



Merced County Employees' Retirement Association

**AGENDA
RETIREMENT BOARD MEETING**

Thursday, April 27, 2023, 8:30 A.M.

Location: Merced County Administration Building
2222 M Street, Merced, CA
Los Banos and Livingston Conference Rooms, Basement
Zoom Conference Information:

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTIsK2JGWE83TVFydz09>

Dial In Number: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484

(For use only if Zoom Connection Malfunctions)

Telephone Number: 1-310-372-7549, Conference Code: 975839

1. Call to Order- 8:30 A.M.

The Retirement Board may discuss and take action on the following:

2. Roll Call

3. Teleconference Request

Trustee Teleconference Request (Govt. Code §54953(f)(2)(A)(i)).

4. Approval of Minutes – March 23, 2023.

5. Public Comment

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

6. 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 Open Session as appropriate:

a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

<u>Name</u>	<u>Effective Date</u>
Stacey Harr	03/17/2023
Regina Lingenfelter	03/26/2023
Marsha Larson	03/31/2023
Carla De La Fuente	04/01/2023
Samuel Douthit	04/01/2023
Alicia Dicochea	04/01/2023
Lawsoua Lor	04/05/2023
Wendy Alvares	04/24/2023
Sandra Pacheco	03/30/2023
Karen Schoettler	04/22/2023

b. Monthly and Quarterly Budget Reports Submitted.

c. Approve the actuarial audit of MercedCERA's annual valuation as of 06/30/2022 and the experience study as of 06/30/2022 by Segal.

d. Approval of the recommended slate of candidates and business packet for SACRS Spring Conference.



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- e. Legislative review from SACRS.
- f. Monthly investment performance report by Meketa Group.

7. Closed Session

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1:

- a. Public Employee Appointment (Govt. Code § 54957).
Agency designated representative: Plan Administrator, Kristie Santos.
Title: Chief Investment Officer.
- b. Conference with Labor Negotiators (Govt. Code § 54957.6).
Agency designated representatives: Committee composed of Trustees Brown, Johnston, and Paskin.
Unrepresented employee: Plan Administrator.
- c. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of section 54956.9: (One case).
- d. Discussion and possible action regarding investments (Govt. Code § 54956.81) in recommended funds by Cliffwater LLC.

8. Report Out of Closed Session

9. Open Session

- a. Discussion and possible approval to increase the Chief Investment Officer's Classification salary band as proposed and adopt the draft Resolution – Staff.
- b. Approve and authorize the Board Chair to execute an amendment to the Plan Administrator's employment contract increasing the Plan Administrator's annual salary by 7% and an additional 7% effective July 1, 2024 – Chair.
- c. Discussion on Government Code section 31680.15 and notification to elected officials – Staff.

10. Information Sharing & Agenda Item Requests

11. Adjournment

The Agenda and supporting documentation, including any material that was submitted to the Merced County Employees' Retirement Association Board after the distribution of the Agenda, are available online at www.mercedcera.com.

All supporting documentation for Agenda items, including any material that was submitted to the retirement board after the distribution of the Agenda, is also available for public inspection Monday through Friday from 8:00 a.m. to 5:00 p.m. at the administrative office for the Merced County Employees' Retirement Association located at 3199 M Street, Merced, California 95348.

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 Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees' Association, 3199 M Street, Merced, CA 95348 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.



Merced County Employees' Retirement Association

Persons who require accommodation for any audio, visual or other disability or Spanish or Hmong interpretation in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation. Please address your written request to Merced County Employees' Association, 3199 M Street, Merced, CA 95348 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.

Spanish and Hmong interpreters are available.

Interpretes de espanol y hmong estan disponibles.

Peb muaj tug paab txhais lug Mev hab Hmoob.



Merced County Employees' Retirement Association

**AGENDA
RETIREMENT BOARD MEETING MINUTES**

Thursday, March 23, 2023, 8:30 A.M.

Location: Merced County Administration Building
2222 M Street, Merced, CA
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Telephone Number: 1-310-372-7549, Conference Code: 975839

1. Call to Order- 8:30 A.M.

The Retirement Board may discuss and take action on the following:

2. Roll Call

Board Members Present: Scott Johnston, Corrina Brown, Scott Silveira, Karen Adams, Janey Cabral and Ryan Paskin. Absent: Mike Harris, Aaron Rosenberg, Dave Ness, and Alfonse Peterson. Counsel: Jeff Grant (Left 11:08 A.M.). Staff: Kristie Santos, Martha Sanchez Barboa, Brenda Mojica, Sheri Villagrana, Monica Gallegos, Kenter Ludlow.

Teleconference Request

Trustee Teleconference Request (Govt. Code §54953(f)(2)(A)(i)).

No requests made or action taken.

3. Approval of Minutes

Motion to approve the minutes from February 23, 2023:

1st - Silveira/ 2nd – Cabral, passes (6-0)

4. Public Comment

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

No public comment.

5. 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 Open Session as appropriate:

a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

Name	Effective Date
Dolores Mejia	02/21/2023
Lisa Maples	02/25/2023
Aaron McKnight	02/6/2023
Dartine Solis	02/25/2023
Karen Souza	02/25/2023
Katherine Souza	03/04/2023
Sharon Wardale-Trejo	03/11/2023



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Victoria Garcia	02/25/2023
Flora Sandhaus	03/11/2023
Terri Hankston	03/03/2023

- b. Monthly Budget Report Submitted.
- c. Approval of non-pensionable pay codes BRN and RTI-RETN INCNTV for the Merced Superior Court.

Motion to approve the consent agenda as presented:

1st - Johnston/ 2nd – Adams, passes (6-0)

6. Closed Session

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1:

- a. Conference with Labor Negotiators (Govt. Code § 54957.6).
Agency designated representatives: Committee composed of Trustee Brown, Trustee Johnston and Trustee Paskin.
Unrepresented employee: Plan Administrator.
Counsel given direction.
- b. Public Employee Appointment and Conference with Labor Negotiators (Govt. Code §§ 54957, 54957.6).
Agency designated representatives: Plan Administrator, Kristie Santos.
Unrepresented employee: Chief Investment Officer.
Staff given direction.
- c. Conference with Legal Counsel – Anticipated Litigation.
Initiation of litigation pursuant to Government Code section 54956.9, subdivision (d)(4): One case.
Staff and Counsel given direction.
- d. Discussion and possible action regarding investments (Govt. Code § 54956.81) in recommended funds by Cliffwater LLC.

Motion to approve the investments as recommended by Cliffwater as presented:

1st - Johnston/ 2nd – Silveira, passes (6-0)

- **A commitment of up to \$8 million to EnCap Energy Capital Fund XII, L.P., a private energy partnership focused on investments related to investing in upstream oil and gas energy assets, subject to satisfactory legal negotiations.**
- **A commitment of up to \$15 million to Hudson Bay Capital, L.P., a multi-strategy hedge fund partnership focused on investments in five categories, subject to satisfactory legal negotiations.**

- e. Disability Retirement Applications: Personnel exceptions (Govt. Code § 54957, 31532; Cal Const. art I § 1).

1. Initial Disability Application Recommendation – Jeib Thianpimmai

Motion to deny a non-service connected disability and deny a service connected disability with prejudice:

1st - Johnston/ 2nd – Brown, passes (6-0)



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7. Open Session

- a. Discussion and possible action to approve the “check in” on the strategic plan with any adjustments made by the Board of Retirement – Staff.

Motion to approve the check in on the strategic goals and approve the following positions, authorizing the Plan Administrator to work with the County of Merced:

- Deputy Plan Administrator
- One Support Staff Analyst I/II
- One Accountant I/II/III
- Reclassify the vacant Office Assistant III to one Support Staff Analyst I/II

1st – Adams/ 2nd – Johnston, passes (6-0)

- b. Discussion and possible action to proceed with requesting bids for new headquarters building construction– Staff.

The MercedCERA Board voted unanimously to approve the draft plans and estimated budget of \$8.33 million for the new headquarter building.

1st – Silveira/ 2nd – Adams, passes (6-0)

- c. Discussion and possible action to approve the updated Reinstatement Policy – Staff.

The Board voted unanimously to approve the Return to Work Policy as presented.

1st – Adams/ 2nd – Cabral, passes (6-0)

- d. Discussion on MercedCERA’s alternative quarterly performance with possible action on any fund or manager – Cliffwater, LLC.

No action taken.

8. Information Sharing & Agenda Item Requests

None.

9. Adjournment at 11:18 A.M.

Accepted By,

Trustee Name/Position	Signature	Date
Ryan Paskin/Chair		
Al Peterson/Secretary		

Merced County Employees' Retirement Association
 Non-Administrative Expenditures Report (Preliminary)
 For the Month Ended March 31, 2023

Non-Administrative Expenses	Original Projection	Current Projection	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
21800 · Investment Expenses	3,160,000.00	3,160,000.00	132,321.84	1,468,815.27	1,691,184.73	46%
01/26/2023 Mellon LC SIF - 2022-Q4 Mgt Fees			13,216.99			
02/28/2023 Acadian Ex US SCF - 2022-Q4 Mgt Fees			25,776.00			
02/28/2023 Wellington CBF - 2022-Q4 Mgt Fees			11,025.56			
03/07/2023 Golden Valley Engineering - Prof Svcs thru 2023-02-18			9,040.00			
03/10/2023 Cliffwater - 2023-02 Consulting Svcs			33,333.33			
03/17/2023 Golden Valley Engineering - Prof Svcs thru 2023-03-04			14,260.00			
03/31/2023 Golden Valley Engineering - Prof Svcs thru 2023-03-18			6,820.00			
03/31/2023 Brandywine USFIF 2022-Q4 Mgt Fees			8,742.08			
03/31/2023 SSgA RAS 2022-Q4 Mgt Fees			10,107.88			
Total 21800 · Investment Expenses			132,321.84			
21802 · Actuarial Services	250,000.00	250,000.00	-	103,732.25	146,267.75	41%
Total 21802 · Actuarial Services			-			
21812 · Data Processing	90,000.00	90,000.00	4,834.89	44,686.07	45,313.93	50%
03/22/2023 2023-02 IS Billing			4,239.19			
03/22/2023 Comcast - 2023-03 Svcs			325.70			
03/22/2023 2023-02 Cradlepoint Chgs			270.00			
Total 21812 · Data Processing			4,834.89			
21834 · Legal Services	365,000.00	365,000.00	30,784.12	162,256.62	202,743.38	44%
03/10/2023 2023-03 Cost Allocation - County Counsel			3,416.25			
03/13/2023 Nossaman - 2023-01 Legal Svcs			510.40			
03/13/2023 Nossaman - 2023-01 Legal Svcs			12,141.00			
03/13/2023 Nossaman - 2023-01 Legal Svcs			191.40			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			26.97			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			5,143.00			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			30.00			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			1,627.00			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			1,447.50			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			1,408.50			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			1,139.50			
03/16/2023 Ted Cabral - 2023-01 Legal Svcs			2,448.00			
03/22/2023 Hanson Bridgett - 2023-02 Legal Svcs			1,254.60			
Total 21834 · Legal Services			30,784.12			

Merced County Employees' Retirement Association
 Non-Administrative Expenditures Report (Preliminary)
 For the Month Ended March 31, 2023

Non-Administrative Expenses	Original Projection	Current Projection	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
21840 · Custodial Banking Services	140,000.00	140,000.00	1,132.44	61,240.57	78,759.43	44%
03/03/2023 2023-02 NT STIF Custodial Fee			777.44			
03/17/2023 2022-12 Wire Fees			165.00			
03/17/2023 2023-01 Wire Fees			165.00			
03/30/2023 BNY Mellon - Wire Return Fee			25.00			
Total 21840 · Custodial Banking Services			<u>1,132.44</u>			
22350 · Software and Technology	400,000.00	400,000.00	20,018.50	365,497.04	34,502.96	91%
03/07/2023 CDWG - Laptop Cases			173.16			
03/10/2023 LexisNexis - 2023-02 Accurint & Batch Svcs			757.48			
03/16/2023 PensionX - 2023-04 SLA			900.00			
03/22/2023 CPAS - 2023-04 Hosting			6,107.00			
03/27/2023 Confidential			11,193.00			
03/28/2023 2022-02 Stores Billing - Tech			887.86			
Total 22350 · Software and Technology			<u>20,018.50</u>			
Depreciation Expense	250,000.00	250,000.00	-	-	250,000.00	
Total Non-Administrative Items	<u>4,655,000.00</u>	<u>4,655,000.00</u>	<u>189,091.79</u>	<u>2,206,227.82</u>	<u>2,448,772.18</u>	47%

Merced County Employees' Retirement Association
Non-Administrative Expenses Prev Year Comparison (Preliminary)
3/31/2023

Expense	<u>March 2023</u>	<u>March 2022</u>	<u>\$ Change</u>	<u>% Change</u>
62025 · Non-Administrative Expenses				
21800 · Investment Expenses	\$ 132,321.84	\$ 153,505.28	\$ (21,183.44)	-13.80%
21802 · Actuarial Services	-	-	-	0.00%
21812 · Data Processing	4,834.89	9,520.61	(4,685.72)	-49.22%
21834 · Legal Services	30,784.12	31,631.61	(847.49)	-2.68%
21840 · Custodial Banking Services	1,132.44	26,217.73	(25,085.29)	-95.68%
22350 · Software and Technology	20,018.50	9,516.37	10,502.13	110.36%
Total 62025 · Non-Administrative Expenses	<u>\$ 189,091.79</u>	<u>\$ 230,391.60</u>	<u>\$ (41,299.81)</u>	-17.93%

Merced County Employees' Retirement Association
 Capital Asset Expenditures Report (Preliminary)
 For the Month Ended March 31, 2023

Capital Assets Expenditures	Adopted	Current Budget	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
81386 - Cubicle Expansion	27,384.43	27,384.43	-	27,304.24	80.19	100%
Total 81386 - Cubicle Expansion			-			
Total Capital Assets Expenditures	<u>27,384.43</u>	<u>27,384.43</u>	-	<u>27,304.24</u>	<u>80.19</u>	<u>100%</u>

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended March 31, 2023

Administrative Budget		Adopted	Current Budget	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
10110 · Salaries & Wages		1,800,000.00	1,800,000.00	174,889.20	1,067,994.84	732,005.16	59%
03/01/2023	December 2022 PARS			8.46			
03/03/2023	Office Payroll 2023 PP 05			57,823.89			
03/17/2023	Office Payroll 2023 PP 06			55,162.87			
03/31/2023	Office Payroll 2023 PP 07			61,893.98			
Total 10110 · Salaries & Wages				174,889.20			
20600 · Communications		7,100.00	7,100.00	633.46	4,452.59	2,647.41	63%
03/10/2023	AT&T - 2023-02 CALNET			151.68			
03/22/2023	2023-02 iPhone Chgs			245.00			
03/22/2023	2023-02 Comm Chgs			236.78			
Total 20600 · Communications				633.46			
20900 · Household Expense		14,750.00	14,750.00	1,400.00	10,339.34	4,410.66	70%
03/22/2023	Geil Enterprises - 2023-03 Custodial Svcs			900.00			
03/22/2023	Cyclone Pressure Washing - Cleaning Svcs			500.00			
Total 20900 · Household Expense				1,400.00			
21000 · Insurance - Other		100,000.00	100,000.00	-	99,177.00	823.00	99%
Total 21000 · Insurance - Other				-			
21301 · Maintenance Structure Improvement		15,000.00	15,000.00	923.22	10,585.92	4,414.08	71%
03/17/2023	2023-01 DPW Chgs			563.22			
03/31/2023	Yard Masters - 2023-03 Landscape Maint			360.00			
Total 21301 · Maintenance Structure Improvement				923.22			
21500 · Membership		7,500.00	7,500.00	900.00	7,110.00	390.00	95%
03/06/2023	NCPERS - 2023 Annual Conference & Exhibition Registration			900.00			
Total 21500 · Membership				900.00			
21700 · Office Expense - General		18,000.00	18,000.00	2,908.52	13,875.26	4,124.74	77%
03/07/2023	Staff Business Cards Reimb			565.14			
03/28/2023	2022-02 Stores Billing			2,343.38			
Total 21700 · Office Expense - General				2,908.52			
21710 · Office Expense - Postage		18,000.00	18,000.00	1,374.43	13,479.06	4,520.94	75%
03/22/2023	2023-02 Mailroom Chgs			1,374.43			
Total 21710 · Office Expense - Postage				1,374.43			

Merced County Employees' Retirement Association
 Administrative Expenditures Report (Preliminary)
 For the Month Ended March 31, 2023

Administrative Budget		Adopted	Current Budget	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
21805 · Audits		90,000.00	90,000.00	-	47,107.50	42,892.50	52%
Total 21805 · Audits				-			
21808 · Board Membership		18,000.00	18,000.00	500.00	6,100.00	11,900.00	34%
03/06/2023	2023-01 Bd Mtg			100.00			
03/06/2023	2023-01 Bd Mtg			100.00			
03/06/2023	2023-01 Bd Mtg			100.00			
03/06/2023	2023-01 Bd Mtg			100.00			
03/06/2023	2023-01 Bd Mtg			100.00			
Total 21808 · Board Membership				500.00			
21811 · Court Reporters		2,000.00	2,000.00	-	-	2,000.00	0%
Total 21811 · Court Reporters				-			
21872 · Investigations		1,000.00	1,000.00	-	-	1,000.00	0%
Total 21872 · Investigations				-			
21900 · Publications & Legal Notices		4,750.00	4,750.00	-	3,762.62	987.38	79%
Total 21900 · Publications & Legal Notices				-			
22300 · Spec Dept Exp - Other		500.00	500.00	-	326.48	173.52	65%
Total 22300 · Spec Dept Exp - Other				-			
22310 · Election Expense		20,000.00	20,000.00	-	8,512.41	11,487.59	43%
Total 22310 · Election Expense				-			
22327 · Spec Dept Exp - Cost Allocation		40,450.00	40,450.00	3,367.00	30,303.00	10,147.00	75%
03/10/2023	2023-03 Cost Allocation			3,367.00			
Total 22327 · Spec Dept Exp - Cost Allocation				3,367.00			

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended March 31, 2023

Administrative Budget	Adopted	Current Budget	Expended 03/2023	Expended YTD	Bal Remaining	% Exp YTD
22500 · Transportation & Travel	400.00	400.00	15.85	88.86	311.14	22%
03/07/2023 2023-01 & 02 Mail Runs			15.85			
Total 22500 · Transportation & Travel			<u>15.85</u>			
22505 · Trans & Travel - Staff Development	4,000.00	4,000.00	-	1,429.95	2,570.05	36%
Total 22505 · Trans & Travel - Staff Development			<u>-</u>			
22515 · Trans & Travel - In State	35,000.00	35,000.00	1,480.88	26,341.04	8,658.96	75%
03/03/2023 CFA Exam Registration & Travel Reimb			1,330.88			
03/07/2023 CALAPRS - Accountants Roundtable			100.00			
03/10/2023 CALAPRS - Communications Roundtable			50.00			
Total 22515 · Trans & Travel - In State			<u>1,480.88</u>			
22516 · Trans & Travel - Out of State	7,500.00	7,500.00	-	-	7,500.00	0%
Total 22516 · Trans & Travel - Out of State			<u>-</u>			
22600 · Utilities	18,500.00	18,500.00	1,277.83	12,590.71	5,909.29	68%
03/07/2023 PG&E - 2023-02 Svcs			1,277.83			
Total 22600 · Utilities			<u>1,277.83</u>			
Depreciation Expense	25,000.00	25,000.00	-	-	25,000.00	
Total Administrative Budget	<u>2,247,450.00</u>	<u>2,247,450.00</u>	189,670.39	1,363,576.58	883,873.42	61%

Merced County Employees' Retirement Association
Quarterly Expense Report (Preliminary)
For the Fiscal Quarter Ended March 31, 2023

Non-Administrative Projection											
		Current								Remaining	
		Projection	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Q3 Expended	Q3 %	Total Expended	Projected	% Exp
21800	Investment Expenses	\$ 3,160,000.00	\$ 184,349.01	6%	\$ 720,425.80	23%	\$ 564,040.46	18%	\$ 1,468,815.27	\$ 1,691,184.73	46%
21802	Actuarial Services	250,000.00	-	0%	36,086.25	14%	67,646.00	27%	103,732.25	146,267.75	41%
21812	Data Processing	90,000.00	12,272.91	14%	15,901.54	18%	16,511.62	18%	44,686.07	45,313.93	50%
21834	Legal Services	365,000.00	50,423.65	14%	46,726.47	13%	65,106.50	18%	162,256.62	202,743.38	44%
21840	Custodial Banking Services	140,000.00	2,528.79	2%	29,680.69	21%	29,031.09	21%	61,240.57	78,759.43	44%
22350	Software & Technology	400,000.00	195,721.64	49%	131,162.18	33%	38,613.22	10%	365,497.04	34,502.96	91%
	Depreciation Expense	250,000.00	-	0%	-	0%	-	0%	-	250,000.00	0%
Total Non-Administrative Items		\$ 4,655,000.00	\$ 445,296.00	10%	\$ 979,982.93	21%	\$ 780,948.89	17%	\$ 2,206,227.82	\$ 2,448,772.18	47%
Capital Assets Budget											
		Current								Remaining	
		Appropriation	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Q3 Expended	Q3 %	Total Expended	Appropriation	% Exp
81386	Cubicle Expansion	\$ 27,384.43	27,304.24	100%	\$ -	0%	\$ -	0%	\$ 27,304.24	\$ 80.19	100%
Total Capital Assets Budget		\$ 27,384.43	\$ 27,304.24	100%	\$ -	0%	\$ -	0%	\$ 27,304.24	\$ 80.19	100%
Administrative Budget											
		Current								Remaining	
		Appropriation	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Q3 Expended	Q3 %	Total Expended	Appropriation	% Exp
10110	Salaries & Wages	\$ 1,800,000.00	\$ 318,438.36	18%	\$ 349,810.38	19%	\$ 399,746.10	22%	\$ 1,067,994.84	\$ 732,005.16	59%
20600	Communications	7,100.00	1,072.34	15%	1,620.62	23%	1,759.63	25%	4,452.59	2,647.41	63%
20900	Household Expense	14,750.00	3,617.10	25%	2,881.83	20%	3,840.41	26%	10,339.34	4,410.66	70%
21000	Insurance-Other	100,000.00	99,177.00	99%	-	0%	-	0%	99,177.00	823.00	99%
21301	Maintenance Structure Improvement	15,000.00	3,167.41	21%	4,217.50	28%	3,201.01	21%	10,585.92	4,414.08	71%
21500	Membership	7,500.00	4,000.00	53%	1,920.00	26%	1,190.00	16%	7,110.00	390.00	95%
21700	Office Expense-General	18,000.00	7,023.61	39%	3,055.99	17%	3,795.66	21%	13,875.26	4,124.74	77%
21710	Office Expense-Postage	18,000.00	2,603.87	14%	3,852.26	21%	7,022.93	39%	13,479.06	4,520.94	75%
21805	Audits	90,000.00	28,447.50	32%	23,860.00	27%	(5,200.00)	-6%	47,107.50	42,892.50	52%
21808	Board Membership	18,000.00	1,800.00	10%	3,300.00	18%	1,000.00	6%	6,100.00	11,900.00	34%
21811	Court Reporters	2,000.00	-	0%	-	0%	-	0%	-	2,000.00	0%
21872	Investigations	1,000.00	-	0%	-	0%	-	0%	-	1,000.00	0%
21900	Publications & Legal Notices	4,750.00	3,762.62	79%	-	0%	-	0%	3,762.62	987.38	79%
22300	Spec Dept Expense-Other	500.00	-	0%	6.87	1%	319.61	64%	326.48	173.52	65%
22310	Election Expense	20,000.00	-	0%	8,512.41	43%	-	0%	8,512.41	11,487.59	43%
22327	Spec Dept Exp-Cost Allocation	40,450.00	10,101.00	25%	10,101.00	25%	10,101.00	25%	30,303.00	10,147.00	75%
22500	Transportation & Travel	400.00	28.50	7%	17.88	4%	42.48	11%	88.86	311.14	22%
22505	Trans & Travel-Staff Development	4,000.00	-	0%	1,429.95	36%	-	0%	1,429.95	2,570.05	36%
22515	Trans & Travel-In State	35,000.00	12,863.63	37%	8,046.53	23%	5,430.88	16%	26,341.04	8,658.96	75%
22516	Trans & Travel-Out Of State	7,500.00	-	0%	-	0%	-	0%	-	7,500.00	0%
22600	Utilities	18,500.00	3,849.46	21%	5,669.89	31%	3,071.36	17%	12,590.71	5,909.29	68%
	Depreciation Expense	25,000.00	-	0%	-	0%	-	0%	-	25,000.00	0%
Total Administrative Budget		\$ 2,247,450.00	\$ 499,952.40	22%	\$ 428,303.11	19%	\$ 435,321.07	19%	\$ 1,363,576.58	\$ 883,873.42	61%
Total MercedCERA		\$ 6,929,834.43	\$ 972,552.64	14%	\$ 1,408,286.04	20%	\$ 1,216,269.96	18%	\$ 3,597,108.64	\$ 3,332,725.79	52%

Merced County Employees' Retirement Association
Non-Admin Expenses Prev Year Comparison (Preliminary)
For the Quarter Ended March 31, 2023

	Jan - Mar 23	Jan - Mar 22	\$ Change	% Change
Expense				
62025 · Non-Administrative Expenses				
21800 · Investment Expenses				
IED0003 Mellon LC SIF	13,216.99	11,547.44	1,669.55	14.46%
IED0004 Mellon Dynamic	35,684.73	107,741.97	(72,057.24)	-66.88%
IEE0006 Acadian Ex US SCF	25,776.00	32,339.00	(6,563.00)	-20.29%
IEE0007 Driehaus ISCG	25,436.00	34,521.00	(9,085.00)	-26.32%
IEF0001 Barrow Hanley	-	57,208.00	(57,208.00)	-100.00%
IEF0008 Wellington CBF	11,025.56	-	11,025.56	100.00%
IEF0009 Brandywine USFIF	8,742.08	-	8,742.08	100.00%
IEP0001 SSgA RAS	10,107.88	19,286.56	(9,178.68)	-47.59%
IER0001 UBS Realty Investors	62,799.89	71,699.56	(8,899.67)	-12.41%
IER0006 Taconic CRE II	37,808.22	37,808.22	-	0.00%
IER0012 Taconic CRE DOF III LP	45,624.77	-	45,624.77	100.00%
IEX0015 KKR Global Infrastructure II	12,338.00	12,998.00	(660.00)	-5.08%
IEX0018 GSO EOF	-	30,961.00	(30,961.00)	-100.00%
IEX0026 KKR GII III	8,566.00	-	8,566.00	100.00%
IEX0038 Taconic MDOF III	-	20,807.35	(20,807.35)	-100.00%
ISC001 Meketa Investment Group	56,500.00	55,500.00	1,000.00	1.80%
ISC002 Cliffwater LLC	99,999.99	33,333.33	66,666.66	200.00%
ISL001 Nossaman - Investments	78,267.00	92,404.80	(14,137.80)	-15.30%
21800 Investment Expenses	32,147.35	22,970.57	9,176.78	39.95%
Total 21800 · Investment Expenses	564,040.46	641,126.80	(77,086.34)	-12.02%
21802 · Actuarial Services	67,646.00	64,471.25	3,174.75	4.92%
21812 · Data Processing	16,511.62	14,089.70	2,421.92	17.19%
21834 · Legal Services	65,106.50	76,283.14	(11,176.64)	-14.65%
21840 · Custodial Banking Services	29,031.09	28,943.65	87.44	0.30%
22350 · Software and Technology	38,613.22	31,158.65	7,454.57	23.93%
Total 62025 · Non-Administrative Expenses	\$ 780,948.89	\$ 856,073.19	\$ (75,124.30)	-8.78%



Merced County Employees' Retirement Association

DATE: April 27, 2023
TO: MercedCERA Board of Retirement
FROM: Kristie Santos, Plan Administrator
SUBJECT: Actuarial Audit by Segal
ITEM NUMBER: Consent Item c
ITEM TYPE: Consent

STAFF RECOMMENDATION:

1. Approve the actuarial audit of the annual valuation and the experience study as resented by Segal.

DISCUSSION:

The Merced County Employees Retirement Association (MercedCERA) contracts with Segal to audit their annual valuation and the tri-annual experience study performed by Cheiron.

Segal performed the audit as instructed and there were no substantive findings and values were matched very closely to Cheiron's results. Segal made recommended considerations to Cheiron for future valuations and experience studies. Segal has presented their recommendations in the attached PowerPoint presentation.

Merced County Employees'
Retirement Association

Actuarial Audits of June 30, 2022 Triennial Experience Study & Annual Valuation

April 27, 2023

Andy Yeung, ASA, EA, MAAA, FCA

Eva Yum, FSA, EA, MAAA



Actuarial Audits – June 30, 2022 Triennial Experience Study & Annual Valuation

Audit of June 30, 2022 triennial experience study

- Methods and assumptions recommended by Cheiron are reasonable for use in annual valuation
- Suggestions to consider for future experience studies

Audit of June 30, 2022 annual valuation

- Independent reproduction of contribution rates & liabilities
- Very close match on both
- Suggestions to consider for future annual valuation reports

Audit of June 30, 2022 Triennial Experience Study

Review of recommended economic assumptions

- 2.50% price inflation assumption
 - Reasonable assumption
- 2.65% COLA assumption for Tier 1 retirees (2.40% for Tier 1 actives and inactives)
 - Reasonable assumption
 - Higher Bay Area CPI used by the Board to set COLA compared to National CPI could justify higher 2.75% COLA assumption

	Change in Dec-to-Dec CPI for San Francisco-Oakland-Hayward Area (up to 2021)	Change in Dec-to-Dec CPI for U.S. City Average (up to 2021)
5-Year Period	3.22%	2.92%
10-Year Period	3.03%	2.14%
20-Year Period	2.56%	2.30%

Audit of June 30, 2022 Triennial Experience Study

Review of recommended economic assumptions (cont'd)

- 6.75% investment return assumption
 - Reasonable assumption
 - 6.75% (investment return) = 2.50% (inflation) + 4.25% (real return)
 - No adjustment for investment expenses, although fees for investment advisory, custodian (and active management) could reduce 6.75% assumption
 - No adjustment for administrative expenses as contributions are collected separately from employer and employee
- Wage growth and merit salary increase assumptions
 - Reasonable assumptions & higher Safety merit salary increase (over 10 years of service) could be justified

Audit of June 30, 2022 Triennial Experience Study

Review of demographic assumptions

- Service retirement
 - Reasonable assumption
 - New for General Tiers: Lower rates for PEPRA vs legacy to reflect lower benefit
 - Unchanged for Safety Tiers: Same rates for PEPRA & legacy despite lower benefit
 - Could consider lower rates for PEPRA

Audit of June 30, 2022 Triennial Experience Study

Review of demographic assumptions (cont'd)

- Mortality
 - Reasonable assumption
 - Safety beneficiaries currently grouped with Safety members when studying life expectancy
 - Could consider grouping Safety beneficiaries with General members and beneficiaries instead
- Other demographic assumptions
 - Reasonable assumptions

Audit of June 30, 2022 Annual Valuation

- Independent reproduction of contribution rates & liabilities
- Very close match on both

	Segal	Cheiron	Segal/Cheiron
Aggregate Employer Rate	45.96% of pay	45.66% of pay	101%
Aggregate Member Rate (Exc. Administrative Expenses)	8.49% of pay	8.46% of pay	100%
Total Present Value of Benefits	\$1,748 M	\$1,732 M	101%
Total Actuarial Accrued Liability (AAL)	\$1,543 M	\$1,529 M	101%
Total Market Value of Assets	\$1,064 M	\$1,064 M	100%
Total Unfunded AAL	\$479 M	\$465 M	103%

Audit of June 30, 2022 Annual Valuation

- Compare membership data provided by MercedCERA with that used by Cheiron in valuation
 - Some changes made by Cheiron to General/Safety membership
 - Consider providing membership classification for those members to MercedCERA
 - Minor issue with salaries/benefits used in Cheiron's valuation for members with bifurcated services
 - Salaries rolled forward by Cheiron for some terminated vested members
 - Consider providing salaries for those members to MercedCERA
- Compare individual test lives for liabilities produced by Cheiron and Segal

Audit of June 30, 2022 Annual Valuation

- Compare Association wide contribution rates and liabilities produced by Cheiron and Segal
 - Very close match on both
 - Consider impact of lowering retirement rates for Safety PEPRA members
 - Consider if same method could be used to project retirement age & salary at retirement for current vs future reciprocal members
 - Consider more disclosure on how 2021/2022 plan year salaries are projected to 2022/2023 for: (a) individual active members for calculating liabilities and (b) determining payroll used in developing UAAL contribution rates

Questions?



Merced County Employees' Retirement Association

**Audit of Actuarial Experience Study
for July 1, 2019 through June 30, 2022**

March 20, 2023



This report has been prepared at the request of the Board of Retirement to assist in administering the fund. This report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this report may not be applicable for other purposes.



180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

T 415.263.8273 / pangelo@segalco.com

T 415.263.8283 / ayeung@segalco.com

T 415.263.8248 / eyum@segalco.com

March 20, 2023

Board of Retirement
Merced County Employees' Retirement Association
3199 M Street
Merced, CA 95348

Re: Review of July 1, 2019 through June 30, 2022 Actuarial Experience Study

Dear Members of the Board:

We are pleased to present the results of this review of the July 1, 2019 through June 30, 2022 Actuarial Experience Study for the Merced County Employees' Retirement Association (MercedCERA). The purpose of this review was to verify the recommendations of Cheiron and to offer comments on the methodology and the results of their experience study. The assistance of Cheiron and MercedCERA is gratefully acknowledged.

This review was conducted by Paul Angelo, a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA, Andy Yeung, an Associate of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA and Eva Yum, a Fellow of the Society of Actuaries, member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. This review was conducted in accordance with the standards of practice prescribed by the Actuarial Standards Board.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

EY/jl

cc: Graham A. Schmidt, ASA, EA, FCA, MAAA
Anne D. Harper, FSA, EA, MAAA



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Executive Summary

This report has been prepared by Segal to present a review of the July 1, 2019 through June 30, 2022 experience study performed by Cheiron for MercedCERA.

In our last review of the July 1, 2016 through June 30, 2019 experience study, we recommended Cheiron consider developing separate sets of retirement rates for the PEPRA¹ and non-PEPRA (Legacy) tiers. That recommendation was based on the fact that the benefit factors differ significantly at many ages between the PEPRA and non-PEPRA tiers (in particular for General). That recommendation was also consistent with the approach used by other actuaries in California when they had to provide contribution rates for PEPRA tiers even before there was any actual retirement experience from members retiring under those tiers.

When we reviewed the July 1, 2019 through June 30, 2022 experience study, Cheiron developed separate sets of retirement rates for PEPRA and non-PEPRA General tiers to reflect later retirement for the PEPRA members by about two years compared to the non-PEPRA members which we agree. However, Cheiron continued to cite the lack of actual retirement experience from MercedCERA and that the average expected retirement age of Safety members is already 54, as the reason to defer developing a separate set of retirement rates for the PEPRA Safety tier.

We strongly recommend Cheiron consider developing a separate set of retirement rates for also the PEPRA Safety Tier when more data becomes available in a future triennial experience study. In response to our request to examine how the total normal cost rate for Safety PEPRA members might change if retirement experience from those members would indicate later retirement in the future compared to the non-PEPRA members, Cheiron indicated that the total normal cost is relatively insensitive to change from later retirement. Since this question might be of interest to the Board, we recommend that Cheiron document their findings so that they are readily available to MercedCERA.

With this additional response on the normal cost contribution rate provided for the Safety PEPRA tier and assuming such cost impact is fully understood by the Board, our overall assessment of Cheiron's actuarial work for MercedCERA is that all major actuarial functions are being appropriately addressed. Cheiron has employed generally accepted actuarial practices and principles in studying plan experience, selecting assumptions and presenting the results of their work. We believe that the actuarial assumptions recommended by Cheiron are reasonable for use in MercedCERA's actuarial valuation. The focus of our review is to comment on those other items (besides the retirement rates for the Safety PEPRA tier), where, in our opinion, there are opportunities to improve the experience study process and results.

Our observations and recommendations are summarized as follows:

- For the investment rate of return assumption, Cheiron maintained that the current 6.75% assumption continue to be reasonable. Cheiron reviewed the current 6.75% investment return assumption by calculating an average expected nominal return based on MercedCERA's target asset allocation and using the capital market assumptions provided

¹ Benefits under the PEPRA tiers are those provided under the California Public Employees' Pension Reform Act of 2013. For MercedCERA, PEPRA ties are those members who are covered under General Tier 4 and Safety Tier 4.

by Meketa, the Plan's investment consultant and other investment consultants from the survey performed by Horizon Actuarial Services, both over a time horizon of 10 years and 20-30 years. Segal agrees that the 6.75% investment return assumption is reasonable based on our independent check using the Segal model.

- For the inflation assumption, Cheiron found the 2.50% assumption previously adopted by the Board and used since the June 30, 2016 valuation to be a reasonable assumption. Segal agrees with Cheiron's findings.
- As an independent check of the 6.75% investment return assumption adopted by the Board, we have applied the model that we use for our other California public retirement systems to review the investment return assumption. Based on the application of our model, we believe that the level of risk implicit in the 6.75% investment return assumption, along with a 2.50% price inflation assumption is comparable to the risk level implicit in recommendations we have made to other retirement systems and that 6.75% investment return is a reasonable assumption.
- We note that Cheiron does not assume explicitly any investment expenses in their analysis of the investment return assumption as they would generally recommend only deducting a few basis points for the assumed cost of passive management and any active management expenses are expected to be covered by additional returns.

Individual actuarial firms use different models with different criteria and parameters to determine the investment return assumption. With regard to investment expenses,² we would subtract the investment expense for investment advisory, custodian, etc.³ and also the investment expenses⁴ from the active managers and the indexed (or passively managed) returns in developing the investment return assumption which would lower the expected investment return assumption. Furthermore, in the development of the investment return assumption we generally would not recommend an explicit assumption that there would be additional returns ("alpha") from active management.⁵ (We note that MercedCERA's actual market returns were equal to the policy benchmark before considering any investment expenses for the most recent 10-year period as discussed on page 76 of the June 30, 2021 ACFR.) We recommend that Cheiron review their methodology in consideration of ASOP 27 guidance on active and passive investment expenses, taking into account their experience at MercedCERA. It may be appropriate to subtract passive investment expenses and other investment related expenses (such as investment advisory, custodian, etc.) and possibly some portion of the active investment expense based on the experience for the most recent 10-year period.

² For MercedCERA, the investment expense (including management, advisory, custodian fees, etc.) was about 0.28% of assets for the fiscal year ending June 30, 2022. For the fiscal year ending June 30, 2021, the investment expense was about 0.24% of assets (consists of about 0.15% for investment managers' fees and about 0.09% for other investment expenses including investment advisors, custodians, etc.). The average is about 0.32% for the last 5 years.

³ The expenses paid to the investment advisors, custodians, etc. were about \$1.0 million for the fiscal year ending June 30, 2021 or 0.09% of the net market value of assets as of that date based on information discussed in the most recent Annual Comprehensive Financial Report (ACFR).

⁴ The expenses paid to the investment managers (active and passive) were about \$1.8 million for the fiscal year ending June 30, 2021 or 0.15% of the net market value of assets as of that date as discussed in the ACFR.

⁵ Our practice may be considered by some to be more conservative than that required under Actuarial Standard of Practice (ASOP) No. 27, which states in part in Section 3.8.3.d, "Investment Manager Performance - Anticipating superior (or inferior) investment manager performance may be unduly optimistic (pessimistic). The actuary should not assume that superior or inferior returns will be achieved, **net of investment expenses**, from an active investment management strategy compared to a passive investment management strategy unless the actuary believe, based on relevant supporting data, that such superior or inferior returns represent a reasonable expectation over the measurement period." (emphasis added). We believe that this means that assuming only enough superior return to cover related investment expenses would not require the relevant supporting data referenced in ASOP No. 27

- MercedCERA's investment return assumption is currently developed net of investment expenses but not net of administrative expenses. There is a separate explicit administrative expense loading that is added to contribution rates. We believe that this is a reasonable approach to handle these expenses. It is also consistent with financial reporting requirements under Governmental Accounting Standards Board (GASB) Statements 67 and 68. The assumption for administrative expenses of \$2.80 million for the next year used in the June 30, 2022 valuation was comparable to the expenses paid during the last two fiscal years.
- Cheiron found the continuation of a 0.25% per year real wage growth assumption to be a reasonable assumption. While Segal agrees with Cheiron's findings, we believe a 0.50% real wage growth assumption should be considered as part of the next experience study, in part due to (1) the relatively higher real wage growth projected by the Social Security Administration of 0.5% - 1.8% and (2) the real wage growth in the State and Local Government Workers Employment Cost Index produced by the Department of Labor, which averaged about 0.5% - 0.8% annually during the last ten to twenty years.
- Cheiron recommended increasing the post-retirement cost-of-living-adjustment (COLA) growth assumptions from 2.40% to 2.65% for the current Tier 1 retirees with the 3.0% COLA cap. We agree with Cheiron's recommendation to use a higher rate of 2.65% to anticipate future COLAs for retirees/beneficiaries but we believe an even higher rate of 2.75% could be justified based on the observation that the Bay Area Consumer Price Index (CPI) measure used by the Board to set annual COLA has exceeded the National CPI measure (which for the purpose of the annual valuation is the 2.50% annual price inflation assumptions) in the last 5 to 10 years.
- Cheiron recommended overall lower merit salary increases for service less than 10 years for both General and Safety members and higher merit salary increases for greater than 9 years of service for Safety members. Overall, we believe that Cheiron's recommended merit salary increase assumptions are reasonable. For Safety members, an even higher ultimate merit and promotional rate of 1.50% could be considered compared to the recommended 1.25% assumption for members with over 10 years of service, especially based on the higher observed merit and promotional increases for 2019-2020 and 2020-2021.
- Cheiron recommended the life expectancies of the Safety beneficiaries be predicted by the mortality tables used for Safety members. We recommend Cheiron consider grouping the Safety beneficiaries with the General members and their beneficiaries in studying mortality tables for the Safety beneficiaries in future experience study as the mortality table used for the General members and their beneficiaries might provide a better prediction of life expectancy for the Safety beneficiaries compared to the table used for Safety members.
- For projecting future mortality improvement, Cheiron recommended using 80% of the mortality improvement scale MP-2020 published by the Society of Actuaries for generational projection, to be consistent with what CalPERS applies in their 2021 experience study. While Segal agrees with the generational projection approach, we note that the most up-to-date mortality projection scale published by the Society of Actuaries is MP-2021 and that was developed using data up to 2019, prior to the onset of COVID-19. We recommend Cheiron closely monitor the experience and update the mortality improvement scale in the next experience study.
- Cheiron recommended two different base mortality tables for use in the June 30, 2022 valuation. For the General members and beneficiaries, they recommended the mortality

tables prepared by CalPERS⁶ in their 2021 experience study. For the Safety members and beneficiaries, they recommended the Safety Public mortality tables prepared by the Society of Actuaries (SOA). When we asked Cheiron the reasons for recommending two base mortality tables, their response was that the mortality tables prepared by CalPERS provide a better fit to the MercedCERA General membership than the mortality tables prepared by the SOA for the General (i.e., General Pub-2010). We recommend that finding be documented in future experience study reports.

- We understand that as a result of the California State Supreme Court Decision on July 30, 2020, the pay elements that were previously included under the Ventura Settlement will no longer be included as pensionable compensation and there is no longer a need for the Final Average Compensation Load. We recommend that Cheiron continue to monitor whether the removal of these pay elements from Final Compensation would have any effect on the member electing to convert the sick leave time to service credit instead of additional compensation that is no longer counted as pensionable even when paid during the final compensation averaging period. Cheiron may need to introduce a sick leave conversion assumption if new retirees are observed to convert their sick leave time to service credits in the next experience study period.
- Other recommended changes to demographic assumptions appear to be reasonable overall. In many cases, there is not a significant amount of data available for certain decrements due to the size of the retirement system membership. Cheiron includes nine years of experience data (increased from six years at the time of the last experience study) in order to help set the assumptions following one of the recommendations we made during the last audit and we agree with that approach.

⁶ We note that CalPERS uses the same mortality tables to predict life expectancy for both General and Safety members.

Purpose and Scope of the Actuarial Review

Purpose of the Review

The purpose of this review is to provide MercedCERA's Board of Retirement an independent opinion as to the reasonableness of the methods, analysis and recommendations of Cheiron in developing the actuarial assumptions presented in their experience study. The independent review of the reasonableness of Cheiron's calculation of employer and member contribution rates based on the new assumptions will be covered in the audit of the June 30, 2022 actuarial valuation. Toward these purposes, we used the guidelines of the relevant Actuarial Standards of Practice established by the Actuarial Standards Board as well as comparisons to recognized and accepted methods and principles as the gauge of reasonableness.

Scope of the Actuarial Review

The scope of the Actuarial Review, as described in MercedCERA's Actuarial Auditing Services Agreement with Segal, includes the following:

- Evaluation of the available data for the performance of the experience study, the degree to which such data is sufficient to support the conclusions of the study, and the use and appropriateness of any assumptions made regarding such data.
- Evaluation of the results and reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and or adjustments with MercedCERA's consulting actuary.
- Evaluation of recommended economic and demographic assumptions as presented in MercedCERA's consulting actuary's experience study report.

Results of the Actuarial Review

Review of Economic Assumptions

The economic assumptions reviewed by Cheiron during the 2022 experience study are the price inflation, investment rate of return, expenses, wage growth (price inflation and real wage inflation), payroll growth and post-retirement Cost-of-Living Adjustment (COLA) increases.

Actuarial Standard of Practice No. 27 (ASOP 27) provides the actuary guidance in developing these assumptions. Among these guidelines is the consistency of the economic assumptions selected by the actuary.

Results

Cheiron has calculated the average expected nominal return for MercedCERA's target asset allocation by using returns on various asset classes provided by Meketa and the different investment consultants included in the Horizon Actuarial Services Survey over time horizons of 10 years and 20-30 years. Because the investment consultants use different inflation assumptions, the expected returns they develop on the various asset classes over different time horizon may not be directly comparable.

Citing the average expected nominal return of 6.6% (based on equally weighing Meketa and the Horizon Survey results using their December 2021 capital market assumptions) and 7.5% (based on again equally weighing Meketa and Horizon results using their 2nd half of 2022 capital market assumptions), Cheiron concluded that the current 6.75% investment return assumption is still reasonable.

We believe that the set of economic assumptions recommended by Cheiron is internally consistent and reasonable for use in the June 30, 2022 valuation.

Details of Review

In order to demonstrate the interconnection and the consistency among the investment return, price inflation and wage growth assumptions, Segal utilizes the same "building block" approach used by Cheiron in developing and documenting our review of these three assumptions. Under this approach, the investment rate of return assumption is the combination of the inflation component and the real rate of return component (used by the investment consultants), less an expense component. Similarly, the wage growth assumption is the combination of the inflation component and the real wage increase component. (It should be noted that the salary increase assumption is developed using the wage growth assumption and the merit salary increase assumption.) In our experience, this is generally the preferred approach for documenting and developing these assumptions.

Inflation Assumption

The first “building block” to consider is the price inflation assumption. This assumption underlies all other economic assumptions, including both the investment return and the projection of benefit liabilities (i.e., salary increase for actives and COLAs for retirees in Tier 1).

In their analysis, Cheiron cited the inflation expectations from the Federal Reserve Survey of Professional Economic Forecasters, the inflation assumptions used by different California public retirement plans in their valuations as well as the inflation expectation of the Public Plan Database and from the survey conducted by Horizon Actuarial Services. Cheiron also used the “break-even inflation” (i.e. the difference in the yields between Inflation-Protected bonds and regular Treasuries) over different maturities which provides a measure of market expectations of inflation.

The 50th percentile of this assumption varies as follows: 2.5% from the Horizon Survey and Public Plan Database, 2.75% from the California retirement plan valuations, 2.8% from the economic forecasters. The range of this assumption from the economic forecasters is also quite wide (between a minimum of 2.10% to a maximum of 4.50%). Finally, the 30-year break-even inflation as of October 2022 is 2.3%.

It is also important to acknowledge the different time horizons used by the economic forecasters (10 years as stated in the Cheiron experience study) and the much longer time period used by the California public retirement plans in their valuations. For example, the benefits for some members currently in their 30's and 40's will not commence until they retire at 60's and 70's and then be paid for 20 to 30 years after their retirement. Consistent with this difference in the time horizon, the inflation assumption recommended to and adopted by Segal's California public retirement system clients (that have recently reviewed these assumptions) has been 2.5%. Therefore, we find the 2.50% assumption used by Cheiron to be within the reasonable range for this assumption.

Investment Expenses

According to the most recent ACFR for fiscal year 2021, the actual amount of investment expenses paid out of the Plan during fiscal year 2021 was around \$2.8 million.⁷ (Of that amount, \$1.8 million was paid out as investment manager fees and the remaining \$1.0 million was paid out for investment advisory, custodian banking, and other expenses.)

We note that Cheiron does not assume explicitly any investment expenses in their analysis of the investment return assumption as they would generally recommend only deducting a few basis point for the assumed cost of passive management, and they expect any active management expenses to be covered by additional returns (i.e., “alpha” from active management).

We note that individual actuarial firms use different models with different criteria and parameters to develop the investment return assumption, and the model used by Segal is different from that used by Cheiron. In addition to accounting for the above expenses for investment advisory, custodian, etc. of \$1.0 million or 0.09% of assets, Segal would generally subtract the other \$1.8

⁷ We note that while the breakdown of active manager fees and other investment expenses is not yet available for fiscal year 2022, the total investment expenses for fiscal year 2022 of \$3.0 million is comparable to the total investment expenses of \$2.8 million during fiscal year 2021.

million investment expenses or 0.15% of assets from the active managers and the indexed (or passively managed) returns in developing the investment return assumption, which would lower the expected investment return assumption somewhat.⁸ (We note that MercedCERA's actual market returns were equal to the policy benchmark before considering any investment expenses for the most recent 10-year period as discussed on page 76 of the June 30, 2021 ACFR.) We recommend that Cheiron review their methodology in consideration of ASOP 27 guidance on active and passive investment expenses, taking into account their experience at MercedCERA. It may be appropriate to subtract passive investment expenses and other investment related expenses (such as investment advisory, custodian, etc.) and possibly some portion of the active investment expense based on the experience for the most recent 10 year period.

Administrative Expense Assumption

Cheiron recommended an explicit administrative expense assumption of \$2.80 million for 2022/2023 in the June 30, 2022 valuation with expected increases in future years with wage inflation. We believe that an explicit administrative expense loading is a reasonable way to handle these expenses. Actual administrative expenses were about \$2.6 million in fiscal year ended 2022 and \$2.6 million in fiscal year ended 2021. We agree that this assumption is reasonable based on the most recent data.

Investment Rate of Return Assumption

For the investment rate of return assumption, Cheiron maintained that the current 6.75% assumption continue to be reasonable.

Cheiron reviewed the current 6.75% investment return assumption by calculating the expected nominal return based on the Association's target asset allocation and using the December 2021 capital market assumptions provided by the Plan's investment consultant Meketa and other investment consultants from the survey performed by Horizon Actuarial Services, both over a time horizon of 10 years and 20-30 years. Cheiron then calculated the average expected nominal return, giving equal weights to these 4 expected returns. They also compared the Meketa and Horizon return expectation using their December 2021 capital market assumptions with the updated assumptions provided by Meketa and Horizon in the 2nd half of 2022.

We observe the following:

- Cheiron has calculated average expected nominal return of MercedCERA's target asset allocation by using returns on asset classes provided by different investment consultants. Because the investment consultants use different inflation assumptions, the expected returns they develop on the various asset classes may not be directly comparable.
- Since the average expected nominal return calculated by Cheiron (6.6% based on the capital market assumptions from December 2021 and 7.5% based on the capital market

⁸ Our practice may be considered by some to be more conservative than that required under the Actuarial Standard of Practice (ASOP) No. 27, which states in part in Section 3.8.3.d, "Investment Manager Performance – Anticipating superior (or inferior) investment manager performance may be unduly optimistic (pessimistic). The actuary should not assume that superior or inferior returns will be achieved, **net of investment expenses**, from an active investment management strategy compared to a passive investment management strategy unless the actuary believe, based on relevant supporting data, that such superior or inferior returns represent a reasonable expectation over the measurement period." (emphasis added). We believe this means that assuming only enough superior return to cover related investment expenses would not require the relevant supporting data referenced in ASOP No. 27.

assumptions from the 2nd half of 2022) have not been explicitly adjusted to account for the payment of at least some of the investment expenses, the expected nominal return would be smaller if those expenses have been taken into account.

- It should be noted though that in addition to looking at median geometric average returns.⁹ like Cheiron has reviewed, we have also looked at expected or mean arithmetic returns.¹⁰

As an independent check, Segal has applied the model that we use for our other California public retirement systems to review the Cheiron recommended 6.75% investment return assumption. While our model does not generally produce an absolute investment return recommendation, it is very useful for comparing the level of risk inherent in the investment return assumptions adopted by a given retirement system at different points in time or with other retirement systems that have previously been analyzed using that model.

Based on the application of our model, in the last and the current review of the investment return assumption, we believe that the level of risk implicit in the current 6.75% investment return assumption, along with a 2.50% price inflation assumption, is generally comparable to the level of risk implicit in the 7.00% investment return assumption along with a 2.50% price inflation assumption reviewed in our last audit, but with a slightly higher margin to meet/exceed the return under the current 6.75% assumption. The 6.75% assumption is also consistent with recommendations we have made to other retirement systems.

- Another test of the recommended investment return assumption is to compare it against those used by other public retirement systems, both in California and nationwide. We note that an investment return assumption of 6.75% or lower is becoming more common for this assumption among most California public sector retirement systems. That range, with a few exceptions, is from 6.50% to 7.00%.

Taking into account the above discussion and based on our own independent analysis, we believe that the 6.75% investment return assumption in combination with the 2.50% price inflation assumption is reasonable. However, we believe Cheiron should consider making an adjustment in their model to address the issues related to investment expenses discussed above.

Salary Increase Assumption

Cheiron uses a “building block” approach in developing the recommended salary increase assumption. Under this approach, the salary increase assumption is the combination of the price inflation component, the productivity or real wage increase component, and the merit and promotion increase component.

We believe this is the preferred approach for developing this assumption.

⁹ If a retirement system uses the expected geometric average return as the discount rate in the funding valuation, that retirement system is expected to have an asset value that generally converges to the median accumulated value as the time horizon lengthens assuming all actuarial assumptions are met in the future.

¹⁰ If a retirement system uses the expected arithmetic average return as the discount rate in the funding valuation, that retirement system is expected to have no surplus or asset shortfall relative to its expected obligations assuming all actuarial assumptions are met in the future.

Inflation Component of the Salary Increase Assumption

For the inflation component of this assumption, please refer to our previous discussion on the 2.50% inflation assumption.

Productivity or Real Wage Increase Component

Real “across the board” pay increases are sometimes termed productivity increases since they are considered to be derived from the ability of an organization or an economy to produce goods or services in an efficient manner. As that occurs, some portion of the value of these improvements can provide a source for pay increases greater than price inflation. These increases are typically assumed to extend to all employees “across the board.” When these increases are combined with the price inflation component the result is the wage growth component, which reflects the average rate of increase in salaries regardless of the years of service or age of the member.

In reviewing this assumption, we refer to the State and Local Government Workers Employment Cost Index produced by the Department of Labor that provides evidence that real “across the board” pay increases have averaged about 0.5% – 0.8% annually during the last ten to twenty years. We also referred to the annual report on the financial status of the Social Security program published in June 2022. In that report, real “across the board” pay increases are forecast to be 1.2% per year under the intermediate assumptions.

The real pay increase assumption is generally considered a more “macroeconomic” assumption, that is not necessarily based on individual plan experience. However, recent salary experience with public systems in California as well as anecdotal discussions with plans and plan sponsors indicate lower future real wage growth expectations for public sector employees. For these reasons, we would generally recommend an across the board pay increase assumption of 0.50%.

Cheiron believes that the current real wage increase component of 0.25% is still reasonable. Cheiron acknowledged that the assumption is lower than the assumption used by the Social Security Administration in their projections but noted that MercedCERA members have experienced negative real wage growth since 2013, which we have also observed.

We note also that while a 0.25% assumption is used by Segal at some of our clients, a 0.50% assumption is more commonly used. While we agree that Cheiron’s recommended 0.25% assumption is reasonable, we believe a 0.50% assumption should be considered at part of the next experience study.

Merit Increase Component

The last step or building block needed to complete the salary increase assumption is the merit increase component, which was reviewed by Cheiron as part of the demographic assumptions. Merit increases are the salary increases above the general wage increases due to the combination of promotions, longevity increases, bonuses and merit pay increases as applicable. We agree with Cheiron’s findings concerning the correlation of service and merit increases. The methodology used by Cheiron is reasonable and develops reasonable results overall based upon the data. Since the merit salary increases assumption has bigger cost impact among the

recommended assumptions, we also looked at the actual data from the last three years to confirm that they are consistent with the data used by Cheiron in their analysis.

Cheiron recommended overall lower merit salary increases for service less than 10 years for both General and Safety members and higher merit salary increases for greater than 9 years of service for Safety members. Overall, we believe that Cheiron’s recommended merit salary increase assumptions are reasonable. For Safety members, an even higher ultimate merit and promotional rate of 1.50% could be considered compared to the recommended 1.25% assumption for members with over 10 years of service, especially based on the higher observed merit and promotional increases for 2019-2020 and 2020-2021

Payroll Growth Assumptions

The current payroll growth assumption used by Cheiron for the purposes of amortizing the Unfunded Actuarial Accrued Liability (UAAL) as a level percent of payroll is 2.75% and is directly tied to the wage growth component discussed above.

Post-retirement Cost-of-Living Adjustment (COLA) Increases

Tier 1 retired members and beneficiaries are entitled to receive annual COLA of up to 3%, based on the annual increase in the Consumer Price Index (CPI) and the availability of individually accumulated COLA banks. The current assumption is that all eligible members will receive a COLA each year of 2.40%.

Cheiron stated that the current assumed COLA growth rate of 2.40% is lower than the inflation assumption of 2.50%, due to the low inflationary environment prior to 2020. However, the extraordinary 2021 and 2022 inflations would result in actual April 1, 2022 and April 1, 2023 COLAs equal to the cap in addition to material increases in the COLA banks. Cheiron stated that they have performed stochastic testing of the COLA growth rate, with initial inflation levels around 5.0% inflation, ultimate inflation at 2.50%, and reflecting higher COLA banks. Based on those stochastic results, Cheiron proposed increasing the COLA growth assumption from 2.40% to 2.65% for the current Tier 1 retirees with the 3.0% COLA cap.

We agree with Cheiron’s recommendation to use a higher rate of 2.65% (increased from 2.40%) to anticipate future COLAs for Tier 1 retirees/beneficiaries. However, we believe an even higher rate of 2.75% could be justified based on the observation that the Bay Area CPI measure used by the Board to set annual COLA has exceeded the National CPI measure used in part to study the inflation assumption in the last 5 to 10 years as provided in the table below.

	Change in Dec-to-Dec CPI for San Francisco-Oakland-Hayward Area (up to 2021)	Change in Dec-to-Dec CPI for U.S. City Average (up to 2021)
5-Year Period	3.22%	2.92%
10-Year Period	3.03%	2.14%
20-Year Period	2.56%	2.30%

Review of Demographic Assumptions

The Actuarial Standards Board has adopted an Actuarial Standard of Practice (No. 35) which provides actuaries guidance in selecting demographic and other noneconomic assumptions. Reasonableness of each assumption and consistency among the assumptions are primary among the considerations for selecting assumptions in accordance with the ASOP. The Standard of Practice bases the evaluation of an assumption's reasonableness on two general criteria. First, the assumption is expected to appropriately model the contingency being measured. Second, the assumption is not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

The primary demographic assumptions reviewed by Cheiron during the 2022 experience study are retiree mortality, termination, and service retirement. Secondary assumptions reviewed include pre-retirement mortality, disability retirement (service and non-service related), probability of refund election, family composition, age of beneficiaries, retirement age for vested terminated members and reciprocity.

For many demographic assumptions, the actuary must consider the factors affecting the variation in the rates of decrement. Often, the rate of terminations by active members will be highly correlated to their years of service. Alternatively, the variation in the rate of retirements may be better correlated to the participant's age. The type of assumption utilized determines how the data is to be grouped for analysis. Many large systems have analyzed the correlation of the variation in certain decrements to age and service simultaneously, which can result in a "select and ultimate" type of assumption. In some cases, this additional complexity does not affect results materially.

The prevalent method used to determine the appropriateness of a demographic assumption is to analyze the actual to expected ratios (AE ratios). An AE ratio is found by dividing, for any single contingency, the actual number to occur in the data by the number expected to occur based upon current assumptions. These ratios display how well the current assumptions anticipated actual experience. An AE ratio of 100% results when actual experience equals that expected under the assumption.

In reviewing the analysis of demographic assumptions completed by Cheiron, we reviewed for reasonableness the approach used by Cheiron to apply membership data¹¹ from the last nine years in setting the assumptions to improve the credibility of the data for the analysis of most decrements. As there is insufficient data for setting some assumptions even after considering data from the last six years (such as in the incidence of post-retirement mortality for Safety members), we agree with Cheiron's methodology of using nine years of experience where appropriate following one of the recommendations we made during our audit.

For each contingency, the actuary identifies a reasonable range for the AE ratio. This reasonable range is based upon the materiality of the assumption, the effect of future trends, and the degree of conservatism or margin the actuary considers necessary. An AE ratio falling into this range would indicate the current assumption may still be appropriate. AE ratios not in the reasonable range may indicate the need to modify the assumption. In our opinion, Cheiron

¹¹ In the case of the new merit salary increases assumption that has the bigger cost impact among the recommended assumptions, we also looked at the actual data from the last three years to confirm that they are consistent with the data used by Cheiron in their analysis.

has performed accurate analyses overall of the reasonableness of the current assumptions through the use of AE ratios.

Overall, we believe Cheiron's recommendations for changes to the demographic assumptions are reasonable, but make the following observations for certain assumptions.

Service Retirement Rates

In our last review of the July 1, 2016 through June 30, 2019 experience study, we recommended Cheiron consider developing separate sets of retirement rates for the PEPRA¹² and non-PEPRA (Legacy) tiers. That recommendation was based on the fact that the benefit factors differ significantly at many ages between the PEPRA and non-PEPRA tiers (in particular for General). That recommendation was also consistent with the approach used by other actuaries in California when they had to provide contribution rates for PEPRA tiers before there was any actual retirement experience from members retiring under those tiers.

When we reviewed the July 1, 2019 through June 30, 2022 experience study, Cheiron developed separate sets of retirement rates for PEPRA and non-PEPRA General tiers to reflect later retirement for the PEPRA members by about two years compared to the non-PEPRA members, a result with which we agree. However, Cheiron continued to cite the lack of actual retirement experience from MercedCERA, and that the average expected retirement age Safety members is already 54, as the reason to defer developing a separate set of retirement rates for the PEPRA Safety tier. Even though there were only two retirements from the Safety PEPRA tier over the last 3 years, the average retirement age for those Safety PEPRA members was after age 57 when the benefit factor per year of service is maximized.

We strongly recommend Cheiron consider developing a separate set of retirement rates for also the PEPRA Safety Tier when more data becomes available in a future triennial experience study. In response to our request to examine how the total normal cost rate for Safety PEPRA members might change if retirement experience from those members would indicate later retirement in the future compared to the non-PEPRA members, Cheiron indicated that the total normal cost is relatively insensitive to change from later retirement. Since this question might be of interest to the Board, we recommend that Cheiron document their findings so that they are readily available to MercedCERA.

Mortality Rates

For estimating life expectancy for healthy annuitants, Cheiron excluded the data from 2020-2021 and 2021-2022 citing the elevated mortality levels due to the COVID pandemic. We have reviewed the experience for 2021-2022 and we observed that the actual number of retiree deaths of 59 is much higher than the expected number of retiree death of 48 based on the current mortality assumption. The actual number of retiree death is therefore greater than the expected number of retiree deaths by over 20%. We did not analyze 2020-2021 experience in detail but note that the actual number of retiree death in 2020-2021 is 60 which is even higher than the actual number of retirees deaths in 2021-2022. Therefore, we agree that it is reasonable for Cheiron to exclude the 2020-2021 and 2021-2022 data for purposes of the study

¹² Benefits under the PEPRA tiers are those provided under the California Public Employees' Pension Reform Act of 2013. For MercedCERA, PEPRA ties are those members who are covered under General Tier 4 and Safety Tier 4.

unless COVID related deaths could be identified by MercedCERA and excluded from the analysis.

Cheiron recommended two different base mortality tables for use in the June 30, 2022 valuation. For the General members and beneficiaries, they recommended the mortality tables prepared by CalPERS in their 2021 experience study. For the Safety members and beneficiaries, they recommended the Safety Public mortality tables prepared by the Society of Actuaries (SOA). When we asked Cheiron the reasons for recommending two base mortality tables, their response was that the mortality tables prepared by CalPERS provide a better fit to the MercedCERA General membership than the mortality tables prepared by the SOA for the General (i.e., General Pub-2010). We recommend that finding be documented in future experience study reports.

For estimating life expectancy for Safety members and their beneficiaries, Cheiron is recommending the continuation of the Safety Pub-2010 Below Median member mortality tables published by the Society of Actuaries as the base tables. As the benefit level (or salary for employees) is a significant predictor of mortality difference, the Pub-2010 family of mortality tables includes mortality rates based on population with above-median benefit amount (or salary for employees), below-median benefit amount (or salary for employees) and total population within each job category. The median benefit amounts used to determine the above-median and below-median mortality rates as shown in the Pub-2010 report for Safety members are as follows:

Job Category	Males	Females
Safety	36,900	29,200

Note: Values shown as of 2010.

After adjusting the above amounts by a measure of U.S. price inflation from 2010 to 2020, 2021 and 2022 (we used an annual inflation of 3% for this purpose) for a total increase of about 34%, 38% and 42%, respectively, we observed that a substantial portion of the benefit amounts paid to MercedCERA's retired members were both above and below those adjusted median amounts. In other words, the benefit amounts paid to MercedCERA's retirees were not disproportionately above or below the median. Because the income level of the Safety retirees is close to the median amount adjusted with inflation, we would have recommended that the total population version of the Safety Pub-2010 mortality tables be considered as the benchmark table. (We note that everything else being equal the total population table would predict higher life expectancies than the below median table recommend by Cheiron.) When we asked Cheiron the reasons for recommending the below-median version of the Safety Pub-2010 mortality tables, their response was that the below-median version of the Safety Pub-2010 mortality table provides a better fit to the MercedCERA Safety membership than the total population version of the table. We recommend Cheiron continue to monitor if the Safety Pub-2010 below median table continue to provide a good fit relatively to the Safety Pub-2010 total population table in future experience studies.

We also recommend Cheiron consider grouping the Safety beneficiaries with the General members and their beneficiaries in recommending mortality tables in future experience study as

the mortality table used for those other General members/beneficiaries might provide a better prediction of life expectancy for the Safety beneficiaries.

Mortality Improvement Projection Scale

For projecting future mortality improvement, Cheiron recommended using 80% of the mortality improvement scale MP-2020 for generational projection. This mortality improvement assumption is the same as what CalPERS applies in their 2021 experience study. While we agree with the generational projection approach recommended by Cheiron, we note that the latest mortality projection scale provided by the Society of Actuaries is MP-2021 scale which reflects historical population data up to 2019 before COVID-19. We also note that while the mortality projection (MP) scales provided by the Society of Actuaries reflected some decreases in mortality improvement in recent years, the latest MP-2021 scale reflected slight increases in mortality improvement compared to the MP-2020 scale. While the effect of COVID-19 on long-term mortality improvement is still unknown, we have recommended using the most up to date mortality projection (MP) scale for our clients and MP-2021 scale is the most recent improvement scale that was developed using data prior to the onset of COVID-19.

In response to our inquiry as to consider MP-2021 scale, Cheiron responded that the 80% of the MP-2020 scale adopted by CalPERS is based on 20 years of mortality improvements specifically assumed by CalPERS for California public sector plan members. We recommend that future improvements be closely monitored so that appropriate adjustment, if any, should be applied to the MP scale developed by the Society of Actuaries.

Sick Leave Conversion

We understand that as a result of the California State Supreme Court Decision on July 30, 2020, the pay elements that were previously included under the Ventura Settlement will no longer be included as pensionable compensation and there is no longer a need for the Final Average Compensation Load. In particular, prior to the Supreme Court Decision, we understand vacation sold back and sick leave sold back were included in the Final Compensation computation for legacy members. Subsequent to the Supreme Court decision, these sold back amounts are removed from the Final Compensation computation.

We recommend that Cheiron continues to monitor whether the removal of these pay elements from Final Compensation would have any effect on the member electing to convert the sick leave time to service credit instead and consider introducing a sick leave conversion assumption if there are more new retirees converting their sick leave time to service credits.

Other Demographic Assumptions

All other demographic assumptions recommended by Cheiron appear reasonable to us and we do not have any specific comments on them.

Overall Conclusion

With the additional response by Cheiron on the normal cost contribution rate provided for the Safety PEPRA tier and assuming such cost impact is fully understood by the Board, our overall assessment of Cheiron's actuarial work for MercedCERA is that all major actuarial functions are

being appropriately addressed. Cheiron has employed generally accepted actuarial practices and principles in studying plan experience, selecting assumptions and presenting the results of their work. We believe that the actuarial assumptions recommended by Cheiron are reasonable for use in MercedCERA's actuarial valuation.

Summary of Suggestions for Future Experience Studies

It is our opinion that in future experience studies, Cheiron should consider the following:

- For the service retirement assumption, recommend a different set of retirement rates for Safety members in the PEPRA tier when data becomes available to set the assumption.
- For the investment return assumption, review the methodology regarding the treatment of investment expenses in conjunction with ASOP 27.
- For post-retirement COLA increases assumption, consider increases in this assumption to 2.75% to account for the higher Bay Area CPI measure compared to the National CPI measure used in part to set the inflation assumption.
- For the Safety beneficiaries, consider using the same mortality tables for General members and their beneficiaries.
- For mortality improvement scale, consider using the most up-to-date scale published by the Society of Actuaries.

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Merced County Employees' Retirement Association

Audit of June 30, 2022 Actuarial Valuation

March 20, 2023



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180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8273 / pangelo@segalco.com
T 415.263.8283 / ayeung@segalco.com
T 415.263.8248 / eyum@segalco.com

March 20, 2023

Board of Retirement
Merced County Employees' Retirement Association
3199 M Street
Merced, CA 95348

Re: Audit of June 30, 2022 Actuarial Valuation

Dear Members of the Board:

We are pleased to present the results of this audit of the June 30, 2022 Actuarial Valuation for the Merced County Employees' Retirement Association (MercedCERA). The purpose of this audit was to verify the calculations completed by Cheiron and to offer comments on the methodology and the results of their actuarial valuation.

This review was conducted by Paul Angelo, a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA, Andy Yeung, an Associate of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA, and Eva Yum, a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. This review was conducted in accordance with the standards of practice prescribed by the Actuarial Standards Board.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

The assistance of Cheiron and MercedCERA is gratefully acknowledged. We appreciate the opportunity to be of service to MercedCERA's Board of Retirement, and we are available to answer any questions you may have on this report.

Sincerely,

Handwritten signature of Paul Angelo in black ink.

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

Handwritten signature of Andy Yeung in black ink.

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Handwritten signature of Eva Yum in black ink.

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

JY/jl

cc: Anne D. Harper, FSA, EA, MAAA
Graham A. Schmidt, ASA, EA, FCA, MAAA

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Executive Summary

This report has been prepared by Segal to present an audit of the June 30, 2022 Actuarial Valuation performed by Cheiron for MercedCERA.

This audit report includes an independent reproduction of the detailed valuation results that appear in the draft¹ June 30, 2022 valuation report prepared by Cheiron. This audit was based on actuarial reports, employee data and supplemental information provided by both MercedCERA and Cheiron.

We have performed this actuarial audit of MercedCERA's June 30, 2022 Actuarial Valuation to provide assurance to MercedCERA's Board of Retirement that the actuarial calculations are reasonable and that the actuarial process was conducted according to generally accepted actuarial principles and practices. **Our audit confirms that the actuarial calculations as of June 30, 2022 are reasonable and based on generally accepted actuarial principles and practices.**

Our findings and recommendations are summarized as follows:

- Segal's calculated total employer contribution rate is 45.96% of payroll as compared to Cheiron's total employer contribution rate of 45.66% of payroll. Segal's calculated average member contribution rate is 8.49% of payroll as compared to Cheiron's average member contribution rate of 8.46% of payroll. (Both of Segal and Cheiron's member rates are before including the member's share of administrative expense.)
- Segal's total present value of future benefits (PVB) as of June 30, 2022 is 101% of Cheiron's present value.
- A comparison of Segal's PVB to Cheiron's PVB by tier indicates that the total liabilities of each tier are reasonable as shown in the table below.

Tier	Ratio of Segal's PVB to Cheiron's PVB
General Tier 1	101%
General Tier 2	101%
General Tier 3	101%
General Tier 4	101%
Safety Tier 1	101%
Safety Tier 2	101%
Safety Tier 3	101%
Safety Tier 4	101%

- Segal's total Actuarial Accrued Liability (AAL) as of June 30, 2022 is 101% of Cheiron's liability.

¹ Throughout this report, our reference to the June 30, 2022 Cheiron valuation report is the draft report prepared by Cheiron dated February 13, 2023.

- Segal's total employer contribution rate as of June 30, 2022 is 101% of Cheiron's rate. Segal's total member rate as of June 30, 2022 is 100% of Cheiron's rate.
- As a percentage of projected payroll, Segal's net employer normal cost contribution rate is 102% of Cheiron's net employer normal cost rate and Segal's employer Unfunded Actuarial Accrued Liability (UAAL) contribution rate is 100% of Cheiron's UAAL rate.
- Our first focus was on matching the core numbers on which the tiers' ultimate costs depend: the present values of future benefits. The results of this analysis were shown on the previous page. We also focused on (i) the correct implementation of the actuarial assumptions as determined by the 2022 Experience Study and (ii) the determination of the UAAL contribution rate.
- As indicated in our Actuarial Review of 2022 Experience Study dated January 19, 2023, we recommended Cheiron develop a separate set of service retirement rates for the Safety PEPRA Tiers when more data becomes available. In response to our request to examine how the total normal cost rate for Safety PEPRA members might change if retirement experience from those members would indicate later retirement in the future compared to the non-PEPRA members, Cheiron indicated that the total normal cost is relatively insensitive to change from later retirement. With this additional response on the normal cost contribution rate provided for the Safety PEPRA tier and assuming such cost impact is fully understood by the Board, we found the actuarial assumptions and the methods used by Cheiron to be reasonable and in accordance with generally accepted actuarial standards and principles. The assumptions used in this valuation are those adopted by MercedCERA's Board of Retirement.
- Our comparison of the demographics of the 2022 data provided by MercedCERA with the valuation data used by Cheiron for the June 30, 2022 actuarial valuation indicates that Cheiron made relatively few changes to the original data before the valuation was performed. We also verified that Cheiron correctly made edits to the data based on responses they received from MercedCERA regarding questions¹ Cheiron had about the data.
- In developing the UAAL contribution rate, we originally noticed that Cheiron used the next year's projected payroll (i.e., after applying for each individual member a full year of the assumed merit/longevity pay increases and a full year of wage inflation to the 2021/2022 salary) but without applying the PEPRA compensation cap on those projected payroll for members in General Tier 4 and Safety Tier 4. Upon consultation with Cheiron, we understand that Cheiron had changed the methodology to determine the next year's projected payroll in the final valuation report. In particular, for the projected payroll used to determine UAAL contribution rate and administrative expense contribution rate, Cheiron applied for each individual member a half year of the assumed merit/longevity pay increases and a full year of wage inflation to the 2021/2022 salary and applied the PEPRA compensation cap on those projected payroll for members in General Tier 4 and Safety Tier 4. We recommend that Cheiron disclose this methodology for calculating total projected payroll in the valuation report.

¹ The main area where Cheiron raised data questions include: (a) active/deferred members reported in data for June 30, 2021 valuation but not report in data for June 30, 2022 valuation, (b) active members with service increased by more than 1 year, (c) larger pay changes and (d) confirmation for retirees who died during the year whether they left a beneficiary eligible for continuance benefit.

- Overall, we have verified that Cheiron’s calculation of the UAAL and the total employer contribution rate as a percentage of payroll are reasonable and consistent with MercedCERA’s funding policy. We have also verified that the member contribution rates determined by Cheiron are reasonable.
- We also reviewed the Cheiron actuarial report in detail. Most of our comments were minor. We have confirmed that the Cheiron report contains content to comply with the Actuarial Standard of Practice on Assessment and Disclosure of Risk (ASOP 51), as well as most of the model disclosures recommended by the California Actuarial Advisory Panel (CAAP). A list of suggested changes for Cheiron to consider for future valuation reports can be found in Exhibit D.

Purpose and Scope of the Actuarial Audit

Purpose of the Audit

Segal has performed an actuarial audit of MercedCERA's June 30, 2022 Actuarial Valuation to provide assurance to MercedCERA's Board of Retirement that the actuarial calculations are reasonable and that the actuarial process was conducted according to generally accepted actuarial principles and practices.

Scope of the Audit

The scope of the audit, as described in MercedCERA's Actuarial Audit Services Agreement with Segal, includes the following:

- Evaluation of the available data for the performance of such valuation, the degree to which such data is sufficient to support the conclusions of the valuation, the use and appropriateness of any assumptions made regarding such data.
- Completion of a parallel valuation as of June 30, 2022 using the assumptions, methodologies and funding methods used by MercedCERA's consulting actuary in their performance of the June 30, 2022 valuation.
- Evaluation of the parallel valuation results and reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and/or adjustments with MercedCERA's consulting actuary.

Results of the Audit

Several steps are involved in conducting an actuarial audit of a retirement benefits program. Outlined below are the primary steps we took to comply with the scope of the audit services. Following each step is a description of our observations.

Step 1: Data

Compare the demographics of the 2022 data provided by MercedCERA with the valuation data used by Cheiron for the June 30, 2022 actuarial valuation.

Results

Exhibit A provides a comparison, by tier, of the number of participants, their average ages, average salaries (active members), average benefit service (active and deferred members) and average benefits (pensioners). This exhibit indicates that Cheiron did have to make a few adjustments, estimations or corrections to the data received from MercedCERA. In general though, the data received was “valuation ready.”

Observations

1. After comparing the data provided to us by MercedCERA against that used by Cheiron, we noted that there were some differences in the salary information in Cheiron’s scrubbed data compared to the Year-to-Date Earnable Salary in the original data provided by MercedCERA.

We understand that Cheiron uses the following process to calculate annualized salary for purposes of the valuation:

- If the current year earnings is greater than the prior year valuation pay for continuing actives, Cheiron uses the current year earnings.
- If the current year earnings is less than prior year valuation pay for continuing actives or for new actives, Cheiron uses the greater of
 - current year earnings
 - current year pay rate times 26. If the current year pay rate is under \$100, Cheiron assumes that the current year pay rate is an hourly rate and multiplies the pay rate by 80 to estimate the biweekly pay rate.

We agree that this method of annualizing salary is reasonable. We recommend Cheiron disclosed their methodology in the valuation report.

2. We noticed that the employee contribution balance in the final data provided by Cheiron for the valuation includes only the Basic contribution balance. The COLA contribution balance for Tier 1 members are not included in this field. The data provided by MercedCERA included Basic and COLA contribution balance in two separate fields. We made a similar observation in the June 30, 2019 actuarial audit recommending Cheiron to include the COLA contribution balance in the valuation. While we are recommending again Cheiron review their data to ensure the COLA contribution balance is included in the valuation, we note that including such amount is not expected to have a significant impact on the refund

liability calculated in the valuation because there are very few Tier 1 active members and those Tier 1 members are on average very close to retirement eligibility and therefore they should have very low probabilities of electing a refund.

3. We noticed that there were 9 retiree records in the data provided to us by MercedCERA that are bifurcated into 18 records in Cheiron's scrubbed data. For 8 of these retirees, we noticed that the sum of their bifurcated records' benefit amounts are greater than the original benefit amounts in the MercedCERA data. We asked Cheiron about these differences. Cheiron confirmed that the sum of these retirees' benefits in the two separate records should equal the original benefit provided in the MercedCERA data. Cheiron updated their benefits in the final valuation results. Cheiron estimated that this update resulted in a decrease in liabilities of approximately 0.16% and a decrease in the total employer contribution rate of approximately 0.04% of payroll.
4. We noticed that for active members who had a change in membership group or tier, Cheiron keeps two separate records for them for purposes of the valuation (an active record with service based on the member's current tier and a transfer record with service based on the member's prior membership group/tier). However, we noticed the salary for one member is different in the two separate records. Cheiron confirmed that the salary for the two separate records should be the same and they had updated the salary for this member when they prepared the final valuation results.
5. We noticed that there are 45 retiree records whose membership or tier were changed between the data provided by MercedCERA and Cheiron's scrubbed data, but they are not in this year's data questions. Based on Cheiron's response to our question, these 45 members with membership classes of I, R, or M are assumed to be in the same membership class that they were reported in the prior years' valuation. In other words, the membership class has been carried forward from year to year for these members. (They noted that per guidance from MercedCERA, a membership class of I, R, or M in the MercedCERA data is an indication that the member has worked as "extra help" in the past. It is not their actual membership class.) We recommend that Cheiron provide MercedCERA with the listings of these retiree records for MercedCERA to update these members' membership classification.
6. We noticed that there is no indicator code that flags active members who are part-time. Cheiron should review with MercedCERA to ensure that part-time members (if any) can be identified so that their compensation can be annualized properly to a full-time equivalent when determining their future benefits.
7. We noticed that there were some differences in the entry age in Cheiron's scrubbed data as compared to the entry age in the original data provided by MercedCERA. Cheiron confirmed that the entry age in the original data from MercedCERA has been used to determine the member's contribution rate while the entry age in Cheiron's scrubbed data has only been used as the entry age for liability calculation purposes under the Entry Age Cost Method. We recommended that Cheiron provides the two separate entry age information in their scrubbed data for future audits.
8. Cheiron is rolling forward historical compensation information for many terminated vested members. Cheiron should review with MercedCERA to ensure that proper compensation information is being used for these members. If possible, the data provided by MercedCERA each year should contain an estimate of the final average compensation at termination for these members.

9. We also verified that Cheiron correctly made edits to the data based on responses they received from MercedCERA regarding questions Cheiron had about the data.

Step 2: Valuation Program

Develop a valuation program based on the relevant provisions of the County Employees Retirement Law (CERL) as summarized in the Summary Plan Descriptions, using the actuarial methods and assumptions outlined in the most recent valuation report, and further defined by Cheiron.

Observations

We modified our valuation software so that it closely mimics the middle of the plan year timing of decrements (i.e., when members are expected to terminate, die, or go on to service or disability retirement from the Association) used by Cheiron.

Step 3: Test Lives

Run the valuation program with specific individuals (test lives) to illustrate particular benefit provisions and compare results to those prepared by Cheiron.

Results

Exhibit B provides a comparison of Segal's and Cheiron's test life results for (i) the present value of future benefits, (ii) the present value of future normal costs, and (iii) the actuarial accrued liability.

- **Present Value of Future Benefits:** This liability represents the current value of the member's projected benefits, recognizing the time value of money (i.e., the investment return assumption), the salary increase assumption and the probabilities of retirement, death, disability and turnover. This value is the cornerstone for the entire valuation as it represents the amount expected to be needed to provide all future expected benefit payouts for current members, based on the valuation assumptions.

The ratios of Segal's results to Cheiron's results, on a total present value of future benefits (PVB) basis, range from 99% to 102% for the active test lives, 95% to 102% (and with one member at 155%)¹ for the terminated vested test lives, and 101% to 102% (and with one retiree shown in Exhibit B at 94%)² for the retired test lives. We believe our results are generally within an acceptable range of Cheiron's results to provide assurance that the significant plan liabilities are properly valued.

¹ See explanation as detailed in Exhibit B.

² See explanation as detailed in Exhibit B.

- **Present Value of Future Normal Costs and Actuarial Accrued Liability:** The funding method adopted by MercedCERA, the Entry Age Actuarial Cost Method, separates the present value of future benefits for active members into two components, the actuarial accrued liability and the present value of future normal costs. Simply stated, the Entry Age Actuarial Cost Method determines a level cost as a percentage of pay for each year of service, called the normal cost. For active members, the actuarial accrued liability is the accumulated value of past normal costs (less any expected benefits, and assuming all actuarial assumptions were exactly realized), while the present value of future normal costs represents the current value of future normal costs required to fully fund the member's projected benefits before the member is expected to retire.

The method used to separate the present value of projected benefits into its two components can differ somewhat from valuation system to valuation system, even though the underlying funding method used in the valuation systems is the same.

For the active test lives, the ratios of Segal's results to Cheiron's range from 100% to 103% for the present value of future normal costs and from 96% to 102% for the actuarial accrued liability (AAL). In most cases that we are higher on the present value of future normal costs, we are lower on the AAL and vice versa again because of differences in valuation systems. As previously noted, there is a very close match to the PVB for each testlife.

Observations

1. Segal's valuation system generally assumes active members decrement (i.e., retirement, termination, etc.) at the beginning of each plan year (July 1). The Cheiron system, in contrast, assumes decrements occur in the middle of the year (January 1). As part of this audit for the Association, we have changed our timing of the decrement to allow for the middle of the year timing for the decrements assumed by Cheiron. Either methodology is acceptable, with each actuarial firm establishing its own approach for the assumed timing of decrements.
2. Some differences in the results are expected due to differences between Segal and Cheiron's valuation systems. Differences could include such things as the rounding used in the calculations of ages, whether the benefit service is rounded for purposes of calculating the benefit or the assumed timing for salary increases or benefit payments. (Segal's valuation system used beginning-of-month timing for benefit payments. We understand that Cheiron uses end-of-month timing for benefit payments.) Various methodologies are acceptable, with each actuarial firm establishing its own standard. Given the differences in the valuation systems, we would not expect to match Cheiron's results exactly.
3. The new actuarial assumptions that the Board adopted to use in conjunction with the 2022 Experience Study were used to value the test lives.
4. For deferred members, when the member contribution account balance is greater than the present value of the deferred annuity, Segal has set the total PVB equal to the member contribution account balance. Cheiron calculated the PVB as the present value of the deferred annuity and do not compare the present value with the member contribution account balance. As there are relatively few similarly situated deferred members, the understatement of liability by Cheiron should have a very small impact on the total liability of the plan.

Step 4: Full Valuation

Run the valuation program with all participant data, compile results, and compare to Cheiron's results.

Results and Observations

Exhibit C provides a comparison, by Tier, of Segal's results and Cheiron's results of (i) the present value of future benefits, (ii) the present value of future normal costs, (iii) the unfunded actuarial accrued liability (UAAL), (iv) the total (employer plus member) normal cost rate, (v) the member contribution rate and (v) the employer normal cost and UAAL contribution rates including the administrative expense contribution.

- The ratios of Segal's results to Cheiron's results, on a total present value of future benefits basis for each tier, range from 101% to 102% for active members and are 101% for all active members combined. For deferred members and retired members, the ratios of Segal's results to Cheiron's results are 102% and 101%, respectively in total. Therefore, in total, our present value of future benefits is 101% of Cheiron's present value as shown in the row labeled "Total PVB" under the "Grand Total" column on page 24.
- As discussed earlier, the Segal and Cheiron valuation systems have slight differences and we would expect minor differences in the allocation the present value of future normal costs and the AAL. The ratios of Segal's results to Cheiron's results, on present value of future normal costs for each tier ranges from 100% to 102%, and the total present value of future normal costs determined by Segal is 101% of the amount determined by Cheiron. This is shown in the row labeled "PV Future NC Contributions" under the "Grand Total" column on page 27.
- The AAL depends in part on the valuation system's methodology for separating the present value of projected benefits into its two components—the actuarial accrued liability and the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is simply the difference between the actuarial accrued liability and the market value of assets. Therefore, differences in the AAL due to the variations in the valuation systems impact the unfunded actuarial accrued liabilities.
- As a percentage of projected payroll, Segal's total (employer plus member) normal cost contribution rate (Item 1 on page 30) is 101% of Cheiron's total normal cost rate. Segal's net employer normal cost contribution rate (Item 3) is 102% of Cheiron's rate. Segal's UAAL amortization contribution rate (Item 4) is 100% of Cheiron's UAAL rate. Segal's total employer contribution rate (Item 6) as of June 30, 2022 is 101% of Cheiron's rate.
- In determining the UAAL contribution rate, Cheiron applied the UAAL funding policy of amortization of actuarial gains and losses over a closed 24-year period with a five-year phase-in and four-year phase-out of each layer of amortization payments. Assumption changes are amortized over a closed 22-year period with a three-year phase-in and two-year phase-out of each layer of amortization payments. We were able to verify their calculations of the UAAL amortization payment.
- In developing the UAAL contribution rate, we originally noticed that Cheiron used the next year's projected payroll (i.e., after applying for each individual member a full year of the assumed merit/longevity pay increases and a full year of wage inflation to the 2021/2022 salary) but without applying the PEPPRA compensation cap on those projected payroll for members in General Tier 4 and Safety Tier 4. Upon consultation with Cheiron, we understand that Cheiron had changed the methodology to determine the next year's

projected payroll in the final valuation report. In particular, for the projected payroll used to determine UAAL contribution rate and administrative expense contribution rate, Cheiron applied for each individual member a half year of the assumed merit/longevity pay increases and a full year of wage inflation to the 2021/2022 salary and applied the PEPRA compensation cap on those projected payroll for members in General Tier 4 and Safety Tier 4. We recommend that Cheiron disclose this methodology for calculating total projected payroll in the valuation report.

Step 5: Valuation Results

Evaluate the valuation results and methodology as presented in the Cheiron actuarial valuation report.

Observations

1. Due to the changes in assumptions that were recommended as part of the 2022 Experience Study, new member contribution rates were calculated. We have verified that Cheiron's calculated member contribution rates are reasonable and consistent with the relevant provisions of the County Employees Retirement Law (CERL). For legacy members, Segal's Basic employee contribution rates are within 100% to 101% of the Basic employee contribution rates determined by Cheiron. For COLA employee contribution rates, Segal uses a different methodology for our County clients by applying a COLA loading factor calculated on an aggregate basis equal to 50% of the total normal cost for the COLA benefits to the Basic employee rates for members in the same membership class and tier. We understand that Cheiron's COLA member rate is calculated on an individual basis based on 50% of the normal cost associated with the expected COLA benefits. Because the Legacy tiers have few active members left, we have only calculated the COLA employee contribution rates for two sample ages using Cheiron's methodology. Segal's Basic and COLA employee rates are between 101% to 104% of Cheiron's total employee rates.
2. General Tier 2 and General Tier 3 members' retirement eligibility requirements are age 55 and 10 years of vesting service. We noticed that Cheiron applied retirement eligibility requirements of age 50 and 10 years of vesting service for General Tier 2 and General Tier 3 Reciprocal Transfer members. Cheiron responded that they will research with the Association to determine if General Tier 2 and Tier 3 reciprocal transfer members could retire prior to the age 55 eligibility requirement and that the difference in cost is expected to be minimal on the liabilities even if the age 55 eligibility requirements should have been applied.
3. We understand that Cheiron uses benefit service rounded to the nearest integer for calculating and projecting benefit amounts. Segal's valuation system uses benefit service that are unrounded for these calculations. While this should result in very small difference in overall results, there could be bigger difference in results for individual testlife. Cheiron should disclose this methodology in the Assumption section of the report.
4. The projection of the employer contribution rate shown on page 10 of the valuation report is especially useful because of the direct rate smoothing method that is used. The projections help show how the phase-in and phase-out of the amortization payments for components of the UAAL will affect future employer contribution rates. The projection may also help satisfy

requirements of the Actuarial Standards of Practice (ASOP) in regards to assessing the implications of the contribution allocation procedure under the new amendment of ASOP 4.

5. We understand that Cheiron discussed with the Board the current pooling arrangement between the General and Safety membership classes that essentially recalculates and redistributes the Association's assets between the two membership classes in each valuation. While we would favor maintaining such asset breakdown for each of General and Safety in order to avoid shifting cost between the two membership classes, we understand that such shift should only have a small impact on the primary employer, which is the County. We recommend that this method of allocation of assets between General and Safety membership classes be included in the Association's funding policy.
6. The Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment and disclosure when performing a funding valuation requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Cheiron has appropriately included these disclosures in Section II of their valuation report on pages 12 through 21.
7. We reviewed the Cheiron actuarial report in detail. Most of our comments are minor. We have confirmed that the Cheiron report contains most of the model disclosures recommended by the California Actuarial Advisory Panel (CAAP). A list of suggested changes for Cheiron to consider can be found in *Exhibit D*.

Exhibit A: Analysis of Participant Data

Actives

		Number	Annual Salary ¹	Average Age	Average Annual Salary ¹	Average Benefit Service ²
General Members						
Tier 1	MercedCERA Data	37	\$3,522,748	58.3	\$95,209	27.00
	Cheiron Data	37	\$3,522,748	58.3	\$95,209	26.43
	% Difference	0.00%	0.00%	0.00%	0.00%	-2.11%
Tier 2	MercedCERA Data	622	\$45,938,815	49.9	\$73,857	17.37
	Cheiron Data	621	\$45,905,145	49.8	\$73,921	17.36
	% Difference	-0.16%	-0.07%	-0.20%	0.09%	-0.06%
Tier 3	MercedCERA Data	65	\$6,414,220	45.5	\$98,680	5.55
	Cheiron Data	63	\$6,259,260	45.7	\$99,353	5.56
	% Difference	-3.08%	-2.42%	0.44%	0.68%	0.18%
Tier 4	MercedCERA Data	1,148	\$66,061,150	38.7	\$57,545	3.71
	Cheiron Data ³	1,121	\$65,087,323	38.7	\$58,062	3.75
	% Difference	-2.35%	-1.47%	0.00%	0.90%	1.08%
Total	MercedCERA Data	1,872	\$121,936,932	43.0	\$65,137	8.77
	Cheiron Data	1,842	\$120,774,476	43.1	\$65,567	8.85
	% Difference	-1.60%	-0.95%	0.23%	0.66%	0.91%

¹ The annual salary is calculated using the same process Cheiron applies:

- If current year earnings is greater than prior year valuation pay, use current year earnings.
- If current year earnings is less than prior year valuation pay, use greater of current year pay rate times 26 or current year earnings.
- Also, pay rates under \$100 are assumed to be hourly rates and are multiplied by 80 to estimate bi-weekly rates.

² Some differences in service can be explained by the additional deferred records in Cheiron's data that contain their service in the prior Class/Tier. Service for active record in Cheiron's data is only for the current tier while the service in the MercedCERA data is the total.

³ Cheiron moved 14 General Tier 4 Actives to Deferred status based on being reported as Membership "I" in the MercedCERA data. In addition, based on MercedCERA's responses to Cheiron's data questions, 13 active records were moved to Deferred status (2 General Tier 3 and 11 General Tier 4).

Exhibit A: Analysis of Participant Data

Actives

		Number	Annual Salary ¹	Average Age	Average Annual Salary ¹	Average Benefit Service ²
Safety Members						
Tier 1	MercedCERA Data	6	\$736,882	57.5	\$122,814	12.09
	Cheiron Data	5	\$736,882	56.9	\$147,376	21.89
	% Difference	-16.67% ³	0.00%	-1.04%	20.00%	81.06% ³
Tier 2	MercedCERA Data	139	\$12,228,881	45.3	\$87,978	16.59
	Cheiron Data	139	\$12,228,881	45.3	\$87,978	16.50
	% Difference	0.00%	0.00%	0.00%	0.00%	-0.54%
Tier 3	MercedCERA Data	5	\$381,531	40.7	\$76,306	5.63
	Cheiron Data	5	\$381,531	40.7	\$76,306	5.47
	% Difference	0.00%	0.00%	0.00%	0.00%	-2.84%
Tier 4	MercedCERA Data	174	\$11,665,378	33.5	\$67,042	3.87
	Cheiron Data	176	\$11,828,753	33.5	\$67,209	3.81
	% Difference	1.15%	1.40%	0.00%	0.25%	-1.55%
Total	MercedCERA Data	324	\$25,012,672	39.1	\$77,200	9.51
	Cheiron Data	325	\$25,176,047	39.1	\$77,465	9.54
	% Difference	0.31%	0.65%	0.00%	0.34%	0.32%
Total	MercedCERA Data	2,196	\$146,949,604	42.5	\$66,917	8.88
	Cheiron Data	2,167	\$145,950,524	42.5	\$67,351	8.96
	% Difference	-1.32%	-0.68%	0.00%	0.65%	0.90%

¹ The annual salary is calculated using the same process Cheiron applies: If current year earnings is greater than prior year valuation pay, use current year earnings. If current year earnings is less than prior year valuation pay, use greater of current year pay rate times 26 or current year earnings.

² Some differences in service can be explained by the additional deferred records in Cheiron's data that contain their service in the prior membership class or tier. Service for active record in Cheiron's data is only for the current tier while the service in the MercedCERA data is the total.

³ Based on MercedCERA's responses to Cheiron's data questions, 1 active member with no service was moved to terminated status, and another active member who was originally reported with no service in the MercedCERA data was confirmed to have 37 years of service.

Exhibit A: Analysis of Participant Data
Pensioners (Retirees, Beneficiaries, and Disableds)

		Number	Annual Total Benefit	Average Age	Average Annual Total Benefit
General Members					
Tier 1	MercedCERA Data	1,490	\$56,813,466	74.0	\$38,130
	Cheiron Data	1,490	\$56,684,837	74.0	\$38,044
	% Difference	0.00%	-0.23%	0.00%	-0.23%
Tier 2	MercedCERA Data	611	\$14,264,565	67.1	\$23,346
	Cheiron Data	618	\$14,444,497	67.0	\$23,373
	% Difference	1.15%	1.26%	-0.15%	0.12%
Tier 3	MercedCERA Data	8	\$39,976	62.5	\$4,997
	Cheiron Data	8	\$39,976	62.5	\$4,997
	% Difference	0.00%	0.00%	0.00%	0.00%
Tier 4	MercedCERA Data	11	\$118,505	66.2	\$10,773
	Cheiron Data	12	\$119,554	66.0	\$9,963
	% Difference	9.09%	0.89%	-0.30%	-7.52%
Total	MercedCERA Data ¹	2,120	\$71,236,513	71.9	\$33,602
	Cheiron Data ²	2,128	\$71,288,864	71.9	\$33,500
	% Difference	0.38%	0.07%	0.00%	-0.30%

¹ All retiree records without a code of "S" in the Membership field are considered General members. There are 45 retiree records that were reported with Membership "I", "R" or "M" in the MercedCERA data that are classified as Safety in the Cheiron data. Segal confirmed with Cheiron that it carries forward the Membership Class for these records from the prior years' valuation data as there is no identifying field in the MercedCERA data that identifies them as Safety members. Segal made the same change to the MercedCERA data and those records are shown as Safety in this Exhibit.

² There were 8 retirees with benefits in more than one tier in the Cheiron data where the total benefit amount exceeded the benefit amount reported in the MercedCERA data. (Note that there is only one corresponding retiree record in MercedCERA data for these retirees.) In response to Segal's question, Cheiron's revised the benefit amounts for these records.

Exhibit A: Analysis of Participant Data
Pensioners (Retirees, Beneficiaries, and Disableds)

		Number	Annual Total Benefit	Average Age	Average Annual Total Benefit
Safety Members					
Tier 1	MercedCERA Data	321	\$15,115,045	69.10	\$47,087
	Cheiron Data	321	\$15,067,192	69.10	\$46,938
	% Difference	0.00%	-0.32%	0.00%	-0.32%
Tier 2	MercedCERA Data	72	\$2,059,635	55.60	\$28,606
	Cheiron Data	72	\$2,017,406	55.70	\$28,020
	% Difference	0.00%	-2.05%	0.18%	-2.05%
Tier 3	MercedCERA Data	0	\$0	0.00	\$0
	Cheiron Data	0	\$0	0.00	\$0
	% Difference	0.00%	0.00%	0.00%	0.00%
Tier 4	MercedCERA Data	2	\$33,308	60.00	\$16,654
	Cheiron Data	2	\$33,308	60.00	\$16,654
	% Difference	0.00%	0.00%	0.00%	0.00%
Total	MercedCERA Data ¹	395	\$17,207,988	66.60	\$43,565
	Cheiron Data	395	\$17,117,907	66.60	\$43,336
	% Difference	0.00%	-0.52%	0.00%	-0.53%
Total					
	MercedCERA Data	2,515	\$88,444,501	71.10	\$35,167
	Cheiron Data ²	2,523	\$88,406,771	71.10	\$35,040
	% Difference	0.32%	-0.04%	0.00%	-0.36%

¹ All retiree records without a code of "S" in the Membership field are considered General members. There are 45 retiree records that were reported with Membership "I", "R" or "M" in the MercedCERA data that are classified as Safety in the Cheiron data. Segal confirmed with Cheiron that it carries forward the Membership Class for these records from the prior years' valuation data as there is no identifying field in the MercedCERA data that identifies them as Safety members. Segal made the same change to the MercedCERA data and those records are shown as Safety in this Exhibit.

² There were 8 retirees with benefits in more than one tier in the Cheiron data where the total benefit amount exceeded the benefit amount reported in the MercedCERA data. (Note that there is only one corresponding retiree record in MercedCERA data for these retirees.) In response to Segal's question, Cheiron's revised the benefit amounts for these records.

Exhibit A: Analysis of Participant Data

Deferred Members

		Number	Average Age	Average Benefit Service ¹
General Members				
Tier 1	MercedCERA Data	55	61.1	8.62
	Cheiron Data	53	61.0	8.84
	% Difference	-3.64%	-0.16%	2.55%
Tier 2	MercedCERA Data	430	49.6	7.38
	Cheiron Data	437	49.4	7.36
	% Difference	1.63%	-0.40%	-0.27%
Tier 3	MercedCERA Data	33	42.4	3.04
	Cheiron Data	35	42.1	3.17
	% Difference	6.06%	-0.71%	4.28%
Tier 4	MercedCERA Data	481	38.0	1.75
	Cheiron Data	507	38.0	1.76
	% Difference	5.41%	0.00%	0.57%
Total	MercedCERA Data	999	44.4	4.59
	Cheiron Data ²	1,032	44.2	4.54
	% Difference	3.30%	-0.45%	-1.09%

¹ The difference in service is due to the additional deferred records that contain their service in the prior membership class or tier.

² In the Cheiron Data, there are about 50 records that represent active and deferred members who have service accrued under a different membership class or tier. These members have additional deferred records that contain their service in the prior membership class or tier. Cheiron moved 14 General Tier 4 Actives to Deferred Member status based on those members being reported as Class "I" in the MercedCERA data. In addition, based on MercedCERA's responses to Cheiron's data questions, 13 active records were moved to Deferred Member status (2 General Tier 3 and 11 General Tier 4). 17 records with "Terminated – Unclaimed" status in MercedCERA data were removed by Cheiron from deferred member data.

Exhibit A: Analysis of Participant Data

Deferred Members

		Number	Average Age	Average Benefit Service ¹
Safety Members				
Tier 1	MercedCERA Data	4	58.5	3.98
	Cheiron Data	4	58.5	3.98
	% Difference	0.00%	0.00%	0.00%
Tier 2	MercedCERA Data	80	43.9	6.93
	Cheiron Data	95	44.3	6.70
	% Difference	18.75%	0.91%	-3.32%
Tier 3	MercedCERA Data	4	38.2	4.51
	Cheiron Data	4	38.2	4.51
	% Difference	0.00%	0.00%	0.00%
Tier 4	MercedCERA Data	61	31.9	1.67
	Cheiron Data	67	32.1	1.75
	% Difference	9.84%	0.63%	4.79%
Total	MercedCERA Data	149	39.2	4.63
	Cheiron Data ¹	170	39.7	4.64
	% Difference	14.09%	1.28%	0.22%
Total				
	MercedCERA Data	1,148	43.8	4.60
	Cheiron Data ²	1,202	43.5	4.56
	% Difference	4.70%	-0.68%	-0.87%

¹ The difference in service is due to the additional deferred records that contain their service in the prior membership class or tier.

² In the Cheiron Data, there are about 50 records that represent active and deferred members who have service accrued under a different membership class or tier. These members have additional deferred records that contain their service in the prior membership class or tier. Cheiron moved 14 General Tier 4 Actives to Deferred Members status based on those members being reported as Class "I" in the MercedCERA data. In addition, based on MercedCERA's responses to Cheiron's data questions, 13 active records were moved to Deferred Members status (2 General Tier 3 and 11 General Tier 4). 17 records with "Terminated – Unclaimed" status in MercedCERA data were removed by Cheiron from deferred member data.

Exhibit B: Test Life Comparison

General

	Tier 1		Tier 2		Tier 3		Tier 4	
Actives	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	\$1,589,677	\$1,620,200	\$290,927	\$289,767	\$138,305	\$136,904	\$321,492	\$318,266
PV - Future Normal Costs	\$148,552	\$151,210	\$37,564	\$37,488	\$60,469	\$60,456	\$121,336	\$121,167
Actuarial Accrued Liability	\$1,441,125	\$1,468,990	\$253,363	\$252,279	\$77,836	\$76,448	\$200,155	\$197,099
Ratio of Segal/Cheiron								
Total PVB	102%		100%		99%		99%	
PV - Future Normal Costs	102%		100%		100%		100%	
Actuarial Accrued Liability	102%		100%		98%		98%	

Safety

	Tier 1		Tier 2		Tier 3		Tier 4	
Actives	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	\$853,848	\$842,980	\$588,298	\$593,799	\$243,572	\$243,969	\$298,405	\$294,086
PV - Future Normal Costs	\$0	\$0	\$154,925	\$159,774	\$154,591	\$155,082	\$165,243	\$166,476
Actuarial Accrued Liability	\$853,848	\$842,980	\$433,373	\$434,025	\$88,981	\$88,887	\$133,162	\$127,610
Ratio of Segal/Cheiron								
Total PVB	99%		101%		100%		99%	
PV - Future Normal Costs	N/A		103%		100%		101%	
Actuarial Accrued Liability	99%		100%		100%		96%	

Exhibit B: Test Life Comparison

Terminated Vested

Inactives	General		General		General	
	Tier 1		Tier 2		Tier 4	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	\$417,579	\$421,495	\$21,287	\$21,735	\$12,704	\$19,751
Ratio of Segal/Cheiron	101%		102%		155% ¹	

Terminated Vested

Inactives	Safety		Safety		Safety	
	Tier 1		Tier 2		Tier 3	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	\$118,971	\$119,850	\$74,863	\$75,321	\$73,668	\$74,865
Ratio of Segal/Cheiron	101%		101%		102%	

Reciprocal or Service Accrued Under Different Class/Tier

Inactives	General		General		Safety		Safety	
	Tier 1		Tier 2		Tier 1		Tier 2	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	\$251,543	\$259,526	\$162,599	\$156,156	\$141,987	\$134,485	\$384,217	\$373,641
Ratio of Segal/Cheiron	103% ²		96% ³		95% ⁴		97%	

¹ For this member, the member contribution account balance is greater than the present value of the deferred annuity and Segal has set the total PVB equal to the member contribution account balance. As there are relatively few similarly situated members, the understatement of liability by Cheiron should have a very small impact on the total liability of the plan.

² Cheiron uses benefit service rounded to the nearest integer for calculating and projecting benefit amounts. Segal's valuation system uses benefit service that are unrounded for these calculations. If Segal also rounds the benefit service to the nearest integer, the ratio of Segal to Cheiron for this member would be 102%.

³ Cheiron uses retirement eligibility requirements of age 50 and 10 years of service while Segal's calculation is based on retirement eligibility requirements of age 55 and 10 years of service for General Tier 2 members.

⁴ Cheiron uses benefit service rounded to the nearest integer for calculating and projecting benefit amounts. Segal's valuation system uses benefit service that are unrounded for these calculations. If Segal also rounds the benefit service to the nearest integer, the ratio of Segal to Cheiron for this member would be 102%.

Exhibit B: Test Life Comparison

Service Retirement

	General		General		General		General	
	Tier 1		Tier 1		Tier 1		Tier 1	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Pensioners								
Total PVB	\$62,910	\$64,132	\$203,566	\$205,409	\$283,452	\$285,848	\$158,921	\$160,296
Ratio of Segal/Cheiron	102%		101%		101%		101%	

Service Retirement

	General		General		Safety		Safety	
	Tier 2		Tier 2		Tier 1		Tier 1	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Pensioners								
Total PVB	\$303,352	\$309,726	\$72,481	\$73,011	\$310,461	\$313,338	\$931,004	\$873,427
Ratio of Segal/Cheiron	102%		101%		101%		94% ¹	

Service Retirement

Service Disabled

	Safety		Safety		General		Safety	
	Tier 1		Tier 2		Tier 1		Tier 2	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Pensioners								
Total PVB	\$340,943	\$345,124	\$393,212	\$395,887	\$318,939	\$321,206	\$417,467	\$420,171
Ratio of Segal/Cheiron	101%		101%		101%		101%	

Non-Service Disabled

Beneficiary

QDRO

	Safety		General		Safety		General	
	Tier 1		Tier 1		Tier 1		Tier 1	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Pensioners								
Total PVB	\$555,173	\$559,153	\$114,357	\$115,910	\$84,030	\$85,555	\$513,080	\$517,253
Ratio of Segal/Cheiron	101%		101%		102%		101%	

¹ There are larger differences between Segal's and Cheiron's PVB for Tier 1 retired members who are less than age 62 with Social Security Level Income Option. (The ratio of Segal to Cheiron's PVB is 87% for one member with the biggest difference.) However, because we match very closely with Cheiron's PVB for retired members in total and there is less than 1% of retired members that fall under this category, we believe these differences will not have a material impact on the overall results.

Exhibit C: Comparison of Results
Present Value of Future Benefits (PVB)
(\$ shown in Thousands)

General

PVB	Tier 1		Tier 2		Tier 3		Tier 4		Total	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Actives	\$36,615	\$37,258	\$282,521	\$284,089	\$14,005	\$14,159	\$126,440	\$127,304	\$459,580	\$462,809
Retirees	678,515	685,933	163,599	164,988	508	511	1,358	1,368	843,979	852,799
Deferred members	9,038	9,118	42,022	42,835	584	618	3,747	3,905	55,390	56,477
Total PVB	\$724,168	\$732,309	\$488,141	\$491,912	\$15,096	\$15,288	\$131,544	\$132,576	\$1,358,949	\$1,372,085
Ratio of Segal/Cheiron										
Actives	102%		101%		101%		101%		101%	
Retirees	101%		101%		101%		101%		101%	
Deferred members ¹	101%		102%		106%		104%		102%	
Total PVB	101%		101%		101%		101%		101%	

¹ The difference in the Deferred members PVB is mainly due to Segal's valuation software comparing and using the greater of the present value of deferred benefit and the member's contribution balance versus Cheiron's valuation software using only the present value of deferred benefit. The liability for the Deferred members is relatively small (less than 4% of total PVB of the plan), and the difference has a very small impact on the total PVB of the plan.

Exhibit C: Comparison of Results
Present Value of Future Benefits (PVB)
(\$ shown in Thousands)

Safety

PVB	Tier 1		Tier 2		Tier 3		Tier 4		Total	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Actives	\$8,302	\$8,410	\$85,950	\$86,621	\$1,182	\$1,196	\$36,939	\$37,231	\$132,374	\$133,458
Retirees	200,440	202,214	26,265	26,425	0	0	445	447	227,150	229,087
Deferred members	294	299	12,103	12,233	198	200	640	642	13,235	13,374
Total PVB	\$209,036	\$210,923	\$124,318	\$125,279	\$1,380	\$1,396	\$38,024	\$38,320	\$372,758	\$375,919
Ratio of Segal/Cheiron										
Actives	101%		101%		101%		101%		101%	
Retirees	101%		101%		N/A		100%		101%	
Deferred members ¹	102%		101%		101%		100%		101%	
Total PVB	101%		101%		101%		101%		101%	

¹ The difference in the Deferred members PVB is mainly due to Segal's valuation software comparing and using the greater of the present value of deferred benefit and the member's contribution balance versus Cheiron's valuation software using only the present value of deferred benefit. The liability for the Deferred members is relatively small (less than 4% of total PVB of the plan), and the difference has a very small impact on the total PVB of the plan.

Exhibit C: Comparison of Results
Present Value of Future Benefits (PVB)
(\$ shown in Thousands)

PVB	Grand Total	
	Cheiron	Segal
Actives	\$591,954	\$596,267
Retirees	1,071,129	1,081,886
Deferred members	68,625	69,851
Total PVB	\$1,731,708	\$1,748,004
Ratio of Segal/Cheiron		
Actives		101%
Retirees		101%
Deferred members		102% ¹
Total PVB		101%

¹ The difference in the Deferred members PVB is mainly due to Segal's valuation software comparing and using the greater of the present value of deferred benefit and the member's contribution balance versus Cheiron's valuation software using only the present value of deferred benefit. The liability for the Deferred members is relatively small (less than 4% of total PVB of the plan), and the difference has a very small impact on the total PVB of the plan.

Exhibit C: Comparison of Results
 Unfunded Actuarial Accrued Liability (UAAL)
 (\$ shown in Thousands)

General

UAAL	Tier 1		Tier 2		Tier 3		Tier 4		Total	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
PVB	\$724,168	\$732,309	\$488,141	\$491,912	\$15,096	\$15,288	\$131,544	\$132,576	\$1,358,949	\$1,372,085
PV Future NC Contributions	(3,206)	(3,285)	(60,023)	(60,780)	(8,247)	(8,306)	(85,101)	(85,817)	(156,576)	(158,188)
Actuarial Accrued Liability	\$720,962	\$729,023	\$428,118	\$431,133	\$6,849	\$6,982	\$46,443	\$46,759	\$1,202,373	\$1,213,897
Market Value of Assets									\$839,940	\$840,357
Unfunded Actuarial Liability									\$362,433	\$373,540
Ratio of Segal/Cheiron										
PVB	101%		101%		101%		101%		101%	
PV Future NC Contributions	102%		101%		101%		101%		101%	
Actuarial Accrued Liability	101%		101%		102%		101%		101%	
Market Value of Assets									100%	
Unfunded Actuarial Liability									103%	

Exhibit C: Comparison of Results
 Unfunded Actuarial Accrued Liability (UAAL)
 (\$ shown in Thousands)

UAAL	Safety									
	Tier 1		Tier 2		Tier 3		Tier 4		Total	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
PVB	\$209,036	\$210,923	\$124,318	\$125,279	\$1,380	\$1,396	\$38,024	\$38,320	\$372,758	\$375,919
PV Future NC Contributions	(500)	(502)	(18,611)	(18,857)	(692)	(694)	(25,995)	(26,274)	(45,798)	(46,326)
Actuarial Accrued Liability	\$208,536	\$210,422	\$105,707	\$106,422	\$688	\$702	\$12,030	\$12,047	\$326,961	\$329,593
Market Value of Assets									\$224,500	\$224,084
Unfunded Actuarial Liability									\$102,460	\$105,509
Ratio of Segal/Cheiron										
PVB	101%		101%		101%		101%		101%	
PV Future NC Contributions	100%		101%		100%		101%		101%	
Actuarial Accrued Liability	101%		101%		102%		100%		101%	
Market Value of Assets									100%	
Unfunded Actuarial Liability									103%	

Exhibit C: Comparison of Results
 Unfunded Actuarial Accrued Liability (UAAL)
 (\$ shown in Thousands)

UAAL	Grand Total	
	Cheiron	Segal
PVB	\$1,731,708	\$1,748,004
PV Future NC Contributions	(202,374)	(204,514)
Actuarial Accrued Liability	\$1,529,334	\$1,543,490
Market Value of Assets	\$1,064,441	\$1,064,441
Unfunded Actuarial Liability	\$464,893	\$479,049
Ratio of Segal/Cheiron		
PVB		101%
PV Future NC Contributions		101%
Actuarial Accrued Liability		101%
Market Value of Assets		100%
Unfunded Actuarial Liability		103%

Exhibit C: Comparison of Results

Contribution Rates

Employer Cost	General							
	Tier 1		Tier 2		Tier 3		Tier 4	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
1. Total Normal Cost Rate	27.63%	28.93%	19.61%	19.82%	16.89%	17.00%	14.03%	14.14%
2. Member Contribution Rate ¹	12.56%	12.53%	9.49%	9.48%	6.74%	6.74%	7.01%	7.07%
3. Employer Normal Cost Rate (1. - 2.)	15.07%	16.40%	10.12%	10.34%	10.15%	10.26%	7.02%	7.07%
4. Employer UAAL Amortization Rate	32.72%	32.86%	32.72%	32.86%	32.72%	32.86%	32.72%	32.86%
5. Administrative Expense Rate	1.68%	1.72%	1.50%	1.51%	1.50%	1.50%	1.39%	1.39%
6. Total Employer Contribution Rate (3. + 4. + 5.)	49.47%	50.98%	44.34%	44.71%	44.37%	44.62%	41.13%	41.32%
Ratio of Segal/Cheiron								
1. Total Normal Cost Rate	105%		101%		101%		101%	
2. Member Contribution Rate ¹	100%		100%		100%		101%	
3. Employer Normal Cost Rate (1. - 2.)	109%		102%		101%		101%	
4. Employer UAAL Amortization Rate	100%		100%		100%		100%	
5. Administrative Expense Rate	102%		101%		100%		100%	
6. Total Employer Contribution Rate (3. + 4. + 5.)	103%		101%		101%		100%	

¹ Not including member's share of administrative expenses.

Exhibit C: Comparison of Results

Contribution Rates

Employer Cost	Safety							
	Tier 1		Tier 2		Tier 3		Tier 4	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
1. Total Normal Cost Rate	37.37%	37.55%	24.92%	25.19%	25.18%	25.26%	22.13%	22.34%
2. Member Contribution Rate ¹	14.89%	14.99%	9.42%	9.42%	9.15%	9.19%	11.06%	11.17%
3. Employer Normal Cost Rate (1. - 2.)	22.48%	22.56%	15.50%	15.77%	16.03%	16.07%	11.07%	11.17%
4. Employer UAAL Amortization Rate	44.27%	44.42%	44.27%	44.42%	44.27%	44.42%	44.27%	44.42%
5. Administrative Expense Rate	2.34%	2.33%	2.10%	2.10%	2.12%	2.11%	1.94%	1.94%
6. Total Employer Contribution Rate (3. + 4. + 5.)	69.09%	69.31%	61.87%	62.29%	62.42%	62.60%	57.28%	57.53%
Ratio of Segal/Cheiron								
1. Total Normal Cost Rate	100%		101%		100%		101%	
2. Member Contribution Rate ²	101%		100%		100%		101%	
3. Employer Normal Cost Rate (1. - 2.)	100%		102%		100%		101%	
4. Employer UAAL Amortization Rate	100%		100%		100%		100%	
5. Administrative Expense Rate	100%		100%		100%		100%	
6. Total Employer Contribution Rate (3. + 4. + 5.)	100%		101%		100%		100%	

¹ Not including member's share of administrative expenses.

Exhibit C: Comparison of Results

Contribution Rates

Employer Cost	Grand Total	
	Cheiron	Segal
1. Total Normal Cost Rate	17.86%	18.04%
2. Member Contribution Rate ¹	8.46%	8.49%
3. Employer Normal Cost Rate (1. - 2.)	9.40%	9.55%
4. Employer UAAL Amortization Rate	34.71%	34.86%
5. Administrative Expense Rate	1.55%	1.55%
6. Total Employer Contribution Rate (3. + 4. + 5.)	45.66%	45.96%
Ratio of Segal/Cheiron		
1. Total Normal Cost Rate		101%
2. Member Contribution Rate ¹		100%
3. Employer Normal Cost Rate (1. - 2.)		102%
4. Employer UAAL Amortization Rate		100%
5. Administrative Expense Rate		100%
6. Total Employer Contribution Rate (3. + 4. + 5.)		101%

¹ Not including member's share of administrative expenses.

Exhibit D: Suggestions to Consider for Future Valuation Reports

- As we commented in the June 30, 2019 audit, on page 1 and a few other places in the valuation report, Cheiron is still referencing the “Entry Age Normal” cost (or funding) method instead of the nomenclature “Entry Age” cost method used by Governmental Accounting Standard Board (GASB) since the implementation of GASB Statements No. 67 and 68. Cheiron should consider updating this terminology.
- In the June 30, 2019 audit, we recommended that Cheiron show not only the contribution rates but also the estimated annual contribution amounts in dollar. In the June 30, 2022 valuation report, Cheiron now show the estimated annual contribution amounts in dollars which we agree. Cheiron should also consider showing the total Normal Cost in dollars consistent with the model disclosure recommended by the California Actuarial Advisory Panel (CAAP).
- In developing the UAAL contribution rate, on page 33 of the valuation report, Cheiron determined the next year’s projected payroll by applying for each individual member a half year of the assumed merit/longevity pay increases and a full year of wage inflation to the 2021/2022 salary and applied the PEPRA compensation cap on those projected payroll for members in General Tier 4 and Safety Tier 4. We recommend that Cheiron disclose this methodology for calculating total projected payroll in the valuation report.
- On page 52 of the valuation report, Cheiron discloses the methods and assumptions used for valuing current and future reciprocal transfers. Different methods and assumptions are used for current and future transfers to project their age and salary at retirement from the reciprocal system. The methods used for current transfers are also used to value the portion of the benefit that is based on a prior membership class or tier for active members who have service accrued under multiple membership class or tiers. Cheiron should review the methods and assumptions to see if more consistency is warranted for valuing both current and future reciprocal transfers.
- We understand that Cheiron uses benefit service that is rounded to the nearest integer for calculating and projecting benefit amounts. Cheiron should disclose this methodology in the Assumptions and Methods section of the report.
- Cheiron should describe the methodology used to annualize salary for active members in the Assumptions and Methods section of the report.
- On page 53 of the valuation report, Cheiron should disclose the ultimate retirement rates of 100% at age 70 for General members and age 60 for Safety members. The retirement rates for the first column under General Non-PEPRA should be described as “<20” years of service.
- On page 59 of the valuation report, Cheiron included the applicable non-enhanced benefit code section assumed in the valuation for members who were on a deferred status as of March 15, 2005. Cheiron should disclose the corresponding provision for Safety deferred members eligible for non-enhanced benefit in the report.
- For deferred members, when the member contribution account balance is greater than the present value of the deferred annuity, Cheiron should consider setting the total PVB equal to the member contribution account balance.



Merced County Employees' Retirement Association

DATE: April 27, 2023
TO: MercedCERA Board of Retirement
FROM: Kristie Santos, Plan Administrator
SUBJECT: SACRS Spring Business Meeting and Candidates
ITEM NUMBER: Consent Item d
ITEM TYPE: Consent

STAFF RECOMMENDATION:

1. Approve the recommended slate of slate of candidates and the SACRS Spring Business Packet as presented.

DISCUSSION:

The State Association of County Retirement Systems (SACRS) is recommending the following slate of candidates;

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloo, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The SACRS Board of Directors is recommending approval of their financials and the minutes from the SACRS Fall conference in 2022.

It is recommended that the Board approve the recommended slate of candidates, approve the financials as presented, and approve the business meeting minutes from Fall 2022.



March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

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

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

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

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

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

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

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

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.

***Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors**

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.

***Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors**

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

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

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued



Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

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

Attached: 2023-2024 Candidate submissions
Candidate Form



**SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections**

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA



SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> * SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * SACRS Vice President – 2022-2023 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 29 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 32 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: <ul style="list-style-type: none"> - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcountry.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Adele Tagaloa
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: atagaloa@ocers.org [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> ◆ Secretary, [REDACTED] ram and Bylaws Committee ◆ Elected General Member Trustee, OCERS, 2020 to present Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ◆ Chair, OCERS Disability Committee 2020 to present ◆ Vice- Chair, OCERS Investment Committee 2022 to present ◆ Member, OCERS Governance Committee member 2022 to present ◆ Union Steward, Orange County Employees Association (OCEA) 2012 to present ◆ Board of Directors, OCEA 2018 to present ◆ Political Action Committee and Scholarship Committee member, OCEA <p>Public Pension Trustee Certificates: Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

Treasurer Candidate Form - Jordan Kaufman, Kern CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: jkaufman@kerncounty.com [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$5.2 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.4 billion in local property taxes. I am also the Plan Administrator for the \$670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: zcholmondeley@gmail.com + Phone: [REDACTED] +
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.</p>

Regular Member Candidate Form - David Gilmore, San Diego CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: DGilmore@sdcera.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration.</p> <p>Thank you for your consideration and please see my letter of intent attached.</p>



SACRS
Spring Conference
Annual Business Meeting 2023

Friday, May 12, 2023
10:15 am – 11:30 am

Paradise Point Resort & Spa
San Diego, CA
Sunset I-III Ballroom



Vision, Mission, Core Values

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

Statement of Purpose

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

Mission Statement

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

Core Values

Teamwork

Integrity

Education

Service and Support



SACRS Business Meeting Agenda
Friday, May 12, 2023
10:15 am – 11:30 am
Paradise Point Resort & Spa
San Diego, CA
Sunset I-III Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
Sergeant at Arms – Brian Williams, Sonoma CERA

1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary

2. Secretary's Report - Receive and File

Adele Tagaloa, Orange CERS, SACRS Secretary

- A. November 2022 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

- A. July 2022 – February 2023 Financials

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update – No Action

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

- A. 2023 Legislative Report

6. SACRS Nomination Committee - 2023-2024 SACRS Board of Directors Elections – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Board of Directors Elections 2023-2024



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2021-2022 Annual Audit

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2023 Conference Evaluations/Feedback

9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

- A. SACRS Annual Spring 2023 Conference Report

10. SACRS Affiliate Committee Report – No Action

Joanne Svendsgaard, Millennium, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

12. SACRS Spring Conference Breakout Reports – No Action

A representative from each breakout will give a report on their breakouts from Wednesday, May 10th.

- A. Administrator Breakout
- B. Affiliate Breakout
- C. Attorney Breakout
- D. Disability/Operations & Benefits Combo Breakout
- E. Internal Auditors Breakout
- F. Investment Officer Breakout
- G. Safety Trustee Breakout
- H. General Trustee Breakout

13. Adjournment

Next scheduled SACRS Business Meeting will be held Friday, November 10, 2023, at the Omni Rancho Las Palmas Resort & Spa in Rancho Mirage, CA.



1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary



1. SACRS System Roll Call
 Adele Tagaloa, SACRS Secretary

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



2. Secretary's Report - Receive and File

Adele Tagaloa, Orange CERS, SACRS Secretary

- A. Fall 2022 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, November 11, 2022
10:15 AM – 11:30 AM
Hyatt Regency Long Beach
Regency ABC Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
Sergeant at Arms – Brian Williams, Sonoma CERA

Meeting called to order at 10:16 am by David MacDonald, SACRS Vice President

SACRS Board of Directors in Attendance:

David MacDonald, Vice President; Adele Tagaloa, Secretary; Jordan Kaufman, Treasurer; David Gilmore, Board member; Vere Williams, Board member; Dan McAllister, Immediate Past President, Wally Fikri, Affiliate Committee Chair

Absent: Vivian Gray, SACRS President

1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary

19 SACRS Member Systems Present

Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, and Ventura

Absent: Mendocino

2. Secretary's Report - Receive and File

Adele Tagaloa, Orange CERS, SACRS Secretary

A. Spring 2022 SACRS Business Meeting Minutes

Motion: A motion to approve the Spring 2021 SACRS Business Meeting Minutes was submitted by San Diego County.

2nd: Marin County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1



3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July – August 2022 Financials

B. 2022-2023 Annual Budget

Motion A: A motion to approve the Treasurer's report was submitted by Fresno County.

2nd: Imperial County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1

Motion B: A motion to approve the 2022-2023 Annual Budget was submitted by Marin County.

2nd: Sacramento County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

Discussion, no action taken. In Vivian Gray's absence, David MacDonald, Vice President, provided a verbal update of upcoming strategic goals of the Board for the 2023 year.

5. SACRS Legislative Committee Update – No Action

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

A. 2022 Legislative Report – No Action

Discussion, no action taken. Eric Stern gave a verbal report on the committee's decision to provide more outreach to the systems. The committee will be providing templates for position letters to the legislature, legislative representation contact information and guidelines for submitting letters to the legislature.



6. SACRS Nomination Committee – 2023-2024 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2023-2024

Discussion only, no action. Dan McAllister asked systems to alert staff and trustees that might be interested in serving on the Board that the elections begin January 1, 2023.

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. Audit Committee report/verbal update

Discussion only, no action. Steve Delaney reported that the annual audit will be presented to the Board in January 2023 and presented to the membership at the Spring 2023 Business Meeting.

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Fall Conference 2022 Evaluations/verbal update

Discussion only, no action. JJ Popowich provided a verbal report of the Education committee meeting and review of all sessions. JJ reported that the group thought it was a great conference, really liked “Nice Bike,” Mark Scharenbroich keynote speaker, moderator John D’Agostino and the overall conference. He noted that while the agenda included a range of diversity of speakers, in the future it would be great if the Program committee could include more women. The Committee will provide a full report to the Board in January 2023.

9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

A. Program Committee report/verbal update

Discussion only, no action. David MacDonald thanked the committee members and welcomed feedback via the evaluations online.



10. SACRS Affiliate Committee Report – No Action

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

A. Affiliate Committee report/verbal update

Discussion only, no action. Wally Fikri provided a verbal update on the Affiliate breakout and the new affiliate members. He announced that nominations to be on the Affiliate Committee are open, qualified members may submit their interest via the online portal on SACRS website. The selection process is available in the Affiliate Guidelines for those that want more information, or feel free to contact Wally directly.

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee report/verbal update

No report.

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give a report on their meetings.

- A. Administrators – Brian McKelvey, San Joaquin CERA, gave a verbal report on the Administrators breakout, well attended. Brian Richards, Santa Barbara CERS will be the Spring 2023 moderator.
- B. Counsel – Aaron Zaheen, Tulare CERA, gave a verbal report on the Counsel breakout. The group discussed Cyber Security, AB 2449 Brown Act Teleconferencing, Litigation update and Proposed SEC Rules. Rachel Witt, San Diego CERA will be the Spring 2023 moderator.
- C. Disability/Operations & Benefits Combo - Carlos Barrios, Alameda CERA, provided a verbal update, good session and well attended. The group discussed LACERA's Benefit Protection Unit, Retiree Benefits Protection and New Online Disability Application Process and Paper to Digital platforms. Colin Bishop, San Bernardino CERA, will be the Spring 2023 Moderator.
- D. Internal Auditors - No report
- E. Investment Officers - No report
- F. Safety Trustees - Brian Williams, Sonoma CERA, provided a verbal update, volunteered as the Spring 2023 Moderator.



G. General Trustees – Adele Tagaloa, Marin CERA, provided a verbal update, good session and was highly informative. The group discussed Asset Allocation 101 and had a robust roundtable discussion.

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 12, 2023, at the Paradise Point Resort & Spa, San Diego, CA.

Motion: A motion to adjourn the meeting at 10:44 am was submitted by San Diego County.

2nd: Contra Costa County

Yes: 19

No: 0

Absent: Mendocino

Motion passes 19-0-0



3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July – February 2023 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of February 28, 2023

28-Feb-23

ASSETS

Current Assets

Checking/Savings

1000 - First Foundation Bank-Checking	185,891.31
1001 - BofA Interest Checking 4389	46,672.36
1002 - First Foundation Bank ICS Acct	57,600.58

Total Checking/Savings 290,164.25

Other Current Assets

1100 - CalTrust - Medium Term	692,182.46
1107 - CalTrust Liquidity Fund	8,421.58
1110 - CAMP-SACRS Liquidity Fund	811,199.37

Total Other Current Assets 1,511,803.41

Total Current Assets 1,801,967.66

TOTAL ASSETS 1,801,967.66

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 - First Foundation Credit Card	39.00
2201 - First Foundation Master Card	-1,481.00

Total Credit Cards -1,442.00

Other Current Liabilities

2150 - Refund Liability	10.00
-------------------------	-------

Total Other Current Liabilities 10.00

Total Current Liabilities -1,432.00

Total Liabilities -1,432.00

Equity

32000 - Retained Earnings 1,904,635.13

Net Income -101,235.47

Total Equity 1,803,399.66

TOTAL LIABILITIES & EQUITY 1,801,967.66

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

Ordinary Income/Expense

Income

4100 - Membership Dues

4101 - Affiliates	256,250.00
4102 - Non Profit - Organizations	2,750.00
4103 - Non Profit - Systems	7,500.00
4104 - Systems - Medium	52,000.00
4105 - Systems - Large	36,000.00

Total 4100 - Membership Dues 354,500.00

4250 - Product Income

4251 - CERL	125.00
4254 - Website Job Board	400.00

Total 4250 - Product Income 525.00

4270 - UC Berkeley Program

4271 - Registrations	7,500.00
4272 - Sponsorships	17,500.00

Total 4270 - UC Berkeley Program 25,000.00

4300 - Fall Conference Registration

4301 - Affiliates - Early	182,580.00
4302 - Affiliates - Regular	65,540.00
4303 - Affiliates - Late/Onsite	19,200.00
4304 - Non Profit	840.00
4305 - Systems	18,240.00
4306 - Non-Members	258,990.00
4307 - Fun Run	1,125.00
4308 - Yoga	555.00
4300 - Fall Conference Registration - Other	-900.00

Total 4300 - Fall Conference Registration 546,170.00

4350 - Spring Conference Registration

4351 - Affiliates - Early	86,700.00
4355 - Systems	8,160.00
4356 - Non-Members	64,080.00
4357 - Fun Run	450.00
4358 - Yoga	330.00

Total 4350 - Spring Conference Registration 159,720.00

4900 - Interest Earned 15,379.04

Total Income

1,101,294.04

Gross Profit

1,101,294.04

Expense

5000 - Administrative Fee	150,000.00
5001 - Administrative Services	1,388.00
5002 - Awards	230.47
5003 - Bank Charges/Credit Card Fees	26,716.42
5010 - Berkeley & Symposium	
5011 - Audio/Visual	6,867.79

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

5014 · Food & Beverage	28,707.79
5015 · Materials/Printing/Design	964.56
5016 · Travel	2,789.93
Total 5010 · Berkeley & Symposium	39,330.07
5040 · Commissions & Fees	15,712.17
5041 · Consulting	12,362.00
5042 · Dues & Subscriptions	3,825.00
5050 · Fall Conference	
5051 · Audio/Visual	102,087.50
5052 · Delivery & Shipping	3,061.65
5053 · Entertainment	7,716.87
5054 · Hotel	
5054.1 · Wednesday Night Event	13,275.00
5054.2 · Conference	32,775.63
5054.3 · Food & Beverage	150,000.00
Total 5054 · Hotel	196,050.63
5055 · Program Material	23,796.94
5056 · Speakers	39,230.00
5057 · Supplies	211.74
5058 · Travel	2,485.23
Total 5050 · Fall Conference	374,640.56
5070 · Insurance	4,539.00
5071 · Legal & Professional Fees	12,835.00
5072 · Legislative Advocacy	36,638.00
5080 · Magazine	
5082 · Design/Printing/Etc.	6,055.00
5083 · Magazine - Other	8,405.00
Total 5080 · Magazine	14,460.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	17,149.43
6001.2 · Printing/Supplies	4,996.74
6001.3 · Travel - BOD Meetings	18,705.05
6001.4 · Travel - Miscellaneous BOD	1,272.93
6001.5 · Board Of Directors - Other	13,067.36
6001 · Board of Directors - Other	3,367.22
Total 6001 · Board of Directors	58,558.73
Total 6000 · Board & Committees	58,558.73
6010 · Office Expenses / Supplies	1,498.92
6011 · Postage & Delivery	8,039.89
6020 · Spring Conference	
6021 · Audio/Visual	102,087.50
6022 · Delivery & Shipping	2,000.00
6023 · Entertainment	476.49
6024 · Hotel	

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

6024.1 - Wednesday Night Event	103,426.52
6024.2 - Conference	2,094.84
6024.3 - Food & Beverage	161,992.19
6024 - Hotel - Other	4,483.22
Total 6024 - Hotel	271,996.77
6025 - Program Material	6,706.40
6026 - Speakers	4,320.80
6028 - Travel	13,924.18
Total 6020 - Spring Conference	401,512.14
6053 - Technology/AMS/Website	38,951.76
6054 - Travel	1,291.38
Total Expense	1,202,529.51
Net Ordinary Income	-101,235.47
	<u>-101,235.47</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	256,250.00	268,750.00	-12,500.00	95.35%
4102 · Non Profit - Organizations	2,750.00	2,750.00	0.00	100.0%
4103 · Non Profit - Systems	7,500.00	6,000.00	1,500.00	125.0%
4104 · Systems - Medium	52,000.00	52,000.00	0.00	100.0%
4105 · Systems - Large	36,000.00	42,000.00	-6,000.00	85.71%
Total 4100 · Membership Dues	354,500.00	371,500.00	-17,000.00	95.42%
4250 · Product Income				
4251 · CERL	125.00	0.00	125.00	100.0%
4254 · Website Job Board	400.00			
Total 4250 · Product Income	525.00	0.00	525.00	100.0%
4270 · UC Berkeley Program				
4271 · Registrations	7,500.00	60,000.00	-52,500.00	12.5%
4272 · Sponsorships	17,500.00	40,000.00	-22,500.00	43.75%
Total 4270 · UC Berkeley Program	25,000.00	100,000.00	-75,000.00	25.0%
4300 · Fall Conference Registration				
4301 · Affiliates - Early	182,580.00	140,000.00	42,580.00	130.41%
4302 · Affiliates - Regular	65,540.00	60,000.00	5,540.00	109.23%
4303 · Affiliates - Late/Onsite	19,200.00	70,400.00	-51,200.00	27.27%
4304 · Non Profit	840.00	960.00	-120.00	87.5%
4305 · Systems	18,240.00	20,000.00	-1,760.00	91.2%
4306 · Non-Members	258,990.00	200,250.00	58,740.00	129.33%
4307 · Fun Run	1,125.00	500.00	625.00	225.0%
4308 · Yoga	555.00	100.00	455.00	555.0%
4300 · Fall Conference Registration - Other	-900.00	0.00	-900.00	100.0%
Total 4300 · Fall Conference Registration	546,170.00	492,210.00	53,960.00	110.96%
4350 · Spring Conference Registration				
4351 · Affiliates - Early	86,700.00	140,000.00	-53,300.00	61.93%
4352 · Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4353 · Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4354 · Non Profit	0.00	960.00	-960.00	0.0%
4355 · Systems	8,160.00	20,000.00	-11,840.00	40.8%
4356 · Non-Members	64,080.00	200,250.00	-136,170.00	32.0%
4357 · Fun Run	450.00	500.00	-50.00	90.0%
4358 · Yoga	330.00	100.00	230.00	330.0%
Total 4350 · Spring Conference Registration	159,720.00	492,210.00	-332,490.00	32.45%
4900 · Interest Earned	15,379.04	-953.55	16,332.59	-1,612.82%
Total Income	1,101,294.04	1,454,966.45	-353,672.41	75.69%
Gross Profit	1,101,294.04	1,454,966.45	-353,672.41	75.69%
Expense				
5000 · Administrative Fee	150,000.00	225,000.00	-75,000.00	66.67%
5001 · Administrative Services	1,388.00	500.00	888.00	277.6%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
5002 · Awards	230.47	500.00	-269.53	46.09%
5003 · Bank Charges/Credit Card Fees	26,716.42	36,000.00	-9,283.58	74.21%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	6,867.79	2,200.00	4,667.79	312.17%
5012 · Delivery & Shipping	0.00	0.00	0.00	0.0%
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	28,707.79	12,500.00	16,207.79	229.66%
5015 · Materials/Printing/Design	964.56	3,000.00	-2,035.44	32.15%
5016 · Travel	2,789.93	2,500.00	289.93	111.6%
5017 · UC Berkeley	0.00	216,000.00	-216,000.00	0.0%
Total 5010 · Berkeley & Symposium	39,330.07	248,700.00	-209,369.93	15.81%
5020 · Webinar Symposium				
5021 · Webinar Speaker	0.00	0.00	0.00	0.0%
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
5023 · Webinar Misc	0.00	0.00	0.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERE				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERE	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	15,712.17	20,000.00	-4,287.83	78.56%
5041 · Consulting	12,362.00	21,192.00	-8,830.00	58.33%
5042 · Dues & Subscriptions	3,825.00	3,700.00	125.00	103.38%
5050 · Fall Conference				
5051 · Audio/Visual	102,087.50	90,000.00	12,087.50	113.43%
5052 · Delivery & Shipping	3,061.65	2,500.00	561.65	122.47%
5053 · Entertainment	7,716.87	6,500.00	1,216.87	118.72%
5054 · Hotel				
5054.1 · Wednesday Night Event	13,275.00	65,000.00	-51,725.00	20.42%
5054.2 · Conference	32,775.63	15,000.00	17,775.63	218.5%
5054.3 · Food & Beverage	150,000.00	250,000.00	-100,000.00	60.0%
Total 5054 · Hotel	196,050.63	330,000.00	-133,949.37	59.41%
5055 · Program Material	23,796.94	25,000.00	-1,203.06	95.19%
5056 · Speakers	39,230.00	50,000.00	-10,770.00	78.46%
5057 · Supplies	211.74	500.00	-288.26	42.35%
5058 · Travel	2,485.23	15,000.00	-12,514.77	16.57%
5050 · Fall Conference - Other	0.00	0.00	0.00	0.0%
Total 5050 · Fall Conference	374,640.56	519,500.00	-144,859.44	72.12%
5070 · Insurance	4,539.00	5,000.00	-461.00	90.78%
5071 · Legal & Professional Fees	12,835.00	35,000.00	-22,165.00	36.67%
5072 · Legislative Advocacy	36,638.00	62,808.00	-26,170.00	58.33%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	6,055.00	20,000.00	-13,945.00	30.28%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
5083 · Magazine - Other	8,405.00	6,000.00	2,405.00	140.08%
Total 5080 · Magazine	14,460.00	26,600.00	-12,140.00	54.36%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	17,149.43	25,000.00	-7,850.57	68.6%
6001.2 · Printing/Supplies	4,996.74	4,000.00	996.74	124.92%
6001.3 · Travel - BOD Meetings	18,705.05	11,000.00	7,705.05	170.05%
6001.4 · Travel - Miscellaneous BOD	1,272.93	8,000.00	-6,727.07	15.91%
6001.5 · Board Of Directors - Other	13,067.36	3,000.00	10,067.36	435.58%
6001 · Board of Directors - Other	3,367.22			
Total 6001 · Board of Directors	58,558.73	51,000.00	7,558.73	114.82%
6002 · Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 · Board & Committees	58,558.73	53,750.00	4,808.73	108.95%
6010 · Office Expenses / Supplies	1,498.92	2,500.00	-1,001.08	59.96%
6011 · Postage & Delivery	8,039.89	6,000.00	2,039.89	134.0%
6020 · Spring Conference				
6021 · Audio/Visual	102,087.50	90,000.00	12,087.50	113.43%
6022 · Delivery & Shipping	2,000.00	2,500.00	-500.00	80.0%
6023 · Entertainment	476.49	6,500.00	-6,023.51	7.33%
6024 · Hotel				
6024.1 · Wednesday Night Event	103,426.52	65,000.00	38,426.52	159.12%
6024.2 · Conference	2,094.84	0.00	2,094.84	100.0%
6024.3 · Food & Beverage	161,992.19			
6024.4 · Hotel - Other	0.00	25,000.00	-25,000.00	0.0%
6024 · Hotel - Other	4,483.22			
Total 6024 · Hotel	271,996.77	90,000.00	181,996.77	302.22%
6025 · Program Material	6,706.40	25,000.00	-18,293.60	26.83%
6026 · Speakers	4,320.80	50,000.00	-45,679.20	8.64%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	13,924.18	15,000.00	-1,075.82	92.83%
6020 · Spring Conference - Other	0.00	0.00	0.00	0.0%
Total 6020 · Spring Conference	401,512.14	280,000.00	121,512.14	143.4%
6050 · Strategic Facilitator	0.00	15,000.00	-15,000.00	0.0%
6051 · Taxes & Licenses	0.00	600.00	-600.00	0.0%
6053 · Technology/AMS/Website	38,951.76	45,000.00	-6,048.24	86.56%
6054 · Travel	1,291.38	7,500.00	-6,208.62	17.22%
Total Expense	1,202,529.51	1,657,650.00	-455,120.49	72.54%
Net Ordinary Income	-101,235.47	-202,683.55	101,448.08	49.95%
	-101,235.47	-202,683.55	101,448.08	49.95%



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update



No printed materials for this item



5. SACRS Legislative Committee Update – No Action

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

- A. 2023 Legislative Report – No Action



April 6, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – April 2023**

General Update

With the bill introduction deadline behind us, the Legislature now turns to policy committee hearings for the first house. The Legislature will have until April 28 for all fiscal bills to be heard in policy committee. Until this date (aside from Spring Recess from March 30 – April 10), the Legislature will be busy conducting hearings for bills introduced this year.

By this point, most of the “spot” or “intent” bills (placeholder bills without substantive language) have since been amended with substantive language that will allow them to move forward in the legislative process and get a hearing in policy committee.

Non-fiscal bills will have until May 5 to be heard in policy committee.

Legislation of Interest

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and

Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

Public Meeting Bills

Since the onset of the COVID-19 pandemic, teleconferencing flexibilities have become a subject of interest in California's Legislature, with local government groups sponsoring various bills on the topic since 2021. This session is no exception, and a handful of bills have been introduced:

AB 557 (Hart) - AB 361 Sunset Extension. This bill would remove the sunset established in AB 361 (R. Rivas) as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

AB 817 (Pacheco) – Open Meeting Flexibility for Subsidiary Bodies. This bill allows subsidiary bodies to use teleconferencing without regard to a state of emergency if they meet certain requirements. Subsidiary bodies are bodies that serve in an advisory capacity and do not take final action on specified items.

AB 1379 (Papan) - Teleconference Flexibilities. AB 1379 expands various flexibilities for local agencies under the Brown Act including, but not limited to, relaxing requirements for posting teleconference locations, relaxing certain quorum requirements, removing the existing January 1, 2026 sunset date of flexibilities in current law, removing restrictions that prohibit members from participating remotely for more than two meetings a year, among other changes. The bill also requires that a legislative body have at least two meetings a year where members are in person at a single designated location.

SB 411 (Portantino) - Teleconferencing for Appointed Bodies. This bill would allow local legislative bodies with appointed members to use teleconferencing indefinitely regardless of the presence of an emergency. The author intends this bill to apply to neighborhood councils. The bill is an urgency bill and therefore requires a 2/3 vote.

SB 537 (Becker) - Teleconference Flexibilities. This bill was recently amended with substantive language that allows multijurisdictional, cross county legislative bodies to use teleconferencing indefinitely and without regard to a state of emergency and adds certain requirements, like requiring a legislative body to provide a record of attendance on its website within 7 days of the meeting. The bill also adds to the list of circumstances where a member is permitted to participate remotely. We have met with the author's staff and are preparing some amendments to clarify that local retirement systems are covered by the bill. The bill is an urgency bill and therefore requires a 2/3 vote.



6. SACRS Nomination Committee - 2023-2024 SACRS Board of Directors Elections – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2023-2024



March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

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

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

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

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

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

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

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

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloa, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.

***Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors**

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.

***Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors**

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

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

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued



Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

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

Attached: 2023-2024 Candidate submissions
Candidate Form



**SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections**

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA



SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<p>* SACRS Board of Directors, Member – 2020-2021 & 2021-2022</p> <p>* SACRS Vice President – 2022-2023</p> <p>* Vice Chair, CCCERA Board of Retirement</p> <p>* Elected general member trustee of CCCERA since 2016</p> <p>* President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County).</p> <p>* 29 years serving on the PDOCC Executive Board, including many years as Vice President and President.</p> <p>* 32 years of service to Contra Costa County as a physician working in the Department of Health Services.</p> <p>* Education/Pension Trustee Certificates:</p> <ul style="list-style-type: none"> - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcountry.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Adele Tagaloa
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: atagaloa@ocers.org [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> ◆ Secretary, [REDACTED] ram and Bylaws Committee ◆ Elected General Member Trustee, OCERS, 2020 to present Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ◆ Chair, OCERS Disability Committee 2020 to present ◆ Vice- Chair, OCERS Investment Committee 2022 to present ◆ Member, OCERS Governance Committee member 2022 to present ◆ Union Steward, Orange County Employees Association (OCEA) 2012 to present ◆ Board of Directors, OCEA 2018 to present ◆ Political Action Committee and Scholarship Committee member, OCEA <p>Public Pension Trustee Certificates: Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

Treasurer Candidate Form - Jordan Kaufman, Kern CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: jkaufman@kerncounty.com [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$5.2 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.4 billion in local property taxes. I am also the Plan Administrator for the \$670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: zcholmondeley@gmail.com + Phone: [REDACTED] +
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"> <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.</p>

Regular Member Candidate Form - David Gilmore, San Diego CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

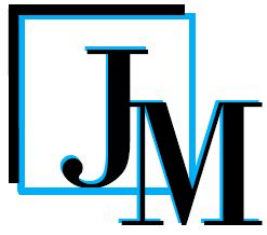
Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: DGilmore@sdcscera.org Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration.</p> <p>Thank you for your consideration and please see my letter of intent attached.</p>



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2021-2022 Annual Audit



JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021**

701 HOWE AVENUE, E3
SACRAMENTO, CA 95825

(916) 993-9494
(916) 993-9489 FAX
WWW.JPMCPA.COM

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2022

BOARD OF DIRECTORS

Vivian Gray
President

David MacDonald
Vice President

Jordan Kaufman
Treasurer

Adele Tagaloa
Secretary

Dan McAllister
Immediate Past President

Vere Williams
Board Member

David Gilmore
Board Member

Wally Fikri
Affiliate Chair

* * * *

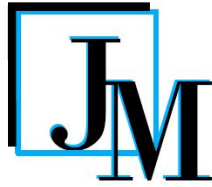
Sulema Peterson
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2022 AND 2021

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James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
State Association of County Retirement Systems
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement State Association of County Retirement Systems (SACRS) which comprise the statement of cash receipts and disbursements for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statement.

In our opinion, the accompanying statement of cash receipts and disbursements present fairly, in all material respects, the financial position of State Association of County Retirement Systems as of June 30, 2022 and 2021 in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of State Association of County Retirement Systems, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statement of cash receipts and disbursements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about State Association of County Retirement Systems' ability to continue as a going concern for a period of at least twelve months from the date of the statement of cash receipts and disbursements.

Auditor's Responsibilities for the Audit of the statement of cash receipts and disbursements

Our objectives are to obtain reasonable assurance about whether the statement of cash receipts and disbursements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these statement of cash receipts and disbursements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statement of cash receipts and disbursements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State Association of County Retirement Systems' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statement of cash receipts and disbursements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Association of County Retirement Systems' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

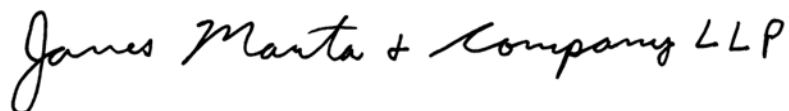
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 8 to 13, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 8 to 12, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 8 to 12 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 13, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 20, 2022

FINANCIAL SECTION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2021-22</u>	<u>2020-21</u>
<u>Cash Receipts</u>		
Dues	\$ 321,490	\$ 422,500
Conference		
Fall	503,150	104,815
Spring	534,549	116,115
Seminars	115,650	73,000
Other admin receipts	350	60,050
Other conference receipts	350	350
Interest	-	8,519
Total cash receipts	<u>1,475,539</u>	<u>785,349</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2021 and 2020		
Hotel and meals	345,697	2,668
Audio and visual	86,293	46,888
Program materials	95,289	41,174
Spring - 2022 and 2021		
Hotel and meals	30,956	6,490
Audio and visual	122,694	39,097
Program materials	76,921	13,790
Seminars	250,832	196,257
Conference administration	31,462	22,826
Total conference disbursements	<u>1,040,144</u>	<u>369,190</u>
Administration	357,802	274,714
Lobbying	65,013	55,011
Newsletters	33,276	15,031
Committee meetings	58,157	2,033
Special projects	17,841	17,759
Interest	32,231	-
Total administration disbursements	<u>564,320</u>	<u>364,548</u>
Total Cash Disbursements	<u>1,604,464</u>	<u>733,738</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	(128,925)	51,611
Cash and Investments, Beginning	<u>2,033,559</u>	<u>1,981,948</u>
Cash and Investments, Ending	<u>\$ 1,904,634</u>	<u>\$ 2,033,559</u>
<i>Supplementary Information</i>		
Cash and Investments at June 30,	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 959,810	\$ 1,054,911
Non current portion of investments	944,824	978,648
Total Cash and Investments	<u>\$ 1,904,634</u>	<u>\$ 2,033,559</u>

The accompanying notes are an integral part of this financial statement.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Sulema Peterson & Associates, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

The Board of Directors has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. COMPARATIVE DATA (CONTINUED)

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2022	2021
Bank accounts	\$ 158,389	\$ 255,570
Money market accounts	801,421	799,341
Total cash and cash equivalents	\$ 959,810	\$ 1,054,911

Cash in bank accounts at June 30, 2022 consisted of the following:

	First Foundation	Bank of America	Total
Per bank	\$ 149,965	\$ 46,669	\$ 196,634
Checks outstanding	(38,245)	-	(38,245)
Total bank accounts	\$ 111,720	46,669	\$ 158,389

Cash in bank accounts at June 30, 2021 consisted of the following:

	First Foundation	Bank of America	Total
Per bank	\$ 257,855	\$ 16,883	\$ 274,738
Checks outstanding	(19,168)	-	(19,168)
Total bank accounts	\$ 238,687	16,883	\$ 255,570

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). There was \$0 and \$7,855 in excess of FDIC coverage as of June 30, 2022 and 2021, respectively.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

2. CASH AND INVESTMENTS (Continued)

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the “Fund”), depositing \$1,104,130. The fair value balance as of June 30, 2022 and 2021 presented in the financial statement is \$944,824 and \$978,648; respectively. This balance includes reinvested interest income totaling and \$0 and \$3,329, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2022 and 2021 was \$0. The Fund is not rated or insured.

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

<u>Conference</u>	<u>Cancellation Fees</u>	<u>Food and Beverage Minimums</u>	<u>Room Nights Reserved</u>	<u>Guest Room Nights Minimum</u>	<u>Rooms Attrition</u>
Fall 2022	\$136,762-\$288,524	\$150,000	1145	916	\$249 plus tax
Spring 2023	\$224,848-\$404,726	\$170,000	1145	916	\$247 plus tax
Fall 2023	\$123,832-\$397,665	\$150,000	1185	948	\$209 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS’ management has evaluated subsequent events through December 20, 2022, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

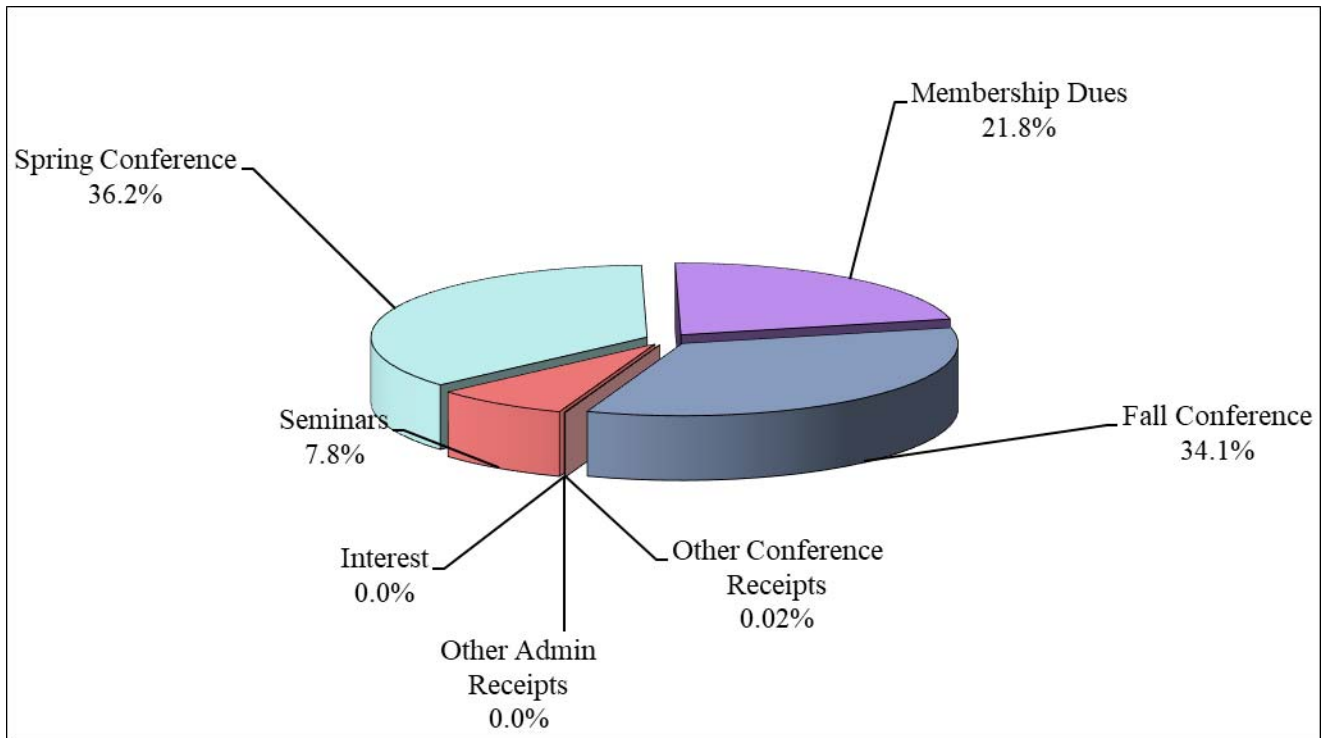
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 321,490	\$ 321,490
Conference			
Fall	503,150	-	503,150
Spring	534,549	-	534,549
Seminars	115,650		115,650
Other admin receipts	-	350	350
Other conference receipts	350	-	350
Total Cash Receipts	<u>1,153,699</u>	<u>321,840</u>	<u>1,475,539</u>
<u>Cash Disbursements</u>			
Conference			
Fall - 2021			
Hotel and meals	345,697	-	345,697
Audio and visual	86,293	-	86,293
Program materials	95,289	-	95,289
Spring - 2022			
Hotel and meals	30,956	-	30,956
Audio and visual	122,694	-	122,694
Program materials	76,921	-	76,921
Seminars	250,832	-	250,832
Conference Administration	31,462	-	31,462
Total conference disbursements	<u>1,040,144</u>	<u>-</u>	<u>1,040,144</u>
Administration	-	357,802	357,802
Lobbying	-	65,013	65,013
Newsletters	-	33,276	33,276
Committee meetings	-	58,157	58,157
Special projects	-	17,841	17,841
Interest	-	32,231	32,231
Total administration disbursements	<u>-</u>	<u>564,320</u>	<u>564,320</u>
Total Cash Disbursements	<u>1,040,144</u>	<u>564,320</u>	<u>1,604,464</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	113,555	(242,480)	(128,925)
Cash and Investments, Beginning	<u>3,006,835</u>	<u>(973,276)</u>	<u>2,033,559</u>
Cash and Investments, Ending	<u>\$ 3,120,390</u>	<u>\$ (1,215,756)</u>	<u>\$ 1,904,634</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH RECEIPTS BY SOURCE

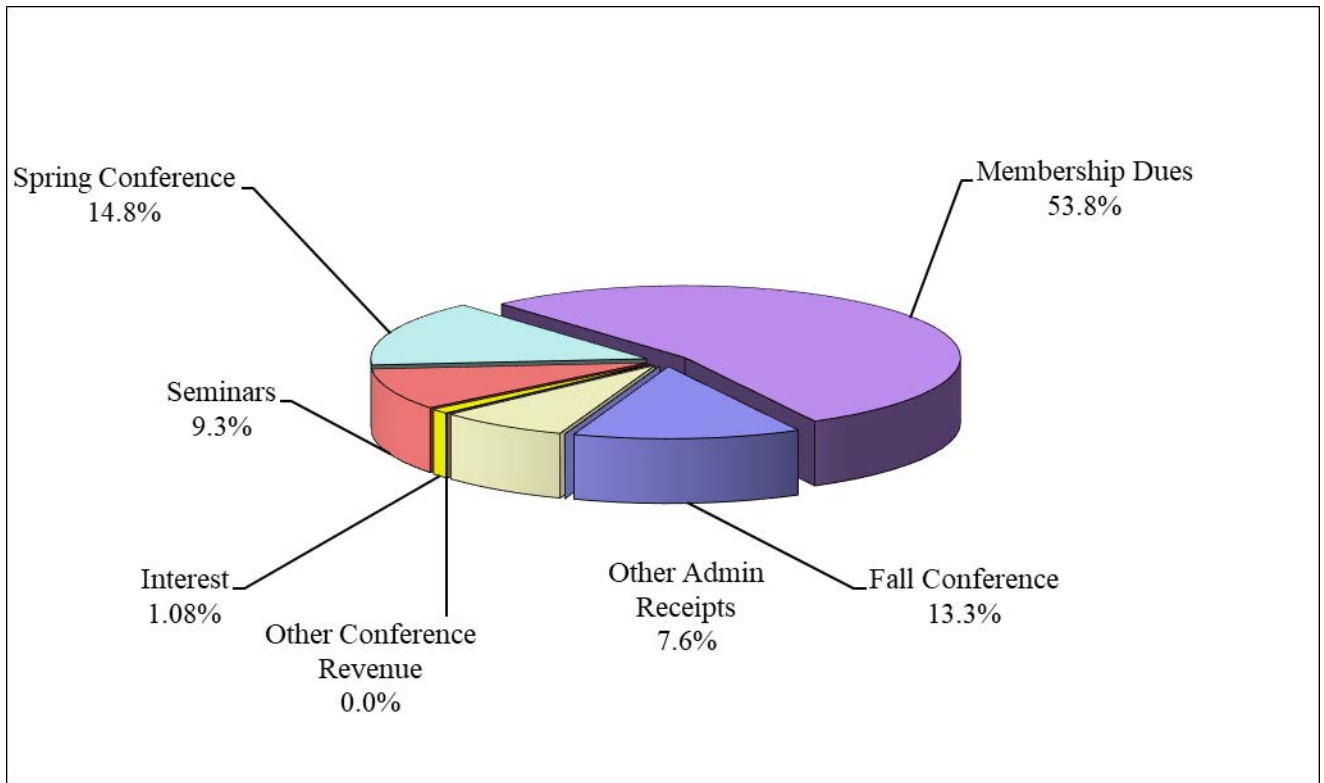


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH RECEIPTS BY SOURCE

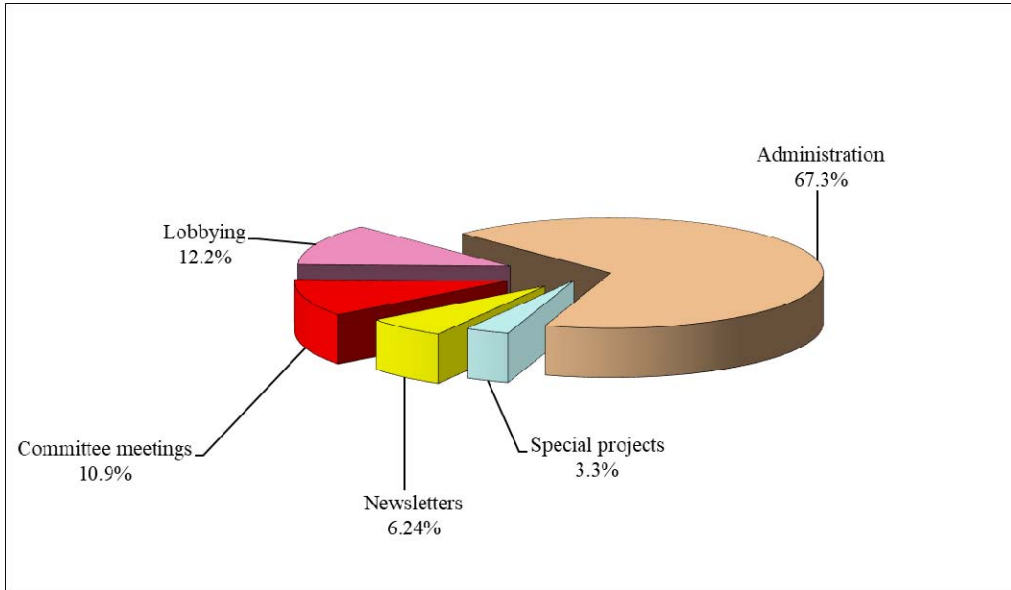


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

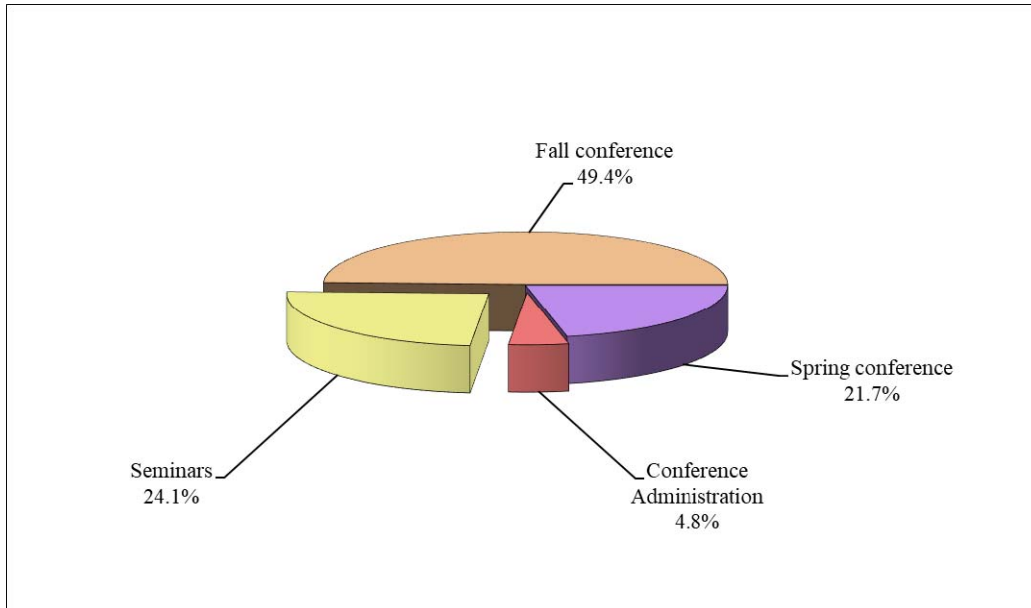
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS

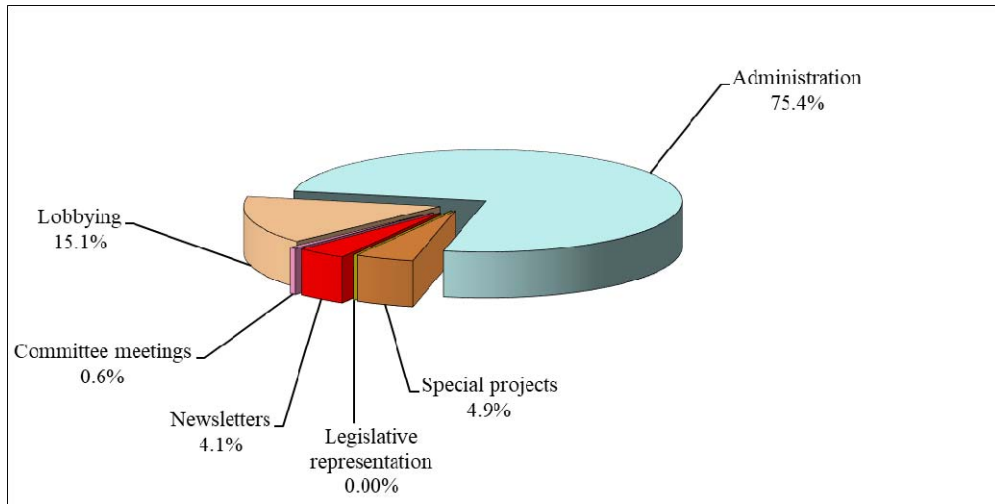


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

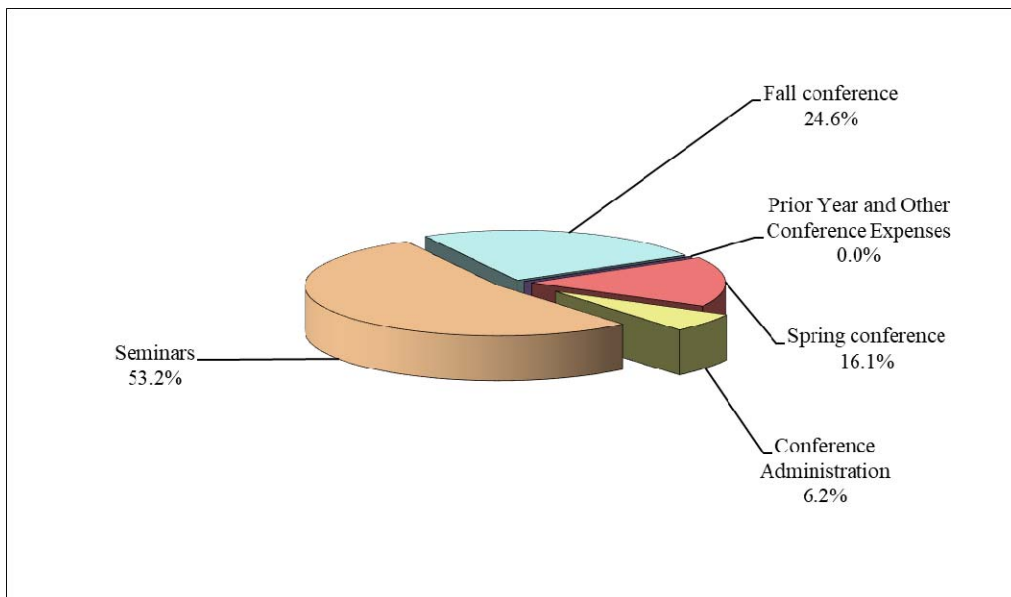
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

CONFERENCE SUMMARY REPORT

	Spring 2022	Fall 2021	Spring 2021	Fall 2020	Spring 2020	Fall 2019	Spring 2019	Fall 2018
	Rancho Mirage	Hollywood	Held Via Virtual Conference	Held Via Virtual Conference	Canceled/Held Via Webinar	Monterey	Lake Tahoe	Indian Wells
Cash receipts								
Conference	\$ 534,549	\$ 503,150	\$ 116,115	\$ 102,380	\$ -	\$ 639,270	\$ 592,590	\$ 591,530
Total cash receipts	<u>534,549</u>	<u>503,150</u>	<u>116,115</u>	<u>102,380</u>	<u>-</u>	<u>639,270</u>	<u>592,590</u>	<u>591,530</u>
Cash disbursements								
Hotel and meals	20,225	329,775	-	-	-	267,961	195,278	312,670
Audio and visual	114,145	86,293	38,975	46,888	-	56,477	57,731	52,180
Program materials	33,115	39,374	2,500	3,049	-	20,381	42,342	32,086
Program Speakers	41,750	55,915	11,290	38,125	-	63,172	39,784	74,458
Conference Administration	21,335	15,923	3,830	2,668	-	12,131	28,354	22,738
Total cash disbursements	<u>230,571</u>	<u>527,279</u>	<u>56,595</u>	<u>90,730</u>	<u>-</u>	<u>420,122</u>	<u>363,489</u>	<u>494,132</u>
Net cash provided by conference	<u>\$ 303,978</u>	<u>\$ (24,129)</u>	<u>\$ 59,520</u>	<u>\$ 11,650</u>	<u>\$ -</u>	<u>\$ 219,148</u>	<u>\$ 229,101</u>	<u>\$ 97,398</u>
Total attendees	<u>577</u>	<u>540</u>	<u>443</u>	<u>363</u>	<u>N/A</u>	<u>647</u>	<u>590</u>	<u>588</u>



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
INDEPENDENT AUDITOR'S REPORT**

Board of Directors
State Association of County Retirement Systems
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2022 and 2021 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated December 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered SACRS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP
Certified Public Accountants
December 20, 2022



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2023 Conference Evaluations/Feedback



No printed materials for this item



9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

- A. SACRS Annual Spring 2023 Conference Report



No printed materials for this item



10. SACRS Affiliate Committee Report – No Action

Joanne Svendsgaard, Millennium, SACRS Affiliate Committee Chair

- A. Affiliate Committee report/verbal update



No printed materials for this item



11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee report/verbal update



No printed materials for this item



12. SACRS Spring Conference Breakout Reports – No Action

A representative from each breakout will give a report on their breakouts from Wednesday, May 10th.

- A. Administrator Breakout
- B. Affiliate Breakout
- C. Attorney Breakout
- D. Disability/Operations & Benefits Combo Breakout
- E. Internal Auditors Breakout
- F. Investment Officer Breakout
- G. Safety Trustee Breakout
- H. General Trustee Breakout



No printed materials for this item



13. Adjournment

Next scheduled SACRS Business Meeting will be held Friday, November 10, 2023, at the Omni Rancho Las Palmas Resort & Spa in Rancho Mirage, CA.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of February 28, 2023

28-Feb-23

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	185,891.31
1001 · BofA Interest Checking 4389	46,672.36
1002 · First Foundation Bank ICS Acct	57,600.58

Total Checking/Savings 290,164.25

Other Current Assets

1100 · CalTrust - Medium Term	692,182.46
1107 · CalTrust Liquidity Fund	8,421.58
1110 · CAMP-SACRS Liquidity Fund	811,199.37

Total Other Current Assets 1,511,803.41

Total Current Assets 1,801,967.66

TOTAL ASSETS 1,801,967.66

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 · First Foundation Credit Card	39.00
2201 · First Foundation Master Card	-1,481.00

Total Credit Cards -1,442.00

Other Current Liabilities

2150 · Refund Liability	10.00
-------------------------	-------

Total Other Current Liabilities 10.00

Total Current Liabilities -1,432.00

Total Liabilities -1,432.00

Equity

32000 · Retained Earnings 1,904,635.13

Net Income -101,235.47

Total Equity 1,803,399.66

TOTAL LIABILITIES & EQUITY 1,801,967.66



April 6, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – April 2023**

General Update

With the bill introduction deadline behind us, the Legislature now turns to policy committee hearings for the first house. The Legislature will have until April 28 for all fiscal bills to be heard in policy committee. Until this date (aside from Spring Recess from March 30 – April 10), the Legislature will be busy conducting hearings for bills introduced this year.

By this point, most of the “spot” or “intent” bills (placeholder bills without substantive language) have since been amended with substantive language that will allow them to move forward in the legislative process and get a hearing in policy committee.

Non-fiscal bills will have until May 5 to be heard in policy committee.

Legislation of Interest

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and

Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

Public Meeting Bills

Since the onset of the COVID-19 pandemic, teleconferencing flexibilities have become a subject of interest in California's Legislature, with local government groups sponsoring various bills on the topic since 2021. This session is no exception, and a handful of bills have been introduced:

AB 557 (Hart) - AB 361 Sunset Extension. This bill would remove the sunset established in AB 361 (R. Rivas) as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

AB 817 (Pacheco) – Open Meeting Flexibility for Subsidiary Bodies. This bill allows subsidiary bodies to use teleconferencing without regard to a state of emergency if they meet certain requirements. Subsidiary bodies are bodies that serve in an advisory capacity and do not take final action on specified items.

AB 1379 (Papan) - Teleconference Flexibilities. AB 1379 expands various flexibilities for local agencies under the Brown Act including, but not limited to, relaxing requirements for posting teleconference locations, relaxing certain quorum requirements, removing the existing January 1, 2026 sunset date of flexibilities in current law, removing restrictions that prohibit members from participating remotely for more than two meetings a year, among other changes. The bill also requires that a legislative body have at least two meetings a year where members are in person at a single designated location.

SB 411 (Portantino) - Teleconferencing for Appointed Bodies. This bill would allow local legislative bodies with appointed members to use teleconferencing indefinitely regardless of the presence of an emergency. The author intends this bill to apply to neighborhood councils. The bill is an urgency bill and therefore requires a 2/3 vote.

SB 537 (Becker) - Teleconference Flexibilities. This bill was recently amended with substantive language that allows multijurisdictional, cross county legislative bodies to use teleconferencing indefinitely and without regard to a state of emergency and adds certain requirements, like requiring a legislative body to provide a record of attendance on its website within 7 days of the meeting. The bill also adds to the list of circumstances where a member is permitted to participate remotely. We have met with the author's staff and are preparing some amendments to clarify that local retirement systems are covered by the bill. The bill is an urgency bill and therefore requires a 2/3 vote.

Merced County Employees' Retirement Association

April 27, 2023

February Performance

- 1. Economic and Market Update as of February 28, 2023**
- 2. Performance Highlights as of February 28, 2023**
- 3. Performance Update as of February 28, 2023**
- 4. Forward Looking Calendar**
- 5. Disclaimer, Glossary, and Notes**

Economic and Market Update

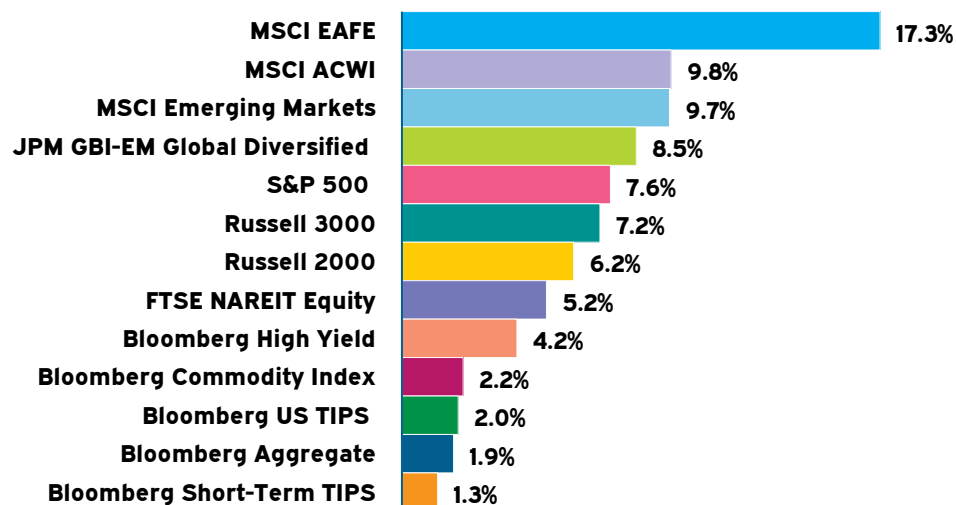
Data as of February 28, 2023

Commentary

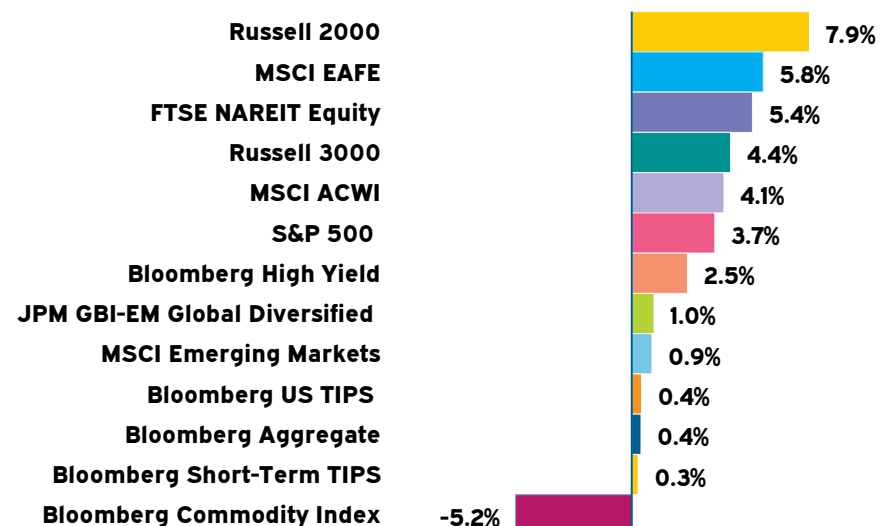
- After a strong start to the year, markets sold-off as better-than-expected economic data pushed investors to raise their inflation and interest rate expectations. Despite the sell-off most asset classes remain positive year-to-date.
- Chair Powell's February press conference where he reiterated previous messaging on high and persistent inflation and the need for an extended period of high interest rates weighed on both stocks and bonds.
 - US equity markets declined in February with the Russell 3000 falling 2.3% and growth continuing to outperform value.
 - Developed equity markets outside the US were up slightly in local terms for the month but a strengthening dollar brought returns negative for US investors. The MSCI EAFE fell 2.1% for the month.
 - Emerging market equities had the weakest returns in February (-6.5%) driven by renewed tensions between the US and China, as well as the strengthening dollar.
 - On expectations for higher rates for longer, bonds gave back most of their January gains with the broad US bond market (Bloomberg Aggregate) declining 2.6%.
 - After month-end, concerns in the banking sector created considerable market volatility with dramatic declines in interest rates and significant pressure in the financial sector. Support from the Fed and others in the US related to Silicon Valley and Signature Banks helped somewhat to ease concerns but risks remain.
- This year, the path of inflation and monetary policy, slowing global growth, China reopening its economy, and the war in Ukraine, as well as recent pressures in the banking sector, will all be key.

Index Returns¹

Fourth Quarter 2022



YTD 2023



→ After a strong fourth quarter and start to 2023, markets sold off in February as investors revised higher their interest rate assumptions for the year.

¹ Source: Bloomberg and FactSet. Data is as of February 28, 2023.

Domestic Equity Returns¹

Domestic Equity	February (%)	Q4 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-2.4	7.6	3.7	-7.7	12.1	9.8	12.2
Russell 3000	-2.3	7.2	4.4	-8.1	11.8	9.4	11.9
Russell 1000	-2.4	7.2	4.2	-8.2	11.9	9.7	12.1
Russell 1000 Growth	-1.2	2.2	7.0	-13.3	12.0	11.5	14.2
Russell 1000 Value	-3.5	12.4	1.5	-2.8	10.9	7.2	9.6
Russell MidCap	-2.4	9.2	5.7	-5.0	11.4	8.4	10.7
Russell MidCap Growth	-1.0	6.9	7.7	-8.3	8.7	8.7	11.4
Russell MidCap Value	-3.2	10.5	4.6	-3.4	11.9	7.3	9.6
Russell 2000	-1.7	6.2	7.9	-6.0	10.1	6.0	9.1
Russell 2000 Growth	-1.1	4.1	8.8	-7.9	6.5	5.1	9.3
Russell 2000 Value	-2.3	8.4	7.0	-4.4	12.9	6.4	8.5

US Equities: Russell 3000 Index fell 2.3% in February after rising sharply in January.

- US stocks fell in February as persistently strong labor and inflation data prompted investors to expect further interest rate increases by the Federal Reserve.
- Growth stocks again outperformed value stocks across the market capitalization spectrum. Technology stocks continue to fare better this year after steep declines in 2022. This contributed to the divergence between the growth and value indices year-to-date.
- Energy was the worst performing sector in the S&P 500 index. Investors lowered their expectations for global growth as central banks continue to fight inflation.

¹ Source: Bloomberg. Data is as of February 28, 2023.

Foreign Equity Returns¹

Foreign Equity	February (%)	Q4 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-3.5	14.3	4.3	-7.2	5.3	1.6	3.9
MSCI EAFE	-2.1	17.3	5.8	-3.1	6.8	2.6	4.8
MSCI EAFE (Local Currency)	0.6	8.7	7.0	5.5	9.4	5.7	7.5
MSCI EAFE Small Cap	-2.2	15.8	5.1	-9.7	5.3	0.7	6.1
MSCI Emerging Markets	-6.5	9.7	0.9	-15.3	1.0	-1.9	1.5
MSCI Emerging Markets (Local Currency)	-4.7	6.6	1.6	-10.5	3.1	1.1	4.7
MSCI China	-10.4	13.5	0.2	-16.1	-6.2	-5.5	2.4

Foreign Equity: Developed international equities (MSCI EAFE) fell 2.1% in February and emerging markets (MSCI EM) declined 6.5%.

- Non-US equities also reversed course in February after a strong start to the year.
- Developed market equities were up for the month in local terms but the strengthening US dollar made them negative for US investors. An improved economic outlook for Europe and a rebound in tourism for Japan both contributed to results.
- Emerging market equities were the worst performer for the month, driven by returns from China. The MSCI China index was down sharply in February due to heightened tensions with the US. The strong US dollar also proved an additional headwind for emerging market equities.

¹ Source: Bloomberg. Data is as of February 28, 2023.

Fixed Income Returns¹

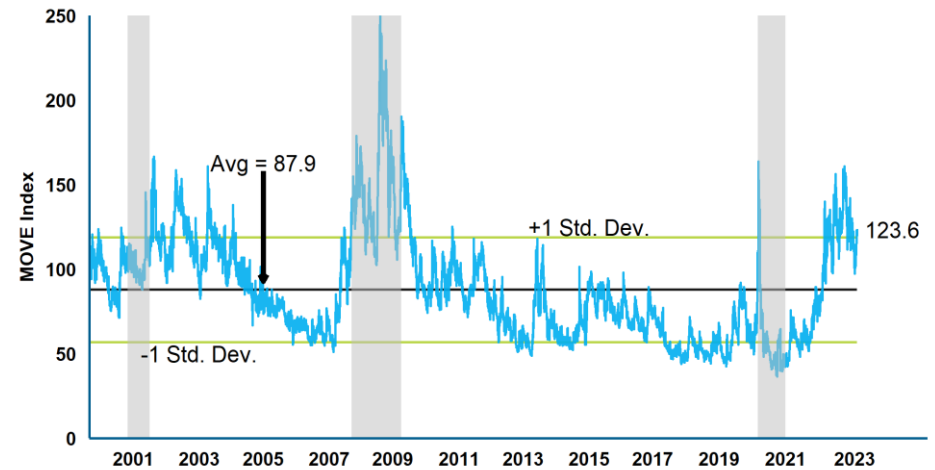
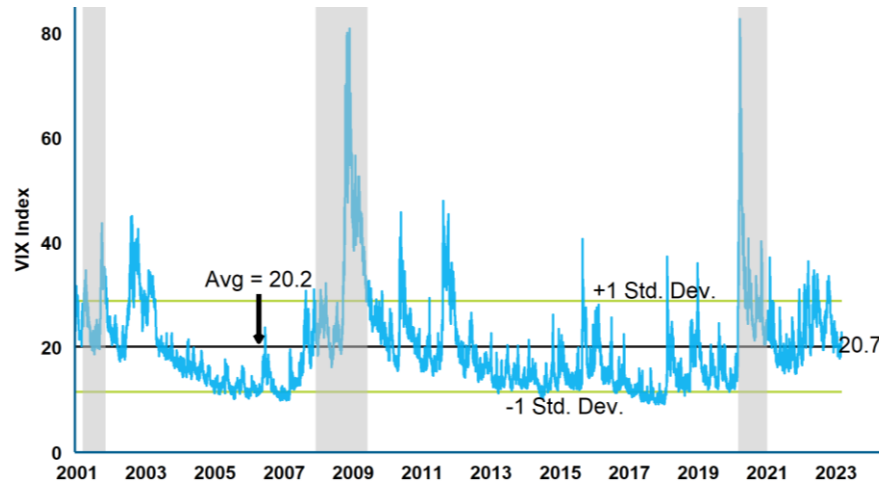
Fixed Income	February (%)	Q4 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Barclays Universal	-2.5	2.2	0.6	-9.3	-3.4	0.7	1.4	5.2	6.2
Bloomberg Barclays Aggregate	-2.6	1.9	0.4	-9.7	-3.8	0.5	1.1	4.8	6.5
Bloomberg Barclays US TIPS	-1.4	2.0	0.4	-10.4	0.2	2.6	1.2	4.6	7.0
Bloomberg Short-term TIPS	-0.4	1.3	0.3	-2.9	2.3	2.7	1.4	5.1	2.5
Bloomberg Barclays High Yield	-1.3	1.3	2.5	-5.5	1.3	2.9	4.1	8.6	4.3
JPM GBI-EM Global Diversified (USD)	-3.2	8.5	1.0	-6.1	-4.3	-3.0	-2.0	7.1	5.0

Fixed Income: The Bloomberg Universal fell 2.5% in February as global sovereign debt yields rose on monetary policy expectations.

- Global inflation risks have been improving, but the pace of price declines slowed over the month, prompting central bank officials to recast expectations for higher policy rates in the coming year.
- TIPS outperformed the broad US bond market (Bloomberg Aggregate) on a modest increase in longer-dated inflation expectations.
- High yield debt declined less than the broad US bond market while emerging market debt was the worst performer for the month.

¹ Source: Bloomberg. JPM GBI-EM data is from InvestorForce. Data is as of February 28, 2023. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.

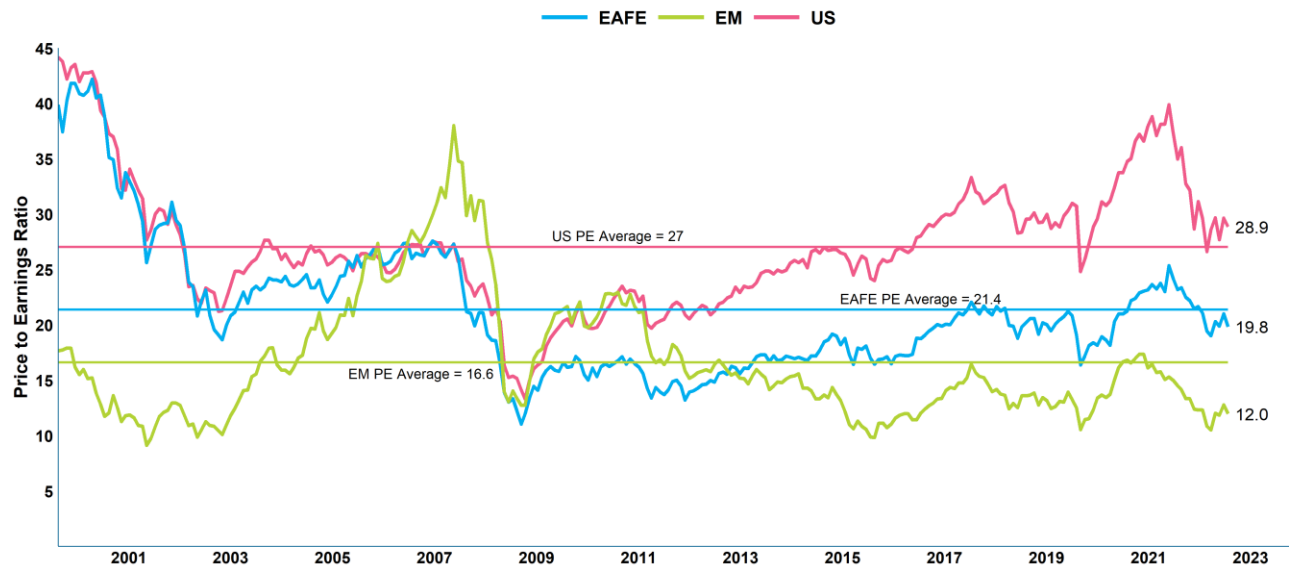
Equity and Fixed Income Volatility¹



- Volatility in equities (VIX) remained subdued through the end of February as investors continue to anticipate the end of the Fed's policy tightening.
- The Fed's continued hawkish stance on inflation has led to the more policy sensitive MOVE (fixed income volatility) to remain well above its long-run average though.

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 February 2023. The average line indicated is the average of the VIX and MOVE values between January 2000 and February 2023.

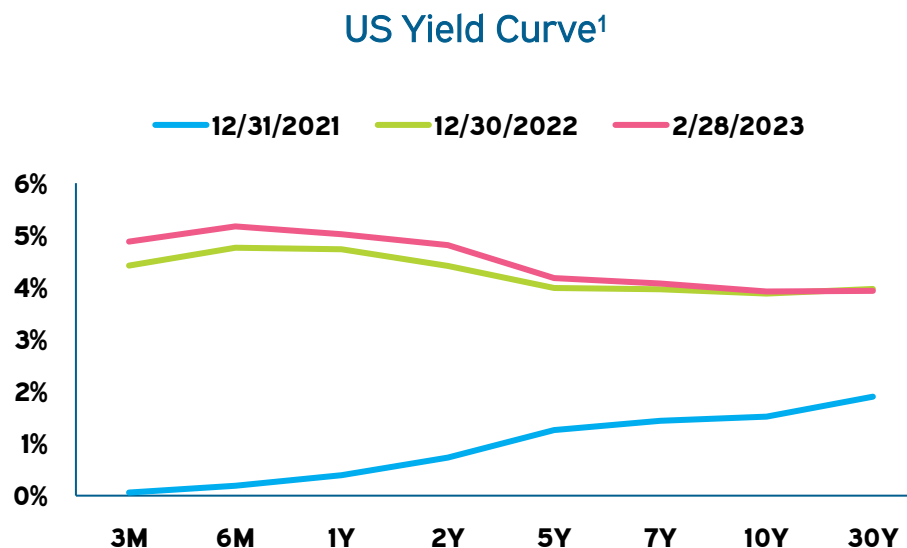
Equity Cyclically Adjusted P/E Ratios¹



→ The US equity price-to-earnings ratio remains slightly above its long-run (21st century) average.

→ International developed market valuations are slightly below their own long-term average, with those for emerging markets the lowest and well under the long-term average.

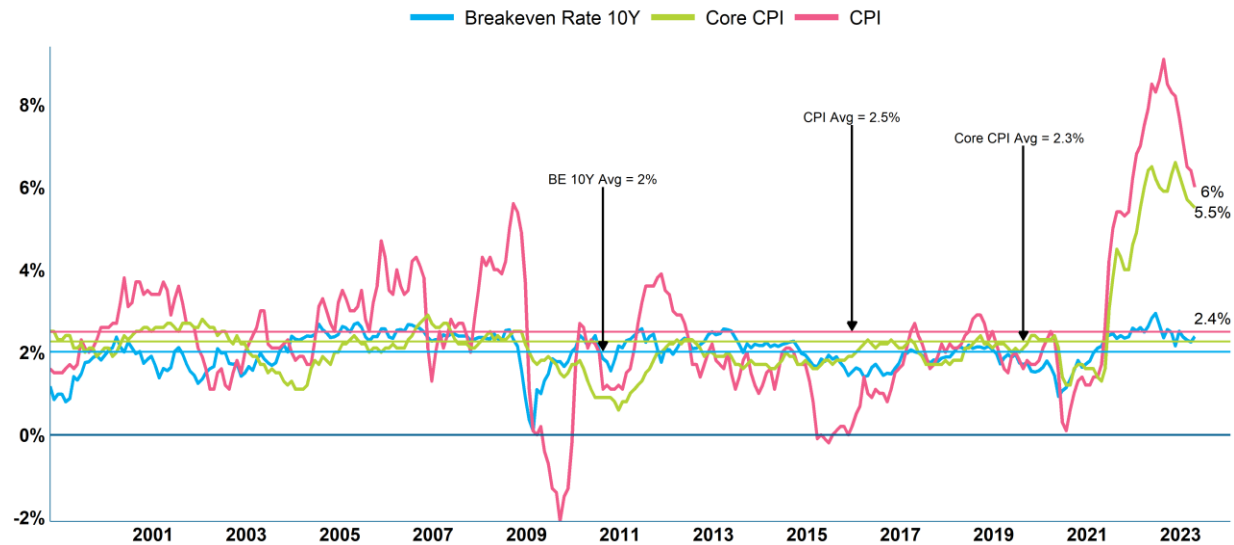
¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of February 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.



- In February, policy-sensitive interest rates at the front-end of the curve rose, with the two-year Treasury yield increasing from 4.2% to 4.8%. Longer dated ten-year Treasury yields rose (3.5% to 3.9%) to a level close to where they started the year.
- The yield spread between two-year and ten-year Treasuries widened to -0.90% in February a level not seen since the early 1980s. The more closely watched measure by the Fed of three-month and ten-year Treasuries also remained inverted. Inversions in the yield curve have often preceded recessions.
- The Fed remained committed to fighting inflation, as it increased rates another 25 basis points to a range of 4.5% to 4.75% at its February meeting. Questions remain about the pace of future rate hikes and the ultimate terminal rate as the Fed tries to balance fighting inflation and maintaining stability in markets.

¹ Source: Bloomberg. Data is as of February 28, 2023.

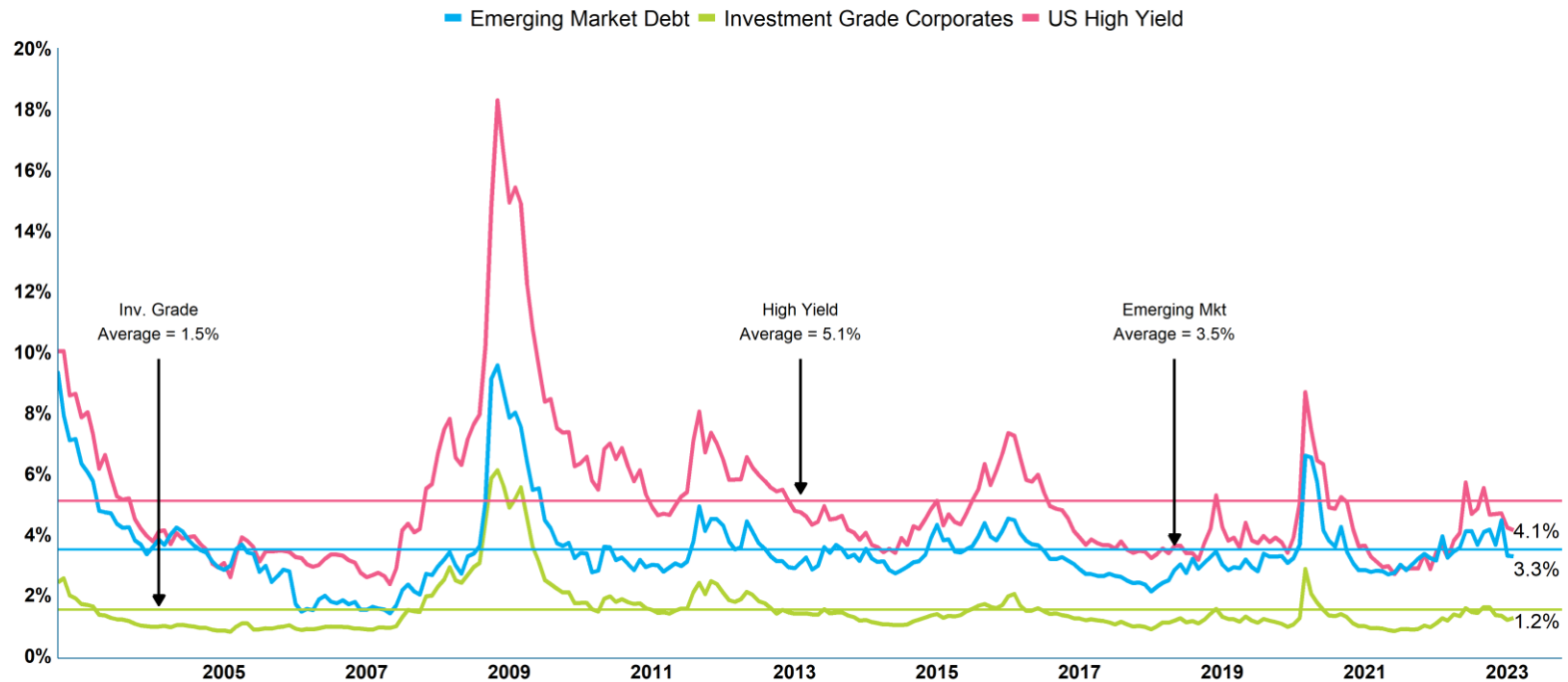
Ten-Year Breakeven Inflation and CPI¹



- Inflation continued to decline in February with the year-over-year reading falling from 6.4% to 6.0% matching expectations. Prices rose 0.4% month-over-month with food prices increasing (0.4%) and energy prices falling (-0.6%).
- Core inflation – excluding food and energy – also continued to decline year-over-year (5.5% versus 5.6%) but increased month-over-month (0.5% versus 0.4%) driven by housing.
- Inflation expectations (break evens) rose over the month but remain well below current inflation levels as investors anticipate a significant moderation in inflation.

¹ Source: Bloomberg. Data is as of February 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.

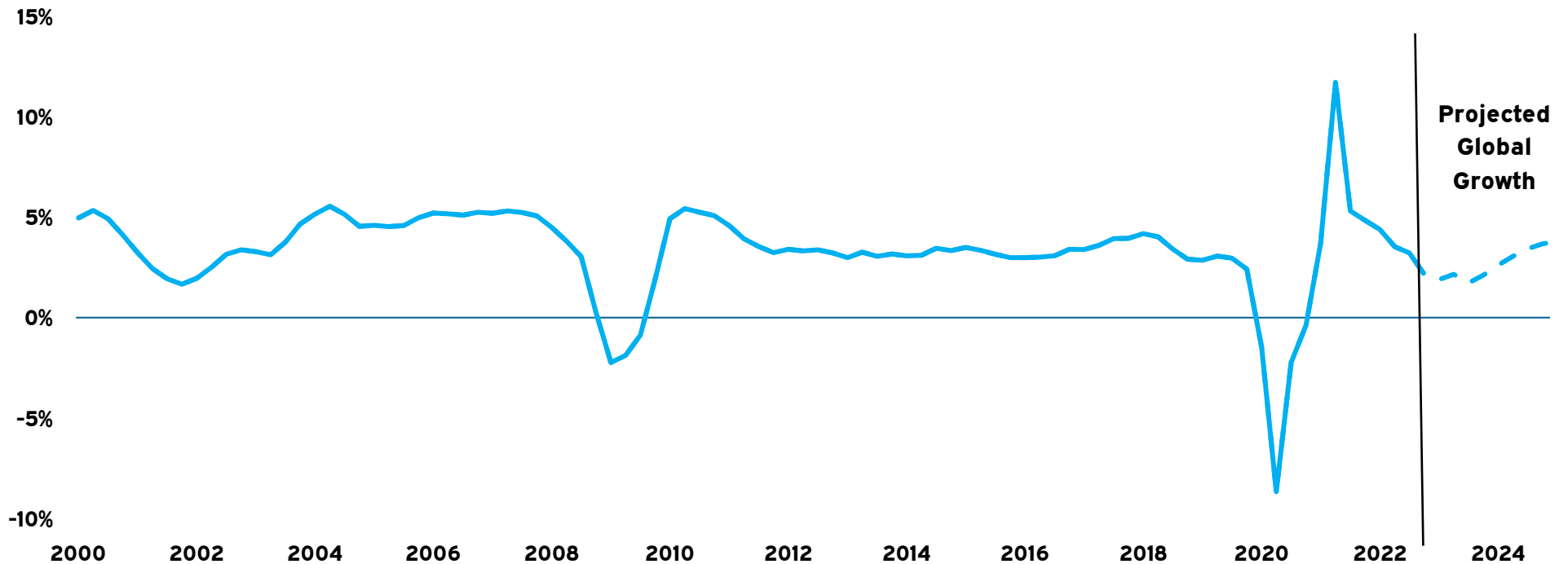
Credit Spreads vs. US Treasury Bonds¹



- Spreads (the added yield above a comparable maturity Treasury) largely remained the same in February as both credit markets and government bonds declined on the anticipation that rates would stay higher for longer.
- High yield spreads fell from 4.2% to 4.1% in February while investment grade spreads remained steady at 1.2%. Emerging market spreads were also stable at 3.3%.

¹ Sources: Bloomberg. Data is as of February 28, 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) Growth¹

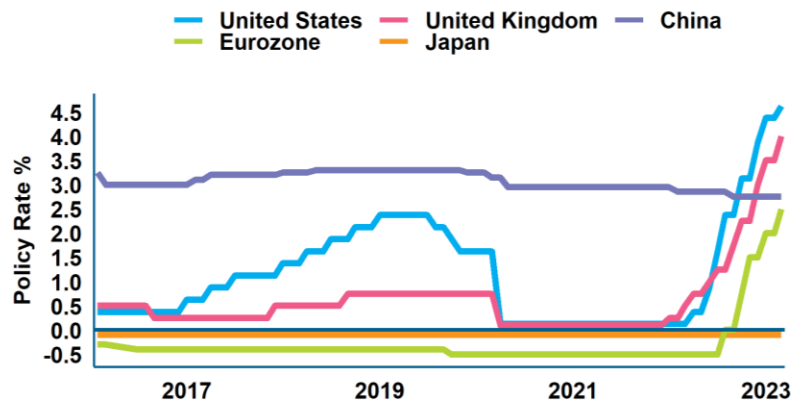


- Global economies are expected to slow in 2023 compared to 2022, with risks of recession increasing given persistently high inflation and related tighter monetary policy.
- The delicate balancing act of central banks trying to reduce inflation without dramatically impacting growth will remain key.

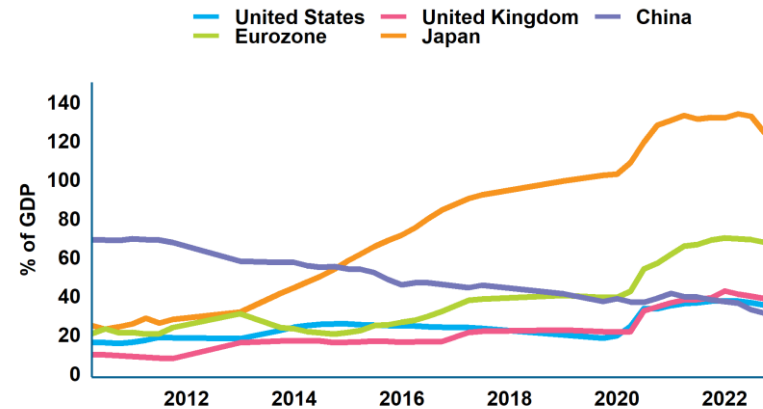
¹ Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, real, % change YoY). Updated February 2023.

Central Bank Response¹

Policy Rates



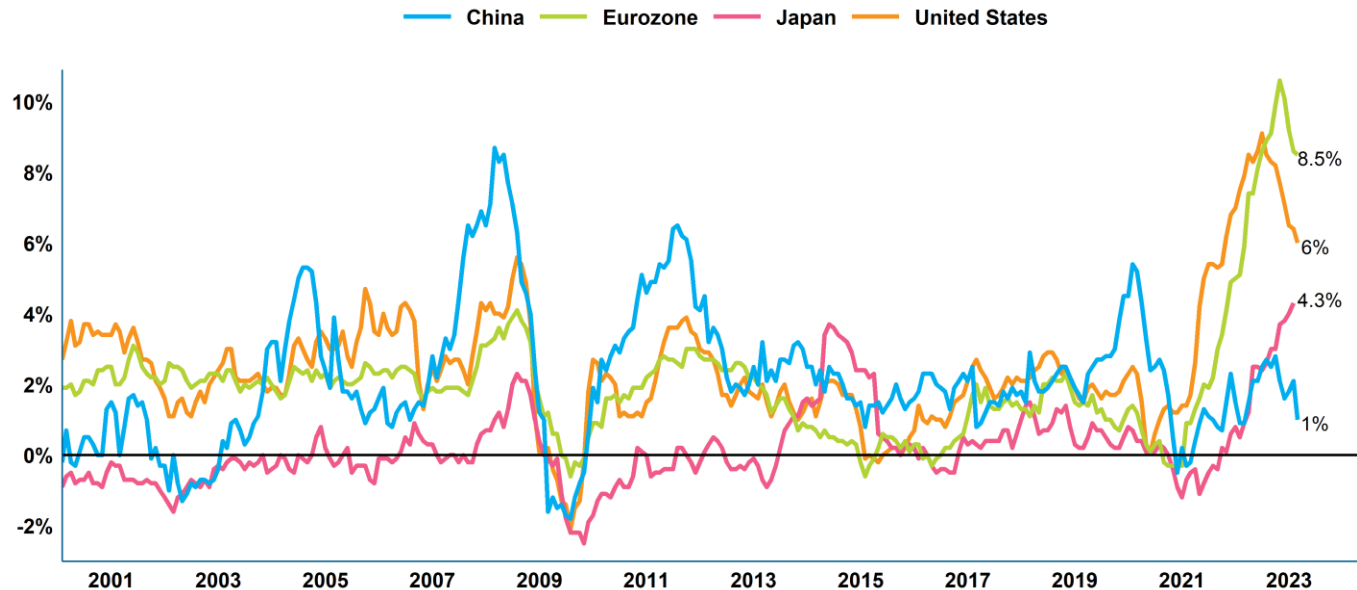
Balance Sheet as % of GDP



- 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. However, global inflation has begun to moderate, and markets anticipate a slowing in the rate of policy tightening in the future.
- In December, the Bank of Japan relaxed its target yield for the 10-year bond which may mark an incremental step toward policy normalization after eight years of quantitative easing.
- China's central bank is expected to maintain its accommodative monetary stance to support consumer demand and investment as well as offer liquidity to the troubled real estate sector.
- The risk remains for a policy error, particularly overtightening, as record inflation and aggressive tightening to date could heavily weigh on global growth. The Federal Reserve's policy rate path could diverge from others this year given their strong early start to tightening.

¹ Source: Bloomberg. Policy rate data is as of February 28, 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 December 31, 2022.

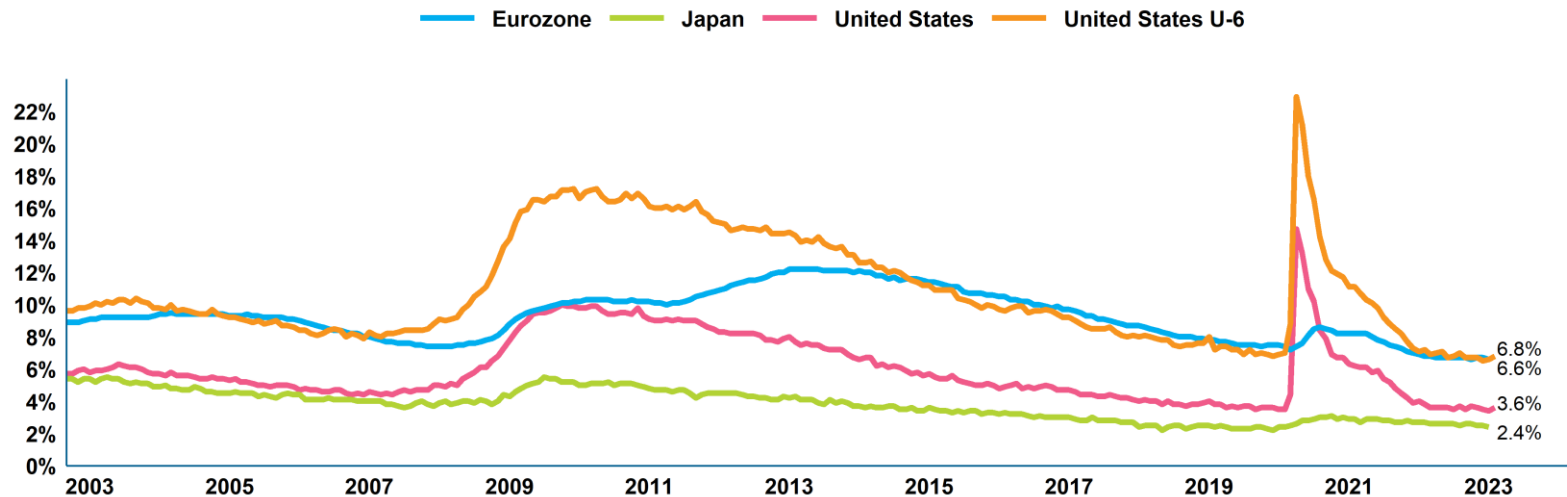
Inflation (CPI Trailing Twelve Months)¹



- Inflation increased dramatically from the lows of the pandemic, particularly in the US and Eurozone where it has reached levels not seen in many decades.
- Inflation pressures are slowly declining in the US as supply issues ease, but they remain elevated, while in Europe they have also started to fall as energy prices have eased.
- Lingering supply issues related to the pandemic, record monetary and fiscal stimulus, strict COVID-19 restrictions in China, and higher commodity prices driven by the war in Ukraine have been key global drivers of inflation.

¹ Source: Bloomberg. Data is as of February 2023. The most recent Japanese inflation data is as of January 2023.

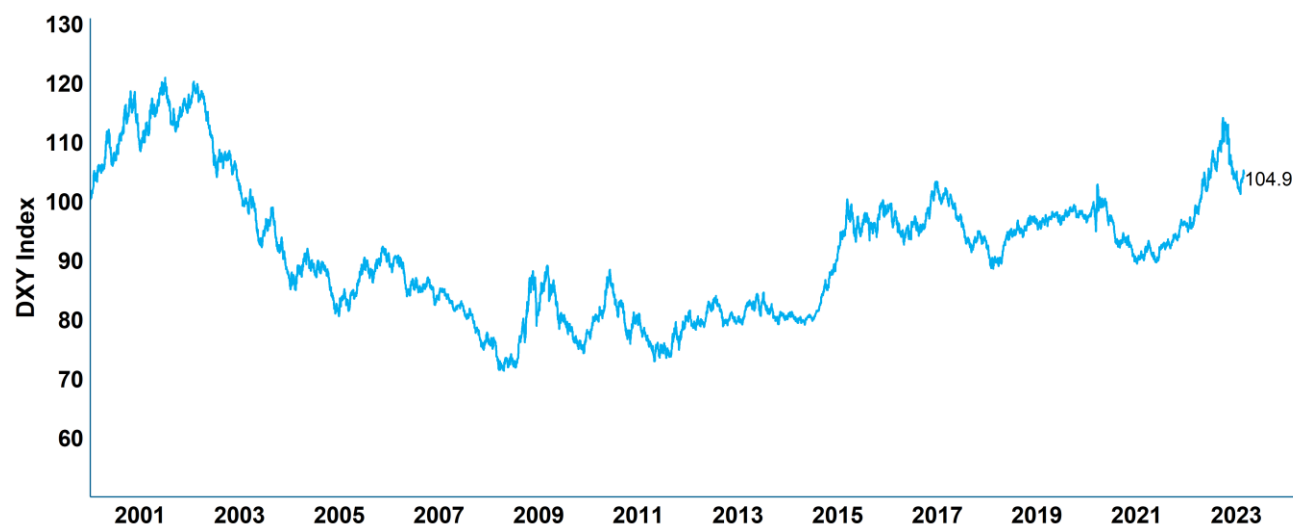
Unemployment¹



- Labor markets have significantly improved from the pandemic as economies have largely reopened.
- Despite slowing growth and high inflation, the US labor market remains a particular bright spot. Unemployment in the US, which experienced the steepest rise, recently has returned to pre-pandemic levels. Broader measures of unemployment (U-6) remain higher at 6.8% but have 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, likely leading to higher unemployment.

¹ Source: Bloomberg. Data is as February 28, 2022, for the US. The most recent data for Eurozone and Japanese unemployment is as of January 31, 2023.

US Dollar versus Broad Currencies¹



- 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 early this year, the dollar experienced some weakness though as investors anticipated the end of Fed tightening.
- Overall, the US dollar appreciated in February as better-than-forecasted economic data drove expectations for higher interest rates in the US.
- This year, the track of inflation across economies and the corresponding monetary policies will likely be key drivers of currency moves.

¹ Source: Bloomberg. Data as of February 28, 2023.

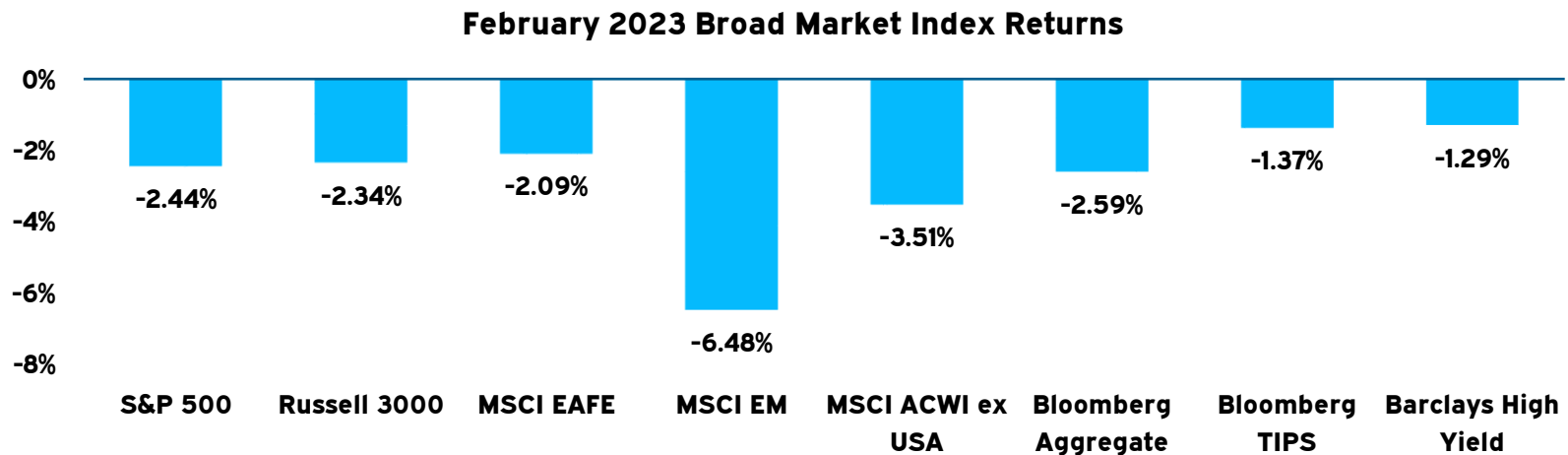
Summary

Key Trends:

- The impacts of record high inflation will remain key, with market volatility likely to stay high.
- Recent issues related to the banking sector have created a delicate balance for central banks to continue to fight inflation but also try to maintain financial stability.
- Global monetary policies could diverge in 2023 with the Fed pausing and others continuing to tighten. The risk of policy errors remains elevated given persistent inflation pressures and a strong US labor market.
- Growth is expected to slow globally this year, with many economies likely falling into recessions. Inflation, monetary policy, and the war will all be key.
- In the US, the end of many fiscal programs is expected to put the burden of continued growth on consumers. Higher energy and food prices could weigh on consumer spending.
- Valuations have significantly declined in the US to around long-term averages, largely driven by price declines. The key going forward will be whether earnings can remain resilient if growth continues to slow.
- Outside the US, equity valuations remain lower in both emerging and developed markets, but risks remain, including potential continued strength in the US dollar, higher inflation particularly weighing on Europe, and China's rushed exit from COVID-19 restrictions and on-going weakness in the real estate sector.

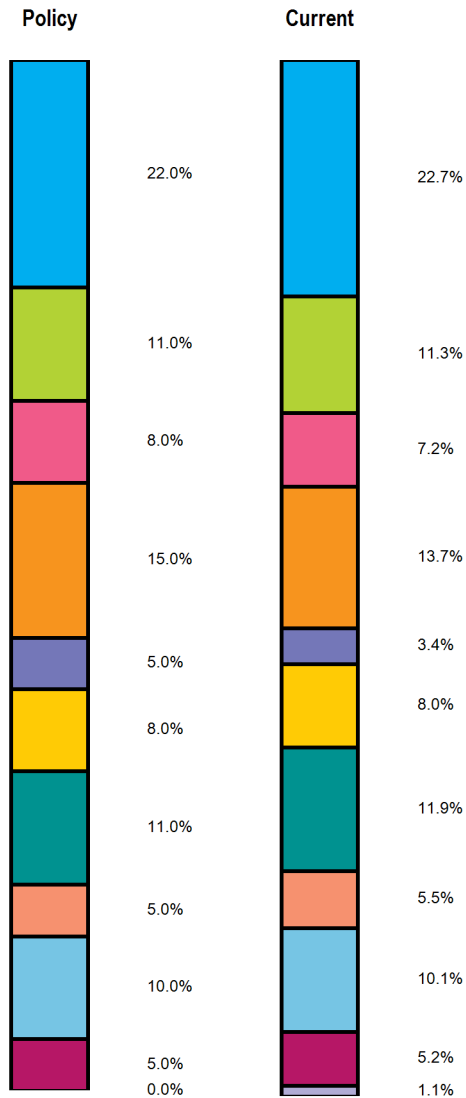
Performance Highlights
As of February 28, 2023

Market Review and Performance Summary for February 2023



- February saw declines across markets driven by renewed expectations for continued rate hikes. Domestically, growth outpaced value stocks, attributable to relative strong returns in Tech stocks. Internationally, both Developed Markets and Emerging Markets saw declines, due to the strengthening dollar reversing course from the prior month. Broad US Fixed Income fell, due to the Fed reaffirming plans for future rate hikes.
- Merced CERA reported a monthly return of -1.6% net of fees, trailing the Policy Index return of -0.7%. US Equities posted returns of -2.2%, outpacing its benchmark by 10 bps in part due to Champlain Small Cap's relative performance. Developed International Equities saw returns of -2.8%, trailing the index return of -2.2%, largely driven by First Eagle which trailed its index by 150 bps. Emerging Markets posted the worst absolute returns of -4.6%, though it outpaced its benchmark by 1.9%. US Fixed Income returned -2.2%, outpacing its benchmark by 20 basis points. Opportunistic Credit posted -0.1% for the month, outpacing the benchmark by 140 basis points.
- As of February 28, 2023, total assets for the Merced CERA Portfolio are estimated at \$1.08 billion.

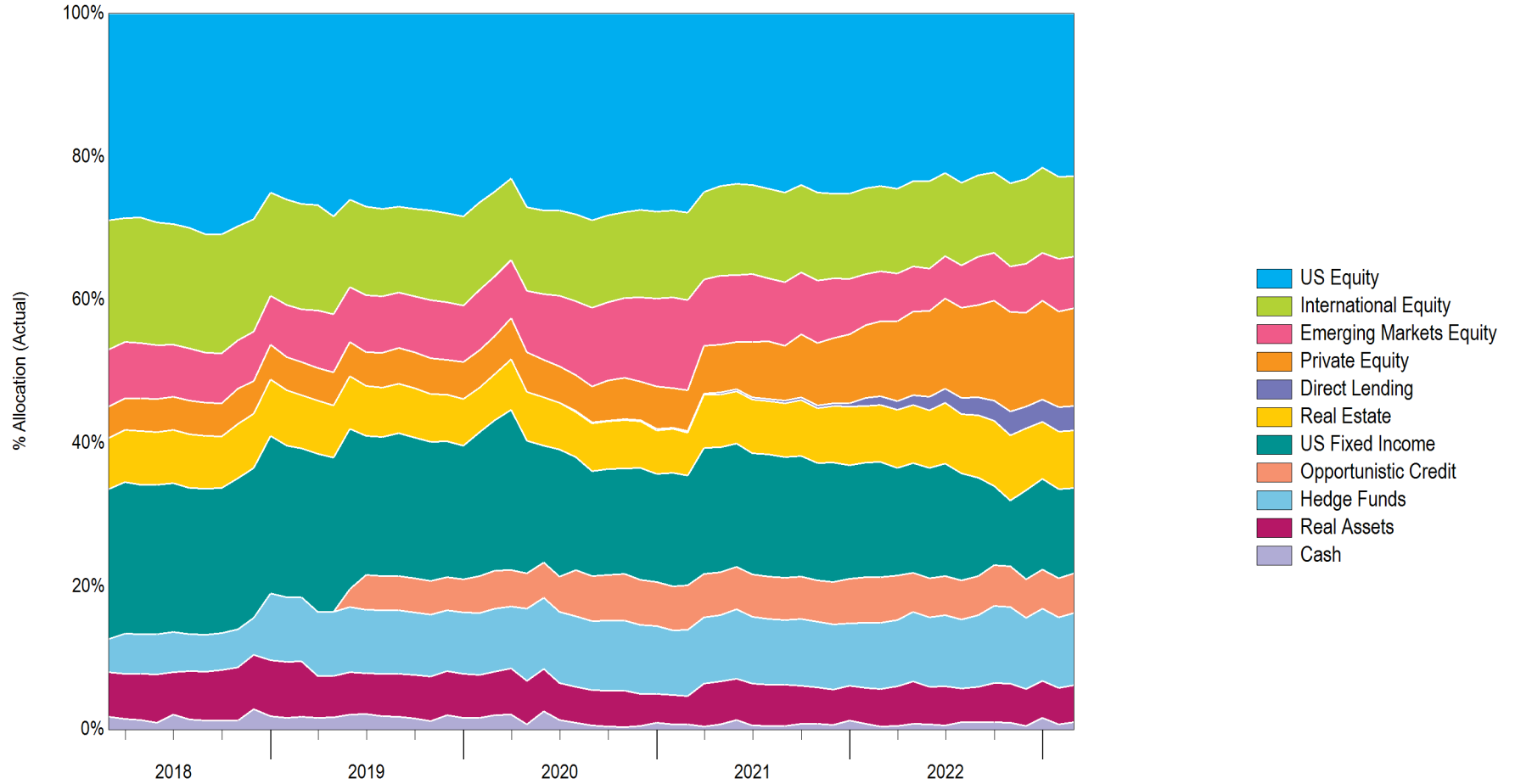
Performance Update
As of February 28, 2023



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
US Equity	\$246,021,683	22.7%	22.0%	0.7%	16.0% - 27.0%	Yes
International Equity	\$121,871,978	11.3%	11.0%	0.3%	6.0% - 16.0%	Yes
Emerging Markets Equity	\$77,431,488	7.2%	8.0%	-0.8%	4.0% - 12.0%	Yes
Private Equity	\$148,083,428	13.7%	15.0%	-1.3%	5.0% - 20.0%	Yes
Direct Lending	\$37,182,300	3.4%	5.0%	-1.6%	0.0% - 10.0%	Yes
Real Estate	\$87,122,773	8.0%	8.0%	0.0%	6.0% - 10.0%	Yes
US Fixed Income	\$128,953,105	11.9%	11.0%	0.9%	6.0% - 16.0%	Yes
Opportunistic Credit	\$59,571,728	5.5%	5.0%	0.5%	3.0% - 7.0%	Yes
Hedge Funds	\$108,838,588	10.1%	10.0%	0.1%	5.0% - 15.0%	Yes
Real Assets	\$56,063,389	5.2%	5.0%	0.2%	3.0% - 7.0%	Yes
Cash	\$11,451,067	1.1%	0.0%	1.1%	0.0% - 5.0%	Yes
Total	\$1,082,591,529	100.0%	100.0%			

Cash range displayed for illustrative purposes only.

Asset Allocation History
5 Years Ending February 28, 2023



Total Fund | As of February 28, 2023

Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund (Net)*	1,082,591,529	100.0	-1.6	2.3	3.1	-3.7	8.0	6.4	7.4	7.9	Dec-94
Total Fund (Gross)*			-1.6	2.4	3.3	-3.4	8.4	6.7	7.7	8.0	
<i>Policy Index</i>			-0.7	4.4	2.5	-4.6	7.7	6.3	7.5	6.1	Dec-94
Total Fund w/o Alternatives (Net)	633,849,983	58.5	-2.4	3.6	4.4	-8.3	5.8	5.1	6.9	--	Dec-94
Total Fund w/o Alternatives (Gross)			-2.4	3.7	4.6	-8.0	6.3	5.5	7.2	--	
<i>Policy Index w/o AI</i>			-2.8	3.1	4.4	-7.7	5.2	4.3	6.2	--	Dec-94
US Equity (Net)	246,021,683	22.7	-2.2	4.3	6.9	-8.8	10.7	8.9	12.1	9.9	Dec-94
US Equity (Gross)			-2.1	4.3	7.1	-8.6	10.9	9.1	12.4	10.0	
<i>Russell 3000</i>			-2.3	4.4	6.9	-8.1	11.8	9.2	11.6	9.9	Dec-94
International Equity (Net)	199,303,467	18.4	-3.5	5.0	5.2	-10.6	6.8	3.8	5.1	5.3	Dec-98
International Equity (Gross)			-3.4	5.2	5.8	-9.9	7.7	4.4	5.8	5.7	
<i>International Equity Custom</i>			-4.0	3.7	6.3	-8.0	4.9	1.3	4.3	4.1	Dec-98
Developed International Equity (Net)	121,871,978	11.3	-2.8	2.5	5.3	-5.5	7.3	3.5	5.1	3.8	Jan-08
Developed International Equity (Gross)			-2.7	2.6	5.7	-4.8	8.0	4.0	5.6	4.3	
<i>Custom Blended Developed International Equity BM</i>			-2.2	5.6	11.8	-4.5	6.9	2.6	4.8	2.8	Jan-08
Emerging Markets Equity (Net)	77,431,488	7.2	-4.6	9.4	5.4	-19.1	3.9	2.7	4.0	4.1	Apr-12
Emerging Markets Equity (Gross)			-4.5	9.5	6.1	-18.3	4.9	3.6	4.9	5.0	
<i>MSCI EM</i>			-6.5	0.9	-2.1	-15.3	1.0	-1.7	1.8	2.1	Apr-12
US Fixed Income (Net)	128,953,105	11.9	-2.2	0.7	-3.2	-10.1	-3.9	0.1	1.2	4.4	Dec-94
US Fixed Income (Gross)			-2.2	0.7	-3.1	-10.0	-3.8	0.2	1.4	4.5	
<i>US Fixed Income Custom Benchmark</i>			-2.4	0.4	-2.4	-9.0	-3.5	0.4	1.2	4.5	Dec-94
Opportunistic Credit (Net)	59,571,728	5.5	-0.1	2.7	4.6	-1.4	3.3	--	--	3.7	May-19
Opportunistic Credit (Gross)			-0.1	2.8	5.0	-0.8	3.9	--	--	4.1	
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>			-1.5	1.6	1.9	-5.7	-0.6	--	--	1.1	May-19

Data prior to March 2018 provided by prior consultant.

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Estate (Net)	87,122,773	8.0	-1.2	0.7	0.4	2.9	6.5	4.7	6.5	--	Mar-99
Real Estate (Gross)			-1.2	0.7	0.4	2.9	6.6	4.7	7.0	7.9	
<i>Custom Blended Real Estate Benchmark</i>			<i>0.0</i>	<i>0.0</i>	<i>-4.5</i>	<i>7.5</i>	<i>9.7</i>	<i>8.2</i>	<i>9.3</i>	<i>7.6</i>	<i>Mar-99</i>
<i>CPI + 5% (Seasonally Adjusted)</i>			<i>0.8</i>	<i>1.7</i>	<i>5.6</i>	<i>11.5</i>	<i>10.5</i>	<i>9.1</i>	<i>7.7</i>	<i>--</i>	<i>Mar-99</i>
Private Real Estate (Net)	70,544,747	6.5	0.0	0.0	1.9	9.6	8.1	5.6	7.0	--	Mar-99
Private Real Estate (Gross)			0.0	0.0	1.9	9.6	8.1	5.6	7.5	8.1	
<i>Custom Blended Real Estate Benchmark</i>			<i>0.0</i>	<i>0.0</i>	<i>-4.5</i>	<i>7.5</i>	<i>9.7</i>	<i>8.2</i>	<i>9.3</i>	<i>7.6</i>	<i>Mar-99</i>
Private Equity (Net)	148,083,428	13.7	0.0	0.0	0.1	8.5	24.1	18.0	13.6	10.5	Jun-05
Private Equity (Gross)			0.0	0.0	0.1	8.5	24.1	18.0	13.6	10.6	
<i>Custom Private Equity Benchmark</i>			<i>7.4</i>	<i>14.8</i>	<i>-7.8</i>	<i>-8.3</i>	<i>17.9</i>	<i>16.7</i>	<i>17.3</i>	<i>--</i>	<i>Jun-05</i>
Direct Lending (Net)	37,182,300	3.4	0.0	0.0	1.8	4.4	--	--	--	9.3	Jul-20
Direct Lending (Gross)			0.0	0.0	1.8	4.4	--	--	--	9.3	
<i>S&P LSTA Leverage Loan Index + 2%</i>			<i>0.7</i>	<i>3.6</i>	<i>8.8</i>	<i>4.7</i>	<i>5.9</i>	<i>5.8</i>	<i>5.9</i>	<i>8.0</i>	<i>Jul-20</i>
Hedge Fund (Net)	108,838,588	10.1	-0.1	1.3	3.0	1.2	5.4	4.0	--	4.3	Jun-14
Hedge Fund (Gross)			-0.1	1.5	3.6	2.1	6.4	4.8	--	4.7	
<i>Custom Blended Hedge Fund Benchmark</i>			<i>-0.6</i>	<i>1.4</i>	<i>2.8</i>	<i>-0.9</i>	<i>4.6</i>	<i>3.1</i>	<i>--</i>	<i>3.3</i>	<i>Jun-14</i>
Real Assets (Net)	56,063,389	5.2	-1.0	-0.1	5.1	10.9	12.6	10.2	9.1	--	Mar-99
Real Assets (Gross)			-1.0	-0.1	5.2	11.0	12.8	10.4	9.6	--	
<i>Custom Blended Real Assets Benchmark</i>			<i>-4.4</i>	<i>1.6</i>	<i>7.7</i>	<i>1.7</i>	<i>4.8</i>	<i>7.2</i>	<i>--</i>	<i>--</i>	<i>Mar-99</i>
<i>CPI + 5% (Seasonally Adjusted)</i>			<i>0.8</i>	<i>1.7</i>	<i>5.6</i>	<i>11.5</i>	<i>10.5</i>	<i>9.1</i>	<i>7.7</i>	<i>--</i>	<i>Mar-99</i>
Private Infrastructure (Net)	24,498,743	2.3	0.0	0.0	3.7	9.4	12.9	11.2	--	9.5	Dec-14
Private Infrastructure (Gross)			0.0	0.0	3.7	9.4	13.2	11.4	--	9.6	
<i>S&P Global Infrastructure TR USD</i>			<i>-3.4</i>	<i>1.5</i>	<i>1.9</i>	<i>-0.1</i>	<i>5.1</i>	<i>5.4</i>	<i>6.4</i>	<i>4.8</i>	<i>Dec-14</i>
Private Natural Resources (Net)	18,179,463	1.7	0.0	0.0	11.1	36.6	14.5	12.7	--	15.4	Sep-15
Private Natural Resources (Gross)			0.0	0.0	11.1	36.6	14.5	12.7	--	15.4	
<i>S&P Global Natural Resources Index TR USD</i>			<i>-5.5</i>	<i>1.7</i>	<i>13.7</i>	<i>3.2</i>	<i>19.9</i>	<i>7.7</i>	<i>5.0</i>	<i>12.3</i>	<i>Sep-15</i>
Cash (Net)	11,451,067	1.1	0.3	2.3	0.3	0.4	0.2	0.6	--	--	
Cash (Gross)			0.3	2.3	0.3	0.4	0.2	0.6	--	--	

Real Assets includes State Street Real Asset NL Fund.

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund(Net)*	1,082,591,529	100.0	--	-1.6	2.3	3.1	-3.7	8.0	6.4	7.4	7.9	Dec-94
<i>Policy Index</i>				-0.7	4.4	2.5	-4.6	7.7	6.3	7.5	6.1	Dec-94
Total Fund w/o Alternatives(Net)	633,849,983	58.5	58.5	-2.4	3.6	4.4	-8.3	5.8	5.1	6.9	--	Dec-94
<i>Policy Index w/o AI</i>				-2.8	3.1	4.4	-7.7	5.2	4.3	6.2	--	Dec-94
US Equity(Net)	246,021,683	22.7	38.8	-2.2	4.3	6.9	-8.8	10.7	8.9	12.1	9.9	Dec-94
<i>Russell 3000</i>				-2.3	4.4	6.9	-8.1	11.8	9.2	11.6	9.9	Dec-94
BNY Mellon Large Cap(Net)	169,255,785	15.6	68.8	-2.4	4.1	6.3	-8.5	11.9	9.7	--	11.9	Mar-16
<i>Russell 1000</i>				-2.4	4.2	6.6	-8.2	11.9	9.7	12.1	11.9	Mar-16
BNY Mellon Newton Dynamic US Equity(Net)	48,793,038	4.5	19.8	-2.3	3.3	4.7	-10.9	10.4	9.9	14.0	14.6	Dec-12
<i>S&P 500</i>				-2.4	3.7	6.1	-7.7	12.1	9.8	12.3	12.7	Dec-12
Champlain Small Cap(Net)	27,972,860	2.6	11.4	-0.6	7.5	15.6	-4.1	--	--	--	8.1	Nov-20
<i>Russell 2000</i>				-1.7	7.9	12.1	-6.0	10.1	6.0	9.1	10.7	Nov-20
International Equity(Net)	199,303,467	18.4	31.4	-3.5	5.0	5.2	-10.6	6.8	3.8	5.1	5.3	Dec-98
<i>International Equity Custom</i>				-4.0	3.7	6.3	-8.0	4.9	1.3	4.3	4.1	Dec-98
Developed International Equity(Net)	121,871,978	11.3	61.1	-2.8	2.5	5.3	-5.5	7.3	3.5	5.1	3.8	Jan-08
<i>Custom Blended Developed International Equity BM</i>				-2.2	5.6	11.8	-4.5	6.9	2.6	4.8	2.8	Jan-08
First Eagle International Value Fund(Net)	48,273,492	4.5	39.6	-3.6	2.6	5.2	-4.0	5.3	--	--	2.2	Dec-19
<i>MSCI EAFE</i>				-2.1	5.8	12.6	-3.1	6.8	2.6	4.8	3.6	Dec-19
<i>MSCI World ex USA</i>				-2.3	5.7	11.5	-3.8	7.1	3.0	4.8	3.9	Dec-19
GQG International Equity(Net)	45,759,060	4.2	37.5	-2.4	1.3	3.2	-5.8	7.7	--	--	5.2	Dec-19
<i>MSCI ACWI ex USA</i>				-3.5	4.3	7.4	-7.2	5.3	1.6	3.9	2.7	Dec-19

Historical returns for the US Equity Composite prior to January 2012 and for the International Equity Composite prior to December 2010 are gross only.

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Acadian ACWI ex U.S. Small Cap Equity(Net)	14,158,929	1.3	11.6	-1.6	4.9	8.8	-6.4	12.5	--	--	8.9	May-19
<i>MSCI ACWI ex US Small Cap</i>				-2.6	4.5	8.5	-9.7	7.0	1.4	5.2	4.2	May-19
Driehaus International Small Cap Growth(Net)	13,680,497	1.3	11.2	-2.5	2.8	8.5	-9.7	8.2	--	--	7.3	May-19
<i>MSCI ACWI ex US Small Cap Growth NR USD</i>				-2.7	4.3	7.3	-13.0	6.2	1.3	5.4	3.9	May-19
Emerging Markets Equity(Net)	77,431,488	7.2	38.9	-4.6	9.4	5.4	-19.1	3.9	2.7	4.0	4.1	Apr-12
<i>MSCI EM</i>				-6.5	0.9	-2.1	-15.3	1.0	-1.7	1.8	2.1	Apr-12
Artisan Developing World TR(Net)	52,500,862	4.8	67.8	-2.2	13.8	9.8	-19.8	3.5	--	--	2.9	Dec-19
<i>MSCI Emerging Markets</i>				-6.5	0.9	-2.1	-15.3	1.0	-1.9	1.5	0.0	Dec-19
RWC(Net)	24,930,626	2.3	32.2	-9.2	1.1	-2.4	-17.3	3.7	--	--	-0.5	Dec-19
<i>MSCI Emerging Markets</i>				-6.5	0.9	-2.1	-15.3	1.0	-1.9	1.5	0.0	Dec-19
US Fixed Income(Net)	128,953,105	11.9	20.3	-2.2	0.7	-3.2	-10.1	-3.9	0.1	1.2	4.4	Dec-94
<i>US Fixed Income Custom Benchmark</i>				-2.4	0.4	-2.4	-9.0	-3.5	0.4	1.2	4.5	Dec-94
Wellington Core Bond(Net)	40,281,256	3.7	31.2	-2.8	0.5	--	--	--	--	--	2.8	Nov-22
<i>Bloomberg US Aggregate TR</i>				-2.6	0.4	-2.6	-9.7	-3.8	0.5	1.1	3.6	Nov-22
Brandywine US Fixed Income(Net)	32,942,686	3.0	25.5	-3.0	1.8	--	--	--	--	--	-1.1	Nov-22
<i>Bloomberg US Aggregate TR</i>				-2.6	0.4	-2.6	-9.7	-3.8	0.5	1.1	3.6	Nov-22
Vanguard Short-Term Treasury Index Fund(Net)	30,002,808	2.8	23.3	-0.8	0.0	-0.9	-2.8	-1.0	0.8	--	0.8	Feb-18
<i>Bloomberg US Govt 1-3 Yr TR</i>				-0.8	0.0	-0.9	-2.8	-0.9	0.8	0.6	0.8	Feb-18
<i>Bloomberg US Govt 1-5 Yr TR</i>				-1.2	-0.2	-1.5	-4.2	-1.6	0.7	0.7	0.7	Feb-18
Vanguard Total Bond Market Index Fund(Net)	17,664,258	1.6	13.7	-2.5	0.6	-2.5	-9.7	-3.8	--	--	-0.6	May-19
<i>Bloomberg US Aggregate TR</i>				-2.6	0.4	-2.6	-9.7	-3.8	0.5	1.1	-0.6	May-19
Payden & Rygel Low Duration Fund(Net)	8,062,098	0.7	6.3	-1.0	0.1	--	--	--	--	--	3.7	Nov-22
<i>Bloomberg US Treasury 1-3 Yr TR</i>				-0.8	0.0	-0.9	-2.8	-1.0	0.8	0.6	0.8	Nov-22

Historical returns for the US Fixed Income Composite prior to December 2010 are gross only.

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Opportunistic Credit(Net)	59,571,728	5.5	9.4	-0.1	2.7	4.6	-1.4	3.3	--	--	3.7	May-19
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>				-1.5	1.6	1.9	-5.7	-0.6	--	--	1.1	May-19
GoldenTree Multi-Sector Credit(Net)	23,511,164	2.2	39.5	-0.1	2.8	7.4	-1.0	3.5	--	--	3.8	Jun-19
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				-0.3	2.8	6.5	-1.6	2.6	3.3	4.0	3.0	Jun-19
Sculptor Credit Opportunities Domestic Partners, LP(Net)	19,247,982	1.8	32.3	1.4	3.8	2.7	0.8	--	--	--	9.8	Jul-20
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				-0.3	2.8	6.5	-1.6	2.6	3.3	4.0	4.2	Jul-20
PIMCO Income Fund(Net)	16,812,582	1.6	28.2	-1.9	1.4	2.9	-3.1	0.4	--	--	1.4	Apr-19
<i>Bloomberg US Aggregate TR</i>				-2.6	0.4	-2.6	-9.7	-3.8	0.5	1.1	-0.6	Apr-19
Real Estate(Net)	87,122,773	8.0	8.0	-1.2	0.7	0.4	2.9	6.5	4.7	6.5	--	Mar-99
<i>Custom Blended Real Estate Benchmark</i>				0.0	0.0	-4.5	7.5	9.7	8.2	9.3	7.6	Mar-99
<i>CPI + 5% (Seasonally Adjusted)</i>				0.8	1.7	5.6	11.5	10.5	9.1	7.7	--	Mar-99
Vanguard REIT Index(Net)	16,578,026	1.5	19.0	-5.9	3.9	-3.5	-13.3	--	--	--	5.6	Aug-20
<i>Spliced Vanguard REIT Benchmark</i>				-5.9	4.0	-3.4	-13.2	3.1	7.2	6.4	5.7	Aug-20

Private Markets values are cash flow adjusted from preliminary 09/30/2022 NAVs.

Data prior to March 2018 provided by prior consultant.

Private Real Estate results prior to 1/1/2019 were included in the Real Assets composite. All results for the Private Real Estate composite that include the period prior to 1/1/2019 will reflect only the latest lineup of managers that Meketa received information for, therefore it may not reflect the entire Private Real Estate composite at that given time.

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Real Estate(Net)	70,544,747	6.5	81.0	0.0	0.0	1.9	9.6	8.1	5.6	7.0	--	Mar-99
<i>Custom Blended Real Estate Benchmark</i>				0.0	0.0	-4.5	7.5	9.7	8.2	9.3	7.6	Mar-99
UBS Trumbull Property(Net)	29,379,868	2.7	41.6	0.0	0.0	4.2	18.4	7.7	5.4	6.9	7.0	Mar-99
Patron Capital V(Net)	5,862,621	0.5	8.3	0.0	0.0	-17.7	-41.5	-4.5	-7.0	--	-0.2	Jan-16
Cerberus Real Estate Debt Fund, L.P.(Net)	5,086,872	0.5	7.2	0.0	0.0	2.1	5.7	--	--	--	10.7	Jul-20
Taconic CRE Dislocation Onshore Fund III(Net)	4,944,039	0.5	7.0	0.0	0.0	5.8	9.7	--	--	--	7.2	Jun-21
Rockpoint Real Estate Fund VI, L.P.(Net)	4,335,670	0.4	6.1	0.0	0.0	-0.2	14.8	13.1	--	--	14.0	May-20
AG Realty Value Fund X, L.P.(Net)	3,783,312	0.3	5.4	0.0	0.0	7.0	26.0	16.7	--	--	7.4	Jun-19
Carlyle Realty VIII(Net)	3,170,012	0.3	4.5	0.0	0.0	9.8	64.7	52.2	21.2	--	13.3	Dec-17
Carmel Partners Investment Fund VIII(Net)	2,721,954	0.3	3.9	0.0	0.0	-5.1	--	--	--	--	-13.3	Mar-22
Taconic CRE Dislocation Fund II(Net)	2,683,438	0.2	3.8	0.0	0.0	3.5	14.4	7.3	--	--	7.0	Nov-18
Rockpoint Real Estate Fund VII L.P.(Net)	2,474,057	0.2	3.5	0.0	0.0	--	--	--	--	--	3.7	Aug-22
Carmel Partners Investment Fund VII(Net)	2,415,393	0.2	3.4	0.0	0.0	7.4	11.4	-12.1	--	--	-22.8	Apr-19
Starwood Distressed Opportunity Fund XII Global(Net)	1,873,903	0.2	2.7	0.0	0.0	4.6	16.5	--	--	--	184.5	Jun-21
Greenfield Gap VII(Net)	1,433,748	0.1	2.0	0.0	0.0	13.4	53.4	28.7	21.2	--	18.5	Dec-14
Carlyle Realty Partners IX(Net)	379,861	0.0	0.5									

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity(Net)	148,083,428	13.7	13.7	0.0	0.0	0.1	8.5	24.1	18.0	13.6	10.5	Jun-05
<i>Custom Private Equity Benchmark</i>				7.4	14.8	-7.8	-8.3	17.9	16.7	17.3	--	Jun-05
Spark Capital Growth Fund III(Net)	12,100,329	1.1	8.2	0.0	0.0	30.8	45.6	31.5	--	--	31.5	Mar-20
Cortec Group Fund VII(Net)	11,800,472	1.1	8.0	0.0	0.0	5.9	10.5	26.9	--	--	24.6	Dec-19
Ocean Avenue II(Net)	9,864,596	0.9	6.7	0.0	0.0	13.7	40.1	53.3	38.6	--	24.6	Jun-14
Genstar Capital Partners IX(Net)	9,070,426	0.8	6.1	0.0	0.0	24.6	36.2	35.2	--	--	28.6	Jul-19
Thoma Bravo Discover Fund III(Net)	7,780,985	0.7	5.3	0.0	0.0	-3.9	7.4	--	--	--	5.5	Jun-21
Summit Partners Growth Equity Fund X-A(Net)	7,282,000	0.7	4.9	0.0	0.0	1.0	1.0	3.8	--	--	3.8	Mar-20
Taconic Market Dislocation Fund III L.P.(Net)	7,193,857	0.7	4.9	0.0	0.0	-4.1	0.5	--	--	--	15.4	Jul-20
TCV X(Net)	6,553,685	0.6	4.4	0.0	0.0	-27.1	-28.0	29.1	--	--	18.6	Apr-19
Carrick Capital Partners III(Net)	6,154,014	0.6	4.2	0.0	0.0	-4.3	19.4	17.3	--	--	11.7	Aug-18
Davidson Kempner Long-Term Distressed Opportunities Fund IV(Net)	5,838,818	0.5	3.9	0.0	0.0	11.8	39.4	19.9	--	--	15.7	Apr-18
Marlin Heritage Europe II, L.P.(Net)	5,600,230	0.5	3.8	0.0	0.0	-2.5	6.4	--	--	--	-5.7	Oct-20
GTCR Fund XII(Net)	5,377,374	0.5	3.6	0.0	0.0	-3.5	5.9	31.3	--	--	17.0	Jun-18
Genstar Capital Partners X(Net)	4,597,137	0.4	3.1	0.0	0.0	0.3	9.2	--	--	--	6.4	Oct-21
Adams Street(Net)	4,390,795	0.4	3.0	0.0	0.0	-11.8	-15.6	17.5	13.5	13.9	8.6	Sep-05
Cressey & Company Fund VI(Net)	4,361,120	0.4	2.9	0.0	0.0	-7.1	-2.9	30.4	--	--	17.3	Jan-19
Accel-KKR Growth Capital Partners III(Net)	4,298,846	0.4	2.9	0.0	0.0	-3.2	-1.7	19.2	--	--	10.1	Jul-19
Khosla Ventures VII(Net)	4,161,844	0.4	2.8	0.0	0.0	0.4	11.1	--	--	--	3.9	Jan-21

Adams Street includes Adams Street 2005, Adams Street 2007, and Adams Street 2011.

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
GTCR Fund XIII/A & B(Net)	4,052,501	0.4	2.7	0.0	0.0	0.6	33.7	--	--	--	139.8	Jun-21
TCV XI(Net)	3,885,484	0.4	2.6	0.0	0.0	-13.1	-1.9	--	--	--	-3.9	Feb-21
Pantheon II(Net)	3,159,183	0.3	2.1	0.0	0.0	-8.9	-11.6	18.0	14.9	15.0	12.9	Dec-11
Summit Partners Venture Capital Fund V-A(Net)	3,123,854	0.3	2.1	0.0	0.0	-5.9	-12.4	--	--	--	-7.9	May-21
Accel-KKR Capital Partners VI(Net)	2,892,906	0.3	2.0	0.0	0.0	0.0	7.4	--	--	--	-6.6	Feb-21
Nautic Partners X(Net)	2,614,746	0.2	1.8	0.0	0.0	-0.5	-5.2	--	--	--	-4.5	Jan-22
Spark Capital VI(Net)	2,430,429	0.2	1.6	0.0	0.0	4.3	10.2	-2.0	--	--	-2.0	Mar-20
Khosla Ventures Seed E(Net)	1,588,909	0.1	1.1	0.0	0.0	2.6	36.9	--	--	--	171.0	Feb-21
Accel-KKR Growth Capital Partners IV(Net)	1,137,774	0.1	0.8	0.0	0.0	-7.8	--	--	--	--	-27.3	Mar-22
Thoma Bravo Discovery Fund IV(Net)	1,120,213	0.1	0.8									
TCV Velocity Fund I(Net)	958,554	0.1	0.6	0.0	0.0	-11.6	-31.3	--	--	--	-29.3	Feb-22
Spark Capital VII(Net)	910,713	0.1	0.6	0.0	0.0	-4.8	-6.7	--	--	--	-6.2	Feb-22
Spark Capital Growth Fund IV(Net)	898,786	0.1	0.6	0.0	0.0	-9.8	-12.9	--	--	--	-11.2	Jan-22
Summit Partners Growth Equity Fund XI-A(Net)	841,540	0.1	0.6	0.0	0.0	-9.2	--	--	--	--	-65.2	Mar-22
Invesco VI(Net)	837,127	0.1	0.6	0.0	0.0	-33.7	-37.7	39.9	27.2	--	19.8	Jun-13
GTCR Strategic Growth Fund I/A&B LP(Net)	588,493	0.1	0.4									
Threshold Ventures IV LP(Net)	273,026	0.0	0.2	0.0	0.0	--	--	--	--	--	-13.2	Jul-22
Marlin Heritage III(Net)	172,924	0.0	0.1									

Pantheon II includes Pantheon US Fund IX, Pantheon Asia Fund VI, and Pantheon Europe Fund VII.

Total Fund | As of February 28, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Pantheon Secondary(Net)	110,756	0.0	0.1	0.0	0.0	-2.4	-4.6	-12.1	-4.7	-1.7	0.6	Jun-07
Pantheon I(Net)	58,983	0.0	0.0	0.0	0.0	-15.3	-27.3	-19.4	-12.9	-3.6	-1.6	Dec-05
Direct Lending(Net)	37,182,300	3.4	3.4	0.0	0.0	1.8	4.4	--	--	--	9.3	Jul-20
<i>S&P LSTA Leverage Loan Index + 2%</i>				0.7	3.6	8.8	4.7	5.9	5.8	5.9	8.0	Jul-20
AG Direct Lending Fund IV Annex(Net)	9,438,981	0.9	25.4	0.0	0.0	3.8	--	--	--	--	3.8	May-22
Ares Senior Direct Lending Fund II(Net)	8,807,361	0.8	23.7	0.0	0.0	2.6	8.2	--	--	--	7.0	Jan-22
Varagon Capital Direct Lending Fund(Net)	8,668,649	0.8	23.3	0.0	0.0	-0.5	-0.9	--	--	--	-0.8	Jan-22
Silver Point Specialty Credit Fund II, L.P.(Net)	5,951,173	0.5	16.0	0.0	0.0	0.7	3.6	--	--	--	9.0	Jul-20
AG Direct Lending Fund V(Net)	4,316,136	0.4	11.6	0.0	0.0	--	--	--	--	--	1.6	Aug-22
Hedge Fund(Net)	108,838,588	10.1	10.1	-0.1	1.3	3.0	1.2	5.4	4.0	--	4.3	Jun-14
<i>Custom Blended Hedge Fund Benchmark</i>				-0.6	1.4	2.8	-0.9	4.6	3.1	--	3.3	Jun-14
Silver Point Capital(Net)	18,185,753	1.7	16.7	1.1	1.7	4.6	4.0	12.9	8.1	--	8.3	Nov-17
Wellington-Archipelago(Net)	14,696,472	1.4	13.5	-0.9	0.5	2.8	1.1	5.4	4.4	--	4.8	Aug-17
Taconic Opportunity Fund(Net)	13,814,437	1.3	12.7	-0.5	1.6	1.2	-2.0	3.2	--	--	3.4	Dec-18
Laurion Capital(Net)	13,418,127	1.2	12.3	-1.2	3.1	1.6	-5.2	10.9	--	--	10.4	Aug-18
Sculptor (OZ) Domestic II(Net)	12,859,905	1.2	11.8	1.0	4.8	4.8	-5.0	3.0	4.2	--	5.3	Jun-14
Caxton Global Investments(Net)	11,702,470	1.1	10.8	0.4	-0.1	3.8	9.2	--	--	--	9.0	May-21
Marshall Wace Global Opportunities(Net)	9,981,273	0.9	9.2	-2.5	-2.3	1.7	-0.4	--	--	--	3.7	May-20
Graham Absolute Return(Net)	9,848,584	0.9	9.0	1.7	1.8	4.9	13.5	8.1	4.7	--	5.1	Aug-17
Marshall Wace Eureka(Net)	4,331,567	0.4	4.0	-1.2	-2.0	-0.9	-0.4	6.7	5.0	--	5.6	Nov-17

Pantheon I includes Pantheon US Fund VI and Pantheon Europe Fund IV. Pantheon Europe Fund IV is adjusted from the 12/31/2021 NAV.
Pantheon Secondary includes Pantheon GLO SEC III B.

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Assets(Net)	56,063,389	5.2	5.2	-1.0	-0.1	5.1	10.9	12.6	10.2	9.1	--	Mar-99
<i>Custom Blended Real Assets Benchmark CPI + 5% (Seasonally Adjusted)</i>				-4.4	1.6	7.7	1.7	4.8	7.2	--	--	Mar-99
<i>SSgA(Net)</i>	13,385,183	1.2	23.9	-4.2	-0.6	0.4	-3.5	11.0	6.3	--	6.2	Apr-17
<i>Real Asset NL Custom Blended Index</i>				-4.2	-0.4	0.3	-5.0	10.9	6.4	--	6.2	Apr-17
Private Infrastructure(Net)	24,498,743	2.3	43.7	0.0	0.0	3.7	9.4	12.9	11.2	--	9.5	Dec-14
<i>S&P Global Infrastructure TR USD</i>				-3.4	1.5	1.9	-0.1	5.1	5.4	6.4	4.8	Dec-14
ISQ Global Infrastructure Fund II(Net)	5,115,524	0.5	20.9	0.0	0.0	4.2	10.4	13.1	--	--	3.3	Jul-18
KKR Global II(Net)	4,418,945	0.4	18.0	0.0	0.0	1.2	3.4	26.6	19.1	--	15.8	Dec-14
KKR Global Infrastructure Investors III(Net)	3,938,587	0.4	16.1	0.0	0.0	2.2	10.8	-1.3	--	--	-4.8	Jan-19
Ardian Infrastructure Fund V(Net)	3,334,110	0.3	13.6	0.0	0.0	-0.2	-0.6	-15.6	--	--	-14.2	Oct-19
KKR Global Infrastructure Investors IV(Net)	3,191,958	0.3	13.0	0.0	0.0	-4.4	-51.0	--	--	--	--	Sep-21
North Haven Infrastructure II(Net)	2,750,704	0.3	11.2	0.0	0.0	12.8	23.5	10.8	10.4	--	8.9	May-15
ISQ Global Infrastructure Fund III(Net)	1,092,709	0.1	4.5	0.0	0.0	4.0	10.2	--	--	--	--	Jun-21
BlackRock Global Infrastructure Fund IV(Net)	656,206	0.1	2.7									
Private Natural Resources(Net)	18,179,463	1.7	32.4	0.0	0.0	11.1	36.6	14.5	12.7	--	15.4	Sep-15
<i>S&P Global Natural Resources Index TR USD</i>				-5.5	1.7	13.7	3.2	19.9	7.7	5.0	12.3	Sep-15
EnCap XI(Net)	5,235,268	0.5	28.8	0.0	0.0	21.3	45.1	7.9	-1.3	--	-9.7	Jul-17
BlackRock Global Energy and Power Infrastructure Fund III LP(Net)	4,228,161	0.4	23.3	0.0	0.0	5.0	10.3	10.3	--	--	13.6	Jul-19
Tailwater Energy Fund IV, LP(Net)	2,938,194	0.3	16.2	0.0	0.0	12.1	35.0	3.4	--	--	3.0	Oct-19
EnCap IV(Net)	2,043,369	0.2	11.2	0.0	0.0	3.2	138.0	45.6	26.1	--	26.1	Feb-18

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Carnelian Energy Capital IV(Net)	2,005,969	0.2	11.0									
GSO Energy Opportunities(Net)	1,079,962	0.1	5.9	0.0	0.0	41.4	62.6	23.9	15.9	--	18.0	Nov-15
Taurus Mining(Net)	417,785	0.0	2.3	0.0	0.0	26.5	208.1	41.8	30.4	--	26.4	Sep-15
Taurus Mining Annex(Net)	230,755	0.0	1.3	0.0	0.0	10.9	51.2	24.3	23.5	--	25.8	Jan-17
Cash(Net)	11,451,067	1.1	1.1	0.3	2.3	0.3	0.4	0.2	0.6	--	--	
Cash(Net)	10,868,484	1.0	94.9	0.4	2.5	0.2	0.3	0.2	0.8	0.8	--	Sep-03
Treasury Cash(Net)	582,583	0.1	5.1									

Forward Looking Calendar

Status	Meeting	Topic 1	Topic 2	Topic 3
Completed	January	Performance Review (November)	GQG International Watch Memo	
	February	Quarterly Performance Review (22Q4)	Meketa's Capital Market Expectations	
	March	Performance Review (January)	Silicon Valley Bank Memo	
Current	April	Performance Review (February)		
Future	May	Quarterly Performance Review (23Q1)		
	June	Performance Review (April)		
	July	Performance Review (May)		
	August	Quarterly Performance Review (23Q2)		
	September	Performance Review (July)		
	October	Performance Review (August)		
	November	Quarterly Performance Report (22Q3)		
	December	Performance Report (October)		

Disclaimer, Glossary, and Notes

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.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



Merced County Employees' Retirement Association

DATE: April 27, 2023

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: Updated Chief Investment Officer Pay Scale Resolution

ITEM NUMBER: Open Session Item a

ITEM TYPE: Action

STAFF RECOMMENDATION:

1. Approve the updated pay scale Resolution for the Chief Investment Officer.

DISCUSSION:

The Board of Retirement is continuing to recruit for MercedCERA's first Chief Investment Officer (CIO). The CIO recruitment has been a challenge because of MercedCERA being a smaller pension system with a very complex portfolio.

When MercedCERA began its first recruitment for the CIO, the position was a Merced County position with the pay scale of \$125,049.60 to \$152,235.20. After the MercedCERA Board petitioned the Merced County Board of Supervisors, the position then became a 'retirement board' position under Government Section Code 31522.3 in which the Retirement Board has full authority over the position including the pay scale, which was changed to \$150,000 to \$225,000.

After consultation with the Retirement Board's recruiting firm and reviewing the pay and duties of CIO's in other 1937 act retirement systems, the Retirement Board is looking for more flexibility in the CIO's pay scale to reflect potential candidate's expertise and experience. The Retirement Board believes this will lead to more competitive recruitments and longer employee retention.

Therefore, the Retirement Board is considering to raise the pay scale for the CIO position from \$150,000 to \$250,000 plus any applicable non-pensionable bonuses as deemed earned by the Board of Retirement. Attached is the redlined version of the existing Chief Investment Officer Resolution for consideration by the MercedCERA Board of Retirement.

RESOLUTION OF THE BOARD OF RETIREMENT OF MERCED COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION RESOLUTION 2023-~~01~~**
REGARDING THE POSITION OF CHIEF INVESTMENT OFFICER

WHEREAS, Government Code section 31522.3 authorizes the Board of Retirement, if it has appointed personnel under Government Code section 31522.1, to appoint assistant administrators and chief investment officers as County employees not subject to County civil service or merit system rules provided that the Board of Supervisors has adopted a resolution making that section applicable in the County of Merced, and

WHEREAS, on July 19, 2022, the Board of Supervisors, in Resolution No. 2022-74, made Government Code section 31522.3 applicable in the County of Merced, and

WHEREAS, under Government Code section 31522.3, and Board of Supervisors Resolution No. 2022-74, the Board of Retirement has the authority to set the salary for the position of Chief Retirement Investment Officer (subsequently "Chief Investment Officer" or "CIO"), and

WHEREAS, the Board of Retirement adopted the initial salary range of \$150,000 to \$225,000 on August 11, 2022, and

WHEREAS, the Board of Retirement desires to set-adjust the salary range for the CIO position, ~~and describe~~ the process for raises within that range, identify general benefits and allowances, and establish potential performance bonuses for the CIO position.

NOW, THEREFORE BE IT RESOLVED THAT, the Board of Retirement hereby adopts a salary range of \$150,000 to \$250,000 for the CIO position. That range will be increased as provided for in salary increases given to County employees classified as B-A Level Unrepresented Management ~~of up to a 10% increase on the year anniversary date of the CIO, and a non-pensionable bonus given 18 months after the anniversary date.~~ The CIO position shall be provided with the same benefits and allowances afforded A Level Unrepresented Management, unless provided otherwise in the selected candidate's employment agreement. The salary range, benefits, and allowances are subject to change at the Board of Retirement's discretion.

BE IT FURTHER RESOLVED THAT, the Board of Retirement will set the CIO's salary at an amount that is within the range identified above, ~~and~~ may be amended, and salary increases within that range may occur and bonuses may be granted as follows:

1. The Board of Retirement will conduct a yearly review of the CIO's performance as near as practicable to the anniversary date of the CIO's appointment date. In that review, the Board of Retirement may award the CIO a merit raise up to the highest amount in the salary range for the CIO position in effect at the time of the performance review.
2. The Chief Investment Officer will automatically receive all salary increases provided to County employees classified as B-A Level Unrepresented Management.
3. At its discretion, the Board of Retirement may increase the CIO's salary at any time, and in any amount, ~~and~~ may grant a non-pensionable bonus based on performance criteria established by the Board.

BE IT FURTHER RESOLVED THAT, this Resolution supersedes and replaces Board of Retirement Resolution 2022-03.

ADOPTED: May 25, 2023

Aye:

Nay:

Abstain:

Absent:

Chair, Ryan Paskin

ATTEST:

Kristen Santos, Plan Administrator



Merced County Employees' Retirement Association

DATE: April 27, 2023

TO: MercedCERA Board of Retirement

FROM: Ryan Paskin, Board Chair

SUBJECT: Plan Administrator's Pay Increase and Performance Review by the Board of Retirement.

ITEM NUMBER: Open Session Item b

ITEM TYPE: Action

RECOMMENDATION:

1. Approve and authorize the Board Chair to execute an amendment to the Plan Administrator's employment contract increasing the Plan Administrator's annual salary by 7% and an additional 7% effective July 1, 2024.

DISCUSSION:

The Plan Administrator's performance and salary are reviewed by the Board of Retirement on a regular basis. Based on the satisfactory performance review, this item is being brought to the full Board for approval.

The attached contract amendment that is being considered authorizes the Board Chair to amend the Plan Administrator's contract increasing the salary by 7% effective with the County of Merced's pay period 11, 2023 and an additional 7% effective July 1, 2024. For fiscal year 2023/2024, the Plan Administrator shall not receive any cost-of-living adjustment that may be granted to County of Merced employees.

**AMENDMENT
TO
AGREEMENT
BETWEEN
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AND
KRISTEN SANTOS
FOR EMPLOYMENT AS RETIREMENT PLAN ADMINISTRATOR**

THIS Amendment to the Agreement between the Merced County Employees' Retirement Association Board of Retirement ("Board of Retirement") and Kristen Santos that was entered into on September 22, 2016, is executed by and between the Board of Retirement, and Kristen Santos (hereinafter referred to as "Santos").

This Amendment is hereby annexed to and made a part of the printed part of the Agreement to which it is attached or modifies the existing Agreement between the parties. In each instance in which the provisions of this Amendment shall contradict or be inconsistent with the provisions of the printed portion of the original Agreement and any previous amendments, the provision of this Amendment shall prevail and govern, and the contradicted or inconsistent provisions shall be deemed amended accordingly. Both parties agree that there is new and adequate consideration for this Amendment.

This Amendment shall be deemed to have been duly approved when executed by both parties to the original Agreement. Once duly approved, this Amendment shall become effective as of the date signed by the Chairman of the Board of Retirement.

MODIFICATIONS:

A). Section 4, entitled "Salary and Compensation", is amended to add as follows:

Effective with the County of Merced's pay period 11, 2023, Santos shall be granted a seven percent raise in the annual base salary Santos receives as of the first day of that pay period, which is May 8, 2023. Santos shall receive an additional seven percent raise in annual base salary effective July 1, 2024. For fiscal year 2023/2024, other than the raise provided for herein, Santos shall not receive any cost-of-living adjustment that may be granted to County of Merced employees.

Except as herein modified, all terms and conditions in said Agreement as heretofore approved remain unchanged and in full force and effect.

**Merced County Employees' Retirement
Association**

Retirement Plan Administrator

By:

By:

Ryan Paskin

Kristen Santos

Chair
MercedCERA Board of Retirement

APPROVED AS TO LEGAL FORM

BY: _____
Jeffrey Grant
MercedCERA Legal Counsel



Merced County Employees' Retirement Association

DATE: April 27, 2023

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: Section 31680.15 - Service without Reinstatement

ITEM NUMBER: Open Session Item c

ITEM TYPE: Information Only

DISCUSSION:

Government Code section 31680.15 of The County Employees' Retirement Law of 1937 (CERL) states that on or after January 1, 2018, a person who has retired under this chapter may serve without reinstatement from retirement or loss or interruption of benefits under this chapter, as an elective officer. If the retired person serves without reinstatement from retirement in an elective office and part or all of his or her retirement allowance is based on service in that elective office, the portion of the allowance based on service in that elective office shall be suspended during incumbency in that elective office. The entire retirement allowance shall be paid for time on and after the person vacates the elective office in the monthly amount payable had the allowance not been suspended.

MercedCERA will be annually notifying all elected officials of this law and their rights under this statute.

This item is being brought to the Board of Retirement in an open session for informational purposes only.