A G E N D A

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JULY 14, 2023
AT 9:00 AM
Location: SJCERA Board Room, 6 S. El Dorado Street, Suite 400, Stockton, California

The public may also attend the Board meeting live via Zoom by (1) clicking here https://us02web.zoom.us/j/84875825404 and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID 84875825404#.

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or ElainaP@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 June 2, 2023 06

3.02 Minutes for the Administrative Committee Meeting of June 22, 2023 10

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

6.0 ACTUARIAL REPORT AND 2024 RETIREMENT CONTRIBUTION RATES

16.0 ADJOURNMENT

M I N U T E S

BOARD MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
FRIDAY, JUNE 2, 2023
AT 9:00 AM
Location: SJCERA Board Room, 6 S. El Dorado Street, Suite 400, Stockton, California

1.0 ROLL CALL

1.01 **MEMBERS PRESENT:** Emily Nicholas, Jennifer Goodman, JC Weydert, Steve Ding, Michael Duffy, Steve Moore (out at 11:33 a.m.), Raymond McCray and Michael Restuccia (out at 10:05 a.m.) presiding

MEMBERS ABSENT: Phonxay Keokham, Chanda Bassett

STAFF PRESENT: Chief Executive Officer Johanna Shick, Assistant Chief Executive Officer Brian McKelvey, Retirement Investment Officer Paris Ba, Management Analyst III Greg Frank, Department Information Systems Manager Adnan Khan, Information Systems Analyst II Lolo Garza, Administrative Secretary Elaina Petersen, Retirement Technician Kathleen Goodwin

OTHERS PRESENT: Counsel Ashley Dunning of Nossaman, David Sancewich and Scott Maynard of Meketa

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Steve Moore

3.0 MEETING MINUTES

3.01 Minutes for the Board Meeting of May 5, 2023

3.02 Minutes for the Audit Committee Meeting of May 15, 2023

3.03 The Board voted unanimously (7-0) to approve the Minutes of the Board Meeting of May 5, 2023 and the Audit Committee Meeting of May 15, 2023 (Motion: McCray; Second: Goodman)

4.0 PUBLIC COMMENT

4.01 There was no public comment

5.0 CONSENT ITEMS

5.01 Service Retirements (39)

5.02 Financial Reports for Year Ended December 31, 2022

01 Report to the Board of Retirement and Audit Committee

02 Annual Financial Report with Independent Auditor's Report

5.03 The Board voted unanimously (7-0) to approve the consent items (Motion: Duffy; Second: Ding)

6.0 REAL ESTATE PORTFOLIO REVIEW

6.01 Presentation by David Sancewich and Scott Maynard of Meketa

6.02 The Board received and filed report

7.0 PIMCO EMERGING MARKET EQUITY UPDATE

7.01 Presentation by Matt Clark of Pimco and Brent Leadbetter from Research Affiliates

7.02 The Board received and filed report

8.0 INVESTMENT CONSULTANT REPORTS

8.01 Presentation by David Sancewich of Meketa Investment Group

- 01 Quarterly Reports from Investment Consultant for period ended March 31, 2023
  - a Quarterly Investment Performance Analysis
  - b Manager Certification Report
  - c Manager Review Schedule
- 02 Monthly Investment Performance Updates
  - a Manager Performance Flash Report
  - b Economic and Market Update

8.02 The Board received and filed reports

9.0 STAFF REPORTS

9.01 Trustee and Executive Staff Travel

- 01 Conferences and Events Schedule for 2023
- 02 Summary of Pending Trustee and Executive Staff Travel
  - a Travel requiring approval (2)
- 03 Summary of Completed Trustee and Executive Staff Travel
  - a Summary Pension Bridge Annual 2023

9.02 The Board voted unanimously (6-0) to approve Trustee Michael Duffy and Retirement Investment Officer Paris Ba to attend Top1000funds Fiduciary Investors Symposium, September 19-21, 2023 at Stanford University, CA (Motion: Goodman; Second: Nicholas)

9.03 General Counsel Services Analysis

9.04 The Board voted (5-1) to approve the staff recommendation to establish and fill a full-time internal counsel position (Motion: Ding; Second: Weydert Ayes: Nicholas, Goodman, McCray; Nays: Duffy)

9.05 Legislative Summary Report

9.06 CEO Report

In addition to the written report, CEO Shick: 1) Congratulated Trustee Emily Nicholas on her second term, beginning on July 1, 2023; 2) Congratulated Administrative Secretary Elaina Petersen for marking 35 years of County service next week; 3) Inquired if the Board would prefer scheduling the Investment Roundtable dinner on Wednesday evening before the meeting (the Board supported this idea) and CEO Shick agreed to adjust the existing reservations accordingly; 4) Advised that SJCERA is in a quiet period due to issuing the Auditor RFP today; 5) Sought direction on whether, as part of SJCERA's 2023 Action plan goal, the Board would like Counsel Ashley Dunning to provide training on ESG and fiduciary responsibilities, in addition to Meketa's investment-focused ESG presentation. (The Board indicated interest in both trainings and suggested a special Board meeting for this purpose.) 6) Stated the annual financial reports (ACFR, PAFR and the financial report for State Controller's Office) are all on track for submission by the June 30 deadline; and, 7) Mentioned that, in compliance with policy, a summary of progress on the action plan goals is included in this meeting's materials. The Board will have an opportunity to provide CEO Shick feedback and adjust expectations as needed in closed session at the July Board meeting.

01 Action Plan Mid-Year Update

9.07 The Board received and filed reports

10.0 CORRESPONDENCE

10.01 Letters Received (0)

10.02 Letters Sent (0)

10.03 Market Commentary/Newsletters/Articles

01 NCPERS Monitor
May 2023

02 How States Can Account for Climate Risks to Pension System Assets
May 15, 2023

03 Chief Investment Officer
Regional Banking Crisis? Not Happening, Natixis Says
May 18, 2023

11.0 COMMENTS

11.01 Comments from Members of the Board of Retirement

01 Trustee McCray asked for information regarding how much of Bloomberg is in mortgage-backed securities. He also expressed concern about underperforming funds in the portfolio and whether SJCERA will achieve its assumed rate or return. Trustee Weydert stated the SACRS Spring Conference was well attended, had interesting speakers, and was held at a nice venue.

12.0 CALENDAR

12.01 Administrative Committee Meeting June 22, 2023 10:00 a.m.

12.02 Board Meeting July 14, 2023 at 9:00 a.m.

12.03 Board Meeting August 11, 2023 at 9:00 a.m.

12.04 Board Meeting September 8, 2023 at 9:00 a.m.

12.05 Board Meeting October 11, 2023 at 9:00 a.m.

12.06 Special Meeting - Investment Roundtable October 12, 2023 at 8:00 a.m.

13.0 ADJOURNMENT

13.01 There being no further business the meeting was adjourned at 11:35 a.m.

Respectfully Submitted:

____
Michael Restuccia, Chair

Attest:

____
Raymond McCray, Secretary

M I N U T E S

ADMINISTRATIVE COMMITTEE MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
THURSDAY, JUNE 22, 2023
AT 10:03 AM

Location: SJCERA Board Room, 6 S. El Dorado Street, Suite 400, Stockton, California

1.0 ROLL CALL

1.01 **MEMBERS PRESENT**: Chanda Bassett, Phonxay Keokham and Jennifer Goodman presiding

MEMBERS ABSENT: Emily Nicholas

STAFF PRESENT: Chief Executive Officer Johanna Shick, Management Analyst III Greg Frank, Retirement Investment Officer Paris Ba, Financial Officer Carmen Murillo and Administrative Secretary Elaina Petersen

OTHERS PRESENT: Counsel Ashley Dunning

2.0 PUBLIC COMMENT

2.01 There was no public comment

3.0 CONSENT ITEMS

3.01 Board Policies and Charters Not Requiring Amendments

01 CEO Performance Review Charter

02 CEO Performance Review Policy

3.02 Board Policies Requiring Amendments

01 Cash Management and Liquidity Policy

a Cash Management and Liquidity Policy - Mark-up

b Cash Management and Liquidity Policy - Clean

02 Declining Employer Payroll Policy

a Declining Employer Payroll Policy - Mark-up

b Declining Employer Payroll Policy - Clean

03 Disability Retirement Policy and Procedure

a Disability Retirement Policy and Procedure - Mark-up

b Disability Retirement Policy and Procedure - Clean

04 Investment Manager Monitoring and Communications Policy

a Investment Manager Monitoring and Communications Policy - Mark-up

b Investment Manager Monitoring and Communications Policy - Clean

05 Investment Roles and Responsibilities Policy

a Investment Roles and Responsibilities Policy - Mark-up b Investment Roles and Responsibilities Policy - Clean

06 Placement Agent Information Disclosure Policy

a Placement Agent Information Disclosure Policy - Mark-up

b Placement Agent Information Disclosure Policy - Clean

07 Proxy Voting Policy

a Proxy Voting Policy - Mark-up

b Proxy Voting Policy - Clean

3.03 The Committee reviewed the items, provided edits to select policies, and voted unanimously (3-0) to recommend the Board of Retirement adopt the policies with revisions. (Motion: Bassett; Second: Keokham)

4.0 STATEMENT OF ECONOMIC INTEREST - SUMMARY REPORT

4.01 Summary of Sources of Income on Statements of Economic Interest (Form 700) Report

4.02 The committee received and filed report

5.0 COMMENTS

5.01 There were no comments from Members of the Committee

6.0 ADJOURNMENT

6.01 There being no further business, the meeting was adjourned at 10:26 a.m.

Respectfully Submitted:

____
Jennifer Goodman, Committee Chairperson

San Joaquin County Employees Retirement Association

July 2023

5.01 Service Retirement — Consent

01 SAMUEL L CHASTAIN — Shelter Counselor II, Mary Graham Childrens Shelter

Member Type: General
Years of Service: 23y 09m 00d
Retirement Date: 5/8/2023

02 ROBIN M CROSS — Senior Office Assistant, Mental Health - Clerical

Member Type: General
Years of Service: 05y 09m 29d
Retirement Date: 5/18/2023
Comments: Tier 2 member - eligible to retire with 5 years of service credit.

03 ELIZABETH L MEACHAM — Deferred Member, N/A

Member Type: General
Years of Service: 00y 04m 04d
Retirement Date: 5/21/2023
Comments: Incoming reciprocity with CalPERS and outgoing reciprocity with StanCERA. Concurrent retirement with CalPERS and StanCERA. Deferred from SJCERA since November 2016.

04 LEEANN R OLIVIERI — Deferred Member, N/A

Member Type: General
Years of Service: 14y 08m 20d
Retirement Date: 5/5/2023
Comments: Deferred from SJCERA since July 1991.

Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 5.02

July 14, 2023

SUBJECT: SJCERA 2023 Administrative Budget
Mid-Year Review January 1 through June 30, 2023

SUBMITTED FOR: ___ CONSENT __ ACTION _X_ INFORMATION

PURPOSE

To provide the Board a budget update report comparing actual and budgeted administrative expenses for the first six months of the fiscal year.

DISCUSSION

SJCERA's projected expenses for the period January 1 through June 30, 2023, are 50 percent of budget, or $10,269 less than budgeted year-to-date. Historically SJCERA has been approximately 42 to 43 percent under budget at mid-year. Due to the $1,000,000 installment payment to purchase the legacy pension administration system, budgeted for and incurred in the first half of the year, SJCERA is at 50 percent of budget. The attachment provides details for actual versus budgeted expenses by line item.

Summary of Notable Differences

At June 30, we would expect to be approximately 50 percent through our budget. The notable variances between the actual year-to-date expenses as of June 30, 2023 and the Administrative Budget for 2023 are summarized below.

Salaries and Benefits

Actual Salaries and Benefits expense is 46 percent of the budgeted amount or $148,194 less than budgeted year-to-date. The primary reasons actuals are below budget are as follows:

- Vacant Benefits Supervisor/Manager position which impacts salaries, employer portion of retirement contributions, insurances and payroll taxes
- Any vacation cash-outs will occur in the second half of the year (December)

Services and Supplies

Actual Services and Supplies expenses are 36 percent of the budgeted amount or $289,023 under budget year-to-date. Additional information regarding components of Services and Supplies is provided below.

<u>Professional & Specialized Services</u>**:** Actual expenses are 40 percent of the budgeted amount or $144,299 less than budgeted year-to-date. The primary reasons actuals are below budget are as follows:

- Linea PAS project management ($58,309)
- MBS data conversion and cleansing project ($55,535)
- Actual disability cases less than budgeted ($30,000)

<u>Software and Related Licenses:</u> Actual expenses are 12 percent of budget ($31,291 under budget). These costs will be incurred in the second half of the year and are expected to be in line with the budget by end of the year.

<u>Insurance – Liability and Fiduciary:</u> Actual expenses are four percent of budget ($63,392 under budget). The primary reason is the annual fiduciary liability insurance premium will be paid in the second half of the year and these costs are expected to be in line with the budget by end of year.

Fixed Assets

Actual Fixed Asset expenses are 87 percent of the budgeted amount or $426,947 over budget year-to-date. The primary reason is the $1,000,000 installment payment to purchase the legacy pension administration system was incurred (and budgeted for) in the first half of the year.

ATTACHMENT

Mid-Year Review of Actual vs. Budgeted Expenses as of June 30, 2023

JOHANNA SHICK	GREG FRANK
Chief Executive Officer	Management Analyst III

MID-YEAR REVIEW OF ACTUAL VS. BUDGETED EXPENSES

SJCERA 2023 ADMINISTRATIVE BUDGET

AS OF JUNE 30, 2023

ACCOUNT NUMBER	DESCRIPTION	YTD EXPENSES	2023 BUDGET	REMAINING BALANCE	YTD % SPENT	50% OF BUDGET	YTD SAVINGS
6001000000	Salaries & Wages	$924,284	$2,008,222	$1,083,938	46%	$1,004,111	$79,827
6001100000	Salaries - Cafeteria	$46,574	$95,208	$48,634	49%	$47,604	$1,030
6001200000	Salaries - Car Allowance	$3,510	$7,020	$3,510	50%	$3,510	$0
6001210000	Admin Benefits (Vac sell back)	$0	$15,024	$15,024	0%	$7,512	$7,512
6010100000	Unemployment Comp Ins	$460	$1,560	$1,100	29%	$780	$320
6020000000	Retirement-Employer Share	$400,948	$901,457	$500,509	44%	$450,728	$49,781
6020600000	Health Ins for Retirees-SLB	$13,207	$30,000	$16,793	44%	$15,000	$1,793
6030000000	Social Security - OASDI	$57,187	$117,946	$60,758	48%	$58,973	$1,785
6030100000	Social Security - Medicare	$13,447	$30,266	$16,819	44%	$15,133	$1,686
6040000000	Life Insurance	$569	$1,358	$790	42%	$679	$110
6050000000	Health Insurance	$144,668	$297,000	$152,332	49%	$148,500	$3,832
6070000000	Dental Insurance	$3,951	$8,849	$4,898	45%	$4,425	$474
6080000000	Vision Care	$702	$1,490	$788	47%	$745	$43
	SALARIES & BENEFITS	**$1,609,507**	**$3,515,401**	**$1,905,895**	**46%**	**$1,757,701**	**$148,194**
6201000000	Office Expense - General	$4,607	$20,300	$15,693	23%	$10,150	$5,543
6202000000	Office Expense - Postage	$8,356	$15,500	$7,144	54%	$7,750	($606)
6203000000	Office Exp - Subs & Periodicals	$1,076	$3,000	$1,924	36%	$1,500	$424
6206000000	Telephone	$8,072	$16,000	$7,928	50%	$8,000	($72)
6209000000	Membership Dues	$2,640	$8,000	$5,360	33%	$4,000	$1,360
6211000000	Maintenance - Equipment	$2,483	$15,000	$12,517	17%	$7,500	$5,017
6217000000	Due Diligence/Training	$23,460	$67,050	$43,590	35%	$33,525	$10,065
6220000000	Prof & Specialized Serv	$555,506	$1,399,610	$844,104	40%	$699,805	$144,299
6226016000	Software & Related Licenses	$10,359	$83,300	$72,941	12%	$41,650	$31,291
6243000000	Food	$367	$6,200	$5,833	6%	$3,100	$2,733
6264000000	Rent - Structures & Grounds	$110,831	$225,210	$114,379	49%	$112,605	$1,774
6295220700	Data Processing Charges-ISD	$2,197	$6,000	$3,803	37%	$3,000	$803
6295232000	Insurance - Workers Comp	$0	$6,000	$6,000	0%	$3,000	$3,000
6295236000	Insurance - Liability & Fiduciary	$5,600	$137,983	$132,383	4%	$68,992	$63,392
6295999900	County Wide - Indirect Charges	$12,500	$65,000	$52,500	19%	$32,500	$20,000
	SERVICES AND SUPPLIES	**$748,054**	**$2,074,153**	**$1,326,099**	**36%**	**$1,037,077**	**$289,023**
6451000000	Equipment and Furniture	$749	$5,000	$4,251	15%	$2,500	$1,751
6453310100	PC Equipment and Upgrades	$1,006,948	$1,156,500	$149,552	87%	$578,250	($428,698)
	FIXED ASSETS	**$1,007,697**	**$1,161,500**	**$153,803**	**87%**	**$580,750**	**($426,947)**
	TOTAL EXPENDITURES	**$3,365,258**	**$6,751,055**	**$3,385,797**	**50%**	**$3,375,527**	**$10,269**

CEO Performance Review Committee Charter

I. Establishment

A) The Board of Retirement established the CEO Performance Review Committee to fulfill its fiduciary duties of loyalty, skill, care and diligence across all facets of SJCERA governance, including assuring effective executive management.

II. Membership

A) The Board Chair appoints members to the Committee, in accordance with SJCERA's Bylaws.

B) In making committee appointments, the Board Chair shall consider, to the extent possible, the following factors:
   1) Retention of no more than 50 percent of the previous year's committee;
   2) Membership mix of elected and appointed trustees; and
   3) Inclusion of a trustee with knowledge of County human resources practices.

III. Meetings

A) The Committee meets at least once annually, during the first quarter of the calendar year.

IV. Responsibilities

A) Document the Board's collective assessment of the CEO's performance
B) Develop a recommendation to the full Board regarding the CEO's compensation, in accordance with the CEO Performance Review policy and the CEO's employment agreement.

V. Authority

A) The CEO Performance Review Committee is an advisory committee to the Board. All Committee actions must be ratified or adopted by the Board.

VI. History

July 10, 2020	Adopted by Board of Retirement
July 14, 2023	Reviewed, no changes

Certification of Board Adoption:

	07/14/2023
Clerk of the Board	Date

SAN JOAQUIN CERA

Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

July 14, 2023 **Agenda Item 5.03-02**

SUBJECT: CEO Performance Review Policy

SUBMITTED FOR: __X_ CONSENT __ ACTION ___ INFORMATION

RECOMMENDATION

Adopt the Administrative Committee's recommendation to make no amendments to the CEO Performance Review Policy.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

The current Chair of the CEO Performance Review Committee expressed concerns about how quickly the Committee Chair must compile the feedback received from the trustees and draft the performance review memo. It was agreed that holding the Board meeting the third Friday of January contributed to the challenge. After reviewing the calendar, staff decided to try moving the Board meeting back to the second Friday of January to better assess whether a change in policy is required. If moving the Board meeting date does not sufficiently address the difficulty, staff will bring the policy back to the Administrative Committee in the future with recommended changes.

ATTACHMENTS

CEO Performance Review Policy

J Shick
Johanna Shick
Chief Executive Officer

Greg Frank
Greg Frank
Management Analyst III

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

July 14, 2023 **Agenda Item 5.04**

SUBJECT: Board Policy Amendments

SUBMITTED FOR: __X_ CONSENT __ ACTION ___ INFORMATION

RECOMMENDATION

Adopt the Administrative Committee's recommended amendments to the policies described below.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

In accordance with the Board's requirement, staff reviews one-third of the policies annually. As a result of the review, staff proposes the amendments described to the policies listed below.

- Cash Management and Liquidity Policy – Amend to reflect current procedure, clarify the purpose of each cash account, and add an Emergency Cash Management section, and other non-substantive changes
- Declining Employer and Payroll Policy – Reviewed (including actuarial consideration of smaller employers' payroll volatility), add statutory authority, which became effective January 1, 2021, updated policy review section, and other non-substantive changes
- Disability Retirement and Active Member Death Policy and Procedure – Update to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Retiree's recommended decision, and other minor clarifications
- Investment Manager Monitoring and Communications Policy – Expand mandatory notifications to include Investment Officer and other non-substantive changes
- Investment Roles and Responsibilities Policy – Align Investment Officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarify staff and general counsel reference, and make other non-substantive changes

- Placement Agent Information Disclosure Policy – Clarify Placement Agency violation sanctions and other non-substantive changes
- Proxy Voting Policy – Revise to include Custodian Bank in the Proxy Voting process

The Strategic Asset Allocation (SAA) policy was also scheduled to be reviewed at this meeting; however, at its March 10, 2023 meeting, the Board approved relabeling of the subcomponents of the Crisis Risk Offset (CRO) policy. At that time, staff and consultant reviewed the rest of the policy and determined no additional changes were required. The SAA policy will be reviewed again in no longer than three years, along with the other investment policies on this meeting's agenda.

ATTACHMENTS

Proposed revisions to Cash Management and Liquidity Policy – Mark-up
Proposed revisions to Cash Management and Liquidity Policy – Clean
Proposed revisions to Declining Employer Payroll Policy – Mark-up
Proposed revisions to Declining Employer Payroll Policy – Clean
Proposed revisions to Disability Retirement and Active Member Death Policy and Procedure – Mark-up
Proposed revisions to Disability Retirement and Active Member Death Policy and Procedure – Clean
Proposed revisions to Investment Manager Monitoring and Communications Policy – Mark-up
Proposed revisions to Investment Manager Monitoring and Communications Policy – Clean
Proposed revisions to Investment Roles and Responsibilities Policy – Mark-up
Proposed revisions to Investment Roles and Responsibilities Policy – Clean
Proposed revisions to Placement Agent Information Disclosure Policy – Mark-up
Proposed revisions to Placement Agent Information Disclosure Policy – Clean
Proposed revisions to Proxy Voting Policy – Mark-up
Proposed revisions to Proxy Voting Policy – Clean

Johanna Shick
Chief Executive Officer

Greg Frank
Management Analyst III

Board Administration Policy

Cash Management and Liquidity Policy

I. Purpose

A. T~~he purpose of this policy is t~~o establish general guidelines for cash flow management and~~to~~ ensure that sufficient cash is available for the day-to-day operational needs of the system in order to pay SJCERA retirement benefit expenses, operating expenses, and handle fund manager capital calls.

II. Background

A. SJCERA's cash and short-term investments are held by our Custodian Bank and the San Joaquin County Treasurer.

B. SJCERA has two primary cash management accounts with our Custodian Bank: the Liquidity Pool Account and the Treasury Account.

~~A.~~

A. ~~Northern Trust~~ Custodian Bank Liquidity Pool Account

SJCERA uses this account, which leverages the Custodian Bank's Short-Term Investment Fund (STIF) to invest in high-grade money market instruments with very short maturities to:

a)

~~a)~~

(1) ~~1.~~ Receive distributions from fund managers, receive bi-weekly Employer and Employee contributions, and to provide available cash for capital calls and SJCERA administrative expenses.

(2) Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager.

(3) Provide daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers.

B. ~~SJCERA's cash and short-term investments are managed by The Northern Trust (NT), SJCERA's master custodian bank, and the San Joaquin County Treasurer office. SJCERA uses NT's Short-Term Investment Fund (STIF) which is invested in high-grade money market instruments with very short maturities.~~ Custodian Bank Treasury Account

a) SJCERA uses the Custodian Bank's Treasury Account for all SJCERA's benefit payments to members and beneficiaries.

C. County Treasurer Administrative Account

a) SJCERA uses the County Treasurer Administrative Account to pay SJCERA staff payroll, County Shared Services Fees, and Trustee and staff travel expenses.

b) The County is responsible for the control and safekeeping of all instruments of title and for ~~all~~ investment of ~~the pooled funds~~this account. ~~These two~~This ~~cash~~ account~~s~~ ~~are~~ is monitored ~~daily~~ weekly by ~~the Retirement Financial Officer~~SJCERA's Finance staff. If cash is needed ~~in these cash accounts, in consultation wit~~, the Retirement Financial Officer, with approval from ~~h~~ SJCERA's Executive Management ~~and investment consultant~~, ~~the Retirement Financial Officer~~ will ~~initiate the funds transfer~~transfer funds from the Custodian Bank ~~NT~~ Liquidity Pool Account.

~~B.~~C. Liquidity Management

~~A. To facilitate liquidity requirements, SJCERA established and maintains a Liquidity Pool with the Master Custodian Bank to:~~

~~1. Accept biweekly transfers of member and employer retirement contributions and monthly sick leave bank benefit payment reimbursements deposited by the County (as paying agent for all participating employers) into SJCERA's Operation Fund~~

~~2. Pay benefits and expenses~~

~~3. Facilitate funding of capital calls~~

~~4. Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager~~

~~5. Daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers~~

~~B.~~A. The ~~Liquidity~~ Custodian Bank Liquidity Pool will be funded to contain a sufficient reserve and will be monitored monthly. At a minimum, the Liquidity Pool will contain a one-month benefit payment reserve and will be replenished by the end of any month in which the balance is less than a one-month payment reserve. The funding sources of the Liquidity Pool will be in accordance with the SJCERA's Strategic Asset Allocation Policy. The Liquidity Pool is invested in the ~~Master~~ Custodian Bank's Short Term Investment Fund. In addition, the Custodian Bank~~Northern Trust~~ is authorized to transfer, on a daily basis, all available U.S. dollar cash balances of each account to the ~~NT~~ Liquidity Pool Account. The Custodian Bank ~~Northern Trust~~ will monitor and identify cash balances that exist as of the close of each business day, and that such cash balance, if any, will then be transferred to the ~~NT~~ Liquidity Pool Account.

~~C.~~B. When cash is needed in the Liquidity Pool, in consultation with SJCERA's investment consultant, staff will determine the appropriate funding sources. Funding sources may include accounts with greater liquidity, lower transaction costs, or accounts which are overweight compared to their target allocation.

1. Authority to move cash between manager accounts and SJCERA's Liquidity Pool, or to liquidate assets, up to a maximum of $50,000,000 per transaction will be accomplished at the staff level at the authority of the Chief Executive Officer.

2. Liquidation of assets to fund the Liquidity Pool in excess of $50,000,000 per transaction will be submitted to the Board for approval. In the rare event that time does not permit action by the Board, the Chief Executive Officer, in consultation with SJCERA's investment consultant, will seek approval from the Board Chair. The Board Chair may grant such approval. Any asset liquidation in excess of $50,000,000 approved by the Board Chair must be reported to the full Board at its next meeting. Funding of new managers or strategies from an existing manager's mandate will be submitted to the Board for approval.

3. Generally, fixed income interest will be reinvested by SJCERA's Fixed Income asset managers. However, based on SJCERA's projected cash demands such as paying benefits and expenses, the Chief Executive Officer, in consultation with SJCERA's investment consultants, may direct one or more of the Fixed Income asset managers to distribute, rather than reinvest, fixed income interest to SJCERA until further notice. Subsequently, based on SJCERA's projected cash demands and in consultation with SJCERA's investment consultants, the Chief Executive Officer may direct one or more Fixed Income asset managers to reinvest fixed income interest again.

~~C.~~D. Communications

A. ~~The s~~Staff will report to Chief Executive Officer all cash management activity including:

1. Quarterly Cash Activities Report;
2. Annual Cash Flow Statement with Fixed Income Interest, Contributions and Benefit Payment;
3. Resolutions pertaining to Liquidation of Assets/Transfer of Funds in excess of $50,000,000 per transaction.

V. Emergency Cash Management

~~A.~~ SJCERA shall maintain an agreement with the County to send and receive funds through the Administrative Account held at the County Treasurer, to preserve operations in case of an emergency which renders SJCERA unable to receive or distribute funds through the Custodian Bank Liquidity Pool.

A.

B. The County Treasurer has established separate emergency banking relationships and accounts in the event the primary County Administrative Account also becomes inaccessible and will provide SJCERA use of this emergency account as needed.

VI. Policy Review

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

VII. History

02/25/2011	Adopted by Board of Retirement as INV 0600
01/24/2014	Adopted by Board of Retirement as INV 0620
09/26/2014	Revised by the Board of Retirement as ADMIN 0108
06/26/2015	Revised by the Board of Retirement as ADMIN 0108
06/29/2018	Reviewed, no content changes, staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to increase reporting threshold to $50 million, update Liquidity Pool funding sources, and other non-substantive changes
07/14/2023	Revised to reflect current procedure, clarify the purpose of each cash account, added the Emergency Cash Management section, and other non-substantive changes

Certification of Board Adoption:

07/14/2023

Clerk of the Board Date

Cash Management and Liquidity Policy

I. Purpose

A. To establish general guidelines for cash flow management and ensure that sufficient cash is available for the day-to-day operational needs of the system in order to pay SJCERA retirement benefit expenses, operating expenses, and handle fund manager capital calls.

II. Background

A. SJCERA's cash and short-term investments are held by our Custodian Bank and the San Joaquin County Treasurer.

B. SJCERA has two primary cash management accounts with our Custodian Bank: the Liquidity Pool Account and the Treasury Account.

A. Custodian Bank Liquidity Pool Account

a) SJCERA uses this account, which leverages the Custodian Bank's Short-Term Investment Fund (STIF) to invest in high-grade money market instruments with very short maturities to:

(1) Receive distributions from fund managers, receive bi-weekly Employer and Employee contributions, and to provide available cash for capital calls and SJCERA administrative expenses.

(2) Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager.

(3) Provide daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers.

B. Custodian Bank Treasury Account

a) SJCERA uses the Custodian Bank's Treasury Account for all SJCERA's benefit payments to members and beneficiaries.

C. County Treasurer Administrative Account

a) SJCERA uses the County Treasurer Administrative Account to pay SJCERA staff payroll, County Shared Services Fees, and Trustee and staff travel expenses.

b) The County is responsible for the control and safekeeping of all instruments of title and for investment of this account. This account is monitored weekly by SJCERA's Finance staff. If cash is needed, the Retirement Financial

Officer, with approval from SJCERA’s Executive Management, will transfer funds from the Custodian Bank Liquidity Pool Account.

C. Liquidity Management

A. The Custodian Bank Liquidity Pool will be funded to contain a sufficient reserve and will be monitored monthly. At a minimum, the Liquidity Pool will contain a one-month benefit payment reserve and will be replenished by the end of any month in which the balance is less than a one-month payment reserve. The funding sources of the Liquidity Pool will be in accordance with the SJCERA's Strategic Asset Allocation Policy. The Liquidity Pool is invested in the Custodian Bank's Short Term Investment Fund. In addition, the Custodian Bank is authorized to transfer, on a daily basis, all available U.S. dollar cash balances of each account to the Liquidity Pool Account. The Custodian Bank will monitor and identify cash balances that exist as of the close of each business day, and that such cash balance, if any, will then be transferred to the Liquidity Pool Account.

B. When cash is needed in the Liquidity Pool, in consultation with SJCERA’s investment consultant, staff will determine the appropriate funding sources. Funding sources may include accounts with greater liquidity, lower transaction costs, or accounts which are overweight compared to their target allocation.

1. Authority to move cash between manager accounts and SJCERA’s Liquidity Pool, or to liquidate assets, up to a maximum of $50,000,000 per transaction will be accomplished at the staff level at the authority of the Chief Executive Officer.

2. Liquidation of assets to fund the Liquidity Pool in excess of $50,000,000 per transaction will be submitted to the Board for approval. In the rare event that time does not permit action by the Board, the Chief Executive Officer, in consultation with SJCERA’s investment consultant, will seek approval from the Board Chair. The Board Chair may grant such approval. Any asset liquidation in excess of $50,000,000 approved by the Board Chair must be reported to the full Board at its next meeting. Funding of new managers or strategies from an existing manager’s mandate will be submitted to the Board for approval.

3. Generally, fixed income interest will be reinvested by SJCERA’s Fixed Income asset managers. However, based on SJCERA’s projected cash demands such as paying benefits and expenses, the Chief Executive Officer, in consultation with SJCERA’s investment consultants, may direct one or more of the Fixed Income asset managers to distribute, rather than reinvest, fixed income interest to SJCERA until further notice. Subsequently, based on SJCERA’s projected cash demands and in consultation with SJCERA’s investment consultants, the Chief Executive Officer may direct one or more Fixed Income asset managers to reinvest fixed income interest again.

D. Communications

A. Staff will report to Chief Executive Officer all cash management activity including:

1. Quarterly Cash Activities Report;
2. Annual Cash Flow Statement with Fixed Income Interest, Contributions and Benefit Payment;
3. Resolutions pertaining to Liquidation of Assets/Transfer of Funds in excess of $50,000,000 per transaction.

V. Emergency Cash Management

A. SJCERA shall maintain an agreement with the County to send and receive funds through the Administrative Account held at the County Treasurer, to preserve operations in case of an emergency which renders SJCERA unable to receive or distribute funds through the Custodian Bank Liquidity Pool.

B. The County Treasurer has established separate emergency banking relationships and accounts in the event the primary County Administrative Account also becomes inaccessible and will provide SJCERA use of this emergency account as needed.

VI. Policy Review

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

VII. History

02/25/2011	Adopted by Board of Retirement as INV 0600
01/24/2014	Adopted by Board of Retirement as INV 0620
09/26/2014	Revised by the Board of Retirement as ADMIN 0108
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06/29/2018	Reviewed, no content changes, staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to increase reporting threshold to $50 million, update Liquidity Pool funding sources, and other non-substantive changes
07/14/2023	Revised to reflect current procedure, clarify the purpose of each cash account, added the Emergency Cash Management section, and other non-substantive changes

Certification of Board Adoption:

07/14/2023

Clerk of the Board Date

Declining Employer Payroll Policy

I. Purpose

A. A participating employer in the San Joaquin County Employees' Retirement Association (SJCERA) may experience an actual or expected material decline in the payroll attributable to its SJCERA active members (SJCERA-covered payroll). The Declining Employer Payroll Policy is intended to establish guidelines by which SJCERA intends to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as SJCERA members.

II. Background and Objectives

A. As a general rule, under SJCERA's practice in place prior to the adoption of this Declining Employer Payroll Policy, SJCERA determined employers' contribution obligations for UAAL by applying a contribution rate determined by SJCERA's actuary to the employer's SJCERA-covered payroll (the percentage-of-payroll methodology), with separate rates applied for General and Safety members. For employers whose payrolls are generally consistent with SJCERA's actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology continues to be appropriate. But for employers whose SJCERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is generally not the appropriate means of collecting employer contributions owed to the system. The objectives of this Declining Employer Payroll Policy are to (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining SJCERA-covered payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.

B. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended, and other applicable provisions of law. Pursuant to Gov't. Code sections 31453, 31453.5, 31454.7, 31581, 31582, 31584, 31585, 31586 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers, to SJCERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from SJCERA.

C. It is the Board of Retirement's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations.

This will generally require redetermination of the funding obligations of the employer for a number of years.

III. Policy Procedures and Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

A. Commencement of Coverage – Triggering Events

1. This Policy covers only those employers for whom the Board determines, based on a recommendation from SJCERA's Chief Executive Officer (CEO), that a *triggering event* as described in this section has occurred *and* who are not excluded from coverage under this Policy as described below. The Board hereby directs the CEO to work with SJCERA staff and service providers (*e.g.,* the actuary) to obtain the information (*e.g.,* SJCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.

   a. *Triggering event resulting from ceasing to enroll new hires.* Some SJCERA participating employers cease to enroll new hires with SJCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active SJCERA members. These employers' SJCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an SJCERA participating employer, or an SJCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.

   b. *Triggering event resulting from a material and expected long-lasting reduction in SJCERA-covered payroll.* Some employers may experience a material reduction in their SJCERA-covered payroll, but nevertheless continue to enroll their new hires with SJCERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discreet event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's SJCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other employers, if any, in the same SJCERA rate group. Generally, by its nature, the determination of whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

B. Exclusions from Coverage; Terminations of Coverage

1. This Policy also covers *only* those employers (i) who are financially-viable entities when a triggering event occurs, *and* (ii) whom SJCERA expects to continue

indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a "withdrawing employer" who ceases to provide SJCERA membership for *all* of the employer's active SJCERA members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with SJCERA).

2. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for a number of years. Therefore, if concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system including, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due, as has been described under the Board's Employer Termination Policy.

C. **Procedures**

1. The CEO will (i) work with SJCERA's staff, service providers, and SJCERA's participating employers to obtain the information (*e.g.*, SJCERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.

2. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will determine, at a duly-noticed public meeting, (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section III.B.1 above. Employers may be required to provide SJCERA with updated financial reports as well as employee census and payroll data~~ and financial reports~~. *See* Gov't. Code section 31543.

3. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer's UAAL contribution obligation, SJCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of SJCERA's actuary, and shall maintain such separate accounting for the employer until all of the participating employer's obligations to SJCERA have been fully satisfied.

4. SJCERA's actuary will determine, and certify to the Board of Retirement, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer's share of the actuarial accrued liability (AAL), including the remaining liability for any inactive members who have accrued service with the employer.

The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed the lesser of the current amortization period used to compute SJCERA's UAAL contribution (as represented by the "Single Equivalent Period" applicable to that employer reported in the most recent annual actuarial valuation) or the average duration of the benefit payments associated with the members' service with the employer, beginning on January 1 of the calendar year immediately after the year in which the triggering event occurs.

Upon the request of the employer, and if they can demonstrate an expectation of increasing revenues and/or overall payroll, the Board, in consultation with staff and its actuary, may consider an increasing payment schedule, at a rate of increase not to exceed SJCERA's overall payroll growth assumption, as opposed to a level dollar amortization schedule. Once such a request is made and approved by the Board, the Board may require renewed demonstration of the appropriateness of this approach in future years.

The employer's UAAL contribution will also include a load for administrative expenses, based on the same employer administrative load applied to the other contributing employers as determined in the most recent actuarial valuation.

5. The actuary will use the actuarial valuation performed for SJCERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of SJCERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.,* based on the employer's initial UAAL allocation determined in accordance with section 4 above), and will be determined separately for the assets and liabilities associated with General and Safety members (*i.e.,* the employer will receive an allocation of the VVA associated with the General members based on their share of the General member liabilities, and similarly for Safety, as applicable).

   Later values of the VVA (*i.e.,* those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments and the employer's share of administrative expenses, and crediting earnings at the actual smoothed (VVA) earnings rate on total SJCERA assets. The employer's share of the administrative expenses is ~~(~~determined based on the share of the employer's total AAL as of the most recent actuarial valuation to the total SJCERA AAL~~),~~.

6. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, SJCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to SJCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. As a default, the amortization schedule

will be determined based on the policy described above (*i.e.,* the shorter of the Single Equivalent Period applicable to the employer from the most recent actuarial valuation, or the average duration of the projected benefit payments for the employer's members). SJCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.

7. Eventually, the Board may determine, in consultation with staff and its service providers, that it is in the best interest of the Plan – for administrative burden or other reasons – for the employer's coverage under this policy to transition to a "Terminating Employer", and thus determine a final single sum payment under the SJCERA "Employer Termination Policy." Staff and service providers will conduct this analysis when the remaining duration approaches the asset smoothing period (currently five years), and at any other time determined to be in the best interest of the plan. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), SJCERA will distribute the Final Surplus in accordance with the terms of applicable law.

IV. Policy Review

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

V. History

04/12/2019	Adopted
07/08/2022	Reviewed, corrected one typo, no substantive changes
07/14/2023	Reviewed (including actuarial consideration of smaller employers' payroll volatility), added statutory authority effective 1/1/2021, updated policy review section, and other non-substantive changes

Certification of Board Adoption:

07/14/2023

Clerk of the Board Date

Declining Employer Payroll Policy

I. Purpose

A. A participating employer in the San Joaquin County Employees' Retirement Association (SJCERA) may experience an actual or expected material decline in the payroll attributable to its SJCERA active members (SJCERA-covered payroll). The Declining Employer Payroll Policy is intended to establish guidelines by which SJCERA intends to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as SJCERA members.

II. Background and Objectives

A. As a general rule, under SJCERA's practice in place prior to the adoption of this Declining Employer Payroll Policy, SJCERA determined employers' contribution obligations for UAAL by applying a contribution rate determined by SJCERA's actuary to the employer's SJCERA-covered payroll (the percentage-of-payroll methodology), with separate rates applied for General and Safety members. For employers whose payrolls are generally consistent with SJCERA's actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology continues to be appropriate. But for employers whose SJCERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is generally not the appropriate means of collecting employer contributions owed to the system. The objectives of this Declining Employer Payroll Policy are to (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining SJCERA-covered payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.

B. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended, and other applicable provisions of law. Pursuant to Gov't. Code sections 31453, 31453.5, 31454.7, 31581, 31582, 31584, 31585, 31586 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers, to SJCERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from SJCERA.

C. It is the Board of Retirement's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations.

This will generally require redetermination of the funding obligations of the employer for a number of years.

III. Policy Procedures and Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

A. Commencement of Coverage – Triggering Events

1. This Policy covers only those employers for whom the Board determines, based on a recommendation from SJCERA's Chief Executive Officer (CEO), that a *triggering event* as described in this section has occurred *and* who are not excluded from coverage under this Policy as described below. The Board hereby directs the CEO to work with SJCERA staff and service providers (*e.g.,* the actuary) to obtain the information (*e.g.,* SJCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.

   a. *Triggering event resulting from ceasing to enroll new hires.* Some SJCERA participating employers cease to enroll new hires with SJCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active SJCERA members. These employers' SJCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an SJCERA participating employer, or an SJCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.

   b. *Triggering event resulting from a material and expected long-lasting reduction in SJCERA-covered payroll.* Some employers may experience a material reduction in their SJCERA-covered payroll, but nevertheless continue to enroll their new hires with SJCERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discreet event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's SJCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other employers, if any, in the same SJCERA rate group. Generally, by its nature, the determination of whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

B. Exclusions from Coverage; Terminations of Coverage

1. This Policy also covers *only* those employers (i) who are financially-viable entities when a triggering event occurs, *and* (ii) whom SJCERA expects to continue

indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a "withdrawing employer" who ceases to provide SJCERA membership for *all* of the employer's active SJCERA members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with SJCERA).

2. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for a number of years. Therefore, if concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system including, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due, as has been described under the Board's Employer Termination Policy.

C. **Procedures**

1. The CEO will (i) work with SJCERA's staff, service providers, and SJCERA's participating employers to obtain the information (*e.g.*, SJCERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.

2. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will determine, at a duly-noticed public meeting, (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section III.B.1 above. Employers may be required to provide SJCERA with updated financial reports as well as employee census and payroll data. *See* Gov't. Code section 31543.

3. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer's UAAL contribution obligation, SJCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of SJCERA's actuary, and shall maintain such separate accounting for the employer until all of the participating employer's obligations to SJCERA have been fully satisfied.

4. SJCERA's actuary will determine, and certify to the Board of Retirement, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer's share of the actuarial accrued liability (AAL), including the remaining liability for any inactive members who have accrued service with the employer.

The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed the lesser of the current amortization period used to compute SJCERA's UAAL contribution (as represented by the "Single Equivalent Period" applicable to that employer reported in the most recent annual actuarial valuation) or the average duration of the benefit payments associated with the members' service with the employer, beginning on January 1 of the calendar year immediately after the year in which the triggering event occurs.

Upon the request of the employer, and if they can demonstrate an expectation of increasing revenues and/or overall payroll, the Board, in consultation with staff and its actuary, may consider an increasing payment schedule, at a rate of increase not to exceed SJCERA's overall payroll growth assumption, as opposed to a level dollar amortization schedule. Once such a request is made and approved by the Board, the Board may require renewed demonstration of the appropriateness of this approach in future years.

The employer's UAAL contribution will also include a load for administrative expenses, based on the same employer administrative load applied to the other contributing employers as determined in the most recent actuarial valuation.

5. The actuary will use the actuarial valuation performed for SJCERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of SJCERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.,* based on the employer's initial UAAL allocation determined in accordance with section 4 above), and will be determined separately for the assets and liabilities associated with General and Safety members (*i.e.,* the employer will receive an allocation of the VVA associated with the General members based on their share of the General member liabilities, and similarly for Safety, as applicable).

   Later values of the VVA (*i.e.,* those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments and the employer's share of administrative expenses, and crediting earnings at the actual smoothed (VVA) earnings rate on total SJCERA assets. The employer's share of the administrative expenses is determined based on the share of the employer's total AAL as of the most recent actuarial valuation to the total SJCERA AAL.

6. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, SJCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to SJCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. As a default, the amortization schedule

will be determined based on the policy described above (*i.e.,* the shorter of the Single Equivalent Period applicable to the employer from the most recent actuarial valuation, or the average duration of the projected benefit payments for the employer's members). SJCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.

7. Eventually, the Board may determine, in consultation with staff and its service providers, that it is in the best interest of the Plan – for administrative burden or other reasons – for the employer's coverage under this policy to transition to a "Terminating Employer", and thus determine a final single sum payment under the SJCERA "Employer Termination Policy." Staff and service providers will conduct this analysis when the remaining duration approaches the asset smoothing period (currently five years), and at any other time determined to be in the best interest of the plan. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), SJCERA will distribute the Final Surplus in accordance with the terms of applicable law.

IV. Policy Review

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

V. History

04/12/2019	Adopted
07/08/2022	Reviewed, corrected one typo, no substantive changes
07/14/2023	Reviewed (including actuarial consideration of smaller employers' payroll volatility), added statutory authority effective 1/1/2021, updated policy review section, and other non-substantive changes

Certification of Board Adoption:

07/14/2023

Clerk of the Board — Date

Disability Retirement and Active Member Death Policy and Procedure

I. Purpose

A. The purpose of this policy is to provide a procedure for acting upon applications to the Board for disability retirement and related rights, benefits and privileges inuring to Members of the San Joaquin County Employees' Retirement Association (SJCERA) and their designated beneficiaries. It is intended that applications be fairly and expeditiously processed, that the applicant and the Board have fair notice of any required hearing~~,~~ and consider sufficient facts to arrive at a true and fair decision on the application. For the purposes of a fair hearing, the Board shall act as an independent body, finding facts and applying law. Upon receipt of the ~~CEO's~~ recommendation from the SJCERA Chief Executive Officer (CEO), the Board may approve, dismiss, or deny the application, or take other appropriate action authorized by the California Employees~~'~~ Retirement Law of 1937 (CERL) and, if applicable,~~or~~ the Public Employees' Pension Reform Act of 2013 (PEPRA).

II. Definitions

A. Unless the context otherwise requires, the definitions in this section shall govern the construction of this policy and procedures.

1. "Interested Party" means any person, including an Applicant, a Member to whom an Application pertains, the Fund, and any authorized representatives of each of them, disclosed by the records of SJCERA or by the Application to have a legal interest in the subject matter of the Application.

2. "Applicant" means any person or entity that has filed an application for disability retirement benefits or a survivor allowance resulting from an active Member's death, which may include any Member of SJCERA, the head of the office or department in which the Member is or was last employed, the Board or its agents, or any other person claiming benefits, rights, or privileges under the CERL and, if applicable,~~or~~ PEPRA.

3. "Application" means a claim for disability or active member death benefits, rights, or privileges under CERL and, if applicable ~~or~~ PEPRA, submitted to SJCERA by an Applicant on a form authorized by SJCERA for that purpose.

4. "Application Packet" means the documents that an Applicant is required to provide to SJCERA before an Application will be deemed submitted or filed for processing and evaluation. These documents include: a completed and signed application form, completed and signed questionnaires, signed authorizations for release of information, all relevant medical records and reports, and such other documents and information reasonably required by

SJCERA pursuant to this policy and procedure.

5. "Board" means the San Joaquin County Employees' Retirement Association's Board of Retirement.

6. "Board's Counsel" means an employed staff attorney, an attorney from the Office of County Counsel~~.~~, or other independent counsel designated by the Board pursuant to Government Code Section 31529.9.

7. "The Fund" means the trust fund governed~~created~~ by the Board pursuant to Government Code Section 31588 and administered under the CERL solely for the overall best interest~~benefit~~ of ~~the~~ Members ~~and retired Members of the system~~ and their ~~his/her survivors and~~ beneficiaries. The Fund shall be a real Party in interest at all disability hearings conducted under this policy and independent Fund~~legal~~ ~~c~~Counsel, who does not advise the Board with respect to such proceedings, shall represent the Fund in such hearings.

8. "Disability Medical Provider" means medical, psychiatric, or other healthcare experts retained by SJCERA to examine Members and provide opinion evidence regarding permanent disability and causation issues.

9. "Retirement Office" means the physical office of ~~the San Joaquin County Employees' Retirement Association (~~SJCERA~~) currently located at 6 South El Dorado Street Suite 400, Stockton, CA 95202~~ at the address posted on www.sjcera.org.

10. "Member" means the SJCERA member who is the subject of the Application or on whose behalf the Application is filed.

11. "Fund~~'s~~ Counsel" means the attorney retained by SJCERA to represent the interests of the Fund in investigating and evaluating Applications, providing recommendations to SJCERA, and representing the Fund before the Board.

12. References to written notice or any notice in writing from or by SJCERA mean that such notice may be delivered electronically, by first class mail or certified mail at the discretion of the CEO.

III. Representation by Counsel

A. Any Interested Party, at that Party's expense, may hire and be represented by an attorney subject to the provisions of this section. No Applicant is required to have an attorney at any time. It is advised, however, that Applicants consider retaining an experienced attorney knowledgeable in CERL and disability retirement matters.

B. If any Interested Party becomes represented by an attorney, either such Party or such attorney shall promptly file with the Retirement Office and serve upon all other Interested Parties written notice of such representation, including the attorney's name, address, and telephone number. Unless appearing with an Interested Party at a hearing, an attorney shall not be deemed counsel of record until such notice of representation is duly filed and served. The Interested Party shall be deemed represented by said attorney until written notice of withdrawal or substitution of said attorney is filed with SJCERA and served on all other Interested Parties.

C. The failure to retain an attorney or to provide written notice of representation by such attorney shall in no event be considered good cause, in and of itself, to delay any proceeding under this policy and procedure.

IV. Communication with Individual Board Members

A. The Board is the decision-maker for all ~~disability retirement a~~Applications. As such, communications concerning the merits or substance of an ~~a~~Application between any Board member and any Interested Party or their ~~his/her~~ representatives, other than the CEO, are forbidden until the Board's decision is final and the time to appeal by writ or otherwise has expired. This prohibition shall remain in effect during the pendency of any writ, appeal, and rehearing. A copy of the *Ex Parte Communication Policy* can be found at www.sjcera.org.

V. Confidential Records

A. All individual records of Members (including, but not limited to, reports, sworn statements, medical reports and records, applications, notices, orders, and findings and decision relating to an application for disability retirement) are confidential and shall not be disclosed by SJCERA to anyone except as set forth in these procedures, upon order of a court of competent jurisdiction, or upon written authorization by the Member.

VI. Application Process

A. ~~Disability retirement~~ Applications may be filed by SJCERA Members, the head of the office or department in which the Member is or was last employed, the Board or its agents, any other person acting on a Member's behalf, or as authorized by CERL.

B. Claim

1. A claim for disability retirement or survivor allowance shall be made by filing a complete Application Packet with the Retirement Office~~ a complete Application Packet~~. The Application shall not be deemed complete or filed until the Applicant has submitted all of the following to the Retirement Office:

   a) An Application, on a form approved by SJCERA for that purpose, signed and complete with all requested information therein. The Application shall include a specific description of the injuries, conditions, and diagnoses that give rise to that alleged permanent incapacity.

b) Signed authorizations for release of medical and other information deemed by SJCERA relevant to a full and complete evaluation of the Application.

c) A physician's statement dated no earlier than a year prior to the date of the Application, in a form approved by SJCERA for that purpose complete with all requested information therein, signed and dated by the physician, stating that the Member is permanently incapacitated.

d) Copies of all medical/psychiatric reports and records relevant to the claims made in the Application.

e) All other documents and information that support the granting of the Application.

C. Initial Review of the Application Packet

1. Within 30 days of receipt of an Application Packet for filing, SJCERA shall review the submitted Application Packet and determine whether the application is complete and acceptable for filing. If the Application is determined to be complete, SJCERA shall notify the Applicant electronically and/or by U.S. mail that the Application has been accepted for filing. A complete Application shall be deemed filed as of the date SJCERA received the Application.

2. If, during the 30-day review period in this section, the Application Packet is determined to be incomplete ~~or otherwise deficient~~, SJCERA shall notify the Applicant of the deficiency(ies) and that the application has been rejected for filing as incomplete.

D. Further Information Required from Applicant

1. If at any time during the pendency of the Application, the Applicant changes, in any material way, the facts or claims set forth in the Application, the Applicant shall immediately file with the Retirement Office, and serve on all Parties, written notice of such change, including any changes in employment or accommodation and any medical evidence supporting such an amendment. The failure to do so, may, in the discretion of the Board, preclude the Applicant from asserting the facts so alleged or introducing evidence with respect thereto. Notice of any such amendment shall be given, in writing, to Retirement Office within ten (10) days of the date thereof, and in no event later than thirty (30) days prior to any proceeding before the Board or Referee.

2. At any time during the pendency of an Application or in connection with any re-evaluation of the Member's disability status permitted under CERL, the Board or SJCERA may, by written notice to the Applicant, require that the Applicant produce within 30 days any or all of the following items. Said items shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming that

the Applicant has made a diligent search and reasonable inquiry and that no other responsive items exist.

a) Copies of records, reports, notes, statements, documents, photographs, or other writings, within the definition of Evidence Code Section 250.

b) A narrative report of the Member’s current medical condition, and a list of the names and contact information for all of the Member’s healthcare providers.

c) Written responses to written questions concerning any matter that is reasonably calculated to lead to the discovery of evidence that would be admissible at a hearing. Said written responses shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming the truthfulness and completeness of the responses.

3. Any Interested Party shall be entitled to notice and take oral depositions in the manner prescribed by the California Code of Civil Procedure, except that there shall be no distinction between the depositions of expert and non-expert witnesses, and the provisions of the California Code of Civil Procedure pertaining to the depositions of expert witnesses shall not apply. The Party noticing a deposition shall pay any and all deposition costs and the fees to which a witness may be entitled.

E. Investigation and Evaluation

1. Before an administrative recommendation is made to the Board or a hearing before a Referee is set, the following shall be completed:

a.) Within 90 days after an Application is accepted for filing, SJCERA will request any and all records that may be relevant to the determination of the Application. These may include, but are not necessarily limited to, the following: medical, psychiatric, psychological, chiropractic, physical therapy, and acupuncture records; radiology and ultrasound records; electrodiagnostic testing records; laboratory (blood, urine, pathology, etc.) testing records; psychological testing records; personnel and human resources records, incident and injury reports; reports prepared by any law enforcement agency; the Member’s complete worker’s compensation file pertaining to the subject claim and other potentially related claims including all medical records, reports, deposition transcripts, etc.; HIV and alcohol treatment/testing records in cases where these conditions are at issue.

b.) SJCERA shall require a written statement from the employer/department regarding employment status, job duties, work restrictions and accommodations, if any.

c.) All reasonably pertinent records ~~pertaining to the Application~~ will be provided to the Disability Medical Provider and the Fund's Counsel.

d.) The Fund's Counsel and/or the Disability Medical Provider will review and summarize the records. The Fund's Counsel will coordinate independent medical examination(s) as necessary and appropriate.

e.) Additional records may be requested or subpoenaed of the Applicant or others.

f.) All medical examinations required of the Member are completed and reports thereof have been submitted to SJCERA.

g.) The Fund's Counsel will review medical findings and other evidence and make recommendations to the CEO.

h.) Applicant is notified of pending action.

i. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has met their~~his/her~~ burden of proof to show eligibility for a disability retirement benefit, staff will place the matter on the closed session consent calendar at a Board of Retirement meeting with a recommendation to grant the application.

ii. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has not met their~~his/her~~ burden of proof to receive a disability retirement benefit, the CEO will be notified. The Applicant will be notified and given the option to request a hearing. (See below.)

F. Medical Examinations

1. Members may be required to undergo one or more medical or psychiatric examinations by a physician or physicians of SJCERA's choice as necessary to evaluate the conditions and diagnoses presented in the Application. Such examinations may be unnecessary in the following cases: (1) where the Member has already been examined by at least one qualified medical expert and there is overwhelming and undisputed medical evidence that the Member is permanently incapacitated, such that referring the Member to another examination would be futile; and (2) where the Applicant has not submitted substantial medical evidence that the Member is permanently incapacitated, such that referring the Member to an examination would be unjustified.

2. Members must cooperate during the medical or psychiatric examination process and, if requested, must promptly provide additional medical records and information, or submit to additional examinations.

3. SJCERA shall at least fifteen (15) days before the appointment date, serve

the Member (and if the Applicant is not the Member, the Applicant ~~all Parties~~) with written notice of the date, time and place of the medical or psychiatric examination. Notice may be served electronically and/or by first-class mail through the US Postal Service. If the Member is unable to keep the examination appointment, the Member or their~~his/her~~ attorney shall notify SJCERA or the Fund's Counsel in writing of such fact at least ten (10) calendar days before the scheduled examination. Failure to provide such notice and appear for the medical examination without good cause may result in the Board assessing medical cancellation fees against the Member and/or any other penalties for failure to comply with these Disability Retirement procedures.

4. The cost of such medical examinations shall be borne by SJCERA.

5. If the examination is at a facility located outside of San Joaquin County, Members may request ~~reimbursement from SJCERA for mileage costs incurred to attend such examination.~~ SJCERA reimburse mileage costs incurred for travel between the examination address and either the San Joaquin County line or the Member's home address, whichever is less. SJCERA will not reimburse for out-of-state travel. Except as set forth in this paragraph, unless otherwise authorized by the Board, travel expenses that are incurred by Members or other Interested Parties relating to these procedures, including but not limited to appearances at hearings, Board meetings and medical examinations, are not eligible for reimbursement by SJCERA.

G. Penalties for Failure to Comply with Disability Retirement Procedures.

1. The failure of an Applicant to comply with the requirements set forth in these procedures may result in a recommendation to dismiss the Application. Upon the Board's own motion or a recommendation by the CEO, and 30 days' written notice to the Applicant without cure, the Board may:

   a) Dismiss any Application in which the Board finds the Applicant to be non-compliant with these procedures. Failure to comply includes, but is not limited to: failure to submit to a duly noticed medical examination, failure to cooperate with any medical examination without good cause, failure, or refusal to comply with, any notice or demand made pursuant to this policy, failure to cooperate in the formal hearing process, and failure to comply with any order of the Board or the Referee.

   b) Dismiss the Application with prejudice upon a finding of bad faith actions, dilatory or frivolous tactics causing undue delay in the proceedings, disobedience to a lawful order, and/or obstruction of the due course of a hearing proceeding.

H. CEO's Recommendation

1. The CEO may recommend to the Board that a Member be retired for

service-connected or nonservice-connected disability retirement benefits. The recommendation shall be in writing and include:

a) A determination of permanent physical or mental incapacity for the performance of the Member's duties;

b) A determination whether the incapacity is the result of an injury or disease arising out of and in the course of the Member's employment and whether such employment contributed substantially to the incapacity;

c) A summary of the evidence in support of the recommendation.

I. Setting the Matter for Hearing

1. If, after investigation, the CEO determines that the Applicant has failed to meet their~~his/her~~ burden of proof regarding any element legally necessary for the granting of the Application, the Applicant will be notified of its decision in writing, giving the ~~a~~Applicant the following options, if applicable:

   a) If the Applicant has met their~~his/her~~ burden of proof regarding permanent incapacity but not service connectedness:

      i. The Applicant may amend the Application from service-~~-~~connected to nonservice-connected disability retirement or death to permit SJCERA to recommend that the Board grant a non~~-~~service-~~-~~connected disability retirement or death without need for hearing; or

      ii. The Applicant may request both of the following: a hearing on the issue of service-connection, and a request that the Board grant a nonservice-connected disability retirement or survivor allowance;

   b) Stipulate to waive the right to hearing and withdraw the Application.

   c) Request a hearing on all issues presented by the Application.

2. If a written response is not received from the Applicant within thirty (30) calendar days after issuing the written notice in section VI.I.1 above, SJCERA shall commence dismissal procedures ~~will recommend that the Board dismiss the Application pursuant to~~ under section VI.G for noncompliance~~ at the next available regularly scheduled meeting of the Board of Retirement~~.

3. In cases where, as set forth in section VI.I.1.a above, the Applicant has opted to amend the Application from service-connected to non~~-~~service-connected disability retirement, or where the Applicant requests a nonservice-connected disability retirement or survivor benefit and a hearing on the issue of service-connection, SJCERA will recommend that the Board grant a non~~-~~service-connected disability retirement or death benefit.

4. The Applicant may withdraw the Application at any time prior to the Board's final determination. Any withdrawal of an application prior to the assignment

to a Referee shall be deemed a withdrawal without prejudice. A withdrawal without prejudice means that any re-submission of the withdrawn application will be considered a new application that must meet all filing requirements, including timely filing requirements. Any withdrawal of an application after the assignment to a Referee will be deemed to be with prejudice. An application withdrawn with prejudice precludes subsequent submission of the withdrawn application based on the same disability, injury or disease in the absence of new evidence.

VII. Hearings Before A Referee

A. Referral to Referee

~~1.~~ If the Applicant timely requests a hearing, the matter shall be referred for hearing de novo before a Board-appointed Referee. The Referee shall be provided by the Office of Administrative Hearings of the State of California or by a prescreened panel of acceptable Referees selected by SJCERA. Compensation for the Referee shall be determined by the CEO and shall be paid by SJCERA.

B. Notification of Referral to Referee and Statement of Issues; Certification of Issues, Documents and Witnesses

1. Before a hearing date is set, the following notifications and certifications shall be provided:

   a) The Fund's Counsel shall notify the Applicant in writing that SJCERA has referred the matter to hearing before a Referee and that a Referee will be appointed and a hearing scheduled as soon as SJCERA receives the certification required by this section. The written notice will further advise that if SJCERA does not receive the required certification within 30 calendar days, SJCERA will commence dismissal procedures ~~recommend that the Board dismiss the Application for lack of diligence pursuant to~~ under section VI.G~~F~~ for noncompliance. ~~above.~~

   b) The written notice will include the following:

      i. A list of issues to be determined at the hearing and the names and contact information of all witnesses that may be called by the Fund's Counsel to testify at the hearing.

      ii. A copy of SJCERA's Disability Retirement Policy and Procedures.

      iii. An electronic copy of all medical records, reports, and other nonprivileged documents in SJCERA's file that have been obtained as part of the disability retirement application process. If the Applicant is not the Member, such records shall not be disclosed to the Applicant unless authorized by the Member, the Referee or the Board of Retirement.

c) Notwithstanding anything in this subdivision, unless otherwise ordered by the Referee or the Board, SJCERA shall only furnish psychiatric and/or other mental health ~~medical~~ reports and records to the Member's attorney or a treating physician designated by the ~~m~~Member in writing.

d) Enclosed with the notice to the Applicant will be a form which will require the Applicant to certify the following:

   i. That there are no additional documents to introduce as evidence at the hearing other than those provided to the Applicant in electronic form along with SJCERA's letter. If there are additional documents, the Applicant must provide them to SJCERA along with the signed certification form. Unless otherwise ordered by the Referee or by stipulation of the parties, any documents not produced with the certification will be barred from introduction as evidence at hearing.

   ii. Whether the Applicant will be represented by an attorney at the hearing and, if so, the name and contact information for the attorney.

   iii. List the names and contact information for any witnesses the Applicant intends to call to testify at the hearing. Unless otherwise ordered by the Referee or by stipulation of the parties, any witnesses not identified by the Applicant on the certification shall be barred from testifying at the hearing.

C. Setting the Hearing Date

1. Within 30 days of the timely receipt of the Applicant's certification of documents and witnesses, the Fund's Counsel shall contact the Applicant or their attorney to select a mutually agreeable hearing date. The hearing date selected must be no later than 90 days after the filing of the Applicant's certification of documents and witnesses. If an Applicant fails to respond to SJCERA's reasonable requests to set a hearing date, SJCERA may either schedule a hearing date or notify the Applicant in writing that continued failure to confer on a hearing date may result in dismissal of the Application for ~~lack of diligence~~noncompliance. If the Interested Parties cannot agree on a hearing date, either Interested Party may request a prehearing conference with the Presiding Judge of the Office of Administrative Hearings to set the hearing date.

D. Time and Place of Hearings

1. Unless the parties and the Referee agree otherwise, all hearings shall take place at the Retirement Office ~~SJCERA, 6 South El Dorado Street, Suite 400, Stockton, CA~~. When the date and time of the hearing are selected, SJCERA shall notify the parties and the Referee of the time and place of the hearing.
2. Unless the parties and the Referee agree otherwise, all hearings are deemed set for one full day, beginning at 9:30 a.m. Unless the parties and

the Referee agree otherwise, ~~H~~hearings which are not completed by the end of the day shall be continued to the next agreeable hearing date which shall be no more than 30 days from the initial hearing date.

E. Prehearing Conferences

1. At the request of any Interested Party, a prehearing conference may be scheduled with the Referee for the purpose of resolving any evidentiary, discovery and/or other prehearing disputes or issues. Prehearing conferences may be conducted personally or telephonically. Following the prehearing conference, the Referee may issue any orders relating to briefing, discovery, and/or the conduct of the hearing, including the final exchange of documents and witnesses.

2. Unless otherwise stipulated by the parties, a prehearing conference is mandatory in all cases where the Applicant is unrepresented by counsel.

F. Determining Issues

1. The Referee shall determine all issues presented by the Application ~~set forth in the written statement of issues required by this policy~~ by a preponderance of the evidence, including the following, if applicable:

   a) Whether the Member was employed prior to January 1, 1981, and was required as a condition to such employment to execute a waiver for the alleged disability under Government Code Section 31009;

   b) Whether the Member is disabled, that is, whether there is a substantial mental or physical incapacity to perform the Member's normal and usual employment duties ("incapacity");

   c) Whether the incapacity~~disability~~ is permanent~~, that is, whether as a reasonable medical probability the disability is likely to persist indefinitely~~;

   d) Whether, for non-service-connected disability, the Member has completed five (5) years of service;

   e) Whether for a service-connected disability:

      i. the incapacity is a result of injury or disease

      ii. the injury or disease arose out of and in the course of the Member's employment; and

      iii. the employment contributed substantially to the incapacity.~~;~~

   f) Whether, for Members described in Government Code Sections 31720.5, 31720.6, 31720.7 or 31720.9 alleging heart trouble, cancer, blood-borne infectious disease, or illness due to exposure to biochemical substances:

i. the Member has completed five (5) years of safety service, if required;

ii. the Member has the condition alleged;

iii. the Member is permanently incapacitated due to the condition alleged;

iv. the condition developed while a qualified Member of SJCERA;

v. and whether the presumption of the relevant Government Code Section has been rebutted

G. Conduct of Hearing

1. A stenographic reporter shall record the proceedings of all hearings authorized by the Board at SJCERA's cost. Any transcription and copies shall be charged to the requesting Party. The hearing shall be considered closed to the public. The Referee shall mark for identification only, and not as evidence, all exhibits submitted by the parties, which should include:

a) the completed Application Packet;

b) the notice of hearing, with proof of service on the Applicant;

c) other documents required to be submitted by this policy including, without limitation, relevant medical reports, medical records, employment records, worker's compensation records, etc.

2. Hearing Process.

a) Each Party may make an opening statement.

b) Each other Party then shall present evidence, in the order determined by the Referee in accordance with each Party's burden of proof and burden of presenting evidence to establish such proof.

c) Each Party may cross-examine witnesses.

d) Rebuttal evidence may be presented.

e) Each Party may make oral closing arguments.

f) Upon the conclusion of all closing arguments, the Referee shall determine if all parties are ready to submit the matter for decision, and if so, or if the Referee otherwise orders for good cause, the Referee shall close the hearing and declare the matter submitted for decision.

H. Stipulations

1. Nothing in these procedures may be construed as preventing the parties from stipulating to lesser time requirements than prescribed in these procedures. The Referee may, upon written notice and for good cause

shown, lengthen or shorten the times specified in these procedures.

VIII. Rules of Evidence

A. Burden of Proof

1. The Applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the Application depends~~, as identified in the statement of issues submitted by the Fund's Counsel~~. In addition, if the Applicant seeks to assert one or more of the legislative presumptions afforded by Government Code Sections 31720.5 (heart trouble), 31720.6 (cancer), 31720.7 (blood-borne infectious disease), or 31720.9 (illness due to exposure to biochemical substances), then the Applicant first must establish their~~his/her~~ entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

B. Evidence

1. Oral evidence shall be taken only on oath or affirmation. Unless expressly waived by an opposing Party, all written evidence shall be sworn to or given under penalty of perjury, subject to Subsection E, below.

C. Witnesses

1. Each Party may call and examine witnesses, introduce exhibits, and cross-examine and impeach any witness on any matter relevant to the issues. If the Applicant or any other Party does not testify on that Party's own behalf, that Party may be called and examined as if under cross-examination under Evidence Code Section 776.

D. Refusal of Witness

1. Refusal by an Applicant or other Party to submit to examination or to answer relevant questions shall be grounds for considering those questions to be answered unfavorably to the refusing Party for the purpose of that hearing, and for denying the relief or benefits sought by the refusing Party.

E. Hearing Conduct

1. The hearing need not be conducted according to the technical rules of law relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions.

F. Certified Copies

1. Certified copies of the reports and records of any governmental agency, division or bureau, will be accepted as evidence in lieu of the original thereof.

G. Deposition Transcripts/Video Recordings

1. Any Party may offer, and the Referee shall receive into evidence, any relevant deposition transcript and/or video recording thereof if: (1) the deposition was taken in the manner provided by law or by stipulation of the Parties; and (2) at least twenty (20) calendar days before the hearing the offering Party delivered a copy of the transcript and/or video recording of the deposition to all Parties along with notice of intent to introduce same into evidence. Nothing herein shall require or permit receiving into evidence any deposition testimony to which objection is properly raised if such testimony would be inadmissible were the witness present and testifying at the hearing. Deposition transcripts/video recordings shall be admissible notwithstanding that the deponent is available to testify. Depositions of experts, including medical experts, may be introduced in lieu of live testimony pursuant to Code of Civil Procedure Section 2025.620(d)

H. Written Medical Reports As Evidence

1. A written medical report bearing the signature of the medical witness shall be admissible in evidence as the author's direct testimony. Such medical reports shall not be inadmissible on the basis that they constitute hearsay. Each Party has the right to cross-examine the authors of medical reports pursuant to a subpoena issued and served in compliance with these procedures.

I. Subpoena Powers and Witness Fees

1. Subpoena powers shall be vested in the Board officers, the CEO and the Referee in accordance with Government Code Section 31535. Subpoenas shall be requested through the Fund's Counsel who shall transmit the request to SJCERA. Subpoenas issued shall be transmitted to the Party requesting the subpoena. The requesting Party shall have the sole responsibility for serving and enforcing the subpoena and for paying all costs associated with the subpoena.

2. A written motion to quash a subpoena may be made to the Referee on one or more of the following grounds, which shall be clearly and fully stated in the motion and supported by declarations under penalty of perjury:

    a) Compliance will be unduly burdensome or against public policy.

    b) The things subpoenaed are privileged by law.

c) The things subpoenaed are irrelevant or unnecessary to the proceedings.

d) The things subpoenaed have not been described with sufficient clarity to enable the witness to comply. Before it commences or continues with the proceeding, the Referee shall wholly or partially grant or deny the motion to quash.

3. The Party calling a witness to testify (whether by subpoena or otherwise) shall be solely responsible for paying any expert or nonexpert witness fees, mileage charges, and other costs associated with the witness' testimony. Non-expert witness fees and mileage charges shall be calculated as provided by law.

J. Service of Proposed Findings of Fact and Recommended Decision

1. Within 30 days ~~A~~after closing the hearing, the Referee will prepare a summary of the evidence received, findings of fact, conclusions of law, and a recommended decision. In accordance with the provisions of Government Code Section 31533, the findings of fact and proposed recommendation of the Referee shall be served on the CEO, who in turn shall distribute a copy to all parties.

2. Either Party may submit written objections to the Referee's recommended decision to SJCERA within ten (10) calendar days from the date SJCERA distributes the notice to all parties. The non-objecting Party may submit their response to the objections 10 days after the filing of the objections. The written objections and response shall be incorporated into the record submitted to the Referee's consideration.

K. Board's Decision

1. Upon receipt and review of the recommended decision of the Referee and any filed objections and responses, the Board may:

a.) Approve and adopt the recommended decision of the Referee, or

b.) Refer the Application to the Referee for further hearing and/or consideration, or

c.) Require a written transcript or summary of all testimony plus all other evidence received by the Referee to be submitted by the CEO to the Board. Following its receipt and review of the transcript and evidence, the Board shall:

i. Take action as is appropriate to the evidence and the provisions of the CERL, or

ii. Refer the matter back to the Referee with or without instruction for further proceedings; or

iii. Set the matter for hearing de novo before itself. The Board shall hear and decide the matter as if it had not been referred to the Referee. Unless otherwise allowed by the Board, the hearing shall be confined to the evidence, witnesses, and issues set forth in the certification and statement required by this policy. All hearings before the Board shall require the attendance of at least the same seven (7) members throughout the hearing and shall be conducted as if it were a hearing held before a Referee in accordance with this policy.

IX. Final Decision

A. The Board's decision shall become final upon notice of the decision on all parties, including the employer.

B. Judicial Review. In those cases where a Party or Applicant is entitled to judicial review of the proceedings before the Board, any petition for writ of mandate shall be filed with the superior court within ninety (90) days from the date the notice of this Board's decision is mailed to the Party or Applicant or is delivered to the Party or Applicant.

X. Law Prevails

A. In the event a conflict between this policy and CERL~~the County Employees Retirement Law~~, PEPRA~~the Public Employees' Pension Reform Act~~, or other applicable statutes arises, the law shall prevail.

XI. Policy Review

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

XII. History

3/1/2018	Bylaw Sections 8, 9, 10 & 11 Converted to Board Policy and Board of Supervisor approved Bylaws
06/28/2018	Staff updated format
08/10/2018	Modified the definitions of Applicant and Application to conform with SJCERA's adopted code sections
07/12/2019	Revised to include definitions, add requirements that an application must meet before being filed, allow the member to elect not to go to hearing, allow the use of depositions, clarify mileage reimbursement may be requested for out-of-county travel to SJCERA-scheduled examinations, and specify that SJCERA may determine an examination is not required in some cases.
7/10/2020	Amended to clarify the use of a Referee for hearings, the order of the prehearing and hearing process, subpoena options, and penalties for noncompliance.

07/14/2023 Updated to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications.

Certification of Board Adoption:

	7/14/2023
Clerk of the Board	Date

Disability Retirement and Active Member Death Policy and Procedure

I. Purpose

A. The purpose of this policy is to provide a procedure for acting upon applications to the Board for disability retirement and related rights, benefits and privileges inuring to Members of the San Joaquin County Employees' Retirement Association (SJCERA) and their designated beneficiaries. It is intended that applications be fairly and expeditiously processed, that the applicant and the Board have fair notice of any required hearing and consider sufficient facts to arrive at a true and fair decision on the application. For the purposes of a fair hearing, the Board shall act as an independent body, finding facts and applying law. Upon receipt of the recommendation from the SJCERA Chief Executive Officer (CEO), the Board may approve, dismiss, or deny the application, or take other appropriate action authorized by the California Employees Retirement Law of 1937 (CERL) and, if applicable, the Public Employees' Pension Reform Act of 2013 (PEPRA).

II. Definitions

A. Unless the context otherwise requires, the definitions in this section shall govern the construction of this policy and procedures.

1. "Interested Party" means any person, including an Applicant, a Member to whom an Application pertains, the Fund, and any authorized representatives of each of them, disclosed by the records of SJCERA or by the Application to have a legal interest in the subject matter of the Application.
2. "Applicant" means any person or entity that has filed an application for disability retirement benefits or a survivor allowance resulting from an active Member's death, which may include any Member of SJCERA, the head of the office or department in which the Member is or was last employed, the Board or its agents, or any other person claiming benefits, rights, or privileges under the CERL and, if applicable, PEPRA.
3. "Application" means a claim for disability or active member death benefits, rights, or privileges under CERL and, if applicable PEPRA, submitted to SJCERA by an Applicant on a form authorized by SJCERA for that purpose.
4. "Application Packet" means the documents that an Applicant is required to provide to SJCERA before an Application will be deemed submitted or filed for processing and evaluation. These documents include: a completed and signed application form, completed and signed questionnaires, signed authorizations for release of information, all relevant medical records and reports, and such other documents and information reasonably required by

SJCERA pursuant to this policy and procedure.

5. “Board” means the San Joaquin County Employees’ Retirement Association’s Board of Retirement.
6. “Board’s Counsel” means an employed staff attorney, an attorney from the Office of County Counsel, or other independent counsel designated by the Board pursuant to Government Code Section 31529.9.
7. “The Fund” means the trust fund governed by the Board pursuant to Government Code Section 31588 and administered under the CERL solely for the overall best interest of Members and their beneficiaries. The Fund shall be a real Party in interest at all disability hearings conducted under this policy and independent Fund Counsel, who does not advise the Board with respect to such proceedings, shall represent the Fund in such hearings.
8. “Disability Medical Provider” means medical, psychiatric, or other healthcare experts retained by SJCERA to examine Members and provide opinion evidence regarding permanent disability and causation issues.
9. “Retirement Office” means the physical office of SJCERA at the address posted on www.sjcera.org.
10. “Member” means the SJCERA member who is the subject of the Application or on whose behalf the Application is filed.
11. “Fund Counsel” means the attorney retained by SJCERA to represent the interests of the Fund in investigating and evaluating Applications, providing recommendations to SJCERA, and representing the Fund before the Board.
12. References to written notice or any notice in writing from or by SJCERA mean that such notice may be delivered electronically, by first class mail or certified mail at the discretion of the CEO.

III. Representation by Counsel

A. Any Interested Party, at that Party’s expense, may hire and be represented by an attorney subject to the provisions of this section. No Applicant is required to have an attorney at any time. It is advised, however, that Applicants consider retaining an experienced attorney knowledgeable in CERL and disability retirement matters.

B. If any Interested Party becomes represented by an attorney, either such Party or such attorney shall promptly file with the Retirement Office and serve upon all other Interested Parties written notice of such representation, including the attorney’s name, address, and telephone number. Unless appearing with an Interested Party at a hearing, an attorney shall not be deemed counsel of record until such notice of representation is duly filed and served. The Interested Party shall be deemed represented by said attorney until written notice of withdrawal or substitution of said attorney is filed with SJCERA and served on all other

Interested Parties.

C. The failure to retain an attorney or to provide written notice of representation by such attorney shall in no event be considered good cause, in and of itself, to delay any proceeding under this policy and procedure.

IV. Communication with Individual Board Members

A. The Board is the decision-maker for all Applications. As such, communications concerning the merits or substance of an Application between any Board member and any Interested Party or their representatives, other than the CEO, are forbidden until the Board's decision is final and the time to appeal by writ or otherwise has expired. This prohibition shall remain in effect during the pendency of any writ, appeal, and rehearing. A copy of the *Ex Parte Communication Policy* can be found at www.sjcera.org.

V. Confidential Records

A. All individual records of Members (including, but not limited to, reports, sworn statements, medical reports and records, applications, notices, orders, and findings and decision relating to an application for disability retirement) are confidential and shall not be disclosed by SJCERA to anyone except as set forth in these procedures, upon order of a court of competent jurisdiction, or upon written authorization by the Member.

VI. Application Process

A. Applications may be filed by SJCERA Members, the head of the office or department in which the Member is or was last employed, the Board or its agents, any other person acting on a Member's behalf, or as authorized by CERL.

B. <u>Claim</u>

1. A claim for disability retirement or survivor allowance shall be made by filing a complete Application Packet with the Retirement Office. The Application shall not be deemed complete or filed until the Applicant has submitted all of the following to the Retirement Office:

    a) An Application, on a form approved by SJCERA for that purpose, signed and complete with all requested information therein. The Application shall include a specific description of the injuries, conditions, and diagnoses that give rise to that alleged permanent incapacity.

    b) Signed authorizations for release of medical and other information deemed by SJCERA relevant to a full and complete evaluation of the Application.

c) A physician's statement dated no earlier than a year prior to the date of the Application, in a form approved by SJCERA for that purpose complete with all requested information therein, signed and dated by the physician, stating that the Member is permanently incapacitated.

d) Copies of all medical/psychiatric reports and records relevant to the claims made in the Application.

e) All other documents and information that support the granting of the Application.

C. Initial Review of the Application Packet

1. Within 30 days of receipt of an Application Packet for filing, SJCERA shall review the submitted Application Packet and determine whether the application is complete and acceptable for filing. If the Application is determined to be complete, SJCERA shall notify the Applicant electronically and/or by U.S. mail that the Application has been accepted for filing. A complete Application shall be deemed filed as of the date SJCERA received the Application.

2. If, during the 30-day review period in this section, the Application Packet is determined to be incomplete, SJCERA shall notify the Applicant of the deficiency(ies) and that the application has been rejected for filing as incomplete.

D. <u>Further Information Required from Applicant</u>

1. If at any time during the pendency of the Application, the Applicant changes, in any material way, the facts or claims set forth in the Application, the Applicant shall immediately file with the Retirement Office, and serve on all Parties, written notice of such change, including any changes in employment or accommodation and any medical evidence supporting such an amendment. The failure to do so, may, in the discretion of the Board, preclude the Applicant from asserting the facts so alleged or introducing evidence with respect thereto. Notice of any such amendment shall be given, in writing, to Retirement Office within ten (10) days of the date thereof, and in no event later than thirty (30) days prior to any proceeding before the Board or Referee.

2. At any time during the pendency of an Application or in connection with any re-evaluation of the Member's disability status permitted under CERL, the Board or SJCERA may, by written notice to the Applicant, require that the Applicant produce within 30 days any or all of the following items. Said items shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming that the Applicant has made a diligent search and reasonable inquiry and that no other responsive items exist.

   a) Copies of records, reports, notes, statements, documents, photographs, or other writings, within the definition of Evidence Code Section 250.

b) A narrative report of the Member's current medical condition, and a list of the names and contact information for all of the Member's healthcare providers.

c) Written responses to written questions concerning any matter that is reasonably calculated to lead to the discovery of evidence that would be admissible at a hearing. Said written responses shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming the truthfulness and completeness of the responses.

3. Any Interested Party shall be entitled to notice and take oral depositions in the manner prescribed by the California Code of Civil Procedure, except that there shall be no distinction between the depositions of expert and non-expert witnesses, and the provisions of the California Code of Civil Procedure pertaining to the depositions of expert witnesses shall not apply. The Party noticing a deposition shall pay any and all deposition costs and the fees to which a witness may be entitled.

E. <u>Investigation and Evaluation</u>

1. Before an administrative recommendation is made to the Board or a hearing before a Referee is set, the following shall be completed:

a.) Within 90 days after an Application is accepted for filing, SJCERA will request any and all records that may be relevant to the determination of the Application. These may include, but are not necessarily limited to, the following: medical, psychiatric, psychological, chiropractic, physical therapy, and acupuncture records; radiology and ultrasound records; electrodiagnostic testing records; laboratory (blood, urine, pathology, etc.) testing records; psychological testing records; personnel and human resources records, incident and injury reports; reports prepared by any law enforcement agency; the Member's complete worker's compensation file pertaining to the subject claim and other potentially related claims including all medical records, reports, deposition transcripts, etc.; HIV and alcohol treatment/testing records in cases where these conditions are at issue.

b.) SJCERA shall require a written statement from the employer/department regarding employment status, job duties, work restrictions and accommodations, if any.

c.) All reasonably pertinent records will be provided to the Disability Medical Provider and the Fund's Counsel.

d.) The Fund's Counsel and/or the Disability Medical Provider will review and summarize the records. The Fund's Counsel will coordinate independent medical examination(s) as necessary and appropriate.

e.) Additional records may be requested or subpoenaed of the Applicant or others.

f.) All medical examinations required of the Member are completed and reports thereof have been submitted to SJCERA.

g.) The Fund's Counsel will review medical findings and other evidence and make recommendations to the CEO.

h.) Applicant is notified of pending action.

i. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has met their burden of proof to show eligibility for a disability retirement benefit, staff will place the matter on the closed session consent calendar at a Board of Retirement meeting with a recommendation to grant the application.

ii. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has not met their burden of proof to receive a disability retirement benefit, the CEO will be notified. The Applicant will be notified and given the option to request a hearing. (See below.)

F. <u>Medical Examinations</u>

1. Members may be required to undergo one or more medical or psychiatric examinations by a physician or physicians of SJCERA's choice as necessary to evaluate the conditions and diagnoses presented in the Application. Such examinations may be unnecessary in the following cases: (1) where the Member has already been examined by at least one qualified medical expert and there is overwhelming and undisputed medical evidence that the Member is permanently incapacitated, such that referring the Member to another examination would be futile; and (2) where the Applicant has not submitted substantial medical evidence that the Member is permanently incapacitated, such that referring the Member to an examination would be unjustified.

2. Members must cooperate during the medical or psychiatric examination process and, if requested, must promptly provide additional medical records and information, or submit to additional examinations.

3. SJCERA shall at least fifteen (15) days before the appointment date, serve the Member (and if the Applicant is not the Member, the Applicant) with written notice of the date, time and place of the medical or psychiatric examination. Notice may be served electronically and/or by first-class mail through the US Postal Service. If the Member is unable to keep the

examination appointment, the Member or their attorney shall notify SJCERA or the Fund's Counsel in writing of such fact at least ten (10) calendar days before the scheduled examination. Failure to provide such notice and appear for the medical examination without good cause may result in the Board assessing medical cancellation fees against the Member and/or any other penalties for failure to comply with these Disability Retirement procedures.

4. The cost of such medical examinations shall be borne by SJCERA.

5. If the examination is at a facility located outside of San Joaquin County, Members may request SJCERA reimburse mileage costs incurred for travel between the examination address and either the San Joaquin County line or the Member's home address, whichever is less. SJCERA will not reimburse for out-of-state travel. Except as set forth in this paragraph, unless otherwise authorized by the Board, travel expenses that are incurred by Members or other Interested Parties relating to these procedures, including but not limited to appearances at hearings, Board meetings and medical examinations, are not eligible for reimbursement by SJCERA.

G. <u>Penalties for Failure to Comply with Disability Retirement Procedures.</u>

1. The failure of an Applicant to comply with the requirements set forth in these procedures may result in a recommendation to dismiss the Application. Upon the Board's own motion or a recommendation by the CEO, and 30 days' written notice to the Applicant without cure, the Board may:

   a) Dismiss any Application in which the Board finds the Applicant to be non-compliant with these procedures. Failure to comply includes, but is not limited to: failure to submit to a duly noticed medical examination, failure to cooperate with any medical examination without good cause, failure, or refusal to comply with, any notice or demand made pursuant to this policy, failure to cooperate in the formal hearing process, and failure to comply with any order of the Board or the Referee.

   b) Dismiss the Application with prejudice upon a finding of bad faith actions, dilatory or frivolous tactics causing undue delay in the proceedings, disobedience to a lawful order, and/or obstruction of the due course of a hearing proceeding.

H. <u>CEO's Recommendation</u>

1. The CEO may recommend to the Board that a Member be retired for service-connected or nonservice-connected disability retirement benefits. The recommendation shall be in writing and include:

   a) A determination of permanent physical or mental incapacity for the performance of the Member's duties;

   b) A determination whether the incapacity is the result of an injury or disease arising out of and in the course of the Member's employment and whether such employment contributed substantially to the incapacity;

c) A summary of the evidence in support of the recommendation.

I. Setting the Matter for Hearing

1. If, after investigation, the CEO determines that the Applicant has failed to meet their burden of proof regarding any element legally necessary for the granting of the Application, the Applicant will be notified of its decision in writing, giving the Applicant the following options, if applicable:

   a) If the Applicant has met their burden of proof regarding permanent incapacity but not service connectedness:

      i. The Applicant may amend the Application from service-connected to nonservice-connected disability retirement or death to permit SJCERA to recommend that the Board grant a nonservice-connected disability retirement or death without need for hearing; or

      ii. The Applicant may request both of the following: a hearing on the issue of service-connection, and a request that the Board grant a nonservice-connected disability retirement or survivor allowance;

   b) Stipulate to waive the right to hearing and withdraw the Application.

   c) Request a hearing on all issues presented by the Application.

2. If a written response is not received from the Applicant within thirty (30) calendar days after issuing the written notice in section VI.I.1 above, SJCERA shall commence dismissal procedures under section VI.G for noncompliance.

3. In cases where, as set forth in section VI.I.1.a above, the Applicant has opted to amend the Application from service-connected to nonservice-connected disability retirement, or where the Applicant requests a nonservice-connected disability retirement or survivor benefit and a hearing on the issue of service-connection, SJCERA will recommend that the Board grant a nonservice-connected disability retirement or death benefit.

4. The Applicant may withdraw the Application at any time prior to the Board's final determination. Any withdrawal of an application prior to the assignment to a Referee shall be deemed a withdrawal without prejudice. A withdrawal without prejudice means that any re-submission of the withdrawn application will be considered a new application that must meet all filing requirements, including timely filing requirements. Any withdrawal of an application after the assignment to a Referee will be deemed to be with prejudice. An application withdrawn with prejudice precludes subsequent submission of the withdrawn application based on the same disability, injury or disease in the absence of new evidence.

VII. Hearings Before A Referee

A. Referral to Referee

~~1.~~ If the Applicant timely requests a hearing, the matter shall be referred for hearing de novo before a Board-appointed Referee. The Referee shall be provided by the Office of Administrative Hearings of the State of California or by a prescreened panel of acceptable Referees selected by SJCERA. Compensation for the Referee shall be determined by the CEO and shall be paid by SJCERA.

B. Notification of Referral to Referee and Statement of Issues; Certification of Issues, Documents and Witnesses

1. Before a hearing date is set, the following notifications and certifications shall be provided:

   a) The Fund's Counsel shall notify the Applicant in writing that SJCERA has referred the matter to hearing before a Referee and that a Referee will be appointed and a hearing scheduled as soon as SJCERA receives the certification required by this section. The written notice will further advise that if SJCERA does not receive the required certification within 30 calendar days, SJCERA will commence dismissal procedures under section VI.G for noncompliance.

   b) The written notice will include the following:

      i. A list of issues to be determined at the hearing and the names and contact information of all witnesses that may be called by the Fund's Counsel to testify at the hearing.

      ii. A copy of SJCERA's Disability Retirement Policy and Procedures.

      iii. An electronic copy of all medical records, reports, and other nonprivileged documents in SJCERA's file that have been obtained as part of the disability retirement application process. If the Applicant is not the Member, such records shall not be disclosed to the Applicant unless authorized by the Member, the Referee or the Board of Retirement.

   c) Notwithstanding anything in this subdivision, unless otherwise ordered by the Referee or the Board, SJCERA shall only furnish psychiatric and/or other mental health reports and records to the Member's attorney or a treating physician designated by the Member in writing.

   d) Enclosed with the notice to the Applicant will be a form which will require the Applicant to certify the following:

      i. That there are no additional documents to introduce as evidence at the hearing other than those provided to the Applicant in electronic form along with SJCERA's letter. If there are additional documents, the Applicant must provide them to SJCERA along with the signed certification form. Unless otherwise ordered by the Referee or by stipulation of the parties, any documents not produced with the certification will be barred from introduction as evidence at hearing.

ii. Whether the Applicant will be represented by an attorney at the hearing and, if so, the name and contact information for the attorney.

iii. List the names and contact information for any witnesses the Applicant intends to call to testify at the hearing. Unless otherwise ordered by the Referee or by stipulation of the parties, any witnesses not identified by the Applicant on the certification shall be barred from testifying at the hearing.

C. <u>Setting the Hearing Date</u>

1. Within 30 days of the timely receipt of the Applicant's certification of documents and witnesses, the Fund's Counsel shall contact the Applicant or their attorney to select a mutually agreeable hearing date. The hearing date selected must be no later than 90 days after the filing of the Applicant's certification of documents and witnesses. If an Applicant fails to respond to SJCERA's reasonable requests to set a hearing date, SJCERA may either schedule a hearing date or notify the Applicant in writing that continued failure to confer on a hearing date may result in dismissal of the Application for noncompliance. If the Interested Parties cannot agree on a hearing date, either Interested Party may request a prehearing conference with the Presiding Judge of the Office of Administrative Hearings to set the hearing date.

D. <u>Time and Place of Hearings</u>

1. Unless the parties and the Referee agree otherwise, all hearings shall take place at the Retirement Office. When the date and time of the hearing are selected, SJCERA shall notify the parties and the Referee of the time and place of the hearing.
2. Unless the parties and the Referee agree otherwise, all hearings are deemed set for one full day, beginning at 9:30 a.m. Unless the parties and the Referee agree otherwise, hearings which are not completed by the end of the day shall be continued to the next agreeable hearing date which shall be no more than 30 days from the initial hearing date.

E. <u>Prehearing Conferences</u>

1. At the request of any Interested Party, a prehearing conference may be scheduled with the Referee for the purpose of resolving any evidentiary, discovery and/or other prehearing disputes or issues. Prehearing conferences may be conducted personally or telephonically. Following the prehearing conference, the Referee may issue any orders relating to briefing,

discovery, and/or the conduct of the hearing, including the final exchange of documents and witnesses.

2. Unless otherwise stipulated by the parties, a prehearing conference is mandatory in all cases where the Applicant is unrepresented by counsel.

F. <u>Determining Issues</u>

1. The Referee shall determine all issues presented by the Application by a preponderance of the evidence, including the following, if applicable:

   a) Whether the Member was employed prior to January 1, 1981, and was required as a condition to such employment to execute a waiver for the alleged disability under Government Code Section 31009;

   b) Whether the Member is disabled, that is, whether there is a substantial mental or physical incapacity to perform the Member's normal and usual employment duties ("incapacity");

   c) Whether the incapacity is permanent;

   d) Whether, for nonservice-connected disability, the Member has completed five (5) years of service;

   e) Whether for a service-connected disability:

      i. the incapacity is a result of injury or disease

      ii. the injury or disease arose out of and in the course of the Member's employment; and

      iii. the employment contributed substantially to the incapacity.

   f) Whether, for Members described in Government Code Sections 31720.5, 31720.6, 31720.7 or 31720.9 alleging heart trouble, cancer, blood-borne infectious disease, or illness due to exposure to biochemical substances:

      i. the Member has completed five (5) years of safety service, if required;

      ii. the Member has the condition alleged;

      iii. the Member is permanently incapacitated due to the condition alleged;

      iv. the condition developed while a qualified Member of SJCERA;

      v. and whether the presumption of the relevant Government Code Section has been rebutted

G. <u>Conduct of Hearing</u>

1. A stenographic reporter shall record the proceedings of all hearings

authorized by the Board at SJCERA's cost. Any transcription and copies shall be charged to the requesting Party. The hearing shall be considered closed to the public. The Referee shall mark for identification only, and not as evidence, all exhibits submitted by the parties, which should include:

a) the completed Application Packet;

b) the notice of hearing, with proof of service on the Applicant;

c) other documents required to be submitted by this policy including, without limitation, relevant medical reports, medical records, employment records, worker's compensation records, etc.

2. Hearing Process.

   a) Each Party may make an opening statement.

   b) Each other Party then shall present evidence, in the order determined by the Referee in accordance with each Party's burden of proof and burden of presenting evidence to establish such proof.

   c) Each Party may cross-examine witnesses.

   d) Rebuttal evidence may be presented.

   e) Each Party may make oral closing arguments.

   f) Upon the conclusion of all closing arguments, the Referee shall determine if all parties are ready to submit the matter for decision, and if so, or if the Referee otherwise orders for good cause, the Referee shall close the hearing and declare the matter submitted for decision.

H. <u>Stipulations</u>

1. Nothing in these procedures may be construed as preventing the parties from stipulating to lesser time requirements than prescribed in these procedures. The Referee may, upon written notice and for good cause shown, lengthen or shorten the times specified in these procedures.

VIII. Rules of Evidence

A. <u>Burden of Proof</u>

1. The Applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the Application depends. In addition, if the Applicant seeks to assert one or more of the legislative presumptions afforded by Government Code Sections 31720.5 (heart trouble), 31720.6 (cancer), 31720.7 (blood-borne infectious disease), or 31720.9 (illness due to exposure to biochemical substances), then the Applicant first must establish their entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the

presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

B. Evidence

1. Oral evidence shall be taken only on oath or affirmation. Unless expressly waived by an opposing Party, all written evidence shall be sworn to or given under penalty of perjury, subject to Subsection E, below.

C. Witnesses

1. Each Party may call and examine witnesses, introduce exhibits, and cross-examine and impeach any witness on any matter relevant to the issues. If the Applicant or any other Party does not testify on that Party's own behalf, that Party may be called and examined as if under cross-examination under Evidence Code Section 776.

D. Refusal of Witness

1. Refusal by an Applicant or other Party to submit to examination or to answer relevant questions shall be grounds for considering those questions to be answered unfavorably to the refusing Party for the purpose of that hearing, and for denying the relief or benefits sought by the refusing Party.

E. Hearing Conduct

1. The hearing need not be conducted according to the technical rules of law relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions.

F. Certified Copies

1. Certified copies of the reports and records of any governmental agency, division or bureau, will be accepted as evidence in lieu of the original thereof.

G. Deposition Transcripts/Video Recordings

1. Any Party may offer, and the Referee shall receive into evidence, any relevant deposition transcript and/or video recording thereof if: (1) the deposition was taken in the manner provided by law or by stipulation of the Parties; and (2) at least twenty (20) calendar days before the hearing the offering Party delivered a copy of the transcript and/or video recording of the deposition to all Parties along with notice of intent to introduce same into evidence. Nothing herein shall require or permit receiving into evidence any deposition testimony to which objection is properly raised if such

testimony would be inadmissible were the witness present and testifying at the hearing. Deposition transcripts/video recordings shall be admissible notwithstanding that the deponent is available to testify. Depositions of experts, including medical experts, may be introduced in lieu of live testimony pursuant to Code of Civil Procedure Section 2025.620(d)

H. Written Medical Reports As Evidence

1. A written medical report bearing the signature of the medical witness shall be admissible in evidence as the author's direct testimony. Such medical reports shall not be inadmissible on the basis that they constitute hearsay. Each Party has the right to cross-examine the authors of medical reports pursuant to a subpoena issued and served in compliance with these procedures.

I. Subpoena Powers and Witness Fees

1. Subpoena powers shall be vested in the Board officers, the CEO and the Referee in accordance with Government Code Section 31535. Subpoenas shall be requested through the Fund's Counsel who shall transmit the request to SJCERA. Subpoenas issued shall be transmitted to the Party requesting the subpoena. The requesting Party shall have the sole responsibility for serving and enforcing the subpoena and for paying all costs associated with the subpoena.

2. A written motion to quash a subpoena may be made to the Referee on one or more of the following grounds, which shall be clearly and fully stated in the motion and supported by declarations under penalty of perjury:

   a) Compliance will be unduly burdensome or against public policy.

   b) The things subpoenaed are privileged by law.

   c) The things subpoenaed are irrelevant or unnecessary to the proceedings.

   d) The things subpoenaed have not been described with sufficient clarity to enable the witness to comply. Before it commences or continues with the proceeding, the Referee shall wholly or partially grant or deny the motion to quash.

3. The Party calling a witness to testify (whether by subpoena or otherwise) shall be solely responsible for paying any expert or nonexpert witness fees, mileage charges, and other costs associated with the witness' testimony. Non-expert witness fees and mileage charges shall be calculated as provided by law.

J. Service of Proposed Findings of Fact and Recommended Decision

1. Within 30 days after closing the hearing, the Referee will prepare a summary of the evidence received, findings of fact, conclusions of law, and

a recommended decision. In accordance with the provisions of Government Code Section 31533, the findings of fact and proposed recommendation of the Referee shall be served on the CEO, who in turn shall distribute a copy to all parties.

2. Either Party may submit written objections to the Referee's recommended decision to SJCERA within ten (10) calendar days from the date SJCERA distributes the notice to all parties. The non-objecting Party may submit their response to the objections 10 days after the filing of the objections. The written objections and response shall be incorporated into the record submitted to the Referee's consideration.

K. Board's Decision

1. Upon receipt and review of the recommended decision of the Referee and any filed objections and responses, the Board may:

a.) Approve and adopt the recommended decision of the Referee, or

b.) Refer the Application to the Referee for further hearing and/or consideration, or

c.) Require a written transcript or summary of all testimony plus all other evidence received by the Referee to be submitted by the CEO to the Board. Following its receipt and review of the transcript and evidence, the Board shall:

i. Take action as is appropriate to the evidence and the provisions of the CERL, or

ii. Refer the matter back to the Referee with or without instruction for further proceedings; or

iii. Set the matter for hearing de novo before itself. The Board shall hear and decide the matter as if it had not been referred to the Referee. Unless otherwise allowed by the Board, the hearing shall be confined to the evidence, witnesses, and issues set forth in the certification and statement required by this policy. All hearings before the Board shall require the attendance of at least the same seven (7) members throughout the hearing and shall be conducted as if it were a hearing held before a Referee in accordance with this policy.

IX. Final Decision

A. The Board's decision shall become final upon notice of the decision on all parties, including the employer.

B. Judicial Review. In those cases where a Party or Applicant is entitled to judicial review of the proceedings before the Board, any petition for writ of mandate shall be filed with the superior court within ninety (90) days from the date the notice of this Board's decision is mailed to the Party or Applicant or is delivered to the Party or Applicant.

X. Law Prevails

A. In the event a conflict between this policy and CERL, PEPRA, or other applicable statutes arises, the law shall prevail.

XI. Policy Review

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

XII. History

3/1/2018	Bylaw Sections 8, 9, 10 & 11 Converted to Board Policy and Board of Supervisor approved Bylaws
06/28/2018	Staff updated format
08/10/2018	Modified the definitions of Applicant and Application to conform with SJCERA's adopted code sections
07/12/2019	Revised to include definitions, add requirements that an application must meet before being filed, allow the member to elect not to go to hearing, allow the use of depositions, clarify mileage reimbursement may be requested for out-of-county travel to SJCERA-scheduled examinations, and specify that SJCERA may determine an examination is not required in some cases.
7/10/2020	Amended to clarify the use of a Referee for hearings, the order of the prehearing and hearing process, subpoena options, and penalties for noncompliance.
07/14/2023	Updated to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications.

Certification of Board Adoption:

7/14/2023

Clerk of the Board Date

Investment Manager Monitoring and Communications Policy

I. Purpose

A. To establish general guidelines for monitoring investment manager effectiveness and ~~,~~identifying issues of concern.

B. To provide a process for the Investment Officer and Investment Consultant(s), with oversight by the Chief Executive Officer, to employ when making decisions and recommendations to the Board concerning manager retention and evaluation.

II. Definition of Status

A. The Investment Consultant(s) will classify the fund's managers into two status categories: **Good Standing** or **Under Review.** The Investment Consultant(s) will make this determination in accordance with this policy, and their professional and fiduciary judgment, taking into account specific circumstances affecting the manager and/or SJCERA's relationship.

1. **Good Standing:** Managers that have met the performance objectives and other criteria established by the Board's Policies will be considered to be in Good Standing on the Quarterly Performance Report
2. **Under Review:** Managers that fail to meet expectations in any of the five general areas specified below under monitoring procedures will be Under Review.

III. Monitoring Procedures

A. Managers will be monitored in five areas:

1. Investment performance (relative to a specific benchmark, objectives of the investment manager's fund and peer group as appropriate);
2. Adherence to the firm's philosophy, process, and stated style;
3. Organizational and personnel continuity;
4. Guideline compliance, and; ~~,~~
5. Other.

B. Managers will be monitored on a continuous basis by the Investment Officer and the Investment Consultant(s) based on custodian's holdings reports, monthly performance, manager announcements, the custodian's reporting, consultant(s) evaluations, and other inputs, such as conference calls, in-person meetings, email exchanges and qualitative factors.

C. SJCERA's Investment Consultant(s) will prepare a quarterly report for the Board summarizing these reviews and stating whether SJCERA's expectations have been met. Those managers meeting the expectations of the above criteria will be categorized as in Good Standing.

IV. Review Criteria

A. Managers may be placed **Under Review** if one or more of the criteria listed below are met:

1. **Under-performance:** A manager may be placed under review when the manager's net-of-fee performance falls below the agreed upon benchmark and/or when the investment manager does not perform as expected according to the mandate and investment style of the portfolio. A manager's expected tracking error will be used as a reference point in the short-term evaluation.

2. **Adherence to Stated Philosophy, Process and Style:** A manager may be placed under review if the Investment Consultant believes there has been a substantive change in the manager's stated philosophy, process, or style.

3. **Organizational Change:** A manager may be placed under review when there has been a material change in the manager's organizational structure, ownership or personnel, which the Investment Consultant determines requires more in-depth~~tense~~ due diligence. This category shall also include instances where a firm may be under investigation by regulatory agencies.

4. **Violation of Guidelines:** A manager may be placed under review when the manager is materially out of compliance with any of the criteria established in the manager's Investment Guidelines. Subject to review and discussion with the manager, the manager will be expected to bring the portfolio into compliance. The manager shall provide recommended revisions to the guidelines in writing to the Investment Consultant; however, SJCERA shall be under no obligation to accept such recommendations. The Board may grant exceptions on a case-by-case basis.

5. **Other:** The Board of Retirement may place a manager Under Review for other reasons deemed appropriate, including insufficient responsiveness to requests for information, non-attendance at meetings, or any other reason deemed appropriate by SJCERA.

B. Managers who are placed "Under Review" may not be eligible for additional funding and may also be subject to asset reductions.

C. If the Investment Consultant determines that any review criteria will adversely impact the manager's ability to provide contracted investment services, the manager may be recommended for immediate termination.

V. Manager Notification

A. Copies of this policy shall be made available to all SJCERA Investment managers.

B. The Investment Consultant shall notify Managers in writing of their status should it fall Under Review.

VI. Reassessing Under Review Status

A. The Investment Officer and Investment Consultant will continue to monitor the manager on at least a quarterly basis, or more often if appropriate. The length of the review period may vary based on analysis and strategy.

B. The Investment Consultant will determine the appropriate course of action up to and including recommendation for termination to the Board.

C. In no event will a manager be returned to Good Standing until the manager meets the criteria for Good Standing.

VII. Termination

A. A recommendation to the Board for termination of the management contract will occur if there is a failure to correct or show improvement in the deficiencies that placed them in Under Review Status.

   1. If the Investment Consultant(s) believe(s) that immediate action is necessary due to evidence of a manager engaging in illegal or unethical practices, or for other extraordinary reasons that cause the Consultant to believe that continued management is contrary to fiduciary standards of prudence, the Investment Consultant is authorized by the Board to notify the manager in writing that trading on the account must cease immediately. Notice of such action and the termination recommendation will be presented to the Retirement Board for ratification at its next monthly meeting.

B. Nothing in this policy shall be construed to conflict with SJCERA's right to terminate an investment manager pursuant to the terms of their applicable investment management agreement.

VIII. General Investment Guidelines / Restrictions

A. Each investment manager is expected to perform its fiduciary duties as a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims and to conform with all State and Federal statutes governing the investment of retirement funds. The following restrictions apply to each separate account manager:

   1. Purchases of securities issued by San Joaquin County without written consent from the Board.

   2. The manager shall promptly notify the Investment Officer and the Chief Executive Officer of any violation of the guidelines and provide an explanation of the limit that was exceeded, an evaluation of the situation, the recommended course of action and the status of the corrective action proposed.

   3. Whenever SJCERA invests in a commingled fund, rather than a separate account, the stated rules and regulations of the manager's commingled fund will take precedence over the SJCERA Investment Policy Guidelines.

IX. Communications

A. Related to the monitoring and retention process, investment managers are expected to communicate with the Investment Consultant, Chief Executive Officer and Investment Officer as follows:

1. Immediately
    a. Violation of manager guidelines
    b. Any organizational or personnel changes impacting SJCERA's account
    c. Any purchases or sales that result in unusual gains or losses are to be reported in writing after each transaction

2. Monthly
    a. Monthly Performance and attribution
    b. Positive certification of compliance with guidelines

3. Quarterly
    a. Current Strategy
    b. Recent Investment Performance and attribution
    c. Summary of Key Personnel Changes
    d. New/Lost Accounts within the same mandate

4. Annually
    a. Presentation to the Board/staff/consultant (as requested).

B. Additional information and reports may be required on a regular or ad hoc basis as requested by staff or consultant.

X. Reporting

A. The Investment Consultant(s) report allocations and performance to the Board at least quarterly.
B. The Investment Consultant(s) present the Manager Monitoring Report to the Board at least quarterly
C. The Investment Consultant/Staff report to the Board on changes related to the investment managers and significant deviations in the performance as warranted.

XI. Policy Review

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

XII. History

05/30/2008	Adopted
10/06/2017	Revised
07/05/2018	Reviewed, no changes required; Staff updated format
10/12/2018	Added General Investment Guidelines/Restrictions language and Manager Strategy Summaries from other investment policies.
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to clarify Consultant and Investment Officer Roles, update procedures used to monitor investment managers, and remove Manager Strategy Summaries
07/14/2023	Expanded mandatory notifications to include Investment Officer, made other non-substantive changes

Certification of Board Adoption

	07/14/2023
Clerk of the Board	Date

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Certification of Board Adoption

07/14/2023

Clerk of the Board Date

Investment Roles and Responsibilities

I. Purpose

A. To outline the legal authority and fiduciary responsibilities of the Board of Retirement in administering SJCERA.

B. To assign specific roles to Staff and the Investment Consultant(s), thereby explicitly stating which responsibilities the Board has ~~discharged~~delegated.

II. Legal Authority and Fiduciary Responsibilities

A. Introduction

1. The Board of Retirement (Board) of the San Joaquin County Employees' Retirement Association (SJCERA) has plenary authority and the fiduciary responsibility for investment of moneys and administration of SJCERA. The assets of a public pension or retirement system are held in trust, and the Board has exclusive control of the investment of SJCERA's Trust Fund (Fund) assets. (California Constitution Article XVI, Section 17.)

B. Legal Authority

1. Under the California State Constitution and the County Employees Retirement Law of 1937 (CERL), the Board is authorized to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of CERL Section 31595, which provides in part:

   a. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the Fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

C. Fiduciary Responsibility

1. The Board and its officers and employees shall ~~discharge~~ delegate their duties:

   a. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system;

   b. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims;

c. By diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

d. Recognizing that its duty to its participants and their beneficiaries takes precedence over any other duty.

2. In ~~discharging~~ delegating its fiduciary duties, the Board will exercise prudent judgment and ~~to make these judgments will~~ seek expert advice and guidance from the internal staff and external investment consultants. The Board's judgment will reflect the prevailing facts and circumstances. The Board recognizes the importance of maintaining a long-term perspective when setting policy and asset allocation.

3. SJCERA's investment policies collectively will serve as SJCERA's Investment Policy Statement (IPS) and govern all asset classes and establish the guidelines, policies and procedures for the management of SJCERA's diversified investment portfolio. The IPS is subject to applicable provisions of law and the applicable limitations and requirements of SJCERA's governance policies. The Board may amend, supplement or rescind its policies at any time at its discretion.

III. Governance: Roles and Responsibilities

A. The Board is responsible for formulating, adopting, and supervising the investment policies of SJCERA's investment program, including, but not limited to, the following decisions.

1. Board Investment-Related Responsibilities

a. The Board is responsible for setting SJCERA's investment philosophy, objectives, and risk tolerances, and for adopting the Trust Fund's asset allocation that forms the basis of the implementation of the investment program. This includes:

i. Decisions on which asset classes and benchmarks will be used in the investment programs;

ii. The allocation to each asset class;

iii. Risk tolerances for the total Trust Fund and individual asset classes;

iv. The operational policies that will implement the asset allocation; and

v. The monitoring and reporting of the risk management and performance measurement of the investment program.

2. The Board is responsible for approving the specific policies required to implement the investment program.

3. The Board is responsible for the approval of the general and any specialty investment consultants to the investment program.

4. The Custodian maintains custody of SJCERA's assets ~~and accounts for~~ and reports on all of SJCERA's assets. Given the importance of this role, the Board is responsible for the selection of the Custodian. SJCERA's finance staff will provide supporting analysis and input to the Board in making this decision.

5. SJCERA's external investment counsel reviews, edits and negotiates the legal documents and agreements related to investment contracts. SJCERA's Chief Executive Officer, Investment Officer (IO) and ~~County~~ General Counsel, if any, screen~~s~~ and approve~~s~~ external investment counsel, in consultation with ~~staff and~~ the Board as appropriate.

B. Investment Program Duties Delegated to Staff

1. Under the legal authority granted, the Board establishes the core operating principals of responsibility, accountability and transparency. Actions related to delegated authority should not result in any substantive change in the terms applicable to SJCERA's investments and agreements.

2. The Board grants to SJCERA's ~~Investment Officer (~~IO~~)~~ and staff as assisted by the appropriate advisors (e.g., investment and specialty consultants, actuary, legal counsel) the following authority and responsibilities:

   a. Recommend a plan to implement the Board-approved asset allocation and related investment policies.

   b. Rebalance assets to maintain the Board-approved asset allocation and risk limits.

   c. Develop and manage requests for proposal (RFPs) for and ~~R~~recommend firms to serve as the general ~~investment~~ and specialty investment consultants, investment counsel and other advisors to assist in the implementation of the investment program.

   d. Oversee and monitor the investment consultants' and other advisors' compliance with their contract, management of their workload and quality of Board requested activities.

   e. Recommend firms to serve as the Custodian and, if appropriate, the securities lending agent;

   f. Provide input to the Board on the finalist firms to serve as Investment Managers;

~~f.~~g. Evaluate, analyze, and provide input on various investment topics and/or the investment program generally.

~~g.~~h. Manage day-to-day investment operations;

i. Take action on time-sensitive, routine requests or administrative items related to SJCERA's investment program;

ii. Manage liquidity needs and rebalance the Trust Fund;

iii. Implement manager transitions;

iv. Manage major changes in Asset Allocation;

v. Address and resolve violations of investment manager guidelines;

vi. Work with investment counsel to include enhanced language in side letters related to L~~l~~imited P~~p~~artnership A~~a~~greements (LPA);

vii. Monitor and evaluate the work ~~product~~ of the General Investment Consultant and other advisors to the investment program;

viii. Vote Fund/Manager level (not security level) proxies; and

ix. Amend LPAs or related documents for minor adjustments (e.g., closing dates or investment periods).

~~h.~~i. Report on ~~its~~ the use of delegated authority monthly or at a frequency to be determined by the Board.

C. The Role of Investment Consultants

1. SJCERA will employ a General Consultant and specialty consultants, as needed, who serve as fiduciaries for the Trust Fund and work for the Board in a direct role as the independent experts. The consultants will also work for SJCERA's staff to provide Board requested reports e.g., risk-return analysis, investment manager performance and monitoring analysis and overall support.

2. The General Consultant and as appropriate, the Specialty Consultant(s) will:

a. Provide an Asset/Liability Study in conjunction with SJCERA's actuary;

b. Provide governance and policy development;

c. Provide global resources and deep research capabilities to perform due diligence on existing and potential investment managers, conduct manager searches, investigate investment strategies, research asset classes and examine additional topics related to SJCERA's investment program;

d. Monitor and report investment returns, benchmark returns, manager peer group rankings, portfolio risk(s), and active management risk;

e. Provide the Board and Staff with reports and analysis of material events affecting the portfolio asset allocation, risk profile, and external managers;

f. Analyze and advise on the annual and tri-annual Asset Allocation updates;

g. Monitor portfolio performance attribution for the total Trust Fund and asset classes;

h. Perform external manager tracking, manager peer group ranking and benchmark comparisons, performance reporting, and evaluation;

i. Advise the Board with respect to the investment program in general;

j. Negotiate, and monitor, manager fees and other outside vendor fees;

k. Assist staff as requested.

IV. Policy Review

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

V. History

08/03/2017	Adopted
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Added Purpose section, removed outdated policy numbers, and clarified roles
07/14/2023	Aligned investment officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarified staff and general counsel reference, made other non-substantive changes.

Certification of Board Adoption

07/14/2023

Clerk of the Board　　　　Date

Investment Roles and Responsibilities

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C. Fiduciary Responsibility

1. The Board and its officers and employees shall delegate their duties:

   a. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system;

   b. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims;

c. By diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

d. Recognizing that its duty to its participants and their beneficiaries takes precedence over any other duty.

2. In delegating its fiduciary duties, the Board will exercise prudent judgment and seek expert advice and guidance from the internal staff and external investment consultants. The Board's judgment will reflect the prevailing facts and circumstances. The Board recognizes the importance of maintaining a long-term perspective when setting policy and asset allocation.

3. SJCERA's investment policies collectively will serve as SJCERA's Investment Policy Statement (IPS) and govern all asset classes and establish the guidelines, policies and procedures for the management of SJCERA's diversified investment portfolio. The IPS is subject to applicable provisions of law and the applicable limitations and requirements of SJCERA's governance policies. The Board may amend, supplement or rescind its policies at any time at its discretion.

III. Governance: Roles and Responsibilities

A. The Board is responsible for formulating, adopting, and supervising the investment policies of SJCERA's investment program, including, but not limited to, the following decisions.

1. Board Investment-Related Responsibilities

a. The Board is responsible for setting SJCERA's investment philosophy, objectives, and risk tolerances, and for adopting the Trust Fund's asset allocation that forms the basis of the implementation of the investment program. This includes:

i. Decisions on which asset classes and benchmarks will be used in the investment programs;

ii. The allocation to each asset class;

iii. Risk tolerances for the total Trust Fund and individual asset classes;

iv. The operational policies that will implement the asset allocation; and

v. The monitoring and reporting of the risk management and performance measurement of the investment program.

2. The Board is responsible for approving the specific policies required to implement the investment program.

3. The Board is responsible for the approval of the general and any specialty investment consultants to the investment program.

4. The Custodian maintains custody of SJCERA's assets and reports on all of SJCERA's assets. Given the importance of this role, the Board is responsible for the selection of the Custodian. SJCERA's finance staff will provide supporting analysis and input to the Board in making this decision.

5. SJCERA's external investment counsel reviews, edits and negotiates the legal documents and agreements related to investment contracts. SJCERA's Chief Executive Officer, Investment Officer (IO) and General Counsel, if any, screen and approve external investment counsel, in consultation with the Board as appropriate.

B. Investment Program Duties Delegated to Staff

1. Under the legal authority granted, the Board establishes the core operating principals of responsibility, accountability and transparency. Actions related to delegated authority should not result in any substantive change in the terms applicable to SJCERA's investments and agreements.

2. The Board grants to SJCERA's IO and staff as assisted by the appropriate advisors (e.g., investment and specialty consultants, actuary, legal counsel) the following authority and responsibilities:

a. Recommend a plan to implement the Board-approved asset allocation and related investment policies.

b. Rebalance assets to maintain the Board-approved asset allocation and risk limits.

c. Develop and manage requests for proposal (RFPs) for and recommend firms to serve as the general and specialty investment consultants, investment counsel and other advisors to assist in the implementation of the investment program.

d. Oversee and monitor the investment consultants' and other advisors' compliance with their contract, management of their workload and quality of Board requested activities.

e. Recommend firms to serve as the Custodian and, if appropriate, the securities lending agent;

f. Provide input to the Board on the finalist firms to serve as Investment Managers;

g. Evaluate, analyze, and provide input on various investment topics and/or the investment program generally.

h. Manage day-to-day investment operations;

  i. Take action on time-sensitive, routine requests or administrative items related to SJCERA's investment program;
  ii. Manage liquidity needs and rebalance the Trust Fund;
  iii. Implement manager transitions;
  iv. Manage major changes in Asset Allocation;
  v. Address and resolve violations of investment manager guidelines;
  vi. Work with investment counsel to include enhanced language in side letters related to Limited Partnership Agreements (LPA);
  vii. Monitor and evaluate the work of the General Investment Consultant and other advisors to the investment program;
  viii. Vote Fund/Manager level (not security level) proxies; and
  ix. Amend LPAs or related documents for minor adjustments (e.g., closing dates or investment periods).

i. Report on the use of delegated authority monthly or at a frequency to be determined by the Board.

C. The Role of Investment Consultants

1. SJCERA will employ a General Consultant and specialty consultants, as needed, who serve as fiduciaries for the Trust Fund and work for the Board in a direct role as the independent experts. The consultants will also work for SJCERA's staff to provide Board requested reports e.g., risk-return analysis, investment manager performance and monitoring analysis and overall support.
2. The General Consultant and as appropriate, the Specialty Consultant(s) will:

   a. Provide an Asset/Liability Study in conjunction with SJCERA's actuary;
   b. Provide governance and policy development;
   c. Provide global resources and deep research capabilities to perform due diligence on existing and potential investment managers, conduct manager searches, investigate investment strategies, research asset classes and examine additional topics related to SJCERA's investment program;
   d. Monitor and report investment returns, benchmark returns, manager peer group rankings, portfolio risk(s), and active management risk;
   e. Provide the Board and Staff with reports and analysis of material events

affecting the portfolio asset allocation, risk profile, and external managers;

f. Analyze and advise on the annual and tri-annual Asset Allocation updates;

g. Monitor portfolio performance attribution for the total Trust Fund and asset classes;

h. Perform external manager tracking, manager peer group ranking and benchmark comparisons, performance reporting, and evaluation;

i. Advise the Board with respect to the investment program in general;

j. Negotiate, and monitor, manager fees and other outside vendor fees;

k. Assist staff as requested.

IV. Policy Review

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

V. History

08/03/2017	Adopted
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Added Purpose section, removed outdated policy numbers, and clarified roles
07/14/2023	Aligned investment officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarified staff and general counsel reference, made other non-substantive changes.

Certification of Board Adoption

07/14/2023

Clerk of the Board Date

Board Investment Policy

Placement Agent Information Disclosure

I. Purpose

A. To describe the circumstances under which the San Joaquin County Employees' Retirement Association (SJCERA) shall require the disclosure of payments to Placement Agents in connection with SJCERA investments in or through External Managers.

~~A.~~B. To help ensure that SJCERA's investment decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective, and are consistent with SJCERA's investment policy objectives.

II. Definitions

A. The terms "External Manager," "Gifts" and "Placement Agent" shall have the meanings given in Government Code sections 7513.8 and 82028. Unless otherwise defined within this policy, all other defined terms in this policy shall have the meanings given in Government Code sections 7513.8 and 82028.

B. "Consultant" means a person or firm, including key personnel of such firm(s), who are contractually retained by SJCERA to provide advice to SJCERA on investments, External Manager selection and monitoring, and other services.

III. Application

A. This Policy shall apply to all types of investment partners with whom SJCERA conducts business including, but not limited to, current investment managers and all investment managers being considered by SJCERA for an investment management engagement.

IV. Responsibilities

A. Each External Manager is responsible for:

1. Providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly upon request.

   a. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by SJCERA.

b. A resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former SJCERA Board member, employee or Consultant, or a member of the immediate family of any such person, this fact shall be specifically noted.

c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the general structure and timing of such compensation.

d. A description of the services to be performed by the Placement Agent.

e. A copy of any and all agreements between the External Manager and any third-party (non-employee) Placement Agent(s).

f. A statement as to whether the Placement Agent is utilized by the External Manager with all clients or prospective clients or with only a subset of clients or prospective clients.

g. Whether any current or former SJCERA Board Member, employee or Consultant suggested retention of the Placement Agent.

h. A statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.

i. Representing to SJCERA that the External Manager is solely responsible for any fees, compensation or expenses for any Placement Agent and that SJCERA will not pay any such items.

j. A statement that the External Manager agrees and understands that, for two years after leaving their position, former board members or administrators shall not receive compensation for appearing before or communicating with a SJCERA Board member or staff for the purpose of influencing the Board to take certain actions regarding investments.

k. Representing to SJCERA that the External Manager understands and agrees that all of the information provided to SJCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.

2. Providing an update of any changes to any of the information included in the Placement Agent Disclosure Form within 30 days of the occurrence of the change in information.

3. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to SJCERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant during the prior ~~twenty-four~~ 24-month period.

4. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with a SJCERA investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant, during such period.

B. Staff is responsible for all of the following:

1. Assure that an agreement to comply with this Policy is incorporated in all current and future investment manager agreements.

2. Assure that all existing External Managers complete and submit the Placement Agent Information Disclosure to SJCERA in a timely manner.

3. Assure that an External Manager candidate completes and submits the disclosure information to SJCERA before consideration by the Board for an investment management engagement.

4. Provide the Board with the disclosure information before any investment decision by the SJCERA Board with respect to that manager.

5. Promptly advise the Board of any material violation of this Policy.

C. Sanctions in the event of a material omission or inaccuracy in the Disclosure can include, but are not limited to:

1. A penalty, ~~For~~ for failure to disclose a third-party Placement Agent relationship, ~~with a third party Placement Agent the reimbursement to SJCERA of an amount~~ equal to the amount~~s~~ paid or promised to be paid to that Placement Agent in connection with any investment committed by SJCERA.

2. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle, or suspension of any further capital contributions (and any fees on these re-called commitments) to limited partnership, limited liability company, or other investment vehicle.

3. A prohibition on the External Manager or Placement Agent from soliciting new investment from SJCERA for five (5) years. This prohibition may be reduced by a majority vote of the Board upon a showing of good cause.

4. The SJCERA Board shall determine which, if any, sanctions will apply in a given case based on the nature of the violation and any other relevant legal parameters.

D. All parties responsible for implementing, monitoring, and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require such disclosure.

V. Policy Review

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

VI. History

05/21/2010	Adopted
01/28/2011	Revised
01/27/2012	Revised
07/05/2018	Staff reviewed, no changes required; updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Rewritten
07/14/2023	Clarified Placement Agency violation sanctions and other non-substantive changes.

Certification of Board Adoption

07/14/2023

Clerk of the Board — Date

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05/21/2010	Adopted
01/28/2011	Revised
01/27/2012	Revised
07/05/2018	Staff reviewed, no changes required; updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Rewritten
07/14/2023	Clarified Placement Agency violation sanctions and other non-substantive changes.

Certification of Board Adoption

07/14/2023

Clerk of the Board Date

Proxy Voting Policy

I. Purpose

A. The Board of Retirement of the San Joaquin County Employees' Retirement Association has the significant responsibility in participating in all equity fund proxy voting. Careful review and research is necessary to make voting decisions in the best interest of the Fund and timely filing of proxy votes in essential.

B. The Board of Retirement delegates the filing of all proxy votes to the Fund's Investment Managers and Custodian Bank, with the following requirements:

1. Investment Managers and Custodian Bank will review and timely cast all proxy votes on behalf of the Retirement Board;
2. Investment Managers and Custodian Bank will be responsible to ~~insure~~ensure that their reasons for voting on behalf of the Fund will primarily result in supporting or improving the shareholder's interest.
3. When significant or unusual issues arise on proxy voting matters that would directly impact the shareholder's interest, the Investment Managers and Custodian Bank will timely contact the Chief Executive Officer (CEO) or Investment Officer (IO) regarding the issue and make a recommendation on the proxy vote.
4. Should the CEO or IO disagree with the recommendation, the Chair of the Retirement Board will be contacted and his or her decision shall be final.

II. Policy Review

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III. History

11/01/1991	Board adopted policy
09/24/2010	Updated format and title changes
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to update IO job title and other non-substantive changes.
07/14/2023	Revised to include Custodian Bank in the Proxy Voting process.

Certification of Board Adoption

07/14/2023

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Certification of Board Adoption

07/14/2023

Clerk of the Board Date

RESOLUTION TITLE: BOARD ADMINISTRATION POLICY AMENDMENTS

RESOLUTION NO. 2023-07-01

WHEREAS, the Board of Retirement for the San Joaquin County Employees' Retirement Association ("SJCERA") administers SJCERA for the benefit of its members and their beneficiaries; and

WHEREAS, pursuant to Government Code Sections 31525, 31526 and 31527, the Board may make regulations, set policy and develop procedures to administer the system; and

WHEREAS, Board policies and charters are reviewed at least once every three years to ensure they remain relevant, appropriate, and in compliance; and

WHEREAS, SJCERA staff and the Administrative Committee have proposed the following charter and policy remain unchanged:

1) CEO Performance Review Charter
2) CEO Performance Review Policy

WHEREAS, SJCERA staff and the Administrative Committee have proposed policy amendments as follows:

1) Cash Management and Liquidity Policy – revise to reflect current procedure, clarify the purpose of each cash account, add the Emergency Cash Management section, and other non-substantive changes
2) Declining Employer Payroll Policy – reviewed (including actuarial consideration of smaller employers' payroll volatility), add statutory authority effective 1/1/2021, update policy review section, and other non-substantive changes
3) Disability Retirement and Active Member Death Policy and Procedure – update to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications
4) Investment Manager Monitoring and Communications Policy – expand mandatory notifications to include Investment Officer and other non-substantive changes

5) Investment Roles and Responsibilities Policy – align investment officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarify staff and general counsel reference, and other non-substantive changes
6) Placement Agent Information Disclosure Policy – clarify Placement Agency violation sanctions and other non-substantive changes
7) Proxy Voting Policy – revise to include Custodian Bank in the Proxy Voting process

NOW, THEREFORE BE IT RESOLVED that the Board hereby adopts the proposed amendments to the above-referenced Board administration policies.

PASSED AND APPROVED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 14th day of July 2023.

AYES:

NOES:

ABSENT: Bassett

ABSTAIN:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 6.0

July 14, 2023

SUBJECT: Actuarial Report and 2024 Retirement Contribution Rates

SUBMITTED FOR: __ CONSENT _X_ ACTION ___ INFORMATION

RECOMMENDATION

Staff recommends the Board of Retirement:

1. Accept and file the final Annual Actuarial Valuation Report as of January 1, 2023, as prepared by Cheiron, and approve the employer and member contribution rates for calendar year 2024 presented therein.
2. Approve Resolution 2023-07-02, titled "2024 Retirement Contribution Rates," which implements these recommendations.

PURPOSE

The primary purpose of the actuarial valuation is to measure, describe, and identify the following:

- SJCERA's financial condition
- Past and expected trends in SJCERA's financial progress
- Assessment and disclosure of key risks
- Employer and employee contribution rates for the Plan Year 2024

DISCUSSION

The January 1, 2023, valuation is calculated using the assumptions identified in Appendix B, including a 6.75% discount rate assumption.

Financial Condition

The funded ratio based on the Market Value of Assets (MVA) decreased from 78.0% last year to 66.6% this year. The funded ratio based on the Actuarial Value of Assets (AVA) decreased from 72.4% to 72.0%.

The Unfunded Actuarial Liability (UAL) is the excess of actuarial liability over the AVA. The UAL increased $118,451,850 (8.05%) from $1,471,522,356 last year to $1,589,974,206 this year.

Cash Flows

SJCERA's net cash flow (contributions less benefit payments and administrative expenses) has been positive since 2017 due to the increase in the contribution rates and the additional contributions being made by the County, Superior Court, and Mosquito and Vector Control.

Assets and Liabilities

The AVA (smoothed) funded ratio has increased from 63.4% in 2013 to 72% in 2022. The projected funded status on a market-value basis increases over the next 20 years to 103%, assuming the actuarial rate of return assumption is achieved.

Employer and Employee Contribution Rates

The employer contribution composite rate will increase by 3.5% of payroll in 2024. The two primary drivers are salaries and demographic experience.
(1) Salaries increased more than expected due to negotiated pay increases for various bargaining groups. More than half of the increase in the employer rate (1.85% of the 3.5% increase) is attributed to salary increases. The average projected pay increased for General members by more than 10% and by nearly 17% for Safety members.
(2) Demographic experience of the plan, largely driven by inflation, led to larger than expected current and future COLAs.

2024 Contribution Rates are shown in the table below.

CONTRIBUTION TYPE		2024				2023			
		Contribution Rates as a Percentage of Active Member Payroll							
		TIER 1			TIER 2	TIER 1			TIER 2
		Members Pay Basic Rate Only	Members Pay Basic w/ COLA Cost Share	Members Pay Basic w /COLA Cost Share Plus[1]		Members Pay Basic Rate Only	Members Pay Basic w/COLA Cost Share	Members Pay Basic w/COLA Cost Share Plus[1]	
Employer	General	49.62%	46.77%	46.19%	41.10%	48.53%	45.67%	45.09%	39.70%
	Safety	100.34%	95.02%	93.31%	83.21%	98.27%	92.98%	91.28%	80.98%
	Composite	**60.33%**	**56.95%**	**56.13%**	**46.37%**	**58.38%**	**55.04%**	**54.23%**	**44.54%**
Member[2]	General	3.14%-5.46%	5.23%-9.35%	5.67%-10.12%	10.06%	3.14%-5.46%	5.23%-9.35%	5.67%-10.12%	10.35%
	Safety	4.71%-6.93%	9.59%-13.67%	11.14%-15.97%	15.74%	4.71%-6.93%	9.59%-13.67%	11.14%-15.97%	15.84%

1. *"Plus" refers to additional contributions members have agreed to pay (up to 14% of the Basic General Member Contribution Rate, and 33% of the Basic Safety Member Contribution Rate).*
2. *Tier 1 member contribution rates vary by entry age; Table presents the range.*

Upon the Board's adoption of proposed Resolution 2023-07-02, staff will transmit the Retirement Contribution Rates for 2024 to each participating employer at least 45 days before the effective date of the new rates for formal adoption by their respective Boards.

ATTACHMENTS

Actuarial Valuation Report as of January 1, 2023
Resolution 2023-07-02, entitled *2024 Retirement Contribution Rates*

JOHANNA SHICK
Chief Executive Officer

GREG FRANK
Management Analyst III

CHEIRON

Classic Values, Innovative Advice

San Joaquin County Employees' Retirement Association

Actuarial Valuation Report as of January 1, 2023

Produced by Cheiron

July 2023

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July 7, 2023

Retirement Board of San Joaquin
County Employees' Retirement Association
6 South El Dorado Street, Suite 400
Stockton, CA 95202

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the San Joaquin County Employees' Retirement Association (SJCERA, the System, the Fund, the Plan) as of January 1, 2023. This report contains information on the System's assets and liabilities and discloses employer and employee contribution levels. It also contains schedules for inclusion in the Actuarial Section of the Annual Financial Report. Your attention is called to the Executive Summary in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SJCERA. This report is for the use of the Retirement Board of SJCERA and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Retirement Board of SJCERA for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

SECTION I – EXECUTIVE SUMMARY

Cheiron has performed the actuarial valuation of the San Joaquin County Employees' Retirement Association as of January 1, 2023. The valuation is organized as follows:

- In Section I, the **Executive Summary,** we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.

- The **Main Body** of the report presents details on the System's
  - Section II – Identification and Assessment of Risks
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
  - Section VI – Additional Financial Report Schedules

- In the **Appendices,** we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), a 401(h) repayment schedule (Appendix D), a glossary of key actuarial terms (Appendix E), a summary of General and Safety Employer contribution rates (Appendix F), and tables containing member contribution rates (Appendix G).

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic and stochastic projections in this valuation report were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

In preparing our report, we relied on information (some oral and some written) supplied by the SJCERA staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the System,
- Past and expected trends in the financial progress of the System,
- Employer and employee contribution rates for Plan Year 2024, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan's Fiscal Year Ending December 31, 2022 provided to SJCERA in May 2023.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of key financial results, (C) an examination of the historical trends, and (D) the projected financial outlook for the System.

A. Valuation Basis

This valuation determines the employer contributions for the Plan Year 2024. The System's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability (UAL), and
- A portion of the Fund's expected administrative expenses.

The UAL that existed as of 2014 is being amortized over a closed period as a level percentage of payroll, with 10 years remaining as of the current valuation, with the exception of a fixed amount associated with the extraordinary investment loss from 2008, which is amortized as a separate layer with 16 years remaining as of the current valuation. All new unexpected changes in the UAL emerging after 2014 are amortized over 15-year periods, with new amortization layers added each year. The single equivalent amortization period for the aggregate stream of UAL payments is 11 years for General and 12 years for Safety. Tables V-4 and V-5 show a detailed summary of each amortization layer for General and Safety, respectively.

This valuation was prepared based on the plan provisions shown in Appendix C. Tier 2B was created for new members hired after January 1, 2022, which has a more limited definition of pensionable pay than Tier 2 but is identical in all other aspects.

B. Key Findings of this Valuation

The key results of the January 1, 2023 actuarial valuation are as follows:

- The actuarially determined employer contribution rate increased from 49.33% to 51.05%.
- The System's funded ratio, the ratio of assets over Actuarial Liability, decreased from 72.4% last year to 72.0% as of January 1, 2023 on an Actuarial Value of Assets (AVA) basis. It decreased from 78.0% to 66.6% on a Market Value of Assets (MVA) basis.
- The Unfunded Actuarial Liability (UAL) is the excess of the System's Actuarial Liability over the Actuarial Value of Assets. The System experienced an increase in the UAL from $ 1,471,522,356 to $ 1,589,974,206 as of January 1, 2023.
- During the year ending December 31, 2022, the return on Plan assets was -9.79% on a market value basis, as compared to the 6.75% assumption. This resulted in a market value loss on investments of $697,238,840. The Actuarial Value of Assets recognizes 20% of the difference between the expected Actuarial Value of Assets and the Market Value of Assets. This method of smoothing the asset gains and losses returned 5.84% on the smoothed value of assets, an actuarial asset loss of $33,276,439 for the year.
- The Actuarial Value of Assets is currently 108% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately $311 million) that will be reflected in the smoothed value in future years.
- Contributions to the System (excluding the additional voluntary contributions described below) were greater than the actuarial cost for the year due to the 12-month-delay in the implementation of the contribution rates and higher than expected payroll for Safety members. This surplus decreased the UAL by $685,044.
- The System experienced a loss on the Actuarial Liability of $161,207,755 primarily due to negotiated pay increases for many bargaining units, as well as higher than expected inflation, which increased current and future expected COLAs for members in pay status.
- During 2022, the Mosquito and Vector Control District (MVCD), the Superior Court of California, and the County of San Joaquin made additional voluntary contributions (above the actuarially determined amount) of $23,117,567. The total market value of the additional contributions, including prior year amounts and accumulated with interest at the Plan's actual rate of return, was $193,406,243 as of December 31, 2022. These assets are included in the calculation of the UAL and funded ratio, but under the funding policy requested by the contributors and approved by the Board, these assets are excluded in the calculation of the employer contribution rates.

SECTION I – EXECUTIVE SUMMARY

Table I-1 below summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

TABLE I-1
Summary of Principal Plan Results

	January 1, 2022	January 1, 2023	% Change
Participant Counts			
Active Participants	6,329	6,244	-1.34%
Participants Receiving a Benefit	6,542	6,692	2.29%
Terminated Vested Participants	1,114	1,198	7.54%
Terminated Non-Vested Participants	1,385	1,599	15.45%
Total	**15,370**	**15,733**	**2.36%**
Calendar Year Projected Pay	$ 502,156,998	$ 534,385,940	6.42%
Assets and Liabilities			
Actuarial Liability (AL)	$ 5,323,788,814	$ 5,674,662,702	6.59%
Actuarial Value of Assets (AVA)[1]	3,852,266,458	4,084,688,496	6.03%
Unfunded Actuarial Liability (UAL)	$ 1,471,522,356	$ 1,589,974,206	8.05%
Funded Ratio (AVA)	72.4%	72.0%	-0.4%
Funded Ratio (MVA)[2]	78.0%	66.6%	-11.4%
Inactive Funded Ratio	68.2%	68.2%	0.0%
Contributions as a Percentage of Payroll			
Normal Cost Rate	14.18%	13.85%	-0.33%
Unfunded Actuarial Liability Rate[3]	34.29%	36.36%	2.07%
Administrative Expense	0.86%	0.84%	-0.02%
Total Contribution Rate	49.33%	51.05%	1.72%

[1] Includes additional County, MVCD, and Superior Court Contribution Reserves.

[2] The Market Value of Assets includes additional County, MVCD, and Superior Court Contribution Reserves.

[3] Based on Actuarial Value of Assets that does not include additional County, MVCD, and Superior Court Contribution Reserves.

The Inactive Funded Ratio shown in Table I-1 represents the percentage of the Actuarial Liability attributable to members who are not active employees. A funded ratio of 68.2% or more, for example, would result in a level of assets anticipated to be sufficient to fund the liabilities of the System's inactive members for their expected lifetimes: those currently retired, disabled, terminated with vested benefits, and their beneficiaries.

SECTION I – EXECUTIVE SUMMARY

Changes in Cost

Table I-2 below summarizes the impact of actuarial experience on Plan cost, for the Plan as a whole, and for the General and Safety classes.

TABLE I-2
Summary of Changes in Plan Cost from Prior Review

	General Employer Cost	General Employer Contribution Rate (% Payroll)	Safety Employer Cost	Safety Employer Contribution Rate (% Payroll)	Total Employer Cost	Employer Contribution Rate (% Payroll)
January 1, 2022	**$ 175,974,365**	**42.31%**	**$ 67,370,855**	**87.30%**	**$ 243,345,220**	**49.33%**
Change in Cost Due to:						
Expected Change	5,279,231	0.00%	2,021,126	0.00%	7,300,357	0.00%
Asset Experience	2,082,747	0.48%	826,449	1.03%	2,909,196	0.56%
Contribution (Gain)/Loss	203,539	0.05%	(282,937)	(0.35%)	(79,398)	(0.02%)
Demographic Experience	1,537,472	0.34%	2,187,479	2.71%	3,724,950	0.79%
Salary Experience	7,450,536	1.32%	5,253,433	4.75%	12,703,969	1.85%
Payroll Amortization	0	(0.73%)	0	(5.85%)	0	(1.23%)
PEPRA Transition	(885,807)	(0.21%)	(267,688)	(0.32%)	(1,153,495)	(0.23%)
Total Cost as of January 1, 2023	**$ 191,642,083**	**43.56%**	**$ 77,108,717**	**89.27%**	**$ 268,750,800**	**51.05%**

SECTION I – EXECUTIVE SUMMARY

An analysis of the contribution rate changes from the prior valuation reveals the following:

- Contributions were expected to increase as a dollar amount.

  Prior to accounting for the asset and liability losses this year, contributions in dollar terms had been expected to increase as a result of payroll growth, both from increases in the normal cost and since the UAL is amortized as a level percentage of payroll.

- Asset experience produced an investment loss on a market basis and on a smoothed basis.

  The assets of the Plan returned -9.79% on a market basis, lower than the assumed rate of 6.75%, resulting in a loss for 2022. Under the actuarial asset smoothing policy, 20% of this loss is recognized in the current year, in addition to 20% of the gains and losses from each of the prior three years. The overall return on the smoothed assets was 5.84%; lower than the assumed return of 6.75%, so the overall contribution rate increased by 0.56% of payroll. The contribution rate increased more for Safety members (by 1.03% of payroll) than for General members (0.48% of payroll) as a result of the asset loss; this is due to the fact that the Safety members have a higher ratio of assets to payroll than the General members.

- Contributions greater than the actuarial cost (excluding additional contributions made by the employers) decreased the employer contribution rate by 0.02% of pay, largely due to the 12-month delay in implementation of the contribution rates and a surplus in actual versus projected Safety payroll.

- The demographic experience of the Plan – rates of retirement, death, disability, and termination – increased the overall employer rate by 0.79% of pay.

  The demographic losses were largely driven by inflation which led to larger than expected current and future COLAs for members receiving benefits. There were also mortality losses (i.e., fewer deaths than expected) for Safety members, while there were gains for the General members from a greater number of terminations than expected. The net impact of these and other demographic changes was an increase of 0.34% of payroll for the General members and an increase of 2.71% of payroll for Safety members. Similar to the asset experience, part of the reason the Safety members had a larger increase in the contribution rate was due to a higher ratio of liabilities to payroll than the General members.

- Overall pay increases for returning General and Safety members were above expectations.

  Salaries for continuing active members increased more than expected due to negotiated pay increases for several bargaining groups, increasing the liabilities associated with benefits already earned (the Actuarial Liability) and the value of benefits expected to be

SECTION I – EXECUTIVE SUMMARY

earned this year (the normal cost). Average projected pay for continuing General members increased by over 10% and almost 17% for Safety members. This led to an increase in the employer contribution rate of 1.32% of payroll for General members, 4.75% of payroll for Safety members, and 1.85% of overall payroll, as well as an increase in the expected dollar contribution of nearly $13 million.

- The unfunded liability is being amortized over a higher-than-expected payroll base for Safety and General members.

  The payroll used to amortize the unfunded liability for General and Safety members was higher than expected due to larger than expected payroll growth, driven by the increases in pay described above, somewhat offset by a small (1.3%) reduction in the number of active participants. This resulted in a decrease in the contribution rate of about 0.73% and 5.85% of pay for General and Safety members, respectively.

  The aggregate impact from the change in total projected payroll was a decrease in the contribution rate of 1.23% of pay. Note that the change in the payroll base used to amortize the unfunded liability does not change the dollar amount of the contribution – only the contribution rate calculated as a percentage of payroll.

- New members entered the Plan as PEPRA members, with 824 newly hired or rehired members entered the Plan to replace departing members during 2022.

  New PEPRA (Tiers 2 and 2B) hires have a smaller Plan normal cost as a percentage of payroll when compared to the legacy (Tier 1) members. Due to the shift in both populations towards more Tier 2 members, the employer contribution rate decreased by 0.21% of payroll for General members, 0.32% of payroll for Safety members, and the overall contribution rate dropped by 0.23% of payroll.

  In addition, some bargaining groups have different cost sharing arrangements for their Legacy members. The valuation results reflect the arrangements in place as of the valuation date that apply to the 2024 Plan Year. Changes to the cost sharing arrangements occurring after the valuation date will affect the aggregate employer costs in future valuations.

SECTION I – EXECUTIVE SUMMARY

Changes in Funded Ratio

Table I-3 below presents a similar summary of factors affecting the funded ratios from last year to this year, on an actuarial and market basis, with many of the same factors applying. Table I-3 also includes the impact from the additional contributions made by the County and other employers, which are not reflected in the contribution reconciliation, since those assets are not reflected when determining the employer contribution rates.

TABLE I-3
Summary of Changes in Funded Ratio from Prior Review

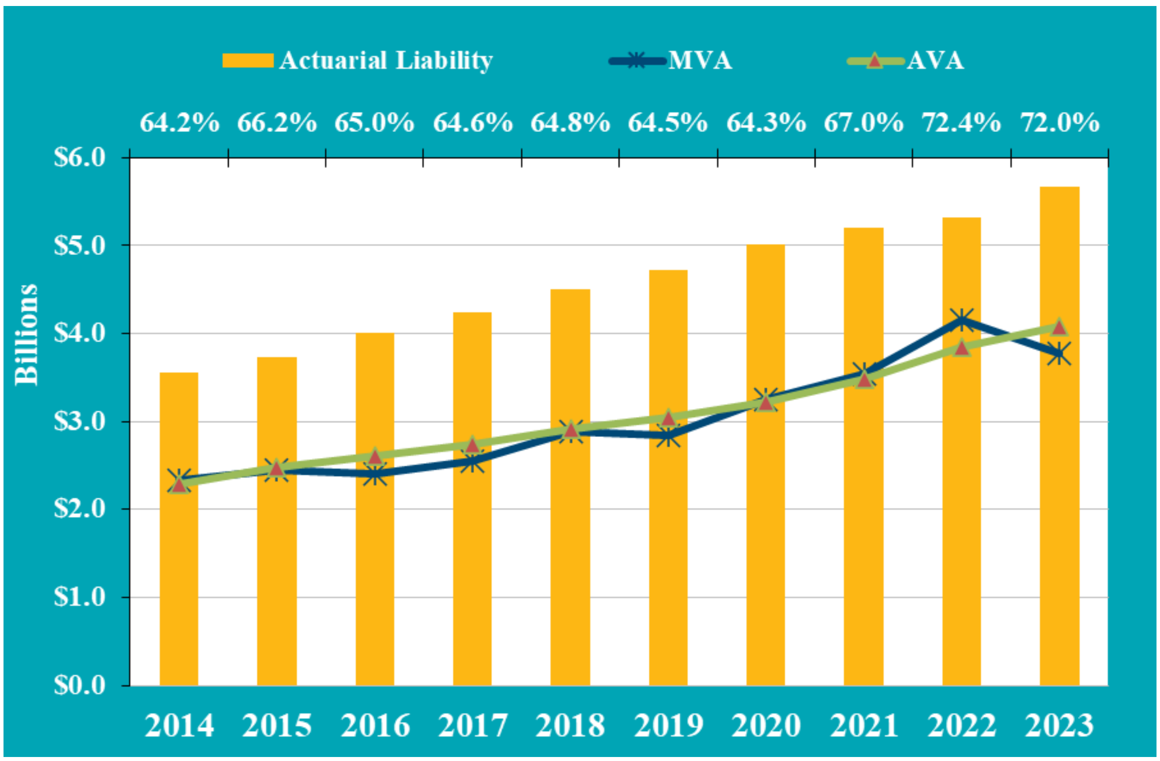
	Actuarial Value of Assets	Market Value of Assets
January 1, 2022	**72.4%**	**78.0%**
Change in Funded Ratio Due to:		
Expected Change	2.3%	2.5%
Additional Contributions	0.5%	0.5%
Asset Experience	(1.1%)	(12.5%)
Demographic Experience	(0.7%)	(0.6%)
Salary Experience	(1.4%)	(1.3%)
Funded Ratio as of January 1, 2023	**72.0%**	**66.6%**

C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart on this page compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown at the top of each bar is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio).

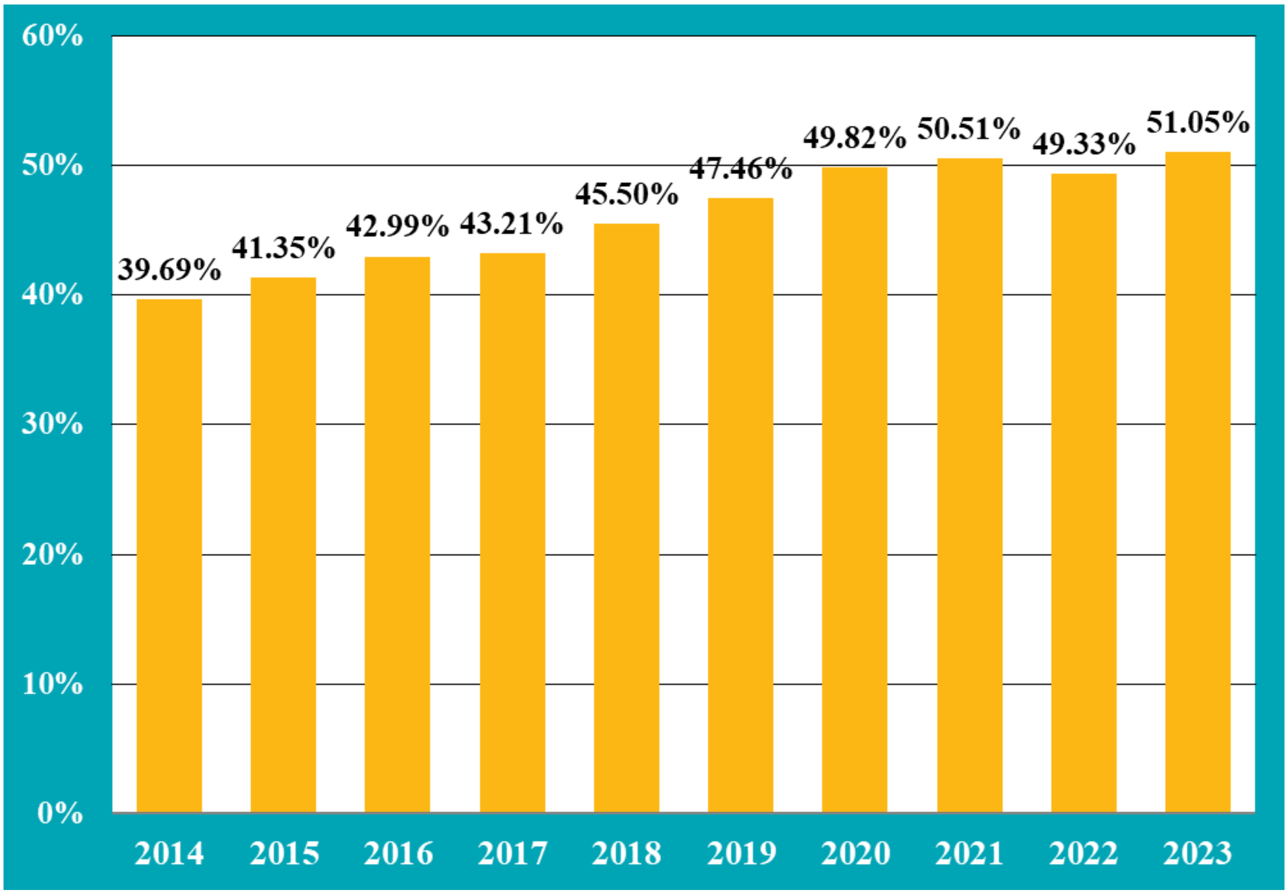


The funded ratio has increased from 64.2% in 2014 to 72.0% in 2023. During the first seven years of the past decade, the funded ratio remained relatively flat, as investment returns lagged expectations and more conservative assumptions were adopted. There were increases in the funded ratio in 2021 and 2022, due to investment returns and contributions made by the employers and members. The funded ratio decreased this year from 72.4% to 72.0%, primarily due to significant actuarial liability losses from higher-than-expected retiree COLAs and salary increases greater than the assumed rates for most bargaining groups, as well as lower than assumed actuarial returns on investments during 2022.

SECTION I – EXECUTIVE SUMMARY

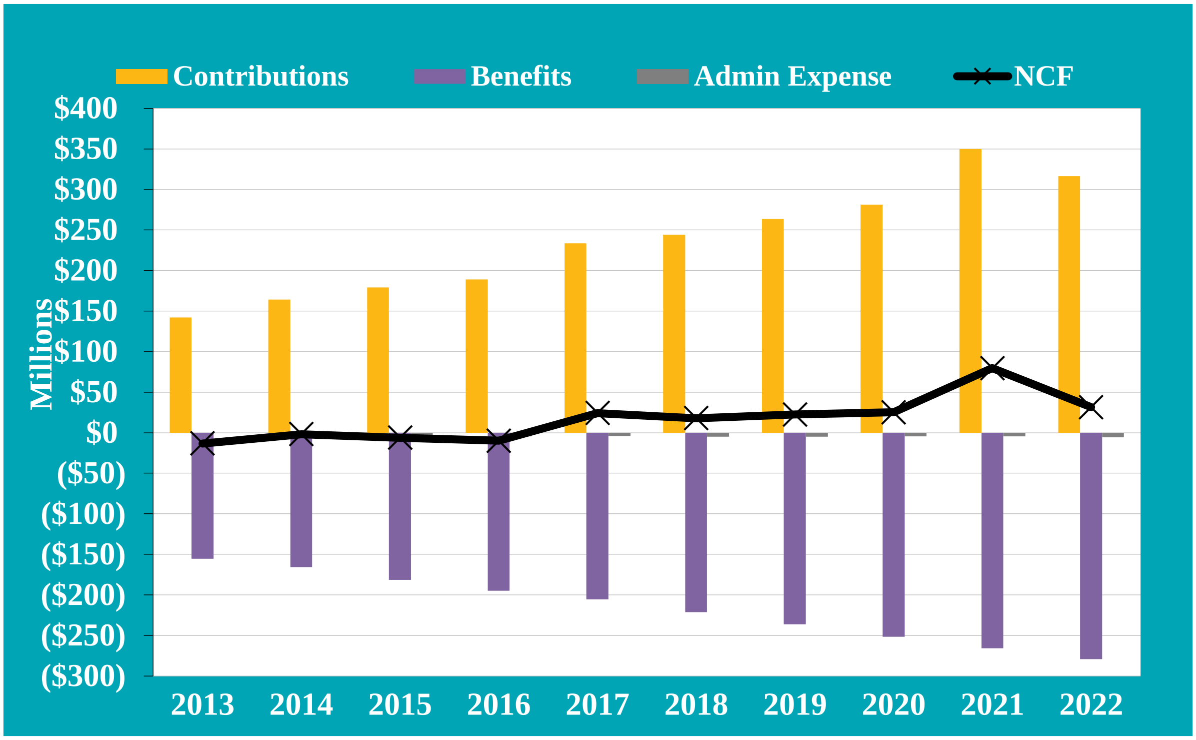
Employer Contribution Rates

The chart on this page shows the employer contribution rate for each of the last 10 valuation cycles. The same factors that contributed to the decline and subsequent lack of progress in funded status – i.e., lower returns and assumptions that are more conservative – have resulted in increases in contribution rates. Rates also increased due to growth in payroll lagging behind the assumed growth through 2021, which spread the UAL dollar payment over a smaller payroll base. Weak asset returns and higher-than-expected COLAs and bargained salary increases during 2022 have led to an increase in the contribution rate in the current valuation.



Cash Flows

The chart below shows the Plan's net cash flow (NCF) (contributions less benefit payments and administrative expenses). This is an important measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



The NCF – shown as the black line in the chart – was slightly negative for the first four years shown in this period but has been positive the past six years due to the increase in the contribution rates and the additional contributions being made by the County and other employers.

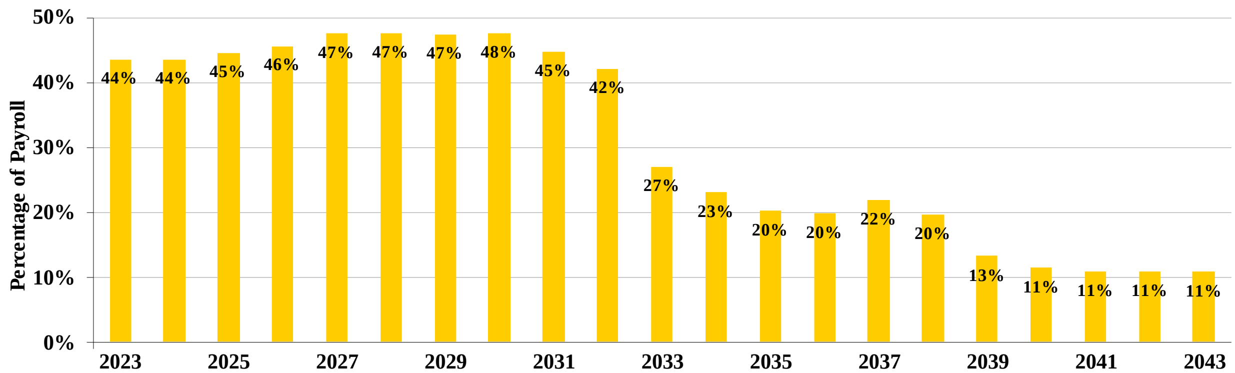
The implications of a plan with negative net cash flow are that the impact of market fluctuations can be more severe: as assets are being depleted to pay benefits in down markets, there is less principal available to be reinvested during favorable return periods. If there were a shift to future negative net cash flow, it could magnify the losses during a market decline, hindering the Plan in its ability to absorb market fluctuations.

D. Future Expected Financial Trends

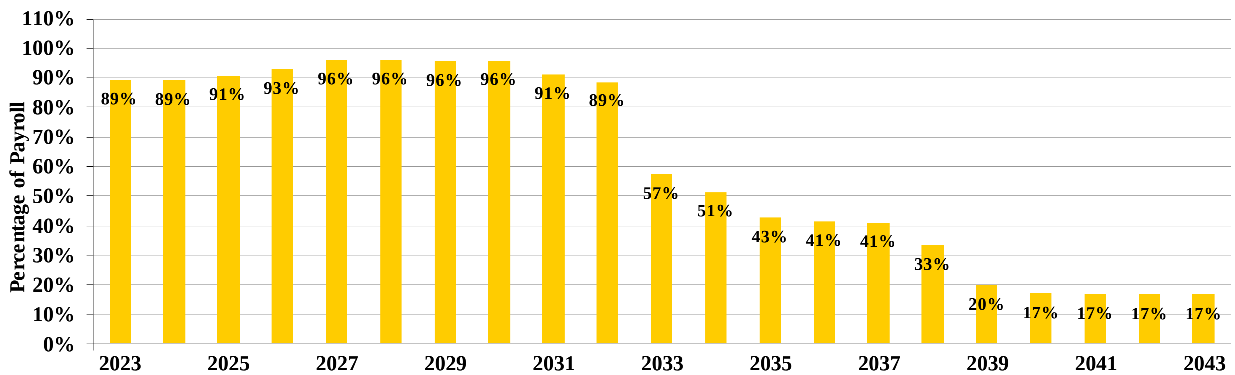
The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the January 1, 2023 valuation results in terms of cost and benefit security (assets over liabilities). All the projections in this section are based on the interest rate assumption of 6.75%. We have assumed a level active workforce population and future payroll growth of 3.00% per year.

The following graphs show the expected employer contribution rates for General and Safety members, and for the Plan in aggregate, based on actually achieving the 6.75% assumption each year for the next 20 years, and if the employers contribute at the actuarially determined rates.

Projection of General Employer Contributions, 6.75% return each year

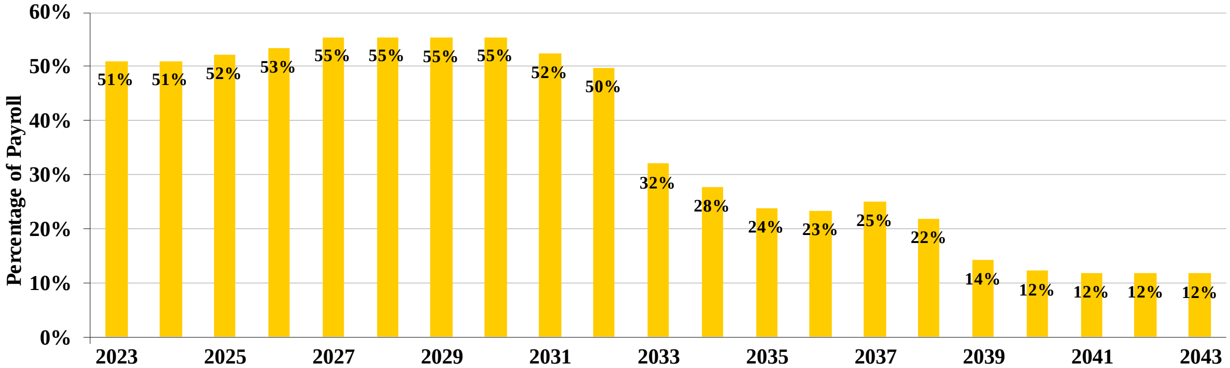


Projection of Safety Employer Contributions, 6.75% return each year



SECTION I – EXECUTIVE SUMMARY

Projection of Total Employer Contributions, 6.75% return each year



The projections show that General, Safety, and Total County contribution rates are expected to be about the same next year, as asset losses and gains continue to be recognized in the smoothed Actuarial Value of Assets. The dollar contribution will be approximately $189 million for General and $76 million for Safety in 2023, remain at the same percentage of payroll in 2024, then increase as a percentage of payroll until 2027 as the current deferred investment losses continue to be recognized. The drop-in contribution rates in 2033 is due to the 2014 UAL being paid off.

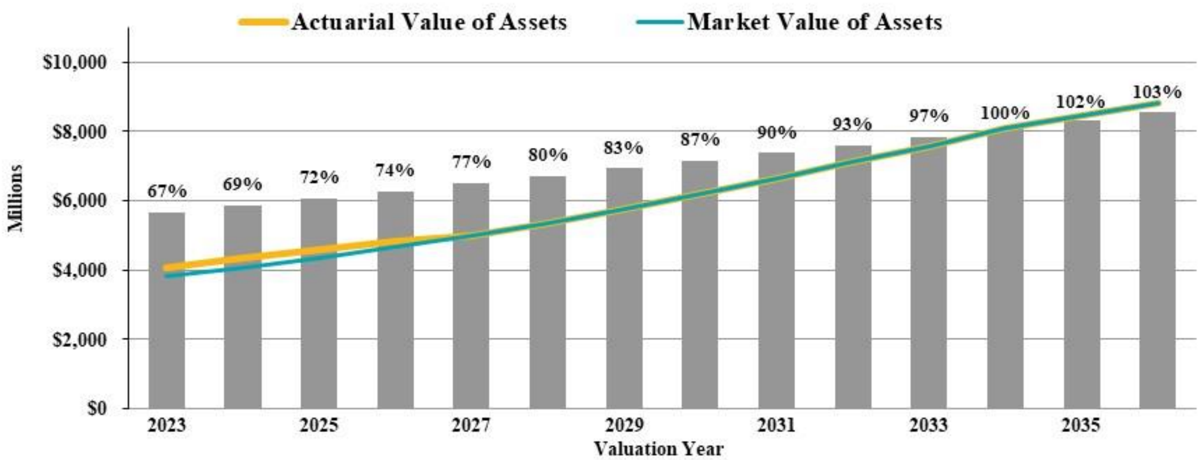
Note that the contribution projections do not forecast any actuarial gains or losses (other than the current net deferred losses reflected in the Actuarial Value of Assets). The graphs also do not include the impact of the additional contributions currently being made by the County, the Mosquito and Vector Control District, and the Superior Court; those additional contributions would eventually be expected to be available to reduce the employer contributions in future years.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

The graph below shows the projection of SJCERA's assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period and the employers contribute at the actuarially determined rates.

Projection of Assets and Liabilities, 6.75% return each year



The graph shows that the projected funded status on a market-value basis increases over the next 20 years to 103%, assuming the actuarial rate of return assumption is achieved. However, as noted above, it is the actual return on System assets that will determine the future funding status and contribution rates to the Fund.

We note that the funded ratio is expected to gradually climb above 100%; this is because under the PEPRA legislation, the employer contribution is not allowed to fall below the level of the normal cost unless the Plan reaches at least 120% funded (and other conditions are met).

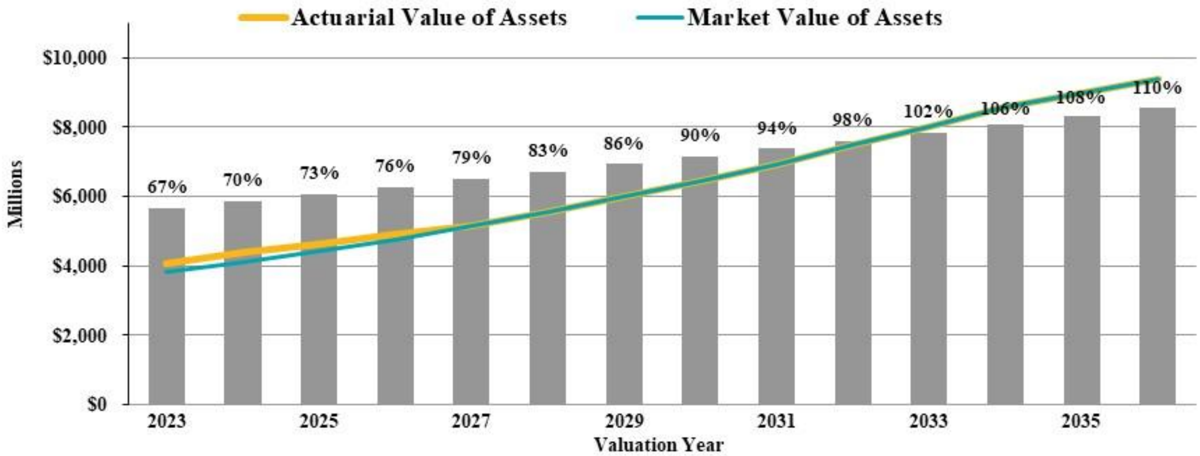
The assets in the graph above also include the additional contributions that the County (2017-2022), the Mosquito and Vector Control District (2018-2022), and Superior Court (2019-2022) have made to the fund. No further additional contributions are assumed. However, the additional contribution reserves are assumed to continue to grow at the 6.75% expected rate of return and are not used in the calculation of the actuarially determined contribution rates, which additionally increases the projected funded status above 100%.

The graph on the next page shows the same information as the previous graph and assumes that additional contributions of 5% of SJCERA payroll are made until the System's funded ratio reaches 100%. Although the Mosquito and Vector Control District and the Superior Courts have been making additional contributions at different rates, and other employers are not currently making additional contributions, we note that the County has been making additional contributions of approximately 5% per year and makes up the vast majority of overall payroll and these additional contributions are for illustrative purposes only. No change in the

SECTION I – EXECUTIVE SUMMARY

contribution rate is assumed due to the additional contributions; these assets continue to be excluded from the actuarial cost calculation, as noted earlier.

<u>Projection of Assets and Liabilities, 6.75% return each year, Ongoing County Additional 5% Contributions</u>



As can be seen in the projection above, with the additional expected 5% of pay contributions from the County, the Plan would be expected to return to full funding in 2033, one year earlier than expected in the projections without the additional future contributions.

SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

A fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. While we believe it is unlikely that the Plan by itself would become unaffordable, the contributions needed to support the Plan may differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution and payroll risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the unfunded actuarial liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsors or other contribution base.

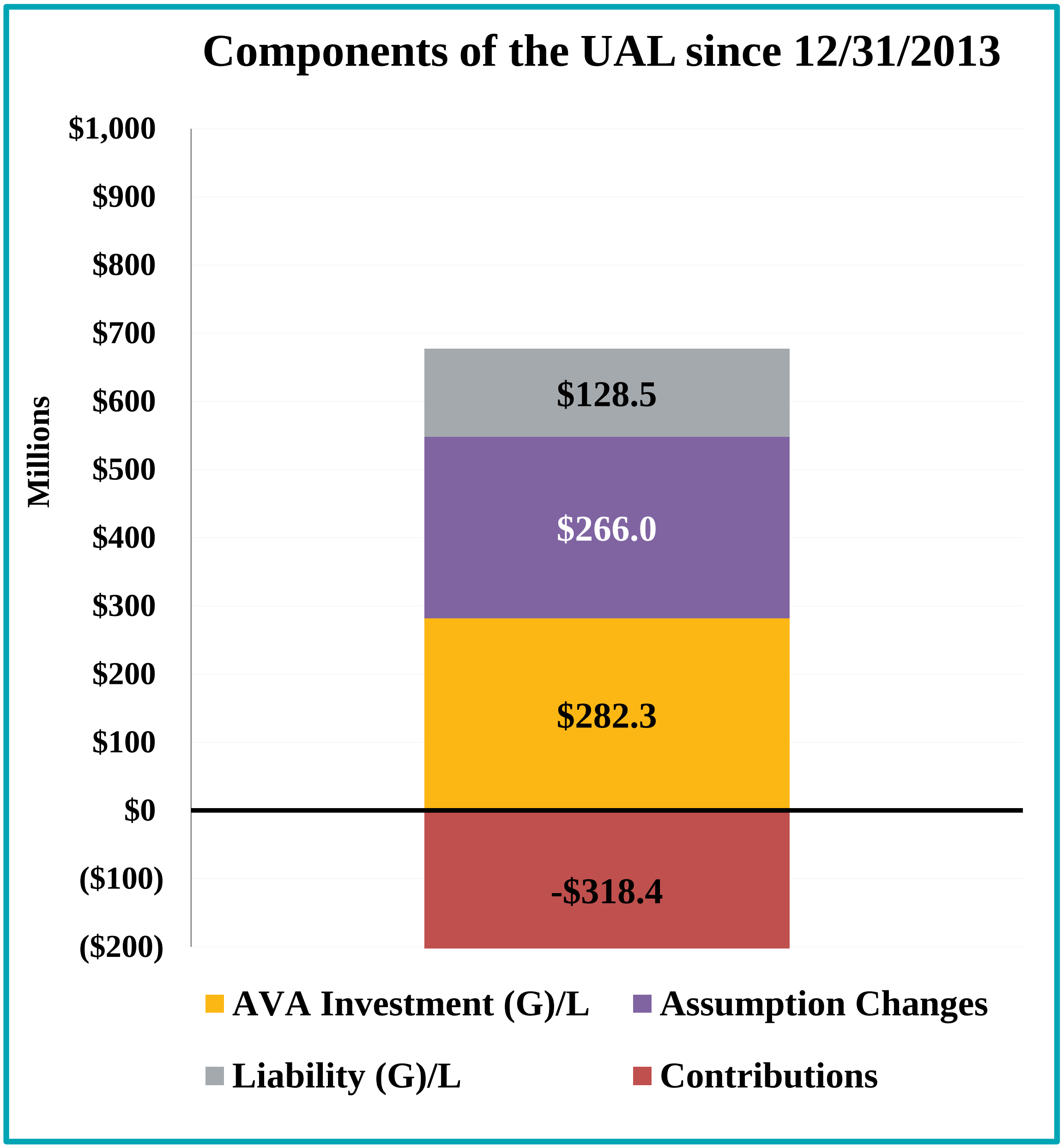
Assumption change risk is the potential for the environment to change such that future valuation assumptions are different than the current assumptions. For example, declines in interest rates over the last three decades (which have recently reversed) resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

Contribution risk is the potential for actual future contributions to deviate from expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy or if the contribution requirement becomes such a financial strain on the sponsor as a result of material changes in the contribution base (e.g., covered employees, covered payroll) that affect the amount of contributions the Plan can collect.

SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2013 through December 31, 2022. Over the last 10 years, the UAL has increased by approximately $358.3 million. The investment losses (gold bar) of $282.3 million on the Actuarial Value of Assets (AVA), assumptions changes (purple bar) resulting in a total UAL increase of $266.0 million, and net liability losses (gray bar) of $128.5 million have all contributed to the UAL growth. Contributions in excess of the "tread water" level (red bar) have reduced the UAL by $318.4 million since December 31, 2013.

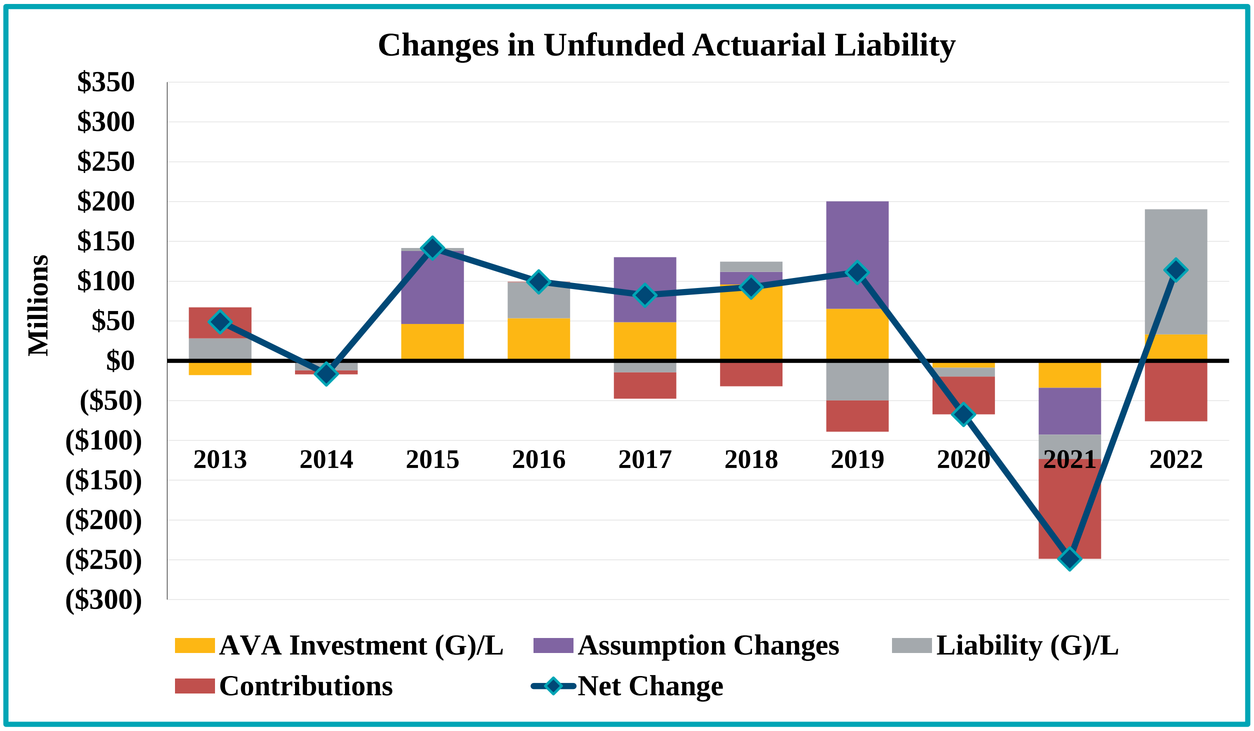
Chart II-1



SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the plan years ending December 31. The net UAL change for each year is represented by the blue diamonds.

Chart II-2



On a market value basis, the average annual geometric return over the 10-year period is 5.3%. This has resulted in investment losses on the AVA most years, increasing the UAL, except for the 2013, 2020, and 2021 plan years.

Over the same time period, the assumed rate of return decreased from 7.50% to 6.75%. It is important to note that these changes simply reflect a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. Future expectations of investment returns will likely change, which may necessitate further changes in the discount rate.

The impact of all assumption changes is represented by the purple bars and also includes decreases in mortality rates projected in the future which had a significant impact on the measurement of the UAL. The assumption changes effective with the January 1, 2019 valuation were only demographic changes with no change to the expected rate of return of 7.25%. The January 1, 2020 valuation decreased the expected rate of return to 7.00%. The January 1, 2022 valuation decreased the discount rate assumption to 6.75% while also adopting new demographic assumptions that lowered the UAL.

The large liability loss in 2022 was caused by higher-than-expected COLAs and negotiated pay increases for many bargaining units.

SECTION II – DISCLOSURES RELATED TO RISK

Each year, the UAL is expected to increase for benefits earned in the current year (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the contribution-timing lag) can impact whether or not the contributions exceed the tread water level. For example, the Board changed the amortization policy in 2009 to amortize 50% of the extraordinary asset loss over a 30-year period and the remaining UAL over a 20-year period. Initially, the relatively long amortization period resulted in contributions being below the tread water level.

However, the single equivalent amortization period for the last several years has been much lower (down to 11 and 12 years for General and Safety, respectively, in this valuation), with the UAL payment going towards principal as well as interest on the UAL. In addition, the County and at least two other employers have made discretionary contributions above the actuarially determined contribution rate, in the County's case generally equal to around 5% of their pensionable payroll (with a much larger additional contribution in 2021), including $22.5 million this year. These contributions went directly toward paying down the principal on the UAL as seen below in Table II-1, which numerically summarizes the changes in the UAL for each year by source over the last 10 years.

Table II-1

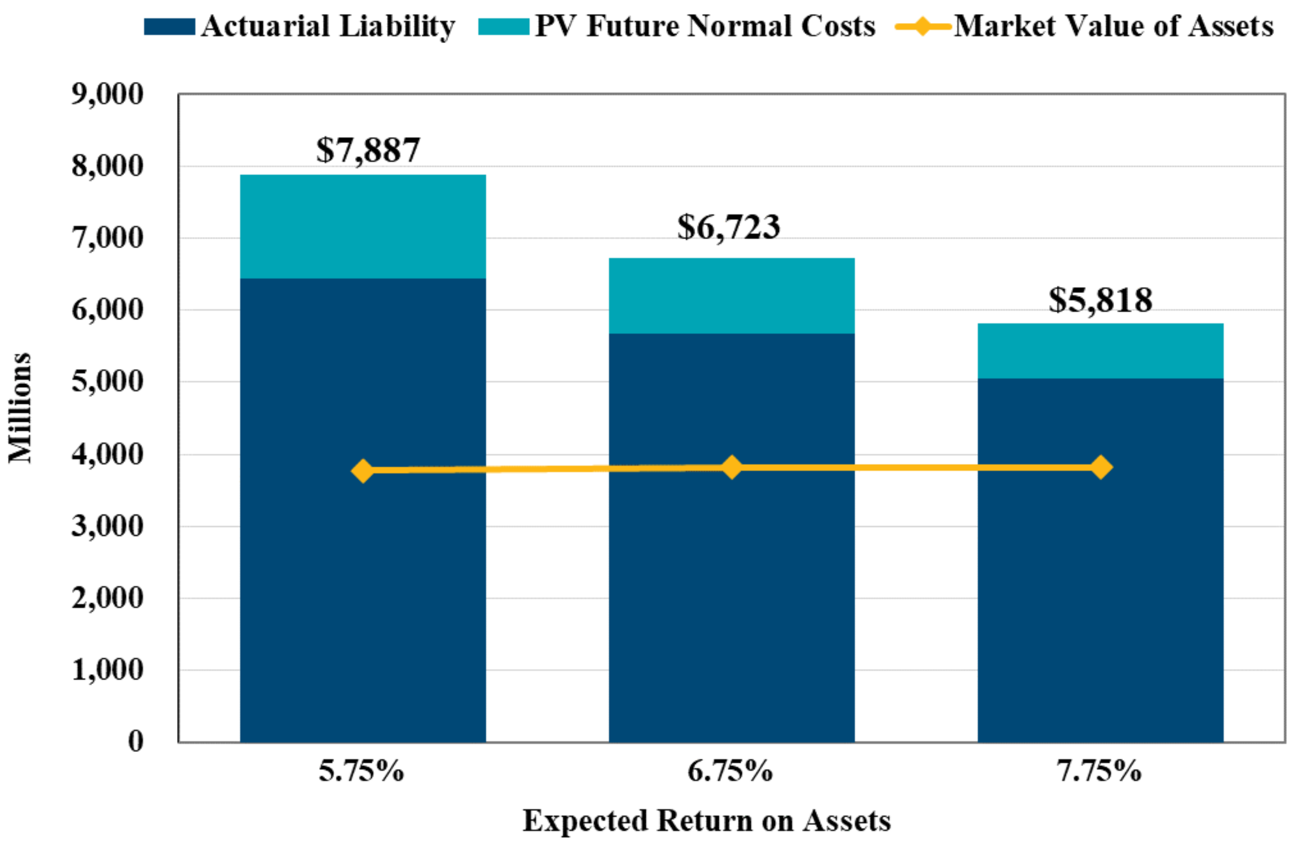
Unfunded Actuarial Liability (UAL) Change by Source					
December 31,	Investment Experience	Liability Experience	Assumption Changes	Contributions	Total UAL Change
2013	($18,030,000)	$28,061,000	$0	$39,067,000	$49,098,000
2014	653,000	(11,929,000)	0	(5,073,000)	(16,349,000)
2015	46,200,000	3,691,000	91,855,000	(172,000)	141,574,000
2016	53,461,000	45,033,000	0	831,000	99,325,000
2017	48,426,000	(14,693,000)	81,855,000	(33,016,000)	82,572,000
2018	95,800,000	12,745,000	16,017,000	(31,986,000)	92,576,000
2019	65,252,000	(49,917,000)	135,011,000	(39,203,000)	111,143,000
2020	(8,800,000)	(11,061,000)	0	(47,428,000)	(67,289,000)
2021	(33,977,000)	(30,569,000)	(58,741,000)	(125,436,000)	(248,723,000)
2022	33,276,000	157,135,000	0	(76,032,000)	114,379,000
Total	**$282,261,000**	**$128,496,000**	**$265,997,000**	**($318,448,000)**	**$358,306,000**

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares assets to the present value of all projected future benefits discounted at the current expected rate of return and at discount rates 100 basis points above and below the expected rate of return. The present value of future benefits is shown as the total bar with the portion attributable to past service in dark blue (Actuarial Liability) and the portion attributable to future service in teal (present value of future normal costs). The Market Value of Assets is shown by the gold line.

Present Value of Future Benefits versus Assets



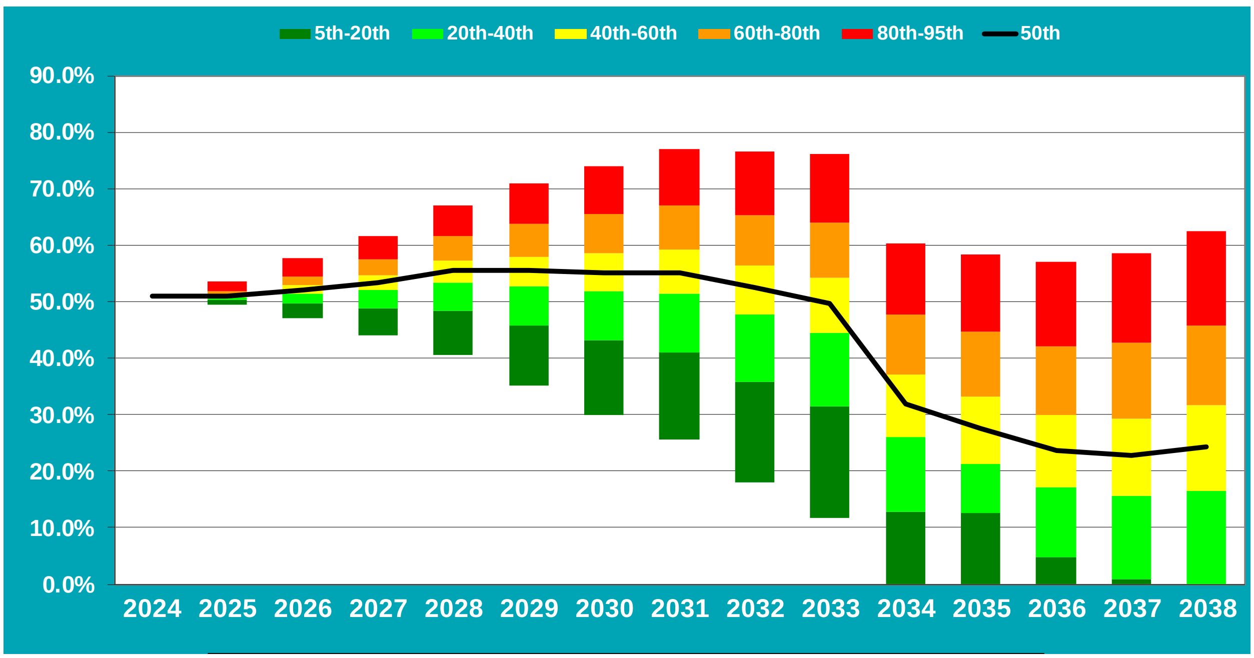
If investments return 6.75% annually, the Plan will need approximately $6.7 billion in assets today to pay all projected benefits (including those on behalf of active members for service they are expected to earn in the future) compared to current assets of $3.8 billion. If investment returns are only 5.75%, the Plan would need approximately $7.9 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately $5.8 billion in assets today.

SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns - Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs below and on the following page show the projected range of the employer contribution rate and of the funded ratio on an Actuarial Value of Assets basis. The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 10.5% standard deviation of annual returns, as indicated in Meketa's capital market assumptions used in the 2022 experience study). The stochastic projections of investment returns are based on an assumption that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods.

Stochastic Projection of Employer Contributions as a Percentage of Payroll

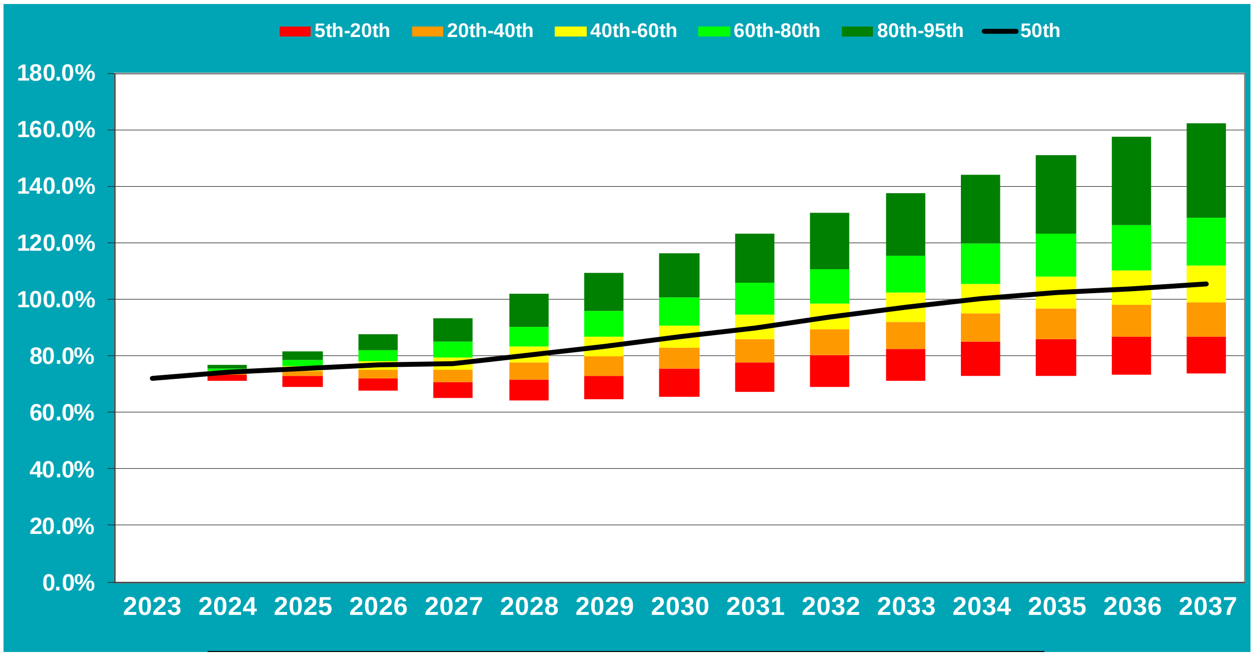


The stochastic projection of employer contributions as a percentage of payroll shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75%, aligns closely with the projections discussed in subsection D. of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected employer contribution rate exceeds 75% of pay in 2031. Conversely, the most optimistic scenario shown, the 5th percentile, the projected employer contribution rate declines to 0% in 2034.

We note that these projections allow the employers' contribution to drop below their share of the normal cost only if the Plan becomes extremely overfunded (i.e., a funded ratio above 100%), as required by the PEPRA legislation. The projections above do not include the additional contribution reserve or any future contributions above the actuarially determined contributions.

SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projection of Funded Ratio on an Actuarial Value of Assets Basis



The graph above shows the projection of the funded ratio based on the Actuarial Value of Assets. The projections do not assume future additional contributions from the County or other employers. While the baseline-funded ratio (black line) is projected to be approximately 105% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the current funding policy of the Plan, even in scenarios with unfavorable investment returns, the Plan is projected to remain over 60% funded on an Actuarial Value of Assets basis in all but the most unfavorable of scenarios, as long as the actuarially determined contributions continue to be made.

Contribution Risk

The Safety contribution rate is very large at over 89% of payroll and as a result, future salary increases, and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnate or decline since contributions are based on payroll levels.

There is also a risk of the contribution rate increasing even higher when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of payroll. This means that the UAL payments increase at the assumed payroll growth rate of 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of payroll increases, making the Plan less affordable for the Safety and potentially other plan sponsors.

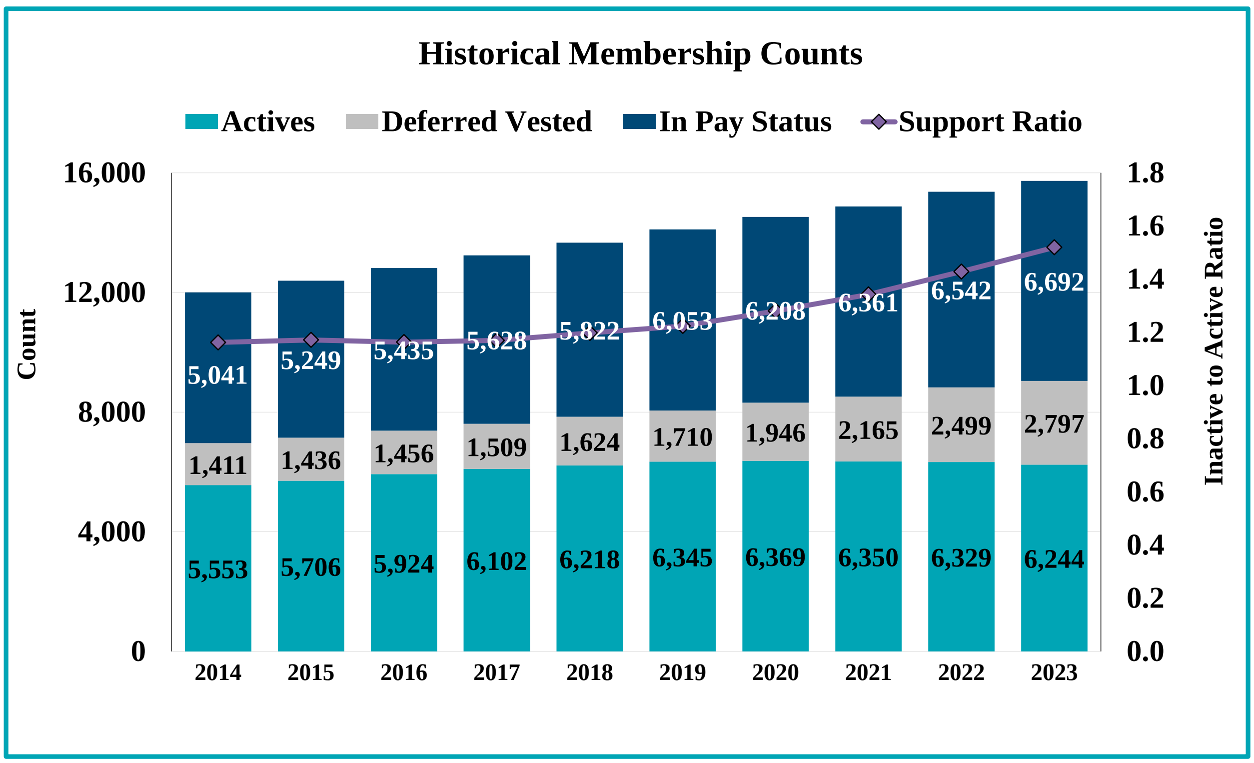
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the Plan and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for the Plan.

Inactives per Active (Support Ratio)

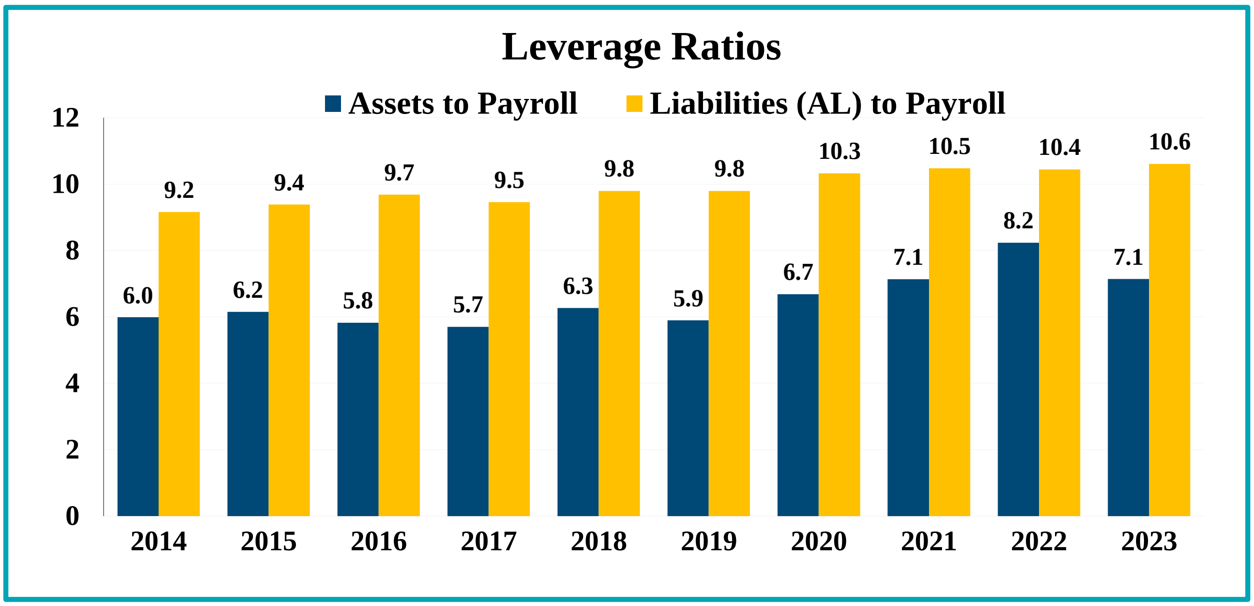
One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or inactives – those entitled to a deferred benefit) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The Support Ratio slightly declined from 2014 to 2017 since the active population increased an average of about 3.6% per year. The last six years, the active population increased at a slower pace than the inactive population – and actually declined in each of the last three years - resulting in an increase in the Support Ratio.



Leverage Ratios

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. The asset leverage ratio is simply the market value of assets to active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the plan's actuarial liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have increased since 2014, but the asset to payroll ratio had remained relatively stable around 6.0 - assets are six times member payroll – from 2013 to 2019. From 2020 to 2022, the ratio increased from 6.7 to 8.2 times member payroll, due to the favorable asset returns and additional contributions. The ratio decreased from 2022 to 2023 due to lower asset returns and higher payroll. The liability to payroll ratio has increased in most years, driven by the continued maturation of the Plan and assumption changes.

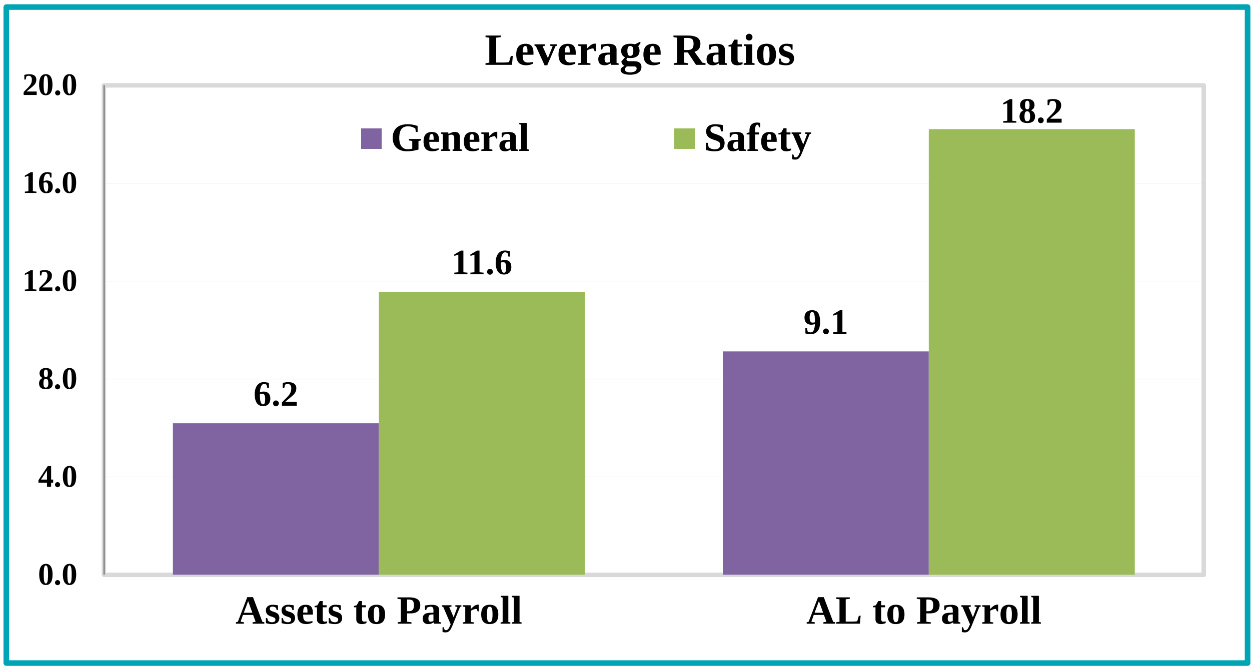


To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the asset level is so small.

As the Plan becomes better funded, the asset leverage ratio will increase, and if it were 100% funded, the asset leverage ratio would be over 10 times payroll, or the liability leverage ratio.

We note that the ratio of both assets and liabilities to payroll, and therefore the sensitivity to investment returns and assumption changes, is higher for the Safety members compared to the General members, because of the higher benefit amounts and the earlier average retirement ages for Safety.

SECTION II – DISCLOSURES RELATED TO RISK



The General asset leverage ratio of 6.2 means that if the Plan's assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 104% of payroll (16.75% times 6.2). Based on the current amortization policy and economic assumptions, the General contribution rate would ultimately increase by just over 9% of payroll, after deferred asset losses are fully recognized. The same investment loss for the Safety group with an asset ratio of 11.6 would be equivalent to 194% of payroll, or an approximate contribution rate increase of almost 17%. Therefore, the contribution rates for the Safety members will generally be much more volatile than those of the General members.

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the System and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on System assets including:

- **Disclosure** of System assets as of December 31, 2021 and December 31, 2022,
- Statement of the **changes** in market values during the year,
- Development of the **Actuarial Value of Assets**,
- An assessment of **investment performance**, and
- Determination of **reserve balances** as of January 1, 2023.

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets, and the Actuarial Value of Assets. The market value represents the fair value of assets that provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table III-1 on the next page discloses and compares the market values as of December 31, 2021 and December 31, 2022.

SECTION III – ASSETS

TABLE III-1
Statement of Assets at Market Value
December 31,

		2021		2022
Assets:				
Cash and Cash Equivalents	$	323,434,089	$	141,351,530
Cash Collateral-Securities Lending		84,977,773		125,564,604
Total Cash and Cash Equivalents		408,411,862		266,916,134
Receivables:				
Investment Income Receivables		3,563,318		4,856,348
Contributions Receivable		11,131,624		12,924,613
Securities Sold, Not Received - Domestic		46,579,831		308,690
Other Investment Income Receivable		0		0
Miscellaneous Receivables		45,565		78,906
Total Receivables		61,320,338		18,168,557
Investments, at Market Value:				
Stable Fixed Income		330,858,456		278,165,455
Credit		498,464,537		506,890,947
Global Public Equity		1,542,821,008		1,316,293,371
Private Appreciation		571,896,533		627,693,932
Risk Parity		449,916,750		358,088,382
Crisis Risk Offset		499,732,946		573,569,817
Total Investments		3,893,690,230		3,660,701,904
Other Assets:				
Prepaid Expenses		99,975		112,740
Equipment and Fixtures, Net		154,044		3,143,385
Other Assets		254,019		3,256,125
Total Assets		4,363,676,449		3,949,042,720
Liabilities:				
Securities Lending-Cash Collateral		78,775,961		2,354,013
Securities Purchased, Not Paid		84,977,773		125,564,604
Accrued Expenses and Other Payables		1,127,029		2,910,428
Security Lending Interest and Other Expense		7,682		460,913
Total Liabilities		164,888,445		131,289,958
Market Value of Assets	**$**	**4,198,788,004**	**$**	**3,817,752,762**

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 below shows the components of change in the Market Value of Assets during 2021 and 2022.

TABLE III-2
Changes in Market Values

Additions	**2021**	**2022**
Contributions		
Employer's Contribution	306,662,635	269,080,047
Members' Contributions	43,455,640	47,405,308
Total Contributions	350,118,275	316,485,355
Net Investment Income		
Net Appreciation/(Depreciation) in		
Fair Value of Investments	554,256,496	(430,790,861)
Interest	22,966,328	22,172,800
Dividends	10,179,197	13,078,024
Real Estate Income, net	9,333,819	9,918,342
Investment Expenses	(25,722,039)	(27,241,048)
Miscellaneous Investment Income	39	359
Net Investment Income,		
Before Securities Lending Income	571,013,840	(412,862,384)
Securities Lending Income		
Earnings	388,378	2,405,593
Rebates	519	(2,258,901)
Fees	(97,171)	(125,574)
Net Securities Lending Income	291,726	21,118
Net Investment Income	571,305,566	(412,841,266)
Miscellaneous Income	986,382	81,540
Total Additions	922,410,223	(96,274,371)

SECTION III – ASSETS

TABLE III-2
Changes in Market Values (Continued)

Deductions	**2021**	**2022**
Benefit payments	261,371,770	272,424,374
Death Benefits	608,396	760,072
Refunds of Members' Contributions	3,985,433	6,179,349
Total Benefit Payments	265,965,599	279,363,795
Administrative & Other Expenses		
General Administrative Expenses	3,828,700	4,962,521
Actuary Fees	206,203	167,671
Fund Legal Fees	604,536	491,512
Total Administrative & Other Expenses	4,639,439	5,621,704
Transfer Between Plans	(270,570)	(224,628)
Total Deductions	270,334,468	284,760,871
Net increase (Decrease)	652,075,755	(381,035,242)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	3,546,712,249	4,198,788,004
End of Year	4,198,788,004	3,817,752,762
Approximate Return	15.96%	-9.79%

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce contribution volatility, which could develop due to short-term fluctuations in the Market Value of Assets. For this System, the Actuarial Value of Assets is calculated by recognizing the deviation of actual investment returns compared to the expected return over a five-year period.

The dollar amount of the expected return on the Market Value of Assets is determined using the actual contributions, administrative expense, and benefit payments during the year. Any difference between this amount and the actual investment earnings is considered a gain or loss. However, in no event will the Actuarial Value of Assets be less than 80% or more than 120% of market value on the valuation date. The following table shows the development of the actuarial asset value.

TABLE III-3
Development of Actuarial Value of Assets
as of January 1, 2023

Year	(a) Contributions	(b) Benefits	(c) Administrative Expense	(d) Healthcare Fund Transfer	(e) Expected Return	(f) Actual Return	(g) = (f) – (e) Additional Earnings	(h) Not Recognized	(i) = (g) x (h) Unrecognized Earnings
2019	263,627,444	236,350,072	4,931,163	299,014	206,793,106	380,674,528	173,881,422	20%	34,776,284
2020	281,269,983	251,551,677	4,536,455	172,041	227,983,829	276,996,530	49,012,701	40%	19,605,080
2021	350,118,275	265,965,599	4,639,439	270,570	251,024,692	572,291,948	321,267,256	60%	192,760,354
2022	316,485,355	279,363,795	5,621,704	224,628	284,479,114	(412,759,726)	(697,238,840)	80%	(557,791,072)

1. Total Unrecognized Dollars	(310,649,354)
2. Market Value of Assets as of December 31, 2022	3,817,752,762
3. Preliminary Actuarial Value of Assets as of December 31, 2022: [(2) - (1)]	4,128,402,116
4. Corridor Limits	
a. 80% of Net Market Value	3,054,202,210
b. 120% of Net Market Value	4,581,303,314
5. Actuarial Value of Assets after Corridor	4,128,402,116
6. Ratio of Actuarial Value to Market Value [(5) ÷ (2)]	108.14%
7. Market Stabilization Designation [(2) – (5)]	(310,649,354)
8. Special (Non Valuation) Reserves:	
Class Action Settlement – Post 4/1/1982	80,451
Contingency	43,633,169
Total Special Reserves	43,713,620
9. Actuarial Value of Assets for the Funding Ratio: [(5) - (8)]	**$4,084,688,496**
10. Additional Contribution Reserves	$193,406,243
11. Actuarial Value of Assets Used for Calculating the Employer Contribution Rates: [(9) - (10)]	**$3,891,282,253**

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is a useful measure for comparing the actual asset performance to the previous valuation assumption.

The employer contributions include the additional contributions of $23,117,567 made by the County, the MVCD, and the Superior Court in the gain/loss development for the Market Value of Assets but are excluded in the analysis for the valuation assets.

TABLE III-4
Asset Gain/(Loss)

	Market Value	Valuation Assets
January 1, 2022 value	**$ 4,198,788,004**	**$ 3,668,064,009**
Employer Contributions	269,080,047	245,962,480
Employee Contributions	47,405,308	47,405,308
Healthcare Transfer	224,628	224,628
Benefit Payments	(279,363,795)	(279,363,795)
Administrative Expenses	(5,621,704)	(5,621,704)
Expected Investment Earnings (6.75%)	284,479,114	247,887,766
Expected Value December 31, 2022	**$ 4,514,991,602**	**$ 3,924,558,692**
Investment Gain / (Loss)	(697,238,840)	(33,276,439)
January 1, 2023 value	**$ 3,817,752,762**	**$ 3,891,282,253**
Return	-9.79%	5.84%

Note that the return on market value shown above is not the dollar-weighted return on assets required for the purposes of GASB Statements 67 and 68.

SECTION III – ASSETS

The following table shows the historical annual asset returns on a market value and actuarial value basis, as well as the increase in the Consumer Price Index (CPI) since 2000.

TABLE III-5
Historical Asset Returns

Year Ended December 31	Return on Market Value	Return on Actuarial Value	Increase in CPI[1]
2000	3.2%	11.5%	3.4%
2001	(0.1%)	8.8%	1.6%
2002	(5.5%)	4.7%	2.4%
2003	25.5%	6.8%	1.9%
2004	11.8%	6.6%	3.3%
2005	6.9%	7.2%	3.4%
2006	12.7%	9.6%	2.5%
2007	6.9%	11.2%	4.1%
2008	(30.1%)	(14.3%)	(0.5%)
2009	11.4%	7.4%	2.5%
2010	12.4%	6.4%	1.5%
2011	1.3%	(1.8%)	3.0%
2012	11.7%	(0.2%)	1.7%
2013	9.2%	8.5%	1.5%
2014	4.7%	7.5%	0.8%
2015	(1.9%)	5.6%	0.7%
2016	6.3%	5.3%	2.1%
2017	11.7%	5.6%	2.1%
2018	(2.0%)	3.9%	1.9%
2019	13.3%	5.1%	2.3%
2020	8.5%	7.3%	1.4%
2021	16.0%	8.0%	7.0%
2022	(9.8%)	5.8%	6.5%
Compounded 15- Year Average	3.5%	3.8%	2.3%
Compounded 10- Year Average	5.3%	6.3%	2.6%
Compounded 5- Year Average	4.8%	6.0%	3.8%

[1] Based on All Urban Consumers - U.S. City Average, December Indices.

Reserve Balances

The following table shows historical balances of the Post-1982 Settlement Reserve.

TABLE III-6
Post-1982 Settlement Reserve

Valuation Date January 1	Number Eligible	Benefits Payable	Reserve	Estimated Years of Payments
2008	1,896	3,683,939	25,872,222	13
2009	1,856	3,602,904	22,015,055	10
2010	1,800	3,484,762	20,090,654	9
2011	1,738	3,370,636	18,108,660	6
2012	1,679	3,243,068	14,556,866	5
2013	1,709	3,244,009	11,063,855	4
2014	1,662	3,197,416	8,765,004	3
2015	1,617	3,046,233	6,338,007	2
2016	1,560	2,939,133	3,644,507	1
2017	1,501	2,821,575	915,393	<1
2018	1,441	2,705,007	485,100	<1
2019	1,376	2,594,058	62,951	<1
2020	1,313	2,479,710	65,877	<1
2021	1,255	2,372,539	70,425	<1
2022	1,196	2,260,212	75,271	<1
2023	1,134	2,145,376	80,451	<1

As of January 1, 2023, the total projected liability associated with paying the Post-82 Settlement allowances for the remaining lifetime of the eligible members and beneficiaries is approximately $14.7 million. Payments from the Post-82 Settlement reserve have been suspended, with the last benefits payable in August of 2018.

SECTION IV – LIABILITIES

In this section, we present detailed information on System liabilities including:

- **Disclosure** of System liabilities on January 1, 2022 and January 1, 2023
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are calculated and presented in this report. We note that the liabilities described below are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in the case of a plan termination or other similar action.

- **Present Value of Future Benefits:** Used for measuring all future System obligations, represents the amount of money needed today to fully fund all benefits of the System both earned as of the valuation date and those to be earned in the future by current plan participants, under the current System provisions.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the present value of future benefits and subtracting the present value of future member contributions and future employer normal costs under an acceptable actuarial funding method. The method used for this System is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 discloses each of these liabilities for the current and prior valuations and shows the allocation of the valuation assets between SJCERA's valuation subgroups, General and Safety. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus,** or an **Unfunded Actuarial Liability**.

SECTION IV – LIABILITIES

Table IV-1
Allocation of Assets by Subgroup and Liabilities/Net (Surplus)/Unfunded

	January 1, 2022 Total	January 1, 2023 Total	(a) General	(b) Safety	(c) Unallocated
1. Member Reserves	$ 451,026,190	$ 490,248,004	$ 390,378,767	$ 99,869,238	$ 0
2. Employer Advance Reserves w/o Add'l Contribs	1,988,767,415	2,283,312,967	1,626,086,148	657,226,819	0
3. Retired Member Reserves	1,175,560,436	1,100,175,871	819,542,396	276,354,333	4,279,142
4. Total Valuation Reserves (1 + 2 + 3)	$ 3,615,354,042	$ 3,873,736,842	$ 2,836,007,311	$ 1,033,450,390	$ 4,279,142
5. Additional Contribs to Employer Advance Reserves	184,202,449	193,406,243	163,446,697	29,959,547	0
6. AVA Gain/Loss, less Stabilization Reserve	52,709,968	17,545,410	0	0	17,545,410
7. Total Reserves (4 + 5 + 6)	$ 3,852,266,458	$ 4,084,688,496	$ 2,999,454,007	$ 1,063,409,936	$ 21,824,552
8. Proportion Reserves of Line 4, by Plan			73.29%	26.71%	
9. Valuation Assets for Funding Ratio (7 + [8 * 7c])	$ 3,852,266,458	$ 4,084,688,496	$ 3,015,449,683	$ 1,069,238,813	
10. Valuation Assets for Developing Contribution Rate (4 + [8 * 7c])	$ 3,668,064,010	$ 3,891,282,253	$ 2,852,002,986	$ 1,039,279,267	
Present Value of Future Benefits					
Actives	$ 2,685,521,686	$ 2,855,490,499	$ 2,113,758,231	$ 741,732,268	
Terminated Vested	194,818,997	219,591,107	178,895,301	40,695,806	
Retirees	2,898,737,248	3,091,194,625	2,285,051,810	806,142,815	
Disabled	318,801,464	330,797,232	134,477,958	196,319,274	
Beneficiaries	219,273,306	225,853,156	143,186,892	82,666,264	
11. **Present Value of Future Benefits (PVB)**	**$ 6,317,152,701**	**$ 6,722,926,619**	**$ 4,855,370,192**	**$ 1,867,556,427**	
12. Present Value of Future Normal Costs (PVFNC)	993,363,887	1,048,263,917	769,544,077	278,719,840	
13. **Actuarial Liability (11 - 12)**	**$ 5,323,788,814**	**$ 5,674,662,702**	**$ 4,085,826,115**	**$ 1,588,836,587**	
14. **Funded Ratio (9 / 13)**	**72.4%**	**72.0%**	**73.8%**	**67.3%**	
15. **Net (Surplus)/Unfunded (13 - 10)**	**$ 1,655,724,804**	**$ 1,783,380,449**	**$ 1,233,823,129**	**$ 549,557,320**	

Changes in Liabilities

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and due to changes in System assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

TABLE IV-2
Changes in Actuarial Liability

Actuarial Liability at January 1, 2022	$	5,323,788,814
Actuarial Liability at January 1, 2023	$	5,674,662,702
Liability Increase (Decrease)		350,873,888
Change due to:		
Accrual of Benefits	$	111,427,408
Actual Benefit Payments		(279,363,795)
Interest		357,602,520
Assumption Changes		0
Actuarial Liability (Gain) / Loss		161,207,755

SECTION IV – LIABILITIES

TABLE IV-3
Development of Actuarial (Gain) / Loss

	General	Safety	Total
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	$ 1,162,027,894	$ 493,696,910	$ 1,655,724,804
2. Middle of year unfunded actuarial liability payment	(121,891,192)	(50,297,267)	(172,188,459)
3. Interest to end of year on 1. and 2.	74,390,227	31,654,727	106,044,954
4. Change in Actuarial Liability due to assumption change	0	0	0
5. Expected UAL at the end of year (1+2+3+4)	1,114,526,929	475,054,370	1,589,581,299
6. Actual Unfunded Liability at end of year[1]	1,233,823,129	549,557,320	1,783,380,449
7. Net (Gain)/Loss: (6 - 5)	119,296,199	74,502,950	193,799,150
8. Actuarial Liability (Gain) / Loss	$ 93,530,621	$ 67,677,134	$ 161,207,755
9. Actuarial Asset (Gain) / Loss	$ 23,823,220	$ 9,453,219	$ 33,276,439
10. Contribution (Gain) / Loss	$ 1,942,358	$ (2,627,403)	$ (685,045)

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

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the System. The actuarial process utilizes funding techniques with a goal of producing a pattern of contributions that are both stable and predictable.

For this System, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal (EAN)** cost method. There are three primary components to the total contribution: the **normal cost rate** (employee and employer), the **Unfunded Actuarial Liability rate** (UAL rate), and the **administrative expense** contribution.

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value, as of entry age into the System, of each member's projected future benefits. This value is then divided by the value, also at entry age, of the member's expected future salary producing a normal cost rate that should remain relatively constant over a member's career. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate.

The member contribution rates used in this valuation reflect the broad cost sharing arrangements in place as of the valuation date that apply to the 2024 Plan Year (i.e., whether the bargaining unit is making the full COLA cost-sharing member contribution and/or the additional 14%/33% Basic member rate). However, the valuation does not include additional fixed rate contributions payable by some bargaining units (of 3%, 4% or 5% of payroll). Those additional contributions are applied outside of the valuation, and reductions to the employer rates to reflect those additional contributions are provided directly to the individual bargaining groups.

The Unfunded Actuarial Liability is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. At the July 24, 2015 board meeting, the SJCERA Board of Retirement 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 percentage of payroll, with new amortization layers each year. The result was a set of three amortization bases as of January 1, 2015: the 2008 loss being amortized over 25 years, the remaining UAL as of December 31, 2014 being amortized over 19 years, and new additions to the UAL on and after January 1, 2015 amortized over 15 years. The single equivalent amortization period for all streams of UAL payments is 11 years for General and 12 years for Safety as of January 1, 2023. The amortization period for each Unfunded Actuarial Liability layer will decrease each year.

The total administrative expenses are assumed to be $5,315,922 in 2023, increasing with the CPI assumption each valuation. The administrative expenses are split between employees and employers based on their share of the overall contributions.

SECTION V – CONTRIBUTIONS

The tables on the following pages present the employer contributions for the System for this valuation.

TABLE V-1
Development of Employer Contribution Amount

		January 1, 2023	% of pay
1. Normal Cost at Middle of Year		$69,982,167	13.85%
2. Amortization of Unfunded Liability			
a. Actuarial Liability	$	5,674,662,702	
b. Actuarial Value of Assets[1]	$	3,891,282,253	
c. Unfunded Liability (a) – (b)	$	1,783,380,449	
d. Amortization of Unfunded Liability	$	194,297,018	36.36%
3. Administrative Expenses *(Employer allocation only)*	$	4,471,615	0.84%
4. Actuarially Determined Contribution (1) + (2d) + (3)	$	268,750,800	51.05%

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

SECTION V – CONTRIBUTIONS

TABLE V-2
Employer Contribution Rate

	January 1, 2022	January 1, 2023
Contributions as a Percentage of Payroll[1]		
Gross Entry Age Normal Cost Rate	23.64%	23.32%
Employee Contribution Rate	9.46%	9.47%
Employer Entry Age Normal Cost Rate	14.18%	13.85%
Employer Normal Cost Rate	14.18%	13.85%
Administrative Expense	0.86%	0.84%
Amortization Payment	34.29%	36.36%
Employer Contribution Rate	49.33%	51.05%
Actuarially Determined Contribution (Employer)	$ 243,345,220	$ 268,750,800

[1] Normal cost and employee contribution rates do not include administrative expenses.

SECTION V – CONTRIBUTIONS

TABLE V-3
Employer Contribution Rate

	General Tier 1 January 1, 2023	General Tier 2 January 1, 2023	Safety Tier 1 January 1, 2023	Safety Tier 2 January 1, 2023
Contributions as a Percentage of Payroll[1]				
Gross Entry Age Normal Cost Rate	22.80%	19.70%	38.00%	31.06%
Employee Contribution Rate	7.11%	9.85%	11.88%	15.53%
Employer Entry Age Normal Cost Rate	15.69%	9.85%	26.12%	15.53%
Employer Normal Cost Rate	15.69%	9.85%	26.12%	15.53%
Administrative Expense	0.84%	0.84%	0.84%	0.84%
Amortization Payment	30.41%	30.41%	66.85%	66.85%
Employer Contribution Rate	46.94%	41.10%	93.81%	83.22%
Actuarially Determined Contribution (Employer)	$ 86,990,432	$ 104,651,651	$ 46,651,366	$ 30,457,351

[1] Normal cost and employee contribution rates do not include administrative expenses.

SECTION V – CONTRIBUTIONS

TABLE V-4
Development of General Amortization Payment
For Fiscal Year 2023

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount
Charges/(Credits)						
1. 2008 Extraordinary Actuarial Loss	1/1/2009	$ 298,074,372	30	$ 319,643,107	16	$ 26,627,129
2. Remaining 1/1/2014 UAL	1/1/2014	584,940,566	19	475,960,158	10	57,458,462
3. 1/1/2015 Gain	1/1/2015	(11,658,862)	15	(8,027,927)	7	(1,315,743)
4. 1/1/2016 Loss	1/1/2016	34,636,894	15	25,900,152	8	3,778,302
5. 1/1/2016 Assumption Changes	1/1/2016	75,853,467	15	56,720,334	8	8,274,336
6. 1/1/2017 Loss	1/1/2017	94,894,097	15	75,936,737	9	10,015,355
7. 1/1/2018 Loss	1/1/2018	23,943,774	15	20,254,344	10	2,445,128
8. 1/1/2018 Assumption Changes	1/1/2018	59,045,648	15	49,947,469	10	6,029,716
9. 1/1/2019 Loss	1/1/2019	95,504,066	15	84,604,986	11	9,442,069
10. 1/1/2019 Assumption Changes	1/1/2019	17,462,987	15	15,470,083	11	1,726,489
11. 1/1/2020 Loss	1/1/2020	8,429,406	15	7,756,573	12	806,839
12. 1/1/2020 Assumption Changes	1/1/2020	96,315,094	15	96,839,732	12	10,073,278
13. 1/1/2021 Gain	1/1/2021	(242,042)	15	(230,184)	13	(22,471)
14. 1/1/2022 Gain	1/1/2022	(33,479,076)	15	(32,714,833)	14	(3,014,719)
15. 1/1/2022 Assumption Changes	1/1/2022	(75,251,608)	15	(73,533,801)	14	(6,776,245)
16. 1/1/2023 Loss	1/1/2023	119,296,199	15	119,296,199	15	10,429,482
				$ 1,233,823,129	11 [1]	$ 135,977,407

[1] The single equivalent amortization period - i.e. the length of time required to amortize the overall UAL as a level percentage of payroll based on the total current amortization payment is approximately 11 years.

SECTION V – CONTRIBUTIONS

TABLE V-5
Development of Safety Amortization Payment
For Fiscal Year 2023

Type of Base	Date Established	Initial Amount	Initial Amortization Years	1/1/2023 Outstanding Balance	Remaining Amortization Years	Amortization Amount
Charges/(Credits)						
1. 2008 Extraordinary Actuarial Loss	1/1/2009	$ 126,189,527	30	$ 128,722,260	16	$ 10,722,910
2. Remaining 1/1/2014 UAL	1/1/2014	235,559,190	19	191,672,104	10	23,138,879
3. 1/1/2015 Gain	1/1/2015	(4,780,021)	15	(3,291,373)	7	(539,442)
4. 1/1/2016 Loss	1/1/2016	17,788,933	15	13,301,887	8	1,940,473
5. 1/1/2016 Assumption Changes	1/1/2016	16,001,780	15	11,965,522	8	1,745,525
6. 1/1/2017 Loss	1/1/2017	14,516,825	15	11,616,743	9	1,532,141
7. 1/1/2018 Loss	1/1/2018	13,716,051	15	11,602,583	10	1,400,677
8. 1/1/2018 Assumption Changes	1/1/2018	22,809,013	15	19,294,436	10	2,329,247
9. 1/1/2019 Loss	1/1/2019	26,232,387	15	23,238,705	11	2,593,481
10. 1/1/2019 Assumption Changes	1/1/2019	(1,446,461)	15	(1,281,388)	11	(143,005)
11. 1/1/2020 Loss	1/1/2020	30,198,055	15	27,787,654	12	2,890,474
12. 1/1/2020 Assumption Changes	1/1/2020	38,696,213	15	38,906,996	12	4,047,109
13. 1/1/2021 Loss	1/1/2021	1,500,664	15	1,427,145	13	139,320
14. 1/1/2022 Gain	1/1/2022	(16,417,200)	15	(16,042,436)	14	(1,478,334)
15. 1/1/2022 Assumption Changes	1/1/2022	16,510,425	15	16,133,534	14	1,486,728
16. 1/1/2023 Loss	1/1/2022	74,502,950	15	74,502,950	15	6,513,428
				$ 549,557,320	12 [1]	$ 58,319,611

[1] The single equivalent amortization period - i.e. the length of time required to amortize the overall UAL as a level percentage of payroll based on the total current amortization payment is approximately 12 years.

SECTION VI – ADDITIONAL ANNUAL FINANCIAL REPORT SCHEDULES

This section of the report provides a schedule for the Actuarial Section of the annual financial report for SJCERA that is not provided in the GASB 67 and 68 reports.

We have prepared the following schedule:

Schedule of Funded Liabilities by Type

The schedule of funded liabilities by type (formerly known as the solvency test) shows the portion of Actuarial Liabilities for active member contributions, inactive members, and the employer financed portion of the active members that are covered by the Actuarial Value of Assets.

The Actuarial Liability is determined assuming that the System is ongoing, and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities for 2013 through 2015 were discounted at an assumed interest rate of 7.50%, whereas liabilities for 2016 and 2017 were discounted at the assumed rate of 7.40%, and the liabilities for 2018 and 2019 were discounted at the assumed rate of 7.25%. The liabilities for 2020 and 2021 were discounted at the assumed rate of 7.00%. The liabilities for 2022 and 2023 are discounted at the assumed rate of 6.75%.

Table VI-1
Schedule of Funded Liabilities by Type

Valuation Date January 1,	Aggregate Actuarial Liabilities for: Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members[1] (3)	Actuarial Value of Assets	Portion of Actuarial Liabilities Covered by Reported Assets (1)	(2)	(3)
2023	$ 494,246,935	$ 3,647,845,013	$ 1,532,570,754	$ 4,084,688,496	100%	98%	0%
2022	457,136,377	3,436,812,018	1,429,840,419	3,852,266,458	100%	99%	0%
2021	426,570,416	3,328,307,086	1,452,791,799	3,487,424,521	100%	92%	0%
2020	396,549,386	3,162,982,551	1,454,100,529	3,226,099,142	100%	89%	0%
2019	368,549,547	2,899,425,320	1,437,296,083	3,044,897,691	100%	92%	0%
2018	344,503,811	2,706,791,152	1,445,680,634	2,913,161,286	100%	95%	0%
2017	318,020,652	2,513,640,349	1,403,432,945	2,733,851,661	100%	96%	0%
2016	297,179,041	2,347,908,211	1,361,302,798	2,604,472,784	100%	98%	0%
2015	276,818,405	2,117,009,658	1,337,806,309	2,471,291,047	100%	100%	6%
2014	258,198,240	1,956,930,619	1,346,730,197	2,285,165,972	100%	100%	5%
2013	209,987,230	1,810,775,897	1,332,531,085	2,125,700,227	100%	100%	8%
2012	202,924,928	1,627,338,404	1,218,058,024	2,130,052,649	100%	100%	25%
2011	193,612,757	1,495,665,075	1,228,410,127	2,120,384,183	100%	100%	35%
2010	187,986,706	1,373,256,766	1,208,368,072	1,949,011,498	100%	100%	32%
2009	176,235,961	1,231,647,623	1,103,041,755	1,821,357,079	100%	100%	37%
2008	166,804,000	1,119,690,000	1,048,027,000	2,029,949,000	100%	100%	71%
2007	159,100,000	1,023,296,000	967,542,000	1,869,717,000	100%	100%	71%
2006	147,953,000	904,208,000	883,657,000	1,727,033,000	100%	100%	76%

[1] Includes terminated vested members.

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the San Joaquin County staff as of January 1, 2023.

Summary of Participant Data as of January 1, 2023			
	General	Safety	Total
Tier 1 Active Participants			
Number	1,990	422	2,412
Average Age	52.34	46.01	51.23
Average Benefit Service	18.73	17.55	18.52
Average Vesting Service	18.99	17.80	18.78
Average Pay	$95,065	$119,556	$99,350
Tier 2 Active Participants			
Number	3,430	402	3,832
Average Age	41.64	33.72	40.81
Average Benefit Service	4.03	4.57	4.08
Average Vesting Service	4.08	4.61	4.14
Average Pay	$75,209	$91,512	$76,919
All Active Participants			
Number	5,420	824	6,244
Average Age	45.57	40.01	44.83
Average Benefit Service	9.42	11.22	9.66
Average Vesting Service	9.56	11.36	9.79
Average Pay	$82,499	$105,874	$85,584

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data as of January 1, 2023	General	Safety	Total
Service Retired			
Number	4,401	716	5,117
Average Age	71.45	66.58	70.77
Average Annual Base Benefit	$12,354	$26,633	$14,352
Average Annual Total Benefit	$40,167	$74,373	$44,954
Beneficiaries			
Number	714	226	940
Average Age	73.82	71.47	73.25
Average Annual Base Benefit	$5,198	$10,393	$6,447
Average Annual Total Benefit	$21,946	$41,128	$26,558
Duty Disabled			
Number	265	214	479
Average Age	66.54	63.21	65.05
Average Annual Base Benefit	$11,550	$26,967	$18,438
Average Annual Total Benefit	$28,192	$59,300	$42,090
Non-Duty Disabled			
Number	143	13	156
Average Age	66.63	65.15	66.51
Average Annual Base Benefit	$8,733	$12,096	$9,014
Average Annual Total Benefit	$19,105	$34,672	$20,402
Total Receiving Benefits			
Number	5,523	1,169	6,692
Average Age	71.40	66.90	70.61
Average Annual Base Benefit	$11,297	$23,393	$13,410
Average Annual Total Benefit	$36,692	$64,745	$41,592

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data as of January 1, 2023	General	Safety	Total
Deferred Vested			
Number	683	74	757
Average Age	47.97	43.01	47.48
Average Service	9.15	9.92	9.23
Transfers and DROs			
Number	350	91	441
Average Age	50.60	46.29	49.71
Average Service	5.14	4.51	5.01
Funds on Account			
Number	1520	79	1599
Average Age	43.02	36.72	42.71
Average Service	1.33	1.67	1.35
Total Inactive			
Number	2,553	244	2,797
Average Age	45.38	42.20	45.11
Average Service	3.95	5.23	4.06

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: General

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
January 1, 2022	**5,492**	**364**	**1,314**	**600**	**147**	**264**	**4,289**	**695**	**13,165**
New Entrants	740	0	0	0	0	0	0	0	740
Rehires	48	0	(33)	(14)	0	0	(1)	0	0
Duty Disabilities	0	0	0	(1)	0	1	0	0	0
Non-Duty Disabilities	(2)	0	0	(2)	4	0	0	0	0
Retirements	(178)	(16)	0	(30)	0	0	223	1	0
Vested Terminations	(145)	0	0	145	0	0	0	0	0
Retirements from Safety with General Service	(1)	0	0	5	0	2	6	0	12
Died, With Beneficiaries' Benefit Payable	(3)	0	0	0	(3)	(1)	(37)	44	0
Died, Without Beneficiary, and Other Terminations	(336)	(1)	329	(1)	(5)	(2)	(78)	(3)	(97)
Transfers	(26)	2	0	(2)	0	0	0	0	(26)
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(169)	(1)	(92)	(19)	0	0	0	0	(281)
Beneficiary Deaths	0	0	0	0	0	0	0	(26)	(26)
Domestic Relations Orders	0	2	0	0	0	0	0	2	4
Data Corrections	0	0	2	2	0	1	(1)	1	5
January 1, 2023	**5,420**	**350**	**1,520**	**683**	**143**	**265**	**4,401**	**714**	**13,496**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: Safety

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
January 1, 2022	**837**	**96**	**71**	**54**	**11**	**212**	**695**	**229**	**2,205**
New Entrants	36	0	0	0	0	0	0	0	36
Rehires	0	0	0	0	0	0	0	0	0
Duty Disabilities	(4)	(1)	0	0	0	5	0	0	0
Non-Duty Disabilities	0	0	0	0	0	0	0	0	0
Retirements	(24)	(4)	0	(1)	0	0	29	0	0
Vested Terminations	(23)	0	0	23	0	0	0	0	0
Retirements from Safety with General Service	0	0	0	0	1	0	0	0	1
Died, With Beneficiaries' Benefit Payable	0	0	0	0	0	(1)	(2)	3	0
Died, Without Beneficiary, and Other Terminations	(17)	0	17	0	0	(1)	(6)	0	(7)
Transfers	26	0	0	0	0	0	0	0	26
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(7)	0	(7)	0	0	0	0	0	(14)
Beneficiary Deaths	0	0	0	0	0	0	0	(6)	(6)
Domestic Relations Orders	0	1	0	0	0	0	0	1	2
Data Corrections	0	(1)	(2)	(2)	1	(1)	0	(1)	(6)
January 1, 2023	**824**	**91**	**79**	**74**	**13**	**214**	**716**	**226**	**2,237**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: All Groups

	Actives	Transfers/ DROS	Non-Vested Terminations	Vested Terminations	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
January 1, 2022	**6,329**	**460**	**1,385**	**654**	**158**	**476**	**4,984**	**924**	**15,370**
New Entrants	776	0	0	0	0	0	0	0	776
Rehires	48	0	(33)	(14)	0	0	(1)	0	0
Duty Disabilities	(4)	(1)	0	(1)	0	6	0	0	0
Non-Duty Disabilities	(2)	0	0	(2)	4	0	0	0	0
Retirements	(202)	(20)	0	(31)	0	0	252	1	0
Vested Terminations	(168)	0	0	168	0	0	0	0	0
Retirements from Safety with General Service	(1)	0	0	5	1	2	6	0	13
Died, With Beneficiaries' Benefit Payable	(3)	0	0	0	(3)	(2)	(39)	47	0
Died, Without Beneficiary, and Other Terminations	(353)	(1)	346	(1)	(5)	(3)	(84)	(3)	(104)
Transfers	0	2	0	(2)	0	0	0	0	0
Redeposits – AB 2766	0	0	0	0	0	0	0	0	0
Withdrawals Paid	(176)	(1)	(99)	(19)	0	0	0	0	(295)
Beneficiary Deaths	0	0	0	0	0	0	0	(32)	(32)
Domestic Relations Orders	0	3	0	0	0	0	0	3	6
Data Corrections	0	(1)	0	0	1	0	(1)	0	(1)
January 1, 2023	**6,244**	**441**	**1,599**	**757**	**156**	**479**	**5,117**	**940**	**15,733**

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data by Plan

Valuation at Year End	Plan Type	Member Count	Annual Payroll	Average Annual Salary	Average Salary Increase
2008	General	5,180	$315,202,954	$60,850	5.49%
	Safety	900	$67,127,759	$74,586	3.14%
	Total	**6,080**	**$382,330,713**	**$62,883**	**5.28%**
2009	General	4,990	$320,526,792	$64,234	5.56%
	Safety	925	$70,801,157	$76,542	2.62%
	Total	**5,915**	**$391,327,949**	**$66,159**	**5.21%**
2010	General	4,643	$308,183,424	$66,376	3.33%
	Safety	830	$64,817,396	$78,093	2.03%
	Total	**5,473**	**$373,000,820**	**$68,153**	**3.01%**
2011	General	4,441	$298,308,687	$67,172	1.20%
	Safety	813	$64,041,814	$78,772	0.87%
	Total	**5,254**	**$362,350,501**	**$68,967**	**1.19%**
2012	General	4,492	$301,505,122	$67,120	-0.08%
	Safety	803	$64,386,900	$80,183	1.79%
	Total	**5,295**	**$365,892,023**	**$69,101**	**0.19%**
2013	General	4,748	$316,885,044	$66,741	-0.57%
	Safety	805	$65,640,055	$81,540	1.69%
	Total	**5,553**	**$382,525,098**	**$68,886**	**-0.31%**
2014	General	4,879	$322,836,680	$66,169	-0.86%
	Safety	827	$68,491,483	$82,819	1.57%
	Total	**5,706**	**$391,328,162**	**$68,582**	**-0.44%**
2015	General	5,131	$340,731,847	$66,407	0.36%
	Safety	793	$66,456,278	$83,804	1.19%
	Total	**5,924**	**$407,188,125**	**$68,735**	**0.22%**
2016	General	5,291	$373,202,798	$70,535	6.22%
	Safety	811	$67,593,920	$83,346	-0.55%
	Total	**6,102**	**$440,796,718**	**$72,238**	**5.10%**
2017	General	5,370	$381,151,442	$70,978	0.63%
	Safety	848	$70,776,611	$83,463	0.14%
	Total	**6,218**	**$451,928,053**	**$72,681**	**0.61%**
2018	General	5,485	$401,820,940	$73,258	3.86%
	Safety	860	$72,680,957	$84,513	1.40%
	Total	**6,345**	**$474,501,897**	**$74,784**	**3.52%**
2019	General	5,526	$404,710,743	$73,238	-0.03%
	Safety	843	$73,747,564	$87,482	3.51%
	Total	**6,369**	**$478,458,307**	**$75,123**	**0.45%**
2020	General	5,518	$414,244,475	$75,071	2.50%
	Safety	832	$75,245,783	$90,440	3.38%
	Total	**6,350**	**$489,490,258**	**$77,085**	**2.61%**
2021	General	5,492	$424,197,359	$77,239	2.89%
	Safety	837	$77,959,639	$93,142	2.99%
	Total	**6,329**	**$502,156,998**	**$79,342**	**2.93%**
2022	General	5,420	$447,145,524	$82,499	6.81%
	Safety	824	$87,240,416	$105,874	13.67%
	Total	**6,244**	**$534,385,940**	**$85,584**	**7.87%**

Payroll figures represent active member's annualized pay rates on December 31.

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Retirees and Beneficiaries Valuation Data

Valuation at Year End	Plan Type	Member Retirements	Beneficiary Continuance	Members and Beneficiaries Removed	Total Retirees on Payroll	Annual Retirement Payroll	Average Annual Allowance	Average Allowance Increase
2008	General	203	30	83	3,388	71,488,335	21,100	4.77%
	Safety	50	10	18	710	30,575,540	43,064	5.00%
	Total	**253**	**40**	**101**	**4,098**	**102,063,875**	**24,906**	**5.04%**
2009	General	207	31	104	3,522	78,988,070	22,427	6.29%
	Safety	24	7	11	730	32,575,964	44,625	3.62%
	Total	**231**	**38**	**115**	**4,252**	**111,564,034**	**26,238**	**5.35%**
2010	General	242	35	102	3,697	85,931,078	23,243	3.64%
	Safety	65	5	8	792	36,354,738	45,902	2.86%
	Total	**307**	**40**	**110**	**4,489**	**122,285,816**	**27,241**	**3.82%**
2011	General	240	42	108	3,871	92,938,361	24,009	3.30%
	Safety	32	4	14	814	38,098,866	46,805	1.97%
	Total	**272**	**46**	**122**	**4,685**	**131,037,227**	**27,970**	**2.68%**
2012	General	278	27	135	4,041	102,025,575	25,248	5.16%
	Safety	52	12	20	856	42,008,598	49,075	4.85%
	Total	**330**	**39**	**155**	**4,897**	**144,034,172**	**29,413**	**5.16%**
2013	General	213	52	134	4,172	109,869,721	26,335	4.31%
	Safety	22	11	20	869	43,548,028	50,113	2.11%
	Total	**235**	**63**	**154**	**5,041**	**153,411,632**	**30,433**	**3.47%**
2014	General	247	51	112	4,358	120,722,240	27,701	5.19%
	Safety	29	14	21	891	45,889,472	51,503	2.77%
	Total	**276**	**65**	**133**	**5,249**	**166,611,711**	**31,742**	**4.30%**
2015	General	227	45	136	4,494	129,928,957	28,912	4.37%
	Safety	54	15	19	941	50,813,875	54,000	4.85%
	Total	**281**	**60**	**155**	**5,435**	**180,742,832**	**33,255**	**4.77%**
2016	General	251	40	128	4,657	139,511,334	29,957	3.62%
	Safety	40	12	22	971	54,508,607	56,137	3.96%
	Total	**291**	**52**	**150**	**5,628**	**194,019,941**	**34,474**	**3.66%**
2017	General	249	49	149	4,806	149,183,295	31,041	3.62%
	Safety	46	12	13	1016	57,837,517	56,927	1.41%
	Total	**295**	**61**	**162**	**5,822**	**207,020,812**	**35,558**	**3.15%**
2018	General	290	47	133	5,010	161,602,326	32,256	3.91%
	Safety	39	8	20	1,043	61,364,472	58,835	3.35%
	Total	**329**	**55**	**153**	**6,053**	**222,966,797**	**36,836**	**3.59%**
2019	General	237	57	179	5,125	171,791,597	33,520	3.92%
	Safety	49	13	22	1,083	65,822,764	60,778	3.30%
	Total	**286**	**70**	**201**	**6,208**	**237,614,311**	**38,276**	**3.91%**
2020	General	237	47	159	5,250	182,786,202	34,816	3.87%
	Safety	37	10	19	1,111	69,214,609	62,299	2.50%
	Total	**274**	**57**	**178**	**6,361**	**252,000,811**	**39,617**	**3.50%**
2021	General	246	58	159	5,395	192,121,249	35,611	2.28%
	Safety	48	24	36	1,147	71,998,606	62,771	0.76%
	Total	**294**	**82**	**195**	**6,542**	**264,119,855**	**40,373**	**1.91%**
2022	General	236	48	156	5,523	202,648,699	36,692	3.04%
	Safety	35	3	16	1,169	75,687,232	64,745	3.14%
	Total	**271**	**51**	**172**	**6,692**	**278,335,931**	**41,592**	**3.02%**

Payroll figures represent year end monthly retirement benefits annualized and exclude Post-Employment Healthcare benefits.

APPENDIX A – MEMBERSHIP INFORMATION

Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Fiscal Year	Beginning of Year	Added During Year	Allowances Added (in 000s)[1]	Removed During Year	Allowances Removed	End of Year	Annual Retirement Payroll (in 000s)	Average Allowance Percentage Increase	Average Annual Allowance
2010	4,252	353	12,918	116	2,196	4,489	122,286	3.82%	27,241
2011	4,489	318	11,544	122	2,793	4,685	131,037	2.67%	27,969
2012	4,685	361	16,400	149	3,403	4,897	144,034	5.16%	29,413
2013	4,897	297	12,908	153	3,530	5,041	153,412	3.47%	30,433
2014	5,041	340	16,230	132	3,030	5,249	166,612	4.30%	31,742
2015	5,249	341	17,776	155	3,651	5,435	180,737	4.77%	33,255
2016	5,435	343	17,151	150	3,868	5,628	194,020	3.66%	34,474
2017	5,628	355	17,288	161	4,287	5,822	207,021	3.15%	35,558
2018	5,822	382	19,839	151	3,893	6,053	222,967	3.59%	36,836
2019	6,053	355	20,574	200	5,927	6,208	237,614	3.91%	38,276
2020	6,208	333	19,967	180	5,580	6,361	252,001	3.50%	39,617
2021	6,361	376	19,519	195	7,400	6,542	264,120	1.91%	40,373
2022	6,542	322	19,736	172	5,520	6,692	278,336	3.02%	41,592

[1] Includes COLA amounts not included in previous year's Annual Allowance totals.

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/11 to 1/1/12							
Retirees							
General Members							
Average Benefits	$470	$1,205	$1,464	$2,615	$3,302	$3,968	$4,670
Average Final Compensation	$5,518	$5,903	$4,928	$6,463	$6,110	$5,541	$5,570
Count	12	26	56	27	41	16	39
Safety Members							
Average Benefits	$922	$1,112	$2,551	$3,970	$7,499	$7,790	$10,586
Average Final Compensation	$9,746	$4,483	$5,290	$7,767	$10,430	$9,162	$10,797
Count	2	6	3	3	4	5	3
Survivors/DROs							
General Members							
Average Benefits	$622	$890	$773	$1,367	$1,838	$2,039	$3,281
Average Final Compensation	$9,807	$4,816	$3,578	$4,371	$4,108	$3,364	$5,366
Count	5	9	11	10	5	5	5
Safety Members							
Average Benefits	$825	$859	$1,591	$3,334	$0	$0	$3,829
Average Final Compensation	$9,779	$4,960	$2,795	$9,010	$0	$0	$5,257
Count	1	1	2	1	0	0	1
1/2/12 to 1/1/13							
Retirees							
General Members							
Average Benefits	$517	$1,077	$1,481	$2,129	$2,729	$4,198	$6,317
Average Final Compensation	$7,532	$5,925	$5,233	$4,900	$5,338	$6,449	$7,295
Count	19	31	56	36	42	30	44
Safety Members							
Average Benefits	$429	$2,194	$3,026	$4,186	$5,302	$9,183	$13,206
Average Final Compensation	$6,793	$5,812	$6,636	$8,124	$7,306	$13,360	$13,606
Count	4	5	7	3	14	11	5
Survivors/DROs							
General Members							
Average Benefits	$331	$1,189	$1,017	$1,525	$1,274	$3,105	$2,783
Average Final Compensation	$4,482	$3,558	$2,664	$2,604	$3,639	$4,794	$3,940
Count	4	4	8	3	1	2	4
Safety Members							
Average Benefits	$0	$1,039	$2,423	$3,450	$3,573	$3,206	$4,887
Average Final Compensation	$0	$6,972	$7,561	$1,358	$1,776	$3,836	$6,169
Count	0	2	2	2	1	3	2

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/13 to 1/1/14							
Retirees							
General Members							
Average Benefits	$433	$1,410	$1,589	$2,556	$3,149	$4,241	$5,837
Average Final Compensation	$7,695	$7,279	$5,787	$6,125	$6,132	$6,467	$6,718
Count	10	25	40	35	35	26	29
Safety Members							
Average Benefits	$1,165	$1,435	$2,621	$3,501	$4,260	$11,134	$9,279
Average Final Compensation	$9,478	$7,434	$6,316	$7,044	$5,599	$13,945	$9,670
Count	3	2	7	4	1	2	2
Survivors/DROs							
General Members							
Average Benefits	$687	$1,000	$883	$1,182	$2,063	$1,572	$2,985
Average Final Compensation	$3,804	$4,531	$3,953	$3,163	$3,722	$1,821	$3,681
Count	6	9	15	7	5	2	5
Safety Members							
Average Benefits	$650	$3,101	$1,385	$2,012	$1,918	$3,745	$4,936
Average Final Compensation	$4,955	$10,868	$2,506	$3,966	$2,525	$6,184	$5,381
Count	3	1	2	1	2	1	1
1/2/14 to 1/1/15							
Retirees							
General Members							
Average Benefits	$618	$1,120	$1,601	$2,635	$4,409	$4,672	$6,283
Average Final Compensation	$9,300	$6,612	$5,529	$6,454	$8,122	$6,944	$7,635
Count	9	25	49	46	23	45	41
Safety Members							
Average Benefits	$380	$1,190	$3,433	$4,546	$3,993	$7,412	$11,302
Average Final Compensation	$8,910	$6,591	$7,642	$8,863	$6,031	$9,013	$11,761
Count	1	1	3	5	4	6	1
Survivors/DROs							
General Members							
Average Benefits	$475	$654	$1,087	$814	$2,160	$1,680	$2,941
Average Final Compensation	$5,928	$4,152	$2,879	$2,457	$4,998	$3,887	$8,068
Count	11	6	11	6	5	3	5
Safety Members							
Average Benefits	$2,030	$2,464	$2,890	$3,326	$2,002	$3,569	$3,499
Average Final Compensation	$9,251	$8,581	$5,515	$4,817	$4,850	$5,955	$2,018
Count	2	3	4	1	1	1	2

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/15 to 1/1/16							
Retirees							
General Members							
Average Benefits	$330	$988	$1,661	$2,449	$3,277	$4,342	$5,770
Average Final Compensation	$5,778	$5,953	$5,826	$5,723	$5,918	$6,501	$6,781
Count	12	27	36	43	26	29	37
Safety Members							
Average Benefits	$585	$1,352	$2,452	$3,959	$5,597	$8,061	$10,770
Average Final Compensation	$7,403	$5,334	$6,269	$6,943	$8,120	$9,621	$11,481
Count	2	2	4	3	10	21	6
Survivors/DROs							
General Members							
Average Benefits	$376	$987	$999	$1,612	$3,184	$2,709	$5,276
Average Final Compensation	$3,328	$5,939	$3,359	$4,532	$8,017	$5,312	$5,850
Count	4	10	9	4	4	3	5
Safety Members							
Average Benefits	$530	$2,019	$2,184	$1,970	$2,902	$4,784	$5,026
Average Final Compensation	$6,052	$11,395	$9,909	$3,887	$4,783	$6,788	$5,405
Count	2	1	2	1	2	4	3
1/2/16 to 1/1/17							
Retirees							
General Members							
Average Benefits	$310	$1,100	$1,823	$2,487	$3,779	$3,911	$5,931
Average Final Compensation	$6,616	$5,885	$6,368	$5,950	$6,805	$5,756	$7,132
Count	21	24	54	48	24	31	42
Safety Members							
Average Benefits	$3,817	$1,759	$2,546	$6,290	$5,510	$9,513	$12,671
Average Final Compensation	$7,634	$5,985	$6,353	$11,452	$8,566	$11,959	$13,175
Count	1	6	6	3	7	12	4
Survivors/DROs							
General Members							
Average Benefits	$313	$858	$1,065	$1,596	$3,214	$1,720	$2,769
Average Final Compensation	$5,726	$4,674	$4,527	$4,648	$6,051	$3,809	$3,313
Count	5	7	11	6	2	5	1
Safety Members							
Average Benefits	$495	$2,235	$1,253	$1,661	$4,086	$5,943	$4,712
Average Final Compensation	$7,339	$9,642	$3,842	$2,755	$5,646	$8,003	$4,803
Count	2	4	1	1	1	1	2

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/17 to 1/1/18							
Retirees							
General Members							
Average Benefits	$377	$1,188	$2,070	$2,390	$3,665	$4,847	$6,187
Average Final Compensation	$9,793	$6,524	$6,533	$5,839	$6,699	$7,055	$7,391
Count	23	35	42	48	20	34	33
Safety Members							
Average Benefits	$787	$1,223	$2,212	$3,441	$5,973	$7,370	$9,169
Average Final Compensation	$9,858	$5,688	$5,842	$6,681	$9,020	$9,264	$9,050
Count	5	4	6	9	6	8	1
Survivors/DROs							
General Members							
Average Benefits	$701	$992	$1,442	$1,078	$1,941	$1,746	$4,828
Average Final Compensation	$5,325	$4,183	$4,550	$3,587	$5,038	$2,502	$5,368
Count	11	10	8	7	3	4	4
Safety Members							
Average Benefits	$667	$2,413	$1,292	$0	$0	$3,363	$5,834
Average Final Compensation	$5,605	$6,310	$3,454	$0	$0	$4,597	$3,354
Count	2	3	2	0	0	1	3
1/2/18 to 1/1/19							
Retirees							
General Members							
Average Benefits	$596	$1,166	$1,759	$2,671	$3,522	$5,202	$6,036
Average Final Compensation	$9,601	$6,704	$5,920	$6,603	$6,555	$7,633	$6,975
Count	21	45	47	55	25	33	39
Safety Members							
Average Benefits	$2,721	$2,622	$2,166	$3,313	$3,997	$7,453	$10,935
Average Final Compensation	$5,485	$8,987	$6,168	$6,135	$6,442	$9,615	$11,725
Count	1	3	5	5	8	7	4
Survivors/DROs							
General Members							
Average Benefits	$224	$659	$1,201	$1,204	$2,150	$2,590	$2,759
Average Final Compensation	$4,220	$3,482	$5,324	$4,292	$3,513	$3,538	$4,382
Count	3	5	10	10	1	5	9
Safety Members							
Average Benefits	$0	$1,724	$3,203	$0	$1,201	$0	$6,213
Average Final Compensation	$0	$6,376	$4,065	$0	$3,140	$0	$4,768
Count	0	3	1	0	1	0	3

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/19 to 1/1/20							
Retirees							
General Members							
Average Benefits	$345	$1,131	$1,780	$3,030	$3,669	$4,796	$7,232
Average Final Compensation	$8,121	$7,276	$6,189	$6,988	$7,070	$7,062	$8,554
Count	20	35	40	36	29	30	37
Safety Members							
Average Benefits	$596	$2,060	$3,057	$3,965	$4,173	$9,630	$17,094
Average Final Compensation	$9,587	$6,917	$6,658	$7,484	$7,087	$11,287	$17,300
Count	6	5	5	6	11	10	5
Survivors/DROs							
General Members							
Average Benefits	$235	$927	$994	$1,599	$2,453	$2,930	$4,532
Average Final Compensation	$6,898	$5,691	$3,777	$5,652	$4,288	$4,213	$5,778
Count	6	8	12	7	8	6	10
Safety Members							
Average Benefits	$712	$1,280	$1,831	$0	$3,258	$4,435	$6,246
Average Final Compensation	$7,533	$7,809	$5,374	$0	$4,504	$4,987	$6,460
Count	2	2	3	0	3	2	1
1/2/20 to 1/1/21							
Retirees							
General Members							
Average Benefits	$344	$1,373	$1,926	$3,086	$3,108	$4,527	$6,734
Average Final Compensation	$7,961	$9,038	$6,637	$6,948	$5,859	$6,790	$8,250
Count	21	32	36	35	33	26	50
Safety Members							
Average Benefits	$430	$1,750	$2,749	$3,265	$4,763	$7,209	$13,386
Average Final Compensation	$9,072	$6,259	$6,672	$6,689	$7,515	$9,083	$13,811
Count	3	2	4	4	12	11	3
Survivors/DROs							
General Members							
Average Benefits	$505	$735	$990	$1,096	$1,547	$1,904	$3,690
Average Final Compensation	$5,989	$6,865	$3,653	$3,254	$3,428	$3,781	$4,974
Count	4	4	8	5	5	6	8
Safety Members							
Average Benefits	$1,246	$0	$1,622	$4,494	$0	$5,142	$6,753
Average Final Compensation	$6,483	$0	$2,296	$9,747	$0	$5,684	$7,710
Count	2	0	2	2	0	1	2

APPENDIX A – MEMBERSHIP INFORMATION

Schedule of Average Monthly Benefit Payments

	Number of Years of Service Credit						
Retirement Effective Date	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**
1/2/21 to 1/1/22							
Retirees							
General Members							
Average Benefits	$215	$1,150	$2,109	$2,548	$3,599	$4,735	$5,977
Average Final Compensation	$8,113	$6,452	$7,236	$6,571	$6,677	$7,645	$7,427
Count	21	30	37	38	43	28	45
Safety Members							
Average Benefits	$857	$2,288	$2,916	$3,799	$5,049	$6,749	$7,937
Average Final Compensation	$9,706	$11,850	$7,852	$6,954	$7,814	$9,398	$8,663
Count	5	6	2	9	20	4	1
Survivors/DROs							
General Members							
Average Benefits	$995	$505	$1,203	$1,561	$1,902	$3,872	$2,573
Average Final Compensation	$3,852	$3,789	$5,463	$4,495	$3,647	$6,175	$4,831
Count	7	8	6	9	6	9	6
Safety Members							
Average Benefits	$1,312	$1,366	$2,295	$3,103	$0	$5,702	$6,523
Average Final Compensation	$9,117	$5,396	$4,830	$4,585	$0	$7,451	$6,523
Count	3	1	3	3	0	3	8
1/2/22 to 1/1/23							
Retirees							
General Members							
Average Benefits	$516	$1,091	$1,657	$2,604	$3,439	$4,984	$6,980
Average Final Compensation	$9,320	$6,761	$5,780	$7,167	$6,615	$7,384	$8,606
Count	20	53	22	28	44	28	36
Safety Members							
Average Benefits	$1,497	$2,207	$2,639	$4,947	$5,063	$6,651	$12,981
Average Final Compensation	$7,765	$6,699	$7,528	$9,283	$8,414	$8,760	$13,277
Count	3	3	6	5	9	4	3
Survivors/DROs							
General Members							
Average Benefits	$675	$890	$931	$1,311	$3,104	$1,389	$3,323
Average Final Compensation	$0	$4,735	$3,621	$3,319	$7,709	$2,896	$4,286
Count	1	12	5	6	6	2	6
Safety Members							
Average Benefits	$2,642	$2,099	$0	$408	$2,356	$0	$0
Average Final Compensation	$2,560	$8,335	$0	$700	$3,823	$0	$0
Count	1	1	0	1	1	0	0

APPENDIX A – MEMBERSHIP INFORMATION

DISTRIBUTION OF GENERAL ACTIVE MEMBERS BY AGE AND SERVICE AS OF JANUARY 1, 2023

	Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	39	29	0	0	0	0	0	0	0	0	**68**
25 to 29	95	233	20	0	0	0	0	0	0	0	**348**
30 to 34	81	354	169	8	0	0	0	0	0	0	**612**
35 to 39	55	276	282	52	27	1	0	0	0	0	**693**
40 to 44	51	241	268	104	131	37	0	0	0	0	**832**
45 to 49	34	168	217	89	151	113	22	1	0	0	**795**
50 to 54	22	159	173	66	137	169	51	20	0	0	**797**
55 to 59	25	108	121	59	86	101	61	44	16	0	**621**
60 to 64	9	63	88	49	62	100	39	35	13	1	**459**
65 to 69	4	15	36	16	23	28	17	5	3	2	**149**
70 & up	2	5	11	7	4	8	3	0	3	3	**46**
Total	**417**	**1,651**	**1,385**	**450**	**621**	**557**	**193**	**105**	**35**	**6**	**5,420**

Average Age = 45.57 Average Service = 9.42

PAYROLL DISTRIBUTION OF GENERAL ACTIVE PARTICIPANTS BY AGE AND SERVICE AS OF JANUARY 1, 2023

	Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	56,605	47,543	0	0	0	0	0	0	0	0	**52,740**
25 to 29	67,099	67,623	71,225	0	0	0	0	0	0	0	**67,687**
30 to 34	64,488	71,325	81,472	85,077	0	0	0	0	0	0	**73,402**
35 to 39	62,184	77,162	83,492	87,572	72,497	49,911	0	0	0	0	**79,109**
40 to 44	64,141	78,290	80,625	104,156	93,805	88,949	0	0	0	0	**84,325**
45 to 49	68,809	78,808	84,912	93,821	97,489	87,179	113,205	87,236	0	0	**87,428**
50 to 54	71,301	77,557	81,048	101,815	101,846	91,558	97,435	77,104	0	0	**88,555**
55 to 59	63,940	73,544	83,720	96,406	88,032	81,456	99,041	89,874	83,581	0	**84,526**
60 to 64	56,973	78,512	83,213	97,534	93,105	80,647	78,202	104,766	72,262	197,551	**85,516**
65 to 69	70,295	71,840	86,238	117,739	100,284	82,591	80,606	93,628	56,773	70,371	**88,025**
70 & up	94,670	111,088	95,077	175,323	97,682	79,932	64,456	0	143,490	162,425	**112,156**
Total	**64,716**	**74,283**	**82,596**	**99,366**	**94,944**	**86,013**	**93,859**	**92,559**	**82,214**	**137,594**	**82,499**

Average Salary = $82,499

APPENDIX A – MEMBERSHIP INFORMATION

DISTRIBUTION OF SAFETY ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JANUARY 1, 2023

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	2	32	0	0	0	0	0	0	0	0	34
25 to 29	1	70	28	0	0	0	0	0	0	0	99
30 to 34	1	46	66	7	0	0	0	0	0	0	120
35 to 39	4	25	60	28	30	0	0	0	0	0	147
40 to 44	0	13	33	17	71	19	0	0	0	0	153
45 to 49	1	0	11	10	35	56	5	0	0	0	118
50 to 54	3	10	3	4	23	35	20	3	0	0	101
55 to 59	1	6	4	0	6	12	4	2	0	0	35
60 to 64	0	1	4	1	2	3	2	0	1	0	14
65 to 69	0	0	1	0	0	0	0	0	0	0	1
70 & up	0	0	0	0	1	1	0	0	0	0	2
Total	13	203	210	67	168	126	31	5	1	0	824

Average Age = 40.01 Average Service = 11.22

PAYROLL DISTRIBUTION OF SAFETY ACTIVE PARTICIPANTS
BY AGE AND SERVICE AS OF JANUARY 1, 2023

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	55,863	77,401	0	0	0	0	0	0	0	0	76,134
25 to 29	60,104	83,435	97,186	0	0	0	0	0	0	0	87,089
30 to 34	51,517	81,194	98,818	124,383	0	0	0	0	0	0	93,159
35 to 39	66,557	87,601	100,760	117,015	123,074	0	0	0	0	0	105,242
40 to 44	0	85,852	108,517	116,499	117,886	126,167	0	0	0	0	114,018
45 to 49	181,447	0	101,920	131,958	109,730	124,179	118,664	0	0	0	118,729
50 to 54	114,476	126,413	98,592	77,968	108,819	121,873	120,126	121,362	0	0	116,338
55 to 59	88,120	112,032	122,399	0	129,612	133,650	120,152	126,235	0	0	124,699
60 to 64	0	118,587	117,568	123,211	106,159	101,752	87,722	0	61,483	0	104,755
65 to 69	0	0	120,360	0	0	0	0	0	0	0	120,360
70 & up	0	0	0	0	123,211	100,957	0	0	0	0	112,084
Total	84,813	85,779	101,748	117,646	116,183	124,022	117,803	123,311	61,483	0	105,874

Average Salary = $105,874

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	0	$0	0	$0	0	$0
35-39	0	$0	0	$0	0	$0
40-44	0	$0	2	$36,018	2	$36,018
45-49	0	$0	14	$47,090	14	$47,090
50-54	83	$18,878	56	$62,645	139	$36,511
55-59	259	$29,849	109	$71,351	368	$42,142
60-64	569	$38,591	125	$83,745	694	$46,724
65-69	999	$42,223	134	$78,654	1,133	$46,531
70-74	968	$45,966	118	$78,561	1,086	$49,508
75-79	783	$43,367	96	$78,823	879	$47,239
80-84	400	$36,420	42	$55,670	442	$38,249
85-89	213	$30,753	13	$34,404	226	$30,963
90-94	97	$30,384	6	$80,439	103	$33,299
95+	30	$27,441	1	$121,808	31	$30,485
All Ages	4,401	$40,167	716	$74,373	5,117	$44,954

Non-Duty Disabled Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	0	$0	0	$0	0	$0
35-39	0	$0	0	$0	0	$0
40-44	5	$12,964	1	$21,502	6	$14,387
45-49	5	$20,369	0	$0	5	$20,369
50-54	10	$18,896	3	$21,215	13	$19,431
55-59	14	$19,127	0	$0	14	$19,127
60-64	23	$19,748	1	$3,649	24	$19,077
65-69	25	$23,213	2	$65,274	27	$26,329
70-74	25	$17,705	3	$28,630	28	$18,876
75-79	21	$16,777	2	$61,020	23	$20,624
80-84	9	$17,919	1	$23,456	10	$18,473
85-89	4	$24,640	0	$0	4	$24,640
90-94	1	$10,399	0	$0	1	$10,399
95+	1	$8,866	0	$0	1	$8,866
All Ages	143	$19,105	13	$34,672	156	$20,402

APPENDIX A – MEMBERSHIP INFORMATION

Duty Disabled Benefits

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	$0	0	$0	0	$0
25-29	0	$0	0	$0	0	$0
30-34	1	$308	2	$42,468	3	$28,415
35-39	2	$112	3	$45,500	5	$27,345
40-44	7	$22,009	5	$39,279	12	$29,205
45-49	8	$9,323	12	$40,568	20	$28,070
50-54	17	$14,064	24	$43,921	41	$31,541
55-59	20	$23,042	30	$53,387	50	$41,249
60-64	41	$28,236	41	$65,190	82	$46,713
65-69	56	$32,449	30	$65,992	86	$44,150
70-74	67	$32,440	34	$69,277	101	$44,840
75-79	27	$30,273	22	$63,519	49	$45,200
80-84	11	$30,783	8	$63,563	19	$44,585
85-89	8	$29,672	2	$41,240	10	$31,985
90-94	0	$0	1	$133,517	1	$133,517
95+	0	$0	0	$0	0	$0
All Ages	265	$28,192	214	$59,300	479	$42,090

Surviving Beneficiary Benefits (all benefit types)

Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	4	$16,489	2	$16,395	6	$16,457
25-29	2	$27,357	0	$0	2	$27,357
30-34	5	$20,078	0	$0	5	$20,078
35-39	3	$12,189	0	$0	3	$12,189
40-44	2	$11,291	0	$0	2	$11,291
45-49	5	$13,702	4	$39,421	9	$25,133
50-54	20	$17,000	9	$44,627	29	$25,574
55-59	32	$15,781	21	$24,316	53	$19,163
60-64	63	$18,480	27	$29,368	90	$21,746
65-69	99	$19,421	27	$43,987	126	$24,685
70-74	111	$22,834	38	$43,288	149	$28,050
75-79	138	$25,273	33	$46,547	171	$29,379
80-84	98	$22,578	38	$47,618	136	$29,575
85-89	75	$20,131	15	$50,246	90	$25,150
90-94	41	$26,125	10	$41,655	51	$29,170
95+	16	$35,808	2	$25,383	18	$34,650
All Ages	714	$21,946	226	$41,128	940	$26,558

APPENDIX A – MEMBERSHIP INFORMATION

Assumed Probabilities of Separation from Active Membership

Age	Non-Duty Death	Ordinary Disability	Service Retirement[1]	Duty Death	Duty Disability
General Members – Male					
20	0.0004	0.000	0.000	0.000	0.001
25	0.0004	0.000	0.000	0.000	0.001
30	0.0005	0.000	0.000	0.000	0.001
35	0.0007	0.000	0.000	0.000	0.001
40	0.0009	0.001	0.000	0.000	0.004
45	0.0010	0.001	0.000	0.000	0.004
50	0.0013	0.001	0.030	0.000	0.003
55	0.0019	0.001	0.065	0.000	0.004
60	0.0029	0.001	0.090	0.000	0.004
65	0.0041	0.001	0.250	0.000	0.005
General Members – Female					
20	0.0001	0.000	0.000	0.000	0.000
25	0.0001	0.000	0.000	0.000	0.000
30	0.0002	0.000	0.000	0.000	0.000
35	0.0003	0.000	0.000	0.000	0.000
40	0.0004	0.001	0.000	0.000	0.000
45	0.0005	0.002	0.000	0.000	0.001
50	0.0008	0.002	0.035	0.000	0.001
55	0.0012	0.002	0.035	0.000	0.001
60	0.0018	0.001	0.125	0.000	0.000
65	0.0025	0.002	0.300	0.000	0.001

[1] Lower rates assumed for members with less than 10 years of service, and higher rates assumed for members with at least 30 years of service.

The probabilities for each cause of separation represent the likelihood that a given member will separate at a particular age for the indicated reason. As an example, if the probability of separation of a male general member at age 20 is 0.036, that indicates that 3.6% of active general members are expected to separate from service during the year. Rates of Duty and Non-Duty Death are for active members who reach the given age during 2022.

APPENDIX A – MEMBERSHIP INFORMATION

Assumed Probabilities of Separation from Active Membership

Age	Non-Duty Death	Ordinary Disability	Service Retirement[1]	Duty Death	Duty Disability
Safety Members – Male					
20	0.0004	0.000	0.050	0.0004	0.000
25	0.0004	0.000	0.050	0.0004	0.001
30	0.0005	0.000	0.050	0.0005	0.001
35	0.0006	0.000	0.050	0.0006	0.002
40	0.0007	0.000	0.050	0.0007	0.004
45	0.0008	0.000	0.050	0.0008	0.008
50	0.0010	0.001	0.175	0.0010	0.014
55	0.0015	0.001	0.175	0.0015	0.014
Safety Members – Female					
20	0.0002	0.000	0.050	0.0002	0.000
25	0.0002	0.000	0.050	0.0002	0.001
30	0.0003	0.000	0.050	0.0003	0.001
35	0.0004	0.000	0.050	0.0004	0.002
40	0.0005	0.000	0.050	0.0005	0.004
45	0.0006	0.000	0.050	0.0006	0.009
50	0.0008	0.001	0.175	0.0008	0.014
55	0.0012	0.001	0.175	0.0012	0.014

[1] Lower rates assumed for members with less than 20 years of service.

APPENDIX A – MEMBERSHIP INFORMATION

Salary Increase, Termination and Withdrawal Assumptions

Years of Service	Salary Increase: General	Salary Increase: Safety	Withdrawal: General	Withdrawal: Safety	Termination: General[1]	Termination: Safety[2]
0	0.1124	0.1330	0.100	0.060	0.100	0.060
1	0.1021	0.1330	0.065	0.035	0.065	0.035
2	0.0712	0.0815	0.050	0.025	0.050	0.025
3	0.0712	0.0815	0.039	0.025	0.039	0.025
4	0.0506	0.0815	0.039	0.025	0.039	0.025
5	0.0506	0.0532	0.019	0.010	0.058	0.040
6	0.0506	0.0429	0.019	0.006	0.058	0.024
7	0.0506	0.0429	0.011	0.004	0.034	0.016
8	0.0429	0.0429	0.011	0.004	0.034	0.016
9	0.0429	0.0429	0.009	0.004	0.028	0.016
10	0.0403	0.0429	0.009	0.004	0.028	0.016
11	0.0403	0.0429	0.007	0.004	0.021	0.016
12	0.0403	0.0429	0.007	0.004	0.021	0.016
13	0.0403	0.0429	0.006	0.004	0.019	0.016
14	0.0403	0.0429	0.006	0.004	0.019	0.016
15	0.0352	0.0429	0.003	0.002	0.023	0.011
16	0.0352	0.0429	0.003	0.002	0.023	0.011
17	0.0352	0.0429	0.003	0.002	0.023	0.011
18	0.0352	0.0429	0.003	0.002	0.023	0.011
19	0.0352	0.0429	0.003	0.002	0.023	0.011
20	0.0352	0.0429	0.001	0.000	0.009	0.000
21	0.0352	0.0429	0.001	0.000	0.009	0.000
22	0.0352	0.0429	0.001	0.000	0.009	0.000
23	0.0352	0.0429	0.001	0.000	0.009	0.000
24	0.0352	0.0429	0.001	0.000	0.009	0.000
25	0.0352	0.0429	0.001	0.000	0.009	0.000
26	0.0352	0.0429	0.001	0.000	0.009	0.000
27	0.0352	0.0429	0.001	0.000	0.009	0.000
28	0.0352	0.0429	0.001	0.000	0.009	0.000
29	0.0352	0.0429	0.001	0.000	0.009	0.000
30+	0.0352	0.0429	0.000	0.000	0.000	0.000

[1] 75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with more than 15 years of service, are assumed to be reciprocal.

[2] 67% of vested terminated Safety Members with less than five years of service, and 50% of those with more than five years of service, are assumed to be reciprocal.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of January 1, 2023 are:

Actuarial Methods

1. **Actuarial Cost Method**

   The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred from outside of SJCERA, entry age (for the actuarial cost calculation only) is based on entry into the system. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

   The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SJCERA. Effective with the January 1, 2015 valuation, the UAL as of January 1, 2014 is amortized over a closed 19-year period (10 years remaining as of January 1, 2023), except for the additional UAL attributable to the extraordinary loss from 2008, which is being amortized over a separate closed period (16 years as of January 1, 2023).

   Any subsequent unexpected change in the Unfunded Actuarial Liability after January 1, 2014 is amortized over 15 years. The UAL payment for the 2020 assumption change was phased in over a three-year period.

2. **Valuation of Assets**

   The assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption.

   An asset corridor limit is applied such that the smoothed Market Value of Assets stays within 20% of the Market Value of Assets.

   The additional employer contribution reserve and special non-valuation reserves are not included in the valuation assets for the January 1, 2023 valuation. It is at each of the employers', who are making additional contributions, discretion as to when these reserves will be included in the valuation assets that determine contributions.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The recommended assumptions were reviewed with the Board at their July 7, 2022 meeting. The demographic assumptions are based on an experience study covering the period from January 1, 2019 through December 31, 2021.

1. **Rate of Return**

   Assets are assumed to earn 6.75% net of investment expenses.

2. **Administrative Expenses**

   Administrative expenses are assumed to be $5,315,922 for the next year, to be split between employees and employers based on their share of the overall contributions. Expenses are expected to grow with the cost-of-living (by 2.75% per year.)

3. **Cost of Living**

   The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year. This assumption is also used to project increases in the PEPRA wage cap.

4. **Post Retirement COLA**

   For those with the 3% COLA benefit (i.e., 100% of CPI up to 3% annually with banking), 2.60% annual increases are assumed. Increases are assumed to occur on April 1.

   Higher COLA annual increases of 2.75% are assumed for members in pay status. This is not considered an assumption change, but rather is used as a proxy to estimate the value of the increases in COLA banks which have occurred since the adoption of the 2.60% assumption based on recent experience.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

5. Increases in Pay

Assumed pay increases for active Members consist of increases due to base salary adjustments plus service-based increase due to longevity and promotion, as shown below:

Pay Increases											
	Years of Service										
	0	1	2	3	4	5	6	7	8-9	10-14	15+
Base Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Longevity & Promotion											
General	8.00%	7.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%	1.25%	1.00%	0.50%
Safety	10.00%	10.00%	5.00%	5.00%	5.00%	2.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Total (Compound)											
General	11.24%	10.21%	7.12%	7.12%	5.06%	5.06%	5.06%	5.06%	4.29%	4.03%	3.52%
Safety	13.30%	13.30%	8.15%	8.15%	8.15%	5.32%	4.29%	4.29%	4.29%	4.29%	4.29%

6. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the following table. Male members are assumed to be three years older than their spouses, and female members are assumed to be two years younger than their spouses. It is assumed that 90% of participants with eligible beneficiaries who do not have a service-related disability elect the 60% Joint and Survivor allowance.

Percentage Married	
Gender	Percentage
Males	75%
Females	55%

7. Rates of Termination

Sample rates of termination are shown in the following table on the next page. Termination rates do not apply once a member is eligible for retirement.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

Rates of Termination*		
Years of Service	General	Safety
0	20.00%	12.00%
1	13.00%	7.00%
2	10.00%	5.00%
3	7.75%	5.00%
4	7.75%	5.00%
5	7.75%	5.00%
6	7.75%	3.00%
7	4.50%	2.00%
8	4.50%	2.00%
9	3.75%	2.00%
10	3.75%	2.00%
11-12	2.75%	2.00%
13	2.50%	2.00%
14-19	2.50%	1.25%
20-29	1.00%	0.00%
30+	0.00%	0.00%

*Termination rates do not apply once a member is eligible for retirement.

8. Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

50% of all General Member terminations with less than five years of service, 25% of those with five to 14 years of service, and 10% of those with 15 or more years of service, are assumed to take a refund of contributions.

50% of all Safety Member terminations with less than five years of service, 20% of those with five to 14 years of service, and 15% of those with 15 or more years of service, are assumed to take a refund of contributions.

9. Vested Termination and Reciprocal Transfers

Rates of vested termination apply to active Members who terminate their employment and leave their member contributions on deposit with the Plan.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

50% of all General Member terminations with less than five years of service, 75% of those with five to 14 years of service, and 90% of those with 15 or more years of service, are assumed to leave their contributions on deposit.

50% of all Safety Member terminations with less than five years of service, 80% of those with five to 14 years of service, and 85% of those with 15 or more years of service, are assumed to leave their contributions on deposit.

Vested terminated General Members are assumed to begin receiving benefits at age 58; vested terminated Safety Members are assumed to begin receiving benefits at age 50, unless they have outgoing reciprocity, in which case they are assumed to begin receiving benefits at age 53.

75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with 15 or more years of service, are assumed to be reciprocal.

67% of vested terminated Safety Members with less than five years of service, and 50% of those with five or more years of service, are assumed to be reciprocal.

Final average pay for General Members who terminate with reciprocity is assumed to increase by 3.52% per year until their assumed retirement date. Final average pay for Safety Members who terminate with reciprocity is assumed to increase by 4.29% per year until their assumed retirement date

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

10. Rates of Service-Connected Disability

Sample service-connected disability rates of active participants are provided in the table below.

Rates of Svc Disability				
Age	General Male	General Female	Safety Male	Safety Female
22	0.094%	0.006%	0.048%	0.048%
27	0.107%	0.006%	0.086%	0.089%
32	0.122%	0.010%	0.161%	0.166%
37	0.139%	0.018%	0.296%	0.305%
42	0.414%	0.037%	0.565%	0.592%
47	0.446%	0.067%	1.023%	1.101%
52	0.361%	0.072%	1.425%	1.425%
57	0.410%	0.045%	1.425%	1.425%
62	0.470%	0.050%	1.425%	1.425%

11. Rates of Nonservice-Connected Disability

Sample nonservice-connected disability rates of active participants are provided in the table below.

Rates of Non-Svc Disability				
Age	General Male	General Female	Safety Male	Safety Female
22	0.023%	0.017%	0.003%	0.003%
27	0.027%	0.019%	0.005%	0.005%
32	0.030%	0.031%	0.008%	0.009%
37	0.035%	0.055%	0.016%	0.016%
42	0.104%	0.112%	0.030%	0.031%
47	0.112%	0.200%	0.054%	0.058%
52	0.090%	0.217%	0.075%	0.075%
57	0.102%	0.136%	0.075%	0.075%
62	0.118%	0.150%	0.075%	0.075%

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of Mortality for Healthy Lives

Mortality rates for General active members are based on the sex distinct 2021 CalPERS Pre-Retirement Non-Industrial Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety active members are based on the sum of the rates from the 2021 CalPERS Industrial and Non-Industrial Mortality tables, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. 10% of Safety member active deaths are assumed to occur in the line of duty.

Mortality rates for healthy General annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

Mortality rates for Safety annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

13. Rates of Mortality for Disabled Retirees

Mortality rates for General disabled annuitants are based on status. Rates for General disabled annuitants with a service-related disability are based on the sex distinct 2021 CalPERS Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. Rates for General disabled annuitants with a non-service-related disability are based on the sex distinct 2021 CalPERS Non-Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety disabled annuitants are based on the sex distinct 2021 CalPERS Industrially Disabled Mortality Table, with generational mortality improvements projected from 2017 using Projection 80% of Scale MP-2020.

14. Mortality Improvement

The mortality assumptions employ a fully generational mortality improvement projection from the base year of the CalPERS mortality tables (2017) using 80% of Scale MP-2020.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

15. Adjustment for Service Purchases

SJCERA provides Cheiron with the amount of service that active employees are eligible to purchase. We include this service when calculating the employees' benefit eligibility. Half of eligible service purchases, which have not been purchased by the members, are included in the employees' Credited Service, as employees will pay approximately half of the normal cost for these benefits when purchasing this service.

16. Assumptions for Employee Contribution Rates

Mortality rates are the base mortality tables described above, projected using 80% of Scale MP-2020 from 2017 to 2044 for General Members and to 2045 for Safety Members. The projection periods are based on the duration of active liabilities for the respective groups, and the period during which the associated contribution rates will be in use. The employee contribution rates are also blended using a male/female weighting of 29%/71% for General Members and 75%/25% for Safety members.

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

17. Rates of Retirement

Rates of retirement are based on age and service according to the following table.

Rates of Retirement								
	General Male Years of Service			General Female Years of Service			Safety Years of Service	
Age	5-9	10-29	30+	5-9	10-29	30+	5-19	20+
45	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
46	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
47	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
48	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
49	0.00%	0.00%	5.00%	0.00%	0.00%	4.50%	0.00%	5.00%
50	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	7.50%	17.50%
51	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
52	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
53	1.00%	3.00%	5.00%	1.00%	3.50%	4.50%	5.00%	17.50%
54	1.00%	3.00%	10.00%	5.75%	3.50%	4.50%	5.00%	17.50%
55	2.50%	6.50%	10.00%	2.50%	3.50%	4.50%	5.00%	17.50%
56	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	17.50%
57	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	20.00%
58	2.50%	4.00%	10.00%	1.50%	7.00%	15.00%	15.00%	20.00%
59	2.50%	9.00%	27.50%	2.00%	7.00%	15.00%	10.00%	30.00%
60	5.00%	9.00%	27.50%	6.25%	12.50%	25.00%	10.00%	30.00%
61	5.00%	15.00%	27.50%	6.25%	12.50%	30.00%	10.00%	30.00%
62	5.00%	30.00%	40.00%	18.50%	25.00%	35.00%	20.00%	30.00%
63	5.00%	25.00%	40.00%	5.00%	25.00%	35.00%	20.00%	30.00%
64	5.00%	25.00%	40.00%	9.00%	25.00%	35.00%	20.00%	50.00%
65	15.00%	25.00%	40.00%	12.50%	30.00%	35.00%	100.00%	100.00%
66	15.00%	35.00%	50.00%	25.00%	30.00%	30.00%	100.00%	100.00%
67	15.00%	30.00%	40.00%	25.00%	30.00%	30.00%	100.00%	100.00%
68	15.00%	30.00%	30.00%	25.00%	30.00%	30.00%	100.00%	100.00%
69	15.00%	40.00%	30.00%	25.00%	30.00%	30.00%	100.00%	100.00%
70	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
71	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
72	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
73	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
74	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

APPENDIX B – STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS

18. Changes in Assumptions

There have been no changes in the assumptions since the prior valuation. We are now using an annual COLA increase assumption of 2.75% for members in pay status. However, this assumption is only used to reflect the expected impact of events which have already occurred and thus do not represent a change in forward-looking assumptions.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

Compensation: Compensation means the cash remuneration for services paid by the employer. It includes base pay and certain differential, incentive, and special pay allowances defined by the Board of Retirement. Overtime is excluded, with the exception of overtime paid under the Fair Labor Standards Act that is regular and recurring.

For members joining the Plan on and after January 1, 2013 (Tier 2 Members), only pensionable compensation up to the PEPRA compensation limit ($146,042 for 2023) will count for computing Plan benefits and employee contributions and employer contributions for those participating in Social Security. For those not participating in Social Security, the compensation cap is 120% of the PEPRA compensation limit ($175,250 for 2023).

Members hired after January 1, 2022 are members of Tier 2B. For this tier, pensionable compensation is limited to base pay only. All other benefit provisions for this tier, including the PEPRA pensionable compensation caps, are the same as those for Tier 2.

Credited Service: In general, Credited Service is earned for the period during which Member Contributions are paid.

Temporary service for which the Member was not credited, or service for which the Member withdrew his or her Member Contributions, may be purchased by paying or repaying the Member Contributions with interest. Credit for up to 12 months of a medical leave of absence and all military leaves of absence may also be purchased.

Public Service (see below) is part of Credited Service for the computation of benefits only, not for eligibility for benefits or for vesting.

Final Compensation: For Tier 1 Members, Final Compensation means the highest average Compensation earned during any 12 consecutive months of the Member's employment.

For Tier 2 and 2B Members, highest average Compensation will be based on the highest 36 consecutive months, rather than 12 months.

General Member: Any Member who is not a Safety Member is a General Member.

Public Service: The Member may elect to purchase Public Service for time spent while employed in another recognized public agency. The public agency must have a reciprocal agreement with the Plan or be one of several specified municipalities, counties, special districts, or State or Federal agencies. Public Service cannot be purchased if it is used for eligibility for another pension.

The cost to purchase Public Service is twice the Member Contributions and interest applicable for the period of time purchased. Public Service is used to compute benefits but does not count toward eligibility for benefits or vesting.

Safety Member: Any sworn Member engaged in law enforcement, probation, or fire suppression is a Safety Member.

B. Membership

Eligibility: All full-time, permanent employees of San Joaquin County and other participating special districts become Members on their date of appointment. Membership is mandatory; only elected officials and members who are age 60 or older at the time of employment in a position requiring membership in SJCERA may choose not to participate.

A Tier 2 Member is any Member joining the Plan for the first time on or after January 1, 2013 (with members hired after January 1, 2022 being members of Tier 2B). Employees who transfer from and are eligible for reciprocity with another public employer will not be Tier 2/2B Members if their service in the reciprocal system was under a previous tier. Employees who were Members of SJCERA prior to January 1, 2013 and experienced a break in service of more than six months and then were reemployed by a *different* SJCERA-participating employer on or after January 1, 2013 will be considered Tier 2/2B Members for all subsequent service.

Member Contributions: Each Member contributes a percentage of Compensation to the Plan through payroll deduction. For Tier 1 members, the percentage contributed depends on the Member's age upon joining the Plan. Representative rates are shown in Table 1 on the next page.

Tier 1 members covered by Social Security have their contributions reduced by one-third on the first $161.54 of biweekly Compensation. General Members who joined the Plan prior to March 7, 1973 and who have earned 30 years of Credited Service do not contribute; Safety Members do not contribute after earning 30 years of Credited Service.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 1: Tier 1 Member Contribution Rates (Basic Rates)

	General Member Rate		Safety Member Rate	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
20	2.09%	3.14%	3.14%	4.71%
25	2.30%	3.45%	3.36%	5.04%
30	2.53%	3.79%	3.61%	5.41%
35	2.78%	4.17%	3.88%	5.82%
40	3.07%	4.60%	4.22%	6.33%
45	3.35%	5.02%	4.59%	6.89%
50	3.61%	5.41%	4.36%	6.54%

Rates include the employee share of the administrative expenses.

Some Tier 1 members also contribute half of the normal cost associated with the post-retirement COLA benefits, also based on entry age. Many bargaining groups have also agreed to have their Tier 1 members pay additional basic rate contributions (14% of the current basic rates for General members, 33% for Safety). The complete rate tables for all groups are in the Appendix G.

Tier 2/2B Members contribute half of the normal cost of the Plan. Contributions for these Members are based on the Normal Cost associated with their benefits; General and Safety members pay different rates.

Tier 2/2B Members pay a single contribution rate, not a rate based on entry age. All Tier 2/2B Members continue contributing after earning 30 years of service. These rates are updated annually, to reflect changes in the Tier 2/2B demographics, as well as any changes in assumptions (such as the discount rate change).

Table 2: Tier 2 Member Contribution Rates

General Member Rate	Safety Member Rate
10.06%	15.74%

Rates include the employee share of the administrative expenses.

Interest is credited semiannually to each Member's accumulated contributions, based on the previous year's expected rate of return on assets. The crediting rate for 2023 is 3.3199%, for an effective annual rate of 6.75%.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

C. Service Retirement

Eligibility: Tier 1 General Members are eligible to retire at age 50 if they have earned five years of Credited Service and have passed the tenth anniversary of their membership in the Plan. Alternatively, General Members are eligible to retire at any age after having earned 30 years of Credited Service, or upon reaching age 70 with no service requirement.

Tier 1 Safety Members are eligible to retire at age 50 if they have earned five years of Credited Service and have passed the tenth anniversary of their membership in the Plan. Alternatively, Safety Members are eligible to retire at any age after having earned 20 years of Credited Service.

Tier 2/2B General Members are eligible to retire upon attaining age 52 and completing five or more years of service. Tier 2/2B Safety Members are eligible to retire upon attaining age 50 and completing five or more years of service. Tier 2/2B Members are eligible to retire, regardless of service, after attaining age 70.

Benefit Amount: The Service Retirement Benefit payable to Tier 1 General Members is equal to the percentage in Table 3 on the next page multiplied by the Member's Final Compensation. The Service Retirement Benefit payable to Tier 1 Safety Members is equal to the percentage in the upcoming Table 4 multiplied by the Member's Final Compensation. The percentage of Final Compensation may not exceed 100%. For those Tier 1 members integrated with Social Security, Retirement Benefits based on the first $350 of monthly Final Average Compensation are reduced by one-third.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 3: Tier 1 General Members (CERL Section 31676.14)

Service	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
10					14.75	15.67	16.67	17.41	18.41	19.48	20.61	21.82	22.68	23.54	24.40	25.26	26.11	26.11	26.11	26.11
11					16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72	28.72	28.72	28.72
12					17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34	31.34	31.34	31.34
13					19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95	33.95	33.95	33.95
14					20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56	36.56	36.56	36.56
15					22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17	39.17	39.17	39.17
16					23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.92	36.29	37.66	39.04	40.41	41.78	41.78	41.78	41.78
17					25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39	44.39	44.39	44.39
18					26.55	28.20	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00	47.00	47.00	47.00
19					28.03	29.76	31.67	33.08	34.98	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.61	49.61	49.61	49.61
20					29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23	52.23	52.23	52.23
21					30.98	32.90	35.00	36.57	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84	54.84	54.84	54.84
22					32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45	57.45	57.45	57.45
23					33.93	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06	60.06	60.06	60.06
24					35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67	62.67	62.67	62.67
25					36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.56	56.70	58.85	60.99	63.14	65.28	65.28	65.28	65.28
26					38.35	40.73	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89	67.89	67.89	67.89
27					39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51	70.51	70.51	70.51
28					41.30	43.86	46.67	48.75	51.56	54.54	57.70	61.10	63.50	65.91	68.31	70.71	73.12	73.12	73.12	73.12
29					42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73	75.73	75.73	75.73
30	35.28	37.27	39.41	41.73	44.25	47.00	50.00	52.24	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.77	78.34	78.34	78.34	78.34
31		38.51	40.72	43.12	45.73	48.56	51.67	53.98	57.08	60.38	63.88	67.65	70.31	72.97	75.63	78.29	80.95	80.95	80.95	80.95
32			42.04	44.51	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56	83.56	83.56	83.56
33				45.90	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17	86.17	86.17	86.17
34					50.15	53.26	56.67	59.20	62.60	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.78	88.78	88.78	88.78
35						54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	91.40	91.40	91.40
36							60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01	94.01	94.01	94.01
37								64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62	96.62	96.62	96.62
38									69.97	74.01	78.31	82.92	86.18	89.44	92.71	95.97	99.23	99.23	99.23	99.23
39										75.96	80.37	85.11	88.45	91.80	95.15	98.49	100	100	100	100
40											82.43	87.29	90.72	94.15	97.59	100				
41												89.47	92.99	96.51	100					
42													95.26	98.86						
43														100						

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 4: Tier 1 Safety Members (CERL Section 31664.1)

Service	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
10										30.00	30.00	30.00	30.00	30.00	30.00
11										33.00	33.00	33.00	33.00	33.00	33.00
12										36.00	36.00	36.00	36.00	36.00	36.00
13										39.00	39.00	39.00	39.00	39.00	39.00
14										42.00	42.00	42.00	42.00	42.00	42.00
15										45.00	45.00	45.00	45.00	45.00	45.00
16										48.00	48.00	48.00	48.00	48.00	48.00
17										51.00	51.00	51.00	51.00	51.00	51.00
18										54.00	54.00	54.00	54.00	54.00	54.00
19										57.00	57.00	57.00	57.00	57.00	57.00
20	37.55	39.75	42.02	44.38	46.83	49.36	52.07	54.51	57.13	60.00	60.00	60.00	60.00	60.00	60.00
21		41.74	44.13	46.6	49.17	51.82	54.67	57.24	59.99	63.00	63.00	63.00	63.00	63.00	63.00
22			46.23	48.82	51.51	54.29	57.27	59.96	62.85	66.00	66.00	66.00	66.00	66.00	66.00
23				51.04	53.85	56.76	59.88	62.69	65.7	69.00	69.00	69.00	69.00	69.00	69.00
24					56.2	59.23	62.48	65.41	68.56	72.00	72.00	72.00	72.00	72.00	72.00
25						61.7	65.09	68.14	71.42	75.00	75.00	75.00	75.00	75.00	75.00
26							67.69	70.86	74.27	78.00	78.00	78.00	78.00	78.00	78.00
27								73.59	77.13	81.00	81.00	81.00	81.00	81.00	81.00
28									79.98	84.00	84.00	84.00	84.00	84.00	84.00
29										87.00	87.00	87.00	87.00	87.00	87.00
30										90.00	90.00	90.00	90.00	90.00	90.00
31										93.00	93.00	93.00	93.00	93.00	93.00
32										96.00	96.00	96.00	96.00	96.00	96.00
33										99.00	99.00	99.00	99.00	99.00	99.00
34										100.00	100.00	100.00	100.00	100.00	100.00
35											100.00	100.00	100.00	100.00	100.00
36												100.00	100.00	100.00	100.00
37													100.00	100.00	100.00
38														100.00	100.00
39															100.00

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table 5: Tier I Social Security Adjustment

Age at Retirement	General Member Reduction	Safety Member Reduction
46	$1.372	$2.879
47	$1.449	$3.037
48	$1.533	$3.180
49	$1.623	$3.333
50	$1.721	$3.500
51	$1.828	$3.500
52	$1.944	$3.500
53	$2.031	$3.500
54	$2.148	$3.500
55	$2.272	$3.500
56	$2.404	$3.500
57	$2.546	$3.500
58	$2.646	$3.500
59	$2.746	$3.500
60	$2.846	$3.500
61	$2.946	$3.500
62	$3.046	$3.500
63	$3.046	$3.500
64	$3.046	$3.500
65	$3.046	$3.500

For Tier 2/2B General Members, the benefit multiplier is 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. For Tier 2/2B Safety Members, the benefit multiplier is 2% at age 50, increasing by 0.1% for each year of age to 2.7% at age 57. In between exact ages, the multiplier increases by 0.025% for each quarter year increase in age.

Form of Benefit: The Service Retirement Benefit will be paid monthly beginning at retirement and for the life of the Member. If the member selects the unmodified benefit form, in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse, or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

D. Service-Connected Disability

Eligibility: Members are eligible for Service-Connected Disability Retirement benefits at any age if they are permanently disabled as a result of injuries or illness sustained in the line of duty.

Benefit Amount: The Service-Connected Disability Retirement Benefit payable to Members is equal to the greater of 50% of their Final Compensation or – if the Member is eligible at disability for a Service Retirement Benefit – the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member's total income up to the current pay for his or her position at the time of disability. The Supplemental Disability Allowance may not exceed the Service-Connected Disability Retirement benefit.

Form of Benefit: The Service-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement and for the life of the Member; in the event of the Member's death, 100% of the benefit will continue for the life of the Member's spouse, or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but

APPENDIX C – SUMMARY OF PLAN PROVISIONS

changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

E. Nonservice-Connected Disability

Eligibility: Members are eligible for Nonservice-Connected Disability Retirement benefits if they are permanently disabled at any age after earning five years of Credited Service or after becoming eligible for a deferred vested benefit.

Benefit Amount: The Nonservice-Connected Disability Retirement Benefit payable to General Members is equal to the greatest of:

- 1.5% of Final Compensation at disability multiplied by years of Credited Service at disability;
- 1.5% of Final Compensation at disability multiplied by years of Credited Service projected to age 65, but not to exceed one-third of Final Compensation; or
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

The Nonservice-Connected Disability Retirement Benefit payable to Safety Members is equal to the greatest of:

- 1.8% of Final Compensation at disability multiplied by years of Credited Service at disability;
- 1.8% of Final Compensation at disability multiplied by years of Credited Service projected to age 55, but not to exceed one-third of Final Compensation; or
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member's total income up to the current pay for his or her position at the time of disability. The Supplemental Disability

APPENDIX C – SUMMARY OF PLAN PROVISIONS

	Allowance may not exceed the Nonservice-Connected Disability Retirement benefit.
Form of Benefit:	The Nonservice-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement, and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary. Actuarially equivalent optional benefit forms are also available. Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%. In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future. A lump sum benefit of $5,000 will be payable upon the death of a retired member.

F. Service-Connected Death

Eligibility:	A Member's survivors are eligible to receive Service-Connected Death benefits if the Member's death resulted from injury or illness sustained in connection with the Member's duties.
Benefit Amount:	The Service-Connected Death benefit payable to a surviving spouse or minor children will be 50% of the Member's Final Compensation. In the event the Member's death was caused by external violence or physical force, an additional benefit of 25% of the above basic benefit will be paid for the first minor child, 15% for the second, and 10% for the third. Furthermore, for Safety Members only, there will be an additional lump sum benefit of 12 months of pay at the time of death.
Form of Benefit:	The Service-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the surviving spouse or to the age of majority of dependent minor children if there is no spouse.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

G. Nonservice-Connected Death

Eligibility: A Member's survivors are eligible to receive Nonservice-Connected Death benefits if the Member's death arose from causes unrelated to the Member's duties.

Benefit Amount: In the event the Member had earned fewer than five years of Credited Service and has no or insufficient reciprocity service from another system, the Nonservice-Connected Death benefit will be a refund of the Member's accumulated contributions with interest plus a payment of one month of Final Compensation for each year of Credited Service, not to exceed six months.

In the event the Member had earned five or more years of Credited Service, the Nonservice-Connected Death benefit payable to a surviving spouse or minor children will be 60% of the amount the Member would have received as a Nonservice-Connected Disability Retirement Benefit on the date of death.

Form of Benefit: For Members who had earned fewer than five years of Credited Service at death, the benefit will be paid as a lump sum.

For Members with five or more years of Credited Service, the Nonservice-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the surviving spouse or to the age of majority of dependent minor children if there is no spouse.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

H. Withdrawal Benefit

Eligibility: A Member is eligible for a Withdrawal Benefit upon termination of employment.

Benefit Amount: The Withdrawal Benefit is a refund of the Member's accumulated contributions with interest. Upon receipt of the Withdrawal Benefit, the Member forfeits all Credited Service.

Form of Benefit: The Withdrawal Benefit is paid in a lump sum upon election by the Member.

I. Deferred Vested Benefit

Eligibility: A Member is eligible for a Deferred Vested Benefit upon termination of employment after earning five years of Credited Service, including reciprocity service from another system. The Member must leave his or her Member Contributions with interest on deposit with the Plan.

Benefit Amount: The Deferred Vested Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service and Final Compensation on the date of termination.

For Tier 1 Members, Tables 2 and 3 are extended for service under 10 years using benefit multipliers of one-sixtieth per year of Credited Service at age 52 (General) or 3% per year of Credited Service at age 50 (Safety), with adjustments for earlier or later retirement under Sections 31676.14 and 31664.1, respectively, of the County Employees Retirement Law of 1937.

Form of Benefit: The Deferred Vested Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

In addition, ad hoc cost-of-living adjustments have been granted in the past and may be granted in the future.

A lump sum benefit of $5,000 will be payable upon the death of a retired member.

J. Reciprocal Benefit

Eligibility: A Member is eligible for a Reciprocal Benefit upon termination of employment and entry, within a specified period of time, into another retirement system recognized as a reciprocal system by the Plan. In addition, the Member must leave his or her Member Contributions with interest on deposit with the Plan.

Benefit Amount: The Reciprocal Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service on the date of termination and Final Compensation on the date of retirement; Final Compensation is based on the highest of the Compensation earned under this Plan or the reciprocal plan.

Form of Benefit: The Reciprocal Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's spouse or to the age of majority of dependent minor children if there is no spouse. In the event there is no surviving spouse or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, benefits are adjusted to reflect changes in the CPI for the San Francisco Bay Area. Annual adjustments may not exceed 3%, but changes in CPI in excess of 3% are "banked" and used for future adjustments when changes in CPI are less than 3%.

A lump sum benefit may be payable upon the death of a retired Member by the last system under which the Member's service was covered.

There have been no changes in plan provisions since the prior valuation.

APPENDIX D – 401(H) REPAYMENT SCHEDULE

As of January 1, 2014, a separate amortization layer was established for the repayment of funds originally transferred to a retiree health reserve. This schedule was prepared in compliance with an approved Voluntary Correction Program that SJCERA submitted to the IRS. The original balance of the amortization layer ($48.0 million) is being amortized using the same methodology and assumptions as the UAL – as a level percentage of payroll over a 19-year period – after an initial payment of $19.8 million.

Date	Outstanding Balance	Years Remaining	End of Year Payment
1/1/2017	$27,547,546	16	$2,460,275
1/1/2018	$27,125,789	15	$2,512,141
1/1/2019	$26,580,267	14	$2,591,274
1/1/2020	$25,916,063	13	$2,653,902
1/1/2021	$25,076,285	12	$2,733,519
1/1/2022	$24,098,107	11	$2,778,677
1/1/2023	$22,946,052	10	$2,862,037
1/1/2024	$21,632,873	9	$2,947,899
1/1/2025	$20,145,193	8	$3,036,335
1/1/2026	$18,468,658	7	$3,127,426
1/1/2027	$16,587,867	6	$3,221,248
1/1/2028	$14,486,300	5	$3,317,886
1/1/2029	$12,146,239	4	$3,417,422
1/1/2030	$9,548,688	3	$3,519,945
1/1/2031	$6,673,279	2	$3,625,543
1/1/2032	$3,498,182	1	$3,734,310
1/1/2033	$0	0	$0

APPENDIX E – GLOSSARY

1. **Actuarial Assumptions**

   Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. **Actuarial Cost Method**

   A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. **Actuarial Gain (Loss)**

   The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. **Actuarial Liability**

   The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. **Actuarial Present Value (Present Value)**

   The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. **Actuarial Valuation**

   The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. **Actuarial Value of Assets**

   The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. **Actuarially Equivalent**

   Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution that is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities. The funded ratio shown in this report is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in the case of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

12. Inactive Funded Ratio

The ratio of the Inactive Actuarial Liabilities to the total Actuarial Liabilities. The inactive funded ratio is a measure that shows the minimum funded status needed to pay benefits for all inactive members.

13. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses, which is allocated to a valuation year by the actuarial cost method.

14. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

15. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (no COLA Cost-Sharing)

Separate rates for General and Safety members are shown below. These rates are applicable for employment groups that have not implemented equal sharing of the contributions required for post-retirement Cost-Of-Living Adjustments (COLA) in accordance with Government Code Section 31873.

As of January 1, 2022				As of January 1, 2023			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	13.39%	22.36%	15.18%	Basic	12.89%	22.14%	14.85%
COL	5.79%	10.77%	6.78%	COL	5.77%	10.78%	6.84%
Total	19.18%	33.13%	21.96%	Total	18.66%	32.92%	21.69%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.11%	45.32%	24.29%	Basic	19.78%	45.92%	25.28%
COL	10.24%	19.82%	12.13%	COL	11.18%	21.50%	13.36%
Total	29.35%	65.14%	36.42%	Total	30.96%	67.42%	38.64%
Total Cost				**Total Cost**			
Basic	32.50%	67.68%	39.47%	Basic	32.67%	68.06%	40.13%
COL	16.03%	30.59%	18.91%	COL	16.95%	32.28%	20.20%
Total	48.53%	98.27%	58.38%	Total	49.62%	100.34%	60.33%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (Employer Cost with additional 14% / 33% Normal Rates by members without COLA Cost-sharing)

Separate rates for General and Safety members contributing an additional 14% / 33% of Normal Rates are shown below.

As of January 1, 2022				As of January 1, 2023			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.81%	20.66%	14.37%	Basic	12.31%	20.43%	14.03%
COL	5.79%	10.77%	6.79%	COL	5.77%	10.78%	6.84%
Total	18.60%	31.43%	21.16%	Total	18.08%	31.21%	20.87%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.11%	45.32%	24.29%	Basic	19.78%	45.92%	25.28%
COL	10.24%	19.82%	12.13%	COL	11.18%	21.50%	13.36%
Total	29.35%	65.14%	36.42%	Total	30.96%	67.42%	38.64%
Total Cost				**Total Cost**			
Basic	31.92%	65.98%	38.66%	Basic	32.09%	66.35%	39.31%
COL	16.03%	30.59%	18.92%	COL	16.95%	32.28%	20.20%
Total	47.95%	96.57%	57.58%	Total	49.04%	98.63%	59.51%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (with COLA Cost-sharing)

Separate rates for General and Safety members contributing Normal Rates plus COLA Cost-sharing are shown below.

As of January 1, 2022				As of January 1, 2023			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	13.39%	22.36%	15.18%	Basic	12.89%	22.14%	14.85%
COL	2.93%	5.48%	3.44%	COL	2.92%	5.46%	3.46%
Total	16.32%	27.84%	18.62%	Total	15.81%	27.60%	18.31%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.11%	45.32%	24.29%	Basic	19.78%	45.92%	25.28%
COL	10.24%	19.82%	12.13%	COL	11.18%	21.50%	13.36%
Total	29.35%	65.14%	36.42%	Total	30.96%	67.42%	38.64%
Total Cost				**Total Cost**			
Basic	32.50%	67.68%	39.47%	Basic	32.67%	68.06%	40.13%
COL	13.17%	25.30%	15.57%	COL	14.10%	26.96%	16.82%
Total	45.67%	92.98%	55.04%	Total	46.77%	95.02%	56.95%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 1: Contribution Rates for General and Safety (Employer Cost with additional 14% / 33% Normal Rates by members and COLA Cost-sharing)

Separate rates for General and Safety members contributing an additional 14% / 33% of Normal Rates and COLA Cost-sharing are shown below.

As of January 1, 2022				As of January 1, 2023			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	12.81%	20.66%	14.37%	Basic	12.31%	20.43%	14.03%
COL	2.93%	5.48%	3.44%	COL	2.92%	5.46%	3.46%
Total	15.74%	26.14%	17.81%	Total	15.23%	25.89%	17.49%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.11%	45.32%	24.29%	Basic	19.78%	45.92%	25.28%
COL	10.24%	19.82%	12.13%	COL	11.18%	21.50%	13.36%
Total	29.35%	65.14%	36.42%	Total	30.96%	67.42%	38.64%
Total Cost				**Total Cost**			
Basic	31.92%	65.98%	38.66%	Basic	32.09%	66.35%	39.31%
COL	13.17%	25.30%	15.57%	COL	14.10%	26.96%	16.82%
Total	45.09%	91.28%	54.23%	Total	46.19%	93.31%	56.13%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Tier 2/2B: Contribution Rates for General and Safety (PEPRA Members)

Separate rates for General and Safety members are shown below. These rates are applicable for employment groups that are subject to Government Code Section 7522.30.

As of January 1, 2022				As of January 1, 2023			
	General	Safety	Total		General	Safety	Total
Employer Normal Cost				**Employer Normal Cost**			
Basic	7.85%	11.26%	8.26%	Basic	7.64%	11.40%	8.12%
COL	2.50%	4.58%	2.76%	COL	2.43%	4.34%	2.67%
Total	10.35%	15.84%	11.02%	Total	10.07%	15.74%	10.79%
UAL Amortization Cost				**UAL Amortization Cost**			
Basic	19.11%	45.32%	22.17%	Basic	19.70%	45.85%	22.96%
COL	10.24%	19.82%	11.35%	COL	11.33%	21.62%	12.62%
Total	29.35%	65.14%	33.52%	Total	31.03%	67.47%	35.58%
Total Cost				**Total Cost**			
Basic	26.96%	56.58%	30.43%	Basic	27.34%	57.25%	31.08%
COL	12.74%	24.40%	14.11%	COL	13.76%	25.96%	15.29%
Total	39.70%	80.98%	44.54%	Total	41.10%	83.21%	46.37%

Rates include the employer share of the administrative expenses.

APPENDIX F – GENERAL AND SAFETY EMPLOYER CONTRIBUTION RATES

Total Normal Cost Rates for General and Safety

	As of January 1, 2022				As of January 1, 2023		
	General	Safety	Total		General	Safety	Total
Total Normal Cost				**Total Normal Cost**			
Tier 1	23.29%	38.34%	26.29%	Tier 1	22.75%	38.16%	26.02%
Tier 2	20.70%	31.68%	22.04%	Tier 2	20.12%	31.48%	21.58%

The Total Normal Costs shown include the employee and employer share of the assumed administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

General Member Contribution Rates
Basic Half Rate (Government Code Section 31621.3)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.09%	3.14%	1.39%	2.09%
17	2.09%	3.14%	1.39%	2.09%
18	2.09%	3.14%	1.39%	2.09%
19	2.09%	3.14%	1.39%	2.09%
20	2.09%	3.14%	1.39%	2.09%
21	2.13%	3.20%	1.43%	2.15%
22	2.17%	3.26%	1.47%	2.21%
23	2.21%	3.32%	1.51%	2.27%
24	2.25%	3.38%	1.56%	2.34%
25	2.30%	3.45%	1.59%	2.39%
26	2.34%	3.51%	1.63%	2.45%
27	2.39%	3.58%	1.67%	2.50%
28	2.43%	3.65%	1.70%	2.55%
29	2.48%	3.72%	1.73%	2.60%
30	2.53%	3.79%	1.77%	2.65%
31	2.57%	3.86%	1.79%	2.69%
32	2.63%	3.94%	1.83%	2.74%
33	2.67%	4.01%	1.86%	2.79%
34	2.73%	4.09%	1.90%	2.85%
35	2.78%	4.17%	1.94%	2.91%
36	2.84%	4.26%	1.99%	2.98%
37	2.89%	4.34%	2.04%	3.06%
38	2.95%	4.43%	2.09%	3.14%
39	3.02%	4.53%	2.15%	3.23%
40	3.07%	4.60%	2.21%	3.32%
41	3.12%	4.68%	2.27%	3.40%
42	3.17%	4.76%	2.31%	3.47%
43	3.23%	4.84%	2.37%	3.55%
44	3.29%	4.93%	2.43%	3.64%
45	3.35%	5.02%	2.49%	3.73%
46	3.41%	5.11%	2.55%	3.82%
47	3.45%	5.17%	2.57%	3.85%
48	3.49%	5.24%	2.58%	3.87%
49	3.55%	5.32%	2.59%	3.89%
50	3.61%	5.41%	2.59%	3.89%
51	3.62%	5.43%	2.60%	3.90%
52	3.64%	5.46%	2.59%	3.89%
53	3.59%	5.38%	2.57%	3.85%
54+	3.52%	5.28%	2.51%	3.77%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

General Member Contribution Rates

Basic Half Rate (Government Code Section 31621.3) + 14% , not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.39%	3.58%	1.39%	2.09%
17	2.39%	3.58%	1.39%	2.09%
18	2.39%	3.58%	1.39%	2.09%
19	2.39%	3.58%	1.39%	2.09%
20	2.39%	3.58%	1.39%	2.09%
21	2.43%	3.65%	1.43%	2.15%
22	2.48%	3.72%	1.47%	2.21%
23	2.52%	3.78%	1.52%	2.28%
24	2.57%	3.85%	1.56%	2.34%
25	2.62%	3.93%	1.60%	2.40%
26	2.67%	4.00%	1.64%	2.46%
27	2.72%	4.08%	1.67%	2.51%
28	2.77%	4.16%	1.70%	2.55%
29	2.83%	4.24%	1.74%	2.61%
30	2.88%	4.32%	1.77%	2.65%
31	2.93%	4.40%	1.80%	2.70%
32	2.99%	4.49%	1.83%	2.74%
33	3.05%	4.57%	1.86%	2.79%
34	3.11%	4.66%	1.90%	2.85%
35	3.17%	4.75%	1.94%	2.91%
36	3.24%	4.86%	1.99%	2.99%
37	3.30%	4.95%	2.04%	3.06%
38	3.37%	5.05%	2.09%	3.14%
39	3.44%	5.16%	2.15%	3.23%
40	3.49%	5.24%	2.21%	3.32%
41	3.56%	5.34%	2.27%	3.40%
42	3.62%	5.43%	2.31%	3.47%
43	3.68%	5.52%	2.37%	3.56%
44	3.75%	5.62%	2.43%	3.64%
45	3.81%	5.72%	2.49%	3.74%
46	3.89%	5.83%	2.55%	3.83%
47	3.93%	5.89%	2.57%	3.85%
48	3.98%	5.97%	2.58%	3.87%
49	4.04%	6.06%	2.59%	3.89%
50	4.11%	6.17%	2.59%	3.89%
51	4.13%	6.19%	2.60%	3.90%
52	4.15%	6.22%	2.60%	3.90%
53	4.09%	6.13%	2.57%	3.85%
54+	4.01%	6.02%	2.52%	3.78%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Safety Member Contribution Rates
Basic Half Rate (Government Code Section 31639.5)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	3.14%	4.71%	3.25%	4.88%
17	3.14%	4.71%	3.25%	4.88%
18	3.14%	4.71%	3.25%	4.88%
19	3.14%	4.71%	3.25%	4.88%
20	3.14%	4.71%	3.25%	4.88%
21	3.18%	4.77%	3.35%	5.03%
22	3.23%	4.84%	3.40%	5.10%
23	3.27%	4.91%	3.45%	5.18%
24	3.31%	4.97%	3.50%	5.25%
25	3.36%	5.04%	3.55%	5.32%
26	3.41%	5.11%	3.59%	5.39%
27	3.46%	5.19%	3.64%	5.46%
28	3.51%	5.26%	3.68%	5.52%
29	3.55%	5.33%	3.72%	5.58%
30	3.61%	5.41%	3.76%	5.64%
31	3.66%	5.49%	3.77%	5.65%
32	3.71%	5.57%	3.78%	5.67%
33	3.77%	5.65%	3.79%	5.69%
34	3.82%	5.73%	3.81%	5.71%
35	3.88%	5.82%	3.83%	5.74%
36	3.94%	5.91%	3.86%	5.79%
37	4.01%	6.01%	3.94%	5.91%
38	4.07%	6.11%	4.01%	6.01%
39	4.15%	6.22%	4.09%	6.13%
40	4.22%	6.33%	4.13%	6.19%
41	4.31%	6.46%	4.18%	6.27%
42	4.40%	6.60%	4.23%	6.35%
43	4.51%	6.77%	4.31%	6.46%
44	4.60%	6.90%	4.38%	6.57%
45	4.59%	6.89%	4.44%	6.66%
46	4.59%	6.89%	4.47%	6.70%
47	4.62%	6.93%	4.49%	6.74%
48	4.49%	6.73%	4.53%	6.79%
49+	4.36%	6.54%	4.55%	6.82%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Safety Member Contribution Rates

Basic Half Rate (Government Code Section 31639.5) + 33% , not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	4.17%	6.26%	3.25%	4.88%
17	4.17%	6.26%	3.25%	4.88%
18	4.17%	6.26%	3.25%	4.88%
19	4.17%	6.26%	3.25%	4.88%
20	4.17%	6.26%	3.25%	4.88%
21	4.23%	6.34%	3.35%	5.03%
22	4.29%	6.44%	3.40%	5.10%
23	4.35%	6.53%	3.45%	5.18%
24	4.41%	6.61%	3.51%	5.26%
25	4.47%	6.70%	3.55%	5.32%
26	4.53%	6.80%	3.59%	5.39%
27	4.60%	6.90%	3.64%	5.46%
28	4.67%	7.00%	3.68%	5.52%
29	4.73%	7.09%	3.72%	5.58%
30	4.80%	7.20%	3.76%	5.64%
31	4.87%	7.30%	3.77%	5.65%
32	4.94%	7.41%	3.78%	5.67%
33	5.01%	7.51%	3.79%	5.69%
34	5.08%	7.62%	3.81%	5.71%
35	5.16%	7.74%	3.83%	5.75%
36	5.24%	7.86%	3.87%	5.80%
37	5.33%	7.99%	3.94%	5.91%
38	5.42%	8.13%	4.01%	6.01%
39	5.51%	8.27%	4.09%	6.13%
40	5.61%	8.42%	4.13%	6.20%
41	5.73%	8.59%	4.19%	6.28%
42	5.85%	8.78%	4.24%	6.36%
43	6.00%	9.00%	4.31%	6.47%
44	6.12%	9.18%	4.38%	6.57%
45	6.11%	9.16%	4.44%	6.66%
46	6.11%	9.16%	4.47%	6.70%
47	6.15%	9.22%	4.50%	6.75%
48	5.97%	8.95%	4.53%	6.79%
49+	5.80%	8.70%	4.55%	6.83%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

CHEIRON

Classic Values, Innovative Advice

San Joaquin County Employees' Retirement Association | Board of Retirement Resolution

RESOLUTION TITLE: **2024 Retirement Contribution Rates**

RESOLUTION NO. **2023-07-02**

WHEREAS, in compliance with Government Code Section 31453, the Board of Retirement requested its consulting actuary, Cheiron, to conduct an actuarial valuation as of January 1, 2023; and

WHEREAS, the assumed rate of return remained unchanged at 6.75 percent; and

WHEREAS, the actuary has determined the recommended employer and member contribution rates for calendar year 2024 for Tiers 1 and 2.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Retirement approves the recommended retirement contribution rates for 2024 expressed as a percentage of active member payroll to be effective the first payday after January 1, 2024 as shown in the following attachments, which are hereby incorporated into and made a part of this Resolution:

Attachment 1 SJCERA Employer and Tier 2 Member Contribution Rates
Attachment 2 Table 1A – General Member Contribution Rates, Basic Half Rate (Tier 1)
Attachment 3 Table 1B – General Member Contribution Rates, Basic Half Rate Plus 14 Percent (Tier 1)
Attachment 4 Table 2A – Safety Member Contribution Rates, Basic Half Rate (Tier 1)
Attachment 5 Table 2B – Safety Member Contribution Rates, Basic Half Rate Plus 33 Percent (Tier 1)

PASSED AND APPROVED by the Board of Retirement of the San Joaquin County Employees' Retirement Association on the 14th day of July 2023.

AYES:

NOES:

ABSTAIN:

ABSENT:

____
MICHAEL RESTUCCIA, Chair

Attest:

____
RAYMOND McCRAY, Secretary

Resolution 2023-07-02
Attachment 1

SJCERA EMPLOYER AND TIER 2 MEMBER RETIREMENT CONTRIBUTION RATES - 2024

As determined by annual actuarial valuation as of January 1, 2023

Expressed as a Percentage of Active Member Payroll

	TIER 1			TIER 1 w/COLA Cost Sharing			TIER 1 w/COLA Cost Sharing Plus			TIER 2		
EMPLOYER CONTRIBUTIONS:	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL	GENERAL	SAFETY	COMPOSITE TOTAL
Normal Cost												
Basic	12.89%	22.14%	14.85%	12.89%	22.14%	14.85%	12.31%	20.43%	14.03%	7.64%	11.40%	8.12%
Post-retirement COLA	5.77%	10.78%	6.84%	2.92%	5.46%	3.46%	2.92%	5.46%	3.46%	2.43%	4.34%	2.67%
Total	18.66%	32.92%	21.69%	15.81%	27.60%	18.31%	15.23%	25.89%	17.49%	10.07%	15.74%	10.79%
UAL Amortization Cost												
Basic	19.78%	45.92%	25.28%	19.78%	45.92%	25.28%	19.78%	45.92%	25.28%	19.70%	45.85%	22.96%
Post-retirement COLA	11.18%	21.50%	13.36%	11.18%	21.50%	13.36%	11.18%	21.50%	13.36%	11.33%	21.62%	12.62%
Total	30.96%	67.42%	38.64%	30.96%	67.42%	38.64%	30.96%	67.42%	38.64%	31.03%	67.47%	35.58%
Total Plan Cost												
Basic	32.67%	68.06%	40.13%	32.67%	68.06%	40.13%	32.09%	66.35%	39.31%	27.34%	57.25%	31.08%
Post-Retirement COLA	16.95%	32.28%	20.20%	14.10%	26.96%	16.82%	14.10%	26.96%	16.82%	13.76%	25.96%	15.29%
Total	**49.62%**	**100.34%**	**60.33%**	**46.77%**	**95.02%**	**56.95%**	**46.19%**	**93.31%**	**56.13%**	**41.10%**	**83.21%**	**46.37%**
Total Plan Normal Cost	22.75%	38.16%	26.02%	22.75%	38.16%	26.02%	22.75%	38.16%	26.02%	20.12%	31.48%	21.58%
MEMBER CONTRIBUTIONS:	Table 1A "Basic Rate" from 1/1/23 Valuation Report	Table 2A "Basic Rate" from 1/1/23 Valuation Report		Table 1A "Basic Rate" + "COLA Cost Share Rate" from 1/1/23 Valuation Report	Table 2A "Basic Rate" + "COLA Cost Share Rate" from 1/1/23 Valuation Report		Table 1B "114% of Basic Rate" + "COLA Cost Share Rate" from 1/1/23 Valuation Report	Table 2B "133% of Basic Rate" + "COLA Cost Share Rate" from 1/1/23 Valuation Report		**10.06%**	**15.74%**	

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APPENDIX G – MEMBER CONTRIBUTION RATES

Table 1A

General Member Contribution Rates
Basic Half Rate (Government Code Section 31621.3)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.09%	3.14%	1.39%	2.09%
17	2.09%	3.14%	1.39%	2.09%
18	2.09%	3.14%	1.39%	2.09%
19	2.09%	3.14%	1.39%	2.09%
20	2.09%	3.14%	1.39%	2.09%
21	2.13%	3.20%	1.43%	2.15%
22	2.17%	3.26%	1.47%	2.21%
23	2.21%	3.32%	1.51%	2.27%
24	2.25%	3.38%	1.56%	2.34%
25	2.30%	3.45%	1.59%	2.39%
26	2.34%	3.51%	1.63%	2.45%
27	2.39%	3.58%	1.67%	2.50%
28	2.43%	3.65%	1.70%	2.55%
29	2.48%	3.72%	1.73%	2.60%
30	2.53%	3.79%	1.77%	2.65%
31	2.57%	3.86%	1.79%	2.69%
32	2.63%	3.94%	1.83%	2.74%
33	2.67%	4.01%	1.86%	2.79%
34	2.73%	4.09%	1.90%	2.85%
35	2.78%	4.17%	1.94%	2.91%
36	2.84%	4.26%	1.99%	2.98%
37	2.89%	4.34%	2.04%	3.06%
38	2.95%	4.43%	2.09%	3.14%
39	3.02%	4.53%	2.15%	3.23%
40	3.07%	4.60%	2.21%	3.32%
41	3.12%	4.68%	2.27%	3.40%
42	3.17%	4.76%	2.31%	3.47%
43	3.23%	4.84%	2.37%	3.55%
44	3.29%	4.93%	2.43%	3.64%
45	3.35%	5.02%	2.49%	3.73%
46	3.41%	5.11%	2.55%	3.82%
47	3.45%	5.17%	2.57%	3.85%
48	3.49%	5.24%	2.58%	3.87%
49	3.55%	5.32%	2.59%	3.89%
50	3.61%	5.41%	2.59%	3.89%
51	3.62%	5.43%	2.60%	3.90%
52	3.64%	5.46%	2.59%	3.89%
53	3.59%	5.38%	2.57%	3.85%
54+	3.52%	5.28%	2.51%	3.77%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 1B

General Member Contribution Rates

Basic Half Rate (Government Code Section 31621.3) + 14%, not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	2.39%	3.58%	1.39%	2.09%
17	2.39%	3.58%	1.39%	2.09%
18	2.39%	3.58%	1.39%	2.09%
19	2.39%	3.58%	1.39%	2.09%
20	2.39%	3.58%	1.39%	2.09%
21	2.43%	3.65%	1.43%	2.15%
22	2.48%	3.72%	1.47%	2.21%
23	2.52%	3.78%	1.52%	2.28%
24	2.57%	3.85%	1.56%	2.34%
25	2.62%	3.93%	1.60%	2.40%
26	2.67%	4.00%	1.64%	2.46%
27	2.72%	4.08%	1.67%	2.51%
28	2.77%	4.16%	1.70%	2.55%
29	2.83%	4.24%	1.74%	2.61%
30	2.88%	4.32%	1.77%	2.65%
31	2.93%	4.40%	1.80%	2.70%
32	2.99%	4.49%	1.83%	2.74%
33	3.05%	4.57%	1.86%	2.79%
34	3.11%	4.66%	1.90%	2.85%
35	3.17%	4.75%	1.94%	2.91%
36	3.24%	4.86%	1.99%	2.99%
37	3.30%	4.95%	2.04%	3.06%
38	3.37%	5.05%	2.09%	3.14%
39	3.44%	5.16%	2.15%	3.23%
40	3.49%	5.24%	2.21%	3.32%
41	3.56%	5.34%	2.27%	3.40%
42	3.62%	5.43%	2.31%	3.47%
43	3.68%	5.52%	2.37%	3.56%
44	3.75%	5.62%	2.43%	3.64%
45	3.81%	5.72%	2.49%	3.74%
46	3.89%	5.83%	2.55%	3.83%
47	3.93%	5.89%	2.57%	3.85%
48	3.98%	5.97%	2.58%	3.87%
49	4.04%	6.06%	2.59%	3.89%
50	4.11%	6.17%	2.59%	3.89%
51	4.13%	6.19%	2.60%	3.90%
52	4.15%	6.22%	2.60%	3.90%
53	4.09%	6.13%	2.57%	3.85%
54+	4.01%	6.02%	2.52%	3.78%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 2A

Safety Member Contribution Rates
Basic Half Rate (Government Code Section 31639.5)

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	3.14%	4.71%	3.25%	4.88%
17	3.14%	4.71%	3.25%	4.88%
18	3.14%	4.71%	3.25%	4.88%
19	3.14%	4.71%	3.25%	4.88%
20	3.14%	4.71%	3.25%	4.88%
21	3.18%	4.77%	3.35%	5.03%
22	3.23%	4.84%	3.40%	5.10%
23	3.27%	4.91%	3.45%	5.18%
24	3.31%	4.97%	3.50%	5.25%
25	3.36%	5.04%	3.55%	5.32%
26	3.41%	5.11%	3.59%	5.39%
27	3.46%	5.19%	3.64%	5.46%
28	3.51%	5.26%	3.68%	5.52%
29	3.55%	5.33%	3.72%	5.58%
30	3.61%	5.41%	3.76%	5.64%
31	3.66%	5.49%	3.77%	5.65%
32	3.71%	5.57%	3.78%	5.67%
33	3.77%	5.65%	3.79%	5.69%
34	3.82%	5.73%	3.81%	5.71%
35	3.88%	5.82%	3.83%	5.74%
36	3.94%	5.91%	3.86%	5.79%
37	4.01%	6.01%	3.94%	5.91%
38	4.07%	6.11%	4.01%	6.01%
39	4.15%	6.22%	4.09%	6.13%
40	4.22%	6.33%	4.13%	6.19%
41	4.31%	6.46%	4.18%	6.27%
42	4.40%	6.60%	4.23%	6.35%
43	4.51%	6.77%	4.31%	6.46%
44	4.60%	6.90%	4.38%	6.57%
45	4.59%	6.89%	4.44%	6.66%
46	4.59%	6.89%	4.47%	6.70%
47	4.62%	6.93%	4.49%	6.74%
48	4.49%	6.73%	4.53%	6.79%
49+	4.36%	6.54%	4.55%	6.82%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

APPENDIX G – MEMBER CONTRIBUTION RATES

Table 2B

Safety Member Contribution Rates

Basic Half Rate (Government Code Section 31639.5) + 33% , not greater than 1/2 Normal Cost

	Basic Rate		COLA Cost-Sharing Rate[1]	
Entry Age	1st $350/month	Over $350	1st $350/month	Over $350
16	4.17%	6.26%	3.25%	4.88%
17	4.17%	6.26%	3.25%	4.88%
18	4.17%	6.26%	3.25%	4.88%
19	4.17%	6.26%	3.25%	4.88%
20	4.17%	6.26%	3.25%	4.88%
21	4.23%	6.34%	3.35%	5.03%
22	4.29%	6.44%	3.40%	5.10%
23	4.35%	6.53%	3.45%	5.18%
24	4.41%	6.61%	3.51%	5.26%
25	4.47%	6.70%	3.55%	5.32%
26	4.53%	6.80%	3.59%	5.39%
27	4.60%	6.90%	3.64%	5.46%
28	4.67%	7.00%	3.68%	5.52%
29	4.73%	7.09%	3.72%	5.58%
30	4.80%	7.20%	3.76%	5.64%
31	4.87%	7.30%	3.77%	5.65%
32	4.94%	7.41%	3.78%	5.67%
33	5.01%	7.51%	3.79%	5.69%
34	5.08%	7.62%	3.81%	5.71%
35	5.16%	7.74%	3.83%	5.75%
36	5.24%	7.86%	3.87%	5.80%
37	5.33%	7.99%	3.94%	5.91%
38	5.42%	8.13%	4.01%	6.01%
39	5.51%	8.27%	4.09%	6.13%
40	5.61%	8.42%	4.13%	6.20%
41	5.73%	8.59%	4.19%	6.28%
42	5.85%	8.78%	4.24%	6.36%
43	6.00%	9.00%	4.31%	6.47%
44	6.12%	9.18%	4.38%	6.57%
45	6.11%	9.16%	4.44%	6.66%
46	6.11%	9.16%	4.47%	6.70%
47	6.15%	9.22%	4.50%	6.75%
48	5.97%	8.95%	4.53%	6.79%
49+	5.80%	8.70%	4.55%	6.83%

[1] Some members and employers share equally the contributions required for post-retirement cost-of-living adjustments (COLA) in accordance with Government Code Section 31873. For other members, the employers pay all of the contributions required for post-retirement COLA.

Rates include the employee share of the administrative expenses.

Berkeley Partners Value Industrial Fund VI, L.P.

July 14, 2023

Prepared for San Joaquin County Employees' Retirement Association

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Who We Are – Executive Summary

As of March 2023

Berkeley Partners is a vertically integrated real estate operating company with a demonstrated history of generating value for its investors through the investment in and management of light industrial real estate.

$2.1 billion[1]	110	10.8 million	234 | 22.5 million
Current assets under management	Current number of properties	Current square footage under management	Number of properties acquired | Square footage acquired since inception in 2005

- Since 2005, Berkeley Partners Management, LLC ("Berkeley Partners" or the "Firm") and our affiliates have sponsored a series of value-add investment funds[2] and core separate accounts dedicated to the light industrial sector in the United States
- Currently completing deployment of capital from Berkeley Partners Value Industrial Fund V, L.P. and Berkeley Partners Core Plus Industrial Partnership, LLC
- Corporate offices in Oakland, CA, Dallas, TX and Boston, MA with regional property management in select, active markets

(1) Assets under management as of March 31, 2023 and calculated as the sum of the gross value of assets across funds and separate accounts managed by the Firm plus unfunded commitments and recallable distributions.

(2) Please refer to slide 7 which details the performance of BP's value-add vehicles.

Berkeley Partners Value Industrial Fund VI, L.P. Key Highlights

Consistent Strategy With Proven Team

- Demonstrated track record and experience executing similar historical value-add vehicles
- Deploy a spectrum of value creation strategies based to generate value at the property level
- Consistent target fund size from prior vehicle allows for the continuation of a proven strategy

Conservative Risk Management Framework(1)

- Conservative financing strategy with 65% loan to cost limit at the fund-level
- Limitations on investment type (i.e., development) and market exposure
- Diversity of tenant type and lease term
- High volume of small-to-mid sized industrial deals

The target net IRRs were determined based on the views and opinions of Berkeley Partners Management team during the formation of the Fund. The target net IRR is based on what Berkeley Partners Management team believes is achievable given current market conditions, the targeted types of investments and the amount of risk the Fund intends to take. The target returns are based on models, estimates and assumptions that Berkeley Partners Management team believes to be reasonable under the circumstances, including assumptions that economic, market and other conditions will not deteriorate and, in some cases, will improve. The information underlying any targets or other forecasts has been obtained from or is based upon sources believed to be reliable, but Berkeley Partners Management team makes no representation or warranty, express or implied as to the adequacy, accuracy or completeness of, any such information. The target net IRR incorporates the fees and expenses that are expected to be incurred by the highest fee-paying investor in the Fund. See endnote 18 for additional information on the application of a Model Fee to the target net IRR calculation. Many factors may affect actual performance, including changes in market conditions and interest rates, changes in response to other economic, political or financial developments, the availability of suitable investment opportunities, the ability to consummate attractive investments, 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. Target returns are made without knowledge of future market conditions or other relevant factors that may impact actual performance, and such returns may or may not be realized. The uncertainties relating to the methodology and assumptions of the targeted performance are difficult to estimate, both individually and in aggregate, given the range of factors and their complex interactions. Therefore, targets set forth herein may not be meaningful and target returns are presented for informational purposes only. Investors should consider any targeted performance in light of these uncertainties and should bear in mind that it is not a guarantee or prediction and is not necessarily indicative of future results.

(1) All investments involve the risk of loss.

What We Do – Light Industrial Real Estate

Since inception in 2005, Berkeley Partners has been focused on the light industrial real estate market. The sector has the following characteristics:

- Market Specifications
  - Large market size of 6 billion square feet[1] across the United States
  - Highly fragmented ownership compared to larger industrial assets
- Building Specifications
  - Target building size generally 50,000 – 250,000 square feet
  - Clear heights generally 18-30+ feet
  - Flexible configuration appeals to broad base of U.S. businesses
  - Truck courts sufficient for box trucks up to 53' trailers
  - Low floor area ratio ("F.A.R.")
  - Infill urban locations – close to city centers, housing and transportation corridors
  - Simple building construction - most buildings are single-story concrete tilt, and concrete masonry unit ("CMU")
  - Major capital improvements tend to be limited to roof, parking lots and HVAC units
- Unit Specifications
  - Unit sizes vary based on target building use
  - All units have grade and/or dock doors
  - Average unit is 80-95% warehouse / 5-20% office

(1) Source: CoStar Portfolio Strategy, Q3 2022

What We Do – Target Markets

Berkeley Partners aims to invest in select growth and gateway markets across the United States with strong underlying fundamental demand drivers

What We Do – Value Creation Strategies

Risk / Return Spectrum

"Light" Value Add

- Rents below market rates or vacancy above competitive market
- Deferred capital expenditures
- Non-institutional local management
- Dated interior units requiring make-ready work
- Upgrading tenant quality

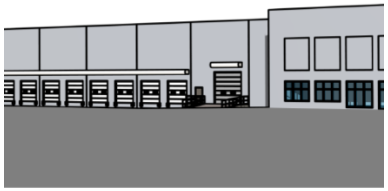
Heavy Repositioning

- Repositioning buildings to meet requirements of higher quality tenants
- Return assets to true industrial/warehouse use including demolition of older office, upgrading dock loading, upgrading building system, etc.

Ground-Up Development

- Land value and replacement costs have begun to justify light industrial development in select target markets
- Offer Class A new development that meet tenant requirements at competitive rents relative to Class B product





Generate value through sourcing strategies

Market Opportunity – Long-Term Positive Fundamental Trends in Light Industrial Real Estate

We believe the light industrial real estate market benefits from the following positive fundamental trends:

- Large, fragmented asset class
  - Opportunity to acquire from regional owner/operators
  - Smaller deal size leads to less institutional competition on one-off transactions

- Steady current income with appreciation through active management (leasing, rent growth, etc.)

- Positive supply/demand trends
  - Limited new construction
  - Demolition of in-fill product in core markets

- Multi-faceted diversification reduces risk
  - Geographies, unit sizes, lease durations, tenant types/industries

- Consistent performance across economic cycles
  - Serves small, mid-sized and national businesses seeking to serve the regional economy
  - Flexible unit configurations

- High replacement cost leads to limited new competitive supply

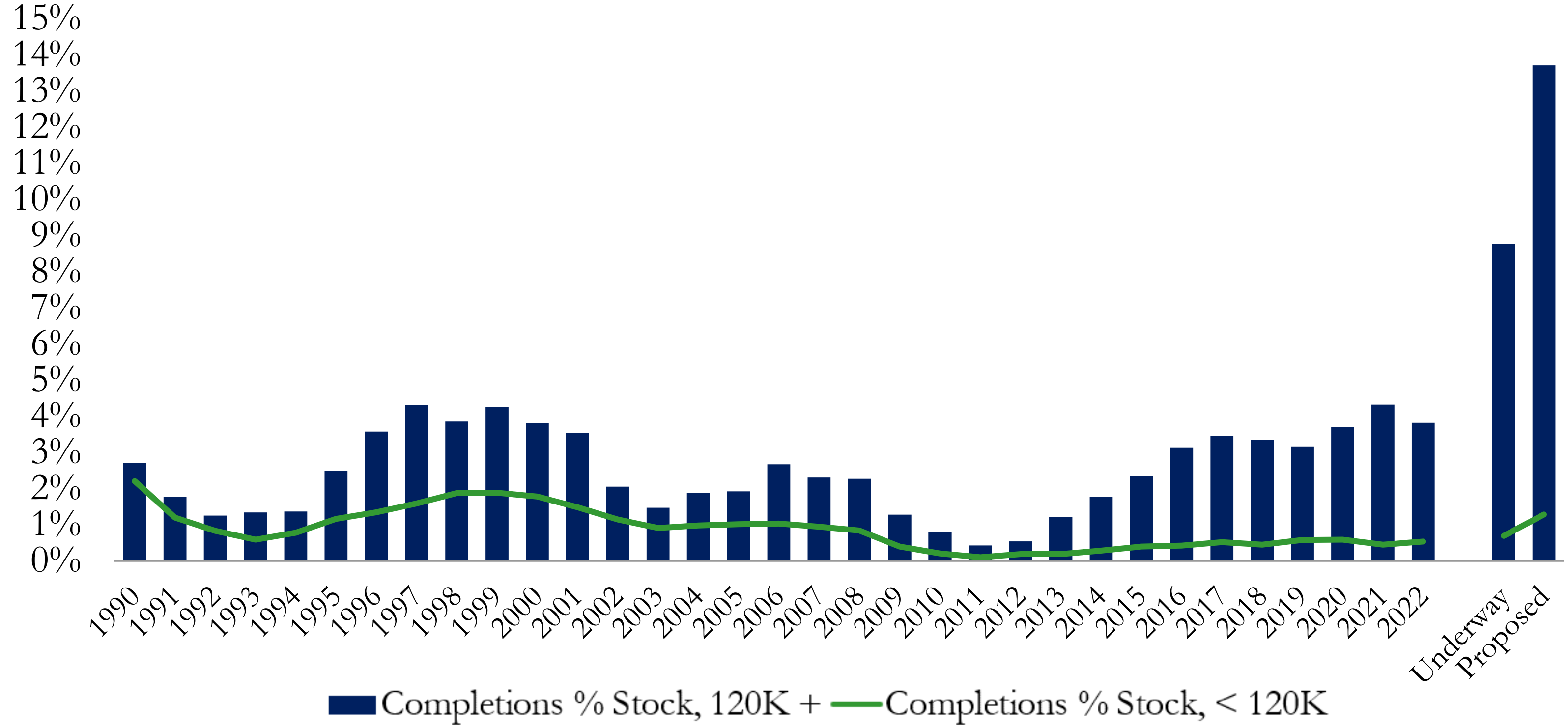
There is no guarantee that positive trends outlined above will continue. There is a risk of loss associated with this investment and no guarantee that performance during past economic cycles will be repeated in future economic cycles.

Market Opportunity – Light Industrial Supply

Limited New Supply of Light Industrial

- Majority of new construction has been large unit projects
- Smaller unit properties have higher per unit build costs and compete with higher value-add infill developments (multifamily, strip retail, etc.) for land

Completion Rate As Percent Of Inventory (%)



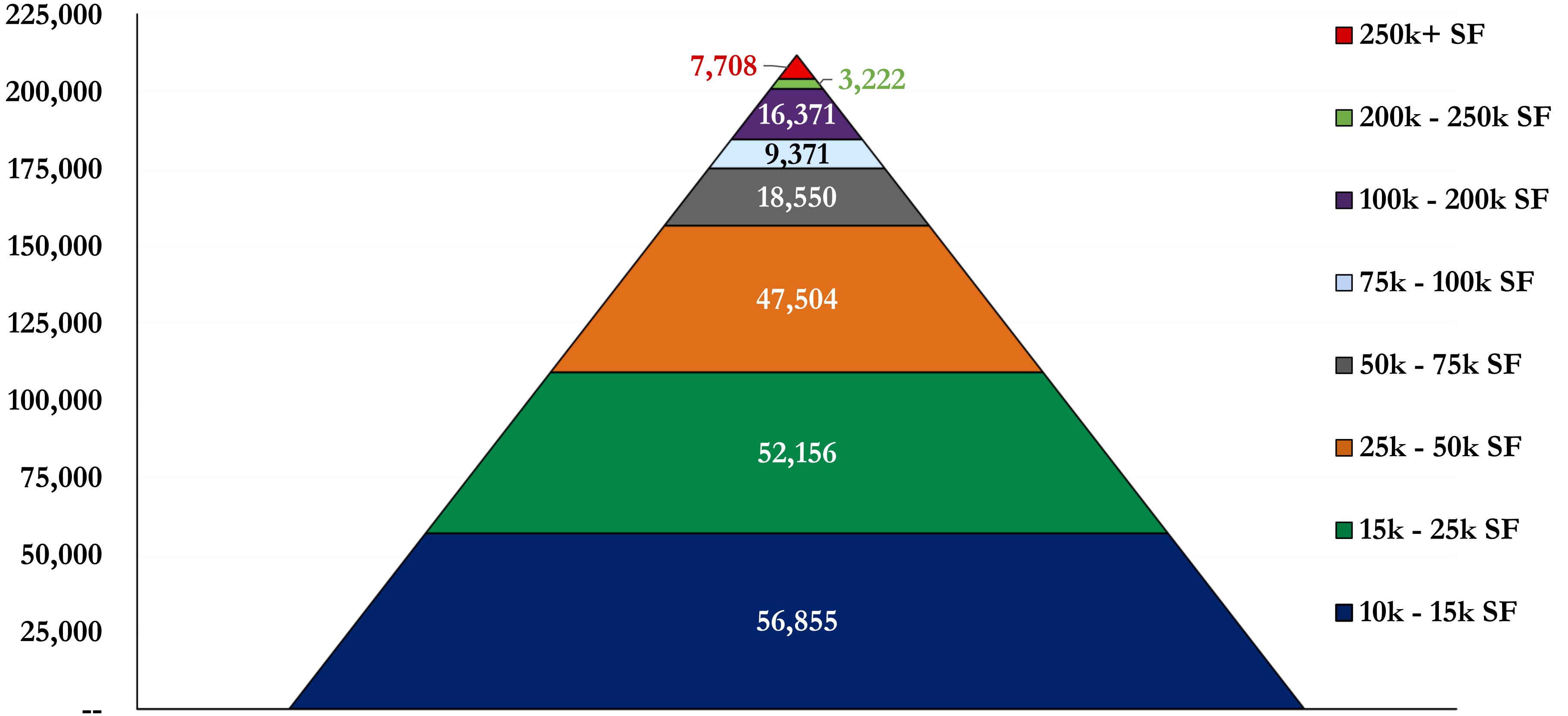
Source: CoStar Portfolio Strategy, Q3 2022

Market Opportunity – Light Industrial Leasing Demand

Smaller Spaces Dominate Leasing

- Since 2010, approximately 184,000 leases were initiated for unit sizes below 100,000 SF, which represents 87% of industrial leasing activity
- We believe strong demand for smaller spaces has been driven by a variety of tenant uses, including E-commerce, essential services, food distribution and light manufacturing

Number of Industrial Leases: 2010 – Q3 2022



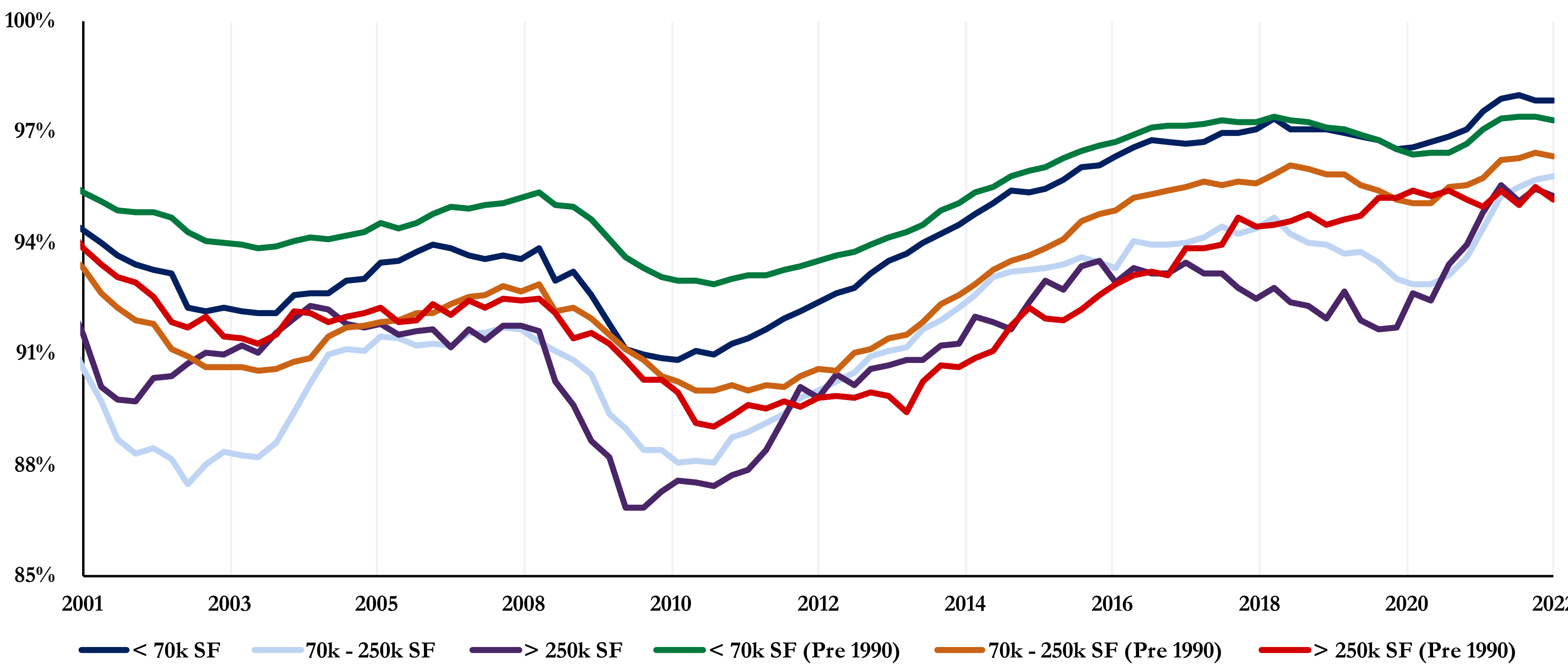
Source: CoStar Portfolio Strategy, Q3 2022

Market Opportunity – Light Industrial Demand

Occupancy Levels Outperform In Smaller, Infill Buildings

- Older buildings located in infill locations experience higher long-term occupancy levels as illustrated below
- We believe limited new supply and steady demand drives occupancy and rent levels, further driven by the generational shift towards office and multi-family development in infill locations
- Average year of construction for Sponsor's portfolio is 1983

Berkeley Target Markets – Occupancy Comparison by Building Size & Year of Construction



Source: CoStar Portfolio Strategy, Q3 2022

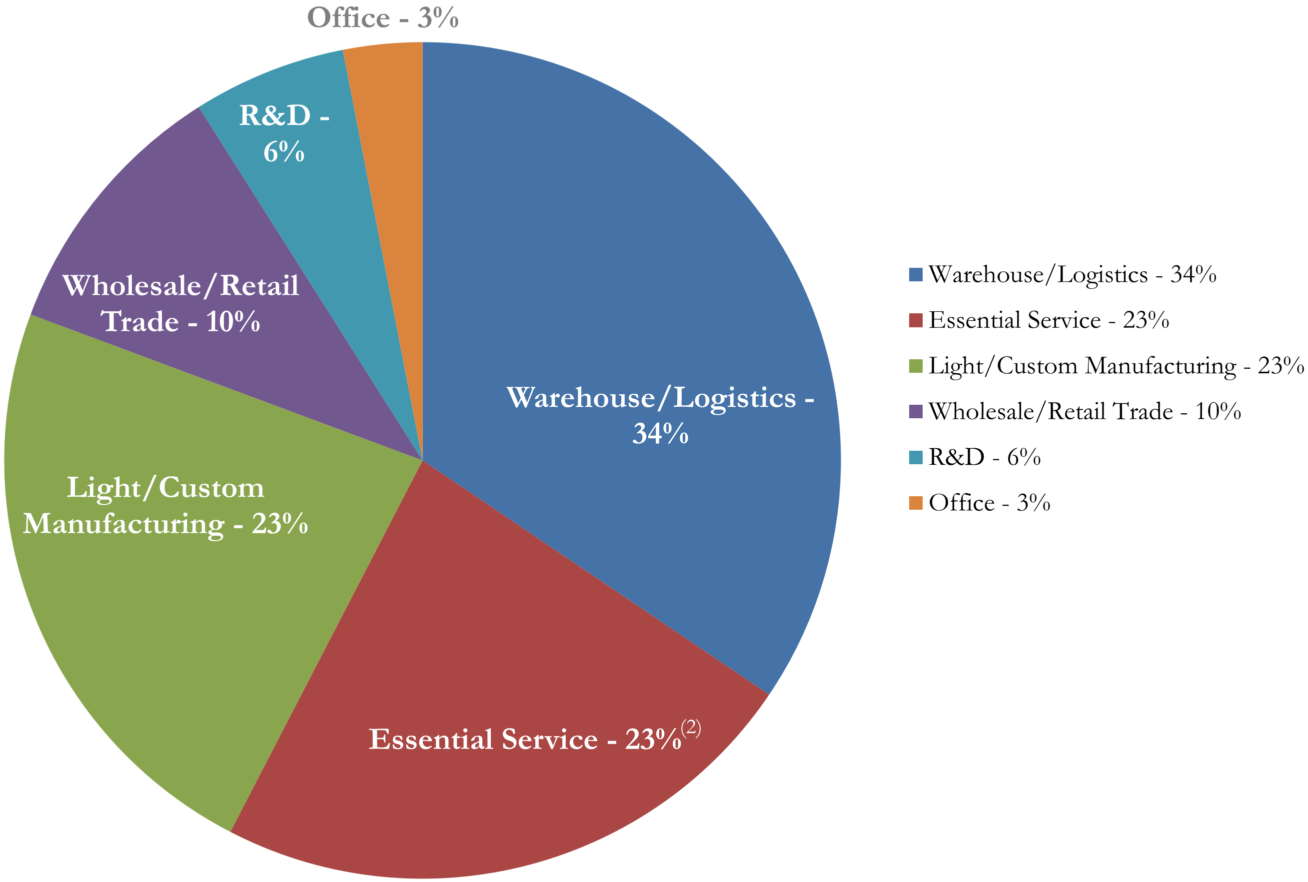
Market Opportunity – Light Industrial Target Markets

Metro	10 Year Average Population Growth		Population/Sq Mile		10 Year Average Rent Growth		Median Household Income		College Attainment	
	%	Rank	#	Rank	%	Rank	$	Rank	%	Rank
Gateway Markets										
San Jose - CA	3.3%	38	734	26	10.6%	11	$ 149,074	1	51.8%	2
San Francisco - CA	0.0%	49	3,141	3	8.4%	31	$ 136,145	2	55.5%	1
Washington - DC	8.7%	25	971	21	7.3%	38	$ 114,919	5	51.2%	3
East Bay - CA	6.8%	30	1,884	6	10.8%	9	$ 117,985	4	45.4%	5
Boston - MA	5.8%	31	1,362	11	8.7%	28	$ 106,285	8	48.4%	4
Orange County - CA	2.2%	42	3,957	1	11.5%	8	$ 105,480	9	41.1%	11
Northern New Jersey - NJ	4.5%	34	1,026	19	11.5%	7	$ 99,768	11	40.9%	12
Seattle - WA	13.6%	15	679	31	8.5%	29	$ 107,434	6	42.7%	8
Philadelphia - PA	3.0%	40	1,308	13	8.1%	32	$ 84,682	23	38.1%	15
Los Angeles - CA	-1.7%	56	2,400	5	12.9%	3	$ 81,634	28	32.4%	23
Fort Lauderdale - FL	6.8%	29	1,592	9	12.5%	4	$ 71,537	45	33.2%	21
Miami - FL	3.6%	36	1,349	12	12.1%	5	$ 64,893	54	30.7%	25
Average	**4.7%**	**35**	**1,700**	**13**	**10.2%**	**17**	**$ 103,320**	**16**	**42.6%**	**11**
Growth Markets										
Denver - CO	12.9%	17	358	44	9.7%	22	$ 97,783	12	44.0%	6
Austin - TX	30.0%	1	562	33	9.5%	25	$ 93,893	15	43.9%	7
Dallas-Fort Worth - TX	18.1%	7	826	23	9.6%	23	$ 82,298	27	35.5%	19
Atlanta - GA	13.8%	14	705	27	10.1%	15	$ 82,305	26	38.3%	14
Nashville - TN	18.3%	5	324	47	13.5%	2	$ 78,958	32	36.9%	17
Palm Beach - FL	11.6%	18	684	28	7.9%	36	$ 73,573	42	37.1%	16
Inland Empire - CA	7.9%	28	170	55	16.2%	1	$ 82,025	30	21.6%	24
Phoenix - AZ	16.1%	10	343	46	10.4%	12	$ 79,395	31	31.7%	24
Salt Lake City - UT	13.3%	16	159	56	10.0%	18	$ 85,472	22	35.5%	20
San Antonio - TX	17.3%	9	358	45	6.1%	47	$ 70,905	47	29.4%	26
Average	**15.9%**	**13**	**449**	**40**	**10.3%**	**20**	**$ 82,661**	**28**	**35.4%**	**17**

Source: CoStar Portfolio Strategy, Q4 2022

Market Opportunity – Diversified Tenant Roster (Based on Tenant Use)

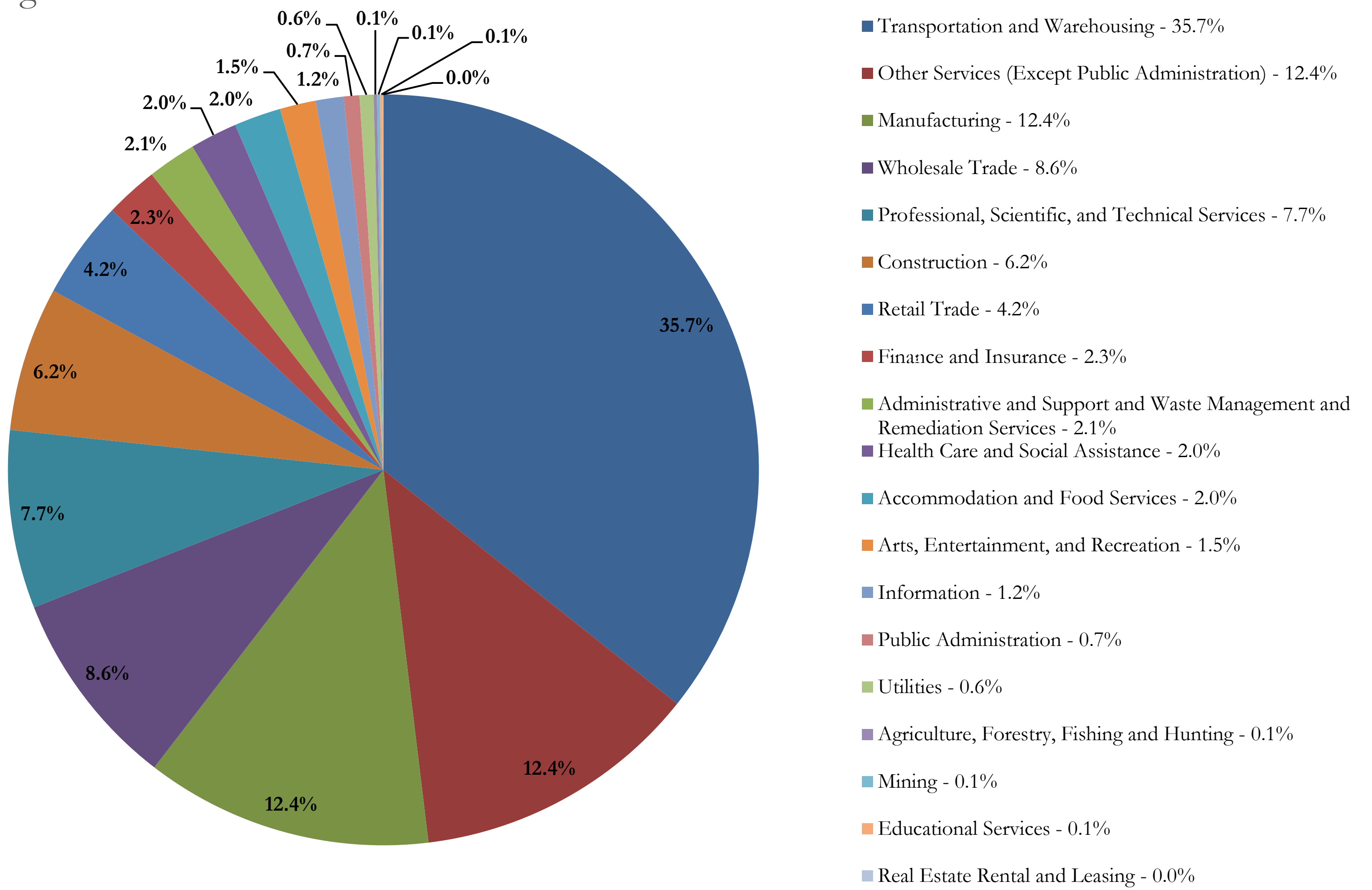
- Current portfolio[1] comprised of a diversified tenant base with varying lease tenures, which is typical for light industrial real estate assets



(1) Based on rent roll as of March 2023 across funds and separate accounts managed by the Firm. Subject to change.
(2) "Essential service" refers to tenants providing a service to the regional economy that has generally avoided mandated shutdowns, such as construction and automotive repair, etc.

Market Opportunity – Diversified Tenant Roster (Based on Tenant Industry)

- Current portfolio[1] comprised of a diversified tenant base with varying lease tenures, which is typical for light industrial real estate assets



(1) Based on rent roll as of March 2023 across funds and separate accounts managed by the Firm. Subject to change.

Fund-Level Investment Performance

Value-Add Investment Performance Summary(1,2,3)

MTM As of March 31, 2023 *($ in millions)*

Fund(1)(2)	Vintage	Total SF	No. of Total Assets	Total Committed Capital	Total Called Commitments(I)	Total Distributions(II)	Partners Capital(III)	Gross IRR(IV)	Gross Multiple(V)	Net IRR(VI)	Net Multiple(VII)	Investment Stage
Berkeley Capital Partners I, LP ("BCPI")	2006	1,252,179	21	$25.1	$25.1	$25.3	--	1.5%	1.15x	0.0%	1.00x	Fully Realized
Berkeley Capital Partners II, LP ("BCPII")	2007	136,200	2	1.4	1.3	3.0	--	14.8%	2.50x	12.7%	2.24x	Fully Realized
Berkeley Capital Trust ("BCT")	2008	1,059,581	13	25.0	22.8	39.6	--	15.2%	2.07x	10.7%	1.73x	Fully Realized
IC Berkeley Partners III, LP ("Fund III")	2013	3,923,816	36	125.0	111.4	174.4	--	23.6%	1.74x	18.1%	1.57x	Fully Realized
IC Berkeley Partners IV, LP ("Fund IV")	2016	4,288,412	43	274.8	274.3	433.1	0.8	21.9%	1.73x	17.3%	1.58x	Fully Realized(3)
Berkeley Partners Value Industrial Fund V, L.P. ("Fund V")	2020	4,997,584	53	400.0	274.4	63.3	267.8	19.0%	1.25x	12.0%	1.17x	Investment Period

Across value-add investment vehicles

121	11.5 million	$709.3 million
Realizations	Square footage of realizations	Total equity called

(1) Please refer to Endnotes to Fund-Level Investment Performance on the subsequent slide.

(2) Past performance is not necessarily indicative of future results, and there can be no assurance that an investment offered will achieve comparable results to any of the prior performance information contained herein or that targeted returns or other measured standards, which Berkeley Partners believes to be sound and reasonable under the circumstances, will be met.

(3) Fund IV sold all its remaining assets in March 2022. Remaining partners capital does not include any marketable real estate investments and represents cash withheld to meet future needs and accrued fund expenses and obligations.

Endnotes to Fund-Level Investment Performance

I. "**Total Called Commitments**" represents the actual capital called from investors at the fund-level as of March 31, 2023**.**

II. "**Total Distributions**" represents the total actual net distributions to investors at the fund-level as of March 31, 2023.

III. "**Partners Capital**" represents the ending partners capital balance, which is based on the fair market value of the fund as of March 31, 2023, based on internal calculations by Berkeley Partners, net of outstanding debt, any other liabilities (also known as the "Net Asset Value") and carried interest. Performance information that includes Net Asset Value assumes, with respect to unrealized properties, a hypothetical liquidation of such properties at their Net Asset Values. Fair market values are audited on an annual basis. The fund-level Net Asset Value includes fund-level items, including fund-level subscription lines, and any other liabilities, and fund-level net cash.(1)

IV. "**Gross IRR**" is calculated at the fund-level based on the fund-level Total Called Commitments and Total Distributions plus Partners Capital, excluding fund-level management fees and carried interest. Gross IRR is reported at the fund-level and is the same as the Net IRR, but excludes the fund-level management fees and carried interest.(1)

V. "**Gross Multiple**" is calculated at the fund-level, including Total Distributions plus Partners Capital, excluding fund-level management fees and carried interest, divided by total Called Commitments through March 31, 2023. Gross Multiple is reported at the fund-level and is the same as the Net Multiple, but excludes the fund-level management fees and carried interest.(1)

VI. "**Net IRR**" is calculated based on the Total Called Commitments, Total Distributions and Partners Capital, net of all fund-level management fees, expenses and carried interest. There are no projections included. Net IRR represents the annualized compounded fund-level rate of return based on cash flows net of management fees and carried interest and accounts for the actual timing of such cash inflows and outflow. Differences in the timing of an investor's capital commitment to the fund and the economic and other terms applicable to certain investors may cause the actual net IRR of certain investors to be higher or lower than the Net IRR indicated herein. The Fund may also utilize a subscription-backed line of credit for capital commitments for a period of time. The use of this credit facility may have an impact on the IRR. If a credit facility is used to fund an investment, capital may be called more slowly from investors to repay such borrowings, which would shorten the time between such contribution and distribution and consequently increase or decrease Net IRR. Funds may also, during the investment period, recycle principal commitments made by investors to the respective fund. This ability to reinvest principal during the investment period may impact the IRR of the fund.(1)

VII. "**Net Multiple**" represents actual fund-level Total Distributions plus Partners Capital, net of all fund-level management fees, expenses and carried interest, divided by Total Called Commitments as of March 31, 2023. There are no projections included.(1)

(1) The value of the unrealized investments are calculated in accordance with the valuation policy of Berkeley Partners. In many circumstances, a different valuation methodology would result in a different valuation and, in certain circumstances, this difference could be material. The assumptions on which these valuations are based on will not be accurate and it is likely that there will be variations, some of which may be material. The values of unrealized investments are estimated as of date indicated, are inherently uncertain and subject to change. There is no guarantee that such value will be ultimately realized by an investment or that such value reflects the actual value of the investment. These valuations are based on assumptions that Berkeley Partners believes are fair and reasonable under the circumstances. However, the uncertainties relating to the methodology and assumptions are difficult to estimate, both individually and in aggregate, given the range of factors and their complex interactions. Actual realized returns on 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 or repayment, all of which may differ from the assumptions and circumstances on which the valuations used in the performance data contained herein are based. Accordingly, due to various risks, uncertainties and changes beyond the control of Berkeley Partners, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein and there can be no assurance that these values will ultimately be realized upon disposition of investments. Investors should consider any performance information based on unrealized investments in light of these uncertainties and should bear in mind that it is not a guarantee or prediction and is not necessarily indicative of future results.

Berkeley Partners Value Industrial Fund V, L.P. – Fund Update

As of March 31, 2023

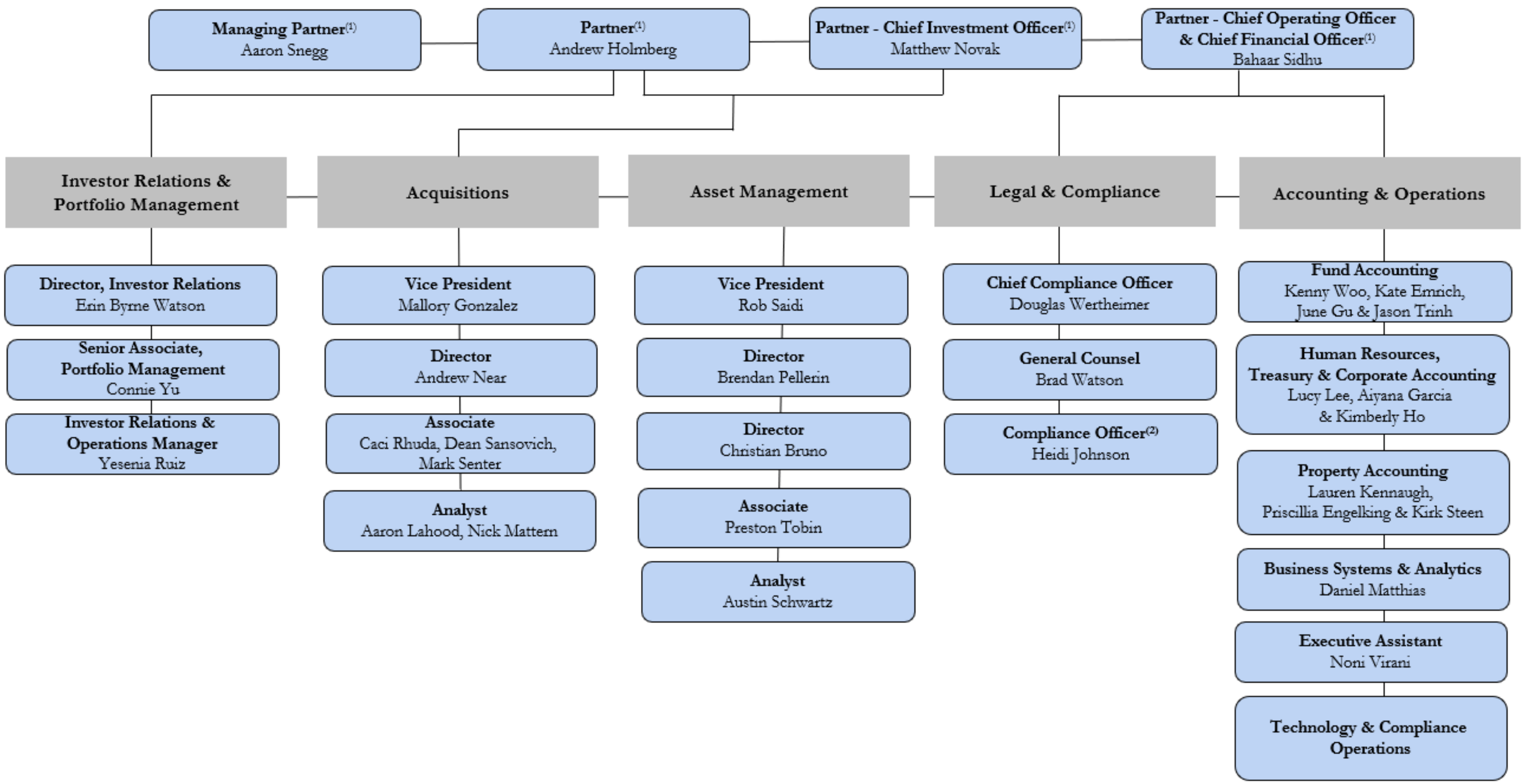
Strategy	U.S. Value Add Light Industrial
Equity Commitments	$400.0 million
Inception Date | Final Close	March 2020 | December 2020
Investment Period End	December 2024
Return Objective[(1)]	11 – 13% net IRR
Equity Called to Date	$274.4 million (68.6%)
Distributions to Date	$63.3 million
Number of Properties Acquired	53
Total Square Feet Acquired	5.0 million
Current Loan-to-Value	57%
% of Permanent Debt Fixed & Hedged	88%
Current Occupancy	94%




(1) Due to the various risks and uncertainties of investing, actual performance of the investment may differ materially from projected or target returns. The overall return target is not a guarantee nor a prediction nor projection of future performance. Please refer to disclosure on slide 4 for important information regarding target returns.

Organization Chart – Berkeley Partners

As of May 2023

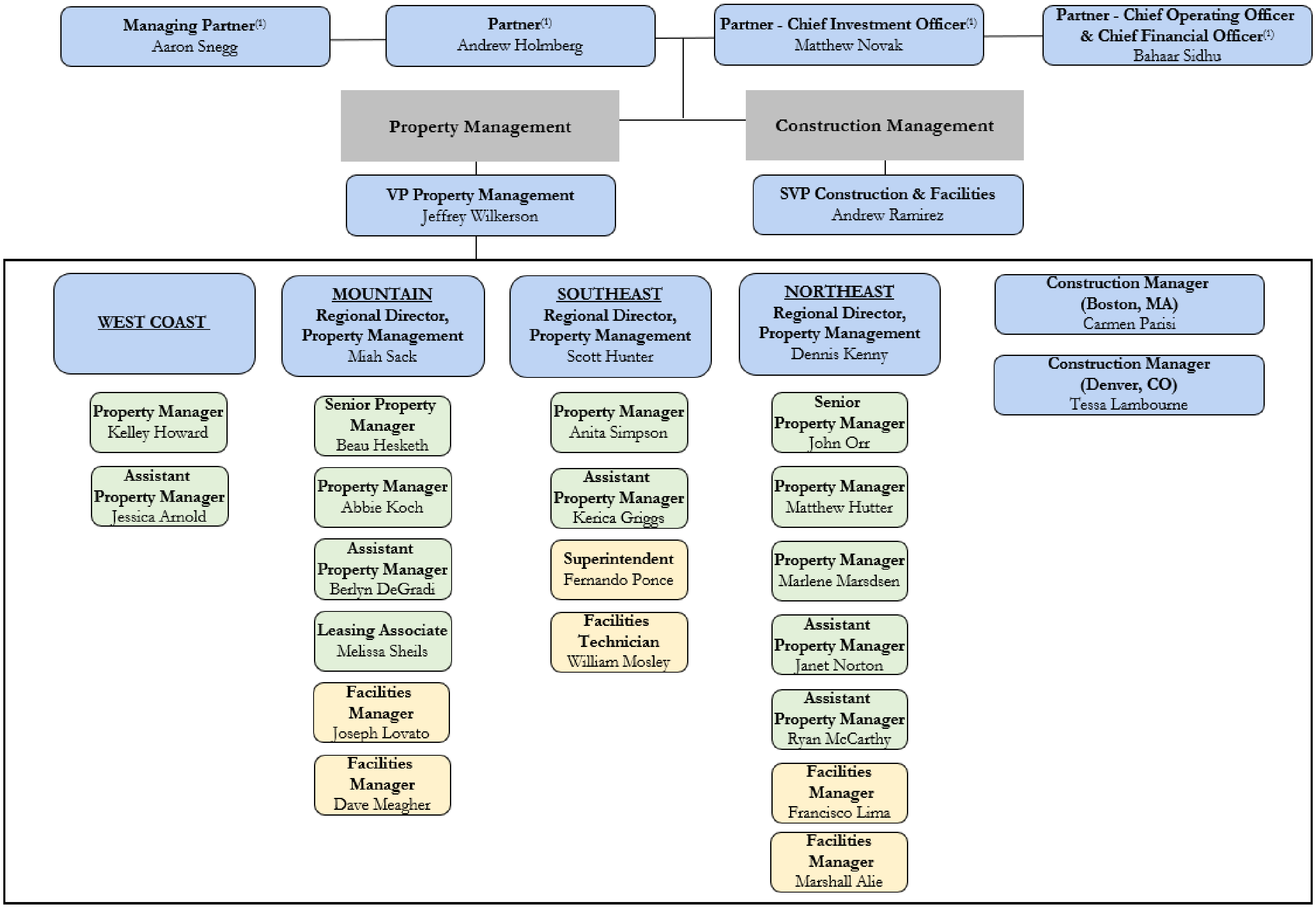


19	59	42%	53%
Investment committee average years industry experience	Total number of employees	Percentage of female employees	Percentage of female or diverse employees

(1) Investment Committee Member
(2) Consultant/Non-Full-Time Employee

Organization Chart – BP Property Management

As of May 2023



(1) Investment Committee Member

Our Process - ESG Considerations & Responsible Investing

ENVIRONMENTAL

- We seek to understand potential environmental risks associated with current and future investments
- We conduct environmental risk assessments during due diligence to understand the risk of various environmental factors(1)
- We believe minimizing energy consumption at our properties is not only the best choice for the environment, but these and similar choices may also generate value for our investors

SOCIAL

- We are committed to being responsible members of our communities in which we operate through annual volunteer events and financially supporting charities
- Berkeley Partners is a Founding Sponsor of the PREA Foundation, an organization formed to support diversity and inclusion efforts to strengthen the real estate industry

GOVERNANCE

- We maintain and regularly review and update formal Firm policies around Diversity, Equity, and Inclusion, Whistleblowing, and a Code of Ethics.
- Seek to provide timely, thorough, and transparent reporting to investors
- Uphold operational risk management framework via our Compliance Committee to understand potential conflicts and ensure regulatory compliance

(1) The Firm may decide to proceed with an acquisition regardless of findings on environmental risk assessments.

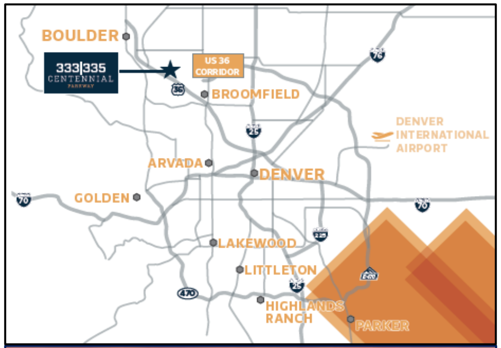
Value Creation Case Study: 333 Centennial Parkway

333-335 Centennial Parkway, Louisville, CO 80027

Acquisition Date	Jul 2020	**Purchase Price**	$49.0M / $120 PSF
Disposition Date	Dec 2022	**Invested Equity**	$16.4M
Year of Construction	1995	**Sales Price**	$69.6M / $171 PSF
SF	408,045	**Gross[(1)]/Net[(3)] IRR**	49.4% / 40.1%
Fund	Berkeley Partners Value Industrial Fund V, L.P.	**Gross[(2)]/Net[(4)] Equity Multiple**	2.5x / 2.4x

Overview

- Single story, class B, multi-tenant industrial building with excellent access and visibility totaling 408,045 SF.
- Located in northwest Denver (Louisville/Broomfield), between Boulder and Denver, the property is located at the last exit prior to Downtown Boulder. The Louisville sub-market is extremely land constrained with limited potential for new development going forward. The market attracts users that want close proximity to Boulder, but also want access to greater Denver.
- Acquired in limited marketing process from seller looking to exit asset for portfolio management reasons during a time where few managers were willing to travel to tour the asset.
- 100% occupied at acquisition with six units ranging from 40,000 SF to 112,000 SF.



Opportunity

- Going-in cap rate of 6.1% with a levered year one cash-on-cash return of approximately 10%. Opportunity to create value by either rolling two tenants to market or re-tenanting the spaces at market rates by 2025.
- $7.44 PSF NNN base rents are approximately 11% below market rents and 14% below broker rents at acquisition

Value-Add Initiatives Executed

- Executed renewal with key tenant occupying 95,000 SF during Q3 2021 ahead of lease expiration in Q1 2022 above market leasing assumptions.
- Sold the property to a core+ open-ended fund in Q4 2022.

(1) Please see endnotes on regarding methodology.

Summary of Terms

The Fund	Berkeley Partners Value Industrial Fund VI, L.P., a Delaware limited partnership, and any parallel partnerships
Target Fund Size	$400 million with $500 million hard cap
Sponsor Commitment	Berkeley Partners and/or its affiliates and employees will commit 2% of the Fund's aggregate capital commitments, up to $5 million.
Minimum Commitment	$5 million
Investment Period	4 years after the final closing
Term	10 years from the initial closing
Leverage Limit	65% at the fund-level
Preferred Return	8% compounded annually
Distributions	Distributable proceeds will be distributed as follows: (a) First, 100% to the Limited Partners until they receive their capital contributions plus an 8% preferred return; (b) Second, 100% to the Limited Partners until they have received an 8% IRR; then (c) Third, 50% to the Limited Partners and 50% to the General Partner, until the General Partner has received 20% of all net distributions; and (d) Finally, 80% to the Limited Partners and 20% to the General Partner, thereafter.
Asset Management Fee	(a) During the Investment Period, 1.5% per annum of the Capital Commitments; (b) After the Investment Period, 1.5% per annum of the Net Invested Equity
BP Services and Fees	(a) Property Management: 3% of gross revenue (minimum $3,000 per month); 4% for investments where the average unit size is less than 5,000 SF (b) Construction Management: 5% for project costs $500,000 or less; 3.5% for project costs greater than $500,000 (c) Leasing: Charged at BP's cost (d) Facilities: Charged at BP's cost (e) Legal: $350 per hour for in-house counsel for fund-related work that is not duplicative with 3rd party counsel

A full explanation of fund terms as well as affiliate fee arrangements and any associated potential conflicts of interest can be found within the partnership agreement and private placement memorandum of the Fund.

Appendix - Investment Committee Biographies

Aaron Snegg, Founding/Managing Partner. Mr. Snegg is the Managing Partner of Berkeley Partners. Since 2005, through Berkeley Partner's affiliates, he has led the acquisition of over 12.0 million SF of industrial real estate. Mr. Snegg has been instrumental in building Berkeley Partners into one of the premier institutional light industrial operators. Prior to founding Berkeley Partners, Mr. Snegg has held various officer positions at Snegg & Snegg LP, his family's real estate holding company, and Workstream Inc. Mr. Snegg holds a BA from the University of California at Berkeley.

Matthew Novak, Partner - Chief Investment Officer. Mr. Novak is a Partner at Berkeley Partners and serves as the Chief Investment Officer for Berkeley's series of industrial funds. Mr. Novak is also responsible for the Firm's overall operations, including acquisitions and asset management. Mr. Novak has over 22 years of real estate experience in asset management, acquisitions, dispositions, development, and construction. He started his career with Arthur Andersen in San Francisco in the Real Estate Valuation Group. He then spent over five years on the investment management team for National Office Partners (a partnership of CalPERS and Hines) focusing on portfolio and asset management for over $1 billion of assets. Prior to joining Berkeley in 2012, Mr. Novak worked as a developer in the Bay Area focusing on entitlements, project management, and construction of infill development projects. Mr. Novak is a member of the NAIOP, the Urban Land Institute. Mr. Novak holds a BA in Economics from Cornell University.

Andrew Holmberg, Partner. Mr. Holmberg is a Partner at Berkeley Partners. He oversees financing, acquisitions, portfolio management, investor relations and overall strategy. Previously, Mr. Holmberg worked at The Davis Companies, a Boston-based real estate investment and development company, in an investor facing role. Prior to The Davis Companies, he worked at Long Wharf Capital where he helped the company spin-out from Fidelity Investments to become an independent company. Mr. Holmberg also worked as an investment analyst at Landmark Partners, where he was involved with investing Landmark's series of discretionary funds into a variety of real estate-related opportunities globally. Mr. Holmberg is a member of the Pension Real Estate Association and the Urban Land Institute. He holds a BA in Economics from Cornell University.

Bahaar Sidhu, Partner - Chief Operating Officer & Chief Financial Officer. Ms. Sidhu is a Partner and serves as the Chief Operating Officer & Chief Financial Officer at Berkeley Partners. Ms. Sidhu has over 18 years of real estate experience in investment management. She joined Berkeley Partners in 2017 and is responsible for oversight of fund management, financial planning & analysis, reporting, compliance, treasury, human capital, technology, corporate functions and firm strategy. Prior to joining Berkeley Partners, she served as Vice President at Bank of New York Mellon in Alternative Investment Services, where she led the San Francisco practice of BNY Mellon's fund administration business. She also spent seven years at Deutsche Bank in Asset and Wealth Management providing oversight to the flagship Real Estate Investment Trust (REIT) and other investment vehicles with combined AUM of over $10 billion. She started her career at Deloitte in the Assurance practice with a diverse client base in retail, technology and financial services. Ms. Sidhu is a Certified Public Accountant (CPA) in the state of California. She holds a BS in Business Administration and an MBA both from the Haas School of Business at University of California, Berkeley.

Appendix - Management Team Biographies

Brad Watson, General Counsel. Mr. Watson serves as General Counsel at Berkeley Partners. He has over 18 years of extensive real estate experience, and has overseen and/or worked on approximately over $1 billion of acquisition, disposition, leasing and financing transactions. Mr. Watson started his career with Oakland, California-based Caldecott Properties, Inc. where he served as a top-producing real estate broker. Mr. Watson joined Berkeley Partners in January 2012 in the role of Director of Leasing & Acquisitions, and in that role and his current one, has worked on and overseen the closing of acquisition, disposition, leasing, and financing transactions across millions of square feet of industrial and commercial real estate. Mr. Watson is an active member of the State Bar of California. He holds a Bachelor of Business Administration in Legal Studies from the University of Miami and a Juris Doctorate from the University of Miami School of Law.

Andrew Ramirez, SVP of Construction. Mr. Ramirez serves as Senior Vice President of Construction at Berkeley Partners. He brings over 20 years of experience in construction management, working his way up from carpenter to CEO at West Coast Contractors of Nevada, Inc. in Reno, NV. He has overseen multi-million dollar projects throughout all stages including numerous LEED certified projects. Mr. Ramirez is OSHA/MSHA certified and a member of AGC. He holds a BA in Construction Management from Colorado State University.

Rob Saidi, VP of Asset Management. Mr. Saidi joined Berkeley Partners in December of 2010 and is now the VP of Asset Management. He is responsible for driving the business strategy for each property from acquisition to disposition by overseeing all leasing transactions and management activities for the portfolio. Prior to joining Berkeley Partners, Mr. Saidi was involved in several business ventures in real estate and construction. Mr. Saidi holds a BA in Business from San Francisco State University.

Mallory Gonzalez, VP of Acquisitions. Ms. Gonzalez serves as the Vice President of Acquisitions at Berkeley Partners and is responsible for managing the firm's acquisition activities in various target markets, including DC, Atlanta, Nashville and Florida. Previously, Ms. Gonzalez worked at Longpoint Realty Partners, where she sourced, underwrote and coordinated all aspects of due diligence as well as performed asset management functions for various retail and industrial transactions. Prior to Longpoint Realty Partners, she worked at TA Associates Realty. Ms. Gonzalez holds a Bachelor of Science in Architecture from The University of Michigan as well as an MBA from the University of Connecticut School of Business.

Jeffrey Wilkerson, VP of Property Management. Mr. Wilkerson joined Berkeley Partners as the Vice President of Property Management in October 2020 and is responsible for overseeing the regional property managers across the Firm. Prior to Berkeley Partners, Mr. Wilkerson was the Director of Operations and Project Management at Paramount Property Company, based in San Francisco. Prior to Paramount Property Company, he held roles at Clint Reilly Holdings, Snapstarter (as a co-founder, now part of Vinfotech), Standard Pacific Capital and Bloomberg. Mr. Wilkerson received a Bachelor of Arts from Dartmouth College.

Kenny Woo, VP of Accounting. Mr. Woo serves as Vice President of Accounting and is responsible for overseeing the reporting and accounting operations. Prior to joining Berkeley Partners, Mr. Woo was at Bank of New York Mellon as VP Fund Account Manager. Mr. Woo holds an MBA in Finance from the San Francisco State University and BA in Global Economics from the University of California, Santa Cruz.

Appendix - Management Team Biographies

Erin Watson, Director of Investor Relations. Ms. Watson serves as the Director of Investor Relations at Berkeley Partners and is responsible for covering existing client and consultant relationships as well as current and future fundraising efforts. Prior to joining Berkeley Partners, Ms. Watson was responsible for investor coverage at Carlson Capital, a Dallas-based hedge fund. Prior to that, Ms. Watson worked as a consultant at Deloitte and Riveron Consulting. Ms. Watson is a CFA® charterholder and holds a BBA in Finance from James Madison University.

Andrew Near, Director of Acquisitions. Mr. Near serves as Director of Acquisitions and is responsible for managing the firm's new investment activities in Texas and Colorado. Prior to joining Berkeley Partners, Mr. Near worked on the investment team of RSF Partners, a Dallas-based private equity fund. During his tenure at RSF, Mr. Near oversaw a portfolio of healthcare assets and underwrote new investments on behalf of RSF's series of discretionary real estate funds. Mr. Near holds an M.M.S. from Duke University's Fuqua School of Business and a B.A. in Economics & Commerce from Hampden-Sydney College.

Brendan Pellerin, Director of Asset Management. Brendan serves as Director of Asset Management and is responsible for overseeing the leasing, operations, property management and performance of industrial assets in the Northeast region. Prior to joining Berkeley Partners, Mr. Pellerin was at Cabot Properties, where he was responsible for asset management functions for industrial assets along the Atlantic Coast. Mr. Pellerin holds a BS in Finance from Plymouth State University.

Doug Wertheimer, Chief Compliance Officer. Mr. Wertheimer is the Chief Compliance Officer of Berkeley Partners, oversees the Firm's legal relationships and advises on strategic decisions. Mr. Wertheimer also serves as a Partner at Industry Capital. Previously, he was a successful entrepreneur with several well-known ventures in media and entertainment, consumer products and financial services. From 1999 to 2002, he was a founding executive with Size Technologies, an electronic payments sponsor acquired by First Data Corporation in 2006. From 1995 to 1999, he was a Principal in Mark Burnett Productions, where he played a critical role in the development and sale of the successful reality TV franchises "Survivor" and "Eco-Challenge". In the early 1990's Mr. Wertheimer served as Director of Business Development for early interactive television mover, Interactive Network. Mr. Wertheimer holds an AB from Princeton University and JD from the UCLA School of Law.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] May 2023

	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]			$ 3,946,772,377	100.0%	100.0%	-0.9	0.7	2.8	-0.2	6.5	5.4	7.5	Apr-90
Policy Benchmark [4]						*-0.8*	*1.2*	*5.0*	*1.4*	*6.4*	*5.7*	*7.4*	
Difference:						-0.1	-0.5	-2.2	-1.6	0.1	-0.3	0.1	
75/25 Portfolio [5]						*-1.2*	*3.1*	*6.3*	*0.0*	*6.7*	*5.9*	*6.7*	
Difference:						0.3	-2.4	-3.5	-0.2	-0.2	-0.5	0.8	
Broad Growth			$ 3,003,564,067	76.1%	76.0%	-1.1	0.8	3.1	0.4	8.6	6.2	8.1	Jan-95
Aggressive Growth Lag[2]			$ 385,242,540	9.8%	10.0%	0.2	0.2	0.2	6.3	18.9	14.7	-2.0	Feb-05
Aggressive Growth Blend [6]						*-4.4*	*2.6*	*2.6*	*-4.4*	*9.3*	*9.7*	*0.0*	
Difference:						4.6	-2.4	-2.4	10.7	9.6	5.0	-2.0	
BlackRock Global Energy&Power Lag[3]	*$50,000*	*Global Infrastructure*	$ 44,261,035	1.1%		-3.5	-3.5	-3.5	3.7	5.6	--	8.4	Jul-19
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*--*	*9.2*	
Difference:						0.2	-13.9	-13.9	20.0	-1.0	--	-0.8	
Ocean Avenue II Lag[3]	*$40,000*	*PE Buyout FOF*	$ 37,682,566	1.0%		-4.5	-4.5	-4.5	12.0	39.2	26.6	18.2	May-13
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*8.0*	*-12.1*	
Difference:						-0.8	-14.9	-14.9	28.3	32.6	18.6	30.3	
Lightspeed Venture Ptr Select V Lag[3]	*$40,000*	*Growth-Stage VC*	$ 9,606,757	0.2%		-1.3	-1.3	-1.3	--	--	--	--	Jun-22
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*--*	*--*	*--*	*--*	
Difference:						2.4	-11.7	-11.7	--	--	--	--	
Long Arc Capital Fund Lag[3]	*$25,000*	*Growth-Stage VC*	$ 19,753,658	0.5%		--	--	--	--	--	--	--	Apr-23
MSCI ACWI +2% Lag						*--*	*--*	*--*	*--*	*--*	*--*	*--*	
Difference:						--	--	--	--	--	--	--	
Ocean Avenue III Lag[3]	*$50,000*	*PE Buyout FOF*	$ 52,236,036	1.3%		2.9	2.9	2.9	16.9	26.3	25.8	25.3	Apr-16
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*8.0*	*8.3*	
Difference:						6.6	-7.5	-7.5	33.2	19.7	17.8	17.0	
Ocean Avenue IV Lag[3]	*$50,000*	*PE Buyout*	$ 56,728,463	1.4%		9.7	9.7	9.7	42.1	35.5	--	39.4	Dec-19
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*--*	*9.6*	
Difference:						13.4	-0.7	-0.7	58.4	28.9	--	29.8	
Morgan Creek III Lag[3]	*$10,000*	*Multi-Strat FOF*	$ 3,589,696	0.1%		-9.0	-9.0	-9.0	-19.4	-12.8	-11.0	-5.8	Feb-15
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*8.0*	*8.4*	
Difference:						3.7	-10.4	-10.4	4.4	-17.4	-18.1	-14.2	
Morgan Creek V Lag[3]	*$12,000*	*Multi-Strat FOF*	$ 7,744,302	0.2%		11.0	11.0	11.0	10.0	14.8	13.3	12.8	Jun-13
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*8.0*	*8.5*	
Difference:						3.7	-10.4	-10.4	15.4	4.3	3.0	4.3	
Morgan Creek VI Lag[3]	*$20,000*	*Multi-Strat FOF*	$ 23,243,098	0.6%		-1.9	-1.9	-1.9	-11.7	17.1	15.7	9.6	Feb-15
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*6.6*	*8.0*	*8.4*	
Difference:						3.7	-10.4	-10.4	6.3	11.2	8.2	1.6	
Ridgemont Equity Partners Lag[3]	*$50,000*	*Special Situations PE*	$ 3,879,531	0.1%		--	--	--	--	--	--	--	Apr-23
MSCI ACWI +2% Lag						*--*	*--*	*--*	*--*	*--*	*--*	*--*	
Difference:						--	--	--	--	--	--	--	
Stellex Capital Partners II Lag[3]	*$50,000*	*Special Situations PE*	$ 30,749,246	0.8%		-1.3	-1.3	-1.3	21.2	--	--	0.1	Jul-21
MSCI ACWI +2% Lag						*-3.7*	*10.4*	*10.4*	*-16.3*	*--*	*--*	*-4.7*	
Difference:						2.4	-11.7	-11.7	37.5	--	--	4.8	
Non-Core Private Real Assets Lag[3]	*$341,100*	*Private Real Estate*	$ 95,768,152	2.4%		-2.3	-2.3	-2.3	-9.5	8.8	6.6	-2.5	Nov-04
NCREIF ODCE + 1% Lag Blend						*-5.1*	*-4.9*	*-4.9*	*7.6*	*10.0*	*8.8*	*8.8*	
Difference:						2.8	2.6	2.6	-17.1	-1.2	-2.2	-11.3	

[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 3/31/23, and lagged 1 quarter.

[3] Manager returns are as of 3/31/23, and lagged 1 quarter. Since Inception date reflects one quarter lag.

[4] 8/1/22 to present benchmark is 33**%** MSCI ACWI IMI, 9**%** BB Aggregate Bond Index, **16%** *50%* BB High Yield/*50%* S&P Leveraged Loans, 7% NCREIF ODCE +1% lag; **10%** T-Bill +4%, **10%** MSCI ACWI +2% Lag, **15%** CRO Custom Benchmark. Prior to 8/1/22 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.

[6] 1/1/2021 to present **50%** MSCI ACWI +2%,**50%** NCREIF ODCE +1%

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] May 2023

	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			$ 27,383,483	0.5%									
Greenfield V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 216,175	0.0%		-1.2	-1.2	-1.2	-2.0	-10.7	-7.5	-3.0	Jul-08
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*13.5*	
Difference:						3.0	3.0	3.0	-12.8	-24.0	-19.5	-16.5	
Greenfield VI[3]	*$20,000*	*Opportunistic Pvt. RE*	$ 23,599	0.0%		-20.3	-20.3	-20.3	-33.2	-36.0	-35.5	-15.2	Apr-12
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*14.3*	
Difference:						-16.1	-16.1	-16.1	-44.0	-49.3	-47.5	-29.5	
Greenfield VII[3]	*$19,100*	*Opportunistic Pvt. RE*	$ 2,314,538	0.1%		-11.1	-11.1	-11.1	-2.1	10.2	11.5	12.2	Oct-14
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*13.9*	
Difference:						-6.9	-6.9	-6.9	-12.9	-3.1	-0.5	-1.7	
Grandview[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 17,382,607	0.4%		4.8	4.8	4.8	-0.4	21.9	--	19.8	Apr-18
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*--*	*12.0*	
Difference:						9.0	9.0	9.0	-11.2	8.6	--	7.8	
Walton Street V[3]	*$30,000*	*Opportunistic Pvt. RE*	$ 1,047,788	0.0%		43.5	43.5	43.5	-28.1	-16.3	-17.0	-6.3	Nov-06
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*10.4*	
Difference:						47.7	47.7	47.7	-38.9	-29.6	-29.0	-16.7	
Walton Street VI[3]	*$15,000*	*Opportunistic Pvt. RE*	$ 6,398,776	0.2%		5.3	5.3	5.3	14.3	6.7	4.8	8.2	Jul-09
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*12.1*	
Difference:						9.5	9.5	9.5	3.5	-6.6	-7.2	-3.9	
Value-Added Private Real Estate			$ 72,334,149	1.8%									
AG Core Plus IV[3]	*$20,000*	*Value-Added Pvt. RE*	$ 9,907,015	0.3%		-10.6	-10.6	-10.6	-15.9	0.8	4.5	2.9	Sep-15
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*12.5*	
Difference:						-6.4	-6.4	-6.4	-26.7	-12.5	-7.5	-9.6	
Almanac Realty VI[3]	*$30,000*	*Value-Added Pvt. RE*	$ 4,090,987	0.1%		2.2	2.2	2.2	-1.2	-8.4	-5.5	19.5	Feb-13
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*12.0*	*13.5*	
Difference:						6.4	6.4	6.4	-12.0	-21.7	-17.5	6.0	
Berkeley Partners Fund V, LP	*$40,000*	*Value-Added Pvt. RE*	$ 29,895,103	0.8%		-4.5	-4.5	-4.5	4.6	--	--	21.4	Aug-20
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*--*	*--*	*16.9*	
Difference:						-0.3	-0.3	-0.3	-6.2	--	--	4.5	
Stockbridge RE III[3]	*$45,000*	*Value-Added Pvt. RE*	$ 28,441,044	0.7%		1.1	1.1	1.1	8.1	21.3	--	12.9	Jul-18
NCREIF ODCE + 1% Lag Blend						*-4.2*	*-4.2*	*-4.2*	*10.8*	*13.3*	*--*	*12.0*	
Difference:						5.3	5.3	5.3	-2.7	8.0	--	0.9	
Traditional Growth[2]			$ 1,414,021,253	35.8%	33.0%	-1.3	2.9	7.2	0.7	10.0	5.5	8.7	Jan-95
MSCI ACWI IMI Net						*-1.2*	*2.5*	*7.0*	*0.3*	*10.0*	*7.1*	*7.5*	
Difference:						-0.1	0.4	0.2	0.4	0.0	-1.6	1.2	
Global Equity			$ 1,372,432,433	34.8%									
Northern Trust MSCI World IMI		*All Cap Global*	$ 1,232,026,554	31.2%		-1.2	3.0	7.8	1.8	--	--	6.9	Sep-20
MSCI World IMI Net						*-1.2*	*2.8*	*7.7*	*1.3*	*--*	*--*	*6.4*	
Difference:						0.0	0.2	0.1	0.5	--	--	0.5	
Emerging Markets			$ 140,402,819										
GQG Active Emerging Markets		*Emerging Markets*	$ 60,293,627	1.5%		0.2	7.0	8.0	-4.6	--	--	-0.2	Aug-20
MSCI Emerging Markets Index Net						*-1.7*	*0.2*	*1.1*	*-8.5*	*--*	*--*	*-1.9*	
Difference:						1.9	6.8	6.9	3.9	--	--	1.7	
PIMCO RAE Fundamental Emerging Markets		*Emerging Markets*	$ 80,109,192	2.0%		-1.7	4.8	5.4	1.5	14.8	2.6	4.6	Apr-07
MSCI Emerging Markets Index Net						*-1.7*	*0.2*	*1.1*	*-8.5*	*3.5*	*-0.7*	*2.6*	
Difference:						0.0	4.6	4.3	10.0	11.3	3.3	2.0	
REITS			$ 41,588,820	1.1%									
Invesco All Equity REIT		*Core US REIT*	$ 41,588,820	1.1%		-4.5	-4.8	-1.4	-14.3	4.2	3.6	7.4	Aug-04
FTSE NAREIT Equity Index						*-3.2*	*-4.9*	*0.2*	*-12.1*	*8.2*	*4.4*	*7.1*	
Difference:						-1.3	0.1	-1.6	-2.2	-4.0	-0.8	0.3	

[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 3/31/22, 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] May 2023

	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			$ 1,204,300,274	30.5%	33.0%	-1.1	-1.3	-0.5	-1.6	4.5	4.8	3.7	Jan-05
Risk Parity			$ 366,596,360	9.3%		-3.5	1.1	2.4	-11.3	-0.3	1.3	3.0	
T-Bill +4%						*0.7*	*2.1*	*3.5*	*7.3*	*5.2*	*5.5*	*4.7*	
Difference:						-4.2	-1.0	-1.1	-18.6	-5.5	-4.2	-1.7	
Bridgewater All Weather		*Risk Parity*	$ 188,381,021	4.8%		-3.5	1.7	3.4	-8.3	1.1	1.7	3.3	Mar-12
T-Bill +4%						*0.7*	*2.1*	*3.5*	*7.3*	*5.2*	*5.5*	*4.9*	
Difference:						-4.2	-0.4	-0.1	-15.6	-4.1	-3.8	-1.6	
PanAgora Diversified Risk Multi-Asset		*Risk Parity*	$ 178,215,339	4.5%		-3.5	0.4	1.3	-14.3	-1.6	0.8	3.0	Apr-16
T-Bill +4%						*0.7*	*2.1*	*3.5*	*7.3*	*5.2*	*5.5*	*5.3*	
Difference:						-4.2	-1.7	-2.2	-21.6	-6.8	-4.7	-2.3	
Liquid Credit			$ 230,317,777	5.8%		-0.3	0.2	2.4	2.8	2.9	2.1	1.9	
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*-0.6*	*1.0*	*3.9*	*3.0*	*4.5*	*3.4*	*5.3*	
Difference:						0.3	-0.8	-1.5	-0.2	-1.6	-1.3	-3.4	
Neuberger Berman		*Global Credit*	$ 98,257,311	2.5%		-0.6	0.5	2.6	0.6	1.5	--	1.5	Feb-19
33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Glbl Div.						*-0.6*	*1.0*	*3.2*	*1.5*	*2.1*	*--*	*1.9*	
Difference:						0.0	-0.5	-0.6	-0.9	-0.6	--	-0.4	
Stone Harbor Absolute Return		*Absolute Return*	$ 132,060,466	3.3%		0.0	0.0	2.3	4.5	4.0	2.6	2.7	Oct-06
3-Month Libor Total Return						*0.4*	*1.2*	*1.9*	*3.2*	*1.2*	*1.7*	*1.5*	
Difference:						-0.4	-1.2	0.4	1.3	2.8	0.9	1.2	
Private Credit Lag[2]			$ 369,292,010	9.4%		-2.1	-2.1	-2.1	0.0	4.2	3.6	3.5	
50% BB High Yield, 50% S&P/LSTA Leveraged Loans						*-0.1*	*3.4*	*3.4*	*-6.0*	*1.3*	*2.8*	*5.2*	
Difference:						-2.0	-5.5	-5.5	6.0	2.9	0.8	-1.7	
BlackRock Direct Lending Lag[3]	*$100,000*	*Direct Lending*	$ 88,584,831	2.2%		-4.2	-4.2	-4.2	-1.5	---	---	5.5	May-20
S&P/LSTA Leveraged Loans +3% Blend [5]						*0.7*	*3.4*	*3.4*	*2.2*	*---*	*---*	*11.1*	
Difference:						-4.9	-7.6	-7.6	-3.7	---	---	-5.6	
Mesa West RE Income IV Lag[3]	*$75,000*	*Comm. Mortgage*	$ 37,723,245	1.0%		-1.3	-1.3	-1.3	-1.9	4.6	6.0	6.0	Mar-17
S&P/LSTA Leveraged Loans +3% Blend [4]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	*7.7*	*7.9*	
Difference:						-2.0	-4.7	-4.7	-4.1	-3.0	-1.7	-1.9	
Crestline Opportunity II Lag[3]	*$45,000*	*Opportunistic*	$ 13,111,344	0.3%		-8.7	-8.7	-8.7	-15.9	-2.3	-1.9	2.8	Nov-13
S&P/LSTA Leveraged Loans +3% Blend [4]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	*7.7*	*8.3*	
Difference:						-9.4	-12.1	-12.1	-18.1	-9.9	-9.6	-5.5	
Davidson Kempner Distr Opp V Lag[3]	*$50,000*	*Opportunistic*	$ 49,472,980	0.0%		-0.3	-0.3	-0.3	-0.6	--	--	19.7	Oct-20
S&P/LSTA Leveraged Loans +3% Blend [4]						*0.7*	*3.4*	*3.4*	*2.2*	*--*	*--*	*7.8*	
Difference:						-1.0	-3.7	-3.7	-2.8	--	--	11.9	
Oaktree Lag[3]	*$50,000*	*Leveraged Direct*	$ 29,989,431	0.8%		-4.6	-4.6	-4.6	1.8	11.7	--	9.6	Mar-18
S&P/LSTA Leveraged Loans +3% Blend [6]						*0.7*	*3.4*	*3.4*	*2.2*	*6.7*	*--*	*7.9*	
Difference:						-5.3	-8.0	-8.0	-0.4	5.0	--	1.7	
HPS EU Asset Value II Lag[3]	*$50,000*	*Direct Lending*	$ 26,213,395	0.7%		2.6	2.6	2.6	9.8	--	--	4.4	Aug-20
S&P/LSTA Leveraged Loans +3% Blend [4]						*0.7*	*3.4*	*3.4*	*2.2*	*--*	*--*	*7.9*	
Difference:						1.9	-0.8	-0.8	7.6	--	--	-3.5	
Raven Opportunity III Lag[3]	*$50,000*	*Direct Lending*	$ 56,961,866	1.4%		-2.5	-2.5	-2.5	6.9	7.4	8.3	4.4	Nov-15
S&P/LSTA Leveraged Loans +3% Blend [4]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	*7.7*	*8.1*	
Difference:						-3.2	-5.9	-5.9	4.7	-0.2	0.6	-3.7	

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[2] Total class returns are as of 3/31/23, and lagged 1 quarter.

[3] Manager returns are as of 3/31/23, and lagged 1 quarter. Since Inception date reflects one quarter lag.

[4] 9% Annual until 6/30/2018; CPI +6% Annual 7/1/2018 - 3/31/2022; S&P/LSTA Leveraged Loans +3% thereafter.

[5] 50% Bloomberg 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] May 2023

	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[2]	*$50,000*	*Direct Lending*	$ 4,378,784	0.1%		0.0	0.0	0.0	0.0	-7.0	-9.4	-2.1	Jul-12
S&P/LSTA Leveraged Loans +3% Blend[3]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	*7.7*	*8.4*	
Difference:						-0.7	-3.4	-3.4	-2.2	-14.6	-17.1	-10.5	
White Oak Summit Peer Fund Lag[2]	*$50,000*	*Direct Lending*	$ 24,687,880	0.6%		0.7	0.7	0.7	-10.2	-2.0	1.6	3.4	Mar-16
S&P/LSTA Leveraged Loans +3% Blend[3]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	*7.7*	*7.5*	
Difference:						0.0	-2.7	-2.7	-12.4	-9.6	-6.1	-4.1	
White Oak Yield Spectrum Master V Lag[2]	*$50,000*	*Direct Lending*	$ 38,168,254	1.0%		-3.7	-3.7	-3.7	-1.6	2.3	--	-0.3	Mar-20
S&P/LSTA Leveraged Loans +3% Blend[3]						*0.7*	*3.4*	*3.4*	*2.2*	*7.6*	--	*7.5*	
Difference:						-0.7	-3.4	-3.4	-0.1	-4.0	--	-6.6	
Core Private Real Estate Lag			$ 238,094,127	6.0%									
Principal US[2]	*$25,000*	*Core Pvt. RE*	$ 43,794,434	1.1%		-6.2	-6.2	-6.2	4.1	8.7	8.0	8.6	Jan-16
NCREIF ODCE + 1% Lag Blend						*5.5*	*5.5*	*33.2*	*33.2*	*16.1*	*13.9*	*12.1*	
Difference:						-11.7	-11.7	-39.4	-29.1	-7.4	-5.9	-3.5	
Prologis Logistics[2]	*$35,000*	*Core Pvt. RE*	$ 131,265,133	3.3%		-5.1	-5.1	-5.1	12.4	22.4	20.1	13.0	Dec-07
NCREIF ODCE + 1% Lag Blend						*5.5*	*5.5*	*33.2*	*33.2*	*16.1*	*13.9*	*9.7*	
Difference:						-10.6	-10.6	-38.3	-20.8	6.3	6.2	3.3	
RREEF America II[2]	*$45,000*	*Core Pvt. RE*	$ 63,457,827	1.6%		-3.7	-3.7	-3.7	7.6	10.6	9.1	9.1	Jul-16
NCREIF ODCE + 1% Lag Blend						*5.5*	*5.5*	*33.2*	*33.2*	*16.1*	*13.9*	*11.8*	
Difference:						-9.2	-9.2	-36.9	-25.6	-5.5	-4.8	-2.7	
Diversifying Strategies			$ 766,250,901	19.4%	24.0%	-0.1	-0.3	1.0	-2.7	0.2	2.8	6.1	Oct-90
Principal Protection			$ 292,334,152	7.4%	9.0%	-0.9	1.8	2.8	-0.9	-1.9	0.9	5.8	Oct-90
BB Aggregate Bond Index						*-1.1*	*2.0*	*2.5*	*-2.1*	*-3.6*	*0.8*	*5.3*	
Difference:						0.2	-0.2	0.3	1.2	1.7	0.1	0.5	
Dodge & Cox		*Core Fixed Income*	$ 199,565,710	5.1%		-0.8	1.7	2.8	-0.5	-1.3	2.1	6.5	Oct-90
BB Aggregate Bond Index						*-1.1*	*2.0*	*2.5*	*-2.1*	*-3.6*	*0.8*	*5.3*	
Difference:						0.3	-0.3	0.3	1.6	2.3	1.3	1.2	
Loomis Sayles		*Core Fixed Income*	$ 92,768,442	2.4%		-1.0	2.0	2.9	-2.0	--	--	-4.1	Mar-22
BB Aggregate Bond Index						*-1.1*	*2.0*	*2.5*	*-2.1*	--	--	*-4.5*	
Difference:						0.1	0.0	0.4	0.1	--	--	0.4	

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[3] 9% Annual until 6/30/2018; CPI +6% Annual 7/1/2018 - 3/31/2022; S&P/LSTA Leveraged Loans +3% thereafter.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)[1] May 2023

	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			$ 473,916,749	12.0%	15.0%	0.3	-1.5	-0.2	-3.8	1.8	4.2	6.3	Jan-05
CRO Custom Benchmark [2]						*-0.5*	*0.4*	*1.6*	*-1.2*	*1.0*	*3.9*	*4.8*	
Difference:						0.8	-1.9	-1.8	-2.6	0.8	0.3	1.5	
Long Duration			$ 116,855,488	3.0%		-2.8	2.6	4.5	-7.1	-11.2	-0.6	-0.8	
BB US Long Duration Treasuries						*-2.8*	*2.3*	*3.7*	*-8.2*	*-12.0*	*-0.8*	*-0.8*	
Difference:						0.0	0.3	0.8	1.1	0.8	0.2	0.0	
Dodge & Cox Long Duration		*Long Duration*	$ 116,855,488	3.0%		-2.8	2.6	4.5	-7.1	-11.2	-0.6	-0.8	Feb-16
BB US Long Duration Treasuries						*-2.8*	*2.3*	*3.7*	*-8.2*	*-12.0*	*-0.8*	*-0.8*	
Difference:						0.0	0.3	0.8	1.1	0.8	0.2	0.0	
Systematic Trend Following			$ 237,837,412	6.0%		1.3	-1.7	-1.4	-4.8	14.9	8.4	8.9	
BTOP50 Index						*0.9*	*-2.6*	*-1.4*	*-1.6*	*10.2*	*6.8*	*5.0*	
Difference:						0.4	0.9	0.0	-3.2	4.7	1.6	3.9	
Mt. Lucas Managed Futures - Cash		*Systematic Trend Following*	$ 122,919,040	3.1%		1.0	3.4	0.3	-6.7	16.7	8.7	8.5	Jan-05
BTOP50 Index						*0.9*	*-2.6*	*-1.4*	*-1.6*	*10.2*	*6.8*	*5.0*	
Difference:						0.1	6.0	1.7	-5.1	6.5	1.9	3.5	
Graham Tactical Trend		*Systematic Trend Following*	$ 114,918,372	2.9%		1.7	-6.5	-3.1	-2.7	13.1	8.0	4.2	Apr-16
SG Trend Index						*3.9*	*-1.4*	*-0.9*	*0.3*	*13.2*	*9.6*	*5.2*	
Difference:						-2.2	-5.1	-2.2	-3.0	-0.1	-1.6	-1.0	
Alternative Risk Premia			$ 119,223,849	3.0%		1.5	-5.0	-2.5	-0.9	-1.7	1.5	7.2	
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*6.2*	
Difference:						1.1	-6.2	-4.6	-5.9	-6.7	-3.5	1.0	
AQR Style Premia		*Alternative Risk Premia*	$ 52,367,119	1.3%		-6.4	-11.9	-5.0	-10.5	12.1	-1.9	-0.2	May-16
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						-6.8	-13.1	-7.1	-15.5	7.1	-6.9	-5.2	
PE Diversified Global Macro		*Alternative Risk Premia*	$ 66,856,730	1.7%		8.7	1.2	-0.5	14.4	-3.1	4.8	3.0	Jun-16
5% Annual						*0.4*	*1.2*	*2.1*	*5.0*	*5.0*	*5.0*	*5.0*	
Difference:						8.3	0.0	-2.6	9.4	-8.1	-0.2	-2.0	
Cash[3]			$ 146,615,521	3.7%	0.0%	0.4	0.9	1.4	2.9	1.0	1.2	2.3	Sep-94
US T-Bills						*0.4*	*1.1*	*1.8*	*3.1*	*1.1*	*1.5*	*2.3*	
Difference:						0.0	-0.2	-0.4	-0.2	-0.1	-0.3	0.0	
Northern Trust STIF		*Collective Govt. Short Term*	$ 117,810,004	3.0%		0.4	1.1	1.7	2.9	1.0	1.2	2.5	Jan-95
US T-Bills						0.4	1.1	1.8	3.1	1.1	1.5	*2.3*	
Difference:						0.0	0.0	-0.1	-0.2	-0.1	-0.3	0.2	
Parametric Overlay[4]		*Cash Overlay*	$ 30,341,888	0.8%		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.

MEKETA | 45
CELEBRATING A MILESTONE | YEARS

Economic and Market Update

May 2023 Report

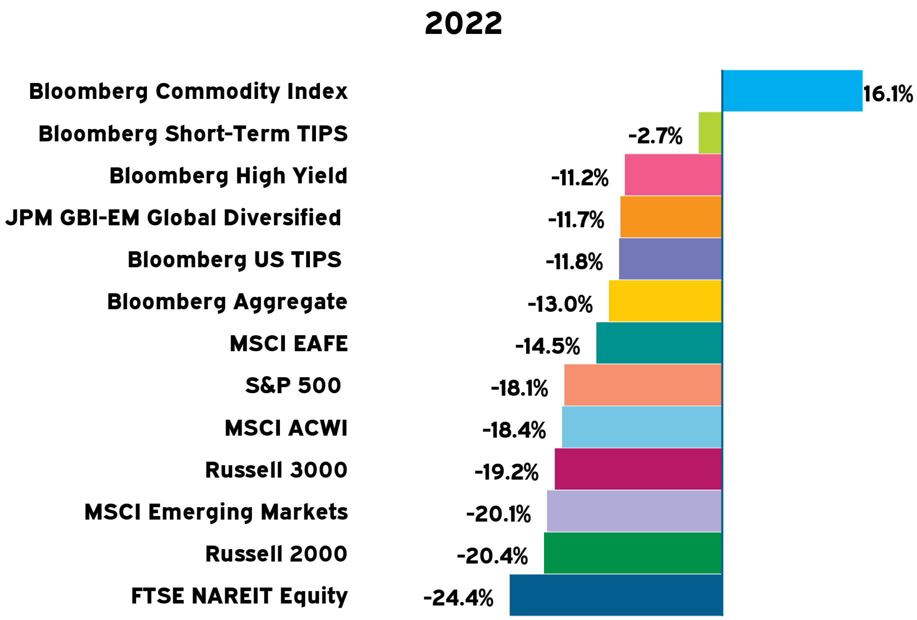
Commentary

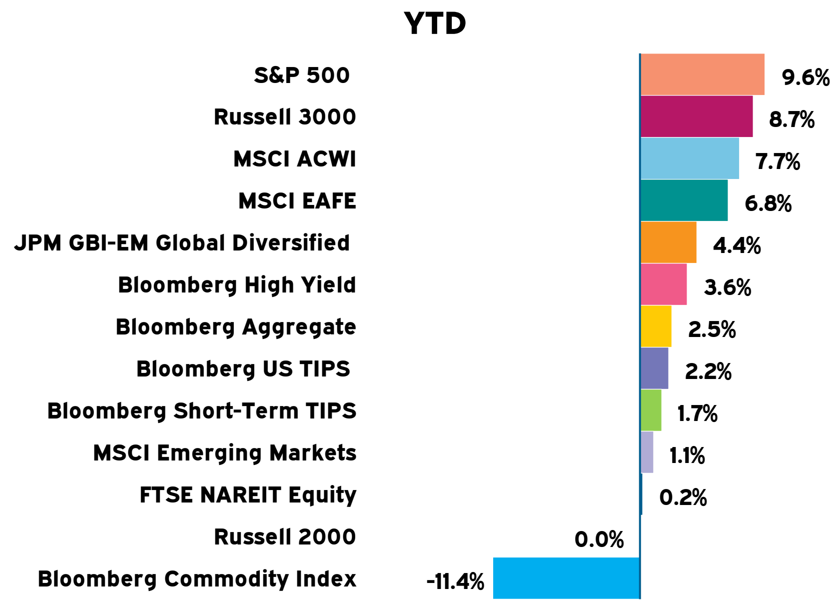
→ Asset returns were mixed in May with US stocks posting modest gains, while non-US equity markets and fixed income declined. Except for commodities, most public market asset classes remain up for the year.

- Debt ceiling issues continued to hang over the markets in May particularly weighing on short-term interest rates. Shortly after the end of the month a deal was reached.
- In May, the Fed increased interest rates for the tenth time, to a range of 5.0% - 5.25%. They decided to hold rates steady at the June meeting but hinted that further rate hikes could come at upcoming meetings.
- US equity markets (Russell 3000) rose in May (+0.4%) adding to YTD gains (+8.7%). Some of the largest technology names drove positive results. Growth stocks continued to outpace value stocks, particularly in the large cap space.
- Non-US developed equity markets declined in May (MSCI EAFE -4.2%) falling behind US equities in 2023 (+6.8% versus +8.7%). A strengthening US dollar weighed on results, as declines in local currency terms were better, at -1.6%.
- Emerging market equities fell in May (-1.7%) driven by declines in China (-8.4%). They significantly trail developed market equities YTD returning +1.1%, due partly to higher US-China tensions.
- Rates generally rose in May leading to bond markets declining, with the broad US bond market (Bloomberg Aggregate) falling 1.1% for the month. It remains positive (+2.5%) year-to-date, though, on declining inflation and expectations for the Fed to end their rate hikes soon.

→ This year, the paths of inflation and monetary policy, slowing global growth and the war in Ukraine will all be key.

Index Returns[1]





→ After a particularly difficult 2022, most public market assets are up thus far in 2023, building on gains from the fourth quarter of last year.

→ Risk sentiment has been supported by expectations that policy tightening could be ending soon, as inflation continues to fall, and growth has slowed.

[1] Source: Bloomberg and FactSet. Data is as of May 31, 2023.

Domestic Equity Returns[1]

Domestic Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	0.4	7.5	9.6	2.9	12.9	11.0	12.0
Russell 3000	0.4	7.2	8.7	2.0	12.2	10.1	11.4
Russell 1000	0.5	7.5	9.3	2.4	12.4	10.6	11.7
Russell 1000 Growth	4.6	14.4	20.8	9.5	12.8	13.8	14.8
Russell 1000 Value	-3.9	1.0	-1.4	-4.5	11.6	6.8	8.4
Russell MidCap	-2.8	4.1	0.6	-4.5	10.2	6.9	9.3
Russell MidCap Growth	0.1	9.1	7.6	5.8	5.8	8.2	10.6
Russell MidCap Value	-4.4	1.3	-3.2	-9.5	12.3	5.2	8.0
Russell 2000	-0.9	2.7	0.0	-4.7	9.2	2.7	7.4
Russell 2000 Growth	0.0	6.1	4.9	2.7	4.6	2.7	7.9
Russell 2000 Value	-2.0	-0.7	-5.0	-11.5	13.6	2.1	6.4

US Equities: Russell 3000 Index rose 0.4% in May and 8.7% YTD.

→ US stocks rose slightly in May, as equity investors navigated Fed policy expectations and the debt ceiling debate, bringing year-to-date gains just shy of 9.0%.

→ There was wide disparity in equity sector returns for the month, with artificial intelligence optimism fueling large gains in the technology sector and concerns over potentially weaker demand weighing on energy and materials.

→ Large cap stocks continue to outperform small cap stocks. This dynamic has been driven by the heavily weighted growth names in the large cap index. Growth stocks also continue to outperform value stocks, which, in the small cap space, has been led by the outperformance of semiconductor-related stocks.

[1] Source: Bloomberg. Data is as of May 31, 2023.

Foreign Equity Returns[1]

Foreign Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-3.6	6.9	4.8	-1.4	7.2	2.2	3.8
MSCI EAFE	-4.2	8.5	6.8	3.1	8.5	3.2	4.6
MSCI EAFE (Local Currency)	-1.6	7.5	8.2	6.2	11.4	5.6	6.9
MSCI EAFE Small Cap	-4.2	4.9	2.6	-4.7	5.2	0.3	5.5
MSCI Emerging Markets	-1.7	4.0	1.1	-8.5	3.5	-0.7	1.9
MSCI Emerging Markets (Local Currency)	-1.0	3.8	2.0	-4.7	4.9	1.8	4.8
MSCI China	-8.4	4.7	-9.1	-14.7	-8.8	-7.0	1.9

Foreign Equity: Developed international equities (MSCI EAFE) fell 4.2% in May bringing the YTD results down to +6.8%. Emerging market equities (MSCI EM) also declined 1.7%. for the month, dropping the YTD results to +1.1%.

→ As US equities rose in May, non-US equities fell. This led to developed markets (MSCI EAFE) now trailing US equities for the year (6.8% versus 8.7%) and the gap between US and emerging market equities (MSCI Emerging Markets) widening (2.6% versus 8.7%).

→ Euro and UK equity markets were weak after both the ECB and the Bank of England delivered rate hikes in May and continued to signal further tightening. Equities in Japan continued strong though, as investors remain optimistic that Japan may finally emerge from decades of stagflation. A strengthening US dollar also depressed results in developed market equities.

→ China continued to weigh on emerging market equities, declining 8.4% in May, as the recovery showed signs of slowing and economic data came in weak including retail sales, industrial production, and exports.

[1] Source: Bloomberg. Data is as of May 31, 2023.

Fixed Income Returns[1]

Fixed Income	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-1.0	2.9	2.5	-1.9	-3.1	1.0	1.6	5.0	6.3
Bloomberg Aggregate	-1.1	3.0	2.5	-2.1	-3.6	0.8	1.4	4.6	6.5
Bloomberg US TIPS	-1.2	3.3	2.2	-4.2	0.4	2.6	1.7	4.3	6.9
Bloomberg Short-term TIPS	-0.7	2.2	1.7	-1.2	2.7	2.8	1.6	4.9	2.6
Bloomberg High Yield	-0.9	3.6	3.6	0.0	2.9	3.1	4.0	8.8	4.1
JPM GBI-EM Global Diversified (USD)	-1.6	5.2	4.4	3.1	-2.3	-0.9	-1.3	6.9	5.0

Fixed Income: The Bloomberg Universal declined 1.0% in May as global sovereign debt yields generally rose. Bonds retained a positive start to the year (+2.5% YTD) though as inflation continues to decline.

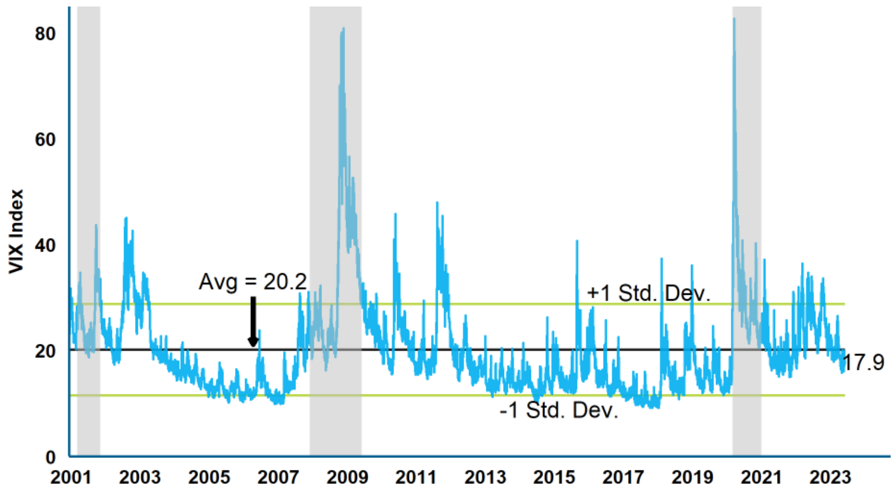
→ Market uncertainty resumed in May, leading to fixed income declines as the debt ceiling deadline loomed and better-than-expected employment data pushed up policy rate expectations.

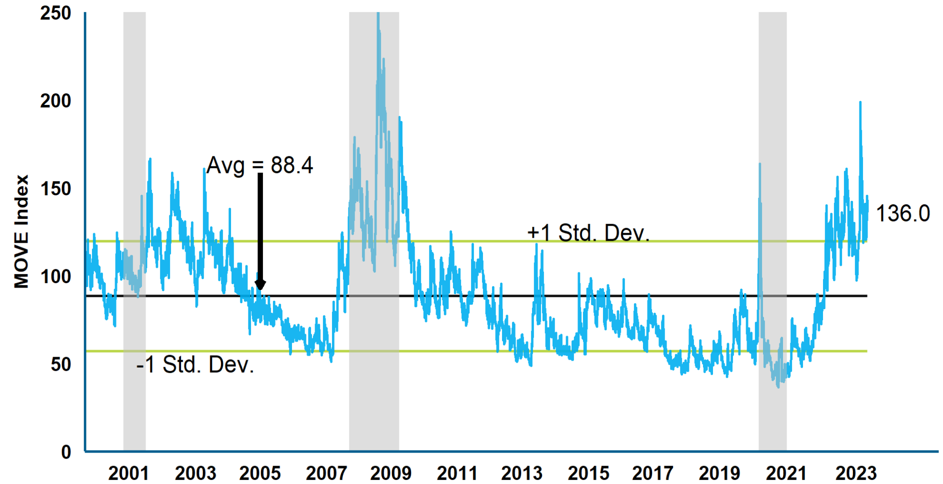
→ The TIPS index and the short-term TIPS index posted negative returns for the month with the short-term TIPS index outperforming the overall US bond market (Bloomberg Aggregate) and the broader TIPS index slightly trailing.

→ High yield bonds (-0.9%) sold off in May but also outperformed the broad US bond market (Bloomberg Aggregate). Emerging market bonds (-1.6%) were the worst performers for the month.

[1] Source: Bloomberg. JPM GBI-EM data is from InvestorForce. Data is as of May 31, 2023. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.

Equity and Fixed Income Volatility[1]



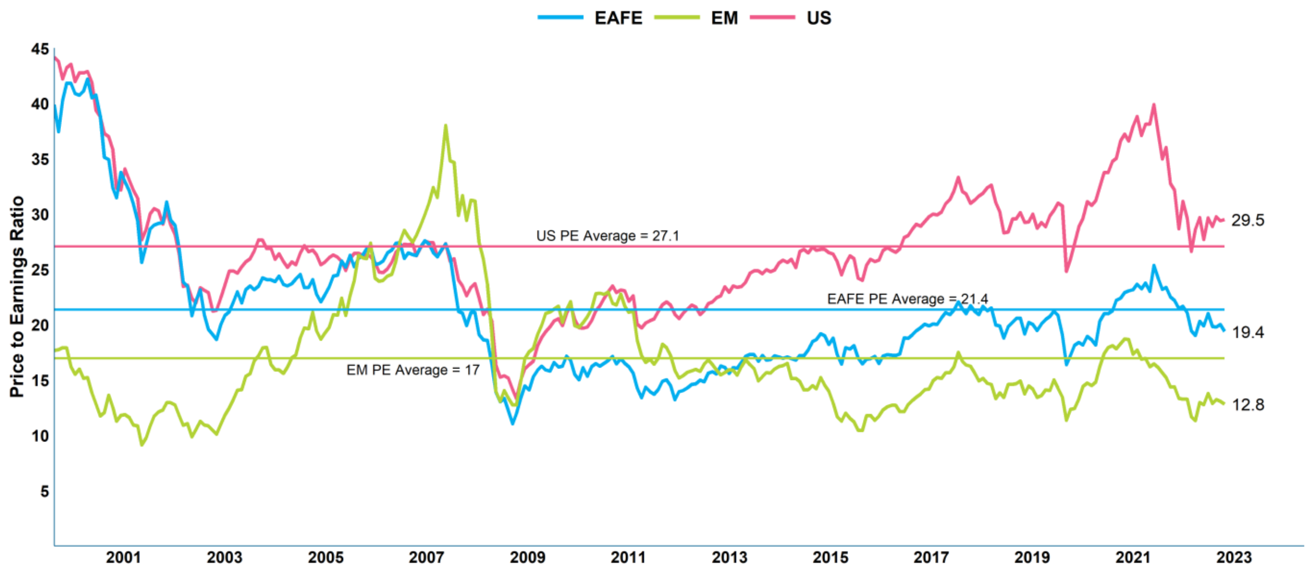


→ Volatility in equities (VIX) rose slightly in May but remains low as investors continue to anticipate the end of the Fed's policy tightening.

→ In comparison, the bond market remains on edge after last year's historic losses and continued volatility in interest rates this year due to policy uncertainty and issues in the banking sector. The MOVE (fixed income volatility) remains well above (136.0) its long-run average (88.4), but off its recent peak during the heart of the banking crises.

[1] Equity and Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of May 2023. The average line indicated is the average of the VIX and MOVE values between January 2000 and May 2023.

Equity Cyclically Adjusted P/E Ratios[1]

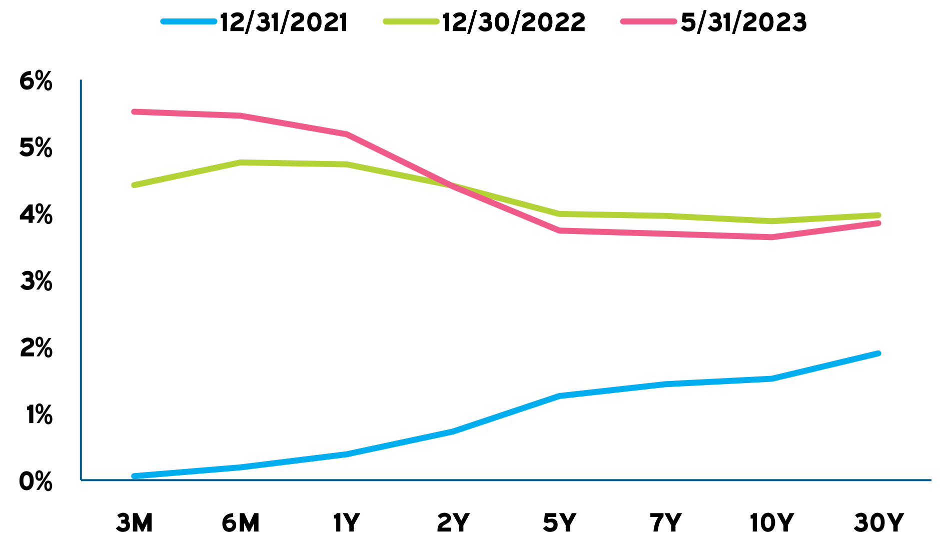


→ After its dramatic decline last year the US equity price-to-earnings ratio remains above its long-run (21st century) average.

→ International developed market valuations are below their own long-term average, with those for emerging markets the lowest and well under the long-term average.

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of May 2023. The average line is the long-term average of the US, EM, and EAFE PE values from December 1999 to the recent month-end respectively.

US Yield Curve[1]



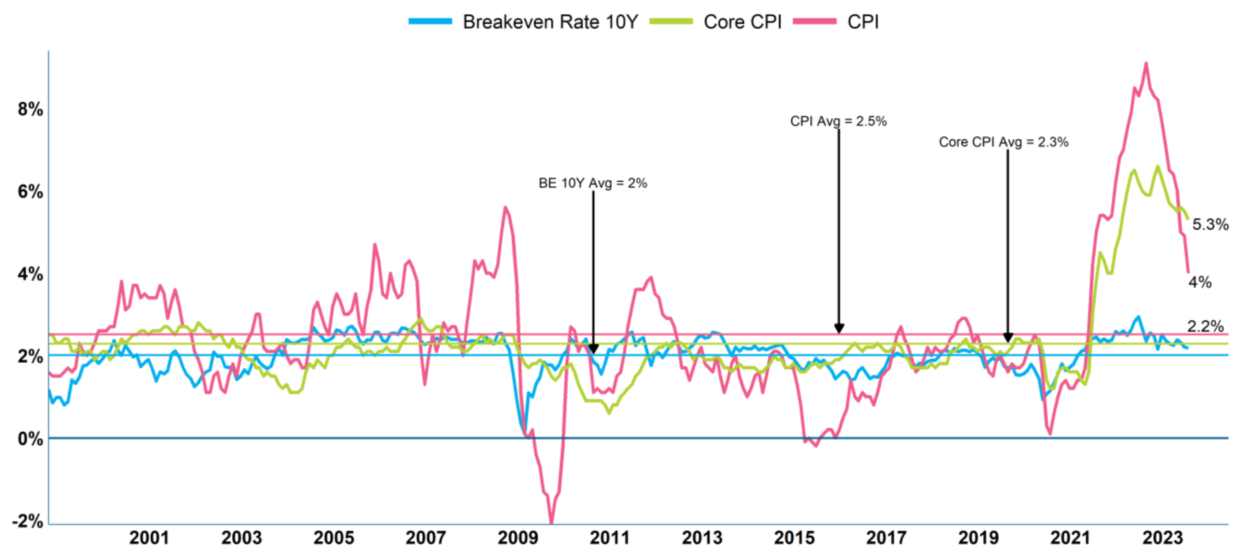
→ Interest rates have declined this year for longer-dated maturities given ongoing improvements in inflation-related risks and signs policy makers are nearing their terminal policy rate for this cycle. Shorter-dated yields have increased though, driven by debt ceiling concerns.

→ During May, interest rates rose across the yield curve particularly at the very front-end (< 3 months) as the debt ceiling debate continued. Maturities from two years out also drifted higher as market participants considered the possibility of additional policy rate increases as economic data remains strong.

→ The yield curve remains inverted with the spread between two-year and ten-year Treasuries finishing the month at -0.75%. The more closely watched measure (by the Fed) of the three-month and ten-year Treasuries spread also remained inverted at -1.76%. Inversions in the yield curve have often preceded recessions.

[1] Source: Bloomberg. Data is as of May 31, 2023.

Ten-Year Breakeven Inflation and CPI[1]



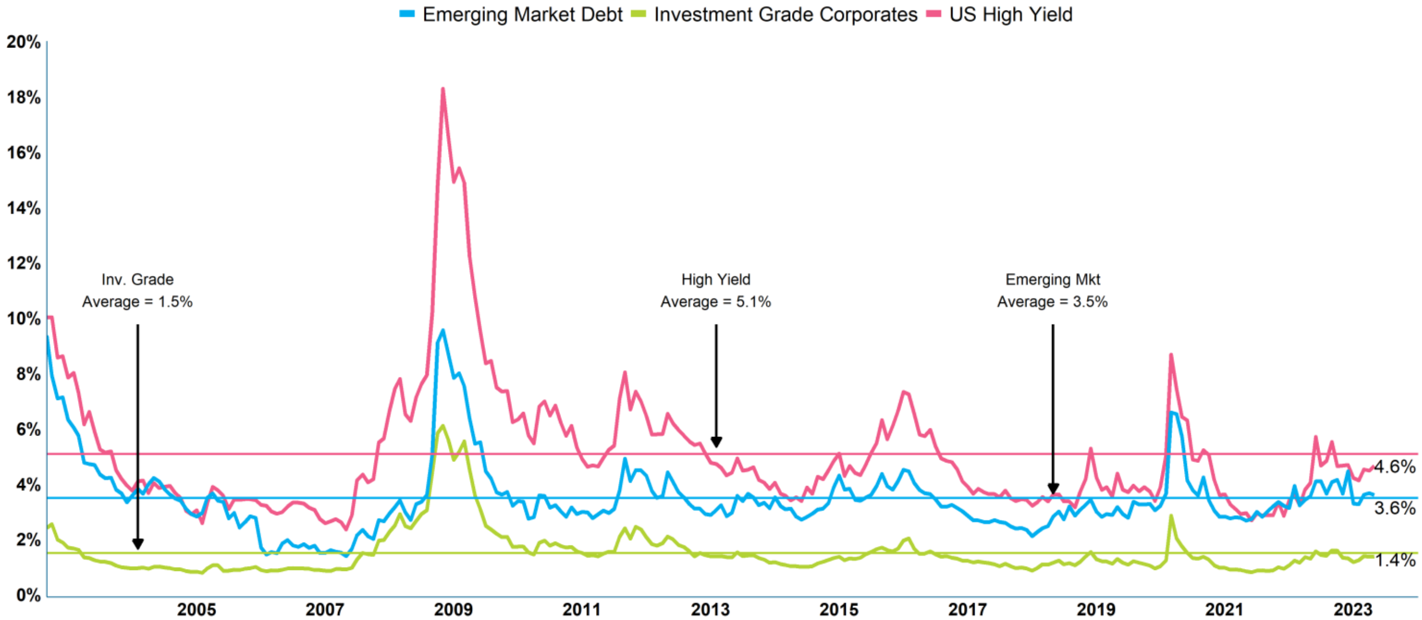
→ Headline inflation continued to decline in May, with the year-over-year reading falling from 4.9% to 4.0% and coming in slightly below estimates. The month-over-month rate of price increases also fell (0.1% versus 0.4%), with food prices ticking up slightly (0.2%) and energy prices declining (-3.6%).

→ Core inflation – excluding food and energy - fell (5.5% to 5.3%), coming in slightly above forecasts. It remains stubbornly high driven by shelter costs.

→ Inflation expectations (breakevens) remain well below current inflation as investors continue to expect inflation to track back toward the Fed's 2% average target.

[1] Source: Bloomberg. Data is as May 31, 2023. The CPI and 10 Year Breakeven average lines denote the average values from August 1998 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

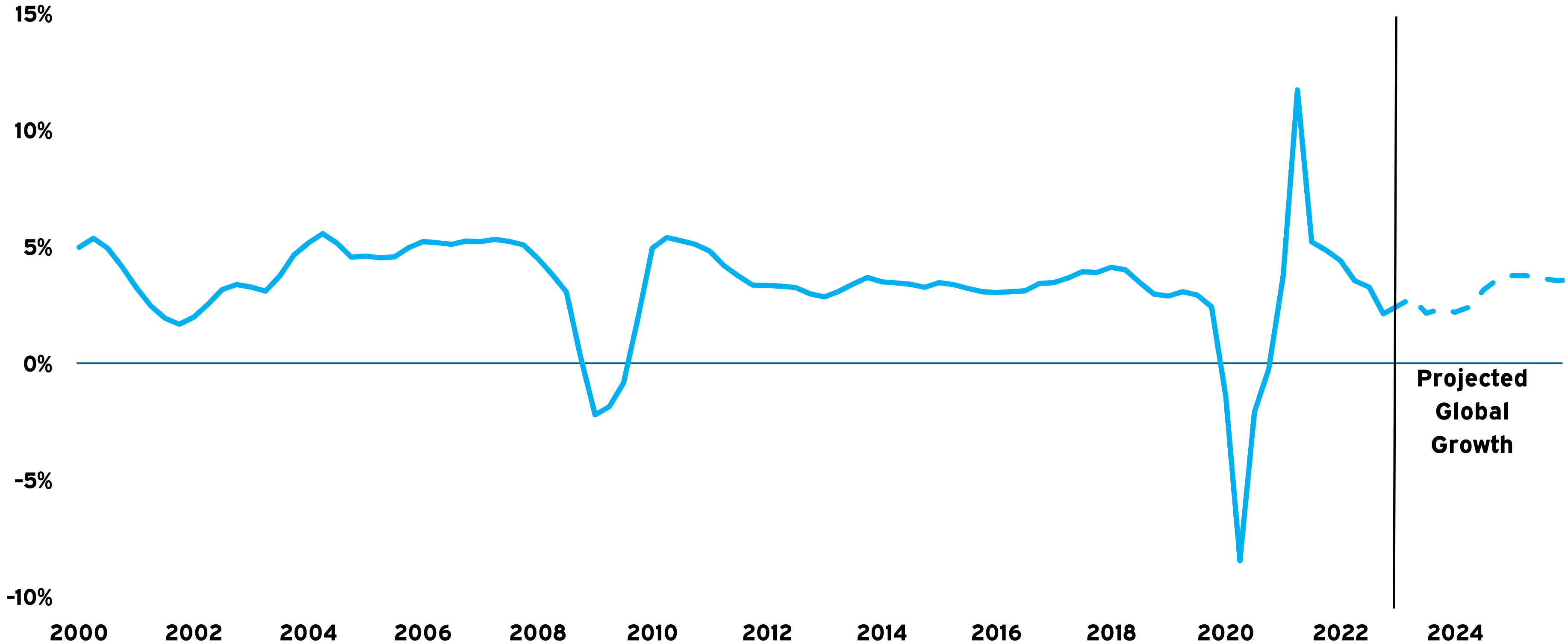
Credit Spreads vs. US Treasury Bonds[1]



- → Spreads (the added yield above a comparable maturity Treasury) were relatively stable in May as government and corporate bonds both declined.
- → High yield spreads remain below their long-term average. Investment grade spreads and emerging market spreads are narrower than high yield spreads and close to their respective long-term averages.

[1] Sources: Bloomberg. Data is as of May 31, 2023. Average lines denote the average of the investment grade, high yield, and emerging market spread values from August 2000 to the recent month-end, respectively.

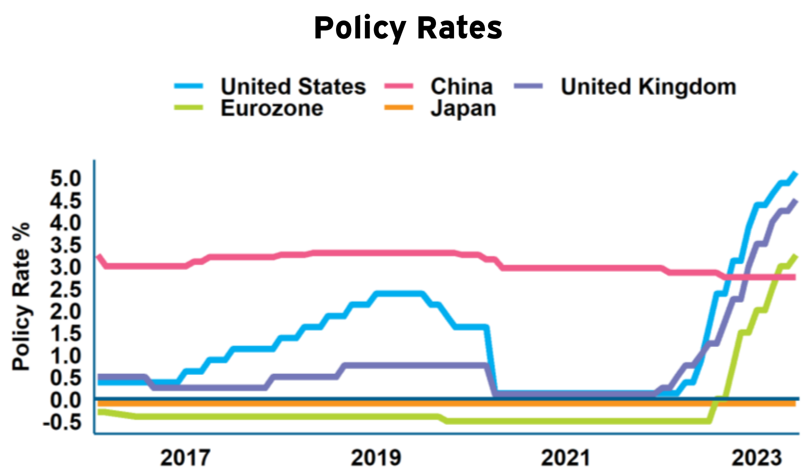
Global Real Gross Domestic Product (GDP) Growth[1]

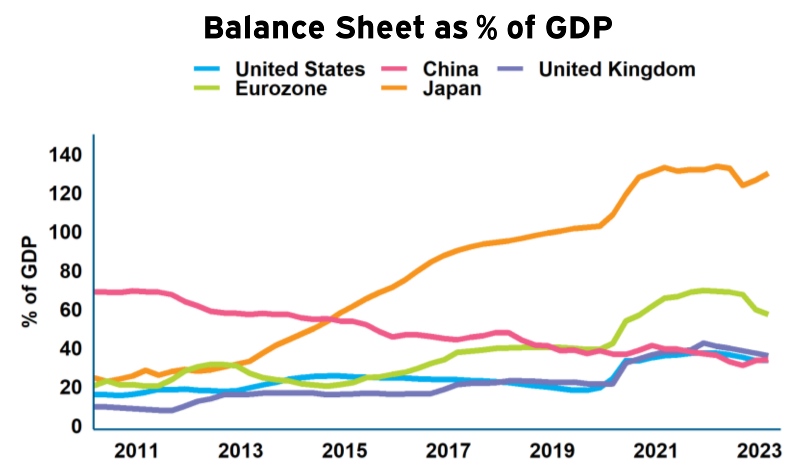


- → Global economies are expected to slow this year compared to 2022, with risks of recession as the impacts of policymakers' aggressive tightening to fight inflation flow through economies.
- → The delicate balancing act of central banks trying to reduce inflation without dramatically depressing growth will remain key.

[1] Source: Oxford Economics (World GDP, US$ prices & PPP exchange rate, real, % change YoY). Updated May 2023.

Central Bank Response[1]





→ In 2022, many central banks aggressively reduced pandemic-era policy support in the face of high inflation, with the US taking the most aggressive approach. Slowing inflation and growth have led to expectations for reductions in policy tightening going forward.

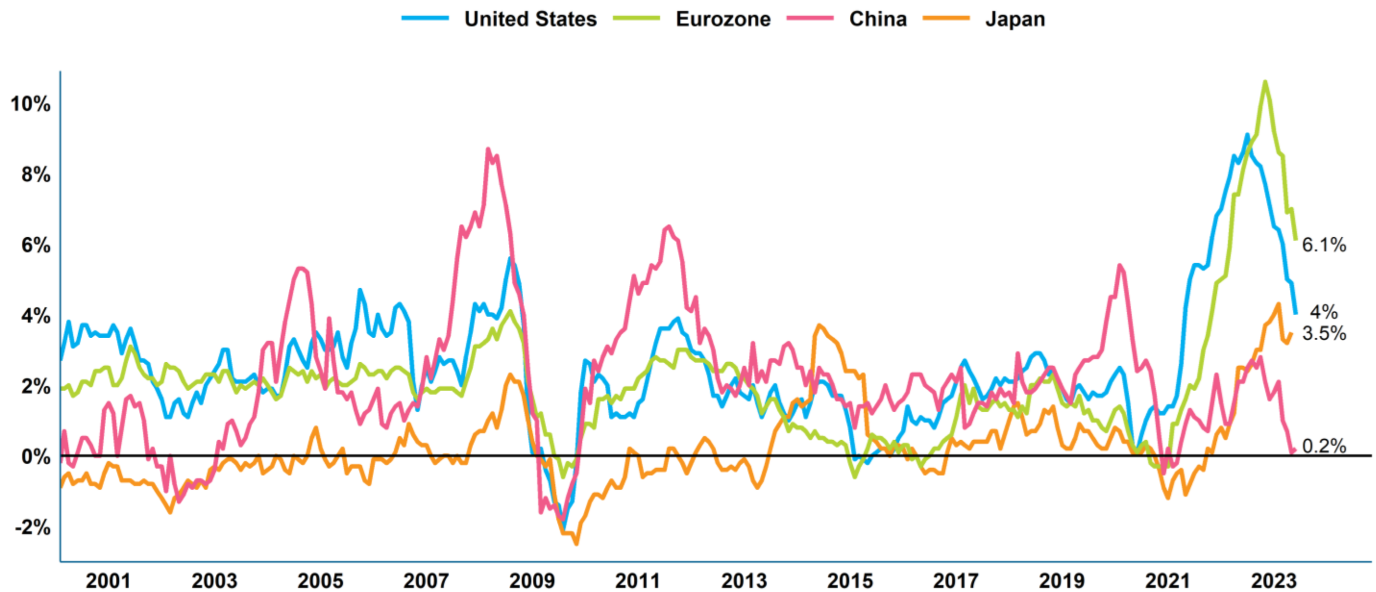
→ The Fed remained committed to fighting inflation despite pressures in the banking sector, raising rates another 25 basis points to a range of 5.0% to 5.25% at its May meeting. After month-end, the FOMC paused its tightening campaign but hinted that one or two additional rate hikes could come later this year.

→ In China, the central bank has continued to cut interest rates and inject liquidity into the banking system, as weaker than expected economic data appears to indicate a widespread slowdown.

→ Looking ahead, the risk remains for a policy error as central banks attempt to balance multiple goals, bringing down inflation, maintaining financial stability, and supporting growth.

[1] Source: Bloomberg. Policy rate data is as of May 31, 2023. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of March 31, 2023.

Inflation (CPI Trailing Twelve Months)[1]



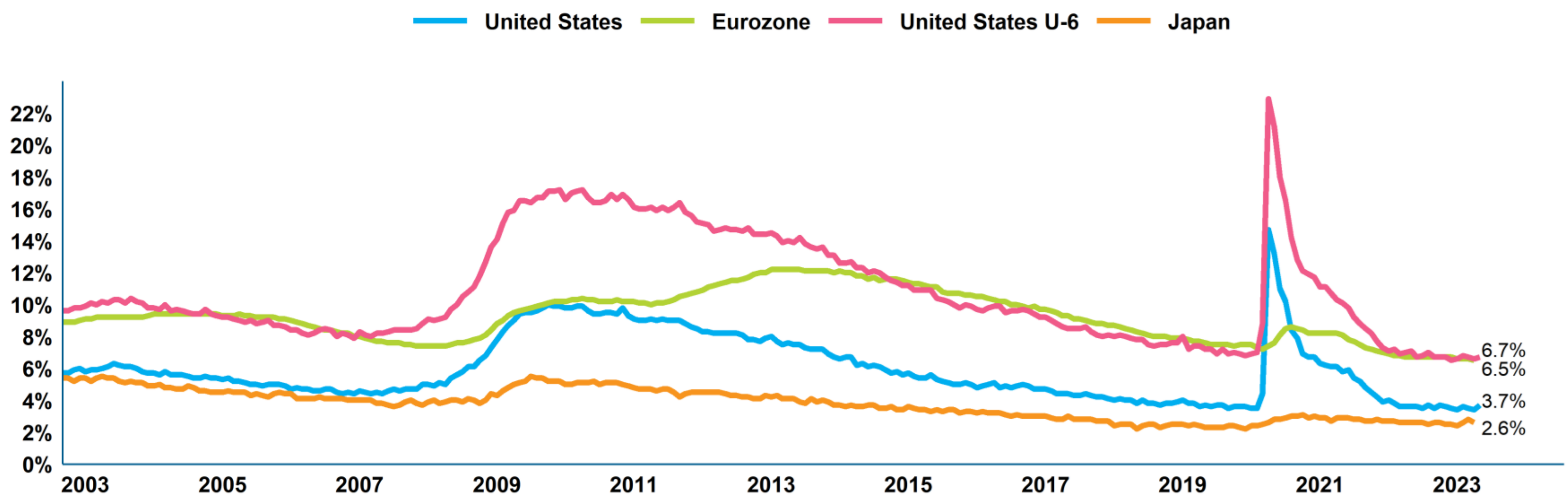
→ Inflation pressures continued to decline globally due to the easing of supply chain issues from the pandemic, declining energy prices, and tighter monetary policy.

→ In the US, inflation fell to 4.0% at month-end, while eurozone inflation also fell (6.1% from 7.0%) a level well off its peak. Despite 2023's significant declines in the US and Europe, inflation levels remain elevated compared to central bank targets.

→ Inflation remains lower in China and Japan. In Japan inflation reaccelerated in April. In China, inflation levels were only slightly above 0% at month-end as the reopening of their economy has led to an uneven economic recovery.

[1] Source: Bloomberg. Data is as May 31, 2023. The most recent Japanese inflation data is as of April 2023.

Unemployment[1]



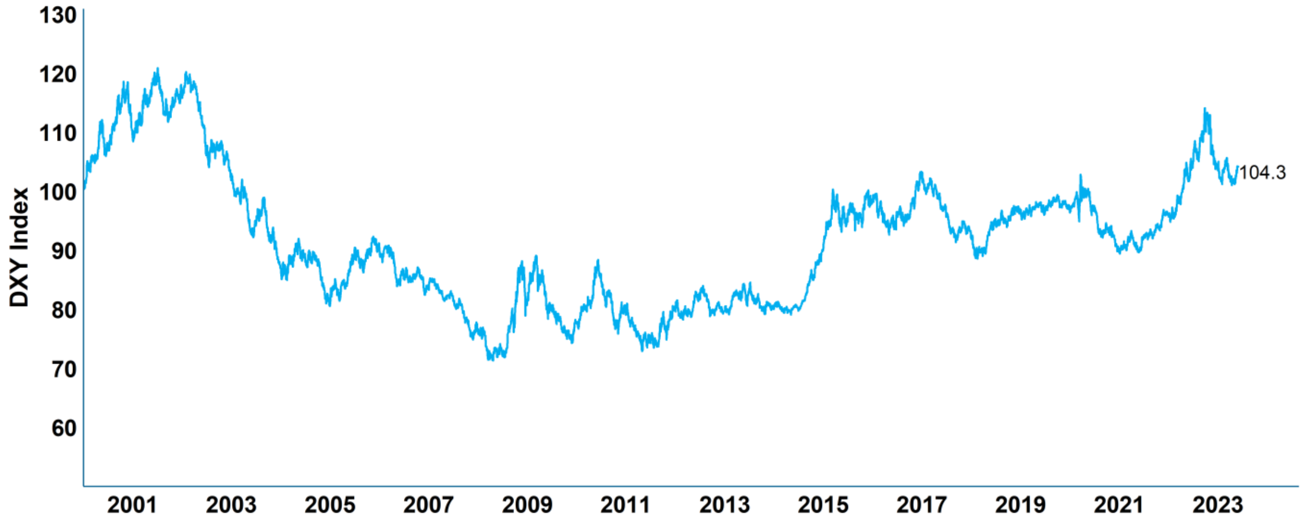
→ Despite slowing growth and high inflation, the US labor market still shows signs of resiliency. Unemployment in the US, which experienced the steepest rise, recently returned to pre-pandemic levels. Broader measures of unemployment (U-6) remain higher at 6.7% but also declined dramatically from their peak.

→ The strong labor market and higher wages, although beneficial for workers, motivates the Fed's efforts to fight inflation, leading to higher unemployment.

→ Unemployment in Europe has also declined but remains higher than the US, while levels in Japan have been flat through the pandemic given less layoffs.

[1] Source: Bloomberg. Data is as May 31, 2023, for the US. The most recent data for Eurozone and Japanese unemployment is as of April 2023.

US Dollar versus Broad Currencies[1]



- → The dollar finished 2022 much higher than it started, due to the increased pace of policy tightening, stronger relative growth, and safe-haven flows.
- → Late last year and into this year, the dollar declined, as weaker economic data and lower inflation led to investors anticipating the end of Fed tightening. In May, we did see a slight strengthening in the dollar though.
- → This year, the track of inflation across economies and the corresponding monetary policies will be key drivers of currency moves.

[1] Source: Bloomberg. Data as of May 31, 2023.

Summary

Key Trends:

→ The impacts of still relatively high inflation will remain key, with bond market volatility likely to stay high.

→ Recent issues related to the banking sector seem to have subsided for now but are a reminder that there is a delicate balance for central banks to continue to fight inflation but also to try to maintain financial stability.

→ Global monetary policies could diverge in 2023. The risk of policy errors remains elevated as central banks try to reduce persistent inflation while not tipping their economies into recession.

→ Growth is expected to slow globally this year, with many economies forecast to tip into recession. Inflation, monetary policy, and the war will all be key.

→ In the US, consumers could feel pressure as certain components of inflation remain high (e.g., shelter), borrowing cost are elevated, and the job market may weaken.

→ The key for US equities going forward will be whether earnings can remain resilient if growth continues to slow.

→ Equity valuations remain lower in both emerging and developed markets, but risks remain, including potential continued strength in the US dollar, higher inflation weighing particularly on Europe, and China's sluggish economic reopening and on-going weakness in the real estate sector.

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CELEBRATING A MILESTONE

San Joaquin County Employee's Retirement Association (SJCERA)

July 2023

California Code 7514.7 Disclosure – Calendar year 2022

Introduction

- → California Assembly Bill 2833 was introduced in 2016 and became effective January 1, 2017 as California Government Code 7514.7 (the "Code").
- → The Code is intended to require California public pension plans ("California Plans") to obtain and publicly disclose annually certain additional fee and expense data and information.
- → The law applies to any private fund that is an alternative investment vehicle whose contract with a California Plan was entered into on or after January 1, 2017, or for any existing contract as of December 31, 2016 for which an additional capital commitment is made on or after January 1, 2017.
- → For all other existing contracts, California Plans are required to use reasonable efforts to acquire the information necessary to make the required annual disclosures.

Code Disclosure Requirements

1. The fees and expenses that the California Plan pays directly to the alternative investment vehicle, the fund manager, or related parties.

2. The California Plan's pro rata share of fees and expenses not included in paragraph (1) that are paid from the alternative investment vehicle to the fund manager or related parties. The California Plan may independently calculate this information based on information contractually required to be provided by the alternative investment vehicle to the public investment fund. If the California Plan independently calculates this information, then the alternative investment vehicle shall not be required to provide the information identified in this paragraph.

3. The California Plan's pro rata share of carried interest distributed to the fund manager or related parties.

4. The California Plan's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.

5. Any additional information described in subdivision (b) of Section 6254.26 of the Code.

   (b) Every California Plan shall disclose the information provided pursuant to subdivision (a) at least once annually in a report presented at a meeting open to the public. The California Plan's report required pursuant to this subdivision shall also include the gross and net rate of return of each alternative investment vehicle, since inception, in which the California Plan participates. The California Plan may report the gross and net rate of return and information required by subdivision (a) based on its own calculations or based on calculations provided by the alternative investment vehicle.

Code Section 6254.26 Requirements:

1. The name, address, and vintage year of each alternative investment vehicle.
2. The dollar amount of the commitment made to each alternative investment vehicle by the California Plan since inception.
3. The dollar amount of cash contributions made by the California Plan to each alternative investment vehicle since inception.
4. The dollar amount, on a fiscal year-end basis, of cash distributions received by the California Plan from each alternative investment vehicle.
5. The dollar amount, on a fiscal year-end basis, of cash distributions received by the California Plan plus remaining value of partnership assets attributable to the California Plan's investment in each alternative investment vehicle.
6. The net internal rate of return of each alternative investment vehicle since inception.
7. The investment multiple of each alternative investment vehicle since inception.
8. The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis, by the California Plan to each alternative investment vehicle.
9. The dollar amount of cash profit received by California Plans from each alternative investment vehicle on a fiscal year-end basis.

Alternative Investments - Private Equity, Private Credit and Private Real Estate

Code 7514.7 Disclosure Requirement: 2022 Calendar Year Data

Partnerships - Firm Name	Commitment ($)	Ending Market Value, Net ($)	Mgmt. Fee ($)	Partnership Expenses ($)	Offsets Paid (Received) ($)	Other Fees & Exp.s paid to the GP ($)	Carried Interest Paid (Rec.d) ($)	Fees & Exp.s Paid to Affiliates ($)	Fees Paid to Underlying Funds / Co.s ($)	Total Fees Paid / (Capital Returned) ($)
Almanac VI	30,000,000	4,090,987	44,569	4,028	--	-632	143,501	--	--	192,098
AG Core Plus IV	20,000,000	9,907,015	185,892	38,555	--	--	(929,019)	--	--	(704,572)
Berkeley Ptr.s V	40,000,000	29,895,103	600,000	--	--	588	264,905	--	--	865,493
Blackrock – Direct Lending	100,000,000	60,650,746	450,988	317,869	--	--	439,340	--	--	1,208,197
BlackRock – Power and Energy	50,000,000	24,546,720	608,322	184,021	-415	--	348,304	--	--	1,140,232
Crestline Fund II	45,000,000	13,111,344	122,400	56,728	--	--	7,167	--	--	186,295
Davidson Kemp. V	50,000,000	47,376,527	719,750	--	--	--	--	--	--	719,750
Greenfield V	30,000,000	270,222	--	3,253	--	--	(1,076)	--	--	2,177
Greenfield VI	20,000,000	23,599	--	8,292	--	14	(2,929)	--	--	5,377
Greenfield VII	19,122,340	2,314,538	200,861	45,626	--	3,359	(29,313)	--	360	220,893
Grandview I	30,000,000	17,382,607	234,087	114,030	--	6,689	(2,969,590)	--	45,613	(2,569,171)
HPS EU Value II	50,000,000	25,485,809	538,231	158,743	--	--	--	--	--	696,974
Lightspeed Ventures Select V	40,000,000	--	800,000	--	--	--	--	--	--	800,000
Mesa West IV	75,000,000	25,501,797	293,671	96,824	--	46,214	(392,797)	--	--	43,912
Miller Global VI	30,000,000	--	3,176	34,805	--	--	--	--	1,033	39,014

* Manager responses are not required for real estate accounts invested in prior to 2019, therefore we relied on capital statements previously provided.

Code 7514.7 Disclosure Requirement: 2022 Calendar Year Data (continued)

Partnerships - Firm Name	Commitment ($)	Ending Market Value, Net ($)	Mgmt. Fee ($)	Partnership Expenses ($)	Offsets Paid (Received) ($)	Other Fees & Exp.s paid to the GP ($)	Carried Interest Paid (Rec.d) ($)	Fees & Exp.s Paid to Affiliates ($)	Fees Paid to Underlying Funds / Co.s ($)	Total Fees Paid / (Capital Returned) ($)
Miller Global VII	15,000,000	--	4,601	25,090	--	--	--	--	1,223	30,914
Morgan Creek III	10,000,000	4,189,696	99,802	173,521	--	--	--	--	--	273,323
Morgan Creek V	12,000,000	7,744,302	70,307	242,589	--	--	--	--	--	312,896
Morgan Creek VI	20,000,000	25,628,214	97,192	261,564	--	--	--	--	--	358,756
Oaktree	50,000,000	30,874,431	738,980	433,220	-50	21,816	--	--	2,263	1,196,229
Ocean Avenue II	40,000,000	37,682,566	254,651	45,934	--	--	1,094,966	--	--	1,395,551
Ocean Avenue III	50,000,000	52,236,036	375,000	76,103	--	--	397,903	--	--	849,006
Ocean Avenue IV	50,000,000	58,810,100	625,000	65,781	--	--	2,101,936	--	--	2,792,717
Ocean Avenue V	30,000,000	-83,600	16,438	61,714	--	--	--	--	--	78,152
Principal	25,000,000	43,794,434	430,770	21,845	--	--	--	--	--	452,615
Prologis	54,646,229	116,824,394	414,141	54,481	--	--	7,144,931	--	--	7,613,553
Raven III	50,000,000	56,961,866	566,018	918,198	--	--	--	--	--	1,484,216
Stellex II	50,000,000	11,491,112	948,709	231,795	-42,909	--	--	--	--	1,137,595
Stockbridge III	45,000,000	28,441,044	339,131	61,176	--	--	42,275	--	2,937	445,519
Walton Street V	30,000,000	1,047,788	--	--	--	--	--	--	--	0
Walton Street VI	15,000,000	61,398,776	17,408	--	--	--	10,037	--	--	27,445
White Oak – Summit	50,000,000	24,855,132	271,493	144,796	--	25,000	--	--	16,845	458,134
White Oak - Yield	50,000,000	38,168,254	384,749	251,736	-56091	--	--	--	--	580,394

* Manager responses are not required for real estate accounts invested in prior to 2019, therefore we relied on capital statements previously provided.

Code Section 6254.26 Disclosure Requirement: Since Inception Date

Partnerships - Firm Name	Address (City, State)	Vintage	Commitment ($)	Contributions ($)	Distributions ($)	Ending Market Value ($)	Since Inception IRR (%) *	Net Equity Multiple - TVPI *
Almanac VI	New York, NY	2011	30,000,000	19,100,000	21,000,000	4,090,987	9.1	1.3
AG Core Plus IV	New York, NY	2014	20,000,000	19,000,000	12,100,000	14,323,468	6.3	1.4
Berkeley Ptr.s V	San Francisco, CA	2020	40,000,000	27,435,085	1,671,280	29,985,103	16.1	1.2
Blackrock – Direct Lending	New York, NY	2020	100,000,000	58,538,052	1,900,000	60,650,746	6.9	1.1
BlackRock – Power and Energy	New York, NY	2019	50,000,000	26,132,956	4,529,125	24,546,720	10.39	1.1
Crestline Fund II	Dallas, TX	2013	45,000,000	32,440,403	27,508,206	13,111,344	4.6	1.3
Davidson Kemp. V	New York, NY	2017	50,000,000	41,993,947	47,376,527	59,873,585	13	2.6
Greenfield V	Westport, CT	2007	30,000,000	29,580,000	40,389,538	262,356	8.3	1.4
Greenfield VI	Westport, CT	2011	20,000,000	19,186,320	26,192,444	23,599	9.6	1.4
Greenfield VII	Westport, CT	2013	19,122,340	18,275,000	29,548,201	2,314,538	13.4	1.7
Grandview I	Westport, CT	2017	30,000,000	25,763,216	23,263,703	17,382,607	23.7	1.6
HPS EU Value II	New York, NY	2020	50,000,000	34,656,709	12,824,408	$25,485,809	7.7	1.1
Lightspeed Ventures Select V	San Francisco, CA	2022	40,000,000	--	--	--	NA	--
Mesa West IV	Los Angeles, CA	2016	75,000,000	62,500,000	35,237,797	37,723,245	7	1.2
Miller Global VI	Denver, CO	2007	30,000,000	21,120,008	33,356,553	0	7.8	1.6
Miller Global VII	Denver, CO	2012	15,000,000	12,112,563	16,058,648	0	14.2	1.3
Morgan Creek III	Raleigh, NC	2015	10,000,000	9,900,000	3,043,253	4,189,696	35.4	0.7
Morgan Creek V	Raleigh, NC	2013	12,000,000	11,625,809	14,400,000	7,744,302	19.9	1.9

* Data provided by MIG's Real Estate group or from MIG's internal system, Investment Metrics

Code Section 6254.26 Disclosure Requirement: Since Inception Date (continued)

Partnerships - Firm Name	Address (City, State)	Vintage	Commitment ($)	Contributions ($)	Distributions ($)	Ending Market Value ($)	Since Inception IRR (%) *	Net Equity Multiple - TVPI *
Morgan Creek VI	Raleigh, NC	2015	20,000,000	18,200,000	14,033,203	23,243,098	7.1	2.0
Oaktree	New York, NY	2018	50,000,000	36,250,000	15,492,518	30,874,431	12.3	1.3
Ocean Avenue II	Los Angeles, CA	2013	40,000,000	36,000,000	57,580,084	37,682,566	43.71	2.6
Ocean Avenue III	Los Angeles, CA	2016	50,000,000	46,500,000	54,250,000	52,236,036	55.92	2.3
Ocean Avenue IV	Los Angeles, CA	2019	50,000,000	45,000,000	22,750,000	58,810,100	44.08	1.8
Ocean Avenue V	Los Angeles, CA	2022	30,000,000	0	0	-83,600	NA	NA
Principal	Des Moines, IA	2015	25,000,000	25,000,000	0	43,794,434	8.3	1.8
Prologis	New York, NY	2004	54,646,229	54,646,229	20,147,233	116,824,394	9.2	2.5
Raven III	Los Angeles, CA	2015	50,000,000	50,000,000	17,880,917	56,961,866	8	1.5
Stellex II	New York, NY	2021	50,000,000	12,568,940	0	11,491,112	12.8	0.9
Stockbridge III	San Francisco, CA	2017	45,000,000	41,393,662	33,480,166	28,441,044	17	1.5
Walton Street V	Chicago, IL	2005	30,000,000	30,000,000	20,444,658	1,047,788	-3.6	0.7
Walton Street VI	Chicago, IL	2007	15,000,000	13,297,180	15,218,103	6,398,776	8.4	1.6
White Oak – Summit	San Francisco, CA	2016	50,000,000	67,589,518	51,895,534	24,855,132	4	1.1
White Oak - Yield	San Francisco, CA	2019	50,000,000	51,103,579	16,287,210	38,168,254	3.2	1.1

* Data provided by MIG's Real Estate group or from MIG's internal system, Investment Metrics

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

MEKETA 45 CELEBRATING A MILESTONE YEARS

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MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: July 14, 2023
RE: Diversifiers Manager Search Update

This memo provides SJCERA with an update of the Diversifiers Manager Request-For-Information ("RFI") process and provides an overview of managers for further consideration.

Following the ongoing review of the Crisis Risk Offset (CRO) portfolio, the Board approved a search for a new Diversifiers manager that will sit alongside current allocations to AQR Style Premia and P/E Diversified Global Macro. The role of the Diversifiers component is to produce high levels of absolute return relative to First Responders (Long Duration Treasuries) and Second Responders (Trend Following) with low levels of correlation to the component and other traditional market risk factors (e.g. equities and bonds).

To ensure broad coverage of our review across the universe of potential managers for the Diversifiers component, Meketa released an RFI in April and received responses by May 26, 2023. In total, Meketa received responses from 66 firms representing 78 strategies in total. Submissions included strategies across alternative risk premia, global macro, relative value, volatility trading, low volatility equities, credit, trend following, and sector specific equity long short, among others. This list of managers and strategies was reviewed and considered along with others which Meketa was already intimately familiar. Meketa recommends that SJCERA select three firms noted below, all of which are viewed as complimentary to the current CRO managers and specifically Diversifier managers, AQR and P/E Investments.

→ Graham Quant Macro

→ Lighthouse Mission Crest Macro Fund

→ Man AHL Dimension Programme

The three strategies were selected based upon a review of the organization, investment strategy, investment team. Meketa sought to identify high quality firms and products that are expected to be complementary to both the two other Diversifiers managers (AQR and P/E Investments) and the other two CRO components, First Responders (Long Duration Treasuries) and Second Responders (Trend Following). In addition, low levels of expected correlation to traditional risk factors were preferred (e.g. equities and bonds). Strategies with high level of breadth or diversification of investment strategies and markets were also preferred.

Manager Summaries

Graham Capital Quant Macro Fund

Graham Capital Management is an alternative investment manager that focuses on macro-oriented investment strategies and discretionary investment strategies across global markets. The firm was established in 1994 by Ken Tropin and is based in Rowayton, CT. The strategy was launched in 2014 and had $4.4 billion in assets as of May 1, 2023. The strategy is managed by the Quantitative Strategies team, which creates and manages all of the firm's systematic strategies. The team is structured to be collaborative in nature as there are no dedicated portfolio managers for any strategies instead being managed on a team basis. Ed Tricker is the Chief Investment Officer of the team. He joined the firm in June of 2011 and became a Principal in April of 2014. Reporting to Mr. Tricker, the team is structured into three main groups; Data, Research, and Operations and Execution. Graham's investment philosophy emphasizes portfolio diversification and risk management. The four directional components of the strategy; Macro Fundamental, Carry, Momentum, and Value/Reversion, were designed to be complementary by choosing trading styles that are expected to perform well in different market environments.

Lighthouse Mission Crest Macro Fund

Mission Crest Capital is a wholly owned subsidiary of Lighthouse Investment Partners, LLC. Lighthouse Investment Partners and Mission Crest Capital are both indirectly wholly owned subsidiaries of Navigator Global Investments (NGI), an Australian Securities Exchange-listed company. Lighthouse Investment Partners was founded in 1996 by Sean McGould. Mission Crest began trading in 2019, was formed into a subsidiary in March 2021, and feeder funds were launched in April 2021. Mission Crest is a global macro hedge fund that utilizes both discretionary and systematic trading strategies. Mission Crest allocates capital across multiple portfolio managers in each of these categories. This is overseen by CIO, Markian Zyga. Mr. Zyga has been with Lighthouse since 2008 and is based in Chicago, IL. Mission Crest believes that blending fundamental and systematic strategies is a complementary approach. The firm views discretionary macro as an opportunity to have a fundamental edge in the medium to long term, whereas systematic strategies focus primarily on short-term trading opportunities As of February 28, 2023 Mission Crest had approximately $887 million in assets.

Man AHL Dimension Programme

AHL Dimension is comprised of a broad mix of systematic strategies across the AHL platform. The strategy has broad access to Man AHL's full suite of approximately 50 models and around 600 markets. Models include volatility, statistical arbitrage, long/short equity, seasonality, curve trading, and momentum, among others. The firm does not have traditional portfolio managers, but teams of integrated research and investment management professionals aligned to specific themes or asset classes. Each team is responsible for new model and market research. The portfolio of the AHL Dimension Programme is Russell Korgaonkar, CIO of Man AHL and Otto Hamaoui, Head of Portfolio Management, Man AHL. The strategy targets a 10% return volatility with an absolute return goal. The strategy has a track record dating back to 2006 and as of March 2023, the strategy had $5.4 billion in assets.

Diversifiers RFI Manager Responses

Firms		
Abbey Capital	Columbia Threadneedle	Mount Lucas
abrdn	Lattice	Saba
Amundi	Credit Suisse	Scalar Gauge
Aptus	DLD	Swan
Catalyst	Loomis	Neuberger Berman
Acadian	LUSA	Varadero
Campbell	Lyxor	Newton
Adrian Lee	MAI Capital	PE Investments
Allspring	Gladius	Vision
Alpstone	GMO	Voya
Dunn	MFS	PGIM
GAM	Janus Henderson	PIMCO
AQR	Lighthouse	Winton
Asset Mgmt One	Passaic Parnters	Raintree
Glovista	LongTail Alpha	Rokos
Blackstone	Man AHL	Pillar
Capinsights	Man Group	Ruffer
Capstone	Melqart	TwoSigma
Graham	RBC BlueBay	Versor
CFM	Millburn	Vescore
Hudson Cove	Red Cliff	Whitebox
IONIC	Rocky Mountain	

DS

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MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: July 14, 2023
RE: Preliminary 2023 Roundtable Overview

Discussion and Overview:

In preparation for the upcoming SJCERA 2023 Roundtable on October 12th, Meketa and SJCERA staff have developed several topics that we would like you to consider to help guide the discussions.

→ International Investing (Developed and Emerging Markets) – Globalization or nationalism? The U.S. equity markets have dominated investment returns since the GFC. Are we going to see a reversal? Are international markets more attractive over the next ten years? Where do the Chinese markets fit within this structure?

→ Inflation – Does it still matter? The Global economy has been faced with historically high inflation due to several different reasons. Will we see normalized inflation in the next three years? What investment trends make sense given the rise in interest rates?

→ Interest Rates and a Recession – Does the current and expected interest rate policy make sense given the consistent high levels of inflation? Can the federal reserve control the economy or are we headed towards a recession? Where does the market begin to slow down?

→ Equities and Bonds – Higher interest rates have led to higher bond yields. Should pension plans such as SJCERA re-focus on fixed income as a foundation for portfolio construction? Is fixed income still a diversifier? Do we even need stocks to hit a 6.75% return?

→ Illiquid Investing – Following strong returns in recent years, can private market managers continue to add value? Does the illiquidity premium still exist? Where do we go with Real Estate? Has Private Credit run its course?

Format:

Similar to previous Roundtables, Meketa and staff would like to utilize a keynote speaker, have educational panels and a Q&A discussion session with Board trustees, managers, and advisors.

As we put together the roundtable discussion, our aim is to make the meeting useful for the SJCERA board members. Meketa and SJCERA staff seek your input into these topics. Meketa will work with staff to further develop the roundtable and make this a productive event for everyone involved.

2023 CONFERENCES AND EVENTS SCHEDULE

2023 EVENT DATES		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
Jul 16	Jul 19	SACRS/UC Berkeley Program	SACRS	Berkeley, CA	$2500	sacrs.org	24
Aug 5	Aug 9	NASRA Annual Conference	NASRA	Broomfield, CO	$unk	nasra.org	TBD
Aug 20	Aug 22	2023 Public Pension Funding Forum	NCPERS	Chicago, IL	$1500	ncpers.org	10
Aug 28	Aug 31	Principles of Pension Governance for Trustees	CALAPRS	Malibu, CA	$3000	calaprs.org	*9
Sep 6	Sep 7	ALTSSV2023 Forum	Markets Group	Mountain View	$0	marketsgroup.org	3.5
Sep 12	Sep 14	IREI Editorial Advisory Board Meeting	IREI	Santa Monica, CA	$0	irei.com	TBD
Sep 19	Sep 21	Fiduciary Investors Symposium	Top 1000 Funds	Stanford	$1900	top1000funds.com	TBD
Sep 27	Sep 29	Administrators' Institutue 2023	CALAPRS	Carmel-by-the-Sea	$2500	calaprs.org	8.15
Oct 3	Oct 4	6th Annual Private Equity SF Forum	Markets Group	San Francisco, CA	$5000	marketsgroup.org	TBD
Oct 5	Oct 5	2023 Pensions, Benefits & Investments Fiduciaries' Forum	Nossaman's	San Francisco, CA	$95	nossaman.com	TBD
Oct 21	Oct 22	NCPERS Accedited Fiduciary (NAF) Program	NCPERS	Las Vegas, NV	$855	ncpers.org	TBD
Oct 22	Oct 25	NCPERS Fall Conference	NCPERS	Las Vegas, NV	$750	ncpers.org	TBD
Oct 27	Oct 27	Trustee Roundtable	CALAPRS	Online webinar	$50	calaprs.org	4
Oct 30	Oct 30	2023 Pensions, Benefits & Investments Fiduciaries' Forum	Nossaman's	Los Angeles, CA	$95	nossaman.com	TBD
Nov 7	Nov 10	SACRS Fall Conference	SACRS	Rancho Mirage, CA	$120	sacrs.org	*11
Dec 3	Dec 5	Alternative Investing Sumimit 2023	Opal Group	Dana Point, CA	$0	opalgroup.net	TBD
Dec 5	Dec 6	10th Annual California Institutional Forum	Markets Group	Napa, CA	$0	marketsgroup.org	TBD

** Estimates based on prior agendas*

September 19-21 | Stanford University, USA

FIS Stanford 2023

This Fiduciary Investors Symposium will celebrate the fast-moving change taking place in economies and communities, and will examine the impact of innovation on our lives and workplaces. Drawing on the esteemed Stanford University faculty, and taking advantage of the Silicon Valley location, it will look at the incredible disruption and opportunities presented by AI and technological advancement; as well as the core investment challenges of risk management, operational excellence and efficiency, and future-looking capital allocation and portfolio construction techniques.

This event is for asset owners from all over the globe and is typically attended by chief executives, investment committee members, chief investment officers, heads of investment portfolios and their direct reports.

FIDUCIARY INVESTORS SYMPOSIUM

As a collective force, institutional investors have enormous power to shape markets, inform policy and empower beneficiaries to have a better, more financially stable future.

The Fiduciary Investors Symposium acts as an advocate for fiduciary capitalism and the power of asset owners to change the nature of the investment industry, including addressing principal/agent and fee problems, stabilising financial markets, focusing on long-term investing and directing capital for the betterment of society and the environment. It enables asset owners from around the world to come together and explore investment themes, risks and opportunities with their global peers.

Held over three days, the event enables institutional investors to engage with industry thought leaders in academia and practice in a collegiate environment that promotes shared discussion. The on-campus venues facilitate a unique space for innovative thought and conversation, and the event includes tours of various university faculties.

STANFORD UNIVERSITY EVENT THEME

Drawing on the esteemed Stanford faculty, and taking advantage of the Silicon Valley location, the event will look at the incredible disruption and opportunities presented by AI and technological advancement; as well as the core investment challenges of risk management, operational excellence and efficiency, and future-looking capital allocation and portfolio construction techniques.

CONFIRMED ACADEMICS

- Anat Admati, The George G.C. Parker Professor of Finance and Economics, Stanford Graduate School of Business
- Drew Endy, Associate Professor of Bioengineering, Stanford University School of Engineering
- Stephen Kotkin, senior fellow at Stanford's Freeman Spogli Institute for International Studies, and the Kleinheinz Senior Fellow at the Hoover Institution
- Arun Majumdar, Inaugural Dean of the Stanford Doerr School of Sustainability; Jay Precourt Provostial Chair Professor at Stanford University; faculty member of the Departments of Mechanical Engineering and Energy Science and Engineering; Senior Fellow and former Director of the Precourt Institute for Energy and Senior Fellow (courtesy) of the Hoover Institution, Stanford University
- Ashby Monk, executive and research director, Stanford Research Initiative on Long-Term Investing
- Condoleezza Rice, the Tad and Dianne Taube director of the Hoover Institution, senior fellow on public policy; Denning Professor in Global Business and the Economy, Stanford Graduate School of Business
- Myron Scholes, The Frank E. Buck Professor of Finance, Emeritus, Stanford Graduate School of Business; Nobel Prize Winner

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ALTSSV2023

SEPTEMBER 6-7, 2023

Computer History Museum
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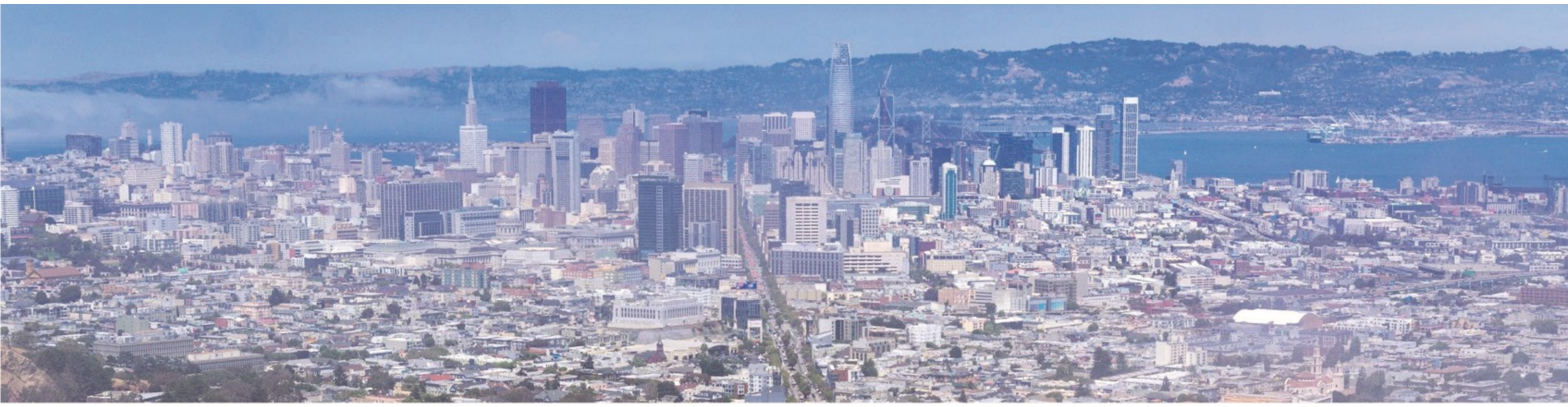
Mountain View, California 94043 USA



Dear Colleagues,

ALTSSV, hosted by CFA Society San Francisco, CAIA San Francisco and the CalALTS Association, is an education-focused alternative investment event designed to bring the investor community together for a full day of dialogue and discussion on the most relevant topics facing investors and managers today.

ALTSSV is a hot spot for those seeking the very latest in alternative investment news and developments. ALTSSV is specifically designed to provide relevant, education-focused content for individuals who manage, advise, allocate to, or oversee alternative investments. With leading allocating and management firms, the agenda will include topics such as global asset allocation, private markets, private credit, real assets, private equity, hedge funds, venture and more.

We'd like to thank the ALTSSV program sponsors for their support of investor-centric educational initiatives.

Additionally, Markets Group would like to thank the board members and staff from CFA Society San Francisco , CAIA, and California Alternative Investments Association "CalALTS" for their nurturing support of the alternative investment industry and hands on development of the ALTSV agenda and speaker faculty.

Sincerely,

William Kelly, CAIA

Chief Executive Officer, Chartered Alternative Investment Analyst ("CAIA") Association

Robin Fink

President, CalALTs

Anne O'Brien

Chief Executive Officer, CFA Society San Francisco

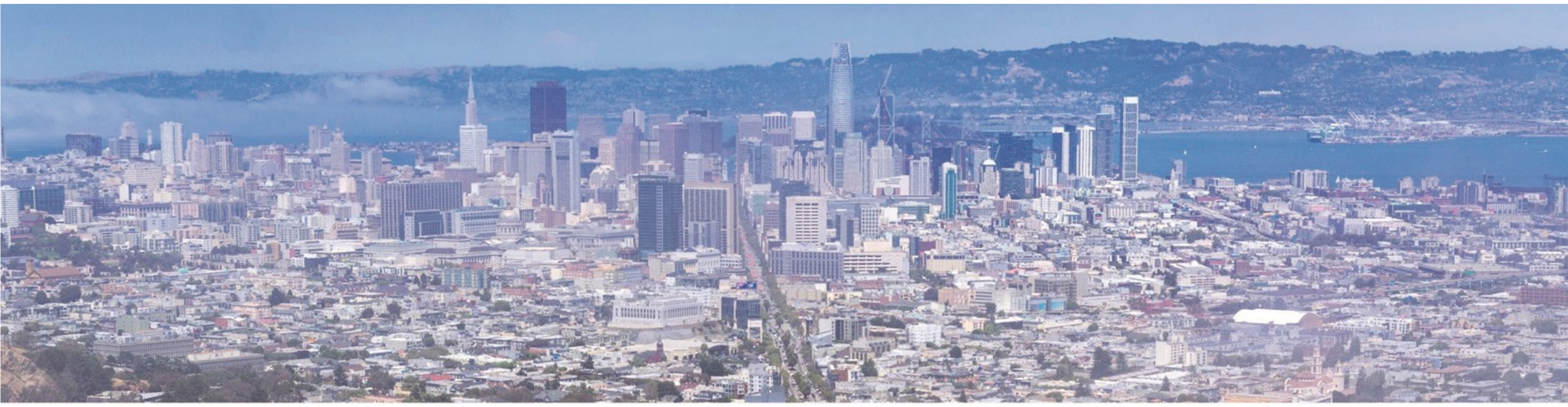
Paul Hamann

Head of Alternatives and Strategic Partnerships, Markets Group

CalALTs
California Alternative Investments Association

CFA Society San Francisco

CAIA ASSOCIATION



CO-HOSTS

CFA Society San Francisco (CFASF) has led the investment profession for the past 90 years by promoting the highest standards of ethics and professional excellence through education and fellowship – making it the bedrock of the Bay Area's financial community. For the next 90 years and beyond, CFA Society San Francisco will continue to take the finance industry to new heights by possessing core qualities of longevity, stability, trust and innovation.

CalALTs helps asset managers, investors and service providers harness the power of connection to advance the alternative investment industry in California. Whether linking our members to peers, thought leaders, resources or ideas, everything we do is focused on fostering meaningful connections that drive tomorrow's success. On March 1, the California Hedge Fund Association became California Alternative Investments Association "CalALTS" thus expanding its outreach to address the needs of managers across the investment spectrum, not just hedge funds.

The CAIA Association is a global professional body dedicated to creating greater alignment, transparency, and education for all investors, with a specific emphasis on alternative investments. A Member-driven organization representing professionals in more than 95 countries, CAIA advocates for the highest ethical standards and provides authoritative, unbiased insight on a broad range of investment strategies and industry issues, key among them being efforts to bring greater diversification to portfolio construction decisions to achieve better long-term investor outcomes. Our members represent senior leadership in the allocator, manager, regulator, and academic verticals. To learn more about the CAIA Association and how to become part of the organization's mission, please visit https://caia.org/.

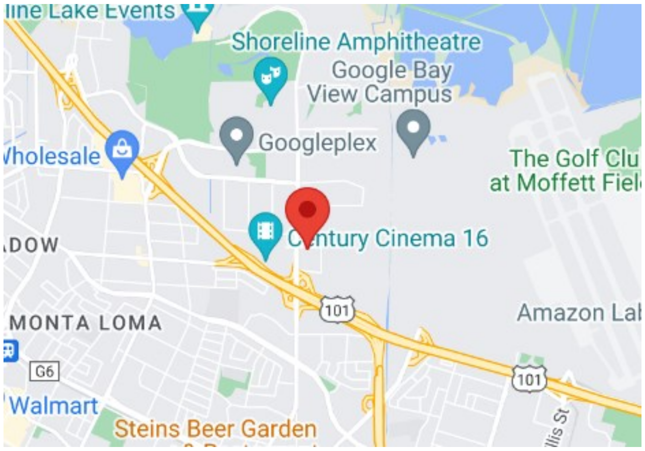
LOCATION

COMPUTER HISTORY MUSEUM

1401 N. Shoreline Blvd

Mountain View, CA

USA 94043



LEAD SPONSOR

Deloitte.

A future where more people have access to opportunities for creating wealth—it's the promise of human-centered capitalism. **Deloitte's** professionals bring a broad and powerful perspective that is experience-driven, strategic, and constantly evolving. Whether you're in private equity, hedge funds or mutual funds, Deloitte's Investment Management practice can help you turn challenges into opportunities in an everchanging marketplace.

PLATINUM SPONSOR

C & CO COHEN & COMPANY ASSET MANAGEMENT

Cohen & Company ("Cohen") was founded in 1999 as a private investment firm focused on small- cap financial institutions and has grown into a financial services company with an asset management division and a broker-dealer. Cohen manages approximately $2.6 billion in assets through a variety of investment vehicles. Cohen & Company Asset Management's primary strategies involve originating and managing private debt and insurance linked instruments issued by insurance and reinsurance companies and sponsoring and investing in Special Purpose Acquisition Companies (SPACs).

GOLD SPONSORS

VOYA

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. Voya IM manages approximately $205 billion in assets across Fixed Income, Senior Loans, Equities, Multi-Asset Strategies & Solutions, Private Equity, and Real Assets.[1] Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

WELLINGTON MANAGEMENT®

Tracing our history to 1928, **Wellington Management** is one of the largest independent investment management firms in the world. We are a private firm whose sole business is investment management, and we serve as an investment adviser for institutional clients in over 60 countries. Our most distinctive strength is our commitment to rigorous, proprietary research — the foundation upon which our investment approaches are built. Our commitment to investment excellence is evidenced by our significant presence and long-term track records in nearly all sectors of the global securities markets.

SILVER SPONSORS

Abbey Capital

Abbey Capital was founded in 2000 with a vision to create an alternative investment business providing multi-manager funds in the managed futures, foreign exchange and global macro sectors of the hedge fund industry. Over its nineteen-year history, Abbey Capital has grown from a start-up to a global company managing in excess of $4.0 billion* in notional assets to managed futures and FX managers with cash assets in excess of $2.7 billion*. Abbey Capital is currently one of the largest independent allocators in the Commodity Trading Advisor (CTA) industry globally.

57STARS

Founded in 2005, **57 Stars** is a globally focused, independent alternative investment manager. With more than USD 4 billion raised and managed, the firm invests on behalf of leading institutions globally and seeks to generate superior risk-adjusted returns by investing in high-growth sectors of the global economy that are driven by secular tailwinds and technology adoption. 57 Stars seeks to provide investors with the combined benefit of operational leverage, an institutional investment platform, and the firm's track record of attractive returns, while supporting the growth of what is hoped to be best-in-class and highly impactful companies.

SILVER SPONSORS

Chicago Atlantic Advisers is an opportunistic credit-oriented investment firm seeking to capitalize on North American investment opportunities that are time-sensitive, complex, or in dislocated markets such as cannabis, where we believe risk is fundamentally mispriced. The absence of traditional debt financing combined with the availability of high-quality retail and industrial real estate collateral makes our debt strategy one of the most attractive niches in the private credit space. Our first fund, launched in 2019, has closed with over $125M in commitments. The fund has returned 19%+ annualized net since inception. In May of 2021 we launched our second fund as an open-ended vehicle (with offshore feeder for tax-exempt domestic and foreign investors) with a target of $500M.

Juniper Square provides a universal system for Partnership Enablement, allowing investment partners to connect and communicate seamlessly across every interaction — to unlock the full potential of their partnerships.

EisnerAmper is among one of the nation's largest accounting firms, with a dedicated and well-established Financial Services Practice that provides audit, tax, and advisory services. Our Financial Services Practice, comprised of the Asset Management and Capital Markets Groups, is the largest industry group within EisnerAmper featuring more than 2,500 financial services clients. We have worked with private equity, venture capital and hedge funds firms for over thirty years, including many of the original firms in the space.

BUSINESS SPONSORS

Preqin, the Home of Alternatives™, empowers financial professionals who invest in or allocate to alternatives with essential data and insight to make confident decisions. It supports them throughout the entire investment lifecycle with critical information and leading analytics solutions. The company has pioneered rigorous methods of collecting private data for almost 20 years, enabling more than 200,000 professionals globally to streamline how they raise capital, source deals and investments, understand performance, and stay informed.

Founded in 2004, **Absolute Investment Advisers** provides investment strategies with unique sources of risk and return that exhibit low sensitivity to traditional stocks and bonds. Through the Absolute Funds, we provide access to strategies that focus on capital preservation and alpha-oriented return opportunities. The Funds are managed and monitored in a fully transparent, daily valued structure.

Millennium Trust is an expert provider of retirement and custody solutions committed to the evolving needs of advisors, financial institutions, businesses, and individual investors. Millennium Trust empowers clients with trusted expertise, exceptional service and access to a wide range of custody solutions. Whether you are managing alternative assets, investment accounts or retirement funds, we are uniquely qualified to service your custody needs.

CO-HOSTS

John L. Bowman, CFA, Executive Vice President, **CAIA Association**
Mr. Bowman serves as Executive Vice President for the CAIA Association, overseeing the industry leading CAIA charter, thought leadership and content development, and CAIA's Asia Pacific strategy. John has devoted 25 years to the asset management industry to recover the narrative of the value that the investment profession bring to society. He is a staunch public advocate for market integrity, long-termism, investor outcomes, diversity, human dignity and educational standards, as necessary ingredients to building a sustainable and healthy profession.

Anne O'Brien, Chief Executive Officer, **CFA Society San Francisco**
As CEO of CFA Society San Francisco, Ms. O'Brien has the responsibility for shepherding the organization to deliver valuable offerings and services to members, and to extend the Society's reach in Northern California. She works closely with the Board of Directors, the professional staff at the Society, partner organizations, CFA Institute, other societies, and engaged member volunteers to create and innovate the highest quality professional education forums, career development and career transition support programs, and social networking opportunities for members, candidates, and the large Bay Area investment industry.

Robin Fink, President, **CalALTs**
Mr. Fink is a 25-year Wall Street veteran and Founder of Taku Partners LLC, a Boutique Advisory firm that leads business start-ups and alternative managers in the art and science of capital raise campaigns. He began his career at Montgomery Securities and then Bank of America Securities as an Institutional Equity Salesman. Moving into the family office of Gordon Getty, Robin introduced the unique subscription and redemption product Reflow to the boards of directors of the 40 Act Mutual Fund Community. At Jefferies Prime Brokerage Group, he was the Head of West Coast Sales.

KEYNOTE SPEAKERS

Nicole Musicco, Chief Investment Officer, **California Public Employees' Retirement System (CalPERS)**

Nicole Musicco oversees an investment office of nearly 400 employees and manages investment portfolios of roughly $500 billion, including the Public Employees' Retirement Fund and affiliate funds. As chief investment officer, Nicole oversees total fund investment and operational strategies. She collaborates with the managing investment directors and their teams to implement asset allocation and investment strategies. She also oversees our Investment Office's business management needs, including strategic planning, financial reporting, expense management, and talent management. Nicole's experience includes 16 years with the Ontario Teachers' Pension Plan where she led the public equity investment team and oversaw the private equity fund and co-investment program.

Steve Davis, CFA, CAIA, Chief Investment Officer, **Sacramento County Employees Retirement System (SCERS)**

Steve Davis has served as the Chief Investment Officer at SCERS since October 2016 and is responsible for the oversight and implementation of SCERS' investment program. Steve has been with SCERS since 2010, and previously was a co-portfolio manager at Wedbush Morgan Securities and a senior research analyst at Concord Investment Counsel. Steve holds a Bachelor of Arts degree from the University of Arizona and a Master of Business Administration degree from the University of Southern California, and also holds the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations.

Prabhu Palani, CFA, Chief Investment Officer, **San Jose Federated Pension Plan**

Prabhu is a veteran of the investment industry who brings over 20 years of investment experience with global investment leaders including Barclays Global Investors, Franklin Templeton Investments, and Mellon Capital Management. He was Managing Director and Senior Investment Strategist at Mellon Capital Management where he helped build the firm's quantitative equity capabilities. Previously he was an SVP and Portfolio Manager at Franklin Templeton Investments managing structured equity portfolios. He has also held fixed income portfolio management positions at BGI and NatWest Bank. He is also a former Trustee of the Federated City Employees Retirement System where he served on the Investment Committee for 6 months.

Larry Kochard, Chief Investment Officer, **Makena Capital Management**

Larry Kochard is the Chief Investment Officer at Makena Capital Management and was previously the Chief Executive Officer and Chief Investment Officer of the University of Virginia Investment Management Company (UVIMCO) for seven years. As CEO, Larry provided leadership for all aspects of UVIMCO's operations and served as UVIMCO's primary representative to the university, related foundations, and the public. As CIO, Larry was responsible for the investment management of UVIMCO's Long Term Pool, overseeing the asset allocation, portfolio management, risk management and manager selection activities of the investment staff.

Scott Kupor, Managing Partner, **Andreessen Horowitz**

Scott Kupor is an investing partner focused on growth-stage companies building in the bio and healthcare industries, manages the firm's investor relations team, and is responsible for the firm's growth initiatives. Scott was the first employee at Andreessen Horowitz and managed the firm's growth from $300 million in AUM to more than $30 billion. Scott is the author of the Wall Street Journal best-selling book, *Secrets of Sand Hill Road: Venture Capital and How to Get It*, and serves on the boards of Cedar, Headway, Foursquare, Labster, Ultima, and SnapLogic.

Robert Smith, Founder and Chief Executive Officer, **Vista Equity Partners**

Robert F. Smith is the Founder, Chairman and CEO of Vista Equity Partners. Vista currently has over $96 billion in assets under management and oversees a portfolio of over 80 enterprise software, data, and technology-enabled companies that have more than 400 million users and employ over 100,000 people worldwide. Smith's business achievements and global philanthropic works have been recognized by numerous entities. Among them, Smith was awarded the Carnegie Medal of Philanthropy, and was named as one of Forbes' 100 Greatest Living Business Minds and a TIME 100 Most Influential People in the World in 2020.

SPEAKERS

Sylvia Kwan, PhD, CFA, CAIA, Chief Investment Officer**, Ellevest**

Sylvia is responsible for developing the investment portfolios that drive Ellevest's investment recommendations. Prior to joining Ellevest, Sylvia was a founding member of the investments team at Financial Engines, L.L.C. one of the first successful digital advisors. She worked to develop scalable, robust investment processes to manage over $14B in AUM for over 200,000+ client accounts during her tenure. Her financial services experience includes portfolio management positions at Charles Schwab Investment Management, where she was director of equity quantitative research, and at the Boston Company, where she managed over $500 million in institutional fixed-income assets.

Kurt Braitberg, CFA, CAIA, Managing Director, Public Markets, **San Francisco Employees' Retirement System (SFERS)**

Kurt Braitberg joined the SFERS in 2018 and is responsible for the implementation of investment policies and strategies within the Public Equity, Fixed Income, and Private Credit asset classes. He also oversees SFERS' ESG investing efforts. Kurt has over 25 years of investment management experience in research, due diligence, asset allocation, portfolio management, and trading. Before joining SFERS, Kurt was a Managing Director at TeamCo Advisers, a San Francisco-based alternative investment advisory firm where was responsible for managing the firm's investment process and portfolio allocations.

Yale Kofman, Deputy Chief Investment Officer, **BMO Family Office**

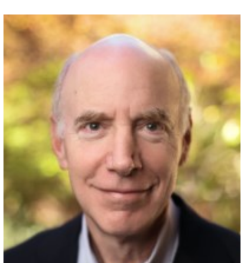
Yale Kofman is a Deputy Chief Investment Officer with BMO Family Office, an integrated wealth management provider that serves ultra-affluent individuals, families and family offices across their tax, estate, investment, philanthropic, risk and family capital needs. In addition to leading select client relationships, he also manages a team of seasoned investment directors on the West Coast and Chicago who are responsible for implementing bespoke investment, tax and philanthropic strategies which help clients to enhance multi-generational asset transfer and to enable their wealth to promote their values. Yale brings to BMO Family Office almost 30 years of experience in asset allocation, alternatives, ESG investing, client relationship management and C-suite strategy.

Haley Schaffer, Director, Investment Strategy Group, **ICONIQ**

Haley Schaffer is responsible for leading ICONIQ's Multi-Strategy Investment Management platform, including strategic asset allocation and investment selection. ISG's global investment focus spans public and private assets, including private equity, venture capital, co-investments, credit, real estate, real assets, special situations, liquid long-only, and hedging-oriented strategies. The Multi-Strategy Investment Management platform seeks investment opportunities that harness ICONIQ's differentiated capital and the strategic value of ICONIQ's global network. Haley works closely with Multi-Strategy Investment Management clients to build outcome-oriented solutions and offer access to the investment platform.

Stephen Biggs, CFA, CAIA, Managing Director and Head of Alternative Investments, **The Mather Group**

As Managing Director, Head of Alternative Investments, Stephen applies his investment acumen and experience to assess and develop new investment offerings based on clients' investment goals, risk tolerance, and retirement needs. He joined The Mather Group through the acquisition of HC Financial Advisors in August 2022, where he operated as the Chief Investment Officer and a Principal. Prior to HC Financial Advisors, he was a Senior Analyst of Zacks Investment Research, Senior Equity Analyst of Manning & Napier, and Principal of Wells Capital Management. Stephen earned his MS in Business and Finance and BS in Business and Management from San Diego State University.



Ralph Goldsticker, CFA, Chief Investment Officer, **Alan Biller and Associates**

Ralph currently serves as the Chief Investment Officer at Alan D. Biller & Associates. Prior to this role, he was the Director of Portfolio Strategy. Before joining Alan D. Biller & Associates, Ralph worked as Managing Director, Senior Investment Strategist at BNY Mellon Investment Management. Earlier, he was with Mellon Capital, where he worked as Managing Director of Strategic Investments and Managing Director of Research. Before joining Mellon Capital, Ralph was Director of Research at Vestek Systems.

SPEAKERS

Elmer Huh, Chief Investment Officer, **M.J. Murdock Charitable Trust**

Elmer leads the investment team and works with the Trustees in managing the M.J. Murdock Charitable Trust's investment portfolio. Previously he was at EY, Barclays Capital and Morgan Stanley in various capital markets roles. Elmer serves on the advisory committees of several alternative investment funds. He also serves with the boards of several nonprofits and other organizations focused on strategy, sustainability, and leadership development.

Amy Ridge, Partner, **Mercer**

Amy Ridge is the DEI Portfolio Manager within Mercer's Alternatives group, where she leads diverse manager research and investing, helping clients close critical gaps in their portfolios by allocating capital to private market funds focusing on historically underinvested populations. She also serves as the client lead for numerous client relationships, providing annual pacing, customized pipelines, portfolio plans, and due diligence projects, and often presents recommendations to client's boards and investment committees. Amy chairs Mercer's DEI Investment Committee and is a member of Mercer's Private Equity Ratings Review Committee, Private Debt Ratings Review Committee, and the Global Impact Investment Committee.

Kenneth Pitman, CFA, CAIA, Director, Alternative Investments, **Mercer**

Kenny is a Principal is a Principal at Mercer Alternatives, which provides strategic research, advice, and investment solutions for institutional investors seeking to allocate to private markets and hedge fund strategies. Kenny is responsible to look after alternative portfolios for our wealth management, non profit, and retirement plan clients. Prior to joining Mercer in 2016, Kenny worked at MSCI where he assisted asset managers with implementing risk management processes and developing passive index-based investment solutions. He began his career in client-facing roles at Eaton Vance and Fidelity Investments.

Sandip Bhagat, Chief Investment Officer, **Whittier Trust**

Mr. Bhagat is in charge of policy, strategy and research for both alternative and traditional investment management for Whittier Trust. From 2009 to 2014, he headed global equity for Vanguard Group, overseeing active and passive equity. Prior to Vanguard, he worked as Managing Director for Morgan Stanley Investment Management. Mr. Bhagat began his 25-year career in financial services in 1987 with Travelers Investment Management, eventually becoming CIO then Managing Director of Citigroup Asset Management He received a BS in Chemical Engineering from the University of Bombay and MS in Chemical Engineering and his MBA from the University of Connecticut. He is a CFA charterholder.

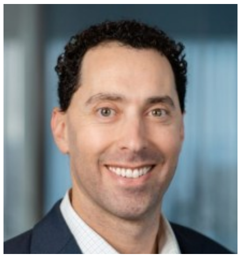
Hina Dixit, Head of AI Investments, **Samsung Next Ventures**

Hina Dixit is a Software Engineering Leader & a Venture Capitalist with 13+ years of experience in Software Engineering. Hina currently heads AI Investments at Samsung Next. She also focuses on AR, Web3 & Infrastructure sector areas. Prior to SamsungNext, Hina led a team at Apple for 8 years with a focus on multiple projects varying from Security, iCloud, Artificial Intelligence, Developer Tools & Data Integrity. She is an investor in companies like Stability AI, MosaicML, Space & Time and more.

Somjita Mitra, Chief Economist, **California Department of Finance**

Somjita Mitra, Ph.D. is the Chief Economist at the California Department of Finance. The Economic Research Unit prepares economic forecasts and analyses of various economic developments, advises state departments and local government agencies, provides economic information to the general public and oversees the regulatory review process. Prior to joining the Department of Finance in November 2019 as the Chief of Economic Research, Dr. Mitra was the Director of the Institute for Applied Economics at the Los Angeles County Economic Development Corporation (LAEDC). She joined the Institute for Applied Economics as an Economist in June 2013. She was involved in the planning, designing and conducting of research and analysis for consulting clients and local businesses and government. Her focus was on regional analysis, economic impact studies and the industrial and occupational structure of local economies.

SPEAKERS



Mike Krems, CFA, Partner, Private Equity Portfolio Strategies, **Aksia**

Mike is on the Portfolio Advisory team and has over 19 years of private equity, credit and co-investing experience. He is responsible for alternative investment portfolios in the Americas with a focus on developing private equity portfolio strategies and building co-investment portfolios. Prior to Aksia's acquisition of TorreyCove Capital Partners, Mike was a Managing Director of TorreyCove Capital Partners, where he was responsible for the identification, due diligence, and selection of private equity and credit investments, including co-investments.

Bridget Meaney, Investment Director, **QIC**

Bridget is an Investment Director at QIC (Queensland Investment Corporation). QIC is an investment manager purely focused on alternatives that acts as the Queensland Governments independent investment advisor as well as manages capital for a diverse set of external clients. Bridget is a member of the Private Capital team, investing in venture capital and private equity. Prior to joining QIC, Bridget was at Selby Lane Capital and Instacart. Bridget began her career in lower middle market investing at Altamont Capital Partners. She is a graduate of Duke University and the Stanford Graduate School of Business.

Kunal Doshi, Chief Investment Officer, **Single Family Office**

Kunal Doshi is currently the Chief Investment Officer at a single family office based in Palo Alto. He focuses on investing in fund managers and entrepreneurs scaling technological innovations combating climate change. Formerly he worked at Capricorn Investment Group, with $9.0B in AUM, conducting diligence, evaluating investments, and providing assistance to existing portfolio companies. As part of the founding team, he spearheaded the efforts in launching Capricorn's $400M+ venture capital and growth equity fund. He acted as a Board Observer for select technology-impact venture and growth investments currently valued at ~$3.5 billion.

Brett Horton, Chief Investment Officer & Head of Business Strategy, **Paris-Roubaix Group**

Mr. Horton is Chief Investment Officer & Head of Business Strategy at Paris-Roubaix Group, with more than 25 year of experience. Previously a Senior Consultant and Principal at Mercer Investments. Brett's clients include pension funds, hedge funds, commodity trading advisors, RIA's, family offices, insurance companies and multi-national corporations around the world. Over a period of several years, Brett developed a systematic approach to review and evaluate the appropriateness of a funds operational diligence that goes well beyond that traditionally used in the industry. In addition to conventional review models, Brett evidenced the clear need and value to fund managers, investors and allocators of applying a multi-faceted layer of forensic analysis to the operational diligence process.

Anup Agarwal, Chief Investment Officer, **Global Atlantic Financial Group**

Anup is Managing Director and Chief Investment Officer of Global Atlantic. He oversees Global Atlantic's Investment Office, which includes all of the company's investment activity: corporate credit, structured products, commercial real estate, operating assets, and private equity investments. Prior to Global Atlantic, Anup was Head of Residential, Commercial and Consumer Loans and Securities at Western Asset Management Company (WAMCO). He has more than 20 years of experience leading investment and research teams, serving as portfolio manager in fixed income and providing executive leadership in capital markets and structured finance at companies including WAMCO, Stark Investments and Invesco Asset Management.

James Walsh, Global Head of Portfolio Advisory, **Albourne**

James is Global Head of the Portfolio Advisory team at Albourne, where he joined in 2012. Albourne is an all alternatives consultant with over 260 clients globally, and founded in 1994. Prior to joining Albourne, James was CEO/CIO of Cayuga Capital Partners LLP, a start-up fundamental global macro Hedge Fund. Previously, James was CIO at Cornell University's endowment fund for four years, and spent 11 years at Hermes Pensions Management Ltd (the executive arm of the UK's BT Pension Scheme), where he was Executive Director, Strategy and Alternatives from 2001-2006.

AGENDA

September 6th, 2023

5:00-7:00 Cocktail & Welcome Reception

September 7th, 2023

7:20-7:45 Registration

7:45-8:15 Breakfast Presentation

8:15-8:20 Welcome to ALTSSV 2023

Paul Hamann, *Head of Alternatives & Strategic Partnerships*, **Markets Group**

8:20-8:25 Opening Remarks by Deloitte

8:25-9:05 Opening Keynote Panel: Global Macro Impacts on Asset Allocation

Headwinds? Or tornado forced winds? Whatever your call them, one thing is for certain, after over a decade of record low interest rates and inflation the tide is starting to turn. In this session, our experts will tackle the biggest macroeconomic and geo-political issues impacting the market: inflation, rising interest rates, the invasion of Ukraine, supply chain pressures, China's slowing growth, and more.

Moderator:

Amy Ridge, *Partner*, **Mercer**

Panelists:

Steve Davis, CFA, CAIA, *Chief Investment Officer,* **Sacramento County Employees Retirement System (SCERS)**

Prabhu Palani, CFA, *Chief Investment Officer,* **San Jose Federated Pension Plan**

James Walsh, *Global Head of Portfolio Advisory,* **Albourne**

Yale Kofman, *Deputy Chief Investment Officer,* **BMO Family Office**

Chris Perret, CFA, CAIA, *COO of Macro Platform*, **Wellington**

9:05—9:15 The Asset Classes We Swim In: The Future Transformation of Portfolio Construction

Since the arrival of Modern Portfolio Theory, Strategic Asset Allocation and all of it's trappings in the early 1950's the investment industry has deeply anchored to this philosophy. It's the water we all swim in. In recent years, however, an enterprising handful of large institutional asset owners have begun challenging the common wisdom of an SAA approach given its unintended and suboptimal consequences. CAIA Association has been on a several month journey exploring the "fourth realm" of portfolio construction, often called the Total Portfolio Approach (TPA), that is inevitably going to transform the entire value chain

Speaker:

John L. Bowman, *CFA, Executive Vice President,* **CAIA Association**

9:15-9:50 Keynote Interview with Nicole Musicco, Chief Investment Officer, CalPERS

Interviewer:

John L. Bowman, *CFA, Executive Vice President,* **CAIA Association**

Interviewee:

Nicole Musicco, *Chief Investment Officer*, **California Public Employees' Retirement System (CalPERS)**

9:50-9:55 CFA San Francisco Update

CFA Society San Francisco has played a leading role in Bay Area financial life for over 90 years. Today, the Society's 3,700 members work throughout the greater Bay Area in asset and wealth management, banking, corporate finance, academia, philanthropy, treasury, risk management, and other traditional investment sectors as well as the growing sectors: FinTech, data science, private equity, venture capital, and ESG investment.

Speaker:

Anne O'Brien, *Chief Executive Officer,* **CFA Society San Francisco**

9:55-10:30 Fireside Chat hosted by Deloitte

Interviewer:

Speaker, *Managing Director,* **Deloitte**

Interviewee:

Somjita Mitra, *Chief Economist,* **California Department of Finance**

10:30-10:35 CalALTs Update

CalALTs is a member-based professional association that helps asset managers, investors and service providers harness the power of connection to advance the alternative investment industry in California. Whether linking our members to peers, thought leaders, resources or ideas, everything we do is focused on fostering meaningful connections that drive tomorrow's success. To learn more about CalALTs, visit us online at www.calalts.org.

Speaker:

Robin Fink, *President,* **CalALTs**

10:35—11:05 Networking Break

11:05-11.40 Keynote Interview with Larry Kochard, Chief Investment Officer, Makena Capital Management

Interviewer:

John L. Bowman, *CFA, Executive Vice President,* **CAIA Association**

Interviewee:

Larry Kochard, *Chief Investment Officer,* **Makena Capital Management**

11:40-12:15 Keynote Panel: Private Market Investments – Time to Shine

As investors search for additional sources of revenue and methods for portfolio diversification in the volatile and changing environment, private markets stand out as an area of opportunities. The panel brings together leading alternatives investors and allocators to share the role private equity, private debt, venture capital and more play in their portfolios and what they look for in managers to meet their objectives in these asset classes. Panelists will address risks and opportunities across capital structures, expected returns and the operational requirements for managing the unique complexities in private markets.

Panelists:

Speaker, *Managing Director,* **Cohen & Company**

Brett Horton, *Chief Investment Officer & Head of Business Strategy,* **Paris-Roubaix Group**

Sandip Bhagat, *Chief Investment Officer,* **Whittier Trust**

Anup Agarwal, *Chief Investment Officer,* **Global Atlantic Financial Group**

continued on next page

12:20-1:00 Roundtable Discussions—Session One

Organized in the spirit of small group learning and informal conversation, each roundtable is hosted by a veteran alternative investment management professional who will initiate a lively exchange about a topic or industry trend.

Roundtable 1: Deloitte
Roundtable 2: Cohen & Company
Roundtable 3: Voya
Roundtable 4: Libremax
Roundtable 5: Wellington
Roundtable 6: Balbec
Roundtable 7: Abbey Capital
Roundtable 8: 57 Stars
Roundtable 9: Chicago Atlantic Advisors
Roundtable 10: Juniper Square
Roundtable 11: EisnerAmper
Roundtable 12:
Roundtable 13:
Roundtable 14:
Roundtable 15:
Roundtable 16:

1:00-2:00 NETWORKING LUNCH

2:00-2:25 Keynote Fireside Chat

Interviewee:
Robert Smith, Founder and Chief Executive Officer, **Vista Equity Partners**

CONTENT STREAM 1

2:30-3:05 Panel I — Private Credit: Reassessing the Asset Class in Uncertain Times

Inflationary pressures are causing investors to consider how they are allocating to credit. Are investors looking at riskier areas of the asset class? Where is that risk being compensated? What are the dominant forces driving yield in the sub asset classes? This panel examines new and sometimes unexpected ways of viewing the traditional asset class.

Moderator:
Mark Perry, *Managing Director - Head of Alternatives Manager Research*, **Wilshire**

Panelists:
Kurt Braitberg, CFA, CAIA, *Managing Director, Public Markets*, **San Francisco Employees' Retirement System (SFERS)**
Kenneth Pitman, CFA, CAIA, *Director, Alternative Investments,* **Mercer**
Speaker, *Managing Director,* **Libremax**

3:05-3:40 Panel II — Opportunistic Credit Strategies and Private Markets

As value creation continues to shift from public to private markets, opportunistic credit strategies still provide a return stream that offsets many of the risks seen in other markets. In addition, current structural and fundamental issues are creating attractive distressed debt opportunities that can add benefit to a portfolio. This panel will explore how to best use opportunistic credit to achieve the highest returns and how capital allocators and fund managers are adjusting their investment strategies as the relationship between public and private markets continues to change.

3:40-4:15 Panel III — State of the Industry – The US Real Estate Market in 2024

Real estate markets have seen tsunami-level tide changes over the last four years. With office back in play and residential under a watchful lens, allocators reevaluate their real estate portfolios. What macroeconomic trends are impacting global real estate markets? Which regions are seeing returns, and which lag behind? In this panel discussion, our esteemed panelists will share their perspectives on global real estate markets and forecasts for the year ahead.

Moderator:

Anil Daryani, CFA, *Managing Director*, **Citi Private Bank**

Panelists:

Stephen Biggs, CFA, CAIA, *Managing Director and Head of Alternative Investments,* **The Mather Group**

CONTENT STREAM 2

2:30-3:05 Panel I — What's Next for Digital Assets and Artificial Intelligence (AI)

Firms are continuing to integrate digital assets into their portfolio line-ups, however, scandals and volatility in late 2022 have put the digital assets markets on a rocky path. Our panel will look into how the growth of the digital asset ecosystem is impacting the alternatives space and what role they see digital currencies playing in their portfolios in 2023. They will also explore the disruption of active portfolio management by ChatGPT and generative AI, their incorporation into alternative allocations and what effect this will have on investments in general.

Moderator:

Anurag Chandra, *Trustee,* **San Jose Federated Pension Plan**

Panelists:

Gareth Shepherd, PhD, CFA, *Co-Head of Machine Intelligence and Portfolio Manager*, **Voya Investment Management**

Hina Dixit, *Head of AI Investments*, **Samsung Next Ventures**

Joe Marenda, *Partner, Global Head of Digital Assets Investing,* **Cambridge Associates**

3:05-3:40 Panel II — The Role of Venture in Impact Investing in 2023

The convergence between venture and impact investing really advanced in recent years and continues to bring new opportunities and challenges for both LPs and GPs. When properly executed, this allows LPs and GPs to gain positive returns while maintaining their core social values. However, there are still many questions about the measurement and due diligence surrounding impact. Our panelists will address and confront the differing sentiment around ESG and impact and if it will affect the VC market in 2023.

Moderator:

Bridget Meaney, *Investment Director*, **Queensland Investment Corporation** (**QIC)**

Panelists:

Sylvia Kwan, PhD, CFA, CAIA, *Chief Investment Officer***, Ellevest**

Neeraj Rama, *Chief Investment Officer,* **Comprehensive Blood and Cancer Center**

Kunal Doshi, *Chief Investment Officer,* **Single Family Office**

continued on next page

3:40-4:15 Panel III — Opportunities around Private Equity and Secondary Markets

Private equity affords very unusual rates of return, given the world's current parameters. The rise of interest rates and private equity's promise of double-digit annual returns are fueling ever-greater investor allocations to the asset class. Investors are increasingly turning to the secondary market to find value opportunities as LPs work to boost liquidity, with portfolios containing exposure to sectors such as hospitality, consumer related, energy and transportation needing to be sold at heavy discounts. With so much opportunity in the market, how are private equity investors positioning their portfolios for growth?

Moderator:

Ralph Goldsticker, CFA, *Chief Investment Officer*, **Alan Biller and Associates**

Panelists:

Haley Schaffer, *Director, Investment Strategy Group,* **ICONIQ Capital**
Elmer Huh, *Chief Investment Officer,* **M.J. Murdock Charitable Trust**
Mike Krems, CFA, *Partner, Private Equity Portfolio Strategies*, **Aksia**

MAIN SESSION

4:20-4:55 Closing Keynote Interview

Interviewer:

John L. Bowman, *CFA, Executive Vice President,* **CAIA Association**

Interviewees:

Judy Wade, *Managing Director,* **CPP Investments**
Scott Kupor, *Managing Partner,* **Andreessen Horowitz**

4:55-5:00 Closing Remarks by Deloitte

5:00 ALTSSV Networking Cocktail Reception

The 10th Annual California Institutional Forum is an educational initiative designed through close coordination with the region's leading institutional investors to build peer communities that merge global best practices with local expertise. The forum is designed to bring together fund leadership teams, investment officers, board members, trustees, and their consultants representing the California institutional investment community.

The forum's agenda is developed through extensive local travel and feedback from the institutional investor community representing institutional asset owners across public and corporate pension plans, endowments, foundations, insurance portfolios, healthcare plans, and investment consultants.

Key Discussion Topics

Opening Bell – Macro and Market Outlook

In a time of macroeconomic uncertainty, geopolitical conflict, higher interest rates, chronic inflation, and market volatility, hear how strategists and investors are viewing the next 12 months.

Alternatives & Private Market Investments – Time to Shine

As investors search for additional sources of revenue and methods for portfolio diversification in the volatile and changing environment, alternatives stand out as an area of opportunities.

Emerging Markets in a Time of Profound Global Change

In a time of profound global change, how has investor sentiment changed towards emerging markets? Which factors should long-term investors consider when debating how and whether to allocate to the asset class? Which regions, strategies and approaches will provide the best results for the objectives and needs of institutional portfolios?

The Great Equity Debate: Institutional Views on Stock Markets

Amidst slowing global growth, margin compression, and the challenging backdrop of high inflation and rising interest rates, hear the different strategies investors are using to determine their equity allocations and guide their investments.

Solutions for Getting to Net Zero: Transformational Technologies

Net zero commitments in place today indicate that billions of dollars will be spent on innovations and technologies to reduce emissions. Panelists will address how we can allocate capital most efficiently to achieve these net zero targets and drive investment growth while remaining aware of the challenges and opportunities within the just transition.

Fixed Income: Reassessing the Asset Class in Uncertain Times

Inflationary pressures and rising rates are causing investors to consider how they are allocating to traditional fixed income. Are investors increasing their risk tolerance? Where are risks being most compensated? What are the dominant forces driving yield in the sub-asset classes?

Addressing Inflationary Pressures in 2023

Economic growth is like an aircraft carrier that has enormous momentum but is difficult to turn or stabilize if it starts to list. Persistent inflation and a looming recession, at opposite ends of the spectrum, may become tail risk events that keep the Fed and politicians awake at night. Awareness of key indicators could sharpen an investor's edge, increase investment readiness and reduce their risks ahead.

Finding Alpha Across Private Credit Strategies

Credit strategies are changing and driving more profit within portfolios as LPs have sought greater diversifiers within the private credit space. Learn where investors are finding alpha across the ever-increasing range of specialty, niche, and bespoke strategies.

Institutional Leadership Roundtable: Decision-Making in Disruptive Times

Leading institutional investors and asset owners shed light on the most pressing investment and management issues facing their organizations. Under Chatham House Rules, they will vet tactics on global, social, market and environmental disruptions within the current environment. They will discuss topics that are strategically important to boards in today's climate. They will explore how global, social, market and environmental priorities have shifted. They will debate reasonable expectations for investment returns this year, and relay how they are streamlining governance practices. This is an opportunity to hear best practices from institutional leadership, develop strategies to maximize opportunities, and explore solutions for challenges to come.

The **6th Annual Private Equity San Francisco Forum** is the leading West Coast investor-centric event for LPs investing in private markets.

The forum brings together investors, fund managers, and advisers for a two-day meeting to discuss sectors, due diligence, and private equity investment opportunities in the US and around the world.

The investor focused forum will bring together US and international pension funds, foundations, endowments, fund of funds, family offices, wealth managers, consultants, and sovereign wealth funds interested in direct research on private investment opportunities.

Session topics cover the entire spectrum of private equity investments, from sector specific sessions on venture capital to discussions on global buyout opportunities and roundtables of leading global institutional investors discussing their specific investment appetites.

Key Discussion Topics

Global Private Market Investing

While deal activity remains above pre-pandemic levels, 2022 saw a significant decline in activity from the year prior. How are leading fund managers taking the offensive in a less than favorable market environment? Which geographies are demonstrating more resiliency, and which markets are facing more challenges?

Portfolio Optimization & Value Creation—What Tools & Strategies are Leading Funds Using to Support Growth in Their Portfolio Companies?

How are private equity firms navigating their portfolio companies through the continuing headwinds caused by economic conditions and the stock market slide. What strategies are GPs utilizing to preserve liquidity, reduce costs, create value, and drive EBITDA? How do partners and leading consultants identify opportunities to boost long term innovation and productivity in portfolio companies?

Technology, Security, & Intelligence Influence in Private Equity

As global geopolitical tensions rise, how are alternative asset firms managing technology and cybersecurity risks? Additionally, how are firms utilizing and leveraging technology to hedge against vulnerabilities while improving transparency? Investors discuss rising cybersecurity challenges and best approaches to solve and reduce vulnerabilities within their funds and across portfolio companies.

A Spotlight on ESG Management: Navigating Growing Expectations

Sustainable investing has never been more important in the private equity community, with a wave of social and environmental challenges markets are showing a shift of trillions of dollars into sustainable financial investments. What's truly driving the trend toward "sustainable capitalism"? How are GPs responding to LPs ESG agendas in private equity? How are LPs and GPs making a difference and driving profits? Experts discuss how to best understand the relationship between corporate sustainability practices and company financial performance.

Sourcing, Practicing Efficient Due Diligence & Downside Risk Mitigation

The pandemic deal making environment has provided private equity managers the opportunity to source deals at more attractive prices. Traditionally, sourcing investments and conducting due diligence has always been conducted in person, requiring travel and numerous face to face meetings. Amidst the pandemic, investors needed to adapt to deal making while simultaneously social distancing and implementing new technology for working from home and video conferencing. Panelists discuss how their due diligence strategies have changed in the last several months and share thoughts on best practices for the future.

LP Perspective on Global Private Equity Markets

Over the past decade, private equity saw in increased popularity and importance amongst institutional investors. However, rising inflation, geopolitical tensions and other market factors raise new concerns for LPs regarding risk and liquidity. Are LPs willing to increase their allocations to these long term illiquid strategies? How have these recent market conditions affected their allocation preferences, fund structure considerations, or geography preferences?

Private Credit—Challenges, Risks, and Opportunities

Despite the headwinds, many managers are continuing to cautiously make new deals in favorable sectors such as business services, and IT as well as look at purchasing attractive loans on the secondary market. Leading managers discuss what changes they are seeing in the private credit markets and their outlooks on the future of the asset class. Additionally, can any parallels be drawn from the 2008 financial crisis?

National Conference on Public Employee Retirement Systems

The Voice for Public Pensions

Accreditation Requirements

NAF is offered two modules at a time (1&2 and 3&4), twice a year. Participants may take Modules 1&2 or 3&4 in any order. Once all modules have been successfully completed, participtants will be required to take an online exam to demonstrate an understanding of the program materials. Upon receipt of a passing grade on the exam, participants will be awarded with the NCPERS ***Accredited Fiduciary (AF)*** designation.

ELIGIBILITY
NAF is open to elected or appointed pension trustees and plan staff with at least 5 years of experience in pension plan administration and or governance. This program is not open to pension plan service providers.

PROGRAM REQUIREMENTS

- It is recommended that NAF candidates first complete the NCPERS Trustee Educational Seminar (TEDS).

- Candidates are required to complete all four (4) NAF modules, in any order. Modules are presented as 1&2 and 3&4.

- Upon completion of all four modules, candidates must demonstrate mastery of content through an online exam held after completion of the NAF course.

  ACCREDITATION
  Upon successful completion of all requirements, NAF candidates will be awarded their *Accreditated Fiduciary* (AF) designation. You will receive an official certificate outlining your accomplishment and lapel pin to be worn proudly.

National Conference on Public Employee Retirement Systems
The Voice for Public Pensions

FALL Education

FINANCIAL | ACTUARIAL | LEGISLATIVE | LEGAL

CONTINUING EDUCATION HOURS
By attending the FALL Conference, you can earn up to **15** continuing education hours towards your *Accredited Fiduciary* (AF) recertification and/or state mandated continuing education requirements.

CONFERENCE HIGHLIGHTS
Education
This conference offers premium education delivered to you in tracks that focus on key topics effecting the pension industry: Finance, Actuarial Science, Legislative and Legal. These sessions will enhance your knowledge and provide you with the skills you need to better serve your fund or union and move forward in your professional development.

Who Should Participate?
Professionals from all avenues of the pension industry, including trustees, administrators and staff, state and local officials, investment and financial consultants, individuals who provide products and services to pension plans, union officers and regulators from across the United States and Canada.

Exhibit Hall
Check out our exhibitors and learn more about the service providers that support our industry and your pension plan.

Networking
Connect, share ideas and best practices with your colleagues and or clients at the conference.

2023 SCHEDULE OF EVENTS

SUNDAY, OCTOBER 22

3:00 pm – 6:00 pm	Registration
4:00 pm – 5:00 pm	Opening General Session
5:00 pm – 6:30 pm	Welcome Reception & Exhibition

MONDAY, OCTOBER 23

7:00 am – 8:00 am	Breakfast
7:00 am – 1:00 pm	Registration
8:00 am – 1:00 pm	Exhibition
8:00 am – 1:00 pm	General Session II
10:15 am – 10:45 am	Exhibit Break
5:00 pm – 6:00 pm	Networking Reception

TUESDAY, OCTOBER 24

7:00 am – 8:00 am	Breakfast
7:00 am – 1:00 pm	Registration
8:00 am – 1:00 pm	Exhibition
8:00 am – 1:00 pm	General Session III
10:15 am – 10:45 am	Exhibit Break
5:00 pm – 6:00 pm	Networking Reception

WEDNESDAY, OCTOBER 25

7:00 am – 8:00 am	Breakfast
7:00 am – 12:00 pm	Registration
8:00 am – 12:00 pm	General Session IV
10:15 am – 10:30 am	Refreshment Break

National Conference on Public Employee Retirement Systems
1201 New York Avenue, NW, Suite 850, Washington, DC 20005
202-601-2445 202-688-2387
info@ncpers.org

SAVE THE DAT

Nossaman's 2023 Pensions, Benefits & Investments Fiduciaries' Forum

We are excited to announce the dates for our **2023 Fiduciaries' Forum!** In order to maximize the opportunities for our clients to attend, we will be hosting this event in two locations – Nossaman's offices in **San Francisco on October 5th** and **Los Angeles on October 30th**. We will also be switching from a two-day format to one day so we can lower the cost of attendance. We invite you to attend to meet and hear from the Nossaman attorneys who serve you, as well as a special guest or two, on a variety of topics that are critical to public pension system trustees, executive staff, investment officers and in-house counsel.

Because space in our offices is limited, we invite you to click here to pre-register to reserve your seat! Attendance is limited to three attendees per retirement system, per venue (with exceptions provided if space permits within two weeks of the Forum at each location).

Programming in each location will take place from 9:00 a.m. - 4:00 p.m. PT. We will secure a small block of rooms at nearby hotels for those who wish to arrive the night before each session.

Registration Fee: $95

October 5, 2023
Nossaman LLP
50 California Street
34th Floor
San Francisco, CA 94111
MAP

October 30, 2023
Nossaman LLP
777 South Figueroa Street
34th Floor
Los Angeles, CA 90017
MAP

Pre-Register

If you have any questions, please contact Laura Clumpus at lclumpus@nossaman.com.

Ashley Dunning
Pensions, Benefits
& Investments Group
Co-Chair

Yuliya Oryol
Pensions, Benefits
& Investments Group
Co-Chair

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 11.01-02

July 14, 2023

SUBJECT: Approval of expected overage during travel

SUBMITTED FOR: ___ CONSENT _X_ ACTION ___ INFORMATION

RECOMMENDATION:

In accordance with the *Trustee and Executive Staff Travel Policy, s*taff recommends the Board approve an exception to the $2,500 annual travel cap for Trustee Duffy to attend the top1000funds Fiduciary Investors Symposium September 19-21, 2023.

PURPOSE:

To ensure compliance with *Trustee and Executive Staff Travel Policy*.

DISCUSSION

At the July 8, 2022, Board meeting, an annual travel spending cap of $2,500 was added to the *Trustee and Executive Staff Travel Policy* policy. Section II.D of the policy states, "Each Trustee is allotted $2,500 for the calendar year. Excluded from the allotted annual amount are the educational opportunities listed in section II.C of this policy [CALAPRS and SACRS events]. The Board may approve exceptions to the annual travel cap in accordance with section III.B of this policy."

Section III.B of the policy identifies the priorities the Board should consider in approving attendance at conference, including:

1. The extent to which the participants' capacity to carry out his/her duties as a Trustee or Executive Staff of SJCERA will be enhanced in a significant manner (including speaking engagements where the participant can enhance his/her capacity through attendance at the event);
2. The cost-effectiveness of the opportunity; and
3. The timeliness and relevance of the opportunity.

A copy of the agenda is attached to assist the Board in making its assessment of this conference relative to these policy priorities.

At its June 2, 2023, meeting, the Board approved Trustee Duffy to attend the Fiduciary Investors Symposium; however, estimated costs for the trip were not yet available. Based on best available information, staff estimates the total cost of event will be $3,093.01. A breakdown of estimated expenses follows:

Registration	$1,900.00
RT Airfare	

Trans to/from Airport	
Ground Transportation	109.18
Lodging	853.83
Meals	210.00
Other (describe)	20.00
TOTAL	**$3,093.01**

ATTACHMENT
top1000funds Fiduciary Investors Symposium

JShick

JOHANNA SHICK
Chief Executive Officer

Tuesday, September 19

11:00am - 12:30pm Tour of Stanford University
12:30pm - 1:15pmLunch and registration
1:15pm - 1:30pm
Welcome

1:30pm - 2:30pm **Leadership and managing 21st century political risk**
Condoleezza Rice, who was the 66th Secretary of State of the United States, will join Professor Stephen Kotkin in conversation about leadership and managing 21st century political risk.

Condoleezza Rice
Tad and Dianne Taube director of the Hoover Institution, senior fellow on public policy; Denning Professor in Global Business and the Economy, Stanford Graduate School of Business (United States)
speaker

Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
chair

2:30pm - 3:15pm **Can synthetic biology save us?**
Synthetic biology has been described as a transformational technology that will lead to a better world. So what is it and how will it help to feed the planet, conquer disease, fight pollution and transform industries?

Drew Endy
Associate Professor of Bioengineering, Stanford University School of Engineering (United States)

Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
chair
3:15pm - 3:45pm Afternoon tea

3:45pm - 4:30pm **Can we create new senses for humans?**
Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
chair
4:30pm - 5:30pm **Investor Panel**

Investors share the experiences of how they are looking at global macro risks and opportunities and what actions they are considering to future-proof their portfolios.

Jonathan Grabel
Chief Investment officer, Los Angeles County Employees Retirement Association (United States)
speaker

Alison Romano
Chief executive and chief investment officer, San Francisco Employees' Retirement System (United Stated)
speaker

Mark Walker
Chief Investment Officer, Coal Pension Fund (United Kingdom)
speaker

Amrit Seru
The Steven and Roberta Denning Professor of Finance: Senior Associate Dean for Academic Affairs, Stanford Graduate School of Business (United States)
chair

5:30pm - 7:30pm **Welcome function**

Wednesday, September 20

8:45am - 9:00am **Welcome**

9:00am - 9:40am **The challenges of portfolio construction**
The deflationary shock of the pandemic and the policy responses that followed have pulled us into a new era—one that already looks very different from the post-global financial crisis years of abundant liquidity, low inflation, and moderate growth. How should investors make sense of what's happening in economies and markets today, against such a different backdrop? Where does artificial intelligence and machine learning fit in this picture?
Roundtable discussion

Greg Jensen
Co-chief investment officer, Bridgewater (United States)
speaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

9:40am - 10:30am**The US/China relationship: Geopolitical risk implications for investors**
The skirmish over technological innovation, control and domination is key in understanding relations between the US and China and needs to be carefully assessed.

Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
speaker

Simon Hoyle
Group publisher, Conexus Financial (Australia)
chair

10:30am - 11:00am **Morning tea**

11:00am - 11:40am **What's wrong with banking and what to do about it**
The 2023 banking crisis is indicative of the many problems the industry faces, including solvency, regulation and a propensity to kick problems down the road (JP Morgan buying First Republic is the most recent example). This session opens the kimono on the banking sector and suggests radical solutions for transformation.

Anat Admati
The George G.C. Parker Professor of Finance and Economics, Stanford Graduate School of Business (United States)
speaker

Chris Battaglia
Senior advisor, Conexus Financial (United States)
chair

11:40am - 12:40pm **Opportunities from dislocation**
An environment of low growth and compressed earnings is an interesting environment for investors. In the past year opportunities in distressed debt, for example, have increased threefold. So where should investors be looking for opportunities?

Daniel Booth
Deputy chief investment officer, head of private markets, CalPers (United States)
speaker

David Greenberg
Co-head North American investment team, SVP (United States)
speaker

Jennifer Hartviksen
Managing director, global credit, IMCO (Canada)
Speaker

Grace Qiu
Senior vice president, total portfolio policy and allocation, GIC (Singapore)

peaker
Chris Battaglia
Senior advisor, Conexus Financial (United States)
chair

12:40pm - 1:40pm **Lunch**

1:40pm - 2:20pm **The power of megatrends**
This interactive session will examine the definition and importance of megatrends, why they are so challenging to define as an investable universe and how they can act as a North Star for investors.

Roundtable discussion

Hans Peter Portner
Head of thematic equities, Pictet Asset Management (Switzerland)
peaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

2:20pm - 3:00pm **Equities: The importance of fundamental research**

Owen Hyde
Managing director, Jennison
speaker

Frank Ieraci
Global head of active equities, CPP Investments (Canada)
speaker

Simon Hoyle
Group publisher, Conexus Financial (Austrialia)
chair

3:00pm - 3:30pm **Afternoon tea**

3:30pm - 4:00pm **The future of energy - Policy implications and future technologies**
After more than 100 years of historic success, the fundamentals of the energy industry are rapidly changing, driven by three 'D's: decarbonisation, diversification and digitisation. The question is what pathways or approaches should a business, industry, nation or region adopt to address the future challenges while navigating, leveraging and shaping the three-'D' landscape? This talk will offer some thoughts on addressing this paramount challenge. It will also highlight the need to innovate – to experiment with new ideas, knowing some of them will fail, but hopefully fail quickly and, more importantly, teach a lot in the process.

Arun Majumdar
Inaugural Dean of the Stanford Doerr School of Sustainability; Jay Precourt Provostial Chair Professor at Stanford University; faculty member of the Departments of Mechanical Engineering and Energy Science and Engineering; Senior Fellow and former Director of the Precourt Institute for Energy, and Senior Fellow (courtesy) of the Hoover Institution, Stanford University (United States)
speaker

Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
Chair

4:00pm - 4:30pm **Investing in renewables**
This session looks at the renewables market and the key considerations for investors.

Greg Jackson
Chief executive, Octopus Energy (United Kingdom)
speaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

4:30pm - 5:00pm **The critical role of transition finance**
This session will outline the challenges, including critical but hard to abate sectors, and growing opportunities in transition finance.

Daniel Kricheff
Director global credit research, Affirmative (United Kingdom)
speaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

5:00pm - 5:30pm **Integrating tech companies in a green portfolio**
Semiconductors, enabling the green transition through renewables, electric vehicles and smart grids, are important to understand for sustainability-focused portfolios. But they bring with them a complex lifecycle of associated carbon and environmental footprints that should be assessed. This session looks at how to conduct such an analysis when reported data remains incomplete.

Luciano Diana
Senior investment manager, Pictet Asset Management (Switzerland)
speaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

6:30pm - 6:45pm

Transport to conference dinner
Sheraton Palo Alto to Rosewood

6:45pm - 10:00pm Conference dinner - Rosewood Hotel

Thursday, September 21

9:00am - 9:05am

Welcome

9:05am - 9:50am **The evolution of risk management**

Institutional investors are not doing enough to manage risk dynamically, according to Nobel Prize winner and academic Myron Scholes. In this session he outlines the need for more forward-looking, holistic next-generation risk management that is an active component of investment management, not just a measurement.

Myron Scholes
The Frank E. Buck Professor of Finance, Emeritus, Stanford Graduate School of Business; Nobel Prize Winner (United States)
speaker

Samir Ben Tekaya
Vice president and head of investment risk, BCI (Canada)
response

Aleks Vickovich
Editor in chief, Conexus Financial (Australia)
chair

9:50am - 10:20am **Case study - CPDQ**

To meet the myriad challenges and risks that asset owners face they need solutions from their asset manager partners, not products. This session highlights the need for collaboration and innovation.

Mario Therrien
Head of investment funds and external management, CDPQ (Canada)
speaker

Aleks Vickovich
Editor in chief, Conexus Financial (Australia)
chair

10:20am - 10:40am. **Coffee break**

10:40am - 11:30am **The future of capital allocation and portfolio construction**

Benoit Anne
Managing director, fixed income investment solutions, MFS (United Kingdom)
speaker

Geraldine Jimenez
Senior investment director, CalSTRS (United States)
speaker

Derek Walker
Managing director, head of portfolio design and construction, CPP Investments (Canada)
speaker

Colin Tate
Managing director, Conexus Financial (Australia)
chair

11:30am - 12:00pm **Case study**
This session looks at the application of portable beta, and factor styles as portfolio construction instruments. New research shows that a risk reducing overlay can support long horizon, total portfolio management objectives and enhance risk-adjusted returns.

Stefano Cavaglia
Senior portfolio manager, State of Wisconsin Investment Board (United States)
speaker

Chris Battaglia
Senior advisor, Conexus Financial (United States)
Chair

12:00pm - 12:40pm **Portfolios of the future: Operational excellence**
Culture, governance, and technology are much more predictive of sustained performance than previously thought and should be emerging priorities for any leader. The Portfolio for the Future will be driven by firms that innovate and exploit new organizational and operational models to save cost, reduce risk, and pioneer new investment ideas. The future of investment management will include a focus on efficiency, data techniques and AI.

Sandy Kaul
Vice president, Franklin Templeton Advisory & Thought Leadership (United States)
speaker

Ian Patrick
Chief investment officer, Australian Retirement Trust (Australia)

speaker

Ashby Monk
Executive and research director, Stanford Research Initiative on Long-Term Investing (United States)
chair
12:40pm - 1:20pm **Lunch**

1:20pm - 2:00pm **Technologised investor**

Larry Cao CFA
Editor and author of Handbook of AI and Big Data Applications in Investment (United States)
speaker

Eduard van Gelderen
Chief investment officer, PSP Investments (Canada)
speaker

Ashby Monk
Executive and research director, Stanford Research Initiative on Long-Term Investing (United States)
Chair

2:00pm - 3:00pm **AI and the future of capitalism (and humanity)**

Stephen Kotkin
Senior Fellow at the Hoover Institution and at the Freeman Spogli Institute, Stanford University; and Birkelund Professor Emeritus at Princeton University (United States)
chair

3:00pm - 3:05pm **Conference close**

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates 2023	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 17-20	IREI 2023 Visions, insights & Perspectives America	Rancho Palos Verdes, CA	Michael Restuccia	$1,250.00	$1,736.78	2/10/2023
Feb 7	2023 Employee Benefits Update	Webinar	Johanna Shick	$0	$0	N/A
Feb 11	CALAPRS Administrators' Round Table	Online	Johanna Shick	$50.00	$50.00	N/A
Mar 4-7	CALAPRS General Assembly	Monterey	Johanna Shick, JC Weydert	$2,857	$2,788.65	N/A
Mar 29-31	Advanced Principles of Pension Governance for Trustees	Los Angeles	Steve Moore	$4,150	$3,707.19	N/A
Apr 17-19	Pension Bridge Annual Conference	San Francisco	Ray McCray, Paris Ba	$2,360	$1,849.74	6/2/2023 5/5/2023
May 9-12	SACRS Spring Conference	San Diego	JC Weydert, Phonxay Keokham, Jennifer Goodman, Chanda Bassett, Ray McCray, Johanna Shick, Paris Ba, Jason Morrish	$13,600	$12,260	N/A
Jul 16-19	SACRS/UC Berkeley Progam	Berkeley, CA	Brian McKelvey JC Weydert Emily Nicholas Michael Duffy	$20,000	TBD	N/A
Sep 12-14	IREI Editorial Advisory Board Meeting	Santa Monica	JC Weydert	$2,500	TBD	5/5/23
Sep 19-21	Top1000Funds Fiduciary Investors Symposium	Stanford, CA	Paris Ba Michael Duffy Brian McKelvey	6167.66 (9251.49)	TBD	6/2/2023 (pending)
Sep 27-29	CALAPERS Administrators' Institute 2023	Carmel-By-The-Sea	Johanna Shick Brian McKelvey	$6,500	TBD	N/A

Board Member	Travel (not including SACRS & CALAPRS)	Dates	Amount used of $2500:	Balance of $2500
RESTUCCIA	IREI	1/2023	$1,736.00	$764
BASSETT				
DING				
DUFFY	Fiduciary Investors Symposium	9/2023		
GOODMAN				
KEOKHAM				
MCCRAY	Pension Bridge Annual Conference	4/2023	$798.77	$1,701.23
NICHOLAS				
WEYDERT	IREI	9/2023		
MOORE				

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

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Jan 17-20	IREI 2023 Visions, insights & Perspectives America	Rancho Palos Verdes, CA	Michael Restuccia	$1,250.00	$1,736.78	2/10/2023
Feb 7	2023 Employee Benefits Update	Webinar	Johanna Shick	$0	$0	N/A
Feb 11	CALAPRS Administrators' Round Table	Online	Johanna Shick	$50.00	$50.00	N/A
Mar 4-7	CALAPRS General Assembly	Monterey	Johanna Shick, JC Weydert	$2,857	$2,788.65	N/A
Mar 29-31	Advanced Principles of Pension Governance for Trustees	Los Angeles	Steve Moore	$4,150	$3,707.19	N/A
Apr 17-19	Pension Bridge Annual Conference	San Francisco	Ray McCray, Paris Ba	$2,360	$1,849.74	6/2/2023 5/5/2023
May 9-12	SACRS Spring Conference	San Diego	JC Weydert, Phonxay Keokham, Jennifer Goodman, Chanda Bassett, Ray McCray, Johanna Shick, Paris Ba, Jason Morrish	$13,600	$12,260	N/A

Board Member	Travel (not including SACRS & CALAPRS)	Dates	Amount used of $2500:	Balance of $2500
RESTUCCIA	IREI	1/2023	$1,736.00	$764
BASSETT				
DING				
DUFFY				
GOODMAN				
KEOKHAM				
MCCRAY	Pension Bridge Annual Conference	4/2023	$798.77	$1,701.23
NICHOLAS				
WEYDERT	IREI	9/2023		
MOORE				

Board of Retirement Meeting
San Joaquin County Employees' Retirement Association

Agenda Item 11.03-01

July 14, 2023

SUBJECT: Pending Member Accounts Receivable – 2nd Quarter

SUBMITTED FOR: ___ CONSENT __ ACTION _X_ INFORMATION

RECOMMENDATION

This report is submitted for the Board's information.

PURPOSE

To report the quarterly summary of pending accounts receivables for SJCERA retired or deferred members as of June 30, 2023.

DISCUSSION

This quarter's Pending Accounts Receivable Report, below, includes all receivables owed by either retirees, beneficiaries or deferred members.

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

2nd Quarter - April through June 2023

	Action Date	Total Receivable	Payments Began	Current Balance	Current Payment	Payment Description	Payment End Date	First Reported To Board
1	07/15/09	$11,475.48	05/01/11	$4,676.93	$163.00	Fixed Dollar Amount	10/01/25	Jul-11
2	09/01/12	$13,580.90	02/01/14	$1,475.34	$297.00	Fixed Dollar Amount	09/01/23	Jan-16
3	05/19/02	$35,537.23	11/01/15	$3,902.87	$293.14	Fixed Dollar Amount	12/01/27	Jul-21
4	03/11/21	$12,035.49	06/01/21	$3,660.49	$335.00	Fixed Dollar Amount	05/01/24	May-21
5	12/31/22	$25,062.14	02/01/23	$22,097.66	$589.36	Fixed Dollar Amount	12/01/26	Apr-23
6	04/03/23	$8,494.56	04/03/23	$7,786.68	$235.96	Fixed Dollar Amount	04/01/26	Jul-23

Total Accounts Receivable as of 3/1/2023 **$43,599.97**

One new receivable in the second quarter of 2023 due to underpaid contributions.

BRIAN MCKELVEY
Asst. Chief Executive Officer

Pending Disability Application Statistics
2nd Quarter 2023
Open Cases

SJCERA received 2 disability applications during Q2 2023

Time Elapsed From Application Date	
01 - 03 Months	2
04 - 06 Months	5
07 - 09 Months	2
10 - 12 Months	0
13 - 15 Months	1
16 - 18 Months	0
19 - 21 Months	2
22 - 24 Months	0
Over 24 Months	0
Total	**12**

Break Down By Application Type	
Service-Connected	10
Nonservice Connected	0
Service & Nonservice Connected	2
Total	**12**

Breakdown By Department	Service	Nonservice	Service & Nonservice	Total	SJCERA Members	Ratio
Courts	0	0	1	1	283	0.35%
Hospital	1	0	0	1	1,322	0.08%
Human Services Agency	3	0	0	3	1,173	0.26%
Mental Health	0	0	1	1	545	0.18%
Probation	1	0	0	1	270	0.37%
Public Works	2	0	0	2	358	0.56%
Recreation	1	0	0	1	39	2.56%
Sheriff	2	0	0	2	746	0.27%
Totals	10	0	2	12	4,736	0.25%
Total SJCERA Active Members For All Departments As of 6/30/2023					**6,433**	**0.19%**
Total Number of Department Groups					**8**	

2023 Total Cases Resolved = 10

Goal #1 - 100% of applications that do not require a hearing will go to the Board within 9 months
Goal #2 - 80% of applications requiring a hearing will go to the Board within 18 months

Goal #1	86%	Completed within 9 months
Goal #2	N/A	Completed with Hearing within 18 months

Of the seven cases that were resolved in the second quarter of 2023, all cases were completed without a hearing and six were completed within the 9 month goal. Staff and our disability attorney continue to meet weekly and are taking action to ensure all cases are moving through the process as timely as possible and are also working with our vendors to seek additioinal and/or alternative physicians to use for Independent Medical Evaluations in an effort to improve "first report" quality and reduce the length of time for SJCERA to receive written reports from Physicians.

Calendar Year Comparison
1/1 to 12/31

	2018	2019	2020	2021	2022	2023
New	41	13	7	16	14	10
Granted	21	19	10	8	12	8
Denied	3	2	4	3	3	0
Dismissed	4	6	2	0	0	1
Withdrawn	0	4	0	0	2	1
Rejected						2
Total Closed	28	31	16	11	17	10

Agenda Item 11.03-03

Q2 2023 - Pension System Project Status Report

	Overall Project Status
	The overall project is progressing as planned.
	Scope
	There have been no changes to project scope.
	Schedule
	No changes to overall project schedule.
	Risks / Issues
	No identifiable or foreseeable Risks or Issues.

LEGEND

- On track with no risk to schedule, scope, or cost
- Identified potential risk to schedule, scope, or cost
- Known delay or risk resulting in delay to schedule, change to project scope, or impact to cost

Schedule & Milestones

Phase 1 – Project Initiation – Completed April 10, 2023

Phase 2 – Infrastructure and Hosting Setup – Completed April 24, 2023

Phase 3 – PAS Implementation – Expected Completion March 2026

- August 2023 – Member Demographics
- April 2024 – Employer Reporting
- May 2024 – Benefit Calculator
- September 2024 – Active Member Services
- April 2025 – Retiree Member Services
- July 2025 – Retiree Payroll
- September 2025 – Accounting and Periodic Processes
- December 2025 – Correspondence and Reports
- March 2026 – Administration Tools

Phase 4 – Imaging Integration – Expected Completion May 2026

Phase 5 – Member Portal – Expected Completion June 2026

Phase 6 – Partner Portal – Expected Completion June 2026

Phase 7 – System Readiness – Expected Completion July 2026

Go-Live – Expected Completion August 2026

Post Go-Live Warranty Support – Expected Completion August 2027

Activities Completed (Q2 – 2023)

1. Completed Phase 1 – Project Initiation
2. Completed Phase 2 – Infrastructure and Hosting Setup
3. Completed Data Conversion Cycle 1 – Member, Beneficiary and Demographics
4. Completed Data Conversion Cycle 2 – Employer, Organizations, Participant Accounts, Custom Tables
5. Completed 4 of 7 Requirements Revision Sessions with Linea
6. Approved Business System Requirements (BSR) BSR001 Document – Time Difference Calculation Methodology
7. Approved BSR002 Document – Participant – Individual Screen
8. Data Cleanup
    a. Beneficiaries to have 100% or clear designation of Primary vs Secondary – 1500+ active members
    b. Beneficiaries to reflect correct eligibility – 2000+ retired members
    c. Reciprocal member records to reflect correct status and information – 1200+

Activities Planned (Q3 – 2023)

1. Complete Data Conversion Cycle 3 – Active Member Data, Beneficiary Accounts, and Service Purchases
2. Continue Requirements Confirmation and Design Meetings with Tegrit and Linea
3. Continue Data Conversion Analysis, Mapping, and Reconciliation with MBS, Tegrit, and Linea
4. Review and Approve any Business System Requirements Documents completed by Tegrit
5. Perform User Acceptance Testing as available

Brian P. McKelvey
Assistant Chief Executive Officer

2023 LEGISLATION

Last Updated: 7/03/2023

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
Legislation Impacting SJCERA:					
AB 557	Hart	This bill would extend the expiration date of the state of emergency provisions **if still in effect** from January 1, 2024 to ~~January 1, 2026~~ **indefinitely** and make additional non-substantive changes to the Ralph M. Brown Act.	06/29/23	Senate JUD. Comm.	
AB 739	Lackey	This bill would revise the conditions for suspending contributions to a public defined benefit plan from a threshold of more than 120 percent fund to more than 130 percent funded.	03/13/23	Assembly P.E. & R. Comm. Hearing canceled req. of author	
AB 817	Pacheco/ Wilson	This bill would authorize use of teleconferencing provisions similar to the emergency provisions indefinitely if the legislative body annually approves the provisions.	04/25/23	Assembly L. Gov. Comm. Hearing postponed by committee	
AB 1020	Grayson	This bill would expand the scope of Safety member heart presumption (which applies to members with five or more years of service) to include hernia and pneumonia. It also expands other Safety member presumptions to include post-traumatic stress disorder, **skin cancer, lower back impairments, Lyme disease**, tuberculosis and meningitis.	06/15/23	Senate L., P.E. & R Comm.	
AB 1379	Papan	This bill would (1) require a Board electing to use teleconferencing to post agendas at a singular designated location rather than at all teleconference locations; (2) allow a quorum to be established based on all participating trustees (whether remote or at the designated physical location), and remove the requirement that a quorum of the members participate from locations within the board's jurisdictional boundaries; (3)require the Board have at least two meetings per year in which the Board's members are in person at a singular designated location; (4) delete requirements to identify each teleconference location in the agenda and that each location be accessible to the public; (5) delete restrictions limiting remote participation to a certain number, percentage of meetings or number of consecutive sessions per calendar year; (6)delete requirements to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting; and (7) delete requirements that members participating remotely disclose whether individuals 18 years of age or older are present in the room with them and the general nature of their relationship; (8) expand the definition of just cause to include travel related to a member of a board's occupation; (9) make these provisions operative indefinitely.	04/24/23	Assembly L. Gov. Comm. Hearing canceled request of author	

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
AB 1637	Irwin	This bill, no later than January 1, 202~~7~~**9**, would require a local agency's website and emails to utilize a ".gov" top-level domain or a "ca.gov" second level domain.	06/29/23	Senate APPR. Comm.	
SB 769	Gonzalez	Existing law imposes ethics training and sexual harassment prevention training and education to be two hours and requires each training every two years. This bill would add two hours of fiscal and financial training every two years and exempt training requirements for the County Treasurer if they comply with existing continuing education requirements.	06/22/23	Assembly APPR. Comm.	
SB 885	Senate Comm. P.E. and R.	This bill would clarify the definition of final compensation for specified members, members who are subject to PEPRA, and members whose services are on a tenure that is temporary, seasonal, intermittent, or part time in the CERL. The bill would revise the age at which the retirement system is required to either start payment of an unmodified retirement allowance or make a one-time distribution of accumulated contributions and interest to the age specified by federal law. The bill would change the age threshold from April 1 of the calendar year in which the member attains 72 years of age to the age specified by federal law with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program. This bill would correct several erroneous references and also make other technical, nonsubstantive changes to these provisions.	06/29/23	Assembly Ordered to Consent Calendar	SACRS
Other Bills of Interest:					
AB 1246	Nguyen	This bill would**,** ~~extend the ability of a PERL retiree who elected one of the specified optional benefit settlements to change their beneficiary to include naming a new spouse following the retiree's divorce and subsequent remarriage~~ **commencing January 1, 2025, permit a PERL member who elected to receive a specified optional settlement at retirement, if the member's former spouse was named beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the retired member, to elect to add their new spouse as the beneficiary of the member's interest, subject to conditions.**	06/22/23	Senate Ordered to Consent Calendar	
SJR 1	Cortese	This measure would request the U.S. Congress 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.	06/02/23	**Chaptered**	
Federal Legislation:					
None to report.					

BILL NO.	AUTHOR	DESCRIPTION	LAST ACTION DATE	LOC	SPONSOR
2023 TENTATIVE State Legislative Calendar					
Jul 14 - Aug 13	Summer Recess upon adjournment provided budget bill passed				
Sep 8	Last day to amend bills on the floor				
Sep 14	Last day for each house to pass bills; Interim Study Recess begins upon adjournment				
Oct 14	**Last day for Governor to sign or veto bills.**				

July 7, 2023

TO: Board of Retirement

FROM: Johanna Shick
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

Strengthen the long-term financial health of the Retirement Plan

Review and confirm or refresh asset allocation

- *Initiate implementation of new asset allocation policy*
  Consider New Fund with Berkeley Partners. In accordance with SJCERA's pacing plan for the Real Estate asset class, Berkeley Partners, one of SJCERA's current private Real Estate managers, will present a new fund, Value Fund VI, at the July Board meeting for the Board's consideration.

- Superior Court's Additional Employer Contribution Largest Yet. On June 29, 2023, the San Joaquin County Superior Court voluntarily contributed an additional $1.5 million, making this the Court's largest additional contribution to date. The Court has voluntarily made additional contributions with the goal of decreasing their portion of the unfunded actuarial liability (UAL) since 2019. This year's substantial contribution is approximately 15% of the Court's total annual employer contribution in 2022.

Determine the future vision for the investment program operating model

- *Define and document SJCERA's views on environmental, social, and governance (ESG) matters for the organization and the investment portfolio*
  Ongoing ESG Education. Investment Officer Paris Ba included the article "Are ESG Investors Underperforming?" from PitchBook, as part of the ongoing ESG education to assist Trustees in understanding and developing their views on ESG investing. The article looks at two main theories on how ESG will influence investment returns. The first is that ESG improves long-term performance by mitigating material risks, and the second is that ESG harms performance by placing artificial constraints on portfolios and creating obligations around spending on unnecessary operational improvements. Pitchbook analyzed return data in Private Equity, Real Estate, Real Assets and Private Debt from 2011 to 2018, and ultimately, they find no evidence that ESG funds differ in performance from their peers in a statistically meaningful way. Additionally, two more articles are included on what the state of North Carolina and Utah are doing with regards to ESG investments.

Optimize the investment manager lineup

- *Conduct Global Equity and Crisis Risk Offset asset class reviews, assessing managers'/mandates' alignment with our Strategic Asset Allocation policy and goals*
  - CRO Search Finalists. During the July meeting, Meketa will present the three finalists for the CRO manager search: Graham Capital Quant Macro Fund, Lighthouse Mission Crest Macro Fund, and Man AHL Dimension Programme. Meketa and staff recommend the Board interview all three managers in an upcoming meeting.

- *Evaluate the portfolio for investment efficiency (e.g., fees, risk, return, consolidation)*
  - Monitor Risk
    Franklin Templeton to Acquire PanAgora. Franklin Templeton has announced that it is planning to acquire Great-West Lifeco (GWL), the parent company of PanAgora (one of SJCERA's Risk Parity

managers). The transaction is expected to close in Q4 2023, contingent upon regulatory and other customary approvals. Upon the close of the transaction, PanAgora will continue to operate independently, and information barriers will remain in place between PanAgora and other investment subsidiaries. There will be no change in the management of PanAgora or its structure. Investment Officer Paris Ba and Meketa view the ownership change as significant, but since the team serving SJCERA does not change, they have no specific concerns over the acquisition.

Oaktree CEO to retire. Oaktree Capital Management announced that CEO Jay Wintrob will retire during first quarter of 2024, and that Robert O'Leary and Armen Panossian will succeed him as co-CEOs. O'Leary is the portfolio manager for the Global Opportunities strategy and joined Oaktree in 2002, and Panossian is the head of Performing Credit and joined Oaktree in 2007.

- ◦ <u>Assess Opportunities for Improved Investment Approach</u>
  Liability Driven Investing Education. In response to the Board's request for Liability Driven Investing (LDI) information, Investment Officer Paris Ba included a Meketa white paper in this month's reading materials. LDI is a framework for better understanding the interest rate sensitivity of a plan's assets to the present value of its future liabilities. The primary objective of LDI is to ensure that the portfolio can generate the cash flows needed to pay future liabilities, regardless of market fluctuations or changes in interest rates. However, LDI is not without cost: It usually has a heavy allocation to long-term bonds, which tend to generate lower returns, resulting in lost opportunity for earnings, which can be significant overtime. In general, all other things being equal, a plan that adopts an LDI approach would likely require higher contributions over the long term.

- ◦ *Monitor Global Economic and Financial Market Trends*
  - ◦ <u>US/China Relations: New and Less Predictable World Order</u>. Investment Officer Paris Ba attended the Blackrock Roundtable on US/China relations hosted by Tom Donilon, the former National Security Advisor to President Obama. Donilon's believes we have entered a new world order, which is much less stable and predictable than the previous post-Cold War era. US/China relations have been on a downward trajectory: The authoritarian measures of President Xi Jingping's rule have reduced the political appetite for diplomatic relations with China; currently 83% of Americans view China negatively, and 40% of Americans think of China as an enemy. Economically, the US and China still have a substantial trade relationship, but they are pursuing tactical decoupling, particularly in technology. Donilon expects this decoupling to increase as the two systems become more differentiated from each other. Increased competition between the US and China is promoted by Congress, and Donilon anticipates the US increasing its investment restrictions with China.

Modernize the operations infrastructure

<u>Implement Pension Administration System (PAS)</u>

- *Complete refinement of business requirements on planned processes*
  Linea and SJCERA staff have been working through the refinement of business requirements on the remaining seven functional areas. During June, the team completed refinement of four functional area business requirements: (1) Retirement Benefit Estimate/Pre-Retirement Counseling, (2) Service Retirement, (3) Disability, and (4) Payroll. The remaining three functional areas of Tax Reporting (including IRS Form 1099-R), COLA and Interest Posting, and Member Correspondence and Statements will be completed in the fourth quarter of 2023. To date, SJCERA and Linea have completed 81% of the work towards this goal.

<u>Improve technology for business operations</u>

- *Adopt industry standard business processes wherever possible*
  - ◦ <u>Plan transition from Mac to Windows</u>
    During June, after identifying some complexities with the CORE-37 migration to Windows, Information Systems Manager Adnan Khan and ACEO Brian McKelvey met with a Software Development Vendor

that has the knowledge, skills and experience to help SJCERA complete the migration. Adnan and Brian are finalizing the scope of work and expect the contractor to begin this project in July.

Improve Employer Experience
This month Communications Officer Kendra Fenner wrote and coordinated the distribution of two emails to all members and employers. The first educated readers about the Retirement Benefit Options and reminded them to designate (or update) their beneficiary. The second encouraged members to attend the Understanding Your Retirement webinar. Copies of both emails are attached to this report for your reference.

Align resources and organizational capabilities
Enhance education and development across all levels of the organization

- *Offer training and development opportunities intended to strengthen staff's depth and breadth of knowledge and experience*
  - Five staff members attended four different trainings this month: (1) Financial Officer Carmen Murillo attended the second of the three-sessions CALAPRS Management Academy; (2) Communications Officer Kendra Fenner attended a "Create Engaging eLearning with the Power of AI" webinar and learned of a great program that will decrease time and cost of creation of online videos; (3) Retirement Services Officer Melinda DeOliveira and Retirement Services Associate Ron Banez attended the CALAPRS Benefits Roundtable; and (4) CEO Johanna Shick attended the CALAPRS Administrators Roundtable.
  - Because all County employees are considered Disaster Service workers, the County announced a new mandatory training series provided by California Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA). Originally all staff were required to complete the full series (which seven staff members have done); however, in light of the time commitment and the deadline, the Division of Human Resources issued revised instructions to complete one particular module and await further instructions. In her role as Training Coordinator, Administrative Secretary, Elaina Petersen is monitoring staff's timely completion of the training (and providing nudges as needed).

Employee of the Month
Congratulations to Employee of the Month, Management Analyst III Greg Frank! Greg is known throughout the SJCERA office as being the go-to person when you need assistance. Greg's business acumen and exceptional work ethic shines brightly on his many projects including, most recently, his research and analysis of SJCERA's facilities options. From assessing our space needs and coordinating site tours, to analyzing the proposals, preparing recommendations, and coordinating our lease agreement reviews, his work has been exemplary and performed in his characteristic style of calm professionalism, optimism, and good humor. Greg's contributions to SJCERA are vast, both in terms of work produced--he is often the one who performs the foundational work for staff's proposals to the Board—and in terms of his contributions to the work environment, where his good-natured wit and fun loving (and sometimes mischievous) ways help make SJCERA a great place to work. I'm honored to work beside him each day.

Maintain Business Operations
Monitor Legal Requirements: Conflict of Interest Rule Affirmed by Court
The June 1, 2023, issue of Nossaman's *Compliance Notes* reported California's pay-to-play law, survived an initial court challenge alleging that the law violates the California Constitution and the First Amendment right to freedom of speech. In a 23-page opinion, a Sacramento Superior Court judge ruled that free speech is not violated because the local elected official has options; "rather than limit speech…recusal allows more speech by effectively eliminating the contribution limit for those who recuse themselves."

Member Statements
Information Systems Specialist II Jordan Regevig and Communications Officer Kendra Fenner set a record for earliest delivery of member statements! Thanks to their leadership and efficient coordination,

and the assistance of Retirement Services Associate Andrea Bonilla, SJCERA delivered member statements to active and deferred members in mid-June compared to August last year and September in previous years. Impressive improvement! Well done!

Financial Auditing Services RFP
Management Analyst III Greg Frank drafted the Financial Auditing Services RFP and the Evaluation Team (Financial Officer Carmen Murrillo, ACEO Brian McKelvey, Greg Frank, and myself) provided feedback on May 31. The RFP was distributed on June 2 to eight accounting firms. Seven of the eight firms intend to submit proposals, which are due July 21.

Retirement Service Supervisor Recruitment
On June 27, SJCERA opened a recruitment for Retirement Services Supervisor. This position oversees the Member Services section, which administers benefits and provides direct customer service to nearly 16,000 active, retired, and deferred members, and beneficiaries, including retiree payroll administration for nearly 6,700 retirees, and processing all service purchases, estimate requests, refunds, service and disability retirement applications, domestic relations orders, and survivor benefits.

Financial Reporting
The Finance and Communications teams completed the publication of the 2023 Annual Comprehensive Financial Report (ACFR), Popular Annual Financial Report (PAFR), and the State Controllers Report (SCO) ahead of the June 30, 2023, deadline. These annual reports take months of preparation including designing the cover, accumulating the financial, actuarial, and statistical data, updating content, and shepherding it through multiple review cycles with multiple stakeholders. Congratulations to Financial Officer Carmen Murillo, Investment Accountant Eve Cavender, Accounting Technician II Marissa Smith, and Communications Officer Kendra Fenner for a job well done! The reports can be found on our website, a copy of the PAFR will be distributed to members, and one is also included here as an attachment.

Provide Excellent Customer Service
A few quotes from our members regarding our helpful, capable, knowledgeable employees:
Retirement Technician Leonor Sonley: "Everyone at the Retirement Office is always very helpful and knows the answers to my questions. We retired folks are lucky to have the staff we have. Thank you."

Retirement Service Associate Ron Banez and Retirement Technician Bethany Vavzincak: "… both Ron B. and Bethany V. assisted me very quickly with what I needed. Very swift customer Service. Much appreciated."

Retirement Technician Vickie Monegas: "Excellent Customer Service. Had a welcoming friendly smile."

Maintain a Positive Work Environment
Not much is more refreshing than a nice cold glass of tea! SJCERA celebrated National Iced Tea Day on June 9, 2023, with fresh fruit, lemonade and (of course) plenty of iced tea! It made for an invigorating afternoon pick-me-up!

SJCERA also tipped our hats to Independence Day with a picnic-style potluck. Staff enjoyed hotdogs with all the fixings, chips, shaved ice, and more at lunch (and left overs the next day!)

Conclusion
Summer is often associated with relaxation. At SJCERA, it's a highly productive time, when (having concluded our peak retirement and financial reporting seasons) we are able to drive forward other projects. I'm looking forward to a productive summer and subsequently reaping the fruits of our labor in the form of an excellent investment round table, online videos, progress on the PAS project and more.

Subject: Retirement Benefit Options
Date: Monday, June 12, 2023 at 9:52:40 AM Pacific Daylight Time
From: ISD Service Desk [ISD]
To: ISD Service Desk [ISD]
Attachments: image001.png

Sent on behalf of Johanna Shick, Chief Executive Officer, SJCERA:

(Sent to all County Employees)

Ah summer: Barbeques, vacations, weddings, and anniversaries (since June continues to be the most popular month to get married)!

Did you know you must be married for at least one year prior to retirement for your spouse to be eligible to receive a lifetime monthly survivor's benefit equal to 60% of your benefit under the Unmodified Option?

Don't fret; if you are married or in a registered domestic partnership for less than a year at retirement, you can still provide for your new spouse by choosing Option 2 (100% joint and survivor) or Option 3 (50% joint and survivor) on your retirement application. If you select one of these options, your benefit will be reduced. To find out more, read the Retirement Benefit Options fact sheet at www. SJCERA.org.

Remember to name your new spouse as your beneficiary now by filling out the Beneficiary Designation form located on SJCERA's Forms & Publications page.

Provide for that person you love, don't delay!

Thank you,

Subject: Understanding Your Retirement Webinar
Date: Wednesday, July 5, 2023 at 11:23:25 AM Pacific Daylight Time
From: ISD Service Desk [ISD] <isdservicedesk@sjgov.org>
To: ISD Service Desk [ISD] <isdservicedesk@sjgov.org>
Attachments: image001.png

Sent on behalf of Johanna Shick, Chief Executive Officer, SJCERA:
(Sent to all County Employees)
Understanding Your Retirement - The time to plan for retirement is now!
AUGUST 3, 2023 – 9:00 AM
Sign up for this 60-minute virtual seminar to learn more about your SJCERA retirement benefit. You are eligible to attend if you are a full-time civil service employee of one of SJCERA's participating employers. You will learn what it means to be vested, how your benefit is calculated, how to purchase service credit and much more.
Click here to register **Active Members - Seminars page**
You will receive the Zoom link via email immediately after you complete your registration. The seminar can be accessed via zoom on your computer or mobile device. Save the email with the Zoom link to access the seminar.

Thank you,

ISD Service Desk
Information Systems Division
San Joaquin County
209-953-HELP (4357)

Popular Annual Financial Report

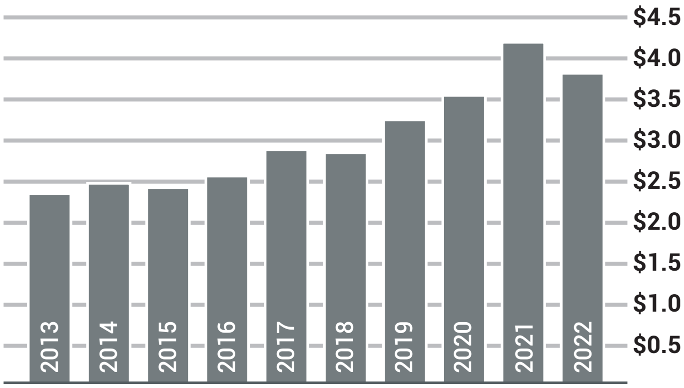
For the Year Ended December 31, 2022

San Joaquin County Employees' Retirement Association
A Pension Trust Fund of San Joaquin County, CA

HISTORY OF FIDUCIARY NET POSITION

For the last ten fiscal years ended December 31

(Dollars in Billions)



FIDUCIARY NET POSITION

The statement of Fiduciary Net Position is a snapshot of SJCERA's fund balance at year end. The difference between assets and liabilities is the "net position", which represents the money available to pay retirement benefits. As of December 31, 2022, SJCERA's net position was approximately $3.8 billion.

SJCERA FIDUCIARY NET POSITION

	2022	2021	2020
Cash and Receivables	$ 285,084,691	$ 469,732,200	$ 244,626,021
Investments	3,660,701,904	3,893,690,230	3,389,474,004
Other Assets	3,256,125	254,019	276,901
Total Assets	3,949,042,720	4,363,676,449	3,634,376,926
Total Liabilities	131,289,958	164,888,445	87,664,677
TOTAL FIDUCIARY NET POSITION	$3,817,752,762	$4,198,788,004	$3,546,712,249

FUNDING PROGRESS

SJCERA's pension actuary prepares an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The 2022 Report states SJCERA's total pension liability was $5.5 billion, our Market Value of Assets (MVA) was $3.8 billion, resulting in net pension liability of $1.7 billion. The January 1, 2022 valuation reported a funded ratio of 78.0% on a MVA basis. Generally, this means for every dollar of benefits liability, SJCERA had about 78 cents. The January 1, 2023 actuarial valuation, which reflects the Plan's progress in 2023, will be available in August, after the publication of this report.

CHANGES IN FIDUCIARY NET POSITION

The statement of Changes in Fiduciary Net Position provides information about SJCERA's financial activities during fiscal year 2022 in comparison to 2021 and 2020. For 2022, SJCERA received $316 million in employer and member contributions, had investment losses of $413 million and paid $285 million in benefits and administrative expenses. In summary, SJCERA started the year with $4.2 billion and ended the year with $3.8 billion.

	2022	2021	2020
ADDITIONS:			
Employers' Contributions	$ 269,080,047	$ 306,662,635	$ 240,700,988
Member Contributions	47,405,308	43,455,640	40,568,995
Net Investment and Miscellaneous Income (Loss)	(412,759,726)	572,291,948	276,996,530
Transfer from Healthcare Agency Fund	224,628	270,570	172,041
TOTAL ADDITIONS	$ (96,049,743)	$ 922,680,793	$ 558,438,554
DEDUCTIONS:			
Retirement Benefit Payments	$ 272,424,374	$ 261,371,770	$ 247,254,985
Death Benefits	760,072	608,396	808,150
Refund of Contributions	6,179,349	3,985,433	3,488,542
Administrative and Other Expenses	5,621,704	4,639,439	4,536,455
TOTAL DEDUCTIONS	$ 284,985,499	$ 270,605,038	$ 256,088,132
CHANGES IN FIDUCIARY NET POSITION	$ (381,035,242)	$ 652,075,755	$ 302,350,422
FIDUCIARY NET POSITION:			
BEGINNING OF YEAR	$4,198,788,004	$3,546,712,249	$3,244,361,827
END OF YEAR	$3,817,752,762	$4,198,788,004	$3,546,712,249

HISTORY OF FUNDING PROGRESS

Funded ratio based on Market Value of Assets

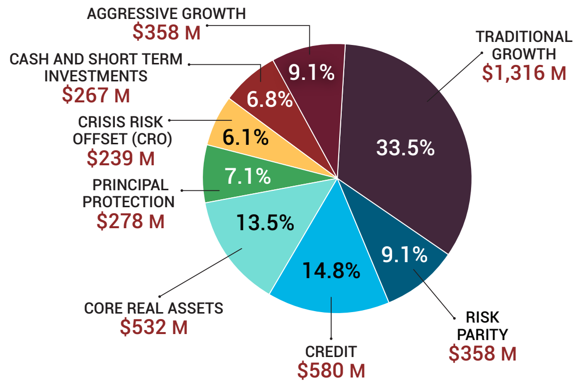
ACTUARIAL VALUATION DATE	MVA FUNDED RATIO
January 1, 2022	78.0%
January 1, 2021	68.1%
January 1, 2020	64.7%
January 1, 2019	60.2%
January 1, 2018	64.0%

Investments

For calendar year 2022, the portfolio generated a -6.7% gross return. This is 13.45% lower than the actuarial assumption of 6.75%. However, it's important to note, as of December 31, the portfolio was a top-quartile performer (13th best) of all US public funds greater than $1B. During this same time, the average return was -11.1% and the S&P 500 experienced a loss of -18.1%.

ACTUAL ASSET ALLOCATION

As of December 31, 2022



INVESTMENT PORTFOLIO PERFORMANCE

As of December 31, 2022

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Traditional Growth	-17.7%	2.6%	4.2%	7.5%
Principal Protection	-9.8	-2.3	0.7	2.5
Stabilized Growth	-3.2	5.3	5.7	4.7
Aggressive Growth	20.3	22.5	18.9	15.9
Crisis Risk Offset	9.9	5.6	4.2	6.9
Short Term Investments/Cash/ Cash Equivalents	1.6	0.7	1.0	0.7
TOTAL FUND (GROSS OF FEES)	-6.7%	5.1%	5.5%	6.2%
TOTAL FUND (NET OF FEES)	-7.2%	4.6%	4.8%	5.4%
POLICY BENCHMARK	-8.9%	3.8%	4.8%	5.8%
TOTAL ASSETS UNDER MANAGEMENT: $3.928 BILLION				

Dear SJCERA Members:

This issue of the *Popular Annual Financial Report* (PAFR) for the fiscal year ended December 31, 2022, provides a brief summary of the more detailed *Annual Comprehensive Financial Report* (ACFR). The financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the PAFR and the ACFR are available on the Reports page at www.sjcera.org.

SJCERA's diversified strategic asset allocation is designed to achieve a long-term return, which (when coupled with expected contributions) is projected to sufficiently fund the benefits over the long term. SJCERA hires external expert management firms, and on a regular basis monitors each firms' strategy, philosophy, personnel, fees and performance. The results of the monitoring are reported to the Board quarterly. For the year ended December 31, 2022, the total fund generated a gross of fees return of -6.7%, below the assumed rate of return of 6.75%. While I am never happy to report negative returns, SJCERA's investment performance was the 13th best nationwide of all public pension funds over $1 billion. As of December 31, 2022, SJCERA's five-year annualized gross of fees was 5.5%; SJCERA Board revised the asset allocation in June 2022 with the goal of improving the likelihood of the plan accomplishing its primary financial objective: to earn a long-term return of 6.75%.

SJCERA's pension actuary prepares the annual actuarial valuation and Governmental Accounting Standards Board (GASB) 67/68 Report. The GASB 67/68 Report indicates during 2022, SJCERA's total pension liability increased from $5.4 billion to $5.5 billion, the Market Value of Assets (MVA) decreased from $4.2 billion to $3.8 billion, and the net pension liability increased from $1.2 billion to $1.7 billion.

The actuarial valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The January 1, 2023 valuation, which reflects the plan's progress in 2022, will be available in August 2023, after the publication of this report. As a result, the detailed discussion of funding provided in the Actuarial section of this report is based on the January 1, 2022 valuation, which reflects SJCERA's progress in 2021. During that time period, the funded ratio increased from 68.1%to 78.0% on a MVA basis, the highest since 2007. The investment gains from 2021 help cushion the impact of the investment losses in 2022. The funded ratio on a MVA basis will decrease, but is still expected to be close to 70%.

Staff and the Board have much to be proud of in 2022. SJCERA completed its asset liability study and actuarial experience study, adopted a new strategic asset allocation, implemented cyber security audit recommendations, and initiated the pension administration system and data clean-up/data conversion projects to name a few.

In addition, staff completed improvements to the website architecture and functionality, with the new website going live in August. The new site is more user-friendly, has search capabilities and enhances the member's over all experience.

SJCERA assures you we hold ourselves to the highest of standards. We continue to strive to provide the best service and hold ourselves accountable to continuously improve. With the prudent construction of our diversified portfolio, expert guidance from our dedicated consultants, sound decisions of our Trustees, and the steadfast efforts of the SJCERA staff, the pension fund and our members' retirement benefits are in good hands for a secure future.

Sincerely,

Johanna Shick, Chief Executive Officer

Member Statistics

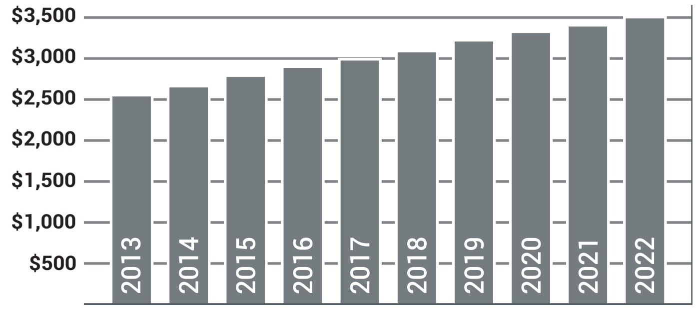
HISTORY OF MEMBERSHIP

Membership over the last five years

MEMBERS	2022	2021	2020	2019	2018
Active	6,381	6,529	6,350	6,369	6,455
Deferred	2,661	2,487	2,165	1,946	1,636
Retired	6,685	6,347	6,361	6,208	6,051
TOTAL	15,727	15,363	14,876	14,523	14,142

AVERAGE MONTHLY BENEFIT

2022 Average monthly benefit: $3,479



ABOUT SJCERA

SJCERA is a California public retirement system, providing retirement, disability and survivors' benefits to more than 15,700 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

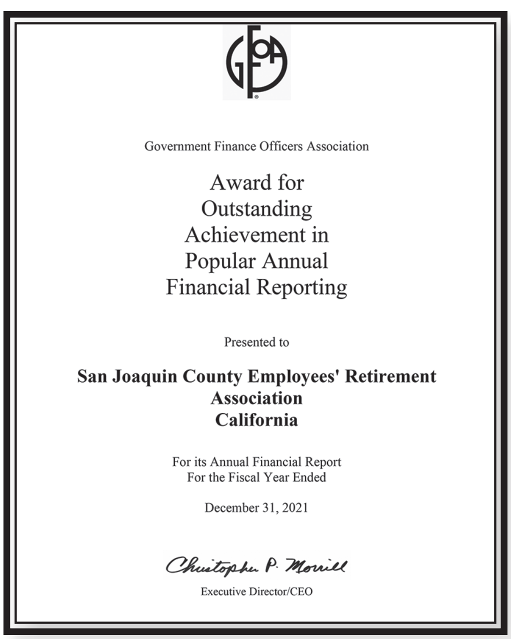
MISSION

Administering pensions to provide members a secure retirement benefit.

2022 BOARD OF RETIREMENT

Michael Restuccia	Chair
Michael Duffy	Vice Chair
Raymond McCray	Secretary
Chanda Bassett	
Jennifer Goodman	

Phonxay Keokham
Steve Moore (Alternate)
Emily Nicholas
Robert Rickman
J.C. Weydert



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

San Joaquin County Employees' Retirement Association
California

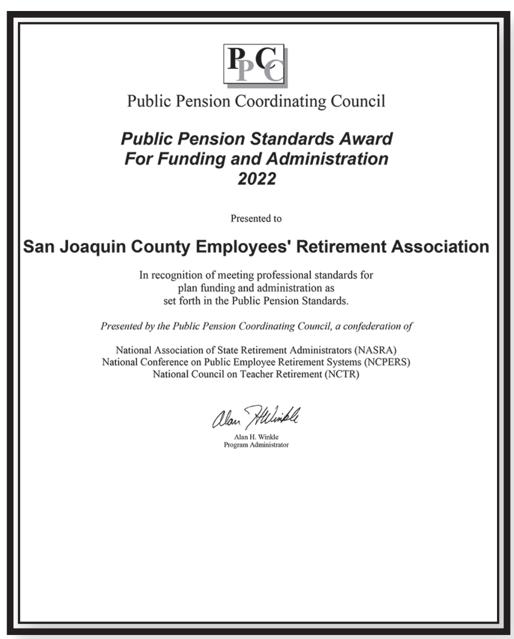
For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

SJCERA was awarded the Certificate of Achievement for Excellence in Financial Reporting—a national award.



PPCC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2022

Presented to

San Joaquin County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

The Public Pension Coordinating Council honored SJCERA for meeting the professional standards for plan, design and administration.

PitchBook Data, Inc.

John Gabbert Founder, CEO

Nizar Tarhuni Vice President, Institutional Research and Editorial

Daniel Cook, CFA Head of Quantitative Research

Institutional Research Group

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Published on June 6, 2023

Contents

Are "ESG Investors" Underperforming?

Examining the relationship between Principles of Responsible Investment signatory status and private fund returns

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- The prevalence of ESG in the private markets, using PRI signatory status as a proxy, is growing; the number of PRI signatory GPs increased from 155 in 2010 to 2,351 in 2023, and the capital raised by private PRI signatory funds has scaled to $2.5 trillion.

- While there is a dearth of private market data on ESG fund performance, there are two main theories around how ESG will influence investment returns. The first is that ESG improves long-term performance by mitigating material risks, and the second is that ESG harms performance by placing artificial constraints on the portfolio and creating obligations around spending on unnecessary operational improvements.

- To help address the data gap, we analyzed the dispersion of IRR and TVPI for PRI signatory funds and non-signatory funds in PE, real estate, real assets, and private debt from 2010 to 2018.

- Ultimately, we find no evidence that PRI signatories differ in performance from their peers in a statistically meaningful way.

Introduction

Discourse around the merits of environmental, social, and governance (ESG) strategies has become increasingly charged in recent years, with heightened scrutiny surfacing some well-founded—as well as some unsubstantiated—concerns about and criticisms of the sustainable investing strategy. Perhaps the most fundamental of these pertains to how ESG strategies affect investment performance, with proponents of ESG claiming that it protects against downside risk and can result in better long-term performance, and opponents contending that it necessitates sacrificing returns. Research on this topic has historically been focused on the public markets, leaving private market investors with less data to inform their sustainability-related decision-making. The dearth of private market research on this topic is not for lack of demand but instead is due to difficulty collecting data on GPs’ ESG strategies, ESG performance, and fund performance.

In this analyst note, we examine how ESG commitments relate to private fund performance, using Principles for Responsible Investment (PRI) signatory status as a positive indicator. We compare a dataset comprising funds raised by PRI signatories (referred to as PRI signatory funds from here forward) with one of funds raised by non-signatories,[1] evaluating IRR and total-value-to-paid-in (TVPI) dispersion between the two groups. While initial results were mixed, linear and logistic regressions controlling for other performance-impacting factors showed no statistically significant difference in performance among the PRI signatory funds and non-signatory funds.

Overview of PRI signatory funds

The term “ESG” was coined in a 2004 report from the UN titled “Who Cares Wins,” which made recommendations to the financial industry “to better integrate environmental, social, and governance issues in analysis, asset management, and securities brokerage.”[2] In 2005, the United Nations galvanized a group comprising individuals from some of the world’s largest institutional investors and experts from intergovernmental organizations and civil society to develop the Principles for Responsible Investment.[3] The first signatories made their commitments in 2006. Since then, the number of signatories has grown exponentially. As of April 2023, there were 4,103 investment manager PRI signatories, 731 asset owner signatories, and 549 service provider signatories, for a total of 5,383 across the globe.[3]

PRI signatories make a commitment to the following ESG-related principles:

- **Principle 1:** Incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** Be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** Seek appropriate disclosure on ESG issues by the entities in which we invest.

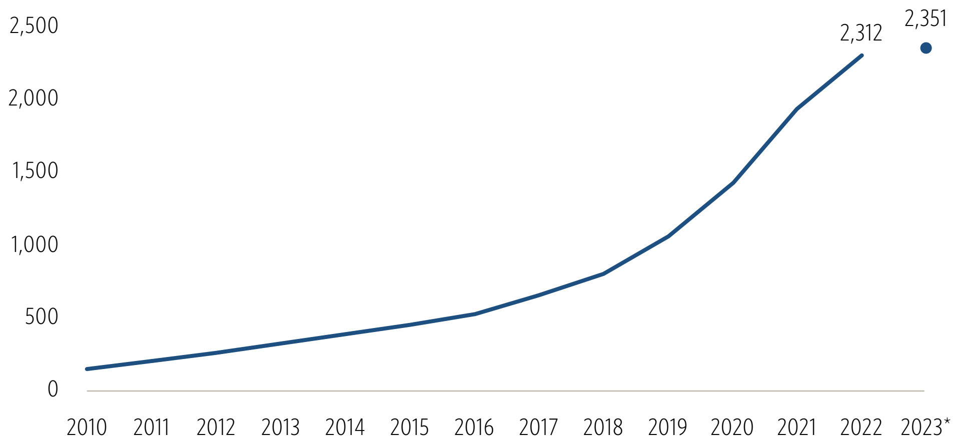
1: Defined as funds that were raised by asset managers that have never been PRI signatories, as well as those that were raised by PRI signatories pre-signing.
2: “Who Cares Wins: Connecting Financial Markets to a Changing World,” The Global Compact, n.d., accessed May 22, 2023.
3: “About the PRI,” Principles for Responsible Investment, n.d., accessed May 22, 2023.
4: “Signatory Directory,” Principles for Responsible Investment, n.d., accessed May 22, 2023.

- **Principle 4:** Promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** Work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** Report on our activities and progress towards implementing the Principles.[5]

It is worth noting that many GPs have an ESG program, an ESG strategy, or make ESG commitments, but are not PRI signatories, and that not every PRI signatory will have an ESG program of equal caliber or maturity. In addition, given PRI signatories must only uphold the principles where consistent with fiduciary responsibilities and that the minimum requirements of PRI, which were implemented in 2018, only mandate a responsible investment policy covering more than 50% of AUM, there are some PRI signatory funds that do not use ESG strategies and/or are not termed "ESG funds" by their managers.[6] As such, not all PRI signatory funds engage in the activities considered typical or necessary to qualify as "ESG-aligned" by various individuals or groups. Rather, this data captures the capital raised by funds after their fund manager made a public commitment to the PRI and to ESG. Despite these limitations, it is also one of the most—if not the most—current and comprehensive publicly available datasets pertaining to if and when an asset manager has made ESG commitments.

In terms of private market adoption, there were 155 GPs that we mapped to the PRI signatory list as of 2010. That number grew steadily through 2018, when it reached 809, and then rose more rapidly through May of 2023, when it soared to 2,351. With respect to fundraising, the number of private funds closed each year by asset managers that have signed the PRI climbed from 47 in 2010 to 615 in 2021. The PRI signatory fundraising trajectory reflects not only the quickening pace of fundraising across private markets, but also the increased awareness and adoption of ESG by private fund managers.

GP PRI signatories

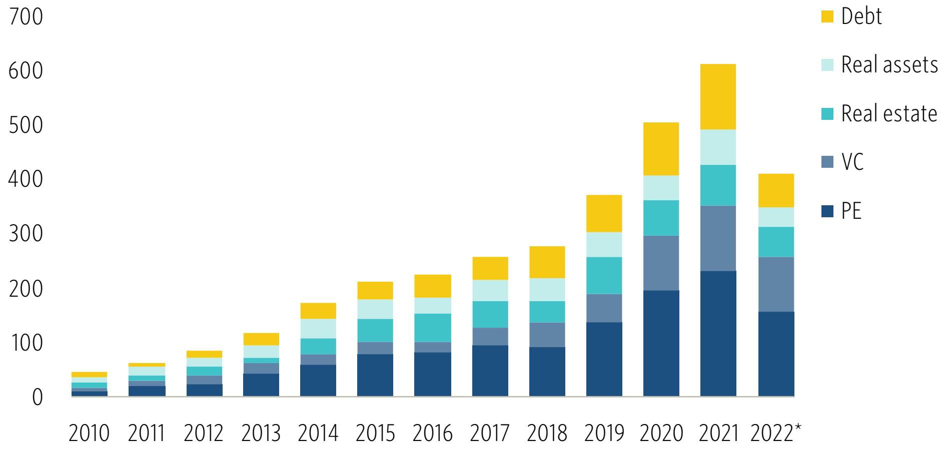


Source: PitchBook • Geography: Global
*As of May 12, 2023

5: "What are the Principles for Responsible Investment?" Principles for Responsible Investment, n.d., accessed May 22, 2023.
6: "Minimum Requirements for Investor Membership," Principles for Responsible Investment, n.d., accessed May 22, 2023.

The number of funds raised by PRI signatories did slow in 2022, with 414 closed, a 32.7% drop from the previous year. However, this decrease was largely due to market volatility, inflation, high interest rates, recessionary fears, and the denominator effect. The fundraising drop for PRI signatory funds was also proportionally smaller than that of non-signatory funds, which experienced a 42.2% drop. Several factors contributed to regard for ESG in the years leading up to 2022, including the COVID-19 pandemic, which emphasized the importance of managing employee health and safety risks; the Black Lives Matter movement, which brought diversity, equity, and inclusion to the forefront of the collective consciousness; and the Great Resignation, which illustrated how employee engagement and retention influence business performance.

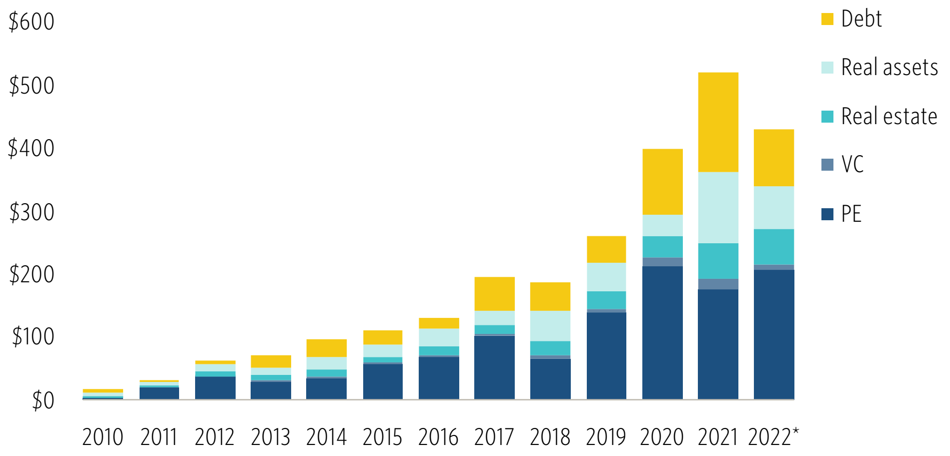
PRI signatory funds raised by asset class



Source: PitchBook • Geography: Global
*As of December 31, 2022

Looking at capital raised by PRI signatory funds, 2010's commitments were $16.1 billion. Every following year but one brought a steady increase in these numbers until 2021's zenith of $519.3 billion, after which fundraising dropped to $430.3 billion in 2022. In total, from 2010 to 2022, we capture $2.5 trillion raised by PRI signatory funds in the PE, VC, real estate, real assets, and debt categories. One interesting aspect of the universe of PRI signatory funds is their proportional overrepresentation of some asset classes compared with non-signatory funds. From 2010 to 2022, PE, real assets, and debt funds were overrepresented, with shares of total PRI signatory-raised capital that were 7.5, 7.7, and 9.5 percentage points higher, respectively, than their shares in the non-signatory category. In contrast, VC and real estate were both underrepresented, with shares of the signatory total that were lower by 21.5 and 3.3 percentage points, respectively, than in the non-signatory category. It is likely that VC firms do not become signatories as frequently due to resource constraints, less awareness of how ESG fits into VC, and fewer incentives to join, as well as perceptions that they may not need to become signatories to keep up with peers or meet the demands of stakeholders.

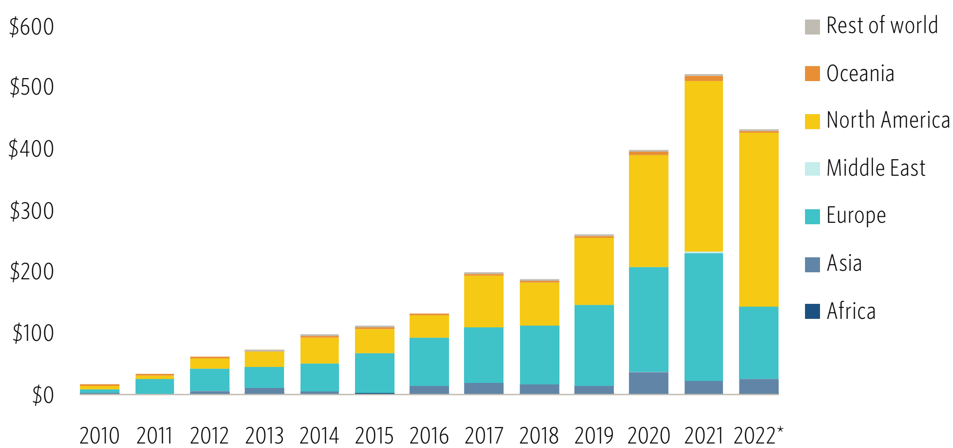
PRI signatory fundraising ($B) by asset class



Source: PitchBook • Geography: Global
*As of December 31, 2022

By geography, there is an overrepresentation of European funds in the PRI signatory universe compared with the non-signatory group, at 43.7% of total capital raised from 2010 to 2022 compared with 16.3%, respectively. Given the momentum of ESG and sustainable investing adoption in Europe compared with North America, this is not unexpected. Still, the magnitude of the difference is considerable, highlighting the outsized role Europe plays in the development of ESG-related trends, standards, and best practices. Meanwhile, in the US, politicization and polarization around ESG are likely holding back North America's share to some extent, with more asset managers discouraged from making ESG commitments for fear of alienating anti-ESG LPs. With so much capital raised by ESG-committed GPs, the question of whether their portfolios will underperform continues to stir controversy among private market participants.

PRI signatory fundraising ($B) by geography



Source: PitchBook • Geography: Global
*As of December 31, 2022

Performance of PRI signatory funds

The arguments presented in the discourse around how ESG influences investment returns have generally aligned to two theories: Theory one is that ESG improves long-term performance by mitigating material risks, which typically manifest over a longer time horizon. This also makes companies more resilient by protecting against downside risk, which is beneficial during market volatility and when idiosyncratic events occur. It can also result in a lower cost of capital, which can have a positive impact on returns.[7] Theory two is that ESG harms performance because it can involve placing artificial constraints on a portfolio, including limits on the business models and industries in which investment can occur, and creates obligations around spending on operational improvements that may not otherwise have occurred and are harmful to the bottom line in the short term.

In order to analyze the relationship between PRI signatory status and fund performance, we assessed the dispersion of IRR and TVPI for PRI signatory funds and non-signatory funds, relative to each fund’s respective benchmark. The benchmark is defined as the median return of the vintage year and asset class. Using this benchmark allows us to group asset classes together for comparison and densify the dataset while controlling for the mix of strategies, which might otherwise influence the result. We focused on vintage years 2010 to 2018, with more recent funds excluded from the analysis because performance metrics for younger funds are frequently not meaningful.[8] Because the sample size of PRI signatory funds in VC was only 13 vehicles, we did not conduct analysis on that asset class. We also chose to exclude funds of funds and secondaries funds to avoid potential redundancies and because they do not have the same degree of control over the selection of assets in their portfolios as fund managers in other asset classes. The main source for this research, aside from the PRI signatory directory, is PitchBook’s fund performance and cash flow data, which is primarily collected from LPs.

The dataset of PRI signatory funds with performance data, broken down by asset class, with median and average fund size, is as follows:

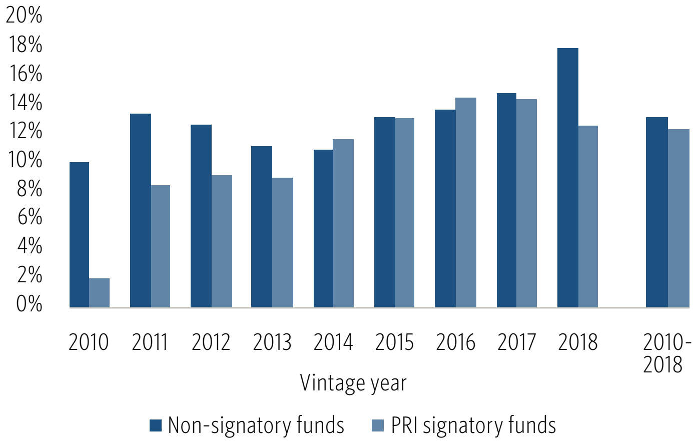
Descriptive statistics for PRI signatory funds with performance data*

Asset class	Number of funds with performance data	Percent of observations in IRR performance regression	Median fund size ($M)	Average fund size ($M)
Private capital (total, excluding VC)	357	13.2%	$830.0	$1,648.2
Private equity	130	12.7%	$1,000.0	$2,440.3
Real estate	57	9.3%	$627.0	$805.0
Real assets	101	26.1%	$830.0	$1,276.5
Private debt	69	10.1%	$985.3	$1,396.8

Source: PitchBook • Geography: Global
*As of September 30, 2022

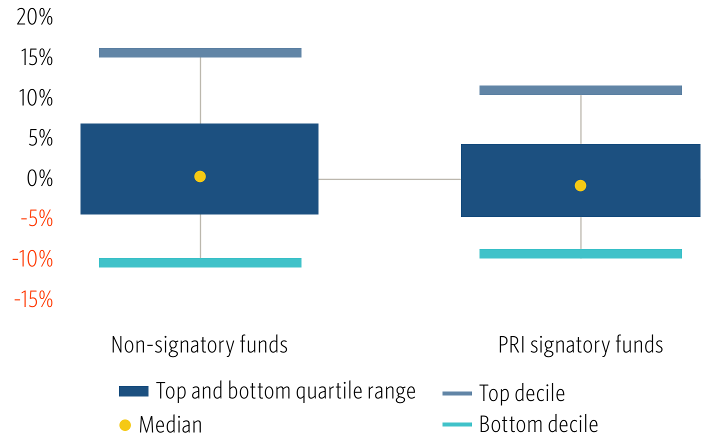
7: “The Impact of a Firm’s ESG Score on Its Cost of Capital: Can a High ESG Score Serve as a Substitute for a Weaker Legal Environment?” SSRN, Randy Priem and Andrea Gabellone, December 11, 2022.
8: Given most of the funds in the dataset are still active, their performance is expected to change as they near the ends of their lifetimes.

Median private capital returns by vintage*



Source: PitchBook • Geography: Global
*As of September 30, 2022

Private capital return dispersion relative to benchmark (2010-2018)*



Source: PitchBook • Geography: Global
*As of September 30, 2022

Initial results of the analysis suggested underperformance of PRI signatory funds. For overall private capital, between 2010 and 2018, there were six vintages for which the median IRR of the PRI signatories underperformed compared with their non-signatory counterparts, and only two vintages for which the reverse was true. PRI signatories also underperformed relative to the benchmark, with a median return 0.81% below it, while non-signatories had a median return 0.38% above it. Top-quartile and top-decile PRI signatory performance relative to the benchmark were also lower for signatories than non-signatories by several percentage points. However, bottom-quartile performance was less than 0.5% lower for signatories, and bottom-decile performance was around 1% higher for signatories. Still, this outcome suggested that funds raised by managers with ESG commitments experienced reduced upside, lending credence to the theory that ESG harms returns due the placement of artificial constraints on the portfolio and unnecessary spend on ESG improvements. It also did not make a significant case for ESG's ability to mitigate downside risk.

However, these results suffered from several limitations, including that they did not control for geography or fund size. Based on previous research, we know that larger PE funds tend to outperform and that North American and European funds have different risk-return characteristics than those in the rest of the world, which likely skewed results. In addition, a bias may have existed in the results due to the quality of PRI asset managers compared with the non-PRI manager universe—rather than PRI signatory status—so it was necessary to isolate for that factor as well. To reconcile these issues, we ran linear and logistic regressions, allowing us to compare performance differences more directly across signatory status and control for additional factors that could have affected performance. Ultimately, both types of regressions indicated that the difference in performance among PRI signatory funds and non-signatory funds was not statistically significant.[9] The linear regression for private capital resulted in a coefficient of 0.003 with a p-value of 0.737, while the logistic regression resulted in a coefficient of 0.014 and a p-value of 0.923. We also conducted the returns analysis and regressions at the asset-class level, with the regressions yielding the same result as the overall private capital numbers.

Considering the performance data on PRI signatory funds, it is evident that the other factors controlled for in the regression, including geography, fund size, and vintage year, have a much greater influence on returns than PRI signatory status. This analysis mainly speaks to the second theory of how ESG influences investment returns, as the market environment in 2010 to 2022 was relatively benign and thus would not indicate how these funds perform during a prolonged downturn. Yet, it is likely both theories about how ESG influences fund performance have some validity and act as opposing forces on returns. There are various philosophies of ESG, each of which involves different strategies around implementation and results in different outcomes, including among PRI signatories. For example, Carlyle Group and Brookfield Asset Management, both PRI signatories, invest in oil & gas producers to help transition them into more climate-friendly businesses.[10] In contrast, Blackstone, also a PRI signatory, is taking a more exclusionary approach, stating that neither of its energy businesses will make new investments in oil & gas exploration and production.[11]

Another explanation for the lack of difference in performance is that the requirements outlined by the PRI have not been rigorous enough to influence returns, nor do they mandate that signatories align to any particular ESG philosophy.[12] As such, more extensive research would be required to evaluate the influence of particular ESG-related activities such as the exclusion of environmentally and socially unsustainable industries from portfolios or extensive investment in ESG performance improvement on returns. Further, analysis using a dataset comprising funds with ESG strategies meeting more robust minimum requirements than those of PRI may also yield different results.

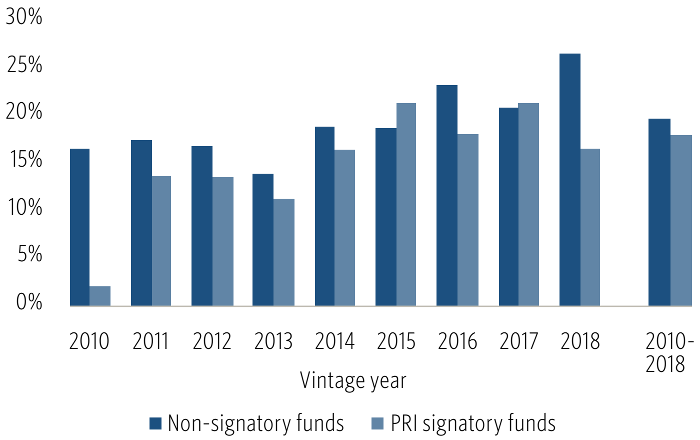
While the findings of this analysis do not provide the definitive answer to the question of how various ESG-related strategies influence investment returns, they do bring us one step closer. This data may inform GPs' decisions around making public ESG commitments and LPs' willingness to invest with private fund managers making such commitments. The topic merits further investigation, which should focus on how particular aspects of an ESG program impact returns, taking care to distinguish among various approaches to ESG.

9: The full set of performance and regression tables is available to PitchBook clients via the Excel worksheet accompanying this report in our Research Center.
10: "Blackstone, Carlyle Take Different Sides on Oil-and-Gas Investment," The Wall Street Journal, Miriam Gottfried, September 1, 2022.
11 : Ibid.
12: "Minimum Requirements for Investor Membership," Principles for Responsible Investment, n.d., accessed May 22, 2023.

Private equity

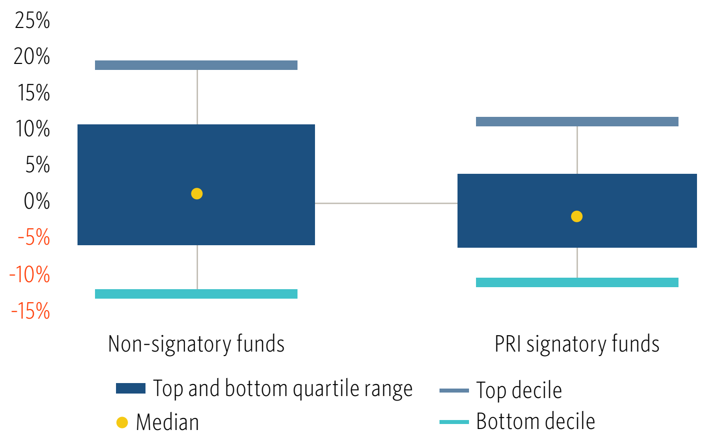
In PE, the number of vintages for which PRI signatory funds' median return was higher than that of non-signatories was just two, compared with seven in which non-signatories had higher returns. Relative to the benchmark, median returns were lower for PRI signatory funds than non-signatory funds by 3.2%, as were top-decile and top-quartile returns, each by more than six percentage points. Bottom-quartile returns were lower by less than 1%, and bottom-decile returns were higher by 1.7%. As with the overall private capital universe, these results indicated underperformance of funds raised by ESG-committed asset managers, with less upside and minimal downside protection. The fund performance logistic regression for PE funds had a p-value of 0.437 and a coefficient of -0.176, which would have indicated that PRI signatory funds underperform, but it did not cross the threshold into statistical significance.

Median PE returns by vintage*



Source: PitchBook • Geography: Global
*As of September 30, 2022

PE return dispersion relative to benchmark (2010-2018)*

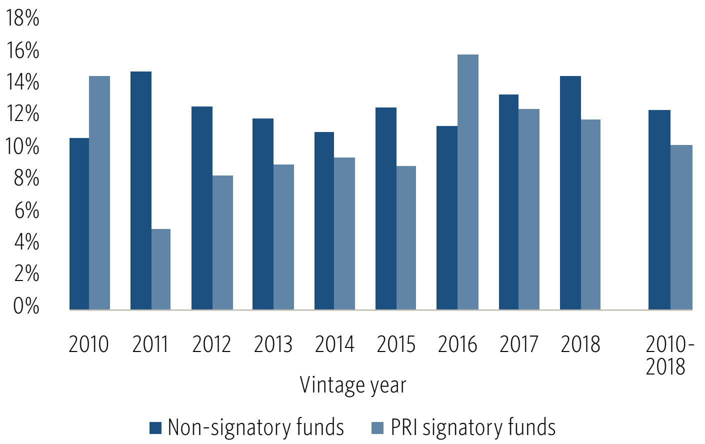


Source: PitchBook • Geography: Global
*As of September 30, 2022

Real estate

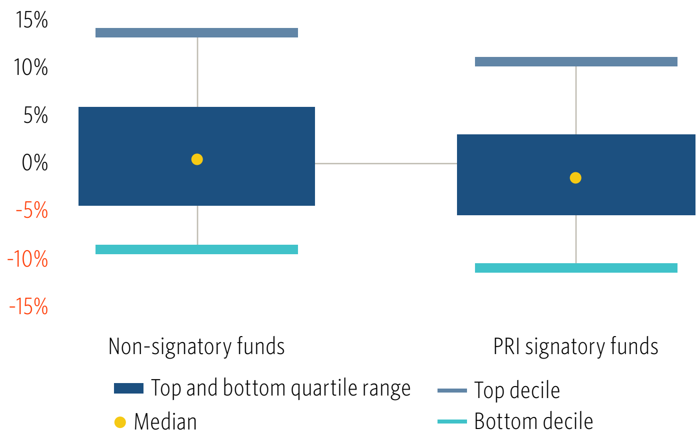
Real estate’s PRI fund performance data yielded the most unexpected initial results. Non-signatory funds had higher median returns for seven of the vintages we evaluated, while signatory funds outperformed in only two. Additionally, the median return relative to the benchmark was -1.5% for signatory funds compared with 0.4% for non-signatory funds, and top-decile, top-quartile, bottom-quartile, and bottom-decile returns were all lower by one to three percentage points. These results were surprising given the perception that real estate buyers consider the incorporation of sustainability necessary to qualify properties as top-tier, with environmental considerations needed to future-proof buildings that will be present for decades to come. Yet, real estate is underrepresented among PRI signatory funds compared with non-signatory funds, potentially because real estate-focused asset managers are more likely to pursue membership with industry-specific groups or certifications. Given much of the discussion in the real estate space is oriented toward environmental sustainability, a more general principle-based commitment like PRI may be perceived as a less optimal fit, despite real estate assets experiencing social and governance risks of their own. In the final analysis, however, the logistic regression did not yield a statistically significant p-value, which was 0.674, for the coefficient of -0.149.

Median real estate returns by vintage*



Source: PitchBook • Geography: Global
*As of September 30, 2022

Real estate return dispersion relative to benchmark (2010-2018)*

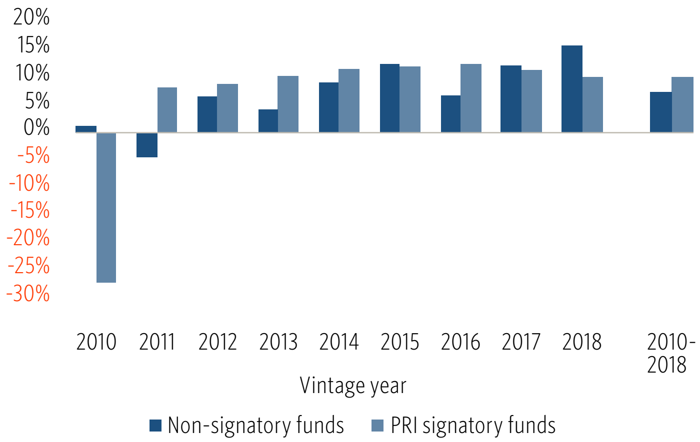


Source: PitchBook • Geography: Global
*As of September 30, 2022

Real assets

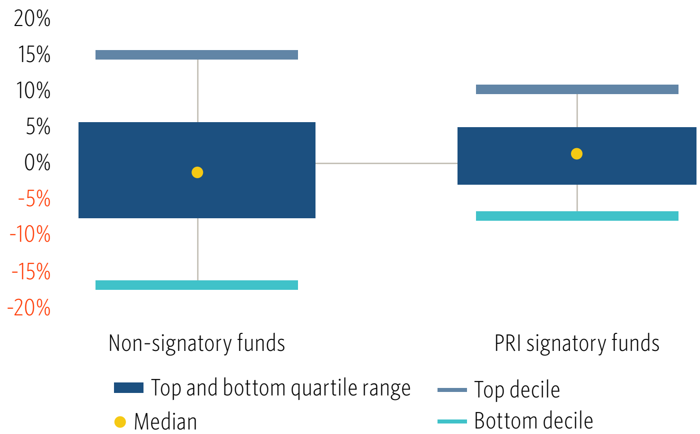
The initial results for real assets were also eye-catching. There were five vintages in which PRI signatory funds outperformed non-signatory funds and four in which the opposite was true. Relative to the benchmark, PRI signatory funds outperformed with respect to median returns, at 1.3% compared with non-signatory funds' -1.2%. They also experienced much higher bottom-quartile and bottom-decile returns, by 4.6% and 9.5%, respectively. However, top-decile and top-quartile returns were lower, by 4.9% and 0.8%, respectively. These results oppose the anti-ESG hypothesis that ESG commitments typically result in lower returns due to the exclusion of oil & gas funds. Also working against this hypothesis is the fact that oil & gas funds have historically been poor performers. Nevertheless, while the fund performance logistic regression for real assets funds was the closest to being statistically meaningful of any of the asset classes, it had a p-value of 0.353 and a coefficient of 0.296, and thus was not statistically significant.

Median real assets returns by vintage*



Source: PitchBook • Geography: Global
*As of September 30, 2022

Real assets return dispersion relative to benchmark (2010-2018)*

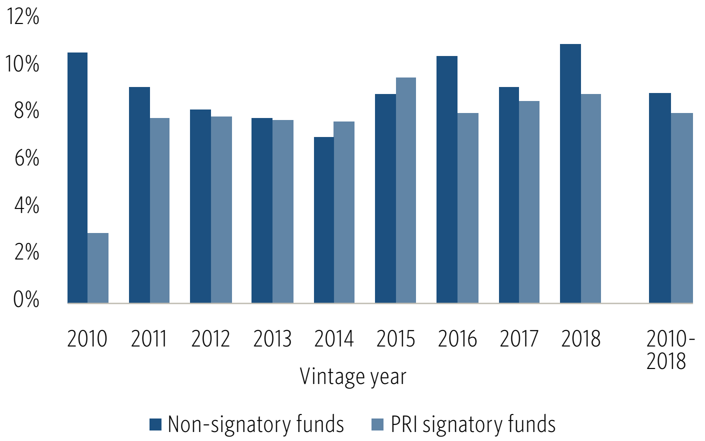


Source: PitchBook • Geography: Global
*As of September 30, 2022

Private debt

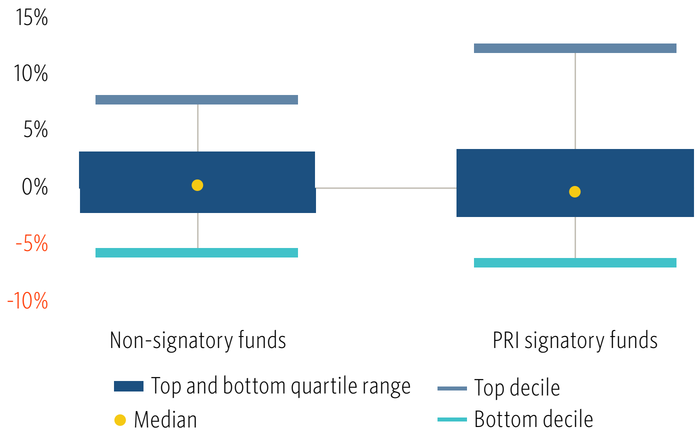
For private debt funds, preliminary results showed slight underperformance of PRI signatory funds. There were seven vintages in which non-signatory funds had higher median returns, and two in which signatory fund returns were higher. However, relative to the benchmark, median returns were just 0.6% higher for non-signatory funds. Bottom-quartile and bottom-decile returns were also less than 1% higher for non-signatory funds, yet top-quartile and top-decile returns, relative to the benchmark, were higher for signatory funds. For top-quartile returns, the difference was just 0.2%, but for the latter, it was 4.7%. Debt is overrepresented among PRI signatory funds, perhaps because lenders have given material nonfinancial risk factors such as those encompassed by ESG—and how they influence risk-adjusted returns—more attention in recent years. Higher top-decile returns for signatories might suggest that ESG is particularly beneficial in higher-risk, higher-return lending, but does not effectively reduce other types of downside risk in less risky investments. In the end, the logistic regression for private debt had a coefficient of -0.068, but a p-value of 0.832, so the differences were not statistically meaningful.

Median private debt returns by vintage*



Source: PitchBook • Geography: Global
*As of September 30, 2022

Private debt returns dispersion relative to benchmark (2010-2018)*



Source: PitchBook • Geography: Global
*As of September 30, 2022

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June 14, 2023 06:06 PM | UPDATED 14 MINUTES AGO

North Carolina passes Republican bill blocking ESG investments

COURTNEY DEGEN

Getty Images

The North Carolina Legislature passed a bill to block state entities from considering ESG factors when making investment decisions.

The North Carolina Legislature passed a bill to block state entities from considering environmental, social and governance factors when making investment and employment decisions, sending the Republican-led bill to Democratic Gov. Roy Cooper.

The state Senate passed the bill Tuesday in a 29-18 vote, with all Republicans voting for the bill and all Democrats voting against it, after clearing the House in May.

Under the legislation, the North Carolina state treasurer would be able to evaluate investments based only on "pecuniary factors," which the bill text defines as factors with a material impact on an investment's financial risk and return. The bill also bars state agencies from using ESG criteria to make decisions related to hiring, firing or evaluating employees, as well as awarding state contracts.

North Carolina Treasurer Dale R. Folwell, who is also running as a Republican gubernatorial candidate for 2024, said he supports the bill.

"As keeper of the public purse, my duty is to manage our investments to ensure that the best interests of those that teach, protect and serve, as well as of our retirees, is always our focus," Mr. Fowell said in a June 6 news release.

"There is no red or blue money at the treasurer's office, only green," Mr. Fowell added.

The North Carolina treasurer serves as the sole trustee of the $113.3 billion North Carolina Retirement Systems, Raleigh. In December, Mr. Fowell called for BlackRock CEO Larry Fink to resign, describing the CEO's focus on ESG as "wacktivism."

Republican officials across the country have made efforts to block ESG considerations in investment decisions, often describing the ESG movement as "woke." Florida Gov. Ron DeSantis, a 2024 GOP presidential candidate, signed an anti-ESG bill into law in May, similarly requiring that the Florida State Board of Administration, Tallahassee, make investment decisions based only on pecuniary factors. The FSBA oversees a total of $239.6 billion, including the $183.9 billion Florida Retirement System.

As the North Carolina bill heads to Mr. Cooper's desk, it is unclear what the Democrat will do, though vote counts suggest the Republican-led Legislature could override a potential veto.

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Utah Retirement Systems: Why ESG is a waste of time

Sarah Rundell January 26, 2023

The idea that the ESG movement is impeding a successful response to the climate emergency sounds like a paradox. But John Skjervem, CIO at $43.2 billion Utah Retirement Systems (URS), believes today's seemingly unanimous embrace of ESG investment and ESG groupthink is actually jeopardizing real transition solutions.

Divestment doesn't work, he says, and Scope 3 reporting regulations portend a legal and bureaucratic morass that will stymie both economic growth and the pace of meaningful emissions reduction. Moreover, current (and, he says, largely narrative-based) ESG initiatives threaten pension plans' long-term financial security and, in turn, their capacity to finance energy transition technologies.

"Now completely politicized, ESG is a waste of time," says Skjervem, a self-confessed ESG apostate, speaking in a rare interview since he joined URS in November 2021 to work alongside State Treasurer Marlo Oaks, a prominent ESG critic.

Amongst the climate change cacophony, calls for divestment worry him most. Take one of URS's best performing allocations: a 5 per cent strategic commitment to energy, mining, and infrastructure, most of which resides in direct oil and gas investments URS has made in the wake of other institutional investors' exodus from fossil fuels.

Direct relationships with management teams and operating groups have allowed URS to make cost-saving investments and escape the co-mingled fund structures in which general partners add value and then quickly exit. Now URS can match investment duration with its long-term return and asset allocation objectives.

"We'll hold these hydrocarbon assets for a decade or more," he says, flying in the face of calls on pension funds to divest fossil fuels. "We earn great returns while also doing our part to maintain America's access to cheap, reliable power and fortify its geopolitical position through domestic energy independence."

Just as important, the unashamedly "fabulously successful" portfolio (boosted by the sharp appreciation in energy prices) has helped fund multiple investments in renewables and several separate commitments to "moon-shot" energy technologies like fusion. "From a place of humility, not ideology, we are deliberately allocating across a mosaic of energy investments because we don't know exactly how the transition will evolve and play out," says Skjervem.

He also points out the integral role natural gas plays in weaning economic activity off coal and providing backup power to the intermittent supply profile of wind and solar. "The reality is, we need aggressive investment in oil and gas to provide cheap reliable energy so plans like ours can remain fully funded and provide the risk capital needed to invest in transition technologies like renewables, modular fission, hydrogen and fusion." He continues, "the energy transition is not an 'either/or' proposition, it's a 'both/and' proposition."

Fossil fuel divestment doesn't only cause investors to miss out on returns – of which last year was a particularly good example – and plough more money into emerging climate solutions. Divestment is also disingenuous.

In an increasingly pervasive argument, Skjervem says divestment doesn't work because selling hydrocarbon assets just means they'll likely end up in the hands of other, less altruistic investors who are less knowledgeable and less concerned about sustainability. "Engine No.1 would not have prevailed if CalSTRS had divested," he says, referring to the proxy battle investors forced on US oil giant Exxon.

Divestment is also flawed because if successful, it would raise the cost of capital for fossil fuel companies, resulting in fewer projects and less long-term capital investment, he continues.

"Constraining supply raises prices, and higher energy prices are essentially a tax borne mostly by the poor and working class who generally cannot work from home and for whom purchasing an EV is entirely cost prohibitive," he says, warming to his theme. "Living in the Bay Area during summer power outages, the cause of which was at least partly the State of California decommissioning some natural gas-fired powered plants, I anecdotally observed the immediate activation of diesel-powered generators in affluent areas while poor neighborhoods suffered through extended heatwaves without any air conditioning. The hypocrisy is appalling."

"At URS we know the energy transition is an imperative, but we also refuse to make investments or promote policies like divestment that shift transition costs disproportionally to the poorest members of society, undermine the economic progress of our state, and compromise the geopolitical security of the US," he surmises.

Perhaps the aspect of divestment that frustrates him most is that the climate emergency looms ever closer, but clamours for hydrocarbon divestment only squander valuable time, throwing sand in the gears of efforts to find real solutions. "Proponents of divestment are wasting time and diverting valuable resources from serious people making equally serious investments across the energy transition spectrum. This misguided activism is just getting in the way."

Governance, Governance, Governance

Skjervem, who was CIO at Oregon State Treasury between 2012 and 2020, cites the URS governance model as support for his team's bold fossil fuel investments. Specifically, the URS board addresses investment matters in executive session which limits the "political grandstanding and virtue signalling" Skjervem says is commonplace at many US public plan board meetings.

The URS model has not only enabled staff to quietly profit from fossil fuel investments while many other public funds bow to divestment pressures. Skjervem says it also shields the entire programme from politics and “non-fiduciary” influences, allowing the team to focus exclusively on hunting for the best risk-adjusted returns without interruption or interference.

“Why do endowments outperform?” he asks. “Because they are opaque. You can’t dial into or attend Stanford’s or Yale’s investment committee meetings.”

Take the URS venture capital allocation for example, a particularly attractive element of the programme’s portfolio construction. Skjervem attributes the celebrated allocation and its impressive manager roster (on par with top endowments and mostly unprecedented among public funds) to the fund’s governance structure which allows VCs to pitch in privacy, protect their IP and stay under the media radar.

Together with enduring Board support (which often wanes at larger funds due to the negligible performance impact of typically small VC investments), he says the URS model has a distinct competitive advantage. “Allowing public comment and opinion on potential investment opportunities is not conducive to attracting high quality VC partners, but in our construct, general partners can be confident they’ll be insulated from the counter-productive elements that quickly emerge with public participation and transparency.”

The seven-member URS board, comprised of five professional investors and two participant representatives, sets asset allocation policy, the actuarial rate of return and employers’ legally compelled contribution rates. The only politician on the Board is the state treasurer, and all implementation and manager selection decisions are delegated to URS investment staff.

URS has an internal audit team that monitors investment process compliance as well as external auditors who review its financials and file reports with the Retirement and Independent Entities Committee of the Utah State Legislature, thereby ensuring multiple layers of accountability.

Skjervem believes this combination of delegated investment authority and multi-level fiduciary oversight is the programme’s “secret sauce” and manifests as excellence in both portfolio construction and team culture, which has enabled the easiest transition to a new role of his career.

So far, he hasn’t had to “put out fires”, “push boulders uphill” or any other metaphor for difficult and complex change management. In fact, he says the most important aspect of his job is keeping a steady hand on the tiller, a thinly veiled tribute to previous CIO Bruce Cundick who over a two decade span assembled “a terrifically dedicated and talented staff who have expertly capitalized on the program’s structural advantages to create a truly world-class investment portfolio.”

Smaller Managers

Nor could he find anything to change in the 15 per cent allocation URS has to hedge funds, a large commitment for a fund its size. This corner of the portfolio, where he particularly enjoys getting under the hood, has proved truly unique. Steeling for change when he took the helm, the hedge fund allocation has, in fact, produced the holy grail of low correlation and statistically significant alpha despite challenging markets.

It has also withstood rigorous empirical analysis and stress testing. “If I think back to the hedge fund portfolios I’ve been responsible for in previous roles, I wouldn’t have had the same success URS has enjoyed.” He attributes this success to Board support (as with the VC allocation) and a carefully cultivated list of around 30 smaller managers.

Rather than invest with the usual suspects, URS positions itself as the largest LP in the relationship rather than one of many. Other contributing factors he cites include ensuring the allocation is well-resourced internally and invested globally rather than with a US bias.

He was similarly circumspect regarding URS’s 12 per cent private equity allocation, especially coming from Oregon. That pioneering investor has a private equity portfolio that dates from 1981 and a pacing model that requires annual commitments of $3.5 billion allocated among the biggest PE firms. He quickly learnt that different principles govern the URS allocation.

Once again, URS plays to its strengths in terms of preferential access, and favours partnerships with smaller, lesser-known managers, made possible by bitesize annual commitments totalling around $1 billion. “There are many benefits to being smaller,” he says.

As the conversation draws to a close, he returns to his conviction that ESG is now hindering the energy transition, diverting valuable resources and time from the important task at hand. “We’re trying to figure out who’s doing it right in terms of both commercial viability and environmental sustainability, and if you’re not doing that, you are part of the problem.”

For all his talk of not changing anything, and the portfolio only needing a minor tweak here or there if at all, Skjervem is putting his mark on URS.

scope 3, groupthink, ESG, governance, divestment
Asset Owner:
Utah Retirement Systems

https://www.top1000funds.com/2023/01/utah-retirement-systems-why-esg-is-a-waste-of-time/?utm_medium=email&utm_campaign=Weekly%20Digest%20Friday%2030%20June%202023&utm_content=Weekly%20Digest%20Friday%2030%20June%202023+CID_c21ca05c0c3bbb467a9895e793394a4a&utm_source=Campaign%20Monitor&utm_term=Divestment%20doesnt%20work%20scope%203%20reporting%20will%20tie%20companies%20in%20regulatory%20knots%20and%20ESG%20integration%20threatens%20pension%20funds%20long%20term%20returns%20and%20their%20ability%20to%20finance%20the%20transition%20Utah%20Retirement%20Systems%20John%20Skjervem%20says%20the%20only%20way%20to%20solve%20the%20climate%20emergency%20is%20to%20keep%20investing%20in%20fossil%20fuels

Investment Insights

Commercial real estate: The next shoe to drop for the banking sector?

June 2023

FOR PROFESSIONAL / QUALIFIED INVESTORS ONLY
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Commercial real estate: The next shoe to drop for the banking sector?

Key takeaways

- Tighter lending standards are weighing on the commercial real estate sector
- Small regional banks hold a larger percentage of commercial real estate in their loan portfolios compared to megabanks, making them particularly vulnerable
- While increasing capitalisation rates and defaults on office CRE loans may result in losses in the coming years, the impact should be manageable for most financial institutions

Is commercial real estate (CRE) the proverbial next shoe to drop for the beleaguered banking sector? Even before the collapse of Silicon Valley Bank, the outlook for parts of the CRE market appeared dim. Now with lending standards growing tighter, investors are getting increasingly nervous about problematic properties lurking on bank balance sheets.

First, some context: Banks account for about half the lending in the approximately US$5 trillion CRE loan market, mostly through fixed rate loans.[1] The other half comprises commercial mortgage-backed securities (CMBS),

1. As at 31 December 2022. Source: MBA, Federal Reserve Board of Governors

lending from federal agencies such as Fannie Mae and Freddie Mac, insurance companies, and to a lesser extent, mortgage real estate investment trusts (REITs).

Overall, CRE is a heterogeneous market and cannot be painted with a broad brush. Office and retail properties look like the biggest concern, while other areas such as multifamily units and industrial warehouses could hold up relatively well.

On average, the debt maturities of CRE loans are laddered, or spread out, across 8 to 10 years, which mitigates potential risks typically associated with a surge in refinancing needs. Real estate borrowers who do have to refinance, or have high loan instalments with falling property values, are likely to negotiate hard for lower payments or threaten to surrender properties – a tactic known as a strategic default.

The upshot is banks that hold significant portions of CRE loans on their books will likely see a hit to earnings. However, it appears unlikely these will trigger a banking insolvency crisis.

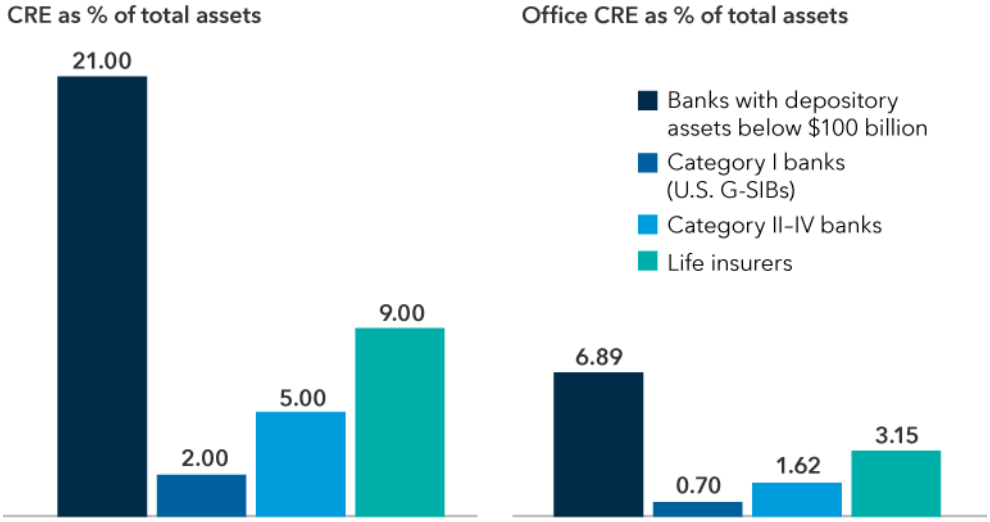
Meanwhile, most REITs seem relatively well positioned in this cycle, given their debt is generally well diversified and they have access to a broad set of lenders across banks and capital markets.

Regional banks are at greater risk

Looking across the banking sector, the megabanks (the largest systemically important institutions) appear to be the best positioned, as CRE typically comprises less than 10% of their loan portfolios.

Large regional banks tend to have around 20% of their loan portfolios in CRE. That number rises to a range of 40% to 70% at some smaller regional banks, which remain the most vulnerable. Within banks' CRE portfolios, exposure to higher risk subcategories (retail, office, construction/development) is greater at the regional banks than the megabanks.

Smallest banks have outsized CRE exposure



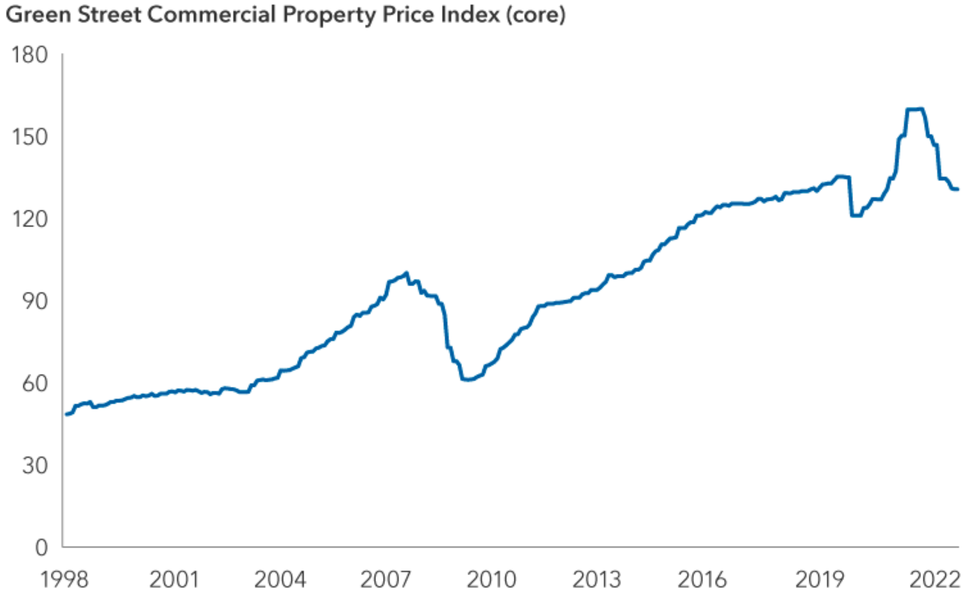
Data as at 8 May 2023. Commercial real estate holdings in Q4 2022 nonfarm non-residential, including office and downtown retail. US G-SIB: global systemically important banks headquartered in US Category II: greater than or equal to US$700 billion total assets or US$75 billion in cross-jurisdictional activity. Category III: greater than or equal to US$250 billion total assets or US$75 billion in nonbank assets, weighted short-term wholesale funding or off-balance sheet exposure. Category IV: other firms with US$100 billion to US$250 billion total assets. Source: US Federal Reserve Board staff calculations

How bad could it get for the banks?

Current interest rates can make refinancing uneconomical, even for properties that are still performing well. This means some leading major real estate investors are likely to "turn in the keys" and hand properties back to the lenders.

As these strategic defaults pick up, banks will face losses. The CMBS market has already seen a few highly publicised defaults on office property loans, and ongoing negotiations are very likely on many others.

CRE prices have fallen 18% from their peak



Data as at 1 May 2023. Green Street's Commercial Property Price Index is a time series of unleveraged US commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Core CPPI is based on sector weights of: apartment (25%), industrial (25%), office (25%) and retail (25%). Sources: Capital Group, Green Street Advisors

To get a sense of the impact, our analyst team looked at all outstanding CRE loans that underlie CMBS and assessed them as if they were underwritten to current terms (30-year amortisation, 6% to 7% coupon, 1.25x-1.50x debt service coverage ratio). The exercise reveals that all subsectors of CRE have at least some borrowers that will either be (1) required to inject equity to successfully refinance or (2) economically incentivised to strategically default.

Currently, office properties make up about a quarter of CRE loans for banks. Based on Capital Group analysis, even office property portfolios losing half their value would translate to about a 5% decline on banks' CRE portfolios.

How will REITs hold up?

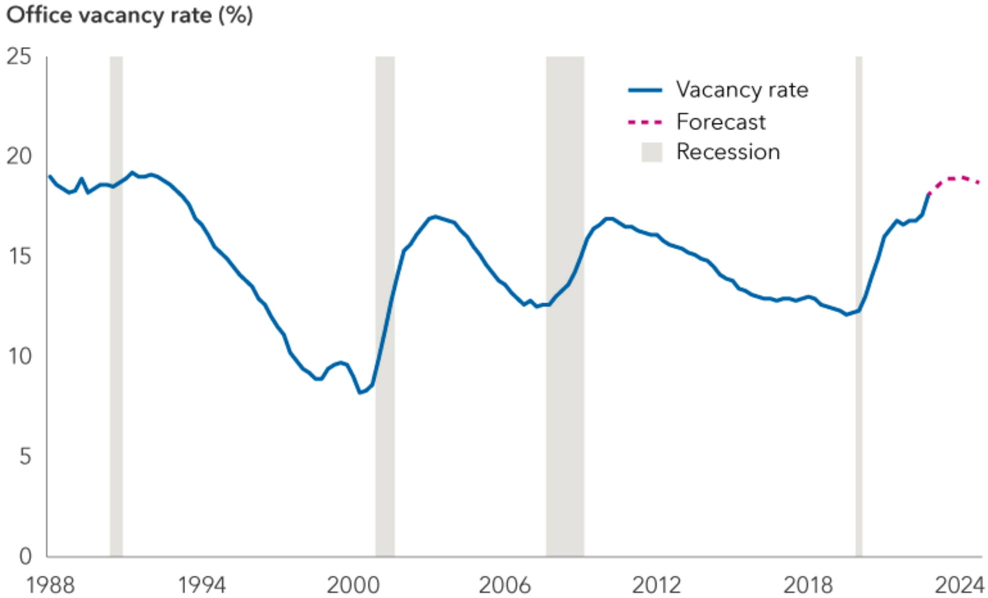
Commercial REITs are relatively well positioned compared with private CRE in this cycle. They have much better loan-to-value ratios than other real estate borrowers.

REITs have tended to have easy access to debt markets. Their debt has usually been well-diversified across unsecured, secured, bank loans and lines of credit. This has given them numerous options to turn to as credit availability dries up. But this may not insulate the sector if there is a wave of office loan defaults due to a combination of banks pulling back on office lending and refinancing that does not materialise due to declining asset values and significantly higher interest rates.

Will problems in office space spread to other areas?

Office buildings across many American cities are likely to struggle more than other areas of the CRE market. With the growing number of companies embracing work-from-home, a surplus of office space is available. Much (but not all) of it can survive at occupancy rates lower than pre-pandemic levels, although inevitable value markdowns need to occur.

US office vacancy rate reaches historic levels



Data as at 1 May 2023. CBRE forecast begins Q2 2023. Sources: Capital Group, CBRE Econometric Advisors

The central location of many office properties boosts the incentive for redevelopment. In other cases, demolition makes more sense than conversion. But office building values have not corrected to the point of obsolescence. Where possible, banks will likely kick the can down the road through extended maturities.

In terms of fundamentals, the commercial real estate market outside of office space has remained relatively resilient. There should be room for continued growth in rents in these markets, as long as a sharp recession is avoided. For example, multifamily properties continue to enjoy strong demand, as high home prices and mortgage rates are making it necessary for many people to continue to rent. Meanwhile, robust growth in e-commerce is fuelling demand for warehouses and other types of industrial real estate.

Some have suggested converting unused offices to housing, but the oversupply of office properties is not likely to impact the multifamily sector. Converting office buildings to apartments is not easy: Commercial plumbing and electrical do not typically align with residential needs, and that says nothing about the inevitable permitting problems in many of America’s largest cities. Multifamily also has a backstop in the government-sponsored enterprises (Fannie Mae, Freddie Mac, etc.), which makes fire sales unlikely.

Great financial crisis part deux?

So, will exposure to troubled CRE assets result in a new financial crisis? After all we’ve seen unfold in the banking sector this year, the answer is “never say never.” But as of now, the most likely outcome seems to be a hit to bank profitability rather than a systemic crisis.

While increasing capitalisation rates and defaults on office CRE loans may result in losses in the coming years, the impact should be manageable for most financial institutions. The credit losses we may see are likely to play out over a couple years.

Banks do not appear likely to incur sizable near-term charge-offs for a couple of reasons: The impact of higher rates may not be felt until loans mature and borrowers need to refinance. And as mentioned, debt maturities for CRE loans tend to be pretty well laddered across 10 years or more. Second, office properties tend to have longer tenant leases, which should support occupancy and profitability for a period of time.

Overall, the impact of office CRE loan losses from defaults to smaller banks could be around 40 basis points of total loans outstanding. On average, this could equate to about 20% of these banks' annual pre-tax earnings. This earnings hit seems manageable, but given the overall headwinds facing US banks, it could be problematic for some.

The real cure to all of the banking sector's ills would be "immaculate disinflation" that allows the Federal Reserve to cut rates without economic pain. If the Fed keeps rates higher for longer, the risk will grow.

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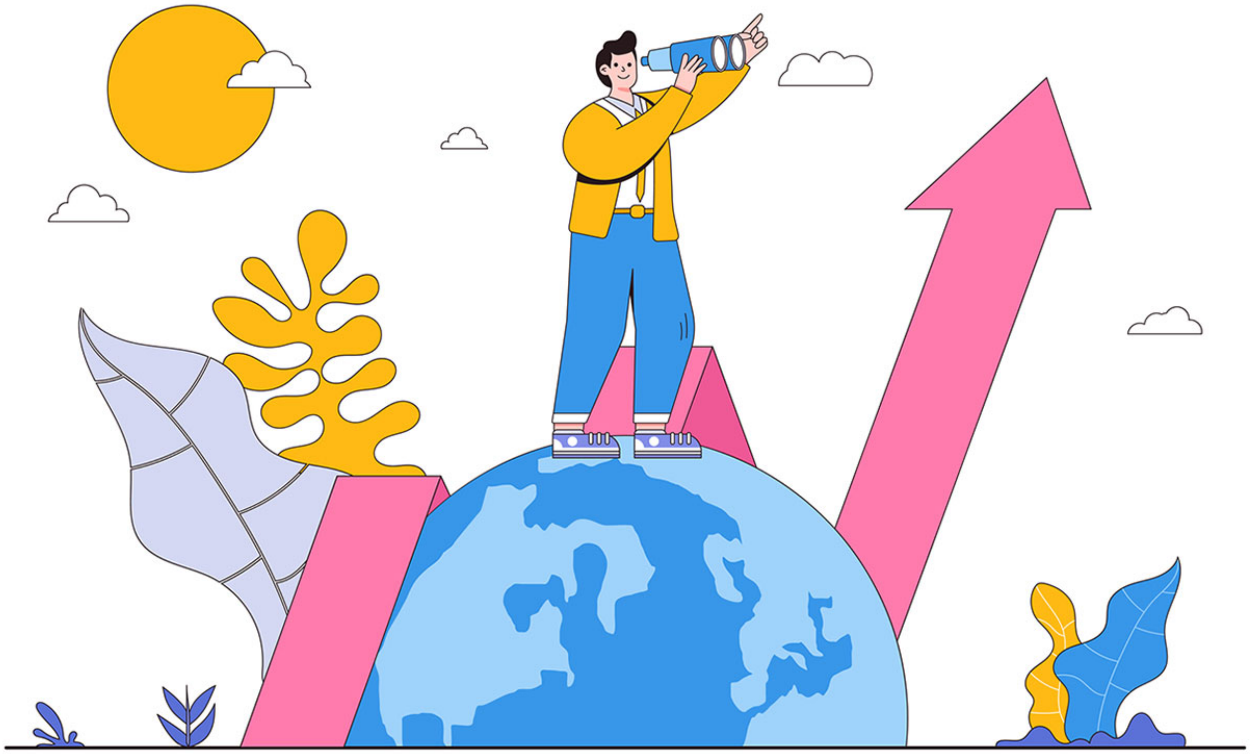
Goldman: Look for EMs to Overtake US in Stock Valuation by 2030

In 2035, emerging markets will gain a slight edge, and they will have a clear lead by 2050: 47% to 27% of global capitalization.

By Larry Light
June 27, 2023



A century ago, Oswald Spengler's prognosticatory treatise, "The Decline of the West," declared that what we now call the developed world was dwindling in power, with other, rising cultures destined to supplant it. The two-volume work, published in 1918 and 1922, has been derided for decades, as his prophecies did not materialize. But events may yet vindicate the German scholar, at least in terms of the stock market.

That is the projection of Goldman Sachs, which issued a study projecting that, by 2035, emerging markets' equity valuations will overtake those of the U.S., which currently has 42% of stock capitalization, compared with 27% for the EMs. Come 2035, EMs and the U.S. will both have 35%, but the EMs will have a smidgen more. By 2050, the developing world, will command 47% of world market cap to the U.S.'s 27%, per Goldman. By 2075, EM stocks will reach 55%, and the U.S. will fall to 22%.

Such a sea change is related to the pell-mell gross domestic product growth expected from most EMs, as compared with the prospects for the U.S., today's dominant economy. The U.S. currently has a GDP of slightly less than $21 trillion. In GDP terms, it is followed by China ($13.4 trillion), Japan ($5 trillion) and Germany ($4 trillion).

Goldman economists Kevin Daly and Tadas Gedminas, lead authors on the study, wrote that by 2050, China will be the top economy, with the U.S., India, Indonesia and Germany behind it. By 2075, the economists expect India to edge past the U.S. slightly in GDP, resulting in an economic ranking of China, India and the U.S.

But there's a twist. Even with China as the No. 1 economy, Goldman does not expect its GDP and market cap to remain robust. In fact, according to Daly and Gedminas, China, with an aging population, will see its economic growth decelerate—while India and the U.S. will both gain in population (presumably the U.S. gain will come via immigration).

What's more, the U.S. will retain the crown for having the biggest stock valuation of any single nation, at 22% by 2075, no doubt a testament to the staying power of its ever-vibrant capital markets, in Goldman's view.

The upshot is that China will see its equity valuation reverse course. How much? Goldman anticipates that China's stock market share will rise from 10% to about 15% by 2050, "but amid a demographic-led slowdown in potential growth, it's expected to then decline to around 13% by 2075."

Aside from younger and fast-growing populations, India and other EMs (note that China is technically a developing nation) have significant investor potential because many of their companies are privately held and eventually will go public, Goldman argued.

"Of course, it's no sure thing that capital markets in emerging countries will develop so successfully," the firm's report warned, and they could fall victim to various 'isms.' Populism, increased nationalism and tighter protectionism could hobble the EMs, the report projected.

Recall that, in the 1980s, Japan was the rising power on a path to dominate the world, in keeping with the Spengler thesis. No one, certainly not the Goldman economists, believes that now, in light of Japan's stodgy growth over the past three decades.

Given that, the expected decline of the U.S. as an economic and stock market dynamo in the future may not happen, which would keep Spengler's legacy stuck in the mud.

https://www.ai-cio.com/news/goldman-emerging-markets-overtake-us-stock-valuation-by-2030/?apos=1_art&utm_source=newsletter&utm_medium=email&utm_campaign=CIOAlert&oly_enc_id=4680I4235256E9X

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Liability Driven Investing

WHITEPAPER
JUNE 2023

CONTRIBUTORS
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Sponsors of pension plans should have one overarching goal: to ensure that all payments promised to plan participants and beneficiaries can be made. As part of this process, many plan sponsors have adopted an investment approach known as Liability Driven Investing ("LDI"). This paper provides an overview of LDI, including an assessment of where and why it is used, how it can be implemented and maintained, along with its considerations.

What is LDI?

LDI is a framework for gaining a better understanding of the interest rate sensitivity (i.e., duration) of a plan's assets to the present value of its future liabilities.[1] In its most basic or general form, a plan sponsor has adopted an LDI framework when their liabilities are valued independently from their assets. The primary objective of LDI is to ensure that the investment portfolio can generate the cash flows needed to pay out future liabilities, regardless of market fluctuations or changes in interest rates.

The extent to which a plan sponsor seeks to match the plan's assets to its future liabilities will typically determine the portfolio structure. For example, a plan that wishes to fully match assets to its liabilities will typically invest a material portion of the portfolio in bonds and/or interest rate derivatives that provide bond-like exposure.[2] LDI portfolios are usually designed with a focus on risk management and downside protection, rather than maximizing returns. This is because the primary goal is to ensure that the portfolio can meet future liabilities, not to generate the highest possible returns.

[1] The present value of a stream of liabilities represents the current value of all future cash flows that an entity is expected to pay out in meeting its financial obligations. It first requires estimating future cash flows that the plan sponsor is expected to pay out in meeting its financial obligations, typically using actuarial methods. To convert the future cash flows into present value, a discount rate is applied to account for the time value of money.

[2] For more information on the use of derivatives within a pension plan, see Meketa's Viewpoint dated July 2021 (https://meketa.com/leadership/overlay-strategies/)

Who uses LDI?

Corporate pension plans – Many corporate plan sponsors utilize some form of LDI as it generally aligns with funding regulations and FASB accounting principles in the US. Liabilities are required to be measured by a discount rate determined by corporate bond yields. Hence, typically the best way to minimize fluctuations in the liabilities is to invest the assets in corporate bonds with a similar duration as the liabilities. While these assets are not expected to generate long-term growth relative to other investment options, the benefits to the plan sponsor of predictable cash requirements often outweigh the need for portfolio growth.

Insurance companies – Like defined benefit plans, insurance companies are exposed to long-term liabilities that require management of interest rate and inflation risks. Accordingly, insurance companies generally engage in some form of enterprise risk management.[3] The use of LDI strategies by insurance companies may differ from that of pension plans due to the differences in the nature of their liabilities and business models. However, the principles of LDI investing remain applicable in both contexts.

[3] While LDI is a specific investment strategy focused on matching the cash flows of assets to a specific set of liabilities, enterprise risk management is a broader approach that considers the entire balance sheet and may involve an LDI approach coupled with other risk management techniques.

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US Public and multi-employer pension plans – Liabilities in the public and multi-employer (i.e., Taft-Hartley) space are not governed by the same regulations as corporate plans. Generally, these pension plans discount their liabilities using a flat discount rate that is aligned with the long-term expected return on assets ("EROA"). As a result, LDI is rarely utilized for US pension plans outside of the corporate space. However, some plans will consider asset-liability matching strategies more broadly, and the logic for implementation is consistent with that of LDI.

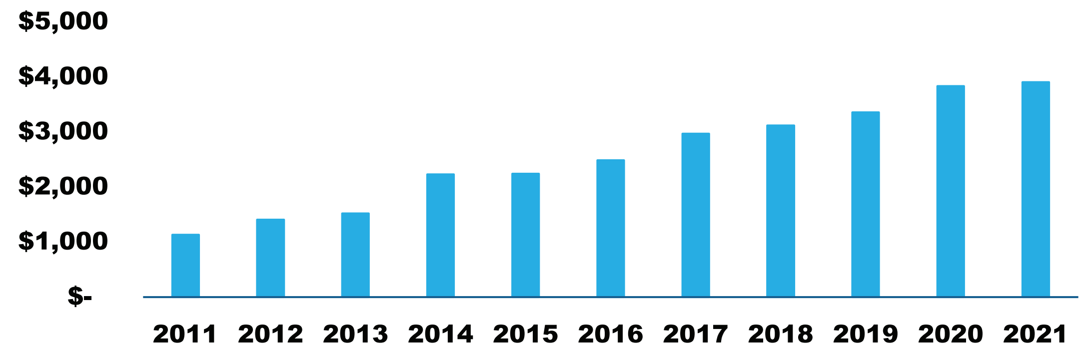

FIGURE 1
Total Global LDI Assets (billion)

Source: Pensions & Investments Research Center, as of 10/13/22.

The implementation of LDI

Implementing LDI can be summarized in three steps:

1. Select the discounting method for determining the present value of liabilities
2. Create the asset allocation(s) to achieve a target long-term expected return on assets while maintaining the desired level of funded status volatility
3. Monitor the strategy for effectiveness, making adjustments as necessary

1 | Define the liability benchmark

As previously mentioned, plan sponsors use a variety of discounting methods (e.g., flat rates, segmented rates, yield curves) to determine contribution requirements for actuarial valuations. The discount interest rates used for LDI are independent of the actuarial assumptions as the liability is specifically intended to guide the investment decisions.

To accomplish this, plan sponsors may discount liabilities using the yield curve associated with a pre-specified level of credit quality. For example, a sponsor that wishes to use investment grade credit (i.e., corporate bonds rated AAA thru BBB) to satisfy future obligations would discount liabilities using current investment grade credit yields. The present value of liabilities discounted using this yield curve is referred to as the "liability benchmark." Figure 2 illustrates the interest rates that would be used for two sample methods for discounting liabilities.

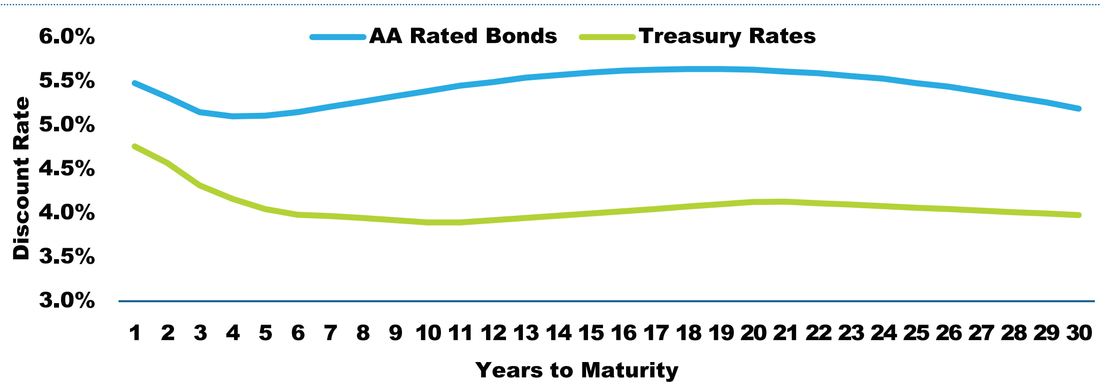

FIGURE 2
Yield Curve for Treasuries and AA-rated Corporate Bonds

Source: Bloomberg as of 12/31/22. Note that the yield curve was inverted at this time, which is atypical.

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2 | Create the asset allocation(s)

Typically, when a pension plan makes the initial decision to adopt an LDI approach, they implement it gradually. To make a smooth, deliberate transition, a plan may adopt a "glide path" that sets specific milestones for making changes to their portfolio.

The first step in glide path construction is to determine the "end state" funded status (i.e., the funded status the plan sponsor wishes to maintain for the lifespan of the plan). The asset allocation at the end state will typically be a combination of long-term bonds with a similar credit quality as the liability benchmark as well as diversifying assets, such as equities.

The next step will often be to reduce the equity exposure and offset this reduction with an increased exposure to longer duration fixed income investments. Implementation milestones may depend upon market conditions (e.g., prevailing interest rates) or, more often, on a plan's funded status. In the latter case, as the funded ratio increases, typically the plan gradually allocates more capital to longer-term fixed income securities, with the final milestone at the end state. As a result, the reduction in the plan's funded ratio volatility and expected return will occur gradually rather than all at once. When applicable, it is important that the investment advisor work closely with the plan sponsor and the plan's actuary to determine the proper funding status at which to begin reducing equity exposure (i.e., to determine the milestones).

Figure 3 provides an example of a glide path. In this example, the plan's liabilities have an average duration of thirteen years. Hence, the asset allocation is designed to increasingly match this duration and thus strongly correlate the value of the plan's assets with the value of its liabilities at every step.[4]

[4] For more information on glide path portfolio construction, see Meketa's thought leadership dated May 2019 (https://meketa.com/leadership/the-dual-portfolio-framework-2/)

Trigger Point	Step 1 80% Funding	Step 2 90% Funding	Step 3 100% Funding	Step 4 - End State 110% Funding
Equity (%)	**45**	**30**	**20**	**10**
US Equity (%)	30	20	15	7
Foreign Equity (%)	15	10	5	3
Fixed Income (%)	**55**	**70**	**80**	**90**
Long-Term Corporate Bonds (%)	50	62	71	80
STRIPS (zero coupon Treasuries) (%)	5	8	9	10
Expected Return (%)	**7.7**	**7.1**	**6.7**	**6.3**
Standard Deviation (%)	*11.6*	*10.8*	*10.7*	*10.9*
Funded Status Risk (%)	*6.7*	*4.4*	*2.7*	*1.7*
Average Bond Duration (years)	*14*	*14*	*14*	*14*
Average Portfolio Duration (years)	*8*	*10*	*12*	*13*

FIGURE 3

Sample Glide Path

Source: Bloomberg as of 12/31/22. Note that the yield curve was inverted at this time, which is atypical.

Note: Funded status risk is defined as the one standard deviation annual funded status change due to market sensitivities.

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This approach has designated milestones that represent various funding levels at which the plan shifts its asset allocation. The benefit of this gradual approach is that it attempts to maintain sufficient return potential to reach funding goals for underfunded plans, while also systematically decreasing the mismatch risk between the plan's assets and the liability benchmark. The glide path should also allow a plan sponsor to dynamically adjust the asset allocation based on beneficial movements in the market, reducing the impact of subsequent negative market movements. The result is an asset allocation intended to maintain its desired funded status into perpetuity.

3 | Monitor and maintain the strategy

LDI requires regular monitoring and maintenance to facilitate shifts in allocations happening at the appropriate time. For example, if the market rallies and a funded status milestone is achieved, there could be a time-sensitive shift that would help capture the benefit of the market conditions. For governance purposes, it is important to have a formal process for tracking the market environment such that milestone achievements can be documented and acted upon.

In addition, LDI is based on a series of assumptions that can and most likely will change over time. Among these are the assumptions the actuary uses in forecasting the projected liabilities, as well as how closely the discount rate for the liability benchmark tracks an investable set of assets. It should be expected that not all assumptions will match real world experience. As a result, periodic maintenance should be expected to confirm the strategy is still appropriate.

Why long-term bonds?

Long-term bonds offer modest return potential but a high amount of volatility (due to their extended duration), therefore they are often not included as optimal investments on the efficient frontier of assets. However, when comparing risk versus the liability benchmark, they are an optimal investment for investors seeking to minimize their funded status volatility.

Figures 4 and 5 illustrate an "efficient frontier" from two perspectives: traditional (i.e., absolute return) and funded status.[5] From a traditional risk-return framework (Figure 4), the volatility of long-term bonds places them well below the efficient frontier. However, when the measure of risk is re-defined from volatility of returns to volatility of funded status, long-term bonds fall squarely on the efficient frontier (Figure 5). As such, long-term bonds present themselves as an asset class that can work to minimize the funded status volatility.

[5] An efficient frontier refers to a set of optimal investment portfolios that offer the highest possible return for a given level of risk, or alternatively, the lowest possible risk for a given level of return.

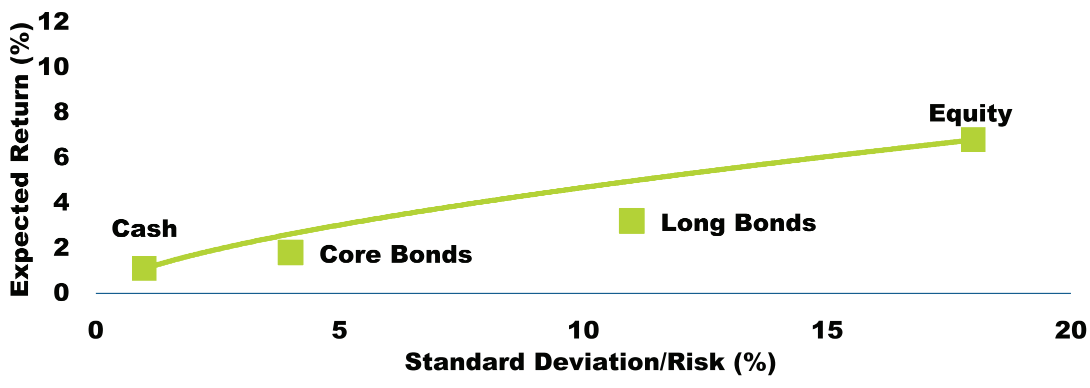

FIGURE 4

Traditional Asset-only Efficient Frontier

Source: Meketa Investment Group, 2023.

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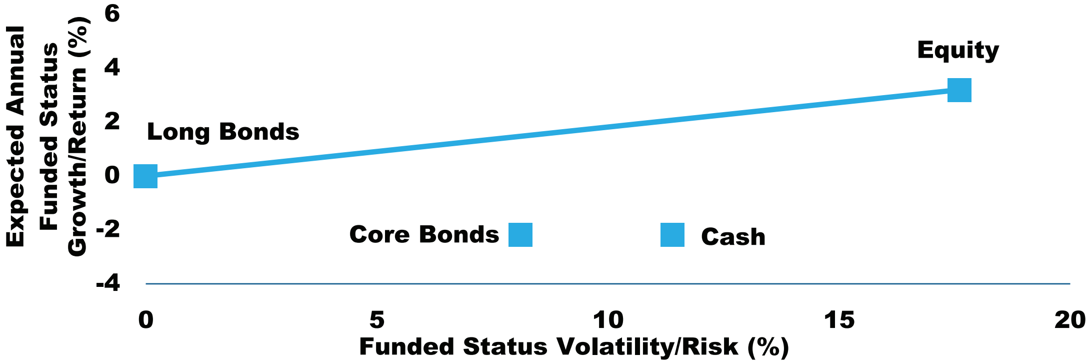

FIGURE 5
Funded Status Efficient Frontier

Source: Meketa Investment Group, 2023.

High-level considerations with LDI

The main drawback of an LDI strategy is opportunity cost. A pension plan that is invested primarily in bonds will have an expected return lower than a plan that invests much of its assets in equities and other riskier assets. This cost can be significant, depending on its structure (e.g., a long-term Treasury portfolio could give up an estimated 300 to 600 basis points per year relative to equities).[6] Hence, over the long term, a plan that adopts an LDI approach will likely require higher contributions, all else equal. A gradual approach to LDI implementation will partly mitigate opportunity cost, at least over the near and intermediate term.

As briefly discussed above, another risk inherent in the LDI approach is the uncertainty surrounding liability projections. There is potential for a large difference between the expected future liabilities and the actual future liabilities. Many factors go into the calculation of the estimated liabilities of a plan. Assumptions include such factors as life expectancy, retirement age, and inflation. Hence regular monitoring should occur to help the plan sponsor make course corrections in the event of any drift from the expected path.

Balancing the desire to achieve and preserve an optimal level of funded status against optimizing returns on invested assets may require plan-specific analysis.

Implementation and portfolio construction

Plan sponsors can implement liability driven investing through many investment vehicles. For example, plans can invest in long-term bonds by using a passive (indexed) investment strategy, such as a long-term Treasury commingled fund or exchange-traded fund ("ETF"). This approach enables a plan to increase duration in a straightforward and inexpensive manner. Alternatively, a plan sponsor may employ customized separate accounts run by investment managers. A customized portfolio will enable a plan to more closely align the duration of their assets with their specific liability profile.

A plan sponsor may also utilize derivatives to implement an "interest-rate overlay strategy." This derivative overlay can be used to maintain a desired duration while

[6] From 1926 through 2022, the ten-year risk premium for US equities (as proxied by the S&P 500 index) over the yield for 10-year Treasuries has averaged 5.4% per annum.

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using less of a plan's "capital." While a derivative overlay approach can provide investors with considerable flexibility in design, it requires careful and ongoing monitoring, as it introduces other operational and investment risks associated specifically with derivatives (e.g., collateral, counterparty and mark-to-market risks).

An additional implementation consideration concerns the types of bonds to use. Government bonds are the most widely used securities, as they provide nearly "pure" interest rate exposure. However, the yield on government bonds is the lowest among US fixed income securities. In contrast, corporate bonds typically offer higher yields, and thus a higher expected long-term return. Corporate bonds introduce credit risk, however, which must be measured and managed carefully.

Summary

LDI attempts to measure, and to some extent match, a pension plan's current assets against the present value of its future liabilities. That is, LDI is a framework for gaining a better understanding of the interest rate sensitivity (i.e., duration) of a plan's assets to that of its liabilities. Because liabilities are often long term in nature, one of the best ways to offset their sensitivity to interest rates is by investing in long-term bonds or derivatives linked to interest rates. LDI is utilized mainly to reduce the volatility of future contributions to a pension plan. If an LDI approach is implemented properly, it can provide defined benefit plans with a greater likelihood of paying all future liabilities to the plan's beneficiaries.

An LDI approach is subject to several challenges, including opportunity cost (e.g., a potentially lower EROA that would accompany a shift from equities to bonds) and the uncertainties associated with liability projections. However, these can be partially mitigated by using a glide path approach to implement the LDI structure and by engaging in ongoing monitoring and maintenance of the LDI program.

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CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS

CALAPRS

EDUCATION • COMMUNICATION • NETWORKING

UPDATE

SUMMER 2023

INSIDE THIS ISSUE

CALAPRS Update is published semi-annually by the California Association of Public Retirement Systems. The purpose of the publication is to keep readers informed about CALAPRS.

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The California Association of Public Retirement Systems (CALAPRS) was pleased to host the Annual General Assembly, March 4 - March 7, 2023 in beautiful seaside Monterey, CA. The General Assembly is an educational conference for retirement system trustees, senior staff, and our annual sponsors. Attendees learned from experts and peers, while getting the opportunity to greet their colleagues face-to-face and network. Here are some of the key takeaways from the educational sessions:

PUBLIC PENSION ISSUES AND TRENDS

Keith Brainard, Research Director for the National Association of State Retirement Administrators (NASRA), provided a wide ranging look at the fiscal status of public pensions across the US. Of special interest to the audience were the deep dives Mr. Brainard provided in his presentation to specifically call out status and impact on California's 80+/- public plans in particular.

Demonstrating the financial power of combined public pension plans across America with approximately $5 trillion in assets, supporting the pensions of almost 15 million members, equal to 10% of the nation's work force, Mr. Brainard wowed the audience when he went further and indicated that nearly 25% of those assets, or $1.24 trillion, were under public pension management in California alone. And great news to Californians, that 25% of assets was in support of only 15% of the total public pension participants across the country. That demonstrates both good financial health as much as healthy benefit levels across California in comparison to the rest of the nation.

A sobering portion of Mr. Brainard's presentation did however focus our attention on various challenges still facing plans, from high inflation to slow growth in new hires, pointing in particular to the market losses of 2022 that were eating up the near record setting gains made by most systems in 2021. He noted that the nation's pension systems in aggregate had returned 25.8% for FY ended June 30, 2021, but the median public pension fund investment return dropped by 9.35% for the FY ended June 30, 2022. The FY 2022 losses negated the FY 2021 gains.

INTO THE BREACH: HOW RETIREMENT

CONTINUED ON PAGE 3

PRESIDENT'S CORNER

BY DAVE NELSEN, ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Change. For some, it's a word that brings anxiety, sweaty palms, and the vague uneasiness of the unknown. For others, it is exciting, challenging, energizing, and offers welcome respite from the ordinary and mundane. Whichever side you are on, or somewhere in the middle, we all know it is the one constant in our lives. No matter how hard we strive for stability, change happens. As we slowly work our way out of the COVID-19 Pandemic, we have all experienced a tremendous amount of change.

Three years ago our systems had to pivot to a virtual environment. We developed new ways to meet our customer needs, and our customers developed the familiarity to operate in that same environment. Now, as we move away from the urgency of the pandemic, we are continuing to use these new methods of service delivery, as well as modify what the workplace looks like. This new hybrid environment offers the best of both worlds. Our team members enjoy balance without losing their sense of work community, and our customers have unprecedented flexibility to interact with us in the way that works best in the moment.

In the world of many of our business partners, we have seen so much in transition. The market has shown dizzying volatility, inflation has hit highs unseen in decades, and the challenge to earn the returns necessary to fund our benefits has required steady, diligent hands on the wheel from our advisors and managers. There is politicization of investment strategies, and the creeping influence of those who wish to see public DB programs go the way of private DB plans. Internally, these folks are also facing their own transitions in the workplace. They, like us, are striving to increase the participation of all in their endeavors, as well as manage the changing needs of today's employee.

Here at CALAPRS, we have seen significant changes as well. While we pivoted early to an entirely virtual slate of educational programs, we are moving to the new normal of a hybrid model. It was wonderful to see everyone at our General Assembly in Monterey, and it was very well attended. While the program was well planned and delivered by Johanna Schick and her committee, seeing each other in person again was a highlight! You will see that some of our future programs will also be in person, while others, such as Roundtables, will likely remain via Zoom.

We have also seen changes with our Board of Directors. In the last year or so, we have said good bye to a number of long time Board members. Hugo Wildman, Julie Wyne, Jeff Wickman, Roberto Peña, and Carl Nelson have all left after contributing so much during their long tenure on the Board, and we will say goodbye to another one at the end of this year. We miss them. However, it is no small comfort to see the incredibly talented new group of Directors come in, excited to contribute, and equally committed to the mission of providing outstanding educational and networking opportunities to our team members and trustees!

After the well-attended and successful 2023 General Assembly in Monterey, CALAPRS has on tap more quality training opportunities. The 2023 Principles for Trustees program will be back at Pepperdine this August. For March 2024 the CALAPRS General Assembly will return to Rancho Mirage. Providing for solid fiduciary, investment, actuarial, and operational knowledge is a foundational function of CALAPRS. Please visit www.calaprs.org to access the training and informational resources the organization can provide, including an updated program calendar.

While this is not my first year on the Board of Directors, it is my first as President. I look forward to the opportunity to work with all of you in the coming months, and to continue the long tradition of CALAPRS being a guiding light in the California pension community.

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GENERAL ASSEMBLY 2023 *CONTINUED FROM PAGE 1*

BOARDS CAN GET INTO TROUBLE AND HOW NOT TO BE ONE OF THEM

Maytak Chin, Partner at Reed Smith LLP, and Cristal Rodriguez, Santa Barbara CERS Deputy General Counsel, gave Oscar-worthy performances role-playing as the retiree association's attorney (Chin) and Board of Retirement trustee (Rodriguez) in a video-taped mock deposition as part of the retirees' lawsuit alleging the Board breached its fiduciary duty in underfunding the system and making imprudent decisions. The trustee's candid thoughts provided a cautionary tale of ways trustees can run afoul their fiduciary duties: "…I don't understand why we make it so complicated…. I think investing in 30 Dow-Jones companies should be enough"; "…we should get …[the agenda topics] done quickly. Everyone has been complaining our meetings last too long"; "They just took the investment consultant's report and approved it without discussion…we should just go with what [the consultant] thinks…" and "My union president told me I was put on the Board to look out for the union's interests." This fun, engaging presentation delighted audience members, who paused the video by identifying potential breaches of five fundamental fiduciary duties: (1) Loyalty: act in the best interests of the members and beneficiaries; (2) Exclusive Benefit: use plan assets only to pay benefits and reasonable administrative expenses; (3) Prudence: use a fair, open, deliberative process, be knowledgeable about the decisions you make, seek experts' advice, and document the proceedings; (4) Diversification: invest the portfolio to minimize risk and maximize return; and (5) Follow the Plan: administer the Plan in accordance with the Plan documents – including the Constitution, federal and state laws, and Board policies.

Kudos to Maytak and Cristal for making fiduciary education engaging, memorable, and fun. A CALAPRS version of the Golden Tomato Award may be in your future!

KEYNOTE SESSION – SEARCHING FOR A SOFT LANDING IN 2023

Brian Nick, Chief Investment Strategist from Nuveen, provided a keynote session on Searching for a Soft Landing in 2023. In his address, Mr. Nick argued that a base case for 2023 would feature three main themes: (1) That the global economy will slow but remain comfortably out of recession; (2) That strong private sector balance sheets will support spending and hiring; and (3) That inflation moderates without a large increase in unemployment. He offered two potential downside cases. The first would be a hard landing and recession by mid-year, with the spending-hiring cycle crushed under the weight of higher interest rates. This scenario contemplated that central banks would then cut interest rates, but this appears to have a very low probability. The other downside case is that we simply have "no landing", and remain in a jittery market with recession risk shifting into 2024. Overall concerns about which we should remain vigilant include continued geopolitical risks, political dysfunction, and China's reopening post-Covid.

GEOPOLITICAL VIEWS FOR 2023

The Geopolitical Risks Not Yet Resolved in 2023 presentation by Matt Gertken was fantastic. The presentation provided food for thought about the challenging demographics being faced by China as it seeks to develop its economy. The presenter also thoughtfully tied that into the different but similar challenges faced by the USA. One interesting insight Mr. Gertken had is that there is often a lag between a Geopolitical event and the market effect of that event.

THE INVESTMENT WORLD IN 2023: TIME FOR THE NEW SIMPLICITY?

Verus CIO, Ian Toner, explained why simplicity in investing matters. Mr. Toner is responsible for the overall investment and risk output at Verus and is responsible for the final determination of the firm's overall investment positioning. It was explained the money supply has increased rapidly due to a large wave of fiscal stimulus to help support and mitigate the impacts of a global shutdown as a result of the pandemic, but the velocity of money has quickly shifted. Mortgage rates are up, lending standards have tightened, and housing affordability all contributed to this. The impacts of Covid on the money supply have been more impactful than the Global Financial Crisis. This has led to a tendency to focus on complexity as a solution to investment problems; however, simple can be sophisticated. Simpler, cost-effective and liquid assets are looking more appealing than they have in the past and will be chosen more by investors. Rising interest rates and cheaper assets are boosting expected returns for the coming years and result in far stronger portfolio performance over the long term. This is an upside to the pain of 2022. While the recent low expected return environment has pressured investors to take more risk, complex solutions are harder to understand and are likely to behave in different ways that can be hard to model. Choosing the simple approach can be more sophisticated and tried-and-true, and the probability of unpleasant surprises is often reduced.

INTELLIGENT AUTOMATION TRANSFORMATION WITHIN PUBLIC SECTOR - A POINT OF VIEW

Robert Pucci, Executive Director of Intelligent Automation, State of Tennessee shared his considerable expertise in leveraging intelligent automation to establish a "best-in-class" automation program to bring Tennessee from "Good" to "Great" in supporting their citizens and workers. Mr. Pucci provided an oratory journey through his team's efforts to build Robotic Process Automation (RPA) to weave together the various Tennessee information systems by sharing information programmatically without relying on physical worker intervention to re-key from one system to another. Early efforts have provided significant efficiencies and improved quality results. A special guest speaker, William Falquero, Vice President Roboyo Global, highlighted his current project with the Orange County Employees' Retirement System to identify where RPA's can be leveraged into public pension plan administration.

CONTINUED ON PAGE 4

GENERAL ASSEMBLY 2023 *CONTINUED FROM PAGE 3*

TRACKING PRODUCTIVITY & PERFORMANCE MEASURES

In this session, Kimberlee Pulido, Chief, Retirement Benefit Services Division and Tim Taylor, Chief, Enterprise Solutions Development Division, discussed various aspects of productivity and performance measures at CalPERS. During the early days of the COVID Pandemic, many of us found ourselves relying more on data measurement. We needed to know several things; was the work getting done, what was the quality of the work getting done, and were people being fully utilized in their daily job assignments.

As the panel discussed, CalPERS was no different. Fortunately for them, they had measures and systems in place to answer most of the data questions they had. Since then, they have been adding new measures to meet their needs, and expanding the use of their technology to track and monitor performance.

One highlight of their effort includes the ability to track real time spent on an individual's job tasks and compare that against estimated time to complete the same amount of work. This helps them analyze over time whether a person is exceeding standards or perhaps needs support to perform at standard. Additionally, they are able to determine from a budgeting standpoint the cost to complete the different work streams, which helps them decide how to assign resources and get value for process improvement initiatives.

Kimberlee and Tim also did a great job highlighting the use of their data dashboards. By sharing these management tools, they provided tips and a possible easy to maintain technology platform for us to explore in our own data measurement efforts. Once again, our peers at CalPERS provided great insight for all of us to consider and possibly use!

DIGITAL OPPORTUNITIES PANEL: ONLINE RETIREMENT PROCESS, TRUSTEE ELECTRONIC ELECTIONS, AND MULTI-FACTOR AUTHENTICATION/ID-ME

Dani Couture, Communications Manager with SBCERS, discussed how a hybrid election for safety members was recently completed. Paper and electronic ballots were utilized. More than half of the ballots returned were electronic. Voter turnout was up 4% compared to the prior election. In order to continue to increase turnout, member education is important.

Suzanne Jenike, Assistant CEO of External Operations at OCERS, explained how OCERS has been accepting retirement applications through the member self service portal for over 15 years. Last year, 95% of retirement applications were received through the portal. Other transactions can occur through the portal, including beneficiary changes and submission of various forms. Future upgrades include the ability to upload required documents and the addition of a status tracker. It is recommended to have a portal that integrates with other systems to reduce errors.

Tim Taylor, Enterprise Solutions Development Division at CalPERS, described the myCalPERS electronic platform and the information provided. The Know Your Customer platform is utilized to maximize accuracy. Artificial Intelligence and Machine Learning is used for real-time fraud detection and identify verification.

LDROM & THE IMPACT OF INFLATION ON LIABILITIES

Todd Tauzer, Vice President & Actuary with Segal discussed two areas of interest for pension plans. He began his remarks by addressing the impact of inflation on liabilities. Given the headline news regarding high inflation and the various strategies being employed to rein it in, this was a timely topic. Mr. Tauzer reminded the audience that actuaries use a long-term approach to nearly everything, including the impact of inflation and that has not changed even with the relatively short-term high inflation experience. Reviewing historical numbers (20 to 30 years) and considering long-term projections, most plans' inflation numbers are probably reasonable. One item of note is that the return outlook may be improving given recent experience. Rising inflation may cause high cost of living adjustments and salaries that could impact liabilities. Current market assumptions from various sources are being adjusted regularly in response to changing market conditions.

The second topic addressed by Mr.Tauzer was the new Low Default Risk Obligation Measure (LDROM) reporting required by ASOP 4. The requirement goes into effect February 15, 2023. This requires three new disclosures in the actuarial valuation report.

1. Disclosure of the implications of a plan's contribution allocation procedure or funding policy. This will not have a significant impact on California pension plans.
2. Disclosure of a reasonable actuarially determined contribution (ARC), actuarial cost method, asset smoothing method, amortization method, and output smoothing. California plans already meet this requirement.
3. Disclosure of LDROM. This disclosure calculates the discount rate using low default risk income securities. This will result in the reporting of higher and more volatile liabilities. Mr. Tauzer reminded the audience that the plan's contributions are not based on this measure. It will, however, require clear explanation from the actuary to ensure that the reader of a valuation understands the difference between the LDROM discount rate and the actual discount rate used by the plan. The LDROM disclosure will likely be reported in the risk section of the valuation. Pension plans and their actuaries are monitoring recommendations regarding this type of disclosure with concern that there will be an effort by some interest groups to expand the role of LDROM in actuarial valuations and recommendations.

THANK YOU TO THE 2023 GENERAL ASSEMBLY PLANNING COMMITTEE

Chair: Johanna Shick, San Joaquin County Employees' Retirement Association
Steve Delaney, Orange County Employees' Retirement Association
Scott Hood, San Mateo County Employees' Retirement Association
Greg Levin, Santa Barbara County Employees' Retirement System
Dave Nelsen, Alameda County Employees' Retirement Association


CALAPRS
EDUCATION · COMMUNICATION · NETWORKING
California Association of Public Retirement Systems
SAVE THE DATE
ANNUAL GENERAL ASSEMBLY
MARCH 2 – 5, 2024
OMNI RANCHO LAS PALMAS RESORT
RANCHO MIRAGE, CA

CALAPRS PROGRAM CALENDAR

The following programs are currently scheduled for our member retirement system Administrators, staff, and trustees. Detailed agendas and registration may be found on the CALAPRS website as it becomes available. Program dates are subject to change and the CALAPRS website will always contain the most up-to-date calendar.

2023

Management Academy, Module 2
June 12-14, 2023
Pasadena, CA

Benefits' Round Table
Thursday, June 22, 2023
Virtual Program

Administrators' Round Table
Friday, June 23, 2023
Virtual Program

Management Academy, Module 3
July 17-19, 2023
Pasadena, CA

Principles of Pension Governance for Trustees
Monday-Thursday, August 28 - 31, 2023
Pepperdine University - Malibu, CA

Attorneys' Round Table
Friday, September 8, 2023
Virtual Program

Accountants Round Table
Tuesday, September 12, 2023
Virtual Program

Administrative Assistants Round Table
Tuesday, September 19, 2023
Virtual Program

Administrators' Institute
Wednesday-Friday, September 27-29, 2023
Quail Lodge - Carmel, CA

Information Technology Round Table
Friday, October 6, 2023
Virtual Program

Legal Support Round Table
Friday, October 13, 2023
Virtual Program

Compliance Round Table
Tuesday, October 17, 2023
Virtual Program

Trustees Round Table
Friday, October 27, 2023
Virtual Program

Intermediate Course in Retirement Plan Administration
Wednesday-Friday, November 1-3, 2023
Burbank, CA

Investments Round Table
Thursday, November 30, 2023
Virtual Program

Benefits Round Table
Friday, December 1, 2023
Virtual Program

Advanced Course in Retirement Plan Administration
Wednesday-Friday, December 6-8. 2023
Burbank, CA

2024

General Assembly
Sunday-Tuesday, March 2-5, 2024
Rancho Mirage, CA

NOTICE: CALAPRS ANNUAL BUSINESS MEETING

DURING THE ADMINISTRATORS' INSTITUTE

Friday, September 29, 2023
Quail Lodge, Carmel, CA

BOARD NOMINATION PROCESS

A three-person Nominating Committee, confirmed by the general membership at the meeting scheduled in September, shall nominate members to serve on the Board of Directors. Representatives may place their name in nomination by notifying a member of the Nominating Committee. Nominations may also be submitted to the CALAPRS administrator for submission to the Nominating Committee prior to the close of the nominating period. Details may be found at calaprs.org/governance.

CALAPRS RETURNS TO UCLA WITH ADVANCED PRINCIPLES FOR TRUSTEES

CALAPRS was pleased to offer the Advanced Principles of Pension Governance course for trustees again in 2023. Participants from across the state gathered in March at UCLA's Meyer and Renee Luskin Conference Center for this educational program for experienced trustees designed to foster the professional, intellectual, and personal development required to serve on the board of a public pension system in California. Congratulations to the Class of 2023, pictured above with several of the course instructors including Mark Hovey, Valter Viola, Todd Tauzer, and Paul Angelo:

Sandie Arnott - San Mateo County Employees' Retirement Association

Alysia Bonner - Fresno County Employees' Retirement Association

Dustin Contreras - Kern County Employees' Retirement Association

Michael Daly - Santa Barbara County Employees' Retirement System

Amos Eaton - Sonoma County Employees' Retirement Association

Elizabeth Ginsberg - Los Angeles County Employees' Retirement Association

Don Gross - City of Fresno Retirement Systems

Jim Hamilton - San Luis Obispo County Pension Trust

Howard Lee - San Jose Fire & Police Employees' Retirement System

Eswar Menon - San Jose Fire & Police Employees' Retirement System

Steve Moore - San Joaquin County Employees' Retirement Association

Jae Park - East Bay Municipal Utility District

Riley Talford - Fresno County Employees' Retirement Association

Tyler Whitezell - Kern County Employees' Retirement Association

CALAPRS' ACADEMY FOR MANAGERS & SUPERVISORS IS BACK IN-PERSON

The CALAPRS Management & Leadership Academy is an annual program offered for mid-level managers in California public pension systems. The Academy provides outstanding training and exposure to enterprise management, problem-solving, leadership and a feedback component in the retirement system context. Congratulations to the 2022 participants, pictured above:

Olivia Applegate - San Bernardino County Employees' Retirement Association

Eve Cavender - San Joaquin County Employees' Retirement Association

Michelle Chan - Los Angeles Fire & Police Pension System

Nichole Cheung - Los Angeles Fire & Police Pension System

Melinda DeOliveira - San Joaquin County Employees' Retirement Association

Lori Epstein - Contra Costa County Employees' Retirement Association

Crystal Jackson - Kern County Employees' Retirement Association

Wendy Johnson - Los Angeles City Employees' Retirement System

Rafael Lopez - Orange County Employees' Retirement System

Mario Martinez - Alameda County Employees' Retirement Association

Jose Martinez - Sacramento County Employees' Retirement System

Aimee Morton - Kern County Employees' Retirement Association

Alejandro Ochoa - Los Angeles County Employees' Retirement Assoc.

Monica Pena - Fresno County Employees' Retirement Association

Ricardo Salinas - Los Angeles County Employees' Retirement Assoc.

Martin Sandoval - Los Angeles County Employees' Retirement Assoc.

Elizabeth Smith - Los Angeles County Employees' Retirement Assoc.

Jenna Taylor - Sacramento County Employees' Retirement System

Tobi Umodu - San Bernardino County Employees' Retirement Assoc.

Kevin Weller - Alameda County Employees' Retirement Association

The CALAPRS Toigo Award was presented to Carl Nelson, Executive Director and CIO of San Luis Obispo County Pension Trust. The CALAPRS Board of Directors gathered around Carl at the General Assembly where the award was presented: (pictured from left to right): Gregg Rademacher, Greg Levin, Gail Strohl, Leanne Malison, Debby Cherney, Carl Nelson, Johanna Shick, Dave Nelsen, Steve Delaney, Anthony Suine.

CARL NELSON RECEIVES CALAPRS TOIGO AWARD

Robert Anthony Toigo was a California State Legislator, and acted as the Chief-of-Staff for Speaker of the Assembly, Leo McCarthy. In June of 1984, Robert ("Bob") Toigo had just completed work as the Chairman for the campaign to pass Proposition 21 – a proposition that would make the Prudent Person Rule related to pension plan trustees a part of California's constitution and that would open the door for public retirement plans to invest in an expanded number of asset classes. Following the successful campaign, Toigo, with several thousand dollars remaining in the campaign's account, joined with several public pension administrators throughout the state to create an organization for improving the level of education of public pension trustees. Toigo's funds helped to provide seed money and with it the group formed the California Association of Public Retirement Systems (CALAPRS), an association that would have as its central purpose to provide quality educational opportunities for public retirement plan Trustees, staff and others interested in the administration and understanding of public retirement systems.

After his untimely death in 1993, CALAPRS instituted an Award in his name. The Toigo Award recognizes individuals who have demonstrably and meaningfully contributed to advancing the mission of CALAPRS and provided outstanding service to public retirement systems in California through relationship with CALAPRS and its member systems and participation in CALAPRS programs.

There have been just nine recipients of this award since 1994, and another name has been added to that honorable roster –Carl Nelson who currently serves as Executive Director and CIO of San Luis Obispo County Pension Trust.

Carl joined the San Luis Obispo system in July 2009 as Deputy Executive Secretary. In July 2013 he took over the reins as Executive Director on the retirement of his predecessor. Before relocating to San Luis Obispo in 2009, Carl spent 15 years in local government finance in Colorado including stints as Finance Director for the Town of Firestone and Finance Manager for the Highlands Ranch Metropolitan Districts / Centennial Water & Sanitation District set of interlocking special districts. Early in his career Carl started as an investment analyst with the pension fund for Public Service Company of Colorado as well as corporate finance there. Carl has his undergraduate degree in Finance and an MBA from the University of Colorado at Denver. Carl is also a Chartered Financial Analyst.

Carl served as a dedicated and engaged Board member of CALAPRS for 8 years – starting in 2015. He served in the role of Vice President for 4 years and President for 3 years. His calm and thoughtful leadership efforts and hands-on approach with managing many programs and activities have played a key role in securing CALAPRS' stability as an association during a uniquely trying time - the pandemic. Under his leadership, the CALAPRS Board was able to thoughtfully and efficiently make important decisions about how to provide key resources and value to members in a virtual world. He has also contributed to numerous committees over the years, and has been a regular presenter at the Management Academy, Principles for Trustees, and Staff Training classes to educate our members.

His career of distinguished service has touched on all three cornerstones of CALAPRS – Education, Networking, Communication – in important ways.

The award was presented by CALAPRS President David Nelsen at the 2023 CALAPRS General Assembly in Monterey, CA.

REGISTER NOW: PRINCIPLES OF PENSION GOVERNANCE FOR TRUSTEES

AUGUST 28 - 31, 2023

PEPPERDINE UNIVERSITY - MALIBU, CA

Public Pension Fund Trustees bear a heavy fiduciary burden. On a cumulative basis, California's Constitution holds our members' 350 Trustees accountable for the stewardship of more than $450 Billion in retirement fund assets. 40 California public pension systems belong to CALAPRS. Over the past 20+ years, Trustees of our member retirement systems have participated in this unique training program presented exclusively for California public retirement system board members. This training focuses on the practical aspects of our Trustees' duties, and is designed for new trustees, or those seeking a refresher.

The three-day intensive program begins with a test what will be reviewed at the end of the course, then continues with a combination of team teaching, case studies, and mock board problem solving. All course materials are based on actual California public pension fund law, policies, practices, and problems.

The following topics are covered during this program:

- Fiduciary Duty and Sound Decision Making
- Required AB 1234 Ethics Training for Public Fund Trustees
- Benefits Provided and the Board's Role
- Key Issues in Disability Retirement
- Disability Case Study
- Addressing Pension Liabilities
- Investment Policy Basics
- Overseeing the Investment Program
- How a Board Should Function
- Stakeholder Case Study

WHY ATTEND?

- To gain insight into public pension policy issues
- To discuss alternative solutions to common problems
- To understand the complexities involved in administering public pension plans
- To appreciate the differences and similarities among California public pension plans
- To network with other Trustees and pension professionals
- To increase familiarity with pension terminology and concepts
- To receive the ethics training required for new Trustees

WHO SHOULD ATTEND THIS PROGRAM?

The course is for Trustees. Attendance is recommended within the first year after assuming office. Experienced Trustees will use the program as a comprehensive refresher course.

REGISTER NOW!

To learn more and to register by the July 30th deadline, visit ***www.calaprs.org/trusteeeducation***

THE NCPERS MONITOR

The Latest in Legislative News June 2023

NCPERS Executive Director's Corner

The Pension Investment Crystal Ball

By Hank Kim, Executive Director and Counsel, NCPERS

Photo Illustration © 2023, istock.com

If I had a crystal ball, I would be a billionaire. Unfortunately, though, I cannot see into the future. But rather than beating myself up for not buying Apple stocks in the 90s, I choose to be happy that I diversified my investments to weather the many volatile periods that have already occurred in my lifetime.

Recent rhetoric around pension investments, however, suggests that some believe fund managers have the ability to see into the future. These pension critics have developed a formula: Strategically pick a time period where the S&P 500 had exceptionally strong performance and, if a pension fund underperformed that equities-heavy benchmark, point to a large number and claim mismanagement.

But those are dollars lost, right? Well, would you say 'I lost hundreds of thousands of dollars' because you didn't invest in Apple back in the 90s?

Their perspective uses flawed logic that also demonstrates a fundamental lack of understanding of how pensions work. I don't blame them—pensions are complex entities, with varying governance structures. That is why NCPERS, and most pension funds, put such a strong emphasis on continuing education.

Sadly, though, public pension investment professionals cannot see into the future. So instead of holding out for the coveted skill, they choose to use diversification to manage investment risks. This strategic diversification means, however, that pension funds often do not realize the same highs or lows as the market at large. But as long-term investors, this is a deliberate strategy to mitigate risk. This slow-and steady (emphasis on the steady) approach to investing helps ensure that funds can deliver pensions to millions of retired public servants and beneficiaries each year while keeping employee and employer contributions stable.

Investment earnings continue to make up approximately two-thirds of public pensions' revenue, with average 10-year gross investment returns of 9.0 percent, according to NCPERS 2023 Public Retirement Systems Study. Comparatively, the stock market has averaged between 10 to 12 percent returns over the last ten years.

But isn't that underperformance?

Yes and no. Consider that the S&P 500 closed out 2022 deep in the red, at -19.64 percent. Meanwhile, public pensions reported positive returns averaging 11.4 percent for fiscal year 2022. So, while pensions might not see those extreme market highs, they also don't see those extreme lows. Those steady returns allow public pensions to maintain stable employee and employer contributions.

If fund managers did have a crystal ball, all that wouldn't matter of course. But for now, millions of retirees, plan participants, and taxpayers should be glad that pensions are mitigating risk through deliberate diversification and strong governance practices. ◆

Participate in NCPERS 2023 Public Pension Compensation Survey

By: Bridget Early, Director of Membership and Strategic Alliances, NCPERS

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In response to the growing challenge of attracting and retaining talent in the public sector, NCPERS published the inaugural Public Pension Compensation Survey last year. The survey features comprehensive data on nine C-suite positions from more than 150 public pension funds, with information on benefits provided to staff, average salary and bonus data, and detailed compensation data for executive staff broken down by fund assets and employee tenure.

Approximately 63 percent of survey respondents indicated that attracting and retaining skilled staff is a problem or is expected to be a problem soon. NCPERS Compensation Survey has become an invaluable tool for funds of all sizes to benchmark compensation and benefits packages against peers.

Following the success of the inaugural survey—and based on input from NCPERS members—the 2023 Public Pension Compensation Survey will focus on mid- and senior-level roles. We invite all public retirement systems to participate in this year's survey.

By participating, your organization will receive complementary access to the final report this fall (for reference, the 2022 survey is currently available for purchase for $495). Participating NCPERS members – current and future – will also have complementary access to the interactive online dashboard that allows you to filter data to optimize the mix of funds for comparison.

If you are interested in participating in NCPERS 2023 Public Pension Compensation Survey, please contact me at bridget@ncpers.org to confirm your study ID.

NCPERS and Cobalt Community Research are working together on this survey. Cobalt is a 501c3 nonprofit research coalition created to help governments and other nonprofit organizations achieve their visions through member engagement and data. If you have questions about this survey, please contact William SaintAmour at 877-888-0209 or wsaintamour@cobaltcommunityresearch.org. ◆

Debt Limit Agreement

By: Tony Roda, Partner, Williams & Jensen

Photo Illustration © 2023, alamy.com

State and local governments, national and international financial markets, and anyone with a stake in the financial markets, federal programs, or the overall economy have been closely watching the negotiations and now formal Congressional proceedings of legislation to increase our nation's borrowing authority. Debt limits have been approached before, but each time Congress has met the deadline and either increased or temporarily suspended the debt limit.

While drama has surrounded some previous debt limit debates, political experts this year pointed to the unpredictability of the House Republican majority as the new dynamic that could lead to a default, which would be an unprecedented event in American history. However, on the evening of May 31, the U.S. House of Representatives passed the Fiscal Responsibility Act, H.R. 3746, which will suspend the debt limit until January 2025, and then reset the actual dollar amount of the debt limit to the amount the Treasury Department has spent up to that date.

The measure was approved by a sizable bipartisan majority in the House, with 149 Republicans and 165 Democrats voting in support of the legislation. The agreement was negotiated by President Joe Biden and House Speaker Kevin McCarthy (R-CA). It had the strong backing of the leadership of both political parties, yet many of the most conservative and progressive House Members did not support the bill. Opposing the legislation were 71 Republicans and 46 Democrats, with four Members not voting.

In addition to the suspension of the debt limit, the legislation contains numerous spending and policy changes. The legislation will impose new spending caps for two years and an additional automatic one percent reduction in appropriated funding if all 12 regular spending bills are not enacted by January 1, 2024, as well as in the following year by January 1, 2025.

Unspent covid funding will be rescinded ($28 billion). Energy project permitting will be streamlined, both for green energy and traditional fossil fuel projects. Honoring an agreement with Senator Joe Manchin (D-WV) made when the two were negotiating the Inflation Reduction Act (IRA) during the last Congress, President Biden also agreed to include in the deal a provision to expedite completion of the Mountain Valley Pipeline project in West Virginia. Finally, new work requirements for certain federal assistance programs will be required, but Medicaid beneficiaries will not be affected. There are no retirement or pension-related provisions in the legislation.

Following suit and after defeating 11 amendments to the House-passed bill, the Senate on June 1 approved the measure by a 63-36 margin. Forty-six Democrats and 17 Republicans voted in favor of the bill. Clearly, the vote in the Senate was not as bipartisan as it was in the House. Four Democrats, one Independent, and 31 Republicans voted against the bill.

Treasury Secretary Janet Yellen had this to say following the bill's passage: "I am pleased that, under President Biden's leadership, Congress has passed bipartisan legislation to suspend the debt limit and prevent a first-ever default by the United States. This legislation protects the full faith and credit of the United States and preserves our financial leadership, which is critical to our economic growth and stability… Now, our focus is to continue to deliver on the President's economic agenda. Treasury will continue to effectively implement the Inflation Reduction Act, including the modernization of the IRS, to maximize economic benefits for American taxpayers, families, and workers." President Biden signed the legislation on Saturday, June 3.

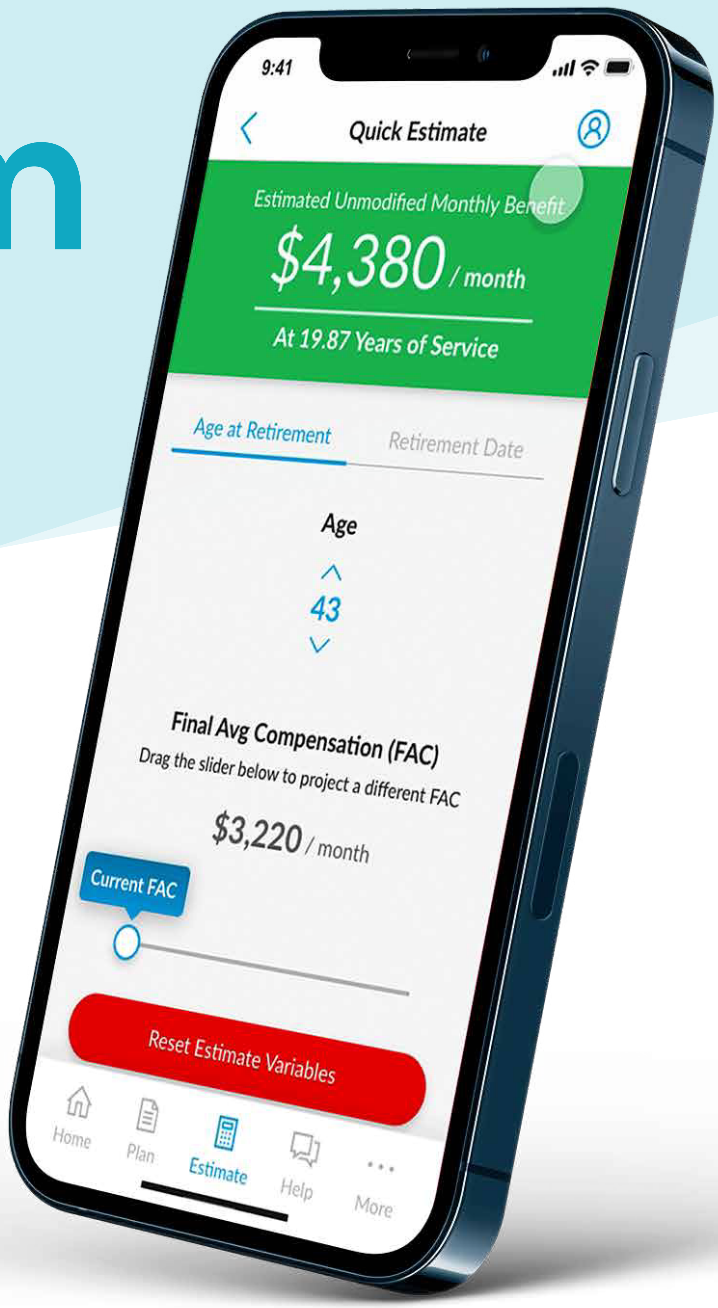
With the debt limit agreement in place, Congress now will turn to action on the annual appropriations bills, which are under new spending caps and deadlines. Consideration of some of these measures may prove controversial. On the retirement front, NCPERS and the public pension community are eagerly awaiting regulatory guidance from the Treasury Department and the Internal Revenue Service on the implementation of the recently enacted SECURE Act 2.0. We will also be closely monitoring any action on Social Security, including the Windfall Elimination Provision and Government Pension Offset penalties. ◆

__Tony Roda__ is a partner at the Washington, D.C. law and lobbying firm __Williams & Jensen__, where he specializes in legislative, regulatory, and fiduciary matters affecting state and local pension plans. He represents the National Conference on Public Employee Retirement Systems and state-wide, 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 the Catholic University of America, and LL.M (tax law) from the Georgetown University Law Center.

Pension Industry Careers: Job Listings, Hiring, and Retirement Announcements

Brought to you by NCPERS

NCPERS PensionX Digital Platform



NCPERS has partnered with Digital Deployment to offer its members a **10% DISCOUNT** on PensionX, the premier digital platform that securely enables pensions to engage with active and retired participants via a mobile self-service app and portal.

NCPERS 1941 | pensionX

Learn more about this new NCPERS member benefit at ncpers.org/pensionx

Registration is Open for NCPERS Public Pension Funding Forum

Join the public pension community in Chicago on August 20-22 to learn about the most important trends and developments in pension funding. NCPERS Public Pension Funding Forum showcases emerging funding solutions for pensions and delves into case studies that offer a practical perspective on which pension reform initiatives have and haven't worked.

At this unique event, professionals from all venues of the pension industry (including trustees, pension staff, state and local officials, union officers, and investment and financial consultants), have the opportunity to network in an intimate setting while sharing ideas. You won't want to miss this year's event, featuring practical insights from leading academics and practitioners.

Learn more and register here

Public Pension Profiles: Arizona Public Safety Personnel Retirement System (PSPRS) Administrator, Mike Townsend

This was the second year in a row Arizona PSPRS was recognized in *Pensions & Investments 1,000 Largest Retirement Plans* annual report for its asset growth rate, outpacing peer plans nationally. As part of an ongoing series of public pension executive profiles, NCPERS spoke with Mike Townsend, Administrator of the Arizona PSPRS, about the factors that contributed to this impressive achievement.

“We're a multi-employer plan, so every employer has their own individual plan in terms of their liabilities and their assets. Providing that education and explaining how pensions worked to the employers was key to coming up with solutions for their unfunded liabilities. It's the same math that has been in place for decades—wanting to do what's in the best interest of the taxpayers and the members has always been the same thing. But the bottom line is, if they don't trust what we're going to do with the money, there's no way they'll even put the money into the system,” he said.

Read the full interview

Submit Articles for PERSist by June 30

NCPERS members have the exclusive opportunity to help educate public plan trustees and staff by contributing articles to PERSist, our quarterly research publication. The deadline to submit content for the Summer 2023 issue of PERSist is June 30.

You can view past issues here (login required). Articles cover a range of topics, so please don't hesitate to reach out to NCPERS Director of Communications (lizzy@ncpers.org) with any questions.

View the submission guidelines

Illinois Nears Completion of Statewide Police Pension Consolidation

TIPOPIF CIO Kent Custer reported that 324 of 357 pension funds have consolidated, totaling $9.1 billion.

READ MORE *Source: Chief Investment Officer*

Connecticut Leaders Agree to Reform State Pension System

Connecticut Governor Ned Lamont and Comptroller Sean Scanlon announced earlier this month they have reached an agreement with municipal and labor leaders deal to reform the Connecticut Municipal Employees Retirement System.

READ MORE *Source: Chief Investment Officer*

NYC Pension Funds Sued for Divesting $4 Billion in Fossil-Fuel Assets

Three New York City pension funds face a lawsuit accusing them of breaching their fiduciary duties by divesting approximately $4 billion worth of assets from companies involved in fossil-fuel extraction.

READ MORE *Source: Chief Investment Officer*

NCPERS 2023 Public Retirement Systems Study:

Trends in Fiscal, Operational, and Business Practices

READ THE REPORT

[Changes to Police and Fire Pensions Approved by El Paso Voters]

Among the proposed amendments that received voter approval is Proposition I, which means retired police and firefighters may be able to get higher pension contributions from El Paso taxpayers.

READ MORE *Source: El Paso Matters*

[Maine Legislators Halt Bill Opposed to Use of ESG Factors]

State pension officials argued against the bill, noting that it either duplicated existing law, went against Maine's constitution or had the potential to negatively affect investment decisions.

READ MORE *Source: InvestmentNews*

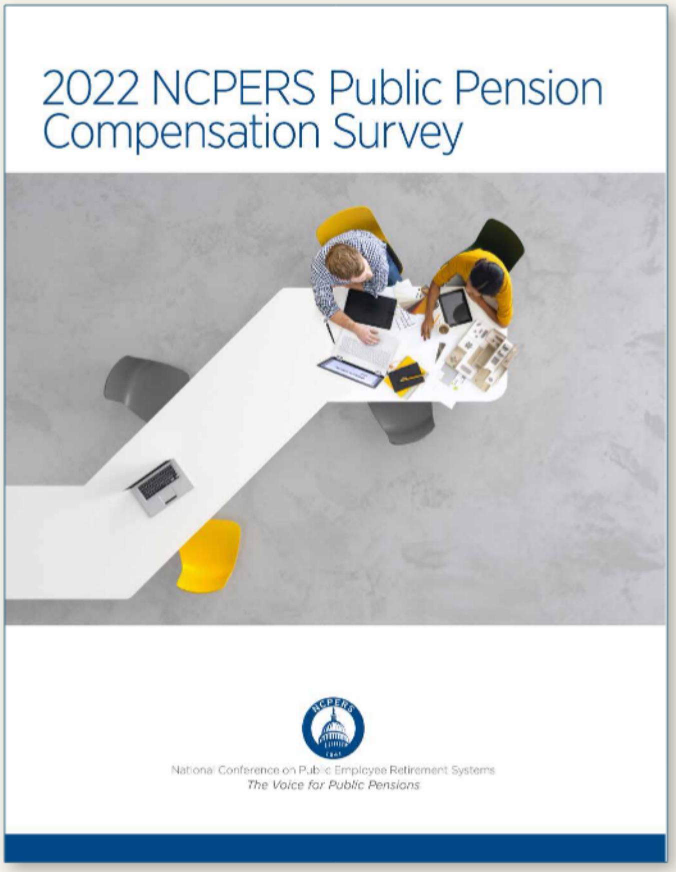
[Thousands of San Diego Employees Get Big Pay Hike in New Labor Deals]

The city's tentative new contracts with two unions would raise employees' pay by 22.8 percent by July 2025, in an effort to bring their pay in line with their counterparts at other agencies.

READ MORE *Source: The San Diego Union-Tribune*

Order your copy of NCPERS 2022 Public Pension Compensation Survey today.

Access in-depth compensation and benefits data from more than 150 public pension funds representing more than 9 million active and retired individuals.



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Calendar of Events 2023

June

Chief Officers Summit

June 19-21
Denver, CO

August

Public Pension Funding Forum

ugust 20-22
Chicago, IL

October

NCPERS Accredited Fiduciary (NAF) Program

October 21-22
Las Vegas, NV

Financial, Actuarial, Legislative, and Legal Conference (FALL)

October 22-25
Las Vegas, NV

View all upcoming NCPERS conferences at www.ncpers.org/future-conferences.

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