



Merced County Employees' Retirement Association

**AGENDA
RETIREMENT BOARD MEETING**

Thursday, October 23, 2025, 8:30 A.M.

Location: Merced County Employees' Retirement Association
690 W 19th Street, Merced, CA
2nd Floor, Board Room

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 – September 25, 2025.

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>Years of Service</u>	<u>Department</u>	<u>Effective Date</u>
Canton, David	1	Public Health	10/01/2025
Sandusky, Elizabeth	10	Merced Community Medical Center	10/07/2025
Williams, Rosemary	24	Sheriff	9/25/2025

b. Monthly Budget Report submitted.

c. SACRS Legislative Update – October 2025.

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:



Merced County Employees' Retirement Association

- a. 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 on market summary and investment performance update – Staff.
- b. Discussion of Meketa's Investment Performance Report on the MercedCERA portfolio with possible action on any managers or funds – Meketa
- c. Discussion and possible action to remove Redwheel Capital from Watch status – Meketa/Staff.
- d. Discussion and possible action to approve revisions to the Investment Policy Statement (IPS) – Staff.
- e. Discussion and possible action regarding the investment consultant option to be implemented for investment consulting services – Staff
- f. Discussion and possible action to approve the 2026 MercedCERA Board Meeting Calendar and the 2026 Trustee Education dates – Staff.
- g. Discussion and possible action to approve the Fall 2025 SACRS Business Meeting packet and delegate Janey Cabral as the voting delegate at the Business Meeting and Pete Madrid as the alternate delegate – Staff.

10. Information Sharing & Agenda Item Requests

- a. Presentation regarding additional quarterly reports to be included in the Board agenda – Staff.

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 690 W 19th Street, Merced, California 95340.

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, 690 W 19th Street, Merced, CA 95340 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.

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' Retirement Association, 690 W 19th Street, Merced, CA 95340 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

**MINUTES
RETIREMENT BOARD MEETING**

Thursday, September 25th, 2025, 8:30 A.M.

Location: Merced County Employees' Retirement Association
690 W 19th Street, Merced, CA
2nd Floor, Board Room

Zoom Conference Information:

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTIsK2JGWE83TVFvdz09>

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

Board Members Present: Scott Johnston, Janey Cabral, Michael Harris, Moses Nelson, Alfonse Peterson, Bayani Manilay and Corrina Brown. **Absent:** Ryan Paskin, Aaron Rosenberg, Scott Silveira and Karen Adams. **Counsel:** Tom Ebersole. **Staff:** Martha Sanchez Barboa, Pete Madrid, Monica Gallegos, Alex Lovato, Maria Luisa Rodriguez, Khue Xiong, Brenda Mojica and Sheri Villagrana.

3. Teleconference Request

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

None

4. Approval of Minutes – August 28, 2025

Board voted unanimously to approve August 28, 2025, meeting minutes.

1st- Peterson/2nd- Cabral, passes 6/0

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.

None

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>Years of Service</u>	<u>Department</u>	<u>Effective Date</u>
Brennan-Lopez, Theresa	1	HSA	8/01/2025
Chastain, Teresa	24	HSA	8/30/2025
Kennedy, Kim	20	HSA	9/06/2025
Koehn, Russel	5	Fire	9/04/2025
Lopez, Daniel	27	Sheriff	9/20/2025
Moiseyev, Natasha	1	Superior Court	8/25/2025



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Swiggart, Frank	30	Sheriff	8/30/2025
Valtierra-Gongora, Andrea	23	District Attorney	8/30/2025

- b. Monthly Budget Report submitted.
- c. Meketa Q2 Quarterly Performance Report submitted.
- d. Meketa Monthly Performance Report submitted.
- e. SACRS Legislative Update – September 2025.

Board voted unanimously to approve the consent agenda as presented.

1st- Manilay/2nd- Johnston, passes 6/0

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. Discussion and possible action regarding investments (Govt. Code § 54956.81) in recommended funds by Cliffwater LLC.
- b. Public Employee Annual Review (Govt. Code § 54957).
Title: Assistant Plan Administrator – Investments

8. Report Out of Closed Session – 9:15 A.M.

- a. **Board voted unanimously to approve a commitment of up to \$15 million to Accel-KKR Credit Partners Fund III, LP, a direct lending partnership focused on lending to software companies, subject to satisfactory legal negotiations.**
1st- Manilay/2nd- Nelson, passes 6/0
- b. **Regarding the Public Employee Annual Review of Assistant Plan Administrator – Investments, staff were given direction.**

9. Open Session

- a. Discussion on market summary and investment performance update – Staff.
No action.
- b. Discussion on quarterly alternative performance and possible action on any funds and General Partners – Cliffwater.
No action.
- c. Discussion on Government Code Section 7514.7 Alternative Asset Fee & Expense Reporting for MercedCERA – Cliffwater.
No action.
- d. Discussion and possible action to approve employment contract amendment for Pete Madrid changing the salary to \$188,908.37 effective pay period 22, 2025 (first day of pay period is October 6, 2025) – Staff.
Board voted unanimously to approve the contract amendment for Pete Madrid, changing the salary to \$188,908.37 effective pay period 22, 2025 with the correction on the contract amendment Section A, removing language stating Mr. Madrid shall receive “any cost-of-living adjustment” and instead reference wage increase. Plan Administrator will work with Board Counsel to make appropriate corrections.
1st- Nelson/2nd- Manilay, passes 6/0
- e. Chair to appoint members to a new Human Resources ad hoc subcommittee to establish a process for completing the Plan Administrator performance review – Chair.



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Chair Brown appointed Trustees Cabral, Nelson, and Manilay to work with her on the ad hoc subcommittee establishing a process for the completion of the Plan Administrator's performance review.

10. Information Sharing & Agenda Item Requests

Trustees Nelson, Cabral and Brown thanked Pete Madrid for his hard work and dedication to MercedCERA Investments. Pete is a welcomed addition to MercedCERA.

11. Adjournment at 9:53 A.M.

Trustee Name/Position	Signature	Date
Corrina Brown/Chair		
Al Peterson/Secretary		

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended September 30, 2025

Administrative Budget		Adopted	Current Budget	Expended 2025-09	Expended YTD	Bal Remaining	% Exp YTD
10110 · Salaries & Wages		1,975,000.00	1,975,000.00	130,390.55	366,758.13	1,608,241.87	18.57%
9/12/2025	Office Payroll 2025 PP19			92,973.75			
9/12/2025	2025 PP19 Retirement Investment Staff Cost Reclass (see Account #21800)			(11,086.19)			
9/12/2025	2025 PP19 Staff Salary Allocated to Investments (see Account #21800)			(16,674.38)			
9/26/2025	Office Payroll 2025 PP 20			94,301.58			
9/26/2025	2025 PP20 Retirement Investment Staff Cost Reclass (see Account #21800)			(11,086.19)			
9/26/2025	2025 PP20 Staff Salary Allocated to Investments (see Account #21800)			(16,638.57)			
9/26/2025	Board Related Meetings (see Account #21808)			(1,399.45)			
Total 10110 · Salaries & Wages				130,390.55			
20600 · Communications		16,000.00	16,000.00	1,225.69	2,511.89	13,488.11	15.70%
9/4/2025	CALNET Cancellation Credit			(54.53)			
9/17/2025	2025-08 Communication Charges			1,280.22			
Total 20600 · Communications				1,225.69			
21000 · Insurance - Other		118,000.00	118,000.00	1,096.40	97,746.80	20,253.20	82.84%
9/11/2025	Nationwide 2025-08 Insurance			1,096.40			
Total 21000 · Insurance - Other				1,096.40			
21301 · Maintenance Structure Improvement & Grounds		100,000.00	100,000.00	2,777.00	11,116.00	88,884.00	11.12%
9/17/2025	Giel Enterprises 2025-08 Janitorial Svcs			1,772.00			
9/24/2025	Hoffman 2025-10 Fire System			60.00			
9/24/2025	Yard Masters 2025-09 Landscaping			400.00			
9/25/2025	Hoffman 2025-10 CCTV Cameras			260.00			
9/25/2025	Hoffman 2025-10 Alarm System			285.00			
Total 21301 · Maintenance Structure Improvement				2,777.00			
21500 · Membership		7,000.00	7,000.00	-	5,350.00	1,650.00	76.43%
Total 21500 · Membership				-			
21700 · Office Expense - General		20,000.00	20,000.00	1,025.54	2,888.04	17,111.96	14.44%
9/2/2025	ODP 2025-08 Office Supplies			21.84			
9/2/2025	ODP 2025-08 Office Supplies			269.79			
9/2/2025	ODP 2025-08 Office Supplies			309.48			
9/9/2025	First Choice 8-29-25 Water Svcs			60.27			
9/11/2025	ODP 2025-08 Office Supplies			11.60			
9/11/2025	ODP 2025-08 Office Supplies			50.05			
9/11/2025	ODP 2025-08 Office Supplies			176.24			
9/17/2025	First Choice 9-15-25 Water Svcs			60.27			
9/18/2025	2025-08 Pacific Shred			66.00			
Total 21700 · Office Expense - General				1,025.54			
21710 · Office Expense - Postage		54,000.00	54,000.00	2,853.93	5,969.13	48,030.87	11.05%
9/18/2025	2025-08 Printing Charges			981.03			
9/18/2025	2025-08 Mailroom Charges			1,872.90			
Total 21710 · Office Expense - Postage				2,853.93			
21805 · Audits		72,000.00	72,000.00	-	-	72,000.00	0.00%
Total 21805 · Audits				-			
21808 · Board Membership		15,000.00	15,000.00	1,399.45	1,399.45	13,600.55	9.33%
9/26/2025	Board Related Meetings (from Account #10110)			1,399.45			
Total 21808 · Board Membership				1,399.45			

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended September 30, 2025

21900 · Publications & Legal Notices	5,000.00	5,000.00	-	4,551.95	448.05	91.04%
Total 21900 · Publications & Legal Notices			-			
22300 · Spec Dept Exp - Other	10,000.00	10,000.00	2,615.51	2,692.19	7,307.81	26.92%
9/2/2025 75th Anniversary Coins			1,603.00			
9/22/2025 75th Anniversary Pens, Magnets, and Notepads			927.67			
9/23/2025 75th Anniversary Supplies			10.81			
9/23/2025 ODP 2025-09 75th Anniversary Supplies			41.57			
9/30/2025 ODP 2025-09 75th Anniversary Supplies			32.46			
Total 22300 · Spec Dept Exp - Other			2,615.51			
22310 · Election Expense	30,000.00	30,000.00	-	-	30,000.00	0.00%
Total 22310 · Election Expense			-			
22327 · Spec Dept Exp - Cost Allocation Plan	35,000.00	35,000.00	2,877.45	8,632.35	26,367.65	24.66%
9/12/2025 2025-09 CAP Charges			2,877.45			
Total 22327 · Spec Dept Exp - Cost Allocation			2,877.45			
22500 · Transportation & Travel	200.00	200.00	-	-	200.00	0.00%
Total 22500 · Transportation & Travel			-			
22505 · Trans & Travel - Staff & Board Development	70,000.00	70,000.00	870.00	10,336.67	59,663.33	14.77%
9/23/2025 2025-09 SACRS Registration			870.00			
Total 22505 · Trans & Travel - Staff Development & Board Development			870.00			
22515 · Trans & Travel - In State (Staff & Board)	45,000.00	45,000.00	1,084.19	4,467.20	40,532.80	9.93%
9/8/2025 2025-08 Travel Charges			308.44			
9/15/2025 Nossaman 8/21/25-8/22/25 Travel Reimbursement			417.35			
9/23/2025 Nossaman 8/21/25-8/22/25 Travel Reimbursement			358.40			
Total 22515 · Trans & Travel - In State (Staff & Board)			1,084.19			
22516 · Trans & Travel - Out of State (Staff & Board)	10,000.00	10,000.00	694.97	694.97	9,305.03	6.95%
9/8/2025 2025-08 Travel Charges			694.97			
Total 22516 · Trans & Travel - Out of State (Staff & Board)			694.97			
22600 · Utilities	68,000.00	68,000.00	3,260.19	8,132.86	59,867.14	11.96%
9/9/2025 City of Merced 2025-09 Utilities			671.98			
9/16/2025 MID 2025-09 Utilities			2,588.21			
Total 22600 · Utilities			3,260.19			
Administrative Depreciation Expense	364,400.00	364,400.00	30,262.33	90,786.99	273,613.01	24.91%
Total Administrative Budget	3,014,600.00	3,014,600.00	182,433.20	624,034.62	2,390,565.38	20.70%

Merced County Employees' Retirement Association
Non-Administrative Expenditures Report (Preliminary)
For the Month Ended September 30, 2025

Non-Administrative Expenses			Original Projection	Current Projection	Expended 2025-09	Expended YTD	Bal Remaining	% Exp YTD
21800 · Investment Expenses			8,998,000.00	8,998,000.00	738,499.78	1,837,464.60	7,160,535.40	20.42%
9/30/2025	Investment Management Fees				247,647.19			
9/30/2025	Investment Partnership Expenses				402,033.93			
9/12/2025	2025 PP19 Retirement Investment Staff Reclass (from Account #10110)				11,086.19			
9/26/2025	2025 PP20 Retirement Investment Staff Reclass (from Account #10110)				11,086.19			
9/12/2025	2025 PP19 Staff Salary Allocated to Investments (from Account #10110)				16,674.38			
9/26/2025	2025 PP20 Staff Salary Allocated to Investments (from Account #10110)				16,638.57			
9/9/2025	Investment Consultants-Cliffwater 2025-08 Consulting Svcs				33,333.33			
Total 21800 · Investment Expenses					738,499.78			
21802 · Actuarial Services			220,000.00	220,000.00	-	789.48	219,210.52	0.36%
Total 21802 · Actuarial Services					-			
21812 · Data Processing			135,000.00	135,000.00	10,532.51	19,078.81	115,921.19	14.13%
9/12/2025	2025-09 IS CAP Charge				446.46			
9/15/2025	AT&T 2025-08 Wifi Svcs				299.74			
9/17/2025	2025-08 Cradlepoint Charge				800.00			
9/18/2025	2025-08 Administrative Services Charge				7,939.00			
9/22/2025	AT&T 2025-09 Internet Svcs				1,047.31			
Total 21812 · Data Processing					10,532.51			
21834 · Legal Services			442,000.00	442,000.00	45,683.42	95,685.36	346,314.64	21.65%
9/2/2025	Nossaman 2025-07 Gen Advice & Counsel				5,408.80			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				3,588.20			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				37.50			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				22,829.60			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				100.00			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				112.50			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				69.90			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				9,703.90			
9/10/2025	Ted Cabral 2025-08 Legal Svcs				154.60			
9/12/2025	2025-09 County Counsel CAP Charge				3,678.42			
Total 21834 · Legal Services					45,683.42			
21840 · Custodial Banking Services			260,000.00	260,000.00	2,574.37	5,091.20	254,908.80	1.96%
9/4/2025	2025-08 Northern Trust STIF Income - Custodial Fee				2,409.37			
9/8/2025	2025-08 Wire Fees				165.00			
Total 21840 · Custodial Banking Services					2,574.37			
22350 · Software & Technology			559,000.00	559,000.00	25,387.39	198,373.33	360,626.67	35.49%
9/9/2025	Digital Deployment 2025-09 Web Support				900.00			
9/11/2025	CPAS 2025-09 Hosting Svcs				9,763.52			
9/15/2025	FRSecure Q1 3 Year Fact Engagement Svcs				13,380.00			
9/22/2025	LexisNexis 2025-08 Accurint & Batch Svcs				936.56			
9/25/2025	Pitney Bowes Equipment Lease				407.31			
Total 22350 · Software and Technology					25,387.39			
Non-Administrative Depreciation Expense			-	-	-	-	-	-
Total Non-Administrative Items			10,614,000.00	10,614,000.00	822,677.47	2,156,482.78	8,457,517.22	20.32%



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
DATE: October 14, 2025
RE: **Legislative Update – October 2025**

The Legislature adjourned September 13th until January 2026 (barring no call for special session over the interim). They moved over 500+ bill and huge budget priorities in these last two weeks. For the first time since 2016 with the passage of Proposition 54 that implemented the 72-hour amendment rule, the Legislature had to pass a rule waiver to work past their September 15th deadline. They sent 917 bills to the Governor's Desk, where he signed 794 into law and vetoed 123 - citing "significant fiscal implications" to the General Fund. Some of the bigger bills he signed were allowing denser housing project in high-transit areas, capping insulin pricesprocesses, expanding CARE Courts and increasing oversight on chatbots.

SACRS is tracking the following bills:

- **ACA 2 (Jackson)** - seeks to reinstate retirement for State Legislators. ACA 2 would establish a retirement system specifically for legislators elected or serving from November 1, 2010 onward. To qualify, legislators would be required to serve at least 10 years. If their service is less than 10 years, legislators could transfer their accumulated service credits to another public pension or retirement system they are a part of. Status: This bill did not receive a hearing and is now a 2-year bill.
- **AB 259 (Rubio)** - was amended to extend the 2026 sunset on existing laws governing teleconferencing procedures for public meetings to 2030. This bill is sponsored by the CA Special District's Association (CSDA). Status: This bill is now a 2-year bill.



- **AB 288 (McKinnor)** - expands the jurisdiction of the Public Employment Relations Board (PERB) by authorizing certain workers to petition PERB to protect and enforce their rights. Status: This is now a 2-year bill.
- **AB 339 (Ortega)** - would require the governing body of a public agency to give a recognized employee organization (REO) no less than 45 days' written notice regarding contracts to perform services that are within the scope of work of job classifications represented by the REO. Status: This bill was approved by the Senate Appropriations Committee and is awaiting action on the floor. Status: CHAPTERED
- **AB 340 (Ahrens)** - would prohibit a public agency employer from questioning any employee or employee representative regarding communications made in confidence between an employee and an employee representative in connection with representation relating to any matter within the scope of the recognized employee organization's representation. Status: This bill is now a 2-year bill.
- **AB 409 (Arambula)** - would extend the 2026 sunset on existing laws governing teleconferencing procedures for California Community College student body associations and student-run community college organizations to 2030. Status: This bill is now a 2-year bill.
- **AB 467 (Fong)** - would extend the sunset date from 2026 to 2030 (as opposed to 2031) for teleconferencing procedures for neighborhood councils, defined as an advisory body with the purpose to promote more citizen participation in government. Status: This bill is now a 2-year bill.
- **AB 569 (Stefani)** - was amended to maintain the proposed authorization to negotiate contributions to supplemental Defined Benefit plans but also maintain consistency with the existing PEPPRA prohibitions and limitations. Status: This bill was held on the Appropriations Suspense File and is now a 2-year bill.
- **AB 814 (Schiavo)** - This bill excludes from gross income, under the Personal Income Tax (PIT) Law, peace officer retirement pay and amounts received by the beneficiary of an annuity plan set up for the surviving spouse or dependent of a person that lost their life in service as a peace officer. Status: This bill was held on the Assembly Appropriations Suspense File.



- **AB 1054 (Gipson)** - This bill would establish the Deferred Retirement Option Program as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill would require these state bargaining units to bargain with the Department of Human Resources to implement the program. The bill would also require the program to result in a cost savings or be cost neutral. The bill would further require the department to work with the board of PERS to develop the program. Status: This bill was not taken up in the Assembly PERS Committee and is now a 2-year bill.
- **AB 1323 (Chen)** – would increase the compensation rate for certain members of the Orange County Board of Retirement to not more than \$320 per meeting. Status: This bill did not receive a policy committee hearing and is now a 2-year bill.
- **AB 1383 (McKinnor)** - This bill would establish new retirement formulas, for employees first hired on or after January 1, 2026, as 2.5% at age 55, 2.7% at age 55, or 3% at age 55. For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, 2026, to offer one of the 3 formulas for safety members that is closest to the formula the employer provided pursuant to existing law. The bill would authorize a public employer and a recognized employee organization to negotiate a prospective increase to the retirement benefit formulas for members and new members, consistent with the formulas permitted under the act. This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws. Status: This bill was held on the Assembly Suspense File and is now a 2-year bill.
- **AB 1439 (Garcia)** - would prohibit the board of a public pension or retirement system from making any additional or new investments of public employee pension or retirement funds in development projects in California or providing financing for those projects with public employee pension or retirement funds unless those projects include labor standards protections. Status: This bill did not receive a policy committee hearing and is now a 2-year bill.



- **SB 239 (Arreguín)** - allows flexibility for remote meetings of local advisory bodies (“subsidiary bodies” in the language of the bill). Specifically, this bill would allow the subsidiary body of a local agency to teleconference their meetings without having to make all locations publicly available and would require the subsidiary body to post the agenda at each physical meeting location. The bill also sunsets these provisions in 2030. Status: The bill was moved in the inactive file. The sponsors of this bill are now working with Senator Durazo on SB 707 as the consensus measure.
- **SB 301 (Grayson)** - beginning on or after January 1, 2026, would prohibit a city or district that contracts with a retirement system under the CERL from amending their contract with the system in a manner that provides for the exclusion of some, but not all, employees. Status: CHAPTERED
- **SB 443 (Rubio)** - This bill authorizes, on or after January 1, 2026, the Pajaro Regional Flood Management Agency (PRFMA) to offer an employee the pre-Public Employee Pension Reform Act of 2013 (PEPRA) defined benefit (DB) retirement plan or formula if the employee was already subject to that retirement plan or formula as an employee of the member agency (a “pre-PEPRA” employee). Similarly, the bill authorizes a non-founding member agency of a JPA formed on or after January 1, 2013, to offer a pre-PEPRA DB retirement plan or formula to an employee within 180 days of the agency becoming a member of the JPA. Status: CHAPTERED
- **SB 470 (Laird)** – would delete the 2026 sunset on existing laws governing teleconferencing procedures for state agencies relative to the Bagley-Keene Open Meeting Act and extend the sunset provision to 2030. Status: CHAPTERED
- **SB 707 (Durazo)** - would add additional teleconferencing meeting requirements for certain local governments until 2030 to allow members of the public to attend a public meeting via a two-way teleconferencing option. The bill would also require additional alternative language noticing requirements, among other requirements. The bill has been limited to cities and counties with



a population of 30,000 or more as well as the Special Districts that have an internet website and meet any of the following conditions:

- The boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees.
- The special district has over 1,000 full-time equivalent employees.
- The special district has annual revenues, based on the most recent Financial Transaction Report data published by the California State Controller, that exceed \$400 million, adjusted annually for inflation, as specified, and the special district employs over 200 full-time equivalent employees.

Status: CHAPTERED

- **SB 853 (Committee Omnibus Bill)** - includes clarifying changes to the CERL:
 - Clarifies that for members subject to PEPRA, the retirement association shall compute absences using the member's pensionable compensation at the beginning of the member's absence.
 - Clarifies that where a member's service through reclassification, has been converted from general to safety member service, service converted after PEPRA's effective date is subject to PEPRA's prohibition of retroactive benefits. Thus, clarifies that conversion shall apply only to service after the operative date of the reclassification and not to all prior service.
 - Clarifies how CERL employers should report retired annuitants to their retirement association.
 - Status: CHAPTERED

Contact:

If you have any questions, contact Cara Martinson at cara@publichouseconsulting.net, or Laurie Johnson at lauriejconsult@gmail.com.



Merced County Employees' Retirement Association

DATE: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Pete Madrid, Assistant Plan Administrator - Investments

SUBJECT: Staff Market Summary and Investment Performance Update

ITEM NUMBER: Open Session Item a

ITEM TYPE: Information Only

DISCUSSION:

Capital Markets & Economic Summary

The US government officially shutdown on October 1st after congress failed to pass a funding bill by the September 30th deadline. The long-term impacts remain unclear but over the short-term, effects have been felt across federal agencies, including those responsible for issuing various economic reports. The Bureau of Labor Statistics (BLS) delayed the release of the September consumer inflation report due to the government shutdown. However, staff returned in order to work on the monthly inflation indicator and have scheduled the report's release for October 24th. The monthly jobs report, scheduled for release on October 3rd, was also delayed with no update on when the data will be reported.

The delay comes at a time when the Federal Reserve is discussing possible actions for its upcoming meetings on October 29th and December 17th. The Fed expressed after the prior meeting that additional rate cuts in 2025 are likely warranted, but the decision is complicated by the delay of important information on inflation and jobs – the two factors driving the discussion and ultimate decision. While the Fed relies on the inflation and jobs reports issued by the BLS, the two delayed reports are among many sources of information used by the Fed in determining its actions.

Short-term and long-term Treasury yields fell during September by 15 to 21 basis points, while intermediate-term Treasuries (3- and 5-year) rose slightly during the month. Since the start of the year, Treasury yields have come down by as much as 0.68% for the 3-year, while the 20- and 30-year Treasury yields have only fallen by 15 and 6 basis points, respectively. Despite overall market and economic uncertainty, credits spreads continued



Merced County Employees' Retirement Association

to narrow in September. Investment grade and high yield credit spreads have dropped to levels not seen since 1998 and 2007, respectively.

US stocks continued to climb in September. The Russell 3000 Index returned 3.5% for the month, now up 14.4% in 2025. The current rally remains primarily driven by growth stocks, specifically the technology and communications sectors, which have returned 20% and 26% year-to-date, respectively. Small cap stocks have trailed large cap; however, the Russell 2000 Index has gained more than 10% since the start of the year.

Developed international and emerging markets equity have produced strong gains this year. The MSCI EAFE Index, representing developed international companies, has climbed more than 25% in 2025. The MSCI Emerging Markets Index rose 7.2% in September and is now up nearly 28% for the year. Strong emerging markets performance is largely attributed to easing inflation in key countries, select policy changes in India and Brazil, as well as signs of stabilization in China.

The Bloomberg US Aggregate Bond Index, representing broad US fixed income securities, gained another 1.1% in September. The index has been steadily climbing in 2025 on falling yields and tightening credit spreads. The index is now up more than 6% year-to-date.

September Portfolio Performance Summary

The Total Fund posted a return of 1.5% in September and is now up 10.0% since the start of the year. Excluding alternatives, the Total Fund returned 2.3% during the month compared with 2.6% for the Policy Index. Underperformance was largely driven by US and international equity as well as the opportunistic credit portfolio.

Champlain Small Cap was the sole source of underperformance for US equity in September, returning -4.3% versus 3.1% for the Russell 2000 Index. Year to date the strategy is underperforming by 14.0%. The underperformance is due to a strong rally by a concentrated group of low-quality, high-valuation stocks. In a conversation with Champlain, Deputy CIO Joseph Caligiuri reaffirmed the team's commitment to its philosophy and process while acknowledging the challenges the strategy has faced in a market environment driven by investor sentiment and momentum. Mr. Caligiuri reiterated that the strategy invests for the long-term in quality growth companies with reasonable stock valuations.



Merced County Employees' Retirement Association

Relative performance was mixed among international equity managers. First Eagle outperformed in September while Driehaus and GQG underperformed. Acadian tracked its benchmark for the month. Driehaus trailed its benchmark during the month but is outperforming by nearly 4% in 2025. GQG is underperforming by more than 10% over the 1-year trailing period. Longer-term relative performance is also lagging the benchmark but by a smaller margin. GQG invests in quality growth companies with an emphasis on reasonable valuations so it is expected to underperform in markets with a concentrated group of winners with relatively high valuations. The strategy is outperforming since it was funded in the portfolio.

Emerging markets equity trailed the MSCI Emerging Markets Index, 4.5% to 7.2% in September. Artisan underperformed the Index, 1.4% to 7.2%, while Redwheel outperformed by nearly 4%. Artisan's US equity exposure has created headwinds in 2025 as international equity has outperformed US equity by more than 10% year-to-date. Conversely, Redwheel is beating the benchmark this year by more than 10%.

US fixed income performed in line with its Bloomberg US Aggregate Bond Index for the month with a return of 1.2%. The portfolio's active managers generally tracked their respective benchmarks during the month while Brandywine outperformed by 0.5%. Opportunistic credit underperformed its custom blended benchmark, 0.1% to 0.7% in September. PIMCO trailed its benchmark by 0.3% while One William Street trailed by 1.8%. Both US fixed income and opportunistic credit have returned approximately 6% since the start of the year, in line with their respective benchmarks.

Redwheel Capital (On watch)

Following a challenging year for the strategy's relative performance, Redwheel has returned 37% in 2025, including 17.7% in the third quarter. The strategy is now 10% ahead of the MSCI Emerging Markets Index year-to-date. Positioning that created a significant challenge for the strategy last year has benefited performance in the current market.

Trailing Performance (As of September 30, 2025)

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
RWC	30,106,587	2.2	11.0	17.7	37.7	21.8	15.9	7.0	--	5.9	Dec-19
<i>MSCI Emerging Markets (Net)</i>			<i>7.2</i>	<i>10.6</i>	<i>27.5</i>	<i>17.3</i>	<i>18.2</i>	<i>7.0</i>	<i>8.0</i>	<i>7.1</i>	

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Merced County Employees' Retirement Association

October 23, 2025

September Flash Report

- 1. Executive Summary as of September 30, 2025**
- 2. Performance Update as of September 30, 2025**
- 3. Disclaimer, Glossary, and Notes**

Executive Summary as of September 30, 2025

Portfolio Preliminary Performance Highlights

- September saw equities continue to climb, with Emerging Markets outpacing US as well as Developed International markets. US Equities (Russell 3000) returned 3.5%, Developed International equities (MSCI EAFE) returned 1.9% and Emerging Markets (MSCI EM) returned 7.2% over the month. Bonds also saw positive returns over the month with the broad Bloomberg US Aggregate Index returning 1.1%.
- For September, Merced CERA reported a monthly return (w/o Alternatives) of 2.3% net of fees. US Equities returned 3.0%, trailing the Russell 3000 Index. International Equities return of 3.0% trailed the MSCI AC World ex USA IMI Index while outpacing secondary blended asset class benchmark, which returned 3.4% and 2.0% respectively. The Emerging Markets sleeve returned 4.5%, trailing the MSCI EM index return of 7.2%. US Fixed Income returned 1.2%, marginally outpacing the benchmark return of 1.1%. Opportunistic Credit posted 0.1% for the month, trailing the blended benchmark return of 0.7%.

Manager Highlights

Manager Highlights (Year to Date)

- **BNY Mellon Newton Dynamic US Equity**, the portfolio's active large cap manager, returned 14.8% through August, mirroring the S&P 500 Index. Meketa last met with the manager in January 2025 to review portfolio strategy, performance and outlook. Manager is expected to perform well under normal market conditions (fundamentals drive investment returns) and bull markets.
- **Champlain Small Cap**, the portfolio's active small cap manager, returned -3.6%, trailing the Russell 2000 Index return of 10.4%. Meketa last met with manager regarding the strategy in May 2025 at Meketa's Boston office.
- **First Eagle** returned 30.3% versus the MSCI EAFE Index return of 25.1% and MSCI AC World ex US Value Index return of 29.6%. Meketa last met with the manager in October 2025 to discuss announced plans for Kimball Brooker, Portfolio Manager and co-Head of the Global Value Team, to step away from his portfolio management responsibilities. Fund exhibits high turnover relative to peers and uses gold as a hedge. The fund performs well in down cycles, as the strategy focuses on capital preservation in lieu of some upside potential.
- **GQG** returned 15.4% year to date, trailing the MSCI AC World ex US return of 26.0%. Meketa last met with the manager in May 2025 to discuss the strategy.
- **Acadian** returned 25.5%, mirroring the MSCI ACWI ex US Small Cap Index. Meketa last met with the manager in October 2024 to review executive team structure changes and last discussed the strategy with the investment team in July 2024. Meketa will meet again with the manager to discuss the strategy October 2025.
- **Driehaus** returned 28.0%, outpacing the MSCI ACWI ex US Small Cap Growth Index return of 24.1%. Meketa last met with the manager in April 2025 regarding their ownership and governance structure, and last discussed the strategy in November 2024, with a meeting scheduled for October 2025.

Manager Highlights (Year to Date)

- **Artisan Developing World** returned 18.8% vs MSCI EM index return of 27.5%. Meketa last met with the manager in November 2024 to discuss their strategy. The fund is a high conviction, concentrated strategy that is benchmark agnostic and has large deviations regionally, with meaningful weights in US equities. Note that tracking error for this strategy is expected to be high (5-10% annually) and has recently exceeded this, which has been driven by exposure to non-benchmark names, particularly in the US. Meketa continues to evaluate the performance of this strategy in the EM space, and believes it is best utilized with a complementary strategy.
- **RWC** returned 37.7% vs MSCI EM index return of 27.5% year to date. Meketa's research team last met with the manager in October 2024 to discuss the strategy. Tracking error for the strategy has always been expected to be high (6-10% annually) and has fallen within that range. Since Q4, RWC has rallied meaningfully, and as of September, was outperforming its benchmark by 10.2% year to date. The strategy maintains a large overweight to China which was a significant driver of underperformance in 2024. When proposed in 2019, Meketa recommended this strategy be used in conjunction with Artisan, to build a complementary Emerging Market portfolio, designed to outperform more frequently than either manager alone. The overall strategy has done exactly that, producing very strong results.

Manager Highlights (Year to Date)**US Fixed Income**

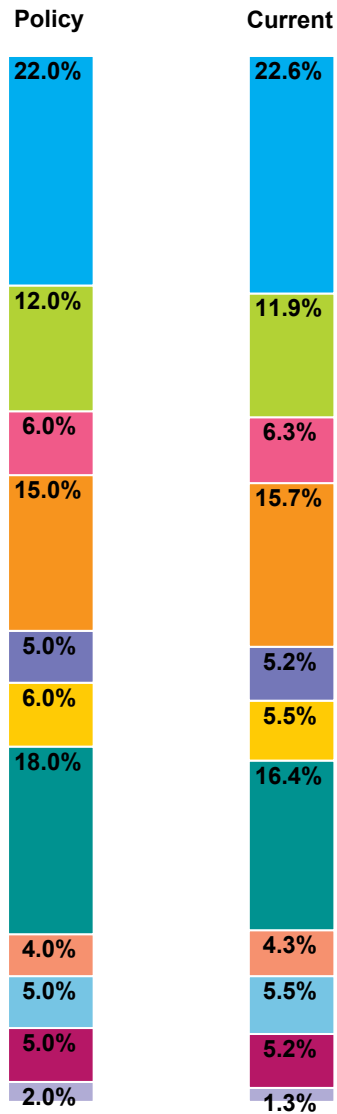
- Brandywine returned 6.0% over the period, trailing the Bloomberg US Aggregate Index return of 6.1%. Meketa last met with the manager in August 2025 to discuss the announced restructuring of the Brandywine FI team, which is being folded into the parent (Franklin Templeton) entity.
- Wellington Core Bond returned 6.2%, outpacing the Bloomberg US Aggregate Index. Meketa last reviewed the manager in June 2025 regarding the announced plans for Joe Marvan, Co-Portfolio Manager of the strategy to retire in 2026, and last met with the manager in September 2024 and will meet with the manager in Q4 2025.
- Payden & Rygel Low Duration returned 4.5%, trailing the Bloomberg US Treasury 1-3 Year Index return of 4.0%. Meketa last met with the manager in October 2024 to discuss the strategy. The strategy remained roughly duration neutral through 2024 and continues to maintain this position (neutral to modestly longer relative to benchmark).

Opportunistic Credit

- PIMCO Income Fund returned 8.3%, outpacing the Bloomberg US Aggregate Index return of 6.1%. Meketa last conducted an on-site meeting in April 2025 to discuss the strategy performance, outlook and organizational structure.
- GoldenTree Multi-Sector returned 6.3%, trailing the blended benchmark (50% Bloomberg US High Yield/50% S&P UBS Leveraged Loans) return of 6.0%. Meketa last met with the manager regarding this strategy in August 2025. The strategy is benchmark agnostic and tends to have lower duration positioning.

Performance Update as of September 30, 2025

Total Fund | As of September 30, 2025



Allocation vs. Targets and Policy						
	Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
US Equity	315,753,937	22.6	22.0	0.6	16.0 - 27.0	Yes
Developed International Equity	166,450,104	11.9	12.0	-0.1	7.0 - 17.0	Yes
Emerging Markets Equity	87,754,084	6.3	6.0	0.3	3.0 - 9.0	Yes
Private Equity	218,276,866	15.7	15.0	0.7	5.0 - 20.0	Yes
Direct Lending	72,376,713	5.2	5.0	0.2	0.0 - 10.0	Yes
Real Estate	77,344,130	5.5	6.0	-0.5	4.0 - 8.0	Yes
US Fixed Income	228,323,442	16.4	18.0	-1.6	13.0 - 23.0	Yes
Opportunistic Credit	60,255,527	4.3	4.0	0.3	2.0 - 6.0	Yes
Hedge Funds	76,134,826	5.5	5.0	0.5	2.5 - 7.5	Yes
Real Assets	72,999,658	5.2	5.0	0.2	3.0 - 7.0	Yes
Cash	18,389,986	1.3	2.0	-0.7	0.0 - 4.0	Yes
Total	1,394,059,274	100.0	100.0	0.0		

Trailing Net Performance | As of September 30, 2025

Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,394,059,274	100.0	1.5	3.2	10.0	10.0	12.6	9.0	8.9	8.2	Jan-95
<i>Policy Index</i>			2.8	6.2	13.0	12.6	15.0	10.3	9.4	6.7	
Total Fund w/o Alternatives	858,537,094	61.6	2.3	4.9	14.0	12.6	17.6	9.0	9.6	--	Jan-08
<i>Policy Index w/o AI</i>			2.6	6.0	15.2	12.4	16.7	8.9	8.8	--	
Public Equity	569,958,124	40.9	3.0	6.3	17.8	16.4	22.3	11.9	--	11.4	Apr-18
<i>MSCI AC World IMI Index (Net)</i>			3.4	7.7	18.3	16.8	22.5	13.3	11.6	10.8	
US Equity	315,753,937	22.6	3.0	7.1	13.0	16.0	22.9	14.8	14.5	10.9	Jan-95
<i>Russell 3000</i>			3.5	8.2	14.4	17.4	24.1	15.7	14.6	10.9	
International Equity	254,204,187	18.2	3.0	5.5	24.1	16.9	21.4	8.5	9.8	6.5	Jan-99
<i>Primary Blended International Equity Benchmark</i>			3.4	6.9	26.1	16.1	20.7	9.9	8.5	5.9	
<i>Secondary Blended International Equity Benchmark</i>			2.0	5.2	24.2	14.3	20.1	9.5	8.3	5.9	
Emerging Markets Equity	87,754,084	6.3	4.5	6.7	24.4	20.5	24.2	5.3	11.8	7.2	May-12
<i>MSCI EM</i>			7.2	10.6	27.5	17.3	18.2	7.0	8.2	4.8	
US Fixed Income	228,323,442	16.4	1.2	2.0	5.9	3.0	4.5	-0.6	1.9	4.4	Jan-95
<i>US Fixed Income Custom Benchmark</i>			1.1	2.0	6.0	3.1	4.9	-0.2	2.1	4.6	
Opportunistic Credit	60,255,527	4.3	0.1	1.8	6.1	7.6	10.1	6.8	--	6.0	May-19
<i>Custom Blended Opportunistic Credit Benchmark</i>			0.7	2.1	6.1	5.1	7.7	2.9	--	3.5	
Real Estate	77,344,130	5.5	0.0	0.0	2.5	2.9	1.3	4.3	4.5	6.2	Dec-10
<i>Custom Blended Real Estate Benchmark</i>			1.0	1.0	3.3	3.5	-6.6	2.3	4.2	7.1	
<i>CPI +5% (Seasonally Adjusted)</i>			--	--	--	--	--	--	--	--	

Data Prior to March 2018 provided by prior consultant.

The Secondary Blended International Equity Benchmark consists of 80% MSCI EAFE and 20% MSCI ACWI ex US Small Cap Index as of July 2025.

CPI returns are shown as dashes, as the September data is unavailable as of 10/15/2025.

Trailing Net Performance | As of September 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Real Estate	77,344,130	5.5	0.0	0.0	2.5	3.4	-0.8	4.3	4.5	6.2	Dec-10
<i>Custom Blended Real Estate Benchmark</i>			<i>1.0</i>	<i>1.0</i>	<i>3.3</i>	<i>3.5</i>	<i>-5.4</i>	<i>3.4</i>	<i>4.7</i>	<i>7.5</i>	
Private Equity	218,276,866	15.7	0.0	0.0	3.1	5.1	5.6	16.9	12.5	10.0	Jul-05
<i>Custom Private Equity Benchmark</i>			<i>4.8</i>	<i>12.1</i>	<i>11.2</i>	<i>19.6</i>	<i>21.2</i>	<i>19.9</i>	<i>16.5</i>	<i>--</i>	
Direct Lending	72,376,713	5.2	0.0	0.0	3.6	6.6	9.2	10.2	--	9.7	Jul-20
<i>S&P LSTA Leveraged Loan +2%</i>			<i>0.6</i>	<i>2.3</i>	<i>6.2</i>	<i>9.1</i>	<i>12.0</i>	<i>9.1</i>	<i>7.6</i>	<i>9.6</i>	
Hedge Fund	76,134,826	5.5	1.1	3.0	7.1	8.7	7.5	7.9	5.9	5.4	Jul-14
<i>Custom Blended Hedge Fund Benchmark</i>			<i>1.6</i>	<i>4.0</i>	<i>6.9</i>	<i>9.1</i>	<i>8.0</i>	<i>6.1</i>	<i>4.8</i>	<i>--</i>	
Real Assets	72,999,658	5.2	0.0	0.0	6.6	9.7	12.2	13.7	10.1	10.0	Dec-10
<i>Custom Blended Real Assets Benchmark</i>			<i>1.8</i>	<i>6.6</i>	<i>20.6</i>	<i>12.0</i>	<i>14.4</i>	<i>10.8</i>	<i>9.1</i>	<i>--</i>	
<i>CPI +5% (Seasonally Adjusted)</i>			<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	
Private Infrastructure	43,290,369	3.1	0.0	0.0	5.0	10.4	11.2	11.7	11.4	10.2	Jan-15
<i>S&P Global Infrastructure</i>			<i>1.5</i>	<i>3.7</i>	<i>19.7</i>	<i>16.8</i>	<i>17.8</i>	<i>13.6</i>	<i>8.9</i>	<i>7.3</i>	
Private Natural Resources	29,709,289	2.1	0.0	0.0	9.1	9.7	15.6	19.9	15.6	15.6	Oct-15
<i>S&P Global Natural Resources Sector Index (TR)</i>			<i>2.0</i>	<i>9.5</i>	<i>21.3</i>	<i>7.0</i>	<i>10.7</i>	<i>14.3</i>	<i>10.4</i>	<i>10.4</i>	
Cash	18,389,986	1.3	0.6	1.3	3.6	4.7	3.8	2.4	--	--	Dec-10

Real Assets includes State Street Real Assets NL Fund.

Trailing Net Performance | As of September 30, 2025

Trailing Period Performance											
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,394,059,274	100.0	1.5	3.2	10.0	10.0	12.6	9.0	8.9	8.2	Jan-95
<i>Policy Index</i>			<i>2.8</i>	<i>6.2</i>	<i>13.0</i>	<i>12.6</i>	<i>15.0</i>	<i>10.3</i>	<i>9.4</i>	<i>6.7</i>	
Total Fund w/o Alternatives	858,537,094	61.6	2.3	4.9	14.0	12.6	17.6	9.0	9.6	--	Jan-08
<i>Policy Index w/o AI</i>			<i>2.6</i>	<i>6.0</i>	<i>15.2</i>	<i>12.4</i>	<i>16.7</i>	<i>8.9</i>	<i>8.8</i>	<i>--</i>	
Public Equity	569,958,124	40.9	3.0	6.3	17.8	16.4	22.3	11.9	--	11.4	Apr-18
<i>MSCI AC World IMI Index (Net)</i>			<i>3.4</i>	<i>7.7</i>	<i>18.3</i>	<i>16.8</i>	<i>22.5</i>	<i>13.3</i>	<i>11.6</i>	<i>10.8</i>	
US Equity	315,753,937	22.6	3.0	7.1	13.0	16.0	22.9	14.8	14.5	10.9	Jan-95
<i>Russell 3000</i>			<i>3.5</i>	<i>8.2</i>	<i>14.4</i>	<i>17.4</i>	<i>24.1</i>	<i>15.7</i>	<i>14.6</i>	<i>10.9</i>	
BNY Mellon Newton Dynamic US Equity	65,831,078	4.7	3.8	8.0	14.8	16.2	23.1	14.9	16.0	16.2	Jan-13
<i>S&P 500 Index</i>			<i>3.7</i>	<i>8.1</i>	<i>14.8</i>	<i>17.6</i>	<i>24.9</i>	<i>16.5</i>	<i>15.3</i>	<i>15.0</i>	
BNY Mellon Large Cap	229,852,054	16.5	3.5	8.0	14.6	17.7	24.5	16.0	--	15.0	Apr-16
<i>Russell 1000 Index</i>			<i>3.5</i>	<i>8.0</i>	<i>14.6</i>	<i>17.7</i>	<i>24.6</i>	<i>16.0</i>	<i>15.0</i>	<i>15.0</i>	
Champlain Small Cap	20,070,804	1.4	-4.3	-3.2	-3.6	1.5	11.0	--	--	7.1	Nov-20
<i>Russell 2000 Index</i>			<i>3.1</i>	<i>12.4</i>	<i>10.4</i>	<i>10.8</i>	<i>15.2</i>	<i>11.6</i>	<i>9.8</i>	<i>11.3</i>	

Historical returns for the US Equity Composite prior to January 2012 are gross only.

Trailing Net Performance | As of September 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity	254,204,187	18.2	3.0	5.5	24.1	16.9	21.4	8.5	9.8	6.5	Jan-99
Primary Blended International Equity Benchmark			3.4	6.9	26.1	16.1	20.7	9.9	8.5	5.9	
Secondary Blended International Equity Benchmark			2.0	5.2	24.2	14.3	20.1	9.5	8.3	5.2	
Acadian ACWI ex U.S. Small Cap Equity	20,234,354	1.5	2.0	6.5	25.5	19.9	21.6	13.7	--	12.3	May-19
MSCI AC World ex USA Small Cap (Net)			2.1	6.7	25.5	15.9	19.4	10.0	8.4	8.5	
Driehaus International Small Cap Growth	22,732,137	1.6	1.7	3.5	28.0	17.3	20.1	8.9	--	10.5	May-19
MSCI AC World ex USA Small Growth Index (Net)			2.0	6.0	24.1	15.1	17.7	6.9	8.0	7.8	
GQG International Equity	59,520,089	4.3	0.1	0.3	15.4	5.4	18.9	9.4	--	9.8	Dec-19
MSCI AC World ex USA (Net)			3.6	6.9	26.0	16.4	20.7	10.3	8.2	8.5	
First Eagle International Value Fund	63,963,524	4.6	4.7	8.9	30.3	21.8	19.7	10.5	--	8.4	Dec-19
MSCI EAFE (Net)			1.9	4.8	25.1	15.0	21.7	11.2	8.2	8.7	
MSCI AC World ex USA Value (Net)			3.1	8.1	29.6	20.2	23.1	14.4	8.1	9.4	
Emerging Markets Equity	87,754,084	6.3	4.5	6.7	24.4	20.5	24.2	5.3	11.8	7.2	May-12
MSCI EM			7.2	10.6	27.5	17.3	18.2	7.0	8.2	4.8	
Artisan Developing World TR	57,647,496	4.1	1.4	2.0	18.8	19.3	27.9	4.8	--	11.7	Dec-19
MSCI Emerging Markets (Net)			7.2	10.6	27.5	17.3	18.2	7.0	8.0	7.1	
RWC	30,106,587	2.2	11.0	17.7	37.7	21.8	15.9	7.0	--	5.9	Dec-19
MSCI Emerging Markets (Net)			7.2	10.6	27.5	17.3	18.2	7.0	8.0	7.1	

Historical returns for the International Equity Composite prior to December 2010 are gross only.

International Equity Primary/Secondary benchmarks share the same benchmark history through June 30, 2025, as noted in the Benchmark History section. From July 1, 2025 onwards, the Primary Blended International Equity Benchmark consists of the MSCI AC World ex USA IMI, whereas the Secondary Blended International Equity Benchmark consists of 80% MSCI EAFE / 20% MSCI AC World ex USA Small Cap.

Trailing Net Performance | As of September 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
US Fixed Income	228,323,442	16.4	1.2	2.0	5.9	3.0	4.5	-0.6	1.9	4.4	Jan-95
<i>US Fixed Income Custom Benchmark</i>			<i>1.1</i>	<i>2.0</i>	<i>6.0</i>	<i>3.1</i>	<i>4.9</i>	<i>-0.2</i>	<i>2.1</i>	<i>4.6</i>	
Vanguard Total Bond Market Index Fund	32,500,488	2.3	1.0	1.9	6.1	2.9	4.9	-0.5	--	1.5	May-19
<i>Blmbg. U.S. Aggregate Index</i>			<i>1.1</i>	<i>2.0</i>	<i>6.1</i>	<i>2.9</i>	<i>4.9</i>	<i>-0.4</i>	<i>1.8</i>	<i>1.5</i>	
Payden & Rygel Low Duration Fund	17,425,191	1.2	0.4	1.4	4.5	4.6	--	--	--	5.6	Nov-22
<i>Blmbg. U.S. Treasury: 1-3 Year</i>			<i>0.3</i>	<i>1.1</i>	<i>4.0</i>	<i>3.9</i>	<i>4.4</i>	<i>1.5</i>	<i>1.7</i>	<i>4.5</i>	
Brandywine US Fixed Income	67,186,141	4.8	1.6	2.0	6.0	2.3	--	--	--	3.4	Nov-22
<i>Blmbg. U.S. Aggregate Index</i>			<i>1.1</i>	<i>2.0</i>	<i>6.1</i>	<i>2.9</i>	<i>4.9</i>	<i>-0.4</i>	<i>1.8</i>	<i>5.5</i>	
Wellington Core Bond	111,211,623	8.0	1.1	2.2	6.2	3.0	--	--	--	5.4	Nov-22
<i>Blmbg. U.S. Aggregate Index</i>			<i>1.1</i>	<i>2.0</i>	<i>6.1</i>	<i>2.9</i>	<i>4.9</i>	<i>-0.4</i>	<i>1.8</i>	<i>5.5</i>	
Opportunistic Credit	60,255,527	4.3	0.1	1.8	6.1	7.6	10.1	6.8	--	6.0	May-19
<i>Custom Blended Opportunistic Credit Benchmark</i>			<i>0.7</i>	<i>2.1</i>	<i>6.1</i>	<i>5.1</i>	<i>7.7</i>	<i>2.9</i>	<i>--</i>	<i>3.5</i>	
PIMCO Income Fund	5,701,770	0.4	0.8	2.6	8.3	7.2	8.9	4.3	--	4.2	May-19
<i>Blmbg. U.S. Aggregate Index</i>			<i>1.1</i>	<i>2.0</i>	<i>6.1</i>	<i>2.9</i>	<i>4.9</i>	<i>-0.4</i>	<i>1.8</i>	<i>1.5</i>	
GoldenTree Multi-Sector Credit	30,415,060	2.2	1.1	2.7	6.3	7.8	11.5	7.4	--	6.5	Jun-19
<i>50% BBg US High Yield TR/50% S&P UBS Leveraged Loans</i>			<i>0.6</i>	<i>2.1</i>	<i>6.0</i>	<i>7.3</i>	<i>10.4</i>	<i>6.3</i>	<i>5.8</i>	<i>5.6</i>	
OWS Credit Opportunity Fund LP	24,138,697	1.7	-1.2	1.2	5.4	8.4	--	--	--	9.0	Oct-23
<i>50% BBg US High Yield TR/50% S&P UBS Leveraged Loans</i>			<i>0.6</i>	<i>2.1</i>	<i>6.0</i>	<i>7.3</i>	<i>10.4</i>	<i>6.3</i>	<i>5.8</i>	<i>9.9</i>	

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

Throughout the report, the fair market values of GoldenTree Multi-Sector Credit and OWS Credit Opportunity Fund are based on estimated performance as of 09/30/2025, due to investor statement availability.

Trailing Net Performance | As of September 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Real Estate	77,344,130	5.5	0.0	0.0	2.5	3.4	-0.8	4.3	4.5	6.2	Dec-10
<i>Custom Blended Real Estate Benchmark</i>			<i>1.0</i>	<i>1.0</i>	<i>3.3</i>	<i>3.5</i>	<i>-5.4</i>	<i>3.4</i>	<i>4.7</i>	<i>7.5</i>	
Private Equity	218,276,866	15.7	0.0	0.0	3.1	5.1	5.6	16.9	12.5	10.0	Jul-05
<i>Custom Private Equity Benchmark</i>			<i>4.8</i>	<i>12.1</i>	<i>11.2</i>	<i>19.6</i>	<i>21.2</i>	<i>19.9</i>	<i>16.5</i>	<i>--</i>	
Direct Lending	72,376,713	5.2	0.0	0.0	3.6	6.6	9.2	10.2	--	9.7	Jul-20
<i>S&P LSTA Leveraged Loan +2%</i>			<i>0.6</i>	<i>2.3</i>	<i>6.2</i>	<i>9.1</i>	<i>12.0</i>	<i>9.1</i>	<i>7.6</i>	<i>9.6</i>	
Hedge Fund	76,134,826	5.5	1.1	3.0	7.1	8.7	7.5	7.9	5.9	5.4	Jul-14
<i>Custom Blended Hedge Fund Benchmark</i>			<i>1.6</i>	<i>4.0</i>	<i>6.9</i>	<i>9.1</i>	<i>8.0</i>	<i>6.1</i>	<i>4.8</i>	<i>--</i>	
Private Infrastructure	43,290,369	3.1	0.0	0.0	5.0	10.4	11.2	11.7	11.4	10.2	Jan-15
<i>S&P Global Infrastructure</i>			<i>1.5</i>	<i>3.7</i>	<i>19.7</i>	<i>16.8</i>	<i>17.8</i>	<i>13.6</i>	<i>8.9</i>	<i>7.3</i>	
Private Natural Resources	29,709,289	2.1	0.0	0.0	9.1	9.7	15.6	19.9	15.6	15.6	Oct-15
<i>S&P Global Natural Resources Sector Index (TR)</i>			<i>2.0</i>	<i>9.5</i>	<i>21.3</i>	<i>7.0</i>	<i>10.7</i>	<i>14.3</i>	<i>10.4</i>	<i>10.4</i>	
Cash	18,389,986	1.3	0.6	1.3	3.6	4.7	3.8	2.4	--	--	Dec-10
Cash	16,097,013	1.2	0.4	1.1	3.3	4.5	4.1	2.5	1.8	-0.6	Dec-10
Treasury Cash	2,292,973	0.2	1.5	1.5	15.7	15.7	5.0	3.0	--	1.9	Sep-17

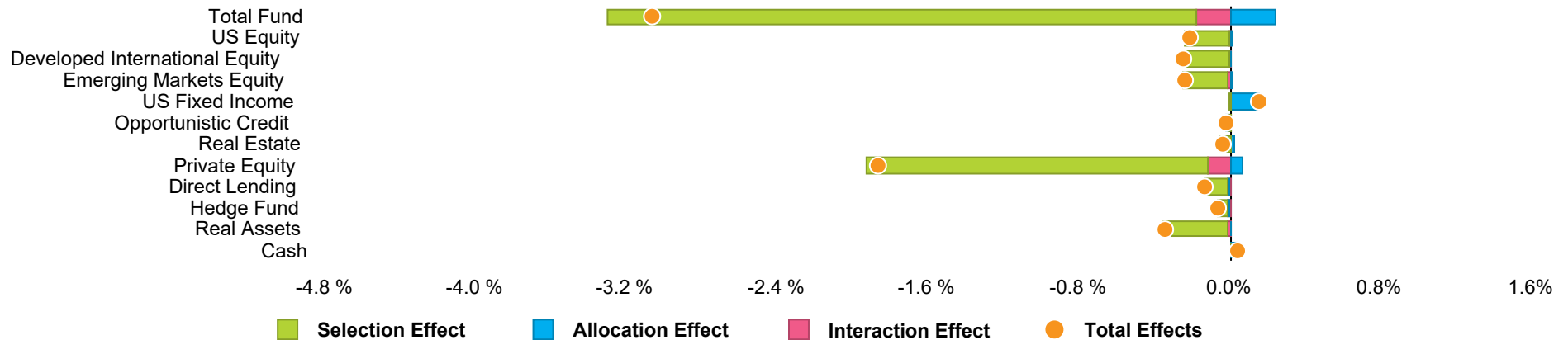
All private markets performance and market values reflect a 03/31/25 capital account balance (as of 08/31/2025) unless otherwise noted.

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.

Cash market value is subject to change pending reconciliation of September private markets data.

Total Fund Attribution | As of September 30, 2025

Attribution Effects 3 Months Ending September 30, 2025

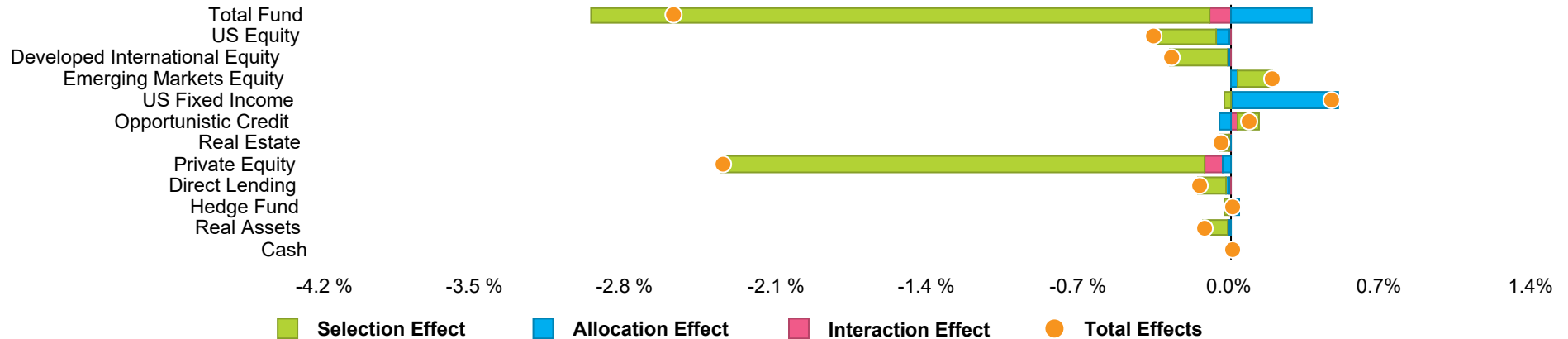


Attribution Summary 3 Months Ending September 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction (%)	Total Effect (%)
US Equity	7.1	8.2	-1.1	-0.2	0.0	0.0	-0.2
Developed International Equity	4.8	6.9	-2.1	-0.2	0.0	0.0	-0.3
Emerging Markets Equity	6.7	10.6	-3.9	-0.2	0.0	0.0	-0.2
US Fixed Income	2.0	2.0	0.0	0.0	0.1	0.0	0.1
Opportunistic Credit	1.8	2.1	-0.3	0.0	0.0	0.0	0.0
Real Estate	0.0	1.0	-1.0	-0.1	0.0	0.0	0.0
Private Equity	0.0	12.1	-12.1	-1.8	0.1	-0.1	-1.9
Direct Lending	0.0	2.3	-2.3	-0.1	0.0	0.0	-0.1
Hedge Fund	3.0	4.0	-1.0	-0.1	0.0	0.0	-0.1
Real Assets	0.0	6.6	-6.6	-0.3	0.0	0.0	-0.4
Cash	1.3	1.1	0.2	0.0	0.0	0.0	0.0
Total Fund	3.2	6.2	-3.1	-3.1	0.2	-0.2	-3.1

Total Fund Attribution | As of September 30, 2025

Attribution Effects 1 Year Ending September 30, 2025



Attribution Summary 1 Year Ending September 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction (%)	Total Effect (%)
US Equity	16.0	17.4	-1.4	-0.3	-0.1	0.0	-0.4
Developed International Equity	14.9	17.1	-2.1	-0.3	0.0	0.0	-0.3
Emerging Markets Equity	20.5	17.3	3.2	0.2	0.0	0.0	0.2
US Fixed Income	3.0	3.1	-0.1	0.0	0.5	0.0	0.5
Opportunistic Credit	7.6	5.1	2.5	0.1	-0.1	0.0	0.1
Real Estate	2.9	3.5	-0.7	0.0	0.0	0.0	0.0
Private Equity	5.1	19.6	-14.5	-2.2	0.0	-0.1	-2.4
Direct Lending	6.6	9.1	-2.6	-0.1	0.0	0.0	-0.1
Hedge Fund	8.7	9.1	-0.4	0.0	0.0	0.0	0.0
Real Assets	9.7	12.0	-2.2	-0.1	0.0	0.0	-0.1
Cash	4.7	4.5	0.2	0.0	0.0	0.0	0.0
Total Fund	10.0	12.6	-2.6	-2.8	0.4	-0.1	-2.6

Benchmark History | As of September 30, 2025

Benchmark History		
From Date	To Date	Benchmark
Total Fund		
07/01/2025	Present	22.0% Russell 3000, 12.0% Merced - Primary Blended International Equity Benchmark v2, 6.0% MSCI EM, 18.0% US Fixed Income Custom Benchmark, 5.0% Custom Blended Hedge Fund Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 6.0% Custom Blended Real Estate Benchmark, 4.0% Custom Blended Opportunistic Credit Benchmark, 2.0% Blmbg. U.S. Treasury Bills: 1-3 Months
07/01/2024	06/30/2025	22.0% Russell 3000, 12.0% Custom Blended Developed International Equity BM, 6.0% MSCI EM, 18.0% US Fixed Income Custom Benchmark, 5.0% Custom Blended Hedge Fund Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 6.0% Custom Blended Real Estate Benchmark, 4.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans, 2.0% Blmbg. U.S. Treasury Bills: 1-3 Months
01/01/2022	06/30/2024	22.0% Russell 3000, 11.0% Custom Blended Developed International Equity BM, 8.0% MSCI EM, 11.0% US Fixed Income Custom Benchmark, 10.0% Custom Blended Hedge Fund Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 8.0% Custom Blended Real Estate Benchmark, 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
01/01/2020	12/31/2021	21.0% Russell 3000, 10.0% Custom Blended Developed International Equity BM, 8.0% MSCI EM, 18.0% BBgBarc US Aggregate TR, 10.0% Custom Blended Hedge Fund Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% Custom Blended Real Assets Benchmark, 8.0% Custom Blended Real Estate Benchmark, 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
07/01/2019	12/31/2019	21.0% US Equity Custom, 18.0% Secondary Blended International Equity Benchmark, 18.0% US Fixed Custom, 10.0% Custom Blended Hedge Fund Benchmark, 15.0% Thomson Reuters Cambridge Private Equity Index, 5.0% Real Asset Custom, 8.0% NCREIF ODCE (Net), 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
01/01/2019	06/30/2019	21.0% US Equity Custom, 23.0% US Fixed Custom, 18.0% Secondary Blended International Equity Benchmark, 10.0% Custom Blended Hedge Fund Benchmark, 15.0% Thomson Reuters Cambridge Private Equity Index, 5.0% Real Asset Custom, 8.0% NCREIF ODCE (Net)
01/01/2017	12/31/2018	27.0% US Equity Custom, 22.0% US Fixed Custom, 23.0% Secondary Blended International Equity Benchmark, 5.0% Custom Blended Hedge Fund Benchmark, 9.0% Thomson Reuters Cambridge Private Equity Index, 14.0% Real Asset Custom
07/01/2014	12/31/2016	22.7% Russell 1000 Index, 5.7% Russell 2000 Index, 23.6% Secondary Blended International Equity Benchmark, 28.5% US Fixed Custom, 4.5% Custom Blended Hedge Fund Benchmark, 8.0% NCREIF ODCE (Net), 7.0% Thomson Reuters Cambridge Private Equity Index
US Equity		
01/01/2020	Present	100.0% Russell 3000 Index
12/01/1994	12/31/2019	100.0% Russell 3000

Benchmark History | As of September 30, 2025

From Date	To Date	Benchmark
International Equity		
07/01/2025	Present	100.0% MSCI AC World ex USA IMI (Net)
01/01/2019	06/30/2025	56.0% MSCI EAFE Index, 44.0% MSCI Emerging Markets Index
01/01/2017	12/31/2018	69.6% MSCI EAFE Index, 30.4% MSCI Emerging Markets Index
01/01/1999	12/31/2016	100.0% MSCI AC World ex USA index
US Fixed Income		
07/01/2025	Present	100.0% Blmbg. U.S. Aggregate Index
12/01/1994	06/30/2025	10.0% Blmbg. U.S. Treasury: 1-3 Year, 90.0% BBgBarc US Aggregate TR
Hedge Fund		
07/01/2017	Present	100.0% HFRI Fund of Funds Composite Index
01/01/2015	06/30/2017	50.0% HFRI Fund of Funds Composite Index, 50.0% HFRI RV: Multi-Strategy Index
Real Assets		
01/01/2022	Present	50.0% S&P Global Infrastructure, 50.0% S&P Global Natural Resources Sector Index (TR)
01/01/2020	12/31/2021	50.0% Cambridge Energy Upstream & Royalties & Private Energy (1 Quarter Lagged), 50.0% Cambridge Infrastructure (1 Quarter Lagged)
03/01/1999	12/31/2019	100.0% Real Asset Custom
Private Real Estate		
01/01/2020	Present	100.0% NCREIF ODCE 1Q Lagged
03/01/1999	12/31/2019	100.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net)
Private Equity		
01/01/2022	Present	100.0% 70% Russell 3000/ 30% MSCI AC World ex USA + 300bps (1 Quarter Lagged)
01/01/2020	12/31/2021	100.0% Cambridge Global Private Equity & VC (1 Quarter Lagged)
12/31/1994	12/31/2019	100.0% Thomson Reuters Cambridge Private Equity Index
Opportunistic Credit		
07/01/2025	Present	20.0% Blmbg. U.S. Aggregate Index, 40.0% Blmbg. U.S. Corp: High Yield Index, 40.0% S&P UBS Leveraged Loan Index
05/01/2019	06/30/2025	100.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans

Annual Investment Expense Analysis				
	Fee Schedule	Market Value (\$)	Estimated Annual Fee (%)	Estimated Expense (\$)
Total Fund		1,394,059,274		
Total Fund w/o Alternatives		858,537,094		
Public Equity		569,958,124		
US Equity		315,753,937		
BNY Mellon Newton Dynamic US Equity	0.30 % of Assets	65,831,078	0.30	197,493
BNY Mellon Large Cap	0.04 % of First \$100 M 0.02 % Thereafter	229,852,054	0.03	65,970
Champlain Small Cap	1.00 % of Assets	20,070,804	1.00	200,708
International Equity		254,204,187		
Acadian ACWI ex U.S. Small Cap Equity	0.85 % of First \$50 M 0.75 % Thereafter	20,234,354	0.85	171,992
Driehaus International Small Cap Growth	0.90 % of Assets	22,732,137	0.90	204,589
GQG International Equity	0.50 % of Assets	59,520,089	0.50	297,600
First Eagle International Value Fund	0.79 % of Assets	63,963,524	0.79	505,312
Emerging Markets Equity		87,754,084		
Artisan Developing World TR	1.05 % of Assets	57,647,496	1.05	605,299
RWC	0.87 % of Assets	30,106,587	0.87	261,927
MCERA US FIXED+OPP CREDIT		288,578,970		
US Fixed Income		228,323,442		
Vanguard Total Bond Market Index Fund	0.03 % of Assets	32,500,488	0.03	8,125
Payden & Rygel Low Duration Fund	0.43 % of Assets	17,425,191	0.43	99,324
Brandywine US Fixed Income	0.29 % of First \$50 M 0.22 % of Next \$50 M 0.18 % of Next \$400 M 0.12 % Thereafter	67,186,141	0.27	182,810
Wellington Core Bond	0.12 % of Assets	111,211,623	0.12	133,454
Opportunistic Credit		60,255,527		
PIMCO Income Fund	0.51 % of Assets	5,701,770	0.51	30,790
GoldenTree Multi-Sector Credit	0.70 % of Assets	30,415,060	0.70	212,905
OWS Credit Opportunity Fund LP		24,138,697	-	-

Fee Schedule | As of September 30, 2025

Fee Schedule		Market Value (\$)	Estimated Annual Fee (%)	Estimated Expense (\$)
Hedge Fund		76,134,826		
Silver Point Capital	Performance Based 1.50 % and 20.00 %	15,394,409	1.50	230,916
Marshall Wace Eureka	Performance Based 2.00 % and 20.00 %	5,563,101	2.00	111,262
Marshall Wace Global Opportunities	Performance Based 2.00 % and 20.00 %	6,157,327	2.00	123,147
Taconic Opportunity Fund	Performance Based 1.40 % and 20.00 %	1,874,324	1.40	26,241
Silver Point Capital	Performance Based 1.50 % and 20.00 %	15,394,409	1.50	230,916
Graham Absolute Return	Performance Based 1.75 % and 20.00 %	5,356,944	1.75	93,747
Laurion Capital	Performance Based 2.00 % and 20.00 %	8,047,570	2.00	160,951
Wellington Global Equity Long/Short Fund	Performance Based 1.00 % and 20.00 %	10,529,455	1.00	105,295
Cash		18,389,986		
Cash		16,097,013	-	-
Treasury Cash		2,292,973	-	-

Disclaimer, Glossary, and Notes

THIS REPORT (THE “REPORT”) HAS BEEN PREPARED FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE “RECIPIENT”).

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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. Portfolio Return- [Risk Free Rate+Beta*(market return-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: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Pete Madrid, Assistant Plan Administrator - Investments

SUBJECT: Redwheel Capital Watch Status

ITEM NUMBER: Open Session Item c

ITEM TYPE: Action

STAFF RECOMMENDATION

1. Approve the removal of Redwheel Capital from Watch status supported by strong relative performance in 2025.

DISCUSSION:

Redwheel Capital (Redwheel) was placed on Watch status by the MercedCERA Board in March 2025 after the strategy underperformed the MSCI Emerging Markets Index, -1.2% versus 7.5%, in 2024. The strategy's underperformance was primarily driven by its overweight exposure to China and an underweight to India. Despite steep underperformance last year, Redwheel reaffirmed its commitment to its philosophy and process in calls with MercedCERA staff while acknowledging the market environment was unfavorable to the strategy at that time.

Since the start of 2025, Redwheel's performance versus its benchmark has improved significantly. The strategy returned +37.7% through September 30th and is 10.2% ahead of the benchmark year-to-date. Relative performance has also improved over longer trailing periods. While the strategy is still underperforming the benchmark since its inception in the MercedCERA portfolio, it has narrowed the gap in 2025 from -2.8% at the end of 2024 to -1.2% as of September 30th.

Performance as of September 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
RWC	30,106,587	2.2	11.0	17.7	37.7	21.8	15.9	7.0	--	5.9	Dec-19
MSCI Emerging Markets (Net)			7.2	10.6	27.5	17.3	18.2	7.0	8.0	7.1	

Additionally, the strategy recently experienced client outflows as a result of the underperformance as well as client-specific reasons for redeeming or liquidating assets (e.g., changes to policy targets, consolidation of developed and emerging markets equity, etc.). However, client flows for the strategy have stabilized and firm assets are at a 3-year high.

Historical Assets Under Management

Date	Firm \$AUM	Strategy \$AUM	Vehicle \$AUM
9/30/2025	\$ 20.9 B	\$ 5.3 B	\$ 1.5 B
6/30/2025	\$ 18.9 B	\$ 4.6 B	\$ 1.4 B
12/31/2024	\$ 17.7 B	\$ 5.6 B	\$ 2.0 B
12/31/2023	\$ 17.9 B	\$ 7.5 B	\$ 3.4 B
12/31/2022	\$ 19.8 B	\$ 7.1 B	\$ 3.5 B
12/31/2021	\$ 23.9 B	\$ 9.7 B	\$ 4.4 B

Recommendation:

Staff, in coordination with Meketa, recommends Redwheel be removed from Watch status supported by strong relative performance in 2025.



Merced County Employees' Retirement Association

DATE: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Pete Madrid, Assistant Plan Administrator - Investments

SUBJECT: Proposed Investment Policy Statement Revisions

ITEM NUMBER: Open Session Item d

ITEM TYPE: Action

STAFF RECOMMENDATION

1. Approve the proposed Investment Policy Statement revisions.

DISCUSSION:

As part of MercedCERA Board's fiduciary duty to act prudently and in the best interest of MercedCERA members, it is important to periodically review the Investment Policy Statement (IPS). The IPS serves as the foundational document outlining the appropriate risk and return profile of the portfolio, establishing strategic asset allocation targets, and guiding the decision making of the Plan's fiduciaries. Regular reviews ensure that the policy remains aligned with the Plan's long-term objectives, reflects current economic and market conditions, and incorporates any changes in laws, regulations, or actuarial assumptions. This process enhances transparency and demonstrates the Board's ongoing commitment to responsible oversight of MercedCERA's investment portfolio.

MercedCERA staff worked with Meketa to draft revisions to the IPS that align with recent Board approvals and increase its usefulness in directing the management of the investment portfolio. Attached are both a clean and redlined version of the updated IPS. Below is a list of the more material revisions included in the recommendation:

- Adds details on the roles and responsibilities of the general and specialty investment consultants
- Removes guidelines for an asset class in which MercedCERA is not directly invested
- Clarifies the quantitative and qualitative criteria in evaluating an investment manager for Watch status
- Updates the asset class benchmarks in accordance with recommendations approved by the Board in 2025
- Cleans up overall formatting and corrects minor spelling and grammatical errors

Recommendation:

Staff, in coordination with Meketa, recommend the Board approve the revised Investment Policy.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

INVESTMENT POLICY STATEMENT

Adopted: February 23, 2017
Amended: February 27, 2020
Amended: November 18, 2021
Amended: October 17, 2022
Amended: June 27, 2024
Amended: October 23, 2025

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~~**INVESTMENT POLICY STATEMENT**~~

PART I

POLICY PERSPECTIVES

1.0 INTRODUCTION AND POLICY STATEMENT

1.1 Introduction

The Merced County Employees' Retirement Association's ("MercedCERA" or "Plan") Investment Policy Statement is a document which establishes and outlines the responsibilities of the various parties that are associated with the management of ~~the~~ MercedCERA. In addition, this document states various control procedures to ensure that ~~MercedCERAthe Plan-MERCEDCERA~~ is appropriately managed. Reports from investment managers, the custodians, consultants and others must verify that they are operating within the framework of the Plan's guidelines.

1.2 Policy Statement

Notwithstanding any other provisions to the contrary, the policy of the Board of Retirement ("Board") of the Merced County Employees' Retirement Association shall be to invest public funds in a manner that is consistent with the County Employees' Retirement Law of 1937, as well as State and Federal laws. The fundamental mission of MercedCERA is to provide retirement and other benefits to plan participants and to invest Plan assets solely in the interest of Plan participants and beneficiaries.

1.3 Statement of Investment Beliefs

Investment Beliefs represent the consensus views of the Trustees, as of the date of publication. They represent neither policy, nor a procedural document. Rather, they are designed to assist in framing decision making as it relates to adopting policies, selecting investments, and setting expectations with respect to its various vendors.

2.0 POLICY SCOPE

This policy shall set forth guidance and requirements for the investment activities conducted by the Board. The funds eligible for investment are all those under the direct authority of the Board.

3.0 POLICY OBJECTIVES

The basic objectives of the Board's investment program are the following:

3.1 Board Management Objectives

1. Ensure Plan's ability to pay benefits to Plan Participants;
2. Increase funding ratio to ensure long-term sustainability of MercedCERA;
3. Keep Plan contributions as low as possible once objectives #1 and #2 are met.

3.2 Basic Goals

The goals of the Board are to fund the Plan's benefit payments, while assuming a risk posture that is consistent with the Board's risk tolerance, protect against loss of purchasing power by achieving rates of return above inflation, and seek to obtain a fully funded pension plan status.

3.3 Investment Objectives

The Board's long-term investment objectives are as follows:

1. At a minimum, achieve a nominal return equivalent to MercedCERA actuarial assumed rate of return.
2. Earn a total return that averages in excess of the Actuarial Inflation Rate.
3. Exceed the return of MercedCERA's passive, market-based, investment benchmark. Allocations to specific asset classes are based on MercedCERA's target asset mix, which is based on MercedCERA's most recent asset allocation study.

4.0 GOVERNANCE

4.1 Board of Retirement's Role and Responsibilities

The MercedCERA Board of Retirement ("Board") holds the fiduciary responsibility for MercedCERA. The Board understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
 - Investment philosophy
 - This Investment Policy Statement (IPS)
 - Investment objectives
 - Strategic asset allocation
 - Allocation-level performance benchmarks
 - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

The Board shall act according to the "prudent person rule," which shall be applied in the context of MercedCERA's investment portfolio. The Board reserves the right to hold all parties doing business with MercedCERA accountable. The Board reserves the right to delegate an individual to hold an advisory board seat on any Plan investment. The PlanFund will be invested in a manner consistent with the County Employees' Retirement Law of 1937 and State and Federal laws.

The Investment Policy Statement will be reviewed at least every 3 years.

4.2 Staff's Role and Responsibilities

MercedCERA Staff ("Staff") is broadly responsible for supporting the Board in the effective execution of the Plan. Staff has been delegated authority to execute specific elements of the Investment Program as outlined herein.

- Prepare and review recommendations to the Board
- Monitor all transactions and cash flows
- With Board direction, execute cash flows between manager accounts
- Monitor and reconcile custodial bank and managers
- Maintain investment manager Watch List
- Notify investment manager(s) of their Watch List status

- Monitor for accuracy and validity of invoices and statements
- Provide external managers with IPS
- Ensure compliance with contractual agreements
- Plan Administrator has the authority to manage the investments managers and consultants
- Staff shall act according to the "prudent person rule," which shall be applied in the context of MercedCERA's investment portfolio.
- Staff shall act reasonably as custodians of the public trust, and shall recognize that the investment portfolio is subject to public review and evaluation. The overall management of the Retirement program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

4.3 General Investment Consultant

The General Investment Consultant ("Consultant") is engaged by the Board to provide independent, objective investment advice, free of conflicts of interest. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in an Agreement for Investment Consulting Services, and generally include the following duties providing advice with respect to:

- Conduct reviews and analysis of investment policies, objectives, strategic asset allocation, and portfolio structure.
- Work with MercedCERA Staff, and its actuary and Specialty Investment Consultant to conduct asset-liability studies.
- Monitor risks in the portfolio and provide updates and recommendations to the Board.
- Develop an appropriate investment management structure for each asset class in which the Plan is invested.
- Conduct investment manager searches and provide recommendations and ongoing monitoring of investment managers, and offer watch list and termination recommendations, as needed.
- Provide monthly and quarterly investment performance reporting with comparisons for Total Fund, asset class, and investment manager performance.
- Provide education to the Board and Staff on current investment trends and topics and potential new asset class investing.

- ~~Investment strategy development and implementation~~
- ~~Investment policy development~~
- ~~Asset allocation among classes and subclasses~~
- ~~Investment manager selection, evaluation and termination~~
- ~~Investment performance monitoring~~
- ~~Investment risk monitoring~~
- ~~Capital markets projections~~
- ~~Coordination with the Plan's actuary in conducting periodic asset/liability studies and other required reporting~~
- ~~Board education~~
- ~~Collaborate with Staff on Maintaining Watch List~~

4.4 Specialty Investment Consultants

Specialty Investment Consultants may be hired by the Board to work with Staff, the Board, the General Investment Consultant, and other consultants hired by the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a ~~discretionary or~~ non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

If the Board hires a Specialty Investment Consultant responsible for advising on specific asset classes, the Consultant's responsibilities include the following duties:

- Assist the Board and MercedCERA staff in the development of the asset class portfolios, including the establishment of policies, guidelines, goals, strategies, objectives, and performance benchmarks and standards.
- Appear at Board meetings or other meetings to present performance, program updates, research, analysis, written reports, and investment recommendations and respond to questions relating to the asset classes for which the Specialty Investment Consultant provides advice.
- Coordinate and communicate with MercedCERA's consultants, advisors, legal counsel and other professionals, as appropriate, to ensure effective administration of the portion of the Investment Program that falls under the scope of services.
- Prepare and recommend asset allocation policy to assist the Board with policy targets, benchmarks, rebalancing policy and other investment guidelines relevant to the Investment Program.
- Develop a structured, ongoing process to screen the global universe of available investments and identify those most appropriate for MercedCERA portfolio.
- Present written investment recommendation reports to the Board and MercedCERA staff.
- Work with MercedCERA staff and legal counsel to negotiate fund terms, subject to Consultant's fiduciary duties to its other clients, in the best interests of MercedCERA, relevant contracts and legal documents including limited partnership agreements and subscription agreements.
- Provide on-going investment monitoring that may include attending annual meetings, serving on advisory boards, analyzing policy and peer benchmarks, and conducting manager meetings.
- Provide regular updates/assessments of relevant operational and/or strategic changes with investment managers, including, but not limited to, performance, organization, ownership, investment products, and disclosure issues.
- Monitoring through due diligence (both before and after an investment is made) the investment managers' investment activities and adherence to their stated investment objectives as set forth in the terms of their contracts.
- Review and recommend course of action on all fund document amendments, consents, and extensions.
- Provide educational and/or training sessions for the Board and MercedCERA staff as requested.

4.5 Investment Managers

Investment Managers are delegated the responsibility of investing and managing Plan assets in accordance with this IPS and all other applicable laws and terms of the applicable investment documents evidencing MercedCERA's acquisition of an interest in an investment vehicle, and other controlling documents. Each Investment Manager must be 1) an investment advisor registered under the Investment Advisors Act of 1940 and with the Securities and Exchange Commission and/or the applicable regulatory authority in their domiciled country; 2) a bank, as defined by the Act; 3) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Plan's assets; 4) a trust operating as an investment company under the Investment Company Act of 1940; or 5) a state chartered trust company authorized to carry on a trust banking business. Each Investment Manager shall agree that it is a fiduciary of the Plan under California law. Subject to this IPS and their specific contractual

obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell investments in amounts and proportions that are reflective of the stated investment mandate. Such investment managers will maintain proper and adequate insurance coverage's including errors & omissions, surety bond, fiduciary liability. In addition, MercedCERA's investment managers agree to notify the Board Chair~~man~~ and the Plan Administrator, in writing, if they are unable to continue acting in the capacity of a fiduciary or investment advisor. As stated above, investment managers are expected to act as prudent experts in the management of a fully-discretionary account(s) for MercedCERA and agree to be fiduciaries to the Plan. In fulfilling their roles, managers will continually educate the Board about capital market developments that pertain to their area of investment expertise.

Investment managers are expected to meet applicable investment objectives over the designated time horizon. If such objectives become unreasonable for any reason, it is the manager's responsibility to communicate ~~its~~~~his/her~~ reservations about the objectives in writing to the Board Chair~~man~~ and the Plan Administrator. Otherwise, failure to meet these objectives may result in ~~termination~~~~dismissal~~.

Satisfying the quarterly portfolio reporting and monitoring requirements of the Plan is also an important part of the manager's responsibilities. These requirements are stated in a subsequent section of this document. Past or any anticipated significant portfolio developments, as well as major changes in the firm's ownership, organizational structure and personnel, should be immediately communicated in writing via e-mail to ~~Staff~~~~the Board~~ and ~~the~~~~its~~ investment consultant. Such communication will in turn be provided to the Board ~~members~~.

It is the responsibility of each investment manager to provide a current version of its internal code of ethics. Additionally, once a year the manager will provide updated copies of investment and other policies developed by the firm that are relevant to MercedCERA and its portfolio(s). Policies will be given to ~~the~~ MercedCERA Staff.

Individual investment managers are hired by the Board to achieve the Plan's goals and investment objectives. In addition, managers are hired to implement Plan's asset allocation decisions, as evidenced by stated fund target asset mix in Appendix A. To the extent possible, investment managers will be hired to fulfill the Plan's diversification policies.

Investment managers are required to inform the Board of any regulatory investigations ~~and/or~~ judgments and court cases relating to trading activities. If the investment managers conduct on-going internal reviews of trading activities, results of these reviews will be supplied to the Board.

The Board of Retirement reserves the right to terminate an investment management contract in accordance with the investment agreement for any reason.

4.6 Custodial Bank

The Custodial Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by ~~the~~ MercedCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodial Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the custodial agreement. The Custodial Bank, according to the custodial bank agreement/contract, may be authorized to conduct a securities lending program within liquidity and risk constraints as authorized by the custodial agreement.

PART II

MERCEDCERA's PORTFOLIO MANAGEMENT

5.0 *INVESTMENT POLICIES*

5.1 Diversification

As it is prudent to diversify investment risk, the Board has adopted an asset allocation mix to invest in several institutionally acceptable asset classes.

5.2 Managers Diversification and Investment Style

As part of the diversified asset class investment approach of MercedCERA, the Board will also seek to employ a diverse group of investment portfolio managers within a specific asset class, if the size of the asset class commitment warrants more than one investment manager. Investment style and market capitalization will be used to differentiate among managers in the same domestic and international equity asset classes. The purpose of this diversification is to allow participation in various phases of a market cycle. Investment style diversification will also be applied to MercedCERA's investments in other asset classes if deemed appropriate.

5.3 Asset Allocation

The Board has adopted a strategic asset allocation based on MercedCERA's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in Appendix A: Asset Allocation Plan and Target Mix.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and/or forward-looking expected returns of asset classes. The Board will review capital market expectations annually.

PART III

INVESTMENT GUIDELINES

6.0 INVESTMENT MANAGERS RESPONSIBILITIES, POLICIES AND GUIDELINES

6.1 Investment Manager Policies

The investment policies governing each investment manager hired by ~~the~~ MercedCERA are as follows:

- a) The investment manager is required to accept the responsibilities in Section 4.5. These responsibilities include acting as a prudent expert and agreeing to be a fiduciary to ~~the~~ MercedCERA. The investment manager will seek to satisfy the Board's investment objectives. If a problem exists with these objectives, it is the investment manager's responsibility to formally discuss these problems in a written communication to the Board Chair~~man~~ and the Plan Administrator. ~~Also, t~~he investment manager also agrees to satisfy the Board's prescribed quarterly reporting requirements.
- b) Under any and all capital market environments, the investment manager agrees to maintain the investment approach that they were hired to implement. Changes to the investment manager's investment decision making process are to be immediately reported in writing to the Board Chair~~man~~ and Plan Administrator. On-going introspective research of the firm's investment process, analytics, inputs, and decision-making process will be regularly explained in writing to the Board Chair~~man~~ and Plan Administrator. It is the responsibility of the investment manager to fully educate the Board as to the specifics of its investment process and internal research that may lead to changes in the firm's investment approach.
- c) An investment portfolio constructed for ~~the~~ MercedCERA is expected to generally conform to other portfolios managed by the investment organization, exclusive of specific investment guidelines. When ~~the~~ MercedCERA's guidelines require the investment manager to manage a portfolio significantly different than its other portfolios, it is the responsibility of the investment manager to communicate in writing the potential impact of ~~the~~ MercedCERA's guidelines on the portfolio. Notification in writing shall be to the Board Chair~~man~~ and the Plan Administrator.
- d) The investment manager will otherwise treat ~~the~~ MercedCERA's portfolio in a manner similar to other comparable portfolios in portfolio construction, trading, and all other aspects.
- e) The members of the investment management firm's research and portfolio teams are expected to comply with the Chartered Financial Analyst (CFA) Standards of Practice and Code of Ethics. Any industry or regulatory disciplinary action taken against members of the firm's investment staff must be immediately reported in writing to the Board Chair~~man~~ and Plan Administrator. ~~in writing.~~
- f) Portfolios managed for ~~the~~ MercedCERA are fully discretionary, but must meet the provisions of ~~the~~ MercedCERA's investment objectives and policies. Investment guidelines also exist for each investment manager within the major asset classes.
- g) If the Board delegates proxy voting responsibilities to an investment manager, the manager agrees to vote all proxy ballots according to the best economic interest of ~~the~~ MercedCERA's members and in a manner consistent with the Board's proxy policies.
- h) Investment managers agree to actively support ~~the~~ MercedCERA's securities lending and commission recapture programs.

6.2 Derivatives Investing Policies

Exposure to risk by use of derivative instruments must be consistent with MercedCERA's overall investment policy as well as an individual manager's Specific Investment Guidelines. Any other derivative investment purpose may be allowed by the explicit authorization of the Board. Derivatives may not be introduced into the portfolio to create economic leverage or to create investment exposures that are otherwise excluded by MercedCERA's Investment Policy unless authorization is given by the Board. Should there be any conflict

between an individual manager's Specific Investment Guidelines and this Policy statement regarding the use of derivative instruments, the MercedCERA IPS shall control.

6.3 Investment Manager Guidelines

a) Diversification, Liquidity & Restrictions

Portfolio holdings are expected to be well-diversified, so as to avoid excessive volatility and unsystematic risk to the Plan.

b) Cash and Equivalents

Transactional cash, portfolio assets that are temporarily not invested in authorized, longer-term securities as stated below, may either be directly invested in allowable high-grade short-term fixed income investments or may be "swept" into the Plan's custodial short-term investment (money market) commingled fund. Allowable high-grade, short-term fixed income investments are as follows: certificates of deposit, commercial paper, U. S. Treasury bills and repurchase agreements. These investments will have short maturities, typically less than 90 days, but none more than 1 year. If an investment is made in the custodian's money market fund, it is the responsibility of the investment manager to make sure that the money market fund has investment guidelines that comply with MercedCERA's investment objectives and policy statement. At this time, it is not contemplated to allow investment managers to invest in money market funds other than those offered by the custodian. If an investment manager wishes to use non-custodian provided money market funds, this issue must be addressed in writing and directed to the Board Chair and Plan Administrator. ~~Plan Administrator and the Chair of the Board of Retirement.~~

c) Domestic Equity Portfolios – Large, Medium, and Small Capitalization

The types of assets that may be held in ~~large capitalization~~, domestic equity accounts are common stock, preferred stock, convertible securities, with the vast majority of holdings in common stock. ~~Large capitalization~~ domestic equity portfolios will primarily invest in stocks with market capitalizations that align with their specific mandate and benchmark. ~~The vast majority of equity holdings will be in large capitalization issues.~~ Firm's that manage equity portfolios will continually monitor the risk associated with their equity investments. They will be expected to report on the active management decisions they have assumed relative to their respective benchmarks. As a result of this risk/reward analysis, active equity managers will statistically attribute actual performance variance from their benchmarks in each regular quarterly report. Included in this report will be statistics attributing performance to sector weighting decisions versus the benchmark and security selection decisions within each sector relative to the benchmark. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair and Plan Administrator.

American Depository Receipts (ADR's) of foreign companies and foreign common stocks traded in U. S. dollars and on U. S. exchanges are authorized investments. ADR's and foreign common stocks traded in U. S. dollars and on U. S. exchanges should not exceed 15% of the portfolio.

Derivative securities may not be held in domestic equity portfolios except to mitigate risk, on a temporary basis, of underlying portfolio holdings. Compliance with the previously stated derivatives guidelines must be met.

No single security can represent more than 7% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System - GICS - codes) can represent more than 25% of the market value of the account. If the manager feels another index is more appropriate, this case should be made in writing to the ~~Board Chair~~man and Plan Administrator.

~~The above restrictions and guidelines for large capitalization domestic equity portfolios also apply to mid capitalization domestic equity portfolios, except for the applicable benchmark related requirements. Mid capitalization domestic equity portfolios will invest in stocks with market capitalizations consistent with the Plan's policy benchmarks. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chairman and Plan Administrator.~~

~~The above restrictions and guidelines for large capitalization domestic equity portfolios also apply to small capitalization domestic equity portfolios, except for the applicable benchmark related~~

~~requirements. Small capitalization, domestic equity portfolios will invest in stocks with market capitalizations consistent with the Plan's policy benchmarks. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chairman and Plan Administrator.~~

d) International Equity (Large & Small Cap) Portfolios - Developed & Emerging Markets

Assets in international equity portfolios will be primarily composed of foreign ordinary shares and ADR's (including ADR's that are 144A securities). Short term, high-grade fixed income securities may be purchased as previously stated, similar types of securities denominated in foreign currencies may be purchased, or the Fund's custodial sweep account may be employed. International equity portfolios will invest in stocks with market capitalizations consistent with their ~~underlying~~ benchmarks. Emerging market equity portfolios can invest in stocks with large, mid and small market capitalizations. Firms will continually monitor the country, currency, sector and security selection risks associated with their international and emerging market equity portfolios. All of the risks will be included in the manager's quarterly reports and performance attribution based on these factors will also be included. Currency hedging, consistent with the previously stated derivative policy, is an acceptable investment activity. However, prior to initiating such hedging activities, the firms must adequately demonstrate their capability and expertise in this area to the Board.

Large capitalization international equity portfolios will be measured against the Plan's policy benchmark for broad international equities. Small capitalization international equity portfolios will be measured against the Plan's policy benchmark for small cap international equities. Emerging market equity portfolios will be measured against the Plan's policy benchmark in emerging market equities. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair~~man~~ and Plan Administrator.

~~a)e)~~ Hedge Funds

The role of hedge funds is to provide a diversified set of risk exposures, little-to-no correlation to the broader equity and credit markets and achieve an attractive risk-adjusted return. The long term investment objective is to exceed the LIBOR Secured Overnight Financing Rate (SOFR) by 4%.

It is expected that the hedge fund composite (the aggregation of all hedge funds employed by the Plan) should outperform the Policy benchmark for hedge funds, over the rolling 3- ~~and~~ 5-year period.

The hedge fund program will have the flexibility to invest as it sees fit but will typically invest through multi-strategy hedge funds and/or single strategy hedge funds. The Board shall establish investment guidelines for the hedge fund portfolio in aggregate and shall select Investment Managers it believes are positioned to achieve the stated objectives.

The Fund seeks to be diversified across and within strategies, without regard to the specific vehicle (i.e., recognizing that Portfolio Funds may encompass more than one strategy). The following look-through exposure categories may be represented in the Fund:

Market Neutral strategies such as equity market neutral, fixed income arbitrage, and convertible bond arbitrage.

Event Driven strategies such as risk arbitrage, merger arbitrage, activist and other event-driven strategies.

Credit/Distressed strategies such as capital-structure arbitrage, fixed-income arbitrage, and distressed debt/equity.

Equity Long/Short strategies where there is combination of long and short positions primarily in publicly-traded equities, with a net market exposure less than that of the overall equity market. Strategies may be focused on U.S., non-U.S., and/or specialty mandates.

Global Macro strategies such as all market portfolios, opportunistic long-only, managed futures, currency, dedicated short selling strategies or other specialty strategies.

Multi-strategies where hedge funds invest using a combination of previously described strategies.

The targeted exposure to each strategy is shown in the below table:

<u>Exposure</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
<u>Market Neutral</u>	<u>18%</u>	<u>10%</u>	<u>30%</u>
<u>Credit Distressed / Event-Driven</u>	<u>32%</u>	<u>20%</u>	<u>40%</u>
<u>Equity Long / Short</u>	<u>25%</u>	<u>15%</u>	<u>35%</u>
<u>Global Macro</u>	<u>15%</u>	<u>10%</u>	<u>20%</u>
<u>Multi-Strategy</u>	<u>10%</u>	<u>5%</u>	<u>20%</u>
<u>Total</u>	<u>100%</u>		

Individual hedge fund investments may have specified liquidity parameters defining lock-up periods and withdrawal frequency. Liquidity risk is managed by monitoring and maintaining a schedule of the liquidity of the individual hedge funds and aggregating it at the total Hedge Fund Program level.

b)f) Private Equity & Private Real Assets

The private markets are inefficient and illiquid due partially to privately negotiated, non-auction pricing mechanisms. High return premiums are expected by investors who are willing to accept the illiquid and inefficient characteristics of the private markets. Therefore, the long-term expected return from private equity markets should exceed the expected return of public equity markets by at least 3%. The long-term expected return from the private real assets portfolio should exceed inflation by 5%.

Controlling risk in the private portfolio is equally as important as seeking higher returns. Because private asset classes cannot measure risk in a traditional manner (using quantitative risk measures like standard deviation and benchmark tracking error), risk will be managed through a combination of quantitative and qualitative constraints, such as diversification of investment type and thorough due diligence.

The criteria used to develop partnership allocations will consist of (and not be limited to) geographic location, industry investment orientation, financial funding stage orientation, source of deal flow, and investment size.

Recognizing the importance of vintage year diversification and adequate portfolio diversification by investing in different types of private asset investments, partnerships or other vehicles with managers representing various investment styles, industries and geographic concentrations, an annual plan will be developed and presented to the Board. The annual plan will reflect the pace of commitments and forecasted cash flows which is expected to achieve MercedCERA's targeted allocation to the private asset class over a reasonable time-period. This annual plan will be integrated with the existing portfolio and will be based on the prevailing economic environment and market conditions.

Performance will be reported on a vintage year internal rate of return (IRR) basis. Internal rate of return is a total dollar weighted rate of return where the discount rate equates the net present value (NPV) of an investment's cash inflows with its cash outflows. Vintage year is the year of fund formation and first takedown of capital. The long-term objective is to outperform the benchmark, net of investment management fees, calculated on an IRR basis over rolling ten-year periods. The individual investment vehicle performance, as measured by the internal rate of return, will be evaluated compared to the performance of respective peer universes and vintage years. It is recognized that immature private equity investments will ordinarily have a "J-curve effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees during a period when investments are typically carried at cost and returns have not been realized.

Asset allocation is a critical driver for the long-term success of the private ~~investment~~equity program. To control asset allocation risk, investments are diversified through long-term subclass parameters:

- **Leveraged Buyouts/Corporate Finance:** the acquisition of a product or business that is typically further along the business life cycle, having relatively predictable cash flows and the ability to raise capital utilizing a significant amount of debt and little or no equity.
- **Venture Capital:** targets companies in the earliest phases of a business cycle. Companies may be classified as seed, early, middle and late stage. These companies have uncertain revenues and a need for cash to build their businesses and are subject to high failure rates
- **Special Situations:** includes investments in distressed debt, mezzanine, sector, opportunity, and secondary funds.
- **Geography/Domestic vs. Global:** investments either made in the United States or investments made outside of the U.S. including Europe, Asia, and Canada.
- **Infrastructure:** investments will be in companies or assets that fall into the infrastructure sector both in domestic and international markets.
- **Natural Resources:** investments will be in companies or assets that fall into the energy, mining, agriculture and/or timber industries in both domestic and international markets.

Risk will also be controlled by liquidity, vintage year~~s~~, investment managers, firm, time and geographic and economic region.

- Private investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity may result in realizing a sales price that reflects a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation targets to private~~-equity~~ investments.
- Vintage year reflects the year of fund formation and first takedown of capital. Vintage risk refers to the variability of private equity commitments over time. A secondary investment is a vehicle in the special situation subclass that allows the portfolio to gain prior year vintage exposure, further minimizing vintage risk.
- Manager risk consists of the exposure within a partnership and the number of general partners in the ~~private-equity~~ portfolio. Most partnerships require minimum commitments, which help control the exposure of partnerships.
- Commitments will be made over the full course of the business cycle and will not be concentrated in any one year.
- Geographic and Economic Region: In the selection of ~~private-equity~~ investments, the portfolio will not favor particular economic or geographic regions. Most likely, the focus will be globally oriented.
- MercedCERA shall ordinarily direct the sale of any securities distributed by its investment vehicles as soon as practically possible and strive to not impair the value of the security.
- Alignment of Interests: General partnership agreements will be actively negotiated. The partnership agreements will ensure that the interests of the general partner are aligned with the limited partners.

For the Private Equity portfolio, the target~~seed~~ and range of allowable investment exposures, measured at fair value, to the various private equity investment classes are shown in the following table:

<u>Exposure</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
<u>Buyout</u>	<u>60%</u>	<u>40%</u>	<u>80%</u>
<u>Venture / Growth</u>	<u>20%</u>	<u>10%</u>	<u>30%</u>
<u>Opportunistic</u>	<u>20%</u>	<u>10%</u>	<u>30%</u>
<u>Total</u>	<u>100%</u>		

For the Private Real Assets portfolio, the objective is to have the portfolio comprised of half infrastructure investments and half natural resource investments with a benchmark that reflects this target mix.

If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair~~man~~ and Plan Administrator.

e/g) **Private Direct Lending**

The direct lending portfolio is expected to earn risk-adjusted returns in excess of the public credit markets, primarily due to the liquidity premium demanded by investors. The direct lending portfolio is also expected to help decrease the volatility of the overall Portfolio, through stable income and downside collateral protection.

The direct lending allocation is generally defined as non-bank financing and/or private placements and incorporates multiple collateral types (including but not limited to corporate credit, mortgage credit, asset-based, and consumer credit) and strategies. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

The portfolio is composed of two major subcomponents.

- Income-Oriented
 - Income-Oriented investment strategies target primary/origination-based transactions that focus on generating returns through regular coupon payments and principal repayment over time.
- Opportunistic
 - Opportunistic investment strategies target secondary/asset purchases that rely more heavily on generating returns through appreciation. This category may also include other types of yield-oriented non-correlated funds including, but not limited to, royalty streams and leasing.

The portfolio shall be diversified by time, sub-asset class, manager, collateral, and geography. Such diversification is expected to enhance returns, control risk, and mitigate volatility.

The account structure is typically in Closed-end Funds, but may utilize other structures such as business development companies, Funds-of-One and/or Separate Accounts.

Leverage may be utilized by some Private Credit strategies.

Borrower Concentration — Compared to traditional high yield bond and bank loan portfolios, some direct lending portfolios can be much more concentrated with total positions ranging from 20 to 40 loans, and the largest positions sometimes approaching 10%. This concentration adds to the risk of the investment. Because of this, it is beneficial for direct lending investors to allocate to more than one strategy to achieve further issuer diversification.

Vintage Year Concentration — Direct lending funds tend to invest over the course of a two- to four-year investment period due to lack of a secondary market (i.e., the portfolio needs to be built piecemeal

through new loan origination). To minimize vintage year risk, investors generally diversify their portfolio by committing capital to funds across multiple vintage years.

g)h) Domestic Fixed Income Portfolios

Acceptable security types for domestic fixed income portfolios are certificates of deposit, commercial paper, other high grade short-term securities, U. S. Government and Agency securities, corporate bonds, mortgage- and asset-backed securities¹ and Yankee bond securities. In addition, taxable municipal bonds, commercial mortgages and trust preferred securities are acceptable security types. Cash and equivalent holdings may be comprised of high-grade certificates of deposit, commercial paper, U. S. Treasury bills and repurchase agreements.

Firm's that manage fixed income portfolios will continually monitor the risk associated with their fixed income investments. They will be expected to report on their active investment management decisions they have assumed relative to their respective benchmarks. Statistics which relate performance variance to effective duration decisions, yield curve positioning, sector allocation, security selection and other portfolio management decisions will be included in each quarterly report. Also, to the extent possible, various interest rate scenarios will be depicted in horizon analysis testing, with time horizons spanning the next six months to one year, or longer.

As mentioned above, investments in Yankee bond securities (U.S. dollar denominated international bonds that are registered with the Securities & Exchange Commission) are an acceptable investment.

The portfolio is comprised of three sub-categories

- Core Bond
 - Core Bond strategies target portfolio allocations to mirror the broad investment grade bond market. They can vary in the specific market segment, such as US Treasuries or investment grade corporate bonds.
- Short Duration
 - Short Duration strategies target bond with shorter time to maturity.
- Active Duration (Core Plus)
 - Active Duration strategies alter their target duration/bond portfolio construction based on their interest rate outlook. These strategies incorporate safer investment-grade securities with higher risk fixed income to seek higher returns through active management of the portfolio.~~both higher risk fixed income securities with safe haven betas to seek higher returns through active management of their portfolios.~~

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System - GICS - codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U. S. Government and Agency bond holdings.

d)i) Opportunistic Credit

Fixed income portfolios that may include credit. Acceptable security types for opportunistic portfolios may include high yield (or below-investment grade) corporate debt and bank loans, sovereign bonds, emerging market debt, investment grade corporate debt, and securitized debt.

The same fundamentally-based research effort required of domestic fixed income managers is also required of opportunistic managers. The goal of the opportunistic credit allocation, either publicly syndicated or privately originated, is to generate high total returns, and/or hedge rising interest rates, while investing across the full maturity spectrum of corporate securities. Proper diversification is required; such that reasonable risk/reward expectations are maintained. Performance attribution is

¹Please note that convertible debt, traditional zero coupon bonds, mortgage-pass through securities and asset-backed securities are technically derivative securities but for the purposes of this Investment Policy Statement these securities are not classified as derivatives. Such investments must be at least BBB rated and meet the risk requirements discussed in the subsequent footnote.

required, as is the case of domestic fixed income managers. All other requirements of domestic fixed income managers apply to opportunistic fixed income managers.

~~h) Treasury Inflation Protected Securities (TIPS)~~

~~MercedCERA has also approved the use of TIPS. Either a passive or an active investment approach may be taken toward the management of TIPS portfolios. For active management, the same fundamental and valuation-based research effort required of domestic fixed income managers is also required of TIPS managers. The goal of the TIPS allocation is to protect against inflation and may be implemented through short-term or traditional duration TIPS portfolios. Proper diversification of TIPS portfolios is required; such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers. All other requirements of domestic fixed income managers apply to TIPS portfolios.~~

~~h)i) Real Estate and Private Real Estate~~

The ~~above~~ restrictions and guidelines for ~~large and small capitalization~~ domestic equity portfolios also apply to Domestic and Global REIT portfolios, except for the following differences. Investments are expected to be primarily in common stocks. A small percentage (less than 10%) may be in preferred stock. No restrictions exist on the market capitalization of Domestic and Global REIT portfolio holdings. In addition, the Domestic and Global REIT benchmarks may have individual security market capitalization weights greater than 5%. As a result, individual security positions in Domestic and Global REIT portfolios may generally reflect the weights in the underlying benchmarks. (It may be that MercedCERA's Domestic and Global REIT commitment could be in a commingled fund, and that ~~the~~ MercedCERA would have to accept the investment guidelines of the Domestic and Global REIT fund.)

While global REIT securities are recognized to have real estate and small cap security characteristics, global REIT security portfolios are primarily viewed as an alternative to direct real estate investments or real estate operating companies. These securities also have a higher level of liquidity than direct real estate investments and this is considered a favorable attribute. As such, there is a desire to maintain the favorable liquidity attributes of these securities and not to become over-concentrated in individual portfolio holdings.

In addition to real estate securities, ~~the~~ MercedCERA will invest in private real estate investment structures that have an ownership interest, directly or indirectly, in real estate properties through either the debt or equity, either income producing or non-income producing. The objective of these funds is to exceed inflation by 5% and to outperform peer universe benchmarks. Real estate funds will be measured against the Plan's policy benchmark in real estate. Diversification will be obtained both through property type and geographical location. It is expected that investments will be primarily in large metropolitan centers. Relatively conservative levels of debt financing will be used in the purchase of income producing real estate properties often called "Core Real Estate". Investments may also be made in investment strategies defined as "Value-Added" or "Opportunistic". "Value-Added" strategies derive their return from both income and appreciation and may include the use of a moderate amount of leverage while "Opportunistic" strategies derive their return primarily through appreciation and they may use a moderate to high degree of leverage. The Core Real Estate Funds are currently the predominant exposure in the Real Estate portfolio and will be used as a placeholder until other private investment opportunities are identified. The criteria used to evaluate such partnerships, the risk parameters that such partnerships will be managed against and the performance benchmarks the individual partnerships will be evaluated by are the same as those outlined in Section 8. Property valuations will be conducted so as to reflect realistic economic value at quarter-end periods.

6.4 Watch List Policy – Public Markets

Purpose of Watch List

In order to more ~~formally~~~~officially~~ monitor and track existing and potential problems ~~among investment managers, at the fund/portfolio management~~, the Board has adopted the following “watch list” policy. The watch list ~~policy~~ has been instituted to specifically monitor portfolios and managers on both quantitative and qualitative factors. ~~Watch list status indicates an increased level of concern but does not indicate major deficiencies.~~ The purpose of ~~the policy~~~~such a list and its procedures~~ is to identify how performance and other issues will be monitored and how they will be responded to in a timely manner. The Board reserves the right to take any action with respect to its investment managers at any time. The watch list policy does not restrict the Board from any action.

Quantitative ~~Factors~~~~Screens~~

~~The quantitative portion of the watch list will be primarily focused on performance of the fund vs. the appropriate benchmark and peer group.~~

~~A manager having performance that fails to meet the below Watch List Performance Criteria would be subject to a heightened level of monitoring (“Watch Status”) by Staff and the investment consultant. Upon failing the watch list criteria, MercedCERA may: i) instruct the manager to present to the Board reasons for the underperformance, and/or ii) have Staff or the investment consultant provide the Board with documentation that discusses the factors contributing to the manager’s underperformance. Underperformance will be evaluated in light of the manager’s stated style and discipline. Once the Board has considered these factors, it may consider placing the manager on watch with a follow-up review within six to twelve months.~~

Watch List Performance Criteria

~~A manager that fails to meet one of the following objectives may be placed on watch. Fund returns over 36- and 60-month trailing periods are reviewed on an annualized basis.~~

<u>Asset Class</u>	<u>Short-term (rolling 12-month periods)</u>	<u>Medium-term (rolling 36-month periods)</u>	<u>Long-term (60+ months)</u>
<u>Active domestic equity</u>	<u>Fund is underperforming benchmark return by more than 3.5%</u>	<u>Fund is underperforming benchmark return by more than 1.75% for 6 consecutive months</u>	<u>Fund is underperforming benchmark return by more than 1.75% for 6 consecutive months</u>
<u>Active international equity</u>	<u>Fund is underperforming benchmark return by more than 4.5%</u>	<u>Fund is underperforming benchmark return by more than 2.0% for 6 consecutive months</u>	<u>Fund is underperforming benchmark return by more than 2.0% for 6 consecutive months</u>
<u>Passive equity</u>	<u>Tracking error is greater than 0.50%</u>	<u>Tracking error greater than 0.45% for 6 consecutive months</u>	<u>Tracking error greater than 0.45% for 6 consecutive months</u>
<u>Fixed income</u>	<u>Fund is underperforming benchmark return by more than 1.5%</u>	<u>Fund is underperforming benchmark return by more than 1.0% for 6 consecutive months</u>	<u>Fund is underperforming benchmark return by more than 1.0% for 6 consecutive months</u>

Qualitative Factors

In addition to the performance ~~criteria~~~~screens~~, several other ~~qualitative~~ factors relating to the portfolio/fund's management and style will be continually monitored. These factors are:

- a) The portfolio's fundamental investment characteristics versus the appropriate market index ~~(benchmark)~~
- b) The portfolio's ~~adherence~~~~ability to adhere~~ to its stated investment style.
- c) Continuity of the portfolio management and analytical research staff members.
- d) Continuity of firm's senior management and organizational structure.
- e) ~~Ownership changes of the organization.~~
- f) ~~Non-compliance with regulatory statutes or policy established investment guidelines.~~
- g) ~~SEC filings and regulatory investigations reflecting poor corporate governance.~~
- h) ~~Failure to provide adequate client service to the Board, Staff, or the investment consultant.~~
- e)j) ~~Non-competitive investment management and fund administration fees.~~
- f) ~~Style drift or changes~~

Watch Status

~~If a manager is failing to meet one or more of the above quantitative or qualitative factors, Staff and/or the investment consultant may recommend the Board place the manager on watch, if it believes the manager can take the necessary steps to meet the criteria currently not being met. If the Board places the manager on watch, it will determine the period of time before it formally reevaluates the manager.~~

~~If a manager is placed on watch, three actions are then available to the Board: (1) to release the manager from the watch list, (2) to extend the watch list status in order to allow more time for improvement, or (3) to replace the manager if it has been unable to exhibit improvement in the area(s) of concern.~~

~~Any of these actions would be supported by additional documentation (produced by the investment consultant and/or Staff). This document would highlight the original reasons for placing the manager on watch and discuss how these issues have or have not been addressed.~~

~~Managers may be removed from MercedCERA's watch list if the investment manager demonstrates adequate improvement in the area(s) of concern. The Board reserves the right to remove a manager from the watch list at any time.~~

Termination

~~If the Board determines (with advice from Staff and the investment consultant) that the manager is unlikely to meet the criteria currently not being met, the manager may be terminated. The Board reserves the right to terminate an investment management contract in accordance with the investment agreement for any reason it deems appropriate.~~

Regulatory Developments

~~The Board reserves the right to take any action with respect to its investment managers at any time.~~

~~Watch list status indicates an increased level of concern, but does not indicate major deficiencies. Managers may be placed on MERCEDCERA's Watch list for one or more reasons stated below. The Watch list period will be defined by the Board. The Board, with the help of the General Investment Consultant, shall conduct a comprehensive evaluation of the Manager at the end of the one-year Watch list status period to determine whether the Manager may be removed from Watch list status.~~

~~A manager may be added to the MERCEDCERA Watch List for any of the following criteria:~~

- ~~Under/Over Performance~~
- ~~Style Deviation~~
- ~~Organization Change~~

- ~~Non-Compliance~~
- ~~Poor Client Service~~
- ~~SEC Filings and Investigations~~
- ~~Fees~~
- ~~Other criteria as deemed appropriate by the Board of Retirement~~

~~Manager may be removed from MERCEDCERA's Watch list if the Manager demonstrates adequate improvement in identified areas of concern. The Board reserves the right to remove a manager from the Watch List at any time.~~

~~Termination~~

~~The Board reserves the right to terminate an investment management contract in accordance with the investment agreement for any reason it deems appropriate.~~

PART IV

CONTROLS

7.0 PROXY VOTING

Voting proxy ballots will be for the exclusive benefit of the members and beneficiaries of the Plan. The Board may delegate proxy voting to each respective investment manager.

8.0 TRANSACTIONS, BROKERAGE, AND COMMISSION RECAPTURE PROGRAM

The Board understands their fiduciary responsibility with respect to transactions and hereby instructs their investment managers to seek best execution when conducting all trades. Managers are instructed to seek to minimize commission and market impact costs when trading securities. Also, either internally or through an externally provided transaction cost evaluation service, investment managers are expected to measure the costs associated with their investment trades.

All securities transactions shall be executed through reputable member-firm broker/dealers.

9.0 BOARD REVIEW AND DUE DILIGENCE POLICY

The Board will conduct the monitoring of investment performance and manager structure. On a monthly basis, the Board will review monthly investment reports, investment strategy, market conditions, portfolio manager performance and the status of MercedCERA's current asset allocation versus targets established in Appendix A of this IPS plan. The Board, individual trustees or designated Staff and Investment Consultant(s) will meet the Plan's traditional asset class investment managers once every 18 months.

Providing ongoing oversight of the investment managersmanagement-firms selected to invest MercedCERA's assets is an important component of the fiduciary duty of prudent investment. This oversight involves not only monitoring investment performance, but also includes: (1) Understanding the reasons for positive or negative performance; (2) Assuring consistency in the investment process and philosophy utilized in managing the portfolio; (3) Monitoring the organizational structure and financial stability of the firm; (4) Staying abreast of any regulatory actions or litigation involving the firm; (5) Monitoring the firm's increase or decrease in assets under management; and (6) Obtaining any other information that is relevant and material to understanding the firm's management of MercedCERA's assets. Conducting periodic on-site due diligence meetings and reviews with investment managers is an excellent method for addressing these oversight responsibilities and for assuring that the continued engagement of a particular investment management firm is prudent and in the best interests of MercedCERA. Accordingly, the Board will endeavor to perform on-site due diligence visits with investment managers, as necessary. Such on-site due diligence meetings will focus on in-depth manager specific issues relevant to the engagement and a report on the meeting will be presented to MercedCERA's Board of Retirement. Additional on-site due diligence visits may be undertaken with an investment management firm. The Board may require bi-annual updates on certain investments. Subsequent meetings may be required of the manager with Staff and the investment consultant(s).

10.0 POLICY COMPLIANCE REVIEW

This investment policy shall be reviewed every three years at a minimum to ensure MercedCERA's compliance with the overall objectives of the Investment-~~Policy~~ Committee.

11.0 PORTFOLIO REBALANCING

- a) The investment consultant(s) and Staff shall monitor the portfolio regularly and report to the Board not less than quarterly on the advisability of rebalancing the portfolio, unless otherwise specified by the Board.
- b) In monitoring the portfolio, the consultant shall be guided by the target asset allocation for each asset class in Appendix A. The Board shall also establish acceptable asset allocation ranges for each of ~~the~~ MercedCERA's investment classes.

- c) The Board has authority to issue instructions to managers to liquidate securities for reallocation to other managers or other asset classes, but shall do so only after considering the recommendation of Staff and the investment consultant. ~~the Plan Administrator and investment consultant(s).~~
- d) The Plan Administrator, in conjunction with the Investment Consultant(s), may prorate net positive cash flows to asset classes that have fallen beneath their target allocation and are approaching the minimum allocation level. The proration may take into account the asset class' percentage of the total portfolio and the magnitude of the deviation from the target.
 - i. When all asset classes are within 2 percent of the target allocation, the Plan Administrator may prorate net positive cash flows to each asset class on a rotating basis in order of the asset class' percentage of the total portfolio.
 - ii. The Board may review the allocation of assets to each investment manager as part of the Board's asset allocation review.

APPENDIX A

ASSET ALLOCATION PLAN AND TARGET ASSET MIX

Based on ~~the~~ MercedCERA's asset allocation study and acceptance of the proposed target asset mix (as stated in the ~~April 2024~~~~October 2016~~ Asset Allocation Study report) the following is ~~the~~ MercedCERA's target asset mix and allocation ranges. ~~The~~ MercedCERA will review its asset allocation position as needed or a minimum of once every three to five years.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
<u>Domestic Equity</u>	<u>22%</u>	<u>16%</u>	<u>27%</u>
<u>Broad International Equity</u>	<u>12%</u>	<u>7%</u>	<u>17%</u>
<u>Emerging Markets Equity</u>	<u>6%</u>	<u>3%</u>	<u>9%</u>
<u>Private Equity</u>	<u>15%</u>	<u>5%</u>	<u>20%</u>
<u>Direct Lending</u>	<u>5%</u>	<u>0%</u>	<u>10%</u>
<u>Real Estate</u>	<u>6%</u>	<u>4%</u>	<u>8%</u>
<u>Domestic Fixed Income</u>	<u>18%</u>	<u>13%</u>	<u>23%</u>
<u>Opportunistic Fixed Income</u>	<u>4%</u>	<u>2%</u>	<u>6%</u>
<u>Hedge Funds</u>	<u>5%</u>	<u>2.5%</u>	<u>7.5%</u>
<u>Real Assets</u>	<u>5%</u>	<u>3.0%</u>	<u>7%</u>
<u>Cash</u>	<u>2%</u>	<u>0%</u>	<u>4%</u>
<u>Total</u>	<u>100%</u>		

The market benchmarks for the above asset classes are as follows:

<u>Asset Class</u>	<u>Benchmark</u>
US Equity	Russell 3000 <u>Index</u>
Broad Developed International Equity	Primary: MSCI ACW Ex US Investible Market Index Secondary: 80% MSCI Europe, Australia & Far East (EAFE) Index (Net); 20% MSCI ACWI ex US Small Cap Index (Net) 80/20 MSCI Europe, Australia & Far East Index (EAFE) Net/MSCI ACWI ex US Small Cap Net
Emerging Markets Equity	MSCI Emerging Markets Index <u>(Net)</u>
Private Equity*	70% Russell 3000 Index + 30% MSCI ACWI ex US Index) + 3% (1 Quarter Lagged) Primary: (70% R3000 + 30% MSCI ACWI ex US) plus 3% 1 Q Lagged
Private Direct Lending	S&P/LSTA Leveraged Loan Index + 2%
Real Estate	Primary: NCREIF ODCE Property Index (1 Quarter Lagged); Secondary: <u>Consumer Price Index</u> CPI + 5%

US Fixed Income	<u>Bloomberg US Aggregate Bond Index</u> <u>90/10 Bloomberg US Aggregate Bond Index/Bloomberg US Treasury 1-3 Year Index</u>
Opportunistic Fixed Income	<u>20% Bloomberg US Aggregate Bond Index; 40% Bloomberg US High Yield Index; 40% UBS Leveraged Loan Index</u> <u>50/25/25 Bbg Agg/Bbg HY/CS Lev Loans</u>
Hedge Funds*	Primary: <u>HFRI Fund of Funds Composite Index</u> Secondary: <u>Secured Overnight Financing Rate +4%</u>
Real Assets*	Primary: <u>50% S&P Global Infrastructure Index; and 50% S&P Global Natural Resources Index.</u> Secondary: <u>Consumer Price Index + 5%</u> Primary: 50/50 Blend S&P Global Infrastructure and S&P Global Natural Resources.
Cash	Bloomberg US Treasury 1-3 Year Index
Total Fund Benchmark	Target asset mix percentages are applied to individual asset class benchmarks to create <u>arrive at</u> the total fund Policy Index benchmark. <u>For asset classes with a primary and secondary benchmark, the primary benchmark is included in the Policy Index. The private equity allocation is scaled in over time.</u>
*Please note that Benchmarks for Private Equity, Real Assets and Hedge Funds presented in MercedCERA Board of Retirement Meetings by the general investment consultant and the specialized investment consultant may differ.	

APPENDIX B

PLACEMENT AGENT DISCLOSURE POLICY

1. PURPOSE

This Policy sets forth the circumstances under which ~~MercedCERAthe Merced County Employees' Retirement MERCEDCERA (MERCEDCERA)~~ shall require the disclosure of payments to Placement Agents, in connection with MercedCERA investments in or through External Managers. This Policy is intended to apply broadly to all of the types of investment partners with whom MercedCERA does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well as investment managers retained pursuant to a contract. MercedCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that MercedCERA investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to MercedCERA.

2. APPLICATION

This Policy applies to all agreements with Investment Managers that are entered into on behalf of MercedCERA. This Policy also applies to existing agreements with Investment Managers. Agreements may be amended in any way to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by MercedCERA or increase or accelerate the fees or compensation payable to the Investment Manager (Referred to hereafter as "Amendment".) In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and original agreement.

3. RESPONSIBILITIES

A. The Board is responsible for:

1. Not entering into any agreement with an External Manager that does not agree in writing to comply with this policy.
2. Not entering into any agreement with an External Manager who has violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the Board at a public meeting upon a showing of good cause, as deemed by the Board.

B. Each External Manager is responsible for:

1. Providing a statement in writing that the External Manager will comply with this policy. Notification in writing shall be made to the Chair~~man~~ of the Board and Plan Administrator.
2. Providing the following information, in writing, to the MercedCERA ~~Investment~~ Staff within 45 days of the time investment discussions are initiated by the External Manager, but in any event, prior to the completion of due diligence. In the case of Amendments, the Placement Agent Information Disclosure is required prior to execution of the Amendment. All disclosures and notifications shall be made to the Chair~~man of the Board~~ and ~~the~~ Plan Administrator.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with MercedCERA investments.
 - b. A resume for each officer, partner, principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former MercedCERA Board trustee, employee or consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.

Compensation to Placement Agents shall include, but not be limited to, compensation to third parties as well as employees of the External Manager who solicit or market investments to MercedCERA or who are paid based upon investment commitments secured by such employees.

- d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External Manager and the Placement Agent.
 - f. A statement whether the placement agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former MercedCERA Board Trustee, employees, or consultants who suggested the retention of the Placement Agent.
3. Providing an update of any changes to any of the information provided pursuant to section B.2 above within 14 calendar days of the date that the External Manager knew or should have known of the change in information.
 4. Representing and warranting the accuracy of the information described in section B.2 above.
 5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to MercedCERA;
 - a. All campaign contributions made by the Placement Agent to any publicly elected MercedCERA Board Trustee during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any publicly elected MercedCERA Board Trustee during the time the Placement Agent is receiving compensation in connection with a MercedCERA investment shall also be disclosed.
 - b. All gifts given by the Placement Agent to any MercedCERA Board Trustee during the prior 24 - month period. Additionally, any subsequent gift made by the Placement Agent to any MercedCERA Board Trustee during the time the Placement Agent is receiving compensation in connection with a MercedCERA investment shall also be disclosed.
 6. MercedCERA reserves the right to deem the failure to disclose the information required by 5(a) and 5(b) as a material breach of the agreement with the External Manager.
- C. MercedCERA Staff ("Staff") are responsible for:
1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
 2. Confirming that the information in Appendix B Section B above has been received within 45 days of the time investment discussions are initiated, but in any event, prior to the completion of due diligence and any recommendation to proceed with the contract or Amendment.
 3. For new contracts and amendments to contracts existing as of the date of the initial adoption of this Policy, securing the agreement of the External Manager in the final written agreement between MercedCERA and the External Manager to provide in the event that there was or is an intentional material omission or inaccuracy in the Placement

Agent Information Disclosure or any other violation of this Policy, MercedCERA is entitled to the greater of the reimbursement of any management or advisory fees paid by MercedCERA for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of the MercedCERA investment; and

4. Prohibiting any External Manager or Placement Agent from soliciting new investments from MercedCERA for five years after they have committed a material violation of this Policy; provided, however, that MercedCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
5. Providing a quarterly report to the Board containing (a) the names and amount of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures, and (b) any material violations of this Policy; and maintaining the report as a public record.

APPENDIX C

STATEMENT OF INVESTMENT BELIEFS

1. Asset allocation is a primary driver of returns
2. A long-time horizon is appropriate when thinking about the portfolio's risk tolerance and return objective.
3. Volatility in the short term can be substantial but diminishes over longer periods of time.
4. Certain segments of the capital markets have inefficiencies that can be exploited through active management.
5. Rebalancing the portfolio is a key aspect of prudent long-term strategic asset allocation policy.
6. A disciplined execution of the long-term strategic allocation plan, rather than timing the market, is critical for the Fund's success.
7. Diversification enhances risk-adjusted returns over the long-term.
8. As a long-term investor, the illiquidity premium in private markets can be captured to enhance return potential.



Merced County Employees' Retirement Association

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

INVESTMENT POLICY STATEMENT

Adopted: February 23, 2017
Amended: February 27, 2020
Amended: November 18, 2021
Amended: October 17, 2022
Amended: June 27, 2024
Amended: October 23, 2025

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PART I

POLICY PERSPECTIVES

1.0 INTRODUCTION AND POLICY STATEMENT

1.1 Introduction

The Merced County Employees' Retirement Association's ("MercedCERA" or "Plan") Investment Policy Statement is a document which establishes and outlines the responsibilities of the various parties that are associated with the management of MercedCERA. In addition, this document states various control procedures to ensure that MercedCERA is appropriately managed. Reports from investment managers, the custodians, consultants and others must verify that they are operating within the framework of the Plan's guidelines.

1.2 Policy Statement

Notwithstanding any other provisions to the contrary, the policy of the Board of Retirement ("Board") of the Merced County Employees' Retirement Association shall be to invest public funds in a manner that is consistent with the County Employees Retirement Law of 1937, as well as State and Federal laws. The fundamental mission of MercedCERA is to provide retirement and other benefits to plan participants and to invest Plan assets solely in the interest of Plan participants and beneficiaries.

1.3 Statement of Investment Beliefs

Investment Beliefs represent the consensus views of the Trustees, as of the date of publication. They represent neither policy, nor a procedural document. Rather, they are designed to assist in framing decision making as it relates to adopting policies, selecting investments, and setting expectations with respect to its various vendors.

2.0 POLICY SCOPE

This policy shall set forth guidance and requirements for the investment activities conducted by the Board. The funds eligible for investment are all those under the direct authority of the Board.

3.0 POLICY OBJECTIVES

The basic objectives of the Board's investment program are the following:

3.1 Board Management Objectives

1. Ensure Plan's ability to pay benefits to Plan Participants
2. Increase funding ratio to ensure long-term sustainability of MercedCERA
3. Keep Plan contributions as low as possible once objectives #1 and #2 are met.

3.2 Basic Goals

The goals of the Board are to fund the Plan's benefit payments, while assuming a risk posture that is consistent with the Board's risk tolerance, protects against loss of purchasing power by achieving rates of return above inflation, and seeks to obtain a fully funded pension plan status.

3.3 Investment Objectives

The Board's long-term investment objectives are as follows:

1. At a minimum, achieve a nominal return equivalent to MercedCERA actuarial assumed rate of return.

2. Earn a total return that averages in excess of the Actuarial Inflation Rate.
3. Exceed the return of MercedCERA's passive, market-based, investment benchmark. Allocations to specific asset classes are based on MercedCERA's target asset mix, which is based on MercedCERA's most recent asset allocation study.

4.0 GOVERNANCE

4.1 Board of Retirement's Role and Responsibilities

The MercedCERA Board of Retirement ("Board") holds the fiduciary responsibility for MercedCERA. The Board understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
 - Investment philosophy
 - This Investment Policy Statement (IPS)
 - Investment objectives
 - Strategic asset allocation
 - Allocation-level performance benchmarks
 - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

The Board shall act according to the "prudent person rule," which shall be applied in the context of MercedCERA's investment portfolio. The Board reserves the right to hold all parties doing business with MercedCERA accountable. The Board reserves the right to delegate an individual to hold an advisory board seat on any Plan investment. The Plan will be invested in a manner consistent with the County Employees Retirement Law of 1937 and State and Federal laws.

The Investment Policy Statement will be reviewed at least every 3 years.

4.2 Staff's Role and Responsibilities

MercedCERA Staff ("Staff") is broadly responsible for supporting the Board in the effective execution of the Plan. Staff has been delegated authority to execute specific elements of the Investment Program as outlined herein.

- Prepare and review recommendations to the Board
- Monitor all transactions and cash flows
- With Board direction, execute cash flows between manager accounts
- Monitor and reconcile custodial bank and managers
- Maintain investment manager Watch List
- Notify investment manager(s) of their Watch List status
- Monitor for accuracy and validity of invoices and statements
- Provide external managers with IPS
- Ensure compliance with contractual agreements
- Plan Administrator has the authority to manage the investments managers and consultants

- Staff shall act according to the "prudent person rule," which shall be applied in the context of MercedCERA's investment portfolio.
- Staff shall act reasonably as custodians of the public trust and shall recognize that the investment portfolio is subject to public review and evaluation. The overall management of the Retirement program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

4.3 General Investment Consultant

The General Investment Consultant ("Consultant") is engaged by the Board to provide independent, objective investment advice, free of conflicts of interest. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in an Agreement for Investment Consulting Services, and generally include the following duties

- Conduct reviews and analysis of investment policies, objectives, strategic asset allocation, and portfolio structure.
- Work with MercedCERA Staff, and its actuary and Specialty Investment Consultant to conduct asset-liability studies.
- Monitor risks in the portfolio and provide updates and recommendations to the Board.
- Develop an appropriate investment management structure for each asset class in which the Plan is invested.
- Conduct investment manager searches and provide recommendations and ongoing monitoring of investment managers, and offer watch list and termination recommendations, as needed.
- Provide monthly and quarterly investment performance reporting with comparisons for Total Fund, asset class, and investment manager performance.
- Provide education to the Board and Staff on current investment trends and topics and potential new asset class investing.

4.4 Specialty Investment Consultants

Specialty Investment Consultants may be hired by the Board to work with Staff, the Board, the General Investment Consultant, and other consultants hired by the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

If the Board hires a Specialty Investment Consultant responsible for advising on specific asset classes, the Consultant's responsibilities include the following duties:

- Assist the Board and MercedCERA staff in the development of the asset class portfolios, including the establishment of policies, guidelines, goals, strategies, objectives, and performance benchmarks and standards.
- Appear at Board meetings or other meetings to present performance, program updates, research, analysis, written reports, and investment recommendations and respond to questions relating to the asset classes for which the Specialty Investment Consultant provides advice.
- Coordinate and communicate with MercedCERA's consultants, advisors, legal counsel and other professionals, as appropriate, to ensure effective administration of the portion of the Investment Program that falls under the scope of services.
- Prepare and recommend asset allocation policy to assist the Board with policy targets, benchmarks, rebalancing policy and other investment guidelines relevant to the Investment Program.

- Develop a structured, ongoing process to screen the global universe of available investments and identify those most appropriate for MercedCERA portfolio.
- Present written investment recommendation reports to the Board and MercedCERA staff.
- Work with MercedCERA staff and legal counsel to negotiate fund terms, subject to Consultant's fiduciary duties to its other clients, in the best interests of MercedCERA, relevant contracts and legal documents including limited partnership agreements and subscription agreements.
- Provide on-going investment monitoring that may include attending annual meetings, serving on advisory boards, analyzing policy and peer benchmarks, and conducting manager meetings.
- Provide regular updates/assessments of relevant operational and/or strategic changes with investment managers, including, but not limited to, performance, organization, ownership, investment products, and disclosure issues.
- Monitoring through due diligence (both before and after an investment is made) the investment managers' investment activities and adherence to their stated investment objectives as set forth in the terms of their contracts.
- Review and recommend course of action on all fund document amendments, consents, and extensions.
- Provide educational and/or training sessions for the Board and MercedCERA staff as requested.

4.5 Investment Managers

Investment Managers are delegated the responsibility of investing and managing Plan assets in accordance with this IPS and all other applicable laws and terms of the applicable investment documents evidencing MercedCERA's acquisition of an interest in an investment vehicle, and other controlling documents. Each Investment Manager must be 1) an investment advisor registered under the Investment Advisors Act of 1940 and with the Securities and Exchange Commission and/or the applicable regulatory authority in their domiciled country; 2) a bank, as defined by the Act; 3) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Plan's assets; 4) a trust operating as an investment company under the Investment Company Act of 1940; or 5) a state chartered trust company authorized to carry on a trust banking business. Each Investment Manager shall agree that it is a fiduciary of the Plan under California law. Subject to this IPS and their specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell investments in amounts and proportions that are reflective of the stated investment mandate. Such investment managers will maintain proper and adequate insurance coverage's including errors & omissions, surety bond, fiduciary liability. In addition, MercedCERA's investment managers agree to notify the Board Chair and the Plan Administrator, in writing, if they are unable to continue acting in the capacity of a fiduciary or investment advisor. As stated above, investment managers are expected to act as prudent experts in the management of a fully-discretionary account(s) for MercedCERA and agree to be fiduciaries to the Plan. In fulfilling their roles, managers will continually educate the Board about capital market developments that pertain to their area of investment expertise.

Investment managers are expected to meet applicable investment objectives over the designated time horizon. If such objectives become unreasonable for any reason, it is the manager's responsibility to communicate its reservations about the objectives in writing to the Board Chair and the Plan Administrator. Otherwise, failure to meet these objectives may result in termination.

Satisfying the quarterly portfolio reporting and monitoring requirements of the Plan is also an important part of the manager's responsibilities. These requirements are stated in a subsequent section of this document. Past or any anticipated significant portfolio developments, as well as major changes in the firm's ownership, organizational structure and personnel, should be immediately communicated in writing via e-mail to Staff and the investment consultant. Such communication will in turn be provided to the Board.

It is the responsibility of each investment manager to provide a current version of its internal code of ethics. Additionally, once a year the manager will provide updated copies of investment and other policies

developed by the firm that are relevant to MercedCERA and its portfolio(s). Policies will be given to MercedCERA Staff.

Individual investment managers are hired by the Board to achieve the Plan's goals and investment objectives. In addition, managers are hired to implement Plan's asset allocation decisions, as evidenced by stated fund target asset mix in Appendix A. To the extent possible, investment managers will be hired to fulfill the Plan's diversification policies.

Investment managers are required to inform the Board of any regulatory investigations and/or judgments and court cases relating to trading activities. If the investment managers conduct on-going internal reviews of trading activities, results of these reviews will be supplied to the Board.

The Board of Retirement reserves the right to terminate an investment management contract in accordance with the investment agreement for any reason.

4.6 Custodial Bank

The Custodial Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by MercedCERA in investment vehicles and cash (and equivalents). The Board may authorize the Custodial Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the custodial agreement. The Custodial Bank, according to the custodial bank agreement/contract, may be authorized to conduct a securities lending program within liquidity and risk constraints as authorized by the custodial agreement.

PART II

MERCEDCERA's PORTFOLIO MANAGEMENT

5.0 *INVESTMENT POLICIES*

5.1 Diversification

As it is prudent to diversify investment risk, the Board has adopted an asset allocation mix to invest in several institutionally acceptable asset classes.

5.2 Managers Diversification and Investment Style

As part of the diversified asset class investment approach of MercedCERA, the Board will also seek to employ a diverse group of investment portfolio managers within a specific asset class, if the size of the asset class commitment warrants more than one investment manager. Investment style and market capitalization will be used to differentiate among managers in the same domestic and international equity asset classes. The purpose of this diversification is to allow participation in various phases of a market cycle. Investment style diversification will also be applied to MercedCERA's investments in other asset classes if deemed appropriate.

5.3 Asset Allocation

The Board has adopted a strategic asset allocation based on MercedCERA's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in Appendix A: Asset Allocation Plan and Target Mix.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and/or forward-looking expected returns of asset classes. The Board will review capital market expectations annually.

PART III

INVESTMENT GUIDELINES

6.0 *INVESTMENT MANAGERS RESPONSIBILITIES, POLICIES AND GUIDELINES*

6.1 Investment Manager Policies

The investment policies governing each investment manager hired by MercedCERA are as follows:

- a) The investment manager is required to accept the responsibilities in Section 4.5. These responsibilities include acting as a prudent expert and agreeing to be a fiduciary to MercedCERA. The investment manager will seek to satisfy the Board's investment objectives. If a problem exists with these objectives, it is the investment manager's responsibility to formally discuss these problems in a written communication to the Board Chair and the Plan Administrator. The investment manager also agrees to satisfy the Board's prescribed quarterly reporting requirements.
- b) Under any and all capital market environments, the investment manager agrees to maintain the investment approach that they were hired to implement. Changes to the investment manager's investment decision making process are to be immediately reported in writing to the Board Chair and Plan Administrator. On-going introspective research of the firm's investment process, analytics, inputs, and decision-making process will be regularly explained in writing to the Board Chair and Plan Administrator. It is the responsibility of the investment manager to fully educate the Board as to the specifics of its investment process and internal research that may lead to changes in the firm's investment approach.
- c) An investment portfolio constructed for MercedCERA is expected to generally conform to other portfolios managed by the investment organization, exclusive of specific investment guidelines. When MercedCERA's guidelines require the investment manager to manage a portfolio significantly different than its other portfolios, it is the responsibility of the investment manager to communicate in writing the potential impact of MercedCERA's guidelines on the portfolio. Notification in writing shall be to the Board Chair and the Plan Administrator.
- d) The investment manager will otherwise treat MercedCERA's portfolio in a manner similar to other comparable portfolios in portfolio construction, trading, and all other aspects.
- e) The members of the investment management firm's research and portfolio teams are expected to comply with the Chartered Financial Analyst (CFA) Standards of Practice and Code of Ethics. Any industry or regulatory disciplinary action taken against members of the firm's investment staff must be immediately reported in writing to the Board Chair and Plan Administrator.
- f) Portfolios managed for MercedCERA are fully discretionary but must meet the provisions of MercedCERA's investment objectives and policies. Investment guidelines also exist for each investment manager within the major asset classes.
- g) If the Board delegates proxy voting responsibilities to an investment manager, the manager agrees to vote all proxy ballots according to the best economic interest of MercedCERA's members and in a manner consistent with the Board's proxy policies.
- h) Investment managers agree to actively support MercedCERA's securities lending and commission recapture programs.

6.2 Derivatives Investing Policies

Exposure to risk by use of derivative instruments must be consistent with MercedCERA's overall investment policy as well as an individual manager's Specific Investment Guidelines. Any other derivative investment purpose may be allowed by the explicit authorization of the Board. Derivatives may not be introduced into the portfolio to create economic leverage or to create investment exposures that are otherwise excluded by MercedCERA's Investment Policy unless authorization is given by the Board. Should there be any conflict

between an individual manager's Specific Investment Guidelines and this Policy statement regarding the use of derivative instruments, the MercedCERA IPS shall control.

6.3 Investment Manager Guidelines

a) **Diversification, Liquidity & Restrictions**

Portfolio holdings are expected to be well-diversified, so as to avoid excessive volatility and unsystematic risk to the Plan.

b) **Cash and Equivalents**

Transactional cash, portfolio assets that are temporarily not invested in authorized, longer-term securities as stated below, may either be directly invested in allowable high-grade short-term fixed income investments or may be "swept" into the Plan's custodial short-term investment (money market) commingled fund. Allowable high-grade, short-term fixed income investments are as follows: certificates of deposit, commercial paper, U. S. Treasury bills and repurchase agreements. These investments will have short maturities, typically less than 90 days, but none more than 1 year. If an investment is made in the custodian's money market fund, it is the responsibility of the investment manager to make sure that the money market fund has investment guidelines that comply with MercedCERA's investment objectives and policy statement. At this time, it is not contemplated to allow investment managers to invest in money market funds other than those offered by the custodian. If an investment manager wishes to use non-custodian provided money market funds, this issue must be addressed in writing and directed to the Board Chair and Plan Administrator.

c) **Domestic Equity Portfolios – Large, Medium, and Small Capitalization**

The types of assets that may be held in domestic equity accounts are common stock, preferred stock, convertible securities, with the vast majority of holdings in common stock. Domestic equity portfolios will primarily invest in stocks with market capitalizations that align with their specific mandate and benchmark. Firms that manage equity portfolios will continually monitor the risk associated with their equity investments. They will be expected to report on the active management decisions they have assumed relative to their respective benchmarks. As a result of this risk/reward analysis, active equity managers will statistically attribute actual performance variance from their benchmarks in each regular quarterly report. Included in this report will be statistics attributing performance to sector weighting decisions versus the benchmark and security selection decisions within each sector relative to the benchmark. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair and Plan Administrator.

American Depository Receipts (ADR's) of foreign companies and foreign common stocks traded in U. S. dollars and on U. S. exchanges are authorized investments. ADR's and foreign common stocks traded in U. S. dollars and on U. S. exchanges should not exceed 15% of the portfolio.

Derivative securities may not be held in domestic equity portfolios except to mitigate risk, on a temporary basis, of underlying portfolio holdings. Compliance with the previously stated derivatives guidelines must be met.

No single security can represent more than 7% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System - GICS - codes) can represent more than 25% of the market value of the account. If the manager feels another index is more appropriate, this case should be made in writing to the Chair and Plan Administrator.

d) **International Equity (Large & Small Cap) Portfolios - Developed & Emerging Markets**

Assets in international equity portfolios will be primarily composed of foreign ordinary shares and ADR's (including ADR's that are 144A securities). Short term, high-grade fixed income securities may be purchased as previously stated, similar types of securities denominated in foreign currencies may be purchased, or the Fund's custodial sweep account may be employed. International equity portfolios will invest in stocks with market capitalizations consistent with their benchmarks. Emerging market equity portfolios can invest in stocks with large, mid and small market capitalizations. Firms will continually monitor the country, currency, sector and security selection risks associated with their international and emerging market equity portfolios. All of the risks will be included in the manager's

quarterly reports and performance attribution based on these factors will also be included. Currency hedging, consistent with the previously stated derivative policy, is an acceptable investment activity. However, prior to initiating such hedging activities, the firms must adequately demonstrate their capability and expertise in this area to the Board.

Large capitalization international equity portfolios will be measured against the Plan's policy benchmark for broad international equities. Small capitalization international equity portfolios will be measured against the Plan's policy benchmark for small cap international equities. Emerging market equity portfolios will be measured against the Plan's policy benchmark in emerging market equities. If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair and Plan Administrator.

e) **Hedge Funds**

The role of hedge funds is to provide a diversified set of risk exposures, little-to-no correlation to the broader equity and credit markets and achieve an attractive risk-adjusted return. The long term investment objective is to exceed the Secured Overnight Financing Rate (SOFR) by 4%.

It is expected that the hedge fund composite (the aggregation of all hedge funds employed by the Plan) should outperform the Policy benchmark for hedge funds, over the rolling 3- and 5-year period.

The hedge fund program will have the flexibility to invest as it sees fit but will typically invest through multi-strategy hedge funds and/or single strategy hedge funds. The Board shall establish investment guidelines for the hedge fund portfolio in aggregate and shall select Investment Managers it believes are positioned to achieve the stated objectives.

The Fund seeks to be diversified across and within strategies, without regard to the specific vehicle (i.e., recognizing that Portfolio Funds may encompass more than one strategy). The following look-through exposure categories may be represented in the Fund:

Market Neutral strategies such as equity market neutral, fixed income arbitrage, and convertible bond arbitrage.

Event Driven strategies such as risk arbitrage, merger arbitrage, activist and other event-driven strategies.

Credit/Distressed strategies such as capital-structure arbitrage, fixed-income arbitrage, and distressed debt/equity.

Equity Long/Short strategies where there is combination of long and short positions primarily in publicly-traded equities, with a net market exposure less than that of the overall equity market. Strategies may be focused on U.S., non-U.S., and/or specialty mandates.

Global Macro strategies such as all market portfolios, opportunistic long-only, managed futures, currency, dedicated short selling strategies or other specialty strategies.

Multi-strategies where hedge funds invest using a combination of previously described strategies.

The targeted exposure to each strategy is shown in the below table:

Exposure	Target Allocation	Minimum Allocation	Maximum Allocation
Market Neutral	18%	10%	30%
Credit Distressed / Event-Driven	32%	20%	40%
Equity Long / Short	25%	15%	35%
Global Macro	15%	10%	20%
Multi-Strategy	10%	5%	20%
Total	100%		

Individual hedge fund investments may have specified liquidity parameters defining lock-up periods and withdrawal frequency. Liquidity risk is managed by monitoring and maintaining a schedule of the liquidity of the individual hedge funds and aggregating it at the total Hedge Fund Program level.

f) **Private Equity & Private Real Assets**

The private markets are inefficient and illiquid due partially to privately negotiated, non-auction pricing mechanisms. High return premiums are expected by investors who are willing to accept the illiquid and inefficient characteristics of the private markets. Therefore, the long-term expected return from private equity markets should exceed the expected return of public equity markets by at least 3%. The long-term expected return from the private real assets portfolio should exceed inflation by 5%.

Controlling risk in the private portfolio is equally as important as seeking higher returns. Because private asset classes cannot measure risk in a traditional manner (using quantitative risk measures like standard deviation and benchmark tracking error), risk will be managed through a combination of quantitative and qualitative constraints, such as diversification of investment type and thorough due diligence.

The criteria used to develop partnership allocations will consist of (and not be limited to) geographic location, industry investment orientation, financial funding stage orientation, source of deal flow, and investment size.

Recognizing the importance of vintage year diversification and adequate portfolio diversification by investing in different types of private asset investments, partnerships or other vehicles with managers representing various investment styles, industries and geographic concentrations, an annual plan will be developed and presented to the Board. The annual plan will reflect the pace of commitments and forecasted cash flows which is expected to achieve MercedCERA's targeted allocation to the private asset class over a reasonable time-period. This annual plan will be integrated with the existing portfolio and will be based on the prevailing economic environment and market conditions.

Performance will be reported on a vintage year internal rate of return (IRR) basis. Internal rate of return is a total dollar weighted rate of return where the discount rate equates the net present value (NPV) of an investment's cash inflows with its cash outflows. Vintage year is the year of fund formation and first takedown of capital. The long-term objective is to outperform the benchmark, net of investment management fees, calculated on an IRR basis over rolling ten-year periods. The individual investment vehicle performance, as measured by the internal rate of return, will be evaluated compared to the performance of respective peer universes and vintage years. It is recognized that immature private equity investments will ordinarily have a "J-curve effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees during a period when investments are typically carried at cost and returns have not been realized.

Asset allocation is a critical driver for the long-term success of the private investment program. To control asset allocation risk, investments are diversified through long-term subclass parameters:

- **Leveraged Buyouts/Corporate Finance:** the acquisition of a product or business that is typically further along the business life cycle, having relatively predictable cash flows and the ability to raise capital utilizing a significant amount of debt and little or no equity.
- **Venture Capital:** targets companies in the earliest phases of a business cycle. Companies may be classified as seed, early, middle and late stage. These companies have uncertain revenues and a need for cash to build their businesses and are subject to high failure rates
- **Special Situations:** includes investments in distressed debt, mezzanine, sector, opportunity, and secondary funds.
- **Geography/Domestic vs. Global:** investments either made in the United States or investments made outside of the U.S. including Europe, Asia, and Canada.
- **Infrastructure:** investments will be in companies or assets that fall into the infrastructure sector both in domestic and international markets.
- **Natural Resources:** investments will be in companies or assets that fall into the energy, mining, agriculture and/or timber industries in both domestic and international markets.

Risk will also be controlled by liquidity, vintage years, investment managers, firm, time and geographic and economic region.

- Private investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity may result in realizing a sales price that reflects a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation targets to private investments.
- Vintage year reflects the year of fund formation and first takedown of capital. Vintage risk refers to the variability of private equity commitments over time. A secondary investment is a vehicle in the special situation subclass that allows the portfolio to gain prior year vintage exposure, further minimizing vintage risk.
- Manager risk consists of the exposure within a partnership and the number of general partners in the portfolio. Most partnerships require minimum commitments, which help control the exposure of partnerships.
- Commitments will be made over the full course of the business cycle and will not be concentrated in any one year.
- Geographic and Economic Region: In the selection of investments, the portfolio will not favor particular economic or geographic regions. Most likely, the focus will be globally oriented.
- MercedCERA shall ordinarily direct the sale of any securities distributed by its investment vehicles as soon as practically possible and strive to not impair the value of the security.
- Alignment of Interests: General partnership agreements will be actively negotiated. The partnership agreements will ensure that the interests of the general partner are aligned with the limited partners.

For the Private Equity portfolio, the targets and range of allowable investment exposures, measured at fair value, to the various private equity investment classes are shown in the following table:

Exposure	Target Allocation	Minimum Allocation	Maximum Allocation
Buyout	60%	40%	80%
Venture / Growth	20%	10%	30%
Opportunistic	20%	10%	30%
Total	100%		

For the Private Real Assets portfolio, the objective is to have the portfolio comprised of half infrastructure investments and half natural resource investments with a benchmark that reflects this target mix.

If the manager feels another index is more appropriate, this case should be made in writing to the Board Chair and Plan Administrator.

g) Private Direct Lending

The direct lending portfolio is expected to earn risk-adjusted returns in excess of the public credit markets, primarily due to the liquidity premium demanded by investors. The direct lending portfolio is also expected to help decrease the volatility of the overall Portfolio, through stable income and downside collateral protection.

The direct lending allocation is generally defined as non-bank financing and/or private placements and incorporates multiple collateral types (including but not limited to corporate credit, mortgage credit, asset-based, and consumer credit) and strategies. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

The portfolio is composed of two major subcomponents.

- Income-Oriented
 - Income-Oriented investment strategies target primary/origination-based transactions that focus on generating returns through regular coupon payments and principal repayment over time.
- Opportunistic
 - Opportunistic investment strategies target secondary/asset purchases that rely more heavily on generating returns through appreciation. This category may also include other types of yield-oriented non-correlated funds including, but not limited to, royalty streams and leasing.

The portfolio shall be diversified by time, sub-asset class, manager, collateral, and geography. Such diversification is expected to enhance returns, control risk, and mitigate volatility.

The account structure is typically in Closed-end Funds, but may utilize other structures such as business development companies, Funds-of-One and/or Separate Accounts.

Leverage may be utilized by some Private Credit strategies.

Borrower Concentration — Compared to traditional high yield bond and bank loan portfolios, some direct lending portfolios can be much more concentrated with total positions ranging from 20 to 40 loans, and the largest positions sometimes approaching 10%. This concentration adds to the risk of the investment. Because of this, it is beneficial for direct lending investors to allocate to more than one strategy to achieve further issuer diversification.

Vintage Year Concentration — Direct lending funds tend to invest over the course of a two- to four-year investment period due to lack of a secondary market (i.e., the portfolio needs to be built piecemeal through new loan origination). To minimize vintage year risk, investors generally diversify their portfolio by committing capital to funds across multiple vintage years.

h) **Domestic Fixed Income Portfolios**

Acceptable security types for domestic fixed income portfolios are certificates of deposit, commercial paper, other high grade short-term securities, U. S. Government and Agency securities, corporate bonds, mortgage- and asset-backed securities¹ and Yankee bond securities. In addition, taxable municipal bonds, commercial mortgages and trust preferred securities are acceptable security types. Cash and equivalent holdings may be comprised of high-grade certificates of deposit, commercial paper, U. S. Treasury bills and repurchase agreements.

Firm's that manage fixed income portfolios will continually monitor the risk associated with their fixed income investments. They will be expected to report on their active investment management decisions they have assumed relative to their respective benchmarks. Statistics which relate performance variance to effective duration decisions, yield curve positioning, sector allocation, security selection and other portfolio management decisions will be included in each quarterly report. Also, to the extent possible, various interest rate scenarios will be depicted in horizon analysis testing, with time horizons spanning the next six months to one year, or longer.

As mentioned above, investments in Yankee bond securities (U.S. dollar denominated international bonds that are registered with the Securities & Exchange Commission) are an acceptable investment.

The portfolio is comprised of three sub-categories

- Core Bond
 - Core Bond strategies target portfolio allocations to mirror the broad investment grade bond market. They can vary in the specific market segment, such as US Treasuries or investment grade corporate bonds.

¹Please note that convertible debt, traditional zero coupon bonds, mortgage-pass through securities and asset-backed securities are technically derivative securities but for the purposes of this Investment Policy Statement these securities are not classified as derivatives. Such investments must be at least BBB rated and meet the risk requirements discussed in the subsequent footnote.

- Short Duration
 - Short Duration strategies target bond with shorter time to maturity.
- Active Duration (Core Plus)
 - Active Duration strategies alter their target duration/bond portfolio construction based on their interest rate outlook. These strategies incorporate safer investment-grade securities with higher risk fixed income to seek higher returns through active management of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System - GICS - codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U. S. Government and Agency bond holdings.

i) **Opportunistic Credit**

Fixed income portfolios that may include credit. Acceptable security types for opportunistic portfolios may include high yield (or below-investment grade) corporate debt and bank loans, sovereign bonds, emerging market debt, investment grade corporate debt, and securitized debt.

The same fundamentally-based research effort required of domestic fixed income managers is also required of opportunistic managers. The goal of the opportunistic credit allocation, either publicly syndicated or privately originated, is to generate high total returns, and/or hedge rising interest rates, while investing across the full maturity spectrum of corporate securities. Proper diversification is required; such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers. All other requirements of domestic fixed income managers apply to opportunistic fixed income managers.

j) **Real Estate and Private Real Estate**

The restrictions and guidelines for domestic equity portfolios also apply to Domestic and Global REIT portfolios, except for the following differences. Investments are expected to be primarily in common stocks. A small percentage (less than 10%) may be in preferred stock. No restrictions exist on the market capitalization of Domestic and Global REIT portfolio holdings. In addition, the Domestic and Global REIT benchmarks may have individual security market capitalization weights greater than 5%. As a result, individual security positions in Domestic and Global REIT portfolios may generally reflect the weights in the underlying benchmarks. (It may be that MercedCERA's Domestic and Global REIT commitment could be in a commingled fund, and that MercedCERA would have to accept the investment guidelines of the Domestic and Global REIT fund.)

While global REIT securities are recognized to have real estate and small cap security characteristics, global REIT security portfolios are primarily viewed as an alternative to direct real estate investments or real estate operating companies. These securities also have a higher level of liquidity than direct real estate investments and this is considered a favorable attribute. As such, there is a desire to maintain the favorable liquidity attributes of these securities and not to become over-concentrated in individual portfolio holdings.

In addition to real estate securities, MercedCERA will invest in private real estate investment structures that have an ownership interest, directly or indirectly, in real estate properties through either the debt or equity, either income producing or non-income producing. The objective of these funds is to exceed inflation by 5% and to outperform peer universe benchmarks. Real estate funds will be measured against the Plan's policy benchmark in real estate. Diversification will be obtained both through property type and geographical location. It is expected that investments will be primarily in large metropolitan centers. Relatively conservative levels of debt financing will be used in the purchase of income producing real estate properties often called "Core Real Estate". Investments may also be made in investment strategies defined as "Value-Added" or "Opportunistic". "Value-Added" strategies derive their return from both income and appreciation and may include the use of a moderate amount of leverage while "Opportunistic" strategies derive their return primarily through appreciation and they may use a moderate to high degree of leverage. The Core Real Estate Funds are currently the predominant exposure in the Real Estate portfolio and will be used as a placeholder until other private

investment opportunities are identified. The criteria used to evaluate such partnerships, the risk parameters that such partnerships will be managed against and the performance benchmarks the individual partnerships will be evaluated by are the same as those outlined in Section 8. Property valuations will be conducted so as to reflect realistic economic value at quarter-end periods.

6.4 Watch List Policy – Public Markets

Purpose of Watch List

In order to more formally monitor and track existing and potential problems among investment managers, the Board has adopted the following “watch list” policy. The watch list policy has been instituted to specifically monitor portfolios and managers on both quantitative and qualitative factors. Watch list status indicates an increased level of concern but does not indicate major deficiencies. The purpose of the policy is to identify how performance and other issues will be monitored and how they will be responded to in a timely manner. The Board reserves the right to take any action with respect to its investment managers at any time. The watch list policy does not restrict the Board from any action.

Quantitative Factors

A manager having performance that fails to meet the below Watch List Performance Criteria would be subject to a heightened level of monitoring (“Watch Status”) by Staff and the investment consultant. Upon failing the watch list criteria, MercedCERA may: i) instruct the manager to present to the Board reasons for the underperformance, and/or ii) have Staff or the investment consultant provide the Board with documentation that discusses the factors contributing to the manager’s underperformance. Underperformance will be evaluated in light of the manager’s stated style and discipline. Once the Board has considered these factors, it may consider placing the manager on watch with a follow-up review within six to twelve months.

Watch List Performance Criteria

A manager that fails to meet one of the following objectives may be placed on watch. Fund returns over 36- and 60-month trailing periods are reviewed on an annualized basis.

Asset Class	Short-term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (60+ months)
Active domestic equity	Fund is underperforming benchmark return by more than 3.5%	Fund is underperforming benchmark return by more than 1.75% for 6 consecutive months	Fund is underperforming benchmark return by more than 1.75% for 6 consecutive months
Active international equity	Fund is underperforming benchmark return by more than 4.5%	Fund is underperforming benchmark return by more than 2.0% for 6 consecutive months	Fund is underperforming benchmark return by more than 2.0% for 6 consecutive months
Passive equity	Tracking error is greater than 0.50%	Tracking error greater than 0.45% for 6 consecutive months	Tracking error greater than 0.45% for 6 consecutive months
Fixed income	Fund is underperforming benchmark return by more than 1.5%	Fund is underperforming benchmark return by more than 1.0% for 6 consecutive months	Fund is underperforming benchmark return by more than 1.0% for 6 consecutive months

Qualitative Factors

In addition to the performance criteria, several other qualitative factors relating to the portfolio/ fund's management and style will be continually monitored. These factors are:

- a) The portfolio's fundamental investment characteristics versus the appropriate market index.
- b) The portfolio's adherence to its stated investment style.
- c) Continuity of the portfolio management and analytical research staff members.
- d) Continuity of firm's senior management and organizational structure.
- e) Ownership changes of the organization.
- f) Non-compliance with regulatory statutes or policy established investment guidelines.
- g) SEC filings and regulatory investigations reflecting poor corporate governance.
- h) Failure to provide adequate client service to the Board, Staff, or the investment consultant.
- i) Non-competitive investment management and fund administration fees.

Watch Status

If a manager is failing to meet one or more of the above quantitative or qualitative factors, Staff and/or the investment consultant may recommend the Board place the manager on watch, if it believes the manager can take the necessary steps to meet the criteria currently not being met. If the Board places the manager on watch, it will determine the period of time before it formally reevaluates the manager.

If a manager is placed on watch, three actions are then available to the Board: (1) to release the manager from the watch list, (2) to extend the watch list status in order to allow more time for improvement, or (3) to replace the manager if it has been unable to exhibit improvement in the area(s) of concern.

Any of these actions would be supported by additional documentation (produced by the investment consultant and/or Staff). This document would highlight the original reasons for placing the manager on watch and discuss how these issues have or have not been addressed.

Managers may be removed from MercedCERA's watch list if the investment manager demonstrates adequate improvement in the area(s) of concern. The Board reserves the right to remove a manager from the watch list at any time.

Termination

If the Board determines (with advice from Staff and the investment consultant) that the manager is unlikely to meet the criteria currently not being met, the manager may be terminated. The Board reserves the right to terminate an investment management contract in accordance with the investment agreement for any reason it deems appropriate.

PART IV

CONTROLS

7.0 PROXY VOTING

Voting proxy ballots will be for the exclusive benefit of the members and beneficiaries of the Plan. The Board may delegate proxy voting to each respective investment manager.

8.0 TRANSACTIONS, BROKERAGE, AND COMMISSION RECAPTURE PROGRAM

The Board understands their fiduciary responsibility with respect to transactions and hereby instructs their investment managers to seek best execution when conducting all trades. Managers are instructed to seek to minimize commission and market impact costs when trading securities. Also, either internally or through an externally provided transaction cost evaluation service, investment managers are expected to measure the costs associated with their investment trades.

All securities transactions shall be executed through reputable member-firm broker/dealers.

9.0 BOARD REVIEW AND DUE DILIGENCE POLICY

The Board will conduct the monitoring of investment performance and manager structure. On a monthly basis, the Board will review monthly investment reports, investment strategy, market conditions, portfolio manager performance and the status of MercedCERA's current asset allocation versus targets established in Appendix A of this IPS. The Board, individual trustees or designated Staff and Investment Consultant(s) will meet the Plan's traditional asset class investment managers once every 18 months.

Providing ongoing oversight of the investment managers selected to invest MercedCERA's assets is an important component of the fiduciary duty of prudent investment. This oversight involves not only monitoring investment performance, but also includes: (1) Understanding the reasons for positive or negative performance; (2) Assuring consistency in the investment process and philosophy utilized in managing the portfolio; (3) Monitoring the organizational structure and financial stability of the firm; (4) Staying abreast of any regulatory actions or litigation involving the firm; (5) Monitoring the firm's increase or decrease in assets under management; and (6) Obtaining any other information that is relevant and material to understanding the firm's management of MercedCERA's assets. Conducting periodic on-site due diligence meetings and reviews with investment managers is an excellent method for addressing these oversight responsibilities and for assuring that the continued engagement of a particular investment management firm is prudent and in the best interests of MercedCERA. Accordingly, the Board will endeavor to perform on-site due diligence visits with investment managers, as necessary. Such on-site due diligence meetings will focus on in-depth manager specific issues relevant to the engagement and a report on the meeting will be presented to MercedCERA's Board of Retirement. Additional on-site due diligence visits may be undertaken with an investment management firm. The Board may require bi-annual updates on certain investments. Subsequent meetings may be required of the manager with Staff and the investment consultant(s).

10.0 POLICY COMPLIANCE REVIEW

This investment policy shall be reviewed every three years at a minimum to ensure MercedCERA's compliance with the overall objectives of the Investment Committee.

11.0 PORTFOLIO REBALANCING

- a) The investment consultant(s) and Staff shall monitor the portfolio regularly and report to the Board not less than quarterly on the advisability of rebalancing the portfolio, unless otherwise specified by the Board.
- b) In monitoring the portfolio, the consultant shall be guided by the target asset allocation for each asset class in Appendix A. The Board shall also establish acceptable asset allocation ranges for each of MercedCERA's investment classes.

- c) The Board has authority to issue instructions to managers to liquidate securities for reallocation to other managers or other asset classes, but shall do so only after considering the recommendation of Staff and the investment consultant.
- d) The Plan Administrator, in conjunction with the Investment Consultant(s), may prorate net positive cash flows to asset classes that have fallen beneath their target allocation and are approaching the minimum allocation level. The proration may take into account the asset class' percentage of the total portfolio and the magnitude of the deviation from the target.
 - i. When all asset classes are within 2 percent of the target allocation, the Plan Administrator may prorate net positive cash flows to each asset class on a rotating basis in order of the asset class' percentage of the total portfolio.
 - ii. The Board may review the allocation of assets to each investment manager as part of the Board's asset allocation review.

APPENDIX A

ASSET ALLOCATION PLAN AND TARGET ASSET MIX

Based on MercedCERA's asset allocation study and acceptance of the proposed target asset mix (as stated in the April 2024 Asset Allocation Study report) the following is MercedCERA's target asset mix and allocation ranges. MercedCERA will review its asset allocation position as needed or a minimum of once every three to five years.

Asset Class	Target Allocation	Minimum Allocation	Maximum Allocation
Domestic Equity	22%	16%	27%
Broad International Equity	12%	7%	17%
Emerging Markets Equity	6%	3%	9%
Private Equity	15%	5%	20%
Direct Lending	5%	0%	10%
Real Estate	6%	4%	8%
Domestic Fixed Income	18%	13%	23%
Opportunistic Fixed Income	4%	2%	6%
Hedge Funds	5%	2.5%	7.5%
Real Assets	5%	3.0%	7%
Cash	2%	0%	4%
Total	100%		

The market benchmarks for the above asset classes are as follows:

Asset Class	Benchmark
US Equity	Russell 3000 Index
Broad International Equity	Primary: MSCI ACW Ex US Investible Market Index Secondary: 80% MSCI Europe, Australia & Far East (EAFE) Index (Net); 20% MSCI ACWI ex US Small Cap Index (Net)
Emerging Markets Equity	MSCI Emerging Markets Index (Net)
Private Equity*	70% Russell 3000 Index + 30% MSCI ACWI ex US Index) + 3% (1 Quarter Lagged)
Private Direct Lending	S&P/LSTA Leveraged Loan Index + 2%
Real Estate	Primary: NCREIF ODCE Property Index (1 Quarter Lagged) Secondary: Consumer Price Index + 5%

US Fixed Income	Bloomberg US Aggregate Bond Index
Opportunistic Fixed Income	20% Bloomberg US Aggregate Bond Index; 40% Bloomberg US High Yield Index; 40% UBS Leveraged Loan Index
Hedge Funds*	Primary: HFRI Fund of Funds Composite Index Secondary: Secured Overnight Financing Rate +4%
Real Assets*	Primary: 50% S&P Global Infrastructure Index; and 50% S&P Global Natural Resources Index. Secondary: Consumer Price Index + 5%
Cash	Bloomberg US Treasury 1-3 Year Index
Total Fund Benchmark	Target asset mix percentages are applied to individual asset class benchmarks to create the total fund Policy Index. For asset classes with a primary and secondary benchmark, the primary benchmark is included in the Policy Index.
*Please note that Benchmarks for Private Equity, Real Assets and Hedge Funds presented in MercedCERA Board of Retirement Meetings by the general investment consultant and the specialized investment consultant may differ.	

APPENDIX B

PLACEMENT AGENT DISCLOSURE POLICY

1. PURPOSE

This Policy sets forth the circumstances under which MercedCERA shall require the disclosure of payments to Placement Agents, in connection with MercedCERA investments in or through External Managers. This Policy is intended to apply broadly to all of the types of investment partners with whom MercedCERA does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well as investment managers retained pursuant to a contract. MercedCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that MercedCERA investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to MercedCERA.

2. APPLICATION

This Policy applies to all agreements with Investment Managers that are entered into on behalf of MercedCERA. This Policy also applies to existing agreements with Investment Managers. Agreements may be amended in any way to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by MercedCERA or increase or accelerate the fees or compensation payable to the Investment Manager (Referred to hereafter as “Amendment”.) In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and original agreement.

3. RESPONSIBILITIES

A. The Board is responsible for:

1. Not entering into any agreement with an External Manager that does not agree in writing to comply with this policy.
2. Not entering into any agreement with an External Manager who has violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the Board at a public meeting upon a showing of good cause, as deemed by the Board.

B. Each External Manager is responsible for:

1. Providing a statement in writing that the External Manager will comply with this policy. Notification in writing shall be made to the Chair of the Board and Plan Administrator.
2. Providing the following information, in writing, to the MercedCERA Staff within 45 days of the time investment discussions are initiated by the External Manager, but in any event, prior to the completion of due diligence. In the case of Amendments, the Placement Agent Information Disclosure is required prior to execution of the Amendment. All disclosures and notifications shall be made to the Chair and Plan Administrator.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with MercedCERA investments.
 - b. A resume for each officer, partner, principal of the Placement Agent detailing the person’s education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former MercedCERA Board trustee, employee or consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.

Compensation to Placement Agents shall include, but not be limited to, compensation to third parties as well as employees of the External Manager who solicit or market investments to MercedCERA or who are paid based upon investment commitments secured by such employees.

- d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External Manager and the Placement Agent.
 - f. A statement whether the placement agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former MercedCERA Board Trustee, employees, or consultants who suggested the retention of the Placement Agent.
3. Providing an update of any changes to any of the information provided pursuant to section B.2 above within 14 calendar days of the date that the External Manager knew or should have known of the change in information.
 4. Representing and warranting the accuracy of the information described in section B.2 above.
 5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to MercedCERA;
 - a. All campaign contributions made by the Placement Agent to any publicly elected MercedCERA Board Trustee during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any publicly elected MercedCERA Board Trustee during the time the Placement Agent is receiving compensation in connection with MercedCERA investment shall also be disclosed.
 - b. All gifts given by the Placement Agent to any MercedCERA Board Trustee during the prior 24 - month period. Additionally, any subsequent gift made by the Placement Agent to any MercedCERA Board Trustee during the time the Placement Agent is receiving compensation in connection with a MercedCERA investment shall also be disclosed.
 6. MercedCERA reserves the right to deem the failure to disclose the information required by 5(a) and 5(b) as a material breach of the agreement with the External Manager.
- C. MercedCERA Staff ("Staff") are responsible for:
1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
 2. Confirming that the information in Appendix B Section B above has been received within 45 days of the time investment discussions are initiated, but in any event, prior to the completion of due diligence and any recommendation to proceed with the contract or Amendment.
 3. For new contracts and amendments to contracts existing as of the date of the initial adoption of this Policy, securing the agreement of the External Manager in the final written agreement between MercedCERA and the External Manager to provide in the event that there was or is an intentional material omission or inaccuracy in the Placement

Agent Information Disclosure or any other violation of this Policy, MercedCERA is entitled to the greater of the reimbursement of any management or advisory fees paid by MercedCERA for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of the MercedCERA investment; and

4. Prohibiting any External Manager or Placement Agent from soliciting new investments from MercedCERA for five years after they have committed a material violation of this Policy; provided, however, that MercedCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
5. Providing a quarterly report to the Board containing (a) the names and amount of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures, and (b) any material violations of this Policy; and maintaining the report as a public record.

APPENDIX C

STATEMENT OF INVESTMENT BELIEFS

1. Asset allocation is a primary driver of returns
2. A long-time horizon is appropriate when thinking about the portfolio's risk tolerance and return objective.
3. Volatility in the short term can be substantial but diminishes over longer periods of time.
4. Certain segments of the capital markets have inefficiencies that can be exploited through active management.
5. Rebalancing the portfolio is a key aspect of prudent long-term strategic asset allocation policy.
6. A disciplined execution of the long-term strategic allocation plan, rather than timing the market, is critical for the Fund's success.
7. Diversification enhances risk-adjusted returns over the long-term.
8. As a long-term investor, the illiquidity premium in private markets can be captured to enhance return potential.



Merced County Employees' Retirement Association

DATE: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Martha Sanchez Barboa, Plan Administrator

SUBJECT: Options for Investment Consulting Services

ITEM NUMBER: Open Session Item e

ITEM TYPE: Action

STAFF RECOMMENDATION

1. Approval of one of three options for investment consulting services.

DISCUSSION:

MercedCERA and the Board of Retirement are currently contracted with two investment consultants, a general investment consultant and a specialty investment consultant. The general investment consultant advises the Board on items related to the total portfolio, including investment policy development and establishing strategic asset allocation targets. The specialty investment consultant advises the Board on the alternative investments portion of the portfolio and is primarily responsible for bringing manager recommendations and conducting private markets pacing studies.

The current two-consultant mandate was created in 2017 after the Board approved expanding the private markets portfolio with direct investments to augment the fund-of-funds the portfolio held. Rather than expanding the scope of services of the investment consultant at the time, the Board decided to issue an RFP for a specialty consultant to advise on the alternatives and private markets portfolio. The Board ultimately chose a different consultant than the general consultant and thus a two-consultant mandate was created.

While this approach has been effective for MercedCERA, it is a good idea to periodically review the current investment consultant structure. Since we are nearing the end of each consultant's contract term, now is a good time to revisit the topic. *Cliffwater's first 1-year extension ends March 2026. The contract allows for a second 1-year extension through March 2027. Meketa's initial 3-year contract term ends December 2026, with two 1-year extensions available.*

Below are three options for MercedCERA moving forward for the Board to discuss and potentially select:

Option #1 – Two Consultants (Current)

Decision: Board continues to split the mandate and contracts with two investment consultants, a general consultant and a specialty consultant.

Implementation: MercedCERA issues a Request for Proposal (RFP) for specialty investment consultant in Q4 2025 in advance of the end of Cliffwater's current contract term expiring March 31, 2026. A general consultant RFP would be issued mid-2026 ahead of Meketa's contract expiration in December 2026, unless the Board authorizes a 1-year extension.

Option #2 – One Consultant

Decision: Board chooses to combine the investment consultant mandates and hire a single consultant.

Implementation: MercedCERA executes Cliffwater's second and final contract extension to more closely align with the end of Meketa's contract term. An RFP is issued by MercedCERA mid-2026 for a single investment consultant.

Option #3 – Hybrid RFP

Decision: Board chooses not to select a single or two-consultant mandate prior to issuing the RFP.

Implementation: MercedCERA executes Cliffwater's second and final contract extension to more closely align with the end of Meketa's contract term. A hybrid RFP would be issued by MercedCERA in mid-2026 and be structured to allow candidates to submit proposals to be considered for general consultant, specialty consultant, or both. The Board would then hire the consultant, or combination of consultants, best suited to meet the needs of MercedCERA.

Recommendation:

Staff recommend the Board approve of one of three options for investment consulting services.

DATE: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Martha Sanchez Barboa, Plan Administrator

SUBJECT: 2026 Board Meeting Calendar and Trustee Education Dates

ITEM NUMBER: Open Session Item f

ITEM TYPE: Action

STAFF RECOMMENDATION:

1. Approve the 2026 Board Meeting Calendar and 2026 Trustee Education Dates.

DISCUSSION:

On December 8, 2022, the Merced County Employees' Retirement Association (MercedCERA) Board of Retirement voted unanimously to hold one meeting per month. Meetings will be held on the fourth Thursday of each month except for meetings held in November and December, which will likely be held on the second Thursday of the month due to holidays.

In addition to Board meeting calendar, MercedCERA staff is recommending the approval of two trustee education meeting dates next year. Typically, Staff coordinate the education meeting dates throughout the year and this has come with continuous scheduling conflicts. Trustees highly value the education sessions and want the ability to attend the meetings, with ample time to plan accordingly. The specific times of the meetings and meeting content would be finalized prior to the approved meeting dates.

Below is the proposed Board meeting calendar and trustee education dates for 2026.

Board Meeting Dates for 2026
January 22, 2026
February 26, 2026
March 26, 2026
April 23, 2026
May 28, 2026
June 25, 2026
July 23, 2026
August 27, 2026
September 24, 2026
October 22, 2026
*November 12, 2026
*December 10, 2026

*Meetings on 2nd Thursday of the month due to holidays.

Trustee Education Dates for 2026	
Thursday, March 5, 2026	
Thursday, September 3, 2026	

Staff is recommending the Board approve the 2026 Board Meeting Calendar and 2026 Trustee Education Dates.



**SACRS
Fall Conference
Annual Business Meeting 2025**

Friday, November 14, 2025
10:15 am – 11:30 am

Hyatt Regency Huntington Beach
Resort & Spa, Huntington Beach, CA

Salon D Ballroom



Vision, Mission, Core Values

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

Statement of Purpose

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

Mission Statement

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

Core Values

Teamwork

Integrity

Education

Service and Support



SACRS Business Meeting Agenda

Friday, November 14, 2025

10:15 AM – 11:30 AM

Hyatt Regency Huntington Beach Resort & Spa
Huntington Beach, CA | Salon D Ballroom

SACRS Parliamentarian – David Lantzer, Olson Remcho, LLP

SACRS Sergeant at Arms – TBD

Meeting Call to Order

1. SACRS Retirement Systems Roll Call

Rhonda Beiseimer, Stanislaus CERA, SACRS Secretary

2. SACRS Secretary's Report - Receive and File

Rhonda Beiseimer, Stanislaus CERA, SACRS Secretary

- A. SACRS Business Meeting Minutes May 2025

3. SACRS Treasurer's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Treasurer

- A. July 2025 – August 2025 Financials
- B. 2025-2026 SACRS Budget

4. SACRS President Report - No Action

Adele Lopez Tagaloa, Orange CERS, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Report – Action Item

Eric Stern, Sacramento CERS, SACRS Legislative Committee Chairs

- A. Legislative Committee Report
- B. Proposed 2026 SACRS Legislation

6. SACRS Nomination Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Nomination Committee Chair & Immediate Past President

- A. SACRS Board of Directors Elections 2026-2027



7. SACRS Audit Committee Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS Audit 2024-2025 Update

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. Education Committee Report

9. SACRS Program Committee Report – No Action

Jordan Kaufman, Kern CERA, SACRS Program Committee Chair & Vice President

- A. Program Committee Report

10. SACRS Affiliate Committee Report – No Action

Sean Gannon, Manulife Investments, SACRS Affiliate Committee Chair

Affiliate Committee Report

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Report

12. SACRS Fall Conference Breakout Reports – No Action

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

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

13. Adjournment

Next scheduled SACRS Business Meeting will be held on Friday, May 15, 2026. The meeting will be held at the Everline Resort & Spa Lake Tahoe, Olympic Valley, CA, during SACRS Annual Spring Conference May 12 – 15, 2026.



1. SACRS System Roll Call

Rhonda Beiseimer, Stanislaus CERA, SACRS Secretary

Roll Call of the 20 SACRS Retirement Systems.

Please state your Retirement System, your name, and if you are the voting delegate or alternate delegate.



1. SACRS Retirement Systems Roll Call

Rhonda Beiseimer, Stanislaus CERA, 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. SACRS Secretary's Report - Receive and File

Rhonda Beiseimer, Stanislaus CERA, SACRS Secretary

A. SACRS Business Meeting Minutes May 2025



SACRS Business Meeting Agenda
Friday, May 16, 2025
Omni Rancho Las Palmas Resort & Spa
Rancho Mirage, CA
Las Palmas Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA

Meeting called to order at 10:22 am

SACRS Board of Directors Present: David MacDonald, Adele Tagaloa, Jordan Kaufman, Zandra Cholmondeley, Rhonda Biesemeier, Sean Gannon

Absent: Dan McAllister

1. SACRS System Roll Call

Zandra Cholmondeley, SACRS Secretary

2. Retirement Systems Present – 19

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, Ventura

Absent - 1

Mendocino

Discussion: During roll call of the Systems, Los Angeles CERA was unsure if their voting delegate was authorized to vote. Upon further review, it was determined that JJ Popowich was authorized to serve as Los Angeles CERA voting delegate.

3. Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

A. November 2024 SACRS Business Meeting Minutes

Motion: A motion to approve the November 2024 Business Meeting Minutes was made by San Bernardino.

2nd: Contra Costa

Yes: 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, Ventura

No: 0

Absent: Mendocino

Abstain: Los Angeles

Motion Passes 18-1-1

4. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July 2025 – February 2025 Financials

Motion: A motion to approve the Treasurers Report was made by San Bernardino.

2nd: Sonoma

Yes: 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, Ventura



No: 0

Absent: Mendocino

Motion Passes 19-0-1

5. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

A. SACRS President Update

Discussion: David MacDonald thanked the membership for their participation in the conference, highlighted the 70th anniversary, thanked the Board of Directors and the Program Committee for a stellar roster of speakers, and gave thanks to the volunteers and staff.

6. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS, SACRS Legislative Committee Chairs

A. 2025 Legislative Report – No Action

B. SACRS Legislative Proposal – No Action

Discussion: Eric and Dave introduced SACRS' new lobbying team, Laurie Johnson, and Cara Martinson. The new team was immediately thrown into SACRS' legislative process and presented at the Legislative update session on Thursday afternoon. They gave a brief overview of the status of current legislation and reminded members to submit their legislative proposals for the next legislative session for consideration.

7. SACRS Nomination Committee – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2025-2026

Motion: A motion to approve the recommended slate for the SACRS Board of Directors 2025-2026 was made by Fresno –

- President – Adele Lopez Tagaloa, Orange CERS
- Vice President – Jordan Kaufman, Kern CERA
- Treasurer – Zandra Cholmondeley, Santa Barbara CERS
- Secretary – Rhonda Biesemeier, Stanislaus CERA
- General – Riley Talford, Fresno CERA
- General – Chris Gibbons, Sacramento CERS

2nd: San Bernardino

Yes: 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, Ventura

No: 0

Absent: Mendocino

Motion Passes 19-0-1

8. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2023-2024 Annual Audit

Discussion: Steve Delaney presented the SACRS 2023-2024 Annual Audit performed by outside auditors James Marta & Co. The financials received a clean audit with no negative findings. Steve thanked the committee members for their time and participation reviewing



drafts and meetings with the auditors.

Motion: A motion to approve the SACRS Audit 2023-2024 Report was made by San Bernardino.

2nd: San Joaquin

Yes: 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, Ventura

No: 0

Absent: Mendocino

Motion Passes 19-0-1

9. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Spring 2025 Conference Evaluations/Feedback

Discussion: JJ Popowich provided a brief update; the committee will be meeting via video calls going forward to review the feedback from surveys submitted. The committee is working on establishing a scholarship program for Retirement System Staff members in the future. The program is in development stages. Overall, the conference agenda topics were very timely and educational. A full report will be presented to the Board of Directors at their next meeting.

10. SACRS Program Committee Report – No Action

Adele Lopez Tagalao, Orange CERS, SACRS Program Committee Chair

A. SACRS Annual Spring 2025 Conference Report

Discussion: Adele Tagalao thanked the Program Committee members and the Board for their continued support and assistance in developing the conference agenda. Great speakers, Adele also highlighted the July UC Berkeley Program and encouraged members to attend more than once because the agenda is different each time and has exceptionally relevant content.

11. SACRS Affiliate Committee Report – No Action

Sean Gannon, Manulife Investment Management, SACRS Affiliate Committee Chair

A. SACRS Affiliate Committee Update

Discussion: Sean Gannon provided a brief overview of the “Shark Tank Part 2” session, was well attended and seemed to receive good feedback. He will continue to serve as the Affiliate Chair, Ken McCray, Nuveen, will serve as the Vice Chair and Rodrigo Soto, Cohen & Steers Capital Mgt., will serve as the committee Secretary.

12. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. SACRS Bylaws Committee Update

Discussion: No report



13. SACRS Spring Conference Breakout Reports – No Action

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

- **Administrators** – Renee Ostrander, San Joaquin CERA
Renee gave a brief update on the Administrators breakout, it was well attended, and she will serve as the Fall moderator.
- **Affiliates** – Sean Gannon, Affiliate Committee Chair
See Affiliate Committee report.
- **Attorneys** – David Lantzer, San Bernardino CERA
David Lantzer gave a brief update on the Attorney's breakout, Nicole McIntosh discussed OCERS experience with adding AI to help with medical record indexing. Manuel Serpa, Orange CERS will serve as the Fall volunteer moderator.
- **Operations & Benefits** – Carlos Barrios Alameda CERA
Patti Montoya, Fresno CERA gave a brief report on the breakout, well attended and LACERA discussed how they responded to the LA Fires from the operation perspective, and prioritizing staff and their safety. Patti and Carlos will serve as Fall volunteer moderators.
- **Internal Auditors** – Harsh Jadhav, Alameda CERA
The session included a presentation on strategic planning and a GASB update. Harsh Jadhav will serve as the Fall volunteer moderator.
- **Investment Officers** – Steve Davis, Sacramento CERA
Yuliya Oryol present to the investment officers and staff during a closed session, which was well attended. The investment officers did not have a volunteer for the Fall conference to moderate their session.
- **Safety Trustees** – Skip Murphy, San Diego CERA
Skip Murphy gave a brief update on the Safety breakout and will serve as the Fall volunteer moderator.
- **General Trustees** – Rhonda Biesemeier, Stanislaus CERA
Rhonda Biesemeier gave a brief update on the General Trustees' breakout; it was well attended. The session included a presentation discussing mitigation of systemic risks to improve the risk/return of their portfolios. Rhonda will serve as the Fall volunteer moderator.

14. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, November 14, 2025, at the Hyatt Regency Huntington Beach, Huntington Beach, CA.

Motion: San Bernardino made motion to adjourn the SACRS Spring 2025 Business Meeting at 10:57 am.

2nd: Santa Barbara

Yes: 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, Ventura

No: 0

Absent: Mendocino

Meeting Adjourned 10:57 am



3. SACRS Treasurer's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Treasurer

- A. July 2025 – August 2025 Financials
- B. 2025-2026 SACRS Budget

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet As of August 31, 2025

Aug 31, 25

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	328,060.84
1001 · BofA Interest Checking 4389	6,647.65
1002 · First Foundation Bank ICS Acct	152,675.63

Total Checking/Savings	487,384.12
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Other Current Assets

1100 · CalTrust - Medium Term	323,622.91
1107 · CalTrust Liquidity Fund	9,544.86
1110 · CAMP-SACRS Liquidity Fund	562,965.68

Total Other Current Assets	896,133.45
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Total Current Assets	1,383,517.57
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TOTAL ASSETS	1,383,517.57
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2201 · First Foundation Master Card	-1,556.20
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Total Credit Cards	-1,556.20
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Total Current Liabilities	-1,556.20
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Total Liabilities	-1,556.20
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Equity

32000 · Retained Earnings	1,126,660.48
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Net Income	258,413.29
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Total Equity	1,385,073.77
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TOTAL LIABILITIES & EQUITY	1,383,517.57
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STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2025

Jul - Aug 25

Ordinary Income/Expense

Income

4100 · Membership Dues

4101 · Affiliates	154,500.00
4102 · Non Profit - Organizations	1,500.00
4104 · Systems - Medium	32,000.00
4105 · Systems - Large	12,000.00

Total 4100 · Membership Dues 200,000.00

4250 · Product Income

4254 · Website Job Board	100.00
4269 · Product Shipping	15.00

Total 4250 · Product Income 115.00

4270 · UC Berkeley Program

4271 · Registrations	19,000.00
4272 · Sponsorships	20,500.00

Total 4270 · UC Berkeley Program 39,500.00

4300 · Fall Conference Registration

4301 · Affiliates - Early	122,415.00
4304 · Non Profit	580.00
4305 · Systems	12,180.00
4306 · Non-Members	40,080.00
4307 · Fun Run	360.00
4308 · Yoga	165.00
4309 · Spouse	600.00
4310 · Sponsorship	19,000.00

Total 4300 · Fall Conference Registration 195,380.00

4350 · Spring Conference Registration

4353 · Affiliates - Late/Onsite	1,536.00
4357 · Fun Run	30.00
4360 · Sponsorship	80,561.77

Total 4350 · Spring Conference Registration 82,127.77

4800 · Credit Card Processing Fee 8,965.35

4900 · Interest Earned 7,042.18

Total Income 533,130.30

Gross Profit 533,130.30

Expense

5000 · Administrative Fee	56,250.00
5003 · Bank Charges/Credit Card Fees	6,417.90
5010 · Berkeley & Symposium	
5011 · Audio/Visual	7,000.00
5012 · Delivery & Shipping	19.80
5013 · Hotel	8,458.25
5014 · Food & Beverage	16,667.38
5015 · Materials/Printing/Design	712.32
5016 · Travel	2,108.19

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July through August 2025

	Jul - Aug 25
5017 · UC Berkeley	126,000.00
Total 5010 · Berkeley & Symposium	160,965.94
5040 · Commissions & Fees	1,324.40
5042 · Dues & Subscriptions	150.00
5071 · Legal & Professional Fees	0.00
5072 · Legislative Advocacy	12,000.00
5080 · Magazine	
5083 · Magazine - Other	5,325.00
Total 5080 · Magazine	5,325.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	610.52
6001.3 · Travel - BOD Meetings	278.60
6001.4 · Travel - Miscellaneous BOD	1,806.76
6001.5 · Board Of Directors - Other	69.99
6001 · Board of Directors - Other	535.39
Total 6001 · Board of Directors	3,301.26
Total 6000 · Board & Committees	3,301.26
6011 · Postage & Delivery	1,165.23
6020 · Spring Conference	
6024 · Hotel	
6024.2 · Conference	13,489.26
Total 6024 · Hotel	13,489.26
6025 · Program Material	5,474.35
Total 6020 · Spring Conference	18,963.61
6053 · Technology/AMS/Website	8,708.07
6054 · Travel	145.60
Total Expense	274,717.01
Net Ordinary Income	258,413.29
Net Income	258,413.29

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2025

	Jul - Aug 25	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	154,500.00	375,000.00	-220,500.00	41.2%
4102 · Non Profit - Organizations	1,500.00	3,000.00	-1,500.00	50.0%
4103 · Non Profit - Systems	0.00	6,500.00	-6,500.00	0.0%
4104 · Systems - Medium	32,000.00	28,000.00	4,000.00	114.29%
4105 · Systems - Large	12,000.00	96,000.00	-84,000.00	12.5%
Total 4100 · Membership Dues	200,000.00	508,500.00	-308,500.00	39.33%
4200 · Webinar Symposium Registration				
4202 · Affiliates - Regular	0.00	3,500.00	-3,500.00	0.0%
4204 · Non Profit	0.00	2,500.00	-2,500.00	0.0%
4205 · Systems	0.00	2,500.00	-2,500.00	0.0%
4206 · Non-Members	0.00	4,500.00	-4,500.00	0.0%
Total 4200 · Webinar Symposium Registrat	0.00	13,000.00	-13,000.00	0.0%
4250 · Product Income				
4251 · CERL	0.00	200.00	-200.00	0.0%
4254 · Website Job Board	100.00			
4269 · Product Shipping	15.00	50.00	-35.00	30.0%
Total 4250 · Product Income	115.00	250.00	-135.00	46.0%
4270 · UC Berkeley Program				
4271 · Registrations	19,000.00	130,000.00	-111,000.00	14.62%
4272 · Sponsorships	20,500.00	85,500.00	-65,000.00	23.98%
4273 · Spouse	0.00	500.00	-500.00	0.0%
Total 4270 · UC Berkeley Program	39,500.00	216,000.00	-176,500.00	18.29%
4300 · Fall Conference Registration				
4301 · Affiliates - Early	122,415.00	164,560.00	-42,145.00	74.39%
4302 · Affiliates - Regular	0.00	207,900.00	-207,900.00	0.0%
4303 · Affiliates - Late/Onsite	0.00	51,600.00	-51,600.00	0.0%
4304 · Non Profit	580.00	2,900.00	-2,320.00	20.0%
4305 · Systems	12,180.00	50,750.00	-38,570.00	24.0%
4306 · Non-Members	40,080.00	150,300.00	-110,220.00	26.67%
4307 · Fun Run	360.00	1,500.00	-1,140.00	24.0%
4308 · Yoga	165.00	500.00	-335.00	33.0%
4309 · Spouse	600.00	2,500.00	-1,900.00	24.0%
4310 · Sponsorship	19,000.00	70,000.00	-51,000.00	27.14%
Total 4300 · Fall Conference Registration	195,380.00	702,510.00	-507,130.00	27.81%
4350 · Spring Conference Registration				
4351 · Affiliates - Early	0.00	164,560.00	-164,560.00	0.0%
4352 · Affiliates - Regular	0.00	207,900.00	-207,900.00	0.0%
4353 · Affiliates - Late/Onsite	1,536.00	51,600.00	-50,064.00	2.98%
4354 · Non Profit	0.00	2,900.00	-2,900.00	0.0%
4355 · Systems	0.00	50,750.00	-50,750.00	0.0%
4356 · Non-Members	0.00	150,300.00	-150,300.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2025

	Jul - Aug 25	Budget	\$ Over Budget	% of Budget
4357 · Fun Run	30.00	1,500.00	-1,470.00	2.0%
4358 · Yoga	0.00	500.00	-500.00	0.0%
4359 · Spouse	0.00	2,500.00	-2,500.00	0.0%
4360 · Sponsorship	80,561.77	70,000.00	10,561.77	115.09%
Total 4350 · Spring Conference Registratio	82,127.77	702,510.00	-620,382.23	11.69%
4800 · Credit Card Processing Fee	8,965.35			
4900 · Interest Earned	7,042.18	30,000.00	-22,957.82	23.47%
Total Income	533,130.30	2,172,770.00	-1,639,639.70	24.54%
Gross Profit	533,130.30	2,172,770.00	-1,639,639.70	24.54%
Expense				
5000 · Administrative Fee	56,250.00	225,000.00	-168,750.00	25.0%
5001 · Administrative Services	0.00	500.00	-500.00	0.0%
5002 · Awards	0.00	500.00	-500.00	0.0%
5003 · Bank Charges/Credit Card Fees	6,417.90	55,000.00	-48,582.10	11.67%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	7,000.00	7,000.00	0.00	100.0%
5012 · Delivery & Shipping	19.80			
5013 · Hotel	8,458.25	25,000.00	-16,541.75	33.83%
5014 · Food & Beverage	16,667.38			
5015 · Materials/Printing/Design	712.32	2,500.00	-1,787.68	28.49%
5016 · Travel	2,108.19	1,000.00	1,108.19	210.82%
5017 · UC Berkeley	126,000.00	277,200.00	-151,200.00	45.46%
Total 5010 · Berkeley & Symposium	160,965.94	312,700.00	-151,734.06	51.48%
5020 · Webinar Symposium				
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5039 · Charitable Contributions	0.00	4,000.00	-4,000.00	0.0%
5040 · Commissions & Fees	1,324.40	10,000.00	-8,675.60	13.24%
5042 · Dues & Subscriptions	150.00	4,500.00	-4,350.00	3.33%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	130,000.00	-130,000.00	0.0%
5052 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	75,000.00	-75,000.00	0.0%
5054.2 · Conference	0.00	50,000.00	-50,000.00	0.0%
5054.3 · Food & Beverage	0.00	250,000.00	-250,000.00	0.0%
Total 5054 · Hotel	0.00	375,000.00	-375,000.00	0.0%
5055 · Program Material	0.00	15,000.00	-15,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2025

	Jul - Aug 25	Budget	\$ Over Budget	% of Budget
5057 · Supplies	0.00	500.00	-500.00	0.0%
5058 · Travel	0.00	15,000.00	-15,000.00	0.0%
Total 5050 · Fall Conference	0.00	594,500.00	-594,500.00	0.0%
5070 · Insurance	0.00	6,200.00	-6,200.00	0.0%
5071 · Legal & Professional Fees	0.00	25,000.00	-25,000.00	0.0%
5072 · Legislative Advocacy	12,000.00	72,000.00	-60,000.00	16.67%
5080 · Magazine				
5082 · Design/Printing/Etc.	0.00	10,000.00	-10,000.00	0.0%
5083 · Magazine - Other	5,325.00	10,000.00	-4,675.00	53.25%
Total 5080 · Magazine	5,325.00	20,000.00	-14,675.00	26.63%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	610.52	6,000.00	-5,389.48	10.18%
6001.3 · Travel - BOD Meetings	278.60	8,000.00	-7,721.40	3.48%
6001.4 · Travel - Miscellaneous BC	1,806.76	500.00	1,306.76	361.35%
6001.5 · Board Of Directors - Othe	69.99	5,000.00	-4,930.01	1.4%
6001 · Board of Directors - Other	535.39			
Total 6001 · Board of Directors	3,301.26	19,500.00	-16,198.74	16.93%
6003 · Program Committee Meetings	0.00	1,500.00	-1,500.00	0.0%
Total 6000 · Board & Committees	3,301.26	21,000.00	-17,698.74	15.72%
6010 · Office Expenses / Supplies	0.00	2,500.00	-2,500.00	0.0%
6011 · Postage & Delivery	1,165.23	6,000.00	-4,834.77	19.42%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	110,000.00	-110,000.00	0.0%
6022 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
6023 · Entertainment	0.00	6,800.00	-6,800.00	0.0%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	85,000.00	-85,000.00	0.0%
6024.2 · Conference	13,489.26	85,000.00	-71,510.74	15.87%
6024.3 · Food & Beverage	0.00	150,000.00	-150,000.00	0.0%
6024.4 · Hotel - Other	0.00	45,000.00	-45,000.00	0.0%
Total 6024 · Hotel	13,489.26	365,000.00	-351,510.74	3.7%
6025 · Program Material	5,474.35	15,000.00	-9,525.65	36.5%
6026 · Speakers	0.00	50,000.00	-50,000.00	0.0%
6027 · Supplies	0.00	2,000.00	-2,000.00	0.0%
6028 · Travel	0.00	15,000.00	-15,000.00	0.0%
Total 6020 · Spring Conference	18,963.61	566,300.00	-547,336.39	3.35%
6051 · Taxes & Licenses	0.00	1,200.00	-1,200.00	0.0%
6053 · Technology/AMS/Website	8,708.07	50,000.00	-41,291.93	17.42%
6054 · Travel	145.60	5,000.00	-4,854.40	2.91%
Total Expense	274,717.01	2,024,700.00	-1,749,982.99	13.57%
Net Ordinary Income	258,413.29	148,070.00	110,343.29	174.52%
	258,413.29	148,070.00	110,343.29	174.52%

SACRS Proposed 2025-2026 Budget
Ordinary Income/Expense

2025-2026 Budget

4100 · Membership Dues		
4101 · Affiliates	\$	375,000.00
4102 · Non Profit - Organizations	\$	3,000.00
4103 · Non Profit - Systems	\$	6,500.00
4104 · Systems - Medium	\$	28,000.00
4105 · Systems - Large	\$	96,000.00
Total 4100 · Membership Dues	\$	508,500.00
4200 · Webinar Symposium Registration		
4202 · Affiliates - Regular	\$	3,500.00
4204 · Non Profit	\$	2,500.00
4205 · Systems	\$	2,500.00
4206 · Non-Members	\$	4,500.00
Total 4200 · Webinar Symposium Registration	\$	13,000.00
4250 · Product Income		
4251 · CERL	\$	200.00
4254 · Website Job Board		
4269 · Product Shipping	\$	50.00
Total 4250 · Product Income	\$	250.00
4270 · UC Berkeley Program		
4271 · Registrations	\$	130,000.00
4272 · Sponsorships	\$	85,500.00
4273 · Spouse	\$	500.00
Total 4270 · UC Berkeley Program	\$	216,000.00
4300 · Fall Conference Registration		
4301 · Affiliates - Early	\$	164,560.00
4302 · Affiliates - Regular	\$	207,900.00
4303 · Affiliates - Late/Onsite	\$	51,600.00
4304 · Non Profit	\$	2,900.00
4305 · Systems	\$	50,750.00
4306 · Non-Members	\$	150,300.00
4307 · Fun Run	\$	1,500.00
4308 · Yoga	\$	500.00
4309 · Spouse	\$	2,500.00
4310 · Sponsorship	\$	70,000.00
Total 4300 · Fall Conference Registration	\$	702,510.00
4350 · Spring Conference Registration		
4351 · Affiliates - Early	\$	164,560.00
4352 · Affiliates - Regular	\$	207,900.00
4353 · Affiliates - Late/Onsite	\$	51,600.00
4354 · Non Profit	\$	2,900.00
4355 · Systems	\$	50,750.00
4356 · Non-Members	\$	150,300.00
4357 · Fun Run	\$	1,500.00

4358 · Yoga	\$	500.00
4359 · Spouse	\$	2,500.00
4360 · Sponsorship	\$	70,000.00
Total 4350 · Spring Conference Registration	\$	702,510.00
4800 · Credit Card Processing Fee		
4900 · Interest Earned	\$	30,000.00
Total Income	\$	2,172,770.00
Gross Profit	\$	2,172,770.00
Expense		
5000 · Administrative Fee	\$	225,000.00
5001 · Administrative Services	\$	500.00
5002 · Awards	\$	500.00
5003 · Bank Charges/Credit Card Fees	\$	55,000.00
5010 · Berkeley & Symposium		
5011 · Audio/Visual	\$	7,000.00
5012 · Delivery & Shipping		
5013 · Hotel	\$	25,000.00
5014 · Food & Beverage		
5015 · Materials/Printing/Design	\$	2,500.00
5016 · Travel	\$	1,000.00
5017 · UC Berkeley	\$	277,200.00
Total 5010 · Berkeley & Symposium	\$	312,700.00
5020 · Webinar Symposium		
5022 · Webinar Technology	\$	25,000.00
Total 5020 · Webinar Symposium	\$	25,000.00
5030 · CERL		
5031 · Materials/Printing/Design	\$	16,500.00
5032 · Shipping	\$	1,300.00
Total 5030 · CERL	\$	17,800.00
5039 · Charitable Contributions	\$	4,000.00
5040 · Commissions & Fees	\$	10,000.00
5042 · Dues & Subscriptions	\$	4,500.00
5050 · Fall Conference		
5051 · Audio/Visual	\$	130,000.00
5052 · Delivery & Shipping	\$	2,500.00
5053 · Entertainment	\$	6,500.00
5054 · Hotel		
5054.1 · Wednesday Night Event	\$	75,000.00
5054.2 · Conference	\$	50,000.00
5054.3 · Food & Beverage	\$	250,000.00
Total 5054 · Hotel	\$	375,000.00
5055 · Program Material	\$	15,000.00
5056 · Speakers	\$	50,000.00
5057 · Supplies	\$	500.00
5058 · Travel	\$	15,000.00
Total 5050 · Fall Conference	\$	594,500.00
5070 · Insurance	\$	6,200.00

5071 · Legal & Professional Fees	\$	25,000.00
5072 · Legislative Advocacy	\$	72,000.00
5080 · Magazine		
5082 · Design/Printing/Etc.	\$	10,000.00
5083 · Magazine - Other	\$	10,000.00
Total 5080 · Magazine	\$	20,000.00
6000 · Board & Committees		
6001 · Board of Directors		
6001.1 · Food & Beverage	\$	6,000.00
6001.3 · Travel - BOD Meetings	\$	8,000.00
6001.4 · Travel - Miscellaneous BOD	\$	500.00
6001.5 · Board Of Directors - Other	\$	5,000.00
6001 · Board of Directors - Other		
Total 6001 · Board of Directors	\$	19,500.00
6003 · Program Committee Meetings	\$	1,500.00
Total 6000 · Board & Committees	\$	21,000.00
6010 · Office Expenses / Supplies	\$	2,500.00
6011 · Postage & Delivery	\$	6,000.00
6020 · Spring Conference		
6021 · Audio/Visual	\$	110,000.00
6022 · Delivery & Shipping	\$	2,500.00
6023 · Entertainment	\$	6,800.00
6024 · Hotel		
6024.1 · Wednesday Night Event	\$	85,000.00
6024.2 · Conference	\$	85,000.00
6024.3 · Food & Beverage	\$	150,000.00
6024.4 · Hotel - Other	\$	45,000.00
Total 6024 · Hotel	\$	365,000.00
6025 · Program Material	\$	15,000.00
6026 · Speakers	\$	50,000.00
6027 · Supplies	\$	2,000.00
6028 · Travel	\$	15,000.00
Total 6020 · Spring Conference	\$	566,300.00
6051 · Taxes & Licenses	\$	1,200.00
6053 · Technology/AMS/Website	\$	50,000.00
6054 · Travel	\$	5,000.00
Total Expense	\$	2,024,700.00
Net Ordinary Income	\$	148,070.00
Net Income	\$	148,070.00



4. SACRS President Report - No Action

Adele Lopez Tagaloa, Orange CERS, SACRS President

A. SACRS President Update

No Printed Materials - Verbal Update



5. SACRS Legislative Committee Report – Action Item

Eric Stern, Sacramento CERS, SACRS Legislative Committee Chairs

- A. Legislative Committee Report
- B. Proposed 2026 SACRS Legislation



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
RE: **Legislative Update – October 2024**

Capitol Update

The Governor just met his 30-day deadline to take action on the 990 bills that were sent to his Desk. Overall, he vetoed 183 bills, making his veto rate roughly 18% - which has been about his average. Some of the bills that met his red pen were automatic voter registration, a major AI safety bill, and a bill that would have let undocumented immigrants eligible for home loans. During these last few weeks, the Assembly has convened their 2nd Extraordinary Session to consider legislation aimed at easing gas price spikes, including the Governor's proposal that would require oil refineries to maintain a minimum supply of fuel. Although, not thrilled with being stuck at the Capitol, legislators are in full campaign-mode, with almost a third of the Legislature's seats turning over in the 100 legislative districts up for election.

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees' Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **SB 1379 (Dodd)** – This bill creates an exception to PEPRA from the 960-hour limitation on retired public employees working after retirement for hours worked in an appointment by Solano County Sheriff's Office. Status: This bill was signed by the Governor on 9/29.
- **AB 2284 (Grayson)** – The bill amends the definition of "compensation earnable" to define a work classification "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill was signed by the Governor on 9/28.



- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member's living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and '37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the "return receipt" requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system's *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill's author and sponsor to ensure '37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California Public Records Act. The author has also agreed to accept one last amendment that clarifies "Initiated a process" to mean a system has formally adopted a resolution "*or made an administrative determination*".



Status: The bill was signed by the Governor on 9/22.

SACRS is also monitoring the following bills that do not impact the '37 Act systems but are of interest:

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board's fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill was signed by the Governor on 9/28.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill was signed by the Governor on 9/14.



August 25, 2025

RE: SACRS Legislative Proposals 2026

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2026 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide administrative clarity and consistency to various sections of the County Employees Retirement Law of 1937 (CERL), correct drafting errors, establish uniform practices across CERL systems, and align CERL provisions to similar CalPERS and CalSTRS laws.

We thank the Legislative Committee for reviewing these proposals and engaging in a collaborative, deliberative process to achieve consensus on issues. These amendments represent technical process improvements that will provide administrative efficiencies to retirement systems and members.

Respectfully,

/s/

Eric Stern
Chair, SACRS Legislative Committee, and
Chief Executive Officer, Sacramento County Employees' Retirement System

ATTACHMENTS

- SACRS 2026 Legislative Proposal – Summary Table
- SACRS 2026 Legislative Proposal – Draft Language

SACRS 2026 Legislative Proposal - Summary
as of 8/25/2025

Issue	Gov Code	Topic	Issue/Justification
1	31459 31459.1	Board of Investments cross references	Updates cross references to the LACERA Board of Investments provisions.
2	31520.1 31520.2	Trustee Elections	Clarifies that deferred members cannot vote in Miscellaneous Representative board elections. Government Code section 31520 identifies "active" members, but subsequent code sections regarding trustee elections do not. One CERL county has interpreted the statutes to include deferred members, even though they are not specifically identified as voting members in the statute. Most systems do not allow deferred members to serve or vote for active member seats on the retirement board. Clarity and consistency is important across the CERL systems. This clarification also conforms with CalSTRS (Education Code section 22200) and CalPERS (Government Code section 20090) that restrict the board representative and respective voters to active members.
3	31540.XX	Overpayments	Establishes a 10-year statute of limitation for recovery of overpayments due to fraudulent reports or overpaid death benefits. Conforms to current code sections for LACERA (GC 31540) and CalPERS (GC 20164).
4	31621.7 31622 31639.3 31641 31641.2 31641.6 31641.20 31641.21	Earnable Compensation vs Compensation Earnable	There are several CERL sections that refer to "earnable compensation" instead of what we all understand to be "compensation earnable." Non-substantive amendments correct the phrase to "compensation earnable."
5	31789.6	Burial Allowance	Clarifies practice of majority of CERL systems that only the last system pays the burial allowance for reciprocal members. Conforms to CalPERS practice under Government Code section 21621 and creates a better, uniform standard across pension systems.

SACRS 2026 Legislative Proposal - Summary
as of 8/25/2025

6	31835	Concurrent Retirement	Clarifies definition of "concurrent retirement" to match the CalSTRS definition in the Education Code section 22115.5. Provides administrative flexibility to concurrently retire reciprocal members on different dates within 30 days of each retirement date, as long as there is not overlapping service. Similar exception already provided in Government Code section 31835.1 to accomodate conflict in concurrent retirement problem due to age eligibility.
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SACRS 2026 Legislative Proposals

Issue 1: Board of Investments cross-references

Section 31459 of the Government Code is amended to read:

- (a) In a county in which a board of investments has been established pursuant to Section 31520.2:
 - (1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31611, **31612, 31615**, 31616, 31625, 31784, and 31872, “board” means a board of investments.
 - (2) As used in the first paragraph of Section 31592.2, “board” means a board of investments.
 - (3) Sections 31510.4, 31522, 31523, 31524, 31525, 31528, 31529, 31529.5, 31595, 31618, 31680, and 31680.1 apply to both the board of retirement and board of investments, and “board” means both “board of retirement” and “board of investments.”
- (b) In Article 17 (commencing with Section 31880), “board” means the Board of Administration of the Public Employees’ Retirement System.
- (c) In all other cases, “board” means the board of retirement.

Section 31459.1 is amended to read:

- (a) In a county in which a board of investments has been established pursuant to Section 31520.2:
 - (1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611, 31612, 31613, **31615**, 31616, 31618, 31621.11, 31625, 31639.26, 31784, and 31872, “board” means board of investments.
 - (2) As used in the first paragraph of Section 31592.2 and the first paragraph and subdivision (c) of the second paragraph of Section 31595, “board” means a board of investments.
 - (3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524, 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680, and 31680.1, apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(4) Subdivision (a) of Section 31526 and subdivisions (a) and (b) of the second paragraph of Section 31595 apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(b) In Article 17 (commencing with Section 31880) of this chapter, “board” means the Board of Administration of the Public Employees’ Retirement System.

(c) In all other cases, “board” means the board of retirement.

(d) This section shall apply only in a county of the first class, as defined in Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

Issue 2: Trustee Elections

Section 31520 for reference::

Except as otherwise delegated to the board of investment and except for the statutory duties of the county treasurer, the management of the retirement system is vested in the board of retirement, consisting of five members, one of whom shall be the county treasurer. The second and third members of the board shall be **active (emphasis added)** members of the association elected by it within 30 days after the retirement system becomes operative in a manner determined by the board of supervisors. The fourth and fifth members shall be qualified electors of the county who are not connected with county government in any capacity, except one may be a supervisor and one may be a retired member, and shall be chosen by the board of supervisors. The first persons chosen as the second and fourth members shall serve for two years from the date the system becomes operative and the third and fifth members shall serve for a term of three years from that date. Thereafter the terms of office of the four elected members are three years. As used in this section “active member” means a member in the active service of a county, district, or superior court and a “retired member” means a member, including a member under former Section 31555, retired for service or disability.

Section 31520.1 is amended to read:

(a) In any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662.2), the board of retirement shall consist of nine members and one alternate, one of whom shall be the county treasurer. The second and third members of the board shall be active members of the association, other than active safety members, elected by those members within 30 days after the retirement system becomes operative in a manner determined by the board of supervisors. The fourth, fifth, sixth, and ninth members shall be qualified electors of the county who are not connected with the county government in any capacity, except one may be a supervisor, and shall be

appointed by the board of supervisors. A supervisor appointed as a member of the retirement board may not serve beyond his or her term of office as supervisor. The seventh member shall be an active safety member of the association elected by ~~the~~ those safety members. The eighth member shall be a retired member elected by the retired members of the association in a manner to be determined by the board of supervisors. The alternate member shall be that candidate, if any, for the seventh member from the group under Section 31470.2 or 31470.4, or any other eligible active safety member in a county if there is no eligible candidate from the groups under Sections 31470.2 and 31470.4, which is not represented by a board member who received the highest number of votes of all candidates in that group, and shall be referred to as the alternate seventh member. If there is no eligible candidate there may not be an alternate seventh member. The first person chosen as the second and fourth members shall serve for a term of two years beginning with the date the system becomes operative, the third and fifth members shall serve for a term of three years beginning with that date, and the sixth, seventh and alternate seventh members shall serve for a term of two years beginning on the date on which a retirement system established by this chapter becomes operative. The eighth and ninth members shall take office as soon as practicable for an initial term to expire concurrent with the expiration of the longest remaining term of an elected member. Thereafter, the terms of office of the elected, appointed, and alternate seventh members are three years, except as provided in Section 31523. As used in this section "active member" and "active safety member" mean a member in the active service of a county, district, or superior court and a "retired member" means a member retired for service or disability.

- (b) The alternate seventh member provided for by this section shall vote as a member of the board only if the second, third, seventh, or eighth member is absent from a board meeting for any cause, or if there is a vacancy with respect to the second, third, seventh, or eighth member, the alternate seventh member shall fill the vacancy until a successor qualifies. The alternate seventh member shall sit on the board in place of the seventh member if a member of the same service is before the board for determination of his or her retirement.
- (c) The alternate seventh member shall be entitled to both of the following:
 - (1) The alternate seventh member shall have the same rights, privileges, responsibilities, and access to closed sessions as the second, third, seventh, and eighth member.
 - (2) The alternate seventh member may hold positions on committees of the board independent of the second, third, seventh, or eighth member and may participate in the deliberations of the board or any of its committees to which the alternate seventh member has been appointed whether or not the second, third, seventh, or eighth member is present.

Section 31520.2 is amended to read:

- (a) In any county in which the assets of the retirement system exceed eight hundred million dollars (\$800,000,000), the board of supervisors may, by resolution, establish a board of investments. The board shall consist of nine members, one of whom shall be the county treasurer. The second and third members shall be active general members of the association elected by the active general membership of the association for a three-year term. The fourth member shall be an active safety member elected by the active safety membership of the association for a three-year term. The eighth member shall be a retired member of the association elected by the retired membership of the association for a three-year term. The fifth, sixth, seventh, and ninth members shall be qualified electors of the county who are not connected with county government in any capacity, and shall be appointed by the board of supervisors. They shall also have had significant experience in institutional investing, either as investment officer of a bank, or trust company; or as investment officer of an insurance company, or in an active, or advisory, capacity as to investments of institutional or endowment funds. The first person chosen as a fifth, sixth, or seventh member shall serve for a three-year term, the second person chosen shall serve a four-year term, and the third person chosen shall serve a two-year term. The first person appointed as the ninth member shall serve a one-year term. Thereafter, all terms of all appointed members shall be three years. As used in this section "active general members" and "active safety members" mean members in the active service of a county, district, or superior court and a "retired member" means a member retired for service or disability.
- (b) The board of investments shall be responsible for all investments of the retirement system.

Issue 3: Overpayments

Add Section 31540.XX of the Government Code:

- (a) The obligations of the retirement system to its members continue throughout their respective memberships, and the obligations of the retirement system to, and in respect to, retired members continue throughout the lives of the retired members, and thereafter until all obligations to the members' beneficiaries under optional settlements have been discharged. The obligations of the county or district to the retirement system with respect to members employed by them, respectively, continue throughout the memberships of the members, and the obligations of the county or district to the retirement system with respect to retired members formerly employed by them, respectively, continue until all of the obligations of the retirement system to those retired members have been discharged. The obligations of any member to the retirement system continue throughout his or her membership, and thereafter until all of the obligations of the retirement system to that member have been discharged.
- (b) In cases in which payment is erroneous because of the death of the retired member or beneficiary or because of the remarriage of the beneficiary, the period of limitation shall be 10 years and that period shall commence with the discovery of the erroneous payment.
- (c) If any payment has been made as a result of fraudulent reports for compensation made, or caused to be made, by a member for his or her own benefit, the period of limitation shall be 10 years and that period shall commence either from the date of payment or upon discovery of the fraudulent reporting, whichever date is later.
- (d) The board shall determine the applicability of the period of limitation in any case, and its determination with respect to the running of any period of limitation shall be conclusive and binding for purposes of correcting the error or omission.

Issue 4: Compensation Earnable vs Earnable Compensation

Amend Section 31621.7 of the Government Code:

The normal rates of contribution for members covered by Section 31751 shall be such as will provide an average annuity at age 55 equal to one-three hundredth of the member's final compensation, according to the tables adopted by the board of supervisors, for each year of service rendered after entering the system.

Until revised pursuant to Sections 31453 and 31454, the normal rate of contribution of each member is that percentage of the member's ~~earnable compensation~~compensation earnable, shown in the following table according to the member's age at the time of entry into the retirement system:

Amend Section 31621.22 of the Government Code:

Until revised pursuant to Sections 31453 and 31454, the rate of contribution of each member not covered by Article 6.8 is that percentage of his ~~earnable compensation~~compensation ~~earnable~~ shown in the following tables according to age and sex at the time of entry into the retirement system:

Amend Section 31639.3 of the Government Code:

Until revised pursuant to Sections 31453 and 31454, the rate of contribution of each safety member is that percentage of his or her ~~earnable compensation~~compensation ~~earnable~~ shown in the following tables according to age at the time of entry into the retirement system:

Amend Section 31641 of the Government Code:

“Service” means uninterrupted employment of any person appointed or elected for that period of time:

For which deductions are made from his ~~earnable compensation~~compensation ~~earnable~~ from the county or district for such service while he is a member of the retirement association.

(b) In military service for which the county or district or member is authorized by other provisions of this chapter to make, and does make, contributions.

(c) For which he receives credit for county service or for public service or for both pursuant to the provisions of this article.

(d) Allowed for prior service.

Amend Section 31641.2 of the Government Code:

Any member of the retirement system who elects pursuant to Section 31641.1 to make contributions and receive credit as service for time for which he or she claims credit because of public service shall contribute to the retirement fund, prior to the effective date of his or her retirement, by lump sum payment or by installment payments over a period not to exceed five years, an amount equal to the sum of:

- (a) Twice the contributions he or she would have made to the retirement fund if he or she had been a member during the same length of time as that for which he or she has elected to receive credit as service, computed by applying the rate of contribution first applicable to him or her upon commencement of his or her membership in this system to the monthly compensation first earnable by him or

her at the time as provided in Section 31641.3, multiplied by the number of months for which he or she has elected to receive credit for county service, including time, if any, prior to the establishment of the system, and which will constitute current service under this system.

- (b) The “regular interest” that would have accrued to the member contributions if they had been made on the date used to determine on what ~~earnable compensation~~compensation earnable contributions pursuant to this section shall be based, from that date until the completion of payment of those contributions, computed at the current interest rate.
- (c) Except as prohibited by Section 31640.7, the governing body by a four-fifths vote may provide that it shall make on behalf of officers and employees eligible to receive credit for prior service under this chapter, and who so elect prior to filing an application for retirement, part of the contributions specified in paragraphs (a) and (b) of this section. The contributions made by a governmental agency pursuant to this section shall be available only for purposes of retirement for service or for disability and a member resigning from county service shall be entitled to withdraw only that portion of his or her accumulated contributions made by him or her.

Amend Section 31641.6 of the Government Code:

An employee of a city who has become a county employee upon the assumption by the county of the functions of the city department in which he was employed, may, if he is not covered by the city under a contract with the Public Employees’ Retirement System, elect to receive credit in the county retirement system for service for the city prior to the cessation of his employment by the city. When such person elects to receive credit, membership in the retirement system shall commence with the first day of the month in which credit is granted.

Any such person shall be entitled to credit in the county retirement system for service performed for the city when and if (a) the board of retirement receives certification from the city of the city service and ~~earnable compensation~~compensation earnable of the employee; and (b) the employee deposits into the employees’ retirement system the amount of contributions he would have made had he been a county employee during his city employment; and (c) there is also deposited in the employees’ retirement system by the city, the employee, or both, the amount that the county would have been required to deposit to the employees’ retirement fund based on the city salary paid to such employee.

Upon deposit of such funds, the employee’s age at entry shall be considered to be his age at time of employment with the city or at the time this chapter was effective in the county whichever is later. Such money deposited under (b) above shall be considered as accumulated normal contributions of the employee and any such money deposited under (c) above shall be considered as contributions of the employer county.

If all of the money called for under (b) above is not paid within 90 days after employment by the county, only the part of city employment latest in date covered by such deposit shall be credited and the age at entry and the amount under (c) above shall be adjusted accordingly.

An employee shall receive credit for city employment prior to his employment by the county only for such service for which he is not entitled to receive a pension or retirement from such city.

This section shall become operative in any county on the first day of the calendar month after the board of supervisors adopts by four-fifths vote a resolution making it operative in the county.

Amend Section 31641.20 of the Government Code:

Any member of the retirement system who elects pursuant to Section 31641.1 to make contributions and receive credit as service for time for which he or she claims credit because of public service shall contribute to the retirement fund, prior to the effective date of his or her retirement, by lump-sum payment or by installment payments over a period not to exceed five years, an amount equal to the sum of:

(a) Twice the contributions he or she would have made to the retirement fund if he or she had been a member during the same length of time as that for which he or she has elected to receive credit as service, computed by applying the rate of contribution at the time of the election to the monthly compensation earnable by him or her at the time of the election pursuant to Section 31641.1, multiplied by the number of months for which he or she has elected to receive credit for county service, including time, if any, prior to the establishment of the system, and which will constitute current service under this system.

(b) The "regular interest" which would have accrued to the member contributions if they had been made on the date used to determine on what ~~earnable~~ compensation ~~compensation~~ earnable contributions pursuant to this section shall be based, from that date until the completion of payment of those contributions, computed at the current interest rate.

(c) The governing body by a four-fifths vote may provide that it shall make on behalf of officers and employees eligible to receive credit for prior service under this chapter, and who so elect prior to filing an application for retirement, part of the contributions specified in paragraphs (a) and (b) of this section. The contributions made by a governmental agency pursuant to this section shall be available only for purposes of retirement for service or for disability and a member resigning from county service shall be entitled to withdraw only that portion of his or her accumulated contributions made by him or her.

(d) This section shall only apply in counties of the third class, as established by Sections 28020 and 28024, as amended by Chapter 1204 of the Statutes of 1971, but it shall not apply in those counties unless and until it is adopted by a majority vote of the board of supervisors.

Amend Section 31641.21 of the Government Code:

Regular interest computed at the current interest rate as used in subdivision (b) of Section 31641.2 shall mean that amount of interest which would have been credited to the account of the member on the amount to be deposited at the interest rates established for the system if the contribution required by that section had been on deposit from the date used to determine the ~~earnable compensation~~compensation earnable on which such contributions are based until the amount required to be deposited has been paid.

Issue 5: Burial Allowances

Add Section 31789.6 to the Government Code:

If the beneficiary of a member retired under this chapter is entitled to receive a comparable lump-sum death benefit from any other retirement system supported, in whole or in part, by public funds in which he or she was a member in employment subsequent to his or her last employment in which he or she was a member of this system, no payment shall be made under Section 31789, 31789.01, 31789.1, 31789.2, 31789.3, 31789.5, 31789.12, 31789.13, or 31790 providing for payment of a lump-sum death benefit to a member's designated beneficiary.

Issue 6: Concurrent Retirement

Amend section 31835 of the Government Code:

The average compensation during any period of service as a member of the Public Employees' Retirement System, a member of the Judges' Retirement System or Judges' Retirement System II, a member of a retirement system established under this chapter in another county, a member of the State Teachers' Retirement System, or a member of a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, shall be considered compensation earnable or pensionable compensation pursuant to Section 7522.34, whichever is applicable, by a member for purposes of computing final compensation for that member provided:

- (a) The period intervening between active memberships in the respective systems does not exceed 90 days, or 6 months if Section 31840.4 applies. That period shall not include any time during which the member was prohibited by law from becoming a member of the system of another county.

Notwithstanding anything in this chapter to the contrary, the 90-day or 6-month restriction referred to in this section or any other provision of this chapter affecting deferred retirement shall not be applicable to any members who left county or district service prior to October 1, 1949, and subsequently redeposited.

- (b) He or she retires concurrently under both systems and is credited with the period of service under that other system at the time of retirement.
- (c) **For the purposes of this section and Section 31835.02, “concurrently” means retiring on the same date or on different dates, not to exceed a difference of 30 calendar days, provided that the member does not perform service subject to coverage under the other system between the two retirement dates.**

The provisions of this section shall be applicable to all members and beneficiaries of the system.

For reference: Education Code 22115.5.

- (a) “Concurrent retirement” entitles a member of the Defined Benefit Program to retire for service from the State Teachers’ Retirement System and from at least one of the retirement systems with which the member has concurrent membership, as defined in Section 22115.2, on the same date or on different dates provided that the member does not perform creditable service subject to coverage under the other system or the Defined Benefit Program between the two retirement dates.
- (b) A retired member who is subsequently employed in a position subject to membership in a public retirement system, specified in Section 22115.2, shall not be eligible for concurrent retirement.



6. SACRS Nomination Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Nomination Committee Chair & Immediate Past President

A. SACRS Board of Directors Elections 2026-2027



October 7, 2025

To: SACRS Trustees & SACRS Administrators/CEO's
From: David MacDonald, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2026-2027 - Elections Notice

SACRS BOD 2026-2027 election process will begin January 1, 2026. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2026	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, 2026	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 15, 2026	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 15, 2026	Board of Directors takes office for 1 year

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

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

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

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

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

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

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



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

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

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

The elections will be held at the SACRS Spring Conference May 12-15, 2026. Elections will be held during the Annual Business meeting on Friday, May 15, at the Everline Resort & Spa Lake Tahoe, Olympic Valley, CA.

If you have any questions, please contact David MacDonald at dmacdcccera@gmail.com or Sulema Peterson, SACRS Executive Director, at sulema@sacrs.org.

Thank you for your prompt attention to this timely matter.

Sincerely,

David MacDonald

David MacDonald, Trustee, Contra Costa CERA and SACRS Nominating Committee Chair

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



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2026-2027**

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, 2026.** Please submit to the Nominating Committee Chair at dmacdcccera@gmail.com **AND** to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	☐ Chair ☐ Alternate ☐ General Elected ☐ Retiree ☐ Other _____
Applying for SACRS Board of Directors Position (select only one)	☐ President ☐ Vice President ☐ Treasurer ☐ Secretary ☐ Regular Member
Brief Bio in Paragraph Format (CV format and screenshot photos will not be accepted)	



7. SACRS Audit Committee Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS Audit 2024-2025 Update
No Printed Materials - Verbal Update



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. Education Committee Report
No Printed Materials - Verbal Update



9. SACRS Program Committee Report – No Action

Jordan Kaufman, Kern CERA, SACRS Program Committee Chair & Vice President

- A. Program Committee Report
No Printed Materials - Verbal Update



10. SACRS Affiliate Committee Report – No Action

Sean Gannon, Manulife Investments, SACRS Affiliate Committee
Chair

- A. Affiliate Committee Report
No Printed Materials - Verbal Update



11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee
Chair

- A. Bylaws Committee Report
No Printed Materials - Verbal Update



12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give a verbal report on their meetings. No printed materials for this item.

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



13. Adjournment

Next scheduled SACRS Business Meeting will be held on Friday, May 15, 2026. The meeting will be held at the Everline Resort & Spa Lake Tahoe, Olympic Valley, CA, during SACRS Annual Spring Conference May 12 – 15, 2026.

DATE: October 23, 2025

TO: MercedCERA Board of Retirement

FROM: Martha Sanchez Barboa, Plan Administrator

SUBJECT: New Quarterly Reports

ITEM NUMBER: Information Sharing Item a

ITEM TYPE: Information Only

DISCUSSION:

MercedCERA staff will be providing additional new quarterly reporting to the MercedCERA Board. The new reports will consist of an updated MercedCERA quarterly expenditure report and a new report illustrating MercedCERA membership rates.

Quarterly expenditure reports have previously been submitted to the Board. However, due to staffing constraints the reports had not been published since early 2024. Attached is the new and updated quarterly report the Board can expect to see moving forward.

In addition, staff will be providing quarterly MercedCERA membership rates depicting the membership makeup of the association. As illustrated in the attached calendar year 3rd Quarter 2025 Membership Status report, nearly 75% of the active members are PEPRA, MercedCERA Tier 4 members. This rate will continue to increase as new employees join our participating employers and MercedCERA Tier 1 through Tier 3 members enter retirement.

MercedCERA staff will continue to build additional reporting the Board finds beneficial to the administration of our system.

Active Members

Tier	General	% General	Safety	% Safety	Total	% Total
Tier 1	16	1%	4	1%	20	1%
Tier 2	436	22%	98	28%	534	23%
Tier 3	43	2%	6	2%	49	2%
Tier 4	1466	75%	248	70%	1714	74%
Total Active	1961	85%	356	15%	2317	100%

Retired Members

Tier	General	% General	Safety	% Safety	Total	% Total
Tier 1	1392	62%	301	74%	1693	64%
Tier 2	789	35%	104	25%	893	34%
Tier 3	14	1%	0	0%	14	1%
Tier 4	43	2%	3	1%	46	2%
Total Retired	2238	85%	408	15%	2646	100%

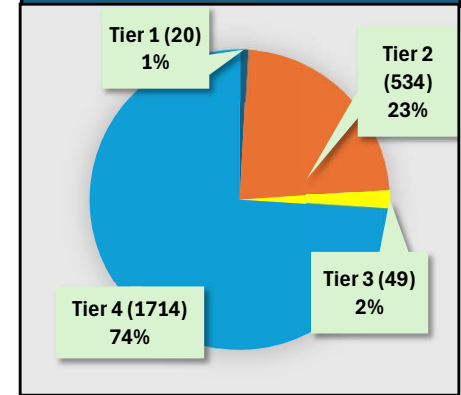
Deferred Members

Tier	General	% General	Safety	% Safety	Total	% Total
Tier 1	27	2%	1	1%	28	2%
Tier 2	410	31%	76	40%	486	32%
Tier 3	54	4%	4	2%	58	4%
Tier 4	841	63%	108	57%	949	62%
Total Deferred	1332	88%	189	12%	1521	100%

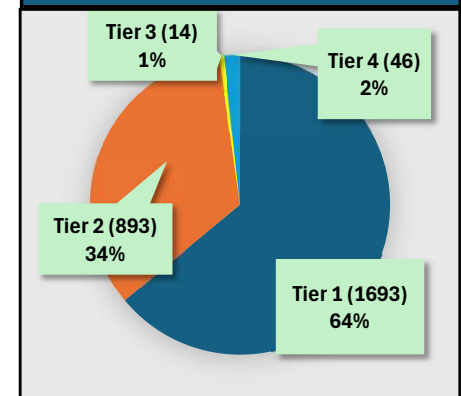
Total Members

Tier	General	% General	Safety	% Safety	Total	% Total
Tier 1	1435	26%	306	32%	1741	27%
Tier 2	1635	30%	278	29%	1913	30%
Tier 3	111	2%	10	1%	121	2%
Tier 4	2350	42%	359	38%	2709	42%
Total Members	5531	85%	953	15%	6484	100%

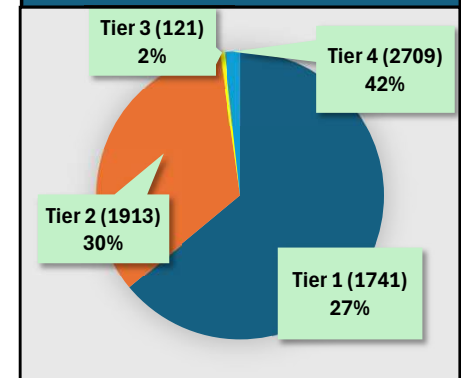
Active Members - General & Safety



Retired Members - General & Safety



Total Members - General & Safety



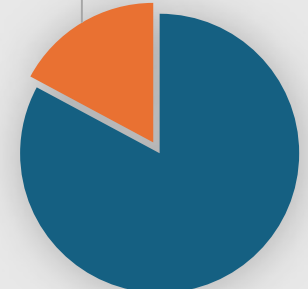
Fiscal Year 2025-2026, Quarter 1 - Expense Report

Administrative Budget

Account #	Account Name/Description	Fiscal Year Appropriation	Q1 Expended	Q1 %	Appropriation Remaining
10110	SALARIES/BENEFITS	\$ 1,975,000	\$ 366,758.13	19%	\$ 1,608,241.87
20600	COMMUNICATIONS	\$ 16,000	\$ 2,511.89	16%	\$ 13,488.11
21000	INSURANCE	\$ 118,000	\$ 97,746.80	83%	\$ 20,253.20
21301	MAINT STRUCT IMPROVEMENT & GROUNDS	\$ 100,000	\$ 11,116.00	11%	\$ 88,884.00
21500	MEMBERSHIP	\$ 7,000	\$ 5,350.00	76%	\$ 1,650.00
21700	OFFICE EXPENSE - GENERAL	\$ 20,000	\$ 2,888.04	14%	\$ 17,111.96
21710	OFFICE EXPENSE - POSTAGE	\$ 54,000	\$ 5,969.13	11%	\$ 48,030.87
21805	AUDITS	\$ 72,000	\$ -	0%	\$ 72,000.00
21808	BOARD MEMBERSHIP	\$ 15,000	\$ 1,399.45	9%	\$ 13,600.55
21900	PUBLICATIONS & LEGAL NOTICES	\$ 5,000	\$ 4,551.95	91%	\$ 448.05
22300	SPEC DEPT EXPENSE - OTHER	\$ 10,000	\$ 2,692.19	27%	\$ 7,307.81
22310	SPEC DEPT EXPENSE - Election Expense	\$ 30,000	\$ -	0%	\$ 30,000.00
22327	SPEC DEPT EXP - COST ALLOCATION PLAN	\$ 35,000	\$ 8,632.35	25%	\$ 26,367.65
22500	TRANSPORTATION & TRAVEL	\$ 200	\$ -	0%	\$ 200.00
22505	STAFF & BOARD DEVELOPMENT	\$ 70,000	\$ 10,336.67	15%	\$ 59,663.33
22515	STAFF & BOARD TRANS & TRAVEL - INSTATE OVERN	\$ 45,000	\$ 4,467.20	10%	\$ 40,532.80
22516	STAFF & BOARD TRANS & TRAVEL - OUT OF STATE	\$ 10,000	\$ 694.97	7%	\$ 9,305.03
22600	UTILITIES	\$ 68,000	\$ 8,132.86	12%	\$ 59,867.14
N/A	ADMINISTRATIVE DEPRECIATION EXPENSE	\$ 364,400	\$ 90,786.99	25%	\$ 273,613.01
	Total MercedCERA Administrative Budget	\$ 3,014,600	\$ 624,034.62	21%	\$ 2,390,565.38

Administrative - Appropriated vs Expended

Total Expended \$624,034.62 (21%)



Total Appropriated \$3,014,600

Non-Admin. - Projected vs Expended

Total Expended \$2,156,482.78 (20%)



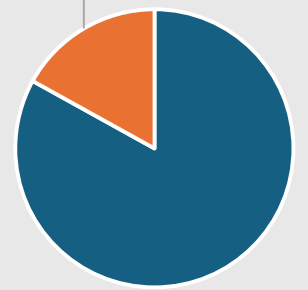
Total Projection \$10,614,000

Non-Administrative Projection

Account #	Account Name/Description	Fiscal Year Projection	Q1 Expended	Q1 %	Projection Remaining
21800	INVESTMENT EXPENSE	\$ 8,998,000	\$ 1,837,464.60	20%	\$ 7,160,535.40
21802	ACTUARIAL SERVICES	\$ 220,000	\$ 789.48	0%	\$ 219,210.52
21812	DATA PROCESSING	\$ 135,000	\$ 19,078.81	14%	\$ 115,921.19
21834	LEGAL SERVICES	\$ 442,000	\$ 95,685.36	22%	\$ 346,314.64
21840	CUSTODIAL BANKING SERVICES	\$ 260,000	\$ 5,091.20	2%	\$ 254,908.80
22350	SOFTWARE & TECHNOLOGY	\$ 559,000	\$ 198,373.33	35%	\$ 360,626.67
N/A	NON ADMINISTRATIVE DEPRECIATION EXPENSE	\$ -	\$ -	0%	\$ -
	Total MercedCERA Non-Administrative Projection	\$ 10,614,000	\$ 2,156,482.78	20%	\$ 8,457,517.22

Total Budget vs Expended

Total Expended \$2,780,517.40



Total Budget \$13,628,600