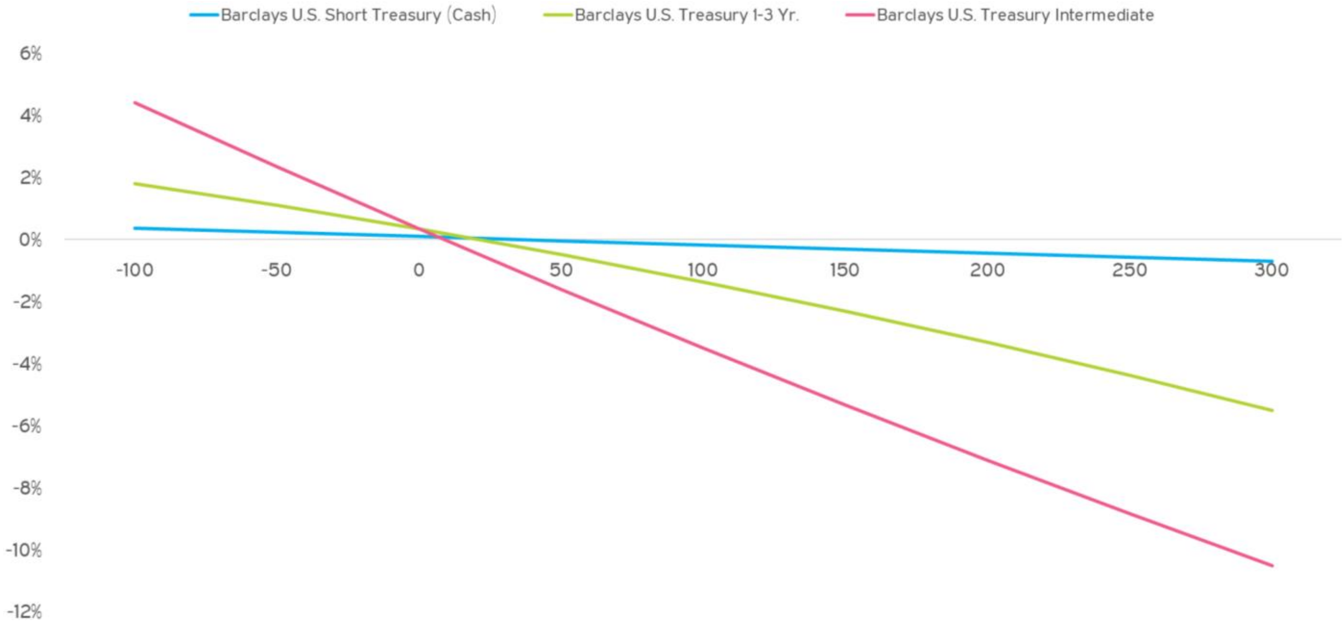
Ten-Year Breakeven Inflation[1]
(As of November 30, 2020)



- This chart details the difference between nominal and inflation-adjusted US Treasury bonds. A higher (lower) figure indicates higher (lower) inflation expectations.

[1] Ten-Year Breakeven Inflation – Source: US Treasury and Federal Reserve. Inflation is measured by the Consumer Price Index (CPI-U NSA).

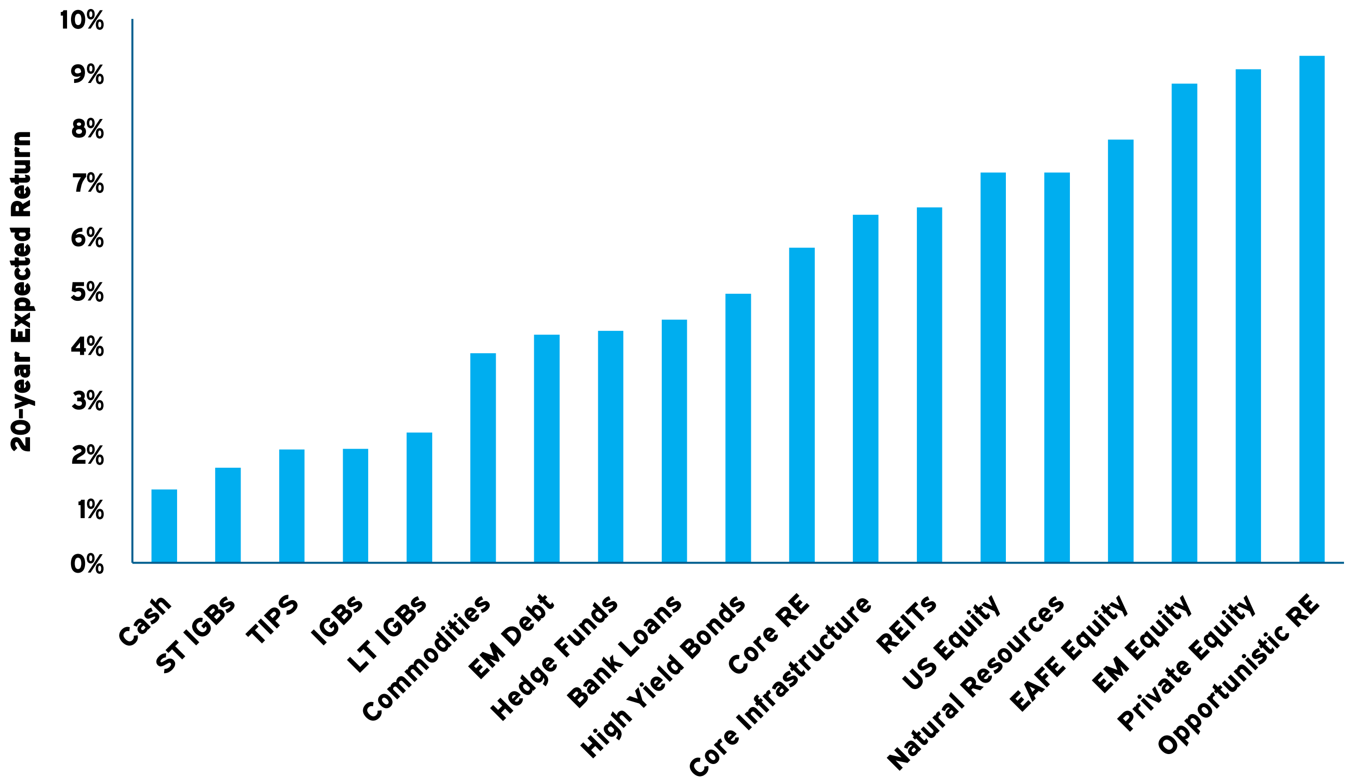
Total Return Given Changes in Interest Rates (bps)[1]
(As of November 30, 2020)



	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays US Short Treasury (Cash)	0.4%	0.2%	0.1%	-0.1%	-0.2%	-0.3%	-0.5%	-0.6%	-0.7%	0.27	0.08%
Barclays US Treasury 1-3 Yr.	1.8%	1.1%	0.3%	-0.5%	-1.4%	-2.3%	-3.3%	-4.4%	-5.5%	1.58	0.32%
Barclays US Treasury Intermediate	4.4%	2.3%	0.3%	-1.6%	-3.5%	-5.4%	-7.1%	-8.9%	-10.5%	3.96	0.32%
Barclays US Treasury Long	23.0%	11.7%	1.4%	-7.7%	-15.6%	-22.4%	-28.1%	-32.6%	-36.0%	19.33	1.44%

[1] Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Source: Bloomberg, and Meketa Investment Group.

Long-Term Outlook – 20-Year Annualized Expected Returns[1]



- This chart details Meketa's long-term forward-looking expectations for total returns across asset classes.

[1] Source: Meketa Investment Group's 2020 Annual Asset Study.

Appendix

Data Sources and Explanations[1]

- US Equity Cyclically Adjusted P/E on S&P 500 Index – Source: Robert Shiller and Yale University.
- Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings.
- Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.
- Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.
- Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.
- Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.
- Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, US Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.

[1] All Data as of November 30, 2020 unless otherwise noted.

Appendix

Data Sources and Explanations[1]

- REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, US Treasury. REITs are proxied by the yield for the NAREIT Equity index.
- Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays US Corporate Investment Grade index.
  - Spread is calculated as the difference between the Yield to Worst of the respective index and the 10-Year Treasury Yield.
- EM Debt Spreads – Source: Bloomberg, and Meketa Investment Group. Option Adjusted Spread (OAS) for the Bloomberg Barclays EM USD Aggregate Index.
- Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for US equity markets.
- Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets.
- Systemic Risk and Volatile Market Days – Source: Meketa Investment Group. Volatile days are defined as the top 10 percent of realized turbulence, which is a multivariate distance between asset returns.
- Systemic Risk, which measures risk across markets, is important because the more contagion of risk that exists between assets, the more likely it is that markets will experience volatile periods.

[1] All Data as of November 30, 2020 unless otherwise noted.

Appendix

Data Sources and Explanations[1]

- Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.
- Ten-Year Breakeven Inflation – Source: US Treasury and Federal Reserve. Inflation is measured by the Consumer Price Index (CPI-U NSA).

[1] All Data as of November 30, 2020 unless otherwise noted.

Meketa Market Sentiment Indicator

Explanation, Construction and Q&A

Meketa has created the MIG Market Sentiment Indicator (MIG-MSI) to complement our valuation-focused Risk Metrics. This measure of sentiment is meant to capture significant and persistent shifts in long-lived market trends of economic growth risk, either towards a risk-seeking trend or a risk-aversion trend.

This appendix explores:

- What is the Meketa Market Sentiment Indicator?
- How do I read the indicator graph?
- How is the Meketa Market Sentiment Indicator constructed?
- What do changes in the indicator mean?

Meketa has created a market sentiment indicator for monthly publication (the MIG-MSI – see below) to complement Meketa's Risk Metrics.

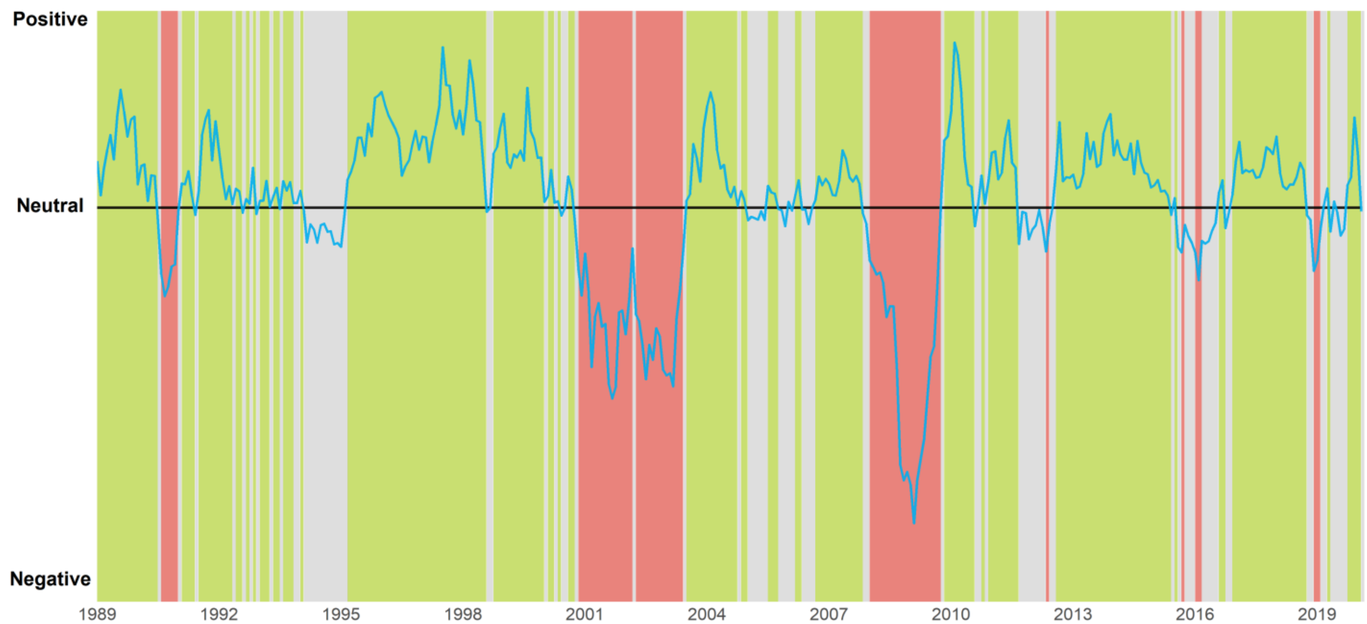
- Meketa's Risk Metrics, which rely significantly on standard market measures of relative valuation, often provide valid early signals of increasing long-term risk levels in the global investment markets. However, as is the case with numerous valuation measures, the Risk Metrics may convey such risk concerns long before a market corrections take place. The MIG-MSI helps to address this early-warning bias by measuring whether the markets are beginning to acknowledge key Risk Metrics trends, and / or indicating non-valuation based concerns. Once the MIG-MSI indicates that the market sentiment has shifted, it is our belief that investors should consider significant action, particularly if confirmed by the Risk Metrics. Importantly, Meketa believes the Risk Metrics and MIG-MSI should always be used in conjunction with one another and never in isolation. The questions and answers below highlight and discuss the basic underpinnings of the Meketa MIG-MSI:

What is the Meketa Market Sentiment Indicator (MIG-MSI)?

- The MIG-MSI is a measure meant to gauge the market's sentiment regarding economic growth risk. Growth risk cuts across most financial assets, and is the largest risk exposure that most portfolios bear. The MIG-MSI takes into account the momentum (trend over time, positive or negative) of the economic growth risk exposure of publicly traded stocks and bonds, as a signal of the future direction of growth risk returns; either positive (risk seeking market sentiment), or negative (risk averse market sentiment).

How do I read the Meketa Market Sentiment Indicator graph?

- Simply put, the MIG-MSI is a color-coded indicator that signals the market's sentiment regarding economic growth risk. It is read left to right chronologically. A green indicator on the MIG-MSI indicates that the market's sentiment towards growth risk is positive. A gray indicator indicates that the market's sentiment towards growth risk is neutral or inconclusive. A red indicator indicates that the market's sentiment towards growth risk is negative. The black line on the graph is the level of the MIG-MSI. The degree of the signal above or below the neutral reading is an indication the signal's current strength.
- Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.



How is the Meketa Market Sentiment Indicator (MIG-MSI) Constructed?

- The MIG-MSI is constructed from two sub-elements representing investor sentiment in stocks and bonds:
  - Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
  - Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration US Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight).
  - Both measures are converted to Z-scores and then combined to get an "apples to apples" comparison without the need of re-scaling.
- The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure.[1] The color reading on the graph is determined as follows:
  - If both stock return momentum and bond spread momentum are positive = GREEN (positive)
  - If one of the momentum indicators is positive, and the other negative = GRAY (inconclusive)
  - If both stock return momentum and bond spread momentum are negative = RED (negative)

[1] Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.
"Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010. *http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf*

What does the Meketa Market Sentiment Indicator (MIG-MSI) mean? Why might it be useful?

- There is strong evidence that time series momentum is significant and persistent. In particular, across an extensive array of asset classes, the sign of the trailing 12-month return (positive or negative) is indicative of future returns (positive or negative) over the next 12-month period. The MIG-MSI is constructed to measure this momentum in stocks and corporate bond spreads. A reading of green or red is agreement of both the equity and bond measures, indicating that it is likely that this trend (positive or negative) will continue over the next 12 months. When the measures disagree, the indicator turns gray. A gray reading does not necessarily mean a new trend is occurring, as the indicator may move back to green, or into the red from there. The level of the reading (black line) and the number of months at the red or green reading, gives the user additional information on which to form an opinion, and potentially take action.

Disclaimer Information

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Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 10.01

January 8, 2021

SUBJECT: Pending Member Accounts Receivable – 4th Quarter

SUBMITTED FOR: ___ CONSENT __ ACTION _X_ INFORMATION

RECOMMENDATION

This report is submitted for the Board's information.

PURPOSE

To report the quarterly summary of pending accounts receivables for SJCERA Retirees and former members as of December 31, 2020.

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

4th Quarter October to December 2020

	Employee or Mbr ID	Action Date	Total Receivable	Payments Began	Current Balance	Original Payment	Current Payment	Payment Description	Original End Date	New End Date	First Reported To Board
1	214605	7/15/2009	11,475.48	5/1/2011	$9,566.93	$16.79	$163.00	Fixed Dollar Amount	12/1/2082	10/1/2024	Jul-11
2	215257	9/1/2012	13,580.90	2/1/2014	$10,385.34	$37.77	$297.00	Fixed Dollar Amount	4/1/2050	11/1/2022	Apr-14
3	202011	5/19/2002	35,537.23	11/1/2015	$20,922.40	$277.65	No Change	Fixed Dollar Amount	12/1/2027	No change	Jan-16
4	226393	9/11/2020	461.74	TBD	$461.74	TBD		TBD		TBD	Jan-21

DISCUSSION

Following consultation with Tax Counsel, staff successfully renegotiated two long term agreements to facilitate full repayment within five years. In the future, correction of errors will include full repayment within a reasonable period of time.

SJCERA has added one new receivable since the last report on October 9, 2020. In error, Member #226393 received an overpayment of contributions upon termination and withdrawal. Staff is working with Counsel to recoup the overpayment.

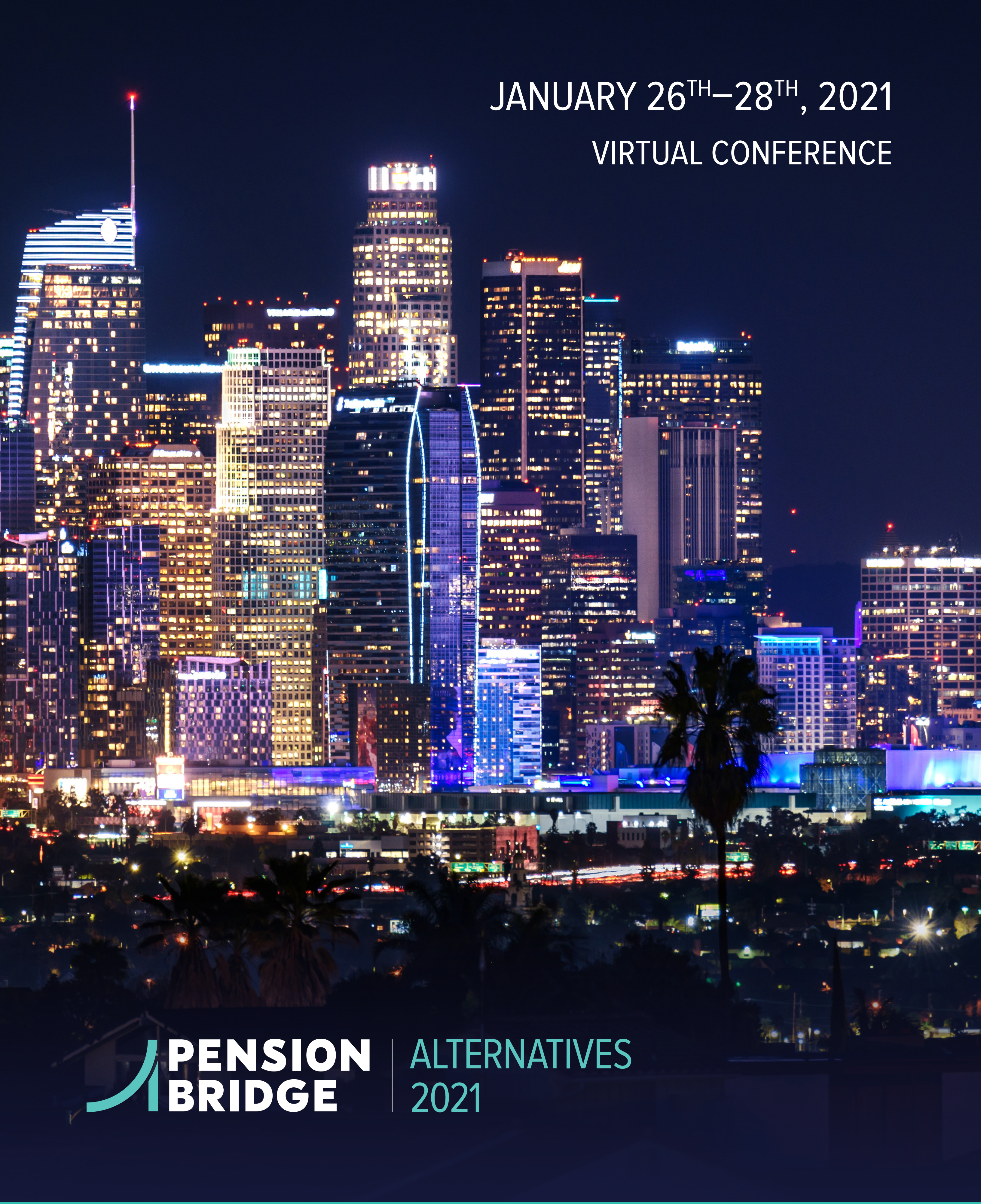
Kathy Herman
KATHY HERMAN
Asst. Chief Executive Officer

Greg Frank
GREG FRANK
Management Analyst III

2021 CONFERENCES AND EVENTS SCHEDULE 2021

EVENT DATES 2021 BEGIN	END	EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
Jan 26	Jan 28	2021 Pension Bridge Alternatives Virtual Conference	Pension Bridge	Virtual Conference	N/A	pensionbridge.com	10 hrs*
Feb 23	Feb 25	2021 Pension Bridge ESG Summit Virtual Conference	Pension Bridge	Virtual Conference	N/A	pensionbridge.com	10 hrs*
Mar 2	Mar 5	NCPERS Accredired Fiduciary Program - Modules 1 & 2	NCPERS	Virtual Conference	$400	ncpers.org	10 hrs
Mar 8	Mar 9	CALAPRS General Assembly	CALAPRS	Virtual Conference	$100	calaprs.org	7.3 hrs*
Mar 9	Mar 12	NCPERS Accredired Fiduciary Program - Modules 3 & 4	NCPERS	Virtual Conference	$400	ncpers.org	10 hrs
May 4	May 7	2021 Annual Pension Bridge Virtual Conference	Pension Bridge	Virtual Conference	N/A	pensionbridge.com	10 hrs*
May 24	May 26	2021 Visions, Insights & Perspectives	Institutional Real Estate Inc.	Palos Verdes, CA	N/A	irei.com	10.75 hrs*

** Estimates based on prior agendas*



JANUARY 26TH–28TH, 2021

VIRTUAL CONFERENCE

PENSION BRIDGE | ALTERNATIVES 2021

info@pensionbridge.com | Florida Office: (561) 455-2729 | New York Office: (646) 891-2152

The Pension Bridge Alternatives Conference provides the highest level of education and networking to the institutional investment community. We will again provide the industry's only controlled attendance structured event. This helps The Pension Bridge to maintain the best conference ratio in the industry. **There will be approximately 300 Pension Funds, Corporate Funds, Endowments, Foundations, Union Funds, Taft-Hartley Funds, Family Offices, Sovereign Wealth Funds and Consultants in attendance. The investment manager firms have been limited to only 75.**

OUR EVENT FOCUS

We'll address what the post-COVID world will look like and how you can invest for that environment in the alts space. With the longest bull market in U.S. history coming to an end, we'll discover how to best diversify risk and generate higher returns in various alternative asset classes. With volatility returning and likely here to stay, we'll find out which alternative strategies make the most sense and how to best provide diversification as well as downside protection when executed properly. We'll discover the methodology used to combine various alternative strategies to generate both alpha and uncorrelated returns. We'll see how a sound portfolio construction process in the Alts space can critical to avoiding the pitfalls of behavioral biases which have become apparent.

THE PENSION BRIDGE ALTERNATIVES HAS TWO GOALS IN MIND

First is to provide the highest level of education with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help build relationships between the pension plans, consultants and investment managers. We have provided the best possible environment for this event which is designed to be conducive for networking.

We look forward to a strong event and a very productive one from both an educational and relationship perspective. We have structured this conference in a manner that will be most productive and beneficial for you. We hope that you will join us to be amongst your industry peers to learn about the most up-to-date insights, investment strategies and trends within the Alternatives space.

KEY QUESTIONS WE WILL ADDRESS

We'll hear from the experts about how to avoid mistakes and generate alpha. We'll tackle the following topics in this extremely challenging environment:

- Are we Early in the Distressed Cycle? Which Sectors, Strategies and Geographies will create the Best Opportunities?
- What can Investors do to Protect their Portfolio for a Prolonged Recession and Downturn?
- Economists Views on the Repercussions of the Recent Fed Actions
- Highly Levered Balance Sheets of PE-Backed Businesses with Possible Negative Cash Flows – How will it Play Out?
- Which Hedge Fund Strategies are Most Appealing over the next Few Years? Non/Low Correlated Strategies?
- How should a Multi-Asset Strategy be Structured to Thrive in Today's Environment?
- Which Types of Real Estate will Outperform or be Most Resilient as a Result of the Pandemic and Recession?
- With Recent Weak Performance, what Characteristics should you be Looking for with Quant Strategies?
- What Type of Global Macro and Trend Following Investments are Well Positioned Right Now?
- What are the Biggest Challenges for Investors in Liquid Alts?
- What Lessons have we Learned about Alternative Risk Premia during this Pandemic?
- How do ESG Considerations Apply to Different Hedge Fund Strategies?
- What Infrastructure Opportunities will this Crisis provide Investors? Will Digital Infrastructure Emerge?
- What does the Future Hold for U.S. Oil and Gas Companies? Will Shale Survive?

In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process in the Alternatives space. We will learn from the best about how to adapt in our industry and protect our portfolios if we see a prolonged downturn.

TUESDAY, JANUARY 26TH

WEDNESDAY, JANUARY 27TH

THURSDAY, JANUARY 28TH

12:00 NOON – OPENING REMARKS

12:05 PM – 12:35 PM – KEYNOTE SPEAKER

Jon Grabel, Chief Investment Officer, **Los Angeles County Employees' Retirement Association, (LACERA)**

12:40 PM – 1:20 PM – MACROECONOMIC VIEW

- Could we be Setup for a Double Dip Recession or is this Recovery Sustainable? How should Investors be Reacting?
- What are the Repercussions of the Recent Fed Actions? Do they have the Ammo to Combat the Economic Damage from COVID?
- What is the Single Largest Risk Factor or your Expectations for the Next Black Swan?
- Can we Expect Heightened Volatility for the Remainder for the Year and Beyond?
- With Market Volatility and High Downside Risk in Equities, is now the Time to Embrace Active Investing?
- Algos and Passive Investment as a Market Risk
- High Yield Defaults Outlook and Risks?
- What does a Biden Win mean for China's Economy? Expectations now that China has had a Strong Bounce from the COVID Slump?
- Which are the Shakier Emerging Market Countries with High Debt that are Most Vulnerable?
- How do you View Central Bank Digital Currencies? Will the Dollar go Paperless and what are the Macro Risks?
- What are your Expectations for Inflation vs. Deflation?
- Where are we in the Credit Cycle?
- How do you View Derivatives Risk?
- What are your Expectations Looking Out 12-24 Months for Equities and Bonds?
- What are the Most Appealing Investments in this Volatile Environment?

MODERATOR

William Carpenter, Director – Private Equity Principal Investments, **Teacher Retirement System of Texas**

SPEAKERS

Nathan Sheets, PhD, Chief Economist and Head of Global Macroeconomic Research, **PGIM Fixed Income**

Tony Cousins, CFA, Chief Executive Officer, Chief Investment Officer, **Pyrford International**

Richard Bernstein, Chief Executive Officer and Chief Investment Officer, **Richard Bernstein Advisors**

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1:20 PM – 1:35 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

1:35 PM – 2:20 PM – CREDIT STRATEGIES

- Current State of the Credit Market in Response to the Pandemic
- How do you Expect the Industry to Evolve over the next 12-18 Months?
- What are your Expectations for the Highly Levered Balance Sheets of Private Equity-Backed Businesses and possible Negative Cash Flows? Will this Result in Cash Infusions, Dilutive Equity and Cracks in the Relationships?
- Is Direct Lending a Space You Envision Investing Further in? Any Specific Sectors you are Keen on? Wary of? What Adjustments are Lenders making in regards to the Structure of Deals?
- Have Riskier, Lower Credit Direct Lending Deals Paid Off for Firms as Envisioned?
- How much Attention are you giving to Capital Preservation Strategies such as Mezzanine and Senior Debt?
- Are there any Concerns about the Amount of Assets Being Put to Work here from a Saturation Perspective?
- BBB Risk of a Mass Move to High Yield – how concerned should we be?
- What is your Outlook for Structured in this Environment? Risk/Reward for CLOs and could this Crisis lead to Default Contagion?
- Does Uncertainty Surrounding Regulations within the CMBS Market cause any Hesitation?
- Bank Loans Overview and Effects from the Government Programs created during the Coronavirus Pandemic
- What are your Expectations for Specialty Finance in this Environment and which Sectors do you see as being Attractive?
- When Looking at Opportunistic Credit and Distressed Debt, which areas of the Industry are Most Attractive?
- Is the Creation of a Private Credit Pacing Plan the Smart Move with Today's Dislocation Evident?

MODERATOR

Wesley Pulisic, CFA, Head of Alternative Credit, **New York City Retirement Systems, Office of the Comptroller**

SPEAKER

Chris Hentemann, Founder, Managing Partner, Chief Investment Officer, **400 Capital Management**
Steve Nesbitt, Chief Executive Officer, **Cliffwater**
Alistair Lumsden, Founder, CEO & CIO, **East Lodge Capital**
Theodore L. Koenig, President & CEO, **Monroe Capital**

2:20 PM – 2:35 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

2:35 PM – 3:15 PM– DISTRESSED INVESTING – OPPORTUNISTIC AND SPECIAL SITUATIONS

- What is the Current State of the Distressed Markets? Are we Early in Cycle Currently?
- How has Distressed Reacted to the Government Support Programs? What is the Outlook?
- With the Large Amount of Money going after Distressed, is there enough Quality to Satisfy the Hunger?
- Which Sectors, Strategies and Geographies will create the Best Opportunities? Any Areas that should be Avoided?
- How are Lower-Tier High Yield Loans Doing Now?
- What are the Unforeseen Risks in Credit and Debt?
- Is the Sponsored Lending Market an Attractive Opportunity Currently?
- What is the Outlook on the Energy Sector? How do you Price Risk? Any Turnaround in Sight?
- How do you view Leverage in this Environment?
- What is the Outlook on Direct Lending?
- What are the Opportunities and Risks in Europe? Any Countries, Sectors or Types of Deals that Stand Out?
- Do you see Opportunities in Asia or Elsewhere Globally?
- With Attractive Pricing Levels, is it Time to Boost Target Levels and Invest More?
- Should ESG-Focused Investors Avoid Distressed Investing? If so, are they missing out on Potential Returns?
- What Traits are you looking for in Distressed Managers in this Environment? Do you Focus More on Tenured Mangers Verses Emerging or Smaller?
- Are there any Types of Differentiations you should be Zeroing in on when Seeking Managers?

MODERATOR

David Scopelliti, Global Head of Private Debt, **Mercer Alternatives**

SPEAKERS

Mihai Florian, Senior Portfolio Manager, **BlueBay Asset Management**
Tom Goila, Partner, **Comvest Partners**
Luke Chan, Principal, **HighVista Strategies**

3:15 PM – 3:30 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

3:30 PM – 4:10 PM – CONSULTANT ROUNDTABLE

(A) CLIENT CHALLENGES

- What Questions are you Receiving the Most from Investors? What Advice are you Giving?
- How much of the Conversation Revolves around Capital Preservation?
- Are Clients Worried about Longer Lock-Up Periods with the Possibility of a Double-Dip Recession? How might this affect Future Liquidity Needs?
- Do you feel Investment Committees have the Investment Expertise and Time to handle today's Complex Landscape? If not, what would you suggest to Overcome the Knowledge Gap?

- Are Clients Willing to Allocate more Assets to Alternatives Coming out of the Pandemic and Election Cycle? Any Specific Areas of Interest?
- How do Real Assets fit in today's Portfolio? How Important are they?
- As Private Markets Grow, where are Clients Pulling Assets from?
- With Large Distributions over the last few years and Investors often Shut Out of Oversubscribed Top Tier Private Equity Funds, have you found it Difficult to Maintain or Expand your Client's Allocation?

(B) INVESTMENT CHALLENGES

- Are Clients Becoming more Receptive to Active Investments Amidst the Volatility? How much, if so?
- How Much Conversation Revolves Around Fees at this Point? Are Active Managers Still Open to Fee Conversations?
- Has Interest in Hedge Funds Gone up Following Coronavirus Epidemic? If so, which Strategies?
- Coming out of the Pandemic will the Number of Investors that back ESG Grow? Why or Why not?
- Do you believe Industry Specialized Firms will Outperform Generalist Firms going forward? If so, why?
- Are there any Asset Classes Clients that should be Looking at Right Now that are not?
- What Changes would you like to see the Institutional Investing Community Make in the Future?
- Are Clients asking for Impromptu Asset Allocation/Liability Reviews?
- What can Investors do to Protect their Portfolio for Double-Dip or Prolonged Recession? Any Risk Mitigating Strategies you like?

MODERATOR

Darryl Walker, Board Member, **Alameda County Employees' Retirement Association**

SPEAKERS

Anthony M. Novara, CFA, Principal, Research Director - Global Hedge Fund Strategies & Capital Markets, **DiMeo Schneider & Associates**

Laura B. Wirick, CFA, CAIA, Principal, Consultant, **Meketa Investment Group**

Daniel Hennessy, CFA, CAIA, Senior Consultant, **NEPC**

4:10 PM – 4:25 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

12:00 NOON – 12:40 – CURRENT AND FUTURE STATE OF THE HEDGE FUND INDUSTRY

- Have Hedge Funds Protected your Portfolios as you had Envisioned Amidst the Market Turmoil?
- Did Long/Short Managers Earn their Fee in your Opinion during the Downturn? What has been the Root of the Struggle for this Strategy and will that Change or be a Mainstay?
- Can we Expect General Outflows to Continue with Hedge Funds? Can this be Turned Around?
- Which Non/Low Correlated Strategies are Most Attractive?
- How do you Compare Hedge Funds with Multi-Asset Strategy Funds?
- If there was a Hedge Fund Strategy you would Invest in over the next Few Years, which one would it be and why?
- What Type of Toll have Poor Returns from Well-Known Hedge Fund Managers had on the Industry?
- Does Powerful Branding Remain an Important Factor During Manager Selection Time?
- Do you believe Smaller and Mid-Sized Hedge Funds will Pick Up More Assets from the Large Hedge Funds? What is Holding them Back Considering their Outperformance?
- How do Emerging Managers Differentiate Themselves?
- Do you see any Trends Developing in regards to the way we Evaluate Liquidity Provisions for Hedge Funds?
- Have Manager Evaluation Factors Changed at all in Recent Years? If so, how?
- What does the Future Hold for the Fund of Funds Space? What can we Expect on the Fees Front?
- How Prevalent is ESG within Hedge Fund Portfolios These Days? Are Investors Beginning to Demand more ESG?
- Any Recent Trends you've seen for Pension Plans as far as Fees, Transparency, Customization, Increased Partnership, etc.?
- Importance of Operations Due Diligence. Any recent Developments? How often should Operations be Reviewed?
- As an Investor, do you Negotiate the Frequency of Performance Fee Payments (Fee Crystallization), with your Managers so that it Doesn't Lead to Hidden and Higher Costs?
- What is the Role of Separate Managed Accounts? What are the Benefits? Are they Better than Commingled Funds?

MODERATOR

James Walsh, CFA, CAIA, Head of Portfolio Group, Partner, **Albourne America**

SPEAKERS

Darren Wolf, CFA, Global Head of Investments, Alternative Investment Strategies, **Aberdeen Standard Investments**

Julia Winterson, Senior Director, Alternative Investments, **CommonSpirit Health**

Panayiotis Lambropoulos, CFA, CAIA, FRM, Portfolio Manager – Hedge Funds, **Employees Retirement System of Texas**

Joel Hinkhouse, CFA, Director – External Public Markets, **Teacher Retirement System of Texas**

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12:40 PM – 12:55 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

12:55 PM – 1:25 PM – RESPONSIBLE INVESTMENT AND HEDGE FUNDS: DOES IT MIX?

- How are Investor Expectations Evolving? What is Driving Investor Approaches?
- How do ESG Considerations Apply to Different Hedge Fund Strategies?
- Is Responsible Investment the "Next" Big Opportunity for Active Managers?
- Will Responsible Investment Transform Markets? "Climate-Driven Minsky Moment" (collapse in prices of certain assets) or Opportunity for Undervalued "Sin Stocks"?
- How do investors formulate their expectations?
- What are pitfalls and current challenges for institutional investors?

MODERATOR

Thomas Deinet, Executive Director, **Standards Board for Alternative Investments**

SPEAKERS

Emlyn Palmer, Portfolio Analyst, ESG, **Albourne**

Michael Oliver Weinberg, CFA, Managing Director, Head of Hedge Funds and Alternative Alpha, **APG Asset Management US**

1:30 PM – 2:05 PM – QUANTITATIVE HEDGE FUNDS

- Does the Pandemic and Future Tremors change the way you view Quantitative Hedge Funds? The Way you view Trend-Following Investing?
- How do you Explain the Underperformance from 2019 and 2020? What Changes should be Made for Improvement?
- Manager Selection for Quantitative Strategies – what are the Key Characteristics and Traits you should be looking for now?
- Can Machine Learning Forecast Market Cycles?
- What Quant Strategies and Characteristics are Attracting Institutional Capital Today? Any New Opportunities Arising?
- How has your Risk Analysis, Risk Management and Modeling Evolved?
- What are Multi-Dimensional Data Sets and why are they Valuable?
- What are the Advances in Trading Technology and Big Data Innovations that Improve Trading Performance?
- What Place do Quant Strategies have in Investor Portfolio's Today?
- Carnage can Create Opportunity, any good Entry Opportunities Revealing Themselves?

MODERATOR

Sam Kavehrad, Manager Research Consultant, **RVK**

SPEAKERS

Joe Marenda, Partner, **Cambridge Associates**

Jason Rector, Senior Analyst, **State of Wisconsin Investment Board**

2:05 PM – 2:20 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

2:20 PM – 2:55 PM – GLOBAL MACRO AND MANAGED FUTURES HEDGE FUNDS

- As evidenced by March, how much can Global Macro Decrease the Depth of Portfolio Drawdowns and Volatility? Managed Futures? Do you Consider it an "All-Weather" Investment?
- Are Investment Staffs and Board Trustees Giving More Time to Global Macro Now than in the Past due to the Strong Performance in March? Have we seen a Boost in Flows as it comes back into Favor?
- Does the Market Turmoil Change the way you View Discretionary and Systematic Investing? If so, how?
- What is the Specific Role of Global Macro and Managed Futures in the Overall Portfolio? What are the Key Differences from other Hedge Fund Strategies?
- What Type of Global Macro Investments are Well Positioned Right Now?
- How are Global Macro Investments in China Viewed Verses the Rest of the World? How much China should you have in your Portfolio?
- What Questions should an Investor ask a Prospective Manager? Has the Conversation Changed at all?
- What are the Best Ways to Evaluate and Monitor Macro Managers?
- Historical Performance of Managed Futures
- What are the Best Ways to Access Managed Futures?
- With the Commoditization of Momentum and Trend Following, what is the Current State of Fees in the Macro Space? Does it Vary by Strategy?
- What are the Biggest Global Macro Themes you'll Focus on in the Coming Years?
- Does ESG Play a Role when it comes to Investing in this Space?

MODERATOR

Norman Kilarjian, Partner, Head of Macro and Quant Strategies, **Aksia**

SPEAKER

Alan Dunne, CFA, Managing Director and Head of Markets, **Abbey Capital**
Joe Tolen, Director of Multi-Asset Strategies, **Indiana Public Retirement System**

2:55 PM – 3:10 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

3:10 PM – 3:40 PM – LIQUID ALTS – 40 ACT MUTUAL FUNDS, ETFS AND UCITS

- With Liquid Alts Lagging Hedge Funds during the COVID Pandemic, what are your Expectations going forward for this Sector?
- What have been the Main Concerns with UCITS?
- How did Smart Beta Perform During the Downturn? What are the Hidden Risks in Smart Beta?
- Liquid Hedge Fund Products and Hedge Fund Replication – what are the Benefits aside from Lower Fees? What are the Limitations?
- How Important is Transition Management to Attracting Institutional Assets? Is this a Key Window to Liquid Alts ETFs Gaining Popularity?

- Have Alternative Mutual Funds as a whole Provided Meaningful Diversification Benefits?
- What are the Biggest Challenges for Investors in Liquid Alts?
- If Managed Futures and Alternative Risk Premia are the Premier Diversifiers in this Space, is it True that Replication Won't Fit because of their Market Neutrality and Use of Leverage?
- What Kind of Role can Alt Risk Premia have in the Overall Portfolio?
- What are the Best Ways to use ETFs and Funds in Portfolio Construction for Smaller Investors?

MODERATOR

Keith Black, PhD, CAIA, CFA, FDP, Managing Director, Content Strategy, **CAIA Association**

SPEAKER

Leo Svoboda, CRA, FRM, Managing Director, Head of Liquid Alternatives, **Nationwide Mutual Insurance Company**

3:40 PM – 3:55 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

3:55 PM – 4:30 PM – ALTERNATIVE RISK PREMIA

- Recent Returns have been Largely Unimpressive, has your Opinion of Alternative Risk Premia Changed? If so, how?
- What are the Different Ways you can Use and Implement Alternative Risk Premia?
- What are the Pro's and Con's currently with ARP? What Lessons are we Learning about ARP during this Pandemic, if any?
- With Value having a Difficult Time of Late, are Investors Soured on this Space? Is it time to Embrace Value?
- Understanding Alternative Risk Premia – how does it Differ from Smart Beta? From Alpha?
- How does Risk Premia Rate when Compared with other Quant Strategies?
- How can a Multiple Market Neutral Alternative Risk Premia Combined in a Single Portfolio show Low or No Correlation to a 60/40 or Hedge Fund Portfolio?
- Explain the Potential Benefits – Diversification, Liquid, Transparent, Efficient, Systematic Exposure
- Are there any Specific Traits you seek when Searching for ARP Managers? How should you Approach Manager Selection?
- With Lower Transaction Costs and Lower Fees than Traditional Alternative Investments, what can Investors Expect?
- Does there Need to be Improvement on the Operations Side of ARP? In what way?
- What do you View as the Biggest Risks of ARP?
- Do you Worry about the Fallout if Correlations Change over Time? How do you Manage this Risk?
- How should Investors determine which Alternative Risk Premia Strategies Best Meet their Objectives?

MODERATOR

Kevin Machiz, CFA, FRM, Vice President, **Callan**

SPEAKERS

Christopher Walvoord, Partner, Global Head of Liquid Alternatives, **Aon**

Moses Maxfield, CFA, CAIA, Investment Officer, **Virginia Retirement System**

Amit Sinha, Head of Multi-Asset Design, **Voya**

12:00 NOON – 12:40 PM – MULTI-ASSET INVESTING

- How do you Define Multi Asset-Class Investing and has the Asset Class met your Goals?
- How would you Rate Returns During the Pandemic? Is Downside Protection as Effective as Managers Claim?
- Did Stress Testing Yield Expected Returns in this Difficult Environment? Were there any Surprises?
- What is the Best way to Benchmark Multi-Asset Strategies? What sort of Time Period is Useful for considering Performance Relative to your Benchmarks?
- Is there a Illiquidity Threshold Investors should be Wary of Crossing?
- What Asset Class does Multi-Asset Belong in? Does it Deserve its Own?
- What are the Differences Between Multi-Asset Funds and Hedge Funds? What are the Advantages and Disadvantages of Choosing Between the Two?
- How Important is Drawdown Risk in this Environment? Is more Weight Placed in Asset Conservation? Is there a way to Avoid Large Drawdowns?
- How should Multi-Asset Portfolios be Restructured to Thrive in Today's Environment? How will it Evolve over the Next Several Years?
- How do Multi-Asset Managers Differentiate Themselves in this Crowded Field?
- How can Factor Analysis be used to Mitigate Risk and Improve Multi-Asset Portfolios?
- Is Excessive Leverage a Concern?
- How much Weight is Put into ESG Considerations with this Type of Portfolio?
- How Worrisome is the Reliance on Stable Correlation Relationships with No Certainty those Relationships will Persist?
- Is Overlap of Investments, or Style Drift, a Warranted Concern Between Multi Asset-Class and the Remainder of the Portfolio?
- How do you go about the Right Balance of Public and Private Equity when building the best Multi-Asset Portfolio for you?

MODERATOR

Raymond J. Schleinkofer, CFA, Investment Director, **UCLA Investment Company**

SPEAKER

David McIntyre, Investment Manager-Multi Asset PCG Member, **Baillie Gifford**

Gary Herbert, Managing Director, U.S. Head of Global Tactical Asset Allocation, **J.P. Morgan Asset Management**

Hani Redha, CAIA, Managing Director, Portfolio Manager, Global Multi-Asset, **PineBridge Investments**

David E. Francl, Managing Director, Absolute Return, **San Francisco Employees' Retirement System**

12:40 PM – 12:55 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

12:55 PM – 1:40 PM – PRIVATE EQUITY

- Is the Dampened Deal Flow caused by the Pandemic back on Track?
- Are you Expecting Lower Returns over the Short and Long Term? Will PE Outperform Public Equities?
- What are your Expectations for Exit Activity?
- What Questions Should LPs be Asking GPs to Understand how they've Fared Through the Pandemic and what Adjustments they are Making?
- As an LP, have you been asked by GPs to Recycle Proceeds back into the Portfolio as a way to Raise External Capital to Sustain Portfolio Companies Suffering from Lost Revenue from COVID or Older Funds? If so, how are you handling it?
- How do you Rate Structured Financing Solutions in the Current Environment?
- What are your Views on the SPAC Boom?
- Which Sectors or Geographies seem to be Most Impacted in the Buyouts Space? Most Insulated or Recession-Proof Sectors? Highest Growth Sectors?
- What are the Biggest Challenges or Headwinds Facing Venture? Is it Better Equipped to Withstand a Downturn vs. the Global Financial Crisis?
- Have your Expectations for Secondaries Changed During the Pandemic? If so, how?
- Do you see More Opportunities for GP-Led Secondaries? Any Pitfalls that LPs need to be Aware of?
- What Types of Deals are you seeing today in Co-Investments? Has COVID caused any Changes to your Underwriting Screens for Co-Investments?
- Will it be more Difficult for Smaller and Lesser Known Firms to Win Assets? Do you believe Emerging Managers will Benefit from Not being Overly Burdened by Extensive Legacy Portfolios?
- Does the Pandemic Alter the Way Fund of Funds are Viewed?
- Is it Time to Focus on ESG more than in the Past? Why or why not? What Specifically should Investors be Looking at?
- Given Today's Environment, has your Organization changed its course on Diversity? Are you doing anything differently today? Does it Influence Investment Decisions?
- How much of a Premium should be Placed on Sector Specific Funds as Opposed to Generalist Funds? Any Resilient and Noncyclical Sectors that stand out?
- Any New Trends in Fees or Expectations going forward?

MODERATOR

Jose Fernandez, Partner, Co-Chief Operating Officer, **StepStone**

SPEAKER

Yup Kim, Private Equity Investment Director, **California Public Employees' Retirement System, (CalPERS)**

Christopher Kojima, Global Co-Head of Alternatives Capital Markets & Strategy Group, **Goldman Sachs & Co.**

Roland Reynolds, Senior Managing Director, **Industry Ventures**

Nate Taylor, Partner, Co-Head of Americas Private Equity, **Kohlberg Kravis Roberts & Co, (KKR)**

1:40 PM – 1:55 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

1:55 PM – 2:40 PM – REAL ESTATE

- What are the New Real Estate Investing Trends Emerging from the Pandemic?
- Which Types of Real Estate are Primed to Outperform or be Most Resilient as a Result of the Pandemic and Recession?
- How much Risk are you willing to take on when it comes to Real Estate?
- What are the Advantages and Disadvantages of Core and Non-Core Real Estate Currently?
- How much Attention do you have on eCommerce Manufacturing Warehouses? Any other Niche Sectors that you might find Attractive?
- What Kind of Long Term Impact will Commercial Real Estate Sustain?
- What is the Near and Long-Term Outlook on Malls, Offices, Universities, etc?
- Any Long-Term Impact of Fannie Mae and Freddie Mac if Mortgage Payments go Unpaid?
- Current State of the Real Estate Secondary Market
- How do you View the use of Leverage in this Market?
- What is the Outlook on Manager Search Activity? Can we Expect an Uptick from here?
- Are there any Specific Traits You're Looking for Now in Managers that you weren't Perhaps Before?
- What are your Views on REITS in this Environment? Mortgage REITS? Data Center REITS? Any REIT Sectors that can Insulate your Portfolio for a Recession?
- What Real Estate Technology Trends/Disruption are you Watching Most Closely?

MODERATOR

David Glickman, Executive Vice President, Real Estate Consultant, **Meketa Investment Group**

SPEAKER

John Ockerbloom, Head of U.S. Real Estate Equity, **Barings**

Christopher Merrill, Co-Founder, Chairman and CEO, **Harrison Street**

Steve Orbuch, Founder and President of Sculptor Real Estate, **Sculptor Capital Management**

Michael Fogliano, Senior Portfolio Manager, Real Estate, **State Board of Administration of Florida**

2:40 PM – 2:55 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

2:55 PM – 3:30 PM – INFRASTRUCTURE

- State of the Infrastructure Industry
- Which Sectors do you find to be Most Attractive?
- What Opportunities might this Crisis provide Investors? Might Digital Infrastructure Emerge as a Result of the Pandemic?
- Should Infrastructure Equity Investing be Viewed as an Inflation Hedge?
- Can we Expect a Rise in Infrastructure Credit Investing?
- What Sectors within Renewables or Alternative Forms of Energy do you find Attractive? Will the Best Opportunities be in the U.S. or Emerging Markets?

- What are your Views on Battery Storage with all the Buzz Surrounding it? What Progress have we seen?
- Approach – Greenfield vs. Brownfield
- Core Infrastructure Tends to be Seen as Defensive, could that change Post-COVID?
- Are you Looking at ESG More Now than in the Past? Or has there Been No Change?
- Which Geographies are Currently Most Appealing?
- Is it Becoming more Difficult to find Top Flight Infra GPs to Invest with?
- Do Energy and Power Funds Make Sense in this Environment? Looking Out a Few Years?
- Listed vs Unlisted – Which do you Prefer in this Environment? In the Post-COVID World?
- What Type of Role does Infra play in the Overall Portfolio? Can we Expect Increased Asset Inflows with Diversification Needs Growing?
- How much Diversification is Appropriate within the Portfolio? Can we Expect Fund of Funds to Pull In More Assets?

MODERATOR

Mark Williams, Managing Director, **Cliffwater**

SPEAKERS

Charles Fitzpatrick, CFA, Portfolio Manager, Inflation Sensitive, **California State Teachers' Retirement System**

David Altshuler, Executive Director, Product Development, **IFM Investors**

3:30 PM – 3:45 PM – NETWORKING – ONE-ON-ONE MEETINGS WITH ALLOCATORS/ CONSULTANTS AND MANAGERS

3:45 PM – 4:20 PM – ENERGY

- How has the Risk Profile Changed as a Result of the Turmoil?
- Can we Expect Market Volatility from Here? How about Government Intervention to keep U.S. Oil and Gas Companies Operating? Will Shale Survive Without Federal Aid?
- What will be the End Result of the Run on Storage Space?
- What Specific Types of Energy are Best Suited for Investment Today? Looking Out 5 to 10 Years?
- What is the Outlook on Midstream MLP's?
- How is Leverage Viewed in Today's Environment?
- What does the Future Hold for Natural Gas?
- Do you Find yourself Competing More with other Investors when it comes to Renewables Investing? What Challenges have you Encountered?
- What's Next for Oil and Gas M&A with a Wave of Upcoming Bankruptcies and Restructurings?
- Do have you have Plans to Invest in Renewables for Frontier Markets such as Africa? How about Emerging Markets? How do you View the Risk/Reward Profile?
- Where does Wind and Solar Energy Stand in the Minds of Investors? Where are there Attractive Opportunities?
- What Trends can we Expect coming out of the Pandemic in Developed Economies?

- How does Energy Fit into Today's Modern Institutional Portfolio? What is its Main Role?
- Does the Pandemic Further Cement ESG's role within the Industry? Why or why not?

MODERATOR

Tom Martin, Head of Private Equity and Real Assets Research, **Aksia**

SPEAKERS

John Breckenridge, Senior Managing Director and Head of Clean Energy Infrastructure, **Capital Dynamics**

Brad Morse, President, Fulcrum Energy **Capital Income Funds**

REGISTRATION

TO REGISTER OR RECEIVE MORE INFORMATION ABOUT THE 2021 PENSION BRIDGE ALTERNATIVES CONFERENCE:

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We are an innovative company offering educational conferences of the highest quality. Our objective is to provide an education to the institutional investment community while providing an impressive speaker faculty in a setting that is conducive to great networking. We help institutional money managers connect with Pension Funds and Consultants across the country in a fun, enjoyable atmosphere. Our events can act as a stepping stone to a successful financial relationship or simply help build the investment education.

Our management team's unique skills, operating experience, and industry relationships help to make our events the main attraction in the industry. We pride ourselves on being there to cater to our clients' wants and needs. Our ratio of plan sponsor to investment manager allows our events to be the most desirable and accommodating in the conference industry. Pension Bridge is known for its strength, stability, relationships and operational excellence.

PENSION BRIDGE | ESG SUMMIT 2021

FEBRUARY 23–25, 2021

VIRTUAL SUMMIT

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CREATING A SAFE ENVIRONMENT FOR CRITICAL LEARNING AND DEBATE

Following the successful launch of the Pension Bridge ESG Summit last February, we are once again preparing to bring together investors, consultants and managers to discuss how ESG is impacting on our industry - with our next virtual event taking place from Tuesday February 23rd to Thursday February 25th, 2021.

With ESG considerations increasingly influencing investor allocation decisions, especially with D&I becoming a major factor in the current climate, we are expecting a surge of interest from investors, consultants and managers anxious both to understand and inform investment sentiment, and of course to forge new relationships with like-minded individuals and organizations.

THE PENSION BRIDGE ESG SUMMIT HAS TWO GOALS IN MIND

First is to provide the highest level of education with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help build relationships between pension plans, consultants and investment managers.

Taking place for the first time in a virtual environment, this February's Pension Bridge ESG Summit will use new technology to ensure you can participate in all aspects of the event, with dynamic Q&A sessions, interactive audience polls, as well as having dedicated time during one-on-one meetings to speak to other organizations that work in similar strategies or across similar remits.

We look forward to a strong event and a very productive one from both an eductional and relationship perspective. We have structured this conference in a manner that will be most productive and beneficial for you. We hope that you will join us to be amongst your industry peers to learn about the most up-to-date insights, investment strategies, and trends around ESG investing.

KEY TOPICS

THE 2021 EDITION IS EXPECTED TO ADDRESS THE FOLLOWING ISSUES

- Diversity and Inclusion: The role of investors and managers in driving change
- Impact Investing: Can it be institutionalized and what structures work best?
- Climate Change: Understanding how and when these issues will impact your portfolios
- Corporate Governance: The evolving role of investors in holding firms to account
- How are US investors starting to roll out ESG programs and why is there still hesitation?
- What lessons can North American institutions learn from their European counterparts?
- The awkward questions to ask when assessing manager ESG credentials
- Investing in Emerging Markets through an ESG lens

TUESDAY, FEBRUARY 23

WEDNESDAY, FEBRUARY 24

THURSDAY, FEBRUARY 25

12:00 PM–12:30 PM – KEYNOTE ADDRESS

12:30 PM – 1:10 PM – DIVERSITY AND INCLUSION: THE ROLE OF INVESTORS AND MANAGERS IN DRIVING CHANGE

- What Kind of Political Pressures are being Levied to Promote D&I Growth Externally and Internally?
- What are the Difficulty Levels of Building a Properly Diverse Work Force? And why is this?
- How can Investors Attract More Diverse Applicants?
- Will Portfolio Risk Increase as Managers Transition Towards Further D&I?
- How Much Attention do you Give D&I when Seeking Managers? What's a Reasonable Amount?

1:10 PM – 1:25 PM – NETWORKING BREAK

1:25 PM – 2:05 PM – IMPACT INVESTING – CAN IT BE INSTITUTIONALIZED AND WHAT

- How do you Weigh 'Purpose Verses Profit' when Impact Investing?
- Do you Expect the Impact Industry to Continue Growing at a Rapid Rate? Will this Make it More Difficult to Find Opportunities?
- How do you View Employee Make Up when Making Impact Investments? Do you have a Minimum Criteria for Hired Women and People of Color?
- What is the best way to Benchmark Impact Investing? How about Benchmarking the Non-Financial Aspect, such as the Social Impact?
- How Difficult is it to Find Institutional-Level Impact Investments?

2:05 PM – 2:20 PM – NETWORKING BREAK

2:20 PM – 2:50 PM – HEADLINE SPONSOR PRESENTATION

2:50 PM – 3:30 PM – FIXED INCOME AND CREDIT – IS ESG ONLY ABOUT LIMITING DOWNSIDE RISK?

- Are ESG Metrics Mainly Used to Limit Downside Risk? What other Roles do they Play?
- Discuss the Differences between Green Bonds, Social Impact Bonds and Sustainability Bonds?
- What Types of Green Bonds are Investors Focusing On in this Environment? Looking out 3 -5 Years?
- What is the Outlook on Transition Bonds? Has Interest Stalled at all in the Current Environment?
- How will D&I Impact Fixed Income and Credit Investing? Anything Specific to this Asset Class?

3:30 PM – 3:45 PM – NETWORKING BREAK

3:45 PM – 4:25 PM – THE AWKWARD QUESTIONS TO ASK WHEN ASSESSING MANAGER ESG CREDENTIALS

- Do any of the Underlying Companies you Invest with have ESG Data Gaps? How can you Tell if they Do/Don't?
- How closely do you look at Gender and Diversity within the Companies?
- What is the Makeup of the ESG Manager itself?
- How might the Benchmark chosen not be a Perfect Fit?
- Do you Foresee Regulation Coming and how might it Impact Your Portfolio?

4:25 PM – 4:40 PM – NETWORKING BREAK

4:40 PM – 5:20 PM – INVESTING IN EMERGING MARKETS THROUGH AN ESG LENS

- How Difficult is it to Fund Reliable ESG Data in the Emerging Markets? What are the Best Routes to Obtain Information?
- Is Greenwashing a Concern with Lesser Transparency Laws?
- How have Returns within the Emerging Markets Fared with during the Pandemic? Can you tell if ESG has Aided Returns at all?Are any Asset Classes better suited for US ESG Portfolios? Any to be Avoided?
- Do you Trust ESG Rating Providers Data in the Emerging Markets?

5:20 PM – 5:35 PM – NETWORKING BREAK

12:00 PM – 12:30 PM – KEYNOTE ADDRESS

12:30 PM – 1:10 PM – CLIMATE CHANGE – UNDERSTANDING HOW AND WHEN THESE ISSUES WILL IMPACT YOUR PORTFOLIOS

- How do you Identify Climate Risk within your Overall Portfolio? Is this the Fiduciary's job or the Board's Responsibility?
- Is it Possible Additional Risk is Introduced into the Portfolio via a Climate Action Plan? If so, what kinds?
- Are there any Concerns that Implementing a Climate Action Investment Plan may Hurt Returns? Thoughts on Short and Long- Term?
- How Seriously are Asset Managers taking Climate Risk and how are they Incorporating it into their Strategy?
- Is it Appropriate to Alter the Return Benchmarks to Accommodate a Climate Plan?

1:10 PM – 1:25 PM – NETWORKING BREAK

1:25 PM – 2:05 PM – HOW ARE US INVESTORS STARTING TO ROLL OUT ESG PROGRAMS AND WHY IS THERE STILL HESITATION?

- What are Common Stumbling Blocks to ESG Integration? How can they be Overcome?
- Has the Pandemic Changed Your Opinion on your Integration Plan at all?
- What are the Main Reasons Why Investors Choose to Not Embrace ESG? Can their Minds be Swayed?
- What Questions Need to be Asked of Asset Managers when being Considered for a Mandate? How do you Distinguish Between LipService and Genuine Answers?
- How Much Weight do you Put in ESG Ratings?

2:05 PM – 2:20 PM – NETWORKING BREAK

2:20 PM – 2:50 PM – HEADLINE SPONSOR PRESENTATION

2:50 PM – 3:30 PM – PRIVATE EQUITY – LIFTING THE CURTAIN

- Do PE Firms Need to Increase Their Transparency? How Embraced are the Walker Guidelines?
- How do you Protect Against Greenwashing?
- Is there a Focus on Investing with Diverse PE Managers? Why or why not?

- Do you ever Mandate that Underlying Portfolio Companies Meet Diversity Metrics?
- When Looking at Secondaries, which parts of the ESG Investment Policy Matter Most? How about Venture, Buyout?

3:30 PM – 3:45 PM – NETWORKING BREAK

3:45 PM – 4:25 PM – HOW QUANT AND ARTIFICIAL INTELLIGENCE CAN PLAY A ROLE IN ESG INVESTING

- Which ESG Factors are Most Important when Investing
- Quantitatively? How do you Determine Weightings of these Factors?
- How are ESG Ratings Incorporated into the Investment Process?
- Do Confidence Levels Change when Back Testing using ESG Screens? If so, how?
- In Unprecedented Times such as Now, is ESG Systematic
- Investing a Safer Play?

4:25 PM – 4:40 PM – NETWORKING BREAK

4:40 PM – 5:20 PM – ENERGY, INFRASTRUCTURE AND NATURAL RESOURCES

- Will the Pandemic Push the Oil Industry to Further Embrace ESG? If so, how?
- What are the Key Metrics for Creating Strong ESG Ratings for Energy Companies?
- What Kind of D&I Discussions are Revolving Around the Real Assets Portfolio?
- What are the Most Pressing Climate Risk Issues Facing the Infrastructure Industry Today?
- What Views do you have of Companies with Higher Carbon Footprints?

5:20 PM – 5:35 PM – NETWORKING BREAK

12:00 PM – 12:40 PM – WHAT LESSONS CAN NORTH AMERICAN INSTITUTIONS LEARN FROM THEIR EUROPEAN COUNTERPARTS?

- How Exactly Does US Regulation Play a Role with ESG Investing and is this Slowing US Investment? How does it Differ from Europe?
- How do Politics Play a Role in Both Continents?
- Are Asset Managers More Transparent in Europe than in the US?
- Could there be a Wait and See Mentality from US Investors?
- Does Herd Mentality Play a Role with ESG in the US?

12:40 PM – 12:55 PM – NETWORKING BREAK

12:55 PM – 1:35 PM – BENCHMARKING ESG

- When Viewing a Manager's Performance, how do you Weigh ESG Ratings alongside the Actual Benchmark?
- Without Consistent Benchmarks, is it Difficult to say who the Best ESG Managers truly are?
- Is it Possible for ESG Benchmarking to Become Common Place such as with Traditional Investments?
- Are you 100% Certain your Current ESG Benchmarks are Spot On? What Concerns are there?
- Do Short Term ESG Track Records give any Cause of Concern?

1:35 PM – 1:50 PM – NETWORKING BREAK

1:50 PM – 2:20 PM – HEADLINE SPONSOR PRESENTATION

2:20 PM – 3:00 PM – REAL ESTATE AND ONCOMING CLIMATE RISK ISSUES

- Are ESG Metrics More Helpful with the Reduction of Real Estate Risk or Maximizing Returns? Why is this?
- What ESG and Climate Information do you Demand from Managers? Are D&I Questions Part of this?
- Does the Increase in Tropical Storms and Hurricanes Change the way you View Real Estate in the Coastal Eastern and Southern US?
- How Much Weight do you put on Carbon Emissions when Investing with Managers?

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3:00 PM – 3:15 PM – NETWORKING BREAK

3:15 PM – 3:55 PM – CORPORATE GOVERNANCE: THE EVOLVING ROLE OF INVESTORS IN HOLDING FIRMS TO ACCOUNT

- How does Governance Play a Role Internally? Has there been any Material Changes with Policy, the Board or Comp Structures, for example?
- What SEC Governance Regulation Changes can you See Occurring in the Coming Years? How will these Potential Changes Impact the Industry?
- How Closely do you Look at the Makeup of the Board and Top Level Employees of Asset Managers and their Underlying Investments?
- Is Manager Transparency Key to these Somewhat Probing Questions? Can it Lessen a Relationship if not Fully Answered?
- Do Governance Questions to Managers Change Domestically verses Internationally? If so, how?

3:55 PM – 4:10 PM – NETWORKING BREAK

REGISTRATION

TO REGISTER OR RECEIVE MORE INFORMATION ABOUT THE 2020 PENSION BRIDGE ESG SUMMIT:

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ABOUT PENSION BRIDGE

We are an innovative company offering educational conferences of the highest quality. Our objective is to provide an education to the institutional investment community while providing an impressive speaker faculty in a setting that is conducive to great networking. We help institutional money managers connect with Pension Funds and Consultants across the country in a fun, enjoyable atmosphere. Our events can act as a stepping stone to a successful financial relationship or simply help build the investment education.

Our management team's unique skills, operating experience, and industry relationships help to make our events the main attraction in the industry. We pride ourselves on being there to cater to our clients' wants and needs. Our ratio of plan sponsor to investment manager allows our events to be the most desirable and accommodating in the conference industry. Pension Bridge is known for its strength, stability, relationships and operational excellence.

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates 2020	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 28 - 30	2020 Visions, Insights & Perspectives (VIP) Conference	Dana Point, CA	Restuccia, Weydert	$3,320	$1,930	2/14/20
Feb 7	CALAPRS Administrators Roundtable	Costa Mesa, CA	Shick	$1,070	$651	N/A
Mar 7 - 10	CALAPRS General Assembly	Rancho Mirage, CA	Shick, Wisdom	$5,000	$2,178	N/A
Jul 28 - Aug 13	SACRS Public Pension Investment Management Program	Webinar	Nicholas	$500	$500	N/A
Aug 18 Aug 25 - 26	CALAPRS Principles for Trustees	Webinar	Nicholas	$500	$500	N/A
Aug 24 - 28	NCPERS Public Pension Funding Forum	Webinar	Praus, Herman	$500	$500	N/A
Aug 24 - 28	Pension Bridge Annual Conference	Webinar	Goodman, McCray, Shick	N/A	N/A	N/A
Sep 24 - 25	CALAPRS Administrators Institute 2020	Webinar	Herman, Shick	$500	$500	N/A
Sep 30 - Oct 2	Nossaman Public Pensions and Investments Fiduciaries' Forum	Webinar	Duffy, Praus, Morrish	N/A	N/A	N/A
Nov 10 - 13	SACRS Fall Conference	Webinar	McCray, Nicholas	$120	$120	N/A

December 31, 2020

TO: Board of Retirement

FROM: Johanna Shick
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

Happy New Year! What a year 2020 has been! At this time last year, no one would have predicted what 2020 became, but I couldn't be prouder of staff's perseverance and impressive accomplishments during these very challenging times. You will find a summary of those accomplishments in the 2020 Action Plan Results Report submitted with this report. In fact, much of what I would normally say in my CEO report is already covered in that report, so I'll keep this month's report brief and refer you to the Action Plan Report for information on accomplishments.

Strengthen Fund Stability

Preliminary YTD shy of target, but partially offset by prior year's outperformance. SJCERA's portfolio gained 4.3 percent year-to-date as of November 30, 2020 (the most recently available report) and while we expect further gains in the month of December, it appears unlikely we will meet our assumed rate of return. This follows a strong 2019 in which the portfolio returned 13.3 percent.

Throughout 2020, SJCERA reallocated roughly one-third of the portfolio's assets into more efficient index funds, hired new investment managers within private markets and continued to find ways of streamlining the portfolio. During the first quarter of 2021, SJCERA in conjunction with Meketa, plan on reviewing the plans policy benchmarks. This review is going to be focused on recent relative performance and comparing that to our long-term objectives.

Parametric/Morgan Stanley acquisition agreement. After consulting with Meketa, SJCERA staff has consented to the acquisition of Parametric by Morgan Stanley. Meketa views the ownership change as significant, but since the team serving SJCERA does not change, SJCERA has agreed to the acquisition.

Leverage Technology to Improve Accuracy and Efficiency

The new VOIP phone system has been installed. VOIP allows every Member Services staff member to answer the main line, promoting customer service while allowing staff members to remain at their desks. The phone for the virtual receptionist is on back-order and will be installed as soon as it is available.

Deliver Excellent Service and Support to Stakeholders

Medicare Part B Reimbursement. Marissa Smith is busily processing the Medicare Part B Reimbursement forms to ensure eligible retirees receive the correct reimbursement. These forms and corroborating documentation from Social Security are required annually from approximately 900 retirees with the sick leave bank. All documentation is due by January 4, 2021.

Customers satisfied! Despite the year's challenges and the various changes made to keep staff and members safe during the COVID-19 pandemic, 97 percent of members report they are satisfied with the service they receive from SJCERA. Outstanding!

Maintain a High-Performing Workforce

Administrative Secretary Recruitment. Kathy Herman, Greg Frank and I interviewed candidates for the Administrative Secretary on December 30. We had a highly qualified pool of candidates and anticipate filling the position in January. The position will support the Board and SJCERA management, perform personnel and payroll functions; and handle various other clerical duties (such as purchasing, inventory, mail merges, etc.).

Finance Officer Onboard. Carmen Murillo, SJCERA's new Finance Officer, began on December 21. She is already making suggestions for improvement, reviewing tax tables, contribution rates and preparing for the audit. We are excited to have Carmen on our team.

Year End Celebration. COVID-19 has forced us to get creative in how we celebrate and maintain a sense of team. Just like we now conduct staff meetings on line, our year-end staff meeting and celebration was also on line. Normally staff contribute toward a catered lunch and we do a white-elephant gift exchange. Since eating in a group is out, this year Benefits Supervisor, Marta Gonzalez made gift baskets which were distributed to staff's homes if they were working remotely, or to their work space if working in the office. We had a number of team building activities, and even did our white elephant gift exchange virtually! All in all, a good time was had by all. It was a success by any measure.

Employee of the Month. Remote workers, changes in schedules, reduced hours of staff availability due to COVID-related closures of child care centers and schools, increasing retirement requests, new staff….NO PROBLEM! Benefits Supervisor, Marta Gonzalez handles all that while maintaining production and customer service levels (and she leaps buildings in a single bound too!) Marta is this month's employee of the month for ably ensuring our customers are served by phone, in person, or remotely, and their requests are processed accurately and timely. On top of that, she found time to make 18 gift baskets as part of our staff appreciation year end celebration. Truly amazing!

Evaluate Physical Layout of Office for possible Improved Security, Teamwork and Efficiency.

Lobby Re-Configuration. Last month I reported the desk had been rotated to face the front door. Now, the panel wall has been installed (see photo at right). The lobby reconfiguration is nearly complete.

Panel wall installed behind reception desk. Desk rotated to face front door.

Manage Risk

Annual Trustee Education Report Compliance.

Government Code Section 31522.8 requires Board members to complete 24-hours of education every two years. The 2020 Annual Board Education Compliance Report is included in the January meeting materials for your approval and will be posted to the website following the meeting.

Conclusion

The year 2020 has been one of challenge and opportunity. The impact of the global COVID-19 pandemic is the obvious, most significant challenge. However, the challenges presented by the pandemic have also provided opportunity to test and refine tele-working and online Board meetings (among other things), that we might not have attempted until some point in the future otherwise. I am proud of staff's and the Board's ability to embrace the new methodologies, and of staff's progress on the 2020 Action Plan goals despite the challenges of school and daycare closures, and implementing the most significant pension-related

2020 Action Plan Results

San Joaquin County Employees' Retirement Association

1. Strengthen Fund Sustainability

a. Deliver target investment return

i. *Performance.* SJCERA's portfolio gained 4.3 percent year-to-date as of November 30, 2020 (the most recently available report) and while we expect further gains in the month of December, it appears unlikely we will meet our assumed rate of return. This follows a strong 2019 in which the portfolio returned 13.3 percent.

Throughout 2020, SJCERA has worked hard to continue moving the portfolio forward in these uncertain economic periods. This includes reallocating about one-third of the portfolio's assets into more efficient index funds, hiring new investment managers within private markets and continuing to find ways of streamlining the portfolio. During the first quarter of 2021, SJCERA in conjunction with Meketa, plan on reviewing the policy benchmarks. This review will be focused on recent relative performance and comparing that to our long-term objectives. Overall, Meketa has designed the work done in 2020, and that which is planned for 2021, to put the portfolio in a better position to navigate these uncertain times.

ii. *Implement strategic asset allocation model in accordance with the approved implementation plans.* At its September 2019 meeting, the Board approved a new long-term strategic allocation policy for the portfolio. Based on Meketa's projections, the new policy should increase the likelihood of providing improved outcomes over SJCERA's planning horizon. The Board approved a formal implementation plan to ensure an orderly transition over a period of 12-18 months; all critical implementation work has been completed. (Illiquid asset classes will necessarily require more time to make meaningful adjustments.) Implementation tasks included, among other things, adjusting assets, reviewing asset class structure and managers, conducting manager searches, and revising reporting.

SJCERA assessed opportunities to optimize investments *within* each of the major asset classes by conducting formal structure reviews: global equity and private equity pacing plan on April 10, private credit pacing plan and search criteria on May 8; real estate program review on June 5, risk parity on August 14, real estate pacing study on August 14, and principal protection structure review on November 20. The changes made as a result of these structure reviews are designed to align performance with policy and/or reduce costs. The most significant change coming out of the structure reviews was the decision to move developed and US equity (nearly one-third of the portfolio) into passive mandates, which is expected to lower fees, decrease complexity, and not negatively affect the total portfolio's return. As part of the review, SJCERA also assessed benchmarks, resulting in the adoption of the MSCI ACWI IMI as the policy benchmark for aggregate Global Equity (traditional growth).

Staff reviewed and updated investment policies to reflect the allocation change and worked with Meketa to update the investment performance reports. As of June, the Flash Reports and subsequent quarterly performance reports reflect the new asset allocation structure. In December 2020, the Board approved the revised Strategic Asset Allocation policy and the elimination of the asset class specific policies.

iii. *Consultant Structure Review.* At the January 10, 2020 meeting, the Board decided restructure SJCERA's investment consulting services by consolidating all investment consulting under the General Investment Consultant, Meketa, and discontinuing the use of a dedicated real estate consultant. Staff coordinated the transition of those duties and worked with counsel and Meketa to modify the contract. At the February 14, 2020 meeting, Meketa's real estate team conducted a presentation on the role of real estate in SJCERA's portfolio.

iv. *Capital Market Assumptions*. At the February 14 Board meeting, Meketa presented its ten-year capital market assumptions. Key takeaways from the presentation included: Meketa's inflation expectation of 2.2 percent was slightly lower than the 2019 assumption of 2.25 percent; cash return expectations declined materially from last year by 0.6 percent pushing the real return negative; and the only stand-alone class that is forecasted to achieve a compound return above 7 percent over the next 10 years is Aggressive Growth.

As part of the Capital Markets discussion at the February meeting, Meketa presented the impact of inflation/deflation on SJCERA's portfolio at the July 10 Board meeting. In summary, Meketa would expect the portfolio to produce better results during periods when inflation levels are relatively stable, and worse results when inflation unexpectedly rises or there is deflation.

v. *Cash Overlay.*
To minimize the drag of cash on the overall portfolio's performance and still maintain sufficient cash on hand for administrative needs, staff reinstated the cash overlay program with modified investment guidelines that are designed to mimic a 60/40 portfolio. We expect the cash overlay program to outperform cash over the long term and thereby modestly improve the overall performance over the long term.

b. Determine the optimal structure within the asset class
See section 1.a.ii (Implementation of new Strategic Asset Allocation) for details.

c. Expand Board education to include topics such as governance, disability, the existing portfolio, managing economic downturns, and investment contracts

i. <u>Disability education session.</u>
At the May 8, 2020 meeting, SJCERA's disability counsel, Vivian Shultz presented a disability education session. The key topics included: permanent incapacity, service connection, reinstatement, effective date, return to work and re-evaluations.

ii. <u>Investment contracts.</u>
At the July 10, 2020 meeting, SJCERA's outside investment counsel Sean Byrne presented a private fund investing education session. The key topics included: fund structure, fund documentation, SJCERA issues and process thoughts.

iii. <u>Inflation Sensitivity Analysis.</u>
At the July 10, 2020 meeting, Meketa presented analysis the expected impact of inflation or deflation on the portfolio. In summary, Meketa would expect the SJCERA portfolio to produce better during periods where inflation levels are relatively stable, and worse relative results when inflation unexpectedly rises or there is deflation.

iv. <u>Managing economic downturns.</u>
At the October 9, 2020 meeting, Meketa presented a negative rates education session. The key topics included:

- Collapsing global interest rates
  - Current state of markets

- US ten-year treasury yield
- Total return given changes in interest rates
- Role of US inflation

- Negative Rates
  - The meaning of negative rates
  - How rates become negative
  - Negative yielding debt makes up over 20 percent of Barclays Global Aggregate Index
  - Potential impact from negative rates

v. Governance.
An Environmental, Social, and Governance (ESG) education session was presented by Meketa at the January 10 Board meeting.

vi. Cyber-Security.
Peter Dewar of Linea Secure provided a Cyber-Security presentation in October. (See Goal 6 for more information.)

vii. *Alameda* Decision.
Fiduciary Counsel, Ashley Dunning, provided an educational presentation on the California Supreme Court's *Alameda* decision and its impact on SJCERA at the August 14 meeting. (See Goal 7 for more information.)

viii. Market Perspectives. Howard Marks of Oaktree presented to the Board on his perspectives on the market and what he anticipates going forward.

2. Leverage Technology to Improve Accuracy and Efficiency

a. Implement the pension administration system enhancements

i. Complete User Acceptance and Parallel Testing.
Staff completed testing and the cutover, which began on August 31, 2020, was successful. SJCERA is live on the enhanced version of the Core 37 pension system.

ii. Cleanse data required to implement enhancements.
Data cleansing that was necessary for cutover has been completed. However, ongoing diligence and intervention will be required to maintain the quality of the data and to work through the remaining known issues.

iii. Train staff on the new system procedures.
Staff received training and is successfully using the new system. Documentation continues to be developed to enhance learning.

iv. Perform post-implementation system stabilization.
The system is stabilized. Ongoing refinement continues.

v. Identify, measure and report on efficiencies gained by implementing enhancements.
Efficiencies gained by implementing the enhancements include:

- Additional access to tables and controls
- Importing active member payroll data is more accurate and faster, eliminating four hours of processing time every two weeks
- Active member system validations quickly identify missing codes, minimizing long term corrections

- The Contribution and Service register is updated every pay period, eliminating a four to six-week lag
- Terminated members are automatically deferred, eliminating a manual process
- Contribution Refunds are system-generated, including the calculation of taxes. This eliminates the need for manual calculations, the completion County forms, hand delivery of documents and duplicate data entry into the County's accounts payable system. In addition, the IRS Form1099-R is automatically populated and electronic payment is now available through Northern Trust
- Enhanced wildcard search capabilities, previously only available to IT staff
- Automatic status change for new retirees, eliminating a manual process
- Automatic interest eligibility update, eliminating a manual process
- New member process is significantly automated, including the assignment of Member IDs
- Termination process is significantly automated, reducing duplicate data entry

b. Develop a five-year technology plan

At the December 11 Board meeting, the Board approved the proposed Strategic Direction for the Pension Administration System, as well as the five-year technology plan, which includes the implementation of a new pension administration system (PAS). The technology plan's high-level steps necessary to implement a new PAS system are as follows:

- Issue a Request for Proposal (RFP) for a provider to write an RFP for a new PAS vendor (2021)
- Issue RFP and select new vendor (2021)
- Refine new PAS requirements and initiate new process mapping documentation (2022)
- Program/test new PAS (2022, 2023 and 2024)
- Continue new PAS process mapping documentation (2023 and 2024)
- Implement new PAS (2025)

Other items of the five-year technology plan include:

- Implement VOIP phone system and add a virtual receptionist (2020)
- Contract with an outside vendor to conduct a comprehensive Cyber Security Audit (2021 and 2025)
- Conduct vulnerability testing and make recommended corrections (2021, 2023, 2025)
- Initiate infrastructure conversion to Windows platform (2023)
- Assess need to redesign the website (2024)
- Continue Windows platform conversion and improve business continuity by replacing desktop computers with laptops and monitors (2024)
- Decommission all Macs (2025)

3. Improve Operational Efficiency

a. Implement procedures to ensure that disability applications that do not require a hearing go to the Board for consideration within nine months

Staff developed and implemented a disability tracker that includes all the pertinent information regarding each disability application including:

- Date and status of application
- Required documents filed (e.g. PGR, IME)
- Notification letters sent
- Documents uploaded to Dropbox for fund attorney
- Scheduled hearings, if applicable
- The ALJ decision, if applicable
- Board Meeting date

- A calculaton of the length of time from the date of the disability application to the Board meeting date

Since revising the process in July 2019, timeliness of processing has significantly improved. In 2019, only 16 percent of disability applications were resolved within nine months. In 2020, 12 cases did not require a hearing, 33 percent of which were closed within nine months. The remaining cases were split evenly between being on target to meet the nine-month goal, and having exceeded it. Staff remains confident that, with the exception of member-caused delays, we can meet this goal in 2021.

b. Implement procedures to ensure that 80 percent of disability applications that require a hearing go to the Board for consideration within 18 months

Seven cases went to hearing in 2020 (compared to zero in 2019). Of the four closed cases requiring a hearing in 2020, 50 percent met the goal. Four pending cases are on target to meet the goal of going before the Board of consideration within18-months, and one hearing is yet to be scheduled.

c. Reduce Complexity

i. Reduce the number of investment managers.

From 2014 through 2019, assets grew 31 percent, the number of managers grew 23 percent, and the number of accounts grew 26 percent. The 2020 asset class structure reviews presented an opportunity for the Board to assess whether the number of managers within a particular asset class should be reduced or expanded. The Board's decision to restructure SJCERA's Global Equity portfolio helped to further the goal of reducing the number of investment managers and/or accounts, which helped to offset the growth in other areas. Specifically, as a result of the Global Equity portfolio restructuring SJCERA closed 11 accounts across three managers, and consolidated them into one new account.

ii. Assess the relative merits of remaining a calendar year vs. fiscal year plan.

Staff analyzed the relative merits of being a calendar versus fiscal year plan. Staff concluded, and the Board concurred, that SJCERA should remain a calendar year plan because there is no compelling reason to change to a fiscal year plan and there are some disadvantages, including the following:

- Short term increase in audit and actuarial fees
- Potential disruption of workload for employers
- Comparative statistics will not be available for the first audit, unless unaudited numbers are used
- Potential discrepancy between SJCERA financials and the GASB 67/68 data due to timing (other systems have their 67 valuations performed using a one-year lag so they can meet their CAFR deadlines)

iii. Research best practices in simplified portfolios.

Staff arranged for the Nevada PERS CIO to present their simplified portfolio at that CALAPRS General Assembly and shared the presentation with the Board. In addition, we incorporated simplified portfolio recommendations into Meketa's structure review presentations.

d. Complete documentation of all primary processes

While progress was made, this goal is not yet complete. Staff developed a matrix that identifies all primary and secondary processes that the organization uses. This matrix serves as an index, a project management tool for staff to track progress, and a complement to the complete library of documentation for SJCERA that is being developed. All processes affected by the system enhancement have been documented (new member, refunds, service purchases, active member payroll reconciliation, 415(b) replacement benefit program, and nearly all remaining finance procedures have been drafted).

In addition, staff finalized the documentation for implementing the Board's decision on negotiating with and engaging investment managers and confirmed a standard procedure for the timing of wires in response to capital calls. The agreed upon procedure keeps funds invested as long as possible while still ensuring that we meet capital call deadlines regardless of whether the receiving financial institution is foreign or domestic.

e. Reduce the Use of Paper Checks
In April, staff mailed 89 letters to the members who receive paper checks, encouraging them to change to direct deposit. As a result, the population of people receiving paper checks decreased to 77 (a 13.5 percent decrease). Staff no longer offers the option of paper checks when members retire, and we will continue to work on decreasing this population.

f. Improve IT Infrastructure
Staff worked with County Information Systems Division staff to improve SJCERA's IT infrastructure. As a result of these efforts, SJCERA can more efficiently maintain our hardware and software.

g. Streamline Deduction Process
Staff and representatives from FCCU streamlined the process by which SJCERA retirees (more than 160) make FCCU loan payments or transfers to savings accounts. The current process not only requires SJCERA to issue a check and a report, it also requires FCCU staff to make manual adjustments for each transaction. Staff and FCCU acquired the necessary approvals, notified the members and automated the process for retirees that bank at FCCU.

h. Modified Old Repayment Agreements
In consultation with tax counsel, staff successfully modified old repayment agreements to be repaid within a reasonable period of time.

4. Deliver Excellent Service and Support to Stakeholders

a. Assist plan sponsors in assessing possible plan design changes
The CEO maintained periodic contact with and repeatedly offered support to the CAO's Office regarding their consideration of a defined contribution plan. Additionally, as relevant research or articles were published, they were shared with the CAO's office.

b. Provide stakeholder communication and education

i. Provide briefings to individual Supervisors and point person(s) of participating employers on key topics

Board of Supervisors.
On June 11 and 12, the CEO briefed each County Supervisor on SJCERA's financial statements and the state of the fund in light of COVID-19's effect on the markets. The meetings were well received and the formal presentation at the June 16 Board of Supervisors meeting on the financial statements and the state of the portfolio also went well.

Retirement Information Provided to Assist Labor Negotiations.
SJCERA management addressed various retirement and implementation questions (e.g., contribution rates, impact of the timing of various changes, etc.) with management and/or labor representatives to assist with labor negotiations with both the County and Lathrop-Manteca Fire District.

Alameda Decision Communications.
Staff provided numerous communications to employers, labor, RPESJC and members information regarding the *Alameda* decision, including notification of upcoming Board discussions, the impact of the decisions, in addition to individual letters to affected members.

ii. Develop tools and processes to support accurate employer reporting

Employer Emails.
In addition to the monthly Board meeting notices, SJCERA sent 14 topical emails related to contribution rates, hiring retirees, employer notices, *Alameda* implementation, ineligible earnings codes, SJCERA's financial reports, and other topics of interest.

Rehired-Retiree Employer Guidance.
SJCERA issued instructions to all participating employers regarding the exemption to the 960-hour limit for retired retirees, provided by the Governor's executive orders N-25-20 and N-35-20.

Employer Notices.
Staff augmented SJCERA's employer education and resources by creating a new Employer Notices web page, and writing and publishing SJCERA's first two employer notices.

- *Membership Requirements* - a detailed overview of membership requirements and exceptions
- *Salary or Retirement Benefit Changes* - explains when an actuarial analysis of proposed salary or benefit changes is required.

These employer notices were posted on the Employer Notice web page and also emailed to all participating employers.

iii. Revise and update prioritized member communications

Emails sent to Active Members.
SJCERA sent 10 emails to active members throughout the year.

- January 27: "Retire with Confidence: A Lifetime Benefit", high level explanation of benefit and COLA
- January 29: "Ready-Set-Retire", Announcement of About to Retire seminar.
- February 25: "How Your Benefit is Calculated", explanation of benefit formula and link to online calculator
- May 21: "Be Prepared and Complete a SJCERA Power of Attorney Just in Case", encouraging members to complete and submit SJCERA's Power of Attorney form
- June 17: "Keep Your Beneficiary Up-to-Date", encouraging members to update their beneficiary designation following various life events.
- July 13: "SJCERA's Financial Update", provided highlights from our financial reports and links to the PAFR and CAFR
- July 23: "Retirement Benefit Options", high level explanation with a link to the fact sheet
- August 6: "Annual Member Statements", next annual member statement will be issued in September 2021
- October 8: "Get to Know Your Pension", announcing two webinars as part of National Retirement Security Month.
- November 12: "Plan for a Successful Retirement", announcing SJCERA's About to Retire Webinar.

Communications sent to Retired Members.
SJCERA included monthly messages on retirees' earnings statement with a variety of reminders and helpful tips such as 1099-R mailing date, COLA percent increase, open enrollment, Medicare Part B reimbursement, and more. In addition, SJCERA sent the following communications.

- February 1 Payroll Insert: The annual TEFRA notice and tax election form informing retirees they can change their tax election at any time.
- March 1 Payroll Insert: A two-page summary of SJCERA's 2019 news and accomplishments, and plans for 2020
- Alameda notifications (See Goal 7c, Alameda Decision, for details), sent to retirees in the affected population.
- Direct Deposit promotion (See Goal 3e, Direct Deposit, for details), sent to retirees who receive paper checks.

Fact Sheets posted on website and distributed as appropriate.
Staff has developed and posted three fact sheets as follows:

- *Retirement Summary* – overview of SJCERA retirement benefits; distributed to all new employees as part of New Employee Orientation.
- *SJCERA Facts at a Glance* - high-level overview of key facts related to SJCERA's investments and financial status
- *Retirement Benefit Options* - detailed overview of the four retirement options members choose from at retirement. This is included in retirement application packets.
- *Disability Hearing* - assists disability applicants with determining whether to proceed to hearing, and how to prepare if they choose to represent themselves. This is provided to all disability applicants going to hearing. Staff has received feedback from at least one member who found this fact sheet very helpful.

Understanding Your Retirement Benefit Webinar.
Nineteen members of the Superior Court staff attended our pilot webinar on September 17. Staff created the presentation and presented the webinar. Attendee feedback was positive and the suggestions were helpful. Staff made some adjustments and presented this same information during two separate sessions to a total of about 150 County employees in October, for National Retirement Security month.

Retirement Planning Seminars.
Twice a year SJCERA provides mid-career retirement seminars to members. The half-day seminars include presentations on Social Security and Deferred Compensation, in addition to retirement. Due to the COVID-19 Shelter-in-Place order the May sessions were canceled. Staff offered the seminar via Zoom in September.

One-hundred and forty-one members attended the "About to Retire" virtual seminar on Dec 3. Using this technology, the seminar reached more than twice the number of members in one four-hour session than we would have in an in-person event. The "About to Retire" seminar includes SJCERA's benefit information, in addition to presentations about RPESJC, Retiree Health Insurance and the County's Deferred Compensation program made by speakers representing those organizations.

New Employee Orientation.
The County now offers a virtual New Employee Orientation program using Microsoft Teams. Prior to the COVID 19 Emergency Shelter in Place order, this was a two-day in-person program for all new employees, now participants watch a video of each presenter's portion of the program (including SJCERA's) and SJCERA staff answer live questions following SJCERA's recorded presentation.

iv. Research time- and cost-efficient methods of providing quality online SJCERA benefit videos

Staff completed research on five sister systems' online videos and various production vendors, and submitted a report with recommendations to management for review. The 2020 goal was to research, the 2021 goal is to develop quality online benefit videos. When the new Communications Officer is onboard, s/he will review the research conducted and recommend next steps for implementation.

c. Customer Satisfaction.
SJCERA's continued high customer satisfaction rating is a testament to staff and the organization's successful adaptation to COVID-19 restrictions. Ninety-seven percent of members surveyed reported they were satisfied with the service they received from SJCERA. This rating is similar to 2019 (98 percent) and better than 2018 (95 percent).

5. Maintain a High-Performing Workforce

a. Offer enterprise training on topics intended to strengthen SJCERA's succession planning

This goal was initiated in early 2020; however, managing the impact of COVID-19 slowed our progress on the goal for the remainder of the year. Initial work included researching project management training that could be provided enterprise-wide to adopt a uniform approach to handling projects large and small. Instead of in-person training options, staff viewed two online videos demonstrating problem solving and root-cause analysis tools (*7-Steps Problem Solving* and *The 5 Whys of Root Cause Analysis*.) At the February all-staff meeting, staff listened to Stanford University health psychologist Kelly McGonigal's TED talk on "How to Make Stress Your Friend". Additionally, SJCERA's investment officer had started an optional lunch and learn series guiding staff through the CFA Institute's Investment Foundations program, which we hope to re-initiate in 2021.

b. Assess SJCERA job descriptions for career paths and organizational needs
As part of the analysis, staff reviewed organizational charts and job descriptions from multiple systems. Next steps include:

- Revise the Retirement Services Associate (RSA) and Retirement Services Officer (RSO) qualifications to align with the Technician and Supervisor positions
- Revise the RSA job description to also encompass the benefits related work that is currently being done by the Accounting Technician II position
- Revise and broaden the RSO job description

Modified organizational charts have also been developed and are under review with the goal of improved distribution of work load, alignment of duties, and succession planning.

c. Evaluate physical layout of the office for possible improved security, teamwork and efficiency
The Board approved $10,000 in the 2020 Administrative Budget to evaluate the physical layout for possible improved security, teamwork and efficiency. Staff held internal meetings and met with a representative of the Sheriff's office to discuss the physical layout of the office. The recommendation was as follows:

- Staff the front desk with a virtual receptionist using the new VOIP phone system
- Rotate the front desk to face the lobby doors
- Build a panel wall

In November, staff brought this item to the Administrative Committee to seek input. All plans, with the exception of the virtual receptionist, have been implemented. The new VOIP phones have been installed throughout the department; the virtual receptionist phone has been delayed because the phone is back-ordered. Once it is received and installed, this goal will be complete.

d. Attract and Retain Talent

Two long-term staff members, SJCERA's finance officer and most tenured benefits staff member retired this year, and SJCERA's investment officer left to spend more time with family and pursue a career change. Staff successfully recruited and promoted talented staff to fill these vacancies. Investment Officer Paris Ba joined SJCERA November 9, Accounting Manager Carmen Murillo joined SJCERA December 21; and existing staff member Andrea Bonilla was promoted to Retirement Services Associate on November 9. Additionally, recruitments for an Administrative Secretary and the new Communications Officer positions were initiated in 2020, with expected hiring in early 2021.

6. Manage Risk

a. Continue to strengthen cyber security

i. <u>Partner with the County Information Services Department on Cyber Security Initiative.</u>
SJCERA partnered with the County Cyber Security team to strengthen SJCERA's Cyber Security. SJCERA's IT team participates in the ongoing San Joaquin County Security Governance Team Meetings. A Network Vulnerability Assessment scan was conducted by a representative of the Central California Intelligence Center, and all parties met to discuss the findings and remediation plan. Overall the scan results were within the reasonable boundaries. A remediation plan was developed and executed for potential vulnerabilities. Existing technology and processes have been enhanced to avoid reoccurrence of similar vulnerabilities in the future.

ii. <u>Perform penetration testing of SJCERA network and website.</u>
Postponed to 2021 as part of the IT audit.

iii. <u>Provide education on cyber security threats and mitigations.</u>
At the October 9 Board meeting, Peter Dewar of Linea Secure presented an education session on cyber security. The key takeaways to protecting SJCERA from the evolving cybersecurity threat is as follows:

- Understand the landscape that requires protection
- Determine our cybersecurity risk level
- Implement a customized framework that addresses those cybersecurity risks

At the December 11 Board meeting, SJCERA's Information Systems Manager consulted with the Board on cybersecurity related threats to public services.

b. Assess Disaster Recovery procedures and identify opportunities for improvement

The Emergency Shelter in Place orders provided a great opportunity to test our disaster recovery preparedness and Continuity of Operations Plan (COOP). Implementation has gone exceedingly well. Work on this goal will continue into 2021.

c. Implement Legislation.

The SECURE Act, an acronym for the "Setting Every Community Up for Retirement Enhancement," was signed into law in December 2019. This Act included changes to the required minimum distribution (RMD) age from 70.5 to 72. Staff reviewed SJCERA's RMD process and related communications, consulted with tax counsel and has updated the required procedures and documents including SJCERA's Special Tax Notice.

d. Compliance

Triggering Event Analysis/Report. The *Declining Employer Payroll* policy requires an annual report to the Board assessing whether any employers have experienced a "triggering event". Staff gathered and analyzed financial and membership data from each participating employer and determined that there were no triggering events in 2019.

Policy Review. In compliance with the Board mandate to review at least one-third of all Board policies annually, staff reviewed and edited the Bylaws, the Cash Management and Liquidity, Disability Retirement, and CEO Performance Review policy and Committee Charter, and all 13 Investment policies. All changes were reviewed by the Administrative Committee and approved by the Board. The Board of Supervisors approved the Bylaws on September 1, 2020.

Board Education Requirements. Government Code Section 31522.8 requires Board members to complete 24-hours of education every two years. The 2020 Annual Board Education Compliance Report has been completed, and, following the Board's approval at the January 2021 meeting, it will be posted to the website on or about January 8.

Annual Investment Fee Transparency Report. Government Code Section 7514.7 requires California public pension plans to obtain and publicly disclose fees and expenses paid related to alternative investments (private equity, private credit and private real estate). SJCERA published its annually required report at its July 2020 Board meeting.

7. Manage Emerging Organizational Needs

a. COVID-19 Response

The 2020 Action Plan results included in this report are all the more impressive in light of the challenges posed by COVID-19: 62 percent (11 out of 18) of our workforce educating children at home, and/or needing to take COVID-related leave, etc. Three staff members fully exhausted their 80 hours of Emergency Paid Sick Leave. SJCERA implemented all County guidelines to protect staff and members, and implemented a variety of strategies to ensure service continued to SJCERA's members regardless of any office closures or business disruptions. A summary of activities follows.

i. Social Distancing and Mask Requirements.

- March 16: SJCERA closed to visitors, providing customer service by phone, email, US mail and fax instead.
- March 25: SJCERA implemented a plan to limit the number of employees in the office to only those that would be required to perform particular business functions on a given day; all others were directed to stay home and, to the extent possible, work remotely.
- April 20: SJCERA implemented expanded tele-working using SJCERA-issued equipment, enabling staff to perform their normal duties from home.
- May 11: SJCERA followed the County's guidance to reopen to the public on a limited basis and to fully reopen to the public on May 26. SJCERA implemented a variety of precautions to support health and safety of all.
  - Installed sneeze shields.
  - Made available personal protective equipment: masks, hand sanitizer, disinfectant sprays, gloves, and a contactless thermometer.
  - Arranged staff schedules and seating assignments to provide appropriate social distancing.
  - Required use of masks at all times unless eating.

- Installed socially distant markings on floors.
- Modified answering of main phone line to eliminate the need to share phones when covering absences.
- Continued to instruct members (for their safety and ours) to stay home and conduct business with SJCERA by phone, email, fax, US mail or Zoom.

ii. Retiree Payroll.
Staff prepared the April and May retiree payrolls early in order to ensure that all new retirees would receive their first retirement benefit payment without delay, in anticipation of potential worksite closures.

iii. Increased Remote Capabilities.
SJCERA improved Dropbox functionality and installed Microsoft 365 on all iPads assigned to SJCERA staff. This gave staff access to modify and create documents in Dropbox using Word, Excel, PowerPoint, etc. and staff was able to perform all critical investment and finance functions and most administration functions. In addition, designated staff were issued SJCERA laptops or desktop computers that were configured to allow staff to connect to their office computer from home, enabling them to perform any task that they would normally perform in the office.

iv. Board Meetings.
After thorough testing and training with staff and trustees, SJCERA has successfully conducted all Board and Committee meetings via Zoom, including both open and closed sessions, since April. We plan to continue meeting virtually until guidance from public health officials changes.

v. Facility.
On March 11, the janitorial company sanitized all common areas, and as much personal space as possible including air filters, without violating confidential areas. Additionally, throughout the day, janitorial staff use EPA certified disinfectant on high-touch areas such as door handles and elevator buttons.

vi. Training
Staff completed the new COVID-19 mandatory course provided by the County.

b. Tax Counsel RFP.
Staff issued a request for proposal (RFP) for tax counsel services and received four proposals including the incumbent. Staff evaluated the proposals and hired Reed Smith LLP in June.

c. *Alameda* Decision.
Legal Education: At the August 14 meeting, Ashley Dunning of Nossaman LLP gave a presentation on the California Supreme Court decision in "Alameda County Deputy Sheriffs' Assn. v. Alameda County Employees' Retirement Assn.", commonly referred to as the *Alameda* Decision.

Alameda Decision Web Page: Staff created a standing "What's New" item on SJCERA's home page that contains current *Alameda* decision information and links to the newly created *Alameda* Decision Information web page. These two new features will help keep members and stakeholders updated and make information regarding SJCERA's implementation of the Alameda decision easily accessible. The *Alameda* Decision Information web page provides a high-level overview of the decision, and posts pertinent documents such as the Court's decision and Board of Retirement resolutions. Staff sent an email announcing these resources to all SJCERA employers, labor representatives, RPESJC, and County department heads on October 23.

Special Meeting: The Board held a Special Meeting on October 15 to discuss the impact of the Alameda Decision on retirement eligible earnings codes and decided to exclude stand-by pay, correctional briefing pay and employer contributions to deferred compensation on the member's behalf.

Alameda Decision Notifications. Staff identified 749 Active members who were currently receiving an excluded earnings code and an additional 602 who have historically received the code. Notification has been sent to all these identified active and deferred members. The total identified population includes 1,159 Active, 192 Deferred and 135 Retired members. Of the 135 retired members, the eight whose benefits are affected by the employer contribution to deferred compensation, have been adjusted. Research and calculations for retirees affected by standby pay or correctional briefing pay are in process and letters will be mailed in January and the benefit adjustments are expected to be made in March.

Calculations: Staff met with Cherion on November 23 and provided the necessary sample data to determine the feasibility of Cheiron assisting SJCERA with the corrective calculations.

Ad Hoc Committee: The Alameda Decision Ad Hoc Committee has completed its review of all retirement eligible earnings codes. The Committee held a series of meetings with personnel and payroll experts to learn how the codes are used. Following each meeting with the personnel and payroll experts, the Committee met with counsel to review what they had learned and determine whether the code should remain retirement eligible or be changed to ineligible for future FAC periods. A recommendation will be brought before the full Board at the January 8, 2021 meeting.

October 1, 2020

To: SACRS Trustees & SACRS Administrators/CEO's
From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2021-2022 - Elections Notice

SACRS BOD 2021-2022 election process will begin January 2021. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2021	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2021	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 15, 2021	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 15, 2021	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members

> ***A. Immediate Past President.*** *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*
> ***B. Two (2) Regular Members****. Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors*. Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference May 11-14, 2021 at the Hyatt Regency Long Beach, Long Beach, CA. Elections will be held during the Annual Business meeting on Friday, May 14, 2021.

If you have any questions, please contact Dan McAllister, Dan.McAllister@sdcounty.ca.gov

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee & San Diego County Treasurer Tax Collector
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

SACRS

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2021-2022

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	o Chair o Alternate o General Elected o Retiree o Other ___________
Applying for SACRS Board of Directors Position (select only one)	o President o Vice President o Treasurer o Secretary o Regular Member
Brief Bio	

THE NCPERS

MONITOR

The Latest in Legislative News

December 2020

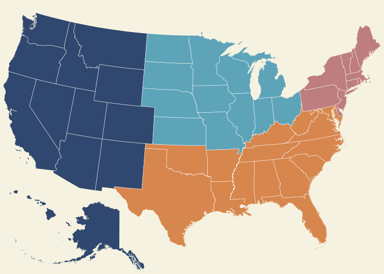
In This Issue

Photo Illustration © 2020, istock.com

At the end of October, House Ways and Means Committee Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX) introduced H.R. 8696, the Securing a Strong Retirement Act.

Photo Illustration © 2020, istock.com

In 2020 hindsight, it wasn't the year any of us expected. But we started 2020 strong, and we're ending it the same way.



This month, we will highlight Pennsylvania, Illinois, Oklahoma and Colorado.

Biden Administration Seen Likely to Shift Policy Toward China Trade and Investment

Photo Illustration © 2020, adobestock.com

Dealing with Covid-19, a battered economy, and a deeply divided electorate would be a tough challenge for any President-elect. When Joe Biden takes office on January 20, he will also have the unenviable task of navigating a severely strained economic and political relationship with the world's second-largest economy, China.

Trade and economic relations with China matter to the pension community because of China's sheer heft and growth as an exporter and as a capital markets player. China's decades-long evolution to a high-tech, consumer driven economy has big ramifications for the global economy.

"There will continue to be tension between the U.S. and China — even with a new administration taking the reins — and national security considerations as well as accounting standards will remain important," Christian McCormick, a director and senior ESG strategist with Allianz Global Investors in Denver, recently told *Pensions & Investments*. "Every single discussion we have with institutional investors, the topic of investing in China comes up."

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Early 2021 Retirement Agenda

By Tony Roda

Photo Illustration © 2020, istock.com

At the end of October, House Ways and Means Committee Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX) introduced H.R. 8696, the Securing a Strong Retirement Act. The measure builds on the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which was signed into law in December 2019.

The key sections of H.R. 8696 that would affect governmental defined benefit (DB) or defined contribution (DC) retirement plans or are closely related to public plans and workers are as follows.

- **Section 104** – allow 403(b) plans to use collective investment trusts (CITs);
- **Section 105** – increase age trigger for Required Minimum Distributions (RMDs) to 75 for years 2021 and later; the age trigger was increased from 70 ½ to 72 in the SECURE Act;
- **Section 108** – increase catch-up contribution limit to $10k for those over age 60 participating in employer-sponsored plans;
- **Section 109** – allow unrelated public education employers to participate in multiple employer 403(b) plans;
- **Section 116** – allow non-profit volunteer firefighters and EMS who work indirectly for the government through a public safety agency to join state and local governmental pension plans;
- **Section 307** – exclude individuals with smaller retirement accounts (all DC plans aggregate $100k or less) from RMD rules;
- **Section 309** – allow 457(b) plan participants more flexibility in changing their contribution rates, i.e., repeal first-day-of-the-month rule;
- **Section 312** –include private sector firefighters in the exclusion from the early withdrawal penalty; currently only available for public sector first responders; and
- **Section 313** – exclude disability payments to first responders from income.

In the Senate, S. 1431, the Retirement Security and Savings Act, has been introduced by Senators Rob Portman (R-OH) and Ben Cardin (D-MD) – two lawmakers who have collaborated on retirement legislation throughout their careers in Congress. S. 1431 also would raise the age trigger for RMDs to 75 but not until 2029 and would allow 403(b) plans to use CITs.

It is likely that these two leading pieces of legislation will be considered in their respective chambers sometime next year. Then, they would have to be reconciled through negotiations. But, before any of this can unfold, the policy priorities of President-Elect Joe Biden have to be considered.

During his campaign, President-Elect Biden released a proposal aimed at equalizing the tax value of retirement savings across income levels. He described this as an effort to level the playing field for saving through traditional retirement accounts between high- and low-income workers.

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NCPERS Executive Directors Corner

‘It Was the Best of Times, It Was the Worst of Times’

Photo illustration © 2020, istock.com

In 2020 hindsight, it wasn’t the year any of us expected. But we started 2020 strong, and we’re ending it the same way. In fact, Charles Dickens’ words from “A Tale of Two Cities”—“It was the best of times, it was the worst of times”—have rarely felt so relevant.

NCPERS members and the entire public pension community had to make big adjustments, like everyone else we know, to the ravages of Covid-19. The pandemic had sweeping and unprecedented effects on the way we live and the way we work.

Yet we found our strengths. As a community, public servants have frequently been on the front lines, battling the pandemic. Firefighters, EMS workers, teachers, police, and public health professionals have all powered through under trying circumstances. There are heroes all around us, and we’re proud to know so many of them.

In 2020 hindsight, it wasn’t the year any of us expected. But we started 2020 strong, and we’re ending it the same way.

We here at NCPERS have adjusted, too, never veering from our mission of providing advocacy, research and education.

No one would have guessed in January that our Legislative Conference and Policy Day would be the last time we all came together in person in 2020! For three days, as temperatures held safely above the freezing mark, members convened in the nation’s capital for a total immersion in policy issues. Then they put what they had gleaned into action, taking their stories to Capitol Hill and federal agencies. Engagement by individuals is the cornerstone of NCPERS’ advocacy efforts, and such strong involvement by members contributes to our effectiveness.

By March, of course, it was clear that in-person conferences would be going on hiatus for the foreseeable future. We did what we had to do: We found a way to operate in a brand new reality.

Members told us loud and clear that our programs had to keep going, because the public pension community does not stint on education. Covid or no Covid, pension systems were still dealing with their everyday realities: People enter the workforce, earn benefits, and retire. We had to keep calm and carry on with our normal responsibilities to millions of current and retired workers.

So we adjusted. Conferences went virtual, starting with the very popular Public Pension Funding Forum. So did our NCPERS

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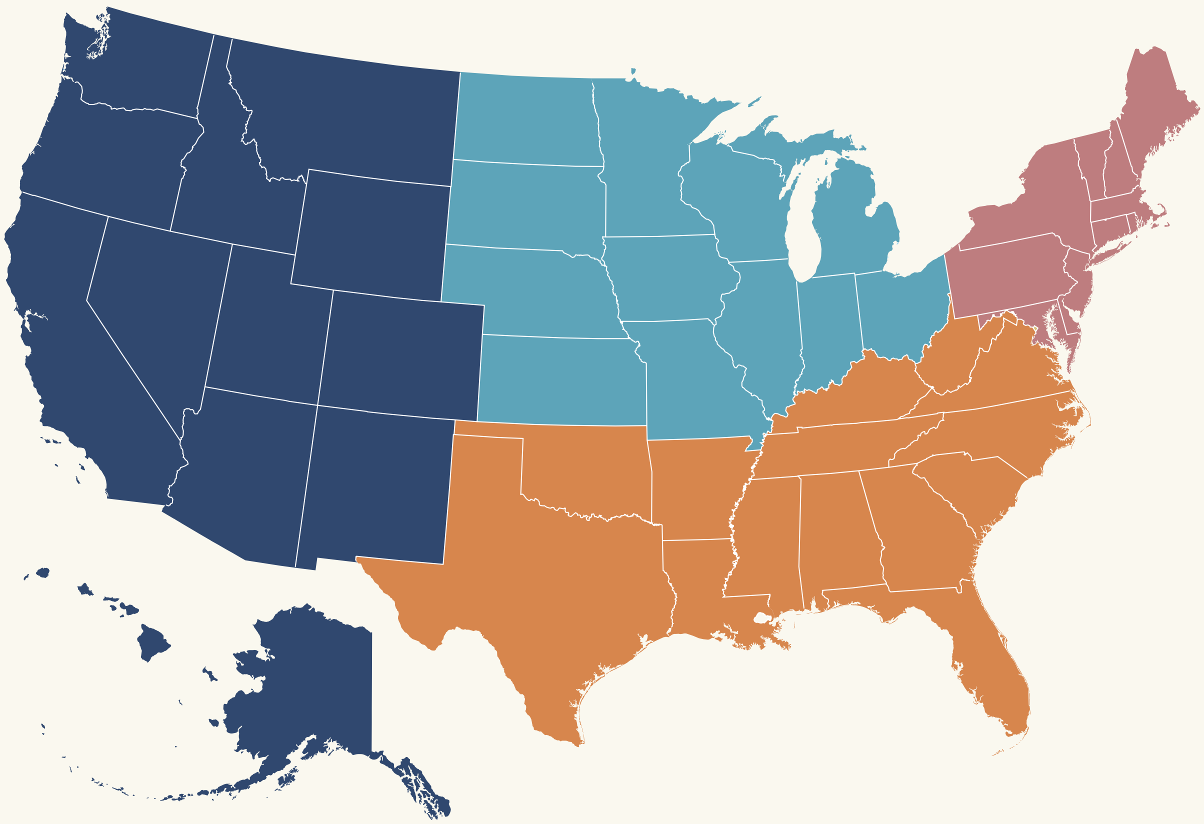
NCPERS Around the Regions

This month, we will highlight Pennsylvania, Illinois, Oklahoma and Colorado.



EAST: Pennsylvania

Governor Tom Wolf has signed into law two pieces of legislation that impose new requirements on state pension plans.

On October 29, the Democratic governor signed into law House Bill 1961, which requires the State Employees' Retirement System (SERS) to issue an annual report on investment performance covering the period July 1 to June 30. The Public School Employees' Retirement System (PSERS) already prepares investment performance data on this basis.

And on November 25, Wolf signed HB 1962, which requires SERS and PSERS to perform an annual stress test and submit results to the Governor, General Assembly and the Independent Fiscal Office.

The purpose of HB 1961 is to simplify comparisons between the investment performance of the two statewide pension systems, and between these programs and other retirement systems nationwide. This would be beneficial to the pension plan members and beneficiaries, the public at large, and lawmakers, said Rep. Lou Schmitt, a Republican, who introduce the measure.

"The General Assembly took great strides to improve the state's two retirement systems while keeping promises made to retirees and existing employees," Schmitt said. "My bill builds upon that by ensuring investments are achieving the best returns possible."

Rep. Dawn Keefer, a Republican, introduced HB 1962, which requires the two pension systems to conduct an annual stress test that encompasses a scenario analysis, a simulation analysis and a sensitivity analysis, and report the results.

CONTINUED ON PAGE 8

A Virtual Program with Real Value!

SAME CONTENT

NEW FORMAT!

NCPERS UNIVERSITY

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MODULES 1 & 2
March 2 – 5, 2021

MODULES 3 & 4
March 9 -12, 2021

REGISTRATION OPEN

Visit www.NCPERS.org or call 202-601-2445 for more information

BIDEN ADMINISTRATION CONTINUED FROM PAGE 1

Some of the tough choices that President-elect Biden faces include whether to maintain tariffs on about $360 billion worth of Chinese imports and whether to keep in place President Trump's just-issued executive order barring investments in Chinese firms with military ties. As of Jan. 1, 2021, individuals and companies are banned from owning direct shares or funds holding shares in 31 Chinese companies that the U.S. government has identified as security risks.

There are expectations that the punitive, confrontational tactics favored by the Trump Administration will give way to a more calibrated approach. The Biden Administration's stance is likely to be what Myron Brilliant, executive vice president of the U.S. Chamber of Commerce, called "a significant departure in tone, style and process" in a recent interview with *The New York Times*.

A comprehensive plan has yet to emerge, but elements of it have surfaced over time. The Biden Administration approach seems likely to include increasing investment in American workers to compete with China, maintaining leverage over China, and keeping a sharp focus on human rights violations, while seeking to retool rather than break trade relations between the world's largest economies.

Meanwhile, investors are closely watching accounting rules expected to be proposed next month by the Securities and Exchange Commission. The rules would impact American depository receipts, which are negotiable certificates issued by U.S. banks that represent shares in a foreign stock traded on a U.S. exchange. Some 156 Chinese companies with a combined market capitalization of $1.2 trillion are listed on the Nasdaq, New York Stock Exchange and NYSE American, *Pensions & Investments* noted.

If the proposed rules are adopted, Chinese companies on the exchanges would be subject to the U.S. Public Company Accounting Oversight Board's audit standards. China is the only one of 50 foreign jurisdictions that taps U.S. markets but will not permit PCOAB reviews. Refusal to follow the expected SEC rules could be punished with delisting.

"A prohibition on U.S. listing of non-U.S. companies that do not have PCAOB-inspected audits is long overdue," Brandon Rees, Washington-based deputy director of investments for the AFL-CIO, including its $716 million retirement plan, told *Pensions & Investments*. ◆

EARLY 2021 RETIREMENT AGENDA CONTINUED FROM PAGE 2

Roth plans, in which contributions are made with post-tax dollars but are tax-free at distribution, would not be affected. It is unclear at this point whether Biden's proposal is intended to impact traditional DC savings plans at the state and local level, such as 457(b), 403(b), 401(a), and grandfathered 401(k) plans. Legislative language on Biden's proposal is not available.

As described in campaign materials and in the media, Biden's plan would eliminate the current tax deferrals and deductions for contributions to DC retirement saving accounts, such as 401(k) plans, IRAs, and other types of DC plans. Instead, he proposes that everyone would receive a 26 percent refundable federal tax credit. A refundable tax credit is provided to a taxpayer regardless of whether it is more than the amount the taxpayer owes. The tax credit would be deposited directly into the taxpayer's retirement account.

Congressional news and data site Roll Call provided the following example of how retirement savings would be equalized: A single filer in the top 37 percent tax bracket earning $600,000 currently gets a tax deduction of $370 for each $1,000 she contributes to a 401(k) plan, compared with a single filer earning $60,000 in the 22 percent tax bracket, who only gets a $220 tax deduction for every $1,000 contributed. With a flat tax credit of 26 percent and using the same facts as above, both individuals would get a $260 tax credit for their $1,000 contribution.

Biden's proposal will have detractors. For instance, Howard Gleckman, senior fellow at the Urban-Brookings Tax Policy Center, said it's unlikely that a Republican-controlled Senate will approve of Biden's plan as is. But it wouldn't be hard to imagine a compromise combining Biden's tax credit approach with some version of two retirement savings bills that already have broad support in Congress – The Securing a Strong Retirement Act of 2020, the so-called "Secure Act 2.0," and the Retirement Security and Savings Act. Some combination is natural, he says, since all the ideas have the same goal: to increase retirement savings for workers.

NCPERS will keep you apprised of any relevant developments as they occur. ◆

Tony Roda is a partner at the Washington, D.C. law and lobbying firm Williams & Jensen, where he specializes in federal legislative and regulatory issues affecting state and local governmental pension plans. He represents NCPERS and statewide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. He has an undergraduate degree in government and politics from the University of Maryland, J.D. from Catholic University of America, and LL.M (tax law) from Georgetown University.

EXECUTIVE DIRECTORS CORNER CONTINUED FROM PAGE 3

Accredited Fiduciary Program, ensuring that professionals who had committed to this challenging program, which culminates in an examination that can yield a well-earned credential, would not have their education disrupted.

And we got creative on a truly ambitious scale. We designed our new Financial, Actuarial, Legislative and Legal Conference, or FALL for short, to pull together all the threads of major issues facing public pensions. We are now primed to deliver this multi-track, fast-paced program to a large virtual audience in February. Unfortunately, the initial September launch date had to be scuttled when our production partner fell short. We are determined to do it right, and we will be back stronger than ever with a new partner who can deliver on our vision.

We also ramped up our webinars. The NCPERS Center for Online Learning had already been a vibrant destination for public pension officials and trustees for some time—but with the pandemic, it became an even more important way to deliver continuing education. We increased our cadence to two webinars a week whenever possible, ensuring that public fund employees and trustees could keep sharpening their skills.

All the along the way, we remained dedicated to research that digs below the surface and tells the real story of public pensions. Our massive annual Public Employee Retirement Systems Study came out in January, as usual, providing valuable benchmarks and an interactive dashboard. January also featured our deep dive in how tax loopholes could be addressed to improve state and local revenues.

In May, we published a biennial update of our "Unintended Consequences" study, which highlighted how state and local government pension benefits pour money back into communities, and examined the implications of undermining pensions. In June, we expanded our research series with "In Tranquility or Turmoil, Public Pensions Keep Calm and Carry On." In this aggregate analysis for the United States as a whole, we examined whether public pensions have been sustainable over the last decade and a half—and how to move forward, particularly in the aftermath of the pandemic. September brought yet another vital and original research report, which outlined, as its title promised, "Ten Ways to Close Public Pension Funding Gaps."

And throughout the pandemic, we highlighted the efforts of our members to deal with career disruptions, serve their members seamlessly, and stand up for public pensions during a time of unprecedented stress. If you haven't checked out the NCPERS blog, I hope you will do so!

It's safe to say that we are all hoping for a calmer, easier 2021. But 2020 taught us a great deal. Public pension systems demonstrated that they could change on a dime, shift to remote work, rethink many assumptions, and continue meeting the needs of millions of members nationwide. Here at NCPERS, we received proof positive that our members are dauntless in the face of challenges, and are as committed to advocacy, education and research in a crisis as they were before it.

Here's to better times ahead in 2021. ◆

AROUND THE REGIONS CONTINUED FROM PAGE 4

"At the end of the day, the money in these retirement funds are that of the taxpayers, and policymakers must do all they can to protect it," Keefer said. **Her comments overlooked the fact that workers themselves contribute to the pension funds.**

MIDWEST: Illinois

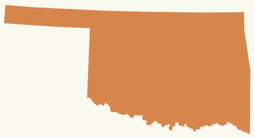
The council of the town of Normal on November 16 voted for a $13.1 million tax levy to help fund a variety of areas, including police and fire pensions and the Illinois Municipal Retirement Fund, the public library, and operations and debt service. The levy is subject to approval at a public hearing on December 7 and would keep the property tax rate flat at about 1.5%.

Normal City Manager Pam Reece told WGLT.org, a local National Public Radio station, that about $1 million would be shifted from the operations fund to police and fire pension obligations. The additional funds were needed because Normal began phasing in information on life expectancy of participants, and new rules that the pensions be 90% funded by 2040.

"We're making a stronger commitment to fund our pensions. And then we're forcing ourselves to look at additional cuts to meet the operational challenges," council member Karyn Smith said, according to the WGLT news report.

Council member Scott Preston said the decision shows the town's commitment to police officers and firefighters while keeping the town portion of a homeowner's property tax bill flat, the news report added.

SOUTH: Oklahoma



NCPERS Executive Director and Counsel Hank Kim on October 28 provided a high-level perspective on pension cost-of-living adjustments (COLAs) in testimony to an Oklahoma State Legislature committee.

Testifying before the Committee on Banking, Financial Services and Pensions, Kim described the parameters states and localities use to grant COLAs. He was invited to testify as Oklahoma considers whether to change its current approach to COLAs. In July, Oklahoma enacted legislation that granted the first COLA to retired state workers in 12 years. The increase was 2% of the monthly pension amount for workers who have been retired at least two years, and 4% for those who have been retired at least five years.

Oklahoma currently takes an ad-hoc approach to COLAs, Kim noted, as opposed to relying on an automatic trigger mechanism. This puts Oklahoma in a minority: according to NCPERS data, 29% of public pension plans offered ad hoc COLAs, meaning specific action had to be taken by a plan sponsor or legislature to agree on or authorize a COLA. More than half of plans, or 54%, had some form of an automatic COLA.

In his testimony, Kim explained to lawmakers that there are numerous approaches to calculating COLAs. For instance, the decision to award a COLA can depend on other factors being met, such as the pension fund attaining a certain funding level. COLAs can also be performance based, may have delayed-onset or minimum age requirements, and may be awarded on a limited benefit basis, covering only a portion of a retiree's annual benefit rather than the full amount.

"Answering this question is an important step toward equity for Oklahoma's hard-working public servants," Kim said. "The matter deserves careful and prompt consideration so that this state's retired workers don't have to go another 12 years before an adjustment to their pension pay is made."

CONTINUED ON PAGE 9

AROUND THE REGIONS CONTINUED FROM PAGE 8

WEST: Colorado

Governor Jared Polis unveiled his budget proposal for the 2021-22 fiscal year and included $225 million in funding for state pension plans that the state legislature suspended in 2020.

The governor's budget reopens discussion with the legislature, which would ultimately have to create and pass a budget, about the importance of the annual pension payment, known as the direct distribution. The legislature had decided the one-year suspension of the direct distribution was necessary because of budget shortfalls that were exacerbated by the Covid-19 pandemic.

Colorado enacted the direct distribution arrangement in 2018 as part of a reform bill aimed at attaining a 100% funded ratio for the Public Employee Retirement Association (PERA) within 30 years. Every dollar of the $225 million direct distribution goes toward the PERA's unfunded liability. By statute, the direct distribution was to be made annually until any unfunded liability was covered.

While the Democratic governor's proposal puts a stake in the ground, it will take several months for the budget process to play out. The Joint Budget Committee of the state legislature typically releases its budget proposal in the early spring. Colorado's 2021-22 fiscal year begins on July 1, 2021. ◆

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Calendar of Events 2021

February

NCPERS FALL Conference
February 2 -3, 2021
Virtual

March

NCPERS Accredited Fiduciary Program (NAF): Modules 1&2
March 2 – 5, 2021
Virtual

NCPERS Accredited Fiduciary Program (NAF): Modules 3&4
March 9 -12, 2021
Virtual

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FUNDfire

Some Consultants Paid Back Their PPP Loan. Others Refuse to Talk About It

By Aziza Kasumov December 17, 2020

Some of the biggest investment consulting and outsourced CIO (OCIO) firms that applied for government loans under the **Small Business Administration**'s (SBA) Paycheck Protection Program (PPP) said they have returned the money or are planning to.

But some firms, even those that applied for millions in PPP money, refused to comment or respond to *FundFire* inquiries about the state of their loans.

Who Took What

Consulting and OCIO firms applied for millions in PPP loans, ranging from $170,000 to almost $5 million. Some repaid the funds, with interest.

Consulting/OCIO firm	Size of loan application
Meketa investment Group	$4,593,752
Clearstead Advisors	$2,276,720
TIFF	$2,083,637
RVK	$2,050,000
AndCo	$1,928,333
Crewcial Partners	$1,157,500
Innovest	$1,066,400
Canterbury Consulting	$1,002,248
Balentine	$778,100

Meketa Investment Group borrowed what appears to be the largest amount out of all U.S.-based investment consultants, $4.6 million, and repaid the loan in full, with interest, in September, according to the firm. RVK, which applied for $2 million, said the money “remains a loan with accruing interest” and that the firm has “has not sought to have the loan forgiven.” TIFF Investment Management, a nonprofit OCIO serving other nonprofits, also said it is not seeking forgiveness on the loan and is “repaying the PPP loan … with interest.”

Meketa, in a statement, added that it had originally “applied for the loan to help ensure that we could, among other things, maintain full staffing so that critical services needed by our clients would be provided during this healthcare crisis and period of significant market and economic

Consulting/OCIO firm	Size of loan application
Mill Creek Capital Advisors	$588,600
Truvvo Partners	$516,917
DeMarche Associates	$503,500
Clearbrook	$453,142
Dahab Associates	$402,751
Permit Capital Advisors	$316,319
Appomattox Advisory	$296,800
Mangham Associates	$273,000
PlanPilot	$177,433
Multilateral Endowment Management Company	$166,400

Source: Small Business Administration

uncertainty." Since then, however, the company's "access to alternative capital sources has improved, and other uncertainties resulting from the pandemic have diminished," which is why leadership decided to repay the loan "in advance of our scheduled maturity date."

FundFire first reported in July that more than a dozen investment consulting and OCIO firms had applied for millions in loans under the PPP, which was set up to help small businesses brace the economic impact of the coronavirus pandemic. Under the program, certain parameters allowed applicants to seek forgiveness on their loans, such as spending at least 60% of the money on payroll expenses. As of Tuesday, lawmakers were considering setting aside $300 billion in additional funds for the SBA as part of the next coronavirus-relief bill.

Since the original tranche of PPP loan data was released, the SBA has also published more specific data on loan applicants, disclosing, for instance, exactly how much money firms requested, versus just providing broad ranges. The updated numbers are reflected in this story.

Some firms told *FundFire* in the summer that they were planning to repay the money.

OCIO and consultant **Crewcial Partners**, the investment consulting and OCIO firm formerly known as **Colonial Consulting**, applied for a $1.2 million loan but its board has decided to repay the money. As of earlier this month, the plan was to repay to loan by the end of the year, according to **Angela Matheny**, director of investment staff and diverse manager equity at the firm.

Mill Creek Capital Advisors also told *FundFire* earlier this year that the proceeds from the firm's close to $600,000 loan were never used, and that the company paid the money back shortly after receiving it.

Other OCIO and consulting firms that applied for millions of the taxpayer-funded PPP loans did not respond to several requests from *FundFire* on whether they intend to repay the loan.

Consultants **AndCo**, which applied for a close to $2 million loan, and **Innovest**, which applied for a $1 million loan, both declined to comment for this story. Consulting and search firm **PlanPilot**, which requested a comparatively small loan of $177,000, declined to comment as well.

Clearstead Advisors, an OCIO and consultant which applied for a $2.3 million loan and is overseeing $23 billion in client assets, did not respond to emails. Neither did **Canterbury Consulting**, Balentine, **Truvvo Partners**, or DeMarche Associates, which had loan applications ranging from $500,000 to $1 million. **Clearbrook**, Dahab Associates, **Permit Capital Advisors**, **Mangham Associates** and **Appomattox Advisory**, which applied for between $270,000 and $450,000 in PPP loans, also did not respond to requests for comment.

One firm, **Multilateral Endowment Management Company** (MEMCO), a nonprofit OCIO that spun out of the **Oklahoma State University Foundation** last year, as reported, said it is using the money from its $166,000 loan for authorized purposes under the program.

“Unlike other OCIOs, MEMCO is a 501(c)(3) not-for-profit entity that exists solely to serve other not-for-profit institutions,” **Ryan Tidwell**, CIO and CEO of the firm, wrote in an email, adding that the firm is not “operating to generate a profit” but rather passes through actual costs to its clients.

“In an effort to ensure that it could continue operating to serve its not-for-profit clients during the uncertain and difficult pandemic, MEMCO did apply for PPP funds to be utilized for authorized purposes under the program,” Tidwell wrote.

In July, it was not fully clear whether certain kinds of financial services companies were eligible for the loans, according to lawyers *FundFire* spoke with.

Beyond the eligibility question, some OCIO and consultant search firms said taking government loans might raise questions over their financial stability during the short market downturn. **Brad Alford**, founder and principal at OCIO and consultant search firm Alpha Capital Management, told *FundFire* at the time that if “a quick blip like that would make a trillion-dollar-plus firm take a loan from the government,” it could be a “red flag.”

Other search firms said there could be reputational issues.

Taking a PPP loan might have been “the right financial decision,” **Valter Viola**, managing director and principal heading OCIO searches at Cortex Applied Research, said at the time. But people might ask, he added, “Why are you taking this money that should be going to someone more needy?"

Other search firms don't see an issue with the companies taking PPP loans.

"We still don't see a problem with investment consultants or OCIOs receiving benefits from the PPP, the amount of which would pale in comparison with the long-term amounts of income tax the government ultimately receives from their activities," **Chris Cutler**, founder of search firm Manager Analysis Services, writes in an email. He added that the idea that the asset management industry, outside of alternative strategies, is "exceptionally profitable" is a misconception, and that his firm would "rather see OCIOs retain the PPP funds and invest in their personnel than pay back the loans."

Hundreds of asset management and wealth management firms have also applied for PPP loans, despite warnings from allocators over reputational risk for some companies, as reported. Private family offices and industry firms that had disciplinary records also applied for the loans.

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