

**MercedCERA ADMINISTRATIVE & INVESTMENT RETIREMENT BOARD AGENDA  
THURSDAY DECEMBER 10, 2020  
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

**Important Notice Regarding SARS-COV-2**

**Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the SARS-COV-2 virus, MercedCERA's building will be closed to the public during MercedCERA Board meetings. Members of the MercedCERA Board will participate in this meeting offsite via conference call. Members of the public may listen to the meeting and offer public comment telephonically by calling into the telephone number provided above and entering the stated conference code. If you have any issues participating in the meeting telephonically or require reasonable accommodation for your participation, please contact MercedCERA staff at 209-726-2724.**

**Please turn your cell phone or other electronic device to non-audible mode or mute.**

**CALL TO ORDER: 8:15 A.M.**

- ROLL CALL.
- APPROVAL OF MINUTES – November 19, 2020.

**PUBLIC COMMENT**

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

**CONSENT CALENDAR**

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

**RETIREMENTS:** Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

- |    |               |                 |              |                 |
|----|---------------|-----------------|--------------|-----------------|
| a. | Garcia, Maria | H.S.A.          | 12 Yrs. Svc. | Eff: 11/17/2020 |
| b. | Howard, Sean  | Public Defender | 20 Yrs. Svc. | Eff: 12/05/2020 |

YTD fiscal year 2020/2021 retirees: – 32  
YTD fiscal year 2019/2020 retirees: – 104  
YTD fiscal year 2018/2019 retirees: – 103

**REFUND OF SERVICE PURCHASE:** None.

**DEATH BENEFIT:** None.

**MONTHLY BUDGET REPORT:** Submitted.

## **BOARD ACTION<sup>1</sup>/DISCUSSION**

Pursuant to Govt. Code § 31594 and MercedCERA's Investment Objectives & Policy Statement due diligence analysis requirement:

1. Discussion and possible action to review quarterly performance on alternative investments - Cliffwater.
2. Discussion and possible action to approve preliminary employer contribution rates as of June 30, 2020 – Cheiron.
3. Discussion and possible action to approve Interest Crediting as of December 31, 2020 for the active, retired and employer reserves – Staff.
4. Discussion and possible action to support the publication of *Marquez v. LACERA*, Second District Court of Appeal Case No. B295673 (“*Marquez*”) (Disability Retirement) – Jeff Grant.
5. Discussion and possible action to approve Resolutions for Trustees Jason Goins and Michael Rhodes – Vice Chair.
6. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
  - a. CALAPRS General Assembly, March 8-9, 2021 (Virtual Conference).

## **INFORMATION ONLY**

Investment Subcommittee Meeting is scheduled to begin immediately following this meeting.

## **MercedCERA UPCOMING BOARD MEETINGS**

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- January 14, 2021
- January 28, 2021

## **ADJOURNMENT**

All supporting documentation is available for public review online at [www.co.merced.ca.us/retirement](http://www.co.merced.ca.us/retirement)

Any material related to an item on this Agenda submitted to the Merced County Employees' Retirement Association, after distribution of the Agenda packet is available for public inspection at [www.co.merced.ca.us/retirement](http://www.co.merced.ca.us/retirement)

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities

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<sup>1</sup> “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

Act (ADA), may obtain assistance by requesting such accommodation by emailing the Merced County Employees' Association at [MCERA@co.merced.ca.us](mailto:MCERA@co.merced.ca.us), or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

**MercedCERA ADMINISTRATIVE & INVESTMENT RETIREMENT BOARD**  
**AGENDA MINUTES**  
**THURSDAY NOVEMBER 19, 2020**  
**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

**CALL TO ORDER: 8:15 A.M.**

**ROLL CALL**

**Board members present:** Ryan Paskin, Scott Johnston, Al Peterson, David Ness, Scott Silveira, Jason Goins, Michael Rhodes, Janey Cabral and Karen Adams. **Counsel:** Jeff Grant. **Staff:** Kristen Santos, Mark Harman, Martha Sanchez, Ninebra Maryoonani, Sheri Villagrana, Brenda Mojica and Alexis Curry. **Absent trustees:** Kalisa Rochester

**APPROVAL OF MINUTES – October 22, 2020.**

The MercedCERA Board voted via roll call vote to approve the motion to approve the minutes from the October 22, 2020 meeting.

Adams/Peterson U/A (8-0)

**PUBLIC COMMENT**

No comments.

**CLOSED SESSION**

**1. DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED.**

(Govt. Code § 54956.81)

1. Discussion and possible action of funds/managers recommendations – Cliffwater. Staff given direction.

**2. DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION**

(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

2. Informal Hearing

a. None

3. Formal Hearing

a. None

4. Disability update and possible action:

a. Aceves, Martin

b. Arroyo, Elizabeth

c. Banda, Gregory

d. Brooks, Roland

e. Castillo Araceli

f. Cureton, Michael

g. Elias Jr., Robert

h. Herrera, Yvonne

i. Jenkins, Robert L.

j. Kirn, Mary Kay

k. Leyro, Domingo

l. Moua, Keo

m. Parras, Stacy

n. Salgado, Jose

- o. Stavitsky, Nieves  
No action taken.

## **CONSENT CALENDAR**

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

### **RETIREMENTS:** Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a.	Segura, Delfina	H.S.A	19 Yrs. Svc	Eff: 10/10/2020
b.	Hernandez, Laura	Admin	18 Yrs. Svc.	Eff: 10/30/2020
c.	Clary, Lydia	DPW	17 Yrs. Svc.	Eff: 11/06/2020
d.	Hall, Joyce	H.S.A	14 Yrs. Svc.	Eff: 11/13/2020
e.	Matzkind, Roger	County Counsel	12 Yrs. Svc.	Eff: 11/07/2020
f.	Fogel, Patricia	Treasurer	20 Yrs. Svc.	Eff: 10/31/2020
g.	Roach, Deborah	H.S.A	21 Yrs. Svc.	Eff: 10/23/2020
h.	Peterson, Deanne	County Counsel	1 Yr. Svc.	Eff: 10/10/2020
i.	Cornelison, Pamela	Library	8 Yrs. Svc.	Eff: 11/14/2020
j.	Caseri, Kristi	Animal Control	21 Yrs. Svc.	Eff: 11/08/2020
k.	Cherizola, Eduardo	H.S.A.	18 Yrs. Svc.	Eff: 11/11/2020

YTD fiscal year 2020/2021 retirees: – 30  
YTD fiscal year 2019/2020 retirees: – 104  
YTD fiscal year 2018/2019 retirees: – 103

**REFUND OF SERVICE PURCHASE:** None.

**DEATH BENEFIT:** None.

**MONTHLY BUDGET REPORT:** Submitted.

Board voted via roll call vote to approve the motion to approve the consent calendar for the November 19, 2020 meeting.  
Cabral/Silveira U/A (8-0)

## **BOARD ACTION<sup>1</sup>/DISCUSSION**

Pursuant to Govt. Code § 31594 and MercedCERA’s Investment Objectives & Policy Statement due diligence analysis requirement:

1. Discussion and possible action to review preliminary investment performance report for October 2020 with market update and possible action on any manager or fund – Meketa Group.  
No action taken.
2. Discussion and possible action to adopt MercedCERA Board calendar for 2021 – Staff.

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<sup>1</sup> “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

The MercedCERA board voted via roll call vote to adopt the MercedCERA Board Meeting Calendar for 2021.

Cabral/Adams U/A (8-0)

3. Discussion and possible action to approve MercedCERA's draft webpages in Digital Deployment web redesign project – Staff.

The MercedCERA Board voted via roll call vote to approve the MercedCERA ad hoc Subcommittee to move forward with Digital Deployment draft web pages.

Adams/Silveira U/A (8-0)

### **MercedCERA UPCOMING BOARD MEETINGS**

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- December 10, 2020 (Administrative & Investment Meeting)

### **INFORMATION SHARING**

- Trustees Ness, Silveira, Peterson and Paskin wish everyone a Happy Thanksgiving.
- Trustee Adams reminded the public that installment taxes are due by December 10<sup>th</sup> and all are encouraged to use e-checks.
- The Plan Administrator reminded Trustees and the public that at the next Board Meeting (December 10<sup>th</sup>), Cheiron will be presenting draft employer rates.

### **ADJOURNMENT**

The meeting adjourned at 9:04 A.M

Respectfully submitted,

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Ryan Paskin, Chair

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Al Peterson, Secretary

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Date

Non-Administrative Expenses		Original Projection	Current Projection	Expended 11/2020	Expended YTD	Bal Remaining	% Exp YTD
<b>21800 · Investment Expenses</b>		<b>3,500,000.00</b>	<b>3,500,000.00</b>	<b>217,341.87</b>	<b>829,154.26</b>	<b>2,670,845.74</b>	<b>24%</b>
11/03/2020	DFA - 2020-10 Final Mgt Fee			7,512.64			
11/04/2020	UBS TPF - 2020-Q3 Mgt Fee			78,269.91			
11/04/2020	KKR GII II - 2020-Q3 Mgt Fee			17,567.00			
11/06/2020	Cliffwater - 2020-10 PE & HF Consulting			33,333.33			
11/23/2020	Nossaman - 2020-10 - Kholsa VII & Seed Funds			8,743.50			
11/23/2020	Nossaman - 2020-10 - Rockpoint REF VI			2,205.90			
11/23/2020	Nossaman - 2020-11 - Champlain SCF			14,925.60			
11/24/2020	PanAgora - 2020-10 Final Mgt Fee			10,871.84			
11/25/2020	GSO EOF - Operating Fund Exps			4,190.00			
11/25/2020	GSO EOF - 2020-Q3 Mgt Fee			13,151.00			
11/30/2020	Nossaman - 2020-10 - ISQ GIF III			11,737.35			
11/30/2020	Nossaman - 2020-10 - GTCR XIII			14,833.80			
Total 21800 · Investment Expenses				<b>217,341.87</b>			
<b>21802 · Actuarial Services</b>		<b>150,000.00</b>	<b>150,000.00</b>	<b>45,301.25</b>	<b>45,603.75</b>	<b>104,396.25</b>	<b>30%</b>
11/02/2020	Remaining Payment for Option 4 Calc			(302.50)			
11/06/2020	Cheiron - 2020-Q3 Actuarial Services			45,603.75			
Total 21802 · Actuarial Services				<b>45,301.25</b>			
<b>21812 · Data Processing</b>		<b>90,000.00</b>	<b>90,000.00</b>	<b>3,943.30</b>	<b>19,507.15</b>	<b>70,492.85</b>	<b>22%</b>
11/17/2020	Comcast - 2020-11 Wifi Chgs			251.44			
11/25/2020	2020-10 IS Billing			3,427.86			
11/25/2020	2020-10 Cradlepoint Data Chgs			264.00			
Total 21812 · Data Processing				<b>3,943.30</b>			
<b>21834 · Legal Services</b>		<b>325,000.00</b>	<b>325,000.00</b>	<b>22,943.90</b>	<b>129,256.47</b>	<b>195,743.53</b>	<b>40%</b>
11/06/2020	PPC - 2020-10 Legal Svcs			265.00			
11/16/2020	Ted Cabral - 2020-10 Admin Svcs			1,591.00			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			43.15			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			5,422.50			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			277.50			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			5,454.50			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			3,928.75			
11/16/2020	Ted Cabral - 2020-10 Disab Legal Svcs			425.00			
11/17/2020	Hanson Bridgett - 2020-10 Tax Compliance / Determination letter			132.30			
11/23/2020	Nossaman - 2020-10 - Gen Adv & Couns			2,668.20			
11/23/2020	Nossaman - 2020-10 - Litigation re AB 197			2,736.00			
Total 21834 · Legal Services				<b>22,943.90</b>			

**Merced County Employees' Retirement Association**  
**Non-Administrative Expenses Prev Year Comparison (Preliminary)**  
**11/30/2020**

Expense	<u>November 20</u>	<u>November 19</u>	<u>\$ Change</u>	<u>% Change</u>
<b>62025 · Non-Administrative Expenses</b>				
<b>21800 · Investment Expenses</b>	\$ 217,341.87	\$ 113,200.09	\$ 104,141.78	92.00%
<b>21802 · Actuarial Services</b>	45,301.25	-	45,301.25	N/A
<b>21812 · Data Processing</b>	3,943.30	199.03	3,744.27	1881.26%
<b>21834 · Legal Services</b>	22,943.90	25,641.31	(2,697.41)	-10.52%
<b>21840 · Custodial Banking Services</b>	25,920.12	1,623.31	24,296.81	1496.75%
<b>22350 · Software and Technology</b>	7,344.99	1,065.43	6,279.56	589.39%
<b>Total 62025 · Non-Administrative Expenses</b>	<u>\$ 322,795.43</u>	<u>\$ 141,729.17</u>	<u>\$ 181,066.26</u>	127.76%



Merced County Employees' Retirement Association  
 Non-Administrative Expenditures Report (Preliminary)  
 For the Month Ended November 30, 2020

Non-Administrative Expenses		Original Projection	Current Projection	Expended 11/2020	Expended YTD	Bal Remaining	% Exp YTD
<b>21840 · Custodial Banking Services</b>		<b>135,000.00</b>	<b>135,000.00</b>	<b>25,920.12</b>	<b>29,073.36</b>	<b>105,926.64</b>	<b>22%</b>
11/04/2020	2020-10 NT STIF Income - Custodial Fee			663.12			
11/06/2020	Northern Trust - 2020-Q3 Custodial Fee			25,125.00			
11/13/2020	2020-10 Wire Fees			132.00			
Total 21840 · Custodial Banking Services				<u>25,920.12</u>			
<b>22350 · Software and Technology</b>		<b>505,000.00</b>	<b>505,000.00</b>	<b>7,344.99</b>	<b>232,821.12</b>	<b>272,178.88</b>	<b>46%</b>
11/06/2020	LexisNexis - 2020-10 Chgs			272.70			
11/06/2020	Spriggs - 2020-Q4 - Bizhub Base Charge			965.29			
11/20/2020	CPAS - 2020-12 Hosting			6,107.00			
Total 22350 · Software and Technology				<u>7,344.99</u>			
<b>Depreciation Expense</b>		<b>250,000.00</b>	<b>250,000.00</b>	<b>-</b>	<b>4,719.42</b>	<b>245,280.58</b>	
<b>Total Non-Administrative Items</b>		<b><u>4,955,000.00</u></b>	<b><u>4,955,000.00</u></b>	<b><u>322,795.43</u></b>	<b><u>1,290,135.53</u></b>	<b><u>3,664,864.47</u></b>	<b>26%</b>

**Merced County Employees' Retirement Association**  
**Capital Asset Expenditures Report (Preliminary)**  
**For the Month Ended November, 30, 2020**

<b>Capital Assets Expenditures</b>	<b>Adopted</b>	<b>Current Budget</b>	<b>Expended 11/2020</b>	<b>Expended YTD</b>	<b>Bal Remaining</b>	<b>% Exp YTD</b>
<b>86261 - Copier/Printer Lease Buyout</b>	<b>7,500.00</b>	<b>7,500.00</b>		<b>6,537.11</b>	<b>962.89</b>	<b>87%</b>
Total 86261 - Copier/Printer Lease Buyout			_____	-		
<b>No Acct# - HVAC Repair and Maintenance</b>	<b>50,000.00</b>	<b>50,000.00</b>	-	-	<b>50,000.00</b>	<b>0%</b>
Total No Acct# - HVAC Repair and Maintenance			_____	-		
<b>Total Capital Assets Expenditures</b>	<u><b>57,500.00</b></u>	<u><b>57,500.00</b></u>	-	<b>6,537.11</b>	<u><b>50,962.89</b></u>	<b>11%</b>

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended November 30, 2020

Administrative Budget		Adopted	Current Budget	Expended 11/2020	Expended YTD	Bal Remaining	% Exp YTD
<b>10110 · Salaries &amp; Wages</b>		<b>1,305,000.00</b>	<b>1,305,000.00</b>	<b>86,594.98</b>	<b>444,471.35</b>	<b>860,528.65</b>	<b>34%</b>
11/13/2020	Office Payroll PP 23			43,258.20			
11/16/2020	PARS - 2020-08			7.52			
11/16/2020	PARS - 2020-07			9.55			
11/19/2020	PARS - 2020-09			6.18			
11/25/2020	Office Payroll PP 24			43,313.53			
Total 10110 · Salaries & Wages				<b>86,594.98</b>			
<b>20600 · Communications</b>		<b>4,500.00</b>	<b>4,500.00</b>	<b>393.65</b>	<b>1,561.77</b>	<b>2,938.23</b>	<b>35%</b>
11/06/2020	AT&T - 2020-10 Comm Chgs			139.71			
11/25/2020	2020-10 Communications Chg			253.94			
Total 20600 · Communications				<b>393.65</b>			
<b>20900 · Household Expense</b>		<b>12,500.00</b>	<b>12,500.00</b>	<b>854.46</b>	<b>4,697.73</b>	<b>7,802.27</b>	<b>38%</b>
11/06/2020	Bob's Pest Control - 2020-10 Svcs			40.00			
11/17/2020	ADT - 2020-11 Security Svcs			89.46			
11/19/2020	Geil - 2020-11 Janitorial			725.00			
Total 20900 · Household Expense				<b>854.46</b>			
<b>21000 · Insurance - Other</b>		<b>85,000.00</b>	<b>85,000.00</b>	<b>-</b>	<b>80,339.00</b>	<b>4,661.00</b>	<b>95%</b>
Total 21000 · Insurance - Other				<b>-</b>			
<b>21301 · Maintenance Structure Improvement</b>		<b>20,900.00</b>	<b>20,900.00</b>	<b>325.00</b>	<b>1,789.91</b>	<b>19,110.09</b>	<b>9%</b>
11/24/2020	Yard Masters - 2020-11 Landscape Maint			325.00			
Total 21301 · Maintenance Structure Improvement				<b>325.00</b>			
<b>21500 · Membership</b>		<b>7,500.00</b>	<b>7,500.00</b>	<b>260.00</b>	<b>4,260.00</b>	<b>3,240.00</b>	<b>57%</b>
11/19/2020	NCPERS - Membership Renewal through 2021			260.00			
Total 21500 · Membership				<b>260.00</b>			
<b>21700 · Office Expense - General</b>		<b>18,000.00</b>	<b>18,000.00</b>	<b>12,640.55</b>	<b>23,543.40</b>	<b>(5,543.40)</b>	<b>131%</b>
11/06/2020	First Choice - 2020-10 Bottles			9.05			
11/06/2020	First Choice - 2020-10 Water Cooler Rental			7.00			
11/06/2020	Guardco Security Svcs - Security Guard			11,947.50			
11/25/2020	2020-10 Pacific Shredding			10.00			
11/25/2020	2020-10 Office Depot Charges			667.00			
Total 21700 · Office Expense - General				<b>12,640.55</b>			

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended November 30, 2020

Administrative Budget	Adopted	Current Budget	Expended 11/2020	Expended YTD	Bal Remaining	% Exp YTD
<b>21710 · Office Expense - Postage</b>	<b>15,750.00</b>	<b>15,750.00</b>	<b>1,197.66</b>	<b>4,551.25</b>	<b>11,198.75</b>	<b>29%</b>
11/25/2020 2020-10 IS Postage			991.36			
11/25/2020 2020-10 Mailroom Chgs			206.30			
Total 21710 · Office Expense - Postage			<u>1,197.66</u>			
<b>21805 · Audits</b>	<b>60,000.00</b>	<b>60,000.00</b>	<b>8,773.75</b>	<b>18,335.95</b>	<b>41,664.05</b>	<b>31%</b>
11/16/2020 Brown Armstrong - FY19-20 Audit Progress Thru 2020-10			8,773.75			
Total 21805 · Audits			<u>8,773.75</u>			
<b>21808 · Board Membership</b>	<b>18,000.00</b>	<b>18,000.00</b>	<b>1,200.00</b>	<b>3,500.00</b>	<b>18,000.00</b>	<b>0%</b>
11/16/2020 2020-09 Bd Mtgs			300.00			
11/16/2020 2020-09 Bd Mtgs			200.00			
11/16/2020 2020-09 Bd Mtgs			300.00			
11/16/2020 2020-09 Bd Mtgs			200.00			
11/16/2020 2020-09 Bd Mtgs			200.00			
Total 21808 · Board Membership			<u>1,200.00</u>			
<b>21811 · Court Reporters</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>-</b>	<b>-</b>	<b>2,000.00</b>	<b>0%</b>
Total 21811 · Court Reporters			<u>-</u>			
<b>21816 · Medical Services</b>	<b>80,000.00</b>	<b>80,000.00</b>	<b>-</b>	<b>15.00</b>	<b>79,985.00</b>	<b>0%</b>
Total 21816 · Medical Services			<u>-</u>			
<b>21872 · Investigations</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>-</b>	<b>-</b>	<b>1,000.00</b>	<b>0%</b>
Total 21872 · Investigations			<u>-</u>			
<b>21900 · Publications &amp; Legal Notices</b>	<b>4,500.00</b>	<b>4,500.00</b>	<b>-</b>	<b>3,321.25</b>	<b>1,178.75</b>	<b>74%</b>
Total 21900 · Publications & Legal Notices			<u>-</u>			
<b>22300 · Spec Dept Exp - Other</b>	<b>500.00</b>	<b>500.00</b>	<b>6.14</b>	<b>6.14</b>	<b>493.86</b>	<b>1%</b>
11/16/2020 Merced Irrigation-Urban GSA - FY2020/2021 Assessor Fee			6.14			
Total 22300 · Spec Dept Exp - Other			<u>6.14</u>			

Merced County Employees' Retirement Association  
Administrative Expenditures Report (Preliminary)  
For the Month Ended November 30, 2020

Administrative Budget	Adopted	Current Budget	Expended 11/2020	Expended YTD	Bal Remaining	% Exp YTD
<b>22310 · Election Expense</b>	<b>10,000.00</b>	<b>10,000.00</b>	-	-	<b>10,000.00</b>	<b>0%</b>
Total 22310 · Election Expense			-			
<b>22327 · Spec Dept Exp - Cost Allocation</b>	<b>43,005.00</b>	<b>43,005.00</b>	-	<b>12,172.68</b>	<b>30,832.32</b>	<b>28%</b>
Total 22327 · Spec Dept Exp - Cost Allocation			-			
<b>22500 · Transportation &amp; Travel</b>	<b>400.00</b>	<b>400.00</b>	<b>21.16</b>	<b>21.16</b>	<b>378.84</b>	<b>5%</b>
11/06/2020 2020-09 Thru 2020-10 - Mail Runs			21.16			
Total 22500 · Transportation & Travel			21.16			
<b>22505 · Trans &amp; Travel - Staff Development</b>	<b>7,500.00</b>	<b>7,500.00</b>	-	-	<b>7,500.00</b>	<b>0%</b>
Total 22505 · Trans & Travel - Staff Development			-			
<b>22515 · Trans &amp; Travel - In State</b>	<b>50,000.00</b>	<b>50,000.00</b>	-	<b>1,270.00</b>	<b>48,730.00</b>	<b>3%</b>
Total 22515 · Trans & Travel - In State			-			
<b>22516 · Trans &amp; Travel - Out of State</b>	<b>10,000.00</b>	<b>10,000.00</b>	-	-	<b>10,000.00</b>	<b>0%</b>
Total 22516 · Trans & Travel - Out of State			-			
<b>22600 · Utilities</b>	<b>15,000.00</b>	<b>15,000.00</b>	<b>1,720.60</b>	<b>7,263.31</b>	<b>7,736.69</b>	<b>48%</b>
11/06/2020 City of Merced - 2020-10 WS&G			503.59			
11/06/2020 PG&E - 2020-10 Svcs			1,217.01			
Total 22600 · Utilities			1,720.60			
<b>Depreciation Expense</b>	<b>23,000.00</b>	<b>23,000.00</b>	-	-	<b>23,000.00</b>	
<b>Total Administrative Budget</b>	<b>1,794,055.00</b>	<b>1,794,055.00</b>	<b>113,987.95</b>	<b>611,119.90</b>	<b>1,182,935.10</b>	<b>34%</b>



INVESTMENT ADVISORY SERVICES

Los Angeles • New York

Alternative Investment Performance  
Merced County Employees' Retirement Association

December 10, 2020

# MCERA Private Equity Capital Budget & Implementation Plan

## 15% fund level target

- Annual capital budget target of \$40 million, range of \$30-\$50 million
- Target 4-7 investments, range of \$5-\$15 million per inv; average size of \$8 million per

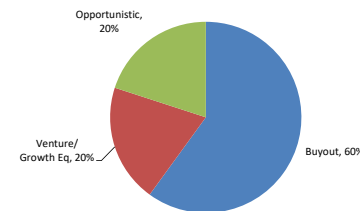
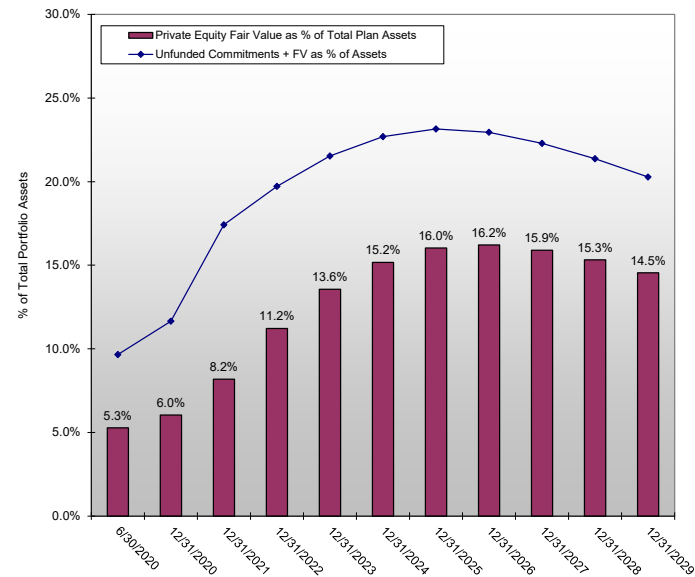
## Performance comparisons:

- *Long term investment objective:* Earn a return premium over public equity (Russell 3000 + 3%)
- *Recommended primary asset class benchmark:* Cambridge Associates Global Private Equity & VC Index
- *Recommended fund benchmarks:* Each fund will be compared to the Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to Cambridge Associates Global Private Equity & VC Index

## MCERA CY 2020 commitments:

- *Summit Ventures V* – venture (VY 2020), \$6 mm
- *Silver Point Sp Credit II* – corporate debt (VY 2019), \$8 mm
- *Thoma Bravo Discover III* – tech buyout (VY 2020), \$8 mm
- *Marlin Heritage Europe II* – European control buyout (VY 2020), €7 mm
- *Taconic Mkt Dislocation II*– distressed (VY 2020), \$8 mm
- *Khosla VI & Seed D* – venture (VY 2021), \$8 mm
- *GTCR XIII* – buyout (VY 2021), \$8 mm
- *TCV XI* – venture (VY 2021), \$8 mm

Projected Private Equity Allocations



	Target	Ranges
Buyout	60%	40-80%
Venture/Growth Eq	20%	10-30%
Opportunistic	20%	10-30%
	100%	

Note: MCERA’s existing private equity portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical category averages. Total fund growth of 5.5%.

# MCERA Private Equity Investment Structure & Portfolio Assessment

## Investment structure (15% fund target; 5.7% invested as of Sep 2020):

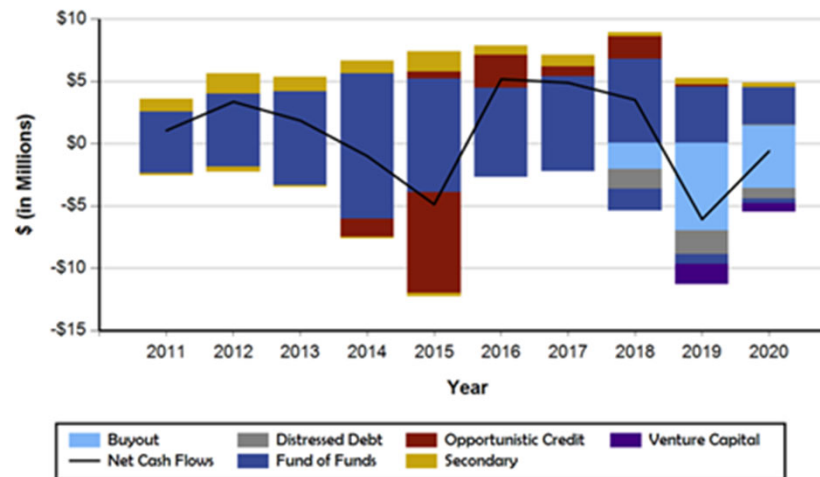
- Current portfolio is barbelled with half of commitments in 2007 & earlier FoFs and half in 2011 & later FoFs
  - Overall portfolio has not met performance expectations; 2011 & later portfolio is still in development with the funds in VY 2017-2020 in their investment period
  - Rebound in 2Q valuations improved the year over year performance; contributions exceed distributions by \$5 million as the newer portfolios are being built
  - Portfolio is diversified by strategy but overall it is in a negative cash flow situation

### Annual Summary

(in thousands)

	Total Partnerships	Total Commitments	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain/ Loss	Net IRR	Benchmark
June 30, 2019	30	\$130,973	\$68,676	\$58,769	\$42,006	\$100,775	\$32,100	8.60%	11.44%
June 30, 2020	33	\$154,940	\$81,397	\$66,583	\$48,933	\$115,517	\$34,119	8.32%	11.23%
Annual Change	3	\$23,967	\$12,721	\$7,814	\$6,927	\$14,742	\$2,019		

Annual Cash Flow



Note: Net cash flow is the for the respective calendar year.



## MCERA Private Equity Performance – as of Jun 30, 2020

Partnership Name (\$000)	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C)		(C+D) Total Value	(C+D-B) Gain/ Loss	IRR Net IRR	IRR Bench.	TVPI
						Cumulat. Dist.	(D) Fair Value					
<b>Vintage Year 2004</b>												
Invesco Partnership Fund IV, L.P.	Fund of Funds	10,000	2,417	7,898	76%	16,195	44	16,239	8,341	11.75%	6.80%	2.06
<b>Vintage Year 2004 Total</b>		<b>10,000</b>	<b>2,417</b>	<b>7,898</b>	<b>76%</b>	<b>16,195</b>	<b>44</b>	<b>16,239</b>	<b>8,341</b>	<b>11.75%</b>	<b>7.79%</b>	<b>2.06</b>
<b>Vintage Year 2005</b>												
ASP 2005 Non-US Fund	Fund of Funds	1,500	74	1,426	95%	1,670	263	1,934	508	4.66%	4.43%	1.36
ASP 2005 US Fund	Fund of Funds	3,500	177	3,323	95%	4,588	594	5,182	1,859	6.89%	7.41%	1.56
Pantheon Ventures Euro Fund IV	Fund of Funds	1,123	48	1,283	96%	1,584	77	1,662	378	4.56%	4.43%	1.29
Pantheon Ventures USA Fund VI	Fund of Funds	3,750	206	3,544	95%	5,104	281	5,385	1,841	6.52%	7.41%	1.52
<b>Vintage Year 2005 Total</b>		<b>9,873</b>	<b>505</b>	<b>9,576</b>	<b>95%</b>	<b>12,946</b>	<b>1,215</b>	<b>14,162</b>	<b>4,585</b>	<b>6.16%</b>	<b>7.52%</b>	<b>1.48</b>
<b>Vintage Year 2006</b>												
Pantheon Global Secondary Fund III "B"	Secondary	10,000	540	9,460	95%	10,200	373	10,573	1,113	1.99%	N/A	1.12
<b>Vintage Year 2006 Total</b>		<b>10,000</b>	<b>540</b>	<b>9,460</b>	<b>95%</b>	<b>10,200</b>	<b>373</b>	<b>10,573</b>	<b>1,113</b>	<b>1.99%</b>	<b>6.96%</b>	<b>1.12</b>
<b>Vintage Year 2007</b>												
ASP 2007 Direct Fund	Fund of Funds	450	12	438	97%	832	250	1,082	644	12.30%	11.12%	2.47
ASP 2007 Non-US Fund	Fund of Funds	1,575	78	1,497	95%	1,734	613	2,347	850	7.67%	7.84%	1.57
ASP 2007 US Fund	Fund of Funds	2,475	115	2,360	95%	3,525	932	4,457	2,097	11.80%	11.12%	1.89
<b>Vintage Year 2007 Total</b>		<b>4,500</b>	<b>205</b>	<b>4,295</b>	<b>95%</b>	<b>6,092</b>	<b>1,795</b>	<b>7,886</b>	<b>3,591</b>	<b>10.57%</b>	<b>8.85%</b>	<b>1.84</b>
<b>Vintage Year 2011</b>												
ASP 2011 Direct Fund	Fund of Funds	500	37	463	93%	492	354	847	384	13.93%	15.59%	1.83
ASP 2011 Emerging Markets Fund	Fund of Funds	500	64	436	87%	197	663	859	423	13.78%	10.16%	1.97
ASP 2011 Non-US Developed Fund	Fund of Funds	1,500	322	1,178	79%	1,045	953	1,998	819	12.66%	10.16%	1.70
ASP 2011 US Fund	Fund of Funds	2,500	326	2,175	87%	1,876	1,994	3,870	1,695	13.85%	15.59%	1.78
Pantheon Asia Fund VI	Fund of Funds	1,000	95	906	91%	440	971	1,411	505	9.84%	10.16%	1.56
Pantheon Euro Fund VII	Fund of Funds	1,567	208	1,493	87%	1,166	1,150	2,315	823	9.88%	10.16%	1.55
Pantheon Ventures USA Fund IX	Fund of Funds	2,000	212	1,788	89%	1,506	1,711	3,217	1,429	13.34%	15.59%	1.80
<b>Vintage Year 2011 Total</b>		<b>9,567</b>	<b>1,265</b>	<b>8,438</b>	<b>87%</b>	<b>6,721</b>	<b>7,796</b>	<b>14,517</b>	<b>6,078</b>	<b>12.47%</b>	<b>12.41%</b>	<b>1.72</b>
<b>Vintage Year 2013</b>												
Invesco Partnership Fund VI, L.P.	Fund of Funds	5,000	1,548	3,958	69%	1,443	6,824	8,268	4,309	16.33%	15.65%	2.09
<b>Vintage Year 2013 Total</b>		<b>5,000</b>	<b>1,548</b>	<b>3,958</b>	<b>69%</b>	<b>1,443</b>	<b>6,824</b>	<b>8,268</b>	<b>4,309</b>	<b>16.33%</b>	<b>11.24%</b>	<b>2.09</b>
<b>Vintage Year 2014</b>												
Ocean Avenue Fund II	Fund of Funds	10,000	1,000	9,000	90%	5,347	8,403	13,749	4,749	12.37%	16.57%	1.53
Raven Asset-Based Opportunity Fund II	Opportunistic Credit	10,000	474	9,526	95%	6,017	2,733	8,750	-776	-2.69%	6.71%	0.92
<b>Vintage Year 2014 Total</b>		<b>20,000</b>	<b>1,474</b>	<b>18,526</b>	<b>93%</b>	<b>11,364</b>	<b>11,136</b>	<b>22,499</b>	<b>3,974</b>	<b>5.77%</b>	<b>13.53%</b>	<b>1.21</b>

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC<sup>®</sup> median is used for the respective vintage year.

# MCERA Private Equity Performance – as of Jun 30, 2020

Partnership Name (\$000)	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C)		(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/ Loss	IRR		TVPI
						Cumulat. Dist.	Dist.				Net IRR	Bench.	
<b>Vintage Year 2017</b>													
GTCR XII	Buyout	5,000	2,697	2,303	46%	98	2,646	2,743	441	16.97%	12.45%	1.19	
<b>Vintage Year 2017 Total</b>		<b>5,000</b>	<b>2,697</b>	<b>2,303</b>	<b>46%</b>	<b>98</b>	<b>2,646</b>	<b>2,743</b>	<b>441</b>	<b>16.97%</b>	<b>10.23%</b>	<b>1.19</b>	
<b>Vintage Year 2018</b>													
Carrick Capital Partners III, L.P.	Buyout	5,000	3,713	1,287	26%	0	1,459	1,459	172	N/M	N/M	1.13	
Cressey & Company Fund VI LP	Buyout	5,000	3,750	1,250	25%	0	1,416	1,416	166	N/M	N/M	1.13	
Davidson Kempner Long-Term Distressed Opportuni	Distressed Debt	5,000	785	4,300	84%	85	4,437	4,523	223	3.96%	N/A	1.05	
<b>Vintage Year 2018 Total</b>		<b>15,000</b>	<b>8,248</b>	<b>6,837</b>	<b>45%</b>	<b>85</b>	<b>7,312</b>	<b>7,397</b>	<b>560</b>	<b>6.05%</b>	<b>5.78%</b>	<b>1.08</b>	
<b>Vintage Year 2019</b>													
Accel-KKR Growth Capital Partners III	Buyout	5,000	3,726	1,274	25%	0	1,207	1,207	-67	N/M	N/M	0.95	
Cortec Group Fund VII, L.P.	Buyout	10,000	7,177	4,125	28%	1,303	3,322	4,625	501	N/M	N/M	1.12	
Genstar Capital Partners IX, L.P.	Buyout	7,000	5,414	1,723	23%	137	1,759	1,896	174	N/M	N/M	1.10	
Summit Partners Growth Equity Fund X-A, L.P.	Buyout	8,000	7,378	622	8%	0	732	732	110	N/M	N/M	1.18	
TCV X, L.P.	Venture Capital	5,000	3,103	1,897	38%	0	2,365	2,365	468	N/M	N/M	1.25	
<b>Vintage Year 2019 Total</b>		<b>35,000</b>	<b>26,798</b>	<b>9,641</b>	<b>23%</b>	<b>1,440</b>	<b>9,386</b>	<b>10,826</b>	<b>1,185</b>	<b>N/M</b>	<b>N/M</b>	<b>N/A</b>	
<b>Vintage Year 2020</b>													
Accel-KKR Capital Partners VI, LP	Buyout	8,000	8,000	0	0%	0	0	0	0	N/M	N/M	N/A	
Thoma Bravo Discover Fund III, L.P.	Buyout	8,000	8,000	0	0%	0	0	0	0	N/M	N/M	N/A	
Spark Capital Growth Fund III, L.P.	Venture Capital	6,000	5,730	270	5%	0	231	231	-39	N/M	N/M	N/A	
Spark Capital VI, L.P.	Venture Capital	3,000	2,805	195	6%	0	175	175	-20	N/M	N/M	N/A	
Summit Partners Venture Capital Fund V-A, L.P.	Venture Capital	6,000	6,000	0	0%	0	0	0	0	N/M	N/M	N/A	
<b>Vintage Year 2020 Total</b>		<b>31,000</b>	<b>30,535</b>	<b>465</b>	<b>2%</b>	<b>0</b>	<b>406</b>	<b>406</b>	<b>-59</b>	<b>N/M</b>	<b>N/M</b>	<b>N/A</b>	
<b>Total Portfolio:</b>		<b>154,940</b>	<b>76,234</b>	<b>81,397</b>	<b>51%</b>	<b>66,584</b>	<b>48,933</b>	<b>115,517</b>	<b>34,120</b>	<b>8.32%</b>	<b>11.23%</b>	<b>1.42</b>	
<b>Portfolio Strategy Totals</b>													
Buyout		61,000	49,856	12,584	18%	1,538	12,541	14,079	1,495	15.65%		1.12	
Distressed Debt		5,000	785	4,300	84%	85	4,437	4,523	223	3.96%		1.05	
Fund of Funds		40,175	6,051	34,947	85%	40,908	21,387	62,295	27,349	10.93%		1.78	
Non-US		8,765	889	8,219	90%	7,835	4,690	12,525	4,306	7.61%		1.52	
Opportunistic Credit		10,000	474	9,526	95%	6,017	2,733	8,750	-776	-2.69%		0.92	
Secondary		10,000	540	9,460	95%	10,200	373	10,573	1,113	1.99%		1.12	
Venture Capital		20,000	17,638	2,362	12%	0	2,772	2,772	410	N/M		N/A	
<b>Total Portfolio:</b>		<b>154,940</b>	<b>76,234</b>	<b>81,397</b>	<b>51%</b>	<b>66,584</b>	<b>48,933</b>	<b>115,517</b>	<b>34,120</b>	<b>8.32%</b>	<b>11.23%</b>	<b>1.42</b>	

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC<sup>®</sup> median is used for the respective vintage year.

# MCERA Real Estate Capital Budget & Implementation Plan

## 8% fund level target

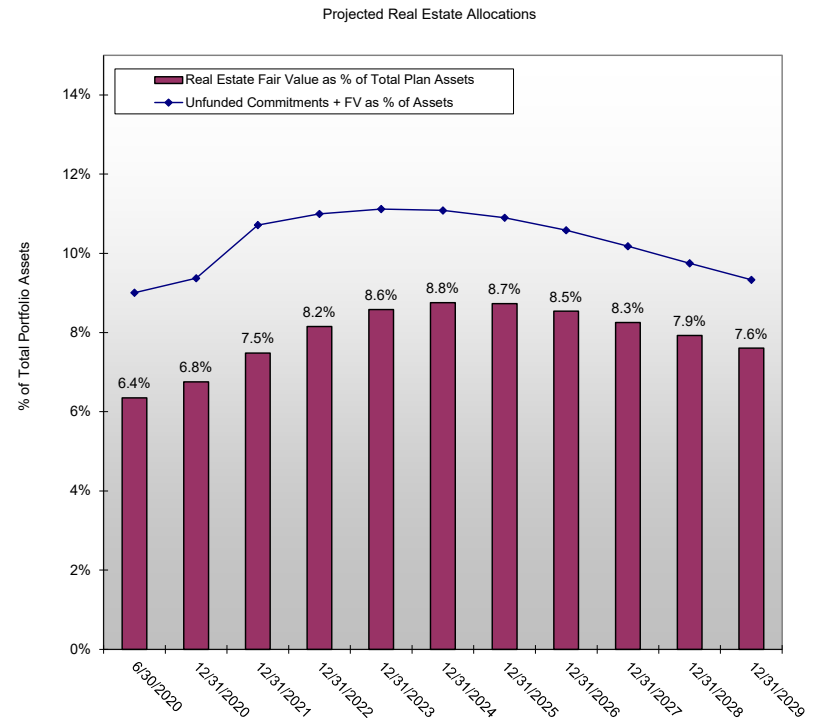
- Annual capital budget target of \$15 million, range of \$10-\$25 million
- Target 2-4 investments, range of \$5-\$10 million per inv
  - Average investment size of \$7 million
  - If an average of 2-4 GP partnership commitments per year, expect a total of 8-16 GP relationships over a 4 year fund raising cycle
- Retain core real estate exposure but lower it to 25% of the portfolio due to current valuations; use REITS as a substitute until funding private real estate investments is needed

## Performance comparisons:

- *Long term investment objective:* Earn a return premium over inflation (CPI-U + 5%)
- *Recommended primary asset class benchmark:* NCREIF NFI-ODCE; revisit over time as the structure of the portfolio changes
- *Recommended fund benchmarks:* Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to Cambridge Associates Global Real Estate Index

## MCERA CY 2020 commitments:

- *Cerberus RE Debt* – commercial RE debt (VY 2020), \$7 mm
- *Starwood Fund XII* – opportunistic RE (VY 2020), \$8 mm



Note: MCERA’s existing real estate portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical averages. Total fund growth rate of 5.5%.

# MCERA Real Estate Investment Structure & Portfolio Assessment

## Real estate investment structure (8% target, 6.7% actual as of Sep 2020)

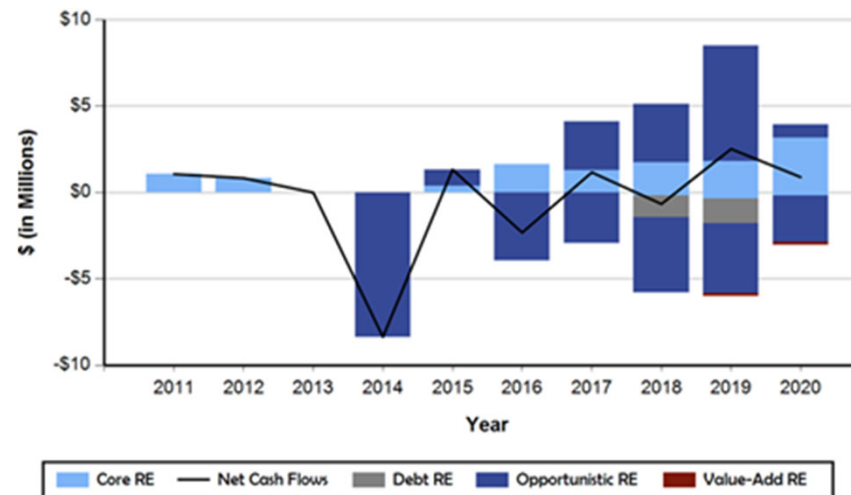
- MCERA invested in 1999 in a private core real estate fund; direct program began in 2014
- Distributions matched contributions over the past year as overall RE activity has declined

### Annual Summary

(in thousands)

	Total Partnerships	Total Commitments	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain/ Loss	Net IRR	Benchmark
June 30, 2019	8	\$68,529	\$38,616	\$32,415	\$59,653	\$92,069	\$53,452	9.09%	8.92%
June 30, 2020	9	\$75,367	\$46,230	\$40,215	\$58,935	\$99,150	\$52,920	8.68%	8.62%
Annual Change	1	\$6,838	\$7,614	\$7,800	-\$718	\$7,081	-\$532		

Annual Cash Flow



Note: Net cash flow is the for the respective calendar year.

## MCERA Real Estate Performance – as of Jun 30, 2020

### Real Estate Portfolio

- MCERA began investing in the UBS Trumbull core real estate fund in 1999 and this represents the bulk of the real estate portfolio
  - Opportunistic funds began being added in 2014 and they are in the early stages of development with the VY 2016 fund now out of its “j-curve”
- Overall performance has met objectives, driven by the core RE fund; opportunistic fund performance is not meaningful

Partnership Name (\$000)	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C)		(C+D) Total Value	(C+D-B) Gain/ Loss	Net IRR	IRR Bench.	TVPI
						Cumulat. Dist.	(D) Fair Value					
<b>Vintage Year 1999</b>												
UBS Trumbull Property Fund	Core RE	17,000	0	17,715	100%	26,447	36,764	63,212	45,497	8.58%	10.20%	3.57
<b>Vintage Year 1999 Total</b>		17,000	0	17,715	100%	26,447	36,764	63,212	45,497	8.58%	12.95%	3.57
<b>Vintage Year 2014</b>												
Greenfield Acquisition Partners VII, L.P.	Opportunistic RE	13,000	1,876	12,662	86%	10,341	8,942	19,284	6,622	12.27%	11.81%	1.52
<b>Vintage Year 2014 Total</b>		13,000	1,876	12,662	86%	10,341	8,942	19,284	6,622	12.27%	10.68%	1.52
<b>Vintage Year 2016</b>												
Patron Capital Fund V	Opportunistic RE	13,367	4,491	9,031	66%	3,312	6,255	9,567	536	3.60%	9.02%	1.06
<b>Vintage Year 2016 Total</b>		13,367	4,491	9,031	66%	3,312	6,255	9,567	536	3.60%	9.02%	1.06
<b>Vintage Year 2017</b>												
Carlyle Realty Partners VIII, L.P.	Opportunistic RE	5,000	3,598	1,516	28%	114	1,439	1,553	37	2.45%	2.95%	1.02
<b>Vintage Year 2017 Total</b>		5,000	3,598	1,516	28%	114	1,439	1,553	37	2.45%	6.34%	1.02
<b>Vintage Year 2018</b>												
Taconic CRE Dislocation Fund II	Debt RE	5,000	2,350	2,665	53%	0	3,052	3,052	387	N/M	N/M	1.15
AG Realty Value Fund X, L.P.	Opportunistic RE	5,000	3,513	1,474	30%	0	1,438	1,438	-36	N/M	N/M	0.98
<b>Vintage Year 2018 Total</b>		10,000	5,863	4,140	41%	0	4,490	4,490	351	N/M	N/M	1.08
<b>Vintage Year 2019</b>												
Rockpoint Real Estate Fund VI, L.P.	Opportunistic RE	5,000	4,185	815	16%	0	814	814	-1	N/M	N/M	1.00
Carmel Partners Investment Fund VII, L.P Value-Add RE		5,000	4,648	352	7%	0	230	230	-122	N/M	N/M	0.65
<b>Vintage Year 2019 Total</b>		10,000	8,834	1,166	12%	0	1,044	1,044	-122	N/M	N/M	0.90
<b>Vintage Year 2020</b>												
Cerberus Real Estate Debt Fund, L.P.	Debt RE	7,000	7,000	0	0%	0	0	0	0	N/M	N/M	0.00
<b>Vintage Year 2020 Total</b>		7,000	7,000	0	0%	0	0	0	0	N/M	N/M	0.00
<b>Total Portfolio:</b>		<b>75,367</b>	<b>31,662</b>	<b>46,230</b>	<b>58%</b>	<b>40,215</b>	<b>58,935</b>	<b>99,150</b>	<b>52,920</b>	<b>8.68%</b>	<b>8.62%</b>	<b>2.15</b>

Note: The benchmark at the total portfolio level is NCREIF NFI-ODCE . Private real estate benchmark at the fund level is the Cambridge Value Add or Opportunistic RE Indices while the Cambridge Global Real Estate Index at the vintage year level.

# MCERA Real Asset Capital Budget & Implementation Plan

## 5% fund level target

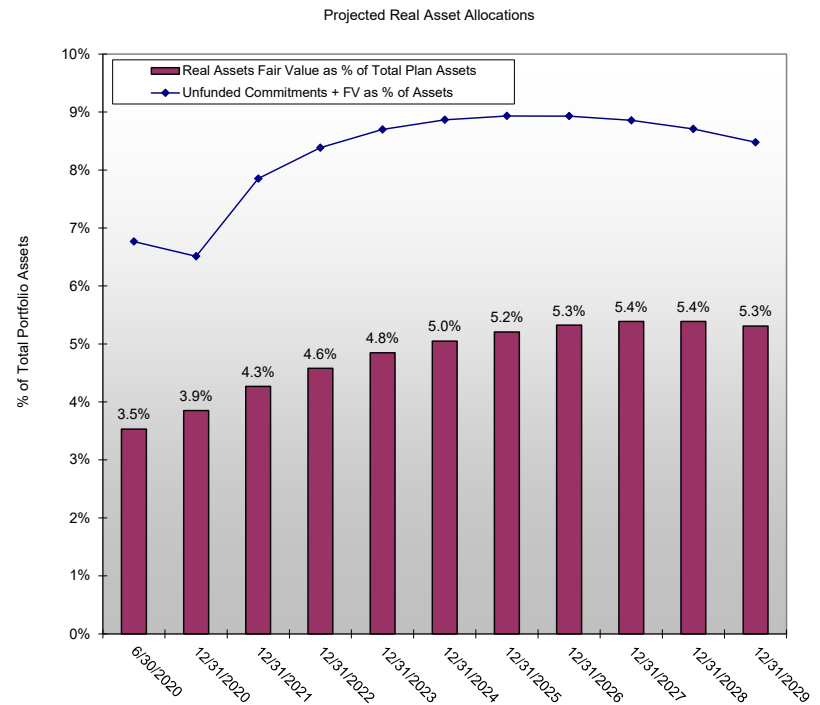
- Annual capital budget target of \$15 million, range of \$10-\$25 million
- Target 2-4 investments, range of \$5-\$10 million per inv
  - Average investment size of \$7 million
  - If an average of 2-4 GP partnership commitments per year, expect a total of 8-16 GP relationships over a 4 year fund raising cycle
- Portfolio targeted to be equally split between infrastructure and energy/natural resource funds

## Performance comparisons:

- *Long term investment objective:* Earn a return premium over inflation (CPI-U + 5%)
- *Recommended primary asset class benchmark:* 50/50 Cambridge Global Infrastructure/Cambridge Energy Upstream & Royalties and Private Energy Index
- *Recommended fund benchmarks:* Each fund will be compared to the Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to the 50/50 index

## MCERA CY 2020 commitments (\$5 mm):

- *iSquared III* - global infrastructure (VY 2020)



Note: MCERA’s existing real asset portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical category averages. Total fund growth rate of 5.5%.

# MCERA Real Assets Investment Structure & Portfolio Assessment

## Real assets investment structure (5% target, 5% actual as of Sep 2020)

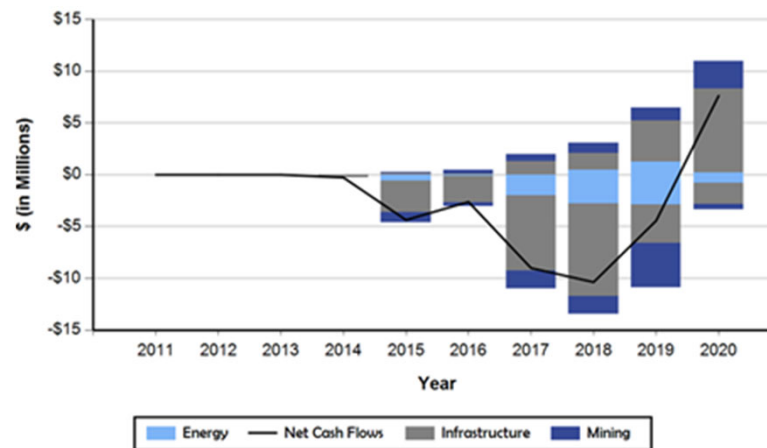
- Program is designed to be equally divided between private infrastructure and natural resource funds along with a public real asset component
- Private fund commitments began in 2014 to infrastructure and 2015 to natural resources
- The overall portfolio is immature with the funds in the early stage of development
  - Distributions exceed contributions by \$3 mm as the infrastructure funds returned capital

### Annual Summary

(in thousands)

	Total Partnerships	Total Commitments	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain/ Loss	Net IRR	Benchmark
June 30, 2019	12	\$69,890	\$35,859	\$9,386	\$33,617	\$43,003	\$7,145	12.43%	1.06%
June 30, 2020	12	\$70,431	\$46,608	\$23,179	\$32,775	\$55,955	\$9,347	10.26%	-2.91%
Annual Change	0	\$541	\$10,749	\$13,793	-\$842	\$12,952	\$2,202		

Annual Cash Flow



Note: Net cash flow is the for the respective calendar year.

# MCERA Real Assets Performance – as of Jun 30, 2020

## Real Asset Portfolio

- MCERA began allocating to real assets in 2014 via direct fund commitments
- Portfolio is in its early stages of development so performance is not meaningful; the gains in infrastructure funds offset the losses in the energy funds; the VY 2017-19 funds are being built out

Partnership Name (\$000)	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.		(C) Cumulat. Dist.		(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/ Loss	Net IRR	IRR Bench.	TVPI
				% Drawn	% Drawn	% Drawn	% Drawn						
<b>Vintage Year 2014</b>													
KKR Global Infrastructure II	Infrastructure	10,000	532	10,815	95%	8,477	7,916	16,394	5,578	16.35%	6.17%	1.52	
<b>Vintage Year 2014 Total</b>		<b>10,000</b>	<b>532</b>	<b>10,815</b>	<b>95%</b>	<b>8,477</b>	<b>7,916</b>	<b>16,394</b>	<b>5,578</b>	<b>16.35%</b>		<b>1.52</b>	
<b>Vintage Year 2015</b>													
GSO Energy Select Opportunities Fund	Energy	7,500	3,486	4,470	54%	1,644	3,023	4,667	197	1.80%	1.46%	1.04	
North Haven Infrastructure Partners II LP	Infrastructure	10,000	1,423	11,095	86%	6,322	7,231	13,553	2,458	9.98%	6.56%	1.22	
Taurus Mining Finance Fund	Mining	5,000	682	5,195	86%	3,227	2,660	5,887	692	8.64%	N/A	1.13	
<b>Vintage Year 2015 Total</b>		<b>22,500</b>	<b>5,591</b>	<b>20,760</b>	<b>75%</b>	<b>11,193</b>	<b>12,914</b>	<b>24,107</b>	<b>3,348</b>	<b>7.69%</b>		<b>1.16</b>	
<b>Vintage Year 2016</b>													
Taurus Mining Finance Annex Fund	Mining	5,000	1,135	4,471	77%	2,743	2,775	5,518	1,047	21.67%	N/A	1.23	
<b>Vintage Year 2016 Total</b>		<b>5,000</b>	<b>1,135</b>	<b>4,471</b>	<b>77%</b>	<b>2,743</b>	<b>2,775</b>	<b>5,518</b>	<b>1,047</b>	<b>21.67%</b>		<b>1.23</b>	
<b>Vintage Year 2017</b>													
EnCap Energy Capital Fund XI, L.P.	Energy	5,000	3,493	1,507	30%	0	896	896	-611	-34.31%	-6.79%	0.59	
ISQ Global Infrastructure Fund II	Infrastructure	5,000	2,002	3,368	60%	371	3,324	3,695	327	10.89%	N/A	1.10	
<b>Vintage Year 2017 Total</b>		<b>10,000</b>	<b>5,494</b>	<b>4,875</b>	<b>45%</b>	<b>371</b>	<b>4,220</b>	<b>4,591</b>	<b>-284</b>	<b>-5.80%</b>		<b>0.94</b>	
<b>Vintage Year 2018</b>													
Ardian Infrastructure Fund V	Infrastructure	4,931	4,300	659	13%	20	546	566	-93	N/M	N/M	N/A	
EnCap Flatrock Midstream IV, L.P.	Energy	3,000	1,982	1,096	34%	78	1,125	1,203	108	6.20%	-1.27%	1.10	
KKR Global Infrastructure Investors III	Infrastructure	5,000	3,272	1,843	35%	115	1,612	1,727	-116	N/M	N/M	N/A	
<b>Vintage Year 2018 Total</b>		<b>12,931</b>	<b>9,554</b>	<b>3,598</b>	<b>26%</b>	<b>213</b>	<b>3,283</b>	<b>3,496</b>	<b>-102</b>	<b>-2.85%</b>		<b>0.97</b>	
<b>Vintage Year 2019</b>													
Global Energy & Power Infrastructure Fund III	Energy	5,000	3,886	1,216	22%	182	1,123	1,304	89	N/M	N/M	1.07	
Tailwater Energy Fund IV, LP	Energy	5,000	4,126	873	17%	0	544	544	-329	N/M	N/M	0.62	
<b>Vintage Year 2019 Total</b>		<b>10,000</b>	<b>8,012</b>	<b>2,089</b>	<b>20%</b>	<b>182</b>	<b>1,667</b>	<b>1,849</b>	<b>-240</b>	<b>N/M</b>		<b>0.89</b>	
<b>Total Portfolio:</b>		<b>70,431</b>	<b>30,318</b>	<b>46,608</b>	<b>57%</b>	<b>23,179</b>	<b>32,775</b>	<b>55,955</b>	<b>9,347</b>	<b>10.26%</b>	<b>-2.91%</b>	<b>1.20</b>	
<b>Portfolio Strategy Totals</b>													
Energy		20,500	13,086	7,946	36%	1,723	5,588	7,311	-635	-4.40%		0.92	
Infrastructure		25,000	5,227	23,753	79%	14,914	16,760	31,673	7,920	13.18%		1.33	
Non-US		24,931	12,005	14,909	52%	6,543	10,428	16,971	2,062	12.14%		1.14	
<b>Total Portfolio:</b>		<b>70,431</b>	<b>30,318</b>	<b>46,608</b>	<b>57%</b>	<b>23,179</b>	<b>32,775</b>	<b>55,955</b>	<b>9,347</b>	<b>10.26%</b>	<b>-2.91%</b>	<b>1.20</b>	

Note: Benchmark is 50% S&P Natural Resources and 50% S&P Infrastructure. Benchmarks for individual funds are the respective Cambridge strategy benchmark.



# MCERA Hedge Fund Performance – as of Oct 31, 2020

Fund	Market Value	Actual %	Oct	QTD	YTD	Returns				Std Dev	Sharpe Ratio	Incep Date
						1 Year	3 Year	5 Year	Incep			
<b>Market Neutral</b>												
KLS Diversified Fund LP	8,088,341	8.6%	0.95%	0.95%	-11.03%	-10.71%	-3.24%	-	-3.05%	11.56%	-0.36	Oct-17
Laurion Capital, Ltd.	10,514,667	11.2%	-0.92%	-0.92%	19.51%	18.51%	-	-	11.05%	7.96%	1.14	Jul-18
Market Neutral - HF Total	18,603,008	19.8%	-0.12%	-0.12%	-0.18%	-0.27%	1.99%	-	2.05%	5.67%	0.07	Oct-17
HFRI Relative Value (Total) Index			0.48%	0.48%	-1.33%	0.37%	2.11%	-	2.11%	6.67%	0.08	Oct-17
<b>Credit/Distressed</b>												
Silver Point Capital Fund, L.P.	12,840,704	13.7%	0.40%	0.40%	4.03%	7.52%	-	-	2.50%	7.81%	0.12	Dec-17
Credit/Distressed - HF Total	12,840,704	13.7%	0.40%	0.40%	4.03%	7.52%	-	-	2.50%	7.81%	0.12	Dec-17
HFRI ED: Distressed/Restructuring Index			1.10%	1.10%	2.09%	2.47%	-	-	1.59%	8.35%	0.01	Dec-17
<b>Event Driven</b>												
Taconic Opportunity Fund L.P.	12,199,024	13.0%	0.13%	0.13%	-3.20%	-2.73%	-	-	0.52%	7.05%	-0.12	Dec-18
Event Driven - HF Total	12,199,024	13.0%	0.13%	0.13%	-3.20%	-2.73%	-	-	0.52%	7.05%	-0.12	Dec-18
HFRI Event-Driven (Total) Index			0.49%	0.49%	-1.58%	0.84%	-	-	1.73%	11.16%	0.07	Dec-18
<b>Equity Long/Short</b>												
Archipelago Partners, L.P.	12,597,582	13.4%	-0.38%	-0.38%	1.03%	6.27%	4.50%	-	4.81%	8.37%	0.39	Sep-17
Marshall Wace Funds LP - MW Eureka (US) Fund	3,599,498	3.8%	0.93%	0.93%	6.02%	9.87%	-	-	6.45%	6.13%	0.75	Dec-17
Marshall Wace Funds LP - MW Global Opportunities (US) Fund	9,581,627	10.2%	0.73%	0.73%	-	-	-	-	6.46%	4.77%	-	Apr-20
Equity Long/Short - HF Total	25,778,707	27.5%	0.21%	0.21%	1.23%	6.14%	4.74%	-	5.03%	7.36%	0.46	Sep-17
HFRI Equity Hedge (Total) Index			0.90%	0.90%	3.45%	7.81%	3.76%	-	4.36%	10.52%	0.29	Sep-17
<b>Global Macro-Discretionary</b>												
Graham Absolute Return Trading Ltd.	7,346,848	7.8%	-0.17%	-0.17%	-3.48%	-2.41%	1.75%	-	1.60%	9.81%	0.03	Sep-17
Global Macro-Discretionary - HF Total	7,346,848	7.8%	-0.17%	-0.17%	-3.48%	-2.41%	1.75%	-	1.60%	9.81%	0.03	Sep-17
HFRI Macro (Total) Index			-0.70%	-0.70%	-0.23%	0.70%	0.78%	-	1.08%	4.68%	-0.13	Sep-17
<b>Global Macro-Systematic</b>												
Winton Fund Limited	4,997,456	5.3%	-0.27%	-0.27%	-19.83%	-19.29%	-5.61%	-	-5.61%	8.58%	-0.85	Nov-17
Global Macro-Systematic - HF Total	4,997,456	5.3%	-0.27%	-0.27%	-19.83%	-19.29%	-5.61%	-	-5.61%	8.58%	-0.85	Nov-17
HFRI Macro (Total) Index			-0.70%	-0.70%	-0.23%	0.70%	0.78%	-	0.78%	4.65%	-0.20	Nov-17
<b>Multi-Strategy</b>												
Sculptor Domestic Partners II, L.P.	12,116,995	12.9%	-1.02%	-1.02%	11.39%	16.29%	8.16%	8.48%	7.30%	7.13%	0.85	Jul-14
Multi-Strategy - HF Total	12,116,995	12.9%	-1.02%	-1.02%	11.39%	16.29%	8.16%	8.48%	7.30%	7.13%	0.85	Jul-14
HFRI Relative Value (Total) Index			0.48%	0.48%	-1.33%	0.37%	2.11%	3.37%	2.68%	5.03%	0.31	Jul-14
MCERA Hedge Fund Portfolio	93,882,743	100.0%	-0.05%	-0.05%	-0.11%	2.20%	2.47%	3.66%	3.38%	5.36%	0.42	Jul-14
<b>Benchmarks</b>												
HFRI Fund of Funds Composite Index			0.24%	0.24%	2.79%	5.43%	2.57%	2.96%	2.50%	5.09%	0.27	Jul-14
<b>Market Indices</b>												
Libor3Month			0.02%	0.02%	0.56%	0.88%	1.83%	1.47%	1.22%	0.25%	-	Jul-14
Bloomberg Barclays US Aggregate Bond Index			-0.45%	-0.45%	6.32%	6.19%	5.07%	4.09%	3.72%	3.10%	0.81	Jul-14
Bloomberg Barclays US High Yield Bond Index			0.51%	0.51%	1.13%	3.49%	4.23%	6.32%	4.52%	7.50%	0.47	Jul-14
S&P 500 TR			-2.66%	-2.66%	2.77%	9.71%	10.43%	11.71%	10.63%	14.13%	0.70	Jul-14
MSCI AC World Index Free - Net			-2.43%	-2.43%	-1.09%	4.89%	5.52%	8.11%	6.07%	13.78%	0.41	Jul-14
MSCI EAFE - Net			-3.99%	-3.99%	-10.80%	-6.86%	-1.24%	2.85%	1.02%	13.72%	0.06	Jul-14
MSCI EMF (Emerging Markets Free) - Net			2.06%	2.06%	0.87%	8.25%	1.94%	7.92%	3.21%	17.15%	0.20	Jul-14

# Cliffwater Disclosures

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# Merced County Employees' Retirement System

Item 2



## 2020 Preliminary Valuation Results

December 12, 2020

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



- Preliminary 2020 Valuation Results
  - Executive Summary and Highlights
  - Changes Since Last Valuation
- Historical Review
- Next Steps
- Appendix (Employer Rates by Tier)

# Executive Summary



- Current valuation will determine the FY21-22 contribution rate
  - Based on asset and membership data on June 30, 2020
    - Valuation does not yet reflect changes to benefits for current retirees as a result of ACERA decision; these will appear as an actuarial experience gain in a future valuation
  - No changes in plan provisions
  - Funding policy reflects changes adopted at September 10, 2020 meeting
    - Extend 2013 UAL base payment schedule from 10 to 14 years (phase-out 85% of the layer payments over final four years)
  - Changes in assumptions
    - Final average compensation load to account for Ventura decision pays was removed for all members

## Merced County Employees' Retirement Association Summary of Key Valuation Results (in millions)

Valuation Date Fiscal Year End	June 30, 2020 2022	June 30, 2019 2021
Actuarial Liability	\$ 1,412.1	\$ 1,370.2
Market Value of Assets	<u>919.8</u>	<u>866.5</u>
Unfunded Actuarial Liability	\$ 492.3	\$ 503.7
Funded Ratio	65.1%	63.2%
Net Employer Contribution Rate	46.50%	45.72%

# Executive Summary



Item	Membership Total		% Change
	June 30, 2020	June 30, 2019	
Actives	2,149	2,177	-1.3%
Deferred Members	1,009	942	7.1%
Retired Members	<u>2,433</u>	<u>2,373</u>	<u>2.5%</u>
Total Members	5,591	5,492	1.8%
Active Member Payroll	\$ 143,991,660	\$ 142,328,413	1.2%
Average Pay per Active	67,004	65,378	2.5%

# Executive Summary



## Development of the Net Employer Contribution Rate as of June 30, 2020 for FYE 2022

Valuation Date Fiscal Year End	June 30, 2020 2022	June 30, 2019 2021
1. Total Normal Cost Rate	17.74%	18.46%
2. Member Contribution Rate <sup>1</sup>	<u>8.22%</u>	<u>8.39%</u>
3. Employer Normal Cost Rate (1-2)	9.52%	10.07%
4. UAL Amortization Rate	35.55%	34.25%
5. Administrative Expense Rate	1.43%	1.40%
6. Net Employer Contribution Rate (3+4+5)	46.50%	45.72%

<sup>1</sup> Not including member's share of administrative expenses.





- Contribution rate had been expected to increase from 45.72% of pay to 46.09%
  - Expected UAL rate increase of 0.77% from phase-in of assumption changes and investment losses
  - Expected Employer NC rate decline of 0.40% from PEPRA
- Investment return on the Market Value of Assets was 6.62%, net of investment expenses, compared to the 7.00% assumed rate of return
  - Resulted in a \$3.3 million loss and increased the contribution rate by 0.04% of pay
  - Impact will continue to be phased-in over next four years

# Highlights



- Other demographic changes increased UAL amortization rate by 0.10%, offset by reduction in Normal Cost rate of 0.08%
  - UAL loss driven by higher than expected retiree COLAs (3% for those with COLA bank) and recalculation of TV benefits; change will continue to be phased-in over next four years
- Actual growth in payroll (1.2%) below assumption (2.75%) increased amortization payment by about 0.54% as a percentage of pay, but no impact on dollar payment so no phase-in period
- The removal of the Final Average Compensation load decreased the contribution rate by 0.21% of pay
  - UAL portion of change (0.14% of pay) will continue to be phased-in over next two years

# Changes Since Last Valuation



Employer Contribution Reconciliation				
Item	Total	Normal Cost	Amortization	Expenses
FYE 2021 Net Employer Contribution Rate	45.72%	10.07%	34.25%	1.40%
Expected Change due to phase-in	0.77%	0.00%	0.77%	0.00%
Change due to investment loss	0.04%	0.00%	0.04%	0.00%
Change due to contributions more than expected	-0.01%	0.00%	-0.01%	0.00%
Change due to PEPRA new hires	-0.40%	-0.40%	0.00%	0.00%
Change due to liability changes	0.02%	-0.08%	0.10%	0.00%
Change due to effect of payroll on amort / expense	0.57%	0.00%	0.54%	0.03%
Change due to change in assumptions	<u>-0.21%</u>	<u>-0.07%</u>	<u>-0.14%</u>	<u>0.00%</u>
Total change	0.78%	-0.55%	1.30%	0.03%
FYE 2022 Net Employer Contribution Rate	46.50%	9.52%	35.55%	1.43%

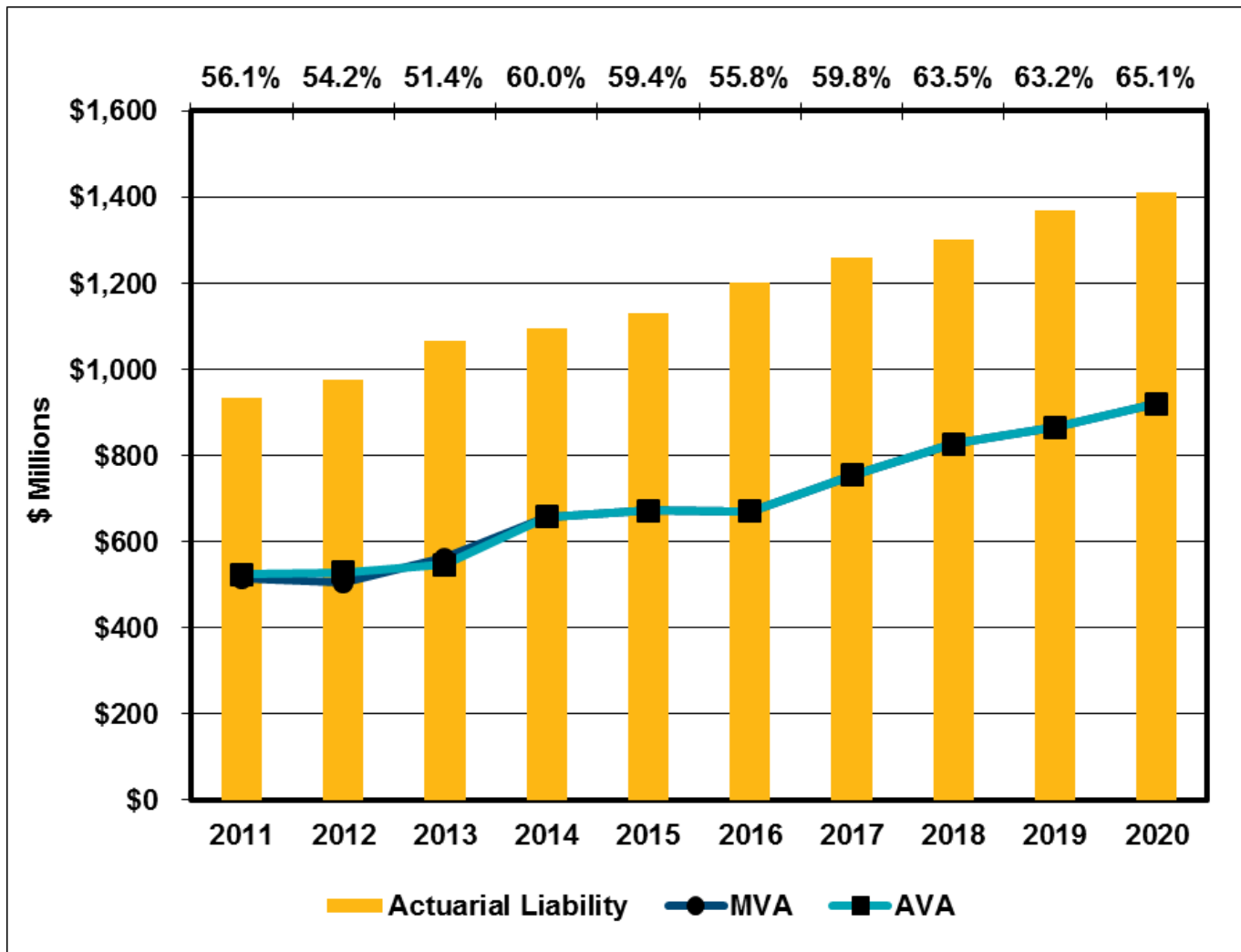
# Changes Since Last Valuation



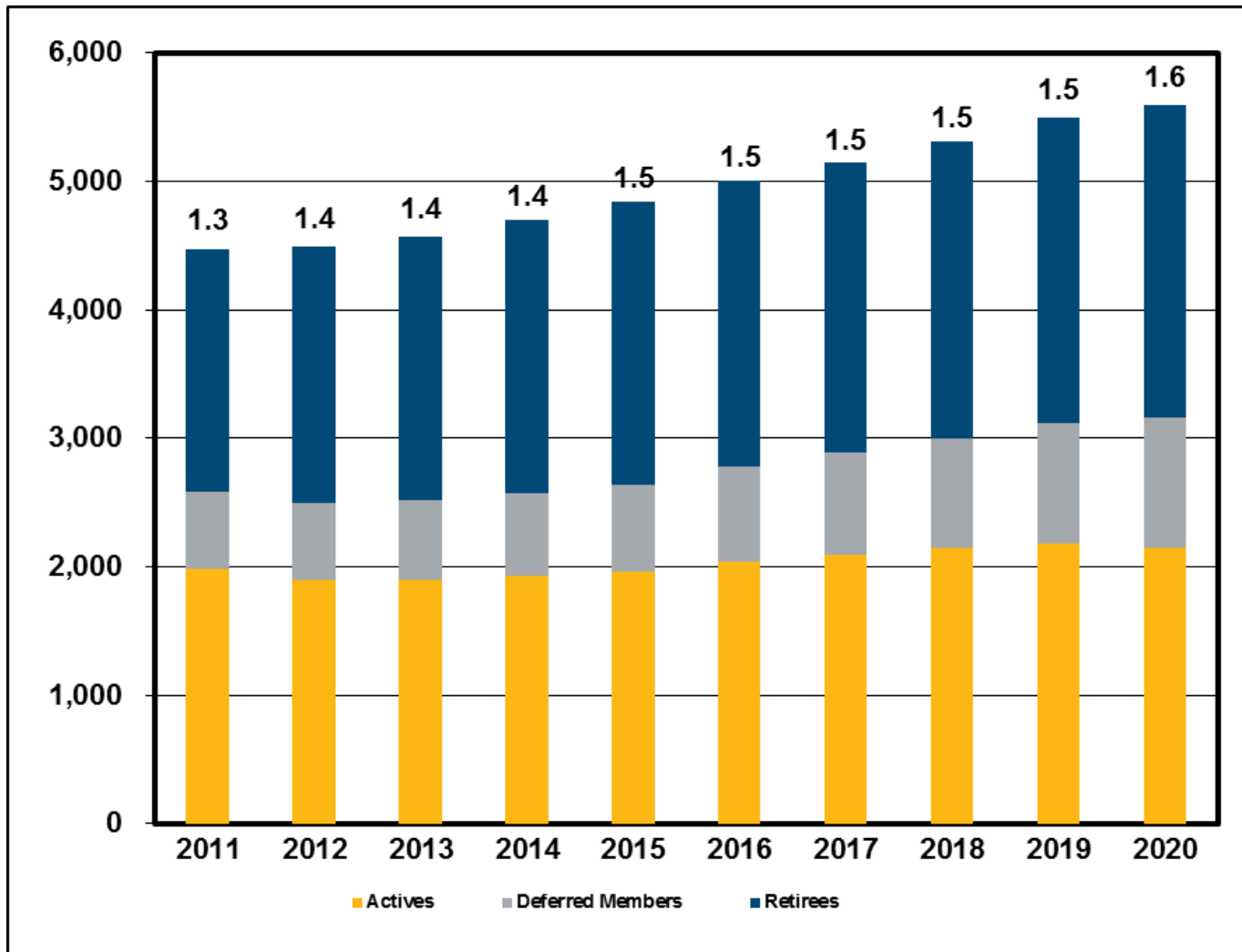
## Change in Unfunded Actuarial Liability

Experience	in millions
Unfunded actuarial liability, 6/30/2019	\$ 503.7
Expected change in unfunded actuarial liability	\$ (15.1)
Unfunded increase due to investment loss	3.3
Unfunded decrease due to contributions more than expected	(0.9)
Unfunded increase due to liability loss	8.9
Unfunded decrease due to assumption changes	(7.7)
Total change in unfunded actuarial liability	(11.4)
Unfunded actuarial liability, 6/30/2020	\$ 492.3

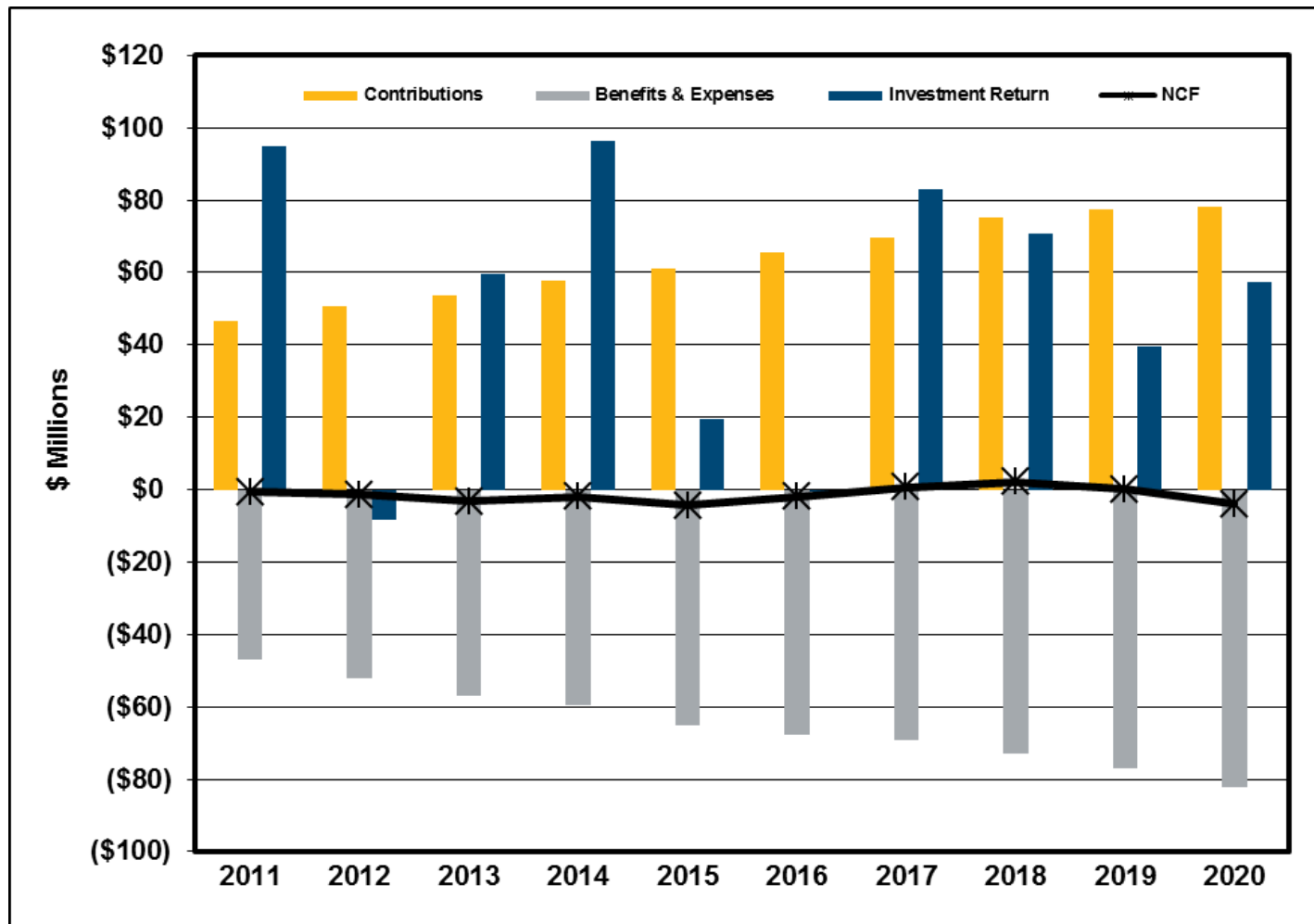
# Historical Review



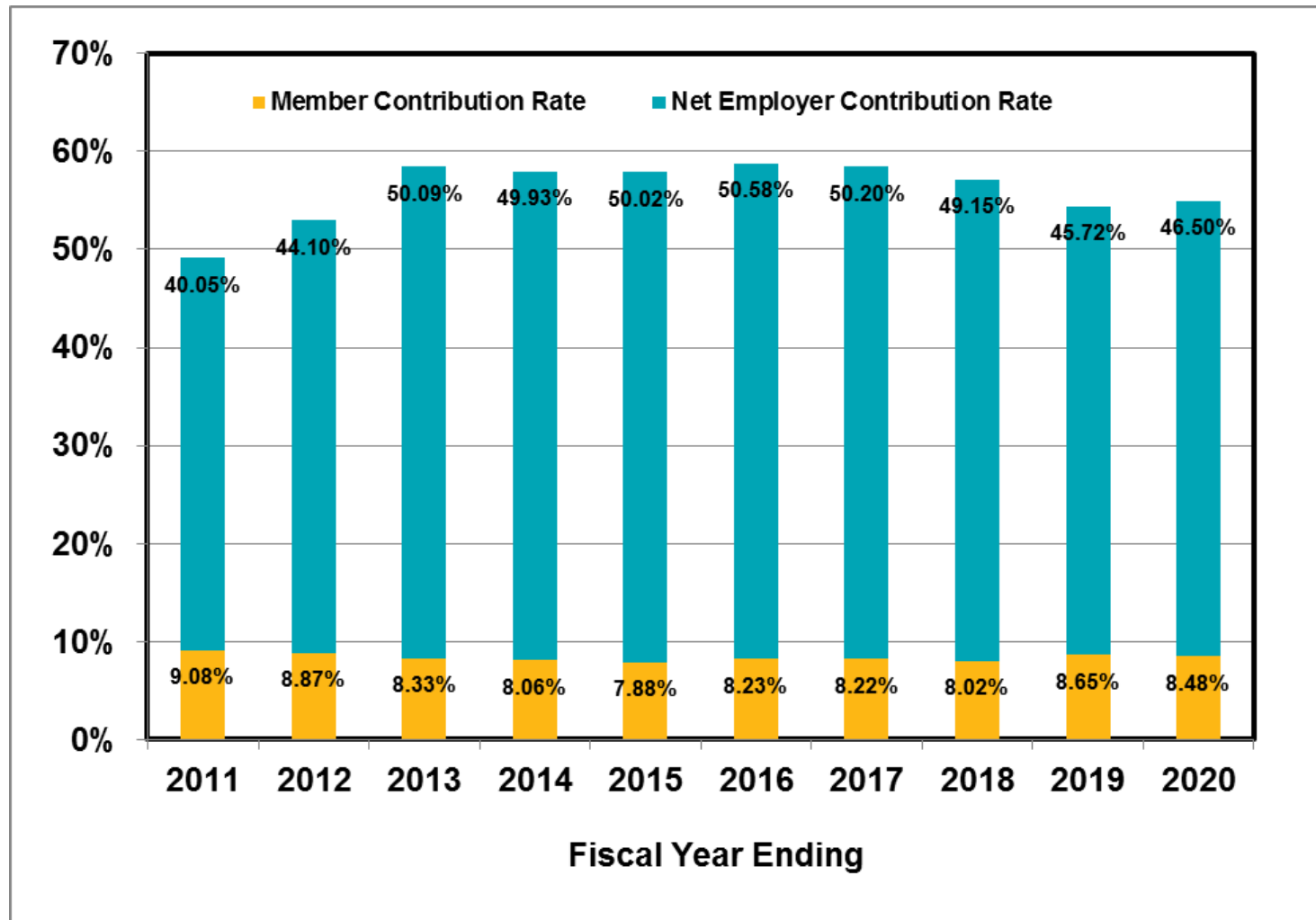
# Historical Review



# Historical Review



# Historical Review





# A Look Ahead



## Stress Testing

P-scan

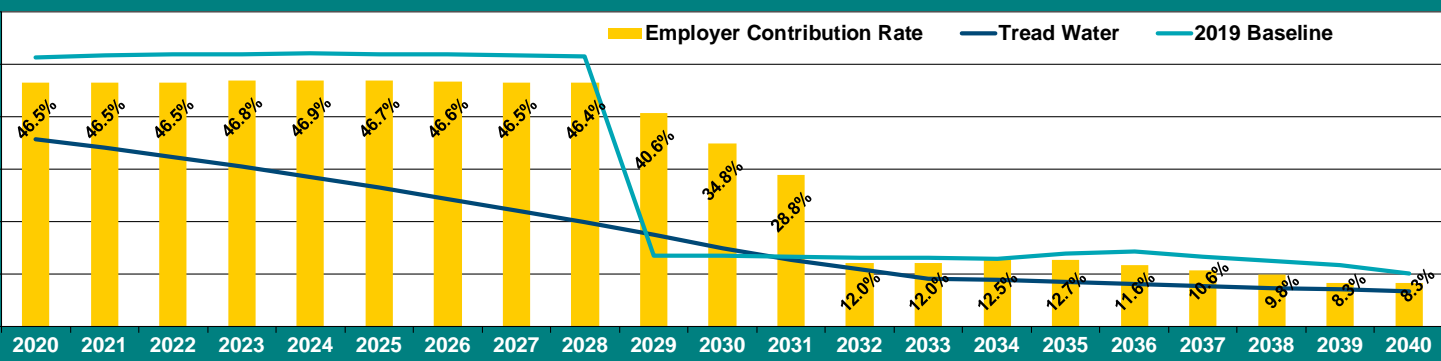
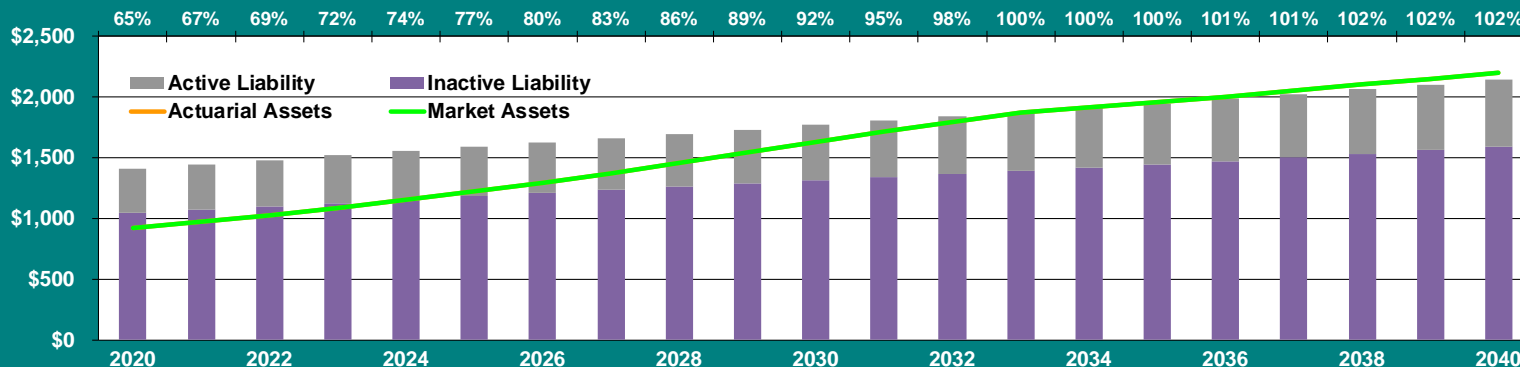
### Scenarios

Baseline

2000

DRS Smoothing Period	5
Future Amort Period	20

2020	7.00%
2021	7.00%
2022	7.00%
2023	7.00%
2024	7.00%
2025	7.00%
2026	7.00%
2027	7.00%
2028	7.00%
2029	7.00%
2030	7.00%
2031	7.00%
2032	7.00%
2033	7.00%
2034	7.00%
2035	7.00%
2036	7.00%
2037	7.00%
2038	7.00%
2039	7.00%
Avg	7.00%





- Finalize Actuarial Valuation results
  - Results shown in this presentation are preliminary (proceeding with peer review)
- Adopt June 30, 2020 Actuarial Valuation and FYE 2022 Contribution Rates

# Appendix – Preliminary ER Rates by Tier



FYE 2022 Net Employer Contribution Rate by Group

County	General					Safety					All
	Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4	Total	Total
1. Total Normal Cost Rate	25.76%	19.57%	15.76%	13.41%	16.78%	32.04%	23.38%	23.14%	20.64%	22.54%	17.74%
2. Member Contribution Rate <sup>1</sup>	<u>11.81%</u>	<u>9.10%</u>	<u>6.37%</u>	<u>6.70%</u>	<u>7.97%</u>	<u>10.22%</u>	<u>8.84%</u>	<u>8.52%</u>	<u>10.32%</u>	<u>9.49%</u>	<u>8.22%</u>
3. Employer Normal Cost Rate (1-2)	13.95%	10.47%	9.39%	6.71%	8.81%	21.82%	14.54%	14.62%	10.32%	13.05%	9.52%
4. UAL Amortization Rate	33.82%	33.82%	33.82%	33.82%	33.82%	44.06%	44.06%	44.06%	44.06%	44.06%	35.55%
5. Administrative Expense Rate	<u>1.51%</u>	<u>1.40%</u>	<u>1.37%</u>	<u>1.28%</u>	<u>1.35%</u>	<u>2.09%</u>	<u>1.86%</u>	<u>1.86%</u>	<u>1.72%</u>	<u>1.81%</u>	<u>1.43%</u>
<b>6. Net Employer Contribution Rate (3+4+5)</b>	<b>49.28%</b>	<b>45.69%</b>	<b>44.58%</b>	<b>41.81%</b>	<b>43.98%</b>	<b>67.97%</b>	<b>60.46%</b>	<b>60.54%</b>	<b>56.10%</b>	<b>58.92%</b>	<b>46.50%</b>

<sup>1</sup> Not including member's share of administrative expenses.

# Required Disclosures



The purpose of this presentation is to present the preliminary results of the annual actuarial valuation and experience study of the Merced County Employees' Retirement Association. These results are still under peer review and are subject to change once the review process is completed. This presentation is for the use of the Merced County Employees' Retirement Board in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Merced County Employees' Retirement Association. This information includes, but is not limited to, the 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.

This presentation 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 presentation. This presentation does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the Merced County Employees' Retirement Board for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

The actuarial assumptions, data and methods are those that will be used in the preparation of the actuarial valuation report as of July 1, 2020.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. Cheiron uses internally developed models to project contributions and funded status.

Future results may differ significantly from the current results presented in this presentation 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

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

Anne Harper, FSA, MAAA, EA  
Principal Consulting Actuary



**Merced County Employees' Retirement Association (MercedCERA)  
RETIREMENT BOARD AGENDA ITEM**

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**DATE:** December 10, 2020

**TO:** MercedCERA Board of Retirement

**FROM:** Mark Harman, Fiscal Manager

**SUBJECT:** Interest Crediting Rates for December 2020

**ITEM NUMBER: 3**

**ITEM TYPE: Action**

**STAFF RECOMMENDATION:**

1. Adopt the proposed interest credit rates of 1.1723% annual rate, compounded semiannually, to be credited to the active reserves balances and a 7.0% annual rate, compounded semiannually, to retiree and employer reserves balances.

**DISCUSSION:** Pursuant to the Interest Crediting Policy adopted by the MercedCERA Retirement Board on September 14, 2017 and in accordance with Section 31591 of the County Employees' Retirement Law of 1937, the Retirement Board shall determine a rate of interest to be credited on December 31<sup>st</sup> to all contributions in the retirement fund which have been on deposit for six months immediately prior to that date.

Active Member Reserves shall be credited first. The policy provides a range of 0% to 7.00% (the actuarial rate of return originally adopted December 2019). The policy provides guidance for establishing the amount to be credited by using the Bank of America Merrill Lynch Six Month Treasury Bill index. For the rolling twelve-month period ended November 30, 2020, the index return was 1.1723% as reported to MercedCERA by Meketa. This rate will be compounded semiannually for the purpose of interest crediting.

Employer and Retiree Reserves shall be credited at the actuarial discount rate. This rate will be compounded semiannually for the purpose of interest crediting. MercedCERA will only credit interest to the extent that there is a current fiscal year net investment revenue or any balance in the Interest Fluctuation Reserve.

The estimated net investment income through December 31, 2020 is as follows:

Balance in Interest Fluctuation Reserve as of July 01, 2020	\$ 116,239,195.72
Total Estimated Investment Gain as of December 31, 2020*	20,824,978.20
Total Estimated Expenses as of December 31, 2020*	(1,088,917.13)
Total Estimated Available for Interest Crediting	135,975,256.79
Proposed Interest Crediting to all reserves on December 31, 2020	(19,803,307.82)
Estimated Balance in Interest Fluctuation Reserve as of December 31, 2020	\$ 116,171,948.97

*\*Investment gains and expenses are based on a blend of actuals and best estimates and may vary greatly between now and the final accounting for transactions occurring during the months of November and December.*

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Refer To File # 501661-0004

December 4, 2020

Clerk of the Court  
Court of Appeal  
Second Appellate District, Division 3  
300 S. Spring Street  
Los Angeles, CA 90013

**Re: REQUEST FOR PUBLICATION; *Marquez v. LACERA*, Second District Court of Appeal Case No. B295673 (“*Marquez*”) (Disability Retirement)**

Dear Presiding Justice Lavin and Associate Justices Egerton and Dhanidina:

Pursuant to rule 8.1120 of the California Rules of Court, we submit this request for publication on behalf of the Marin County Employees’ Retirement Association (“MarinCERA”) and the Merced County Employees’ Retirement Association (“MercedCERA”). MarinCERA and MercedCERA Retirement Systems are among the twenty county retirement systems in California that are governed by the County Employees Retirement Law of 1937 (“CERL”). The above-reference unpublished opinion, *Marquez*, analyzes provisions of CERL that MarinCERA and MercedCERA have the legal responsibility to implement on a regular basis. MarinCERA and MercedCERA have a strong interest in having *Marquez* published because it clearly explains standards applicable to disability retirement determinations under CERL that MarinCERA and MercedCERA must regularly implement.

MarinCERA and MercedCERA submits that *Marquez* meets the standards to be certified for publication in California Rules of Court Rule 8.1105(c) for, among others, the following reasons.

First, *Marquez* involves a legal issue of continuing public interest regarding the proper manner in which to analyze claims for service-connected disability retirement when those claims do not arise out of, and were not suffered in the course of, an individual’s performance of usual job duties. At an administrative level, this topic arises with some regularity, but there is little case law that is on point regarding the topic.

Second, *Marquez* applies an existing rule of law to a set of facts that are significantly different from those stated in published opinions such as the case on which the trial court relied and this Division 3 distinguished, *Maher v. Workers’ Comp. Appeals Bd.* (1983) 33 Cal.3d 729 (“*Maher*”). However, similar facts to *Marquez* will likely arise again for other public retirement systems in California, such as MarinCERA and MercedCERA, that have a constitutional, and statutory, obligation to interpret in the first instance and apply such statutes, and such

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interpretations must consistent with judicial precedent. *Cal. Const.*, art. XVI, sec. 17(b); *Alameda County Deputy Sheriffs' Assoc., et al. v. Alameda County Employees' Retirement Assoc., et al. (State of California)* (2020) 9 Cal.5th 1032, 1067 (“it is the judiciary, not individual retirement boards, that has the ‘final responsibility’ for the interpretation of the Legislature’s terms. [Citation omitted.] For that reason, although county retirement boards have the authority to interpret CERL’s provisions as necessary to perform their administrative functions, they have no authority to adopt or act on an interpretation that is inconsistent with those provisions.”).

Finally, the publication of *Marquez* is important to the administration of CERL by county retirement systems because it explains a rule of law that permits it to be applied more uniformly by all CERL systems.

For the foregoing reasons, MarinCERA and MercedCERA respectfully requests that the court publish its *Marquez* opinion.

Respectfully submitted  
ASHLEY K. DUNNING County  
JENNIFER L. MEEKER  
NOSSAMAN LLP

By: \_\_\_\_\_  
Ashley K. Dunning  
Nossaman LLP  
Attorneys for Marin County Employees’  
Retirement Association and Merced  
County Employees’ Retirement  
Association

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION NO. 2020-

Trustee Service Appreciation Mr. Jason Goins

WHEREAS, Mr. Jason Goins served as a Trustee of the Merced County Employees' Retirement Association (MercedCERA) from February 15, 2017 through December 31, 2020; and

WHEREAS, Mr. Jason Goins contributed to the success of MercedCERA by lending his leadership skills and fiduciary expertise to the issues before MercedCERA; and

WHEREAS, Mr. Jason Goins displayed commitment and worked for the interests of all members of MercedCERA throughout his tenure on the Board of Retirement by acting as the Elected Safety Representative and actively participating in Board of Retirement business; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Retirement and Staff expresses their sincere appreciation for Mr. Goins' dedicated service to the members of Merced County Employee's Retirement Association and to the citizens of Merced County.

Ayes:

Noes:

Abstain:

Absent:

Scott Johnston, Vice Chair

Alfonse Peterson, Secretary

I hereby certify that on the 10th day of December 2020, the Retirement Board of the Merced County Employees' Retirement Association made and adopted this Resolution.

Kristen Santos, Plan Administrator



# MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## RESOLUTION NO. 2020-

### Trustee Service Appreciation **Mr. Michael Rhodes**

**WHEREAS**, Mr. Michael Rhodes served as a Trustee of the Merced County Employees' Retirement Association (MercedCERA) in two capacities as the Retiree and Elected General Member from July 7, 2009 through December 31, 2020; and

**WHEREAS**, Mr. Michael Rhodes contributed to the success of MercedCERA by lending his financial and budgeting expertise to the issues before MercedCERA; and

**WHEREAS**, Mr. Michael Rhodes displayed commitment and worked for the interests of all members of MercedCERA throughout his tenure on the Board of Retirement by acting as a Trustee for many years and actively participating in Board of Retirement business; and

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Retirement and Staff expresses their sincere appreciation for Mr. Rhodes' dedicated service to the members of Merced County Employee's Retirement Association and to the citizens of Merced County.

Ayes:

Noes:

Abstain:

Absent:

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Scott Johnston, Vice Chair

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Alfonse Peterson, Secretary

I hereby certify that on the 10th day of December 2020, the Board of Retirement of the Merced County Employees' Retirement Association made and adopted this Resolution.

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Kristen Santos, Plan Administrator