A G E N D A

AMENDED
BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, NOVEMBER 5, 2021
AT 9:00 AM
Location: In-Person: SJCERA Board Room
6 S. El Dorado Street, Suite 400 Stockton, CA
Virtual: Via Zoom

In accordance with Government Code Section 54953(e), this Board Meeting will be held virtually via Zoom Client. Limited in-person attendance in the SJCERA Board Room will also be permitted.

The public may attend the meeting (1) in person, (2) by clicking here https://us02web.zoom.us/j/83057932798 and following the prompts to enter your name and email, or (3) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID
83057932798#.

In order to accommodate appropriate COVID-19 protocols and social distancing, no more than ten (10) members of the public will be allowed in the Board Room during the Board Meeting. Attendees who are not vaccinated must wear appropriate face coverings. Face coverings are encouraged, but not required, for attendees who are vaccinated.

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 MEETING MINUTES

3.01 Minutes for the Board Meeting of October 6, 2021 4

3.02 Minutes for the Special Board Meeting of October 7, 2021 8

3.03 Board to consider and take possible action on minutes

4.0 PUBLIC COMMENT

4.01 The public is welcome to address the Board during this time on matters within the Board's jurisdiction, following the steps listed below. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

If joining via Zoom, Public Comment can be made in the following ways:

PC or Mac: select "Participants" in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Mobile Device: select the "More" option in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Tablet: select the icon labeled "Participants," typically located at the top right of your screen, then select the hand icon next to your device in the Participants column.

If dialing in from a phone for audio only, dial *9 to “raise your hand.”

If attending in person, members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room.

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

5.0 CONSENT ITEMS

5.01 Service Retirement (8) 10

5.02 Retired Member Returning to Active Membership (2) 11

5.03 Board to consider and take possible action on consent calendar items

6.0 PRIVATE EQUITY MANAGER PRESENTATIONS

6.01 Lightspeed presentation 22

6.02 Ocean Avenue presentation 29

7.0 CONSULTANT REPORTS PRESENTED BY DAVID SANCEWICH OF MEKETA INVESTMENT GROUP

7.01 Monthly Investment Performance Updates

01 Manager Performance Flash Report - September 2021 45

02 Capital Markets Outlook and Risk Metrics - October 2021 50

7.02 Roundtable Summary

01 Memo from Meketa 84

02 Roundtable Evaluation Results 86

7.03 Board to receive and file reports

8.0 EVALUATION OF CONSULTANTS

8.01 Consulting Actuary 100

8.02 Investment Consultant 112

8.03 Board to discuss and give direction to staff and consultants as appropriate

9.0 AUTHORIZATION TO CONTINUE TELECONFERENCING

9.01 Resolution 2021-11-01 titled “Authorization to Continue Teleconferencing for Board and Committee Meetings Pursuant to Government Code Section 54953” 129

9.02 Board to consider and take possible action on proposed resolution

10.0 STAFF REPORTS

10.01 Legislative Summary Report 133

10.02 Trustee and Executive Staff Travel

01 Conferences and Events Schedule for 2021-22 136

02 Summary of Pending Trustee and Executive Staff Travel 137

M I N U T E S

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
WEDNESDAY, OCTOBER 6, 2021
AT 9:00 AM
Location: Via Zoom

1.0 ROLL CALL

1.01 **MEMBERS PRESENT**: Emily Nicholas, Jennifer Goodman, Katherine Miller (out at 11:49 AM), Chanda Bassett, JC Weydert , Stephan Moore (break from 10:18 AM to 10:20 AM), Raymond McCray (break from 9:44 AM to 9:45 AM, out at 12:25 PM), and Michael Restuccia presiding

MEMBERS ABSENT: Phonxay Keokham, Michael Duffy

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Retirement Investment Officer Paris Ba, Management Analyst III Greg Frank, Financial Officer Carmen Murillo, Investment Accountant Eve Cavender, Department Information Systems Analyst II Lolo Garza and Information Systems Specialist II Jordan Regevig

OTHERS PRESENT: Deputy County Counsel Jason Morrish, David Sancewich, of Meketa Investment Group, and Thomas Dover of Nossaman LLP

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Michael Restuccia

3.0 MEETING MINUTES

3.01 Minutes for the Board Meeting of September 10, 2021

3.02 **The Board voted (7-0) to approve the minutes of the Board meeting of September 10, 2021. (Motion: McCray; Second: Miller)**

4.0 PUBLIC COMMENT

4.01 There was no public comment

5.0 CONSENT ITEMS

5.01 Service Retirement (13)

5.02 General

01 Proposed 2022 Board Meeting Calendar

5.03 **The Board voted unanimously (7-0) to approve the Consent Calendar Items. (Motion: Goodman; Second: Weydert)**

6.0 CONSULTANT REPORTS PRESENTED BY DAVID SANCEWICH OF MEKETA INVESTMENT GROUP

6.01 Monthly Investment Performance Updates

01 Manager Performance Flash Report - August 2021

02 Capital Markets Outlook and Risk Metrics - September 2021

6.02 Board received and filed reports

7.0 FIXED INCOME MANAGER INTERVIEWS

7.01 Income Research & Management

01 Presented by Eric Mueller and Jim Gubitosi

7.02 Loomis Sayles

01 Presented by Lynne A. Royer Vice President, Co-head of Disciplined Alpha Fixed Income, James Sia CFA Vice President, Head of Relationship Management and John Meyer CFA, CAIA, FRM Vice President

7.03 Wellington Management

01 Presented by Joseph Marvan CFA Partner and Fixed Income Portfolio Manager, Anand Dharan CFA Managing Director and Investment Director and Akin Greville CFA Managing Director and Business Development Manager

8.0 CLOSED SESSION

THE CHAIR CONVENED CLOSED SESSION AT 11:05 A.M. AND ADJOURNED THE CLOSED SESSION AND RECONVENED THE OPEN SESSION AT 12:25 P.M.

8.01 Purchase or Sale of Pension Fund Investments
California Government Code Section 54956.81

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

8.03 Conference with Legal Counsel - Anticipated Litigation
California Government Code Section 54956.9(d)(4)
Initiation of Litigation - 1 Case

01 Counsel reported that the Board approved the initiation of litigation and that the legal action, defendants, and other particulars will be disclosed upon inquiry once formally commenced, unless disclosure would jeopardize the ability to effectuate service of process or conclude settlement negotiations to its advantages.

8.04 Conference with Labor Negotiator
California Government Code Section 54957.6
Agency Designated Representative: Johanna Shick, Retirement Administrator/CEO
Unrepresented Employee: Assistant Retirement Administrator/Chief Executive Officer

9.0 ASSISTANT RETIREMENT ADMINISTRATOR/CHIEF EXECUTIVE OFFICER SALARY RANGE

9.01 **The Board voted unanimously (5-0) to adopt Resolution 2021-10-01 to approve a ten percent increase to the ACEO salary range effective the first full pay period in January 2022, approve double-filling the ACEO position temporarily to allow appropriate cross training and directed the CEO to coordinate the inclusion of the new range in the County's salary schedule. (Motion: Weydert; Second: Goodman)**

10.0 AUTHORIZATION OF TELECONFERENCING FOR BOARD AND COMMITTEE MEETINGS PURSUANT TO GOVERNMENT CODE SECTION 54953

10.01 Resolution 2021-10-02 titled "Authorization of Teleconferencing for Board and Committee Meetings Pursuant to Government Code Section 54953"

10.02 The Board voted unanimously (5-0) to adopt Resolution 2021-10-02 to authorize teleconferencing for Board and Committee meetings pursuant to Government Code Section 54953. (Motion: Weydert; Second: Basset)

11.0 STAFF REPORTS

11.01 Pending Accounts Receivable - Third Quarter 2021

11.02 Disability Quarterly Report - Statistics

11.03 Legislative Summary Report

11.04 Trustee and Executive Staff Travel

01 Conferences and Events Schedule for 2021-22

a Pension Bridge Alternatives Agenda 2021

02 Summary of Pending Trustee and Executive Staff Travel

03 Summary of Completed Trustee and Executive Staff Travel

11.05 CEO Report

In addition to the written report, CEO Shick provided an update on the Allum v. SJCERA case stating the California Supreme Court denied the petition to review. Next steps will be to recover various costs and fees from the Petitioners and from Traveler's. CEO Shick reminded Trustees to bring their iPads to Thursday's Investment Roundtable being held at Wine and Roses.

01 2022 Action Plan

In addition to the written report, CEO Shick stated the Board agreed to accept a draft of the 2022 Action Plan and staff will adjust, if necessary, upon the Board's approval of the Strategic Plan. A final Action Plan will be presented at the January meeting.

11.06 Board received and filed reports

12.0 CORRESPONDENCE

12.01 Letters Received

12.02 Letters Sent

12.03 Market Commentary/Newsletters/Articles

01 NCPERS Monitor August 2021

02 Meketa The Inflation Variable: Evaluating Potential Outcomes July 2021

03 Pensions & Investments Public plans lower assumptions despite robust year September 2021

04 Research Affiliates Did I Miss the Value Turn? September 2021

13.0 COMMENTS

13.01 No comments from the Board of Retirement

14.0 REPORT OF CLOSED SESSIONS

14.01 At the September 10, 2021, meeting, the Board elected to redeem its fixed income SJ Principal Protection Exchange Traded Fund (ETF) allocation in the amount of approximately $50 million, and to reinvest the funds with Dodge & Cox.

15.0 CALENDAR

15.01 Investment Round Table October 7, 2021, at 8:00 AM

15.02 Strategic Planning Session November 4, 2021, at 10:00 AM

15.03 Board Meeting November 5, 2021, at 9:00 AM

16.0 ADJOURNMENT

16.01 There being no further business the meeting was adjourned at 12:41 PM.

Respectfully Submitted:

____
Michael Restuccia, Chair

Attest:

____
Raymond McCray, Secretary

M I N U T E S

SPECIAL MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
THURSDAY, OCTOBER 7, 2021
AT 8:08 AM
Location: Wine & Roses
2505 West Turner Road, Lodi, CA 95242

1.0 ROLL CALL

1.01 **MEMBERS PRESENT**: Emily Nicholas, Jennifer Goodman, Michael Duffy (in at 9:12 AM), Chanda Bassett, JC Weydert (in at 8:12 AM), Steve Moore, Raymond McCray, and Michael Restuccia presiding

MEMBERS ABSENT: Phonxay Keokham, Katherine Miller

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Kathy Herman, Retirement Investment Officer Paris Ba, Management Analyst III Greg Frank, Financial Officer Carmen Murillo, Investment Accountant Eve Cavender, and Administrative Secretary Kendra Fenner

OTHERS PRESENT: Deputy County Counsel Jason Morrish, David Sancewich of Meketa Investment Group, Sandy Regalo Assistant County Administrator, Steve Pinkerton and Sarah Ragsdale of Mountain House Community Services District, Eric Walder of Waterloo Morado Fire District, Nicole Solari and Hailey Salazar of Lathrop Manteca Fire District, and Jordan Richards and Ryan Arbini of San Joaquin County Probation Officers Association

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Michael Restuccia

3.0 WELCOME AND INTRODUCTION OF PARTICIPANTS

3.01 Trustees and staff staff introduced themselves. David Sancewich of Meketa Investment Group moderated the discussion.

4.0 OVERVIEW OF SJCERA - ASSET ALLOCATION, RETURN AND RISK

4.01 David Sancewich summarized SJCERA's portfolio and plan characteristics and outlined the challenges (funding and investments) facing SJCERA.

5.0 KEYNOTE SPEAKER - INVESTING AFTER COVID

5.01 Presentation by Erik Knutzen of Neuberger Berman

6.0 PRIVATE ASSETS - WHAT'S NEXT AND WHERE ARE THE MARKETS TODAY.

6.01 Presentation by Jeff Ennis of Ocean Avenue, Melanie Levine of Davidson Kempner, and Raj Menon of Grandview

7.0 INFLATION - WHAT IS IT? HOW IS IT MEASURED? WHAT CAN SJCERA DO TO PROTECT ITS PORTFOLIO.

7.01 Presentation by Klaus Thuerbach of PIMCO and Mimi Yang of Dodge & Cox

8.0 EDUCATIONAL AND INTERACTIVE DISCUSSION ON ALL THINGS INVESTING AND SJCERA

8.01 Presented by David Sancewich of Meketa Investment Group

9.0 INTEREST RATES AND GLOBAL GROWTH - CAN THE FED CONTROL RATES? IS THE U.S. THE NEXT JAPAN?

9.01 Presentation by Dave Torchia of Stone Harbor and Tim Rudderow of Mt. Lucas

10.0 OPEN DISCUSSION - WHERE DO WE GO FROM HERE?

10.01 David Sancewich summarized the key discussion points of the roundtable. He also thanked the Board members, investment managers, and SJCERA staff for their attendance and participation in the roundtable.

11.0 OPEN DISCUSSION AND RECAP

11.01 Comments from the Board of Retirement - None

11.02 Comments from the Public - None

12.0 ADJOURNMENT

12.01 There being no further business the meeting was adjourned at 5:02 p.m.

Respectfully Submitted:

____

Michael Restuccia, Chair

Attest:

____

Raymond McCray, Secretary

San Joaquin County Employees Retirement Association

November 2021

4.01 Service Retirement — Consent

01 ALEX P BARBOZA
Correctional Officer
Sheriff-Stockton Unified Court

Member Type: General
Years of Service: 00y 04m 18d
Retirement Date: 9/10/2021

02 ALEX P BARBOZA
Correctional Officer
Sheriff-Stockton Unified Court

Member Type: Safety
Years of Service: 19y 01m 19d
Retirement Date: 9/10/2021

03 HARRY L GONG
Public Health Microbiologist
Public Health-Public Hlth Lab

Member Type: General
Years of Service: 11y 09m 07d
Retirement Date: 9/1/2021

04 MARGARET LAROSSA
Accountant III
Employment - Economic Developm

Member Type: General
Years of Service: 30y 06m 18d
Retirement Date: 8/28/2021

05 HUE N LE
Eligibility Supervisor
HSA - Eligibility Staff

Member Type: General
Years of Service: 30y 09m 00d
Retirement Date: 9/25/2021

06 ELENA E MANGAHAS
EEDD Division Manager
Employment - Economic Developm

Member Type: General
Years of Service: 33y 00m 06d
Retirement Date: 9/12/2021

07 COLLEEN N MULLIKIN
Animal Care Specialist
Parks - Recreation

Member Type: General
Years of Service: 12y 09m 11d
Retirement Date: 8/30/2021

08 SHERRIE J SILVA
Pharmacist
Mental Health Pharmacy

Member Type: General
Years of Service: 24y 04m 07d
Retirement Date: 9/1/2021

09 JUDY YOUNG
Senior Office Assistant
Public Health - CHDP

Member Type: General
Years of Service: 08y 07m 13d
Retirement Date: 9/11/2021

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 5.02.01

November 5, 2021

SUBJECT: Retired Member Returning to Active Membership

SUBMITTED FOR: _X_ CONSENT ___ ACTION ___ INFORMATION

RECOMMENDATION

Approve the Application to Return to Active Membership for Diosdado Macasaet 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 Diosdado Macasaet. Mr. Macasaet 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. Macasaet' return to Active membership.

If approved to re-enter Active membership, the employment may begin on the first day of the pay period following this meeting. Mr. Macasaet will be a Tier 2 member for this period of employment, and the retirement benefit payments will be suspended. When Mr. Macasaet 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

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 must complete the last section of this form.

MEMBER INFORMATION

Full Name	Employee ID	E-mail
DIOSDADO	MACASAET	[redacted]
Department	**Original Retirement Date**	**Date of Re-employment**
PUBLIC HEALTH SERVICES	07/12/2019	09/13/2021

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____________________ Date 09/23/2021

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) (is not) incapacitated for the duties assigned to him/her.

HR Representative's Full Name	Telephone Number
Rachel Novetzke	(209) 468-3370
HR Representative's Title	**E-mail**
Principal Personnel Analyst	rnovetzke@sjgov.org
HR Representative's Signature	Date 10-21-21

6 South El Dorado Street, Suite 400 • Stockton, CA 95202
(209) 468-2163 • Fax (209) 468-0480 • www.sjcera.org

Sutter Health

Sutter Gould Medical Foundation

Name: Diosdado Macasaet | DOB: [redacted]

Letter Details

Sutter Health Sutter Gould Medical Foundation	*Family Medicine - Stockton* *2505 W HAMMER LANE* *STOCKTON CA 95209* *Phone: 209-957-7050* *Fax: 209-473-9359*

Diosdado Macasaet
[redacted]

\- -

10/20/21

To Whom It May Concern:

Diosdado Macasaet is evaluated Wednesday, October 20, 2021
for employment exam and is able to perform the essential duties outlined in the documented provided without any reasonable accomodation.

Sincerely,

Sai N Gollapudi, MD/Sai N Gollapudi, MD

This letter was initially viewed by Diosdado Macasaet at 10/20/2021 4:41 PM.

Department Applications Analyst III (#RI1203)

$43.20-$52.51 Hourly / $7,487.48-$9,101.07 Monthly / $89,849.76-$109,212.94 Yearly

Notify Me when a Job Opens for the above position(s)

DEFINITION

Under direction, performs advanced journey-level professional duties in the analysis, design, development, programming, testing, implementation and maintenance of applications across multiple platforms and technologies; troubleshoots and resolves complex application problems within an assigned department; provides technical support and training to end users; and performs other related work in accordance with Rule 3, Section 3 of the Civil Service Rules.

CLASS CHARACTERISTICS

This is the advanced journey-level class in the Department Applications 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 Applications Analyst II in that positions at the Department Applications Analyst III level require a specialized, functional or technical expertise beyond the journey-level and incumbents perform the more difficult and responsible types of duties assigned to classes within the series including analysis, design and development support for complex applications. This class is distinguished from the Department Applications Analyst IV in that the latter serves as the highest-level technical resource within the department for applications analysis, design, development and implementation. Positions at the Department Applications Analyst IV level may also serve in the capacity of project manager for a project, although project management duties alone are not the only distinguishing characteristic for allocation to the highest 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

- Provides professional advanced journey level support in the analysis, design, development, programming, testing, implementation and maintenance of applications across multiple platforms and technologies.
- Designs data and application structures using appropriate design tools; analyzes current systems to determine methods of integrating new applications into department systems operating environments; designs data structure and application interface; designs on-line screens, maps, reports, forms, menus, and input/output records; develops data flow diagrams and other systems documentation to create application specifications; creates various reports, charts and other materials from multiple layers of data.
- Develops optimum software configurations to achieve application functional goals; locates, reviews, re-formats and downloads existing system data; tests and de-bugs application; determines whether new application meets the client's business and technology requirements; recommends changes as needed.
- Evaluates and tests new or enhanced applications; installs or upgrades application software and hardware; troubleshoots hardware, software and database related problems; performs applications testing and documentation duties.
- Performs complex applications programming duties; ensures data integrity and program structure and reliability are maintained.
- Prepares specifications and justification for new and enhanced application modifications; coordinates with software vendors to ensure quality and completeness of final product.
- As assigned, provides highly technical support on applications development projects; analyzes business and functional requirements for new or enhanced applications; meets with users and management staff to ensure complete understanding of department requirements; analyzes current manual or computerized processes; analyzes inter-relationship between new tasks and existing applications; researches internal and external available resources; develops and presents cost-benefit analyses; makes recommendations on applications solutions; performs quality assurance duties; reviews new applications for compliance with applicable quality assurance standards.

- Installs, maintains, supports and upgrades existing applications; analyzes functional and business requirements for new or enhanced applications design and development; consults and coordinates with users, management staff and vendors to solve complex application problems; determines requirements and tools necessary to complete application systems enhancements.
- Maintains security and client access to assigned applications; grants and/or revokes user access; ensures compliance with department and mandated data security policies and procedures.
- Writes documentation on new and enhanced application description and functional capabilities; prepares and updates user materials and procedures manuals.
- Coordinates and conducts user training education and discussion sessions; recommends proper use and functionality of application; participates in the creation of new courses and classes; evaluates training courses to ensure they are effective.
- 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.
- 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 PATTERN I

Experience: One year as a Department Applications Analyst II in San Joaquin County.

OR PATTERN 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: Two years of increasingly responsible professional analytical applications/programming 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.

KNOWLEDGE

Operations, services and activities of information systems programs; advanced principles and practices of applications development, programming and installation; advanced principles and practices of computer science and information systems; advanced methods and techniques of installing, configuring and troubleshooting applications, hardware, software and databases; principles and practices of quality assurance; principles and practices of system security and client access to assigned applications; methods and techniques of using application design and development tools; operational characteristics of multiple operating system environments; a variety of complex application programming languages; principles and practices of structured programming, analysis and design; operational characteristics of a variety of computer systems, networks and associated hardware, software, and databases; database principles and concepts; methods and techniques of developing and writing technical documentation; principles and practices of customer service; pertinent Federal, State and local codes, laws and regulations.

ABILITY

Provide advanced journey level support in the design, development and maintenance of department applications; independently perform complex applications analysis and programming duties; analyze and resolve complex application problems using logical and methodical processes; recommend, install, troubleshoot and upgrade applications; integrate multiple data sets and designs into individual applications; design training materials and conduct training programs; assess and analyze department technology resources and needs; design software to meet client needs; create and develop technical manuals and documentation; create various reports, charts and materials; operate a variety of computer systems and equipment; learn principles and practices of relational database management; communicate clearly and concisely, both orally and in writing; establish and maintain effective working relationships with those contacted in the course of work.

PHYSICAL/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.

CLASS: RI1203; **EST:** 11/14/2001; **REV:** ;

Agenda Item 5.02.02

November 5, 2021

SUBJECT: Retired Member Returning to Active Membership

SUBMITTED FOR: _X_ CONSENT ___ ACTION ___ INFORMATION

RECOMMENDATION

Approve the Application to Return to Active Membership for Kim Perez 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 Kim Perez. Ms. Perez 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 Ms. Perez' return to Active membership.

If approved to re-enter Active membership, the employment may begin on the first day of the pay period following this meeting. Ms. Perez will be a Tier 2 member for this period of employment, and her retirement benefit payments will be suspended. When Ms. Perez 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

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 must complete the last section of this form.

MEMBER INFORMATION

Full Name	Employee ID	E-mail
Kim Perez	[redacted]	[redacted]
Department Aging HSA- IHSS	Original Retirement Date 06-20-20	Date of Re-employment 9/27/2021

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 Kim Perez Date 10/7/2021

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) (is not) incapacitated for the duties assigned to him/her.

HR Representative's Full Name	Telephone Number
Rachel Novetzke	(209) 468-3370
HR Representative's Title: Principal Analyst	E-mail: rnovetzke@sjgov.org
HR Representative's Signature	Date 10-20-21

AME:Perez, Kim T
[redacted]

KAISER PERMANENTE

Kaiser On-the-Job®

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

LAST NAME Perez	FIRST Kim	MIDDLE T	MR# ([redacted]
EXAM DATE [redacted]	BIRTHDA[redacted]	[redacted]	HOME PHONE [redacted]

EMPLOYER Human Services Agency IHSS POSITION TITLE Social Worker I

The applicant/employee was evaluated using the protocol and components requested by:
HSA - IHSS (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: ______________________

Occupational Health Department

Kaiser Permanente Medical Offices
7373 West Lane
Stockton, CA 95210
Phone# (209) 476-3694

☐ **Respirator Clearance**

***See attached Respirator Evaluation Results Form**

FACILITY	PHONE:
MEDICAL PRACTITIONER SIGNATURE: Zhong Ling	DATE: 10/20/2021

Close Print

Social Worker I (#RS3401)

$21.29-$25.88 Hourly / $3,689.81-$4,484.99 Monthly / $44,277.79-$53,819.93 Yearly

Notify Me when a Job Opens for the above position(s)

DEFINITION

Under close supervision, learns and provides basic social casework and related services to clients in a public social services program within the Human Services Agency; and does related or other work as required in accordance with Rule 3, Section 3 of the Civil Service Rules.

CLASS CHARACTERISTICS

This is the entry level in the Social Worker series. Incumbents at this level are expected to possess basic skills that can be applied to the social services environment that have been generally gained through a bachelor's level education. Positions may be assigned to any of the social service program areas such as In Home Supportive Services, Independent Living Program, Licensing, Adult Protective Services or Child Protective Services, where incumbents receive the training necessary to perform basic social casework, counseling, and related activities with limited independent judgment and authority. The specific duties and assignments given to an incumbent may vary depending upon area of assignment. The positions assigned to protective services may have a reduced number of cases of lesser complexity. Incumbents initially work under close supervision, however, as experience is gained, all incumbents at this level are expected to perform duties more independently. This class is multi-allocated and incumbents usually promote to the higher level of the assigned program upon meeting minimum qualifications, Civil Service requirements, and when satisfactory performance has been demonstrated.

TYPICAL DUTIES

- Learns to provide services and supervise a caseload for clients requiring social services, depending upon area of assignment and individualized employee training plan.
- Learns to assess basic social, physical and mental needs of clients to provide basic social services; interviews clients in their homes, in the office, or via telephone to assess their needs and problems; evaluates individual and family case information; determines appropriate types and methods of treatment; initiates long- or short-term treatment plans; makes referrals to other agencies, organizations, or divisions within the department when appropriate; works with service providers to meet client needs; and advocates on behalf of clients.
- Learns to research, evaluate, develop, and carry out, in cooperation with the client, financial and basic social treatment plans; assesses and evaluates progress in case plan.
- Learns to make home visits to assess housing and health conditions and family relationships; learns to recognize suspected abuse and/or neglect and depending upon area of assignment, may handle such cases or refer to appropriate unit.
- Learns to investigate referrals and provide services to clients where their physical or emotional welfare is involved; provides services for individuals incapable of protecting themselves.
- Coordinates service plans with supervisor, eligibility workers, service providers, and other agencies.
- Learns to prepare case records, reports, and correspondence, including documents for the Courts, and maintains appropriate controls; utilizes computer systems to input and retrieve information related to social service cases.
- Learns to interpret and communicate policies, rules, and regulations of the department to clients, service providers, and the general public within the scope of responsibility; confers with supervisor regarding caseload problems.
- May attend court proceedings and testify in court.
- May learn to recruit and evaluate foster homes, boarding homes, and daycare facilities and recommend for licensing.

MINIMUM QUALIFICATIONS

<u>Education</u>: Graduation from an accredited four-year college or university, preferably with a major in social work, sociology, psychology, counseling, or a closely related field.

<u>License</u>: Possession of a valid California driver's license.

KNOWLEDGE

Basic principles of individual and group behavior; principles, practices, and techniques of social work; general principles of psychology and sociology; principles of interviewing and problem solving methodology; contemporary social and economic conditions and trends; general principles of public assistance policies and programs; personal computer systems; and principles of report writing.

ABILITY

Learn to interpret complex laws and regulations and apply them appropriately in management of assigned caseload; learn to apply casework skills to identify the client's problems; learn to formulate and modify case plans in conjunction with clients; learn to interview effectively to obtain facts and recognize relevant and significant information and details; learn to establish caseload priorities to meet client needs and agency expectations; organize and maintain work detail; write clear and concise reports; learn to analyze and evaluate situations; learn to reason logically and draw valid conclusions; establish and maintain client rapport on an individual basis; seek advice from higher level supervisors and professional staff; accept and utilize supervision and training in achieving agency goals; communicate effectively, both orally and in writing; establish and maintain effective working relationships with others; and operate a computer.

PHYSICAL/MENTAL REQUIREMENTS

Mobility-Frequent operation of computers; repetitive motion; sitting for extended periods; walking; frequent driving may be required; ***Lifting***-Ability to frequently lift 5 pounds or less; occasionally 5 to 60 pounds; ***Vision***-Constant good overall vision and reading/close-up work; frequent color perception and use of eye/hand coordination; occasional use of depth perception and peripheral vision; ***Dexterity***-Normal dexterity with frequent writing and repetitive motions; ***Hearing/Talking***-Frequent hearing and talking on the telephone and in person; ***Emotional/Psychological***-Constant public contact; decision making and concentration, frequently working alone; exposure to trauma, grief and death; occasional exposure to noise, emergency situations; ***Special Requirements***-Some assignments may require occasional weekends/nights, overtime, and travel.

CLASS: RS3401; **EST:** 2/13/2003; **REV:** ;

Lightspeed

NOVEMBER 2021

EST. 2000

Lightspeed

$10B+ Committed Capital

12 Current Funds

20+ YEARS OF INVESTING

In category-leading companies from early to growth stage

A DISCIPLINED STRATEGY

that consistently outperforms across market cycles

A GLOBAL PLATFORM

with 8 offices / affiliates in 6 countries across the globe

ENTERPRISE

MuleSoft, APPDYNAMICS, netskope, rubrik, exabeam, carta, NUTANIX, Grafana, blend, ARCTIC WOLF, TripActions, riverbed

CONSUMER

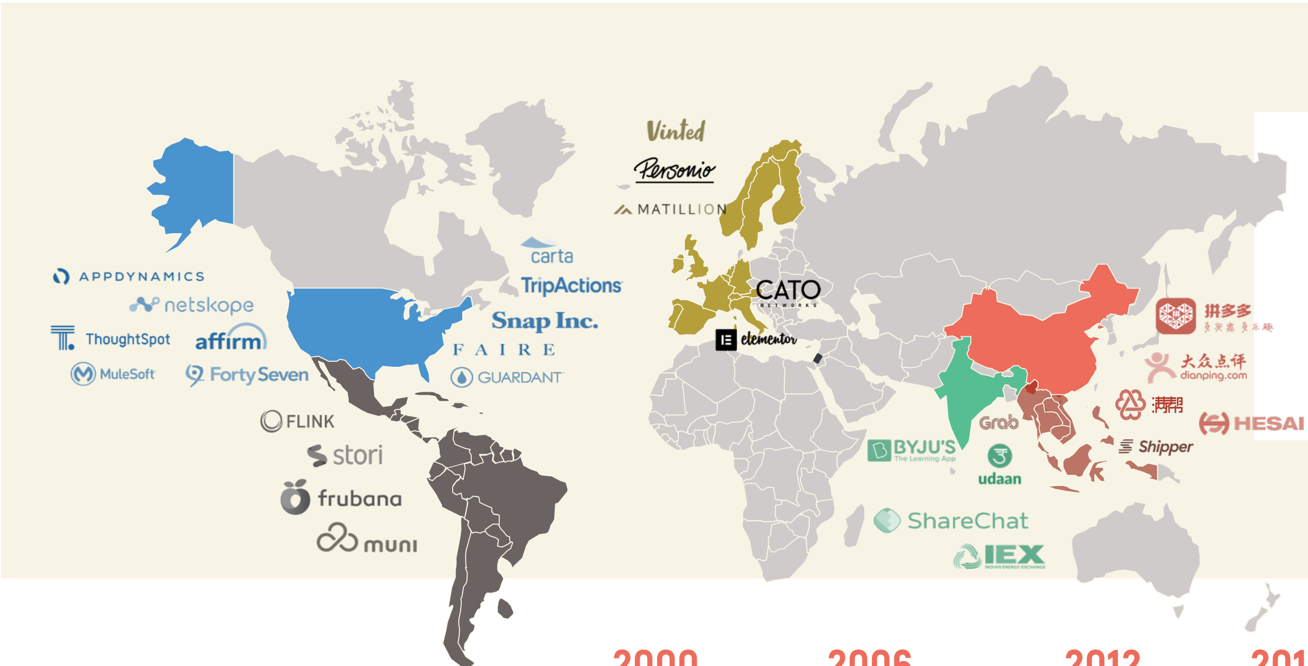
Snap Inc., affirm, FAIRE, GRUBHUB, GIPHY, udaan, BYJU'S The Learning App, nest, HONEST, EPIC GAMES, ShareChat, Grab

HEALTHCARE

GUARDANT, Forty Seven, orcabio, Calm, Personalis, curve Health, Teneobio, wheel, natera, satellite BIO, ULTIMA GENOMICS, freespira

AN INTERNATIONAL FOOTPRINT

ACCESS TO THE GLOBAL STARTUP ECOSYSTEM

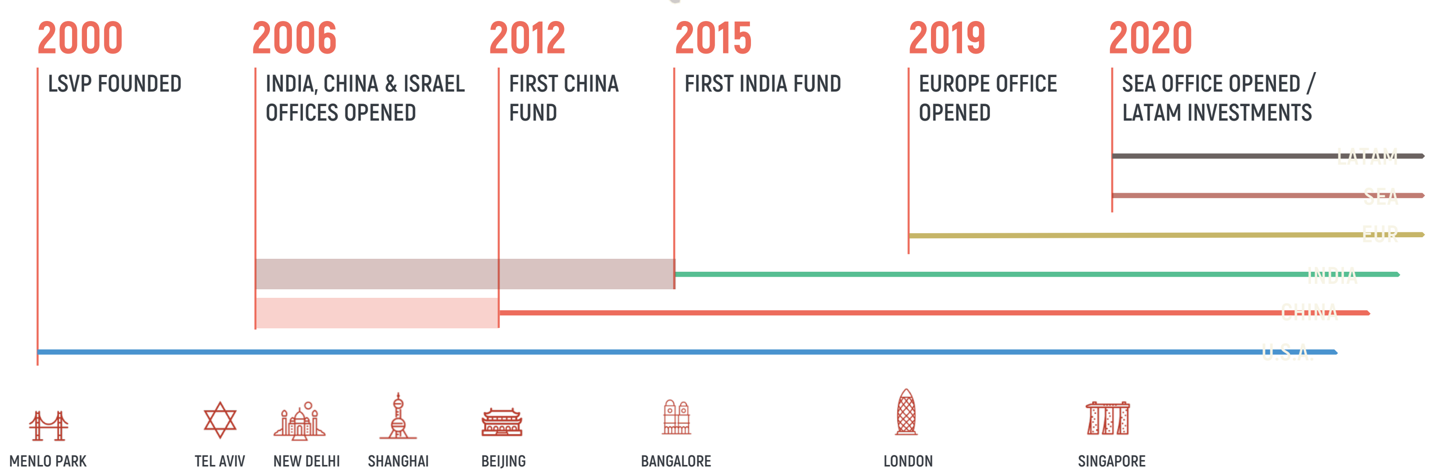


Lightspeed INDIA PARTNERS

FOUNDED IN 2015
MANAGES $590M
3 DEDICATED FUNDS

Lightspeed CHINA PARTNERS

FOUNDED IN 2011
MANAGES $1.3BN
5 DEDICATED FUNDS



Lightspeed China Partners and Lightspeed India Partners are separately owned and operated.

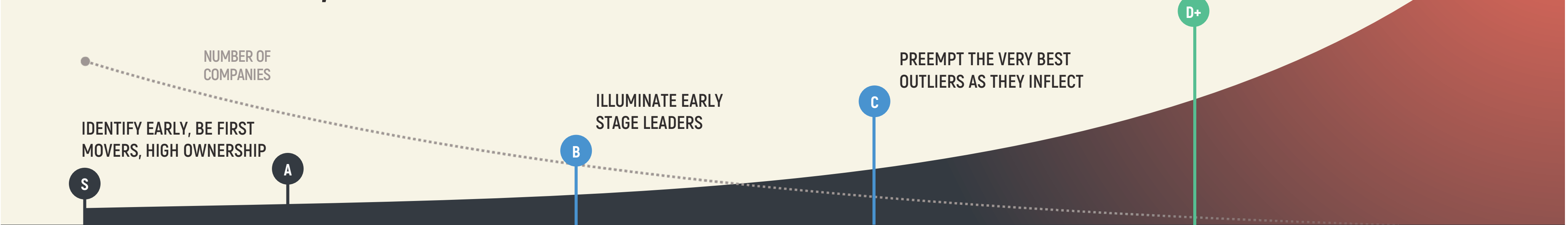
ONE LIGHTSPEED

WITH EXPERTISE ACROSS SECTOR, STAGE, & GEO

WE MEASURE OURSELVES IN LIQUIDITY NOT MARK-UPS

affirm $26.4B Market Cap Series B Investor	**Forty Seven** $4.9B Acquisition Series A Investor	**GUARDANT** $12.8B Market Cap Series C Investor
blend $3.7B Market Cap Series A Investor	**HONEST** $906.3M Market Cap Series A Investor	**NUTANIX** $7.8B Market Cap Series A Investor
Teneobio $1.4B+ Acquisition Series A Investor	**Snap Inc.** $117.8B Market Cap Seed Investor	**MuleSoft** $6.5B Acquisition Series B Investor
zscaler $38.1B Market Cap Series C Investor	**APPDYNAMICS** $3.7B Acquisition Series A Investor	**QuantumScape** $8.9B Market Cap Series A Investor
GRUBHUB $7.3B Acquisition Series E Investor	**Outbrain** $945.3M Market Cap Series A Investor	**OYO** 2/3 of position exited in secondary sale Seed Investor

BACKING THE VERY BEST ENTREPRENEURS IN ANY GEOGRAPHY, AT ANY STAGE



LSVP FUNDS

EARLY-STAGE INVESTMENTS

Moveworks, orcabio, rubrik, APPDYNAMICS, snorkel, aqua, Snap Inc., cameo, blend, Hubilo, nest, ARCTIC WOLF, BetterUp, Teneobio, GIPHY, affirm, wheel, at bay, NUTANIX, Handshake, DEXTERITY

20 YEAR EARLY STAGE PLATFORM

SELECT FUNDS

FOLLOW-ON IN PROMISING COMPANIES

Grafana, FAIRE, CATO NETWORKS, GUARDANT, MuleSoft, BYJU'S The Learning App, ShareChat, exabeam, Calm, carta, ZETWERK, Aurora, SEISMIC, MATILLION, FortySeven, OFFCHAIN LABS, Personalis, AXONIUS, Personio, ThoughtSpot

TOP 5% OF GLOBAL PORTFOLIO

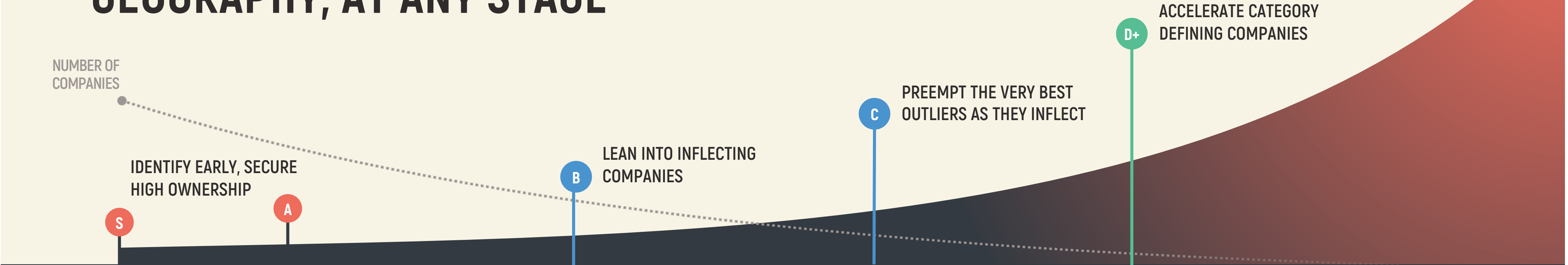
OPPORTUNITY FUNDS

GROWTH CAPITAL FOR OUTLIERS

Outschool, Vinted, ClickUp, Webull, HESAI, BLOCKCHAIN, affirm, EPIC GAMES, carta, udaan, netskope

TOP 1% OF GLOBAL PORTFOLIO

BACKING THE VERY BEST ENTREPRENEURS IN ANY GEOGRAPHY, AT ANY STAGE



	FUND XIV >EARLY-STAGE INVESTMENTS<		SELECT V >FOLLOW-ON IN PROMISING COMPANIES<	OPPORTUNITY II >GROWTH CAPITAL FOR OUTLIERS<
	SIGNIFICANTLY EXPAND SUCCESSFUL SEED STRATEGY		TOP 5% OF GLOBAL PORTFOLIO	TOP 1% OF GLOBAL PORTFOLIO
	INCEPTION	IGNITE		
STAGE	SEED, SERIES A	SERIES A/B	SERIES B/C	OPPORTUNISTIC, CO-INVESTMENT
GEO	80% US, 20% ROW	75-80% US, 20-30% ROW	2/3 US, 1/3 ROW	GLOBAL
%	1/3 SEED, 2/3 EARLY	100% EARLY	MAJORITY EXISTING DEALS	MAJORITY EXISTING DEALS
AVG	$15M - $20M AVG. FULL	$20M - $25M AVG. FULL	$50M - $100M AVG. FULL	$75M - $125M AVG. FULL
STRATEGY	2X SEED PROGRAM	HIGH OWNERSHIP	FOCUSED EARLY GROWTH	CO-INVESTMENTS

San Joaquin County Employees' Retirement Association

Investor Presentation

November 2021

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The contents herein are not to be construed as legal, business, or tax advice. Each recipient should conduct its own independent analysis of the data referred to herein and consult with its own counsel and advisors.

Overview

Seeking Attractive Returns Without Taking Commensurate Levels of Risk

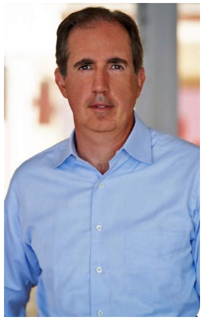
1. Senior Team with Long-Tenured Investing Experience
2. Focus on Least Efficient Private Equity Market Segment
3. Differentiated Sourcing Model Enhances Deal Selectivity
4. Positive Convexity, Relative Value Investment Strategy
5. Pioneer with Independent Sponsors Creates Captive Partner Network
6. Established Track Record Across Multiple Funds with $1.3b in AUM

Ocean Avenue Team Members

Experienced, Independently-Owned Working Partnership

- Co-Founder and GP Member
- Over 25 years of private equity experience
- M.S. Massachusetts Institute of Technology

Jeff Ennis
Partner



- Co-Founder and GP Member
- Over 23 years of private equity experience
- M.B.A. Duke University

Duran Curis, CFA
Partner

- Co-Founder and GP Member
- Over 20 years of private equity experience
- J.D. Harvard Law School

Jacques Youssefmir
Partner

- GP Member
- Over 15 years of private equity experience
- M.B.A. Wharton, University of Pennsylvania

Pete Notz
Partner

Investment Team

Daniel Smith
Sr. Associate

Toby D'Ambola
Sr. Associate

Tal Weiss
Sr. Analyst

Lina Aluzri
Analyst

Operations Team

Melody Bamdad
CFO

Matt Kahn, CPA
Ops. Associate

Outsourced, Third-Party Services

SS&C

Fund Administrator
- Financial reporting and treasury services
- General fund administration

greyline

Compliance Services
- Internal compliance training and management
- Regulatory filings and risk assessments

Ocean Avenue Capital Partners

A Leading Source of Institutional Equity Capital for Independent Sponsors

Independent Sponsor Pioneer

Large and growing partner network led by senior investment team with 20+ years of private equity experience on average

2011	1,000+
First Independent Sponsor Deal	Independent Sponsors in Network

Redefined Sourcing Engine

Robust deal flow and selectivity process unlocked by expansive sponsor network

400+	<2%
Direct Deals Reviewed per Year	Investments in Sourced Deals

Established Results

PE model focused on positive-convexity value strategy in an inefficient market segment

40+	<4 Years
Total Realizations (Direct Deals)	Avg. Hold Period (Direct Deals)

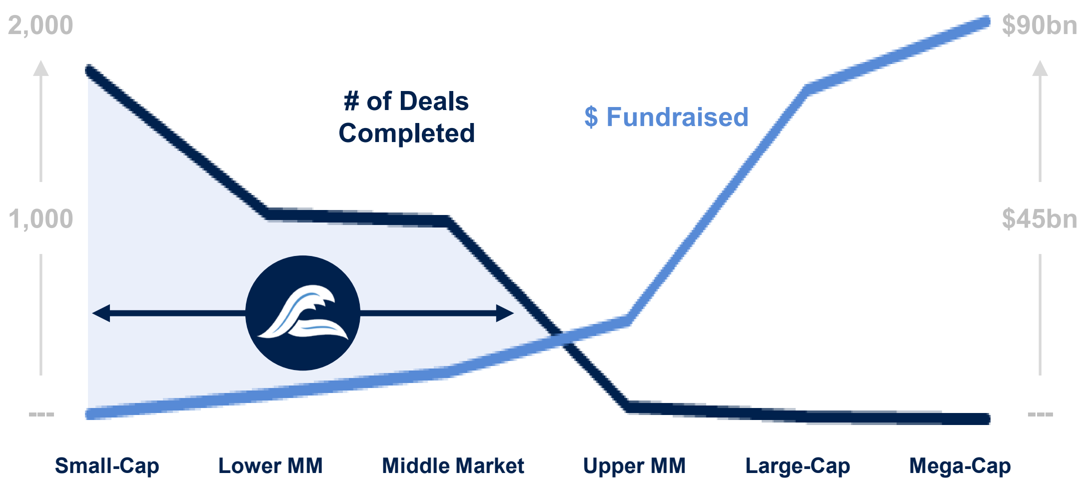
Source: OACP internal data as of 02.15.2021. There can be no assurance that historical trends will continue.

Target Market Segmentation

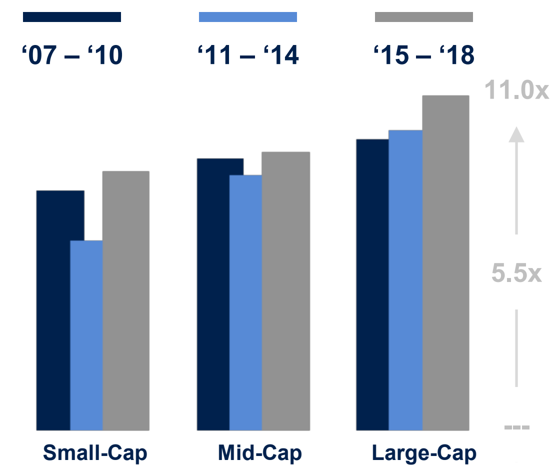
Investment Strategy is Focused on Less Efficient Markets

Ocean Avenue Target Market

Defined by the highest opportunity set coupled with the lowest capital allocation[1]



Supply-demand imbalance results in lower avg. EBITDA multiples[2]



Independent Sponsors[3]

Independent sponsors comprise a growing portion of the lower middle market and middle market

62.7%

Independent Sponsors as a Portion of LMM & MM Firms

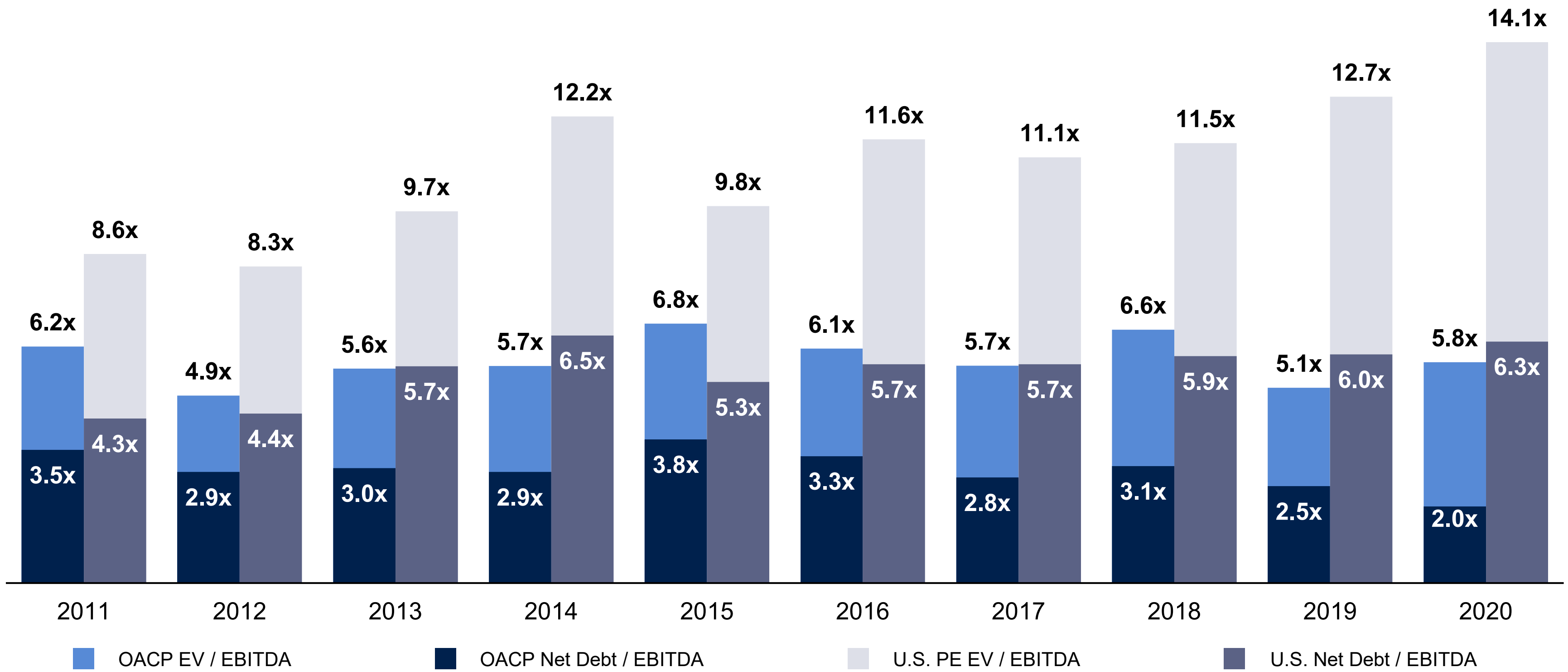
44.7%

Independent Sponsor Deals as a Portion of LMM & MM

Sources: (1) PitchBook 2020 Annual US PE Breakdown; (2) McKenna Capital Management, "The Little Engines Who Can: Why Small-Cap Buyout Can Drive Investor Returns"; (3) Independent Sponsor data from Pitchbook as of 06.07.2021 – the data set is defined as funds and EV deal sizes sub-$500mm.

Median OACP Purchase Multiples

Focus on Less Competitive Segment Results in Lower Purchase Multiples



*5.8x**

Median OACP Entry EV / EBITDA Purchase Multiple

*Includes deals closed through 12.31.20. Analysis excludes investments made by OACP that lacked meaningful EBITDA (i.e., turnaround/distressed situations, and companies purchased on revenue multiples). For this analysis, thirteen direct investments made by OACP were excluded for the multiple shown. Such transactions should not be considered directly comparable to OACP's portfolio companies based on several factors, including transaction size, industry and because certain companies are publicly traded. Such comparison has not been verified by any third party, which may reach different conclusions. There can be no assurance historical trends will continue.

Source: Pitchbook and OACP internal data as of 12.31.20.

Differentiated Sourcing Model

Partner Network Enhances Deal Funnel Efficiency

	CIMs Reviewed	Indications of Interest	Letters of Intent	Deals Completed
Typical PE Fund Model	**~1,000** *100% of Sourced*	**50** *5% of Sourced*	**10** *1% of Sourced*	**2-3** *0.25% of Sourced*
OACP Model	OACP Model Creates Scale & Enhances Deal Selectivity		**~400** *x40 Typical Fund*	**10 - 15** *x5 Typical Fund*

OACP Typically Reviews Deals at or near the LOI Stage

Attractive Attributes of the OACP Sourcing Model

Pre-Vetted Transactions at Initial OACP Review → Two-Tier Screening Process → Data-Driven Assessment Processes → Portfolio Breadth Unlocks Unique Perspectives

Source: OACP internal data as of 12.31.2020; OACP has over 1,000 sponsor partners in network. "Typical Fund" information is based on OACP's opinions, beliefs and experience regarding the private equity fund industry. OACP did not conduct a formal market survey, and the indicated information is not representative of all private equity funds. A third-party analysis may reach different conclusions.

Investment Strategy

Value-Orientation and Focus on Special Situations, Underpinned by Robust Deal Flow

Relative Value Pricing

Transaction data, coupled with processes for benchmarking comparable companies, create an information advantage in discovering undervalued assets

Industry Dynamics

Robust deal flow allows for insights into industry trends and industries that may be overlooked

Sponsor Partner

Sponsor base includes PE & operating professionals with industry expertise and relationship networks often yielding angles on transactions

Supported by Data-Enabled Investing Foundation

Advanced-Stage Transaction Data

Market pricing, KPIs, and industry dynamics

Deep Bench of Sponsor Partners

History of underwriting & structuring transactions across broad array of industries

Note: The investment strategy included herein is provided in order to help prospective investors understand the Firm's goals, objectives and process for evaluating investment opportunities. There are no assurances that this strategy will be executed, or if executed, that it will lead to investor returns.

Captive Sponsor Network

We Believe Early Mover Advantage Positions OACP at the Center of the Independent Sponsor Universe

Strategic Sourcing Relationships

Established relationships with leading middle market lenders, attorney, accountant, board member, placement agent relationships

Significant Brand Value

+10 years working with independent sponsors

Positioning Creates a Central Funnel for Independent Sponsor with High Barriers to Entry

Deal-Centric Investment Process

Investment directive is centered around deal selectivity with sponsors proactively seeking OACP as the partner of choice to create value

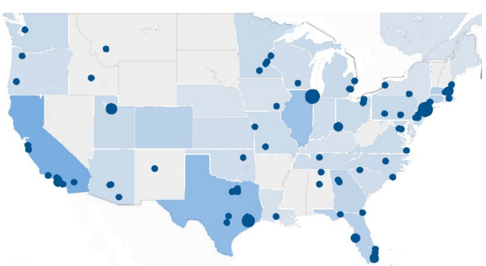
Network Effect

Active investor in the space with an expansive network of stake holders and advocates on behalf of OACP

By the Numbers

Expansive Coverage

The sponsor network stretches from coast-to-coast and 39 different states

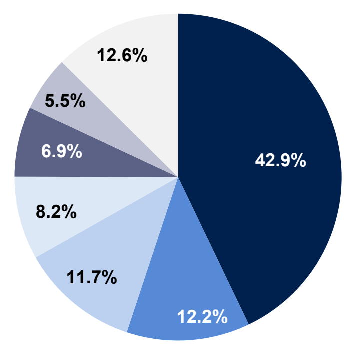


1,000+

Independent Sponsors in Network

2011

First Year Independent Sponsors Transaction



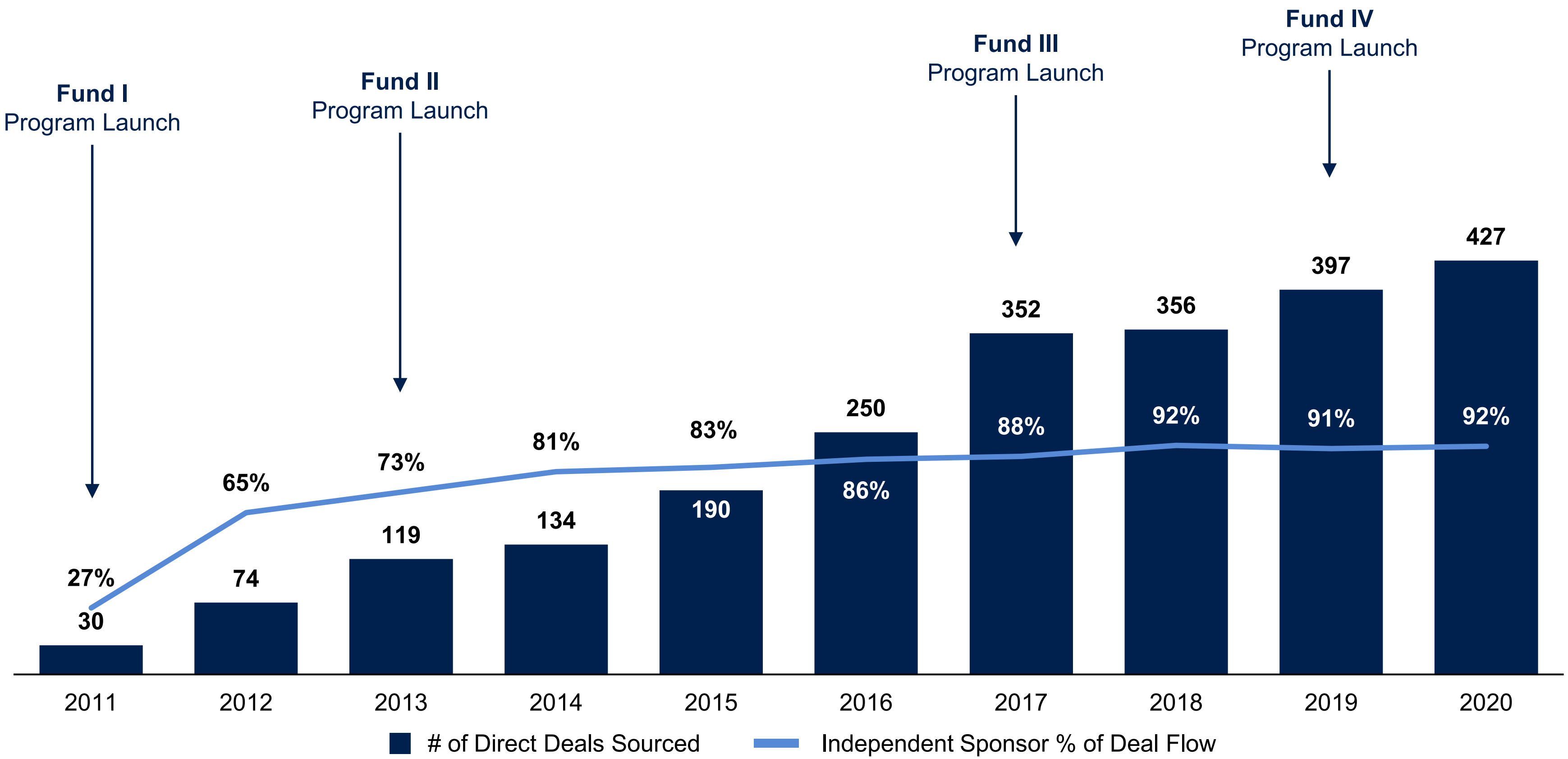
Deep Sponsor Experience

Many sponsors are industry experts with deep relationships and domain expertise

Source: OACP internal data as of 12.31.2020.

Deal Flow & Selectivity

Advanced-Stage Deal Flow and Selectivity have Improved Significantly



% of Direct Investments Closed from Total Sourced Opportunities									
2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
20.0%	*16.2%*	*10.9%*	*9.0%*	*5.8%*	*4.4%*	*2.3%*	*4.2%*	*2.5%*	*1.9%*

Source: OACP internal data as of 12.31.2020. Selectivity calculated by dividing closed deals sourced in each time period by the total number of deals sourced that period. There can be no assurance historical trends will continue.

OACP Funds Summary

Fund ($ in 000's)	Fund Vintage	Commitments	Contributions	Net Distributions	Net Fair Value	Net Total Value	DPI	Gross TVPI	Net TVPI	Gross IRR	Net IRR
As of June 30, 2021											
OAF IV	2019	$50,000	$29,500	$3,250	$35,617	$38,867	0.1x	1.4x	1.3x	50.1%	46.2%
OAF III	2016	$50,000	$44,000	$23,000	$59,101	$82,101	0.5x	2.0x	1.9x	29.6%	24.6%
OAF II	2013	$40,000	$36,000	$44,587	$36,204	$80,791	1.2x	2.3x	2.2x	21.8%	18.9%
Total		**$140,000**	**$109,500**	**$70,837**	**$130,922**	**$201,759**	**0.6x**	**2.0x**	**1.8x**	**26.3%**	**21.7%**

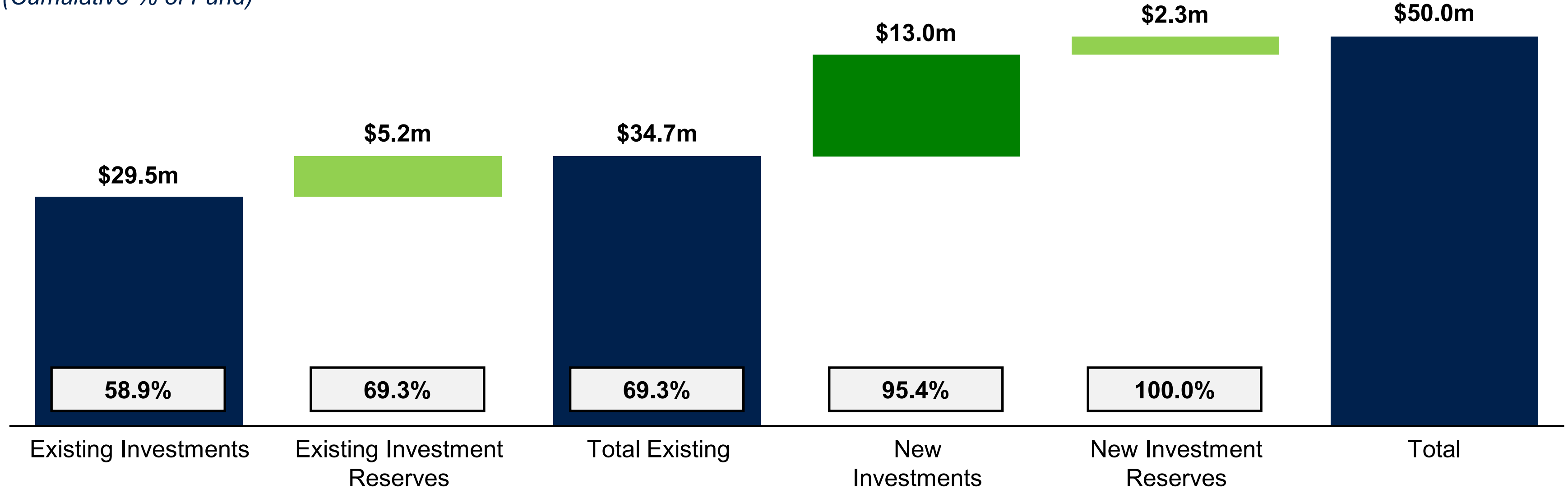
Cash Flows Post Last Valuation Date				
As of October 20, 2021	Contributions	Distributions	PIC	DPI
Fund IV Cumulative as of June 30, 2021	**$29,500**	**$3,250**	**0.59x**	**0.11x**
Capital Call	$4,000	$0	0.08x	0.00x
Total Fund IV	**$33,500**	**$3,250**	**0.67x**	**0.10x**
Fund III Cumulative as of June 30, 2021	**$44,000**	**$23,000**	**0.88x**	**0.52x**
Sale of Companies A, B, & C; Fund A Distributions	$0	$17,500	0.00x	0.40x
Total Fund III	**$44,000**	**$40,500**	**0.88x**	**0.92x**
Fund II Cumulative as of June 30, 2021	**$36,000**	**$44,587**	**0.90x**	**1.24x**
Sale of Company D	$0	$1,200	0.00x	0.03x
Total Fund II	**$36,000**	**$45,787**	**0.90x**	**1.27x**
All Funds Cumulative as of June 30, 2021	**$109,500**	**$70,837**	**0.78x**	**0.65x**
Cash Flows post-June 30, 2021	$4,000	$18,700	0.03x	0.16x
Total Across All Funds	**$113,500**	**$89,537**	**0.81x**	**0.79x**

Note: Please refer to Glossary for explanation of performance terms. Past performance is not necessarily indicative of future results. There can be no assurance that any unrealized values will be realized at the valuations included herein. Actual results may vary materially and adversely. Investors may lose investment capital.

Recent Realizations & Fund IV Capital Deployment

Recent Realizations ($ in 000's)	Investment Date	Exit Date	Gross MOIC Jun-30	Gross MOIC Exit	Gross IRR Jun-30	Gross IRR Exit
Ocean Avenue Fund III, L.P.						
Company A	05-08-17	07-30-21	2.6x	5.9x	41.3%	78.9%
Company B	01-25-19	08-05-21	1.8x	1.9x	27.9%	29.4%
Company C	02-21-18	09-29-21	1.5x	1.6x	12.5%	14.8%
Total			**2.1x**	**3.6x**	**29.7%**	**52.7%**
Ocean Avenue Fund II, L.P.						
Company D	06-08-15	07-22-21	2.5x	2.6x	16.3%	16.7%

Fund IV Capital Deployment Bridge
(Cumulative % of Fund)



Note: Please refer to Glossary for explanation of performance terms. Past performance is not necessarily indicative of future results. There can be no assurance that any unrealized values will be realized at the valuations included herein. Actual results may vary materially and adversely. Investors may lose investment capital.

Summary Term Sheet

Offering:	Ocean Avenue Fund V, L.P. (the "Fund") will invest directly in small and lower middle market companies and special situations primarily in partnership with independent sponsors. The Fund is targeting $550mm in limited partner ("LP") commitments.
GP Commitment:	The General Partner (the "GP", and together with the LPs, the "Partners") and its members and affiliates will commit at least 1% to the Fund on the same terms and conditions as the LPs, provided that the GP commitment shall not be charged a management fee or carry.
Investment Period:	Five years from the date the first investment in the Fund is approved by the GP.
Term:	10 years, with up to four one year extensions to provide for the orderly liquidation of the Fund.
Management Fee:	1.25% per year on committed capital. After year seven, fee reduced to 90% of the management fee charged in the prior year.
Carried Interest:	In general, proceeds from any investment will be preliminarily apportioned among the Partners pro rata based on their respective funded commitments applicable to such investment. The amount so apportioned to the GP will be distributed to it and the amount so apportioned to an LP will be distributed as follows: (a) first, 100% of such LP until the cumulative amount distributed to such LP in respect of investments equals the aggregate of the following: (i) such LP's funded commitment attributable to realized investments and unrealized investments to the extent they are permanently written down as of that time; (ii) such LP's funded commitment attributable to all organizational expenses, management fees and other expenses for which contributions have been made to date, in each case allocated to realized investments and unrealized investments to the extent they are permanently written down as of that time; (b) second, such LP shall receive a preferred return on amounts included in clauses (i) and (ii) above at the rate of 8% per annum compounded annually (the "Preferred Return"); (c) third, 100% to the GP as a "catch-up" until such time as the GP has received, as carried interest, 15% of the sum of the distributed Preferred Return and distributions made pursuant to clause (c); and (d) thereafter, 85% to such LP and 15% to the GP as carried interest.
Clawback:	To the extent that the GP receives excess distributions, then the GP will be required to pay back 100% of such excess, less taxes thereon. An interim clawback obligation will be calculated on the seventh anniversary of the final closing date, with a final clawback obligation upon final distribution of the Fund's assets. The members of the GP will guarantee the clawback obligations.
Key Man:	If fewer than two of the Fund's founding partners cease to remain active in the Fund, then the Fund's investment period shall automatically be suspended. The investors shall have a 180 day period in which to reinstate (by majority in interest vote) the investment period. If the investment period is not reinstated after such 180 day period, then for purposes of calculating the management fee payable thereafter, the fee shall be based on commitments made to underlying investments.
No Fault Divorce:	The investors (by 75% vote of investor interests) may remove the GP at any time for any reason (a "No Fault Election"). To the extent that a No Fault Election occurs, the GP shall be entitled to one year's worth of management fees from the date of such No Fault Election. During such transition period, the GP shall work in good faith with the investors to seek a new manager and General Partner for the Fund.
Reporting:	Annual audited and quarterly unaudited financial statements and investment reports will be provided to investor. Audit conducted by KPMG LLP. Custody and reporting services will be provided to the Fund by SS&C Technologies, Inc..

Glossary

- “DPI” or Distributed / Paid-in means distributions received by investors relative to contributed capital. DPI is reflected on a net basis and reflects the deduction of management fees, partnership expenses and carried interest borne by investors.
- “Gross IRR” refers to the aggregate, annual, compound, internal rate of return on investments, calculated before the payment of applicable management fees, partnership expenses, carried interest and taxes. Gross IRR is calculated based on actual cash flows between the fund and portfolio companies, assuming all assets of the fund are liquidated at their carrying value.
- “Gross MOIC” or Multiple on Invested Capital means total value, including both realized and unrealized value, divided by invested capital, calculated before the deduction of management fees, partnership expenses, carried interest, and taxes.
- “Gross TVPI” or Gross Total Value / Paid-in means distributions received by investors and the unrealized value relative to contributed capital. TVPI is reflected on a gross basis and does not reflect the deduction of management fees, partnership expenses, carried interest and other expenses borne by investors, provided that for individual deals and funds, TVPI reflects the deduction of fees and / or carried interest by the manager of the underlying deal / fund, but does not reflect OACP’s fees and carry.
- “Invested Capital” means the amount of capital invested, including follow-on investments, by the fund in the applicable transaction or transactions. The amount of invested capital used includes amounts distributed to and recalled from investors under the relevant fund’s recycling provisions.
- “Net IRR” refers to the aggregate, annual, compound, internal rate of return on investments, calculated after payment of applicable management fees, partnership expenses and carried interest. Net IRRs are calculated based on actual cash flows between limited partners and the Fund, assuming all assets of the fund are liquidated at their unrealized carrying value. An individual limited partner’s Net IRR may vary based on the timing of capital contributions and distributions. Net IRR reflects use of the fund subscription line of credit, such that net IRR is based on the investor capital call due date rather than the prior date on which the subscription line was drawn for investment; this generally has the result of increasing IRR calculations (in some cases, materially). This calculation differs with respect to timing from the calculation of Gross IRR, which is measured from the date the fund made the investment with borrowed funds. Note that LPs in Fund II and Fund III were subject to different management fee rates based on their commitment size. The net performance results for these funds reflect the blended management fees paid by all limited partners, and as a result, individual limited partner returns will vary.
- “Net MOIC” or Net Multiple on Invested Capital means total value, including both realized and unrealized value, divided by Invested Capital, calculated after the payment of applicable management fees, partnership expenses and carried interest. Note that LPs in Fund II and Fund III were subject to different management fee rates based on their commitment size. The net performance results for these funds reflect the blended management fees paid by all limited partners, and as a result, individual limited partner returns will vary.
- “Net TVPI” or Net Total Value / Paid-in means distributions received by investors and the unrealized value relative to contributed capital. TVPI is reflected on a net basis and does not reflect the deduction of management fees, partnership expenses, carried interest and other expenses borne by investors, provided that for individual deals and funds, TVPI reflects the deduction of fees and / or carried interest by the manager of the underlying deal / fund, as well as OACP’s fees and carry. Note that LPs in Fund II and Fund III were subject to different management fee rates based on their commitment size. The net performance results for these funds reflect the blended management fees paid by all limited partners, and as a result, individual limited partner returns will vary.

Glossary (Cont’d)

- “Unrealized Value” or “Fair Value”: For all OACP Funds II and III, fair market value of investments in other Funds represents the unaudited carrying value of investments at 3/31/21 as reported by the sponsors with whom OACP has made such investments, plus or minus cash flows during 2021 Q2. For OACP Fund IV, fair market value represents the unaudited carrying value of investments at 6/30/21 as reported by the sponsors with whom OACP has made such investments. The unrealized value or fair value of OACP Fund and other Fund investments is an estimate of the price that would be received upon the sale of an investment in an orderly transaction between two parties at the measurement date under current market conditions. OACP and Other Fund sponsors generally value their underlying portfolio company investments using a variety of factors, including the most recently available financial information, comparable valuations, and indications of interest from third parties to acquire certain of the companies. The actual realized returns of unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. OACP believes that such unrealized values are reasonable and appropriate, however, there can be no assurance that proceeds will actually be realized on these investments, or that, if and when realized, the proceeds will be equal to the values used. Accordingly, the actual realized returns on investments that are partially realized or unrealized may differ materially from the values indicated herein. Unrealized fund investments have been valued using current fair market value based upon a variety of factors, including valuations provided by the underlying fund sponsors as determined in accordance with the terms and conditions of the relevant fund’s governing documents. For the purposes of the net returns presented herein, unrealized investments are treated as if liquidated at their unrealized value, and as though the applicable carried interest was paid at such date, unless otherwise noted.
- Ocean Avenue Funds:
  - “OAF II” and “Fund II” refer to Ocean Avenue Fund II, L.P.
  - “OAF III” and “Fund III” refer to Ocean Avenue Fund III, L.P.
  - “OAF IV” and “Fund IV” refer to Ocean Avenue Fund IV, L.P.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] — September 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 PLAN[1]			$ 3,822,859,093	100.0%	100.0%	-1.7	0.3	8.6	16.9	8.6	7.9	7.9	Apr-90
Policy Benchmark [4]						*-1.0*	*1.2*	*8.2*	*16.0*	*9.6*	*8.9*	*7.8*	
Difference:						-0.7	-0.9	0.4	0.9	-1.0	-1.0	0.1	
75/25 Portfolio [5]						*-3.5*	*-0.9*	*7.4*	*20.3*	*12.4*	*10.6*	*7.7*	
Difference:						1.8	1.2	1.2	-3.4	-3.8	-2.7	0.2	
Broad Growth			$ 2,905,882,334	76.0%	75.0%	-2.0	0.4	11.0	22.3	9.7	9.8	8.6	Jan-95
Aggressive Growth Lag[2]			$ 301,995,567	7.9%	10.0%	7.0	7.0	19.0	23.0	12.6	11.7	-4.2	Feb-05
MSCI ACWI +2%Lag						*2.4*	*3.7*	*12.3*	*46.5*	*11.3*	*10.4*	*0.0*	
Difference:						4.6	3.3	6.7	-23.5	1.3	1.3	-4.2	
BlackRock Global Energy&Power Lag[3]	*$50,000*	*Global Infrastructure*	$ 19,582,066	0.5%		1.5	1.5	2.8	6.6	--	--	9.8	Jul-19
MSCI ACWI +2%Lag						*2.9*	*5.2*	*21.3*	*58.3*	*--*	*--*	*20.1*	
Difference:						-1.4	-3.7	-18.5	-51.7	--	--	-10.3	
Ocean Avenue II Lag[3]	*$40,000*	*PE Buyout FOF*	$ 36,204,179	0.9%		20.7	20.7	50.9	59.4	26.8	26.3	15.6	May-13
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*14.2*	*12.1*	*10.9*	
Difference:						17.8	15.5	29.6	1.1	12.6	14.2	4.7	
Ocean Avenue III Lag[3]	*$50,000*	*PE Buyout FOF*	$ 59,100,795	1.5%		12.2	12.2	25.3	22.8	24.4	--	22.7	Apr-16
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*14.2*	*--*	*12.1*	
Difference:						9.3	7.0	4.0	-35.5	10.2	--	10.6	
Ocean Avenue IV Lag[3]	*$50,000*	*PE Buyout*	$ 35,617,418	0.9%		4.3	4.3	26.1	37.5	--	--	34.9	Dec-19
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*--*	*--*	*24.0*	
Difference:						1.4	-0.9	4.8	-20.8	--	--	10.9	
Morgan Creek III Lag[3]	*$10,000*	*Multi-Strat FOF*	$ 8,096,284	0.2%		3.3	3.3	11.8	15.2	-4.6	2.5	-1.1	Feb-15
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*14.2*	*12.1*	*11.5*	
Difference:						0.4	-1.9	-9.5	-43.1	-18.8	-9.6	-12.6	
Morgan Creek V Lag[3]	*$12,000*	*Multi-Strat FOF*	$ 9,453,588	0.2%		-0.3	-0.3	12.6	14.7	12.3	11.8	13.4	Jun-13
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*14.2*	*12.1*	*11.0*	
Difference:						-3.2	-5.5	-8.7	-43.6	-1.9	-0.3	2.4	
Morgan Creek VI Lag[3]	*$20,000*	*Multi-Strat FOF*	$ 26,703,319	0.7%		1.1	1.1	19.0	30.7	18.4	15.0	8.6	Feb-15
MSCI ACWI +2% Lag						*2.9*	*5.2*	*21.3*	*58.3*	*14.2*	*12.1*	*11.5*	
Difference:						-1.8	-4.1	-2.3	-27.6	4.2	2.9	-2.9	
Stellex Capital Partners II Lag[3]	*$50,000*	*Multi-Strat FOF*	$ 4,906,200	0.1%		1.1	--	--	--	--	--	--	Jul-21
MSCI ACWI +2% Lag						*2.9*	*--*	*--*	*--*	*--*	*--*	*--*	
Difference:						-1.8	--	--	--	--	--	--	
Opportunistic Private Real Estate													
Greenfield V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 227,258	0.0%		-0.1	-0.1	-2.1	-25.4	-12.3	-4.8	-3.1	Jul-08
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*6.4*	
Difference:						-3.0	-3.0	-7.1	-31.0	-20.4	-14.3	-9.5	
Greenfield VI[3]	*$20,000*	*Opportunistic Pvt. RE*	$ 171,705	0.0%		-0.5	-0.5	-25.3	-29.7	-36.3	-24.4	-9.7	Apr-12
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*9.2*	
Difference:						-3.4	-3.4	-30.3	-35.3	-44.4	-33.9	-18.9	
Greenfield VII[3]	*$19,100*	*Opportunistic Pvt. RE*	$ 9,301,411	0.2%		0.3	0.3	11.5	14.0	11.7	12.5	12.1	Oct-14
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*8.2*	
Difference:						-2.6	-2.6	6.5	8.4	3.6	3.0	3.9	
Grandview[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 20,316,979	0.5%		5.6	5.6	10.4	27.4	11.0	--	8.0	Apr-18
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*--*	*5.3*	
Difference:						2.7	2.7	5.4	21.8	2.9	--	2.7	
Miller Global Fund VI[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 481,237	0.0%		22.6	22.6	34.1	-31.4	-24.8	-12.1	-4.9	May-08
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*6.4*	
Difference:						19.7	19.7	29.1	-37.0	-32.9	-21.6	-11.3	
Miller Global Fund VII[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 273,467	0.0%		0.0	0.0	16.1	53.4	-5.5	-0.5	23.9	Dec-12
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*9.1*	
Difference:						-2.9	-2.9	11.1	47.8	-13.6	-10.0	14.8	

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

[2] Total class returns are as of 6/30/21, and lagged 1 quarter.

[3] Manager returns are as of 6/30/21, and lagged 1 quarter. Since Inception date reflects one quarter lag.

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

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

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] September 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 V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 2,071,307	0.1%		0.5	0.5	1.4	-3.2	-13.8	-8.8	-4.2	Nov-06
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*7.3*	
Difference:						-2.4	-2.4	-3.6	-8.8	-21.9	-18.3	-11.5	
Walton Street VI[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 4,919,114	0.1%		4.8	4.8	4.0	4.6	-1.7	-0.1	7.0	Jul-09
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*8.4*	
Difference:						1.9	1.9	-1.0	-1.0	-9.8	-9.6	-1.4	
Value-Added Private Real Estate													
AG Core Plus IV[3]	*$20,000*	*Value-Added Pvt. RE*	$ 19,298,414	0.5%		2.2	2.2	6.1	7.1	9.6	8.1	4.8	Sep-15
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*7.3*	
Difference:						-0.7	-0.7	1.1	1.5	1.5	-1.4	-2.5	
Almanac Realty VI[3]	*$30,000*	*Value-Added Pvt. RE*	$ 3,609,976	0.1%		1.0	1.0	-5.6	-4.5	-13.1	-5.7	22.0	Feb-13
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*9.1*	
Difference:						-1.9	-1.9	-10.6	-10.1	-21.2	-15.2	12.9	
Berkeley Partners Fund V, LP	*$40,000*	*Value-Added Pvt. RE*	$ 9,285,074	0.2%		4.7	4.7	11.7	--	--	--	0.0	Aug-20
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	--	--	--	*2.4*	
Difference:						1.8	1.8	6.7	--	--	--	-2.4	
Stockbridge RE III[3]	*$45,000*	*Value-Added Pvt. RE*	$ 35,179,678	0.9%		4.4	4.4	9.0	11.9	4.1	--	4.1	Jul-18
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	--	*5.0*	
Difference:						1.5	1.5	4.0	6.3	-4.0	--	-0.9	
Traditional Growth[2]			$ 1,443,914,058	37.8%	32.0%	-4.1	-0.6	12.9	30.3	10.1	11.9	9.5	Jan-95
MSCI ACWI IMI Net						*-4.0*	*-1.1*	*11.4*	*28.9*	*13.5*	*14.0*	*8.3*	
Difference:						-0.1	0.5	1.5	1.4	-3.4	-2.1	1.2	
Global Equity			$ 1,396,042,905	36.5%									
Northern Trust MSCI World IMI		*All Cap Global*	$ 1,252,070,583	32.8%		-4.1	-0.2	13.2	--	--	--	24.0	Sep-20
MSCI World IMI Net						*-4.0*	*-0.2*	*13.1*	--	--	--	*23.6*	
Difference:						-0.1	0.0	0.1	--	--	--	0.4	
SJCERA Transition		*All Cap Global*	$ 3,324	0.0%		NM	NM	NM	--	--	--	NM	Jul-20
Emerging Markets			$ 143,968,998										
GQG Active Emerging Markets		*Emerging Markets*	$ 65,201,766	1.7%		-3.6	-5.2	-1.3	14.4	--	--	14.5	Aug-20
MSCI Emerging Markets Index Net						*-4.0*	*-8.1*	*-1.2*	*18.2*	--	--	*16.0*	
Difference:						0.4	2.9	-0.1	-3.8	--	--	-1.5	
PIMCO RAE Fundamental Emerging Markets		*Emerging Markets*	$ 78,767,232	2.1%		-3.4	-3.9	16.0	46.6	7.7	9.3	5.5	Apr-07
MSCI Emerging Markets Index						*-3.9*	*-8.0*	*-1.0*	*18.6*	*9.0*	*9.6*	*4.9*	
Difference:						0.5	4.1	17.0	28.0	-1.3	-0.3	0.6	
REITS			$ 47,871,153	1.3%									
Invesco All Equity REIT		*Core US REIT*	$ 47,871,153	1.3%		-5.1	0.8	22.9	28.6	10.0	7.3	9.3	Aug-04
FTSE NAREIT Equity Index						*-5.4*	*1.0*	*23.1*	*37.4*	*10.0*	*6.8*	*9.1*	
Difference:						0.3	-0.2	-0.2	-8.8	0.0	0.5	0.2	

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

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

[3] Manager returns are as of 6/30/21, and lagged 1 quarter. Since Inception date reflects one quarter lag.

NM = Returns not meaningful

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] September 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
Stabilized Growth			$ 1,159,972,709	30.3%	33.0%	-0.8	0.7	5.6	11.0	8.1	6.7	4.1	Jan-05
Risk Parity			$ 435,017,455	11.4%		-3.2	0.6	6.3	15.8	10.7	7.6	5.3	
T-Bill +4%						*0.3*	*1.0*	*3.0*	*4.1*	*5.2*	*5.2*	*4.6*	
Difference:						-3.5	-0.4	3.3	11.7	5.5	2.4	0.7	
Bridgewater All Weather		*Risk Parity*	$ 213,248,121	5.6%		-2.8	1.1	7.1	15.9	9.3	7.4	5.8	Mar-12
T-Bill +4%						*0.3*	*1.0*	*3.0*	*4.1*	*5.2*	*5.2*	*5.5*	
Difference:						-3.1	0.1	4.1	11.8	4.1	2.2	0.3	
PanAgora Diversified Risk Multi-Asset		*Risk Parity*	$ 221,769,334	5.8%		-3.6	0.1	5.6	15.7	12.0	7.9	8.9	Apr-16
T-Bill +4%						*0.3*	*1.0*	*3.0*	*4.1*	*5.2*	*5.2*	*5.1*	
Difference:						-3.9	-0.9	2.6	11.6	6.8	2.7	3.8	
Liquid Credit			$ 237,148,539	6.2%		-0.1	0.3	2.5	7.6	4.2	4.1	2.3	Oct-06
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*0.3*	*1.0*	*4.5*	*9.8*	*5.5*	*5.6*	*6.0*	
Difference:						-0.4	-0.7	-2.0	-2.2	-1.3	-1.5	-3.7	
Neuberger Berman		*Global Credit*	$ 106,503,310	2.8%		-0.5	0.4	2.4	8.2	--	--	5.8	Feb-19
33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Glbl Div.						*-0.5*	*0.4*	*2.5*	*8.0*	*--*	*--*	*5.9*	
Difference:						0.0	0.0	-0.1	0.2	--	--	-0.1	
Stone Harbor Absolute Return		*Absolute Return*	$ 130,645,229	3.4%		0.2	0.2	2.5	7.1	3.7	3.6	3.0	Oct-06
3-Month Libor Total Return						*0.0*	*0.0*	*0.1*	*0.2*	*1.5*	*1.4*	*1.4*	
Difference:						0.2	0.2	2.4	6.9	2.2	2.2	1.6	
Private Credit Lag[2]			$ 319,299,592	8.4%		2.8	2.8	4.6	5.9	3.2	3.2	3.4	
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*0.1*	*1.3*	*6.5*	*22.2*	*5.5*	*6.7*	*6.0*	
Difference:						2.7	1.5	-1.9	-16.3	-2.3	-3.5	-2.6	
BlackRock Direct Lending Lag[3]	*$100,000*	*Direct Lending*	$ 37,038,760	1.0%		2.6	2.6	2.6	18.3	--	--	10.9	May-20
CPI +6% Annual Blend [5]						*1.2*	*3.2*	*3.2*	*15.0*	*--*	*--*	*17.7*	
Difference:						1.4	-0.6	-0.6	3.3	--	--	-6.8	
Mesa West RE Income III Lag[3]	*$45,000*	*Comm. Mortgage*	$ 36,476	0.0%		-0.1	-0.1	-11.1	-13.1	-1.0	3.1	3.0	Sep-13
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*9.0*	
Difference:						-1.3	-3.3	-15.9	-21.9	-9.1	-5.4	-6.0	
Mesa West RE Income IV Lag[3]	*$75,000*	*Comm. Mortgage*	$ 29,344,469	0.8%		2.1	2.1	3.2	6.2	7.8	--	7.4	Mar-17
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*--*	*8.7*	
Difference:						0.9	-1.1	-1.6	-2.6	-0.3	--	-1.3	
Crestline Opportunity II Lag[3]	*$45,000*	*Opportunistic*	$ 20,377,954	0.5%		7.5	7.5	8.1	9.2	-0.2	3.6	4.8	Nov-13
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*8.6*	
Difference:						6.3	4.3	3.3	0.4	-8.3	-4.9	-3.8	
Davidson Kempner Distr Opp V Lag[3]	*$50,000*	*Opportunistic*	$ 24,176,345	0.0%		8.2	8.2	17.1	--	--	--	41.8	Oct-20
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*--*	*--*	*--*	*7.3*	
Difference:						7.0	5.0	12.3	--	--	--	34.5	
Oaktree Lag	*$50,000*	*Leveraged Direct*	$ 31,908,345	0.8%		4.8	4.8	8.7	22.1	11.4	--	10.4	Mar-18
CPI +6% Annual Blend [6]						*1.2*	*3.2*	*4.8*	*36.7*	*8.1*	*--*	*8.5*	
Difference:						3.6	1.6	3.9	-14.6	3.3	--	1.9	
HPS EU Asset Value II Lag[3]	*$50,000*	*Direct Lending*	$ 18,601,819	0.5%		1.9	1.9	4.9	--	--	--	-2.3	Aug-20
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*--*	*--*	*--*	*9.0*	
Difference:						0.7	-1.3	0.1	--	--	--	-11.3	
Raven Opportunity II Lag[3]	*$45,000*	*Direct Lending*	$ 9,331,766	0.2%		1.4	1.4	1.0	-12.2	-3.3	-3.1	-4.3	Aug-14
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*8.6*	
Difference:						0.2	-1.8	-3.8	-21.0	-11.4	-11.6	-12.9	
Raven Opportunity III Lag[3]	*$50,000*	*Direct Lending*	$ 48,132,680	1.3%		1.7	1.7	4.6	1.9	7.0	3.6	2.4	Nov-15
CPI +6% Annual Blend [4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*8.5*	
Difference:						0.5	-1.5	-0.2	-6.9	-1.1	-4.9	-6.1	

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[2] Total class returns are as of 6/30/21, and lagged 1 quarter.

[3] Manager returns are as of 6/30/21, and lagged 1 quarter. Since Inception date reflects one quarter lag.

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

[5] 50% BBgBC High Yield/50% S&P Leveraged Loan until 12/31/20 then CPI +6% Annual thereafter. Benchmark lagged one quarter.

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

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] — September 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
Private Credit Lag (continued)													
Medley Opportunity II Lag[3]	*$50,000*	*Direct Lending*	$ 10,229,923	0.3%		7.3	7.3	11.7	-2.1	-10.9	-6.3	-1.0	Jul-12
CPI +6% Annual Blend[4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*8.7*	
Difference:						6.1	4.1	6.9	-10.9	-19.0	-14.8	-9.7	
White Oak Summit Peer Fund Lag[3]	*$50,000*	*Direct Lending*	$ 41,619,121	1.1%		1.7	1.7	3.5	7.4	6.2	7.0	7.1	Mar-16
CPI +6% Annual Blend[4]						*1.2*	*3.2*	*4.8*	*8.8*	*8.1*	*8.5*	*8.5*	
Difference:						0.5	-1.5	-1.3	-1.4	-1.9	-1.5	-1.4	
White Oak Yield Spectrum Master V Lag[3]	*$50,000*	*Direct Lending*	$ 48,501,934	1.3%		0.8	0.8	0.8	6.6	--	--	-0.8	Mar-20
CPI +6% Annual Blend[4]						*1.2*	*3.2*	*4.8*	*8.8*	--	--	*8.4*	
Difference:						-0.4	-2.4	-1.3	-1.4	--	--	-9.2	
Principal US[3]	*$25,000*	*Core Pvt. RE*	$ 35,153,936	0.9%		2.4	2.4	4.1	2.6	5.0	6.4	7.2	Jan-16
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*6.8*	
Difference:						-0.5	-0.5	-0.9	-3.0	-3.1	-3.1	0.4	
Prologis Logistics[3]	*$35,000*	*Core Pvt. RE*	$ 82,714,166	2.2%		5.4	5.4	11.6	13.0	15.0	16.2	6.9	Dec-07
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*6.6*	
Difference:						2.5	2.5	6.6	7.4	6.9	6.7	0.3	
RREEF America II[3]	*$45,000*	*Core Pvt. RE*	$ 51,087,248	1.3%		1.9	1.9	2.7	2.7	5.0	6.6	6.6	Jul-16
NCREIF ODCE + 1% Lag Blend						*2.9*	*2.9*	*5.0*	*5.6*	*8.1*	*9.5*	*6.3*	
Difference:						-1.0	-1.0	-2.3	-2.9	-3.1	--	0.3	
Diversifying Strategies			$ 797,200,725	20.9%	25.0%	-0.2	0.2	1.3	1.4	4.4	2.6	6.4	Oct-90
Principal Protection			$ 331,131,423	8.7%	10.0%	-0.6	0.3	0.3	2.3	4.0	3.4	6.3	Oct-90
BB Aggregate Bond Index						*-0.9*	*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*6.0*	
Difference:						0.3	0.2	1.9	3.2	-1.4	0.5	0.3	
Dodge & Cox		*Core Fixed Income*	$ 217,414,749	5.7%		-0.7	0.1	-0.5	2.0	6.3	4.4	7.1	Oct-90
BB Aggregate Bond Index						*-0.9*	*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*6.0*	
Difference:						0.2	0.0	1.1	2.9	0.9	1.5	1.1	
DoubleLine Capital		*MBS*	$ 113,716,674	3.0%		-0.2	0.6	2.0	3.0	4.4	3.6	5.0	Feb-12
BB Aggregate Bond Index						*-0.9*	*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*2.9*	
Difference:						0.7	0.5	3.6	3.9	-1.0	0.7	2.1	

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[2] Total class returns are as of 6/30/21, and lagged 1 quarter.

[3] Manager returns are as of 6/30/21, and lagged 1 quarter. Since Inception date reflects one quarter lag.

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

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] — September 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			$ 466,069,302	12.2%	15.0%	0.1	0.2	2.0	0.8	4.5	2.1	6.5	Jan-05
CRO Custom Benchmark [2]						*-0.6*	*1.3*	*1.5*	*3.1*	*7.0*	*3.7*	*5.4*	
Difference:						0.7	-1.1	0.5	-2.3	-2.5	-1.6	1.1	
Long Duration			$ 151,953,242	4.0%		-2.8	0.4	-6.8	-9.3	8.8	3.1	3.7	
BB US Long Duration Treasuries						*-2.9*	*0.5*	*-7.5*	*-10.3*	*9.2*	*3.3*	*4.5*	
Difference:						0.1	-0.1	0.7	1.0	-0.4	-0.2	-0.8	
Dodge & Cox Long Duration		*Long Duration*	$ 151,953,242	4.0%		-2.8	0.4	-6.8	-9.3	8.8	3.1	3.7	Feb-16
BB US Long Duration Treasuries						*-2.9*	*0.5*	*-7.5*	*-10.3*	*9.2*	*3.3*	*4.5*	
Difference:						0.1	-0.1	0.7	1.0	-0.4	-0.2	-0.8	
Systematic Trend Following			$ 189,237,333	5.0%		1.7	-1.1	10.8	23.0	4.3	0.0	8.3	
BTOP50 Index						*0.8*	*2.2*	*8.5*	*15.5*	*6.0*	*2.4*	*4.6*	
Difference:						0.9	-3.3	2.3	7.5	-1.7	-2.4	3.7	
Mt. Lucas Managed Futures - Cash		*Systematic Trend Following*	$ 99,176,379	2.6%		4.5	0.0	17.7	34.1	5.0	-1.3	7.9	Jan-05
BTOP50 Index						*0.8*	*2.2*	*8.5*	*15.5*	*6.0*	*2.4*	*4.6*	
Difference:						3.7	-2.2	9.2	18.6	-1.0	-3.7	3.3	
Graham Tactical Trend		*Systematic Trend Following*	$ 90,060,954	2.4%		-1.2	-2.3	4.0	12.8	3.3	0.8	0.7	Apr-16
SG Trend Index						*1.8*	*2.9*	*10.5*	*19.9*	*6.8*	*3.1*	*1.9*	
Difference:						-3.0	-5.2	-6.5	-7.1	-3.5	-2.3	-1.2	
Alternative Risk Premia			$ 124,878,727	3.3%		1.3	1.9	1.5	-11.3	-1.5	1.2	7.0	
5% Annual						*0.4*	*1.2*	*3.7*	*5.0*	*5.0*	*5.0*	*6.3*	
Difference:						0.9	0.7	-2.2	-16.3	-6.5	-3.8	0.7	
AQR Style Premia		*Alternative Risk Premia*	$ 29,330,745	0.8%		-0.1	2.2	20.4	15.4	-9.6	-4.6	-4.6	May-16
5% Annual						*0.4*	*1.2*	*3.7*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						-0.5	1.0	16.7	10.4	-14.6	-9.6	-9.6	
PE Diversified Global Macro		*Alternative Risk Premia*	$ 35,554,865	0.9%		6.9	5.1	-4.6	-26.2	-3.7	-1.7	-2.8	Jun-16
5% Annual						*0.4*	*1.2*	*3.7*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						6.5	3.9	-8.3	-31.2	-8.7	-6.7	-7.8	
Lombard Odier		*Alternative Risk Premia*	$ 59,993,117	1.6%		-1.2	0.1	-2.3	-10.8	--	--	-3.5	Jan-19
5% Annual						*0.4*	*1.2*	*3.7*	*5.0*	*--*	*--*	*5.0*	
Difference:						-1.6	-1.1	-6.0	-15.8	--	--	-8.5	
Cash[3]			$ 70,467,083	1.8%	0.0%	0.0	0.0	0.1	0.1	0.9	0.9	2.4	Sep-94
US T-Bills						*0.0*	*0.0*	*0.0*	*0.1*	*1.2*	*1.2*	*2.4*	
Difference:						0.0	0.0	0.1	0.0	-0.3	-0.3	0.0	
Northern Trust STIF		*Collective Govt. Short Term*	$ 78,707,766	2.1%		0.0	0.0	0.1	0.1	0.9	0.9	2.6	Jan-95
US T-Bills						0.0	0.0	0.0	0.1	1.2	1.2	*2.4*	
Difference:						0.0	0.0	0.1	0.0	-0.3	-0.3	0.2	
Parametric Overlay[4]		*Cash Overlay*	$ 49,308,951	1.3%		0.0	0.0	0.0	0.0	--	--	0.0	Jan-20

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

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

[3] Includes lagged cash.

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

Capital Markets Outlook & Risk Metrics

As of September 30, 2021

Capital Markets Outlook

Markets

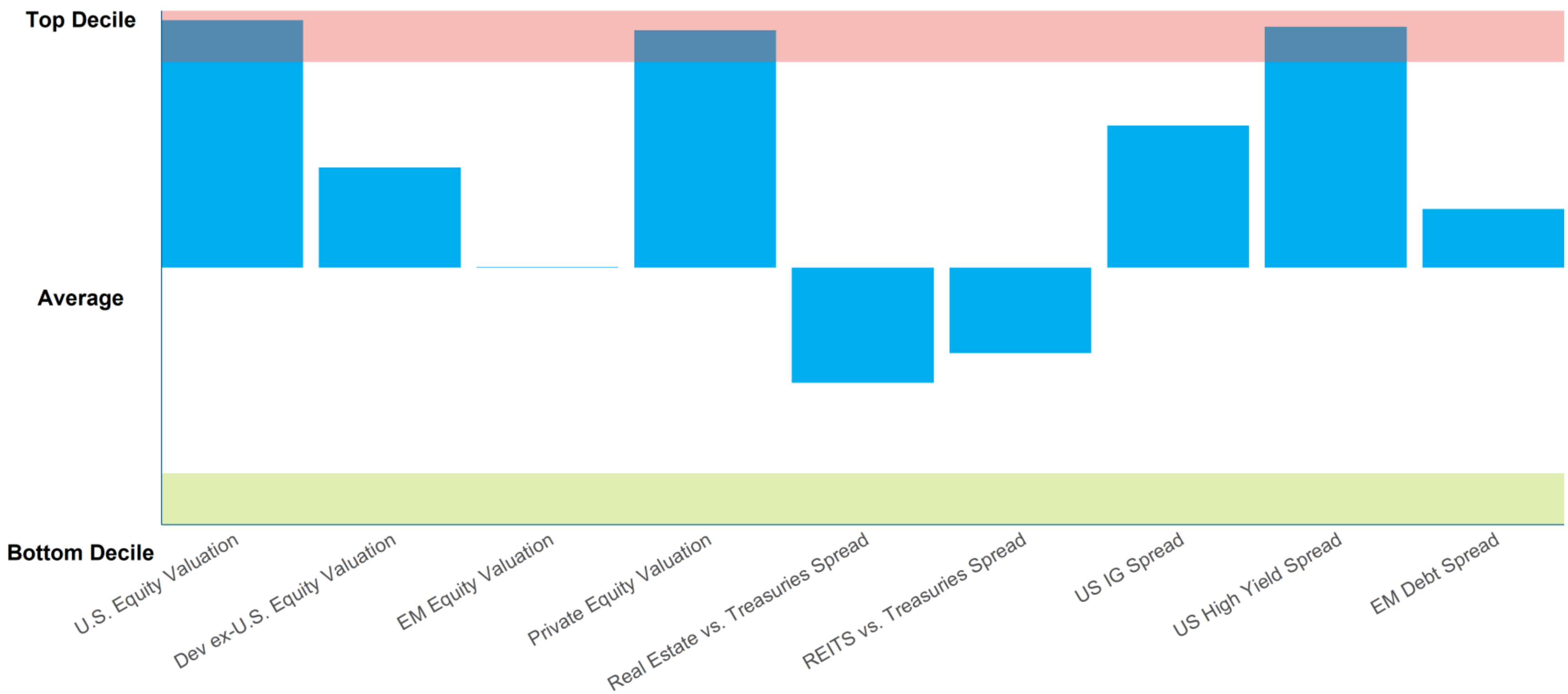
- Equity markets across the globe suffered negative returns in September with US Equity lagging all other major regions. Across regions, styles, and market capitalizations, equity markets generally produced returns in the -1% to -6% range. Year-to-date returns remain strong for the majority of regions with the exception of emerging markets (and China specifically).
- Value outperformed growth across equity markets in the US, Non-US Developed, and Emerging Markets. Similarly, smaller capitalization outperformed larger capitalization equity markets.
- In the fixed income markets, most bond indices posted negative returns and only Short-Duration TIPS and Leveraged Loans posting positive returns.
- Commodities returned 5% in the month while the S&P Global Natural Resources and S&P Global LargeMid Cap Commodities & Resource indices returned -1.0% and 1.0%, respectively.
- Global Infrastructure struggled in the month with the S&P Global Infrastructure and DJ Brookfield Global Infrastructure indices returning -1.3% and -3.1%, respectively.
- US and Global Public REIT indices posted negative monthly returns in excess of -5.0%.

Capital Markets Outlook

Overview

- In the US, rising inflation and slowing growth expectations weighed on market sentiment. Supply chain challenges (e.g., microchips, shipping, etc.) continue to plague several industries throughout the globe.
- The potential for a US default re-emerged in the expiration of the debt ceiling in August and the US Treasury indicating that it will run out of cash by mid-October.
- Uncertainty regarding future growth in China weighed on emerging markets assets as markets responded to recent governmental interventions and the mega default of ~$400 billion in debt of the Chinese property developer Evergrande.
- Global uncertainty regarding COVID vaccine efficacy, and the rollout of booster-shot programs could weigh on reopening of the global economy. Relatedly, there has been a divergence in the continued response to the pandemic as certain nations (e.g., Norway) have recently completely re-opened whereas others (e.g., Australia) continue to implement severe lockdowns.

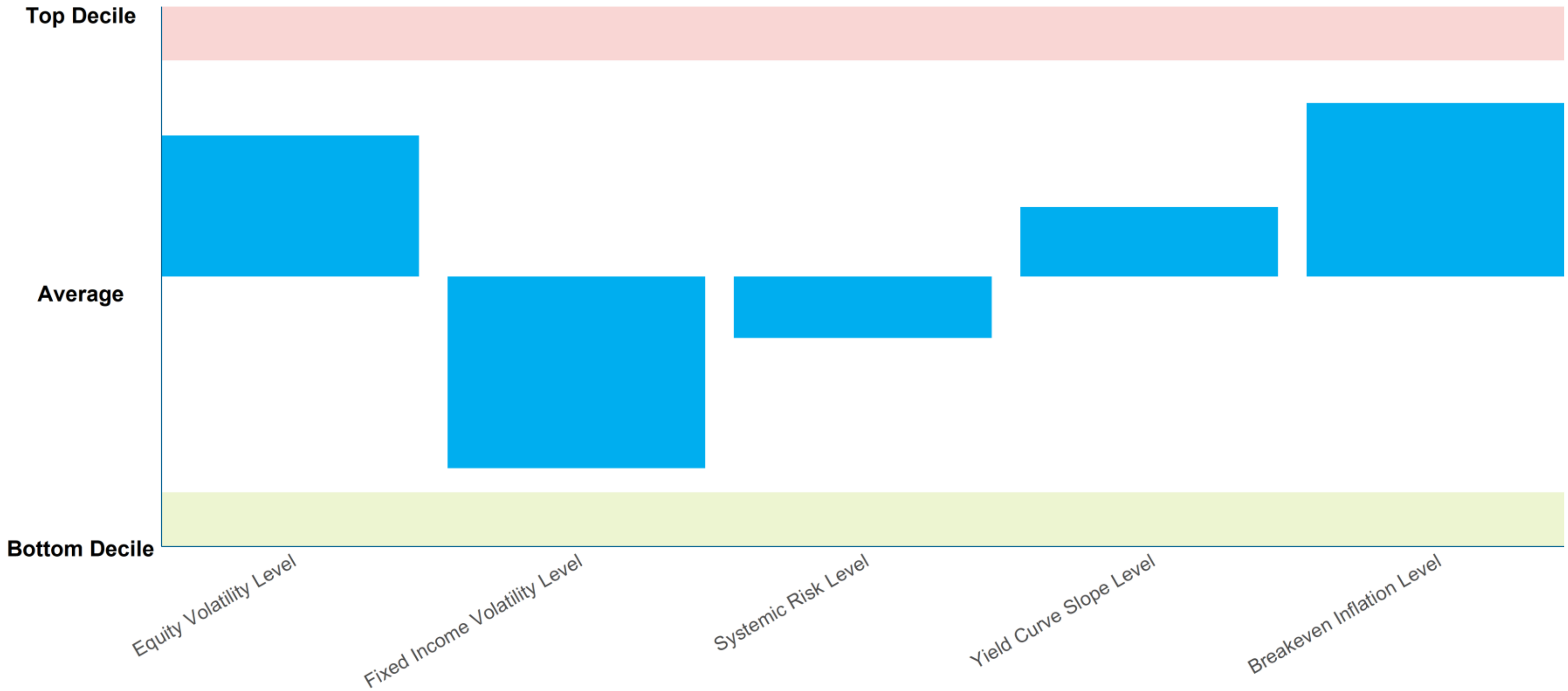
Risk Overview/Dashboard (1)
(As of September 30, 2021)[1]



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

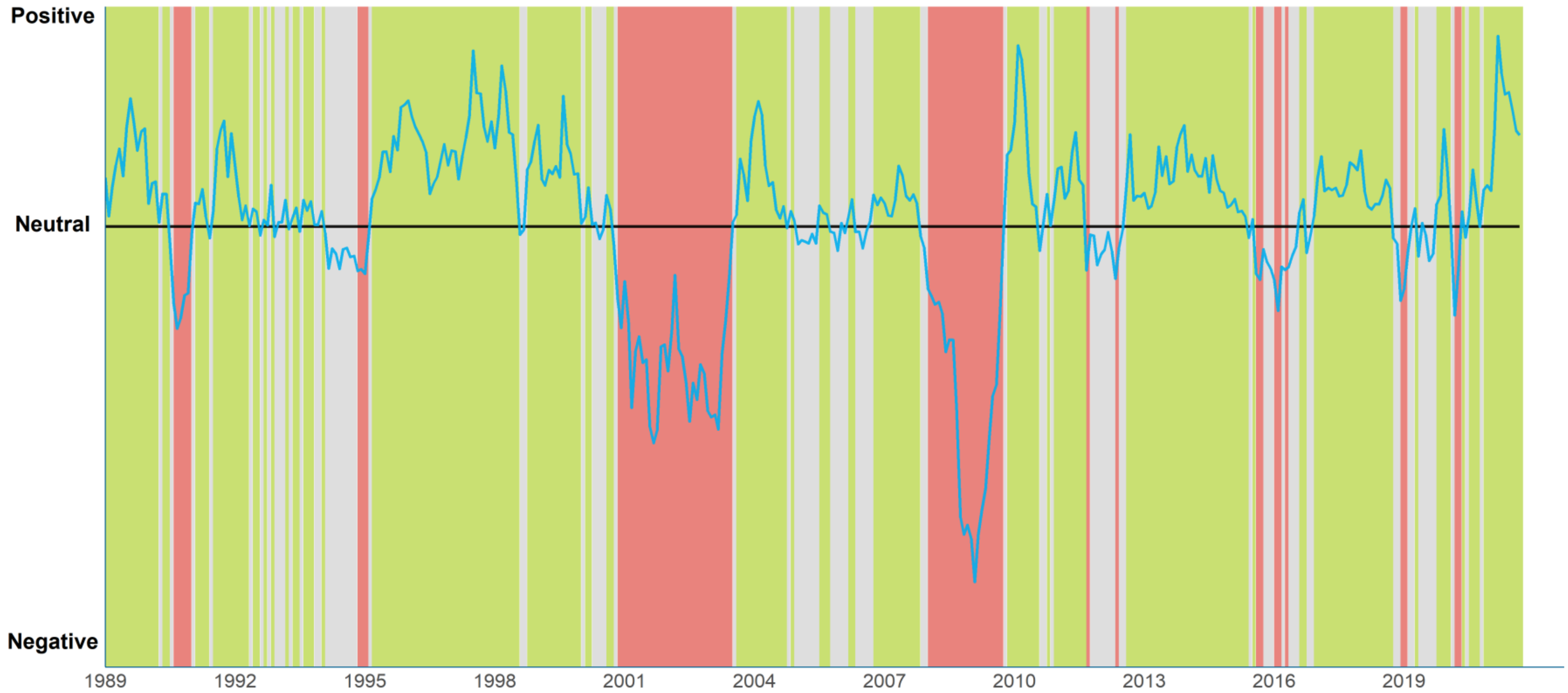
[1] With the exception of Private Equity Valuation, that is YTD as of December 31, 2020.

Risk Overview/Dashboard (2)
(As of September 30, 2021)

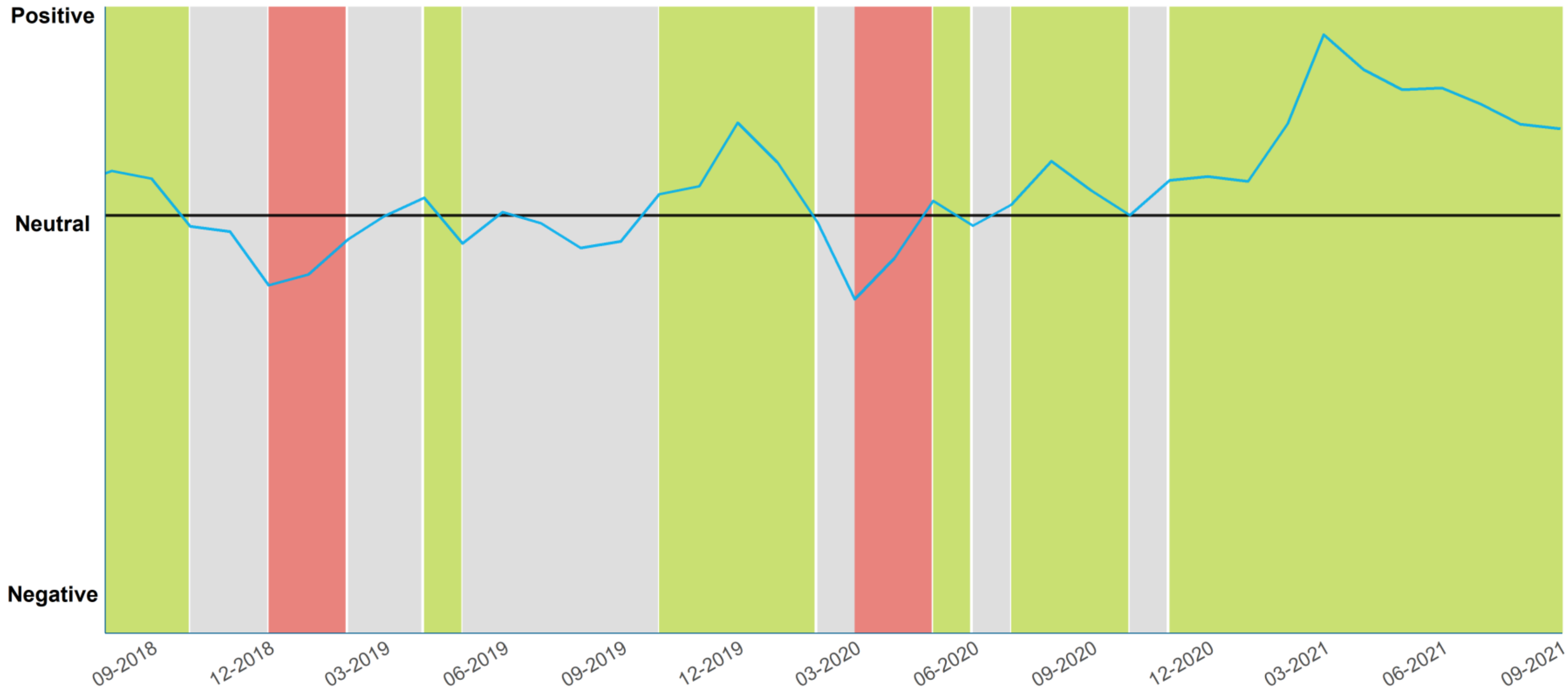


- Dashboard (2) shows how the current level of each indicator compares to its respective history.

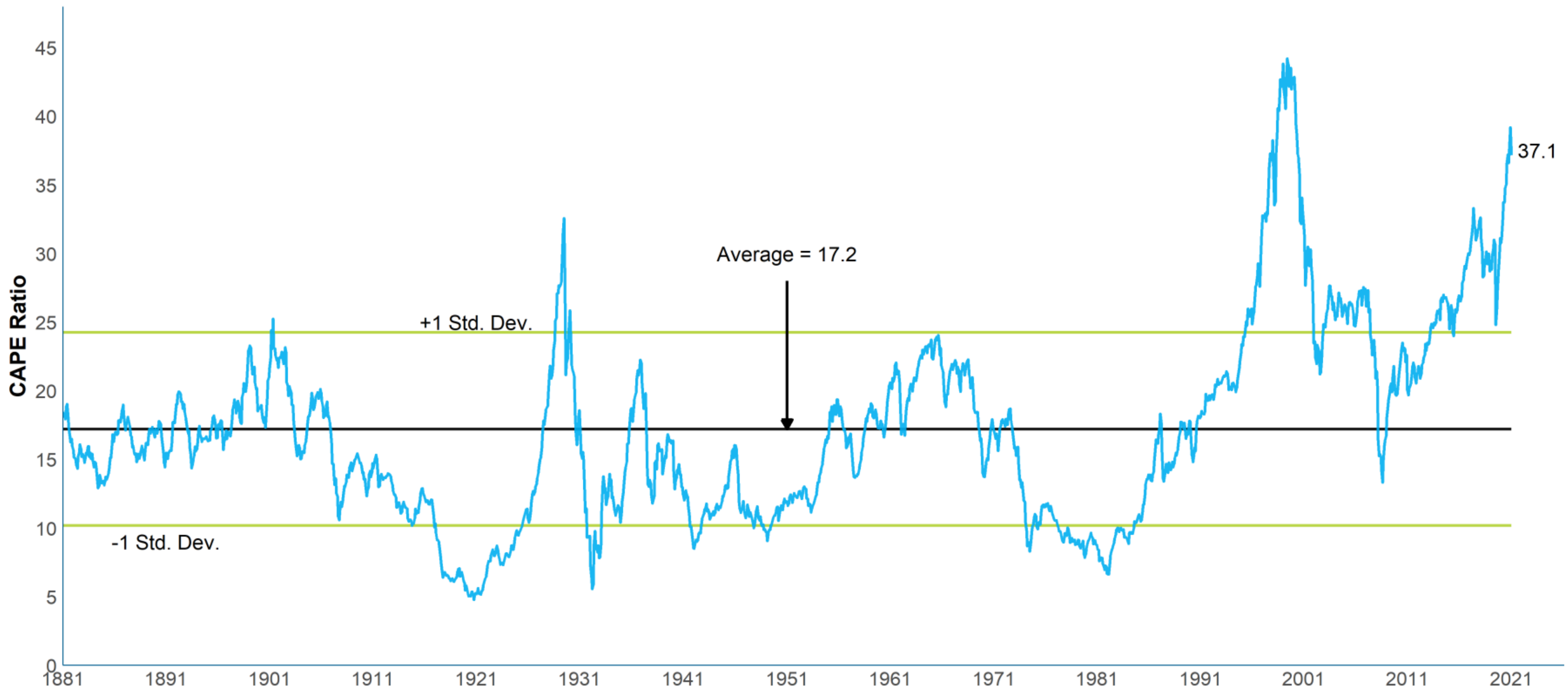
Market Sentiment Indicator (All History)
(As of September 30, 2021)



Market Sentiment Indicator (Last Three Years)
(As of September 30, 2021)



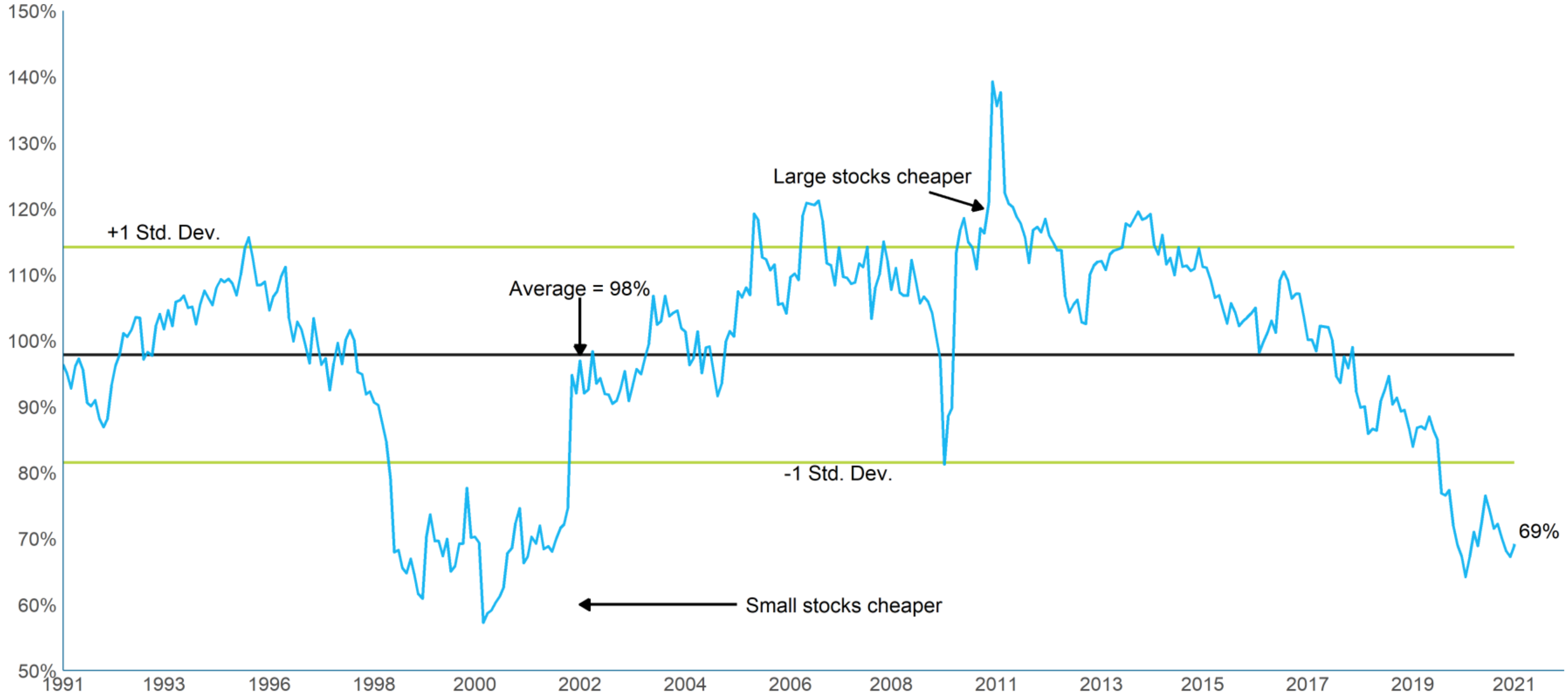
US Equity Cyclically Adjusted P/E[1]
(As of September 30, 2021)



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

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

Small Cap P/E vs. Large Cap P/E[1]
(As of September 30, 2021)



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

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

Growth P/E vs. Value P/E[1]
(As of September 30, 2021)

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

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

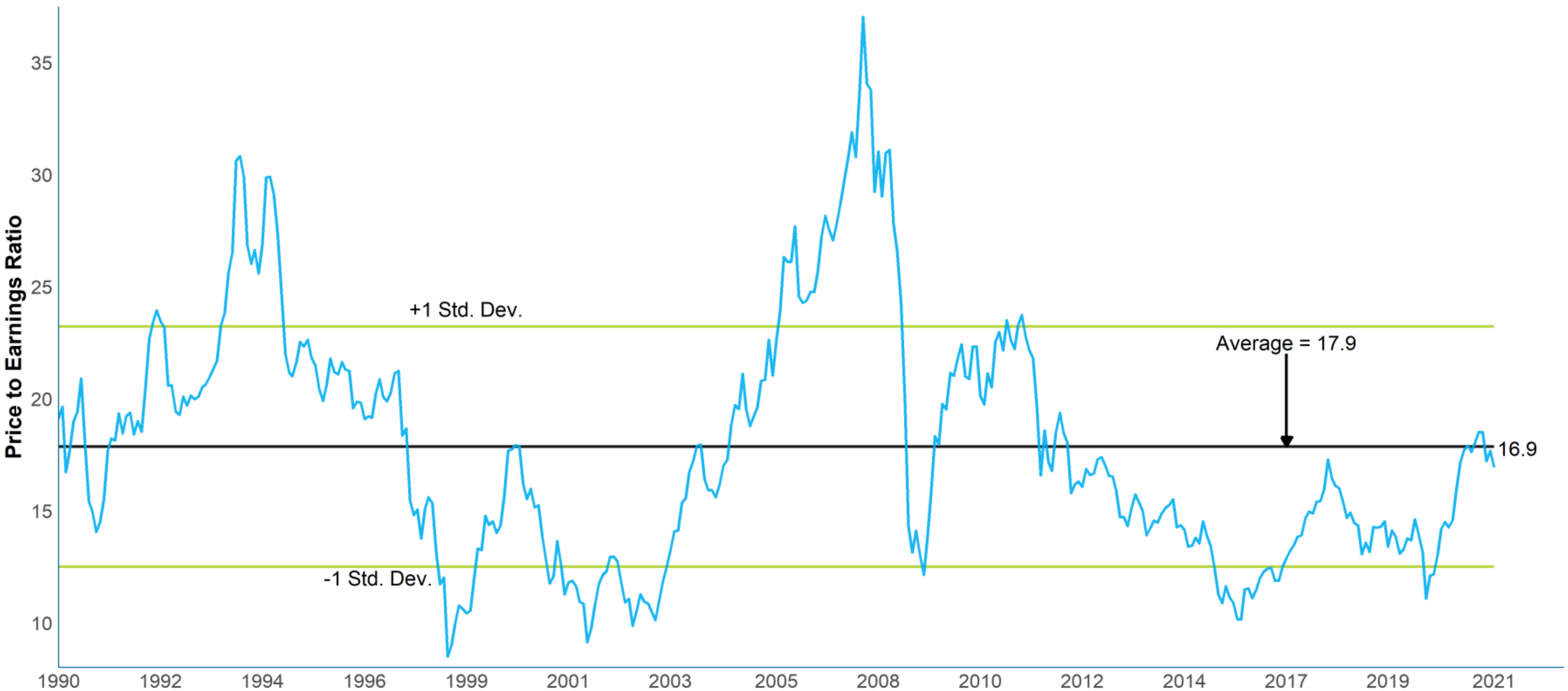
Developed International Equity Cyclically Adjusted P/E[1]
(As of September 30, 2021)

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

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

Emerging Market Equity Cyclically Adjusted P/E[1]

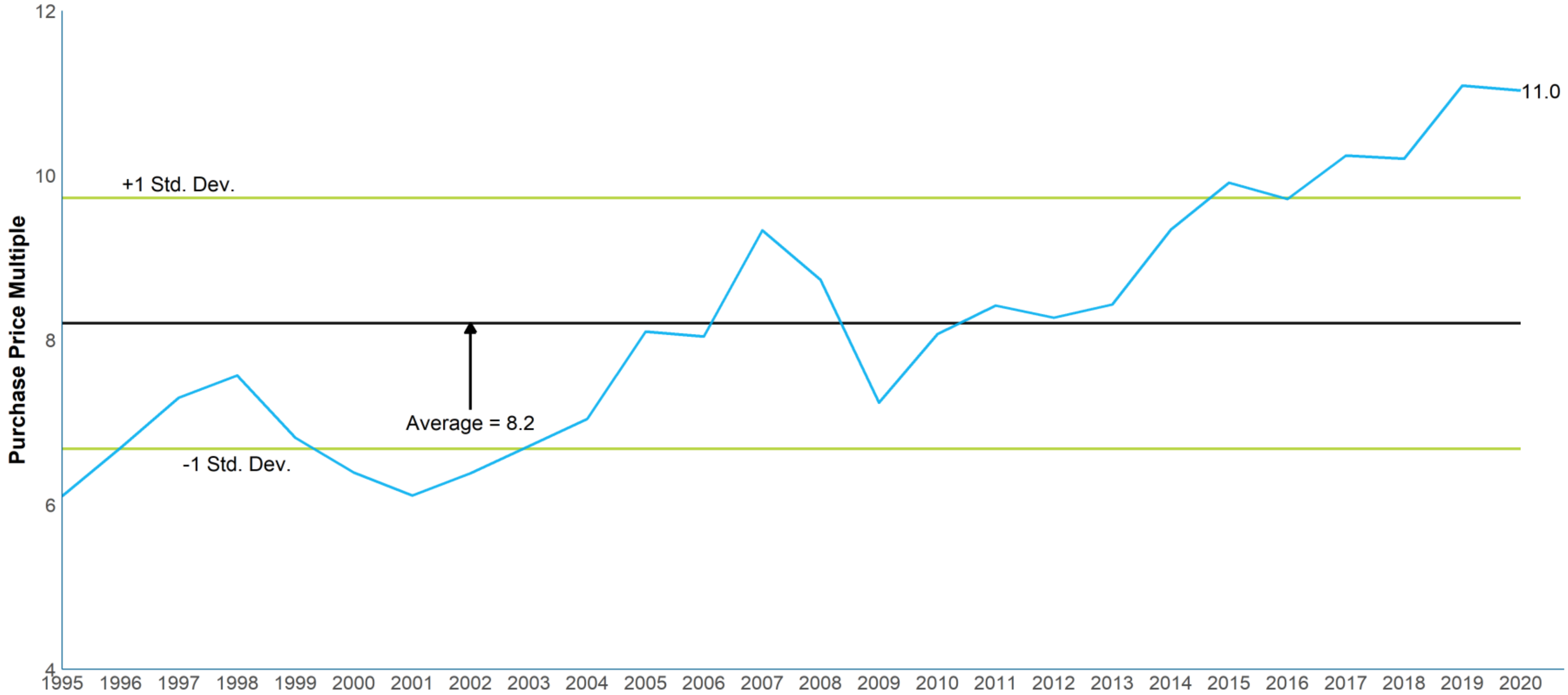
(As of September 30, 2021)



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

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

Private Equity Multiples[1]
(As of February 28, 2021)[2]

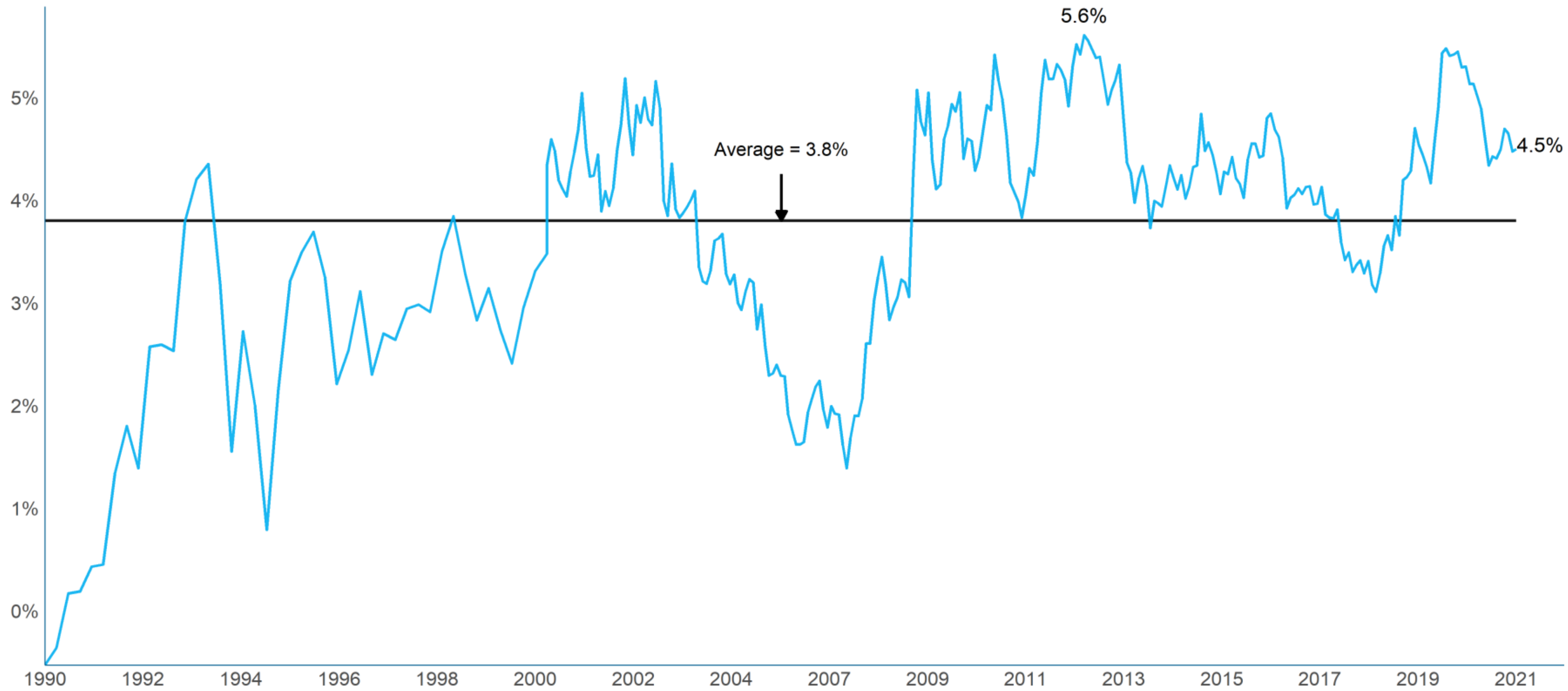


- This chart details one valuation metric for the private equity market. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

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

[2] Annual Data, as of December 31, 2020

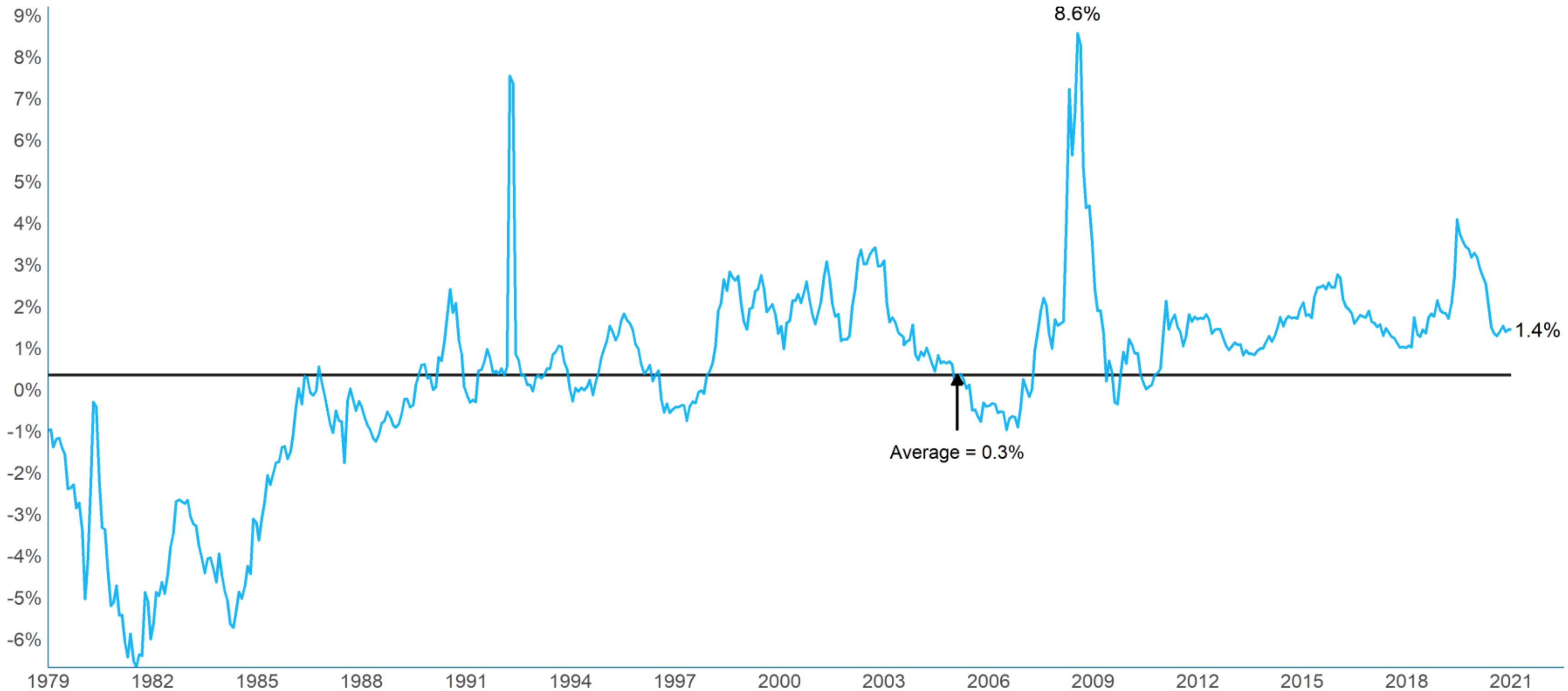
Core Real Estate Spread vs. Ten-Year Treasury[1]
(As of September 30, 2021)



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

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

REITs Dividend Yield Spread vs. Ten-Year Treasury[1]
(As of September 30, 2021)

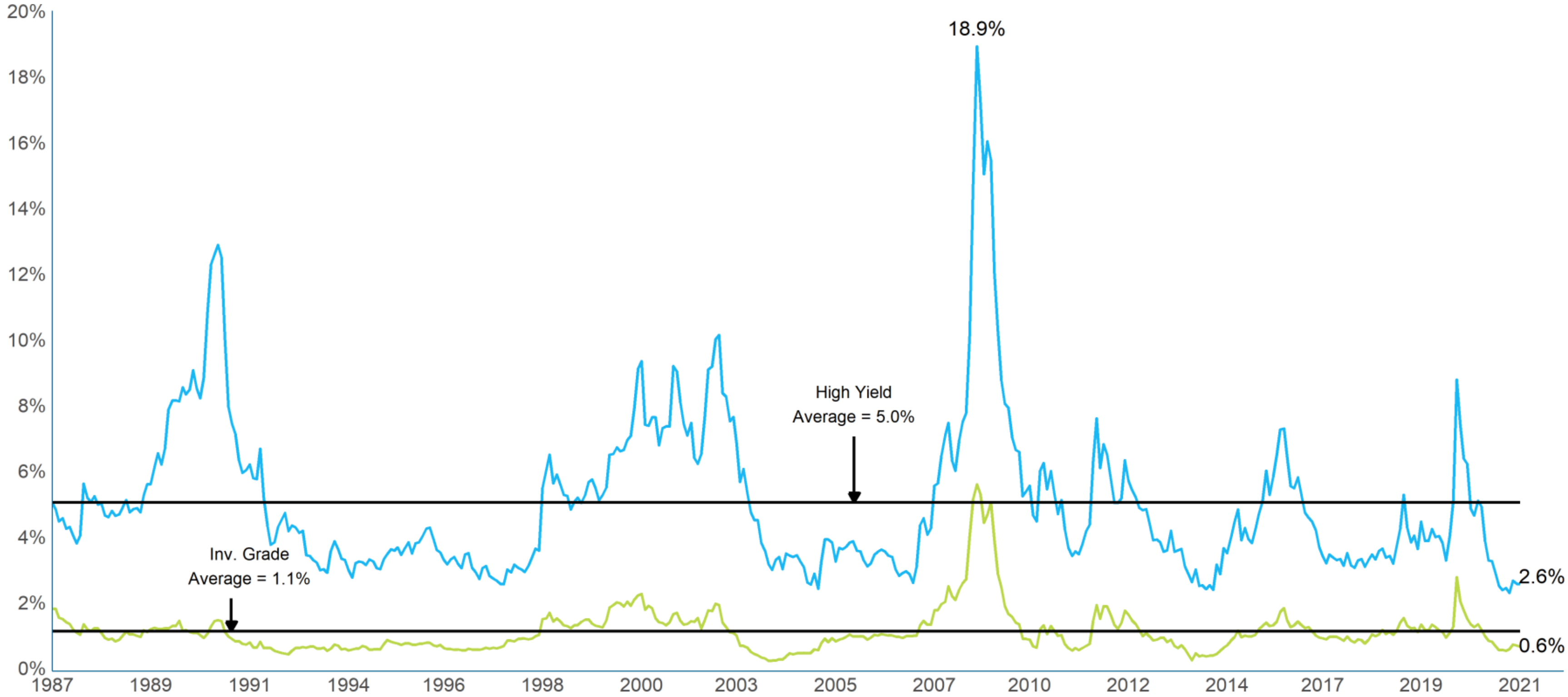


- This chart details one valuation metric for the public REITs market. A higher (lower) figure indicates cheaper (more expensive) valuation.

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

Credit Spreads[1]

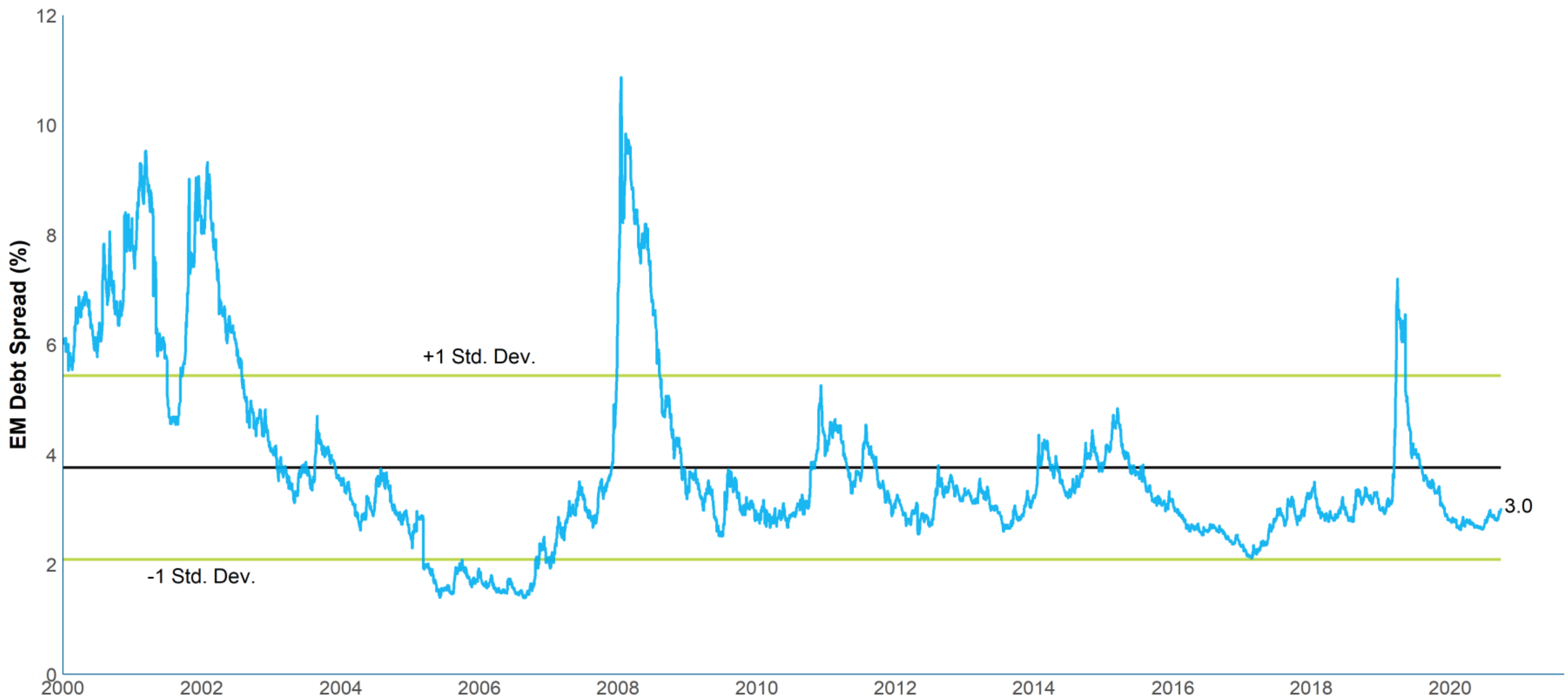
(As of September 30, 2021)



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

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

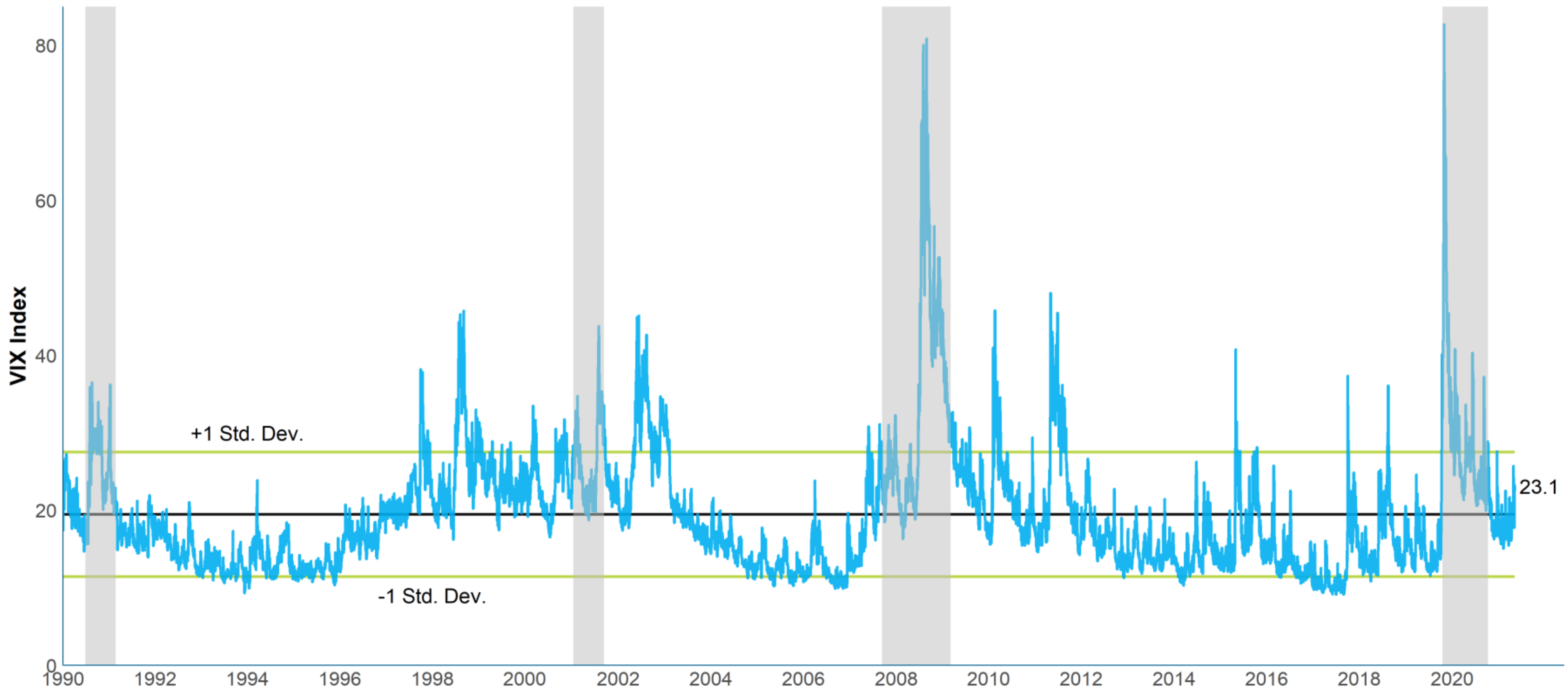
Emerging Market Debt Spreads[1]
(As of September 30, 2021)



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

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

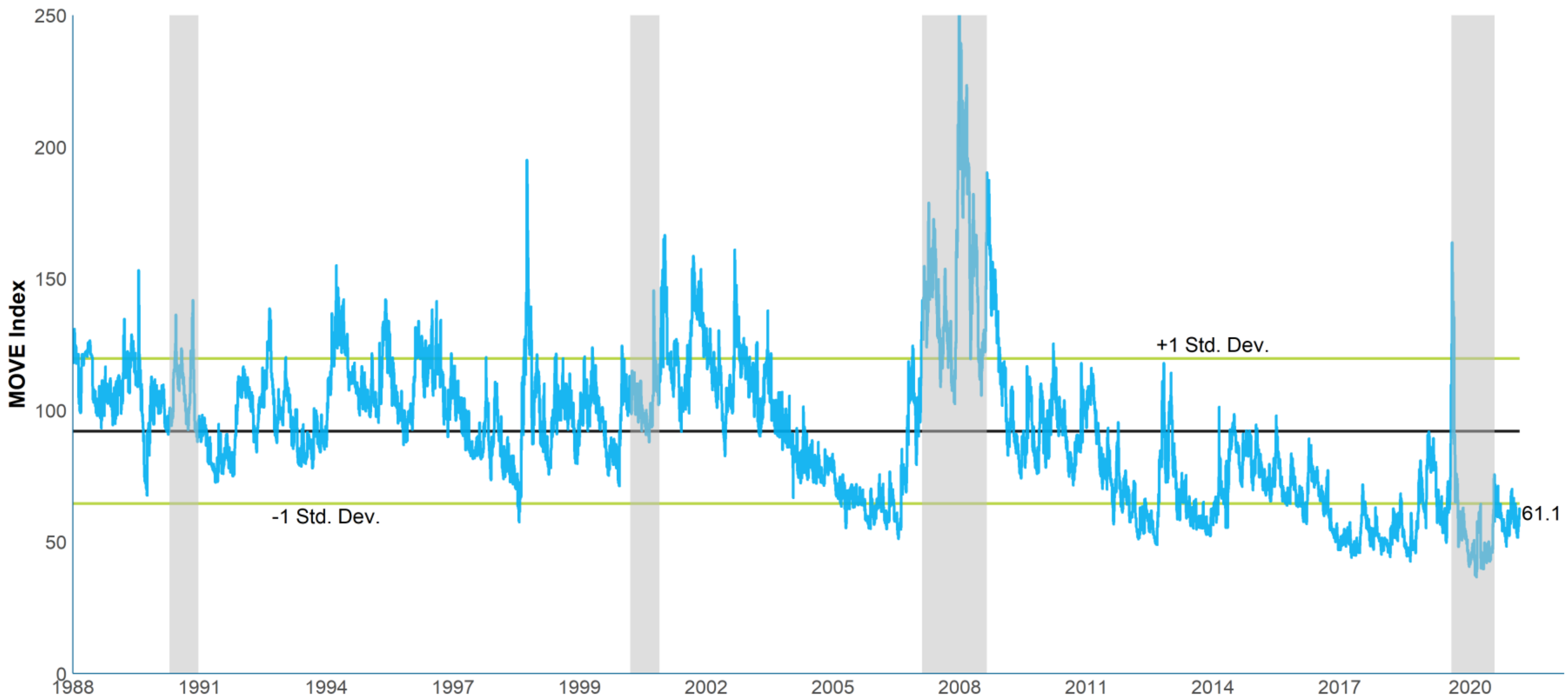
Equity Volatility[1]
(As of September 30, 2021)



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

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

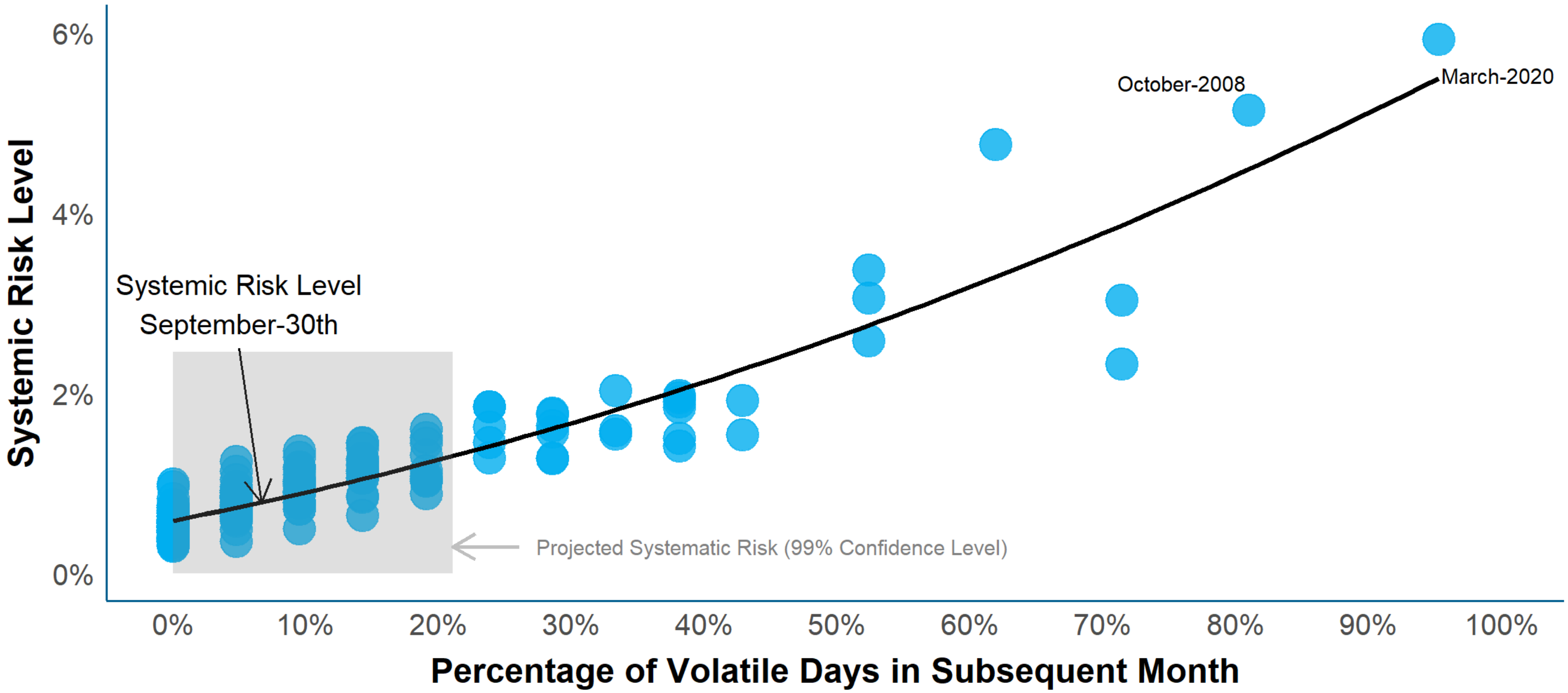
Fixed Income Volatility[1]
(As of September 30, 2021)



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

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

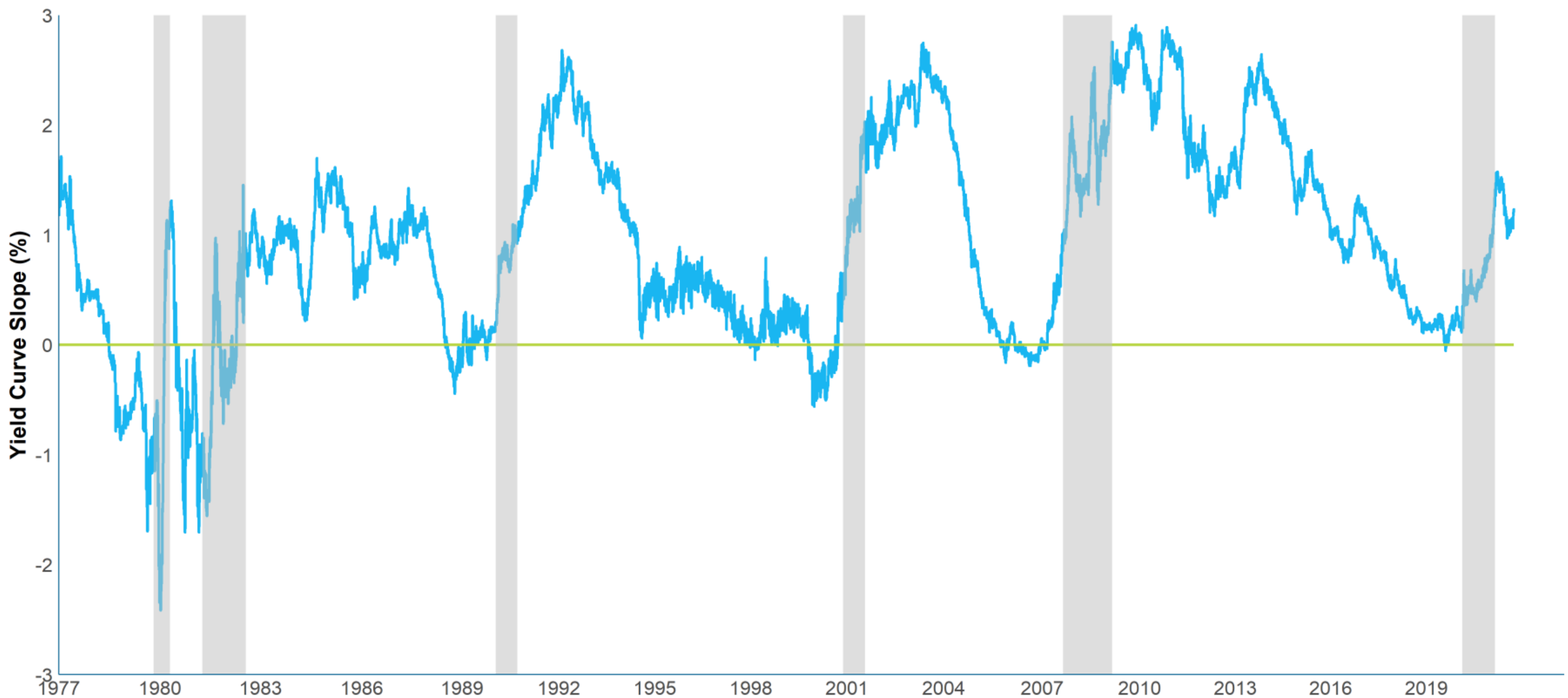
Systemic Risk and Volatile Market Days[1]
(As of September 30, 2021)



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

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

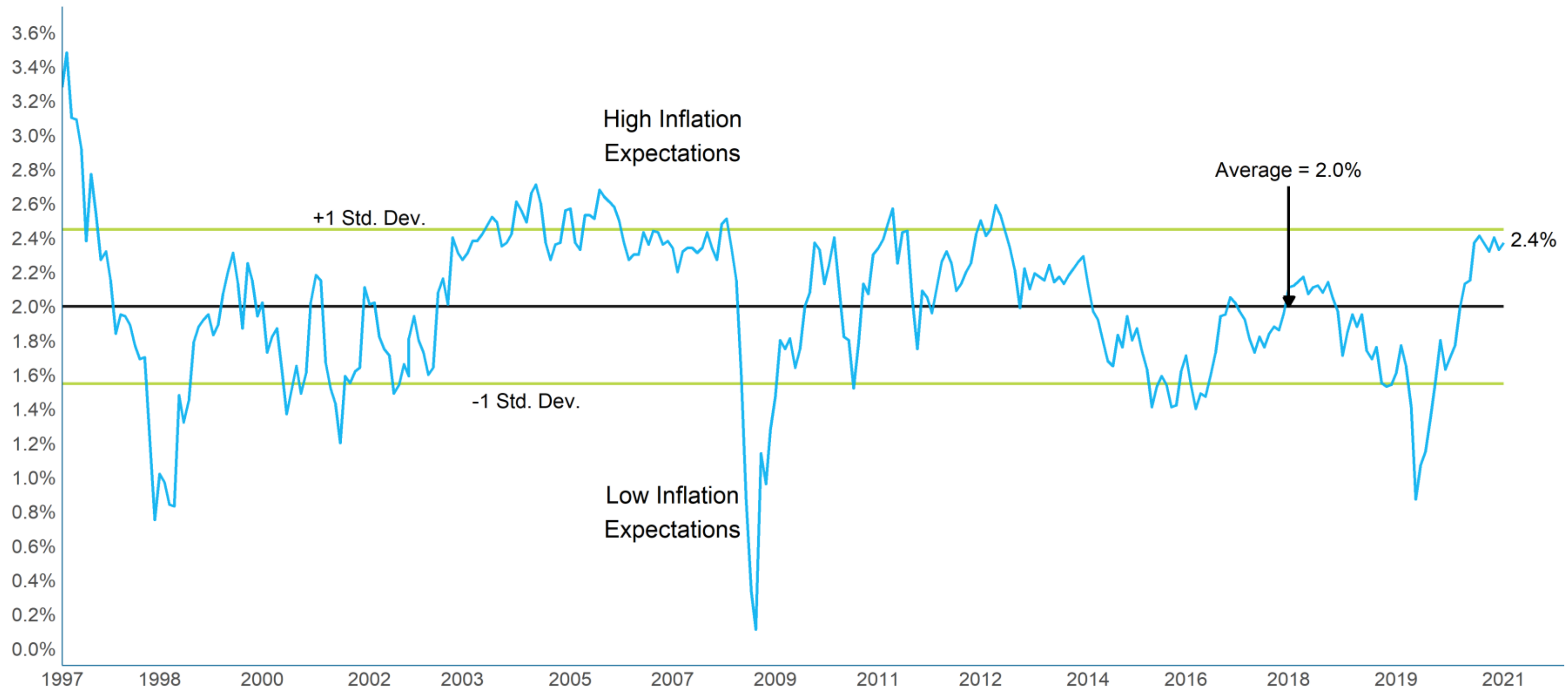
Yield Curve Slope (Ten Minus Two)[1]
(As of September 30, 2021)



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

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

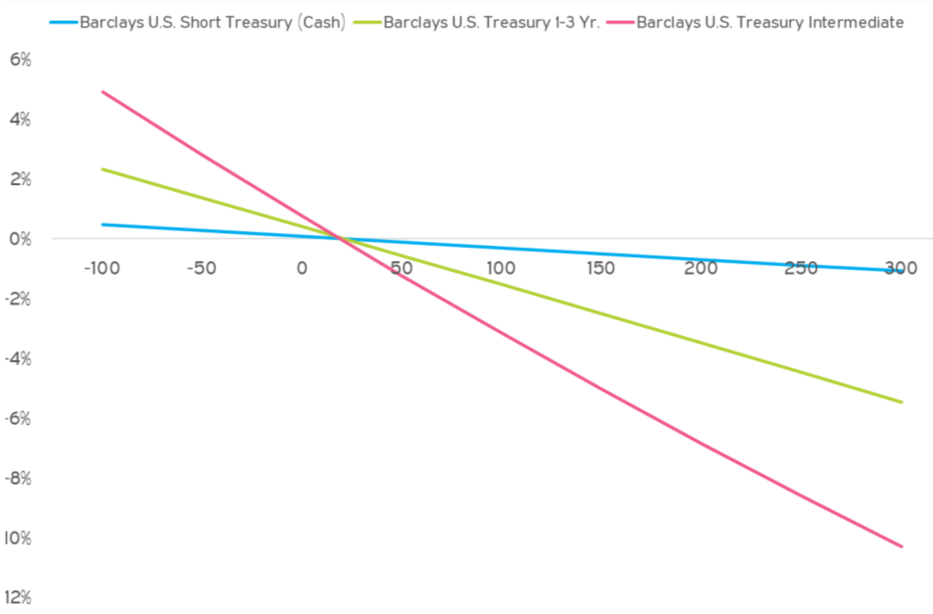
Ten-Year Breakeven Inflation[1]
(As of September 30, 2021)



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

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

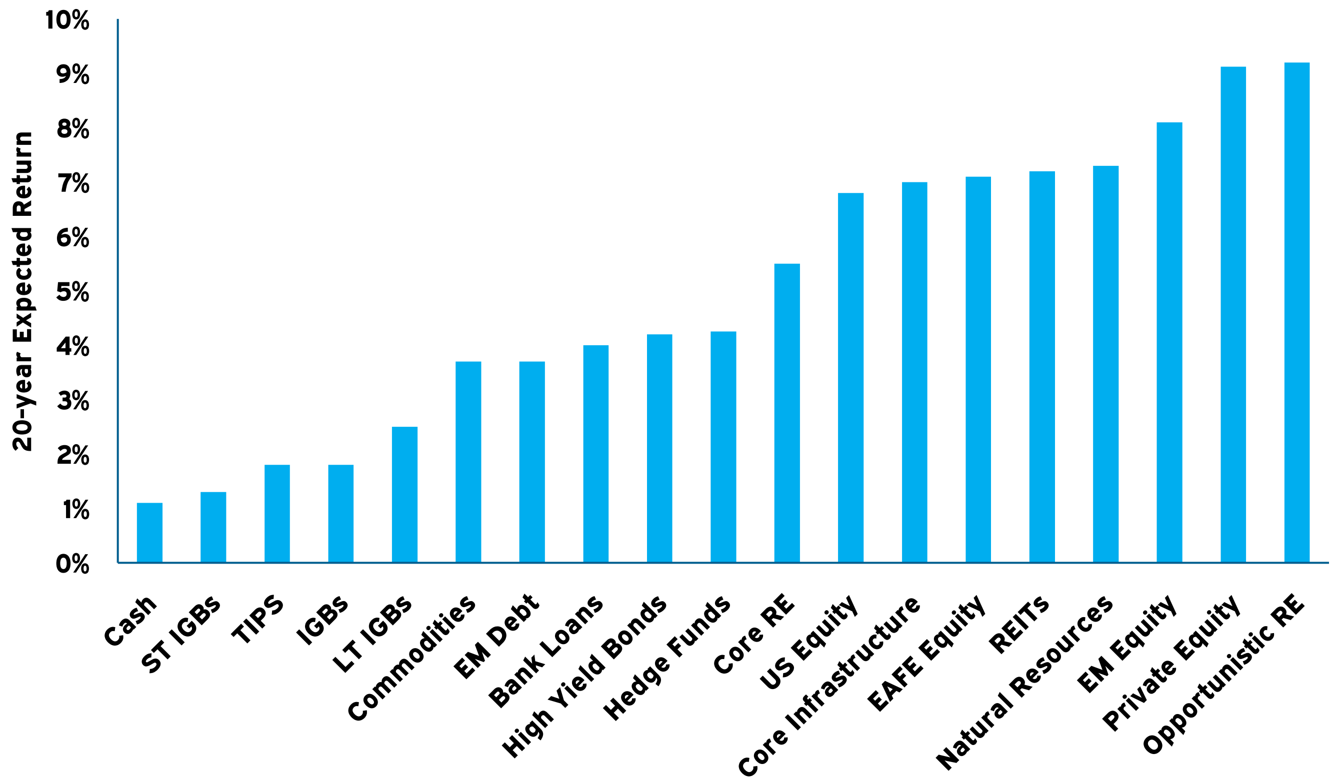
Total Return Given Changes in Interest Rates (bps)[1]
(As of September 30, 2021)



	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays US Short Treasury (Cash)	0.4%	0.3%	0.1%	-0.1%	-0.3%	-0.5%	-0.7%	-0.9%	-1.1%	0.39	0.06%
Barclays US Treasury 1-3 Yr.	2.3%	1.4%	0.4%	-0.6%	-1.5%	-2.5%	-3.5%	-4.5%	-5.5%	1.93	0.39%
Barclays US Treasury Intermediate	4.9%	2.8%	0.7%	-1.3%	-3.2%	-5.1%	-6.9%	-8.6%	-10.3%	4.04	0.74%
Barclays US Treasury Long	22.9%	11.9%	2.0%	-6.8%	-14.5%	-21.2%	-26.7%	-31.2%	-34.7%	18.68	2.03%

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

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



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

[1] Source: Meketa Investment Group's 2021 Annual Asset Study.

Appendix

Data Sources and Explanations[1]

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

[1] All Data as of September 30, 2021 unless otherwise noted.

Appendix

Data Sources and Explanations[1]

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

[1] All Data as of September 30, 2021 unless otherwise noted.

Appendix

Data Sources and Explanations[1]

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

[1] All Data as of September 30, 2021 unless otherwise noted.

Meketa Market Sentiment Indicator

Explanation, Construction and Q&A

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

This appendix explores:

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

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

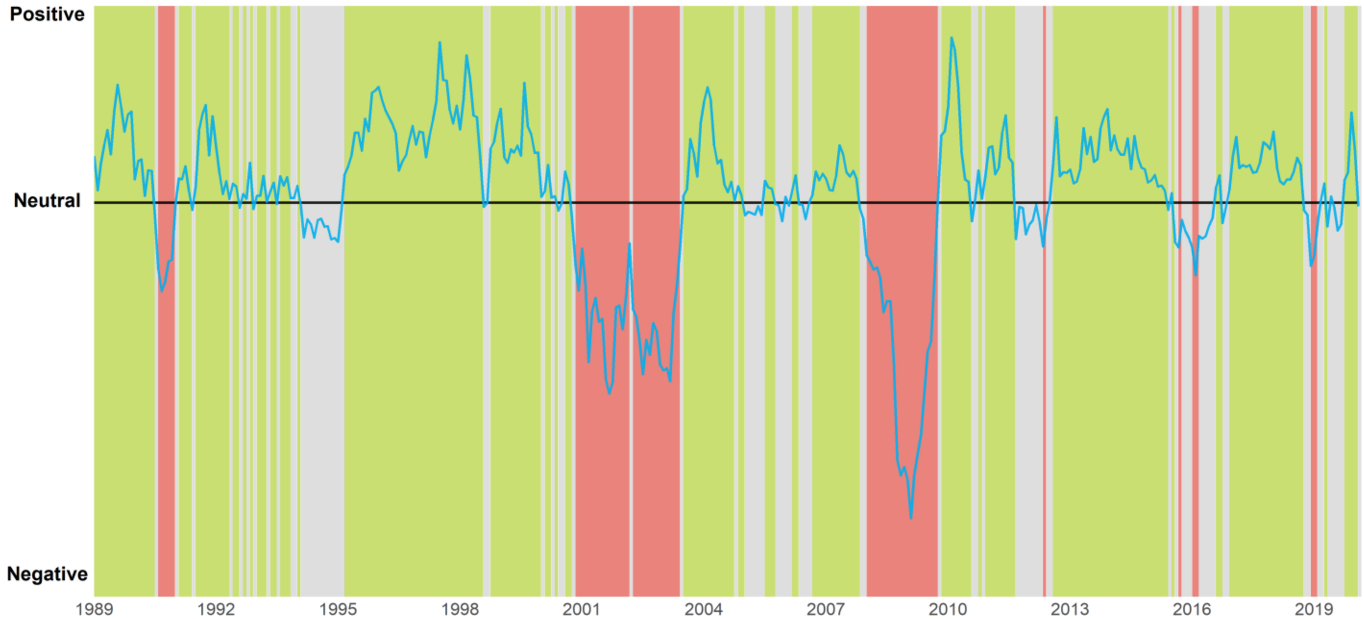
- Meketa's Risk Metrics, which rely significantly on standard market measures of relative valuation, often provide valid early signals of increasing long-term risk levels in the global investment markets. However, as is the case with numerous valuation measures, the Risk Metrics may convey such risk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

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

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

How do I read the Meketa Market Sentiment Indicator graph?

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



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

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

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

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

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

Disclaimer Information

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MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group
DATE: November 5, 2021
RE: 2021 Annual Roundtable: Summary

On October 7, 2021, the San Joaquin County Employees' Retirement Association (SJCERA) held its annual investment manager roundtable in Lodi, CA. The event featured various panel presentations on a variety of topics. This memo summarizes some of the issues discussed at the event that are facing SJCERA and key points.

Similar to previous events, there was a key note speaker and various managers were paired up with each other to present topics to the SJCERA board, staff and attendees. These topics included a private markets discussion (equity, credit, and real estate), Inflation, Interest rates and Global growth, a trivia session on all things SJCERA, a robust discussion on takeaways, and inflation probabilities over the next 12 months with opportunities.

Key-Note Presentation

We were treated to an opening presentation by Ashok Bhatia from Neuberger Berman. He spent the morning talking about the valuations of the capital markets, the impacts of COVID-19, Inflation and China. One of the key points from his presentation is that the equity markets still have some attractive trends even though valuation are at all-time highs. This includes value over growth, EM over US and small over large. Ashok also took numerous questions about various topics from the group.

Private Markets

This panel was centered on discussing the trends and opportunities within the private markets. We broke the panel up into the various private market segments, in which SJCERA is invested – Equity, Real Estate, and Credit. The takeaway from these presentations was gaining a better understanding of the various components of private markets embedded in the SJCERA portfolio and where opportunities for further growth may lie.

Inflation

Pimco and Dodge & Cox discussed the trends and opportunities with regard to the current Inflation being seen in the economy. They both talked about the drivers of inflation, how the US compares to other countries, and what if anything should be done to deal with it. The takeaway from this session is that Inflation is difficult to manage, unpredictable, and involved various components of investments depending on the market environment.

Educational Trivia Session

Congratulations to Trustee Jennifer Goodman on winning the 2021 trivia session. Designed to lighten up the afternoon and give the trustees, staff and attendees a chance to test their knowledge, the group played a game of trivia. Topics ranged from roundtable specific items to questions about the history of San Joaquin County.

Interest Rates and Global Growth

Given the near zero-rate environment Mt Lucas and Stone Harbor discussed the prospects for further Global growth, how the U.S. compares to Japan, and the prospects for Fed intervention to control rates in the short-term. This topic overlapped with ones earlier in the day and added to our discussion on inflation.

Takeaways

Following a long day of discussion, board members and audience members were given the opportunity to discuss their thoughts and takeaways as we all try to work together in improving the funded status of the SJCERA portfolio and navigate these challenging times. Attendees were asked what they thought should happen with portfolio to improve returns and their assumptions on inflation over the coming 12 months. Responses varied from taking on leverage, increasing private markets and looking closer and digital assets. Attendees assumed an inflation rate of 3-7% over the next 12 months.

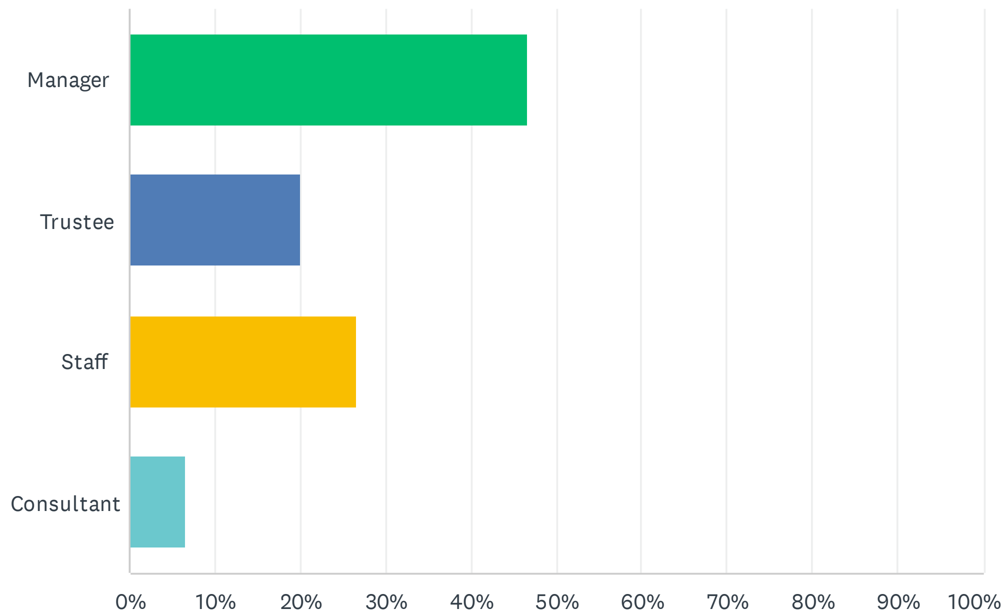
Conclusion and Next Steps

SJCERA, like many other pension plans, faces challenges in meeting an actuarial rate of return of 7.00% while managing risk and balancing diversification. In 2021 and 2022, SJCERA, Meketa and Cheiron will be focusing on conducting an asset liability study to help determine the best path forward. This study will take place over several months and involve educational sessions. Since 2019, Meketa has been working with SJCERA to take on more risk and increase exposure to private market classes. We will continue this process over the next several months.

DS, pq

Q1 Evaluator is a:

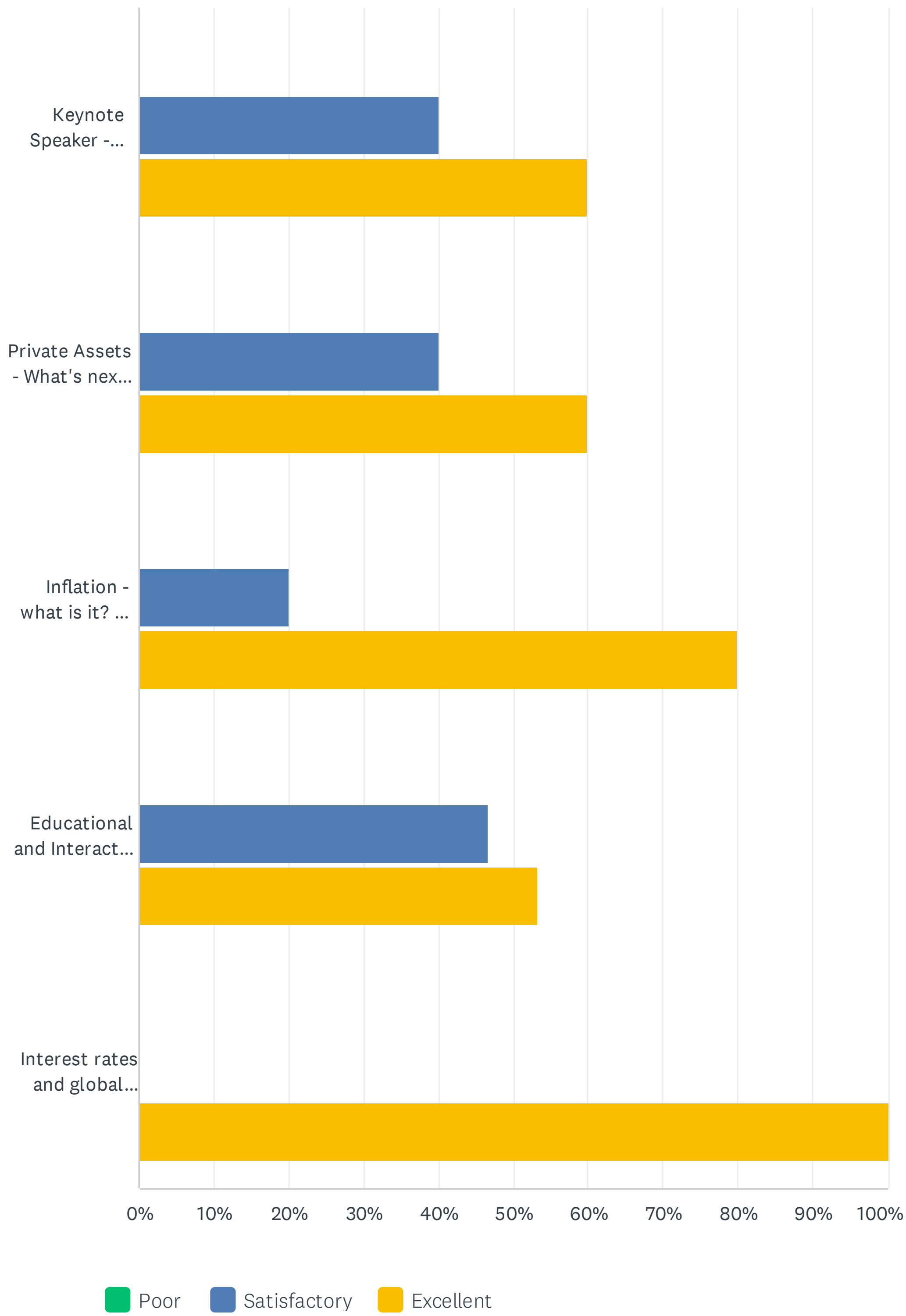
Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES	
Manager	46.67%	7
Trustee	20.00%	3
Staff	26.67%	4
Consultant	6.67%	1
TOTAL		15

Q3 Presentations:

Answered: 15 Skipped: 0

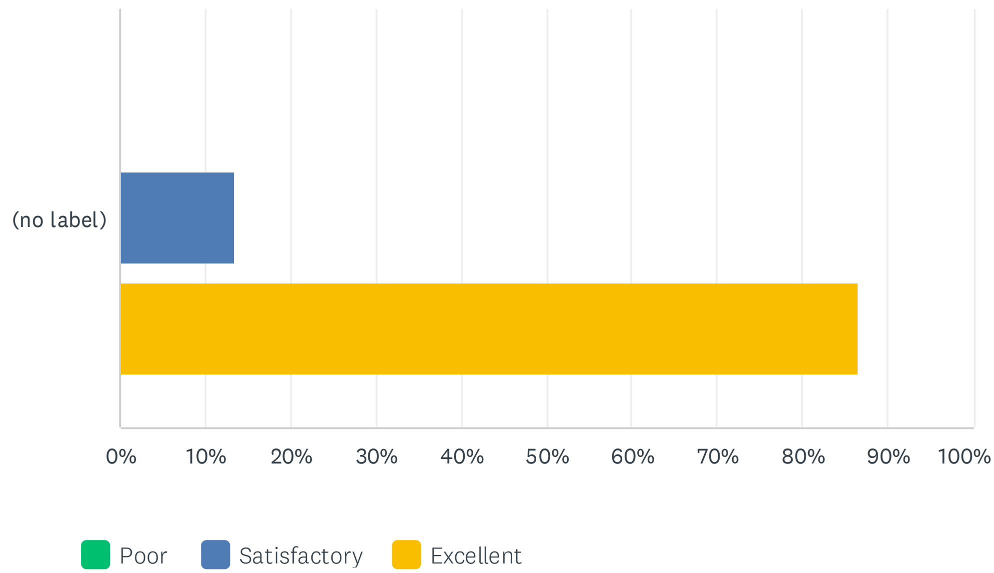


	POOR	SATISFACTORY	EXCELLENT	TOTAL	WEIGHTED AVERAGE
Keynote Speaker - Investing after COVID (Presented by Ashok Bhatia Neuberger Berman)	0.00% 0	40.00% 6	60.00% 9	15	2.60
Private Assets - What's next and where are the markets today? (Presented by Jeff Ennis Ocean Avenue, Melanie Levine Davidson Kempner, and Raj Menon Grandview)	0.00% 0	40.00% 6	60.00% 9	15	2.60
Inflation - what is it? How is it measured? What can SJCERA do to protect its portfolio? (Presented by Klaus Thuerbach PIMCO and Mimi Yang Dodge & Cox)	0.00% 0	20.00% 3	80.00% 12	15	2.80
Educational and Interactive discussion on all things investing and SJCERA. (Presented by David Sancewich Meketa Investment Group)	0.00% 0	46.67% 7	53.33% 8	15	2.53
Interest rates and global growth - can the FED control rates? Is the U.S. the next Japan? (Presentation by Dave Torchia Stone Harbor and Tim Rudderow Mt. Lucas)	0.00% 0	0.00% 0	100.00% 15	15	3.00

#	OTHER (PLEASE SPECIFY)	DATE
1	The discussion following presentations was the most interactive I have seen in recent years. It was very interesting and helped participants critically think about the information presented. Often "lay" people don't have enough insight to ask questions to dig deeper into a topic, so it's helpful when the investment experts play that role.	10/27/2021 4:00 PM

Q4 Moderator's facilitation of discussion

Answered: 15 Skipped: 0



	POOR	SATISFACTORY	EXCELLENT	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	13.33% 2	86.67% 13	15	2.87

#	OTHER (PLEASE SPECIFY)	DATE
1	David does a great job.	10/27/2021 4:00 PM
2	David does a great job every year moderating the roundtable	10/26/2021 9:13 AM
3	DS - did a great job of moving the discussion along and consistently double checking with the Board for their acceptance/questions.	10/18/2021 8:52 AM
4	David is great!	10/14/2021 2:27 PM
5	David seems to get better each year. I think this was an excellent event.	10/14/2021 9:25 AM
6	I wonder if we couldn't pull more participation or spur more active curiosity in the Trustees	10/14/2021 9:02 AM

Q5 What aspect of the roundtable session was most beneficial to you?

Answered: 15 Skipped: 0

#	RESPONSES	DATE
1	Manager interaction on topics	10/29/2021 8:53 AM
2	Discussion on investing after Covid and presentation on Inflation.	10/28/2021 5:37 PM
3	Presentations and discussion following presentations.	10/27/2021 4:00 PM
4	Inflation and the interest rate	10/26/2021 10:02 AM
5	Keynote speaker	10/26/2021 9:13 AM
6	Great facilitating of ideas and key topics and always interesting to hear what is top of mind from staff over the plan's long-term investment horizon.	10/26/2021 8:51 AM
7	Interaction with staff, trustees, consultant and peers.	10/18/2021 8:52 AM
8	Conversation by providers regarding interest rates and private equity . Also Interesting was views on Tail risks and skewnes to add a few basis points	10/16/2021 12:00 PM
9	Being able to have access to so many managers all in one setting, and being able to learn their market views.	10/14/2021 2:27 PM
10	Listening to questions and comments from Staff and Trustees	10/14/2021 11:21 AM
11	inflation discussion	10/14/2021 9:40 AM
12	Interest rate discussion	10/14/2021 9:25 AM
13	Meeting the Trustees as well as their Consultant's rep, David Sancewich	10/14/2021 9:02 AM
14	Inflation Perspective	10/14/2021 8:47 AM
15	The opportunity to get to know Trustees and Staff personally after such a long period of virtual isolation.	10/14/2021 8:46 AM

Q6 What aspect of the roundtable session was least beneficial to you?

Answered: 14 Skipped: 1

#	RESPONSES	DATE
1	SJC trivia	10/29/2021 8:53 AM
2	Found something useful in each presentation	10/28/2021 5:37 PM
3	The interactive game. Fun for some, but not all, and didn't really further the goals of the event. Time could have been better spent.	10/27/2021 4:00 PM
4	NA	10/26/2021 10:02 AM
5	Educational & Interactive discussion	10/26/2021 9:13 AM
6	N/A	10/26/2021 8:51 AM
7	N/A.	10/18/2021 8:52 AM
8	Program was valuable	10/16/2021 12:00 PM
9	None	10/14/2021 2:27 PM
10	I can't identify anything not beneficial	10/14/2021 11:21 AM
11	Inflation discussion - felt it was too "moderate" in that they were confined to their company view.	10/14/2021 9:25 AM
12	The lack of involvement by the Trustees made me wonder if they are following the presenters	10/14/2021 9:02 AM
13	Games	10/14/2021 8:47 AM
14	I found it all tremendously beneficial.	10/14/2021 8:46 AM

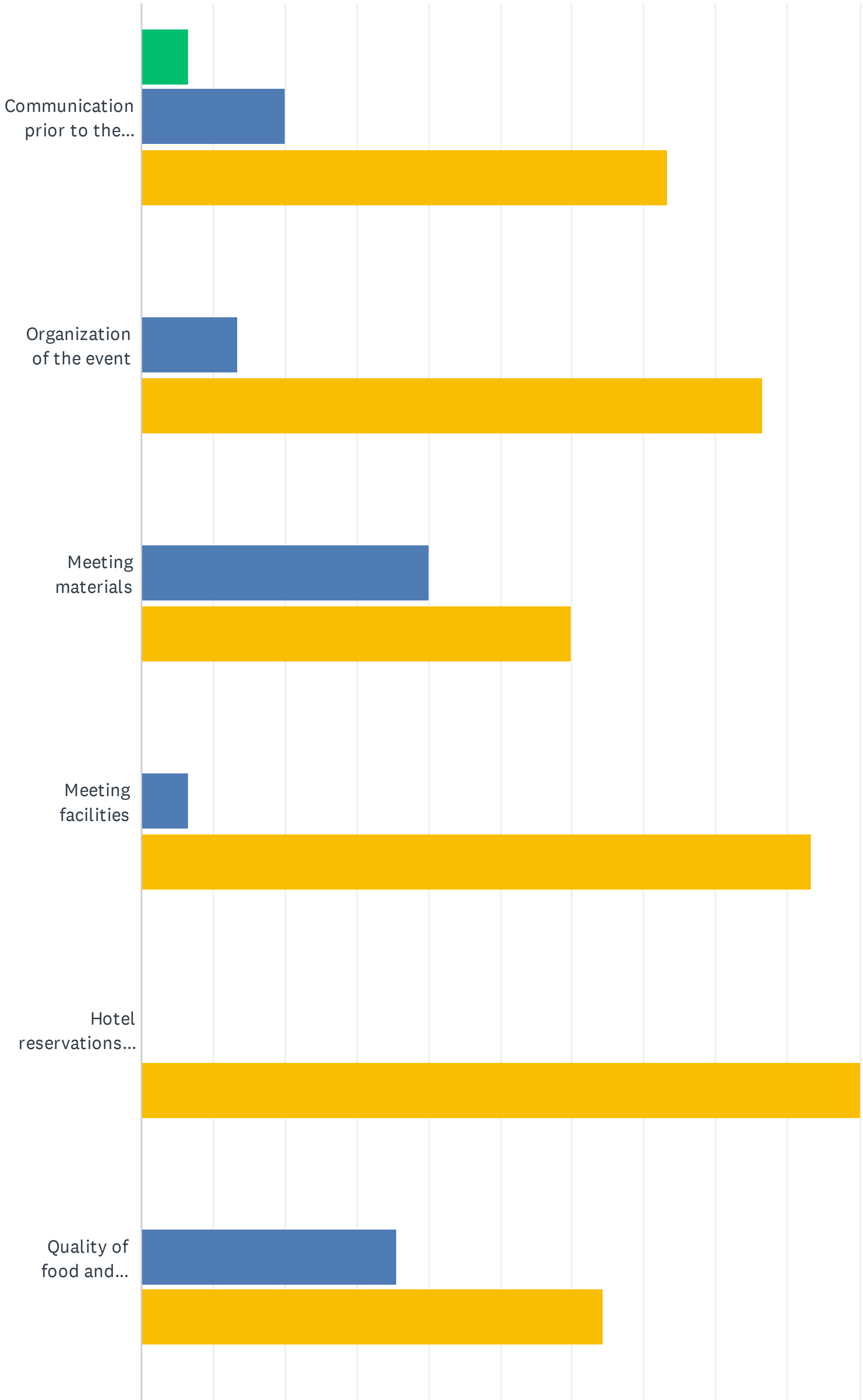
Q7 What topics would you like to see covered in the roundtable session next year?

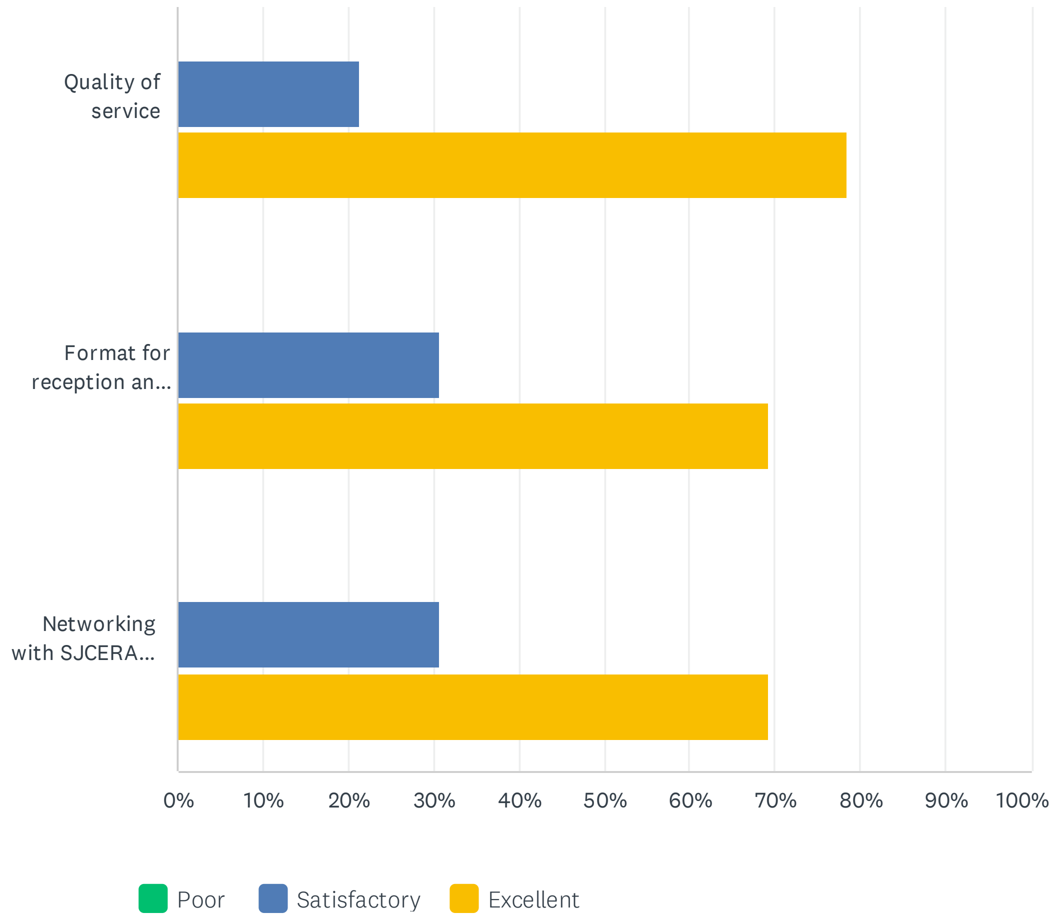
Answered: 11 Skipped: 4

#	RESPONSES	DATE
1	Would it help managers to understand more about day-to-day SJCERA operations? Maybe a staff presentation...	10/29/2021 8:53 AM
2	It's too far out to know what would be relevant and timely for next year.	10/27/2021 4:00 PM
3	Private equity investing	10/26/2021 10:02 AM
4	No changes. Appreciated the topical - Inflation where do we go from here as well as the reminders from David on what changes have occurred from an asset allocation standpoint.	10/26/2021 8:51 AM
5	too soon to lock in just now.	10/18/2021 8:52 AM
6	Infrastructure and inflation	10/16/2021 12:00 PM
7	Innovative/disruptive technology	10/14/2021 2:27 PM
8	I think presentations that are thematic in nature can be more effective than those focused on specific asset classes. Clearly there was a mix of both this year...nothing wrong with that. But focus on current market themes (Inflation for example) and neare term implications are good topics	10/14/2021 11:21 AM
9	Nothing to add here…	10/14/2021 9:02 AM
10	Equities	10/14/2021 8:47 AM
11	I think the broad range of topics are always topical and timeless.	10/14/2021 8:46 AM

Q8 General:

Answered: 15 Skipped: 0





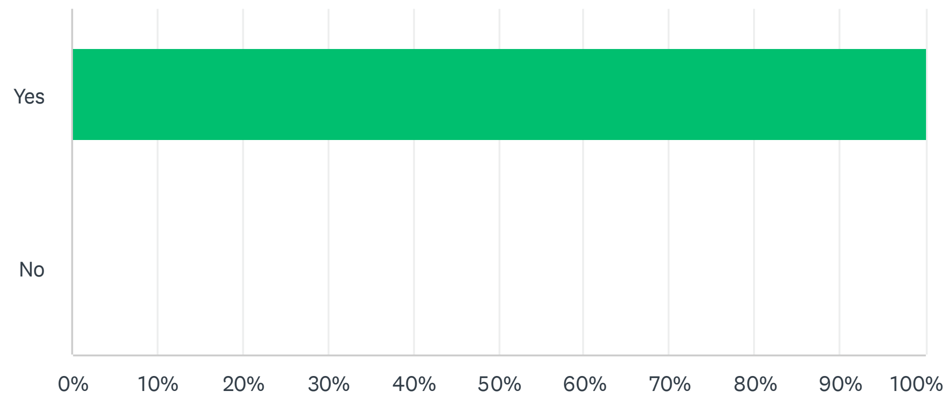
	POOR	SATISFACTORY	EXCELLENT	TOTAL	WEIGHTED AVERAGE
Communication prior to the meeting date	6.67% 1	20.00% 3	73.33% 11	15	2.67
Organization of the event	0.00% 0	13.33% 2	86.67% 13	15	2.87
Meeting materials	0.00% 0	40.00% 6	60.00% 9	15	2.60
Meeting facilities	0.00% 0	6.67% 1	93.33% 14	15	2.93
Hotel reservations (if applicable)	0.00% 0	0.00% 0	100.00% 8	8	3.00
Quality of food and beverage	0.00% 0	35.71% 5	64.29% 9	14	2.64
Quality of service	0.00% 0	21.43% 3	78.57% 11	14	2.79
Format for reception and dinner	0.00% 0	30.77% 4	69.23% 9	13	2.69
Networking with SJCERA trustees and staff	0.00% 0	30.77% 4	69.23% 9	13	2.69

#	OTHER (PLEASE SPECIFY)	DATE
1	For next year, would like the Trustees to have a seating chart with manager names and companies. Depending on where the Trustee is sitting and the manager, the tent cards are hard	10/28/2021 5:37 PM

	to read. Also, in advance of the meeting Trustees did not receive information on what to expect as far as meals, start times, etc. For those who had not attended before, they may not have been aware of what to expect. Also, I requested the final agenda the week before and it was not provided. I felt like I was scrambling for the details to ensure I understood start times, etc.	
2	(1) In the employer and labor invites, encourage them to bring a tablet for ease of viewing presentations. (2) Presenters have been providing presentation books that are appropriate for a sit-down meeting, not for projecting on a big screen. They need to be required to reformat their decks to have only one chart (max of 2 if they are comparative charts) per slide. Also, we need to require them to adhere to the minimum type size requirements. Requiring they submit their slides in PowerPoint, rather than in PDF, may help resolve the issue.	10/27/2021 4:00 PM
3	I am a bigger fan of the dinner the night before the event as opposed to following the roundtable.	10/18/2021 8:52 AM
4	I truly look forward to this each year. It is a privilege and I have an appreciation for the amount of work that goes into these events. Thank you.	10/14/2021 9:25 AM
5	Well done!	10/14/2021 9:02 AM
6	I always love Wine and Roses. It is a special event in all regards. Happy, and blessed to be invited to participate!	10/14/2021 8:46 AM

Q9 Should the format be repeated next year?

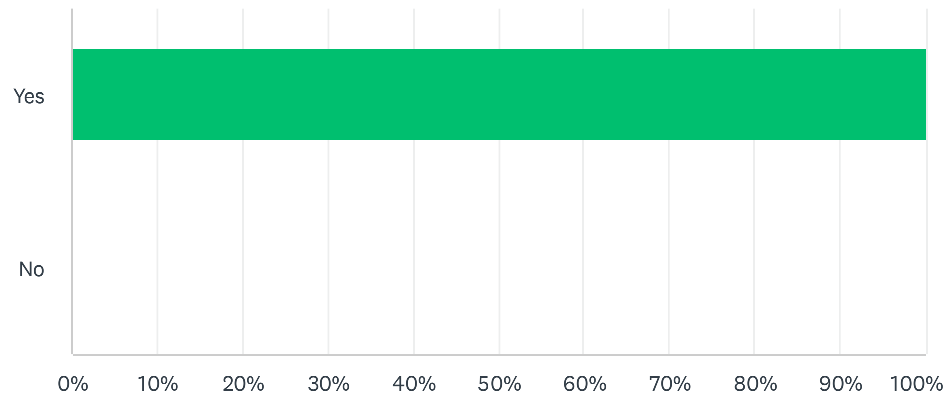
Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	15
No	0.00%	0
TOTAL		15

Q10 Should the location be repeated next year?

Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	15
No	0.00%	0
TOTAL		15

#	OTHER (PLEASE SPECIFY)	DATE
1	Wine and Roses is great. There are also other local wineries and venues that should periodically be explored as possible options to be sure we are getting the best combination of facilities, cost and service.	10/27/2021 4:00 PM
2	Great venue.	10/18/2021 8:52 AM

Q11 Suggestions for improving next year's event:

Answered: 8 Skipped: 7

#	RESPONSES	DATE
1	See comments under #8, "General" above.	10/27/2021 4:00 PM
2	NA	10/26/2021 10:02 AM
3	Consider the dinner the evening before the roundtable.	10/18/2021 8:52 AM
4	Working with the speakers on delivery. Perhaps have a CIO as a speaker	10/16/2021 12:00 PM
5	My first time at the investment RT, and I thought it was perfect!	10/14/2021 2:27 PM
6	Please forgive the suggestion but I did have a "soft spot" for the format in the past that was an afternoon session on Day 1, followed by dinner & networking, then finishing with morning session on Day 2. This may be selfserving since I am an NYC-based manager. I understand the one-day format is likely better for staff and trustees.	10/14/2021 11:21 AM
7	Nothing to add	10/14/2021 9:02 AM
8	Change nothing!	10/14/2021 8:46 AM

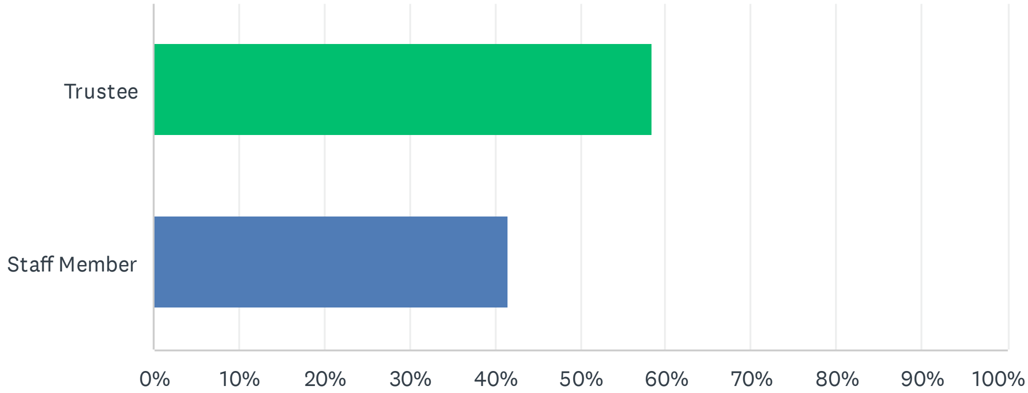
Q12 Additional suggestions or comments:

Answered: 4 Skipped: 11

#	RESPONSES	DATE
1	Great event. Best one I've been to in years. Congrats to staff and consultant for their work coordinating it. Well done!	10/27/2021 4:00 PM
2	Great job, I'm delighted we were invited and had an opportunity to interact in person with staff, trustees and David.	10/18/2021 8:52 AM
3	None	10/16/2021 12:00 PM
4	Again, well executed! I hope to be invited back for next year.	10/14/2021 9:02 AM

Q2 Evaluator is:

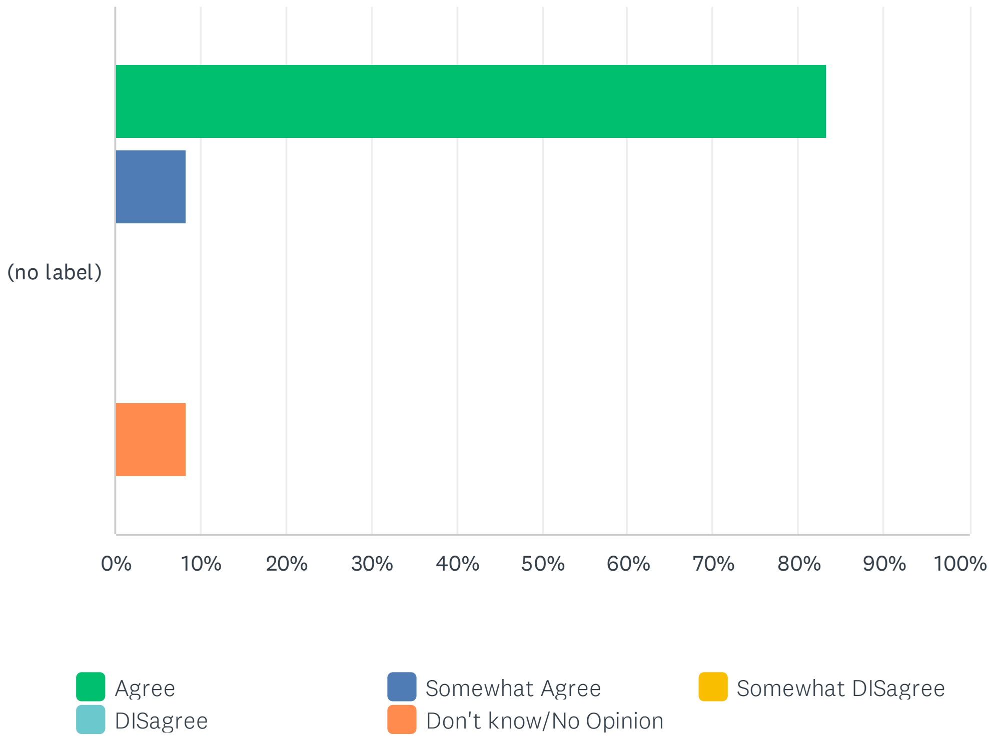
Answered: 12 Skipped: 0



ANSWER CHOICES	RESPONSES	
Trustee	58.33%	7
Staff Member	41.67%	5
TOTAL		12

Q3 I have confidence in the advice SJCERA receives from its Actuarial Consultant

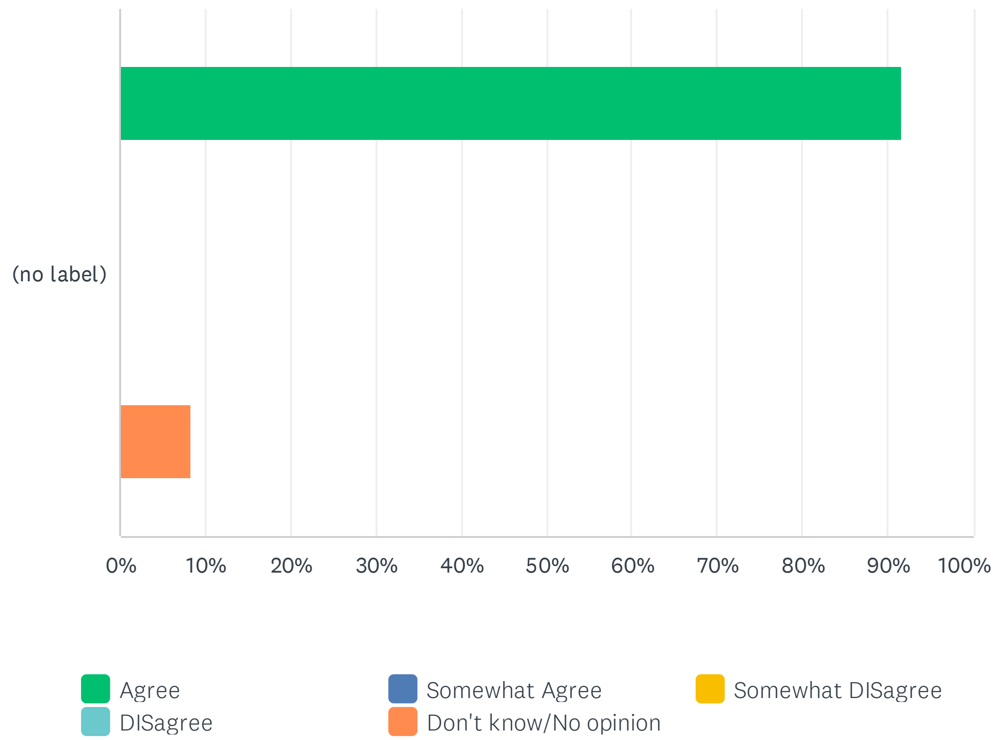
Answered: 12 Skipped: 0



	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	83.33% 10	8.33% 1	0.00% 0	0.00% 0	8.33% 1	12	4.58

Q4 The Actuarial Consultant explains things in an understandable way.

Answered: 12 Skipped: 0

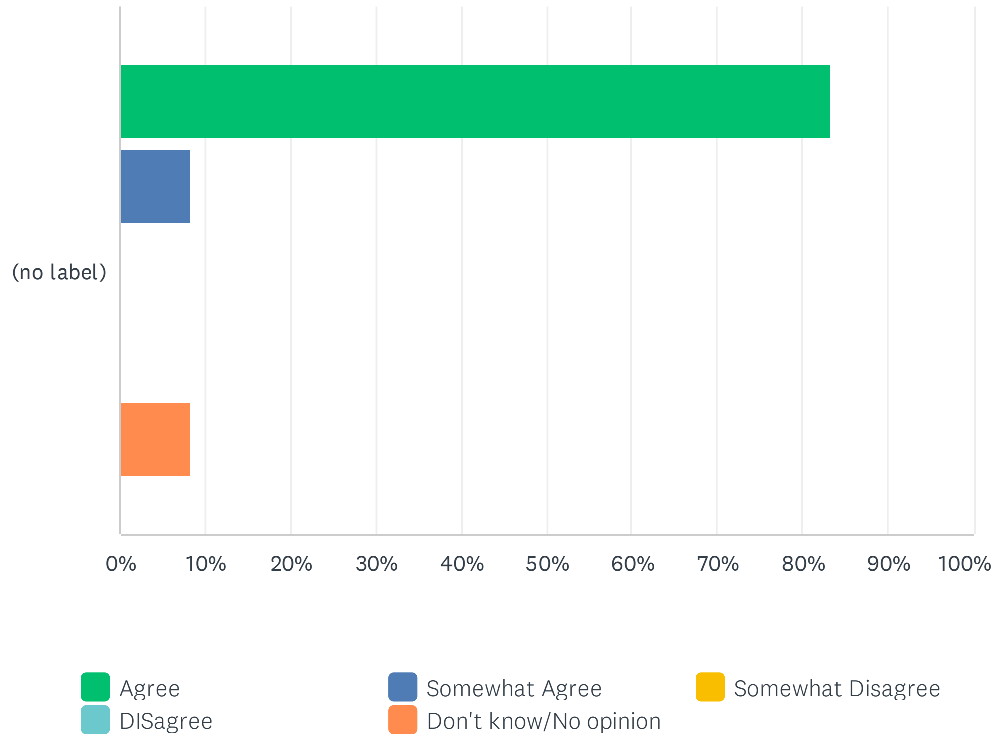


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	91.67% 11	0.00% 0	0.00% 0	0.00% 0	8.33% 1	12	4.67

#	COMMENTS & SUGGESTIONS:	DATE
1	Graham has exceptional communication skills and makes complex topics understandable. In addition, he is very patient and supportive in providing explanations--he makes each person feel like they are capable of comprehending the content.	10/27/2021 3:40 PM

Q5 The Actuarial Consultant presents data that supports their recommendations.

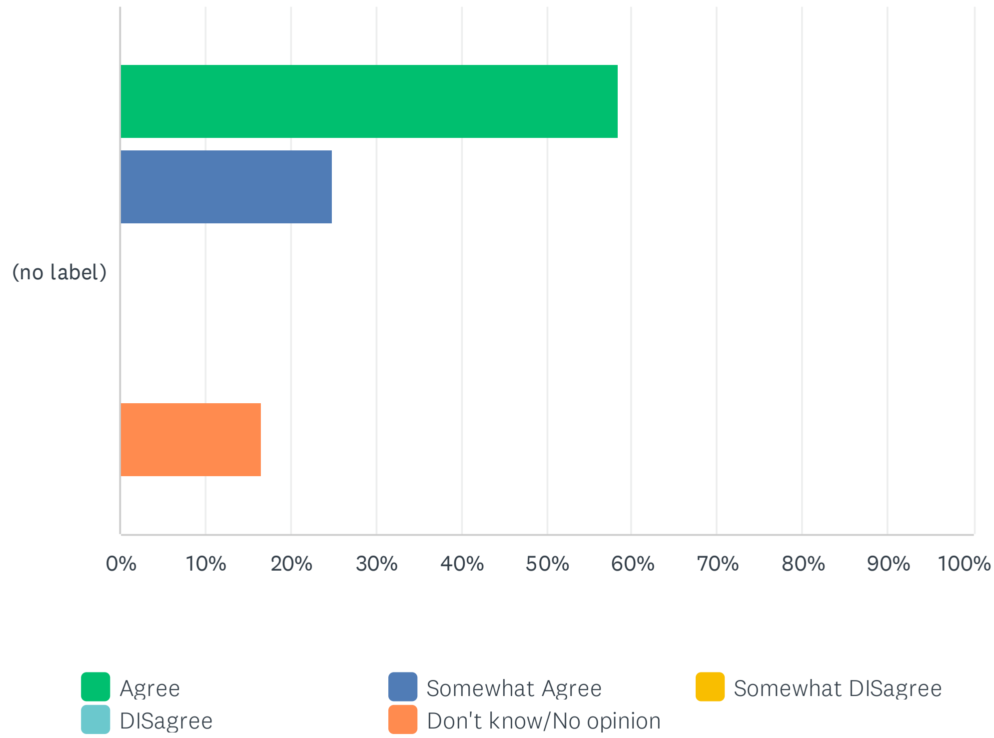
Answered: 12 Skipped: 0



	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	83.33% 10	8.33% 1	0.00% 0	0.00% 0	8.33% 1	12	4.58

Q6 The Actuarial Consultant keeps the Board informed of issues affecting SJCERA.

Answered: 12 Skipped: 0

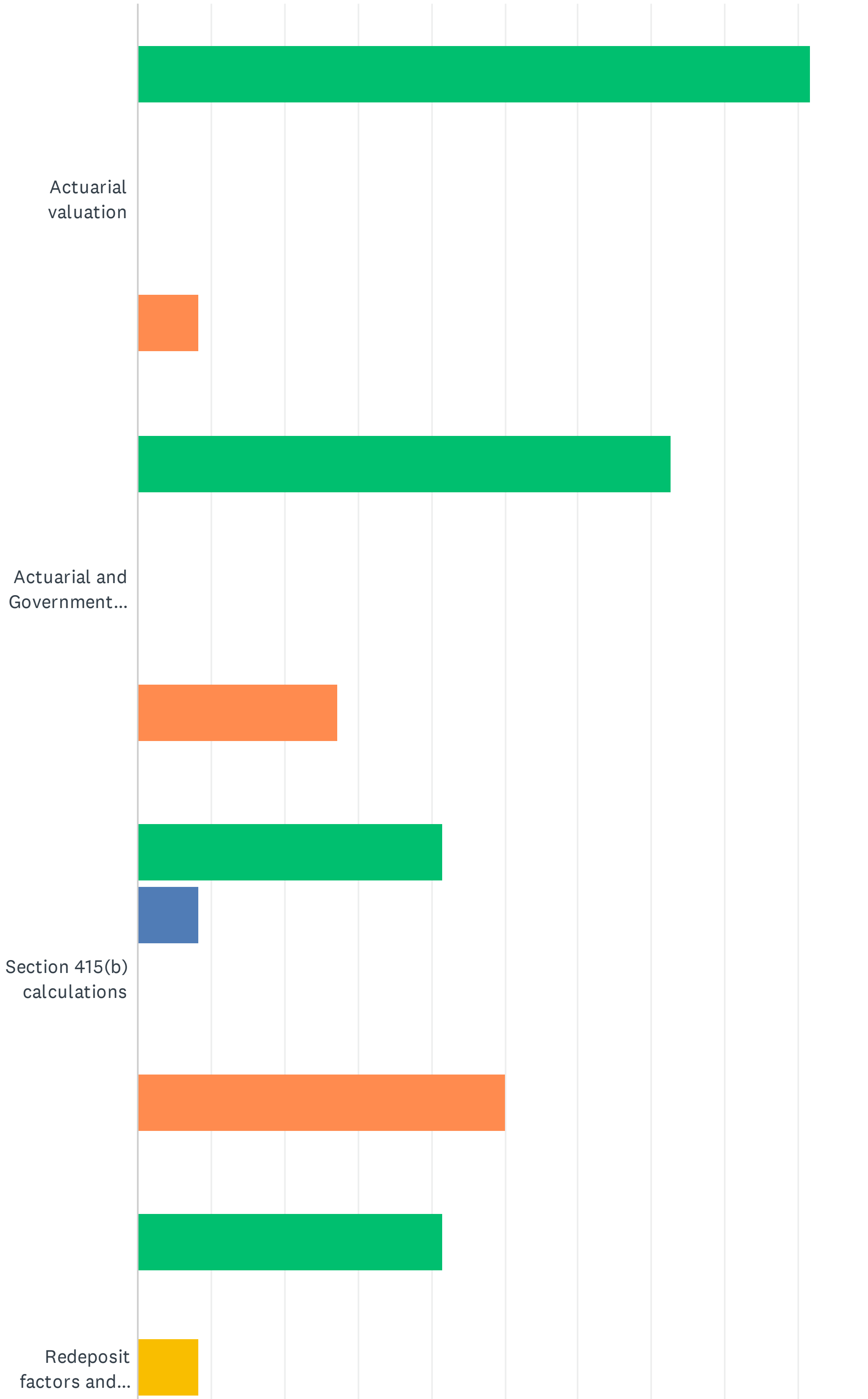


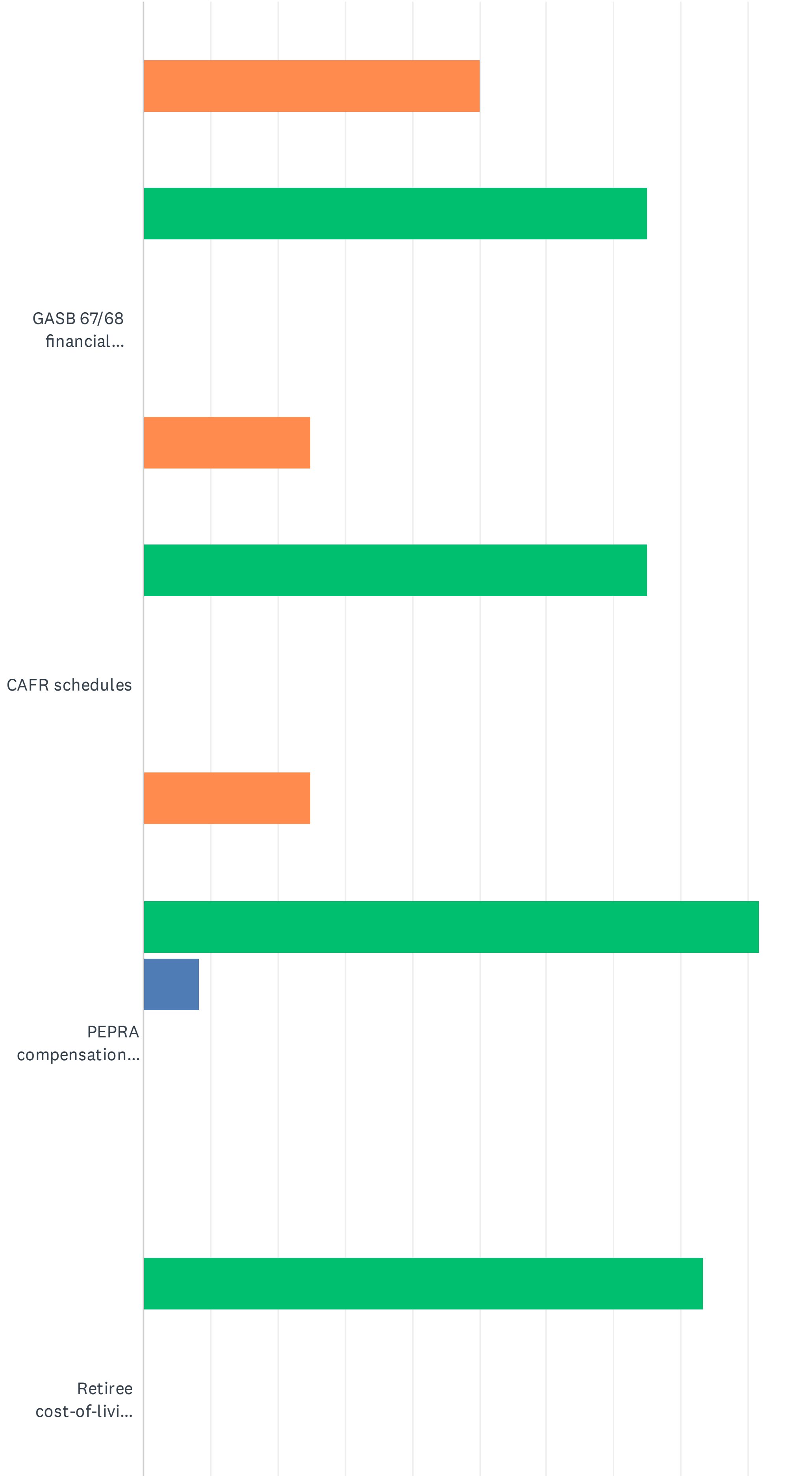
	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	58.33% 7	25.00% 3	0.00% 0	0.00% 0	16.67% 2	12	4.08

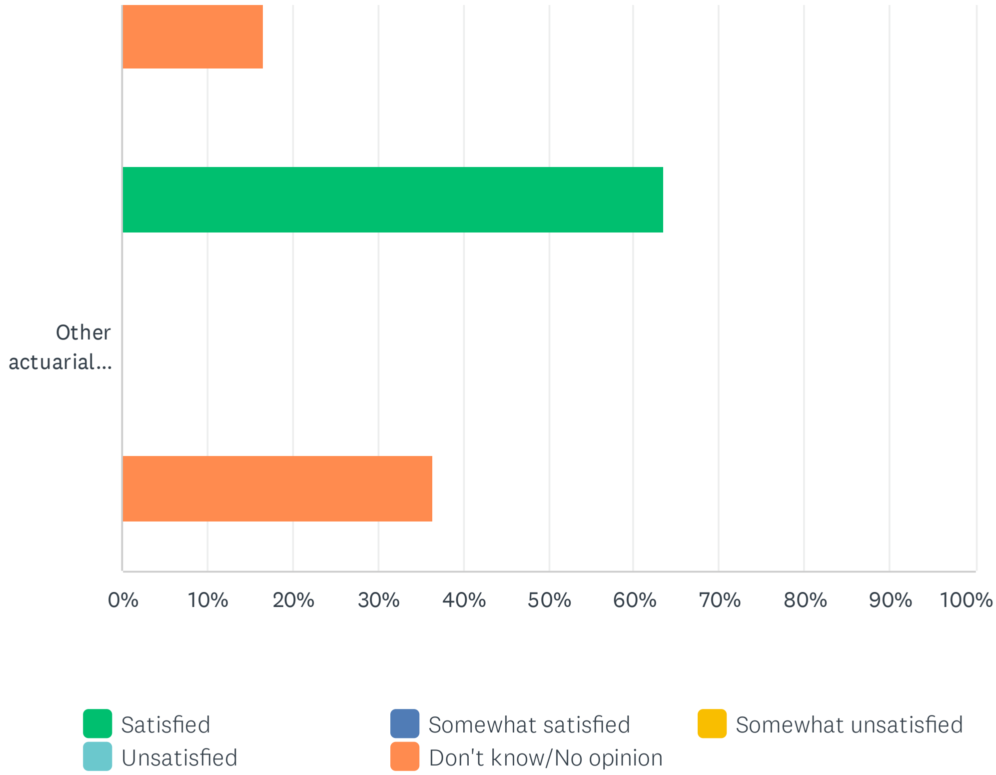
#	COMMENTS & SUGGESTIONS:	DATE
1	I would appreciate analysis and recommendations about what else SJCERA, our employers, or the legislature can do to improve our funding as quickly as possible. If we were to propose changes, what should we focus on first?	10/27/2021 3:40 PM

Q7 Please rate your satisfaction with the quality of the following contractually required services.

Answered: 12 Skipped: 0



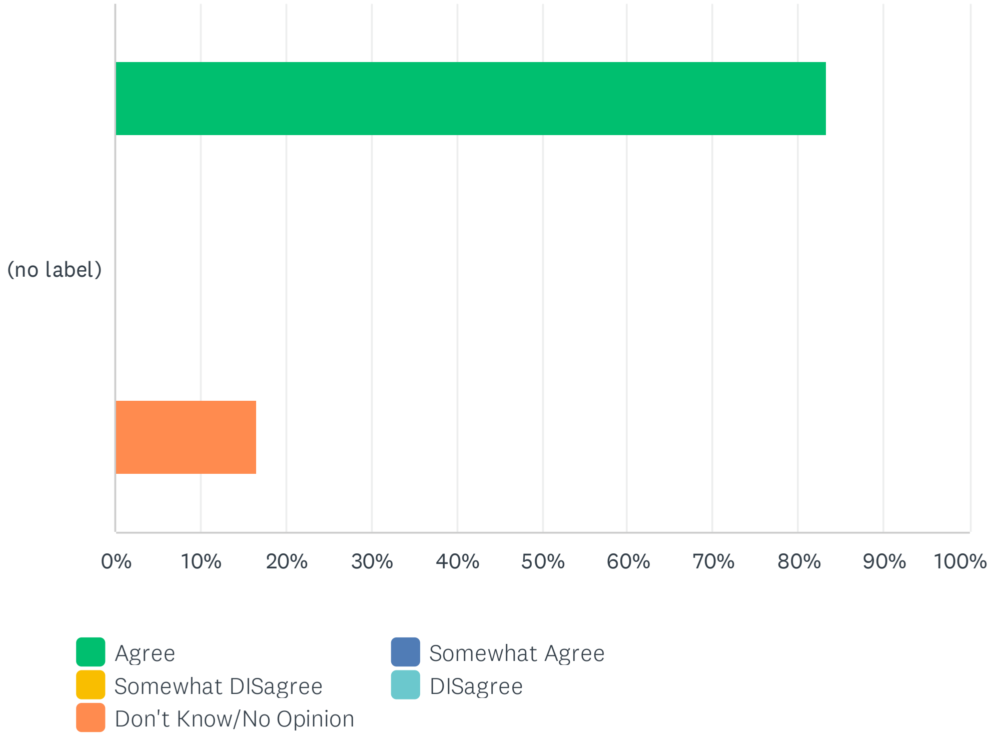

GASB 67/68
financial...
CAFR schedules
PEPRA
compensation...
Retiree
cost-of-livi...



	SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT UNSATISFIED	UNSATISFIED	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
Actuarial valuation	91.67% 11	0.00% 0	0.00% 0	0.00% 0	8.33% 1	12	4.67
Actuarial and Government Table Updates and Testing	72.73% 8	0.00% 0	0.00% 0	0.00% 0	27.27% 3	11	3.91
Section 415(b) calculations	41.67% 5	8.33% 1	0.00% 0	0.00% 0	50.00% 6	12	2.92
Redeposit factors and bi-weekly payment schedules	41.67% 5	0.00% 0	8.33% 1	0.00% 0	50.00% 6	12	2.83
GASB 67/68 financial statement disclosure report	75.00% 9	0.00% 0	0.00% 0	0.00% 0	25.00% 3	12	4.00
CAFR schedules	75.00% 9	0.00% 0	0.00% 0	0.00% 0	25.00% 3	12	4.00
PEPRA compensation limits	91.67% 11	8.33% 1	0.00% 0	0.00% 0	0.00% 0	12	4.92
Retiree cost-of-living adjustment (COLA)	83.33% 10	0.00% 0	0.00% 0	0.00% 0	16.67% 2	12	4.33
Other actuarial consulting	63.64% 7	0.00% 0	0.00% 0	0.00% 0	36.36% 4	11	3.55

Q8 I have confidence in the firm for which our Actuarial Consultant works.

Answered: 12 Skipped: 0



	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	83.33% 10	0.00% 0	0.00% 0	0.00% 0	16.67% 2	12	4.00

Q9 The actuarial issues or areas of concern I would like the consultant to address in the next twelve months are:(Identify your top 3 issues/concerns)

Answered: 6 Skipped: 6

ANSWER CHOICES	RESPONSES	
1.	100.00%	6
2.	33.33%	2
3.	16.67%	1
Other Comments:	0.00%	0

#	1.	DATE
1	base rate of pay assumptions - what happens if our employers exceed in subsequent years.	10/28/2021 5:23 PM
2	Mortality rates	10/28/2021 1:51 PM
3	Actuarial Rates	10/27/2021 12:43 PM
4	Redeposit and biweekly payment factors are provided in pdf format, we need them in excel format as well	10/26/2021 9:23 AM
5	Discount rate	10/26/2021 9:04 AM
6	Improving unfunded liability	10/26/2021 8:40 AM
#	**2.**	**DATE**
1	Are they depending on consultant projections	10/28/2021 1:51 PM
2	Inflation	10/27/2021 12:43 PM
#	**3.**	**DATE**
1	Not different, use their own calculations for long term returns	10/28/2021 1:51 PM
#	**OTHER COMMENTS:**	**DATE**
	There are no responses.	

Q10 What would you like the Actuarial Consultant to do differently?

Answered: 1 Skipped: 11

#	RESPONSES	DATE
1	Make actuarial evaluation final data file available to SJCERA IT as soon as it has been finalized.	10/26/2021 9:23 AM

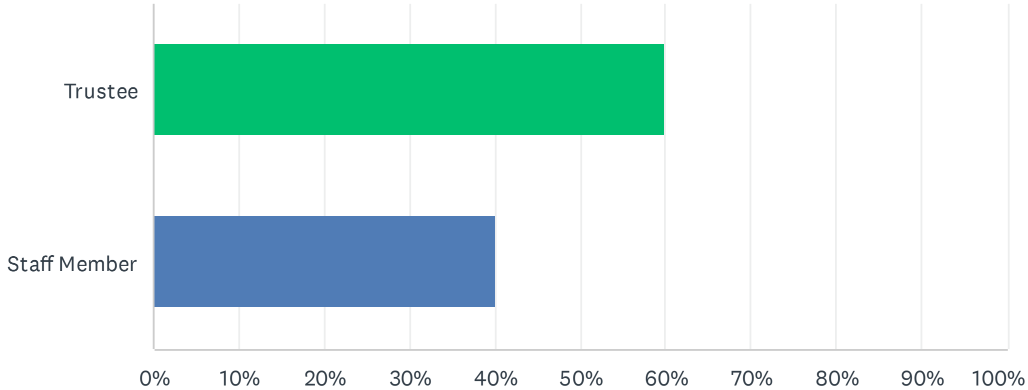
Q11 Other Remarks

Answered: 3 Skipped: 9

#	RESPONSES	DATE
1	Graham is amazing and does a wonderful job at explaining complex information in a way many can understand.	10/29/2021 8:56 AM
2	Graham is exceptionally responsive. He responds to emails and phone calls timely, and has always made himself available for presentations, even on short notice.	10/27/2021 3:40 PM
3	I have great confidence in Graham. His reports to both the SJCERA Board and the Board of Supervisors are always thorough and presented in an understandable manner.	10/26/2021 8:40 AM

Q2 Evaluator is:

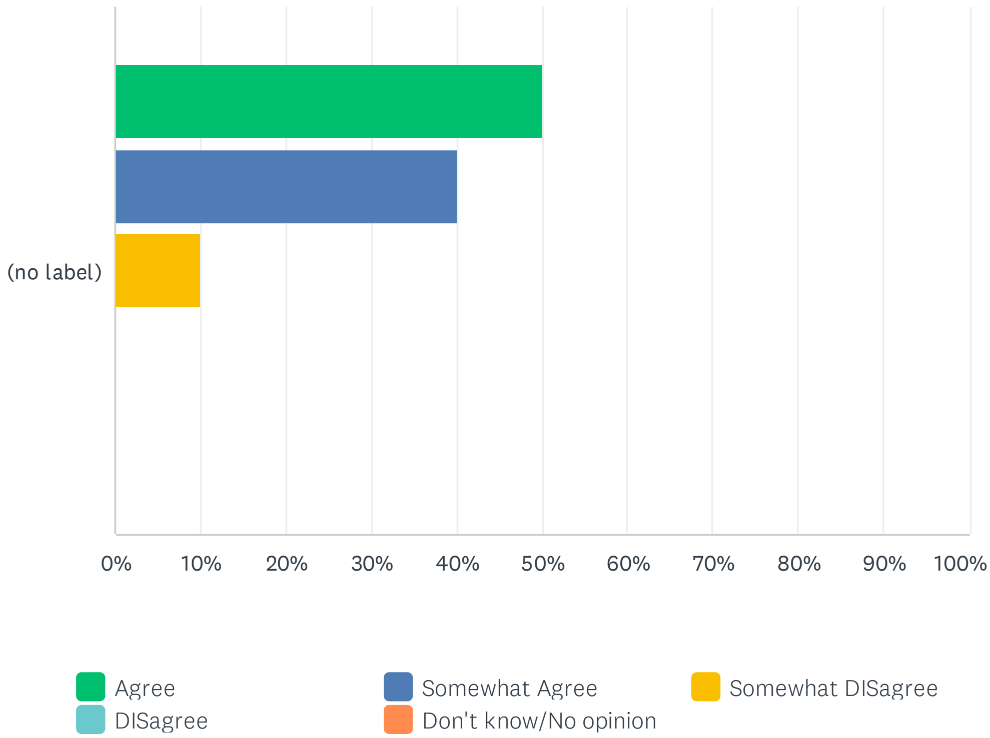
Answered: 10 Skipped: 0



ANSWER CHOICES	RESPONSES	
Trustee	60.00%	6
Staff Member	40.00%	4
TOTAL		10

Q3 I am satisfied with the investment results that SJCERA has achieved while working with our Investment Consultant.

Answered: 10 Skipped: 0

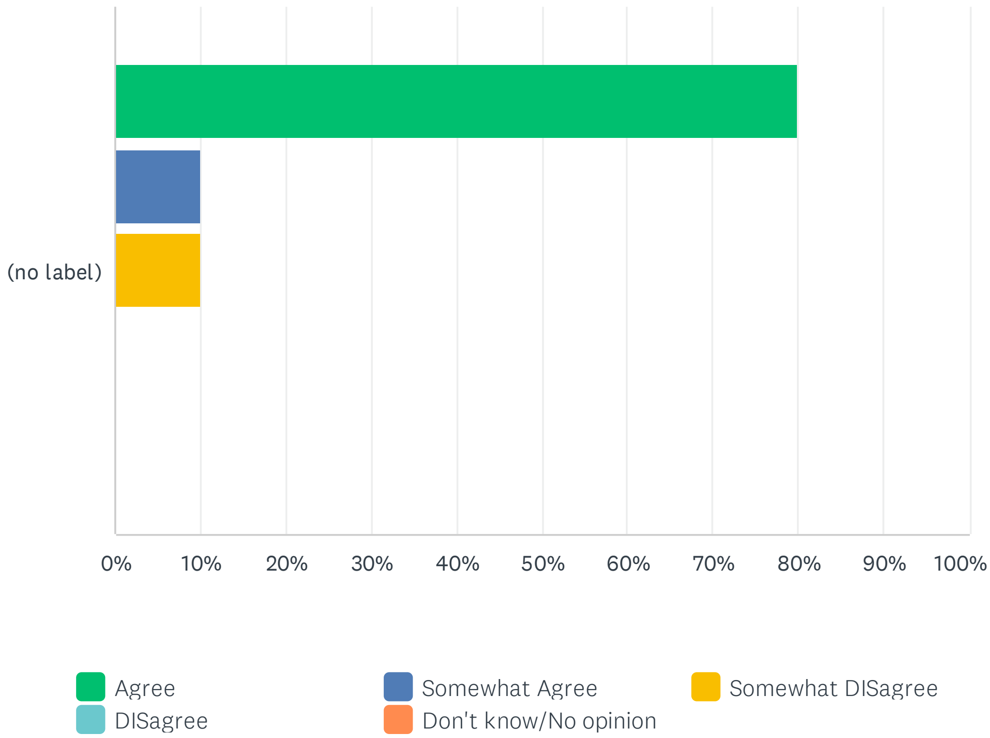


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	50.00% 5	40.00% 4	10.00% 1	0.00% 0	0.00% 0	10	4.40

#	COMMENTS & SUGGESTIONS:	DATE
1	Impressed with the results of recent manager options and research provided.	10/29/2021 8:53 AM
2	Puts too much emphasis on short term drawdown	10/28/2021 2:21 PM
3	Of course I wish it was better. Perhaps to much downside protection.	10/27/2021 3:42 PM
4	We have been attaining our assumed rate of return more often than not since fully implementing the consultant's recommended portfolio. However, in more cases than not, we have been under-performing our benchmark.	10/27/2021 3:31 PM

Q4 I have confidence in the advice SJCERA receives from its Investment Consultant

Answered: 10 Skipped: 0

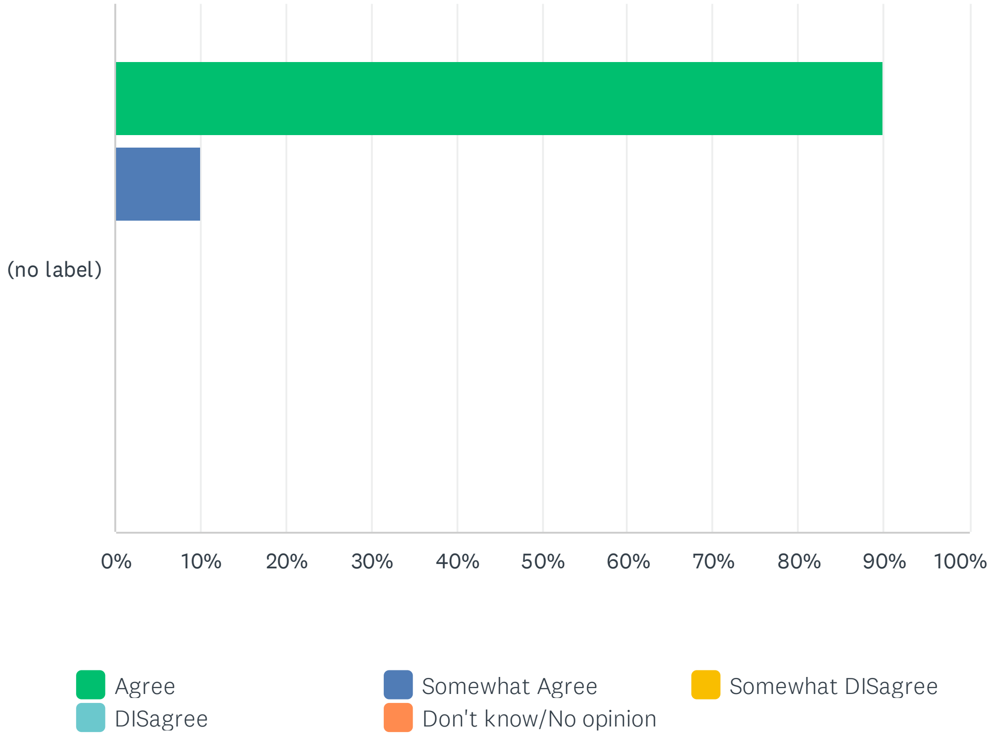


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	80.00% 8	10.00% 1	10.00% 1	0.00% 0	0.00% 0	10	4.70

#	COMMENTS & SUGGESTIONS:	DATE
1	I want to look at hybrid fixed income alternatives and the cost of downside protection as to only using an overweight in fixed to reduce risk	10/28/2021 2:21 PM

Q5 The Investment Consultant explains things in an understandable way.

Answered: 10 Skipped: 0

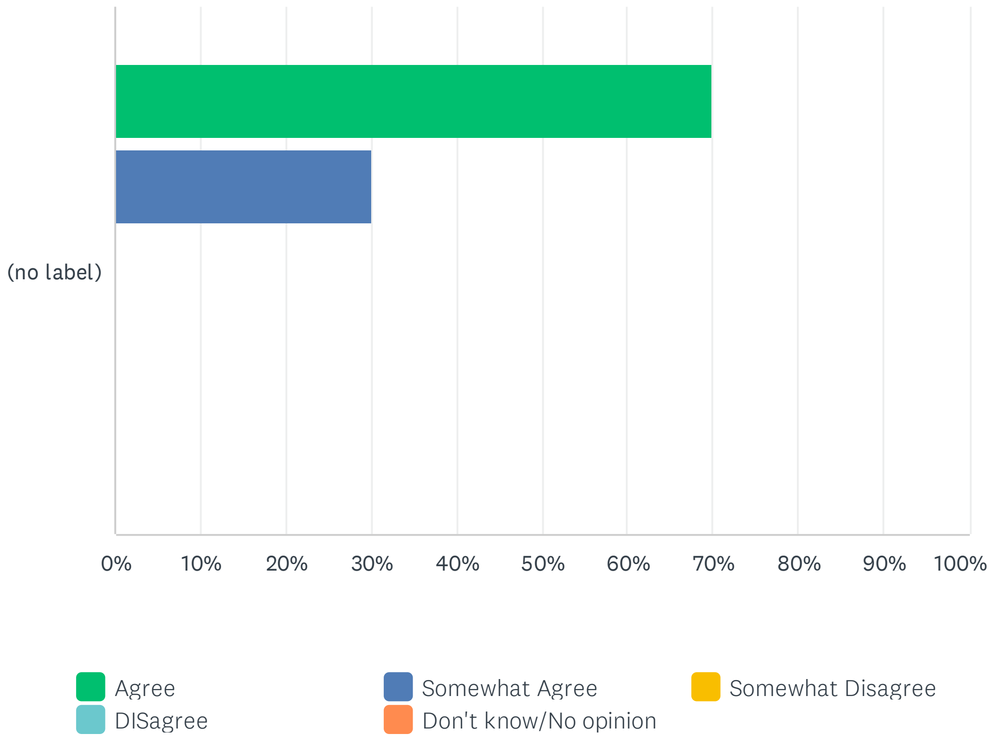


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90

#	COMMENTS & SUGGESTIONS:	DATE
1	This is one thing I really appreciate from our Consultant.	10/29/2021 8:53 AM
2	I very much appreciate the time taken to ensure all Trustees understand.	10/28/2021 5:19 PM
3	David has outstanding communication skills and makes the content understandable.	10/27/2021 3:31 PM

Q6 The asset allocation was developed using a comprehensive, well-founded approach.

Answered: 10 Skipped: 0

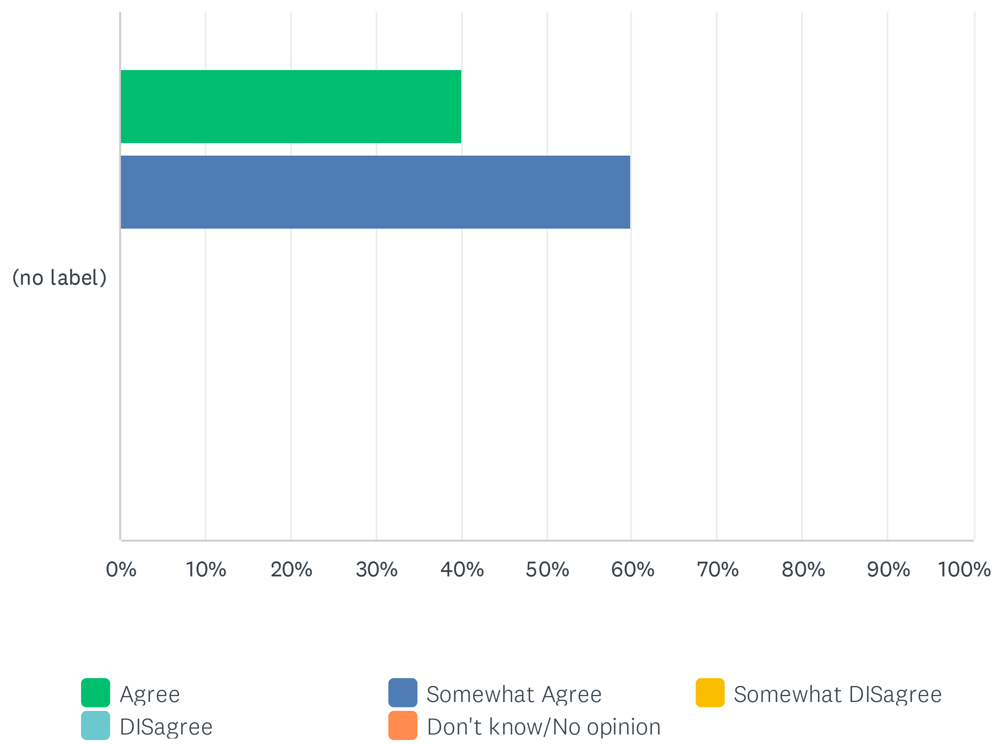


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	70.00% 7	30.00% 3	0.00% 0	0.00% 0	0.00% 0	10	4.70

#	COMMENTS & SUGGESTIONS:	DATE
1	Our board makeup is responsible for our current risk/reward ratio	10/28/2021 2:21 PM
2	The last asset liability study was the "light" version.	10/27/2021 3:31 PM

Q7 The consultant's investment recommendations align with the Board's risk tolerance.

Answered: 10 Skipped: 0

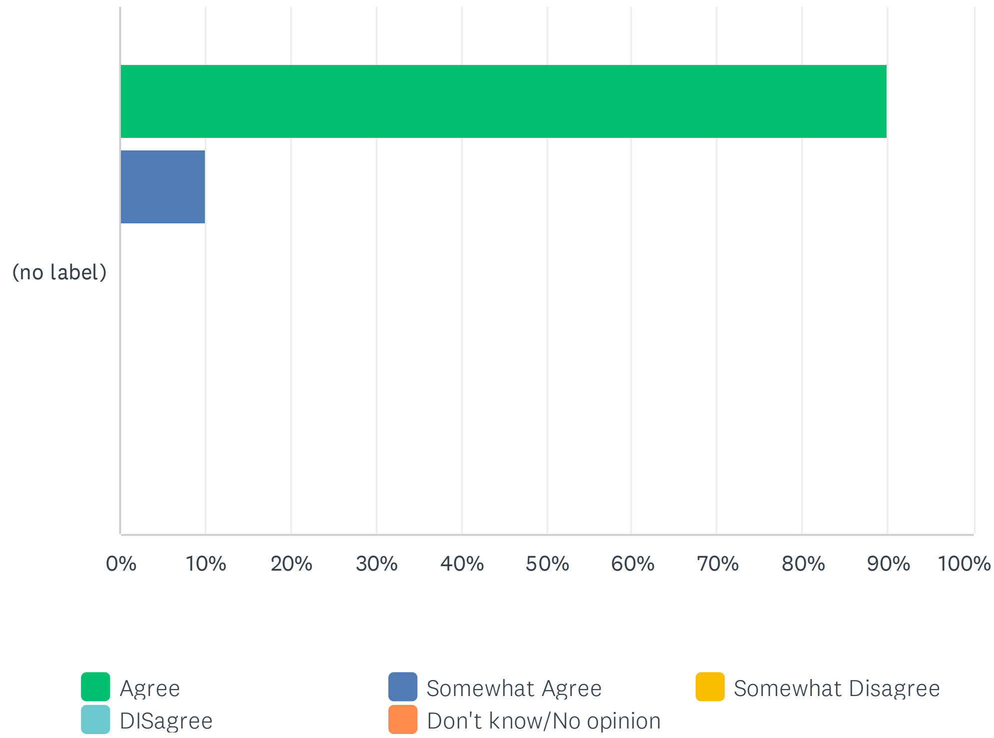


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	40.00% 4	60.00% 6	0.00% 0	0.00% 0	0.00% 0	10	4.40

#	COMMENTS & SUGGESTIONS:	DATE
1	Dave has handled the sometimes different concerns and perspectives of the trustees have and is always willing to provide explanation.	10/28/2021 5:19 PM
2	Partially took us down a rabbit hole	10/28/2021 2:21 PM
3	In general yes.	10/27/2021 3:42 PM
4	The Board's risk tolerance needs to be reassessed. We have a number of new Board members since our last asset-liability study, and during the last study we didn't do a full risk tolerance analysis. The current Board's risk tolerance is not truly known right now, and additional education is needed to help them discern their risk tolerance as an institutional (versus individual) investor.	10/27/2021 3:31 PM

Q8 The investment consultant presents data that supports their recommendations.

Answered: 10 Skipped: 0

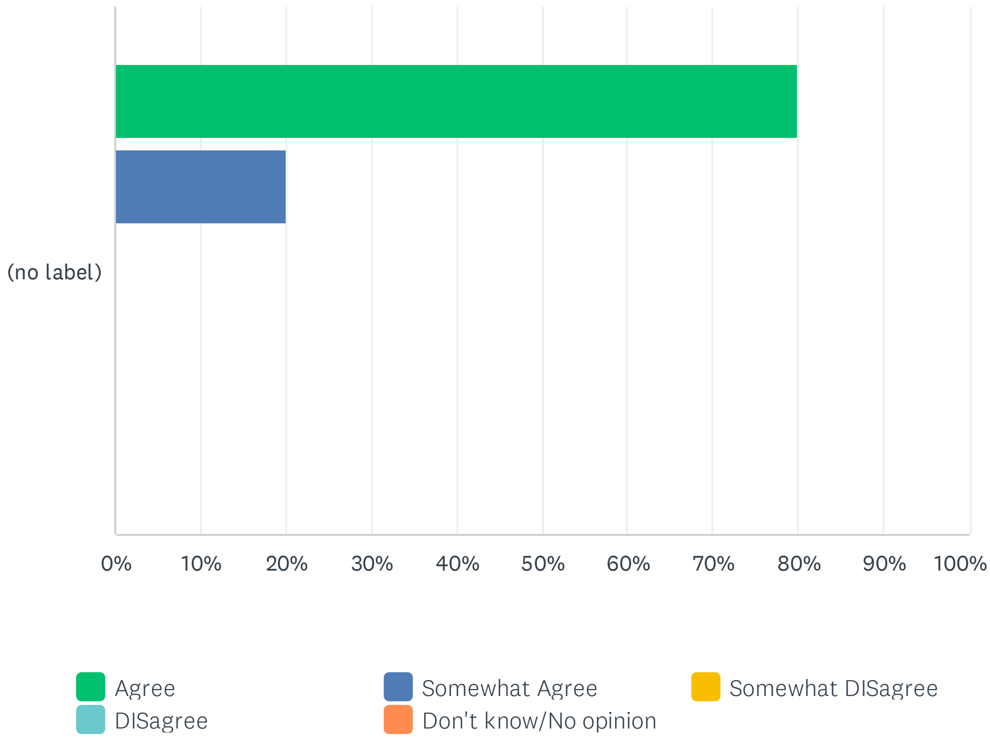


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90

#	COMMENTS & SUGGESTIONS:	DATE
1	Agenda items have a lot of information which help to support actions and continue to provide education.	10/28/2021 5:19 PM
2	Easy to understand.	10/27/2021 3:42 PM

Q9 I have confidence in the quality of managers the consultant brings to the Board for consideration.

Answered: 10 Skipped: 0

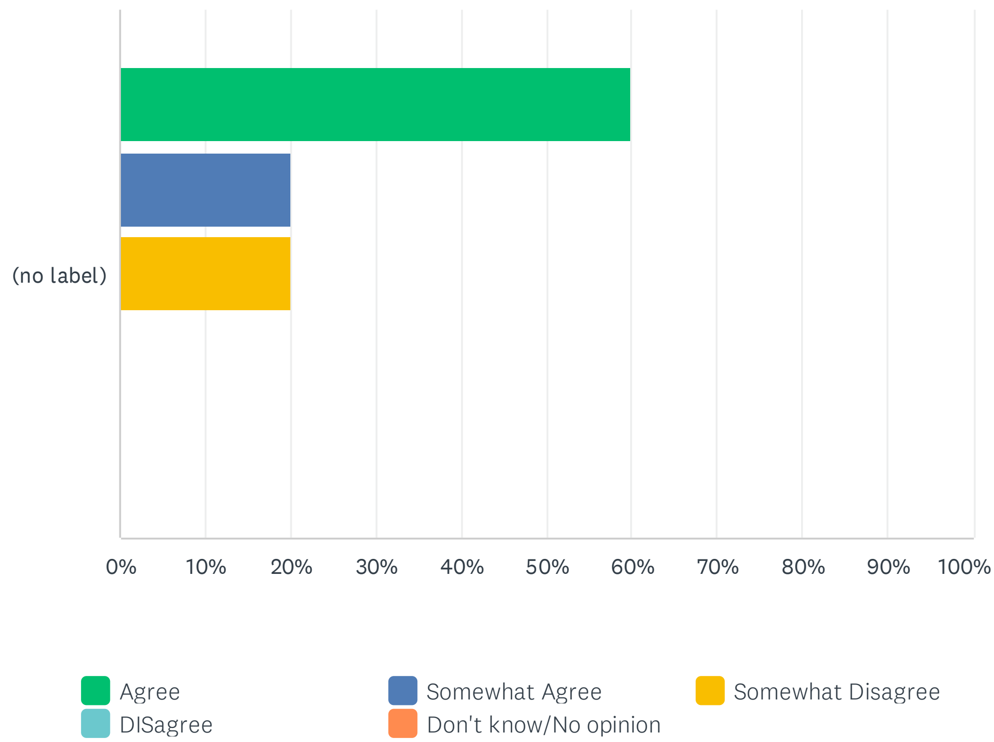


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	80.00% 8	20.00% 2	0.00% 0	0.00% 0	0.00% 0	10	4.80

#	COMMENTS & SUGGESTIONS:	DATE
1	I would have passed on our whole fixed income search	10/28/2021 2:21 PM
2	Recently selected managers are generally performing well. A number of longer-term managers are a drag on performance.	10/27/2021 3:31 PM

Q10 The Investment Consultant brings forward ideas and strategies that will enable SJCERA to meet or exceed its assumed rate of return over the long term.

Answered: 10 Skipped: 0

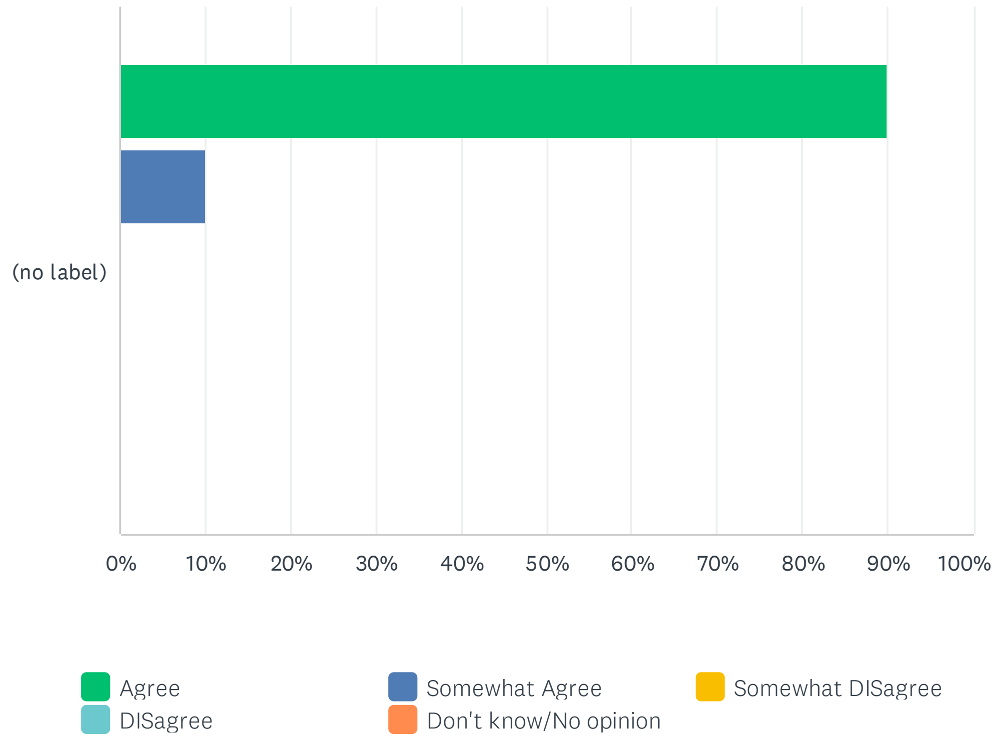


	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 6	20.00% 2	20.00% 2	0.00% 0	0.00% 0	10	4.40

#	COMMENTS & SUGGESTIONS:	DATE
1	Downside protection does nor meet long term obligations unless there is a different upside strategy	10/28/2021 2:21 PM
2	The investment consultant continues to express concern. If we lower the expectation he will eventually meet it.	10/27/2021 3:42 PM
3	Once it was fully implemented in late 2016, the portfolio has been performing as designed (despite some poor performing legacy managers) and has generally been providing the assumed rate of return during the bull-market period since implementation. The consultant tends toward a cautious/conservative approach, and some recommendations tend toward maintaining (or nearly maintaining) the status quo. There have been a number of staff-initiated recommendations and investment opportunities that would likely not have come to the Board without staff research and advocacy. I would like to see periodic objective analysis on more innovative approaches that would help move the needle on our performance and progress toward full funding.	10/27/2021 3:31 PM

Q11 The consultant keeps the Board informed of events affecting SJCERA's investments.

Answered: 10 Skipped: 0

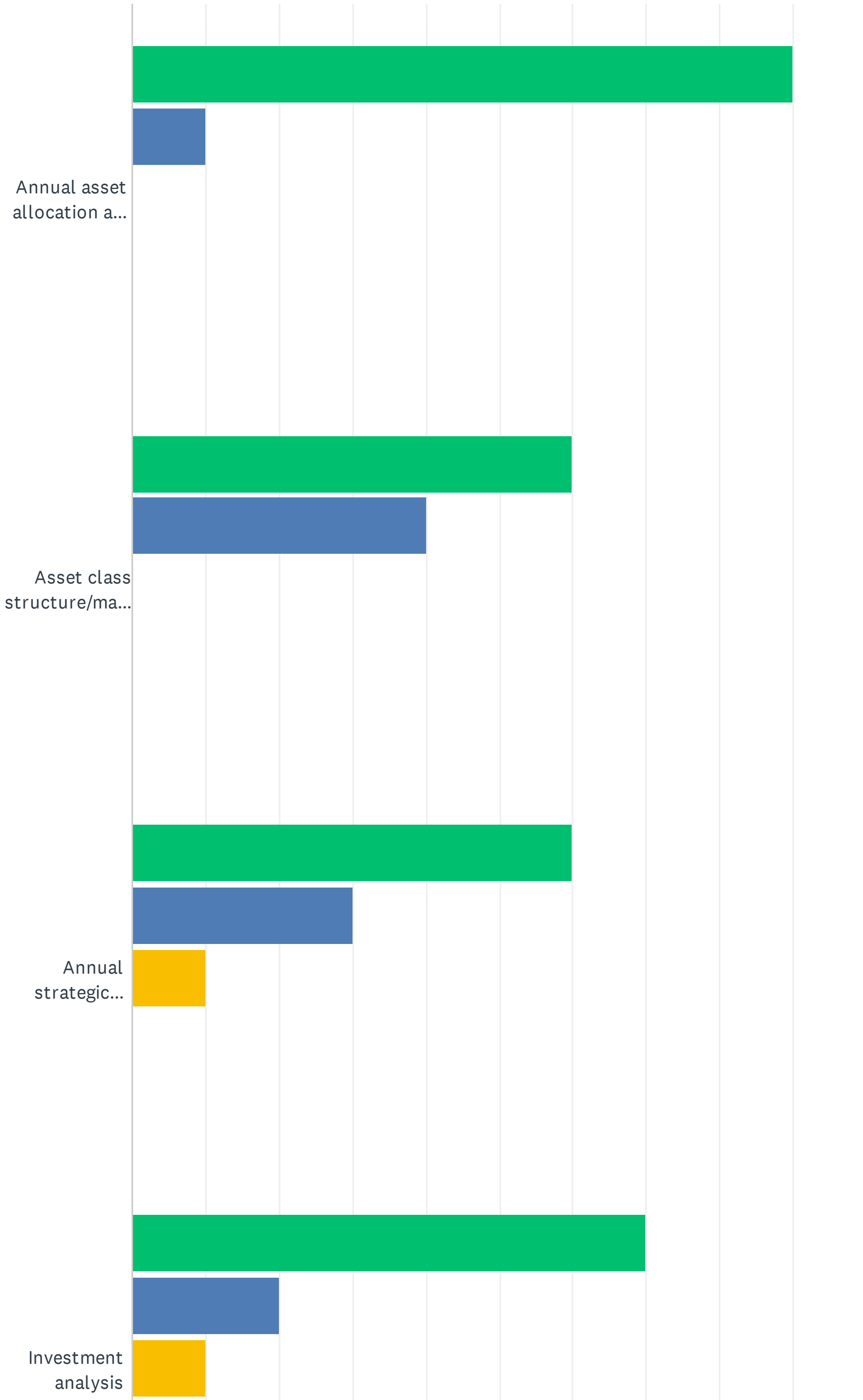


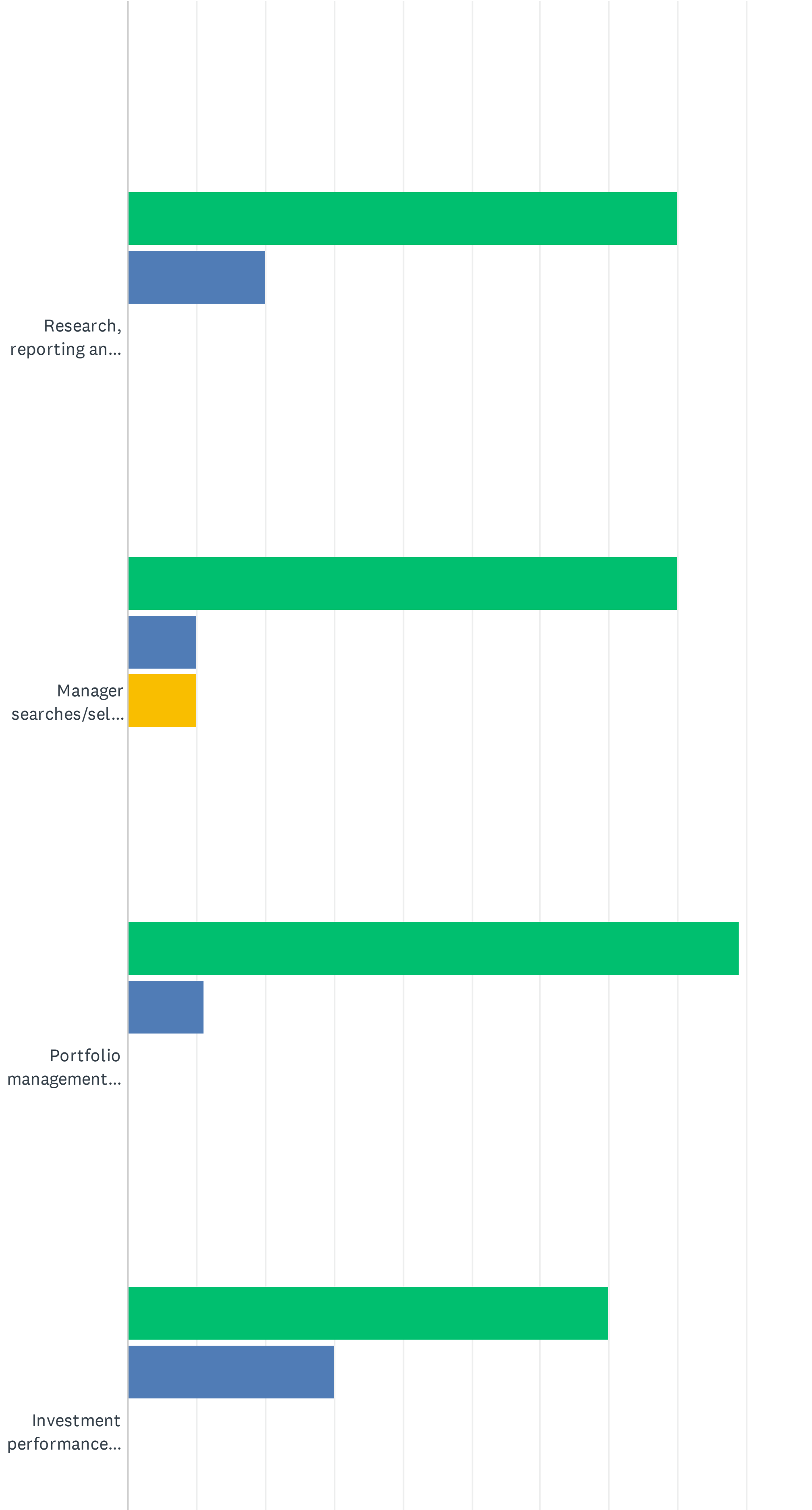
	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90

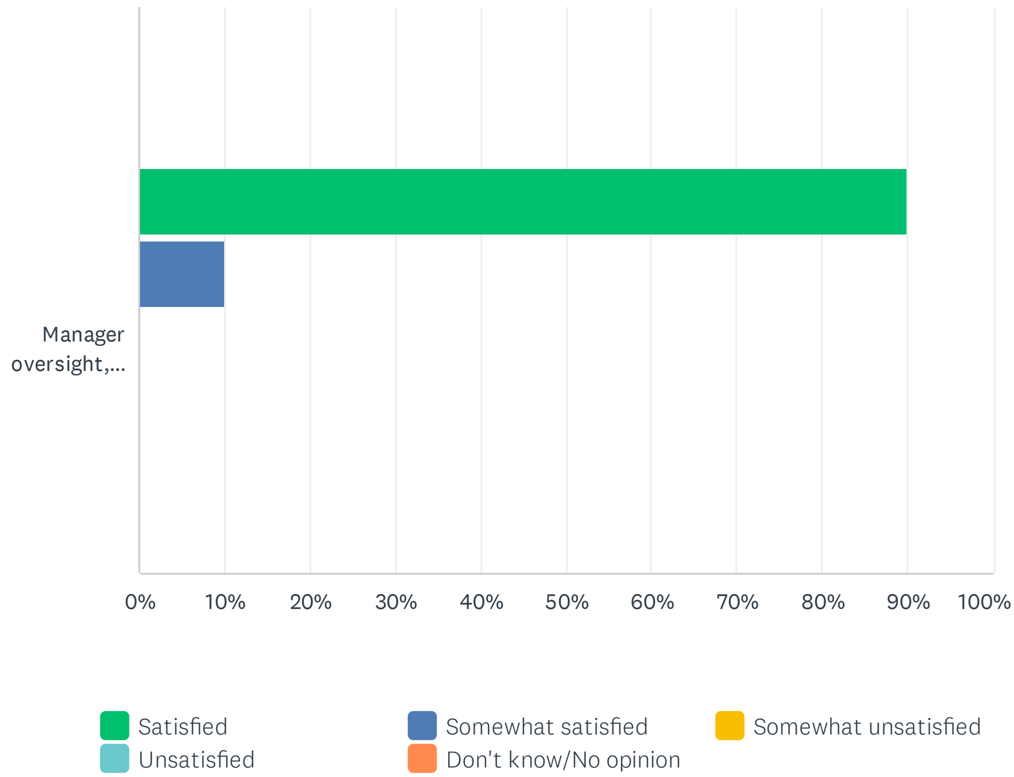
#	COMMENTS & SUGGESTIONS:	DATE
1	Appreciate the timely information.	10/28/2021 5:19 PM
2	The consultant monitors managers, the economy and market behavior and brings that information to the Board.	10/27/2021 3:31 PM

Q12 Please rate your satisfaction with the following contractually required services.

Answered: 10 Skipped: 0



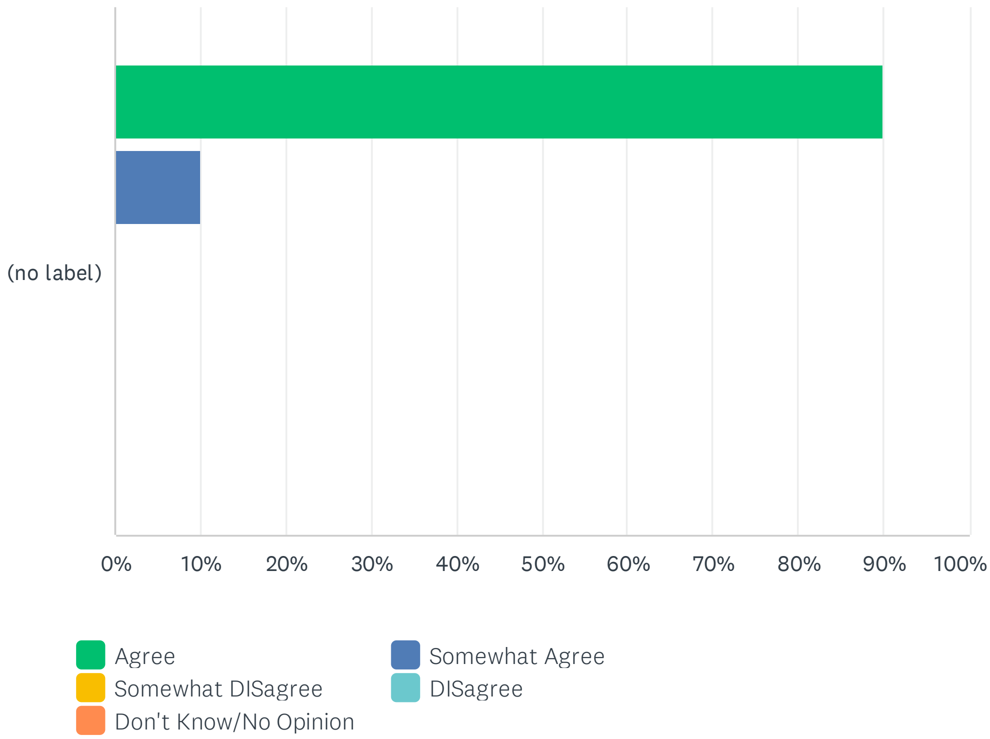

Research, reporting an...
Manager searches/sel...
Portfolio management...
Investment performance...



	SATISFIED	SOMEWHAT SATISFIED	SOMEWHAT UNSATISFIED	UNSATISFIED	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
Annual asset allocation and liability management review	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90
Asset class structure/manager structure	60.00% 6	40.00% 4	0.00% 0	0.00% 0	0.00% 0	10	4.60
Annual strategic planning and policy review	60.00% 6	30.00% 3	10.00% 1	0.00% 0	0.00% 0	10	4.50
Investment analysis	70.00% 7	20.00% 2	10.00% 1	0.00% 0	0.00% 0	10	4.60
Research, reporting and due diligence	80.00% 8	20.00% 2	0.00% 0	0.00% 0	0.00% 0	10	4.80
Manager searches/selection	80.00% 8	10.00% 1	10.00% 1	0.00% 0	0.00% 0	10	4.70
Portfolio management review	88.89% 8	11.11% 1	0.00% 0	0.00% 0	0.00% 0	9	4.89
Investment performance measurement	70.00% 7	30.00% 3	0.00% 0	0.00% 0	0.00% 0	10	4.70
Manager oversight, monitoring and reconciliations with managers and custodian	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90

Q13 The investment consulting firm appears to have the depth and breadth of resources (e.g., research, manager relationships, etc.) to support our consultant's work.

Answered: 10 Skipped: 0



	AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DISAGREE	DON'T KNOW/NO OPINION	TOTAL	WEIGHTED AVERAGE
(no label)	90.00% 9	10.00% 1	0.00% 0	0.00% 0	0.00% 0	10	4.90

#	COMMENTS & SUGGESTIONS:	DATE
1	The firm brings a significant amount of support services and the research is top notch.	10/29/2021 8:53 AM
2	marketable was not a first choice	10/28/2021 2:21 PM

Q14 The investment issues or areas of concern I would like the consultant to address in the next twelve months are:(Identify your top 3 issues/concerns)

Answered: 8 Skipped: 2

ANSWER CHOICES	RESPONSES	
1.	75.00%	6
2.	62.50%	5
3.	37.50%	3
Other Comments:	25.00%	2

#	1.	DATE
1	Adding a slight amount of risk to our portfolio	10/29/2021 8:53 AM
2	Ability to achieve 7% assumed rate of return over next 5 years	10/28/2021 5:19 PM
3	Asset Liability study	10/27/2021 2:07 PM
4	Return on investments.	10/27/2021 1:13 PM
5	Meet actuarial rate	10/27/2021 12:46 PM
6	Are we taking on enough risk	10/26/2021 9:08 AM
#	**2.**	**DATE**
1	Continue to evaluate the number of managers and their worth	10/29/2021 8:53 AM
2	Inflation education	10/28/2021 5:19 PM
3	Benchmark review	10/27/2021 2:07 PM
4	Return on investments.	10/27/2021 1:13 PM
5	Effect of inflation	10/27/2021 12:46 PM
#	**3.**	**DATE**
1	More information on Real Estate Program	10/28/2021 5:19 PM
2	Return on investments.	10/27/2021 1:13 PM
3	Asset allocation changes	10/27/2021 12:46 PM
#	**OTHER COMMENTS:**	**DATE**
1	Entire asset discussion and what is the individual value for their cost to the fund. Too many moving parts	10/28/2021 2:21 PM
2	I am a first year trustee/in training	10/27/2021 1:16 PM

Q15 What would you like the Investment Consultant to do differently?

Answered: 5 Skipped: 5

#	RESPONSES	DATE
1	NA	10/29/2021 8:53 AM
2	Larger bets	10/28/2021 2:21 PM
3	Introduce more risk	10/27/2021 3:42 PM
4	(1) More timely submission of Board meeting materials. Meketa's materials are rarely all submitted on time.	10/27/2021 3:31 PM
5	Getting the Board materials in a more timely manner would be nice.	10/27/2021 2:07 PM

Q16 Other Remarks

Answered: 2 Skipped: 8

#	RESPONSES	DATE
1	Thank you for taking time to provide explanation to the Trustees and reinforcing how current issues and activities relate back to our overall investment goals.	10/28/2021 5:19 PM
2	We need change	10/28/2021 2:21 PM

Agenda Item 9.01

November 5, 2021

SUBJECT: AUTHORIZATION TO CONTINUE TELECONFERENCING FOR BOARD AND COMMITTEE MEETINGS PURSUANT TO GOVERNMENT CODE SECTION 54953

SUBMITTED FOR: ___ CONSENT _X_ ACTION ___ INFORMATION

RECOMMENDATION

Staff recommends that the Board adopt the attached resolution authorizing the continuation of teleconferencing for Board and Committee meetings pursuant to Government Code Section 54953 (recently amended by State Assembly Bill 361), due to the continuing state of emergency related to the COVID-19 pandemic and existing public health recommendations for social distancing.

PURPOSE

Adoption of the proposed resolution will allow SJCERA to continue to conduct Board and Committee meetings virtually without compliance with the standard teleconferencing requirements of Government Code Section 54953(b)(3) and further allow SJCERA to reconsider the circumstances of the state of emergency and the Board's authorization of such virtual meetings every thirty (30) days.

DISCUSSION

At its regular October 6, 2021, meeting, the Board adopted Resolution 2021-10-02, finding that the current state of emergency for COVID-19 continues to impact the ability of the Board to meet safely in person, and that state or local officials continue to impose or recommend measures to promote social distancing. In order to continue to teleconference without compliance with the standard teleconferencing requirements of the Brown Act, the Board must make additional findings every thirty (30) days, by majority vote, that it has: (1) reconsidered the circumstances of the state of emergency; and (2) that either the state of emergency continues to directly impact the ability of members to meet safely in person, or state or local officials continue to impose or recommend measures to promote social distancing.

ATTACHMENT

[Proposed] Resolution 2021-11-01

Jason R. Morrish
Deputy County Counsel

RESOLUTION TITLE: **AUTHORIZATION TO CONTINUE TELECONFERENCING FOR BOARD AND COMMITTEE MEETINGS PURSUANT TO GOVERNMENT CODE SECTION 54953**

RESOLUTION NO.: **2021-11-01**

WHEREAS, San Joaquin County Ordinance 485 established the San Joaquin County Employees' Retirement Association (SJCERA) as a public sector defined benefit retirement system pursuant to the County Employees' Retirement Law of 1937 (California Government Code Title 3, Division 4, Part 3, Chapter 3 and 3.9, Sections 31450-31899.10), effective June 28, 1946; and

WHEREAS, SJCERA is committed to preserving and encouraging open and public access to and participation in meetings of the Board and its standing committees, as required by the Ralph M. Brown Act (Government Code Sections 54950-54963); and

WHEREAS, Government Code Section 54953(e)(1) provides for the use of teleconferencing by members of a legislative body without compliance with the requirements of Government Code Section 54953(b)(3), subject to certain conditions; and

WHEREAS, on October 6, 2021, the Board adopted Resolution 2021-10-02, finding that the current state of emergency for COVID-19 continues to impact the ability of the Board to meet safely in person, and that state or local officials continue to impose or recommend measures to promote social distancing; and

WHEREAS, while conducting public meetings using teleconferencing pursuant to Government Code Section 54953(e), SJCERA will comply with the requirements of Government Code Section 54953(e)(2) regarding notice, access, participation and protection of statutory and constitutional rights of the public; and

NOW, THEREFORE, BE IT RESOLVED that:

1. The recitals set forth above are true and correct and incorporated into this Resolution by reference.

2. The Board has reconsidered the circumstances of the state of emergency due to the COVID-19 pandemic and finds that the state of emergency continues to directly impact the ability of the Board, members and staff to meet safely in person, and that state or local officials continue to impose or recommend measures to promote social distancing.

3. SJCERA's Chief Executive Officer (or designee) and legislative bodies of SJCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.

4. This Resolution shall take effect immediately upon its adoption and shall be effective through December 5, 2021, unless the Board makes a finding by majority vote on or before that date in accordance with Government Code Section 54953(e)(3) to continue to teleconference without compliance with Government Code Section 54953(b)(3).

PASSED AND APPROVED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 5th day of November 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

2021 CHAPTERED LEGISLATION - FINAL

Last Updated: 10/25/2021

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	Impact on SJCERA
Legislation Impacting SJCERA:					
AB 361	Rivas	This bill, until January 1, 2024, 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.	09/16/21	**Chaptered**	Implemented. Authorizes SJCERA to continue teleconferencing Board and Committee meetings
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.	07/23/21	**Chaptered**	Update all pertinent disability communications; post on web; notify labor, employers and disability attorneys.
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.	10/09/21	**Chaptered**	No impact. SJCERA's existing procedures comply with law.
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; 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.	9/16/21	**Chaptered**	No changes required. The BOR does not rely on advice from health officer and we contract with an IME services firm not individual physicians.
Other Bills of Interest:					

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	Impact on SJCERA
AB 473	Chau	Technical, non-substantive changes to CPRA. This bill would incorporate additional changes proposed by AB 386, AB 562 and AB 823 if they pass as well.	10/07/21	**Chaptered**	No changes required. The law is non-substantive in effect.
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.	06/28/21	**Chaptered**	No impact on SJCERA.
AB 890	Cervantes	This bill would require the Boards of CalPERS and CalSTRS to report annually to the Legislature on the status of achieving objectives and initiatives regarding the participation of emerging or diverse managers responsible for asset management within the pension fund's portfolio. The bill requires the Boards to define "emerging manager" and "diverse manager" for the purposes of these reports.	10/4/21	**Chaptered**	No impact on SJCERA.
AJR 9	Cooper	This measure 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.	07/15/21	**Chaptered**	No changes required.
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.	09/27/21	**Chaptered**	No impact on SJCERA.
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.	10/05/21	**Chaptered**	No impact on SJCERA.
SB 411	Cortese	PEPRA prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, work after retirement. PERL generally prohibits retired PERS members from working for an agency participating in the system without reinstatement in the system, unless that employment is otherwise specifically authorized. This bill would eliminate the above-described requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. The bill would limit the circumstances pursuant to which retired members and employers are obligated to pay employee and employer contributions, which would have otherwise been paid, plus interest, to apply only to specified reinstatements. The bill would make conforming changes and make specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.	07/23/21	**Chaptered**	No impact on SJCERA.

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	Impact on SJCERA
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	No impact on SJCERA.
HR 2954	Neal	Called the "Securing a Strong Retirement Act of 2021", this bill would among other things increase RMD age to 75 from 72 over the next decade.	05/05/21	Ways and Means Committee	
HR 3684	DeFazio	Called the "Infrastructure Investment and Jobs Act", better known as the $1 trillion infrastructure bill, includes a crypto tax-reporting provision requiring digital asset brokers to report their users' annual transactions to the IRS effective year-end 2022.	10/01/21	House postponed proceedings, further consideration to occur in Senate Amendment	

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 2022

EVENT DATES 2021-22 BEGIN	END	EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
Nov 9	Nov 12	SACRS Fall Conference	SACRS	Hollywood, CA	$120	sacrs.org	11 hrs*
Nov 15	Nov 17	2021 iREOC Annual Membership Meeting	Institutional Real Estate Inc.	San Diego, CA	N/A	irei.com	
Mar 5	Mar 8	General Assembly 2022	CALAPRS	TBD	$150	calaprs.org	10.5*
Mar 30	Apr 1	Advanced Principles of Pension Governance for Trustees	CALAPRS	Los Angeles, CA	$500	calaprs.org	9 hrs*

** Estimates based on prior agendas*

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
Nov 9 - 12	SACRS Fall Conference	Hollywood, CA	Ba, Bassett, Keokham, Goodman, McCray, Moore, Morrish, Nicholas, Weydert	$11,500	N/A

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates 2021	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
May 11 - 14	SACRS Spring Conference	Virtual Conference	Keokham, Morrish, McCray, Restuccia, Shick	$120	N/A	N/A
May 28	CALAPRS Attorneys' Roundtable	Webinar	Morrish	$50	$50	N/A
Jun 22 - 23	Moody's Commercial Real Estate Analysis Foundations	Virtual Conference	Ba	$1,946	$1,946	9/10/21
Jun 25	CALAPRS Administrators' Roundtable	Webinar	Shick	$50	$50	N/A
Jul 27 - 29	Private Equity Exclusive 2021	Virtual Conference	Ba	N/A	N/A	9/10/21
Aug 22 - 26	NCPERS Public Pension Funding Forum	New York, NY	Shick	$2,500	$2,263	10/6/21
Sep 17	Attorneys Round Table	Webinar	Morrish	$50	$50	N/A
Sep 26 - 28	2021 NCPERS Fall Conference	Scottsdale, AZ	Shick	$2,340	pending	pending
Sep 28 - 30	Virtual Principles of Pension Governance for Trustees	Virtual Conference	Goodman, Moore, Weydert	$1,500	$1,500.00	N/A

San Joaquin County Employees' Retirement Association

November 5, 2021

TO: Board of Retirement

FROM: Johanna Shick
Chief Executive Officer

SUBJECT: 2021 Public Pension Funding Forum

Thank you for enabling me to attend the 2021 Public Pension Funding Forum August 22 – 24. This report is intended to comply with the *Trustee and Executive Travel* Policy's requirement to provide a written report on the content and the continuing value for future attendance by other Board or staff members. I found the events topics to be on point, and the event was well-organized. Much of the content I was familiar with; however, I gained sufficient insights in some areas, that I would recommend the event in the future if the agenda were addressing topics of particular interest to SJCERA at that time. Below, I summarize the presentations; for more information on a particular presentation you can view the PowerPoint slides at www.ncpers.org/funding-forum.

NCPERS Overview
Public pensions should consider incorporating a "sustainability valuation" into their current pension funding policy that monitors sustainability by keeping the ratio of unfunded liability and plan sponsor's economic capacity stable.

- Key benefits of a sustainability valuation (in addition to stabilizing unfunded liability) are increasing funding levels and reducing contribution rates.
- "Sustainability" is defined as when the ratio of debt to GDP ratio is stable or declining over the long term. Translating this to pensions, use the ratio of the pension's unfunded liability to personal income, and look at the ratio over a time period equal to the plan's amortization period (in our case 15 years). Personal income is recommended rather than GDP because GDP is not a good measure of economy, whereas personal income is a key measure of tax capacity and is therefore highly correlated to annual revenues from which employers pay their contributions. When income grows, revenues grow.

State and local debt is sustainable if the ratio between debt and economic capacity is stable (i.e., if income and debt are rising in concert it's manageable). Since 2009, economic capacity has been rising faster than outstanding debt.

Is State and Local Debt Sustainable?
Yes, but there are still big issues. Many of the fears related to budgets and COVID-19 didn't materialize; prompt federal action helped substantially. However, much of the money is one-time type money, and there are concerns it is being used to fund ongoing program costs. The presenter expressed concern about adoption of riskier investment allocations and opined that 7 percent return assumptions may be too high. Private endowments are at 0.2%

Are Public Pension Liabilities Sustainable? If Not, What Measures Can Be Taken to Stabilize Them?

State and local pension payments are currently at a peak and are set to recede in future years. As a ratio of benefit payments to GDP, benefits are expected to rise much less than the number of retirees (about 5 percent over the next two decades). While the increasing ratio of retirees to the workforce is expected to rise 36 percent over the next 20 years (much like the projections for Social Security), benefits as a percentage of GDP are expected to decline, which is very different than what is expected with Social Security. Pension plans will get eventual fiscal relief; so governments may wish to smooth through the period of peak benefits. Benefits as a percent of GDP aren't rising at the same pace as the ratio of retirees to workforce because most plans have lowered COLAs and/or benefits for new hires.

Unfunded pension liabilities are a form of implicit debt. However, the current generation of tax payers did not incur that debt, so it's fair to spread the existing debt across generations. The presenters suggested "sustainability" could be the goal, rather than full funding. Sustainability looks to stabilize contributions relative to GDP, and the speakers suggest various modest funding assumptions changes to accomplish that. In contrast, full funding (as advocated by most academics, without clear explanation as to why that's the appropriate benchmark) requires the current generation to pay off existing debt to the benefit of future generations. The speakers pointed out that in 1978, 1 in 6 plans had no prefunding and only 25 percent of plans were contributing sufficiently to prevent liability growth. At that time, 25 percent of local plans did not even conduct actuarial valuations!

Stabilization Funds/Trusts

Two vendors presented the concept of state and local governments establishing and funding a 115 trust, the funds from which could be used to help cover the cost of increasing contribution rates or other governmental costs. It should be noted that because SJCERA's employers have opted to pay the extra contributions directly to SJCERA instead of a 115 trust, they are ensuring the funds cannot be diverted for non-pension purposes, and SJCERA's investment portfolio is able to invest those funds in a wider variety of investment vehicles under professional management, rather than just the index funds available within most 115 trust vehicles.

Strategies to Sustain Mature Plans with Negative Cash Flows

Pension plans are aging: the ratio of active members to retired members is decreasing. As a consequence, plans are changing from positive cash flow (where incoming contributions exceed monthly retirement benefits) to negative cash flow. This is normal and manageable, from an investment perspective, it increases the need for liquidity in the portfolio in order to pay benefits each month. It also makes plans more sensitive to financial risks and financial shocks. All this is occurring at a time when many plans have increased their allocation to illiquid assets in an attempt to meet their assumed rate of return. The presenter suggested reallocating from illiquid investments to income generating liquid investments. Options presented include:

- Long duration bonds (STRIPS, Long US government, credit) as a way to reduce volatility; however, low expected returns are a concern, which can be partially mitigated by active management. (Opportunity cost)
- Cash flow matching (such as a custom short-duration fixed income portfolio) to mitigate illiquidity; however, it ties up capital in low-returning fixed income (a significant opportunity cost)

- Option strategies (such as put spread equity collar and tail risk hedge funds) to reduce volatility and mitigate illiquidity; however, it can be costly to maintain (for volatility mitigation) and may increase tail risk (for income generation)
- Uncorrelated hedge funds (such as quant and machine learning) to reduce volatility; however, these are generally capacity constrained and fees are generally high.
- Core Alternatives (such as core global infrastructure, equity, core global transportation leasing) to reduce volatility and mitigate illiquidity. Generally, these funds offer quarterly liquidity, but there may be an initial soft-lock period and redemption queues.
- Overlays/Leverage (such as US Treasury futures, E-mini S&P 500 futures) achieves notional exposure of more than 100 percent through the use of derivatives. This can reduce volatility and mitigate illiquidity; however, it involves operational complexity and collateral management costs.

Taking on Big Oil – CalSTRS Engagement with Exxon
CalSTRS Trustee Sharon Hendricks explained that in 2020, CalSTRS adopted a climate-related investment belief: Investment risks associated with climate change and the related economic transition – physical, policy and technology driven – materially impact the value of CalSTRS' investment portfolio. To enhance their stewardship, they are partnering with Climate Action 100+ to leverage size and influence to engage with companies. Climate Action 100+ Net-Zero Company Benchmark assesses the world's largest corporate greenhouse gas emitters on their progress in the transition to a net zero future. With Exxon, CalSTRS moved into a more activist role with the goal to change the corporate focus from solely oil and gas to a broader energy focus. As a result of CalSTRS' efforts (with Climate Action 100+), they successfully replaced three board members. CalSTRS partnered with Engine #1, who vetted the new Board members to ensure they have oil and gas experience, but are also thoughtful about diversification to energy more broadly. For smaller systems, CalSTRS recommends organizing and networking with trustees from other systems, and verifying/doing due diligence on consultants' recommendations to ensure they align with values and goals.

"Helicopter Money" and Other FRB Policies to Enhance Sustainability of Public Pension
Kristina Hooper, Chief Global Market Strategist with Invesco, explored pension sustainability through the lens of recent experimental monetary policy. She explored three monetary policy tools: quantitative easing, flexible average inflation targeting, and helicopter money/modern monetary theory. Quantitative Easing altered the risk/return profiles and drove people into equities. As a result, investors can't get what they need from fixed income: the 10-year treasury is approximately the risk-free rate. Flexible average inflation targeting resulted in lower rates for longer; however, the risk is higher or uncontrolled inflation, which monetary policy may or may not be able to control. In short, it has resulted in lower fixed income yields, and investors (feeling there is no alternative) are moving further out on the risk curve. Modern Monetary Theory (when nations with fiat currency can issue as much money as they need by printing new money to fund projects rather than issue debt) and Helicopter Money (when central banks/governments can quickly increase the money supply to provide large amounts of money to the public in order to provide stimulus) both stimulated the economy, which can be positive for equities. In fact, a significant portion of fiscal stimulus that went into the economy in 2020 went to stocks and ETFs. Putting money into the hands of people in 2020-2021 had a greater fiscal stimulus, and positive economic impact, than the approach taken in 2009, which helped asset prices, but not recovery.

Strategies to Stabilize Pension Plan Funding: Actuarial Perspective

Employers/Plan sponsors view contribution rate volatility (or continually increasing contribution rates) as a significant risk in a defined benefit plan. Ways to manage the impact of volatility include: less risky investments, actuarial smoothing, contribution smoothing, risk sharing plans, pay-as-you-go plans, adopting plan assumptions that reduce risk and volatility, funding discipline and anticipating volatility. Gene Kalwarski, CEO of Cheiron and Elizabeth Wiley of Cheiron presented case studies of three retirement systems: MainePers, Arlington County ERS, and MainePERS-Participating Local Districts.

Strategies to Stabilize Pension Funding: Investment Perspective

Demographics (the maturing of retirement systems) has increased the risk to the plan sponsor. The amount of risk a plan can handle varies by time horizon: the longer the time horizon, the more time a plan has to ride out the volatility of a riskier asset allocation. The presenters recommended considering demographics and cashflow needs when determining time horizon.

They presented the concept of Cash Flow Driven Investing (CDI). CDI focuses on creating cash flow to pay benefits and avoid forced selling. CDI's goal is to give growth assets time to close the underfunding gap.

By way of example, they presented a sample CDI portfolio with three components: Cash flow matching (Allocate approximately 30% to cash and equivalents, public fixed income, private credit with cash flows, and real assets with cash flows to match asset and liability cash flows); Growth Seeking (Allocate about 50% to public equities, private equity and hedge funds to grow the portfolio in excess of the liability); Diversification-Seeking (Allocate about 20% to Equity market neutral, long/short credit, managed futures, hedge funds, real estate, and real assets to grow the portfolio while seeking to hedge certain risk exposures.)

COVID-19 and the U.S. Economy

Real GDP growth percent over the long run is expected to be approximately the same as pre-pandemic. Overall consumer spending has recovered to pre-pandemic levels; however, the mix of spending has not. Services remains substantially lower than historical norms. The expectation is this will return to normal over time. The softening of growth in the US Economy is driven by demographics. The policy to change this is to allow increased immigration, which is not likely to happen. Across job types, employment has yet to recover to pre-pandemic levels. Improvement has been primarily in lower skilled jobs, the middle-skill (e.g., construction, manufacturing) and high-skill (professional services) jobs are relatively flat. The labor force participation rate of prime age workers is down (related to kids being at home due to school and day care closures). Labor force participation may not return to its pre-pandemic trajectory. A greater percentage of people age 55 and older retired during the pandemic. These workers don't tend to return to the workforce. If retirements for that group had been at the normal rate, there would be about 2 million more people in the work force.

San Joaquin County Employees' Retirement Association

November 5, 2021

TO: Board of Retirement

FROM: Johanna Shick
Chief Executive Officer

SUBJECT: 2021 NCPERS FALL Conference

Thank you for enabling me to attend NCPERS 2021 Financial, Actuarial, Legislative, Legal (FALL) Conference September 27-28, 2021. This report is intended to comply with the *Trustee and Executive Travel* Policy's requirement to provide a written report on the content and the continuing value for future attendance by other Board or staff members. I found the event worthwhile and well-organized and worth attending occasionally, depending on the agenda topics and SJCERA's needs at that time. I found this conference more valuable than the Pension Funding Forum.

Below, I summarize the presentations; for more information on a particular presentation you can view the PowerPoint slides at https://www.ncpers.org/fall-education. As you will see, the agenda topics rotate through financial, actuarial and legal or legislative topics (in keeping with the conference moniker of the "FALL" conference).

Financial: The Next 5 Years: What Public Pensions Can Expect
Michael Hunstad, Head of Quantitative Strategies at Northern Trust Asset Management presented Capital Market Assumptions. He identified several strategic themes to watch for in the next five years including: (1) Reversion to Mediocrity: in the US, he expects annualized real GDP Growth over the next 5 years to be about 2.1%, slightly below the 2.2% of the last five years. (2) Sticking to Stuckflation: In the US, he expects annualized inflation over the next five years to be about 2.0%, slightly above the 1.8% of the last 5 years. (3) Monetary Activism: he sees the European Central Bank increasingly focused on climate change and a digital Euro. (4) Reaching Climate Consensus: the percentage of companies with leading carbon emissions scores is increasing in the US, Europe and Emerging Markets.

Over the next five years, Northern Trust does not forecast any asset class will outperform the last five years; Emerging Market Equities (5.3%), European Equities (4.7%), Global Equities (4.6%) and US equities (4.3%) are expected to do the best. Notably, the fixed income information presented did not include emerging markets. Of the investment-grade fixed income return forecasts provided the US and Canada were highest at 2.4% (including both coupon and price/reinvestment). In terms of tactical one-year positioning, they are choosing to maintain their broad overweight to risk assets in the global policy model. Growth is moderating, but it's early in what will likely be a long economic cycle. Alleviating inflation pressures should allow for steady central bank support while economies manage through fiscal drag and Delta variant risks.

Actuarial: Expected Returns and Asset Allocation: Chicken vs. Egg or Cart vs. Horse?

Paul Angelo of Segal presented. Segal's sample of economic assumptions shows downward trends in price inflation, real wage growth, and net real return resulting in decreasing discount rate assumptions (from 7.5% in 2015 to 6.75% in 2021), and decreasing salary increase assumptions (from 3.5% to 3%) over the same period. Public pension plans' "Risk Premium" (the difference between the 10-year Treasury Note Yield and the assumed rate of return) has increased substantially in the last 20 years due to decreasing yield on treasuries (meaning pension plans have substantially increased the risk of their investment portfolios to attain the same return. He strongly cautioned that pensions should not base the asset allocation on the earnings assumption. Instead, investment earnings assumption (or discount rate) should be based on the plan's risk tolerance, and set after the plan has determined its asset allocation. Read "Asset Allocation and the Investment Return Assumption:
Don't Put the Cart Before the Horse" issue brief (included as part of Agenda Item 12.03-02) for more information.

Financial: The Investment Case for Chinese Equities
Vivian Lin Thurston, Portfolio Manager for William Blair's Emerging Markets Growth strategies presented. China has one of the world's largest and fastest growing economies. Urbanization, rising income and the growing number of millennials are driving significant consumption in the Chinese middle class. Chinese millennials (numbering more than the US and Western Europe's combined work force) are big spenders and avid travelers. The number of Chinese Fortune Global 500 Companies have more than tripled since 2009; in 2020 they surpassed the number in the US (124 v. 121). There is low correlation between China A-Shares and global equity indices, and China's relatively inefficient market presents stock selection opportunities. Recent economic and investment policy and regulatory changes will likely begin to increase comfort of foreign investors considering investment in China.

Actuarial: Pension Obligation Bonds…Is Now the Time?
Brad Heinrichs of Foster & Foster Actuaries and Consultants presented. Pension Obligation Bonds (POBs) are essentially a financing tool to exchange variable debt at a high rate for fixed debt at a lower rate. For POBs issued since 1986, pension returns have exceeded borrowing costs by 1.5%. In 2020, state and local governments issued more than $10 bilion in POBs. In 2021, another $10 billion was issued through the end of August (more than any other year in the last 15 years). POBs may be attractive now because many state/local governments have experienced budget problems due to the pandemic, and the borrowing rates are at or below 3%, which creates a larger arbitrage than historically available. Some credit rating agencies view POBs as a fiscally responsible way to manage debt—others don't. GFOA advisories recommend state and local government not issue POBs. If a decision is made to pursue POBs, create a contingency reserve with the initial savings that can be used to pay the UAL payments if there is suboptimal investment performance, make them callable bonds to assist with debt restructuring if needed, hire a consultant, and consider modifying labor agreements so improved funding due to POBs does not result in attempting to negotiate benefit enhancements

Legislative/Legal: Benefit Design Basics and Legislative Trends
Anna Petrini, senior Policy Specialist with the National Conference of State Legislatures presented. In recent years, trends in changes to State retirement plans include increasing contribution rates for current and future employees, increasing age and/or service requirements for retirement, and adjusting COLAs. A growing share of states (35) have achieved positive amortization of pension debt. More than 30 states have reduced, suspended or eliminated COLAs since 2009. Three states have mandatory defined contribution (DC) plans; four have mandatory

cash balance plans; seven have mandatory hybrid (DB/DC) plans; and eight allow members to choose the plan type. The remaining 28 states continue to offer mandatory DB plans.

General: Proactive Cyber Security Risk Mitigation Strategies
Greg Bautista of Mullen Coughlin, and James Martinez of Arthur J. Gallagher presented. Ransomware activity is up 486% from first quarter 2018 to fourth quarter 2020. Organizations are overcoming complacency--realizing that every industry is a target, our security tools on their own are insufficient protection, threats can come from insiders as well as outsiders, and relying on insurance is not the answer. We must (1) invest in detection and monitoring (tools and people); frequently back up our data and test the backups; (2) prepare for the worst through drills, threat hunting, and having identified external helpers; and (3) create a culture of security through training. Regarding insurance, underwriting concerns that should be expected include risk selection (e.g., multi-factor authentification requirement); lengthy applications (ransomware supplemental applications, required explanations of perceived deficits); third party cyber rating tools (e.g., BitSight/ Security Scorecard), questions about network connections to the municipality.

General: Better Bang for the Buck: How Interest Rates and Age at Hire Impact the Economic Efficiency of DB and DC Plans.
Flick Fornia, President of Pension Trustee Advisors, and Dan Doonan, Executive Director of National Institute on Retirement Security (NIRS) presented. Their study found three reasons why DB plans save money compared to DC plans: (1) DB plans pool longevity risks of a large numbers of individuals (DB plans can be funded to last the average life expectancy while paying benefits to each retiree for life); (2) DB plans are “ageless” and therefore can perpetually maintain an optimally balanced investment portfolio rather than the typical individual strategy of down-shifting over time to a lower risk/return asset allocation (3) DB plans achieve higher investment returns as compared to individual investors because of professional asset management and lower fees. To achieve the same level of benefit, a DC plan costs 30.8% of payroll compared to a DB plan’s cost of 15.8% of payroll. The DB plan’s cost savings for mid-career hires (people who work from age 45 to 62) is reduced slightly due to having fewer years in the system. They conclude that DB plans have built-in economic efficiencies, providing better bang for the buck; the efficiencies drive significant cost savings for taxpayers and employers (assuming the goal is to provide the same level of benefit); and decision makers should continue to carefully evaluate claims that DC plans save money.

Financial: Environmental, Social and Governance (ESG) Incorporation in Retirement Plans
Maureen O’Brien and Julian Regan of Segal Marco Advisors presented. Currently, there is still no universal application of ESG standards, and metrics are inconsistent. The growth of ESG assets is not a fad. Public pension funds account for 54% of the $6.2 trillion in institutional investor assets that considered ESG factors. While only 22% of US public funds mentioned ESG or responsible investing in their public documents as compared to 78% of global public funds, the majority of investment consultants now require managers to report on ESG. Department of Labor (DOL) and the Securities and Exchange Commission (SEC) have adopted new ESG related regulations including proxy voting rules, ESG rule, and shareholder advocacy rules. For the first time in history, proxy voting (led by CalSTRS) caused changes in ExxonMobil Board signaling increased shareholder ESG activism.

Actuarial: Sound Funding Practices: Avoiding the Pitfalls and Navigating the Quick-Fixes
Todd Tauzer of Segal presented. Traits of the best funded state pension plans include: (1) being early adopters of lower discount rates and generational mortality; (2) being committed to strong

funding policies and (3) consistently paying contributions in full. He advocated adopting many of the strategies SJCERA already uses: layered amortization, generational mortality, and Stochastic modeling of risks. Regarding POBs, he recommended, (1) avoiding imprudent structures for payment, interest and payment period, and (2) avoiding complex structures such as swaps and derivatives. He noted that POBs increase contribution rate volatility and increase fixed costs through debt service. They can also create volatility drag on compounding investment returns over time. The profitability of POBs are particularly sensitive to market experience in the years immediately after issuance (timing vulnerability), which is particularly dangerous for governments in vulnerable financial positions. POBs are essentially governments borrowing (taking on fixed debt payments) to invest in the (variable and unpredictable) stock market.

Financial: Value Based Investing in Today's Real Estate Markets and Essential Housing for our Middle Class: Opportunities for Institutional Investors.
Essential housing (rental housing priced to be affordable for households earning 80 – 120% of the area median income) offers superior economic returns while providing ESG benefits. Demand for essential housing and is outpacing supply. Class B apartments' higher occupancy and greater stability result in lower turnover and marketing costs and enhanced operations. Arizona, Texas, Colorado, Florida and Atlantic Southeast are benefitting from in-migration (creating better investment opportunities), whereas California is experiencing population declines.

Actuarial: Pandemic and Retirement Plans
Anne Harper of Cheiron and Paul Wood of Gabriel, Roeder, Smith & Company presented. Most COVID deaths occurred at higher ages, but the percentage of excess deaths during 2020 was similar across most age groups, although many of the excess deaths at younger ages were non-COVID related. Most estimates show a 15-20% excess death rate for males and females across all ages. COVID is not expected to result in a multi-year reduction of average lifespan. Payroll reductions (due to new hires, salary freezes, early retirement incentives or layoffs/furloughs) may be the single largest COVID-related issue for retirement systems—the presenters recommend considering stress testing payroll changes. Regarding whether COVID affected rates of retirement, there does not seem to be a clear pattern. Some systems have seen higher teacher and public safety retirements; however, other systems have seen no increase in those populations. There is also no clear pattern for terminations and disability experience yet.

October 29, 2021

TO: Board of Retirement

FROM: Johanna Shick
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

Strengthen Fund Stability

Employer Contributions. In the County's 2021-2022 fiscal year budget, the Board of Supervisors approved a one-time additional contribution payment of $50.6 million. This payment (which is approximately double the annual amount of the County's usual extra contribution payment) will be in addition to the County's ongoing additional contributions of about five percent of payroll. Assistant CEO Kathy Herman, Investment Accountant Eve Cavender, and Accounting Technician II Marissa Smith have assessed our options and are working with the County to identify the best procedure for transmitting the one-time payment.

On October 26, 2021, the Board of Supervisors approved the 2022 retirement contribution rates that the Board of Retirement approved in August.

Consent to Stone Harbor's Structural Changes. After consulting with Meketa, SJCERA staff consented to Stone Harbor's structural changes, which result from the Virtus acquisition. There are two main changes. First, the acquisition by Virtus will result in a change of control of Stone Harbor, which requires investors' consent under the US Investment Advisers Act of 1940. Second, Virtus plans to consolidate legal entities for a few of its affiliates. Meketa believes the changes this will provide administrative benefits in how third-party research and market data is bought and in global regulatory registrations.

Leverage Technology to Improve Accuracy and Efficiency

Implement Year 1 of Five-Year Technology Plan.

Implement Pension System Enhancements Remaining on Statement of Work for legacy PAS. Service purchase contracts and payoff functionality are currently being finalized.

Improve Website Architecture and Functionality. Administrative Secretary Kendra Fenner, IT Systems Specialist II Jordan Regevig and Rolling Orange have finalized the scope of work description, and have a timeline of deliverables. Currently, staff is working on content inventory and organization.

Develop and Issue RFP for new PAS vendor. The project is progressing well with the scheduling of the topics on target or ahead of schedule (73 percent of discovery sessions have been completed). The Operational Needs Assessment was delivered October 25, 2021, and is under review.

Manage Risk

Conduct Cyber-Security Audit

On Tuesday October 26, Kathy Herman, Adnan Khan and I met with the Linea Secure team to review the findings from the Cyber-Security Audit and discuss next steps.

Implement *Alameda* Decision. At the October Board meeting, I reported repayment of overpaid contributions and interest had been made to nearly 750 active members on October 1. An additional nearly 150 active members will receive their repayments in their November 12 paycheck. Retirement Services Officer Melinda DeOliveira is handling the 54 cases of retired members who retired after July 30, 2020. These members' retirement benefits were previously adjusted; now staff is calculating their overpaid contributions and interest. Retirement Services Associate Andrea Bonilla, has started researching and processing the remaining active member cases, which require individual analysis due to complexity. Lastly, Cheiron is calculating the overpaid contributions and interest for deferred member accounts and we expect to receive that information on or before November 1.

Implement Retirement-Eligible Compensation Controls for Both Incoming Contributions and Retirement Calculations. Retirement Services Officer, Melinda DeOliveira, is finalizing the staff procedure and incorporating reviewers' comments. This goal is on schedule to be completed by yearend as planned.

Deliver Excellent Service and Support to Stakeholders
Provide Stakeholder Communication and Education. Melinda DeOliveira and Ron Banez gave three *Understanding Your Retirement Benefit* presentations since the last Board meeting. The presentations on October 12 and 20 were in support of the National Retirement Security Month events coordinated by the County, and the November 4 presentation was one of SJCERA's normally scheduled events.

Maintain a High-Performing Workforce
ACEO Recruitment. The adjustment to the County's salary schedule, which is required to implement the Board's recent action to adjust the ACEO salary range, is scheduled to be on the November 16 Board of Supervisors agenda. The recruitment opened October 28, and will advertise the higher salary range as effective January 2022. Advertisement of the position will include the SACRS and CALAPRS websites, as well as use of personal networks. Please feel free to help spread the word to people you believe are outstanding leaders who would be effective in the ACEO role. Applications are due November 19.

Offer Enterprise Training on Topics Intended to Strengthen SJCERA's Succession Planning.
Disability Retirement Training. Previously, understanding of Disability Retirement was isolated to one or two people. In support of our business continuity and succession planning efforts, Marta Gonzalez, Ron Banez and Andrea Bonilla attended the CALAPRS Disability Retirement Administration half-day training on October 8, 2021. In addition, they were asked to complete a reading assignment before the training consisting of SJCERA's disability fact sheets and our Board policy. Kathy Herman facilitated a follow-up session the week after the training to discuss and recap key points.

Ethics Training. The Board of Supervisors adopted a new ethics policy on September 14, 2021, intended to emphasize the importance of ethics in public service. As required, SJCERA staff will complete the required course, review the County's Code of Ethics Policy, and complete a certification of completion form by October 29, 2021.

Difficult Conversations. Those SJCERA staff who supervise or manage employees (Marta Gonzalez, Kathy Herman, Adnan Khan, Carmen Murillo, and myself) will attend the County's *Difficult Conversations* half-day course on November 10, 2021. Successfully managing difficult conversations is an essential job skill for every supervisor and manager. This workshop offers a concrete, step-by-step approach to identify, understand, prepare for, and conduct the most challenging conversations.

Employees of the Month. Congratulations to Lolo Garza, Paris Ba, Kendra Fenner, Greg Frank for being named employees of the month. Lolo was honored for his flawless implementation of SJCERA's first-ever hybrid Board meeting—with some participating remotely via Zoom, and others participating in Board chambers. He researched and arranged the installation of necessary equipment, and conducted the testing and trouble-shooting required to ensure the meeting went off without a hitch. Outstanding work! Paris, Kendra and Greg were recognized for coordinating an outstanding, COVID-conscious Investment

Roundtable. In my opinion, this year's roundtable was the best one I've attended during my tenure. Very impressive!

"Raising our Spirits". As we do each year, staff celebrated Halloween with costumes, Halloween-themed food, and work space decorations.





Managing Emerging Organizational Needs

Assess Need to Issue RFPs for example for Various Vendors/Services. Management Analyst III (aka RFP King) Greg Frank, received Letters of Intent from four law firms in response to our Investment Counsel RFP. The responses to proposers' questions were posted on the website on October 29. The due date for submission of proposals is November 19.

Identify and Begin Implementing a 2022 Strategic Planning Process. Significant progress has been made in gathering information, and formulating the themes that form the basis of the strategic goals. The next step is our November 4, 2021 Special Board meeting, at which the consultant will facilitate the Board and Leadership team through a discussion with the goal of reaching consensus on SJCERA's Vision, Mission, Values and Strategic Goals. The resulting draft strategic plan is scheduled to be presented at the December Board meeting.

Conclusion

I can hardly believe there are only nine weeks left in 2021! The year has flown by quickly. Staff has made extraordinary progress on our 2021 Action Plan and I know there will be even more results coming in the remaining weeks. SJCERA's dedicated team of employees continue to impress! I look forward to reporting the results to you in January.

The Evolution of SJCERA's Unfunded Actuarial Liability (UAL)

January 1, 2021 Valuation

The San Joaquin County Employees' Retirement Association (SJCERA) is a public pension plan providing a defined benefit life-time pension to many of San Joaquin County's diverse community of public servants - from firefighters and law enforcement officers to nurses and office assistants.

SJCERA conducts an annual valuation of the SJCERA Trust Fund to determine its current economic status. In the most recent valuation, for the period ending December 31, 2020, the system's professional actuary (Cheiron) calculated the Unfunded Actuarial Liability (UAL) of the fund to be approximately $1.8 billion. At the start of the millennium, as of December 31, 2000, there was no UAL at all, the system being more than 100% funded. The drivers and components that contributed to the evolution of SJCERA's current UAL are the subjects of this paper.

WHAT IS AN UNFUNDED ACTUARIAL LIABILITY (UAL)?

UAL is the difference between the actuarial liability and the actuarial value of assets accumulated to finance a public pension. In simpler terms, if you compare the cost of the pension promises with the actuarial value of SJCERA's assets, the promises currently exceed the assets. That shortfall is SJCERA's Unfunded Actuarial Liability.

A fully funded pension system with no UAL (as was the case for SJCERA in 2002), generally means that all of the actuary's assumptions as to the cost of the fund and growth of liabilities have been met, and the present value of the system's accumulated assets are sufficient to pay out all the pension promises to plan members.

But how does a public pension plan accrue the necessary funds for paying out benefits, and how can that process lead to a gap between the amount of assets held, and the present value of those future benefits?

A pension system's approach to building its assets in order to pay future benefits is not unlike the approach taken by many families in saving for their children's college education. If you expect your child's education is going to cost $100,000 eighteen years from now, you have three basic options:

(1) You could deposit a single lump sum amount representing the present value of that future cost into a savings account, similar to an endowment or trust, calculated to grow with sufficient earnings to total $100,000.

(2) You could save over time, depositing an equal amount year after year into an account and again assume that sufficient interest earnings will accrue to fully fund the cost when the big day arrives.

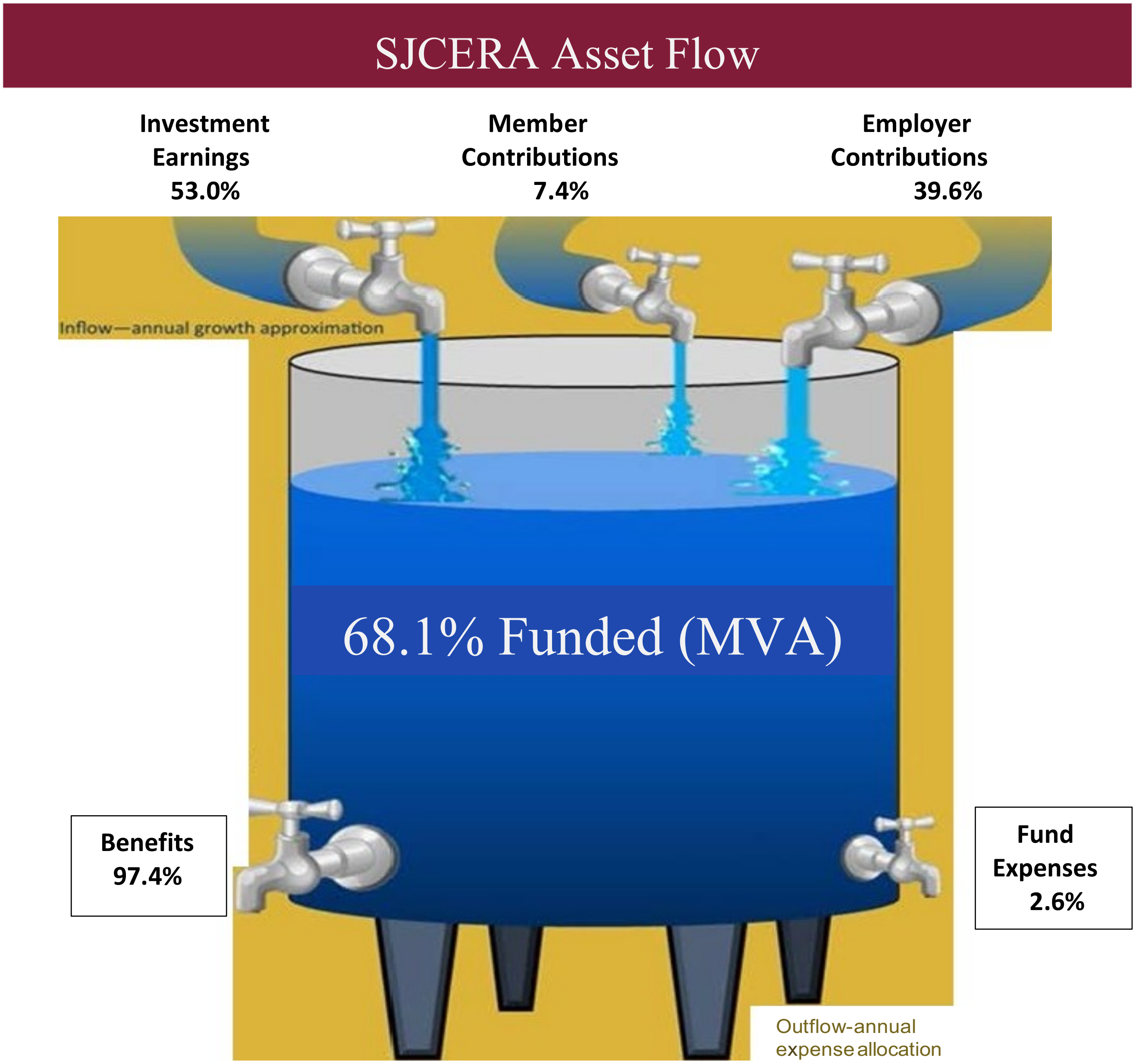
(3) You could wait until the child turns 18 and pull from your available resources at that time to pay the entire $100,000 in a single payment.

Public pension plans face similar choices in determining the best method for accruing sufficient resources to fund a member's benefit at retirement. Like most American families, the majority of public pension plan systems choose to pay a level percent of salary each year, in order to gradually grow the amount needed to fund future retirements.

Determining how much to contribute each year is a primary challenge for any public pension system. For that reason, public pension plans use the expertise of a professional actuary to assist in planning the funding of those retirement benefits over the long term, allowing investment earnings on the contributions to fund the majority of the pension costs. In San Joaquin County those investment earnings provide the largest portion of retirement benefits being paid, greatly reducing the cost to our participating employers, members and taxpayers in providing public services to our community.

The job of a pension plan actuary includes estimating (or assuming) how much money should be contributed each year so the plan will have enough funds to pay the benefits promised by the plan throughout the lifetime of the member. The year-to-year stream of contributions should be as smooth and consistent as possible to avoid wreaking havoc on the budget of the employers.

The graph below shows a snapshot of SJCERA's funded status as of December 31, 2020 and the cash inflows and outflows from 1991 through 2020.



HOW DID SJCERA's CURRENT UAL DEVELOP?

The long-term cost of retiree benefits is based on a host of variables, the future values of which are unknown. There are many different events that can both cause a UAL to develop or even disappear. While actuaries try to pin down these variables through the use of best or at least reasonable assumptions and professional methodologies, the unexpected should be expected to occur.

There are six assumptions in particular that have the greatest impact on the actuary's estimates of plan funding:

1. The assumed rate of return on investments
2. The rate of increase in salaries
3. Member mortality
4. The age at which members choose to retire
5. How many members become disabled
6. How many members terminate their service earlier than anticipated

Finally, there are two other events that can have great impact on plan funding, events the actuaries can't anticipate:

(1) plan changes, that is, when a benefit formula is changed in some unanticipated manner by the plan sponsor, and

(2) differing actual experience, that is, when actual experience indicates that previous assumptions must be modified to reflect a more current reality. A key example here is life expectancy, which with the continued advances in medicine challenges actuaries in being able to accurately project average life expectancies in the coming decades.

Either will generally have an "unfunded" impact on the cost of the system.

First, a summary history of SJCERA's UAL as well as the plan's funded status:

Valuation Year	Actuarial Value of Assets	UAL	Funded Ratio (AVA)	Funded Ratio (MVA)
1990	$ 435,516,000	$ 45,440,000	90.6%	
1991	$ 489,547,000	$ 36,271,000	93.1%	
1992	$ 536,645,000	$ 46,333,000	92.1%	
1993	$ 586,276,000	$ 47,692,000	92.5%	120.0%
1994	$ 640,745,000	$ 55,010,000	92.1%	106.1%
1995	$ 760,874,000	$ -33,860,000	104.7%	114.3%
1996	$ 814,607,000	$ -10,040,000	101.2%	123.2%
1997	$ 915,242,000	$ -42,839,000	104.9%	131.6%
1998	$1,013,320,000	$ -72,666,000	107.7%	132.7%
1999	$1,105,506,000	$ -82,963,000	108.1%	136.8%
2000	$1,182,914,000	$ -91,662,000	108.3%	130.0%

Valuation Year	Actuarial Value of Assets	UAL	Funded Ratio (AVA)	Funded Ratio (MVA)
2001	$1,357,409,000	$ -90,662,000	107.2%	109.8%
2002	$1,448,904,892	$ -30,696,195	102.2%	90.6%
2003	$1,531,287,777	$ 64,449,174	94.5%	99.2%
2004	$1,614,978,665	$ 154,280,040	91.3%	98.5%
2005	$1,727,032,562	$ 208,785,776	89.2%	95.5%
2006	$1,869,700,000	$ 280,221,211	87.0%	92.7%
2007	$2,029,900,000	$ 304,572,352	87.0%	95.0%
2008	$1,821,400,000	$ 689,568,260	72.5%	62.1%
2009	$1,949,000,000	$ 820,600,046	70.4%	58.6%
2010	$2,120,400,000	$ 797,303,776	72.7%	64.0%
2011	$2,130,052,649	$ 918,268,707	69.9%	63.0%
2012	$2,125,700,227	$1,227,593,985	63.4%	64.1%
2013	$2,285,165,972	$1,276,693,084	64.2%	65.3%
2014	$2,471,291,047	$1,260,343,325	66.2%	65.6%
2015	$2,604,472,784	$1,401,917,266	65.0%	60.1%
2016	$2,733,851,661	$1,501,242,285	64.6%	60.3%
2017	$2,913,161,286	$1,604,199,321*	64.8%	64.0%
2018	$3,044,897,691	$1,716,938,594*	64.5%	60.2%
2019	$3,226,099,142	$1,856,528,319*	64.3%	64.7%
2020	$3,487,424,521	$1,817,384,819*	67.0%	68.1%

*UAL excludes additional employer contributions

As shown in the table above, SJCERA's UAL, from 1990 to 2002, ranged between $ -91,662,000 to $ 47,692,000 from year to year. However, beginning in 2003 through 2020, there began a steady increase in the UAL (14 out of 17 years) to a high of $ 1,856,528,319 in 2019.

While this document tracks the evolution of SJCERA's UAL as it has developed since the year 1990, keep in mind that the actuary can only show from one year to the next what the initial impact a given event may have on future liability projections using the assumptions adopted by the SJCERA Board as of that measurement date. It cannot show what specific long-term impact of that same event may be in later years should the initial assumption prove different from actual experience. An example of this was the enhanced benefits agreed to as part of the 2001 settlement agreement for the case of San Joaquin County DSA, et al. v. Board of Retirement Deputy Sheriff's Association (DSA).

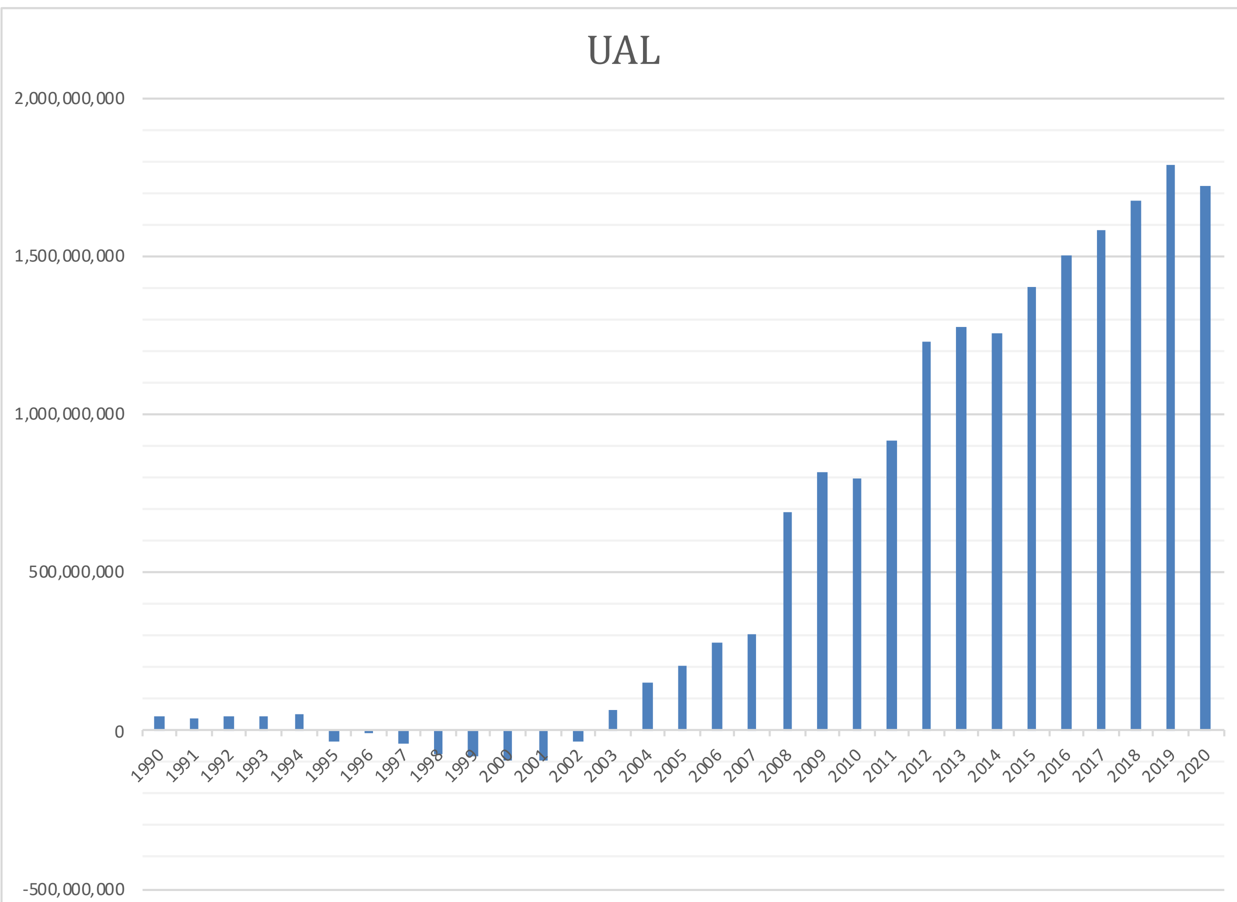
Once the initial event is priced into the cost of the plan, then it is the plan as a whole that gets valued in future years, composed of the many smaller decisions made year after year, and determining the course of the UAL.

YEAR BY YEAR REVIEW

It is typically current history that is of interest to employers, members and the public who want to better understand how the current UAL has evolved over the past decades. In the following pages the data used in calculating the UAL from calendar year 2002 when SJCERA last had a surplus, through 2020, is presented in table format, with commentary on the events of each year that had primary impact on determining if the UAL rose or fell for that given year.

A VISUAL REVIEW OF THE UAL HISTORY

The graph below shows the growth of the UAL in total dollars. By 2003, the benefit enhancements agreed to in the settlement agreement for the case of San Joaquin County DSA, et al. v. Board of Retirement Deputy Sheriff's Association (DSA) and the 2001 tech bubble crash began to negatively impact both SJCERA's funded status and UAL.



CONCLUSION

As this review has shown, both past experience and assumptions (that try to predict the future using that past experience) often change, and have a major impact on the system's future costs. Actuaries use long economic cycles to make their assumptions. They do not often adjust their assumptions in response to year-to-year fluctuations in actual experience. Rather, actuarial assumptions are typically changed only following careful assessment of ongoing and durable trends in experience. Public pension plans, such as SJCERA, take a very long view of the time horizon and are designed specifically to allow time to smooth the effect of the costs associated with the variability of life and its vagaries.

No matter how one looks at the UAL, it's important to keep these points in mind:

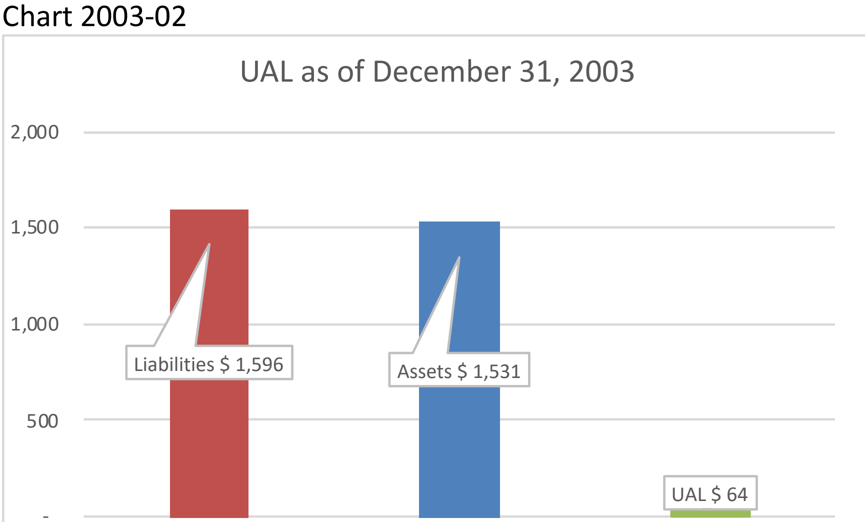
- The UAL is only an estimate based on many different inputs and assumptions that are all subject to refinement
- The UAL is not an absolute number such as the fixed amount of your home mortgage, but is rather a fluid estimate that will both rise and fall as it is revised annually based upon actual experience
- Under a well-structured plan with conservative assumptions, the deviations will be both positive and negative in the short run, but tend to smooth to the actuaries assumed earnings rates over time
- The causes of transitory shortfalls and surpluses will be captured in improved assumptions and appropriate contribution rates over time, ensuring a secure financial foundation for the promises made to San Joaquin County's public servants.

2003

Chart 2003-01

1.	Unfunded actuarial accrued liability as of December 31, 2002			$	(30,696,195)
2.	Change due to contributions:				
	(a) Normal cost	$	49,735,249		
	(b) Interest on (a)		1,989,410		
	(c) Interest on (1)		(2,504,810)		
	(d) Contributions (member and employer)		45,822,412		
	(e) Interest on (d)		1,832,896		
	(f) Net change: (a)+(b)+(c)-(d)-(e)			$	1,564,541
3.	Expected unfunded actuarial accrued liability: (1)+(2)			$	(29,131,654)
4.	Change due to actuarial experience:				
	(a) Actuarial (gain)/loss from liability sources	$	47,864,701		
	(b) Actuarial (gain)/loss from asset sources		20,284,588		
	(c) Net change: (a)+(b)				68,149,289
5.	Unfunded actuarial accrued liability before changes: (3)+(4)			$	39,017,635
6.	Change in actuarial assumptions				25,431,539
7.	Change in plan provisions				0
8.	Change in actuarial methods				0
9.	Unfunded actuarial accrued liability as of December 31, 2003: (5)+(6)+(7)+(8)			$	64,449,174

Chart 2003-02



SJCERA experienced an increase in the UAL from $(30,696,195) to $64,449,174 as of January 1, 2004.

CHART 2003-01

Line 4a

Actuarial loss from liabilities (salary growth, turnover, retirement patterns, and service purchases) resulted in an increase in the UAL of $47,864,701.

Line 4b

Actuarial loss from assets is a result of the investment return of of 6.82 percent on an actuarial value basis compared to the actuarial assumption of 8.16 percent, resulted in an increase in the UAL of $20,284,588.

Line 6

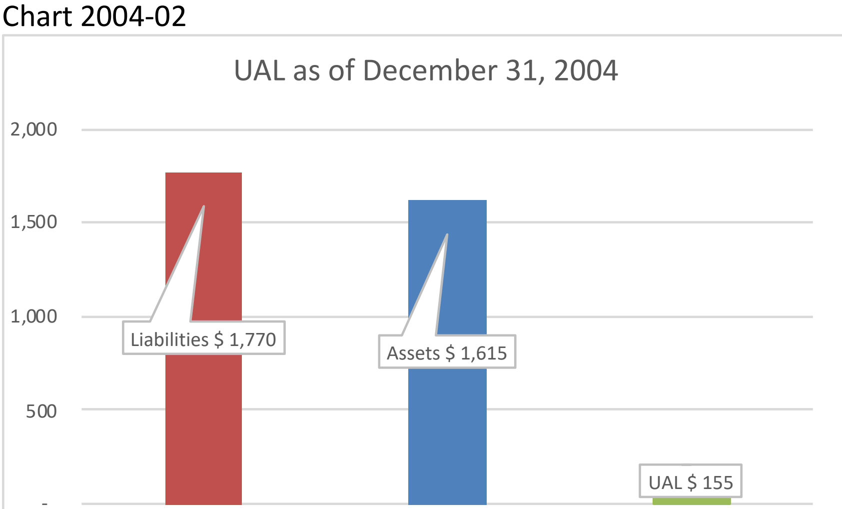
Changes to the actuarial assumptions from the 2003 triannual experience study (retirements, deaths, disabilities) resulted in an increase in the UAL of $25,431,539.

2004

Chart 2004-01

1.	Unfunded actuarial accrued liability as of December 31, 2003			$	89,771,804
2.	Change due to contributions:				
	(a) Normal cost	$	60,678,066		
	(b) Interest on (a)		2,475,665		
	(c) Interest on (1)		7,325,379		
	(d) Contributions (Member and County)		53,694,111		
	(e) Interest on (d)		2,190,720		
	(f) Net change: (a)+(b)+(c)-(d)-(e)			$	14,594,279
3.	Expected unfunded actuarial accrued liability: (1)+(2)			$	104,366,083
4.	Change due to actuarial experience:				
	(a) Actuarial (gain)/loss from liability sources	$	14,228,375		
	(b) Actuarial (gain)/loss from asset sources		25,394,041		
	(c) Net change: (a)+(b)				39,622,416
5.	Unfunded actuarial accrued liability before changes: (3)+(4)			$	143,988,499
6.	Change in actuarial assumptions				10,539,541
7.	Change in plan provisions				0
8.	Change in actuarial methods				0
9.	Unfunded actuarial accrued liability as of December 31, 2004: (5)+(6)+(7)+(8)			$	154,528,040

Chart 2004-02



SJCERA experienced an increase in the UAL from $89,771,804 to $154,528,040 as of January 1, 2005. The prior valuation reported an ending UAL balance of $64,449,174, the difference is the differing methodologies from changing actuaries.

CHART 2004-01

Line 4a

Changes due to actuarial experiences (salary growth, turnover, retirement patterns, and service purchases) resulted in an increase in the UAL of $14,228,375.

Line 4b

The actuarial loss from asset sources is a result of the 6.62 percent return on an actuarial value basis compared to the actuarial assumption of 8.16 percent, an increase in the UAL of $25,394,041.

Line 6

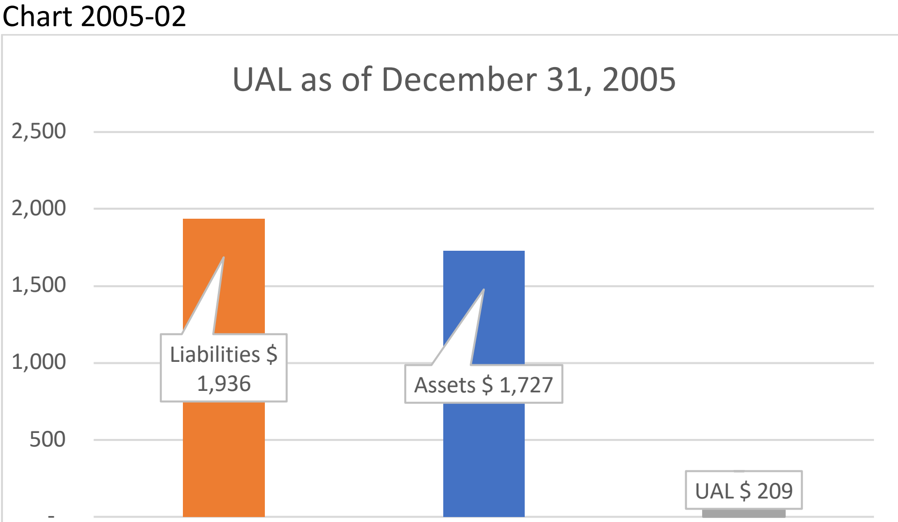
The actuarial change in assumption to the postretirement mortality tables for females resulted in an increase in the UAL of $10,539,541.

2005

Chart 2005-01

1.	Unfunded actuarial accrued liability as of December 31, 2004		$ 154,528,040
2.	Change due to contributions:		
	(a) Normal cost	$ 63,268,775	
	(b) Interest on (a)	2,581,366	
	(c) Interest on (1)	12,609,488	
	(d) Contributions (Member and County)	(73,363,413)	
	(e) Interest on (d)	(2,993,227)	
	(f) Net change: (a)+(b)+(c)-(d)-(e)		$ 2,102,989
3.	Expected unfunded actuarial accrued liability: (1)+(2)		$ 156,631,029
4.	Change due to actuarial experience:		
	(a) Actuarial (gain)/loss from liability sources	$ 13,270,108	
	(b) Actuarial (gain)/loss from asset sources	16,294,819	
	(c) Net change: (a)+(b)		29,564,927
5.	Unfunded actuarial accrued liability before changes: (3)+(4)		$ 186,195,956
6.	Change in actuarial assumptions		22,589,820
7.	Change in plan provisions		0
8.	Change in actuarial methods		0
9.	Unfunded actuarial accrued liability as of December 31, 2005: (5)+(6)+(7)+(8)		$ 208,785,776

Chart 2005-02



SJCERA experienced an increase in the UAL from $154,528,040 to $208,785,776 as of January 1, 2006.

CHART 2005-01

Line 4a

The actuarial loss from liability (salary growth, turnover, retirement patterns, and service purchases) resulted in an increase in the UAL of $13,270,108.

Line 4b

The actuarial loss from assets is a result of the investment return of 7.2 percent on an actuarial value basis compared to the actuarial assumption of 8.16 percent, an increase in the UAL of $16,294,819.

Line 6

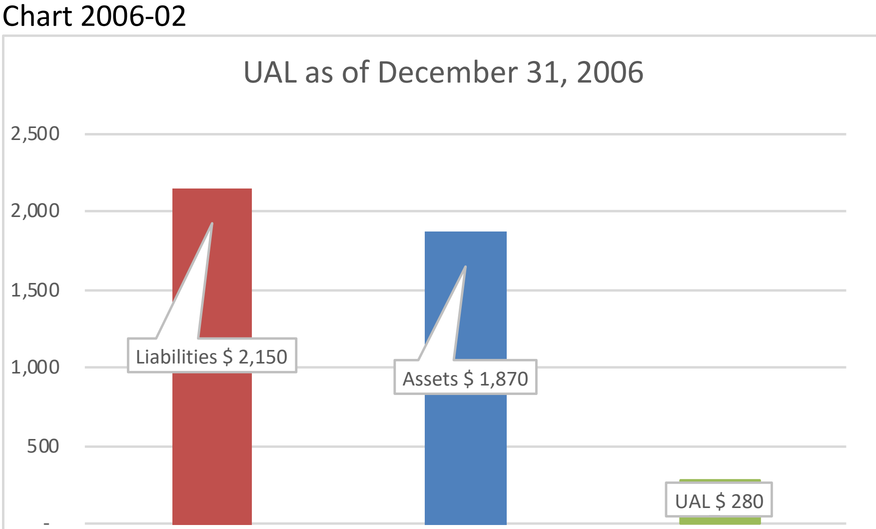
Changes to the postretirement mortality tables for females resulted in an increase in the UAL of $22,589,820.

2006

Chart 2006-01

1.	Unfunded actuarial accrued liability as of December 31, 2005		$ 208,785,775
2.	Change due to contributions:		
	(a) Normal Cost	$ 65,323,145	
	(b) Interest on (a)	2,665,184	
	(c) Interest on (1)	17,036,919	
	(d) Total contributions	(85,627,410)	
	(e) Interest on (d)	(3,493,598)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		$ (4,095,760)
3.	Expected unfunded actuarial accrued liability as of December 31, 2006 [(1) + (2)]		$ 204,690,015
4.	Change due to experience:		
	(a) Actuarial (gain)/loss from liabilities	$ 45,829,291	
	(b) Actuarial (gain)/loss from assets	(6,004,689)	
	(c) Net change [(a) + (b)]		$ 39,824,602
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		$ 244,514,617
6.	Change in actuarial assumptions		(6,567,722)
7.	Change in plan provisions		0
8.	Change in actuarial methods (including selection of new actuary)		42,274,316
9.	Unfunded actuarial accrued liability as of December 31, 2006 [(5) + (6) + (7) + (8)]		$ 280,221,211

Chart 2006-02



SJCERA experienced an increase in the UAL from $208,785,775 to $280,221,211 as of January 1, 2007.

CHART 2006-01

Line 4a

The actuarial liability loss, primarily salary experience (increases in pay among active members was significantly above the assumption) and new entrants entering the plan, resulted in an increase in the UAL of $45,829,291.

Line 4b

The actuarial gain from assets is the investment return on the actuarial value of assets of 9.6 percent compared to the 8.16 assumed rate, a decrease in the UAL of $6,004,689.

Line 6

An experience study for calendar years 2004 through 2006 was conducted and revisions to actuarial assumptions (demographics changes, salary increases, new entrants, and investments) resulted in a decrease in the UAL of $6,567,722.

Line 8

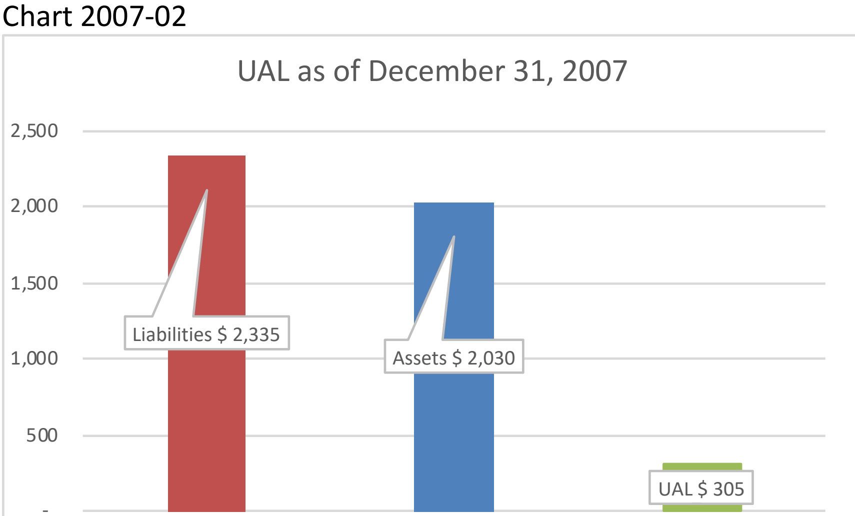
The change in valuation systems and methodologies associated with a new actuary (particularly with respect to estimating and projecting pensionable earnings) increased the UAL by $42,274,316.

2007

Chart 2007-01

1.	Unfunded actuarial accrued liability as of December 31, 2006		280,221,211
2.	Change due to contributions:		
	(a) Normal Cost	67,193,304	
	(b) Interest on (a)	2,741,487	
	(c) Interest on (1)	22,866,051	
	(d) Total contributions	(100,961,450)	
	(e) Interest on (d)	(4,119,227)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		(12,279,835)
3.	Expected unfunded actuarial accrued liability as of December 31, 2007 [(1) + (2)]		267,941,376
4.	Change due to experience:		
	(a) Actuarial (gain)/loss from liabilities	39,053,390	
	(b) Actuarial (gain)/loss from assets	(2,422,415)	
	(c) Net change [(a) + (b)]		36,630,975
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		304,572,352
6.	Change in actuarial assumptions		0
7.	Change in plan provisions		0
8.	Change in actuarial methods		0
9.	Unfunded actuarial accrued liability as of December 31, 2007 [(5) + (6) + (7) + (8)]		304,572,352

Chart 2007-02



SJCERA experienced an increase in the UAL from $280,221,211 to $304,572,352 as of January 1, 2008 due to changes in experience (rates of retirement, disability, termination and death).

CHART 2007-01

<u>Line 4a</u>

The actuarial loss from liabilities, primarily pay increases among active members were well above those anticipated by the actuarial assumptions, in large part to base pay increases and higher levels of supplemental pensionable pay, resulting in an increase in the UAL of $39,053,390.

<u>Line 4b</u>

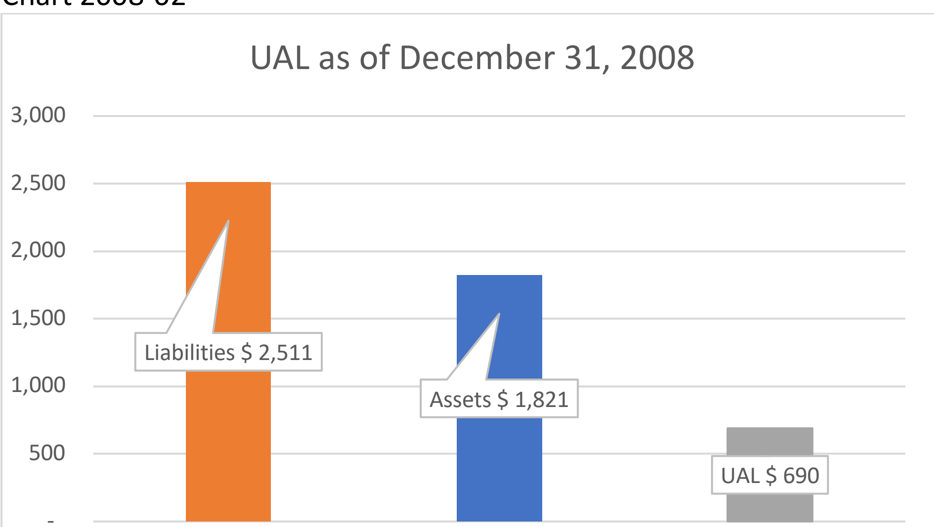
The actuarial gain from assets is the result of the actuarial investment return of 11.3 percent compared to the 8.16 assumed rate, a decrease in the UAL of $2,422,415.

2008

Chart 2008-01

1.	Unfunded actuarial accrued liability as of December 31, 2007		304,572,352
2.	Change due to contributions:		
	(a)Normal Cost	72,915,422	
	(b) Interest on (a)	2,974,949	
	(c)Interest on (1)	24,853,104	
	(d) Total contributions	(111,297,006)	
	(e) Interest on (d)	(4,540,918)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		(15,094,449)
3.	Expected unfunded actuarial accrued liability as of December 31, 2008 [(1) + (2)]		289,477,903
4.	Change due to experience:		
	(a)Actuarial (gain)/loss from liabilities	6,491,927	
	(b) Actuarial (gain)/loss from assets	393,598,429	
	(c) Net change [(a) + (b)]		400,090,356
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		689,568,259
6.	Change in actuarial assumptions		0
7.	Change in plan provisions		0
8.	Change in actuarial methods		0
9.	Unfunded actuarial accrued liability as of December 31, 2008 [(5) + (6) + (7) + (8)]		689,568,260

Chart 2008-02



SJCERA experienced a decrease in the UAL from $304,572,352 to $689,568,260 as of January 1, 2009.

CHART 2008-01

Line 4a

The actuarial loss from liabilities was due to worse than predicted salary experience, resulting in an increase in the UAL of $6,491,927.

Line 4b

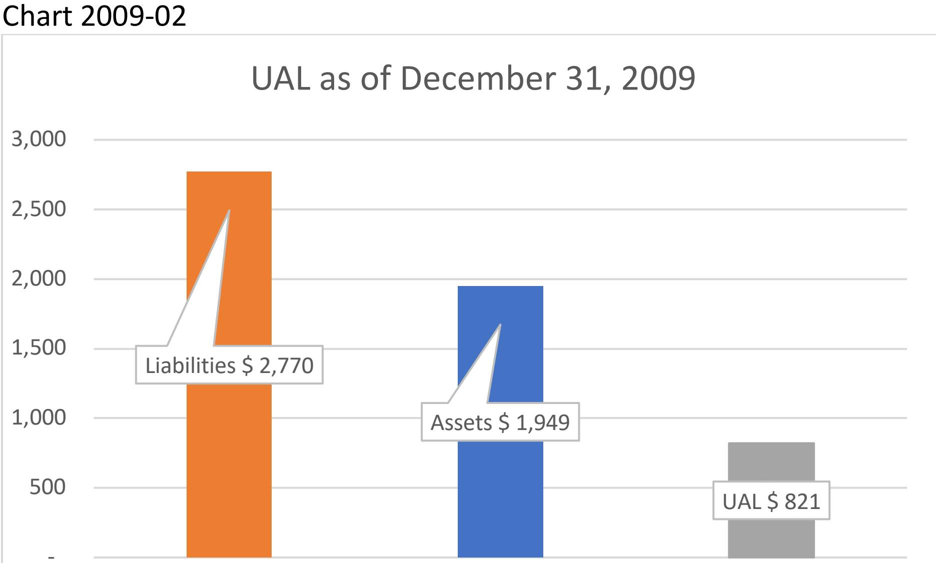
The actuarial loss from assets is a result of the -14.2 percent actuarial rate return, well below the assumed rate of 8.16 percent, an increase in the UAL of $393,598,429.

2009

Chart 2009-01

1.	Unfunded actuarial accrued liability as of December 31, 2008		689,568,260
2.	Change due to contributions:		
	(a)Normal Cost	75,871,269	
	(b) Interest on (a)	6,191,096	
	(c)Interest on (1)	56,268,770	
	(d) Total contributions	(110,818,340)	
	(e) Interest on (d)	(4,521,388)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		22,991,407
3.	Expected unfunded actuarial accrued liability as of December 31, 2009 [(1) + (2)]		712,559,666
4.	Change due to experience:		
	(a)Actuarial (gain)/loss from liabilities	(37,638,768)	
	(b) Actuarial (gain)/loss from assets	17,387,452	
	(c)Net change [(a) + (b)]		(20,251,316)
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		692,308,350
6.	Change in actuarial assumptions		128,291,696
7.	Change in plan provisions		-
8.	Change in actuarial methods		-
9.	Unfunded actuarial accrued liability as of December 31, 2009 [(5) + (6) + (7) + (8)]		820,600,046

Chart 2009-02



SJCERA experienced an increase in the UAL from $689,568,260 to $820,600,046 as of January 1, 2010.

CHART 2009-01

Line 4a

The actuarial gain in liabilities was due to better than predicted demographic experiences (rates of retirement, death, disability and termination), resulting in a decrease in the UAL of $37,638,768.

Line 4b

The actuarial loss from assets is a result of reestablishing the contingency reserve from 0 percent to 3 percent, even though the actuarial rate return of 11.6 percent exceeded the assumption rate return of 7.75 percent, an increase in the UAL of $17,387,452.

Line 6

The change in actuarial assumptions was primarily from updating the mortality rates due in the 2007-2009 Experience Study and lowering of the assumed rate from 8 percent to 7.75 percent. These changes increased the UAL by $128,291,696.

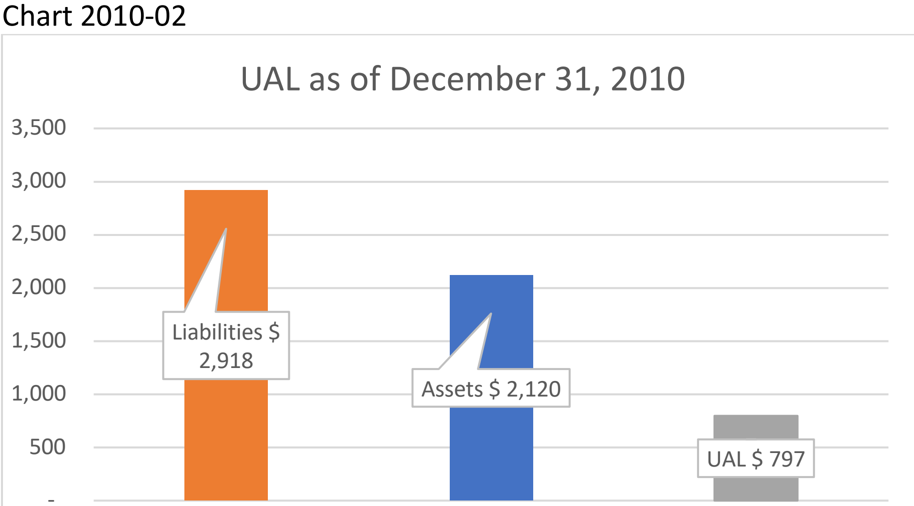
2010

Chart 2010-01

1.	Unfunded actuarial accrued liability as of December 31, 2009		820,600,046
2.	Change due to contributions:		
	(a)Normal Cost	79,989,964	
	(b) Interest on (a)	6,199,222	
	(c)Interest on (1)	63,596,504	
	(d) Total contributions	(117,549,716)	
	(e) Interest on (d)	(4,555,051)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		27,680,923
3.	Expected unfunded actuarial accrued liability as of December 31, 2010 [(1) + (2)]		848,280,969
4.	Change due to experience:		
	(a)Actuarial (gain)/loss from liabilities	(29,624,770)	
	(b) Actuarial (gain)/loss from assets	12,501,388	
	(c)Net change [(a) + (b)]		(17,123,382)
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		831,157,587
6.	Change in actuarial assumptions		-
7.	Change in plan provisions		-
8.	Change in actuarial methods		(33,853,811)[2]
9.	Unfunded actuarial accrued liability as of December 31, 2010 [(5) + (6) + (7) + (8)]		797,303,776

[2] Reflects reduction in Contingency Reserve

Chart 2010-02



SJCERA experienced a decrease in the UAL from $820,600,046 to $797,303,776 as of January 1, 2011.

CHART 2010-01

Line 4a

The actuarial gain from liabilities was due to salaries being lower than expected, a decrease in the UAL of $29,624,770

Line 4b

The actuarial loss on assets is a result of the 6.4 percent actuarial return on investment compared to the 7.75 percent assumption, an increase in the UAL of $12,501,388.

Line 8

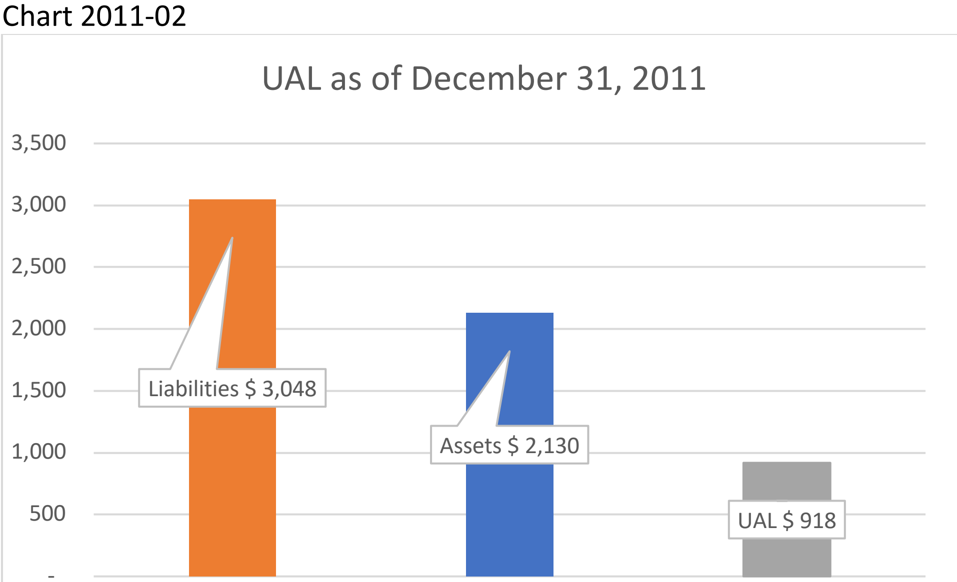
The change in actuarial methods is a result of the contingency reserve being lowered from 3 percent to 1.5 percent, a decrease in the UAL of $33,853,811.

2011

Chart 2011-01

1.	Unfunded actuarial accrued liability as of December 31, 2010		797,303,776
2.	Change due to contributions:		
	(a)Normal Cost	75,402,795	
	(b) Interest on (a)	5,843,717	
	(c)Interest on (1)	61,791,043	
	(d) Total contributions[2]	(126,932,474)	
	(e) Interest on (d)	(4,918,633)	
	(f) Net change [(a) + (b) + (c) + (d) + (e)]		11,186,448
3.	Expected unfunded actuarial accrued liability as of December 31, 2011 [(1) + (2)]		808,490,224
4.	Change due to experience:		
	(a)Actuarial (gain)/loss from liabilities	(31,402,644)	
	(b) Actuarial (gain)/loss from assets	141,181,127	
	(c)Net change [(a) + (b)]		109,778,483
5.	Unfunded actuarial accrued liability before changes [(3) + (4)]		918,268,707
6.	Change in actuarial assumptions		0
7.	Change in plan provisions		0
8.	Change in actuarial methods		0
9.	Unfunded actuarial accrued liability as of December 31, 2011 [(5) + (6) + (7) + (8)]		918,268,707

Chart 2011-02



SJCERA experienced an increase in the UAL from $797,303,776 to $918,268,707 as of January 1, 2012.

CHART 2011-01

Line 4a

The actuarial gain from liabilities was due to better than predicted demographic experience (rates of retirement, death, disability and termination), a decrease in the UAL of $31,402,644.

Line 4b

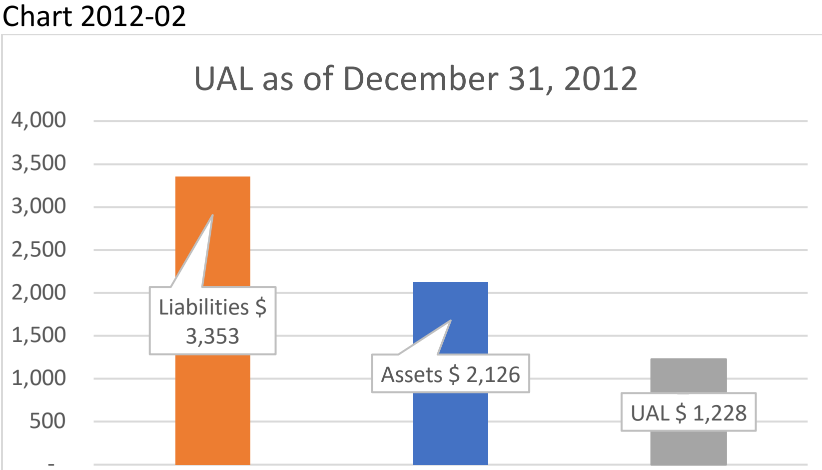
The actuarial loss from asset is a result of the -1.77 percent return on investment compared to the assumed rate of 7.75 percent, an increase in the UAL of $141,181,127.

2012

Chart 2012-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	918,268,707
2. Employer Normal Cost at Start of Year		73,374,980
3. Interest on 1. and 2. to End of Year		76,852,386
4. Contributions for Prior Year		127,962,598
5. Interest on 4. to End of Year		4,866,030
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		3,694,690
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		159,894,381
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	$	1,099,256,516
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		1,227,593,985
11. Actuarial Gain / (Loss) [9. – 10.] *	$	(128,337,469)

Chart 2012-02



SJCERA experienced an increase in the UAL from $918,268,707 to $1,227,593,985 as of January 1, 2013.

Line 6

The changes in actuarial methods is due to converting from EFI's valuation system to Cheiron's, an increase in the UAL of $3,694,690.

Line 7

The changes due to assumptions is a result of the 2010-2012 experience study as follows:

- Mortality rates changed due to members living longer
- COLA assumption lowered from 2.7 percent to 2.6 percent
- Inflation assumption lowered from 3.25 percent to 3 percent
- Assumption rate lowered from 7.75 percent to 7.5 percent

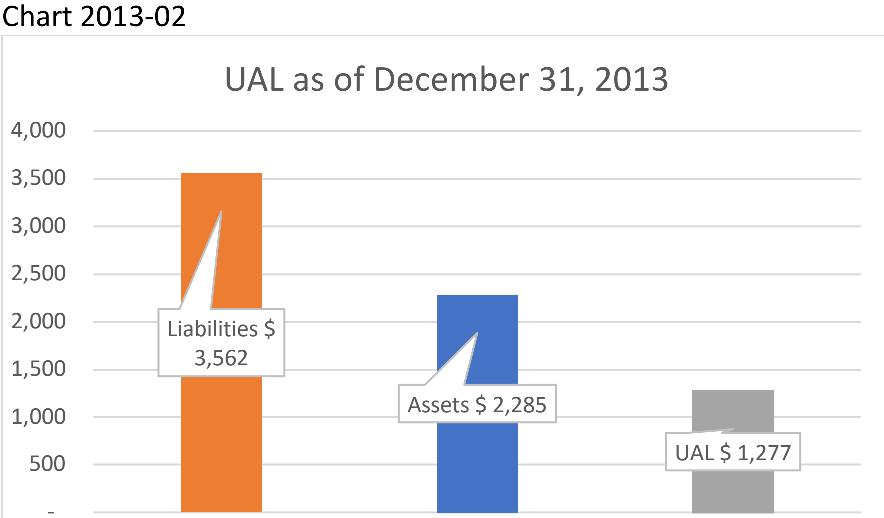
The experience study assumption changes listed above resulted in an increase in the UAL of $159,894,381.

2013

Chart 2013-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,227,593,985
2. Employer Normal Cost at Start of Year		83,842,225
3. Administrative Expense		4,134,716
4. Interest on 1. 2. and 3. to End of Year		98,509,964
5. Contributions for Prior Year		142,184,201
6. Interest on 5. to End of Year		5,235,516
7. Change in Unfunded Actuarial Liability Due to Coding Refinements		50,017,619
8. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. + 4. – 5. – 6. + 7.]	$	1,316,678,792
9. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		1,276,693,084
10. Unfunded Actuarial Liability Gain / (Loss) [8. – 9.]	$	39,985,708
11. Actuarial Liability Gain / (Loss)	$	21,956,197
12. Actuarial Asset Gain / (Loss) [10. – 11.]	$	18,029,511

Chart 2013-02



SJCERA experienced an increase in the UAL from $1,227,593,985 to $1,276,693,084 as of January 1, 2014.

CHART 2013-01

Line 7

The Change in UAL Due to Coding Refinement was a result of coding refinements made to the service timing used in determining entry age for active employees. This was done in order to better conform with new GASB 67/68 standards. Changes were also made to the timing of actual COLA increases and payroll compared to those assumed in the valuation software, resulting in an increase in the UAL of $50,017,619.

Line 11

The Actuarial Liability Gain is a result of favorable salary experience and new members entering the plan compared to actuarial assumptions, a decrease in the UAL of $21,956,197.

Line 12

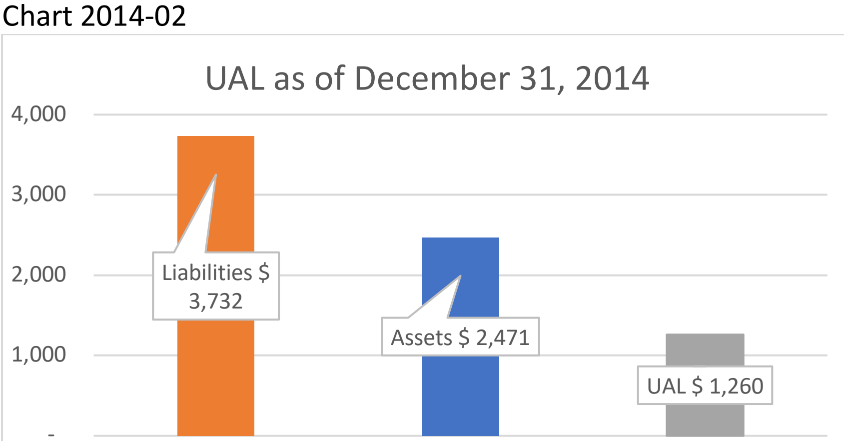
The Actuarial Asset Gain is a result of the actuarial 8.45 percent return on investments compared to the assumed rate of 7.5 percent, a decrease in the UAL of $18,029,511.

2014

Chart 2014-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,276,693,084
2. Employer Normal Cost at Middle of Year		83,470,441
3. Administrative Expense		4,042,986
4. Interest on 1. 2. and 3. to End of Year		98,974,406
5. Contributions for Prior Year		164,054,041
6. Healthcare Fund Transfer		19,968,779
7. Interest on 5. and 6. to End of Year		7,538,467
8. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. + 4. – 5. – 6. + 7.]	$	1,271,619,630
9. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		1,260,343,325
10. Unfunded Actuarial Liability Gain / (Loss) [8. – 9.]	$	11,276,305
11. Actuarial Liability Gain / (Loss)	$	11,929,425
12. Actuarial Asset Gain / (Loss) [10. – 11.]	$	(653,120)

Chart 2014-02



SJCERA experienced a decrease in the UAL from $1,276,693,084 to $1,260,343,325 as of January 1, 2015.

At the July 24, 2015 meeting, the Board chose to make a change to their funding policy, opting to amortize any unexpected changes in the UAL over a period of 15 years as a level percent of pay, with new amortization layers each year. The result is a set of three amortizations bases as of January 1, 2015: the 2008 loss being amortized over 24 years, the remaining UAS as of December 31, 2014 being amortized over 18 years, and new additions to the UAL on or after January 1, 2015, being amortized over 15 years. The single amortization period for these streams of payments is 20 years as of January 1, 2015. The amortization period for each unfunded actuarial liability layer will decrease each year.

CHART 2014-01

<u>Line 11</u>

The Actuarial Liability Gain is a result of the actual pay increases among active members being below the anticipated actuarial assumption, a UAL decrease of $11,929,425.

<u>Line 12</u>

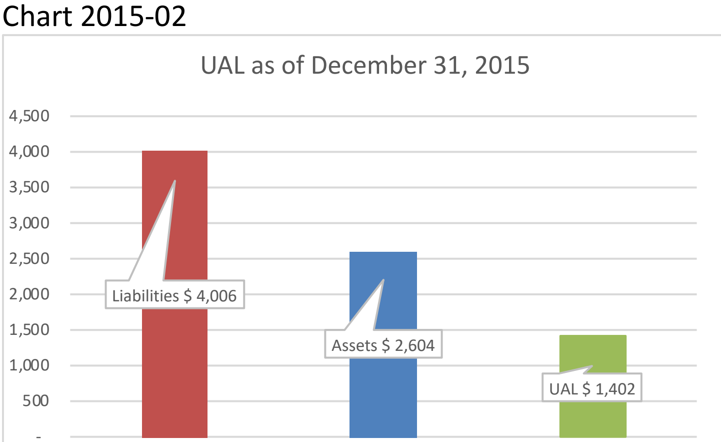
The Actuarial Asset Loss is a result of the actuarial smoothed 7.47 percent return on investments compared to the assumed rate of 7.5 percent, a UAL increase of $653,120.

2015

Chart 2015-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,260,343,325
2. Employer Normal Cost at Middle of Year		84,380,795
3. Administrative Expense		4,075,745
4. Interest on 1. 2. and 3. to End of Year		97,782,903
5. Contributions for Prior Year		179,398,457
6. Healthcare Fund Transfer		378,969
7. Interest on 5. and 6. to End of Year		6,634,245
8. Assumption Changes		91,855,247
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. + 4. – 5. – 6. + 7. + 8.]	$	1,352,026,344
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		1,401,917,266
11. Unfunded Actuarial Liability Gain / (Loss) [9. – 10.]	$	(49,890,922)
12. Actuarial Liability Gain / (Loss)	$	(3,690,955)
13. Actuarial Asset Gain / (Loss) [11. – 12.]	$	(46,199,967)

Chart 2015-02



SJCERA experienced an increase in the UAL from $1,260,343,325 to $1,401,917,266 as of January 1, 2016.

CHART 2015-01

Line 8

The Assumption Change is a result of updating the demographic and economic assumptions from the 2013-2015 Experience Study, an increase to the UAL of $91,855,247.

Line 12

The Actuarial Liability Loss is a result of unfavorable demographic experiences (rates for death, disability, termination and the retiree COLA), an increase in the UAL of $3,690,955.

Line 13

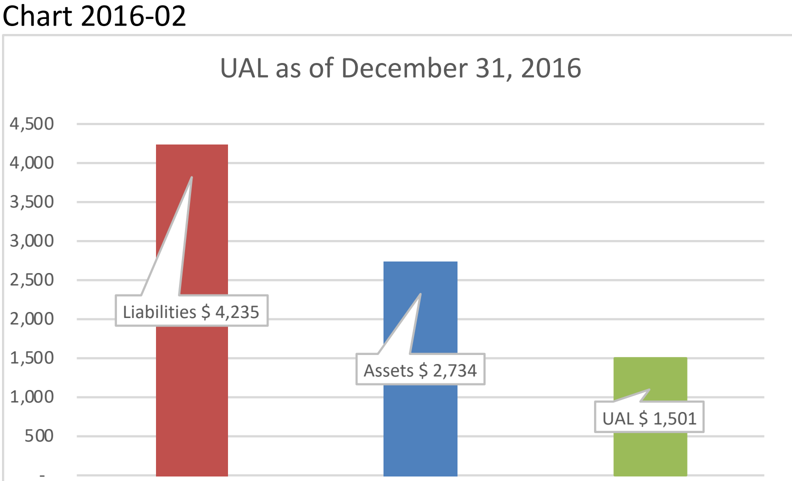
The Actuarial Asset Loss is a result of the actuarial smoothed 5.63 percent return on investments compared to the assumed rate of 7.5 percent, an increase in the UAL of $46,199,967.

2016

Chart 2016-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,401,917,266
2. Employer Normal Cost at Middle of Year		82,861,113
3. Administrative Expense		4,369,744
4. Interest on 1. 2. and 3. to End of Year		110,032,395
5. Contributions for Prior Year		189,239,931
6. Healthcare Fund Transfer		293,779
7. Interest on 5. and 6. to End of Year		6,898,664
8. Assumption Changes		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. + 4. – 5. – 6. + 7. + 8.]	$	1,402,748,144
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		1,501,242,285
11. Unfunded Actuarial Liability Gain / (Loss) [9. – 10.]	$	(98,494,141)
12. Actuarial Liability Gain / (Loss)	$	(45,033,413)
13. Actuarial Asset Gain / (Loss) [11. – 12.]	$	(53,460,728)

Chart 2016-02



SJCERA experienced an increase in the UAL from $1,401,917,266 to $1,501,242,285 as of January 1, 2017.

The Actuarial Value of Assets of $2,733,851,661 is currently 107% of market value at $2,554,802,124. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately $180 million) that will be reflected in the smoothed value in future years.

CHART 2016-01

Line 12

The Actuarial Liability Loss is a result of higher than expected salary growth for General members, an increase in the UAL of $45,033,413.

Line 13

The Actuarial Asset Loss is a result of the actuarial smoothed 5.34 percent return on investments compared to the assumed rate of 7.4 percent, an increase in the UAL of $53,460,728.

2017

Chart 2017-01

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,501,242,285
2. Middle of year unfunded actuarial liability payment		(123,173,296)
3. Interest to end of year on 1. and 2.		106,615,847
4. Increase in Actuarial Liability due to assumption change		81,854,661
5. Expected UAL at the end of year (1+2+3+4)		1,566,539,497
6. Actual Unfunded Liability at end of year[1]		1,604,199,321
7. Net (Gain)/Loss: (6 - 5)		37,659,824
8. Actuarial Liability (Gain) / Loss	$	(14,692,836)
9. Actuarial Asset (Gain) / Loss	$	48,426,208
10. Contribution Delay (Gain) / Loss	$	3,926,452

[1]Excludes additional County contributions

Chart 2017-02

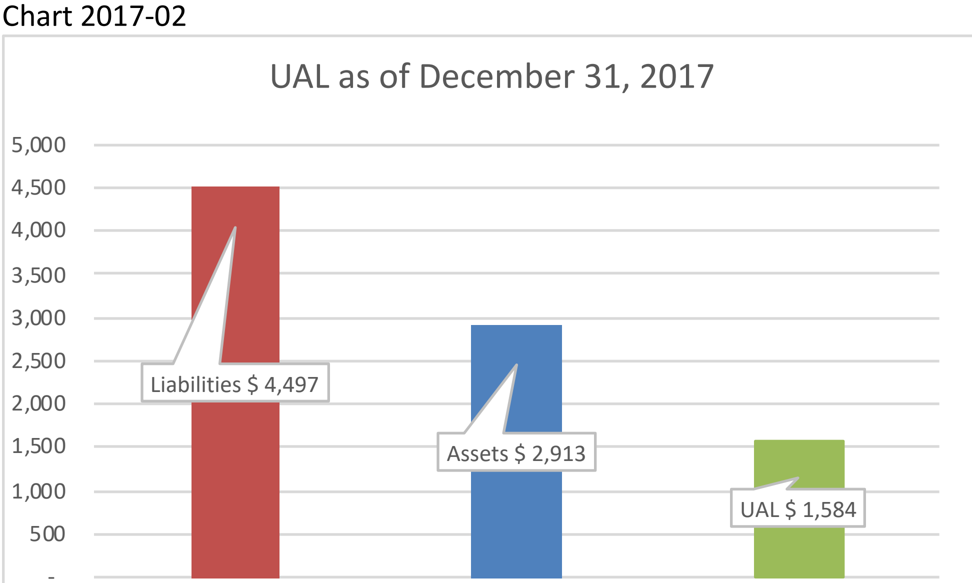


Chart includes additional employer contributions

SJCERA experienced an increase in the UAL from $ 1,501,242,285 to $ 1,604,199,321 as of January 1, 2018, excluding additional employer contributions.

CHART 2017-01

Line 4

The Increase in Actuarial Liability assumption change is a result of the 2017 Board's decision to lower the discount rate from 7.4 percent to 7.25 percent, an increase in the UAL of $81,854,661.

Line 8

The Actuarial Liability Gain is a result of lower than expected salary growth, a decrease in the UAL of $14692,836.

Line 9

The Actuarial Asset Loss is a result of the actuarial smoothed return of 5.64 percent compared to the 7.4 percent assumed rate of return, an increase in the UAL of $48,426,208.

2018

Chart 2018-01

1.	Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,604,199,321
2.	Middle of year unfunded actuarial liability payment		(136,458,099)
3.	Interest to end of year on 1. and 2.		111,444,392
4.	Increase in Actuarial Liability due to assumption change		16,016,526
5.	Expected UAL at the end of year (1+2+3+4)		1,595,202,140
6.	Actual Unfunded Liability at end of year[1]		1,716,938,594
7.	Net (Gain)/Loss: (6 - 5)		121,736,454
8.	Actuarial Liability (Gain) / Loss	$	12,744,671
9.	Actuarial Asset (Gain) / Loss	$	95,800,416
10.	Contribution Delay (Gain) / Loss	$	13,191,367

[1] Assets exclude the additional County and MVCD Contribution Reserves.

Chart 2018-02

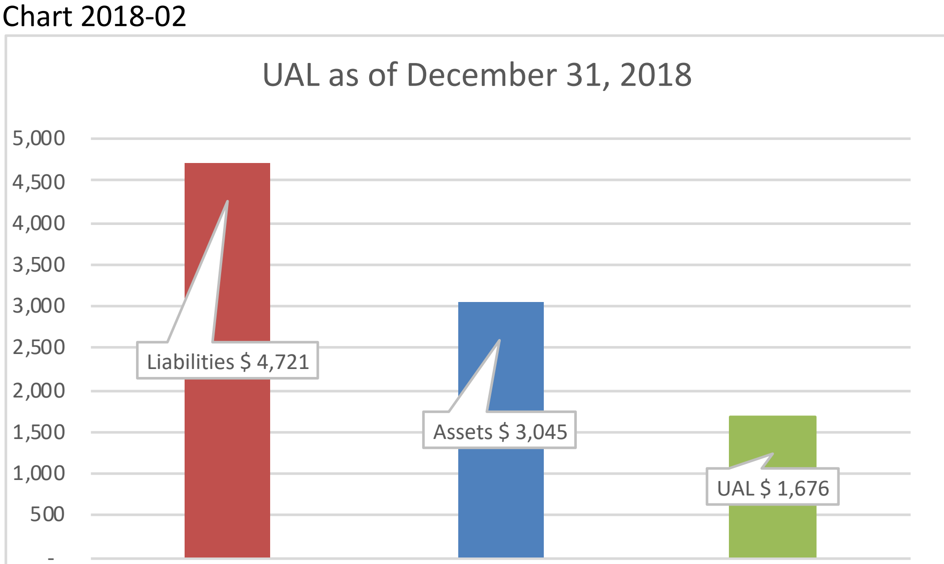


Chart includes additional employer contributions

SJCERA experienced an increase in the UAL from $ 1,583,814,311 to $ 1,676,389,785 as of January 1, 2019, excluding additional employer contributions.

CHART 2018-01

Line 4

The Increase in Actuarial Liability due to assumption change is a result of updating the assumptions from the 2016-2018 Experience study, an increase in the UAL of $16,016,526.

Line 8

The Actuarial Liability Loss is result of higher than expected retiree COLAs, an increase in the UAL of $12,744,671.

Line 9

The Actuarial Asset Loss is a result of the actuarial smoothed return of 3.94 percent compared to the assumed rate of 7.25 percent, an increase in the UAL of $95,800,416.

2019

Chart 2019-01

1.	Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,716,938,594
2.	Middle of year unfunded actuarial liability payment		(153,075,201)
3.	Interest to end of year on 1. and 2.		119,026,159
4.	Increase in Actuarial Liability due to assumption change		135,011,307
5.	Expected UAL at the end of year (1+2+3+4)		1,817,900,859
6.	Actual Unfunded Liability at end of year[1]		1,856,528,319
7.	Net (Gain)/Loss: (6 - 5)		38,627,461
8.	Actuarial Liability (Gain) / Loss	$	(49,916,986)
9.	Actuarial Asset (Gain) / Loss	$	65,252,333
10.	Contribution Delay (Gain) / Loss	$	23,292,114

Chart 2019-02

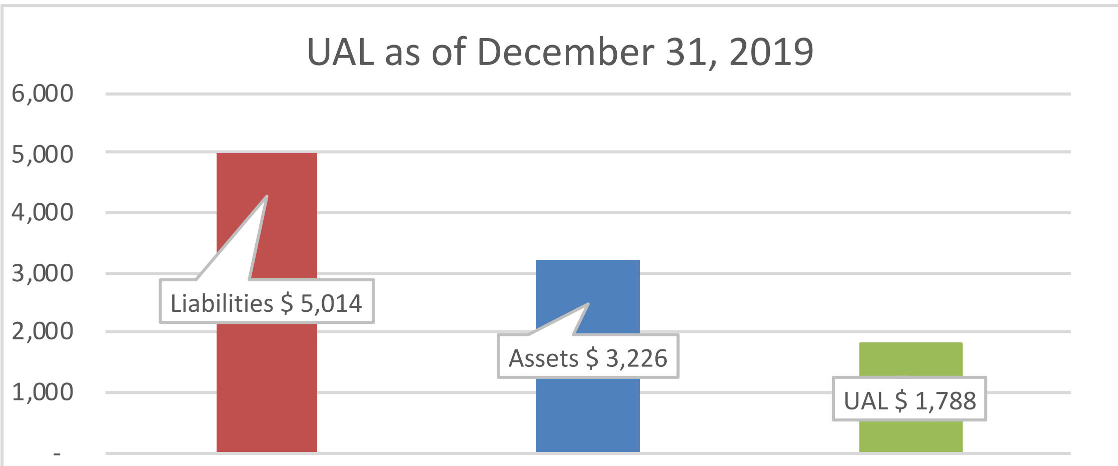


Chart includes additional employer contributions

SJCERA experienced an increase in the UAL from $ 1,716,938,594 to $ 1,856,528,319 as of January 1, 2020, excluding additional employer contributions.

CHART 2019-01

Line 4

The Increase in Actuarial Liability due to assumption change are a result of lowering the assumed rate from 7.25 percent to 7.0 percent and lowering the pay growth assumption from 3.15 percent to 3.0 percent, an increase in the UAL of $135,011,307.

Line 8

The Actuarial Liability Gain is primarily due to lower than expected salary growth, a decrease in the UAL of $49,916,986.

Line 9

The Actuarial Asset Loss is a result of the smoothed return of 5.08 percent compared to the 7.25% assumption, an increase in the UAL of $65,252,333.

2020

Chart 2020-01

		General		Safety		Total
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$	1,339,358,650	$	517,169,670	$	1,856,528,319
2. Middle of year unfunded actuarial liability payment		(119,284,384)		(45,407,979)		(164,692,363)
3. Interest to end of year on 1. and 2.		89,650,763		34,639,477		124,290,240
4. Increase in Actuarial Liability due to assumption change		0		0		0
5. Expected UAL at the end of year (1+2+3+4)		1,309,725,029		506,401,168		1,816,126,197
6. Actual Unfunded Liability at end of year[1]		1,309,482,987		507,901,832		1,817,384,819
7. Net (Gain)/Loss: (6 - 5)		(242,042)		1,500,664		1,258,622
8. Actuarial Liability (Gain) / Loss	$	(8,724,834)	$	(2,336,016)	$	(11,060,850)
9. Actuarial Asset (Gain) / Loss	$	(5,951,187)	$	(2,848,764)	$	(8,799,951)
10. Contribution (Gain) / Loss	$	14,433,979	$	6,685,444	$	21,119,423

[1] Assets exclude the additional County, MVCD, and Superior Court Contribution Reserves.

Chart 2020-02

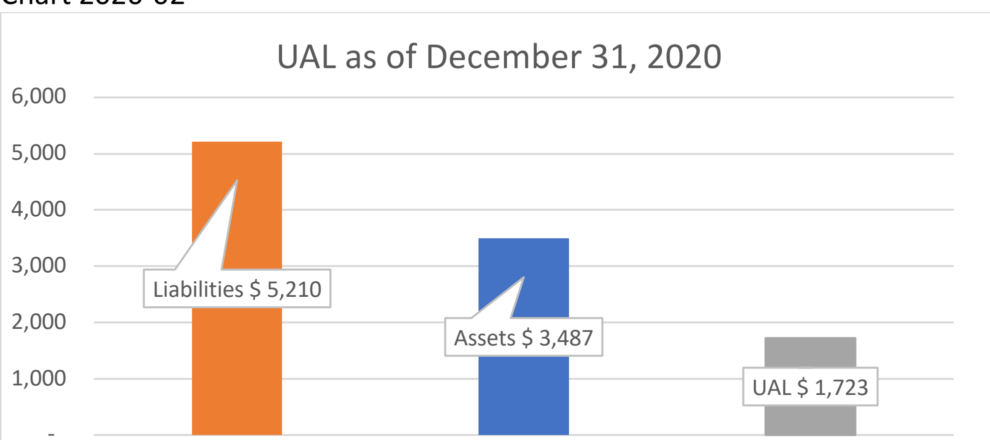


Chart includes additional employer contributions

SJCERA experienced a decrease in the UAL from $ 1,856,528,319 to $ 1,817,384,819 as of January 1, 2021, excluding additional employer contributions.

CHART 2020-01

Line 8

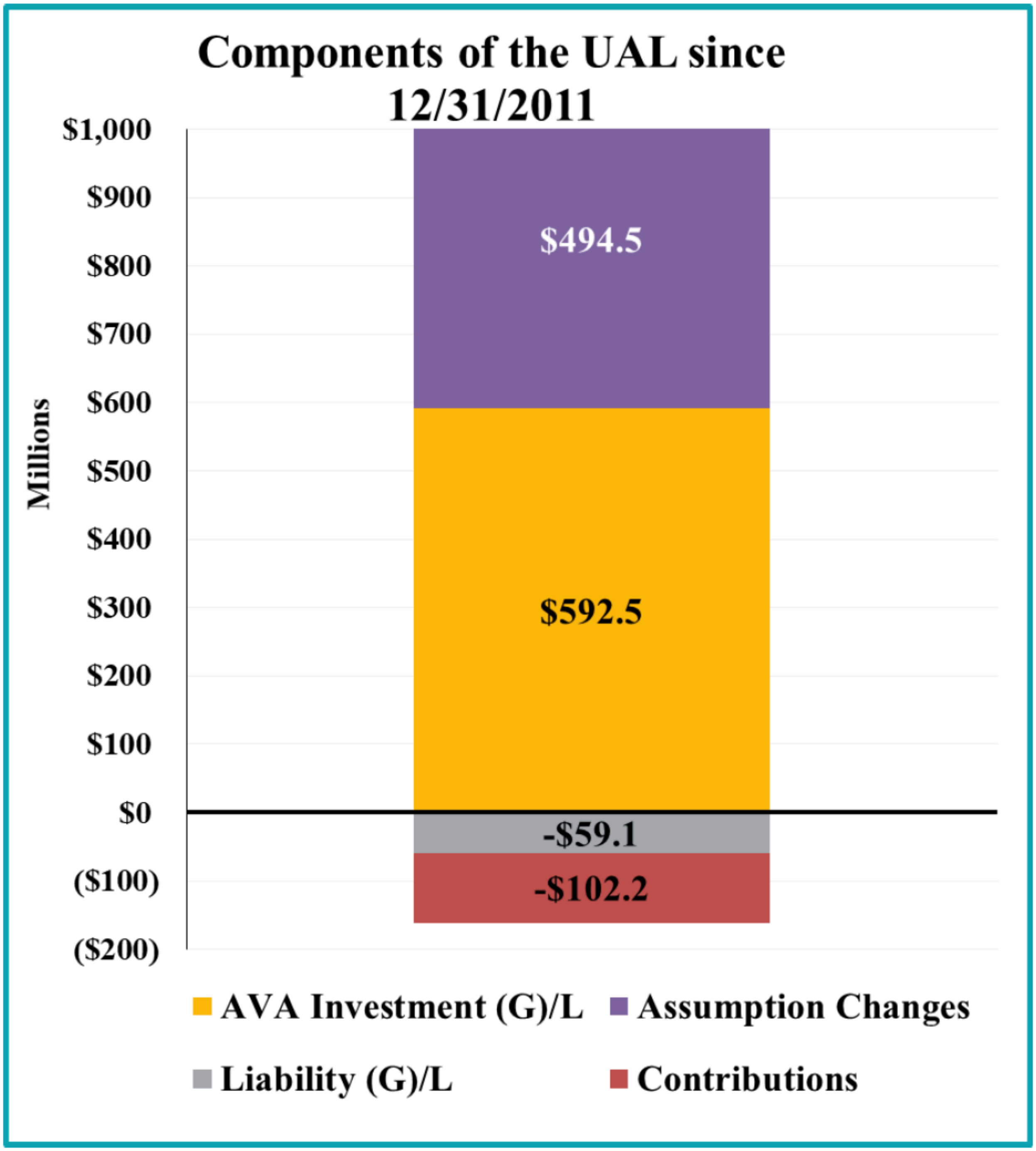
The Actuarial Asset Liability Gain is primarily due to lower than expected salary growth and more deaths than expected, a decrease in the UAL of $11,060,850.

Line 9

The Actuarial Asset Gain is the result of the actuarial smoothed return on assets of 7.28 percent compared to the 7.0 percent assumption, a decrease in the UAL of $8,799,951.

SUMMARY OF HISTORY

The chart below shows the components of the UAL growth over the last ten years, from 2011 through 2020. The primary drivers are the actuarial investment losses of $592.5M and the assumption changes of $494.5M.



Agenda Item 11.0

November 5, 2021

SUBJECT: Direction to the Board's SACRS Voting Delegate Business Meeting of November 12, 2021

SUBMITTED FOR: ___ CONSENT _X__ ACTION ___ INFORMATION

RECOMMENDATION

Staff recommends the Board direct SJCERA's Voting Delegate to approve the following action item on the SACRS' Business Meeting Agenda for November 12, 2021:

Agenda Item 5.B: SACRS Legislative Committee Update: SACRS Board of Directors Legislative Proposal

PURPOSE

For the Board to provide direction to its SACRS Voting Delegate regarding the items presented for action at the SACRS Business Meeting to be held on Friday, November 12, 2021.

DISCUSSION

This memo and attached materials are provided to enable the Board to provide voting instructions to its Voting Delegate in preparation for the November 12, 2021 meeting. The November 5, 2021, SJCERA Board of Retirement meeting is the only meeting at which the Board can provide such direction prior to the SACRS Business Meeting.

SACRS 2022 Sponsored Legislation

Proposed SACRS-sponsored legislation for 2022 contemplates amendments to various sections of the County Employees' Retirement Law of 1937 (CERL) and are provided for your review. Staff has reviewed the items and does not object to the proposed changes. Unless the Board has questions or concerns, the Board would generally recommend the Voting Delegate vote to accept/approve the proposed sponsored legislation. If there are questions or concerns, please advise the Voting Delegate so those items can be brought forward during discussion at the meeting.

Informational Items in Business Meeting Packet

In addition to the two action items noted above, your SACRS materials also include important informational items, highlights of which are provided:

- Notice of the SACRS Board of Directors election process. Nominations must be submitted by March 1, 2022.
- Other updates and reports including the Secretary and Treasurer's Reports.

ATTACHMENTS

SACRS Business Meeting Packet – November 12, 2021

JShick

JOHANNA SHICK
Chief Executive Officer

SACRS Annual Business Meeting

Annual Fall Conference 2021

Friday, November 12

10 AM - 11:30 AM

Loews Hollywood Hotel

Hollywood, CA

Ray Dolby Ballroom

Vision, Mission, Core Values

The members and staff of the State Association of County Retirement Systems (SACRS) share a common purpose, mission and core values.

Statement of Purpose

The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of 20 county retirement systems existing under the County Employees Retirement Law of 1937 (CERL) sets forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Mission Statement

The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Core Values

Teamwork

Integrity

Education

Service and Support

SACRS Business Meeting Agenda
Friday, November 12, 2021
10:00 AM – 11:30 AM
Loews Hollywood Hotel, Hollywood, CA
Ray Dolby Ballroom

SACRS Parliamentarian – TBD
Sergeant at Arms – Bob Goodchild, San Diego CERA

1. SACRS System Roll Call
Thomas Garcia, Imperial CERS, SACRS Secretary

2. Secretary's Report - Receive and File
Thomas Garcia, Imperial CERS, SACRS Secretary

A. Spring 2021 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File
Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 Financials
B. 2021-2022 Annual Budget

4. SACRS President Report - No Action
Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

5. SACRS Legislative Committee Update – Action
Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2021 Legislative Report – No Action
B. SACRS Board of Directors Legislative Proposal – Action

6. SACRS Nomination Committee – 2022-2023 SACRS Election Notice – No Action
Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2022-2023

7. SACRS Audit Report – No Action
Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Annual Audit Update

8. SACRS Education Committee Report – No Action
JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Fall Conference 2021 Evaluations/Feedback

9. SACRS Program Committee Report – No Action
Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

A. SACRS Annual Fall Conference 2021 report

10. SACRS Affiliate Committee Report – No Action
Scott Draper, Algert Global, SACRS Affiliate Committee Chair

A. Affiliate Committee report

11. SACRS Bylaws Committee Report – No Action
Chair Position Open, SACRS Bylaws Committee Chair

A. No report

12. SACRS Fall Conference Breakout Reports – No Action
A representative from each breakout will give report on their meetings.

A. Administrators
B. Counsel
C. Disability/ Operations & Benefits Combo
D. Internal Auditors
E. Investment Officers
F. Safety Trustees
G. General Trustees

13. Adjournment
Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2022 at the Rancho Las Palmas Hotel in Rancho Mirage, CA.

1. SACRS System Roll Call

Thomas Garcia, Imperial CERS, SACRS Secretary

1. SACRS System Roll Call
Thomas Garcia, SACRS Secretary

System	In Attendance	Absent	Delegate/Alternate Name
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			

2. Secretary's Report - Receive and File

Thomas Garcia, Imperial CERS, SACRS Secretary

A. Spring 2021 SACRS Business Meeting Minutes

SACRS Business Meeting Minutes
Friday, May 14, 2021
10:00 AM - Upon Adjournment
Online Via SACRS Conference Platform

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
Sergeant at Arms – Bob Goodchild, San Diego CERA

Meeting called to order at 10:05 am

SACRS Board of Directors in Attendance:
Vivian Gray, President; Roger Hilton, Vice President; Kathryn Cavness, Secretary; Harry Hagen, Treasurer; David MacDonald, Board member; Dan McAllister, Immediate Past President, Ben Lazarus, Past Affiliate Chair

1. SACRS System Roll Call
Kathryn Cavness, Mendocino CERA, SACRS Secretary

20 SACRS Member Systems Present
Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
*Fresno arrived at 10:15 am

2. Secretary's Report - Receive and File
Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. November 2020 SACRS Business Meeting Minutes
Motion: Sonoma CERA made motion to approve the minutes as presented.
2nd: Marin CERA
Yes: Alameda, Contra Costa, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Absent: Fresno
Motion Passes 19-0-1

3. Treasurer's Report - Receive and File
Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2020 – January 2021 Financials
Motion: Stanislaus CERA made a motion to approve the Treasurers report on the July 2020 – January 2021 financials.
2nd: San Bernardino CERA
Yes: Alameda, Contra Costa, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Absent: Fresno
Motion Passes 19-0-1

4. SACRS President Report - No Action
Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update
Discussion: A verbal report was provided by Vivian Gray, SACRS President. No action was taken.

5. SACRS Legislative Committee Update – Action
Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2021 Legislative Report – No Action
B. SACRS Board of Directors Legislative Proposal – Action
Discussion: An overview of the 2021 Legislative report was provided by the Legislative committee co-chairs and SACRS lobbying team – Trent Smith, Mike Robson and Bridget McGowan. No action was taken for item 5A.
Motion: Sonoma CERA made a motion to approve the proposed legislation presented in item 5B.
2nd: Merced CERA
Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Motion Passes 20-0

6. SACRS Nomination Committee - 2021-2022 SACRS Election Notice – Action
Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Elections 2021-2022
Motion: Los Angeles CERA made a motion to approve the recommended slate for the 2021-2022 SACRS Board of Directors.

- Vivian Gray, Los Angeles CERA
- Kathryn Cavness, Mendocino CERA, Vice President
- Harry Hagen, Santa Barbara CERS, Treasurer
- Thomas Garcia, Imperial CERA, Secretary
- David MacDonald, Contra Costa CERA, General member
- Vere Williams, San Bernardino CERA, General member
- Dan McAllister, San Diego CERA, Immediate Past President (per Bylaws)

2nd: San Diego CERA
Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Motion Passes 20-0

7. SACRS Audit Report – Action
Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2019-2020 Annual Audit

Discussion: Steve Delaney, Audit Committee Chair, provided a verbal overview of the annual audit performed by James Marta & Co. Steve thanked the committee and SACRS staff for their time and dedication to the project. The external auditor's opinion in the report listed that the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, is fairly stated in all material respects in relation to the financial statement as a whole.
Motion: Fresno CERA submitted a motion to accept the 2019-2020 Audit as presented by the Audit committee.
2nd: Alameda CERA
Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Motion Passes 20-0

8. SACRS Education Committee Report – No Action
JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Virtual Spring 2021 Conference Evaluations/Feedback
Discussion: A verbal report was provided by JJ Popowich, Committee Chari, great conference! The keynote sessions were really well balanced, the covid update on Friday was insightful. Many positive comments regarding the technology and virtual platform used for the conference. Encouragement to submit evaluations when people return home, feedback at conferences was positive. No action taken, verbal report on committee meeting. Evaluations are electronic, therefore will be presented at the Board meeting in January 2021.

9. SACRS Program Committee Report – No Action
Roger Hilton, Orange CERS, SACRS Program Committee Chair

A. SACRS Annual Virtual Spring 2021 Conference Report

Discussion: Verbal report provided by Roger Hilton, feedback on conference was very positive. No action taken, Roger thanked the Program Committee and Education Committee for their time and dedication to the conference. Suggestions for future conferences can be submitted online at the SACRS website.

10. SACRS Affiliate Committee Report – No Action
Scott Draper, Algert Global LLC, SACRS Affiliate Committee Chair

A. Affiliate Committee Update
Discussion: Ben Lazarus, Past Committee Chair, gave a verbal update on Affiliate matters. Affiliate leadership really appreciate the commitment and dedication of the Board and fellow committee members. No action taken, Ben gave a verbal update on the Affiliate Breakout, attendance was great and members

really enjoyed the Spotlight Series on the Systems. The committee intends to continue system interviews for viewing during the SACRS Summer Webinar Series.

11. SACRS Bylaws Committee Report – No Action
Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update

Discussion: No report

12. SACRS Spring Conference Breakout Reports – No Action
A representative from each breakout will give report on their meetings.

A. Administrators – Leanne Malison, Tulare CERA, reported that the meeting was very productive. Donald Kendig, Fresno CERA, will moderate the Fall 2021 Conference.

B. Counsel – Ashley Dunning, SACRS Program Committee, provided a brief report on their closed session, and that the group did not get a volunteer for the Fall 2021 conference.

C. Disability/ Operations & Benefits Combo – Carlos Barrios, Los Angeles CERA, reported that the session was well attended and great information. Louis Gittens, Los Angeles CERA, has volunteered to moderate the Fall 2021 Conference.

D. Internal Auditors – No report.

E. Investment Officers – Tim Price, Contra Costa CERA, reported that the meeting was well attended and that Daryn Miller, Kern CERA volunteered to moderate the Fall 2021 Conference.

F. Safety Trustees – Susan Lee, San Mateo CERA, reported that the meeting was well attended and Brian Williams, Sonoma CERA will continue to serve as moderator for Fall 2021 Conference.

G. General Trustees – Kathryn Cavness, Mendocino CERA, reported that the session was fantastic. Kathryn Cavness will serve as the moderator for Fall 2021 Conference.

13. Adjournment
Motion: San Diego CERA submitted a motion to adjourn at 10:54 am
2nd: Ventura CERA
Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura
No: 0
Motion Passes 20-0

Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2022 at the Rancho Las Palmas Hotel, in Rancho Mirage, CA unless Covid-19 restrictions are in place.

Respectfully Submitted by:
Thomas Garcia, Imperial CERA, SACRS Secretary
Sulema Peterson, SACRS Executive Director

3. Treasurer's Report - Receive and File
Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 Financials
B. 2021-2022 Annual Budget

7:38 PM
09/14/21
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Balance Sheet
As of July 31, 2021

	Jul 31, 21
ASSETS	
Current Assets	
Checking/Savings	
1000 · First Foundation Bank-Checking	201,567.30
1001 · BofA Interest Checking 4389	16,847.68
1002 · First Foundation Bank ICS Acct	57,555.25
Total Checking/Savings	275,970.23
Other Current Assets	
1100 · CalTrust - Medium Term	979,872.82
1107 · CalTrust Liquidity Fund	8,225.47
1110 · CAMP-SACRS Liquidity Fund	791,150.15
Total Other Current Assets	1,779,248.44
Total Current Assets	2,055,218.67
TOTAL ASSETS	**2,055,218.67**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2200 · First Foundation Credit Card	1,415.07
Total Credit Cards	1,415.07
Total Current Liabilities	1,415.07
Total Liabilities	1,415.07
Equity	
32000 · Retained Earnings	2,034,191.90
Net Income	19,611.70
Total Equity	2,053,803.60
TOTAL LIABILITIES & EQUITY	**2,055,218.67**

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss
July 2021

	Jul 21
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	63,750.00
4102 · Non Profit - Organizations	500.00
4103 · Non Profit - Systems	1,500.00
4104 · Systems - Medium	8,000.00
Total 4100 · Membership Dues	73,750.00
4270 · UC Berkeley Program	
4271 · Registrations	1,650.00
4272 · Sponsorships	2,500.00
Total 4270 · UC Berkeley Program	4,150.00
4900 · Interest Earned	315.95
Total Income	78,215.95
Gross Profit	78,215.95
Expense	
5000 · Administrative Fee	30,000.00
5003 · Bank Charges/Credit Card Fees	2,004.32
5041 · Consulting	6,582.00
5072 · Legislative Advocacy	10,002.00
6011 · Postage & Delivery	274.96
6020 · Spring Conference	1,107.95
6053 · Technology/AMS/Website	7,711.12
6054 · Travel	921.90
Total Expense	58,604.25
Net Ordinary Income	19,611.70
Net Income	**19,611.70**

7:44 PM
09/14/21
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	63,750.00	268,750.00	-205,000.00	23.72%
4102 · Non Profit - Organizations	500.00	2,750.00	-2,250.00	18.18%
4103 · Non Profit - Systems	1,500.00	6,000.00	-4,500.00	25.0%
4104 · Systems - Medium	8,000.00	52,000.00	-44,000.00	15.39%
4105 · Systems - Large	0.00	42,000.00	-42,000.00	0.0%
4100 · Membership Dues - Other	0.00	0.00	0.00	0.0%
Total 4100 · Membership Dues	73,750.00	371,500.00	-297,750.00	19.85%
4200 · Webinar Symposium Registration				
4201 · Affiliates - Early	0.00	200.00	-200.00	0.0%
4202 · Affiliates - Regular	0.00	200.00	-200.00	0.0%
4203 · Affiliates - Late/Onsite	0.00	200.00	-200.00	0.0%
4204 · Non Profit	0.00	200.00	-200.00	0.0%
4205 · Systems	0.00	200.00	-200.00	0.0%
4206 · Non-Members	0.00	200.00	-200.00	0.0%
4200 · Webinar Symposium Registration - Other	0.00	0.00	0.00	0.0%
Total 4200 · Webinar Symposium Registration	0.00	1,200.00	-1,200.00	0.0%
4250 · Product Income				
4255 · Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
Total 4250 · Product Income	0.00	2,000.00	-2,000.00	0.0%
4270 · UC Berkeley Program				
4271 · Registrations	1,650.00	60,000.00	-58,350.00	2.75%
4272 · Sponsorships	2,500.00	40,000.00	-37,500.00	6.25%
4270 · UC Berkeley Program - Other	0.00	0.00	0.00	0.0%
Total 4270 · UC Berkeley Program	4,150.00	100,000.00	-95,850.00	4.15%
4300 · Fall Conference Registration				
4301 · Affiliates - Early	0.00	140,000.00	-140,000.00	0.0%
4302 · Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4303 · Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4304 · Non Profit	0.00	960.00	-960.00	0.0%
4305 · Systems	0.00	20,000.00	-20,000.00	0.0%
4306 · Non-Members	0.00	200,250.00	-200,250.00	0.0%
4307 · Fun Run	0.00	500.00	-500.00	0.0%
4308 · Yoga	0.00	100.00	-100.00	0.0%
4300 · Fall Conference Registration - Other	0.00	0.00	0.00	0.0%
Total 4300 · Fall Conference Registration	0.00	492,210.00	-492,210.00	0.0%
4350 · Spring Conference Registration				
4351 · Affiliates - Early	0.00	140,000.00	-140,000.00	0.0%
4352 · Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4353 · Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4354 · Non Profit	0.00	960.00	-960.00	0.0%
4355 · Systems	0.00	20,000.00	-20,000.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	$ Over Budget	% of Budget
4356 · Non-Members	0.00	200,250.00	-200,250.00	0.0%
4357 · Fun Run	0.00	500.00	-500.00	0.0%
4358 · Yoga	0.00	100.00	-100.00	0.0%
Total 4350 · Spring Conference Registration	0.00	492,210.00	-492,210.00	0.0%
4900 · Interest Earned	315.95	-953.55	1,269.50	-33.13%
Total Income	78,215.95	1,458,166.45	-1,379,950.50	5.36%
Gross Profit	78,215.95	1,458,166.45	-1,379,950.50	5.36%
Expense				
5000 · Administrative Fee	30,000.00	180,000.00	-150,000.00	16.67%
5001 · Administrative Services	0.00	500.00	-500.00	0.0%
5002 · Awards	0.00	500.00	-500.00	0.0%
5003 · Bank Charges/Credit Card Fees	2,004.32	36,000.00	-33,995.68	5.57%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	0.00	12,500.00	-12,500.00	0.0%
5015 · Materials/Printing/Design	0.00	3,000.00	-3,000.00	0.0%
5016 · Travel	0.00	2,500.00	-2,500.00	0.0%
5017 · UC Berkeley	0.00	216,000.00	-216,000.00	0.0%
Total 5010 · Berkeley & Symposium	0.00	248,700.00	-248,700.00	0.0%
5020 · Webinar Symposium				
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	0.00	20,000.00	-20,000.00	0.0%
5041 · Consulting	6,582.00	19,992.00	-13,410.00	32.92%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	60,000.00	-60,000.00	0.0%
5052 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	65,000.00	-65,000.00	0.0%
5054.2 · Conference	0.00	15,000.00	-15,000.00	0.0%
5054.3 · Food & Beverage	0.00	250,000.00	-250,000.00	0.0%
5054 · Hotel - Other	0.00	0.00	0.00	0.0%
Total 5054 · Hotel	0.00	330,000.00	-330,000.00	0.0%
5055 · Program Material	0.00	25,000.00	-25,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%
5057 · Supplies	0.00	500.00	-500.00	0.0%
5058 · Travel	0.00	15,000.00	-15,000.00	0.0%

7:44 PM
09/14/21
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	$ Over Budget	% of Budget
5050 · Fall Conference - Other	0.00	0.00	0.00	0.0%
Total 5050 · Fall Conference	0.00	489,500.00	-489,500.00	0.0%
5070 · Insurance	0.00	5,000.00	-5,000.00	0.0%
5071 · Legal & Professional Fees	0.00	35,000.00	-35,000.00	0.0%
5072 · Legislative Advocacy	10,002.00	60,012.00	-50,010.00	16.67%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	0.00	20,000.00	-20,000.00	0.0%
5083 · Magazine - Other	0.00	5,200.00	-5,200.00	0.0%
5080 · Magazine - Other	0.00	0.00	0.00	0.0%
Total 5080 · Magazine	0.00	25,800.00	-25,800.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	0.00	25,000.00	-25,000.00	0.0%
6001.2 · Printing/Supplies	0.00	4,000.00	-4,000.00	0.0%
6001.3 · Travel - BOD Meetings	0.00	11,000.00	-11,000.00	0.0%
6001.4 · Travel - Miscellaneous BOD	0.00	3,500.00	-3,500.00	0.0%
6001.5 · Board Of Directors - Other	0.00	3,000.00	-3,000.00	0.0%
Total 6001 · Board of Directors	0.00	46,500.00	-46,500.00	0.0%
6002 · Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 · Board & Committees	0.00	49,250.00	-49,250.00	0.0%
6010 · Office Expenses / Supplies	0.00	2,500.00	-2,500.00	0.0%
6011 · Postage & Delivery	274.96	3,000.00	-2,725.04	9.17%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	60,000.00	-60,000.00	0.0%
6022 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
6023 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	65,000.00	-65,000.00	0.0%
6024.2 · Conference	0.00	0.00	0.00	0.0%
6024.4 · Hotel - Other	0.00	25,000.00	-25,000.00	0.0%
6024 · Hotel - Other	0.00	0.00	0.00	0.0%
Total 6024 · Hotel	0.00	90,000.00	-90,000.00	0.0%
6025 · Program Material	0.00	25,000.00	-25,000.00	0.0%
6026 · Speakers	0.00	50,000.00	-50,000.00	0.0%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	0.00	15,000.00	-15,000.00	0.0%
6020 · Spring Conference - Other	1,107.95			
Total 6020 · Spring Conference	1,107.95	250,000.00	-248,892.05	0.44%
6050 · Strategic Facilitator	0.00	15,000.00	-15,000.00	0.0%
6051 · Taxes & Licenses	0.00	50.00	-50.00	0.0%
6053 · Technology/AMS/Website	7,711.12	45,000.00	-37,288.88	17.14%
6054 · Travel	921.90	7,500.00	-6,578.10	12.29%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	$ Over Budget	% of Budget
Total Expense	58,604.25	1,539,804.00	-1,481,199.75	3.81%
Net Ordinary Income	19,611.70	-81,637.55	101,249.25	-24.02%
	19,611.70	**-81,637.55**	**101,249.25**	**-24.02%**

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
ANNUAL BUDGET
JULY 2021

	Budget
Ordinary Income/Expense	
Income	
4100 · Membership Dues	
4101 · Affiliates	268,750.00
4102 · Non Profit - Organizations	2,750.00
4103 · Non Profit - Systems	6,000.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
4100 · Membership Dues - Other	0.00
Total 4100 · Membership Dues	371,500.00
4200 · Webinar Symposium Registration	
4201 · Affiliates - Early	200.00
4202 · Affiliates - Regular	200.00
4203 · Affiliates - Late/Onsite	200.00
4204 · Non Profit	200.00
4205 · Systems	200.00
4206 · Non-Members	200.00
4200 · Webinar Symposium Registration - Other	0.00
Total 4200 · Webinar Symposium Registration	1,200.00
4250 · Product Income	
4255 · Magazine Advertising	2,000.00
Total 4250 · Product Income	2,000.00
4270 · UC Berkeley Program	
4271 · Registrations	60,000.00
4272 · Sponsorships	40,000.00
4270 · UC Berkeley Program - Other	0.00
Total 4270 · UC Berkeley Program	100,000.00
4300 · Fall Conference Registration	
4301 · Affiliates - Early	140,000.00
4302 · Affiliates - Regular	60,000.00
4303 · Affiliates - Late/Onsite	70,400.00
4304 · Non Profit	960.00
4305 · Systems	20,000.00
4306 · Non-Members	200,250.00
4307 · Fun Run	500.00
4308 · Yoga	100.00
4300 · Fall Conference Registration - Other	0.00
Total 4300 · Fall Conference Registration	492,210.00
4350 · Spring Conference Registration	
4351 · Affiliates - Early	140,000.00
4352 · Affiliates - Regular	60,000.00
4353 · Affiliates - Late/Onsite	70,400.00
4354 · Non Profit	960.00
4355 · Systems	20,000.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
ANNUAL BUDGET
JULY 2021

	Budget
4356 · Non-Members	200,250.00
4357 · Fun Run	500.00
4358 · Yoga	100.00
Total 4350 · Spring Conference Registration	492,210.00
4900 · Interest Earned	-953.55
Total Income	1,458,166.45
Gross Profit	1,458,166.45
Expense	
5000 · Administrative Fee	180,000.00
5001 · Administrative Services	500.00
5002 · Awards	500.00
5003 · Bank Charges/Credit Card Fees	36,000.00
5010 · Berkeley & Symposium	
5011 · Audio/Visual	2,200.00
5013 · Hotel	12,500.00
5014 · Food & Beverage	12,500.00
5015 · Materials/Printing/Design	3,000.00
5016 · Travel	2,500.00
5017 · UC Berkeley	216,000.00
Total 5010 · Berkeley & Symposium	248,700.00
5020 · Webinar Symposium	
5022 · Webinar Technology	25,000.00
Total 5020 · Webinar Symposium	25,000.00
5030 · CERL	
5031 · Materials/Printing/Design	16,500.00
5032 · Shipping	1,300.00
Total 5030 · CERL	17,800.00
5040 · Commissions & Fees	20,000.00
5041 · Consulting	19,992.00
5042 · Dues & Subscriptions	3,700.00
5050 · Fall Conference	
5051 · Audio/Visual	60,000.00
5052 · Delivery & Shipping	2,500.00
5053 · Entertainment	6,500.00
5054 · Hotel	
5054.1 · Wednesday Night Event	65,000.00
5054.2 · Conference	15,000.00
5054.3 · Food & Beverage	250,000.00
5054 · Hotel - Other	0.00
Total 5054 · Hotel	330,000.00
5055 · Program Material	25,000.00
5056 · Speakers	50,000.00
5057 · Supplies	500.00
5058 · Travel	15,000.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
ANNUAL BUDGET
JULY 2021

	Budget
5050 · Fall Conference - Other	0.00
Total 5050 · Fall Conference	489,500.00
5070 · Insurance	5,000.00
5071 · Legal & Professional Fees	35,000.00
5072 · Legislative Advocacy	60,012.00
5080 · Magazine	
5081 · Delivery & Shipping	600.00
5082 · Design/Printing/Etc.	20,000.00
5083 · Magazine - Other	5,200.00
5080 · Magazine - Other	0.00
Total 5080 · Magazine	25,800.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	25,000.00
6001.2 · Printing/Supplies	4,000.00
6001.3 · Travel - BOD Meetings	11,000.00
6001.4 · Travel - Miscellaneous BOD	3,500.00
6001.5 · Board Of Directors - Other	3,000.00
Total 6001 · Board of Directors	46,500.00
6002 · Legislative Committee Meetings	250.00
6003 · Program Committee Meetings	2,500.00
Total 6000 · Board & Committees	49,250.00
6010 · Office Expenses / Supplies	2,500.00
6011 · Postage & Delivery	3,000.00
6020 · Spring Conference	
6021 · Audio/Visual	60,000.00
6022 · Delivery & Shipping	2,500.00
6023 · Entertainment	6,500.00
6024 · Hotel	
6024.1 · Wednesday Night Event	65,000.00
6024.2 · Conference	0.00
6024.4 · Hotel - Other	25,000.00
6024 · Hotel - Other	0.00
Total 6024 · Hotel	90,000.00
6025 · Program Material	25,000.00
6026 · Speakers	50,000.00
6027 · Supplies	1,000.00
6028 · Travel	15,000.00
6020 · Spring Conference - Other	
Total 6020 · Spring Conference	250,000.00
6050 · Strategic Facilitator	15,000.00
6051 · Taxes & Licenses	50.00
6053 · Technology/AMS/Website	45,000.00
6054 · Travel	7,500.00

	Budget
Total Expense	1,539,804.00
Net Ordinary Income	-81,637.55
Net Income	**-81,637.55**

4. SACRS President Report - No Action
Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

No printed materials for this item

5. SACRS Legislative Committee Update – Action
Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2021 Legislative Report – No Action
B. SACRS Board of Directors Legislative Proposal – Action

EDELSTEIN GILBERT ROBSON & SMITH LLC

Donald B. Gilbert Michael R. Robson Trent E. Smith Jason D. Ikerd Associate Bridget E. McGowan Associate

October 7, 2021

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: Legislative Update – October 2021

General Update

The Legislature adjourned for interim recess on September 10 after passing roughly 700 bills out of the Legislature and onto the Governor's desk. The Governor has until October 10 to consider these bills. Below is an update on the outcomes of the bills SACRS has been following closely.

Legislation of Interest

SB 634 (Committee on Labor, Public Employment, and Retirement) - SACRS Sponsored Bill. This bill makes a few clarifying changes to the CERL, including clarifying that a 37 Act Retirement board may contract with a private physician to provide medical advice to the board to process disability claims and changing an obsolete code reference related to when a 37 Act system member may opt to continue as a member of the 37 Act system instead of enrolling in CalSTRS.

The Governor signed this bill into law on September 16.

AB 361 (Rivas) - Virtual Meetings for Declared Emergencies. This bill is sponsored by the CA Special Districts Association and would codify the Governor's Executive Order allowing for teleconference for declared emergencies. The bill would require local agencies to re-declare an emergency every 30 days that would then allow them to continue meeting remotely.

Recent amendments add an urgency clause so the bill will go into effect immediately after it is signed.

The Governor signed this bill into law on September 16. Because the existing Brown Act Executive Order expired on September 30, the Governor also issued an Executive Order to make the provisions of AB 361 effective October 1, so the two standards do not conflict.

AB 339 (Lee) – Large City Council and Board of Supervisor Public Meetings – This bill would require until December 31, 2023 that city councils and boards of supervisors in jurisdictions over 250,000 residents provide both in person and teleconference options for the public to attend their meetings.

The bill is currently on the Governor's desk.

AB 826 (Irwin) - Compensation Earnable. Late into session, this bill was amended into a bill that prescribes that the definition of compensation earnable in CERL includes any form of remuneration, whether paid in cash or as in-kind benefits, if certain requirements are met.

The bill is co-sponsored by SEIU and the Ventura County Board of Supervisors. They argue that some pay items, like their Flexible Benefit Allowance was not clearly addressed in the *Alameda* decision and should not be excluded, because members receive the full cash value, it is a regular, set amount paid every pay period, and it isn't subject to pension spiking or any other manipulation.

In the final days of session, the bill was amended to clarify that the provisions of the bill only apply to Ventura County.

SACRS does not have a position on the bill.

The bill was moved to the inactive file before the Legislature adjourned, making it a two-year bill.

AB 498 (Quirk-Silva) – Compensation Earnable. At the end of session, Assemblymember Quirk-Silva amended her AB 498 to attempt to address a difference of opinion regarding compensation earnable, similar to AB 826 (Irwin) discussed above. Because the bill was just amended, it did not move at the end of session and will be considered next year when the Legislature returns in January.

AB 845 (Rodriguez) - COVID-19 Presumption. This bill creates a rebuttable presumption for members that a COVID-19 related illness contracted on the job must be eligible for an in-service disability retirement. The provisions sunset January 1, 2023. The bill is sponsored by SEIU. The co-chairs of the Legislative Committee have been closely engaged with the sponsor and committee staff working on the legislation to ensure smooth implementation in CERL Systems.

This bill was signed into law by the Governor on July 23.

September 20, 2021

RE: SACRS-Sponsored Legislation in 2022

Dear SACRS Board of Directors,

The SACRS Legislative Committee recommends that SACRS sponsor legislation in 2022 to amend various sections of the County Employees' Retirement Law of 1937 (CERL).

At its September 17, 2021 meeting, the Legislative Committee approved bill language for a CERL Omnibus Bill and recommended approval by the SACRS Board of Directors. If approved by the SACRS membership at the Fall Conference, the bill language can be introduced in January 2022 for consideration during the 2022 legislative session.

The enclosed language reflects the work of Legislative Committee members, in collaboration with system administrators, over the past year to develop non-controversial, technical, and clarifying amendments to the CERL.

A summary matrix and draft bill language are attached.

If you have questions or would like to provide additional feedback, please contact us at dnelsen@acera.org or sterne@saccounty.net.

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENTS

- Summary Matrix
- Draft Bill Language

2022 CERL Clean-Up Bill

Issue	Gov Code	Topic	Issue/Justification
1	31452.7	Beneficiaries - Designating Estate	This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.
2	31525	Board of Supervisor approval of Board of Retirement regulations	This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop.162 in 1992. Adoption of regulations is part of the BOR's duty to administer the system.
3	31641.4	Prior Service -- Military Reserve Service	This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in Cantwell v. San Mateo County, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.
4	31646	Service Purchase for FMLA Leave	This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.
5	31646.XX	Furloughs	This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

6	31680.2	Post-Retirement Employment	This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.
7	31725.7 31760	Disability Retirement: Optional Allowances	This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.
8	31726 31726.5	Nonservice-connected disability	This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.
9	31730	Disability -- Reinstatement	This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.
10	31761 31762 31763 31764	Beneficiary Designation	This amendment would insert the word “natural” in front of the phrase “person having an insurable interest in his or her life” to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.
11	31781	Lump Sum Death Benefit	This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member’s death.

12	31838.5	Concurrent Retirement: Disability	Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.

Issue 1: 31452.7 – Beneficiaries Designating Estate

This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.

Section 31452.7 of the Government Code is amended to read:

(a) Upon the death of any member after retirement, any retirement allowance earned but not yet paid to the member shall, notwithstanding any other provision of law, be paid to the member’s designated beneficiary.

(b) Upon the death of any person receiving a survivor’s allowance under this chapter, any allowance earned but not yet paid to the survivor shall, notwithstanding any other provision of law, be paid to the survivor’s designated beneficiary.

(c) For purposes of this section, “beneficiary” includes, but is not limited to, a corporation, a trust, or an estate.

Issue 2: 31525 – BOR Regulations

This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop.162 in 1992. Adoption of regulations is part of the BOR’s duty to administer the system.

Section 31525 of the Government Code is amended to read:

The board may make regulations not inconsistent with this chapter**, the Public Employees’ Pension Reform Act of 2013, The California Pension Protection Act of 1992, and any other provisions of law applicable to county retirement systems.** ~~The regulations become effective when approved by the board of supervisors.~~

Issue 3: 31641.4 -- Prior Military Reserve Service

This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a *conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in Cantwell v. San Mateo County, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.*

Section 31641.4 of the Government Code is amended to read:

A member shall receive credit for employment in public service only for such service as he is not entitled to receive a pension or retirement allowance from such public agency. The service for which he elects to contribute and the fact that no pension or retirement allowance will accrue to such member by virtue of his employment in such public agency must be certified to by an officer of the public agency where he rendered such public service or must be established to the satisfaction of the board. **Nothing in this paragraph prohibits a member from receiving credit for a period of federal public service where federal law expressly permits such credit even though the member is already entitled to receive a pension or retirement allowance from that service (*Cantwell v. San Mateo County*, 631 F.2d 631 (9th Cir. 1980)).**

Issue 4: 31646 – Credit for Uncompensated Leave of Absence for Illness; Parental Leave; Conditions

This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.

Section 31646 of the Government Code is amended to read:

(a) A member who returns to active service following an uncompensated leave of absence on account of illness may receive service credit for the period of the absence upon the payment of the contributions that the member would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(b) (1) A member who returns to active service following an uncompensated leave of absence on account of parental leave may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to parental leave that commences after the adoption by the board of supervisors.

(c) (1) A member who returns to active service following an uncompensated leave of absence on account of the serious illness of a family member when the absence is eligible for coverage under the Family Medical Leave Act, 29 U.S.C. section 2601 et. seq., or the California Family Rights Act, Government Code section 12945 et. seq., may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, leave on account of illness of a family member is defined as any time, up to one year, during which a member is granted an approved leave to care for a seriously ill family member and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to leave that commences after the adoption by the board of supervisors.

Issue 5: 31646.XX – Furloughs

This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

Section 31646.XX of the Government Code is added to read:

The board may grant members who are subject to a temporary mandatory furlough the same service credit and "compensation earnable" or "pensionable compensation" to which the members would have been entitled in the absence of the temporary mandatory furlough. The board may condition such grant on the receipt of additional member and/or employer contributions that the board

determines are necessary to fund any benefits granted under this section on an actuarially sound basis.

For the purposes of this section, a “temporary mandatory furlough” refers to time during which a member is directed to be absent from work without pay for up to one quarter of the member’s normal working hours, with such reduced working hours in place for no longer than two years.

Issue 6: 31680.20 – Postretirement Employment

This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.

Section 31680.20 of the Government Code is added to read:

A person who is retired under this chapter may serve without reinstatement from retirement or loss or interruption of benefits under this chapter or the Public Employees’ Pension Reform Act of 2013 provided the service is on a part-time state, county, city, district, or other political subdivision board or commission. A retired person whose employment without reinstatement is authorized by this subdivision shall acquire no benefits, service credit, or retirement rights with respect to the employment. Part-time service is limited to less than 20 hours per week, and salary or stipend of the part-time service may not exceed $60,000 annually.

Issue 7: 31725.7, 31760 – Disability Retirement: Optional Allowances

This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.

Section 31725.7 of the Government Code is amended to read:

(a) At any time after filing an application for disability retirement with the board, the member may, if eligible, apply for, and the board in its discretion may grant, a service retirement allowance pending the determination of his or her entitlement to disability retirement. If he or she is found to be eligible for disability retirement, appropriate adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

(b) Notwithstanding subdivision (a), this section shall also apply to a member retired for service who subsequently files an application for disability retirement with the board. If he or she is found to be eligible for disability retirement, appropriate adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

~~(b)~~**(c)** This section shall not be construed to authorize a member to receive more than one type of retirement allowance for the same period of time nor to entitle any beneficiary to receive benefits which the beneficiary would not otherwise have been entitled to receive under the type of retirement which the member is finally determined to have been entitled. In the event a member retired for service is found not to be entitled to disability retirement he or she shall not be entitled to return to his or her job as provided in Section 31725.

~~(c)~~**(d)** If the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary shall be as selected by the member at the time of retirement for service. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall also be binding as to the type of allowance the member receives if the member is awarded a disability retirement.

~~(d)~~**(e)** Notwithstanding subdivision ~~(c)~~**(d),** if the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary may be as selected by the member at the time of retirement for service, or as if the member had selected an unmodified allowance. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall not be binding as to the type of allowance the member receives if the member is awarded a disability retirement. A change to the optional or unmodified type of allowance shall be made only at the time a member is awarded a disability retirement and the change shall be retroactive to the service retirement date and benefits previously paid shall be adjusted. If a change to the optional or unmodified type of allowance is not made, the benefit shall be adjusted to reflect the differences in retirement benefits previously received. This paragraph shall only apply to members who retire on or after January 1, 1999.

Section 31760 of the Government Code is amended to read:

(a) Except as provided in subdivisions **(b) and (c),** until the first payment of any retirement allowance is made, a member or retired member, in lieu of the retirement allowance for the member's life alone, may elect to have the actuarial equivalent of his or her retirement allowance as of the date of retirement applied to a lesser retirement allowance payable throughout life in accordance with one of the optional settlements specified in this article.

(b) Notwithstanding subdivision (a), a member who applies for disability and is subsequently granted a service retirement pending a determination of entitlement to disability may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

(c) Notwithstanding subdivision (a), a member retired for service who applies for and is subsequently granted a disability retirement may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

Issue 8: Sections 31726 and 31726.5: Nonservice-connected disability

This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.

Section 31726 of the Government Code is amended to read:

(a) Upon retirement for ~~non-service~~**nonservice**-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

(b) Every member under age 65 who is retired for ~~non-service~~**nonservice**-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State~~**Public** Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

~~(a)~~**(1)** The sum to which he or she would be entitled as service retirement**; or**

~~(b)~~**(2)** A sum which shall consist of ~~any of the following~~:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5 of the Government Code is amended to read:

(a) Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance.

(b) Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

~~(a)~~**(1)** The sum to which he or she would be entitled to as service retirement; or

~~(b)~~**(2)** A sum which shall consist of:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district.

~~Paragraph 3~~**Subparagraph (C)** shall only apply to a person who becomes a member of the association on or after January 1, 1988.

Issue 9: 31730 – Disability Reinstatement

This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.

Section 31730 of the Government Code is amended to read as follows:

(a) If the board determines that the beneficiary is not incapacitated, and his or her employer offers to reinstate that beneficiary, his or her retirement allowance shall be canceled forthwith, and he or she shall be reinstated in the county service pursuant to the regulations of the county or district for reemployment of personnel.

(b) If the board determines that the beneficiary is not incapacitated, and his or her employer does not offer to reinstate that beneficiary, notwithstanding any requirement of this chapter regarding eligibility therefor, his or her retirement allowance shall be reclassified to a service retirement in the same amount and subject to any applicable future cost of living adjustments. The optional or unmodified type of allowance selected by the beneficiary at the time of retirement for disability shall be binding as to the service retirement.

Issue 10: 31761, 31762, 31763, and 31764 – Optional Retirement Allowances:

This amendment would insert the word "natural" in front of the phrase "person having an insurable interest in his or her life" to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.

Sections 31761, 31762, 31763, and 31764 of the Government Code are amended to read:

31761 – Optional settlement 1 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and, if he or she dies before he or she receives in annuity payments the amount of his or her accumulated contributions at retirement, to have the balance at death paid to his or her estate or to the **natural** person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board.

31762 – Optional settlement 2 consists of the right to elect in writing to have a retirement allowance paid to him or her until his or her death, and thereafter to the **natural** person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31763 – Optional settlement 3 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death, and thereafter to have one-half of his or her retirement allowance paid to the **natural** person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31764 – Optional settlement 4 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and thereafter to have other benefits as are approved by the board, upon the advice of the actuary, continued throughout the life of and paid to the **natural** persons, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement. The designation shall not, in the opinion of the board and the actuary, place any additional burden upon the retirement system.

Issue 11: 31781 – Death Benefit; Elements

This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member's death.

Section 31781 of the Government Code is amended to read:

The death benefit shall consist of:
(a) The member's accumulated contributions.
(b) An amount, provided from contributions by the county or district, equal to one-twelfth of the annual compensation earnable or pensionable compensation as defined in Section 7522.34, whichever is applicable, by the deceased during the 12 months immediately preceding his death, multiplied by the number of completed years of service under the system, but not to exceed 50 percent of such annual compensation. **The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence.**

Issue 12: 31838.5 – Concurrent Retirement; Disability

Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.

Section 31838.5 of the Government Code is amended to read:

No provision of this chapter shall be construed to authorize any member, credited with service in more than one entity and who is eligible for a disability allowance, whether service connected or nonservice connected to receive an amount from one county that, when combined with any amount from other counties or the Public Employees' Retirement System, results in a disability allowance greater than the amount the member would have received had all the member's service been with only one entity.

In cases of service-connected disability allowances only, the limitation on disability allowances provided for in this section shall apply to service-connected disability allowances payable to those who, after being employed with another county or an entity within the Public Employees' Retirement System, become employed by a second public entity on or after January 1, 1984.

Each entity shall calculate its respective obligations based upon the member's service with that entity and each shall adjust its payment on a pro rata basis. **If, however, another entity does not reduce the amount it pays the member, an entity subject to this section shall reduce the allowance it pays the member by as much as necessary to ensure that the member does not receive a disability allowance greater than the amount the member would have received had all the member's service been with only one entity**.

6. SACRS Nomination Committee – 2022-2023 SACRS Election Notice – No Action
Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2022-2023

August 24, 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 2022-2023 - Elections Notice

SACRS BOD 2022-2023 election process will begin January 2022. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2022	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, 2022	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 13, 2022	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 13, 2022	Board of Directors take office for 1 year

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

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

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

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

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

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

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

The elections will be held at the SACRS Spring Conference May 10 – 13, 2022 at the Rancho Las Palmas, Rancho Mirage, CA. Elections will be held during the Annual Business meeting on Friday, May 13,2022.

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

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

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

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

SACRS Nomination Submission Form
SACRS Board of Directors Elections 2022-2023

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, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

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

7. SACRS Audit Report – No Action
Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Annual Audit Update

No printed materials for this item

8. SACRS Education Committee Report – No Action
JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Fall Conference 2021 Evaluations/Feedback

No printed materials for this item

9. SACRS Program Committee Report – No Action
Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

A. SACRS Annual Fall Conference 2021 report

No printed materials for this item

10. SACRS Affiliate Committee Report – No Action
Scott Draper, Algert Global, SACRS Affiliate Committee Chair

A. Affiliate Committee report

No printed materials for this item

11. SACRS Bylaws Committee Report – No Action
Chair Position Open, SACRS Bylaws Committee Chair

A. No report

No printed materials for this item

12. SACRS Fall Conference Breakout Reports – No Action
A representative from each breakout will give report on their meetings.

A. Administrators
B. Counsel
C. Disability/ Operations & Benefits Combo
D. Internal Auditors
E. Investment Officers
F. Safety Trustees
G. General Trustees

No printed materials for this item

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2022 at the Rancho Las Palmas Hotel in Rancho Mirage, CA.

THE NCPERS MONITOR

The Latest in Legislative News

October 2021

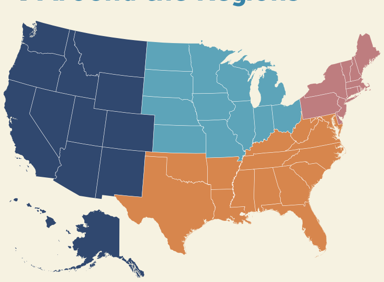
In This Issue

Photo Illustration © 2021, istock.com

There are three potentially harmful federal tax changes that the public pension community is monitoring closely. I discussed these issues – Unrelated Business Income Tax, Rothification, and the Financial Transactions Tax – in some detail in last month's NCPERS Monitor.

Photo Illustration © 2021, istock.com

More than 18 months have passed since the Covid-19 shutdown began in March 2020, forcing organizations across the country to equip employees to work remotely and find new ways to serve customers.



This month, we will highlight Pennsylvania, Missouri, Texas and California.

Auto-IRAs and New Fintech Options Are Changing The Face of Private Sector Retirement Savings

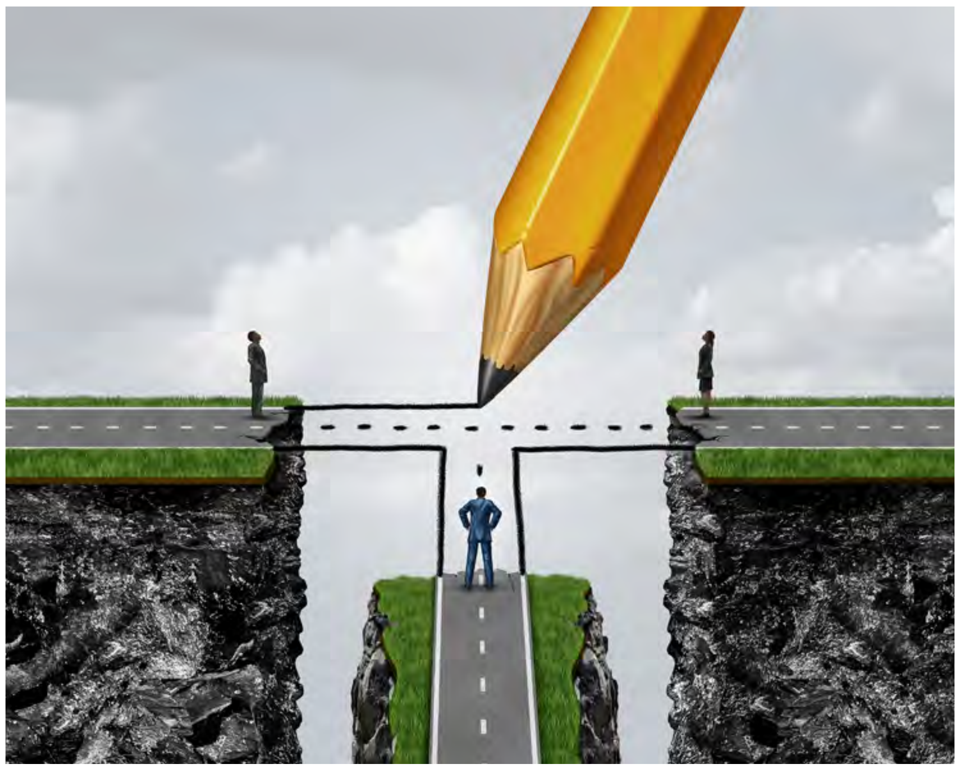


Photo Illustration © 2021, istock.com

Transformative changes are afoot in the creation of retirement savings options for private-sector workers.

Two trends are converging: First, state-sponsored auto-IRA programs and pooled employer plans are emerging as cost-effective options that place little to no burden on employers. At the same time, the rise of fintech is accelerating innovation and competition for business, making more options feasible for small businesses.

"Tens of millions of people aren't participating in retirement plans," says Jeff Schneble, CEO of San Francisco-based Human Interest, a retirement plan platform that is also a registered investment adviser (RIA) said in an interview with *PlanSponsor*. He said the disruption of old models is just getting underway.

CONTINUED ON PAGE 5

Latest Developments

By Tony Roda

Photo illustration © 2021, iStock.com

There are three potentially harmful federal tax changes that the public pension community is monitoring closely. I discussed these issues – Unrelated Business Income Tax, Rothification, and the Financial Transactions Tax – in some detail in last month's NCPERS Monitor. I'm pleased to report that, thus far, of the three issues only Rothification is receiving any serious consideration by this Congress.

Rothification means requiring that all future contributions to defined contribution (DC) plans be made with after-tax, not pre-tax, dollars. This requirement would accelerate taxes into earlier budget years and produce a revenue increase in the 10-year budget window. Be aware that the pending retirement-specific legislation, the SECURE Act 2.0 (H.R. 2954), contains a provision requiring all future, over-age-50, catch-up contributions be made under the Roth method. Congress's Joint Committee on Taxation estimates that the Roth mandate for catch-up contributions would increase federal revenues by 13.2 billion over 10 years. The provision, as currently written, would apply to tax years beginning after December 31, 2021.

The House is also working on the massive $3.5 trillion budget reconciliation bill, which will contain a mixture of expansions of some federal programs, new benefits, such as Medicare coverage of dental, vision, and hearing costs, tax cuts, and revenue increases to offset the new spending.

The revenue-producing provisions of the House budget reconciliation bill include new limitations on certain high-income taxpayers, which are defined as single filers or married taxpayers filing separately with taxable income over $400,000, heads of households with taxable income over $425,000, and married taxpayers filing jointly with taxable income over $450,000.

For these taxpayers the bill would prohibit further contributions to a Roth or traditional IRA for a taxable year if the total value of the individual's IRA and defined contribution retirement accounts, e.g., IRC Section 401(a) defined contribution plans (including 401(k) plans), 403(b) plans, and governmental 457(b) plans, generally exceeds $10 million as of the end of the prior tax year.

In such cases a special required minimum distribution (RMD) would be mandated. The RMD generally would be 50 percent of the amount by which the individual's prior year aggregate traditional IRA, Roth IRA, and defined contribution account balance exceeds $10 million. If the aggregate account balance exceeds $20 million, the RMD would be 100 percent of the amount needed to lower the balance to $20 million. In addition, Roth conversions would not be permitted for these high-income taxpayers.

Finally, the legislation would add a new annual reporting requirement for employer-sponsored defined contribution plans on aggregate account balances in excess of $2.5 million. The reporting would be both to the IRS and the plan participant whose balance is being reported. It is unclear why this data would be collected.

CONTINUED ON PAGE 6

18 Months into Pandemic, Pension Execs Confront Constant Challenges

Photo illustration © 2021, istock.com

More than 18 months have passed since the Covid-19 shutdown began in March 2020, forcing organizations across the country to equip employees to work remotely and find new ways to serve customers.

As the incidence of illness began to decline in late spring and early summer, many pension systems made plans to return to the office around Labor Day. The surge of the Delta variant changed that, and remote work—or a hybrid of remote and in-office work—is still the order of the day.

We recently checked in with a number of pension systems that were spotlighted in our *In the Front Lines* blog series in the spring of 2020. We found that with our second pandemic autumn now upon us, public pension systems are continuing to adapt. For example:

One point of complete agreement among these public pension executives was that in the aftermath of the Covid-19 shutdown, remote work is here to stay in some form.

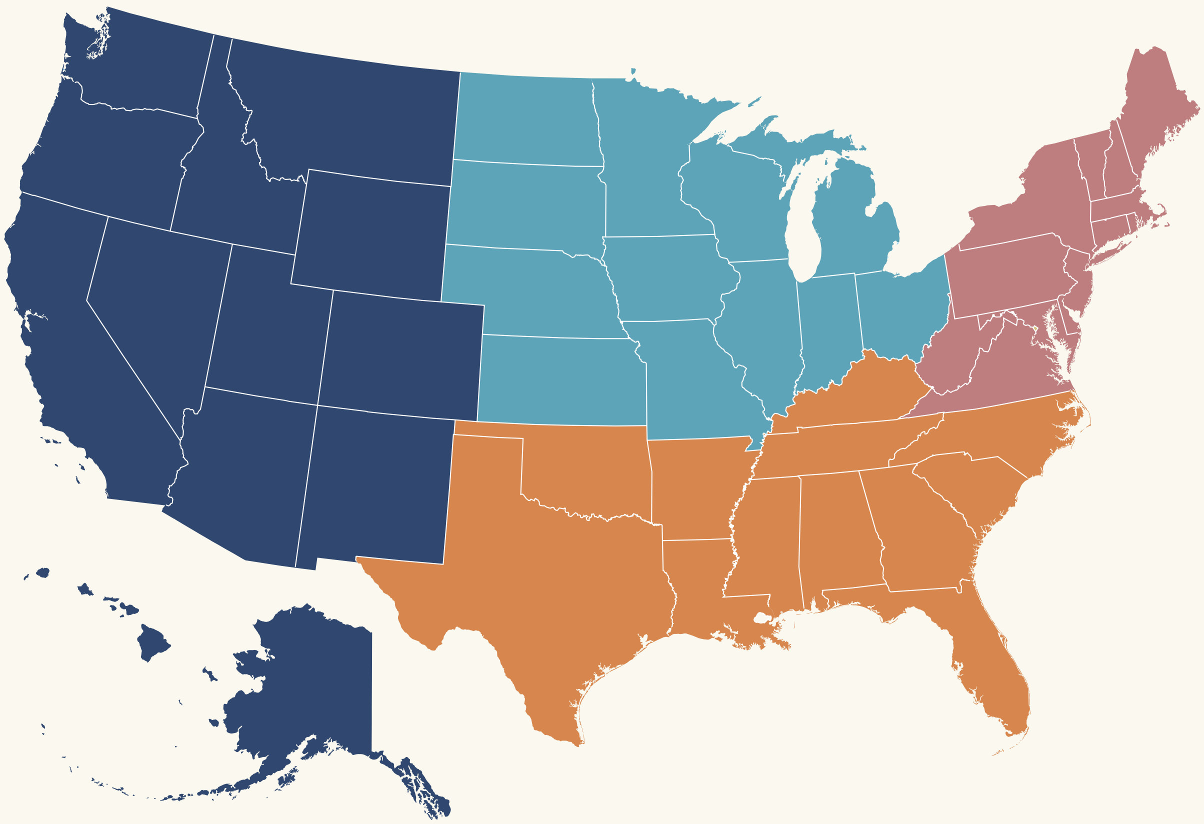
- In Austin, the Teachers Retirement System of Texas is refitting all its conference rooms to allow for hybrid meetings.
- In St. Paul, the Public Employees Retirement Association of Minnesota is pondering its space needs given that many workers will continue working remotely.
- In Manhattan, the Teachers Retirement System of the City of New York is trying to keep employees off crowded public transportation as long as the pandemic lingers.
- In Olympia, the Washington Department of Retirement Systems is dealing with a spike in call volume as employees weigh whether to retire before mandatory vaccination takes effect for public sector workers.

One point of complete agreement among these public pension executives was that in the aftermath of the Covid-19 shutdown, remote work is here to stay in some form. So is the more liberal use of videoconferencing to deliver member services.

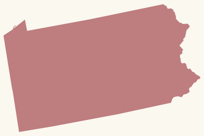
CONTINUED ON PAGE 6

NCPERS Around the Regions

This month, we will highlight Pennsylvania, Missouri, Texas and California.



NORTHEAST: Pennsylvania



With an op-ed published in the *Philadelphia Inquirer* on August 30, NCPERS sought to bring balance to the newspaper's one-sided investigative coverage of Pennsylvania's Public School Employees' Retirement System.

Writing for NCPERS, Executive Director and Counsel Hank Kim urged Pennsylvanians to look beyond the Inquirer's headlines when reading about PSERS' investment strategy and performance. While the newspaper continues to insist on comparing the fund's performance to index funds, Kim pointed out that this approach is a flawed way of thinking about any pension fund.

He drew an analogy to two runners on a track, both running a one-mile time trial. "Runner A records a time of 7 minutes on a flat track. Runner B does their trial on a grass hill with a 15-pound knapsack on their back and records a time of 7 minutes, 20 seconds. Who is faster?" Kim explained that the answer is not so simple. If you took away the incline and the additional weight, Runner B—analogous to PSERS—might prove to be the winner.

PSERS, which manages a $70 billion investment fund that provides retirement security for more than 500,000 active and retired educators in Pennsylvania, has found itself in the spotlight lately for underperforming its targets, Kim noted. Yet on Aug. 4, PSERS announced one of its biggest investment returns in the last 50 years, a 25% return that generated $12 billion. It is the highest in the last 26 years.

When examining a situation like this time trial or something more esoteric, like pension fund performance, it's important to understand that many pension funds have been impacted by

CONTINUED ON PAGE 7

AUTO-IRAS AND NEW FINTECH CONTINUED FROM PAGE 1

Schneble told *PlanSponsor* that nearly all his customers use robo-advisory services that invest in passive index funds. Human Interest is an open-architecture platform where plan sponsors can select their own lineups if they prefer from 2,000-plus funds in every major asset class, including the popular category of environmental, social and governance (ESG) funds.

Ubiquity Retirement + Savings, which has about $2.8 billion in assets, is also coming on strong in the fintech space. Its average plan size is 13 employees, even though very few companies under 20 employees have plans. Switching to Ubiquity from a traditional provider can mean plan savings of about 30% to 40%, he told PlanSponsor.

Meanwhile, the interest in auto-IRAs appears to be steady. Michigan residents of voting age are strongly in favor of establishing a state-run retirement savings option for private sector workers who lack access to a workplace retirement plan, according to a survey by AARP.

AARP surveyed voters between the ages of 25 and 64 to gauge sentiment about financial and retirement security and to determine their interest to public-private retirement savings plans. AARP Michigan said that 1.69 million people, about half the state's private sector workforce, are employed by an entity that does not offer a retirement plan.

Two-thirds of the respondents supported a state-run retirement savings option, and half said they are behind in planning and saving for retirement.

Some 83% agreed that state policymakers should take action to make it easier for all workers to save for retirement in a tax-advantaged way out of their regular paycheck. About the same proportion said it was important to be able to save for retirement in the workplace. Both figures broke down fairly evenly across political affiliations.

Eight in 10 respondents who don't have access to a retirement savings plan at work say they would take advantage of one if it was available. ◆

LATEST DEVELOPMENTS CONTINUED FROM PAGE 2

However, it is reasonable to conclude that changes to the tax rules affecting aggregate retirement account balances in excess of $2.5 million may be considered by Congress in the future.

The budget reconciliation bill is being negotiated among the Democrats in Congress and the Biden Administration. Republicans have made it clear that they will not support the Democrats' legislative agenda and are not participating in drafting the bill. The budget reconciliation rules, if followed precisely, allow passage of the bill in the Senate by a simple majority vote, rather than the 60-vote margin needed to break a threatened filibuster. It is an important tool when one party controls both chambers of Congress and the White House.

Please be aware that NCPERS will monitor these important issues. As significant events occur, we will keep you apprised. ◆

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

Working from home "has been a real game changer for us," said Doug Anderson, executive director of PERA, and something on the order of half the staff will not be returning to the office full-time. Employees have responded very positively to the arrangements, and moreover, they are productive.

Members appear to have adapted well to distancing and to new technology. "We offered video conferencing before the pandemic, but people didn't usually take us up on it," said Brian Guthrie, executive director of Texas TRS. Although members are now eager to come into the office for meetings, he expects a continued need for remote delivery of key information. "Now, as far as I'm concerned, we have a new tool in our tool box."

The increased focus on videoconferencing has been very positive news for member education efforts, said Patricia Reilly, executive director of New York City TRS. Previously, programs were delivered to rooms of 30 to 40 members. Since the pandemic began, "we've done member education for thousands of people who now get on a Zoom session. We're able to service a lot more of our members through online education."

At the Washington Department of Retirement Services, the pandemic has been anything but a quiet time. The department is replacing core pension systems and has remodeled its space, said Tracy Guerin, the department's director. And phones have been ringing steadily in the call center as some workers who are close to retirement age consider whether to comply with a vaccination mandate or put in their retirement papers.

The executives are on different points along the road to returning to the office, but they're in agreement on one point, articulated by Guerin: "You can't say closed forever. You've got to reopen the building. We're just trying to do that the most responsible way for our customers and our team."

Please check the NCPERS Blog as we check in again with the pension system executives we interviewed in 2020. ◆

AROUND THE REGIONS CONTINUED FROM PAGE 4

historically low funding levels, Kim wrote. In addition, like many pension funds, PSERS has a conservative, lower-risk portfolio that isn't intended to mirror the stock market's performance.

The great performance of many pension funds in 2021 is a reminder that "pension funds are long-term investment institutions," Kim wrote. "No single year, good or bad, should ever be a measure of performance. And even long-term measures of performance require context and history."

MIDWEST: Missouri

The Missouri State Employees' Retirement System returned a net 26.4% for fiscal year 2021, which ended June 30, according to a report on the pension fund's website.

The return exceeded the $9 billion fund's policy benchmark rate of 25.2%, which reflects what the returns would have been if the MOSERS portfolio had been invested passively according to its asset allocation. This is up from a net 5.2% return in the 2020 fiscal year.

MOSERS also exceeded its policy benchmark rate for the three, five, 10, and 20 years ended June 30. It returned annualized net returns of 11.5%, 9.1%, 7.3%, and 7.2% for those periods, versus policy benchmark returns of 9.4%, 6.9%, 6.6%, and 6.2%. The five-year returns were reported by *Pensions & Investments*; the others were posted on the MOSERS website.

As of June 30, MOSERS had a target asset allocation of 21% to global equities; 18% each to Treasury inflation-protected securities and long Treasuries; 11% global private equity; 7% each to core bonds and alternative beta; 4% each to private credit, hedge funds and public real assets; and 3% each to private real assets and commodities. Actual asset allocation at the end of the fiscal year was within two percentage points for all asset classes.

SOUTH: Texas

A new law that took effect in Texas on September 1 that revises provisions for developing the public retirement system's funding policy. HR 3898 was signed into law by Governor Greg Abbott, a Republican on June 18.

The new law expands requirements for mandatory plan funding policies, adjusts the conditions under which a system would have to establish or revise a funding soundness restoration plan, and intensifies periodic independent reviews of plan investment practices. The bill similarly revises provisions relating to unitary retirement systems for certain municipalities.

The Texas legislature made the changes to improve the financial viability of the numerous state and local plans in the state. In all, 25 out of 93 public retirement plans had amortization periods greater than 40 years, an increase of over 200% since 2000, and only one plan had an amortization period of zero.

Under the new law, plans must work jointly with their sponsoring entity to develop and adopt a written funding policy, and must offer a detailed plan for attaining a funded ratio of at least 100%.

The law also changed the rules for funding soundness restoration plans. Effective September 1, 2025, a plan requirement will be triggered if the plan's expected funded ration exceeds 40 years or exceeds 30 years and the funded ratio of the plan is less than 65%.

The law imposes new ethical requirements related to independent reviews of investment practices. The independent firm is required to summarize its expertise, state that its experience meets state requirements, disclose any existing relationships between the independent firm and the plan, confirm that neither the independent firm nor its affiliates are involved in managing investments of the plan, list the types of compensation it receives from sources other than the plan for services to the plan, and identify any potential conflicts of interest or appearances of conflicts that could impact independent analysis.

CONTINUED ON PAGE 8

AROUND THE REGIONS CONTINUED FROM PAGE 7

WEST: California

Two union-backed candidates, David Miller and Jose Luis Pacheco, were elected to the two Member-at-Large seats on the CalPERS Board of Administration, CalPERS announced October 1. Their four-year terms begin on January 16, 2022.

The results are unofficial, pending formal certification by the California Secretary of State in November.

Miller, an environmental scientist, was re-elected, receiving 73% of the vote in his race, versus 27% for challenger Tiffany Emon-Moran, a retired police officer. Pacheco, a community college IT administrator, defeated the incumbent, receiving 62% of the votes in his race, versus 38% for Margaret Brown, a retired school administrator.

The 13-member CalPERS Board sets policy for retirement and health benefits on behalf of California public employers, and their active and retired employees. The board also oversees asset allocation of the pension fund's investments.

Five California state employee unions, SEIU California, the California School Employees Association, the California Teachers Association and other unions supported the winning candidates.

"We worked hard to elect David Miller and Jose Luis Pacheco because we know we can trust their experienced, pro-worker leadership," Riko Mendez, chief elected officer of SEIU Local 521 and an SEIU California board member, said in a prepared statement. ◆

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Calendar of Events 2022

May

Trustee Educational Seminar (TEDS)
May 21 – 22
Washington, DC

Program for Advanced Trustee Studies (PATS)
May 21 – 22
Washington, DC

NCPERS Accredited Fiduciary (NAF) Program
May 21 – 22
Washington, DC

Annual Conference & Exhibition (ACE)
May 22 – 25
Washington, DC

October

Public Safety Conference
October 25 – 28
Nashville, TN

The Voice for Public Pensions

The Monitor is published by the National Conference on Public Employee Retirement Systems.
Website: www.NCPERS.org • E-mail: amanda@ncpers.org

AMERICAN ACADEMY *of* ACTUARIES

Issue Brief

Asset Allocation and the Investment Return Assumption

JULY 2020

Key Points

- The expected investment return for a pension plan's assets is used as the discount rate for public and multiemployer pension plan valuations and is sometimes referred to as the "actuarial" rate of return.
- The investment return assumption used to measure pension liabilities is sometimes treated as a return target for determining the asset allocation for a pension fund. This practice can lead to increased investment risk.
- Investment risk should generally be reduced as a plan matures.

Don't Put the Cart Before the Horse

The expected investment return for a pension plan's assets is used as the discount rate[1] for public and multiemployer pension plan valuations[2] and is sometimes referred to as the "actuarial" rate of return. This assumption often has a greater impact on the pension liability than any other assumption and is the subject of much analysis and commentary. However, the investment return assumption is sometimes used as a return target for determining the plan's asset allocation. This issue brief discusses why the investment return assumption should be determined based on the asset allocation, not the other way around.

Which Comes First?

Asset allocation is determined in the context of an investment policy that lays out the objectives, duties, policies, and procedures related to the plan investments. The level of investment risk should be consistent with the objectives of plan fiduciaries and the plan sponsors. Market valuations for the various asset classes and other factors are typically part of the analysis used to determine the asset allocation. After the asset allocation is set, then the assumption for the expected return can be determined. If the risk and return objectives or the assessment of market conditions change, then the strategic asset allocation can be revisited. The expected return is then reevaluated based on the plan's new asset allocation and a set of capital market assumptions.

1 A discount rate is used to calculate present values of expected future payments. For example, if $100 is owed in one year and the discount rate is 5%, then the present value of the $100 promise is $100 / (1 + 5%) = $95.24. Note that if the discount rate were 4%, then the present value would be $100 / (1 + 4%) = $96.15. When the discount rate is lowered, the present value increases.

2 Public and multiemployer pension plans use the expected return on assets as a discount rate to determine plan liabilities and normal cost as discussed in this issue brief. This issue brief is less relevant for corporate pensions, which generally use discount rates based on current fixed income yields.

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Craig Hanna, Director of Public Policy
Linda K. Stone, Senior Pension Fellow

Because “investment return assumption” is used interchangeably with “actuarial rate of return” and “expected rate of return” there could be confusion about its purpose. It has come to be viewed as a target that plan asset returns should meet or exceed. This can lead to changes in the asset allocation with the specific objective of justifying the current investment return assumption. Often, the goal of this approach is to justify an assumption that keeps pension contributions within current budget constraints. However, using this assumption as the basis for asset allocation decisions may lead to increased investment risk. The investment policy considerations and risk perspective should be the basis for asset allocation decisions, with the return assumption then determined from the asset allocation.

Changes to assumptions, made based on new information, often impact expected or required contribution levels. Fiduciaries are naturally interested in the impact of changing the investment return assumption on expected contributions. However, compensating for the new information that led to that assumption change by adjusting the asset allocation often means increasing the risk profile. An adjustment to the asset allocation changes the level of investment risk and can ultimately result in greater volatility in future contribution requirements.

Current Conditions

Return expectations for most asset classes have decreased in recent years as interest rates have dropped and prices for equity, real estate, and other assets have increased. This has created pressure to maintain future return assumptions by adjusting asset allocation, which often means increasing risk. However, increasing investment risk (which increases return volatility) to support a return assumption that achieves a certain level of contribution can create problems in the future. Contribution requirements can end up being shifted to future generations, requiring future budgets to make up for past underfunding.

The Pension Practice Council, which authored this issue brief, consists of Timothy Geddes, MAAA, FSA, FCA, EA—*Chairperson*; Sherry Chan, MAAA, FSA, FCA, EA—*Vice Chairperson*; Jason Russell, MAAA, FSA, EA—*Vice Chairperson*; Christian Benjaminson, MAAA, FSA, EA; Elena Black, MAAA, FSA, FCA, EA; Bruce Cadenhead, MAAA, FSA, FCA, EA; David Driscoll, MAA, FSA, FCA, EA; Ronald Gebhardtsbauer, MAAA, FSA; Eric Keener, MAAA, FSA, FCA, EA; Tonya Manning, MAAA, FSA, FCA, EA; Kathleen Riley, MAAA, FSA, FCA, EA; John Schubert, MAAA, ASA, FCA; Mark Shemtob, MAAA, FSA, FCA, EA; and Aaron Weindling, MAAA, FSA, FCA, EA.

As a pension plan's population ages, the liability and pool of assets grow, increasing the volatility of contributions for a given level of investment risk. The time horizon over which benefit payments will be made shortens and so does the time horizon for investment returns. Finally, mature plans tend to have negative cash flow (contributions less than benefits and expenses paid), which increases the need for liquidity and makes it harder to recover from market downturns. The increasing risk related to these developments can be offset by reducing risk in the investment portfolio. This means that investment risk should generally be reduced as the plan matures.

Evaluating Risk

Asset allocation should be based on investment policy considerations such as the risk/return trade-off, and not on the expected rate of return assumption. Factors such as the ones listed below are appropriate considerations when evaluating the asset allocation:

- size of the plan liability and asset pool, relative to plan sponsor resources;
- expected net cash flow;
- investment time horizon defined by expected benefit payments for current members;
- financial strength of the plan sponsor(s); and
- inflation sensitivity in the benefit promise.

Pension systems strive to ensure that payments to members will be made as promised, while maintaining consistent and manageable contribution levels over time. As part of these goals and as a matter of general financial prudence, risk analysis can be performed, which will help define the appropriate level of risk for a plan. Some sample risk criteria include:

- The likelihood of the funded status dropping below x% during the next N years
- The likelihood of the contribution as a percent of payroll increasing above y% during the next N years.
- The likelihood of the contribution as a percent of payroll increasing by z% in a single year during the next N years.

Fiduciaries and plan sponsors will be involved in the risk analysis provided in compliance with Actuarial Standard of Practice (ASOP) No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. This ASOP requires actuaries to identify, assess, and disclose risks relevant to the funding of the plan, including investment risk (i.e., the potential that investment returns will be different than expected). This analysis can help educate plan trustees and sponsors on the level of risks inherent in the plan.

Summary

Pension plan populations have aged and asset levels have grown, leading to negative cash flow and more risk from contribution volatility. At the same time, future return expectations have declined due to lower interest rates and higher prices on assets like equities and real estate. This has created a challenging environment where pension plan trustees might take more investment risk to maintain their return assumption to mitigate pressure on current budgets. However, asset allocation and the acceptable level of investment risk should not be determined in order to justify a current investment return assumption. Analysis focused on the potential for unexpected changes in contribution requirements and the implications for benefit security provide the basis for sound asset allocation decisions. The investment return assumption can then be determined based on an asset allocation that results in an appropriate amount of risk.