



San Joaquin County Employees Retirement Association

A G E N D A

**BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, APRIL 9, 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/88972762715> and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID [88972762715#](https://us02web.zoom.us/j/88972762715)

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or KendraF@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 March 12, 2021 4
- 3.02 Approval of the minutes for the Audit Committee Meeting of March 11, 2021 8
- 3.03 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

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02 Receive and File Economic and Market Update - March 2021	55
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01 Presentation by Christy Fields and David Glickman of Meketa	76
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01 Investment Contract Requirements Ad Hoc Committee - March 24, 2021	
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10.03 Market Commentary/Newsletters/Articles	

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02 NEPC Total Return and Asset Allocation Analysis Fourth Quarter 2020	138
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11.0 COMMENTS

11.01 Comments from the Board of Retirement

12.0 CLOSED SESSION

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

**12.02 PERSONNEL MATTERS
CALIFORNIA GOVERNMENT CODE SECTION 54957
EMPLOYEE DISABILITY RETIREMENT APPLICATION(S) (0)**

**12.03 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(4)
Initiation of Litigation - 1 Case**

13.0 REPORT OF CLOSED SESSIONS

13.01 At the meeting of December 11, 2020, the Board elected to redeem its \$103.3 million allocation in Prima Mortgage Investment Trust. SJCERA reinvested \$50 million with Dodge & Cox, \$50 million with Bloomberg Barclays Aggregate Index, and retained \$3.3 million in cash.

14.0 CALENDAR

14.01 Board Meeting April 9, 2021, at 9:00 AM

15.0 ADJOURNMENT



San Joaquin County Employees Retirement Association

MINUTES

**BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, MARCH 12, 2021
AT 9:00 AM
Location: Via Zoom**

1.0 ROLL CALL

1.01 MEMBERS PRESENT: Phonxay Keokham, Emily Nicholas, Jennifer Goodman, Michael Duffy, Katherine Miller, Chanda Bassett, Adrian Van Houten, Margo Praus, Raymond McCray, and Michael Restuccia presiding

MEMBERS ABSENT: None

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Retirement Investment Officer, Paris Ba, Financial Officer Carmen Murillo, Management Analyst III Greg Frank, Department Information Systems Analyst II Lolo Garza, and Administrative Secretary Kendra Fenner

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

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Michael Restuccia

3.0 APPROVAL OF MINUTES

3.01 Approval of the minutes for the Board Meeting of February 12, 2021

3.02 The Board voted unanimously (9-0) to approve the Minutes of the Board Meeting of February 12, 2021. (Motion: Duffy; Second: Keokham)

4.0 PUBLIC COMMENT

4.01 Ms. Adriene Thompson, retired SJCERA member, had several questions regarding the *Alameda* decision and its implications. The Board asked CEO, Johanna Shick to contact Ms. Thompson to address her questions and report back to the Board.

5.0 CONSENT ITEMS

5.01 Service Retirement (26)

5.02 General

01 Candidacy Statement Resolution

a Proposed Resolution 2021-03-01 "Amendment to Registrar of Voters' Candidate Statement of Qualifications Form for Board of Retirement Elections"

02 SJCERA's SACRS Voting Proxy Form

5.03 The Board voted unanimously (9-0) to approve the Consent Items. (Motion: Van Houten; Second: McCray)

6.0 MARKET PERSPECTIVES PRESENTATION

6.01 Presentation by Tim Rudderow, President and CIO, Mt. Lucas Management, LP

7.0 CONSULTANT REPORTS PRESENTED BY DAVID SANCEWICH OF MEKETA INVESTMENT GROUP

7.01 QUARTERLY REPORTS FROM INVESTMENT CONSULTANT FOR PERIOD ENDED DECEMBER 31, 2020

- 01 Quarterly Investment Performance Analysis
- 02 Manager Certification Report
- 03 Manager Review Schedule
- 04 David Sancewich with Meketa Investment Group reviewed and discussed the reports in relation to the Board's investment policies. The Total Portfolio net return was 7.6 percent for the quarter and 8.3 percent for the one-year period ended December 31, 2020; performance exceeded the policy benchmark by 0.3 percent for the quarter and trailed the benchmark by 0.4 percent for the one-year period.

7.02 Monthly Investment Performance Updates

- 01 Receive and File Manager Performance Flash Report - January 2021
- 02 Receive and File Capital Markets Outlook and Risk Metrics - February 2021

7.03 Active/Passive Investment Education Presentation

7.04 Board accepted and filed reports

8.0 STAFF REPORTS

8.01 Legislative Summary Report

8.02 Trustee and Executive Staff Travel

- 01 Conferences and Events Schedule for 2021
- 02 Summary of Pending Trustee and Executive Staff Travel
- 03 Summary of Completed Trustee and Executive Staff Travel

8.03 Board accepted and filed reports

8.04 CEO Report

9.0 REPORT FROM COMMITTEES

9.01 Committee Chairs and staff will provide a brief summary of the outcome of the:

- 01 Audit Committee Meeting - March 11, 2021
Committee Chair Duffy stated the committee had a fantastic meeting and thanked the staff for their hard work.
- 02 Investment Contract Requirements Ad Hoc Committee - March 11, 2021
Committee Chair McCray stated the Committee is reviewing what are must have items when negotiating investment contracts. There were approximately nine topics the Committee needed to review. The Committee successfully reviewed about half of those topics at their first meeting and will schedule a second meeting to finish reviewing the remaining topics.

10.0 CORRESPONDENCE

10.01 Letters Received

10.02 Letters Sent

10.03 Market Commentary/Newsletters/Articles

- 01 Research Affiliates COVID-19 Vaccines February 2021

02 NCPERS The Monitor February 2021

03 Research Affiliates As Duration Dies Equities Rise March 2021

11.0 COMMENTS

- 11.01** Trustee Bassett advised she attended the CALAPRS General Assembly. There was great information and encouraged trustees to listen to the recorded sessions when they became available.
- 11.02** Trustee Duffy thanked Kathy Miller and County Supervisors for their leadership and approval of additional contributions. It has changed what SJCERA has been able to do as an organization.
- 11.03** Trustee Phonxay Keokham stated he attended the Pension Bridge and obtained a lot of interesting information.
- 11.04** Trustee Praus requested information regarding COVID's impact on real estate markets when Meketa provides its Real Estate Review presentation.
- 11.05** Chair Restuccia thanked the Board of Supervisors for their hard work.

12.0 CLOSED SESSION

THE CHAIR CONVENED CLOSED SESSION AT 11:16 A.M. AND ADJOURNED THE CLOSED SESSION AND RECONVENED THE OPEN SESSION AT 12:20 P.M.

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

12.02 PERSONNEL MATTERS CALIFORNIA GOVERNMENT CODE SECTION 54957 EMPLOYEE DISABILITY RETIREMENT APPLICATION(S) (2)

01 Disability Retirement Consent (2)

Counsel reported that in Closed Session the Board took the following action on personnel matters:

- a Sheriffs Captain
Service-Connected Disability

The Board voted unanimously (9-0) to accept the findings and recommendation of the Administrative Law Judge and deny the application for a Service-Connected Disability Retirement. (Motion: Van Houten; Second: Keokham)

- b Probation Officer II
Service-Connected Disability

The Board voted unanimously (9-0) to grant the applicant a Service-Connected Disability Retirement. (Motion: Van Houten; Second: Keokham)

12.03 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION CALIFORNIA GOVERNMENT CODE SECTION 94956.9(d)(1)

- 01 *Counsel noted there was nothing to report from closed session regarding this subject.*

13.0 CALENDAR

13.01 Board Meeting, April 9, 2021 at 9:00 AM

14.0 ADJOURNMENT

14.01 There being no further business the meeting was adjourned at 12:24 p.m.

Respectfully Submitted:

Michael Restuccia, Chair

Attest:

Raymond McCray, Secretary



San Joaquin County Employees Retirement Association

MINUTES

**AUDIT COMMITTEE MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
THURSDAY, MARCH 11, 2021
AT 9:00 AM
Location: Via Zoom**

1.0 ROLL CALL

- 1.01 MEMBERS PRESENT:** Raymond McCray, Michael Restuccia, Adrian Van Houten and Michael Duffy presiding
STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Financial Officer Carmen Murillo, Information Systems Manager, Adnan Khan, Management Analyst III Greg Frank, and Administrative Secretary, Kendra Fenner
OTHERS PRESENT: Deputy County Counsel Jason Morrish, and Lindsey McGuire and Colin Lo of Brown Armstrong Accountancy Corporation

2.0 PUBLIC COMMENT

- 2.01** There was no public comment.

3.0 2020 AUDIT ENTRANCE CONFERENCE

- 3.01** Scope of Services Presentation by Lindsey McGuire, CPA and Colin Lo, CPA of Brown Armstrong Accountancy Corporation
- 01 Ms. McGuire and Mr. Lo reviewed the Scope of Services presentation, which summarized the audit plan, significant areas the audit will focus on expected timeline/due dates and the reports that will be issued. The draft audit report will be provided to the Committee for discussion on May 13. The final audit report will be provided to the full Board on May 25.
- 3.02** Letter dated December 20, 2020 from Brown Armstrong Accountancy Corporation for audit objectives and procedures.

4.0 CYBERSECURITY AUDIT

- 4.01** Proposed Resolution 2021-03-11 Cybersecurity Request for Proposal (RFP) Evaluation Team
- 4.02** The Committee determined specialty audits fall within its scope as documented in its charter.
- 4.03** Trustee Van Houten pointed out number three and four on page nine of the RFP were identical.

The Committee unanimously directed staff to score the proposals and bring summary and recommended vendor to the Committee for review. Due to his expertise, Trustee Duffy agreed to review the scoring sheet prior to staff using it to score vendor's proposals.

5.0 COMMENTS

- 5.01** Comments from the Committee

5.02 Trustee Duffy thanked Kathy Herman for advising of the transition in staff and noted everyone is doing a great job.

6.0 NEXT MEETING OF THE AUDIT COMMITTEE

6.01 May 20, 2021, Time TBD

7.0 ADJOURNMENT

7.01 There being no further business, the meeting was adjourned at 9:26 a.m.

Respectfully Submitted:

Michael Duffy, Audit Committee Chair



San Joaquin County Employees Retirement Association

PUBLIC

April 2021

5.01 Service Retirement

Consent

01	SHERRI L ADAMS Member Type: General Years of Service: 19y 03m 07d Retirement Date: 2/27/2021	District Attorney III District Attorney
02	RICARDO J AGUILERA Member Type: General Years of Service: 34y 07m 04d Retirement Date: 2/27/2021	Deputy Director HSA
03	GLENDA L CARDOZA Member Type: General Years of Service: 30y 08m 22d Retirement Date: 2/27/2021	Senior Legal Technician District Attorney
04	JOSEPH H CASWELL Member Type: General Years of Service: 08y 00m 23d Retirement Date: 2/11/2021	Deferred Member N/A
05	ANDRES CORTEZ Member Type: General Years of Service: 25y 08m 22d Retirement Date: 2/26/2021	Equipment Operator II North County Landfill
06	MARIA E ELIZONDO Member Type: General Years of Service: 20y 10m 10d Retirement Date: 2/13/2021	Office Assistant Specialist Hosp Patient Accounting
07	PARRIS D FAST Member Type: General Years of Service: 07y 05m 01d Retirement Date: 2/18/2021	Legal Process Clerk II Courts - Manteca
08	WILLIAM F FILE Member Type: General Years of Service: 21y 09m 17d Retirement Date: 2/13/2021	Information Systems Analyst IV Information Systems Div - ISF
09	LISA E KNIGHT Member Type: General Years of Service: 17y 09m 28d Retirement Date: 2/27/2021	Information Systems Analyst V Information Systems Div - ISF



San Joaquin County Employees Retirement Association

PUBLIC

April 2021

- 10 VINCENT H LI** Engineering Assistant I
Public Works-Engnr-Design
Member Type: General
Years of Service: 21y 01m 07d
Retirement Date: 3/1/2021
- 11 KELLY I MCCOY** Deferred Member
N/A
Member Type: General
Years of Service: 00y 10m 18d
Retirement Date: 3/6/2021
Comments: Outgoing reciprocity and concurrent retirement with SCERS
- 12 DIONNA D MORALES** Correctional Officer
Sheriff-AB109-Jail Beds
Member Type: Safety
Years of Service: 24y 09m 08d
Retirement Date: 2/17/2021
- 13 DAVID C ORAM** Correctional Sergeant
Sheriff-AB109-Support
Member Type: General
Years of Service: 00y 02m 16d
Retirement Date: 2/28/2021
- 14 DAVID C ORAM** Correctional Sergeant
Sheriff's Department
Member Type: Safety
Years of Service: 19y 11m 08d
Retirement Date: 2/28/2021
- 15 JILL M SCHROEDER** Legal Technician II
HSA - Clerical Support
Member Type: General
Years of Service: 13y 11m 03d
Retirement Date: 2/16/2021
- 16 RIKIKO G SHIMOBAYASHI** Employment Training Superviso
HSA - Gain
Member Type: General
Years of Service: 39y 06m 20d
Retirement Date: 3/1/2020
- 17 DONALD P SMITH** Correctional Officer
Sheriff-Custody-Regular Staff
Member Type: General
Years of Service: 00y 04m 03d
Retirement Date: 3/1/2021
- 18 DONALD P SMITH** Correctional Officer
Sheriff's Department
Member Type: Safety
Years of Service: 19y 09m 19d
Retirement Date: 3/1/2021



San Joaquin County Employees Retirement Association

PUBLIC

April 2021

19 JOHN M SOLIS

Director Employment & Econ Dev
Employment - Economic Developm

Member Type: General
Years of Service: 37y 01m 26d
Retirement Date: 2/27/2021
Comments: Outgoing reciprocity and concurrent retirement with CalPERS

20 VERNON E VINCELET

Correctional Officer
Sheriff's Department

Member Type: Safety
Years of Service: 22y 04m 12d
Retirement Date: 1/8/2021

21 ANTHONY C WALTER

Automotive Maintenance Forema
Fleet Services

Member Type: General
Years of Service: 25y 08m 22d
Retirement Date: 2/27/2021

22 JANET L WILLIAMS

Deputy District Attorney IV
District Attorney

Member Type: General
Years of Service: 32y 07m 04d
Retirement Date: 2/27/2021



Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 5.02-01

April 9, 2021

SUBJECT: Retired Member Returning to Active Membership

SUBMITTED FOR: CONSENT ACTION INFORMATION

RECOMMENDATION

Approve the Application to Return to Active Membership for Emad Abbas effective on the first day of the first full pay period following Board of Retirement approval.

PURPOSE

To provide an opportunity for a Retired member to return to Active membership.

DISCUSSION

San Joaquin County has made a conditional offer of full-time benefited employment to Emad Abbas. Mr. Abbas is currently a Retired member of SJCERA and wishes to return to Active Membership.

Government Code Sections 31680.4 and 31680.5 allow for a retiree to suspend their retirement, and return to work full time in an SJCERA-covered position as an Active member.

Pursuant to statute, (a) the member must apply to the Board of Retirement for reinstatement (b) the Board of Retirement must determine, based on medical examination that the member is not incapacitated for the duties assigned of the position and (c) the other conditions for membership (working in a full-time, permanent position with San Joaquin County or another SJCERA-participating employer) must be met.

The member's Application to Return to Active Membership, the signed Medical Evaluation form, and the Job Description are provided for the Board's review. Based on the information on these documents, staff recommends approving Mr. Abbas' return to Active membership.

If approved to re-enter Active membership, the employment may begin. Mr. Abbas will be a Tier 2 member for this period of employment, and his retirement benefit payments will be suspended. When Mr. Abbas retires again, the original retirement benefit (increased by any cost-of-living adjustments), will resume and the additional benefit (based on the second period of employment) will be paid to as a separate benefit.

ATTACHMENT

Application to Return to Active Membership
Medical Evaluation
Job Description



Kathy Herman
Assistant Chief Executive Officer



San Joaquin County Employees' Retirement Association

Return to Active Membership Application for Retired Members

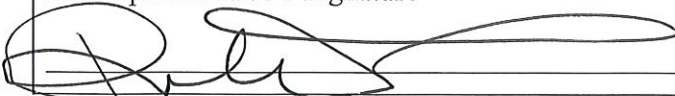
INSTRUCTIONS		
Submit this form if you are a Retired SJCERA Member and have received a conditional offer of employment from the County of San Joaquin (or other participating employer) into a position that is eligible for SJCERA Membership. Department of Human Resources <u>must</u> complete the last section of this form.		
MEMBER INFORMATION		
Full Name Emad Abbas	Employee ID 106587	Email eabbas@sjcworknet.org
Department EEDD	Original Retirement Date 12-02-2013	Date of Re-employment 03-01-2021

MEMBER ACKNOWLEDGMENT

I hereby apply for reinstatement as an Active Member of SJCERA. I understand the Board of Retirement will determine my eligibility for Membership based on the position for which I am hired, my application and whether the pre-employment medical examination results indicate that I am not incapacitated for the duties assigned to me.

I understand my retirement benefit will be suspended on the effective date of my re-employment and will resume only when I subsequently terminate employment. I also understand that I must return any overpayment of my retirement benefit made to me after the effective date of my re-employment.

Member's Signature Emad Abbas Date 03-11-2021

HUMAN RESOURCES AUTHORIZATION	
NOTE: THIS SECTION MUST BE COMPLETED BY A HR REPRESENTATIVE	
I certify that the Member named above has successfully completed a pre-employment medical exam and (is) <u>(is not)</u> incapacitated for the duties assigned to him/her.	
HR Representative's Full Name Rachel Novetzke	Telephone Number (209) 468-3370
HR Representative's Title Principal Personnel Analyst	E-mail rnovetzke@sjgov.org
HR Representative's Signature 	
Date <u>03-29-21</u>	

Patient Name:

MRN:



Kaiser On-the-Job®

SELF PAY PREPLACEMENT EVALUATION RESULTS [Signed in lieu of Employer Forms]

LAST NAME	ABBAS	FIRST	EMAD	MIDDLE	MR#	08955908	
EXAM DATE	3119 / 2021	BIRTHDATE	9 / 16 / 1960	WORK PHONE	209 468 5000	HOME PHONE	209 832 9557
EMPLOYER	San Joaquin County			POSITION TITLE	Information System Analyst IV		

The applicant/employee was evaluated using the protocol and components requested by: _____ (Name of Employer).

- Free from active tuberculosis
- Employee has immunity or adequate immunization for
 - Rubella Rubeola Mumps Varicella Hepatitis B Hepatitis A Flu Tdap

Based on Employer's Job Description of Essential Functions and their Evaluation Protocol:

No Medical Findings that would constitute a direct threat to the individual or others through the performance of the job as described.

No Job Description was available, however, based on exam and testing completed, patient appears to be in good health.

Comments: _____

Medical Approval Deferred. Will reevaluate when: _____

Applicant can safely perform the essential job demands described by the employer, under the following conditions: _____

Applicant cannot safely perform these following essential job demands described by the employer because: _____

Kaiser Permanente - Occupational Medicine
1779 W. Yosemite Ave, Suite 202
Manteca, CA 95337
Phone Number (209) 825-3531

- Respirator Clearance**
*See attached Respirator Evaluation Results Form

FACILITY	Khin Chit, MD	PHONE:
MEDICAL PRACTITIONER SIGNATURE:		DATE:

Dr. Khin Chit, MD

03 / 26 / 2021

DEPARTMENT INFORMATION SYSTEMS ANALYST IVDEFINITION:

Under direction, performs highly advanced professional duties in the analysis, design, evaluation, development, testing and implementation of strategic systems, networks and programs across multiple platforms and technologies within an assigned department; performs database management duties; troubleshoots, analyzes and resolves highly complex systems and network hardware and software problems; and performs other work as required in accordance with Rule 3, Section 3 of the Civil Service Rules.

CLASS CHARACTERISTICS:

This is the highly advanced level class in the Department Information Systems Analyst series. Incumbents perform work of a professional rather than technical nature, utilizing skills that require an understanding of analytical procedures and processes. This class is distinguished from the Department Information Systems Analyst III level in that positions at the Department Information Systems Analyst IV level serve as the highest-level resource within the department for systems and network design, development and implementation and/or serve as department systems database administrators. Employees at this level may also serve as a project manager for an assigned information systems project, although project management alone is not the only distinguishing characteristic for allocation to this level of the series. As assigned, some positions may exercise direct, functional or technical supervision over lower level staff; however, these supervisory duties are ancillary in nature and are not considered to be the primary purpose of the class.

TYPICAL DUTIES:

1. Provides highly advanced professional level support in the analysis, design, evaluation, development, testing and implementation of strategic systems, networks and programs across multiple platforms and technologies.
2. Plans, develops, integrates, tests and evaluates the department's local and wide area networks; determines network system requirements; evaluates network protocols, hardware and software to determine their applicability to department network needs; evaluates new applications to determine integration with current systems and applications; studies the integrity and security of data; monitors systems to control and support network traffic; devises and implements strategies for connection of other systems through the use of network infrastructure and components.
3. Investigates, analyzes and resolves highly complex network-related problems; resolves compatibility problems across multiple systems and networks; troubleshoots complex network failures, router problems and telecommunications problems; recommends and implements changes and improvements.
4. Analyzes network security and performance issues; identifies potential security and utilization or performance issues; designs strategies and recommendations to improve security and network performance.

5. Performs database management, analysis, administration and maintenance duties; provides support to department information technology staff in planning, designing and implementing databases; designs and modifies database structures, tables, files, views, and indices; manages and maintains database and file space allocation; develops methodologies to export and import data within multiple operating environments; plans future storage requirements.
6. Ensures database availability to system users; provides and controls user access; maintains database security to ensure data integrity; monitors users to ensure compliance with operational and security procedures; monitors database performance; makes database tuning changes as required; makes recommendations on enhancements to optimize resources; conducts and maintains database systems back ups to ensure timely recovery of data; develops alternative strategies for data recovery.
7. Designs and develops current or new programs for large and complex systems; analyzes user operations and business requirements to design and develop technology solution; reviews, evaluates and recommends current and third party systems and programs; creates or oversees the development of data flow diagrams and other systems documentation to develop program specifications; designs optimum system configurations; develops and implements testing plan; ensures system quality assurance; determines whether new program meets the client's business and technology requirements and adjusts as required.
8. As assigned, serves as project manager on systems projects; analyzes client information system needs; recommends solutions and appropriate technology; designs project and resource plans and schedules; develops proposals using cost/benefit analyses; coordinates the installation and evaluation of proposed hardware and software to ensure compatibility with existing systems; coordinates programming activities; controls, monitors and reports budget expenditures; directs members of the project team; provides written reports and presentations on project status.
9. Performs technical writing duties in the development and production of complex system documentation, instructional and procedural manuals.
10. Identifies training issues and coordinates training sessions for client users on assigned systems or applications; develops training schedule; designs training manuals; conducts training sessions.
11. Trains assigned project staff in their areas of work including structured programming and development methods, procedures and techniques.
12. As assigned, may exercise direct or technical and functional supervision over lower level staff; assists in selecting, training, motivating and evaluating assigned staff; provides or coordinates staff training; works with employees to correct deficiencies.
13. Attends and participates in professional group meetings; stays abreast of new trends and innovations in the field of information technology.

MINIMUM QUALIFICATIONS:

Note: Incumbents who, at the time that Classification Study #01-22 is adopted by the Board of Supervisors, occupy full-time Civil Service positions reclassified to this class by the study, shall be deemed to meet the requirements listed below.

Either I

Experience: One year as a Department Information Systems Analyst III in San Joaquin County.

Or II

Education: Graduation from an accredited four-year college or university with major course work in computer science, information systems, mathematics, business administration or a related field.

Experience: Three years of increasingly responsible professional analytical computer and related systems work in an information systems environment.

Substitution # 1: Possession of an approved information systems technology certificate, or completion of an approved information systems training course may substitute for part or all of the required education. A list of approved certificates and/or courses shall be maintained within the Human Resources Department.

Substitution # 2: Additional qualifying experience may substitute for the above-required education on a year-for-year basis to a maximum of two years.

And

Knowledge of: Operations, services and activities of a comprehensive information systems program across multiple operating platforms; advanced principles and practices of system and network design, development, analysis, testing and security administration; methods and techniques of evaluating complex systems and business requirements and developing information systems solutions; information systems infrastructure planning and development; advanced principles and practices of structured programming; advanced programming languages, methods and techniques including integrated database management; principles and practices of local and wide area network design, protocols, development, security and administration; operational characteristics of multiple operating system environments, networks, and associated hardware, software, database and related components; local and wide area network protocols; methods and techniques of resolving complex network system compatibility and integration issues; principles, practices, methods and techniques of supporting a comprehensive database design, management and administration program; operational characteristics of a variety of database systems, tools and utilities; relational database design and management theory, techniques and tools; principles and practices of quality assurance, data security, integrity, backup and recovery; principles and practices of project management; pertinent Federal, State and local codes, laws and regulations.

Ability to: Analyze department operations, procedures and data to recommend, design and develop logical solutions to complex systems problems; perform highly complex systems, network and applications programming and analysis duties; recommend and implement quality

assurance and security procedures; provide highly advanced level technical systems support; perform feasibility studies and conduct cost-benefit analyses; design and integrate systems and programs within multiple operating environments; analyze and resolve highly complex system and network problems using logical and methodical processes; provide complex support in the design, configuration, implementation and testing of wide area network operating systems, hardware and software; analyze and troubleshoot complex local and wide area network operating, hardware and software system problems; perform database administration and maintenance functions; develop and modify database models based on department information technology needs; prepare clear and concise technical reports and documentation; as assigned, provide project management services; communicate clearly and concisely, both orally and in writing; establish and maintain effective working relationships with those contacted in the course of work.

Physical and Mental Requirements: *Mobility* – Frequent use of data entry devices; frequent sitting, standing or walking for long periods; occasional pushing/pulling, bending, squatting and crawling; driving. *Lifting* – frequently 5-30 pounds; occasionally 70 pounds or less. *Vision* – constant use of good overall vision; frequent reading/close-up work; occasional color, depth and peripheral vision. *Dexterity* – frequent repetitive motion; frequent writing; frequent grasping, holding, reaching. *Hearing/Talking* – frequent talking/hearing in person and on the telephone. *Emotional/Psychological* – frequent decision making and concentration; frequent public contact; occasional working alone, working nights and traveling. *Environmental* – frequent exposure to noise.

Adopted: 11/14/01
Renumbered: 07/03



Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 6.0

April 9, 2021

SUBJECT: Changes to the Strategic Asset Allocation policy

SUBMITTED FOR: ___ CONSENT X ACTION ___ INFORMATION

RECOMMENDATION

Staff and Consultant recommend the Board adopt the revised language of the Strategic Asset Allocation Policy section V.C.3 "Rebalancing/Transitioning to New Asset Allocation Target".

PURPOSE

To better align the investment policy with regard to long-term policy targets and timing of investment allocations within SJCERA's private classes.

DISCUSSION

SJCERA's Strategic Asset Allocation policy increase the allocation to illiquid asset classes (Private Equity, Private Real Estate, and Private Credit). Allocating to these classes will take time.

SJCERA uses liquid market proxies while waiting for good opportunities in private assets. In the case of Private Equity and Real Estate, the proxy is Global Equity, for Private Credit the proxy is the liquid credit market.

The Strategic Asset Allocation policy section V.C.3 addresses this situation, but lacks clarity when these overweight/underweight positions push beyond the rebalancing ranges. The proposed revisions to the attached Strategic Asset Allocation policy allow the public market proxy to exceed its maximum range by up to the underweight of the private markets' targets. For example, if private equity were underweight by 2 percent, global equity would be allowed to exceed its maximum band by 2 percent.

The proposed revision to policy language follows:

Due to the illiquid and time-lagging nature of private investments, and the patience needed to select high-quality managers; it will take time to achieve the target(s) for the ~~Private Appreciation and Credit asset classes. If the Private Appreciation and/or Credit classes are above or below their targets, the remaining public markets asset classes will also be above or below target to balance the portfolio.~~ Private Equity, Private Real Estate, and Private Credit segments of the portfolio. If the Private Equity, Private Real Estate, and/or Credit classes are below their targets, the differences will be temporarily invested in public market equivalents until such opportunities in the private markets are available. Under these circumstances, public market equivalents may exceed stated bands up to the underweight of private markets targets.

In addition, SJCERA staff and Consultants will provide a report at the next regularly scheduled board meeting.

ATTACHMENT

Meketa's Investment Guideline Revision memo



JOHANNA SHICK
Chief Executive Officer



PARIS BA
Retirement Investment Officer

MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group (“Meketa”)
DATE: April 9, 2021
RE: Investment Guideline Revisions - Rebalancing

Following previous discussions with the SJCERA Board, Meketa and SJCERA staff reviewed the investment policy language regarding section V.C) Rebalancing/Transitioning to New Asset Allocation Targets. This memo recommends changes to the current language to better align the investment policy with regard to long-term policy targets and timing of investment allocations within SJCERA’s private classes.

At its September 2019 meeting, the SJCERA Board approved a new long-term strategic allocation policy for its investment assets, including the target, minimum and maximum ranges (the table below shows the adopted targets, minimums, maximums, as well as SJCERA’s current allocation as of Feb 28, 2021).

Target Allocations versus Actual March 30, 2021*

Strategic Asset Allocation				
Strategic Classes	Current	Target	Min.	Max
Broad Growth	75.9	75	60	90
Aggressive Growth	7.1	10	8	12
Traditional Growth	37.9	32	26	38
Stabilized Growth	30.9	33	27	39
<i>Risk Parity</i>	<i>11.2</i>	<i>10</i>	<i>8</i>	<i>12</i>
<i>Credit</i>	<i>15.1</i>	<i>17</i>	<i>14</i>	<i>20</i>
<i>Core Real Assets</i>	<i>4.6</i>	<i>6</i>	<i>5</i>	<i>7</i>
Diversifying Strategies	21.0	25	20	30
Principal Protection	7.9	10	8	12
CRO	13.2	15	12	18

*Current Allocation does not include Cash and assets held by Parametric

The change in policy targets resulted in increases to SJCERA's illiquid asset classes (Private Equity, Real Estate, and Credit). Given the illiquid nature of these funds, the desire to diversify investments over different vintage years, and the vetting process identifying high quality managers, allocating to these classes will take time. As a result, most institutional investors allocate assets to liquid market proxies while waiting for capital to be called. In the case of Private Equity and Real Estate, the associated proxy is Global Equities, for Private Credit this proxy is the liquid credit market.

SJCERA's current policy has the following language that addresses this situation but lacks clarity when these over/underweights push portfolio allocations beyond the stated rebalancing ranges (min/max)

"Due to the illiquid and time-lagging nature of private investments, and the patience needed to select high-quality managers; it will take time to achieve the target(s) for the Private Appreciation and Credit asset classes. If the Private Appreciation and/or Credit classes are above or below their targets, the remaining public markets asset classes will also be above or below target to balance the portfolio."

Meketa and SJCERA staff recommend changing the following language to the rebalancing/transitioning section as follows.

"Due to the illiquid and time-lagging nature of private investments, and the patience needed to select high-quality managers; it will take time to achieve the target(s) for the **Private Equity, Private Real Estate, and Private Credit segments of the portfolio. If the Private Equity, Private Real Estate, and/or Credit classes are below their targets, the differences will be temporarily invested in public market equivalents until such opportunities in the private markets are available. Under these circumstances public market equivalents may exceed stated bands up to the underweight of private markets targets.**

In addition, SJCERA staff and Consultant will provide a report at the next regularly scheduled board meeting.

DPS/NB/ndb



Board Investment Policy Strategic Asset Allocation Policy

I. PURPOSE

- A. To outline SJCERA's goals, objectives, and guidelines for managing SJCERA's investment program.
- B. To define provisions governing how the goals and objectives are to be achieved.

II. INVESTMENT BELIEFS

A. General

1. Risk is the inability to meet benefit obligations when due.
2. Prudently managing the assets of the Plan is the Board's paramount duty.
3. SJCERA should monitor current and future benefit obligations to ensure long-term solvency of the Plan.

B. Investment Strategy

1. SJCERA should invest its assets and manage its liabilities so as to increase the likelihood of paying all benefit obligations over time.
2. SJCERA should seek a long-term rate of return that exceeds inflation, while recognizing and managing the need to maintain adequate liquidity to pay benefits.
3. SJCERA should invest globally, seeking investment opportunities in a variety of asset classes and management styles, in order to improve the likelihood of being able to meet benefit obligations over time.
4. SJCERA should make meaningful commitments that will improve performance and where possible, take advantage of lower fee schedules, while providing adequate diversification.

C. Pattern of Investment Returns

1. The volatility of investment returns is as important as the level of returns in determining SJCERA's ability to meet future benefit obligations.
2. SJCERA should be able to reduce the volatility of the portfolio returns and the risk of large portfolio drawdowns through diversification, opportunistic allocations, and passive investing where appropriate.
3. Actions to manage volatility should be appropriately integrated into the investment decision-making process.

III. INVESTMENT OBJECTIVE

- A. The funding obligations of SJCERA are long-term in nature; consequently, the investment of portfolio assets should have a long-term focus. The assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The investment objective for SJCERA assets is to achieve long-term investment returns that allow the plan to meet all earned benefit payments to plan participants. It is expected that this objective can be obtained through a well-diversified portfolio structure in a manner consistent with this Policy. Accordingly, the investment of these assets shall be guided by the following underlying principles:
1. To achieve a positive rate of return over the long-term that significantly contributes to meeting SJCERA's objectives, including achieving the actuarial assumption for rate of return and satisfying expected benefit payment obligations;
 2. To provide for asset growth at a rate in excess of the rate of inflation and of the liability growth rate of SJCERA;
 3. To earn a sufficient rate of return while minimizing exposure to losses or wide swings in market value.

IV. STRATEGIC ASSET ALLOCATION POLICY

A. Strategic Asset Allocation Development

1. The Board regularly adopts and implements an asset allocation policy that is predicated on a number of factors, including:
 - a. A projection of actuarial assets, liabilities, benefit payments and required contributions;
 - b. Historical and expected long-term capital market risk and return behavior;
 - c. An assessment of future economic conditions, including inflation and interest rate levels; and
 - d. The current and projected funding status of the Plan.
2. The asset allocation will be determined through appropriate studies undertaken by the consultant(s) retained by the Board. The allocation study will include all asset classes deemed prudent and appropriate by the Board. The Board, with the aid of the investment consultant, will determine the assumptions and criteria to be used in the asset allocation study. The following assumptions and criteria will be so determined:
 - a. The expected return from each asset category.
 - b. The expected standard deviation of each asset category.
 - c. The minimum acceptable return over a given time period.
 - d. The net contribution as a percent of payroll.
 - e. The expected payroll growth rate.

3. The resulting asset allocation will be approved by the Board with input from SJCERA staff and the investment consultant. The asset allocation study will be performed on cycle with the actuarial experience study. Appropriate adjustments to the existing portfolio will then be made in the most expeditious and appropriate manner.
4. On a more frequent, periodic basis, SJCERA staff and the investment consultant, will analyze the portfolio structure of each strategic class. Analysis shall include:
 - a. Appropriateness of strategic class and manager benchmarks,
 - b. Alignment structure of individual portfolios with strategic class benchmarks based on manager holdings and mandate,
 - c. Evaluation of whether the strategic class is structured in a manner that is consistent with the Board's objectives,
 - d. Analysis of underperforming managers, and
 - e. Overall risk profile of the strategic class.

B. Approved Strategic Asset Allocation

1. Pursuant to Investment Belief II.C.2, SJCERA shall diversify the investment of assets according to the specified long-term target percentages.

Strategic Asset Allocation			
Approved Sept. 2019			
Strategic Classes	Target	Min.	Max
Broad Growth	75	60	90
Aggressive Growth	10	8	12
Traditional Growth	32	26	38
Stabilized Growth	33	27	39
Risk Parity	10	8	12
Credit	17	14	20
Core Real Assets	6	5	7
Diversifying Strategies	25	20	30
Principal Protection	10	8	12
CRO	15	12	18

2. The allocation goal recognizes that at any time equity and fixed income Investment Managers may have transactional cash on hand.
3. Financial derivatives may be used within prudent limits to manage risk, lower transaction costs, or augment returns.

V. ALLOCATIONS AND PORTFOLIO REBALANCING GUIDELINES

A. The Board strives to make meaningful commitments to strategies in which it has high conviction. In general, the minimum commitment will be two percent of the overall portfolio or \$50 million, whichever is greater.

B. Rebalancing Guidelines

1. The Board delegates the authority to rebalance the asset allocation to the Investment Officer and/or the Chief Executive Officer.
2. Staff and consultant will develop a plan and outline the timeframe for accomplishing the proposed rebalancing.
3. Staff and consultant will coordinate with the appropriate internal and external parties to implement the rebalancing.
4. Staff will report the rebalancing activity to the Board.

C. Rebalancing/Transitioning to New Asset Allocation Targets

1. The target allocation to each strategic class and to sub-classes within strategic classes is expected to remain stable over most market cycles. When new asset allocation targets are adopted, the Board's goal is to transition the physical assets and to reach the target optimal portfolio in a timely manner.
2. With respect to the target strategic allocations to each strategic class, to the sub-classes and to investment managers, the Board, in consultation with its investment consultant, will establish rebalancing range limitations. The ranges for each class/sub-class are established as twenty percent (20%) of the target.
3. Due to the illiquid and time-lagging nature of private investments, and the patience needed to select high-quality managers; it will take time to achieve the target(s) for the ~~Private Appreciation and Credit asset classes. If the Private Appreciation and/or Credit classes are above or below their targets, the remaining public markets asset classes will also be above or below target to balance the portfolio~~ Private Equity, Private Real Estate, and Private Credit segments of the portfolio. If the Private Equity, Private Real Estate, and/or Credit classes are below their targets, the differences will be temporarily invested in public market equivalents until such opportunities in the private markets are available. Under these circumstances public market equivalents may exceed the stated bands by up to the underweight of private markets targets.

In addition, SJCERA staff and Consultants will provide a report at the next regularly scheduled board meeting.

D. Ongoing Monitoring and Rebalancing the Asset Allocation Targets

1. The actual asset mix of the total portfolio may diverge from the target allocations requiring rebalancing to meet the investment objectives set by the Board. Conversely, continually rebalancing to the asset allocation targets may result in significant transaction costs.

- a. SJCERA staff and the investment consultant will monitor the portfolio's asset allocation relative to the strategic target allocations. If actual allocations to a strategic class, or to a sub-class or investment manager, fall outside the predetermined range, SJCERA staff and the investment consultant will review, discuss and develop a plan for rebalancing back to the mid-point between the end of the range that was exceeded and the target allocation.
- b. In determining the rebalancing plan, the investment consultant and staff should prioritize implementation procedures as follows:
 - i. Investing net contributions into classes that are below their range limitations;
 - ii. Drawing cash out of the portfolio (for benefit payments and expenses) from classes that are above their range limitations (using interest payments, rental revenues and dividends); and
 - iii. Selling assets from classes/portfolios that exceed the target range(s), and buying assets in classes/portfolios that are below the target range(s).
- c. Within the total SJCERA portfolio, the Cash Overlay Program may be implemented consisting of four potential elements: 1) invest unallocated cash, 2) invest managers' cash, 3) manage transitions and 4) maintain target allocation. The Cash Overlay Manager is primarily expected to securitize unallocated cash. If the Board approves the use of elements 1, 2, or 4 of the cash overlay program, staff may deploy element 3 as needed to assist with transitions.

VI. TOTAL FUND PERFORMANCE OBJECTIVE AND MEASUREMENT PERIOD

- A. The total fund performance objective is to achieve a total return net of fees and expenses that equals or exceeds the policy benchmark over a full market cycle as defined by the Board. The return of a hypothetical portfolio is represented by a policy benchmark consisting of public market indices weighted according to asset allocation targets.

SJCERA's long-term strategic policy benchmark consists of the following passive public market indices and weights listed below.

PORTFOLIO POLICY BENCHMARK		
Strategic Classes	Target	Benchmark
Broad Growth	75	---
Aggressive Growth	10	50% MSCI ACWI ND + 2%/ 50% NCREIF ODCE + 1%
Traditional Growth	32	MSCI ACWI IMI (ND)
Stabilized Growth	33	---

Risk Parity	10	90-day Tbills + 4%
Credit	17	50% BC High Yield, 50% S&P/LTSA Lev. Loans
Core Real Assets	6	NCREIF ODCE
Diversifying Strategies	25	---
Principal Protection	10	BB U.S. Aggregate Index
Crisis Risk Offset	15	3 Part Custom (33% BTOP 50, 33% BC long Duration Treasuries, 33% at 5% annual)

1. The Policy Benchmark measures the performance results of the total portfolio. Each investment manager within a strategic class will be measured against an appropriate benchmark for that strategy.
2. Performance results for SJCERA investments and for each Investment Manager shall be calculated and evaluated quarterly and presented to the Board for review. This Total Portfolio Benchmark will be included in evaluation reports presented to the Board for review.

VII. CLASS-SPECIFIC GUIDELINES

A. Cash and Overlay

1. Cash investments (STIF) Manager
 - a. The Cash Manager will invest the cash balances of all accounts with a cash component held at the custody bank selected by SJCERA.
 - b. Cash (STIF) - The performance of cash assets is expected to outperform a 91-day U.S. Treasury Bill Index
2. Cash Overlay Manager
 - a. SJCERA staff and consultant may direct the cash overlay program manager to:
 - i. Overlay Unallocated Cash: Monitor SJCERA's overall positions daily and synthetically invest unallocated cash using financial futures contracts.
 - ii. Overlay Manager Cash: Monitor SJCERA's managers' cash positions daily and synthetically invest un-invested portions using financial futures contracts.
 - iii. Assist with Manager Transitions: As transition events arise, staff and consultant will review each transition issue with the objectives of maintaining target market exposure and minimizing transition costs.
 - iv. Maintain Target Allocation: Calculate SJCERA's actual allocation and compare to target allocations. If actual allocations differ from targets by more than SJCERA's predetermined tolerance level, the

SJCERA fund is synthetically rebalanced to target on an overlay basis using financial futures contracts.

B. Broad Growth Class and Its Underlying Components

1. **Role**: The Broad Growth Class is expected to generate relatively high levels of absolute and real (i.e., inflation-adjusted) returns, net of all costs. The Broad Growth Class is considered the main return driver of the overall/aggregate total SJCERA investment portfolio. While volatility is expected over time, the Broad Growth class must achieve its relatively high returns on a sustainable basis in order for the overall SJCERA pension plan to achieve its long-term objectives. In addition, each of the three Broad Growth components (described below) are expected to produce relatively high returns when compared to other SJCERA class portfolios.
2. **Investment Structure**: The Broad Growth class consists of three components: Aggressive Growth, Traditional Growth, and Stabilized Growth. The structures and roles of these three components are described in detail below.
 - a. *Aggressive Growth Component and Its Underlying Components*
 - i. **Role**: The Aggressive Growth Component is expected to earn risk-adjusted returns in excess of the Traditional Growth Component, primarily due to the liquidity premium demanded by investors across various types of private markets.
 - ii. **Investment Structure**: The Aggressive Growth component consists of two sub-components: Private Equity and Non-Core Real Estate. The structures of these two sub-components are described below.

A. Private Equity Structure

1. **Role**: The Private Equity portfolio is expected to earn risk-adjusted returns in excess of the public equity markets, primarily due to the liquidity premium demanded by investors. The Private Equity portfolio is also expected to decrease the volatility of the total Portfolio, through the diversification benefits of having lower correlations with other classes.
2. **Investment Structure**: The Private Equity allocation generally consists of investments into private companies, either directly or through buyouts of public companies that result in a delisting of public equity. The Private Equity portfolio is composed of three major subcomponents.
 - Venture Capital/Growth
 - Venture capital partnerships primarily invest in businesses still in the conceptual stage (start-up or seed) or where products may not be fully developed, and where revenues and/or profits may be several years away.

- Growth/late-stage venture capital partnerships typically invest in more mature companies in need of growth or expansion capital.
 - Buyout
 - These partnerships provide the equity capital for acquisition transactions either from a private seller or the public, which may represent the purchase of an entire company, or a refinancing or recapitalization transaction where equity is purchased.
 - Other
 - Mezzanine/subordinated debt partnerships provide the intermediate capital between equity and senior debt in a buyout or refinancing transaction.
 - Restructuring/distressed debt partnerships typically make new investments in financially or operationally troubled companies, often for a control position, with a view to improving the balance sheet and operations for a subsequent sale.
 - Special situations partnerships include organizations with a specific industry focus or transaction type not covered by the other subclasses mentioned above, or unique opportunities that fall outside such subclasses.
3. Allocation: The Private Equity portfolio shall be diversified by time, subclass, and geography. Such diversification is expected to enhance returns, control risk, and reduce volatility.

B. Non-Core Real Estate Structure

1. Role: The Non-Core Real Estate portfolio is expected to earn Risk-Adjusted Returns in excess of the public equity markets, primarily due to re-positioning and development of real asset projects, the use of leverage, and to a liquidity premium demanded by investors. At the margin, the Non-Core Real Estate portfolio is also expected to diversify the broader Aggressive Growth Portfolio, which also includes Private Equity (see above).
2. Investment Structure: Non-Core Real Estate investments provide access to opportunities for higher returns by investing (typically with the use of leverage) in assets in need of re-tenanting, development, re-development, operational improvements, or renovation, or are otherwise in some form of distress, exhibit sub-optimal capital structures, or experiencing market dislocation(s). They may also be located

in emerging/non-institutional market segments and/or product/asset types. Such investment may utilize more aggressive financial structures in order to raise the return/risk profile, emphasize capital appreciation, and exhibit relatively high return objectives.

The Non-Core Real Estate portfolio may consist of equity or debt investments in real estate, infrastructure, agriculture, energy-related investments, or timberland.

3. Allocation: The Non-Core Real Estate portfolio shall be diversified by time, subclass, and geography. Such diversification is expected to enhance returns, control risk, and reduce volatility.

b. *Traditional Growth Component Structure*

- i. Role: The Traditional Growth portfolio is expected to generate attractive absolute returns in a relatively low-cost manner. The Traditional Growth portfolio also typically invests in securities that exhibit reasonable levels of liquidity.
- ii. Investment Structure: The Traditional Growth allocation consists of a highly diversified mix of publicly traded global equities. Common stocks, preferred stocks, or other equity securities are typically utilized.

A. The public equity portfolio is composed of U.S., non-U.S. and global equity segments.

1. U.S. Equities: Managers invest primarily in publicly traded equity securities of U.S. companies.
2. Non-U.S. Equities: Managers invest primarily in publicly traded equity securities of non-U.S. companies, in both developed and emerging markets.
3. Global Equities: Managers make the allocation decisions between U.S. and non-U.S. markets, in both developed and emerging markets and invest in publicly-traded securities of U.S. and Non-U.S. companies, in both developed and emerging markets.

c. *Stabilized Growth Component and Its Underlying Sub-Components*

- i. Role: The Stabilized Growth Component is expected earn Risk-Adjusted returns in excess of the Traditional Growth Component, primarily as a result of (A) achieving absolute return levels that are near-or-equivalent to those achieved by the Traditional Growth component while also (B) achieving lower volatility (risk) over a full investment cycle, particularly during Traditional Growth bear markets.

- ii. Investment Structure: The Stabilized Growth component consists of three sub-components: Risk Parity, Credit, and Core Real Estate. The structures of these three sub-components are described below.

A. Risk Parity Structure

1. Role: The Risk Parity portfolio is expected to generate attractive Risk-Adjusted Returns through allocations to multiple investments, including equities, bonds, commodities, and currency, while providing diversification to the overall Portfolio.
2. Investment Structure: SJCERA has an allocation to Risk Parity through two investment styles,
 - A Beta portfolio in which risk is balanced across asset classes that respond in dissimilar manners to different economic environments, such that the underperformance in one asset class may be offset by the outperformance of another asset class with an opposite bias to that environment.
 - An actively managed portfolio in which risk is balanced across asset classes, but the investment manager has discretion to actively tilt the portfolio to factors or asset classes that may provide additional return or manage the overall volatility of the portfolio.

B. Credit Structure

1. Role: The credit portfolio, public and private is expected to provide income, yield and diversification to the total Portfolio due to a moderate correlation with other classes. In addition, the Credit portfolio is expected to provide return, a source of liquidity, and positive returns relative to an appropriate performance Benchmark.
2. Investment Structure: SJCERA has an allocation to Credit through two investment styles: 1) a liquid portfolio in which investments are made in bank loans, investment grade, high yield and emerging market debt, 2) a privately managed portfolio in which investments are made into illiquid debt across middle market direct lending, distressed, and specialty finance.

C. Core Real Estate Structure

1. Role: The Core Real Estate portfolio is expected to generate attractive Risk-Adjusted Returns through stable income and the opportunity for capital appreciation, while providing diversification to the overall Portfolio.
2. Investment Structure: Core Real Estate Managers typically invest in properties that are well located and well leased with

strong quality tenants. Core investments provide stable income with lower volatility.

D. Diversifying Strategies Class and Its Underlying Components

1. Principal Protection Class Structure

- a. **Role:** The Principal Protection portfolio is expected to provide a modest absolute return, be a stabilizer to the overall portfolio and provide significant diversification to the total Portfolio due to low correlation with other classes. In addition, the principal protection portfolio is expected to provide capital preservation, a source of liquidity, lower volatility and competitive returns relative to an appropriate performance benchmark.
- b. **Investment Structure:** The Principal Protection allocation consists of a diversified mix of publicly traded fixed income securities, invested across multiple asset types. The principal protection portfolio is composed largely of Treasuries, Agency Backed Mortgage Securities, and other agency backed bonds.
 - i. Mortgage Backed Securities - Agency
 - A. Managers invest primarily in Mortgage Backed Securities (MBS) issued by the U.S. government agencies (Fannie Mae, Freddie Mac, or Ginnie Mae).
 - ii. Treasuries
 - A. Managers invest in Treasury securities of the U.S. government.
 - iii. Other
 - A. Managers may invest in other high-quality segments; however these must be investment grade credit that is rated “BBB” or higher by two or more of the credit rating agencies.

2. Crisis Risk Offset Class Structure

- a. **Role:** The Crisis Risk Offset (CRO) portfolio is expected to produce significant positive returns during an extended recessionary-type equity market crisis, while maintaining purchasing power during more normal market environments. In this respect, the CRO portfolio is expected to enhance the long-term risk-adjusted performance of the total Portfolio, by substantially mitigating significant drawdowns.
- b. **Investment Structure:** The CRO allocation generally consists of investments in highly-liquid portfolios that are meant to capture key risk premia that should prove largely beneficial during an equity-related market crisis. Along these lines, the underlying investments and strategies may utilize both long positions and short-selling positions to capture the desired return patterns/behavior. The CRO portfolio is composed of three major subcomponents.
 - i. Long U.S. Treasury Duration
 - A. U.S. Treasuries represent the leading “flight-to-quality” investment since they are backed by the U.S. Government. The U.S. Dollar (the

base denomination of U.S. Treasuries) is also considered the world's highest-quality reserve currency.

- B. Exposure to U.S. Treasury Duration can take place via cash markets (i.e., actual bonds) or the futures markets (virtual bond proxies).
- ii. Systematic Trend Following
 - A. Long-short portfolios utilizing derivatives-based instruments to capture both periodic appreciation and periodic depreciation trends that evolve and dissipate across a very wide array of liquid global markets. Risk/volatility is calibrated to a pre-determined level derivatives-based leverage.
 - B. Assets will be invested in highly liquid underlying securities (cash, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.
 - C. In order to appropriately calibrate the expected volatility of this component and the overall CRO class, significant levels of derivatives-based leverage may be applied. Effects of leverage are adjusted daily through market-based exchanges/facilities, ensuring appropriate and timely mark-to-market valuations.
 - iii. Alternative Risk Premia
 - A. Long-short portfolios utilizing both cash and derivatives-based instruments to capture well-researched/documented non-market risk premiums (e.g., momentum, carry, value, low-volatility, etc.) on a continuous basis, utilizing an array of liquid global markets. Risk/volatility is calibrated to a pre-determined level utilizing cash and derivatives-based leverage.
 - B. Assets will be invested in highly liquid underlying securities (cash, stocks, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.

VIII. POLICY REVIEW

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

IX. HISTORY

- | | |
|------------|---|
| 10/12/2007 | Adopted by Board of Retirement |
| 09/26/2008 | Revised by Board of Retirement modifying asset allocation targets |
| 05/05/2009 | Revised by Board of Retirement modifying asset allocation targets |
| 02/26/2010 | Revised by Board of Retirement modifying asset allocation target ranges |

- 07/27/2012 Revised by Board of Retirement modifying ranges for sub-asset classes and adding cash overlay program
- 12/14/2012 Revised by Board of Retirement regarding changes to long-term benchmarks
- 04/26/2013 Revised by Board of Retirement adding the Real Asset class
- 05/09/2014 Revised by Board of Retirement modifying asset allocation targets
- 11/13/2015 Revised by Board of Retirement moving public real estate to the Global Public Equity class
- 06/10/2016 Revised by Board of Retirement moving public real estate to the Global Public Equity class
- 08/16/2017 Revised by Board of Retirement modifying asset allocation targets
- 11/03/2017 Revised by Board of Retirement establishing minimum threshold commitments
- 07/05/2018 Reviewed, no changes required; Staff updated format
- 10/12/2018 Deleted redundant language that already exists in the Investment Manager and Communications Policy
- 04/12/2019 Policy Review section amended to at least once every three years
- 12/11/2020 Revised asset allocation targets and incorporated asset class-specific policies' guidelines and performance measurement standards
- 2/12/2021 Revised Benchmark for the Aggressive Growth asset class
- 04/09/2021 Revised Section V.C to specify rebalancing triggers and reporting requirement when public markets are used as proxies for private markets.

Certification of Board Adoption

Clerk of the Board 4/09/2021
Date



Board Investment Policy Strategic Asset Allocation Policy

I. PURPOSE

- A. To outline SJCERA's goals, objectives, and guidelines for managing SJCERA's investment program.
- B. To define provisions governing how the goals and objectives are to be achieved.

II. INVESTMENT BELIEFS

A. General

1. Risk is the inability to meet benefit obligations when due.
2. Prudently managing the assets of the Plan is the Board's paramount duty.
3. SJCERA should monitor current and future benefit obligations to ensure long-term solvency of the Plan.

B. Investment Strategy

1. SJCERA should invest its assets and manage its liabilities so as to increase the likelihood of paying all benefit obligations over time.
2. SJCERA should seek a long-term rate of return that exceeds inflation, while recognizing and managing the need to maintain adequate liquidity to pay benefits.
3. SJCERA should invest globally, seeking investment opportunities in a variety of asset classes and management styles, in order to improve the likelihood of being able to meet benefit obligations over time.
4. SJCERA should make meaningful commitments that will improve performance and where possible, take advantage of lower fee schedules, while providing adequate diversification.

C. Pattern of Investment Returns

1. The volatility of investment returns is as important as the level of returns in determining SJCERA's ability to meet future benefit obligations.
2. SJCERA should be able to reduce the volatility of the portfolio returns and the risk of large portfolio drawdowns through diversification, opportunistic allocations, and passive investing where appropriate.
3. Actions to manage volatility should be appropriately integrated into the investment decision-making process.

III. INVESTMENT OBJECTIVE

- A. The funding obligations of SJCERA are long-term in nature; consequently, the investment of portfolio assets should have a long-term focus. The assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The investment objective for SJCERA assets is to achieve long-term investment returns that allow the plan to meet all earned benefit payments to plan participants. It is expected that this objective can be obtained through a well-diversified portfolio structure in a manner consistent with this Policy. Accordingly, the investment of these assets shall be guided by the following underlying principles:
1. To achieve a positive rate of return over the long-term that significantly contributes to meeting SJCERA's objectives, including achieving the actuarial assumption for rate of return and satisfying expected benefit payment obligations;
 2. To provide for asset growth at a rate in excess of the rate of inflation and of the liability growth rate of SJCERA;
 3. To earn a sufficient rate of return while minimizing exposure to losses or wide swings in market value.

IV. STRATEGIC ASSET ALLOCATION POLICY

A. Strategic Asset Allocation Development

1. The Board regularly adopts and implements an asset allocation policy that is predicated on a number of factors, including:
 - a. A projection of actuarial assets, liabilities, benefit payments and required contributions;
 - b. Historical and expected long-term capital market risk and return behavior;
 - c. An assessment of future economic conditions, including inflation and interest rate levels; and
 - d. The current and projected funding status of the Plan.
2. The asset allocation will be determined through appropriate studies undertaken by the consultant(s) retained by the Board. The allocation study will include all asset classes deemed prudent and appropriate by the Board. The Board, with the aid of the investment consultant, will determine the assumptions and criteria to be used in the asset allocation study. The following assumptions and criteria will be so determined:
 - a. The expected return from each asset category.
 - b. The expected standard deviation of each asset category.
 - c. The minimum acceptable return over a given time period.
 - d. The net contribution as a percent of payroll.
 - e. The expected payroll growth rate.

3. The resulting asset allocation will be approved by the Board with input from SJCERA staff and the investment consultant. The asset allocation study will be performed on cycle with the actuarial experience study. Appropriate adjustments to the existing portfolio will then be made in the most expeditious and appropriate manner.
4. On a more frequent, periodic basis, SJCERA staff and the investment consultant, will analyze the portfolio structure of each strategic class. Analysis shall include:
 - a. Appropriateness of strategic class and manager benchmarks,
 - b. Alignment structure of individual portfolios with strategic class benchmarks based on manager holdings and mandate,
 - c. Evaluation of whether the strategic class is structured in a manner that is consistent with the Board's objectives,
 - d. Analysis of underperforming managers, and
 - e. Overall risk profile of the strategic class.

B. Approved Strategic Asset Allocation

1. Pursuant to Investment Belief II.C.2, SJCERA shall diversify the investment of assets according to the specified long-term target percentages.

Strategic Asset Allocation			
Approved Sept. 2019			
Strategic Classes	Target	Min.	Max
Broad Growth	75	60	90
Aggressive Growth	10	8	12
Traditional Growth	32	26	38
Stabilized Growth	33	27	39
Risk Parity	10	8	12
Credit	17	14	20
Core Real Assets	6	5	7
Diversifying Strategies	25	20	30
Principal Protection	10	8	12
CRO	15	12	18

2. The allocation goal recognizes that at any time equity and fixed income Investment Managers may have transactional cash on hand.
3. Financial derivatives may be used within prudent limits to manage risk, lower transaction costs, or augment returns.

V. ALLOCATIONS AND PORTFOLIO REBALANCING GUIDELINES

A. The Board strives to make meaningful commitments to strategies in which it has high conviction. In general, the minimum commitment will be two percent of the overall portfolio or \$50 million, whichever is greater.

B. Rebalancing Guidelines

1. The Board delegates the authority to rebalance the asset allocation to the Investment Officer and/or the Chief Executive Officer.
2. Staff and consultant will develop a plan and outline the timeframe for accomplishing the proposed rebalancing.
3. Staff and consultant will coordinate with the appropriate internal and external parties to implement the rebalancing.
4. Staff will report the rebalancing activity to the Board.

C. Rebalancing/Transitioning to New Asset Allocation Targets

1. The target allocation to each strategic class and to sub-classes within strategic classes is expected to remain stable over most market cycles. When new asset allocation targets are adopted, the Board's goal is to transition the physical assets and to reach the target optimal portfolio in a timely manner.
2. With respect to the target strategic allocations to each strategic class, to the sub-classes and to investment managers, the Board, in consultation with its investment consultant, will establish rebalancing range limitations. The ranges for each class/sub-class are established as twenty percent (20%) of the target.
3. Due to the illiquid and time-lagging nature of private investments, and the patience needed to select high-quality managers; it will take time to achieve the target(s) for the Private Equity, Private Real Estate, and Private Credit segments of the portfolio. If the Private Equity, Private Real Estate, and/or Credit classes are below their targets, the differences will be temporarily invested in public market equivalents until such opportunities in the private markets are available. Under these circumstances public market equivalents may exceed the stated bands by up to the underweight of private markets targets.

In addition, SJCERA staff and Consultants will provide a report at the next regularly scheduled board meeting.

D. Ongoing Monitoring and Rebalancing the Asset Allocation Targets

1. The actual asset mix of the total portfolio may diverge from the target allocations requiring rebalancing to meet the investment objectives set by the Board. Conversely, continually rebalancing to the asset allocation targets may result in significant transaction costs.
 - a. SJCERA staff and the investment consultant will monitor the portfolio's asset allocation relative to the strategic target allocations. If actual allocations to a strategic class, or to a sub-class or investment manager, fall outside the predetermined range, SJCERA staff and the investment

consultant will review, discuss and develop a plan for rebalancing back to the mid-point between the end of the range that was exceeded and the target allocation.

- b. In determining the rebalancing plan, the investment consultant and staff should prioritize implementation procedures as follows:
 - i. Investing net contributions into classes that are below their range limitations;
 - ii. Drawing cash out of the portfolio (for benefit payments and expenses) from classes that are above their range limitations (using interest payments, rental revenues and dividends); and
 - iii. Selling assets from classes/portfolios that exceed the target range(s), and buying assets in classes/portfolios that are below the target range(s).
- c. Within the total SJCERA portfolio, the Cash Overlay Program may be implemented consisting of four potential elements: 1) invest unallocated cash, 2) invest managers' cash, 3) manage transitions and 4) maintain target allocation. The Cash Overlay Manager is primarily expected to securitize unallocated cash. If the Board approves the use of elements 1, 2, or 4 of the cash overlay program, staff may deploy element 3 as needed to assist with transitions.

VI. TOTAL FUND PERFORMANCE OBJECTIVE AND MEASUREMENT PERIOD

- A. The total fund performance objective is to achieve a total return net of fees and expenses that equals or exceeds the policy benchmark over a full market cycle as defined by the Board. The return of a hypothetical portfolio is represented by a policy benchmark consisting of public market indices weighted according to asset allocation targets.

SJCERA's long-term strategic policy benchmark consists of the following passive public market indices and weights listed below.

PORTFOLIO POLICY BENCHMARK		
Strategic Classes	Target	Benchmark
Broad Growth	75	---
Aggressive Growth	10	50% MSCI ACWI ND + 2%/ 50% NCREIF ODCE + 1%
Traditional Growth	32	MSCI ACWI IMI (ND)
Stabilized Growth	33	---
Risk Parity	10	90-day Tbills + 4%
Credit	17	50% BC High Yield, 50% S&P/LTSA Lev. Loans
Core Real Assets	6	NCREIF ODCE

Diversifying Strategies	25	---
Principal Protection	10	BB U.S. Aggregate Index
Crisis Risk Offset	15	3 Part Custom (33% BTOP 50, 33% BC long Duration Treasuries, 33% at 5% annual)

1. The Policy Benchmark measures the performance results of the total portfolio. Each investment manager within a strategic class will be measured against an appropriate benchmark for that strategy.
2. Performance results for SJCERA investments and for each Investment Manager shall be calculated and evaluated quarterly and presented to the Board for review. This Total Portfolio Benchmark will be included in evaluation reports presented to the Board for review.

VII. CLASS-SPECIFIC GUIDELINES

A. Cash and Overlay

1. Cash investments (STIF) Manager
 - a. The Cash Manager will invest the cash balances of all accounts with a cash component held at the custody bank selected by SJCERA.
 - b. Cash (STIF) - The performance of cash assets is expected to outperform a 91-day U.S. Treasury Bill Index
2. Cash Overlay Manager
 - a. SJCERA staff and consultant may direct the cash overlay program manager to:
 - i. Overlay Unallocated Cash: Monitor SJCERA's overall positions daily and synthetically invest unallocated cash using financial futures contracts.
 - ii. Overlay Manager Cash: Monitor SJCERA's managers' cash positions daily and synthetically invest un-invested portions using financial futures contracts.
 - iii. Assist with Manager Transitions: As transition events arise, staff and consultant will review each transition issue with the objectives of maintaining target market exposure and minimizing transition costs.
 - iv. Maintain Target Allocation: Calculate SJCERA's actual allocation and compare to target allocations. If actual allocations differ from targets by more than SJCERA's predetermined tolerance level, the SJCERA fund is synthetically rebalanced to target on an overlay basis using financial futures contracts.

B. Broad Growth Class and Its Underlying Components

1. Role: The Broad Growth Class is expected to generate relatively high levels of absolute and real (i.e., inflation-adjusted) returns, net of all costs. The Broad Growth Class is considered the main return driver of the overall/aggregate total SJCERA investment portfolio. While volatility is expected over time, the Broad Growth class must achieve its relatively high returns on a sustainable basis in order for the overall SJCERA pension plan to achieve its long-term objectives. In addition, each of the three Broad Growth components (described below) are expected to produce relatively high returns when compared to other SJCERA class portfolios.
2. Investment Structure: The Broad Growth class consists of three components: Aggressive Growth, Traditional Growth, and Stabilized Growth. The structures and roles of these three components are described in detail below.

a. *Aggressive Growth Component and Its Underlying Components*

- i. Role: The Aggressive Growth Component is expected to earn risk-adjusted returns in excess of the Traditional Growth Component, primarily due to the liquidity premium demanded by investors across various types of private markets.
- ii. Investment Structure: The Aggressive Growth component consists of two sub-components: Private Equity and Non-Core Real Estate. The structures of these two sub-components are described below.

A. Private Equity Structure

1. Role: The Private Equity portfolio is expected to earn risk-adjusted returns in excess of the public equity markets, primarily due to the liquidity premium demanded by investors. The Private Equity portfolio is also expected to decrease the volatility of the total Portfolio, through the diversification benefits of having lower correlations with other classes.
2. Investment Structure: The Private Equity allocation generally consists of investments into private companies, either directly or through buyouts of public companies that result in a delisting of public equity. The Private Equity portfolio is composed of three major subcomponents.
 - Venture Capital/Growth
 - Venture capital partnerships primarily invest in businesses still in the conceptual stage (start-up or seed) or where products may not be fully developed, and where revenues and/or profits may be several years away.
 - Growth/late-stage venture capital partnerships typically invest in more mature companies in need of growth or expansion capital.
 - Buyout

- These partnerships provide the equity capital for acquisition transactions either from a private seller or the public, which may represent the purchase of an entire company, or a refinancing or recapitalization transaction where equity is purchased.
- Other
 - Mezzanine/subordinated debt partnerships provide the intermediate capital between equity and senior debt in a buyout or refinancing transaction.
 - Restructuring/distressed debt partnerships typically make new investments in financially or operationally troubled companies, often for a control position, with a view to improving the balance sheet and operations for a subsequent sale.
 - Special situations partnerships include organizations with a specific industry focus or transaction type not covered by the other subclasses mentioned above, or unique opportunities that fall outside such subclasses.
- 3. Allocation: The Private Equity portfolio shall be diversified by time, subclass, and geography. Such diversification is expected to enhance returns, control risk, and reduce volatility.

B. Non-Core Real Estate Structure

1. Role: The Non-Core Real Estate portfolio is expected to earn Risk-Adjusted Returns in excess of the public equity markets, primarily due to re-positioning and development of real asset projects, the use of leverage, and to a liquidity premium demanded by investors. At the margin, the Non-Core Real Estate portfolio is also expected to diversify the broader Aggressive Growth Portfolio, which also includes Private Equity (see above).
2. Investment Structure: Non-Core Real Estate investments provide access to opportunities for higher returns by investing (typically with the use of leverage) in assets in need of re-tenanting, development, re-development, operational improvements, or renovation, or are otherwise in some form of distress, exhibit sub-optimal capital structures, or experiencing market dislocation(s). They may also be located in emerging/non-institutional market segments and/or product/asset types. Such investment may utilize more aggressive financial structures in order to raise the return/risk profile, emphasize capital appreciation, and exhibit relatively high return objectives.

The Non-Core Real Estate portfolio may consist of equity or debt investments in real estate, infrastructure, agriculture, energy-related investments, or timberland.

3. Allocation: The Non-Core Real Estate portfolio shall be diversified by time, subclass, and geography. Such diversification is expected to enhance returns, control risk, and reduce volatility.

b. *Traditional Growth Component Structure*

- i. Role: The Traditional Growth portfolio is expected to generate attractive absolute returns in a relatively low-cost manner. The Traditional Growth portfolio also typically invests in securities that exhibit reasonable levels of liquidity.
- ii. Investment Structure: The Traditional Growth allocation consists of a highly diversified mix of publicly traded global equities. Common stocks, preferred stocks, or other equity securities are typically utilized.

A. The public equity portfolio is composed of U.S., non-U.S. and global equity segments.

1. U.S. Equities: Managers invest primarily in publicly traded equity securities of U.S. companies.
2. Non-U.S. Equities: Managers invest primarily in publicly traded equity securities of non-U.S. companies, in both developed and emerging markets.
3. Global Equities: Managers make the allocation decisions between U.S. and non-U.S. markets, in both developed and emerging markets and invest in publicly-traded securities of U.S. and Non-U.S. companies, in both developed and emerging markets.

c. *Stabilized Growth Component and Its Underlying Sub-Components*

- i. Role: The Stabilized Growth Component is expected earn Risk-Adjusted returns in excess of the Traditional Growth Component, primarily as a result of (A) achieving absolute return levels that are near-or-equivalent to those achieved by the Traditional Growth component while also (B) achieving lower volatility (risk) over a full investment cycle, particularly during Traditional Growth bear markets.
- ii. Investment Structure: The Stabilized Growth component consists of three sub-components: Risk Parity, Credit, and Core Real Estate. The structures of these three sub-components are described below.

A. Risk Parity Structure

1. Role: The Risk Parity portfolio is expected to generate attractive Risk-Adjusted Returns through allocations to multiple investments, including equities, bonds, commodities,

and currency, while providing diversification to the overall Portfolio.

2. Investment Structure: SJCERA has an allocation to Risk Parity through two investment styles,

- A Beta portfolio in which risk is balanced across asset classes that respond in dissimilar manners to different economic environments, such that the underperformance in one asset class may be offset by the outperformance of another asset class with an opposite bias to that environment.
- An actively managed portfolio in which risk is balanced across asset classes, but the investment manager has discretion to actively tilt the portfolio to factors or asset classes that may provide additional return or manage the overall volatility of the portfolio.

B. Credit Structure

1. Role: The credit portfolio, public and private is expected to provide income, yield and diversification to the total Portfolio due to a moderate correlation with other classes. In addition, the Credit portfolio is expected to provide return, a source of liquidity, and positive returns relative to an appropriate performance Benchmark.
2. Investment Structure: SJCERA has an allocation to Credit through two investment styles: 1) a liquid portfolio in which investments are made in bank loans, investment grade, high yield and emerging market debt, 2) a privately managed portfolio in which investments are made into illiquid debt across middle market direct lending, distressed, and specialty finance.

C. Core Real Estate Structure

1. Role: The Core Real Estate portfolio is expected to generate attractive Risk-Adjusted Returns through stable income and the opportunity for capital appreciation, while providing diversification to the overall Portfolio.
2. Investment Structure: Core Real Estate Managers typically invest in properties that are well located and well leased with strong quality tenants. Core investments provide stable income with lower volatility.

D. Diversifying Strategies Class and Its Underlying Components

1. Principal Protection Class Structure

- a. Role: The Principal Protection portfolio is expected to provide a modest absolute return, be a stabilizer to the overall portfolio and provide significant diversification to the total Portfolio due to low correlation with other classes.

In addition, the principal protection portfolio is expected to provide capital preservation, a source of liquidity, lower volatility and competitive returns relative to an appropriate performance benchmark.

- b. Investment Structure: The Principal Protection allocation consists of a diversified mix of publicly traded fixed income securities, invested across multiple asset types. The principal protection portfolio is composed largely of Treasuries, Agency Backed Mortgage Securities, and other agency backed bonds.
 - i. Mortgage Backed Securities - Agency
 - A. Managers invest primarily in Mortgage Backed Securities (MBS) issued by the U.S. government agencies (Fannie Mae, Freddie Mac, or Ginnie Mae).
 - ii. Treasuries
 - A. Managers invest in Treasury securities of the U.S. government.
 - iii. Other
 - A. Managers may invest in other high-quality segments; however these must be investment grade credit that is rated “BBB” or higher by two or more of the credit rating agencies.

2. Crisis Risk Offset Class Structure

- a. Role: The Crisis Risk Offset (CRO) portfolio is expected to produce significant positive returns during an extended recessionary-type equity market crisis, while maintaining purchasing power during more normal market environments. In this respect, the CRO portfolio is expected to enhance the long-term risk-adjusted performance of the total Portfolio, by substantially mitigating significant drawdowns.
- b. Investment Structure: The CRO allocation generally consists of investments in highly-liquid portfolios that are meant to capture key risk premia that should prove largely beneficial during an equity-related market crisis. Along these lines, the underlying investments and strategies may utilize both long positions and short-selling positions to capture the desired return patterns/behavior. The CRO portfolio is composed of three major subcomponents.
 - i. Long U.S. Treasury Duration
 - A. U.S. Treasuries represent the leading “flight-to-quality” investment since they are backed by the U.S. Government. The U.S. Dollar (the base denomination of U.S. Treasuries) is also considered the world’s highest-quality reserve currency.
 - B. Exposure to U.S. Treasury Duration can take place via cash markets (i.e., actual bonds) or the futures markets (virtual bond proxies).
 - ii. Systematic Trend Following
 - A. Long-short portfolios utilizing derivatives-based instruments to capture both periodic appreciation and periodic depreciation trends that evolve and dissipate across a very wide array of liquid global

markets. Risk/volatility is calibrated to a pre-determined level derivatives-based leverage.

- B. Assets will be invested in highly liquid underlying securities (cash, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.
 - C. In order to appropriately calibrate the expected volatility of this component and the overall CRO class, significant levels of derivatives-based leverage may be applied. Effects of leverage are adjusted daily through market-based exchanges/facilities, ensuring appropriate and timely mark-to-market valuations.
- iii. Alternative Risk Premia
- A. Long-short portfolios utilizing both cash and derivatives-based instruments to capture well-researched/documented non-market risk premiums (e.g., momentum, carry, value, low-volatility, etc.) on a continuous basis, utilizing an array of liquid global markets. Risk/volatility is calibrated to a pre-determined level utilizing cash and derivatives-based leverage.
 - B. Assets will be invested in highly liquid underlying securities (cash, stocks, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.

VIII. POLICY REVIEW

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

IX. HISTORY

10/12/2007	Adopted by Board of Retirement
09/26/2008	Revised by Board of Retirement modifying asset allocation targets
05/05/2009	Revised by Board of Retirement modifying asset allocation targets
02/26/2010	Revised by Board of Retirement modifying asset allocation target ranges
07/27/2012	Revised by Board of Retirement modifying ranges for sub-asset classes and adding cash overlay program
12/14/2012	Revised by Board of Retirement regarding changes to long-term benchmarks
04/26/2013	Revised by Board of Retirement adding the Real Asset class
05/09/2014	Revised by Board of Retirement modifying asset allocation targets
11/13/2015	Revised by Board of Retirement moving public real estate to the Global Public Equity class

06/10/2016	Revised by Board of Retirement moving public real estate to the Global Public Equity class
08/16/2017	Revised by Board of Retirement modifying asset allocation targets
11/03/2017	Revised by Board of Retirement establishing minimum threshold commitments
07/05/2018	Reviewed, no changes required; Staff updated format
10/12/2018	Deleted redundant language that already exists in the Investment Manager and Communications Policy
04/12/2019	Policy Review section amended to at least once every three years
12/11/2020	Revised asset allocation targets and incorporated asset class-specific policies' guidelines and performance measurement standards
2/12/2021	Revised Benchmark for the Aggressive Growth asset class
04/09/2021	Revised Section V.C to specify rebalancing triggers and reporting requirement when public markets are used as proxies for private markets.

Certification of Board Adoption

	4/09/2021
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Clerk of the Board	Date

San Joaquin County Employees Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)¹

February 2021

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 PLAN¹		\$ 3,519,764,452	100.0%	100.0%	0.6	3.8	0.4	10.8	6.6	7.9	7.8	Apr-90
<i>Policy Benchmark⁴</i>					2.0	3.4	1.6	14.1	8.1	9.0	7.7	
<i>Difference:</i>					-1.4	0.4	-1.2	-3.3	-1.5	-1.1	0.1	
<i>75/25 Portfolio⁵</i>					1.3	4.7	0.8	26.5	10.2	11.6	7.6	
<i>Difference:</i>					-0.7	-0.9	-0.4	-15.7	-3.6	-3.7	0.2	
Broad Growth		\$ 2,610,196,050	74.2%	75.0%	1.1	5.0	0.8	14.6	7.4	9.9	8.4	Jan-95
Aggressive Growth Lag²		\$ 266,869,644	7.6%	10.0%	7.0	7.0	4.6	4.6	9.0	8.2	-5.5	Feb-05
<i>MSCI ACWI +2%Lag</i>					-3.0	8.8	13.2	13.2	8.6	8.8	0.0	
<i>Difference:</i>					10.0	-1.8	-8.6	-8.6	0.4	-0.6	-5.5	
BlackRock Global Energy&Power Lag³	\$50,000	Global Infrastructure	\$ 12,096,229	0.3%	0.2	0.2	2.6	--	--	--	11.2	Jul-19
<i>MSCI ACWI +2%Lag</i>					-3.0	8.8	13.2	--	--	--	12.2	
<i>Difference:</i>					3.2	-8.6	-10.6	--	--	--	-1.0	
Ocean Avenue II Lag³	\$40,000	PE Buyout FOF	\$ 40,233,755	1.1%	19.7	19.7	11.7	11.7	16.7	16.6	10.4	May-13
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	13.2	8.6	8.8	8.9	
<i>Difference:</i>					22.7	10.9	-1.5	-1.5	8.1	7.8	1.5	
Ocean Avenue III Lag³	\$50,000	PE Buyout FOF	\$ 54,742,527	1.6%	3.8	3.8	1.6	1.6	28.2	--	19.3	Apr-16
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	13.2	8.6	--	8.8	
<i>Difference:</i>					6.8	-5.0	-11.6	-11.6	19.6	--	10.5	
Ocean Avenue IV Lag³	\$50,000	PE Buyout	\$ 19,940,010	0.6%	8.4	8.4	27.4	--	--	--	25.0	Dec-19
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	--	--	--	14.5	
<i>Difference:</i>					11.4	-0.4	14.2	--	--	--	10.5	
Morgan Creek III Lag³	\$10,000	Multi-Strat FOF	\$ 7,294,473	0.2%	1.8	1.8	-19.9	-19.9	-4.6	-2.4	-3.1	Feb-15
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	13.2	8.6	8.8	8.8	
<i>Difference:</i>					4.8	-7.0	-33.1	-33.1	-13.2	-11.2	-11.9	
Morgan Creek V Lag³	\$12,000	Multi-Strat FOF	\$ 8,293,870	0.2%	10.9	10.9	4.3	4.3	11.0	9.2	12.5	Jun-13
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	13.2	8.6	8.8	8.9	
<i>Difference:</i>					13.9	2.1	-8.9	-8.9	2.4	0.4	3.6	
Morgan Creek VI Lag³	\$20,000	Multi-Strat FOF	\$ 23,118,259	0.7%	7.5	7.5	8.8	8.8	15.4	9.7	6.1	Feb-15
<i>MSCI ACWI +2% Lag</i>					-3.0	8.8	13.2	13.2	8.6	8.8	8.8	
<i>Difference:</i>					10.5	-1.3	-4.4	-4.4	6.8	0.9	-2.7	
Opportunistic Private Real Estate												
Greenfield V³	\$30,000	Opportunistic Pvt. RE	\$ 240,220	0.0%	0.0	0.0	-24.4	-24.4	-6.1	-5.3	-3.1	Jul-08
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	8.3	
<i>Difference:</i>					-0.4	-0.5	-25.9	-25.9	-11.4	-12.0	-11.4	
Greenfield VI³	\$20,000	Opportunistic Pvt. RE	\$ 244,302	0.0%	3.7	3.7	-42.3	-42.3	-32.1	-19.2	-7.2	Apr-12
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	12.9	
<i>Difference:</i>					3.3	3.2	-43.8	-43.8	-37.4	-25.9	-20.1	
Greenfield VII³	\$19,100	Opportunistic Pvt. RE	\$ 13,301,258	0.4%	1.1	1.1	4.3	4.3	10.3	11.9	11.2	Oct-14
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	11.9	
<i>Difference:</i>					0.7	0.6	2.8	2.8	5.0	5.2	-0.7	
Grandview³	\$30,000	Opportunistic Pvt. RE	\$ 19,912,513	0.6%	13.8	13.8	36.3	36.3	--	--	5.6	Apr-18
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	--	--	8.9	
<i>Difference:</i>					13.4	13.3	34.8	34.8	--	--	-3.3	
Miller Global Fund V³	\$15,000	Opportunistic Pvt. RE	\$ 5,542	0.0%	-35.9	-35.9	-59.6	-59.6	-18.7	-9.8	-16.3	Oct-05
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	10.5	
<i>Difference:</i>					-36.3	-36.4	-61.1	-61.1	-24.0	-16.5	-26.8	
Miller Global Fund VI³	\$30,000	Opportunistic Pvt. RE	\$ 358,937	0.0%	92.1	92.1	-71.9	-71.9	-30.0	-16.3	-7.2	May-08
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	8.4	
<i>Difference:</i>					91.7	91.6	-73.4	-73.4	-35.3	-23.0	-15.6	
Miller Global Fund VII³	\$15,000	Opportunistic Pvt. RE	\$ 235,588	0.0%	68.8	68.8	-6.2	-6.2	-11.6	-2.3	23.2	Dec-12
<i>NCREIF ODCE + 1% Lag Blend</i>					0.4	0.5	1.5	1.5	5.3	6.7	12.4	
<i>Difference:</i>					68.4	68.3	-7.7	-7.7	-16.9	-9.0	10.8	

¹Returns 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.

²Total class returns are as of 12/31/20, and lagged 1 quarter.

³Manager returns are as of 12/31/20, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴4/1/20 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.

⁵4/1/20 to present **75%** MSCI ACWI, **25%** BB Global Aggregate. Prior to 4/1/20 60% MSCI ACWI, 40% BB Global Aggregate.

San Joaquin County Employees Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)¹

February 2021

	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 V³	\$30,000	Opportunistic Pvt. RE	\$ 2,417,146	0.1%		-1.8	-1.8	-17.4	-17.4	-14.6	-8.6	-4.4	Nov-06
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	9.6	
Difference:						-2.2	-2.3	-18.9	-18.9	-19.9	-15.3	-14.0	
Walton Street VI³	\$15,000	Opportunistic Pvt. RE	\$ 4,732,134	0.1%		0.3	0.3	-10.1	-10.1	-1.6	-0.5	7.0	Jul-09
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	9.7	
Difference:						-0.1	-0.2	-11.6	-11.6	-6.9	-7.2	-2.7	
Value-Added Private Real Estate													
AG Core Plus IV³	\$20,000	Value-Added Pvt. RE	\$ 20,050,687	0.6%		2.0	2.0	4.8	4.8	7.7	7.2	4.1	Sep-15
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	11.3	
Difference:						1.6	1.5	3.3	3.3	2.4	0.5	-7.2	
Almanac Realty VI³	\$30,000	Value-Added Pvt. RE	\$ 3,824,321	0.1%		0.6	0.6	-28.8	-28.8	-11.6	-1.0	24.3	Feb-13
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	12.9	
Difference:						0.2	0.1	-30.3	-30.3	-16.9	-7.7	11.4	
Colony Realty III³	\$21,000	Value-Added Pvt. RE	\$ 222,987	0.0%		6.7	6.7	-1.2	-1.2	-8.2	-4.3	17.9	Dec-09
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	11.3	
Difference:						6.3	6.2	-2.7	-2.7	-13.5	-11.0	6.6	
Colony Realty IV³	\$21,000	Value-Added Pvt. RE	\$ 222,269	0.0%		-5.8	-5.8	3.2	3.2	-0.7	3.7	13.0	Mar-13
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	5.3	6.7	12.8	
Difference:						-6.2	-6.3	1.7	1.7	-6.0	-3.0	0.2	
Stockbridge RE III³	\$45,000	Value-Added Pvt. RE	\$ 27,630,069	0.8%		3.4	3.4	3.7	3.7	--	--	1.3	Jul-18
<i>NCREIF ODCE + 1% Lag Blend</i>						0.4	0.5	1.5	1.5	--	--	8.4	
Difference:						3.0	2.9	2.2	2.2	--	--	-7.1	
Traditional Growth²			\$ 1,291,167,154	36.7%	32.0%	3.0	7.7	2.5	23.5	7.9	13.1	9.4	Jan-95
<i>MSCI ACWI IMI Net</i>						2.7	7.6	2.5	33.0	11.5	15.2	8.2	
Difference:						0.3	0.1	0.0	-9.5	-3.6	-2.1	1.2	
Global Equity			\$ 1,251,046,479	35.5%									
Northern Trust MSCI World IMI		All Cap Global	\$ 1,110,265,701	31.5%		2.9	--	--	--	--	--	13.9	Sep-20
<i>MSCI World IMI Net</i>						2.9	--	--	--	--	--	13.8	
Difference:						0.0	--	--	--	--	--	0.1	
SJCERA Transition		All Cap Global	\$ 3,482	0.0%		NM	NM	NM	--	--	--	NM	Jul-20
Emerging Markets			\$ 140,777,296										
GQG Active Emerging Markets		Emerging Markets	\$ 67,516,901	1.9%		0.6	9.4	--	--	--	--	21.3	Aug-20
<i>MSCI Emerging Markets Index Net</i>						0.8	11.5	--	--	--	--	25.0	
Difference:						-0.2	-2.1	--	--	--	--	-3.7	
PIMCO RAE Fundamental Emerging Markets		Emerging Markets	\$ 73,260,395	2.1%		6.6	18.8	7.9	28.6	1.6	14.3	5.2	Apr-07
<i>MSCI Emerging Markets Index</i>						0.8	11.6	3.9	36.5	6.7	15.7	5.5	
Difference:						5.8	7.2	4.0	-7.9	-5.1	-1.4	-0.3	
REITS			\$ 40,120,675	1.1%									
Invesco All Equity REIT		Core US REIT	\$ 40,120,675	1.1%		4.0	5.0	3.3	-1.9	7.6	6.7	8.5	Aug-04
<i>FTSE NAREIT Equity Index</i>						4.0	7.5	4.1	2.9	9.2	6.4	8.3	
Difference:						0.0	-2.5	-0.8	-4.8	-1.6	0.3	0.2	

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

³Manager returns are as of 9/30/20, and lagged 1 quarter. Since Inception date reflects one quarter lag.

NM = Returns not meaningful

San Joaquin County Employees Retirement Association (SJCERA)

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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		\$ 1,052,159,252	29.9%	33.0%	-0.9	1.4	-1.0	7.4	6.3	6.7	3.8	Jan-05
Risk Parity		\$ 397,680,560	11.3%		-2.5	0.6	-2.8	8.9	7.4	8.2	4.7	
<i>T-Bill +4%</i>					0.3	1.0	0.7	4.4	5.6	5.2	4.6	
Difference:					-2.8	-0.4	-3.5	4.5	1.8	3.0	0.1	
Bridgewater All Weather	<i>Risk Parity</i>	\$ 193,408,842	5.5%		-2.6	0.5	-2.9	6.5	6.2	7.8	5.0	Mar-12
<i>T-Bill +4%</i>					0.3	1.0	0.7	4.4	5.6	5.2	5.6	
Difference:					-2.9	-0.5	-3.6	2.1	0.6	2.6	-0.6	
PanAgora Diversified Risk Multi-Asset	<i>Risk Parity</i>	\$ 204,271,718	5.8%		-2.5	0.6	-2.8	11.3	8.7	--	8.2	Apr-16
<i>T-Bill +4%</i>					0.3	1.0	0.7	4.4	5.6	--	5.2	
Difference:					-2.8	-0.4	-3.5	6.9	3.1	--	3.0	
Liquid Credit		\$ 219,109,980	6.2%		0.3	1.9	0.5	5.4	3.9	5.2	2.3	Oct-06
<i>50% BB High Yield, 50% S&P/LSTA Leveraged Loans</i>					0.5	2.9	1.2	7.6	5.4	7.4	6.0	
Difference:					-0.2	-1.0	-0.7	-2.2	-1.5	-2.2	-3.7	
Neuberger Berman	<i>Global Credit</i>	\$ 90,693,249	2.6%		-0.2	1.6	-0.1	6.4	--	--	6.3	Feb-19
<i>33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Gbl Div.</i>					-0.5	1.3	-0.4	5.1	--	--	6.1	
Difference:					0.3	0.3	0.3	1.3	--	--	0.2	
Stone Harbor Absolute Return	<i>Absolute Return</i>	\$ 128,416,731	3.6%		0.6	2.1	0.9	4.8	3.1	4.8	3.0	Oct-06
<i>3-Month Libor Total Return</i>					0.0	0.1	0.0	0.7	1.9	1.5	1.5	
Difference:					0.6	2.0	0.9	4.1	1.2	3.3	1.5	
Private Credit Lag²		\$ 276,240,514	7.8%		1.8	1.8	0.1	0.1	1.2	2.3	3.2	
<i>50% BB High Yield, 50% S&P/LSTA Leveraged Loans</i>					-0.2	4.4	2.2	2.2	3.7	5.4	5.8	
Difference:					2.0	-2.6	-2.1	-2.1	-2.5	-3.1	-2.6	
BlackRock Direct Lending Lag³	<i>Direct Lending</i>	\$ 19,137,063	0.5%		4.0	4.0	4.0	--	--	--	7.2	May-20
<i>CPI +6% Annual Blend⁵</i>					-0.2	4.4	4.4	--	--	--	-0.3	
Difference:					4.2	-0.4	-0.4	--	--	--	7.5	
Mesa West RE Income III Lag³	<i>Comm. Mortgage</i>	\$ 2,163,970	0.1%		-0.5	-0.5	-3.9	-3.9	4.7	6.6	4.9	Sep-13
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	7.4	7.4	8.0	8.4	4.0	
Difference:					-1.1	-2.9	-11.3	-11.3	-3.3	-1.8	0.9	
Mesa West RE Income IV Lag³	<i>Comm. Mortgage</i>	\$ 46,154,019	1.3%		1.4	1.4	7.6	7.6	8.3	--	7.5	Mar-17
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	7.4	7.4	8.0	--	8.6	
Difference:					0.8	-1.0	0.2	0.2	0.3	--	-1.1	
Crestline Opportunity II Lag³	<i>Opportunistic</i>	\$ 20,770,292	0.6%		1.7	1.7	-6.7	-6.7	-2.2	2.0	4.0	Nov-13
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	7.4	7.4	8.0	8.4	8.6	
Difference:					1.1	-0.7	-14.1	-14.1	-10.2	-6.4	-4.6	
Davidson Kempner Distr Opp V Lag³	<i>Opportunistic</i>	\$ 8,351,205	0.0%		21.1	--	--	--	--	--	21.1	Oct-20
<i>CPI +6% Annual Blend⁴</i>					0.6	--	--	--	--	--	2.4	
Difference:					20.5	--	--	--	--	--	18.7	
Oaktree Lag	<i>Leveraged Direct</i>	\$ 12,605,355	0.4%		5.8	5.8	17.6	17.6	--	--	9.0	Mar-18
<i>CPI +6% Annual Blend⁶</i>					-3.0	8.8	13.2	13.2	--	--	8.6	
Difference:					8.8	-3.0	4.4	4.4	--	--	0.4	
HPS EU Asset Value II Lag³	<i>Direct Lending</i>	\$ 2,657,609	0.1%		7.9	7.9	--	--	--	--	-6.9	Aug-20
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	--	--	--	--	4.0	
Difference:					7.3	5.5	--	--	--	--	-10.9	
Raven Opportunity II Lag³	<i>Direct Lending</i>	\$ 11,793,860	0.3%		1.2	1.2	-20.2	-20.2	-0.5	-3.9	-4.8	Aug-14
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	7.4	7.4	8.0	8.4	8.5	
Difference:					0.6	-1.2	-27.6	-27.6	-8.5	-12.3	-13.3	
Raven Opportunity III Lag³	<i>Direct Lending</i>	\$ 46,104,057	1.3%		3.4	3.4	2.1	2.1	7.8	--	1.7	Nov-15
<i>CPI +6% Annual Blend⁴</i>					0.6	2.4	7.4	7.4	8.0	--	8.4	
Difference:					2.8	1.0	-5.3	-5.3	-0.2	--	-6.7	

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²Total class returns are as of 12/31/20, and lagged 1 quarter.

³Manager returns are as of 12/31/20, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴9% Annual until 7/1/2018 then CPI +6% Annual thereafter.

⁵50% BBgBC High Yield/50% S&P Leveraged Loan until 12/31/20 then CPI +6% Annual thereafter. Benchmark lagged one quarter.

⁶MSCI ACWI + 2% until 12/31/20 then CPI +6% Annual thereafter. Benchmark lagged one quarter

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Private Credit Lag (continued)													
Medley Opportunity II Lag³	\$50,000	Direct Lending	\$ 10,717,494	0.3%	-9.9	-9.9	-19.9	-19.9	-15.5	-8.5	-2.4	Jul-12	
CPI +6% Annual Blend ⁴					0.6	2.4	7.4	7.4	8.0	8.4	8.6		
Difference:					-10.5	-12.3	-27.3	-27.3	-23.5	-16.9	-10		
White Oak Summit Peer Fund Lag³	\$50,000	Direct Lending	\$ 45,745,905	1.3%	1.7	1.7	4.7	4.7	6.4	--	7.1	Mar-16	
CPI +6% Annual Blend ⁴					0.6	2.4	7.4	7.4	8.0	--	8.3		
Difference:					1.1	-0.7	-2.7	-2.7	-1.6	--	-1.2		
White Oak Yield Spectrum Master V Lag³	\$50,000	Direct Lending	\$ 50,039,685	1.4%	2.0	2.0	---	---	---	---	-1.8	Mar-20	
CPI +6% Annual Blend ⁴					0.6	2.4	---	---	---	---	6.2		
Difference:					1.4	-0.4	---	---	---	---	-8.0		
Principal US³	\$25,000	Core Pvt. RE	\$ 33,760,920	1.0%	0.0	0.0	0.2	0.2	4.9	7.1	7.1	Jan-16	
NCREIF ODCE + 1% Lag Blend					0.4	0.5	1.5	1.5	5.3	6.7	10.6		
Difference:					-0.4	-0.5	-1.3	-1.3	-0.4	0.4	-3.5		
Prologis Logistics³	\$35,000	Core Pvt. RE	\$ 74,142,304	2.1%	4.5	4.5	8.1	8.1	13.8	15.2	6.3	Dec-07	
NCREIF ODCE + 1% Lag Blend					0.4	0.5	1.5	1.5	5.3	6.7	8.9		
Difference:					4.1	4.0	6.6	6.6	8.5	8.5	-2.6		
RREEF America II³	\$45,000	Core Pvt. RE	\$ 50,531,354	1.4%	0.0	0.0	2.3	2.3	5.5	--	6.7	Jul-16	
NCREIF ODCE + 1% Lag Blend					0.4	0.5	1.5	1.5	5.3	--	9.8		
Difference:					-0.4	-0.5	0.8	0.8	0.2	--	-3.1		
Diversifying Strategies			\$ 779,894,490	22.2%	25.0%	-0.9	0.5	-0.9	-1.2	3.6	2.2	6.4	Oct-90
Principal Protection			\$ 327,497,657	9.3%	10.0%	-1.0	0.2	-0.9	-0.2	4.1	3.8	6.4	Oct-90
BB Aggregate Bond Index					-1.4	-2.0	-2.2	1.4	5.3	3.6	6.0		
Difference:					0.4	2.2	1.3	-1.6	-1.2	0.2	0.4		
Dodge & Cox		Core Fixed Income	\$ 165,164,576	4.7%	-1.3	-1.3	-1.9	4.6	6.1	5.3	7.2	Oct-90	
BB Aggregate Bond Index					-1.4	-2.0	-2.2	1.4	5.3	3.6	6.0		
Difference:					0.1	0.7	0.3	3.2	0.8	1.7	1.2		
DoubleLine Capital		MBS	\$ 111,871,941	3.2%	-0.3	1.1	0.7	0.7	4.6	4.0	5.2	Feb-12	
BB Aggregate Bond Index					-1.4	-2.0	-2.2	1.4	5.3	3.6	3.0		
Difference:					1.1	3.1	2.9	-0.7	-0.7	0.4	2.2		
SJ Principal Protection		Int Core Bond ETF	\$ 49,125,367	1.4%	-1.5	---	---	---	---	---	---	Jan-21	
BB Aggregate Bond Index					-1.4	---	---	---	---	---	---		
Difference:					-0.1	---	---	---	---	---	---		
PRIMA Lag⁵		Comm. Mortgage	\$ 1,335,773	0.0%	0.0	2.5	0.0	-4.7	1.9	2.6	3.9	Jul-08	
BB Aggregate Bond Index Lagged					1.0	0.5	0.5	7.3	5.5	4.3	4.3		
Difference:					-1.0	2.0	-0.5	-12.0	-3.6	-1.7	-0.4		

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²Total class returns are as of 12/31/20, and lagged 1 quarter.

³Manager returns are as of 12/31/20, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴9% Annual until 7/1/2018 then CPI +6% Annual thereafter.

⁵PRIMA redeemed 98% of it's assets on 1/19/21. The remaining value will be redeemed in February.

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February 2021

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
Crisis Risk Offset		\$ 452,396,833	12.9%	15.0%	-0.9	0.7	-1.0	-2.5	3.1	0.7	6.5	Jan-05
<i>CRO Custom Benchmark²</i>					-0.5	-0.7	-1.9	2.7	6.2	3.2	5.4	
Difference:					-0.4	1.4	0.9	-5.2	-3.1	-2.5	1.1	
Long Duration		\$ 149,463,729	4.2%		-5.4	-9.4	-8.3	-5.5	8.3	--	3.8	
<i>BB US Long Duration Treasuries</i>					-5.6	-10.0	-9.0	-6.0	8.8	--	4.7	
Difference:					0.2	0.6	0.7	0.5	-0.5	--	-0.9	
Dodge & Cox Long Duration	Long Duration	\$ 149,463,729	4.2%		-5.4	-9.4	-8.3	-5.5	8.3	--	3.8	Feb-16
<i>BB US Long Duration Treasuries</i>					-5.6	-10.0	-9.0	-6.0	8.8	--	4.7	
Difference:					0.2	0.6	0.7	0.5	-0.5	--	-0.9	
Systematic Trend Following		\$ 182,839,592	5.2%		4.9	16.9	7.0	16.6	3.8	-3.8	8.4	
<i>BTOP50 Index</i>					3.8	7.1	2.7	9.2	4.1	-0.2	4.4	
Difference:					1.1	9.8	4.3	7.4	-0.3	-3.6	4.0	
Mt. Lucas Managed Futures - Cash	Systematic Trend Following	\$ 93,862,772	2.7%		6.0	24.8	11.4	23.3	3.8	-5.3	7.9	Jan-05
<i>BTOP50 Index</i>					3.8	7.1	2.7	9.2	4.1	-0.2	4.4	
Difference:					2.2	17.7	8.7	14.1	-0.3	-5.1	3.5	
Graham Tactical Trend	Systematic Trend Following	\$ 88,976,820	2.5%		3.8	9.5	2.8	10.1	3.7	--	0.6	Apr-16
<i>SG Trend Index</i>					3.6	9.6	2.9	8.8	4.8	--	0.6	
Difference:					0.2	-0.1	-0.1	1.3	-1.1	--	0.0	
Alternative Risk Premia		\$ 120,093,512	3.4%		-3.3	-6.1	-2.4	-19.6	-4.3	-1.1	7.0	
<i>5% Annual</i>					0.4	1.2	0.8	5.0	5.0	5.0	6.4	
Difference:					-3.7	-7.3	-3.2	-24.6	-9.3	-6.1	0.6	
AQR Style Premia	Alternative Risk Premia	\$ 26,544,986	0.8%		2.2	11.6	8.9	-16.1	-15.0	--	-7.1	May-16
<i>5% Annual</i>					0.4	1.2	0.8	5.0	5.0	--	5.0	
Difference:					1.8	10.4	8.1	-21.1	-20.0	--	-12.1	
PE Diversified Global Macro	Alternative Risk Premia	\$ 36,139,233	1.0%		-4.0	-12.2	-3.1	-31.9	-3.9	--	-2.8	Jun-16
<i>5% Annual</i>					0.4	1.2	0.8	5.0	5.0	--	5.0	
Difference:					-4.4	-13.4	-3.9	-36.9	-8.9	--	-7.8	
Lombard Odier	Alternative Risk Premia	\$ 57,409,293	1.6%		-5.2	-8.8	-6.5	-15.4	--	--	-6.3	Jan-19
<i>5% Annual</i>					0.4	1.2	0.8	5.0	--	--	5.0	
Difference:					-5.6	-10.0	-7.3	-20.4	--	--	-11.3	
Cash³		\$ 86,675,294	2.5%	0.0%	0.0	0.1	0.1	0.2	1.1	1.0	2.4	Sep-94
<i>US T-Bills</i>					0.0	0.0	0.0	0.4	1.5	1.2	2.4	
Difference:					0.0	0.1	0.1	-0.2	-0.4	-0.2	0.0	
Northern Trust STIF	Collective Govt. Short Term	\$ 101,550,187	2.9%		0.0	0.1	0.1	0.3	1.1	1.0	2.7	Jan-95
<i>US T-Bills</i>					0.0	0.0	0.0	0.4	1.5	1.2	2.4	
Difference:					0.0	0.1	0.1	-0.1	-0.4	-0.2	0.3	
Parametric Overlay⁴	Cash Overlay	\$ 42,998,618	1.2%		0.0	0.0	0.0	--	--	--	0.0	Jan-20

¹Returns 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.

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

³Includes lagged cash.

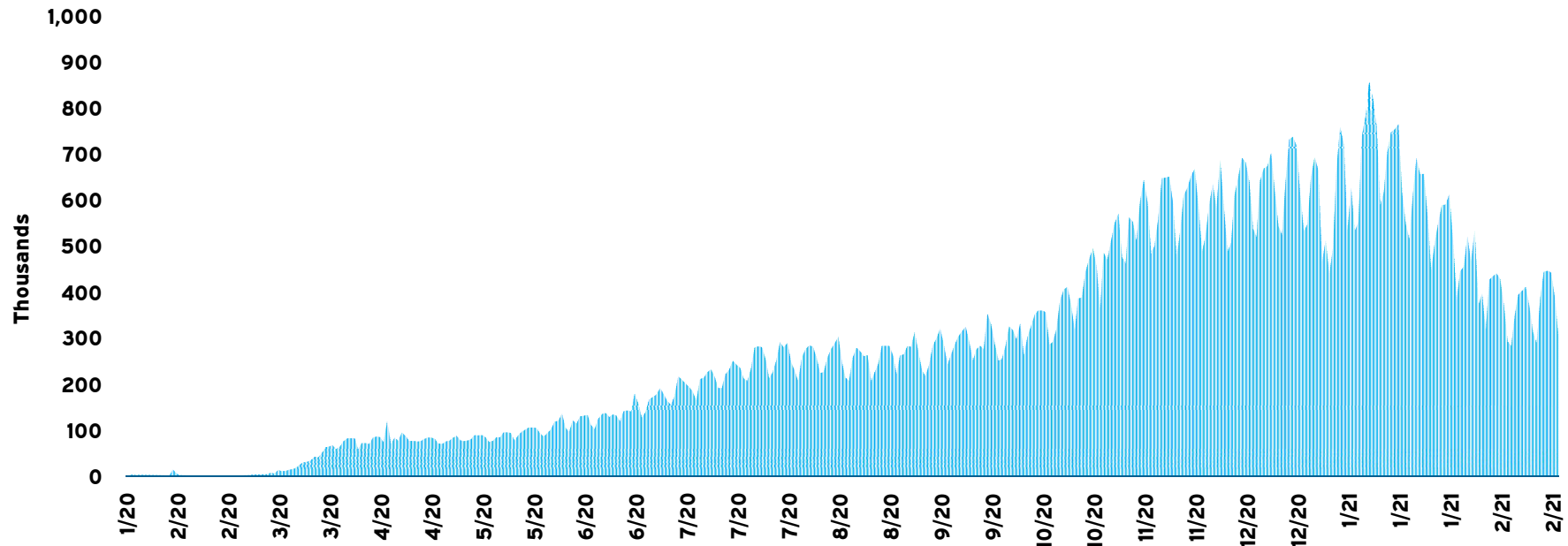
⁴60% MSCI ACWI, 40% BB Universal

⁵Given daily cash movement returns may vary from those shown above.

Economic and Market Update

Data as of February 28, 2021

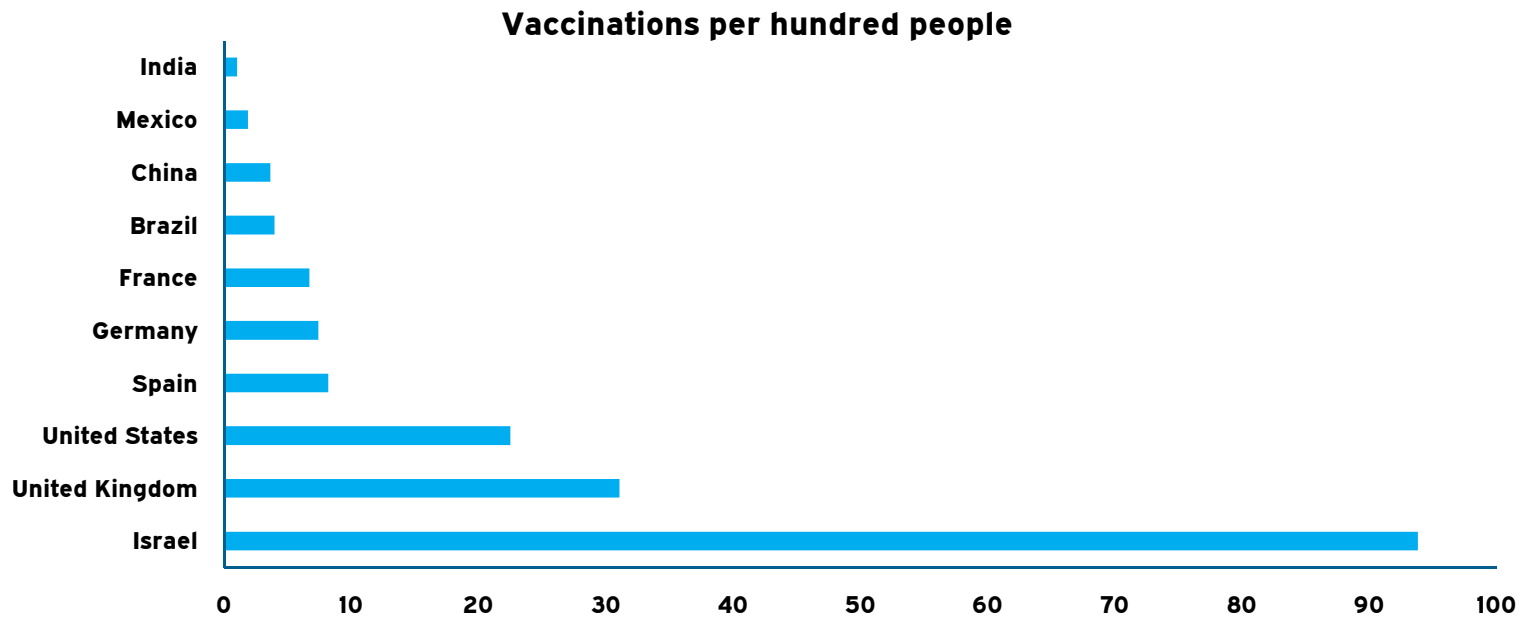
Global Daily Cases¹



- After peaking in early January at ~858,000, the number of global daily cases steadily declined to ~303,000 at the end of February.
- Looking ahead, the rollout of multiple vaccines continues to gather momentum, with over 350 million doses administered and over 160 million people having received at least one dose as of mid-March.
- In the US, the Biden administration recently set a goal of the vaccine being available to the general population by May 1.

¹ Source: Our World in Data. Data is as of February 28, 2021.

Vaccinations by Country¹



- Vaccine distribution has ramped up in many countries, including the Pfizer-BioNTech, Moderna, and Johnson & Johnson vaccines in the US. Outside the US, vaccines have also been developed by China, Russia, India, and the UK.
- Some countries have done better with the vaccine rollout, with Israel being at the forefront. The United Kingdom and the United States' vaccination rates have exceeded many other countries with early immunization efforts focused on the most vulnerable populations.

¹ Source: Our World in Data. Data is as of February 28, 2021.

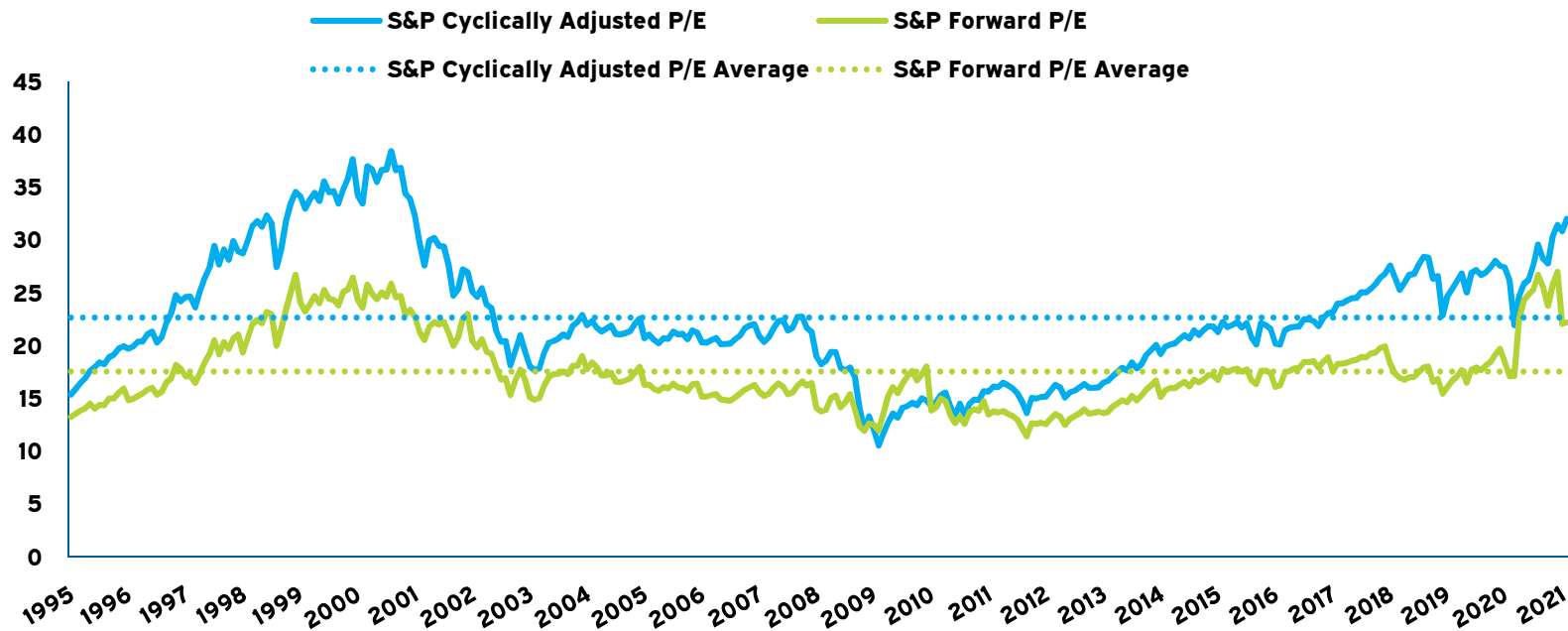
Market Returns¹

Indices	February	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2.8%	2.2%	24.5%	13.2%	16.6%	13.5%
MSCI EAFE	2.2%	4.2%	16.2%	4.2%	9.7%	5.2%
MSCI Emerging Markets	0.8%	7.3%	31.1%	5.6%	15.2%	4.5%
MSCI China	-1.0%	9.7%	40.1%	8.2%	20.0%	8.7%
Bloomberg Barclays Aggregate	-1.4%	-3.0%	2.1%	5.3%	3.6%	3.6%
Bloomberg Barclays TIPS	-1.6%	-2.5%	6.5%	6.1%	4.3%	3.6%
Bloomberg Barclays High Yield	0.4%	0.8%	7.8%	6.6%	9.1%	6.5%
10-year US Treasury	-2.6%	-4.1%	-1.3%	6.3%	2.3%	4.1%
30-year US Treasury	-6.2%	-10.3%	-9.0%	9.1%	4.1%	7.2%

- Global risk assets recovered meaningfully from their declines earlier in 2020, largely driven by record fiscal and monetary policy stimulus and greater clarity related to the containment of the virus.
- In February, markets rose, particularly developed markets, as the vaccine roll-out supported expectations of a global economic recovery.
- Inflation expectations rose given the stimulus plan passed by Congress and reopening optimism. This caused the yield curve to steepen, resulting in negative monthly returns for high quality bond indices.

¹ Source: Investment Metrics and Bloomberg. Data is as of February 28, 2021.

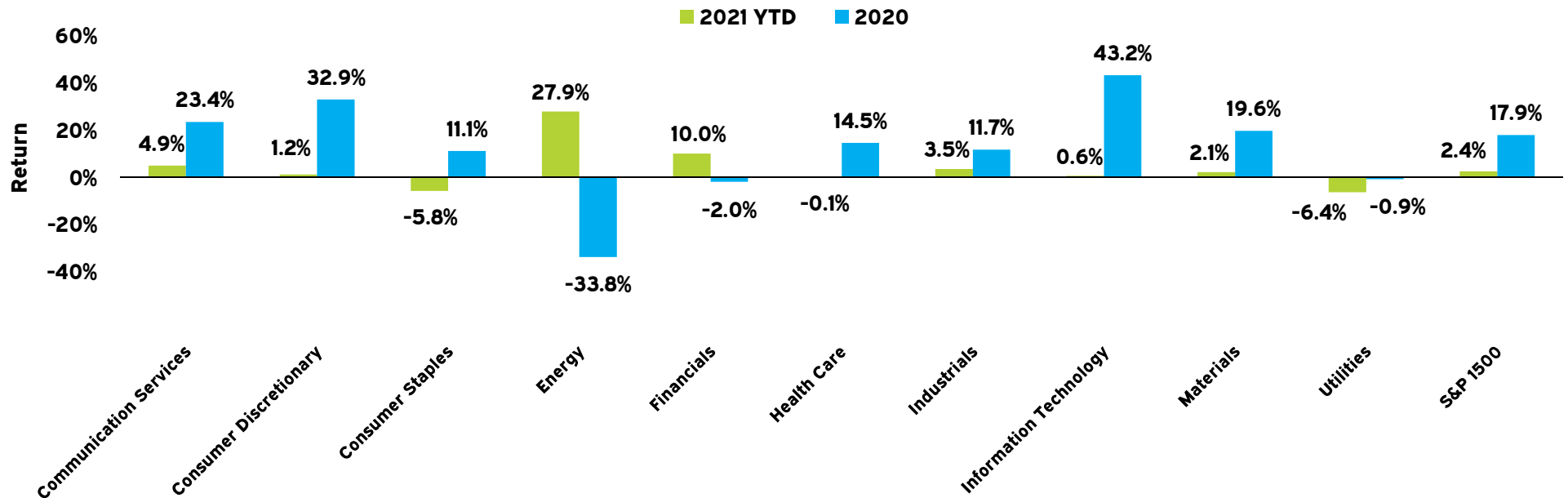
S&P Equity Valuations¹



- With positive developments regarding COVID-19 vaccines, valuations based on backward-looking earnings rose to levels not seen since 2001.
- By contrast, valuations based on forward-looking earnings recently declined given continued improvements in earnings expectations. Despite the decline in forward P/E ratios, they remain well above long-term averages.

¹ Source: Bloomberg. Data is as of February 28, 2021.

Sector Returns¹

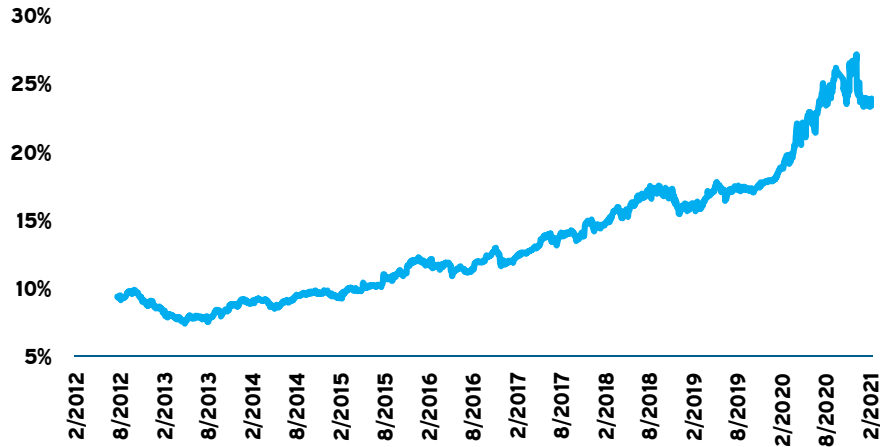


- Value-oriented sectors like energy and financials have led the way in 2021 as investors rotate out of the stay-at-home focused companies in technology, which were the best performers in 2020.
- The recent rotation into value has largely been driven by expectations for the economy to reopen and higher interest rates. Growth stocks typically are expected to produce more of their cash flows further into the future and increased rates lead to a larger discount, reducing their present value.
- Energy has been a particular standout this year, supported by record low active rig counts, Saudi Arabia's reductions in output, and expectations of rising demand later in 2021.

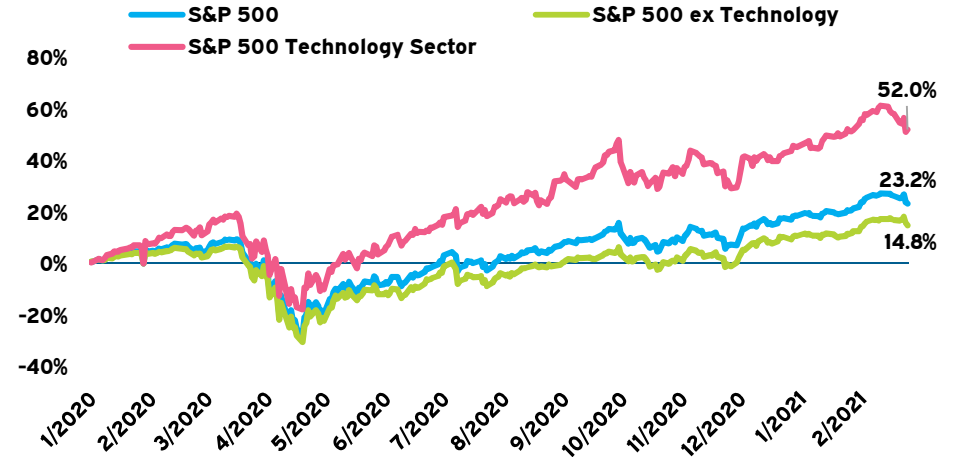
¹ Source: Bloomberg. Data is as of February 28, 2021.

Technology led the way for most of 2020, but has recently lagged

FAANG+M Share of S&P 500¹



Returns from Start of 2020 through February 28 2021²

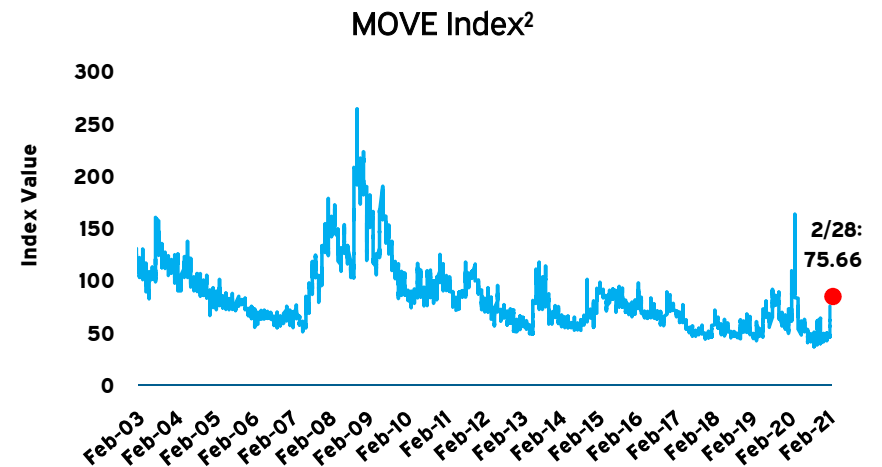
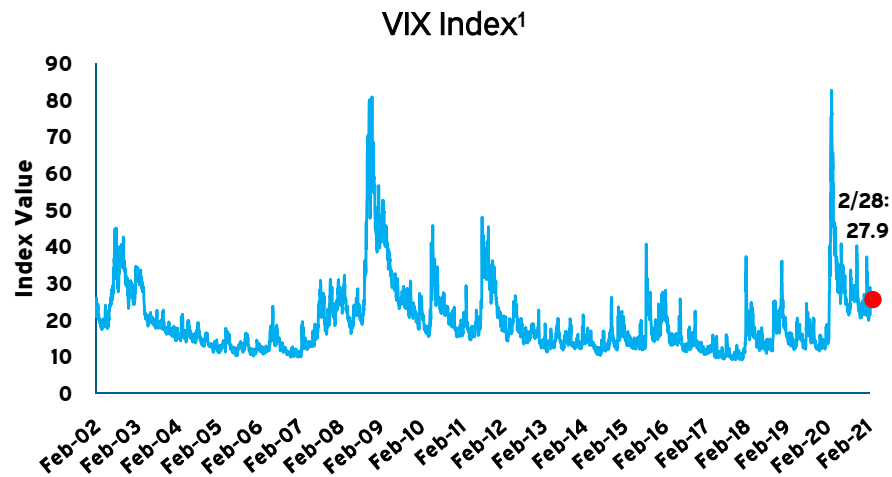


- During much of 2020 markets were driven by a few technology companies that benefited from the stay-at-home environment related to the virus.
- The outsized relative returns of these companies last year caused them to comprise an increasingly large portion (23%) of the S&P 500, making their performance going forward impactful to overall market results.

¹ FAANG+M = Facebook, Amazon, Apple, Netflix, Google (Alphabet), and Microsoft. The percentage represents the aggregate market capitalization of the 6 companies compared to the total market capitalization of the S&P 500 as of February 28, 2021.

² Each data point represents the price change relative to the 12/31/2019 starting value.

Volatility



- Rotation to cyclical sectors and rising costs of capital have contributed to above average levels of volatility as measured by the VIX.
- Expectations of volatility within fixed income, as represented by the MOVE index, increased again in February as inflation and growth expectations rose, the yield curve steepened, and bond prices fell. Uncertainty regarding the future path of interest rates could keep fixed income volatility elevated.

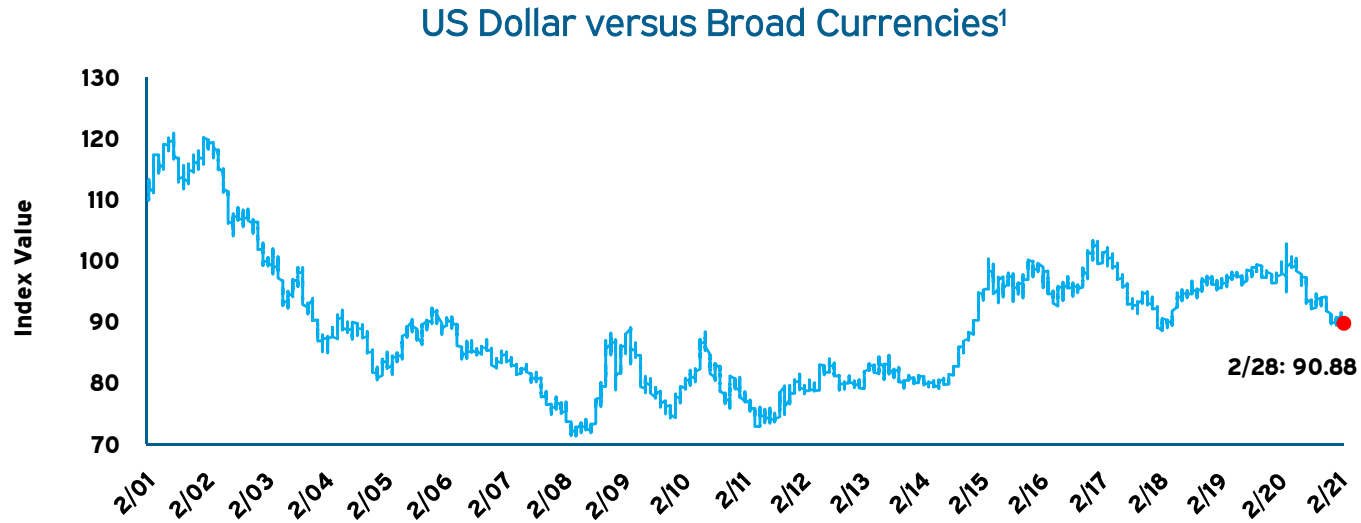
¹ Source: Chicago Board of Exchange. Data is as of February 28, 2021.

² Source: Bloomberg. Data is as of February 28, 2021.

Key Elements of the Latest Round of US Fiscal Stimulus

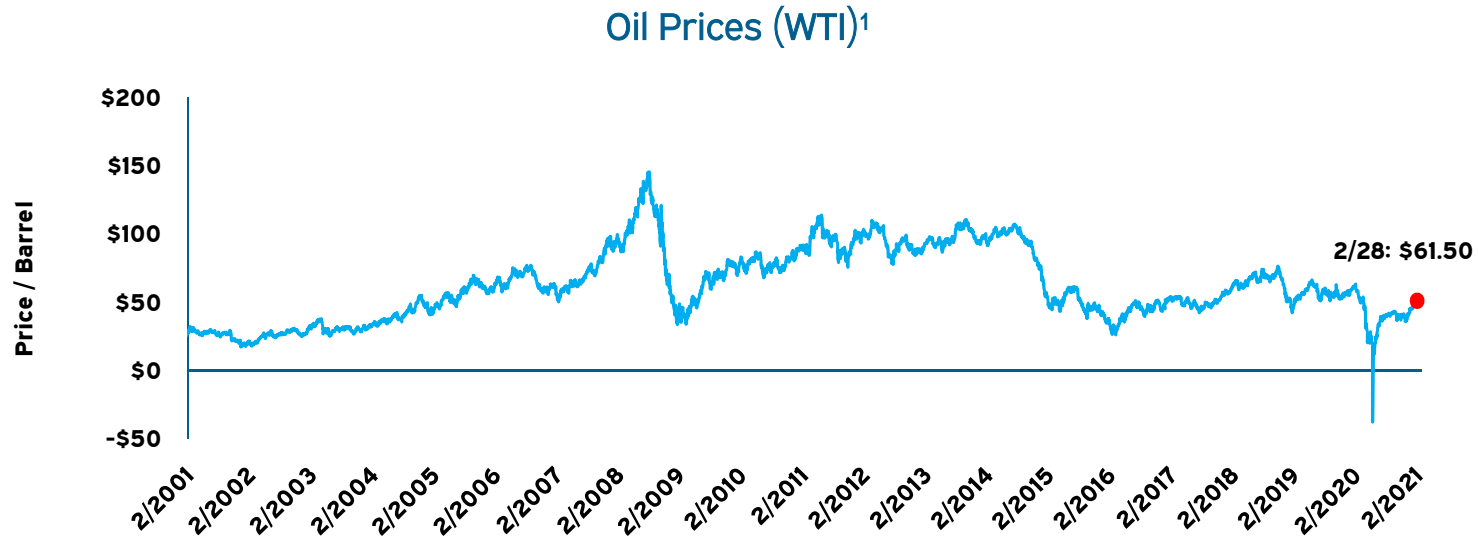
Joint Proposal	
Status	Signed by President Biden on March 11, 2021
Direct Payments	Up to \$1,400 per eligible recipient
Enhanced Unemployment	\$300 per week through September
State & Local Aid	\$360 billion
Vaccines, testing and tracing	\$123 billion
School aid/Education Grants	\$176 billion
Health Insurance Support	\$105 billion
Transportation	\$56 billion
Food / Agriculture aid	\$16 billion
Rental Assistance	\$1 billion
Small Business Assistance	\$59 billion
Total	\$1.9 trillion

- A fiscal stimulus totaling ~\$900 billion, representing the second largest package in history at that time, was finalized in late December 2021.
- President Biden signed an additional \$1.9 trillion stimulus package in March that includes another round of direct payments to individuals, \$300 extra per week in unemployment benefits, and aid to state and local governments.
- Concerns have increased significantly that the historic infusion into the economy could lead to inflation and put pressure on borrowing costs.



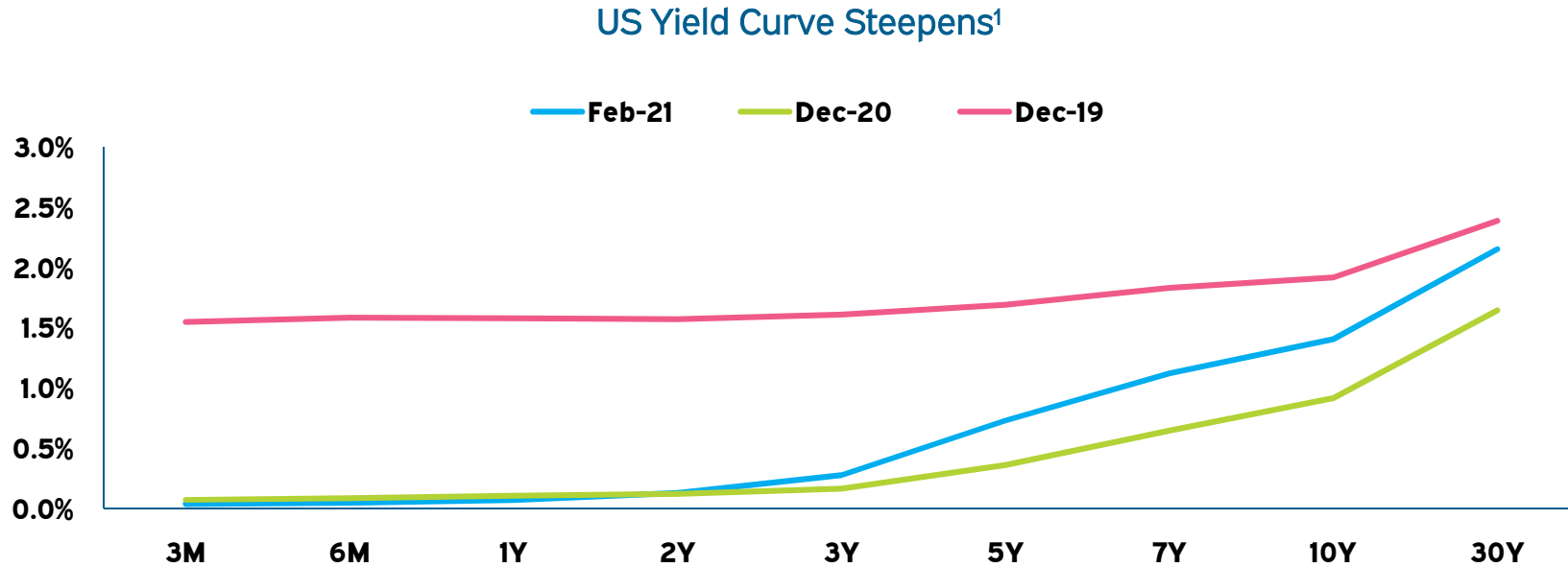
- As the crisis grew into a pandemic in 2020, investors' preferences shifted to holding US dollars and highly liquid, short-term securities like US Treasury bills.
- However, the dollar weakened over the last few quarters as the US struggled with containing the virus and investors sought higher growth non-US assets, particularly in emerging markets. This created pressures on already stressed export-focused countries, particularly in Europe, as their goods become relatively more expensive for US consumers.
- Recently, as global investors reevaluate prospects for a US economic recovery given the vaccine roll-out and higher interest rates, the US dollar has stabilized.
- Going forward, the dollar's safe-haven quality and the higher interest rates in the US could provide support.

¹ Source: Bloomberg. Represents the DXY Index. Data is as of February 28, 2021.



- Global oil prices rallied from April 2020 lows, recovering to pre-crisis levels.
- In 2020 the collapse in global oil demand led to the shuttering of active drilling in North America and international markets and production capacity has been slow to come back on line.
- In a surprise decision, OPEC+ recently announced they would not be increasing production despite signs that the global economy could absorb the additional supply.
- Low production capacity and tight supply may help balance oil markets and drawdown reserves offering support for oil prices as global demand recovers.
- Once reserves are used, and if production remains tight, oil prices could continue to rise, contributing to inflationary pressures and weighing on the global economic recovery.

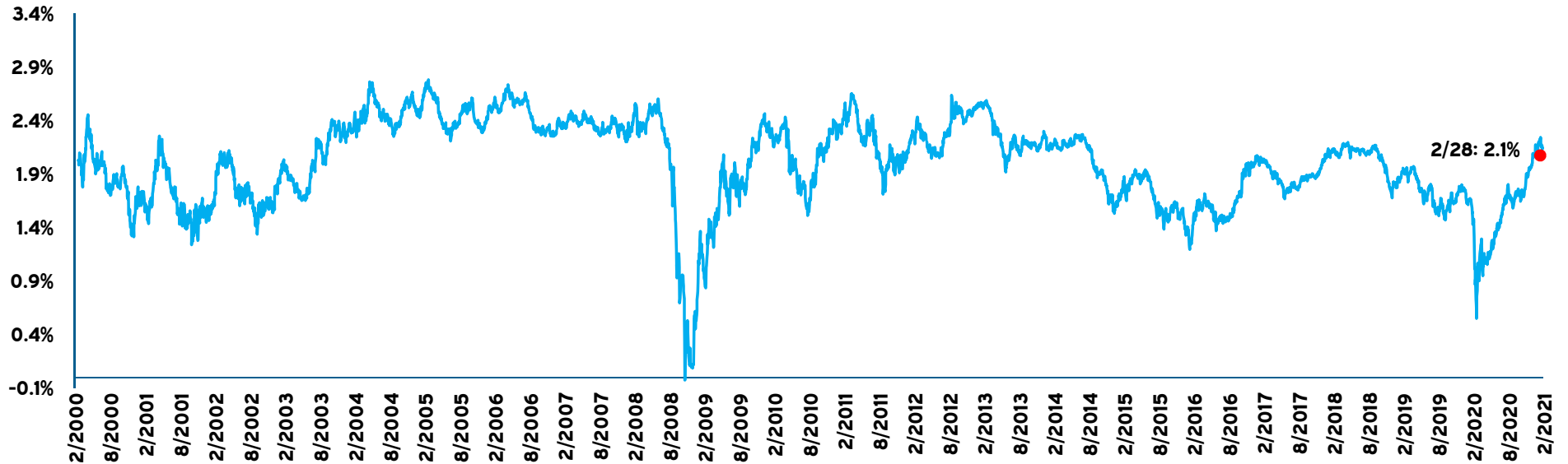
¹ Source: Bloomberg. Represents WTI first available futures contract. Data is as of February 28, 2021.



- The US Treasury yield curve declined materially during 2020, driven by safe-haven demand, Federal Reserve policies (policy rate cuts and the quantitative easing program), and weak US economic fundamentals.
- So far this year, the curve has steepened, given inflation fears related to gradual signs of economic improvement, vaccine developments, and expectations for longer-dated Treasury issuance to support additional fiscal stimulus in the coming months.
- Higher yields relative to other countries and the Fed potentially extending the duration of their purchases could counterbalance steepening trends, but the risk remains that the yield curve could continue to steepen if growth and inflationary pressures build.

¹ Source: Bloomberg. Data is as of February 28, 2021.

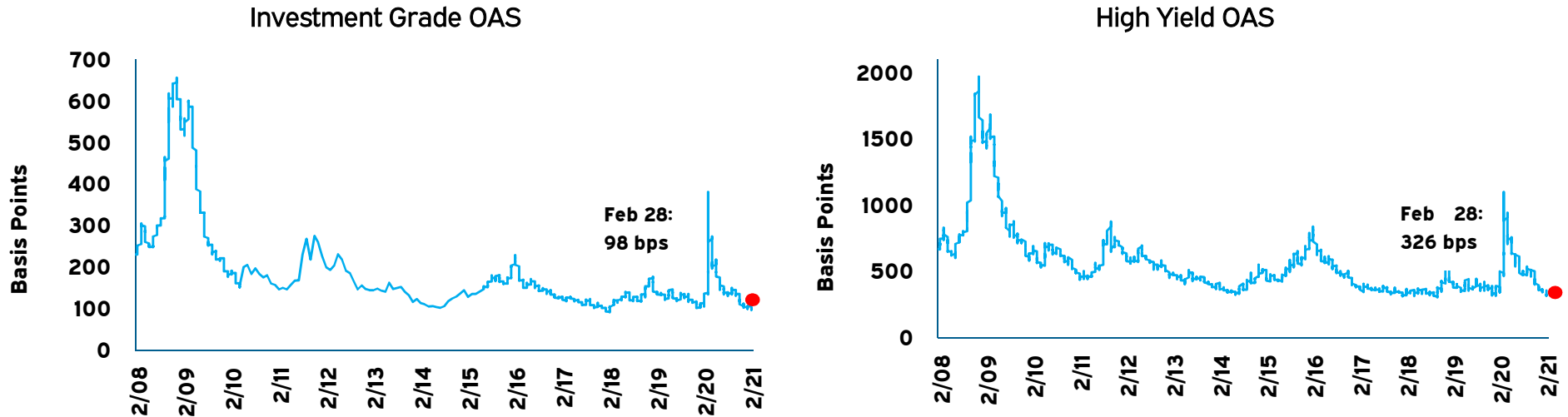
10-Year Breakeven Inflation¹



- Inflation breakeven rates declined sharply in early 2020, due to a combination of lower growth and inflation expectations, as well as liquidity dynamics in TIPS during the height of market volatility. Liquidity eventually improved and breakeven rates increased as deflationary concerns moderated.
- Recently, inflation expectations continued to rise to slightly above long-term averages as the increase in nominal rates outpaced the increase in real rates. The vaccine roll-out and expected additional fiscal stimulus were key drivers.
- Looking forward, the track of economic growth and the inflationary effects of the unprecedented US fiscal response will be key issues. Additionally, changes to Fed policy allowing for greater future inflation will also likely impact inflation market dynamics.

¹ Source: Bloomberg. Data is as of February 28, 2021.

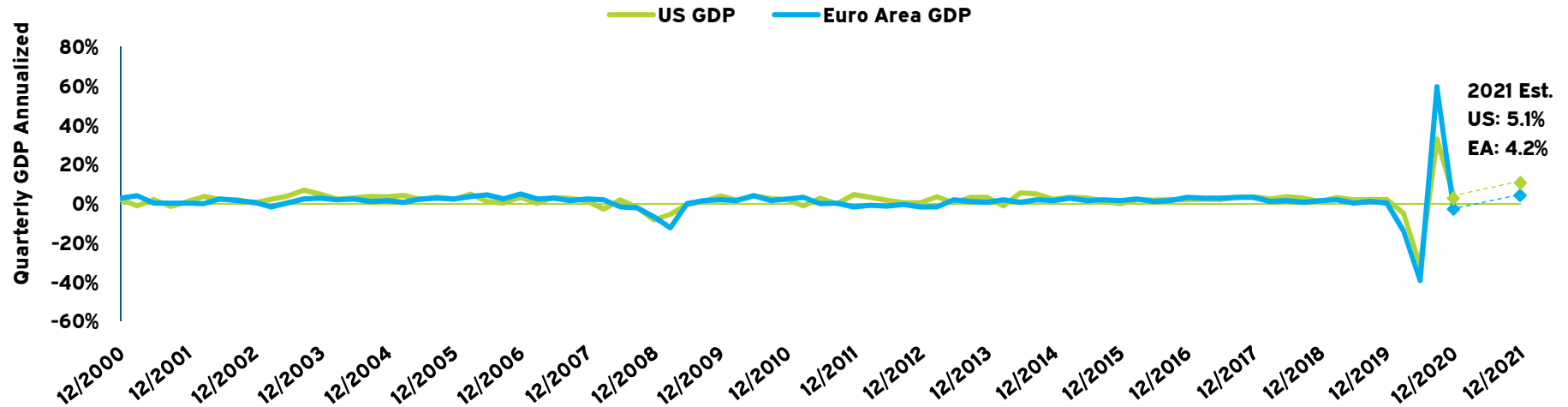
Credit Spreads (High Yield & Investment Grade)¹



- Credit spreads (the spread above a comparable Treasury) for investment grade and high yield corporate debt widened sharply at the start of the pandemic as investors sought safety.
- Policy support, the search for yield in the low rate environment, and recent increases in Treasury rates have led to a decline in credit spreads to below long-term averages, particularly for high yield.
- Overall, corporate debt issuance across both investment grade and high yield sectors broke records in 2020.

¹ Source: Bloomberg. High Yield represents US Corporate High Yield average OAS. Investment grade represents liquid investment grade corporate average OAS. Data is as of February 28, 2021.

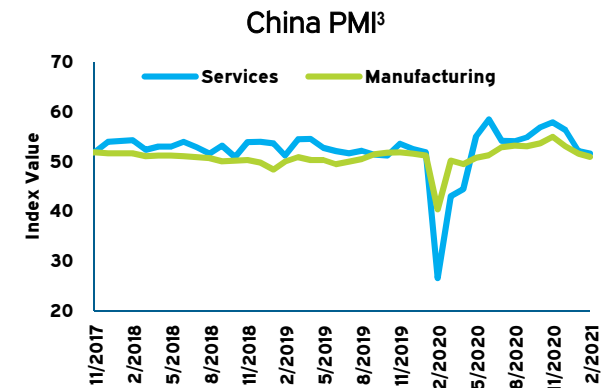
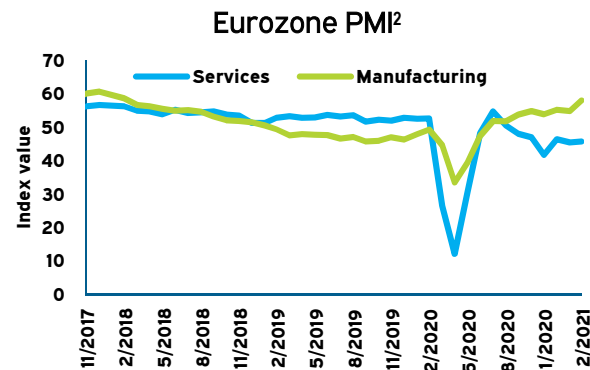
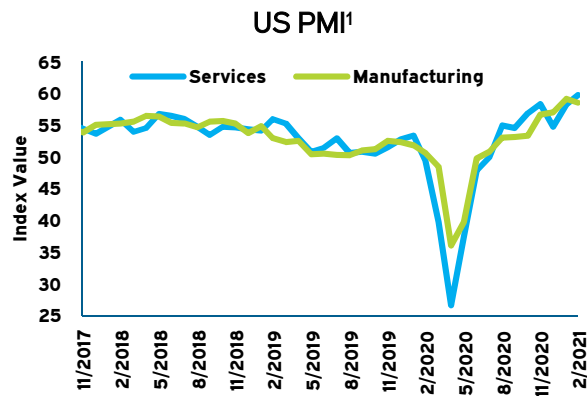
GDP Data Shows Projected Improvements in 2021¹



- The global economy faced major recessionary pressures last year, but optimism remains for improvements in 2021, as economies are expected to gradually reopen.
- Historic declines in US and European growth during the second quarter were followed by record increases in the third quarter, due to pent-up demand from the lockdown measures earlier in the year.
- Fourth quarter US GDP growth was 4.1% (QoQ annualized). Full year US GDP growth declined 2.4%, better than the IMF's forecasted decline of 3.4%.
- In the euro area, increased virus cases and a return to restrictions weighed on fourth quarter growth (-2.8% QoQ annualized). For the year, the euro area economy declined by 4.9%, worse than the US, but also ahead of forecasts of a 7.2% decline.

¹ Source: Bloomberg, and IMF. Q4 2020 data represents the second estimate of GDP for the Euro Area and United States. Euro Area figures annualized by Meketa. Projections via January 2021 IMF World Economic Outlook and represent annual numbers.

Global PMIs

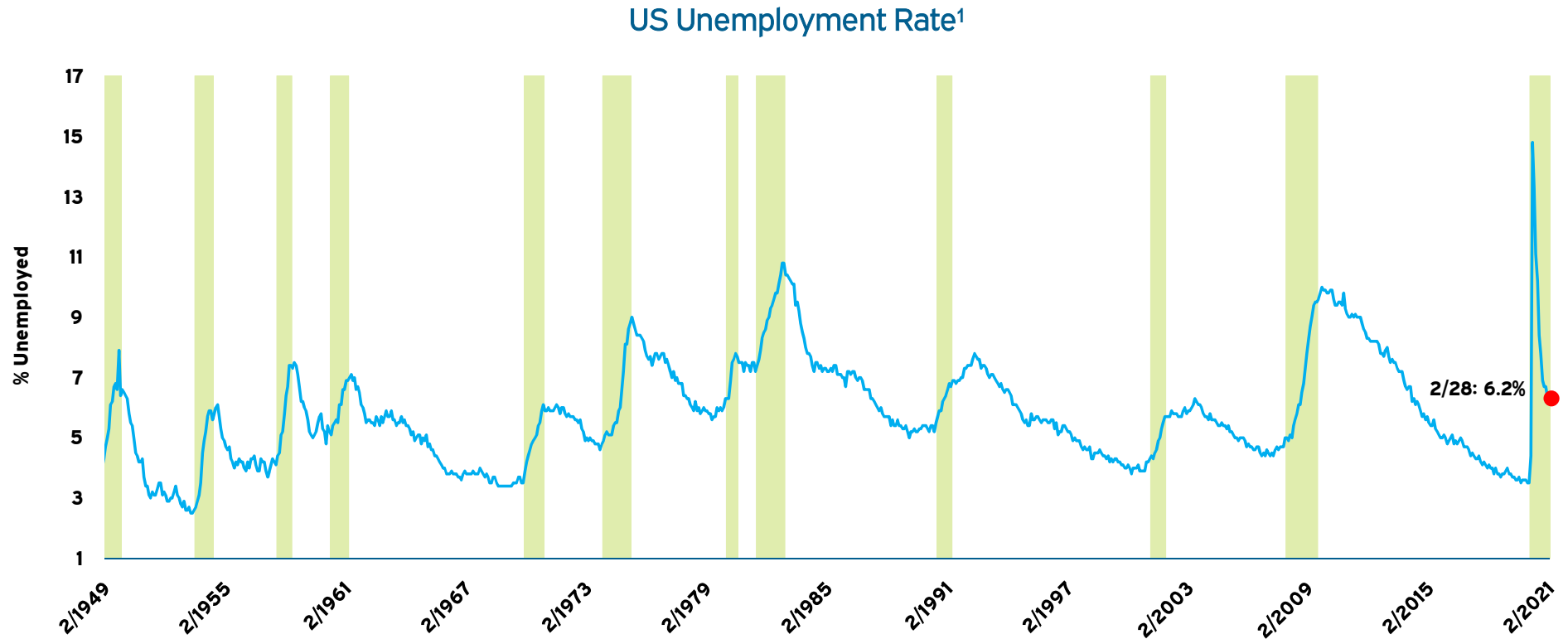


- Purchasing Managers Indices (PMI), based on surveys of private sector companies, initially collapsed across the world to record lows, as closed economies depressed output, new orders, production, and employment.
- Readings below 50 represent contractions across underlying components and are a leading indicator of economic activity, including the future paths of GDP, employment, and industrial production.
- The services sector was hit particularly hard by stay-at-home restrictions.
- After a period of underperformance, US services and manufacturing are accelerating. In Europe, manufacturing continues to improve, with services lagging given on-going restrictions. After a blockbuster return to full economic activity in the second half of 2020 the Chinese economy has stabilized in positive territory.

¹ Source: Bloomberg. US Markit Services and Manufacturing PMI. Data is as of February 2021.

² Source: Bloomberg. Eurozone Markit Services and Manufacturing PMI. Data is as of February 2021.

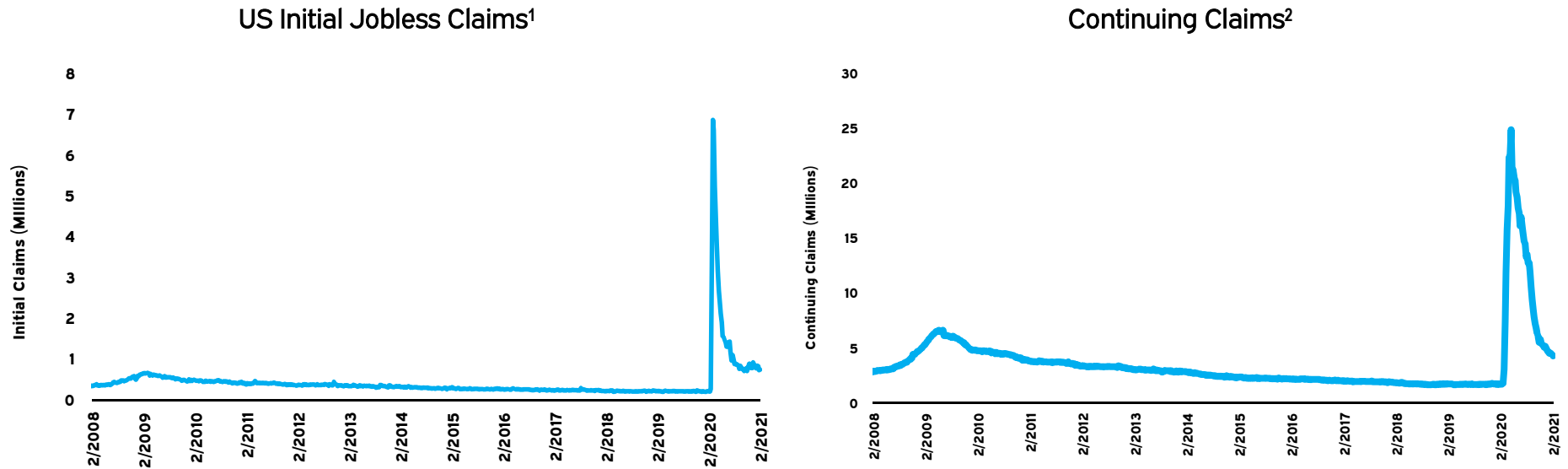
³ Source: Bloomberg. Caixin Services and Manufacturing PMI. Data is as of February 2021.



- In February, the unemployment rate continued its decline from the April 14.7% peak, falling to 6.2%.
- Despite the improvement, unemployment levels remain well above pre-virus readings and are likely higher than reported, as the total labor force participation rate remains below pre-COVID levels.
- A counterforce to the recent inflation concerns remains the slack in the labor market and corresponding weak wage pressures.

¹ Source: Bloomberg. Data is as of February 28, 2021. Bars represent recessions.

US Jobless Claims

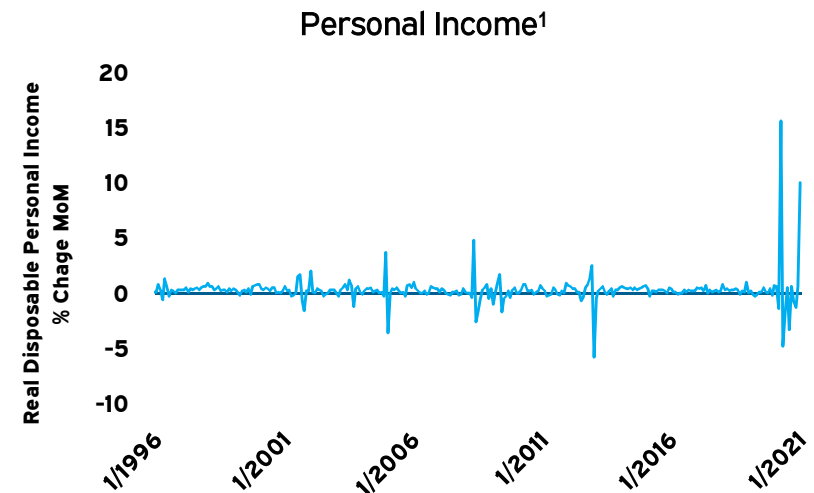
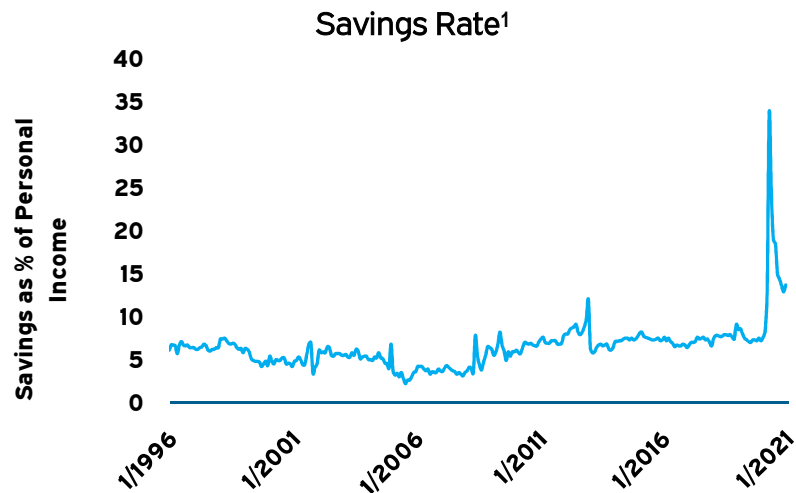


- Since the start of the crisis, ~80 million people filed for initial unemployment. This level is approaching four times the 22 million jobs added since the GFC, highlighting the unprecedented impact of the virus.
- Despite the stabilization in initial jobless claims to below one million per week, levels remain higher than the worst reading during the Global Financial Crisis.
- Continuing jobless claims (i.e., those currently receiving benefits) have also declined from record levels, but remain elevated at 4.3 million.

¹ Source: Bloomberg. First reading of seasonally adjusted initial jobless claims. Data is as of February 28, 2021.

² Source: Bloomberg. US Continuing Jobless Claims SA. Data is as of February 28, 2021.

Savings and Spending

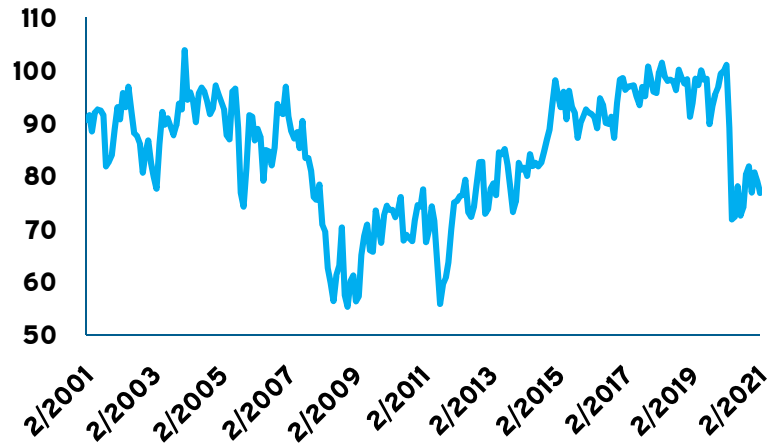


- Fiscal programs including stimulus checks, enhanced unemployment benefits, and loans to small businesses through the Paycheck Protection Program (PPP) have largely supported income levels through the shutdown.
- Despite the income support, the savings rate increased due to the decline in consumer spending, driven by the initial lock-down of the economy, and by uncertainties related to the future of the job market and stimulus programs.
- More recently, the savings rate declined from its peak as spending increased with the economy slowly reopening. Going forward, questions remain about how consumers will make use of the recently approved stimulus programs with concerns over the potential inflationary impacts.

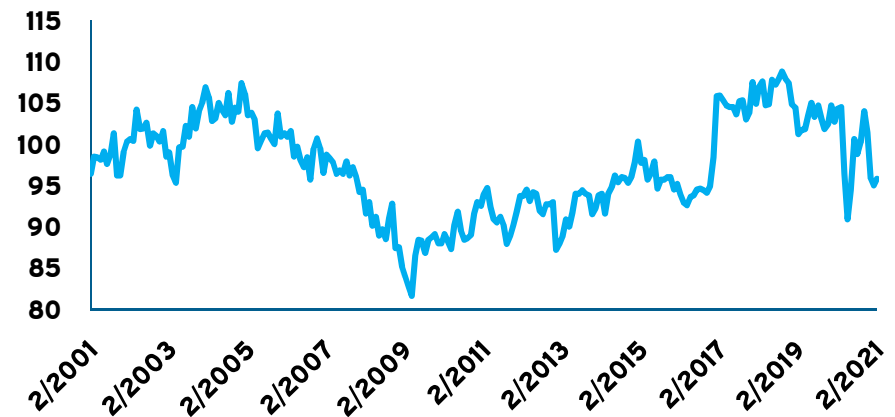
¹ Source: Bloomberg. Latest data is as of January 2021.

Sentiment Indicators

University of Michigan Consumer Sentiment¹



Small Business Confidence²



- The attitudes of businesses and consumers are useful indicators of future economic activity.
- Consumer spending comprises close to 70% of US GDP, making the attitudes of consumers an important driver of economic growth. Additionally, small businesses generate around half of US GDP, making sentiment in that segment important.
- Sentiment indicators showed improvements as the economy re-opened, particularly for small businesses. Increasing cases, including from new variants, and a slow vaccine rollout have recently weighed on short-term sentiment. This trend could change though based on improvements in vaccine distribution and the recent fiscal stimulus.

¹ Source: Bloomberg. University of Michigan Consumer Sentiment Index. Data is as of February 28, 2021.

² Source: Bloomberg. NFIB Small Business Optimism Index. Latest data is as of February 28, 2021.

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MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group
DATE: April 9, 2021
RE: Real Estate Portfolio and Market Update

In our role as the Board Real Estate Consultant, Meketa Investment Group (“Meketa”) conducted a performance review of the Real Estate Portfolio (“the Portfolio”) based on data provided through September 30, 2020 from SJCERA’s investment managers. This memorandum provides the Portfolio performance data and summary market commentary.

Portfolio Performance

The targeted range for real estate is 10-12% of the Total Fund. At September 30, investments equaled \$253 million, or 7.8%, not including committed, but uncalled capital. The Portfolio’s geographic and property type diversification is serving SJCERA appropriately as different sectors experience varying demand and supply dynamics. Across real estate markets, no property type or geographic region outperforms over the long-term, so diversification is critical to reducing risk and generating returns.

Returns are moderating for both SJCERA and the broader property markets. SJCERA’ Real Estate Portfolio returns trailed the benchmark over all periods. The Real Estate Portfolio continues its primary role of income-oriented returns, providing positive cash flow to SJCERA with which to pay benefits and a counterweight to public markets’ debt and equity risks.



Net Returns %	1 Year	3 Year	5 Year	10 Year
Real Estate Returns	4.3	5.9	7.4	12.0
Real Estate Policy Benchmark ¹	4.6	8.4	9.9	13.6
Over (under) Performance	(0.3)	(2.5)	(2.5)	(1.6)

Among core real estate holdings, retail property investments in malls showed a marked decline in appraised value. A number of open-end funds in the benchmark recognized write-downs primarily in the third and fourth quarters of 2019, prior to the pandemic, which continued in Q1-2 2020.

As of this reporting period, the core portfolio, representing 63% of the Real Estate Portfolio, produced strong longer-term net returns of 10.5% for the five-year return against the benchmark returns of 9.9%.

Net Returns (%)	NAV	1 Year	3 Year	5 Year	10 Year
As of September 30, 2019	(\$mm)				
Core	159.0	6.5	6.6	10.9	13.2
Non-Core (Value Add/Oppportunistic)	53.0	4.1	2.2	4.3	10.4
Real Estate Policy Benchmark ¹		4.6	8.4	9.9	13.6

All core properties are held in three open-end commingled pools, and non-core properties in 14 closed end funds operated by seven different general partners. While overall returns are positive, it is important to note that the total real estate portfolio returns trailed the benchmark in all periods, even though the portfolio took on more risk than the benchmark.

The underperformance is attributable to the non-core funds. Meketa is reviewing whether it is in the Fund's best interests to continue to hold several of these funds. However, of the 14 non-core funds, eight have NAVs that aggregate \$3.8 mm, and it is unlikely that a sale of these interests would be efficient. Only four funds, with three managers (plus the commitment to Berkeley Partners V made in October 2020), have material amounts of investments.

Pacing suggests that one to two additional commitments to diversifying non-core strategies can be considered during the balance of calendar year 2021.

Key Policy Parameters

The Real Estate Portfolio is compliant with all key parameters related to diversification and other limits applicable at the Portfolio level.

¹ The Policy Benchmark for the Real Estate Program is NCREIF ODCE plus 1%.



Market Commentary

The twin themes driving the real estate investment market are low interest rates and the near and longer term effects and implications of the pandemic.

Competition for acquisitions continues to be fierce as institutions increasingly seek larger private commercial real estate allocations. Low interest rates have driven more assets towards income-producing real estate where the current returns are well in excess of similar duration fixed income choices. A rising public equity market has made more capital available merely from the “Denominator Effect” and a desire to keep fully invested at target percentage levels.

This increased supply of capital has caused prices to remain full for the types of assets that SJCERA core and non-core managers seek as consistent with its long-term hold strategy. In addition, higher labor and material costs acting alongside tighter lending regulations are governing the delivery of new supply in most property types. Many ODCE managers have queues of capital committed and not yet deployed.

Interest rates are still at very attractive levels for spread investing (acquisitions at a first year cash on cash return compared to the 10 year treasury yield), and given the lack of alternatives for current return, serve to maintain strong interest in leveraged property purchases by both institutions, public companies, and private HNW families and partnerships. The favorable treatment awarded taxable property owners in the 2018 Tax Act also stimulated real estate acquisitions.

Loosening of regulated lenders’ requirements and the rise of non-regulated lenders are likely to test the limits of disciplined new construction and speculative building—two elements that have often signaled shorter term downturns in real estate values.

Increased interest in Property Technology (PropTech) enhancements such as keyless entry is expected to continue and expand. ESG and sustainability will also benefit from technological enhancements. The proportion of asset value with climate risk is expected to increase and pose potential risks to real estate such as flooding and extreme events that would increase insurance costs.

Demand for space continues to be healthy in most property sectors (except for some noticeable cavities in retail), this take-up may abate following trade wars, changes in regulatory policies, and disruption in traditional space needs (co-living and/or working, aging of America, on-line retailing, data centers, last-mile warehouse and distribution patterns, for example).



The pandemic has accelerated certain trends, such as e-commerce and remote work that were already underway. It is still too early to accurately forecast when occupancies will return to pre-Covid levels, the extent to which e-commerce reverts to more traditional retailing, the pent up consumer demand and resumption of travel by domestic and international visitors. The short-term changes in real estate values, which are premised on expectations of future rental rate growth and occupancies, were sharp in Q2-3 of 2020, and have recovered somewhat in several sectors. Retail and hospitality values were hardest hit; apartments, warehouse/distribution and data center assets maintained and increased in value, and office properties were mixed, depending on the creditworthiness of the tenancy.

These results are different from the Great Financial Crisis in several notable ways: First, we have not seen a large transaction volume, most likely as a result of lenders not forcing assets onto the market. A higher percentage of mortgages are held by non-regulated lenders than was the case in 2008-09. Forbearance and re-structuring in lieu of foreclosure and sale have been the norm. Consequently, the deluge of distressed assets expected last spring by opportunistic investors has not happened. Second, the sheer volume of capital waiting to invest, and the absence of compelling alternatives, has caused owners to avoid hasty sales. Third, rent collection rates have been sufficient in most investment grade properties to cover operations and debt service, especially if the lenders are amending, extending, and pretending.

Conclusion

The market environment continues to be challenging for all buyers. As is often the case, manager selection, including alignment, focus, and operating skills, is crucial in deploying illiquid, lumpy capital. SJCERA will be well served by ending non-strategic, non-productive relationships and identify other fiduciaries whose teams are better suited to invest the Fund's capital. Continued discipline, long-term investment horizon in this illiquid asset class, and focus on the role of the asset class should continue to serve the needs of SJCERA.

Please do not hesitate to contact us if you have questions or require additional information.

Sincerely,

Christy Fields
Managing Principal

David Glickman
Executive Vice President

CF/DG/LB/jls/ndb



Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 10.0

April 09, 2021

**SUBJECT: SACRS Board of Directors Elections 2021-2022
Nominating Committee's Recommended Ballot**

SUBMITTED FOR: ___ CONSENT X ACTION ___ INFORMATION

RECOMMENDATION

Staff recommends the Board review and discuss the SACRS' Nominating Committee's recommended ballot for the SACRS Board of Directors and give direction to its voting delegate.

PURPOSE

- (1) To determine which candidates SJCERA will support for the SACRS Board of Directors election.
- (2) To fulfill the requirement of SACRS systems to communicate the Nominating Committee's recommended ballot and final ballot to each trustee, and place the election of SACRS Officers on the Retirement Board's agenda.

DISCUSSION

The SACRS Nominating Committee Recommended Nominees/Candidates for the SACRS Board of Directors 2021-2022 Elections are:

President	Vivian Gray, Los Angeles CERA (incumbent)
Vice President	Kathryn Cavness, Mendocino CERA (incumbent)
Treasurer	Harry Hagen, Santa Barbara, CERS (incumbent)
Secretary	Thomas Garcia, Imperial CERS (incumbent)
Regular Member	David MacDonald, MD, Contra Costa CERA (incumbent)
Regular Member	Vere Williams, San Bernardino CERA (incumbent)

SACRS also received submissions from the following members for consideration:

Regular Member	John Kelly, Sacramento CERS
Regular Member	Chris Prevatt, Orange CERS

The delegate will vote at the SACRS Business Meeting to be held on Friday, May 14, 2021, at the online SACRS Spring Conference. The SACRS officers elected at that Business Meeting will hold office for one year and until a successor is elected.



 JOHANNA SHICK
 Chief Executive Officer



March 25, 2021

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 – Final Ballot

SACRS BOD 2021-2022 election process began January 2021. Please provide the final ballot and voting instructions 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 14, 2021	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 11-14, 2021
May 14, 2021	Board of Directors take office for 1 year (until Spring 2022 Elections)

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 on Friday, May 14, 2021 during the scheduled business meeting. Access to the business meeting is available on the conference platform, all voting delegates and alternate delegates must be registered for the conference to access link.

SACRS Nominating Committee Final Ballot:

- | | |
|--|----------------|
| • Vivian Gray, Los Angeles CERA | President |
| • Kathryn Cavness, Mendocino CERA | Vice President |
| • Harry Hagen, Santa Barbara, CERS | Treasurer |
| • Thomas Garcia, Imperial CERS | Secretary |
| • David MacDonald, MD, Contra Costa CERA | Regular Member |
| • Vere Williams, San Bernardino CERA | Regular Member |

Additional Candidates Submitted:

- | | |
|-------------------------------|----------------|
| • John Kelly, Sacramento CERS | Regular Member |
| • Chris Prevatt, Orange CERS | Regular Member |

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or (619) 531-5231.

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

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

Attached: Candidate submissions

Submissions for President



**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: Vivian H. Gray
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 300 N. Lake Ave., Ste. 820, Pasadena CA 91101 Email Address: viviangray@aol.com, vgray@lacera.com Phone: 213.440.0142
Name of Retirement System Candidate Currently Serves On	System Name: Los Angeles County Employees Retirement Assoc. (LACERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other <u>Vice-Chair</u>
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	2020 President, SACRS 2018 Chair, LACERA Board of Retirement 2017 Chair, SACRS Bylaws Committee 2019 Vice Chair, SACRS President Elected general member trustee since 2012 35 years of service to Los Angeles County 10 years in Law Enforcement 25 years as an attorney for Los Angeles County 6 years in private law practice Education/Pension Trustee Certificates - Bachelors of Arts: UCLA - JD: UWLA - New York Law School -Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) -Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP -Trustee Master's Program - NCPERS Public Pension Funding Forum - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow

VIVIAN H. GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 23, 2021

VIA EMAIL

SACRS Nominating Committee
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

I would like to express my desire to be considered for SACRS' President for 2021/2022.

For the past year, I have been humbly honored to serve as SACRS President. 2020 was a very difficult time for everyone. SACRS was no exception. During this time, my thoughts focused on two concepts: Relevance and Sustainability.

Within these two concepts, SACRS was able to remain 'relevant' to the pension community by moving forward in its approach to education and 'sustainable' by building on technological advances in order to continue to provide quality education through different mediums.

Most notably SACRS accomplishments for 2020 include, but are not limited to the following:

- Continued communications with 37 Act systems and administrators through SACRS' website and SACRS Magazine
- Relevant and up to the minute webinars on pensions and investments as impacted by the pandemic
- Presentation of SACRS Spring and Fall conferences in a virtual format without sacrificing quality speakers, presentations or interactions among trustees, affiliates and staff
- Presenting the SACRS Berkeley Education Program in a virtual format with on-demand replays of the classes presented
- Maintaining an active role in the legislative process as it affected county retirement systems

In spite of the pandemic, I am very proud of the work the SACRS Board has accomplished under my leadership. We have been and continue to be productive while remaining relevant and sustainable for the SACRS membership.

I would be honored to serve a second term as President of SACRS. I thank you in advance for your consideration of my candidacy for re-election.

Sincerely,

Vivian Gray

cc: Sulema Peterson, SACRS

Submissions for Vice President



**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: Kathryn Cavness
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 6500 Ridgewood Road, Willits, CA 95490 Email Address: k24u2figure@gmail.com Phone: Home (707) 459-2215; Cell (707) 354-8105; Work (707) 463-4194
Name of Retirement System Candidate Currently Serves On	System Name: Mendocino County Employee Retirement Association (MCERA)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc.)	<input type="checkbox"/> Chair <input type="checkbox"/> Alternate <input checked="" type="checkbox"/> General Elected <input type="checkbox"/> Retiree <input type="checkbox"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="checkbox"/> President <input checked="" type="checkbox"/> Vice President <input type="checkbox"/> Treasurer <input type="checkbox"/> Secretary <input type="checkbox"/> Regular Member
Brief Bio	<p>My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:</p> <ul style="list-style-type: none"> • Four years as Secretary for SACRS Board of Directors • Past Chair on the MCERA Board & Current MCERA Auditing Committee Member • County of Mendocino District Attorney’s Office Administrative Services Manager • Executive Education Investment Program, Hass School of Business, UC Berkeley • Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University • Advanced Principles of Pension Management for Trustees, UCLA • MBA/Accounting Emphasis

Kathryn Cavness
6500 Ridgewood Road
Willits, CA 95490

February 4, 2021

Dan McAllister, SACRS Nominating Committee Chair
SACRS Nominating Committee

Dear Dan and Nominating Committee Members,

Please accept my letter of intent to run as Vice President in the State Association of County Retirement Systems (SACRS) Board of Directors (BOD) officers' election for the 2021-22. I have had the honor of serving on the SACRS BOD as Secretary since May 2017, which has enhanced my understanding of the value of this organization for all parties involved. Additionally, I have served as Chair of the Mendocino County Employees Retirement Association (MCERA) for the last two years.

My interest in seeking the position of Vice President is to continue working with the highly effective SACRS Board in achieving common goals. My focus will be on adding value for Trustees by expanding growth and positive outcomes, increasing diversity, and providing educational opportunities through boosting attendance at the UC Berkeley Educational Program, and SACRS conferences. I will also continue working to expand participation and membership opportunities in SACRS Committees.

As a General Elected Trustee of the Mendocino County Employee Retirement Association, which is the smallest and most northern rural county system in California, I welcome the opportunity to continue representing the smaller systems as well as all SACRS members.

My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:

- SACRS Board of Directors Secretary for four years from FY 2017/2018 - FY 2020/2021
- Chair of the MCERA Board for two years through December 2020
- Trustee on the MCERA Auditing Committee
- Public Pension Investment Management Program/
 - Modern Investment Theory & Practice for Retirement Systems
 - UC Berkeley Hass School of Business
- Advanced Principles of Pension Management for Trustees
 - UCLA Anderson School of Management
- Principles of Pension Management for Trustees
 - Pepperdine University, Graziadio Business School
- County of Mendocino District Attorney's Office Administrative Services Manager
- Master's Degree in Business Administration with Emphasis on Finance & Accounting

Sincerely,



Kathryn Cavness,
SACRS BOD Secretary,
Mendocino CERA Trustee

Submissions for Treasurer



**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@sdcountry.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: Harry E. Hagen
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: P.O. Box 579 Santa Barbara, CA 93102 Email Address: hhagen@co.santa-barbara.ca.us Phone: 805-568-2490
Name of Retirement System Candidate Currently Serves On	System Name: SBCERS (Santa Barbara)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"><input type="radio"/> Chair<input type="radio"/> Alternate<input type="radio"/> General Elected<input type="radio"/> Retiree<input checked="" type="checkbox"/> Other: Ex-Officio Member, Vice-Chair
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"><input type="radio"/> President<input type="radio"/> Vice President<input checked="" type="checkbox"/> Treasurer<input type="radio"/> Secretary<input type="radio"/> Regular Member
Brief Bio	See Attachment

Harry E. Hagen
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my third four-year term.

I am responsible for overseeing and investing a \$2 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 29-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of CPFO from the Government Finance Officers Association, CPFA and ACPFIM from the Association of Public Treasurers, CGIP from the Government Investment Officers Association, and CFIP from the Fixed Income Academy.

February 22, 2021

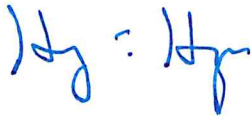
To Dan McAllister, SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 25-year employee of Santa Barbara County and the current Vice-Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over 10 years. I was also an alternate member to the board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.



Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us

Submissions for Secretary



**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: Thomas Garcia
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 107 South B Street, Imperial, CA 92251 Email Address: tgarcia@icso.org Phone: 442-265-2222
Name of Retirement System Candidate Currently Serves On	System Name: Imperial County Employees Retirement System (ICERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected (Safety) <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<p>ICERS Board Trustee, elected safety member (2015-Present) Vice Chair ICERS Board (Current) Chair ICERS Board (2016)</p> <p>25 Years Public Service in Law Enforcement with the Imperial County Sheriff's Office: Chief Deputy Sheriff Supervising Deputy Coroner</p> <p>Education & Training: Bachelor of Science, Public Administration (Northern Arizona University) Public Pension Investment Management Program, UC Berkeley Hass School of Business Principles of Pension Management, Pepperdine University FBI National Academy (Quantico, VA.) Sherman Block Supervisory Leadership Institute (Cal POST)</p>

Thomas Garcia
107 South B Street
Imperial, CA 92251

February 5th, 2021

SACRS Nominating Committee
SACRS Nominating Committee Chair
Vivian Gray, SACRS President

Nomination Committee,

Please accept this as my letter of intent to run as Secretary in the State Association of County Retirement System (SACRS) Board of Directors (BOD) officers' 2021-22 election. I have served as an elected Board Trustee to the Imperial County Employees Retirement System (ICERS) since 2015. As an ICERS trustee I have fulfilled the duties of Board Chair and current Vice Chair. In addition, as a member of SACRS I have had the honor and privilege to serve as committee member of both the SACRS Legislation and Nomination Committees (2017–present).

In seeking this position, I hope to further my service to SACRS and all members SACRS represents. My motivation will be concentrated on assisting the distinguished SACRS Board in maintaining the legacy of SACRS work and increasing participation of all SACRS members from systems small and large.

I believe my experience with ICERS and SACRS, in conjunction with 25 years of public service as a law enforcement officer, provide me a unique skillset beneficial to SACRS:

- ICERS Board Trustee (past Chair, current Vice Chair)
- Chief Deputy Sheriff, Imperial County Sheriff's Office
- Bachelor of Science in Public Administration (Northern Arizona University)
- Public Pension Investment Management Program/Modern Investment Theory & Practice for Retirement Systems (UC Berkeley Hass School of Business)
- Principles of Pension Management for Trustees (Pepperdine University, Graziadio Executive Center)
- FBI National Academy (Quantico, VA.)
- Sherman Block Supervisory Leadership Institute (Californian Commission on POST)

Sincerely,



Thomas Garcia, Board Trustee (Safety)
Imperial County Employees Retirement System

Submissions for General Member



**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: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 255 Ramsgate Way, Vallejo, CA 94591 Email Address: dmacdcccera@gmail.com Phone: 510-409-4458
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected X <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member X
Brief Bio	* SACRS Board of Directors, Member – 2020-2021 * Secretary, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 16 years serving on the PDOCC Executive Board (including several years as Vice President) prior to being elected President. * 30 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program - CALAPRS Trustee Education – Principles of Pension Governance

David J MacDonald, MD

255 Ramsgate Way
Vallejo, CA 94591
dmacdcccera@gmail.com
510-409-4458 (mobile)

January 26, 2021

SACRS Nominating Committee
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

I would like to express my interest in continuing on as a Regular Member of the SACRS' Board of Directors for the 2021/2022 year.

I was elected to the SACRS board in 2020. I am also an elected trustee of the CCCERA Retirement Board (since 2016) and currently serve as CCCERA Board Secretary. I appreciate the level of responsibility entrusted to me in looking after our members' retirement plans. I understand the incredible value of a defined benefit plan for my coworkers and our retirees.

I have a long history of dedicated service to my coworkers and union members and I carry this spirit into my role as an elected trustee. My work with SACRS has meant for further education and inspiration from the SACRS organization via its conferences and programs. SACRS has enhanced my abilities to serve as an effective CCCERA trustee.

I desire to continue my service on the SACRS board. Doing so allows me to further promote, protect and build upon pension programs under CERL for county public employees statewide.

Thank you for your time and consideration.

Sincerely and Respectfully,

David J MacDonald, MD

David J MacDonald, MD

Name of Candidate	Name: JOHN B. KELLY
Candidate Contact Information (Please include - Phone)	Mailing Address: 1724 GLENBROOK LANE; LINCOLN, CA 95648 Email Address: (916) 342-9279
Number, Email Address and Mailing Address)	Phone: INVESTORSCADDIE@GMAIL.COM
Name of Retirement System Candidate Currently Serves On	System Name: SCERS
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> • FISCAL/INVESTMENT ADVISOR • 22 YEARS SCERS TRUSTEE • MASTERS OF PUBLIC ADMINISTRATION • FORMER EXECUTIVE BOARD MEMBER

From: [John Kelly](#)
To: [Sulema Peterson](#)
Subject: Letter of Intent for SACRS Board Position
Date: Friday, January 15, 2021 11:07:42 AM

John B. Kelly, CFP, MPA serving on SCERS; Sacramento County Employee's Retirement System as an Appointed Trustee; Vice President.

Applying as regular member for SACRS.

My interest is to provide enhancements and history for educating and providing networking opportunities for system participants.

Bio:

- 24+years on SCERS Board; VP,
- 42+years as Independent Registered Investment Advisor,
- 12 years as Ca. State employee under the Reagan and Brown administrations,
- 3 years on the SACRS Board previously,
- 22 years First Tee of Greater Sacramento Board; President 2006-2009,
- 2016 induction into the Sacramento Region Golf Hall of Fame,
- produced three publications regarding investment management and retirement planning as 'The Investor's Caddie'.

Thank you for the opportunity and your consideration.

John B. Kelly, CFP, MPA
'Values Based Financial Advisor'
The Investors Caddie, Inc.
investorscaddie@gmail.com
916-342-9279



**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: Vere Williams
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: <u>8379 Icicle Drive, Pinon Hills, CA 92372</u> Email Address: <u>verevlw@aol.com</u> Phone: <u>760.486.6311</u>
Name of Retirement System Candidate Currently Serves On	System Name: <u>San Bernardino County Employees' Retirement Association</u>
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> <u>General Elected</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> <u>Regular Member</u>
Brief Bio	<p>I was elected to SBcera's Board in January 2015 and has served on the Administrative, Audit and Investment Committees. My community involvement includes serving on the governing Boards of the Teamsters Local 1932, California State Conference of the NAACP, Working Assembly of Governmental Employees (WAGE) and other organizations. I am a past president of the San Bernardino County Association of African-American Employees and currently serves as treasurer for the Hispanic Employees Alliance. I have earned an MBA in Information Management/Accounting and has completed certification on Retirement System Management courses at UCLA, Pepperdine and Wharton. I have been an enrolled Agent for over 20 years along with over 25 years working in the finance department at Arrowhead Regional Medical Center. I have been trained in conflict resolution and have completed various workshops and seminars on organization dynamics and interplay. I am currently a member of the SACRS Audit Committee.</p> <p>A guiding quote – “I always wondered why somebody didn't do something about that, then I realized I was somebody.” – Lily Tomlin</p>

March 1, 2021

VIA Email

Dan McAllister,
SACRS Immediate Past President/ Nominating Committee Chair
SACRS Nominating Committee

Dear Mr. Immediate Past President/Nominating Committee Chair McAllister,

Please accept this letter as my letter of intent to be a candidate for the position of Regular Member in SACRS Board of Directors Elections 2021-2022.

I am a Trustee with the San Bernardino County Employees' Retirement Association (SBcera). Seated on the SBcera's Board in January 2015, I attended my first SACRS conference that year. I found the sessions to be very informative and educational with the presenters being experts and/or thought leaders in their field. Since then, I have attended several conferences sponsored by other organizations that are single topic focused and I have also completed certification programs at Wharton, Pepperdine and UCLA. In comparison, SACRS conferences provide a comprehensive insight into the "nuts and bolts" of the functioning of the retirement systems with an emphasis on the current application of the topics. SACRS provides attendees an opportunity to understand different perspectives thereby encouraging clearer lines of communication and to hear about what works and what may be problematic. The networking and information sharing opportunities with colleagues at SACRS is immensely valuable.

SACRS recent expansion of the Board to include additional members was a very good strategic move that has helped to expand the experience pool and knowledge base. If elected as a Regular Member, I would work to ensure that SACRS remain the preeminent educational organization for the CERL 37 Act Systems by maintaining the high caliber of our conferences (both as formal seminars and networking opportunities.) Additionally, I would seek to encourage even greater participation from the trustees and staff of the 37 Act Systems. I strongly believe in getting involved as demonstrated by my volunteering to lead a CALAPRS Roundtable after attending only a few sessions. Over the years, I have served on the governing Boards of the Teamsters Local 1932, the Working Assembly of Governmental Employees and other organizations. Currently, I am a member of the SACRS Audit committee.

I would like very much to contribute, based on my education and experience, to SACRS - a superlative organization: *"Providing insight. Fostering oversight."*

I thank you in advance for your kind consideration and support. It would be a high honor for me to be elected to serve as a Regular Member on the SACRS Board for the 2021-2022 term.

Please find attached the completed SACRS nomination form.

Respectfully,

Vere Williams

Vere Williams, MBA

SBcera Board of Directors – General Elected Member

cc: Sulema Peterson, 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: Chris Prevatt
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: 1625 E. Appleton St. #3H, Long Beach, CA 90802 Email Address: Prevatt.c@gmail.com cprevatt@ocers.org Phone: 714-290-44428
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio	<p>Chris is an Elected General Member of OCERS. His full-time position is with the Orange County Health Care Agency since 1997. He also serves as Second Vice President of the Orange County Employees Association which represents approximately 18,000 public employees in Orange County, CA. Chris has served on the OCEA Board since 2006.</p> <p>In addition to his service with OCERS and OCEA, Chris has more than 20 years' experience serving on multiple non-profit boards of directors at the state and local level.</p> <p>Chris has participated in SACRS Conferences since 2013 and served/participated on the Bylaws and Legislative Committees.</p>

SACRS
Attn: Dan McAlister
Nominations Committee

February 22, 2021

Dear Dan,

I am writing to declare my intent to run for election as a Regular Member of the SACRS Board of Directors for the 2021-2022 term. I have included with this letter the required application form.

Regards,

A handwritten signature in black ink, appearing to read "Chris Prevatt". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chris Prevatt
Elected General Member Trustee
Orange County Employees Retirement System



Serving the Active and Retired Members of:

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &
FAMILIES COMMISSION

ORANGE COUNTY
DEPARTMENT OF EDUCATION
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES PUBLIC
AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC LAW
LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND
CAMPUS (CLOSED TO NEW
MEMBERS)

February 23, 2021

By email to Dan.McAllister@sdcounty.ca.gov and Regular Mail

Mr. Dan McAllister
SACRS Nominating Committee Chair
SACRS
1225 8th Street, Suite 550
Sacramento, CA 95814

Re: NOMINATION FOR SACRS BOARD OF DIRECTORS ELECTION 2021-2022

Dear Mr. McAllister:

As a regular member of SACRS, the Orange County Employees Retirement System (OCERS) is entitled, under the SACRS Bylaws, Article VIII, Section 2, to submit nominations for the election of directors for the SACRS Board of Directors.

On February 16, 2021, the OCERS Board of Retirement met and took action to nominate OCERS trustee, Christopher Prevatt, for one of the two Regular Member Director positions on the SACRS Board of Directors, and directed me to submit this nomination to the SACRS Nominating Committee.

Accordingly, please accept this letter as **OCERS' nomination of OCERS Trustee, Christopher Prevatt, for election to the position of Regular Member Director at the 2021-2022 SACRS Board of Directors Election to take place on May 14, 2021.**

Please do not hesitate to contact me at (714) 558-6222 if you have any questions or require additional information.

Thank you.

Best regards,

Steve Delaney
Chief Executive Officer

cc: Sulema H. Peterson, SACRS Administrator (by email to sulema@sacrs.org)

02-26-21

Dear Nomination Committee,

Chris Prevatt is running for the Regular Board Member on the SACRS Board. Chris has held many positions at OCERS including Chair and is a Board member at the Orange County Employees Association (OCEA). Working in these roles he has gained a wealth of knowledge and would be a good hard working board member for SACRS. Please accept this letter as my recommendation for Chris Prevatt as Regular Board Member.

Thank you,

Roger Hilton

SACRS and OCERS Board Member



Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 9.01

April 9, 2021

SUBJECT: Pending Member Accounts Receivable – 1st Quarter

SUBMITTED FOR: CONSENT ACTION 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 March 31, 2021.

DISCUSSION

This quarter's Pending Accounts Receivable Report, attached, includes both receivables due to errors, and those that have occurred as a result of implementing the July 30, 2020, California Supreme Court's *Alameda* decision.

The only new receivables are those as a result of the *Alameda* decision. SJCERA has not added any other new receivables since the last report on January 8, 2021.

To review, as a result of the *Alameda* decision, pay for services rendered "outside of normal working hours, whether paid in a lump sum or otherwise" cannot be included in calculating retirement benefits as of January 1, 2013, when the legislature enacted the Public Employees' Pension Reform Act of 2013 (PEPRA). Examples include Standby Pay and Correctional Briefing Pay. The attached report shows the receivables created as a result of recalculating retirees' benefits to exclude those pay types.

A handwritten signature in cursive script that reads "Kathy Herman".

KATHY HERMAN

Asst. Chief Executive Officer

Attachment – Accounts Receivable

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

1st Quarter January to March 2021									
	Employee or Mbr ID	Action Date	Total Receivable	Payments Began	Current Balance	Current Payment	Payment Description	Payment End Date	First Reported To Board
1	214605	07/15/09	11,475.48	05/01/11	\$9,077.93	\$163.00	Fixed Dollar Amount	10/01/24	Jul-11
2	215257	09/01/12	13,580.90	02/01/14	\$9,494.34	\$297.00	Fixed Dollar Amount	11/1/2022	Apr-14
3	202011	05/19/02	35,537.23	11/01/15	\$20,089.45	\$277.65	Fixed Dollar Amount	12/1/2017	Jan-16
4	226393	09/11/20	461.74	TBD	\$461.74	TBD	TBD	TBD	Jan-21
Alameda Decision Receivables									
5	211078	03/19/21	1369.48	06/01/21	1,369.48	225.28	Fixed Dollar Amount	12/01/21	Apr-21
6	213346	03/15/21	1009.95	06/01/21	1,009.95	168.32	Fixed Dollar Amount	12/01/21	Apr-21
7	212192	03/15/21	927.69	06/01/21	927.69	154.61	Fixed Dollar Amount	12/01/21	Apr-21
8	212270	03/04/21	831.23	05/03/21	831.23	138.54	Fixed Dollar Amount	11/01/21	Apr-21
9	216012	03/15/21	809.48	06/01/21	809.48	134.91	Fixed Dollar Amount	12/01/21	Apr-21
10	212129	03/16/21	585.22	06/01/21	585.22	97.54	Fixed Dollar Amount	12/01/21	Apr-21
11	212167	03/15/21	732.71	06/01/21	732.71	122.12	Fixed Dollar Amount	12/01/21	Apr-21
12	211722	03/04/21	689.56	05/03/21	689.56	689.56	Fixed Dollar Amount	05/03/21	Apr-21
13	215114	03/16/21	581.53	06/01/21	581.53	96.92	Fixed Dollar Amount	12/01/21	Apr-21
14	214692	03/15/21	568.78	06/01/21	568.78	94.80	Fixed Dollar Amount	12/01/21	Apr-21
15	215712	03/16/21	566.41	06/01/21	566.41	566.41	Fixed Dollar Amount	06/01/21	Apr-21
16	211550	03/15/21	544.05	06/01/21	544.05	90.68	Fixed Dollar Amount	12/01/21	Apr-21
17	212674	03/15/21	523.91	06/01/21	523.91	523.91	Fixed Dollar Amount	12/01/21	Apr-21
18	211624	03/10/21	441.36	06/01/21	441.36	441.36	Fixed Dollar Amount	12/01/21	Apr-21
19	211047	03/15/21	210.61	06/01/21	210.61	35.10	Fixed Dollar Amount	12/01/21	Apr-21
20	216355	03/15/21	176.46	06/01/21	176.46	29.41	Fixed Dollar Amount	12/01/21	Apr-21
21	212343	03/15/21	29.72	06/01/21	29.72	29.72	Fixed Dollar Amount	06/01/21	Apr-21
22	212333	03/15/21	163.25	06/01/21	163.25	27.21	Fixed Dollar Amount	12/01/21	Apr-21
23	214265	03/16/21	124.93	06/01/21	124.93	20.82	Fixed Dollar Amount	12/01/21	Apr-21
24	216316	03/04/21	48.90	05/03/21	48.90	48.90	Fixed Dollar Amount	05/03/21	Apr-21
25	214566	03/15/21	89.91	06/01/21	89.91	89.91	Fixed Dollar Amount	06/01/21	Apr-21
26	212884	03/15/21	67.35	06/01/21	67.35	67.35	Fixed Dollar Amount	06/01/21	Apr-21
27	212637	03/04/21	56.21	05/03/21	56.21	56.21	Fixed Dollar Amount	05/03/21	Apr-21
28	210726	03/15/21	20.86	06/01/21	20.86	20.86	Fixed Dollar Amount	06/01/21	Apr-21
29	210929	03/15/21	17.99	06/01/21	17.99	17.99	Fixed Dollar Amount	06/01/21	Apr-21
30	214881	03/12/21	17.50	05/03/21	17.50	17.50	Fixed Dollar Amount	05/03/21	Apr-21
31	213796	03/15/21	9.51	06/01/21	9.51	9.51	Fixed Dollar Amount	06/01/21	Apr-21
32	214027	03/12/21	10.85	05/03/21	10.85	10.85	Fixed Dollar Amount	05/03/21	Apr-21
33	215542	03/15/21	8.24	06/01/21	8.24	8.24	Fixed Dollar Amount	06/01/21	Apr-21
34	211867	03/15/21	7.84	06/01/21	7.84	7.84	Fixed Dollar Amount	06/01/21	Apr-21
35	210393	03/15/21	4.48	06/01/21	4.48	4.48	Fixed Dollar Amount	06/01/21	Apr-21
36	213860	03/01/21	11365.78	05/03/21	11,365.78	1,894.30	Fixed Dollar Amount	11/01/01	Apr-21
37	212160	03/11/21	11184.06	06/01/21	11,184.06	1,864.01	Fixed Dollar Amount	12/01/21	Apr-21
38	212984	03/01/21	8981.21	05/03/21	8,981.21	8,981.21	Fixed Dollar Amount	05/03/21	Apr-21
39	215563	03/10/21	8507.15	06/01/21	8,507.15	383.28	Fixed Dollar Amount	12/01/23	Apr-21
40	212818	03/09/21	7460.99	04/01/21	7,460.99	1,243.50	Fixed Dollar Amount	10/01/21	Apr-21
41	210634	03/12/21	6978.04	06/01/21	6,978.04	1,163.01	Fixed Dollar Amount	09/01/21	Apr-21
42	216119	03/12/21	4782.23	06/01/21	4,782.23	797.04	Fixed Dollar Amount	12/01/21	Apr-21
43	214416	03/12/21	3892.05	06/01/21	3,892.05	648.68	Fixed Dollar Amount	12/01/21	Apr-21
44	210758	03/12/21	3785.73	06/01/21	3,785.73	630.96	Fixed Dollar Amount	12/01/21	Apr-21
45	210059	03/01/21	2688.15	05/03/21	2,688.15	448.03	Fixed Dollar Amount	11/01/21	Apr-21
46	211357	03/12/21	2600.70	06/01/21	2,600.70	433.45	Fixed Dollar Amount	12/01/21	Apr-21
47	214610	03/12/21	2428.17	06/01/21	2,428.17	404.69	Fixed Dollar Amount	12/01/21	Apr-21
48	210883	03/01/21	2141.10	05/03/21	2,141.10	356.85	Fixed Dollar Amount	11/01/21	Apr-21
49	207311	03/12/21	1699.49	06/01/21	1,699.49	283.25	Fixed Dollar Amount	12/01/21	Apr-21
50	215591	03/12/21	1528.80	06/01/21	1,528.80	254.80	Fixed Dollar Amount	12/01/21	Apr-21
51	216514	03/01/21	1416.97	05/03/21	1,416.97	1,416.97	Fixed Dollar Amount	05/03/21	Apr-21
52	215370	03/12/21	1355.34	06/01/21	1,355.34	225.89	Fixed Dollar Amount	12/01/21	Apr-21
53	214668	03/12/21	1316.70	06/01/21	1,316.70	219.45	Fixed Dollar Amount	12/01/21	Apr-21
54	210714	03/03/21	1291.38	04/01/21	1,291.38	215.23	Fixed Dollar Amount	09/01/21	Apr-21
55	211769	03/01/21	1221.93	05/03/21	1,221.93	203.66	Fixed Dollar Amount	11/01/21	Apr-21
56	214202	03/12/21	1166.01	06/01/21	1,166.01	194.34	Fixed Dollar Amount	12/01/21	Apr-21
57	212554	03/12/21	971.21	06/01/21	971.21	161.87	Fixed Dollar Amount	12/01/21	Apr-21
58	214667	03/01/21	949.13	05/03/21	949.13	158.19	Fixed Dollar Amount	11/01/21	Apr-21
59	211487	03/12/21	867.58	06/01/21	867.58	144.60	Fixed Dollar Amount	12/01/21	Apr-21
60	211926	03/12/21	834.57	06/01/21	834.57	139.09	Fixed Dollar Amount	12/01/21	Apr-21
61	216229	03/12/21	832.55	06/01/21	832.55	138.76	Fixed Dollar Amount	12/01/21	Apr-21
62	215340	03/01/21	747.49	05/03/01	747.49	747.49	Fixed Dollar Amount	05/03/21	Apr-21
63	215834	03/01/21	624.07	05/03/21	624.07	104.01	Fixed Dollar Amount	11/01/21	Apr-21
64	211629	03/12/21	538.32	06/01/21	538.32	538.32	Fixed Dollar Amount	06/01/21	Apr-21
65	213456	03/12/21	378.50	06/01/21	378.50	63.08	Fixed Dollar Amount	12/01/21	Apr-21
66	211789	03/12/21	363.98	06/01/21	363.98	60.66	Fixed Dollar Amount	12/01/21	Apr-21
67	210678	03/12/21	347.59	06/01/21	347.59	57.93	Fixed Dollar Amount	12/01/21	Apr-21
68	215366	03/12/21	230.48	06/01/21	230.48	38.41	Fixed Dollar Amount	12/01/21	Apr-21
69	213432	03/01/21	205.38	05/03/21	205.38	205.38	Fixed Dollar Amount	05/03/21	Apr-21
70	213034	03/01/21	197.47	05/03/21	197.47	32.91	Fixed Dollar Amount	11/01/21	Apr-21
71	214766	03/12/21	180.95	06/01/21	180.95	30.16	Fixed Dollar Amount	12/01/21	Apr-21
72	213235	03/01/21	164.72	05/03/21	164.72	27.45	Fixed Dollar Amount	11/01/21	Apr-21
73	211232	03/01/21	143.15	05/03/21	143.15	23.86	Fixed Dollar Amount	11/01/21	Apr-21
74	210680	03/12/21	133.16	06/01/21	133.16	22.19	Fixed Dollar Amount	12/01/21	Apr-21
75	210243	02/09/21	107.29	04/01/21	107.29	107.29	Fixed Dollar Amount	04/01/21	Apr-21
76	215663	02/09/21	97.93	04/01/21	97.93	97.93	Fixed Dollar Amount	04/01/21	Apr-21
77	212482	03/10/21	90.50	05/03/21	90.50	90.50	Fixed Dollar Amount	05/03/21	Apr-21
78	212965	03/12/21	86.39	06/01/21	86.39	86.39	Fixed Dollar Amount	06/01/21	Apr-21
79	214297	03/01/21	83.81	05/03/21	83.81	83.81	Fixed Dollar Amount	05/03/21	Apr-21
80	212229	03/12/21	25.99	05/03/21	25.99	25.99	Fixed Dollar Amount	05/03/21	Apr-21
81	212588	03/01/21	16.03	05/03/21	16.03	16.03	Fixed Dollar Amount	05/03/21	Apr-21

Pending Disability Application Statistics 1st Quarter 2021

Break Down By Sex		Time Elapsed From Application Date		Break Down By Application Type			
Male	5	01-03 Months	3	Service Connected	6		
		04-06 Months	0				
		07-09 Months	4				
Female	3	10-12 Months	0	Non Service Connected	1		
		13-15 Months	0				
		16-18 Months	0				
Total	8	19-21 Months	0	Service & NonService Connected	1		
		22-24 Months	0				
		Over 24 Months	1				
		Total	8			Total	8

Breakdown by Department Group	Service	Non-Service	Service & Non-Service	Total	SJCERA Members	Ratio
Mental Health	0	0	1	1	364	.27%
PD	1	0	0	1	79	1.27%
Probation	1	0	0	1	264	.38%
Public Works	0	1	0	1	370	.27%
Sheriff	3	0	0	3	806	.37%
Waterloo	1	0	0	1	19	5.26%
	6	1	1	8	1902	.42%

Total SJCERA Active Members for All Departments as of 4/2/2021 **6333** **.13%**

Total Number of Department Groups: **6**

2021 Total Cases Resolved = 5

Goal #1 - 100% of applications that do not require a hearing will go to the Board within 9 months

Goal #2 - 80 % of applications requiring a hearing will go to the Board within 18 months

Goal #1 100% Completed within 9 months

Goal #2 33% Completed with Hearing within 18 months

Of the five cases that have been resolved in 2021, two of them did not require a hearing and were completed within nine months. The other three cases required hearings, and of those one was completed within the goal of 18 months. Delays and/or extensions caused by the applicants, SJCERA's change in policy, change in fund counsel and COVID concerns attributed to the extended processing time of these applications. Wherever SJCERA has control, these issues have been addressed.

2021 Quarter 1		1st Quarter - Year to Year Comparison					
		2017	2018	2019	2020	2021	
Pending as of 12/31/2020	10	Pending 1/1	42	30	37	19	10
New	3	New	5	10	7	1	3
Granted	3	Granted	5	9	3	3	3
Denied	2	Denied	2	0	2	0	2
Dismissed	0	Dismissed	4	1	2	2	0
Withdrawn	0	Withdrawn	1	2	3	0	0
Hearing Pending	2						
Pending as of 3/31/2021	8	Pending 3/31	35	28	34	15	8



2021 LEGISLATION

Last Updated: 03/24/2021

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
Legislation Impacting SJCERA:					
AB 361	Rivas	This bill would authorize local agencies to use teleconferencing to hold meetings, without complying to Brown Act requirements for purpose of declaring or ratifying a local emergency, during a declared state or local emergency and other specified circumstances. The abbreviated procedures still require providing notice, posting the agenda, and allowing the public to access the meeting and address the legislative body. The intent is to improve public access to local agency meetings during COVID-19 and future emergencies.	02/12/21	Assembly L. Gov Comm.	
AB 703	Rubio	Executive Order N-29-20 suspended the Brown Act requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met and the ability of the public to observe and provide comments. This bill would remove the requirements of the Act particular to teleconferencing and allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment. This bill would declare Legislature's intent, consistent with the Executive Order, to improve and enhance public access to meetings into the future, and considering the digital age, by allowing broader access through teleconferencing options.	02/25/21	Assembly L. Gov Comm	
AB 845	Rodriguez	This bill, until 1/1/2023, would create a presumption, applicable to the retirement systems that PEPRA regulates, that would be applied to disability retirements on the basis of a COVID-19-related illness. The presumption would apply to specified firefighter, public safety officer, and health care job classifications, or their functional equivalents, and to members in other job classes who test positive during a COVID-19 outbreak at their place of employment.	03/30/21	Assembly P.E. & R Comm. Read second time & amended	
SB 274	Wieckowski	This bill would require a local agency to email a copy of, or website link to, the agenda or a copy of the agenda packet if the person requests that the items be delivered by email. If it is technologically infeasible, the bill would require materials to be sent by mail.	3/25/21	Senate Appr. Comm.	

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
SB 634	L, PE & R Comm.	This bill would authorize county health officer's duly authorized representative to also advise retirement boards with advice on medical matters; correct an obsolete CERL cross-reference to a provision in the Education Code; repeal a CERL member's authority to complete a service credit by paying a lump sum; authorize the Board to contract with a private practice physician for medical advice necessary to carry out disability retirement related provisions of CERL. This bill would also make changes to PERS and STRS that would not impact SJCERA.	3/24/21	Senate Appr. Comm. Hearing on 4/5.	
Other Bills of Interest:					
AB 386	Cooper	This bill would exempt from disclosure under CPRA regarding an internally managed private loan made directly by the PERS fund.	03/22/21	Assembly PE & R Comm.	
AB 473	Chau	Technical, non-substantive changes to CPRA.	03/24/21	Assembly Read 2nd time. Ordered to Consent Calendar	
AB 761	Chen	This bill would allow the OCERS Board to appoint CEO, ACEO, CIO and provide that personnel appointed pursuant to these provisions would not be county employees, and instead be employees of the retirement system.	3/22/21	Assembly P.E. & R Comm.	OCERS
AB 821	Cooper	This bill was amended in its entirety and no longer relates to SJCERA business. It is now a bill related to sexually violent predators and placement outside of county of domicile. It will be removed from the Legislative Report next month.	3/18/21	Amended	
AB 885	Quirk	This bill would require State bodies that conduct meetings by teleconferencing to make the open session both audibly and visually observable, and to post the agenda at the designated primary physical meeting location where members of the public may physically attend the meeting and participate.	3/25/21	Assembly Re-referred to G.O. Comm.	
AB 1133	Chen	This bill would state the intent of the Legislature to enact legislation that would create a hybrid retirement benefit, consisting of a DB plan and DC plan.	2/19/21	Assembly From printer	
AB 1354	Grayson	Technical, non-substantive changes to PEPR.	02/22/21	Assembly 1st Reading	
AJR 9	Cooper	This bill would request the Congress of the U.S. to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.	03/11/21	Assembly P.E. & R Comm.	

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
SB 278	Leyva	This bill would establish new procedures under PERL for cases in which PERS determines that benefits of a member or annuitant are based on disallowed compensation that conflicts with PEPRA or other laws under PERL. For retirees, the bill would require adjustment of benefits and for actives it would require crediting of contributions paid on disallowed earnings against future required contributions.	03/23/21	Senate JUD. Comm.	
SB 294	Leyva	This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave for PERS and STRS.	03/23/21	Senate Ordered to Third reading	
Federal Legislation:					
HR 1319	Yarmuth	Called the "American Rescue Plan Act", HR 1319 was signed into law. Included in the \$1.9 trillion aid package is pandemic-related aid to state and local governments. The final legislation makes clear that funds have to be used for COVID costs and economic recovery and cannot be deposited into a public pension plan, or used for lowering taxes, or paying down legacy obligations.	03/11/21	Public Law No: 117-2	
2021 TENTATIVE State Legislative Calendar (Last Revised 12-21-2020)					
Feb 19	Last day for new bills to be introduced				
Mar 25	Spring Recess begins upon adjournment				
Jun 4	Last day for bills to be passed out of the house of origin				
Jun 15	Budget Bill must be passed by midnight				
Jul 16 - Aug 15	Summer Recess upon adjournment provided budget bill passed				
Sep 3	Last day to amend bills on the floor				
Sep 10	Last day for each house to pass bills; Final Study Recess begins upon adjournment				
Oct 10	Last day for Governor to sign or veto bills.				

2021 CONFERENCES AND EVENTS SCHEDULE 2021

EVENT DATES 2021		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
BEGIN	END						
Apr 20	Apr 20	Legislative Conference	NCPERS	Webinar	N/A	ncpers.org	N/A
May 4	May 4	Preparing for the Pandemic's Impact on Your Pension Plan - Year 2	NCPERS	Webinar	N/A	ncpers.org	N/A
May 4	May 7	2021 Annual Pension Bridge Virtual Conference	Pension Bridge	Virtual Conference	N/A	pensionbridge.com	10 hrs*
May 10	May 10	Trustees Round Table	CALAPRS	Webinar	\$50	calaprs.org	5 hrs*
May 11	May 14	SACRS Spring Conference	SACRS	Virtual Conference	\$120	sacrs.org	11 hrs*
May 24	May 26	2021 Visions, Insights & Perspectives	Institutional Real Estate Inc.	CANCELED	N/A	irei.com	10.75 hrs*
Jun	7, 9 & 11	Advanced Principles Trustees	CALAPRS	Virtual Conference	\$650	calaprs.org	6 hrs*
Jun 8	Jun 9	Trustee Educational Seminar	NCPERS	Virtual Conference	\$300	ncpers.org	8 hrs*
Jun 25	Jun 25	Administrators' Round Table	CALAPRS	Webinar	\$125	calaprs.org	5 hrs*
Jul 27	Jul 29	Private Equity Exclusive 2021	Pension Bridge	Virtual Conference	N/A	pensionbridge.com	10 hrs*
Sep 9	Sep 9	Investments Round Table	CALAPRS	Webinar	\$50	calaprs.org	6 hrs*
Nov 9	Nov 12	SACRS Fall Conference	SACRS	Hollywood, CA	\$120	sacrs.org	11 hrs*

* Estimates based on prior agendas

SACRS ANNUAL SPRING CONFERENCE



MAY 11-14, 2021

TUESDAY, MAY 11

1:00PM – 3:00PM **ETHICS TRAINING FOR TRUSTEES AND STAFF**

SPEAKERS: Ashley Dunning and Peter Mixon, Nossaman, LLP

3:00PM – 5:00PM **SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)**

SPEAKERS: John Kennedy and Allison Callaghan, Nossaman LLP

3:00PM – 5:00PM **DISABILITY/OPERATIONS**

5:30PM – 6:30PM **SACRS WELCOME RECEPTION**

WEDNESDAY, MAY 12

7:00AM – 8:00AM **SACRS VIRTUAL FUN RUN**

8:45AM – 9:00AM **GENERAL SESSION - WELCOME**

SPEAKER: Vivian Gray, SACRS President

9:00AM – 10:00AM **GENERAL SESSION - INVESTMENT**

SPEAKER: David Kelly, JP Morgan

10:00AM – 10:30AM **SACRS NETWORKING BREAK**

10:30AM – 11:30AM **GENERAL SESSION - A CIO PERSPECTIVE IN A TIME OF DISRUPTION**

SPEAKERS: Daryn Miller, Kern CERA; Steve Sexauer, San Diego CERA; and Steve Davis, Panelist, CIO, Sacramento CERS

MODERATOR: Ian Toner, CIO, Verus Investments

11:30AM – 12:30PM **GENERAL SESSION**

SPEAKER: David Rubenstein, The Carlyle Group

12:30PM – 1:45PM **SACRS NETWORKING LUNCH**

2:00PM – 4:30PM **BREAKOUT SESSIONS**

▣ **Ops/Benefits & Disability Breakout**

▣ **Affiliate Breakout**

MODERATOR: Scott Draper, Affiliate Committee Chair

▣ **Attorney Breakout**

▣ **Internal Auditors Breakout**

MODERATOR: Harsh Jadhav, Alameda CERA

▣ **Administrators Breakout**

▣ **Investment Breakout *Closed Session**

MODERATOR: Tim Price, Contra Costa CERA

▣ **Trustee Breakout**

SPEAKER: Von Hughes, PIMCO

▣ **Safety Breakout**

MODERATOR: Brian Williams, Sonoma CERA

4:30PM – 5:30PM **SACRS LEGISLATIVE COMMITTEE MEETING**

SPEAKERS: Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA

5:45PM – 6:45PM **SACRS ANNUAL WEDNESDAY NIGHT EVENT**

THURSDAY, MAY 13

7:00AM – 8:00AM **SACRS WELLNESS SESSION – VIRTUAL YOGA**

8:45AM – 9:00AM **GENERAL SESSION WELCOME, VOLUNTEER AWARDS**

SPEAKER: Vivian Gray, SACRS President

THURSDAY, MAY 13 (continued)

9:00AM – 10:00AM **GENERAL SESSION**

SPEAKER: Mohamed El-Erian, Allianz

MODERATOR: Sam Austin, NEPC

10:00AM – 10:30AM **SACRS NETWORKING BREAK**

10:30AM – 11:30AM **GENERAL SESSION**

SPEAKER: Seema Hingorani, Morgan Stanley

11:30AM – 12:30AM **GENERAL SESSION**

SPEAKER: Steve Westly, The Westly Group

12:30PM – 1:45PM **SACRS NETWORKING LUNCH**

2:00PM – 3:00PM **CONCURRENT SESSIONS**

▣ **Concurrent Session A**

Double Bottom Line: Investing in your Community-Education on How it can be Done in your Asset Allocation

SPEAKERS: Nancy Pfund, Founder and Managing Partner of DBL Partners; Brian Barney, CFA, Parametric Managing Director; and Andrew Brausa, Senior Vice President, Brookfield's Private Equity Group

▣ **Concurrent Session B**

Legal updates and a Discussion on the Alameda Decision

SPEAKER: Ashley Dunning, Mossman

▣ **Concurrent Session C**

3:00PM – 3:30PM **SACRS NETWORKING BREAK**

3:30PM – 4:30PM **CONCURRENT SESSIONS**

▣ **Concurrent Session A**

What Now for China's Public and Private Equity Markets?

SPEAKERS: Christian McCormick, Allianz Global Investors; and Xiang Fan, Goldman Sachs
MODERATOR: Molly Murphy, Orange CERS

▣ **Concurrent Session B**

Legislative Update 2021

SPEAKERS: Trent Smith, Mike Robson and Bridgett McGowan, SACRS Lobbyists

▣ **Concurrent Session C**

4:30PM – 5:30PM **SACRS EDUCATION COMMITTEE MEETING**

SPEAKER: JJ Popowich, SACRS Education Committee Chair

4:30PM – 5:30PM **SACRS NOMINATING COMMITTEE MEETING**

SPEAKER: Dan McAllister, SACRS Nominating Committee Chair

5:30PM – 6:30PM **SACRS RECEPTION**

FRIDAY, MAY 14

8:30AM – 8:45AM **GENERAL SESSION WELCOME**

SPEAKER: Vivian Gray, SACRS President

8:45AM – 9:45AM **GENERAL SESSION - COVID-19 UPDATE**

9:45AM – 10:00AM **SACRS NETWORKING BREAK**

10:00AM – ADJ **SACRS BUSINESS MEETING**

SPEAKERS: SACRS Board of Directors

Featuring select, abbreviated sessions from CALAPRS' popular educational program for experienced public pension fund trustees

ABOUT THE PROGRAM

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' **350** Trustees accountable for the stewardship of more than **\$450** Billion in retirement fund assets. **40** California public pension systems belong to CALAPRS. For many years, Trustees of our member retirement systems have participated in CALAPRS' unique training programs presented exclusively for California public retirement system board members.

The Advanced course is about building trustee skills and strengthening board governance. Pension trustees have many opportunities to learn about the disciplines required to run a pension system: institutional investing, actuarial science, benefits law, etc. But another highly important area of knowledge is the business of being a trustee and of contributing to a well-functioning board. The **CALAPRS Advanced Principles of Pension Governance** course exposes veteran trustees to the most effective pension management thinking to help them enhance their service to their retirement systems.

To continue CALAPRS' mission of providing education for trustees during these unprecedented times, we have arranged with our faculty of subject-matter experts to present abbreviated versions of several key educational topics from this program in an online format in June 2021.

It is our hope that those who attend the online program this year will be able to join us next year as well, to experience the full educational program and the full agenda of important topics and networking that are offered in-person at UCLA Luskin Center in Los Angeles, CA.

PARTICIPANTS | WHO IS RIGHT FOR THE PROGRAM?

The program is designed for an experienced group of trustees. Trustees should have already acquired a basic understanding of board governance practices, actuarial and investment principles, and fiduciary responsibility. The CALAPRS Principles of Pension Governance program held at Pepperdine University is an excellent primer, but is not a prerequisite to attend this program.

THE VIRTUAL PLATFORM | HOW TO PARTICIPATE

The program will be held using the Zoom Meeting platform and attendees will need to participate using their computer or mobile tablet in order to access the visual portion of the sessions. Audio may be accessed by dialing in by phone or through computer audio using the Zoom platform. Detailed access instructions will be sent to each participant one week prior to the program.

CALAPRS plans to make this course interactive and allow attendees the option to enable their audio and video and participate actively in the discussion. In addition, a chat box will be available for attendees to communicate with each other in writing, as well as a written Q&A feature to submit questions directly to the presenters.

CURRICULUM | YOUR COURSE OF STUDY

Course attendees will hear from and discuss issues with top-level presenters in the areas of board/staff roles, governance, investment principles, economic forecasting and actuarial science.

Monday, June 7, 2021

8:30-9:00am ***Welcome & Introductions*** – Mark Hovey, Course Facilitator

9:00am-11:00am ***Policy-Focused Boards*** – Tom Iannucci, Cortex Consulting

Policy-focused Boards will provide attendees with a unique board-level perspective on the public pension business. Using interactive discussions and case studies, attendees will learn and discuss:

- Fiduciary and organizational risks and how to mitigate them through board-level policy;
- Discuss obstacles to board effectiveness and strategies for overcoming them;
- Discuss optimal board and staff roles, accountabilities and delegation of authority;
- Effective strategic and business planning practices

Wednesday, June 9, 2021

8:30-10:00am ***Economics Update & Forecast*** – Dr. Jerry Nickelsburg, Professor, UCLA Anderson School of Management

As we have now entered the second year of the COVID19 pandemic, the need for good forecasts of the future of the national, state and local economies becomes more important. However, the uncertainty surrounding the post-COVID world makes such forecasting all the more difficult. Will people return to the city? What about offices? How soon will government revenues recover? Using “similar as economic inference” and lessons from the 2006-2008 housing debacle will help us understand how to tap into that uncertainty to develop better forecasts. The economic outlook for the US and California are an illustration of navigating heightened uncertainty in an organized way in order to make better decisions, and to have a road map to changing those decisions.

10:00-11:00am ***Good Governance and the Investment Team*** – Steve Sexauer, Chief Investment Officer, San Diego County Employees’ Retirement Association

Your actuary teaches the pension equation as $C + I = B + E$. What is the role of “I”? How is that role accomplished? This session will share the investment theory that underpins pension investments, and why we see consistent evidence that most public pension plan returns are below that of a simple 60% stock-40% bond fund. We’ll also review how to ensure the Investment team skills, size, and work assignments are aligned with the goals of “I.”

Friday, June 11, 2021

8:30-10:00am ***Advanced Actuarial Principles*** – Paul Angelo, Senior VP & Actuary, Segal & Todd Tauzer, VP & Actuary, Segal

- Focus on the two actuarial policy and decision areas for trustees: assumptions and funding policy
- Consider recent trends in public plan discount rates and why that topic is still controversial
- Review the three components of funding policy and then drill down on how to pay off the unfunded liability

10:00-11:00am ***Tying It All Together: Program Takeaways*** – Mark Hovey

REGISTRATION

Registration is open to any current trustee from a CALAPRS member retirement system. Registration is open online at www.calaprs.org and must be submitted by May 31, 2021.

Pricing to attend the full virtual program (all 3 days) is \$650 per trustee.

Register now at www.calaprs.org/events

Questions?

Contact register@calaprs.org or 415-764-4860 and a member of the CALAPRS staff will be happy to assist you.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL**

2021					
Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
May 11 - 14	SACRS Spring Conference	Virtual Conference	Keokham, Morrish, McCray, Shick	\$120	N/A
May 24 - 26	IREI Visions, Insights & Perspectives	CANCELED	Restuccia	N/A	N/A
Nov 9 - 12	SACRS Fall Conference	Hollywood, CA	Keokham	\$120	N/A

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 27	Meketa Fourth Quarter 2020 Market Review	Webinar	Nicholas, Praus	N/A	N/A	N/A
Feb 2 - 3	NCPERS FALL Conference	Webinar	Shick, Herman, Ba	\$900	\$900	N/A
Feb 11	CALAPRS Administrators' Roundtable	Webinar	Shick	\$50	\$50	N/A
Feb 19	CALAPRS Attorneys' Roundtable	Webinar	Morrish	\$50	\$50	N/A
Feb 23 - 25	2021 Pension Bridge ESG Summit Virtual Conference	Virtual Conference	Keokham	N/A	N/A	N/A
Mar 8 - 9	CALAPRS General Assembly	Webinar	Shick, Bassett, Nicholas	\$850	\$850	N/A



San Joaquin County Employees' Retirement Association

April 2, 2021

TO: Board of Retirement

FROM: Johanna Shick 
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

Strengthen Fund Stability

Prologis Most Favored Nation Side Letter Election. In consultation with Investment Counsel, Sean Byrne of Rimon Law, SJCERA staff compared the new provisions against our existing side letter and elected to add those terms that were more favorable to SJCERA.

Colony Realty III and IV. SJCERA received final distributions from Colony Realty III and Colony Realty IV on March 30. All investments have been realized in both funds. This brings the number of non-core real estate managers down from 14 to 12.

Leverage Technology to Improve Accuracy and Efficiency

Implement Year 1 of Five-Year Technology Plan. Greg Frank issued the RFP for a provider to write an RFP for a new pension administration system vendor on March 18 to five potential firms and posted the RFP on SJCERA's website. We received two Letters of Intent to Bid by the April 1 deadline. Proposals from bidders are due April 29.

Manage Risk

Conduct Cybersecurity Audit. SJCERA received three Letters of Intent Bid to by the March 26 deadline in response to our Cybersecurity Audit RFP. Proposals from bidders are due April 23 and the evaluation team aims to finish scoring proposals by May 7.

Conduct Actuarial Audit. Staff received five Letters of Intent to Bid in response to the Actuarial Audit RFP. Proposals from bidders are due April 9 and the evaluation team plans to finish scoring the proposals by April 23.

Implement Alameda Decision. Of the 135 retirees affected by the *Alameda* decision, 93% of retirees' benefits have been adjusted. Repayment of the overpaid benefits (or distribution of the overpaid contributions, if applicable) for this population is either in process or expected to be by June 1, 2021. The attached "*Alameda* Implementation Excluded Earn Code" documents provide the detailed adjustment and the net receivable (or net payable) data for the retirees affected by the Standby and Correctional Briefing Earn Code Exclusions.

Improve Operational Efficiency

Include Disability Application Processing Time Performance Standard Measurements in Quarterly Report Completed. The Disability Application Processing Time is included on the Quarterly Report in this month's Board meeting materials. Of the five cases resolved so far this year, 100 percent of those that did not require a hearing were completed within nine months.

Update Forms in the PAS to Align with Revised Processes in Enhanced System. Now that the pension administration system's refund module has been enhanced, SJCERA is able to issue refunds via direct deposit. Jordan Regevig updated the refund form to include a direct deposit election, which will help us continue to move toward our goal 100 of percent electronic deposits, diminishing the use of paper checks.

Deliver Excellent Service and Support to Stakeholders

Revise and Update Prioritized Member Communications and Web Content.

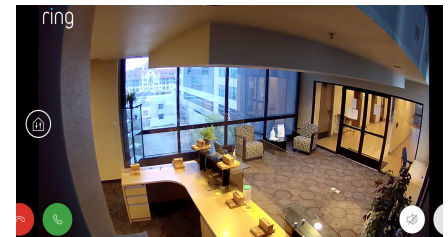
Communications Officer Freda King worked with Jordan Regevig to update the Employer page on SJCERA's web site. Additions include: (1) The creation of an Employer Forms page, (2) Updating the Employer Notices page with the COVID-19 Return to Work Rules, (3) Adding the Return to Work and Bona Fide Separation from Service policy to the Employer Policies page. An email was sent to all SJCERA employers and County department heads providing links to these updates.

Additionally, Freda has created an *Alameda* Decision Implementation Status document, which is now posted on the *Alameda* Decision Information page of our website. It provides readers with a high-level summary of the status of our implementation of the Court's decision. For example, 93% of all required retiree benefit adjustments have been implemented; 100% of required benefit adjustments will be implemented by June 1. Return of overpaid contributions to Active and Deferred members is expected to begin by late summer 2021.

Improve and Expand Methods of Member Engagement. To expand SJCERA's outreach efforts, Communications Officer Freda King, has begun sending "Certificate of Recognition" Awards and birthday cards signed by staff to Centurion retirees. The member we recognized this month is turning 102 years of age, and will have been retired 40 years in October.



Provide Excellent Customer Service. Lolo Garza installed a Ring camera in the Lobby so staff can see visitors in the lobby who may need assistance using the video phone. The Benefits team has the Ring application on their workstations with alerts when motion is detected in the lobby, which allows them to offer assistance as needed.



Deliver Operations Timely and Accurately. In preparation for the annual Actuarial Valuation, Information Systems Manager, Adnan Khan, is preparing the actuarial data files. This is the first time SJCERA has pulled the data files using the enhanced system. While the data pull is easier and faster, there are some anomalies that Adnan is working out with the vendor. Once resolved, the "fix" will be applied to the Actuarial data file process, and also the files used for the audit and Annual Member Statements.

Maintain a High-Performing Workforce

A leprechaun visited SJCERA and left treats for staff to enjoy, a pot of gold and GOOD LUCK for a prosperous 2021. Words of wisdom from the leprechaun, "As you ramble through life, whatever be your goal; keep your eye upon the doughnut, and not upon the hole."

Offer Enterprise Training on Topics Intended to Strengthen SJCERA's Succession Planning

At our quarterly meeting, the leadership team (Kathy Herman, Adnan Khan, Carmen Murillo, Greg Frank, Marta Gonzalez, Freda King, Kendra Fenner, and myself) identified a list of training topics in support of this goal. Next steps include locating appropriate, cost-effective providers.



Managing Emerging Organizational Needs

Assess Need to Issue RFPs for various vendors. Based on her survey of accounting managers of other California public retirement systems, Finance Officer Carmen Murillo has concluded SJCERA should most likely stay with Northern Trust as our custodian. In lieu of conducting an RFP, she plans to verify SJCERA is receiving competitive pricing and services, by obtaining copies of other systems' contracts or proposers' responses to their RFPs

Board Elections. Management Analyst III, Greg Frank is working with the Registrar of Voters to prepare for elections for the General (3rd seat) and Retired (8th and alternate 8th seats). Those interested in running may obtain and file a "Declaration of Candidacy" and a "Candidate Statement of Qualifications" with the Registrar of Voters from April 19 to May 7.

Conclusion

As we wrap up our first quarter of 2021, with respect to our goals (to paraphrase the wise leprechaun), we are keeping our eyes on the doughnut instead of the hole. I marvel at how hard our staff has worked under difficult and unprecedented circumstances. With this, our peak busy season, the staff continues to provide excellent customer service, meet deadlines, and stay focused, all while working toward one common goal: taking care of our members. I couldn't be prouder!

Alameda Implementation Excluded Earn Code - Correctional Briefing
Effective January 1, 2013

	Original Benefit	Monthly Adjustment	Overpayment period Covered	Overpayment (E) +	EE Contribution + Interest (F) =	Net Receivable (Payable) (G)
1	3574.24	(0.22)	9/1/2020 - 3/1/2021	1.54	(545.93)	(544.39)
2	2801.45	(0.54)	9/1/2020 - 3/1/2021	3.78	(24.90)	(21.12)
3	3398.45	(0.98)	9/1/2020 - 3/1/2021	6.86	(220.38)	(213.52)
4	2185.58	(1.00)	9/1/2020 - 3/1/2021	7.00	(2.52)	4.48
5	3422.85	(1.12)	9/1/2020 - 3/1/2021	7.84	0.00	7.84
6	3780.14	(1.14)	9/1/2020 - 3/1/2021	7.98	(162.06)	(154.08)
7	3941.28	(1.23)	9/1/2020 - 3/1/2021	8.61	(229.01)	(220.40)
8	2745.75	(1.36)	9/1/2020 - 3/1/2021	9.52	(1.28)	8.24
9	2519.54	(1.55)	9/1/2020 - 3/1/2021	10.85	(282.72)	(271.87)
10	3524.42	(1.55)	9/1/2020 - 3/1/2021	10.85	0.00	10.85
11	5414.26	(1.63)	9/1/2020 - 3/1/2021	11.41	(53.46)	(42.05)
12	3649.98	(2.21)	9/1/2020 - 3/1/2021	15.47	(5.96)	9.51
13	3499.17	(2.50)	9/1/2020 - 3/1/2021	17.50	0.00	17.50
14	4434.65	(2.57)	9/1/2020 - 3/1/2021	17.99	0.00	17.99
15	9831.45	(2.98)	9/1/2020 - 3/1/2021	20.86	0.00	20.86
16	4134.82	(5.37)	9/1/2020 - 3/1/2021	37.59	(664.75)	(627.16)
17	2367.8	(8.03)	9/1/2020 - 3/1/2021	56.21	0.00	56.21
18	2080.38	(8.30)	9/1/2020 - 3/1/2021	58.10	(349.85)	(291.75)
19	10114.81	(9.83)	9/1/2020 - 3/1/2021	68.81	(1.46)	67.35
20	8123.38	(24.13)	9/1/2020 - 3/1/2021	168.91	(79.00)	89.91
21	1689.89	(27.94)	9/1/2020 - 3/1/2021	195.58	(146.68)	48.90
22	7554.43	(31.12)	9/1/2020 - 3/1/2021	217.84	(92.91)	124.93
23	9060.89	(32.50)	9/1/2020 - 3/1/2021	227.50	(64.25)	163.25
24	5671.25	(33.12)	9/1/2020 - 3/1/2021	231.84	(202.12)	29.72
25	10060.38	(33.92)	9/1/2020 - 3/1/2021	237.44	(60.98)	176.46
26	7668.4	(43.59)	9/1/2020 - 3/1/2021	305.13	(94.52)	210.61
27	4096.4	(63.81)	9/1/2020 - 3/1/2021	446.67	(551.44)	(104.77)
28	6063.38	(65.81)	9/1/2020 - 3/1/2021	460.67	(19.31)	441.36
29	8683.31	(91.99)	9/1/2020 - 3/1/2021	643.93	(120.02)	523.91
30	6308.6	(93.86)	9/1/2020 - 3/1/2021	657.02	(112.97)	544.05
31	9038.54	(99.79)	9/1/2020 - 3/1/2021	698.53	(132.12)	566.41
32	7398.43	(102.26)	9/1/2020 - 3/1/2021	715.82	(147.04)	568.78
33	8897.07	(106.50)	9/1/2020 - 3/1/2021	745.50	(163.97)	581.53
34	9213.64	(117.52)	9/1/2020 - 3/1/2021	822.64	(133.08)	689.56
35	8301.8	(125.50)	9/1/2020 - 3/1/2021	878.50	(145.79)	732.71
36	8798.81	(133.36)	9/1/2020 - 3/1/2021	933.52	(348.30)	585.22
37	7300.56	(143.41)	9/1/2020 - 3/1/2021	1003.87	(194.39)	809.48
38	10164.77	(147.83)	9/1/2020 - 3/1/2021	1034.81	(203.58)	831.23
39	9412.95	(152.61)	9/1/2020 - 3/1/2021	1068.27	(140.58)	927.69
40	10249.48	(163.31)	9/1/2020 - 3/1/2021	1143.17	(133.22)	1009.95
41	8037.54	(235.87)	9/1/2020 - 3/1/2021	1651.09	(2524.39)	(873.30)
42	9402.43	(245.12)	9/1/2020 - 3/1/2021	1715.84	(346.36)	1369.48
43	TBD					
45	TBD					
46	TBD					
47	TBD					
48	TBD					
49	TBD					
50	TBD					
51	TBD					
52	TBD					
		\$ (2,368.98)		\$ 16,582.86	\$ (8,701.30)	\$ 7,881.56

Alameda Implementation Excluded Earn Code - Standby Pay
Effective January 1, 2013

	Original Benefit	Monthly Adjustment	Period of Over Payment	Benefit Overpayment (E) +	Employee Contribution + Interest (F)	Net Receivable (Payable) = (G)
1	9643.95	0.00	N/A	0.00	(6273.46)	(6273.46)
2	1121.12	(1.71)	9/1/20-2/1/21	11.97	(214.59)	(202.62)
3	5509.04	(6.73)	9/1/20-2/1/21	47.11	(118.76)	(71.65)
4	6999.25	(10.92)	9/1/20-2/1/21	76.44	(280.21)	(203.77)
5	2061.96	(11.41)	9/1/20-2/1/21	68.46	(182.83)	(114.37)
6	516.21	(20.45)	9/1/20-2/1/21	143.15	0.00	143.15
7	1419.1	(22.42)	9/1/20-2/1/21	112.10	(131.85)	(19.75)
8	3355.25	(23.95)	9/1/20-1/1/21	143.70	0.00	143.70
9	2893.73	(25.85)	9/1/20-2/1/21	180.95	0.00	180.95
10	4326.14	(28.21)	9/1/20-2/1/21	197.47	0.00	197.47
11	6593.21	(29.34)	9/1/20-2/1/21	205.38	0.00	205.38
12	324.76	(33.97)	9/1/20-2/1/21	237.79	(299.09)	(61.30)
13	4455.14	(35.64)	9/1/20-2/1/21	249.48	(165.67)	83.81
14	1889.33	(37.07)	9/1/20-2/1/21	222.42	(521.17)	(298.75)
15	2781.96	(43.87)	9/1/20-2/1/21	219.35	(128.85)	90.50
16	10938.65	(45.72)	9/1/20-2/1/21	274.32	(1333.48)	(1059.16)
17	5279.49	(53.12)	9/1/20-2/1/21	318.72	(232.33)	86.39
18	3812.03	(53.87)	9/1/20-2/1/21	323.22	(297.23)	25.99
19	2414.62	(54.40)	9/1/20-2/1/21	326.40	(1381.97)	(1055.57)
20	968.86	(54.93)	9/1/20-2/1/21	329.58	(371.21)	(41.63)
21	3892.39	(56.77)	9/1/20-2/1/21	340.62	(874.41)	(533.79)
22	11545.05	(59.02)	9/1/20-2/1/21	354.12	(123.64)	230.48
23	2492.62	(67.02)	9/1/20-2/1/21	469.14	(1183.42)	(714.28)
24	1000.89	(82.60)	9/1/20-2/1/21	578.20	(1750.52)	(1172.32)
25	4798.43	(86.06)	9/1/20-2/1/21	516.36	(168.77)	347.59
26	1283.73	(89.09)	9/1/20-2/1/21	623.63	(607.60)	16.03
27	2078.87	(89.72)	9/1/20-2/1/21	538.32	0.00	538.32
28	4542.04	(104.72)	9/1/20-2/1/21	733.04	(369.06)	363.98
29	3229.4	(107.22)	9/1/20-2/1/21	750.54	(126.47)	624.07
30	4862.49	(113.48)	9/1/20-2/1/21	794.36	(415.86)	378.50
31	7828.34	(123.94)	9/1/20-2/1/21	867.58	0.00	867.58
32	2436.8	(129.86)	9/1/20-2/1/21	779.16	(681.23)	97.93
33	817.19	(135.59)	9/1/20-2/1/21	949.13	0.00	949.13
34	5635.05	(167.77)	9/1/20-2/1/21	1006.62	(174.07)	832.55
35	3668.7	(170.66)	9/1/20-1/1/21	1194.62	(28.61)	1166.01
36	3561.39	(182.90)	9/1/20-2/1/21	1097.40	(1990.58)	(893.18)
37	2438.98	(185.20)	9/1/20-1/1/21	1296.40	(1131.68)	164.72
38	2183.44	(215.23)	9/1/20-2/1/21	1291.38	0.00	1291.38
39	2609.66	(219.45)	9/1/20-2/1/21	1316.70	0.00	1316.70
40	2636.1	(219.93)	9/1/20-2/1/21	1539.51	(1546.67)	(7.16)
41	1826.85	(225.89)	9/1/20-2/1/21	1355.34	0.00	1355.34
42	10681.25	(230.48)	9/1/20-2/1/21	1613.36	(196.39)	1416.97
43	9644.66	(253.01)	9/1/20-2/1/21	1771.07	(1023.58)	747.49
44	3083.75	(275.70)	9/1/20-2/1/21	1929.90	(2885.91)	(956.01)
45	1865.3	(292.38)	9/1/20-2/1/21	2046.66	(4904.07)	(2857.41)
46	3524.6	(362.20)	9/1/20-2/1/21	2173.20	(4208.76)	(2035.56)
47	3813.91	(370.87)	9/1/20-2/1/21	2596.09	(1374.16)	1221.93
48	7493.68	(390.83)	9/1/20-2/1/21	2735.81	(594.71)	2141.10
49	2573.24	(418.90)	9/1/20-2/1/21	2932.30	(1961.09)	971.21
50	4579.57	(433.45)	9/1/20-2/1/21	2600.70	0.00	2600.70
51	2495.9	(535.26)	9/1/20-2/1/21	3211.56	(15384.50)	(12172.94)
52	2551.88	(536.11)	9/1/20-2/1/21	3216.66	(11096.17)	(7879.51)
53	5420.46	(540.98)	9/1/20-2/1/21	3786.86	(1098.71)	2688.15
54	6417.2	(591.54)	9/1/20-2/1/21	3549.24	(2714.67)	834.57
55	8112.25	(652.02)	9/1/20-2/1/21	3912.12	(3778.96)	133.16
56	3908.67	(663.58)	9/1/20-2/1/21	4645.06	(5865.30)	(1220.24)
57	6498.43	(683.06)	9/1/20-2/1/21	4098.36	(312.63)	3785.73
58	5608.98	(793.75)	9/1/20-2/1/21	4762.50	(2521.10)	2241.40
59	4772.33	(804.33)	9/1/20-2/1/21	4825.98	(933.93)	3892.05
60	2700.7	(838.81)	9/1/20-2/1/21	5032.86	(3333.37)	1699.49
61	7213.27	(875.02)	9/1/20-2/1/21	5250.12	(2821.95)	2428.17
62	6105.8	(1124.41)	9/1/20-2/1/21	5622.05	(4093.25)	1528.80
63	3606.04	(1251.14)	9/1/20-2/1/21	7506.84	(528.80)	6978.04
64	3965.5	(1549.88)	9/1/20-1/1/21	10849.16	(1867.95)	8981.21
65	14109.91	(1751.00)	9/1/20-3/1/21	10506.00	(3045.01)	7460.99
66	10323.38	(1985.95)	9/1/20-2/1/21	13901.65	(2535.87)	11365.78
67	12545.44	(2157.86)	9/1/20-2/1/21	12947.16	(12839.87)	107.29
68	16041.96	(2340.32)	9/1/20-2/1/21	11701.60	(3194.45)	8507.15
69	7603.61	(2734.08)	9/1/20-2/1/21	19138.56	(7954.50)	11184.06
75	11517.62	(2815.34)	9/1/20-2/1/21	16892.04	(12109.81)	4782.23
		<u>(\$31,677.96)</u>		<u>\$ 197,835.65</u>	<u>(\$138,284.76)</u>	<u>\$59,550.89</u>

MONITOR

The Latest in Legislative News

March 2021

In This Issue

2 The Second Reconciliation Bill and Beyond



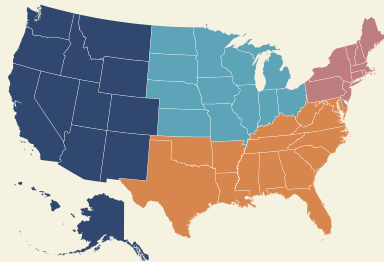
Congress appears to be on a glide path toward approving President Biden’s \$1.9 billion, Covid-19 relief package and presenting it to him for signature by mid-March.

3 Executive Directors Corner



Education, it is said, is like rowing upstream. If you don’t advance, you drop back. We work in a field where rapid currents and shifts in direction were part of our daily lives even before a global pandemic made crisis the norm.

4 Around the Regions



This month, we will highlight Virginia, Illinois, Arkansas and California.

As Biden Administration Settles In, Priorities Emerge Slowly



The sweeping aspirations of a new administration are apparent early; the details, however, take time. And the outgoing administration’s delay in permitting a presidential transition means that it could take longer than usual for the Biden Administration’s priorities to emerge in sharp focus.

We’ve known for many months that the Biden Administration would pursue policies that foster a dignified retirement for older Americans, strengthen Social Security, and equalize savings incentives that currently favor higher-income households. Those are the headlines, if you will—the words “writ large” that tell us the direction the administration wants to go.

The details are more elusive. One signal came from the Biden Administration on February 5, when the Department of Labor withdrew its support of the plaintiffs in the CalSavers lawsuit currently pending before the U.S. Court of Appeals for the 9th Circuit. The Biden Administration said it would not participate as a friend of the court in the effort to invalidate the CalSavers program on grounds that it violates ERISA. The withdrawal of opposition at the highest levels of government is a win for NCPERS members, who have championed the idea of auto-IRAs since NCPERS outlined the Secure Choice model in an influential 2011 report.

In another small sign of progress, a key Presidential appointment is advancing. The Senate Committee on Health, Education, Labor, and Pensions vote February 11 to approve President

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The Second Reconciliation Bill and Beyond

By Tony Roda

Congress appears to be on a glide path toward approving President Biden's \$1.9 billion, Covid-19 relief package and presenting it to him for signature by mid-March. This first major piece of legislation has been a galvanizing force for Congressional Democrats. While consideration by the Senate is still ahead, in my view, Democrats have too much at stake to fall into squabbles. The success of the Biden Administration, the Democratic-controlled Congress, and most importantly the nation, are at stake.



The bill is being considered under the rules of budget reconciliation, which allows expedited consideration in the Senate and requires only a simple majority vote for passage. Given the slim majorities the Democrats hold in each chamber, party discipline is paramount.

Once this bill is enacted, the Biden Administration and the Democratic Congress are expected to pivot quickly to a second reconciliation bill, which will be less Covid-19 relief and more economic stimulus and job growth. This bill, unlike the Covid-19 relief package, will present many cross pressures for Democrats.

A threshold issue will be whether to offset the spending in the bill. Will it be completely offset, a portion of it, or none of it? And, if revenue raisers are needed, what will they be? President Trump's 2017 tax cut legislation is the logical place to start. Rolling back tax cuts on corporations could be the very first item in play, but there will be others, such as the tax rates on capital gains and dividends.

Progressives in the Democratic Party will want to undo broad sections of the 2017 bill, which they view as a give-away to corporations and wealthy individuals. At the same time, more moderate Democrats, centrists, and Blue Dogs from swing districts will want to show that they are being fiscally prudent. These two interests combine to create the likelihood that some, or all, of the second reconciliation package will be offset with revenue raisers.

A new annual cap of \$10,000 on deductions for state and local taxes and a reduced cap of \$750,000 (loan amount) on mortgage interest deductions were also imposed by the 2017 bill. These provisions have been criticized as attacks on high-tax, Blue States. I expect

that they will be revisited, but any changes to them will be scored as losing revenue and may be difficult to achieve in the second Reconciliation Bill.

For purposes of the public pension community, we will watch closely for any attempts to impose the Unrelated Business Income Tax (UBIT), mandate after-tax, Roth-only contributions to defined contribution plans, such as 457(b) and 403(b) plans, or create a new Financial Transactions Tax.

A central focus of the second reconciliation bill is expected to be infrastructure. In the past, House Budget Committee Chairman John Yarmuth (D-KY) has floated legislation that would create a National Infrastructure Development Bank, which would be financed through the sale of \$75 billion worth of Rebuild America Bonds on the credit of the U.S. Treasury. Importantly for the public pension plan community, the bonds may be purchased only by pension plans – both plans governed by ERISA and governmental plans as defined by ERISA, which includes state and local governmental pension plans. The bonds will bear an interest rate of 200 basis points above the 30-year Treasury bond.

Also, some proponents of greater participation by public plans in infrastructure investing argue that it would be a benefit to plans to have full or partial ownership of the actual infrastructure asset and the revenue stream produced by that asset. They have identified a barrier in federal tax law to such acquisitions, namely whether public pension plans would meet the criteria for an instrumentality of one or more states or political subdivisions. Legislation may be considered on this technical tax matter.

[CONTINUED ON PAGE 7](#)



Pushing Ahead with a Dynamic Education Agenda in 2021



Photo Illustration © 2021, iadaweb.com

Education, it is said, is like rowing upstream. If you don't advance, you drop back. We work in a field where rapid currents and shifts in direction were part of our daily lives even before a global pandemic made crisis the norm. Our recognition that public pensions constantly have to deal with the winds of change is why education has always been a cornerstone of the services NCPERS provides to its members.

Virtual programming has, of course, become essential. We are all learning as we go about what works and what doesn't, and we at NCPERS are tailoring our programs to meet member needs.

We've just concluded our first virtual [FALL Conference](#)—the Financial, Actuarial, Legislative and Legal Conference. This program brought multiple streams of knowledge together in a single, efficient format. We thank everyone who participated. And please remember: You can still register and receive access to all FALL presentations until Friday, March 12. With [FALL on Demand](#), you

get full access to all 20 educational sessions, which you can view at your leisure from anywhere in the country.

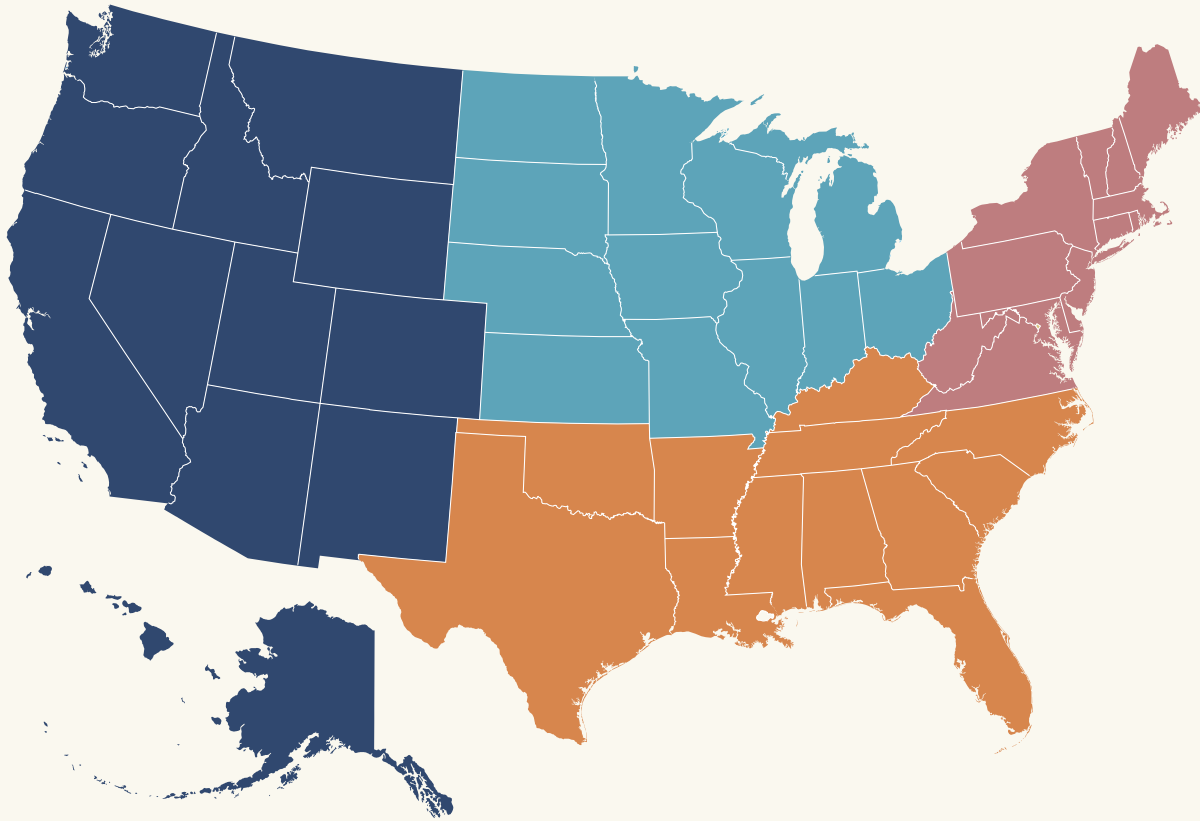
Much more is coming. In March, the NCPERS Accredited Fiduciary Program, or [NAF](#), resumes in a virtual format. The NAF program is designed to equip trustees and staff of public pension plans with the key competencies they need to fulfill their fiduciary responsibilities.

NAF Module 1 (Governance and the Board's Role) and Module 2 (Investment and Finance) will be presented March 2-5, requiring a three-hour time commitment over four days. Module 3 (Legal, Risk Management and Communication) and Module 4 (Human Capital) will be present March 9-12, with the same time commitment. Participants who complete all four modules are eligible to take the NAF test, which culminates in the Accredited Fiduciary designation for successful participants. If they pass, they join the 149 students who have already earned their Accredited Fiduciary credentials.

Education, it is said, is like rowing upstream. If you don't advance, you drop back.

[CONTINUED ON PAGE 7](#)

This month, we will highlight Virginia, Illinois, Arkansas and California.



NORTHEAST: Virginia

The VirginiaSaves auto-IRA program was progressing through the state legislature as of late February. The House of Delegates on January 26 passed a bill to create the program. On February 5 the Senate Finance and Appropriations Committee approved it on a 16-0 vote, clearing its way for consideration by the full Senate and eventual enactment.

The sponsor of the bill, HB 2174, is House Appropriations Committee Chairman Luke Torian, a Democrat. He noted in a press release that 45 percent of Virginia's workforce lacks access to a workplace retirement savings plan. Payroll savings program have proved successful in helping workers to save.

The legislation stipulates that the VirginiaSaves program would

be sponsored and administered by the governing board of the Virginia College Savings Plan, also known as Virginia529, which would establish a program advisory committee to provide specialized expertise. The program would require participation by employers that do not already offer a retirement benefit and that have five or more workers. It would begin enrolling eligible employees no later than July 1, 2023, and would establish a maximum penalty for non-compliance of \$200 per eligible employee per year.

"Virginia529 can do for retirement planning what it did for college savings," Torian said. "VirginiaSaves could be a crucial wealth building mechanism so that a single unexpected expense does not force Virginians to borrow or cut essentials from a fixed budget."

Torian said HB 2174 has been supported by Governor Northam, AARP Virginia, Small Business Majority, and The Pew Charitable Trusts.

[CONTINUED ON PAGE 8](#)

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Biden's nomination of Boston Mayor Marty Walsh to be Secretary of Labor. The vote was 18-4, with seven of the committee's 11 Republicans joining all the Democrats in support of the nomination. At press time, the nomination was awaiting a vote by the full Senate.

Now, as the Biden Administration settles into the job of governing, there are some things to watch for.

For example, will President Biden's plan for 401(k) plans move forward? During the campaign, candidate Biden issued a proposal outlining how he would replace the tax deduction for contributing to a 401(k) plan with a tax credit. This would address an inequity: Currently, putting money aside in a 401(k) plan favors high earners because their tax break is proportionately larger than the break for low and middle earners. Changing the tax break from a deduction to a credit would give bigger benefit to low and middle earners. One thing is clear: Changes are more feasible now that Democrats command a majority, albeit a thin one, in the Senate.

A key question on this matter is how the Biden Administration will navigate the inevitable chorus of complaints from the mutual fund and investment management lobbies about the impact of any revisions that disadvantage wealthy customers, who are their bread-and-butter clients.

Details about priorities may continue to trickle out, but it is likely that

there will be more information when President Biden submits his Fiscal Year 2022 budget request to Congress, probably sometime in May.

We are saying probably because exactly when the budget will emerge is far from clear. For one thing, the \$1.9 trillion COVID-19 relief bill was consuming most of the oxygen on Capitol Hill at press time in late February.

Also, Presidential press Secretary Jen Psaki has refused to put a timeline on the federal budget process. The U.S. Office of Management and Budget has emphasized that the delay in the transition is to blame.

"In a dramatic departure from past presidential transitions, the previous administration's political appointees at OMB placed severe limits on the type of assistance career professionals could provide the Biden transition team, including blocking analytical work that is necessary to developing a budget," OMB spokesman Rob Friedlander told CQ Roll Call.

Additionally, opposition to the President's nominee to head the U.S. Office of Management and Budget, Neera Tanden, had intensified at press time. A delayed nomination or the need to withdraw the nomination could exert a further drag on the budget process.

According to the Congressional Research Service, Clinton and Bush didn't submit full, detailed budget volumes to Congress in their first years in office until early April. Obama didn't submit his until May 7; Trump waited until May 23. ♦



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The Voice for Public Pensions

SECOND RECONCILIATION BILL CONTINUED FROM PAGE 2

Later in the year, the attention of the tax-writing committees is expected to turn to the SECURE Act 2.0, which will be legislation largely aimed at enhancing the savings option under defined contribution plans, including 457(b) and 403(b) plans. Efforts are already underway to include improvements to Section 402(l) of the federal tax code, known as HELPS, which allows retired public safety officers to exclude from gross income up to \$3,000 per year from governmental retirement plan distributions, provided the monies are paid directly from the retirement plan to a health care or long-term care provider. The proposed changes would increase the annual exclusion amount to \$6,000 (H.R. 4897, 116th), index the new exclusion amount for inflation in subsequent years, and repeal the direct payment requirement (H.R. 6436, 116th).

In addition, Congress has been looking at further increases in the age trigger for Required Minimum Distributions (RMDs). Federal tax law was changed through enactment of the SECURE Act at the end of 2019 to increase the age trigger for Required Minimum Distributions (RMDs) to 72 from the previous age of 70 ½. The RMD rules apply to Internal Revenue Code Section 401(a) plans, 401(k) plans, 457(b) plans, 403(b) plans, and IRAs. RMDs do not apply to Roth accounts.

At the end of the 116th Congress, legislation was pending to increase the age trigger yet again and these proposals are likely to

be considered during action on the SECURE Act 2.0. The House bill would have increased the age to 75 beginning in year 2021; the Senate bill would have moved the trigger to age 75 as well but not until 2029. In addition, the House legislation included an exception from the RMD rules for holders of small accounts, which was defined as aggregate defined contribution account holdings of less than \$100,000.

Please be assured that NCPERS will closely monitor the issues discussed in this article as well as new issues as they arise. We will keep our members informed of significant developments. ♦

[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

Our [Legislative Conference](#) is always a highlight of the year. This year, we will present it as a free webcast. We will come to you on April 20 from the National Press Club. Over the course of a three-hour program, we will present an array of speakers from Capitol Hill and the executive branch. We will also feature policy analysts and experts, including our esteemed outside counsel, Anthony J. Roda of Williams & Jensen, who specialize in deciphering and demystifying what is happening in Washington so that we can plan and pursue necessary policy action. Scheduled speakers will be announced closer to the date.

June 8-9 will bring our popular Trustee Education Seminar and Program for Advanced Trustee Studies. [TEDS](#) and [PATS](#) will be virtual offerings in 2021. We have opted to skip the Chief Officers Summit in 2021 as much of the content was moved in the FALL program.

As we look ahead to the second half of 2021, we are hopeful that we will be able to return to at least some in-person programming. It's a delicate balance, however; we need to be good stewards of our financial resources, and the costs of planning a conference only to have it cancelled due to a surge in infections would be significant.

So we are keeping a close watch on the progress of vaccinations and on other trend lines.

We expect to make a decision in the spring to determine whether any 2021 program can be in-person for those who wish to attend. Regardless of what we decide about in-person programming, our remaining 2021 program will be available virtually and on-demand.

We are exploring the possibility of in-person delivery of our [Public Pension Funding Forum](#), scheduled for August 24-24 at University of California-Los Angeles; if that is not possible, the show will go on anyway with a virtual conference.

Finally, we are exploring options for bringing you a live [Annual Conference and Exhibition](#) in 2021. Seeing everyone would be a joyful homecoming, and clear evidence that the waters have grown calmer.

The dynamic nature of life is that it isn't always smooth. Continuing education places big demands on us, especially as we battle a global pandemic. But if there's one thing I know about NCPERS members, it's that you are know how critical it is to just keep rowing even when times are tough. ♦

AROUND THE REGIONS CONTINUED FROM PAGE 4

Nationally, three auto-IRA programs are in operation, and additional programs are in the start-up phase. The three active programs are OregonSaves, Illinois Secure Choice, and California's CalSavers, which administered a combined \$172.5 million in auto-IRA assets as of January 31, according to the Georgetown Center for Retirement Initiatives at Georgetown University. About two-thirds of eligible employees currently participate, with the remainder opting out.

MIDWEST: Illinois



A coalition of organizations including AARP Illinois is advocating an expansion of the Secure Choice program as part of a broader push to reduce racial disparities that prevent people from living longer, healthier and more productive lives.

The coalition announced the initiative as it launched its “Disrupt Disparities: Challenges & Solutions for 50+ Illinoisans of Color” report on February 8. Other members are the Chicago chapters of Asian Americans Advancing Justice and the Urban League, as well as the Resurrection Project. The research was conducted by Loyola University Chicago.

Specifically, they advocated enacting legislation to expand the Secure Choice program by reducing the employee threshold from a minimum of 25 employees to one. Passing this legislation would expand retirement savings access to around 1.2 million Illinois workers, they said. Particular gains would be achieved in the African American/Black, Hispanic/Latino and Asian American/Pacific Islander communities.

Currently, businesses that do not provide a retirement plan for their workers are only required to enroll in Secure Choice if they have 25 employees or more and have been operational for two years.

The report noted that the state of Illinois is aging. More than 34 percent of the state population of Illinois is above the age of 50 and continues to age. Of Illinois residents above the age of 50, more than a third are African American/Black, Hispanic/Latino, or Asian American/Pacific Islander.

That report provides a number of other policy recommendations to be taken up as bills in the General Assembly to solve some of the challenges faced by older Illinoisans. They include expansion of telehealth to increase healthcare access, and targeted broadband expansion to communities of color so older adults of color can access resources and services.

The coalition described the report and policy recommendations as the first phase in a multiyear initiative to create systemic policy changes on behalf of older adults of color in Illinois.

SOUTH: Arkansas



Republican State Rep. Les Warren has spearheaded the reintroduction of legislation to create a state-sponsored retirement savings plan for private-sector workers whose employers do not offer such a benefit.

Warren introduced House Bill 1349, The Every Arkansan Retirement Opportunity Act, on January 29. Upon its introduction, HB 1349 had bipartisan support from co-sponsors in the House and 13 in the Senate. A similar bill died in Arkansas' 2019 legislative session.

“There are too many people retiring without having put enough money back for that time. They retire and then find out they cannot survive on Social Security alone,” Warren said, according to the *Arkansas Democrat-Gazette*.

Arkansas has 530,000 private sector workers who stand to benefit if the bill is adopted, according to the legislation, including private sector workers, independent contractors, and self-employed persons. The legislation pointed to the state's college saving program as an example of the auto-IRA program's advantages.

“The Arkansas 529 GIFT Plan demonstrates the feasibility of a public-private partnership that outsources investment and administration to assist the citizens of this state in saving on a voluntary and cost-efficient basis,” the bill said.

CONTINUED ON PAGE 9

[AROUND THE REGIONS CONTINUED FROM PAGE 8](#)

Participating employers would automatically enroll eligible employees, who would have the right to opt out. The bill would establish a mandatory exit as the program amasses assets: Once a participating employer’s combined contributions reached \$600,000, the employer would have to withdraw from the Every Arkansan Retirement Plan Opportunity and hire a private organization to manage the accumulated funds.

The bill would create a seven-person governing board operating within the office of the state treasurer.

**WEST:
California**



With the change in administrations, the U.S. Department of Labor has withdrawn its participation as a friend of the court in a federal case seeking to invalidate the California Secure Choice program, known as Savers.

The Biden Administration’s Labor Department notified the U.S. Court of Appeals

for the 9th Circuit that it does not stand by the amicus curiae brief submitted in June 2020 by the previous administration. The new administration also signaled that it will be neutral in the matter, stating in its filing that it “does not support either side.”

The Trump Administration had supported the plaintiff, the Howard Jarvis Taxpayers Association, which filed suit in 2018 claiming that the state-run auto-IRA program is pre-empted by the Employee Retirement Income Security Act (ERISA).

Attorneys have notified the 9th U.S. Circuit Court of Appeals that, “after the change in administration,” the Department of Labor (DOL) no longer wishes to participate as an amicus curiae in the case arguing that California’s state-run automatic individual retirement account (IRA) program is pre-empted by the Employee Retirement Income Security Act (ERISA).

The case was dismissed by a lower court in March 2020 and the appeal to the 9th Circuit was filed. The Labor Department argued at the time that subjecting multi-state employers to a patchwork of state laws that regulate how employers must structure retirement benefit program and plans violates ERISA.

At the end of January, CalSavers held \$35.8 million in assets in more than 106,000 funded accounts. More than 8,000 employers were registered. ♦

2021 Legislative Conference Webcast
 April 20th
Broadcasting from the National Press Club in Washington, DC

ENGAGE ADVOCATE INFLUENCE



Calendar of Events 2021

2020-2021 Officers

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

April

**2021 Legislative Conference
Webcast**

April 20, 2021

Daniel Fortuna
President

Kathy Harrell
First Vice President

Dale Chase
Second Vice President

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Secretary

Will Pryor
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Mel Aaronson
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The Voice for Public Pensions

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PUBLIC DEFINED BENEFIT FUNDS SUMMARY

TOTAL RETURN AND ASSET ALLOCATION ANALYSIS

FOURTH QUARTER 2020



PUBLIC DEFINED BENEFIT FUNDS SUMMARY



TOTAL RETURN AND ASSET ALLOCATION ANALYSIS FOURTH QUARTER 2020

BACKGROUND INTRODUCTION

NEPC has prepared this report in order to provide context for public pension plan sponsors evaluating relative performance over trailing periods. The investment performance, asset allocation, and risk statistics profiled in the report represent 600 public defined benefit plans that have submitted data to the Investment Metrics universe, totaling \$694 billion. The average and median market values for the universe were \$1,154 million and \$65 million, respectively.

LOOKING BACK

Despite equity markets faltering in October as COVID cases and hospitalization rates rose, risk assets ended the quarter with significant gains. Positive news in November and December around COVID-19 vaccines and a fiscal stimulus package appeared to drive sentiment. In addition, the Federal Reserve reinforced its commitment to maintaining its easy monetary policy and bond purchase program at its December FOMC meeting. The S&P 500 Index ended December with a gain of 12.1% for fourth quarter 2020 and up 18.4% for the calendar year. Within U.S. equities, small cap stocks outpaced large cap stocks, with the Russell 2000 Index generating a return of 31.4% versus the Russell 1000 Index

return of 13.7% during the fourth quarter. Value stocks largely drove performance, with heightened optimism that successful vaccines could buoy those companies that have been the hardest hit by the restrictions and lockdowns. A weak U.S. dollar further bolstered international and emerging markets equity returns, which ended the quarter up 16.0% and 19.7%, respectively.

Within fixed income markets, US investment grade credit spreads contracted by 96 basis points during the quarter and propelled the Bloomberg Barclays US Aggregate Index into positive territory (0.7%), despite Treasury yields rising. High yield spreads declined 157 basis points as the Bloomberg Barclays High Yield Index ended the fourth quarter up 6.5%.

TAKING INVENTORY OF MARKET DYNAMICS

Entering into 2021, significant uncertainties surrounding the global economy remain. We expect continued volatility across capital markets and encourage investors to be mindful of market liquidity and consider maintaining a dedicated Treasury allocation to support liquidity levels and cash flow needs in the event of a market dislocation. Further, the ongoing support from monetary and fiscal interventions continues to provide a supportive environment for equities.

PUBLIC DEFINED BENEFIT FUNDS SUMMARY

SUMMARY OF RETURNS

The median return for the Public DB Funds universe was 13.0% for the one-year ending December 31, 2020. Returns ranged from 16.7% to 9.1% in the 10th and 90th percentiles, respectively.

	1 Year	3 Year	5 Year	7 Year	10 Year
10th Percentile	16.7	10.7	11.1	8.9	9.4
25th Percentile	15.3	10.0	10.5	8.4	8.8
Median	13.0	9.0	9.8	7.8	8.2
75th Percentile	11.0	7.8	9.0	7.1	7.6
90th Percentile	9.1	6.8	8.3	6.5	7.1

Asset Allocation of Top and Bottom Performers

The charts below show the average allocation for the top and bottom fund return quartiles, as well as the average allocation of the universe. A darker shading indicates a larger allocation to the asset class.

1 Year Return

	Total Equity	Multi-Asset	Total Fixed Income	Hedge Funds	Real Assets	Real Estate	Private Equity	Cash
Top Quartile	65.4%	0.0%	25.1%	8.9%	9.6%	6.8%	4.9%	3.4%
Average	55.0%	11.1%	26.3%	8.1%	5.6%	6.8%	10.3%	2.7%
Bottom Quartile	51.8%	8.1%	27.9%	8.9%	5.1%	7.2%	10.2%	4.2%

Over the trailing one-year period, US large cap stocks led global equity markets posting a one-year gain of +21.0%, driven by US large cap growth stocks (+38.5%). Although they posted strong returns, emerging markets stocks (+18.3%) and non-US developed markets stocks (+7.8%) lagged the U.S. equity market for the trailing one-year period ending December 31, 2020.

Those public defined benefit funds with a combination of higher allocations to public equity asset classes and lower allocations to “safe-haven” fixed income assets and cash tended to outperform over the one-year period ending December 31, 2020. It should be noted that the lag from private equity valuations created an “artificial” drag during the fourth quarter, a period of strong public equity performance, for larger funds with typically higher private markets allocations compared to those funds with higher public equity allocations. As of December 31, 2020, continued valuation recoveries were not yet recorded for private equity.

3 Year Return

	Total Equity	Multi-Asset	Total Fixed Income	Hedge Funds	Real Assets	Real Estate	Private Equity	Cash
Top Quartile	64.7%	9.2%	22.8%	8.0%	6.4%	6.7%	5.9%	1.3%
Average	55.4%	9.9%	25.9%	8.1%	5.6%	6.8%	10.3%	2.5%
Bottom Quartile	50.2%	8.2%	26.9%	8.8%	5.1%	6.8%	10.4%	4.2%

5 Year Return

	Total Equity	Multi-Asset	Total Fixed Income	Hedge Funds	Real Assets	Real Estate	Private Equity	Cash
Top Quartile	64.1%	7.1%	25.2%	2.8%	7.5%	4.9%	5.2%	1.1%
Average	55.0%	9.9%	26.2%	7.7%	5.6%	6.6%	10.4%	2.2%
Bottom Quartile	49.8%	9.0%	27.4%	6.5%	5.5%	6.7%	10.7%	3.6%

Includes all funds submitted to the 12/31/2020 Investment Metrics Public DB Final+ Universe. Performance is net of fees.

PUBLIC DEFINED BENEFIT FUNDS SUMMARY

RISK-ADJUSTED PERFORMANCE

Sharpe ratio is a measure of calculating risk-adjusted returns. A higher ratio points to greater risk-adjusted returns and improved plan efficiency.

	3 Year	5 Year	7 Year	10 Year
10th Percentile	0.76	1.02	0.90	1.01
25th Percentile	0.70	0.95	0.83	0.94
Median	0.63	0.88	0.77	0.87
75th Percentile	0.55	0.82	0.72	0.80
90th Percentile	0.47	0.75	0.65	0.74

Asset Allocation of Top and Bottom Sharpe Ratios

The charts below show the average allocation for the top and bottom Sharpe ratio quartiles, and the average allocation of the universe. A darker shading indicates a larger allocation to the asset class.

For the three-year period, funds in the top quartile as measured by risk-adjusted performance (i.e., Sharpe ratio) had a higher allocation to fixed income and private equity, as well as a lower allocation to public equity and multi-asset strategies. This relationship of risk-adjusted performance and asset allocation largely held true for the trailing five-year period, as well.

3 Year Sharpe Ratio

	Total Equity	Multi-Asset	Total Fixed Income	Hedge Funds	Real Assets	Real Estate	Private Equity	Cash
Top Quartile	48.2%	6.7%	26.2%	8.2%	4.3%	6.6%	12.7%	1.7%
Average	55.4%	9.9%	25.9%	8.1%	5.6%	6.8%	10.3%	2.5%
Bottom Quartile	55.7%	10.9%	24.0%	9.0%	5.5%	6.2%	9.3%	3.7%

5 Year Sharpe Ratio

	Total Equity	Multi-Asset	Total Fixed Income	Hedge Funds	Real Assets	Real Estate	Private Equity	Cash
Top Quartile	47.5%	5.7%	26.3%	7.6%	4.7%	6.7%	13.3%	1.9%
Average	55.0%	9.9%	26.2%	7.7%	5.6%	6.6%	10.4%	2.2%
Bottom Quartile	56.5%	16.4%	22.8%	5.6%	5.5%	5.9%	8.4%	3.7%

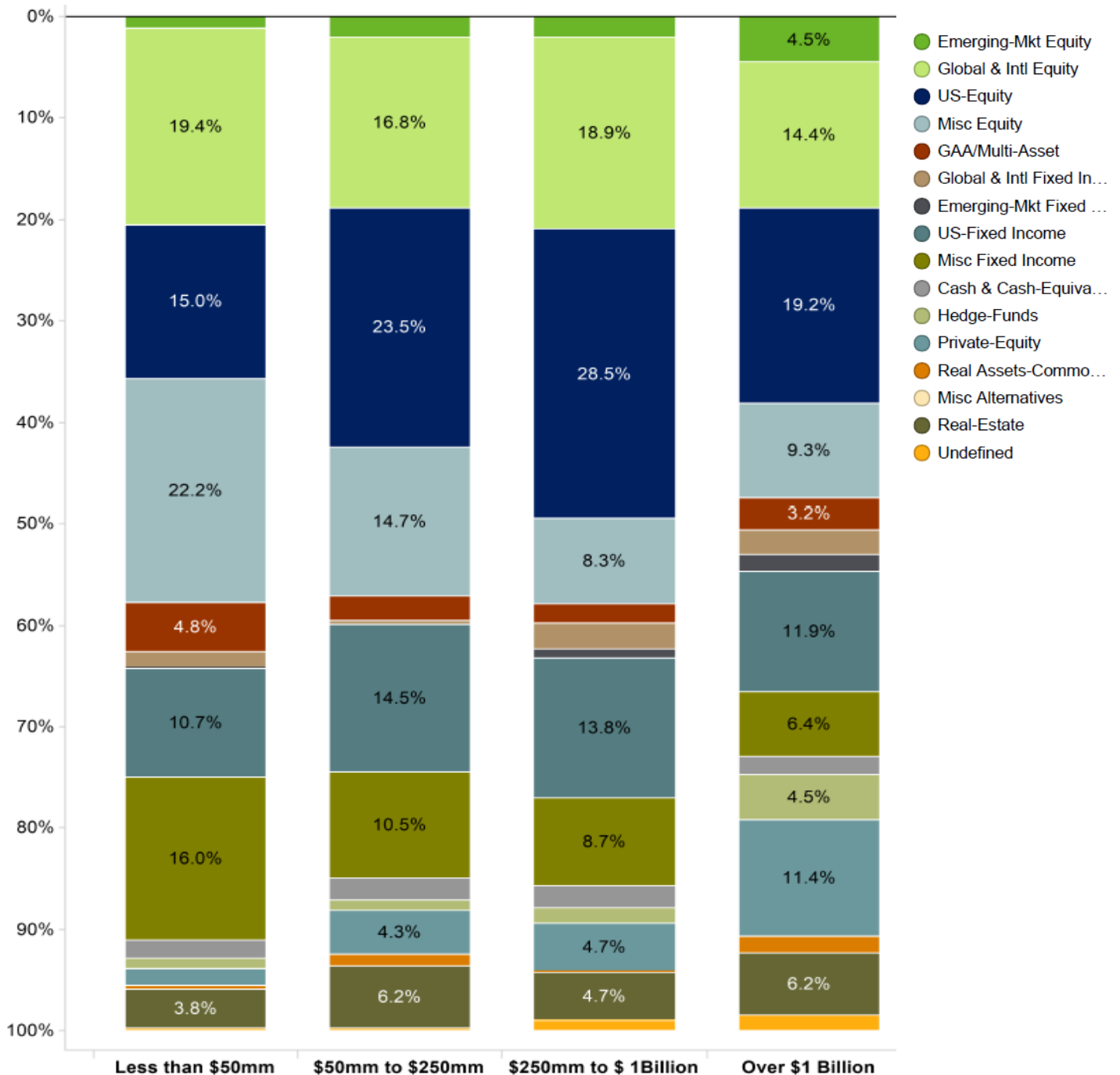
Includes all funds submitted to the 12/31/2020 Investment Metrics Public DB Final+ Universe. Performance is net of fees.

PUBLIC DEFINED BENEFIT FUNDS SUMMARY

AVERAGE ASSET ALLOCATION

As of December 31, 2020

Larger funds remained more diversified and generally had higher allocations to emerging markets equity and illiquid investments such as private equity and real estate. Smaller funds (\$50mm to \$1 billion) held higher fixed income allocations.



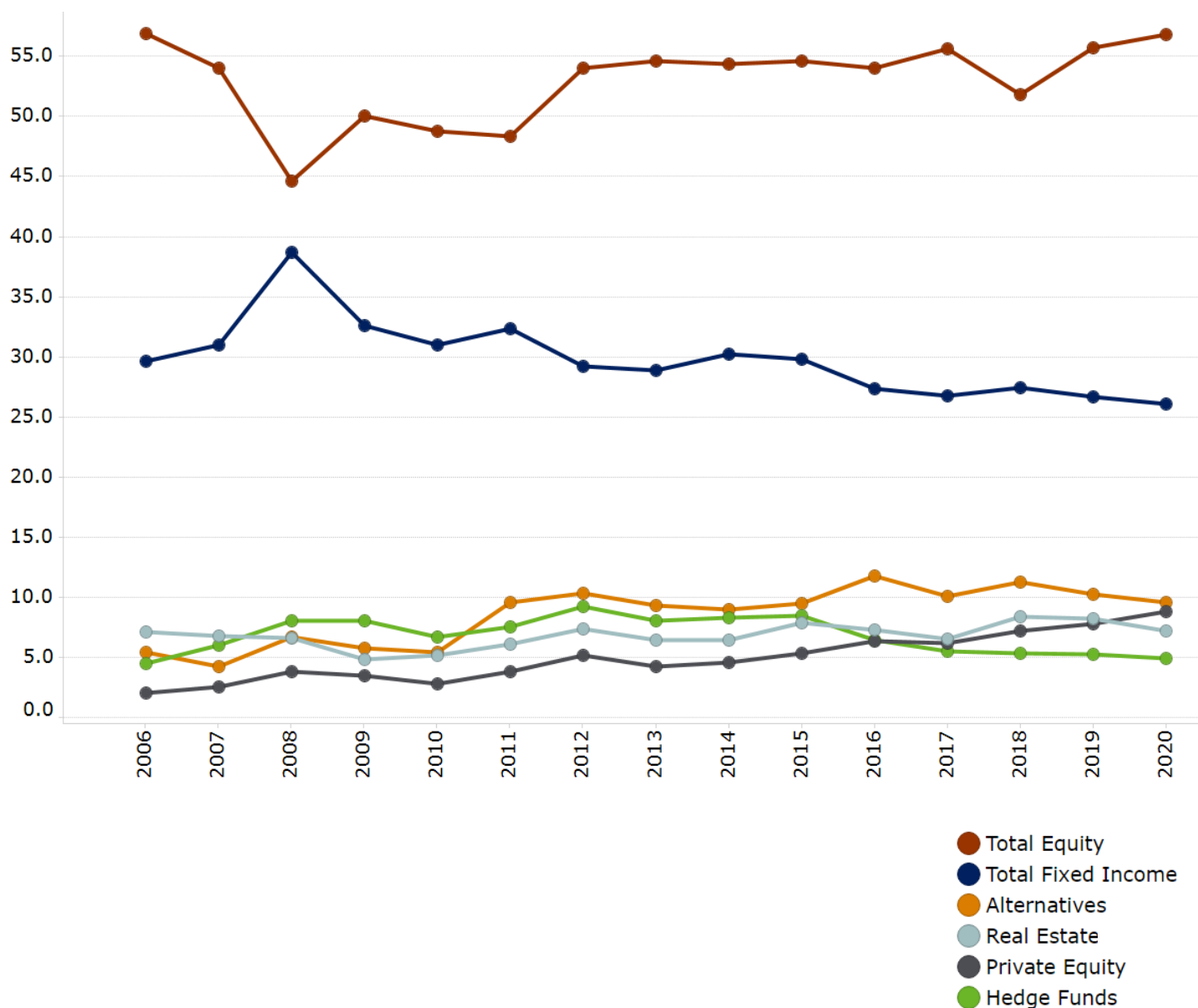
Average allocation of Public DB Funds is custom built by NEPC, which excludes plans with incomplete allocations, and allocations with more than 90% to one asset class.

PUBLIC DEFINED BENEFIT FUNDS SUMMARY

MEDIAN FUND ASSET ALLOCATION HISTORY

As of December 31, 2020

The public and private equity allocation of the median public defined benefit fund increased from 2019 levels, as global equity markets recovered in the second half of 2020. Conversely, the median fund fixed income and real estate allocation trended slightly lower in 2020. The hedge fund allocation remained relatively stable during the year.



2006—2020 are as of year end.

Median allocations of each asset class include all funds that have exposure to an asset class. Funds without exposure to an asset class are excluded from that asset class' calculation.

INFORMATION DISCLAIMER

- Past performance is no guarantee of future results.
- The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
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- All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.
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INSIDER

A second investment consultant has recommended a client put PIMCO on watch, as the \$2.2 trillion money manager faces growing scrutiny following allegations of sexism and harassment

By Danielle Walker

March 29, 2021

[Business Insider](#)

- **Consultant Meketa has advised a client to place Pimco on watch over discrimination allegations, following a similar move by pension adviser NEPC.**
- **A Pimco client has flagged its \$68 million investment upon Meketa's recommendation.**
- **Meketa recently enhanced its money manager rating process to more closely evaluate pay equity.**

A second investment consultant for pension funds and other institutional investors has flagged \$2.2 trillion money manager Pimco for enhanced scrutiny after multiple current and former employees alleged that they faced discrimination and harassment at the firm.

Westwood, Mass.-based Meketa Investment Group has so far recommended that at least one pension fund client, the San Joaquin County Employees' Retirement Association, place the money manager on watch. SJCERA had around \$68 million dollars invested in a Pimco emerging markets equity fund as of Dec. 31, public board documents show.

Money managers can be added to consultant and investor watch lists for a range of due diligence issues, including underperformance and organizational concerns. When an investor or consultant puts a firm on watch, it can make it harder for the money manager to raise additional funds and puts its existing investments with the client under added scrutiny.

Meketa's move follows that of another investment consultant, NEPC, which also recommended that Pimco be placed on watch in a due diligence report presented last month to the Alameda-Contra Costa Transit Employees' Retirement Plan. The pension fund for transit employees had \$53.9 million invested with Pimco as of Dec. 31, according to public board documents.

While that investment represents a tiny fraction of PIMCO's assets, NEPC and Meketa's watch recommendations are notable, because concerns raised by prominent consulting firms can impact actions taken by other pension funds, endowments, and foundations that have billions invested with the money manager.

"SJCERA staff and Meketa recently made the board aware of the ongoing claims regarding Pimco and have decided to put them on watch," Johanna Shick, the CEO of Calif.-based SJCERA, told Insider in an email Thursday evening. "Meketa had several conversations with PIMCO regarding these claims and is monitoring the situation as it moves forward."

Newport Beach, Calif.-based Pimco is a defendant in an ongoing lawsuit in Orange County Superior Court in which five current and former female employees alleged that they faced discrimination and harassment while working at the money manager.

"Pimco discriminates against women by permitting its predominantly male leadership to overtly favor men in pay, promotions, and other opportunities regardless of their qualifications and to otherwise discriminate against women," the plaintiffs alleged in the complaint, which was amended in February.

In response to the lawsuit, Pimco denied the plaintiffs' claims in a March 10 filing in Orange County Superior Court.

"Pimco vigorously denies that it discriminated, harassed, or retaliated against plaintiffs in any matter, allowed a pay disparity that gives rise to equal pay violations, defrauded or made any misrepresentations to plaintiffs, violated plaintiffs' privacy, or violated obligations to take reasonable steps to prevent or correct any type of retaliation, harassment, or discrimination," the firm said in the filing.

In September 2019, another Pimco employee, Andrea Martin Inokon, one of the firm's senior in-house lawyers, sued the firm for gender, racial, and disability discrimination. That lawsuit is ongoing.

In a follow up email on Friday, Shick told Insider that Pimco was put on watch based on Meketa's recommendation at SJCERA's March 12 board meeting. "The watch status will be reevaluated quarterly," Shick added.

Pimco and Meketa declined to comment on SJCERA's decision.

Meketa's recommendation comes after the consultant announced in January that it had enhanced its process for rating money managers on the basis of their corporate diversity and inclusion efforts.

Stephen McCourt, co-CEO of Meketa, said in a January press release that the consultant was "implementing this new questionnaire and rating system to more fully encourage diversity and inclusion in all its forms, which we believe strengthens organizations and outcomes for clients."

Under the initiative, Meketa said it would assess money managers' commitment to reporting diversity statistics and ensuring pay equity, along with other areas for manager accountability, the release said.

Meketa has \$1.4 trillion in client assets under advisement, according to the release.