

**MercedCERA RETIREMENT BOARD AGENDA  
THURSDAY, APRIL 28, 2022 – 8:15 A.M.  
MERCED COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION**

**MERCED COUNTY ADMINISTRATION BUILDING  
2222 M STREET, MERCED  
‘MERCED’ CONFERENCE ROOM, BASEMENT  
ZOOM CONFERENCE**

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTlsK2JGWE83TVFvdz09>

**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

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

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

**In order to minimize the spread of COVID-19, the Board of Retirement is meeting at the County of Merced Administration Building conference center to provide for sufficient social distancing for the Board and members of the public. Additionally, members of the MercedCERA Board as well as members of the public may elect to participate in this meeting offsite via conference call. Members of the public may attend the meeting in person or listen to the meeting and offer public comment telephonically by calling into the telephone number provided above and entering the stated conference code. If you have any issues participating in the meeting telephonically or require reasonable accommodation for your participation, please contact MercedCERA staff at 209-726-2724. Please turn your cell phone or other electronic device to non-audible mode.**

**ROLL CALL**

**APPROVAL OF MINUTES – April 14, 2022**

**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.

**BOARD ACTION/DISCUSSION**

1. Discussion on investment performance with discussion of current market conditions and possible action on any funds or managers – Meketa Group.
2. Discussion and possible action to approve Benchmark changes for the following private market asset classes at the portfolio level: private equity, private natural resources and private infrastructure and approve corresponding changes to the Investment Policy Statement (IPS) – Meketa Group.
3. Discussion and possible action to adopt non-pensionable pay code for double overtime for Spring Fair Workers – Staff.
4. Discussion and possible action to nominate Kenter Ludlow as the designated voter for the MercedCERA Board at the SACRS Spring Conference – Staff.
5. Discussion and possible action to approve the SCARS business packet for the Spring Conference and instruct voting delegate – Staff.
  - Receive and accept the minutes,

- Receive and accept the treasurers report,
  - Vote on the elections,
  - Vote to accept the audit.
6. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
- SACRS Spring Conference, May 10-13, 2022, Rancho Las Palmas, CA.
  - CALAPRS Principles of Pension Governance for Trustees, August 29-September 1, 2022 (location TBD).
  - SACRS Fall Conference, November 8-11, 2022, Long Beach, CA. (registration not open).

**INFORMATION ONLY**

**MercedCERA UPCOMING BOARD MEETINGS**

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

- May 12, 2022
- May 26, 2022 (room location will be changed)

**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.co.merced.ca.us/retirement](http://www.co.merced.ca.us/retirement).

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

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees’ Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees’ Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

Persons who require accommodation for any audio, visual or other disability or Spanish or Hmong interpretation in order to review an agenda, or to participate in a meeting of the Merced County Employees’ Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation. Please address your written request to Merced County Employees’ Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

Spanish and Hmong interpreters are available.

Interpretes de espanol y hmong estan disponibles.

Peb muaj tug paab txhais lug Mev hab Hmoob.

**MercedCERA RETIREMENT BOARD MINUTES  
THURSDAY, APRIL 14, 2022 – 8:15 A.M.  
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**MERCED COUNTY ADMINISTRATION BUILDING  
2222 M STREET, MERCED  
LOS BANOS AND LIVINGSTON CONFERENCE ROOMS, BASEMENT  
ZOOM CONFERENCE**

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTlsK2JGWE83TVFvdz09>

**DIAL IN NUMBER: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484**

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**TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

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

**ROLL CALL**

**Board members present:** Ryan Paskin, Alfonse Peterson, Scott Johnston, Wendy Alvares, David Ness (arrived at 8:19 A.M.), Mike Harris. **Absent:** Karen Adams, Aaron Rosenberg, Scott Silveira and Janey Cabral. **Counsel:** Jeff Grant. **Staff:** Kristen Santos, Martha Sanchez, Mark Harman, Sheri Villagrana, Brenda Mojica, Kenter Ludlow, Monica Gallegos and Emma McWatters.

**APPROVAL OF MINUTES – March 10, 2022**

**The MercedCERA Board voted unanimously via roll call vote to approve the March 10, 2022 meeting minutes.**

**Peterson/ Harris U/A (6/0)**

**PUBLIC COMMENT**

**No Comment.**

**CONSENT CALENDAR**

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

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

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

a. Lovell, Roger	Information Systems	2 Yrs. Svc.	Eff: 03/12/2022
b. Hogue, Susana	H.S.A.	27 Yrs. Svc.	Eff: 03/22/2022
c. Nuno, Isabel	H.S.A.	10 Yrs. Svc.	Eff: 03/26/2022
d. Xiong, Thomas	Sheriff	30 Yrs. Svc.	Eff: 03/26/2022
e. Olson, William	District Attorney	5 Yrs. Svc.	Eff: 04/02/2022
f. Burns, Yvonne	District Attorney	35 Yrs. Svc.	Eff: 03/26/2022
g. Goulart, Mary	C.E.D.	30 Yrs. Svc.	Eff: 04/01/2022
h. Arana, Mary Ellen	H.S.A.	38 Yrs. Svc.	Eff: 03/26/2022
i. Terry, Jeffrey	H.S.A.	11 Yrs. Svc.	Eff: 03/26/2022
j. Michaud, Irene	H.S.A.	22 Yrs. Svc.	Eff: 04/09/2022

k. Smith, Michelle	H.S.A.	22 Yrs. Svc.	Eff: 03/26/2022
l. Jenkins, Robert (SCD)	Probation	18 Yrs. Svc.	Eff: 07/04/2020*
m. Martin, Janice	H.S.A.	15 Yrs. Svc.	Eff: 03/36/2022
n. Montoya, Steven	Behavioral Health	2 Yrs. Svc	Eff: 03/31/2022
o. Dacanay, Raul	D.P.W.	10 Yrs. Svc.	Eff: 03/26/2022
p. Rocha, Aurora	H.S.A.	22 Yrs. Svc.	Eff: 03/19/2022
q. Wagner, Nicole (SCD)	Sheriff	15 Yrs. Svc.	Eff: 08/05/2021
r. Miller, Brian	Sheriff	36 Yrs. Svc.	Eff: 03/27/2022
s. Smith, Jill	H.S.A.	26 Yrs. Svc.	Eff: 04/09/2022
t. Rodriguez, Jesse	Admin Svc.	31 Yrs. Svc.	Eff: 03/26/2022
u. Ortega, Dion	D.P.W.	10 Yrs. Svc.	Eff: 04/07/2022

YTD fiscal year 2021/2022 retirees: 81  
YTD fiscal year 2020/2021 retirees: 88\*  
YTD fiscal year 2019/2020 retirees: 105

**MONTHLY BUDGET REPORT:** Submitted

**VIRTUAL MEETINGS:** Reaffirm the adoption of Merced County Employee’s Retirement Association Resolution No. 2021-02, and its findings that the Governor’s proclaimed state of emergency related to the COVID-19 pandemic remains active, that the state of emergency impacts the ability of the Trustees and public to safely meet in person, and state or local officials continue to impose or recommend measures to promote social distancing.

**The MercedCERA Board voted unanimously via roll call vote to approve the consent calendar as presented.  
Johnston/ Harris U/A (6-0)**

**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.

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

(Govt. Code § 54956.81)

1. Discussion and possible action to adopt the recommendations from Cliffwater LLC on managers/funds – Cliffwater.

**(2) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION**  
(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

1. Informal Hearing
  - a. Daniel, Autumn
2. Formal Hearing
  - a. None
3. Disability update and possible action:
  - a. Aceves, Martin
  - b. Arroyo, Elizabeth
  - c. Brooks, Roland

- d. Castillo, Araceli
- e. Cureton, Michael
- f. Elias, Robert
- g. Kayser, Esther
- h. Moua, Keo

### **RETURN TO OPEN SESSION**

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

(Govt. Code § 54956.81)

- 1. Discussion and possible action to adopt the recommendations from Cliffwater LLC on managers/funds – Cliffwater.

**The MercedCERA Board voted unanimously via roll call vote a commitment of up to \$10 million to Accel-KKR Credit Partners II, L.P., a direct lending partnership focused on lending to software companies, subject to satisfactory legal negotiations.**

**Harris/Peterson U/A (6/0)**

#### **(2) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION**

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

- 1. Informal Hearing
  - a. Daniel, Autumn

**The MercedCERA Board voted unanimously via roll call vote to approve a service connected disability for Autumn Daniel and deny a non-service connected disability.**

**Johnston/Peterson U/A (6/0)**

- 2. Formal Hearing
  - b. None

**No action taken.**

- 3. Disability update and possible action:
  - i. Aceves, Martin
  - j. Arroyo, Elizabeth
  - k. Brooks, Roland
  - l. Castillo, Araceli
  - m. Cureton, Michael
  - n. Elias, Robert
  - o. Kayser, Esther
  - p. Moua, Keo

**No action taken.**

### **BOARD ACTION/DISCUSSION**

- 1. Discussion and possible action to approve bid received by Golden Valley Engineering and Surveying in the amount of \$600,000 from Request for Qualification (RFQ) dated February 2, 2022 for Architectural & Engineering Services for vacant lot located at 690 W. 19<sup>th</sup> Street in Merced, CA. – Staff.

**The MercedCERA Board voted unanimously via roll call vote to approve the bid received by Golden Valley Engineering and Surveying and authorize the Plan Administrator to negotiate and execute the contract in the amount not to exceed \$600,000 from the Request for Qualification (RFQ) dated February 2, 2022 for Architectural & Engineering Services for vacant lot located at 690 W. 19<sup>th</sup> Street in Merced, CA.**

**Harris/Peterson U/A (6/0)**

2. Discussion and possible action to approve the Board Resolution and Member Sign-Off policy pertaining to Domestic Relations Orders for MercedCERA Members – Staff.

**The MercedCERA Board voted unanimously via roll call vote to approve the Board Resolution and Member Sign-Off policy pertaining to Domestic Relations Orders for MercedCERA Members.**

**Alvares/Harris U/A (6/0)**

3. Discussion and possible action to approve the Board Resolution and Delegation of Spending Authority Policy of the Plan Administrator – Staff.

**The MercedCERA Board gave direction to staff.**

4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:

- SACRS Spring Conference, May 10-13, 2022, Rancho Las Palmas, CA.
- CALAPRS Virtual Trustee Round Table, Friday, April 29, 2022 (9:30 A.M. to 2:30 P.M.)
- CALAPRS Principles of Pension Governance for Trustees, August 29-September 1, 2022 (location TBD)
- SACRS Fall Conference, November 8-11, 2022, Long Beach, CA. (registration not open yet)

**The MercedCERA Board voted unanimously via roll call vote to approve the attendance of trustee Wendy Alvares to the CALAPRS Principles of Pension Governance for Trustees conference.**

**Peterson/Johnston U/A (6-0)**

### **INFORMATION ONLY**

**The MercedCERA Board voted unanimously via role call vote in closed session on January 28, 2021 to redeem our full commitment in KLS Diversified Hedge Fund. MercedCERA has received \$8,584,045.49, which equates to a realized loss of \$415,954.51.**

### **MercedCERA UPCOMING BOARD MEETINGS**

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

- April 28, 2022 (Please note: Conference Room Change on Agenda)
- May 12, 2022

### **ADJOURNMENT**

The meeting adjourned at 9:26 A.M.

Accepted By,

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

**Merced County Employees'  
Retirement Association**

**As of March 31, 2022**

**Performance Update**

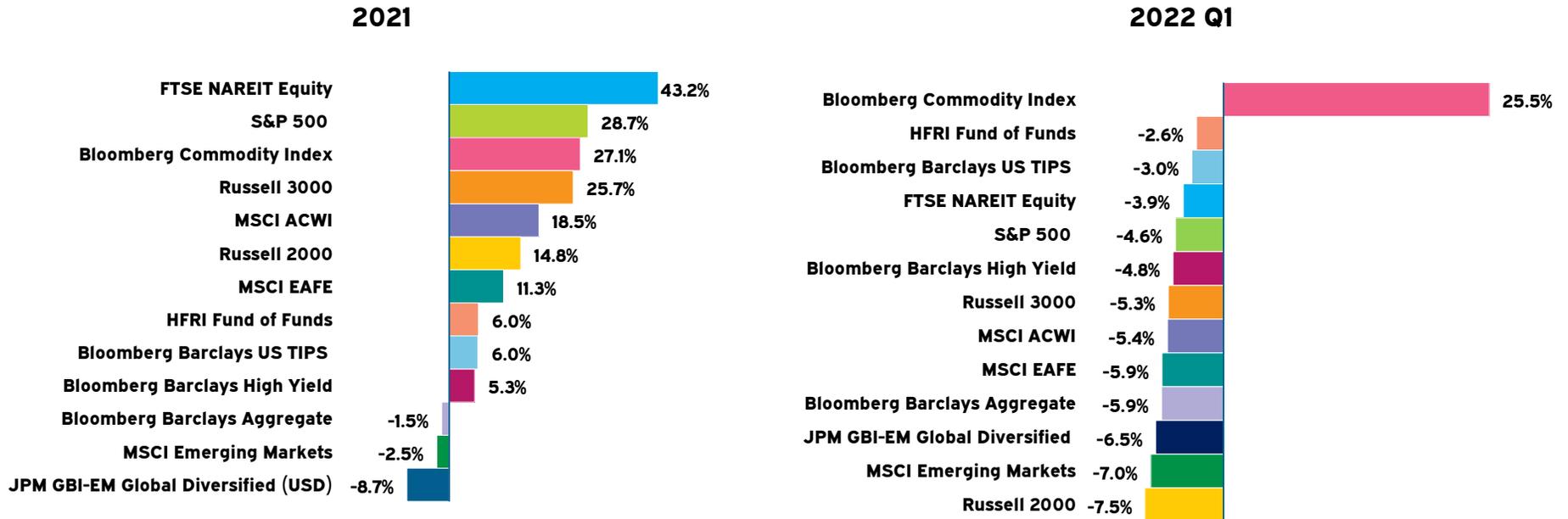
1. Economic and Market Update as of March 31, 2022
2. Performance Highlights as of March 31, 2022
3. Performance Update as of March 31, 2022
4. Disclaimer, Glossary, and Notes

# Economic and Market Update As of March 31, 2022

### Q1 Commentary

- The first quarter saw market volatility, driven by persistently high inflation, expectations for policy to tighten faster than previously expected, and Russia's invasion of Ukraine.
- Except for commodities, all asset classes declined during the quarter.
  - Equities declined across the board with double-digit losses in China particularly weighing on emerging markets.
  - Value oriented equities outpaced growth in the US influenced by higher interest rates.
  - Bonds in the US had one of their worst quarters on record, declining more than equities.
  - Rates rose across the US yield curve, with the curve inverting by some measures by month-end.
  - Inflation remains high globally given lingering supply issues from the pandemic and the conflict in Ukraine.
  - The pace of policy tightening will likely increase due to persistent inflation.
- The conflict in eastern Europe will have considerable economic and financial consequences for the global economy including the pacing of policy rate tightening, the risk of policy mistakes, and supply shocks pushing inflation even higher around the world.

### Index Returns<sup>1</sup>



→ Outside of emerging markets and the broad US investment grade bond market (Barclays Aggregate), most asset classes appreciated in 2021.

→ Most major asset classes suffered negative returns in the first quarter of 2022 with the notable exception of commodities. TIPS declined less than most other asset classes in the inflationary environment.

<sup>1</sup> Data Source: Bloomberg and FactSet. Data is as of March 31, 2022.

### Domestic Equity Returns<sup>1</sup>

Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.7	-4.6	15.6	18.9	16.0	14.6
Russell 3000	3.2	-5.3	11.9	18.2	15.4	14.3
Russell 1000	3.4	-5.1	13.3	18.7	15.8	14.5
Russell 1000 Growth	3.9	-9.0	15.0	23.5	20.9	17.0
Russell 1000 Value	2.8	-0.7	11.7	13.0	10.3	11.7
Russell MidCap	2.6	-5.7	6.9	14.9	12.6	12.8
Russell MidCap Growth	1.6	-12.6	-0.9	14.8	15.1	13.5
Russell MidCap Value	3.0	-1.8	11.5	13.6	10.0	12.0
Russell 2000	1.2	-7.5	-5.8	11.7	9.7	11.0
Russell 2000 Growth	0.5	-12.6	-14.3	9.9	10.3	11.2
Russell 2000 Value	2.0	-2.4	3.3	12.7	8.6	10.5

#### US Equities: Russell 3000 Index returned -5.3%, and value indices outperformed growth in Q1.

- Despite positive returns in March, US equities posted negative returns for the first quarter of 2022 across all market capitalizations and styles given persistently high inflation and geopolitical uncertainty.
- Value stocks declined far less than growth stocks in the rising rate environment. Strong returns in the energy sector and weakness in the technology sector contributed to the results.
- Large company stocks (Russell 1000) outperformed small company stocks (Russell 2000).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

### Foreign Equity Returns<sup>1</sup>

Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	0.2	-5.4	-1.5	7.5	6.8	5.5
MSCI EAFE	0.6	-5.9	1.2	7.8	6.7	6.3
MSCI EAFE (Local Currency)	2.1	-3.7	6.2	8.2	6.5	8.6
MSCI EAFE Small Cap	0.0	-8.5	-3.6	8.5	7.4	8.3
MSCI Emerging Markets	-2.3	-7.0	-11.4	4.9	6.0	3.4
MSCI Emerging Markets (Local Currency)	-2.1	-6.1	-9.9	6.2	7.5	6.3
MSCI China	-8.0	-14.2	-32.5	-3.0	3.5	4.5

#### International Developed Market Equities: MSCI EAFE -5.9% in Q1.

- Returns in international developed markets were also negative for the first quarter of 2022.
- Declines were driven by a sharp fall in stocks in Europe hurt by a high reliance on Russian oil and gas.
- Continued strength in the US dollar also weighed on results.

#### Emerging Markets: MSCI EM -7.0% in Q1.

- Emerging market stocks declined more than developed market stocks for the quarter.
- China was a key driver of results as its zero COVID-19 policy led to renewed lockdowns in Shanghai. Concerns related to regulations on US-listed China stocks and overall slower growth also weighed on returns.
- Russian stocks and the ruble plunged with sanctions and trading halts.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

### Fixed Income Returns<sup>1</sup>

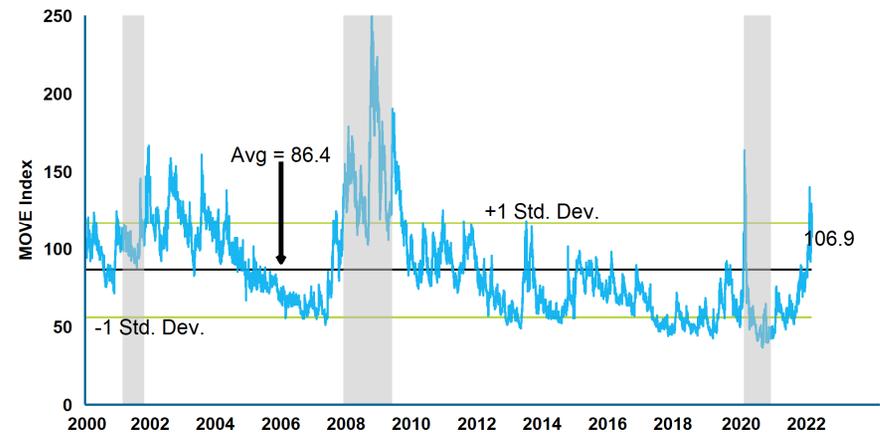
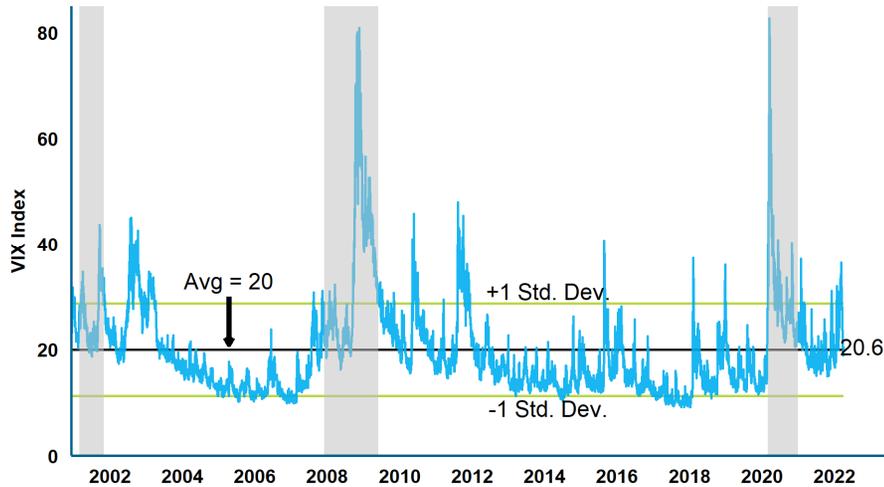
Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-2.7	-6.1	-4.2	1.8	2.3	2.6	3.3	6.6
Bloomberg Aggregate	-2.8	-5.9	-4.2	1.7	2.1	2.2	2.9	6.8
Bloomberg US TIPS	-1.9	-3.0	4.3	6.2	4.4	2.7	2.6	7.6
Bloomberg High Yield	-1.1	-4.8	-0.7	4.6	4.7	5.7	6.0	4.6
JPM GBI-EM Global Diversified (USD)	-1.5	-6.5	-8.5	-1.1	0.2	-0.7	6.4	5.1

#### Fixed Income: Barclays Universal -6.1% in Q1.

- The broad US investment grade bond market (Barclays Aggregate) experienced one of its worst quarters on record given continued concerns about policy tightening and inflation. The nominal 10-year Treasury yield finished the quarter at 2.3%, a level 0.8% above the end of 2021.
- TIPS also declined in the rising rate environment, but less than other bond sectors, helped by their inflation component.
- US credit spreads widened in the first quarter, particularly in high yield, as risk assets fell. Spreads remain at relatively low levels, though, given strong corporate health and high investor demand in the low-rate environment.
- Emerging market debt prices also declined in the quarter driven by the Russian invasion of Ukraine.

<sup>1</sup> Source: Bloomberg. JPM GBI-EM is from InvestorForce. Data is as of March 31, 2022.

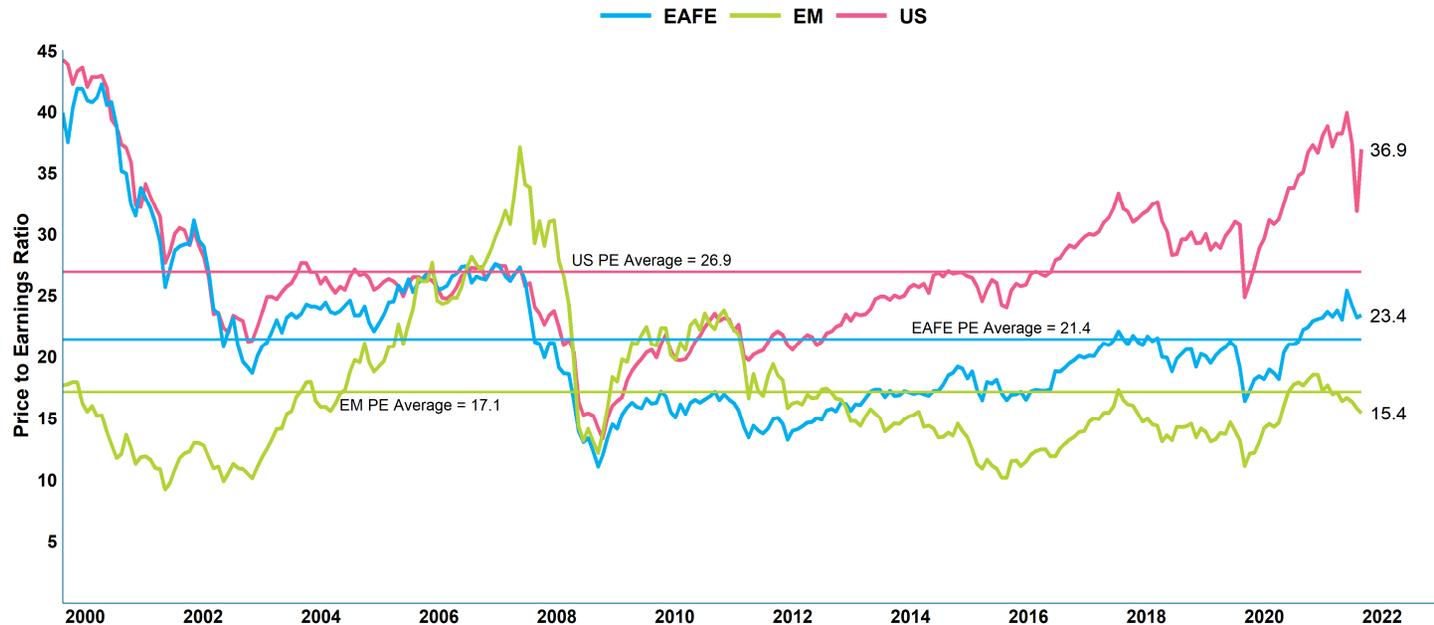
**Equity and Fixed Income Volatility<sup>1</sup>**



- Volatility in equities (VIX) increased for the first quarter but finished well below the March peak of 36.5.
- Fixed income volatility (MOVE) also increased and remains elevated driven largely by expectations that the Federal Reserve would tighten monetary policy faster than previously expected.

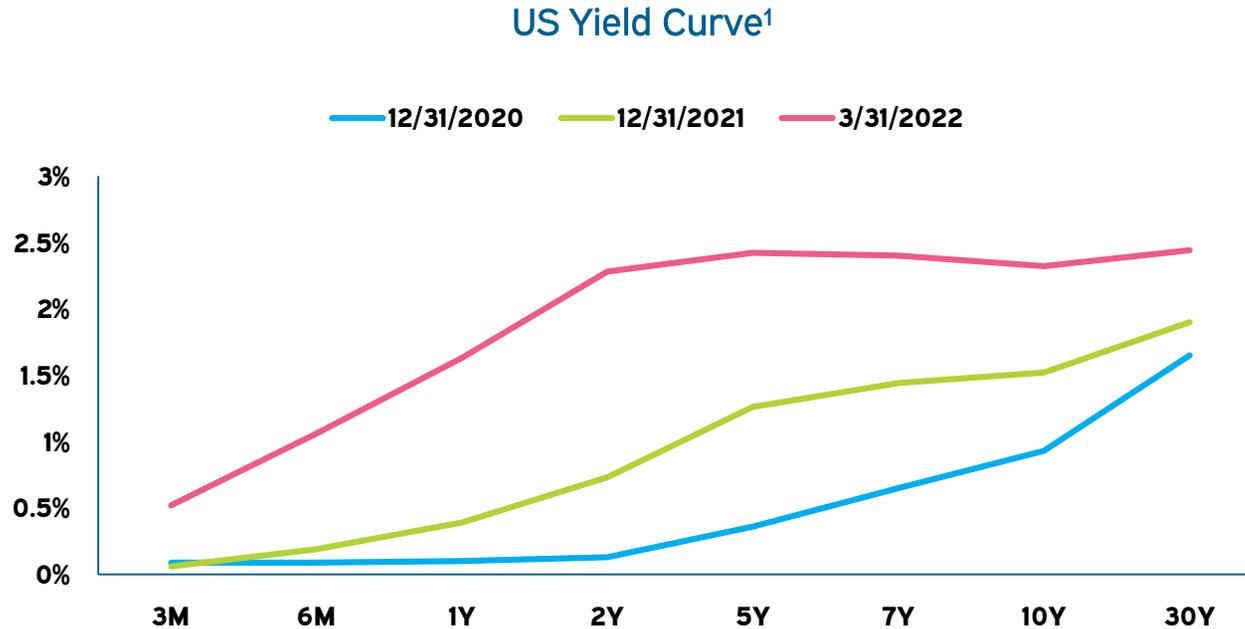
<sup>1</sup> Equity and Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 2022. The average line indicated is the average of the VIX and MOVE values between January 2000 and the present month-end respectively.

**Equity Cyclically Adjusted P/E Ratios<sup>1</sup>**



- US equity valuations retreated in the first two months of 2022, and rebounded in March with the market recovery. They remain well above long-term averages (near +2 standard deviations).
- International developed market valuations remain below the US, with those for emerging markets under its long-term average.

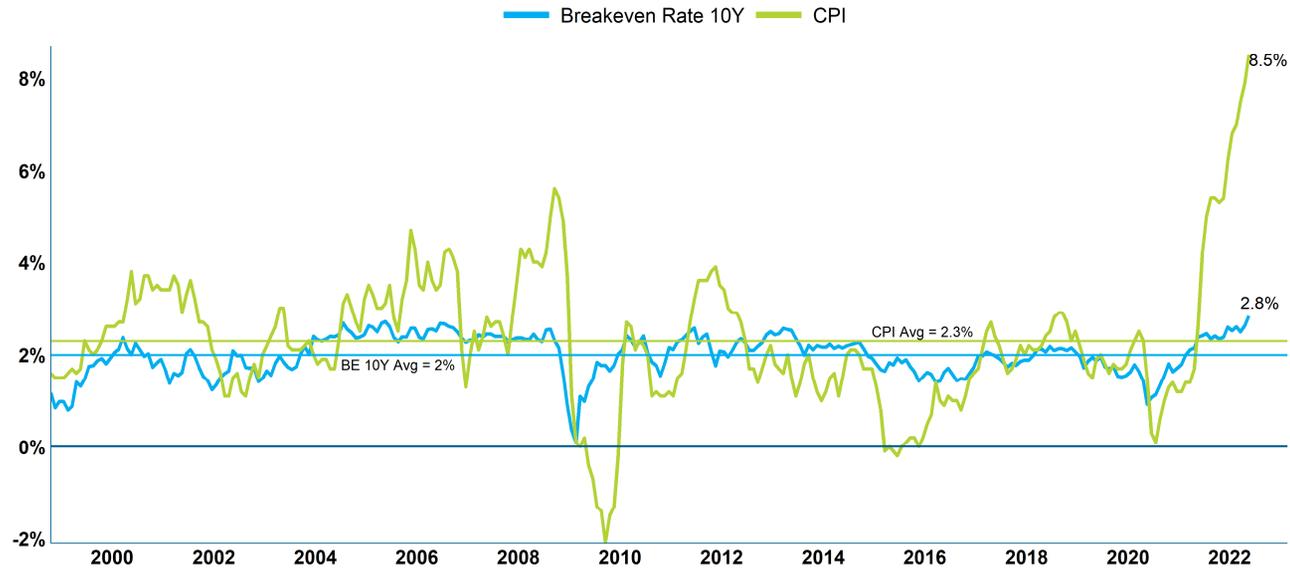
<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of March 31, 2022. The average line is the long-term average of the US, EM, and EAFE PE values from December 1999 to month-end respectively.



- The trends of higher rates across maturities and curve flattening continued during the first quarter of 2022 as markets repriced inflation, rate expectations, and an accelerated pace of the Federal Reserve reducing its balance sheet.
- The spread between two-year and ten-year Treasuries declined significantly over the quarter and became negative after quarter-end which historically has often signaled a recession.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

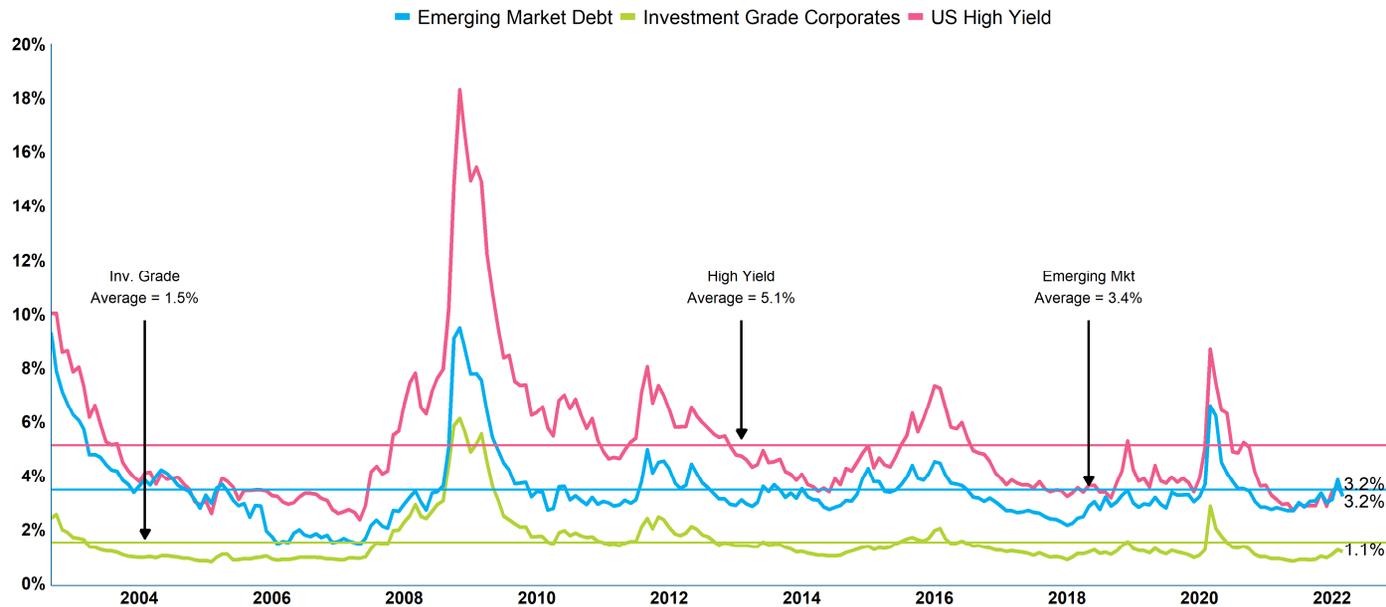
**Ten-Year Breakeven Inflation and CPI<sup>1</sup>**



- Inflation expectations (breakevens) increased during the quarter but are off their peak of close to 3.0%. They remain well above the long-term average.
- Trailing twelve-month CPI continued to rise in March, reaching 8.5%, a level not seen since the early 1980s and far above the long-term average of 2.3%.
- Rising prices for energy and food, and for new and used cars, remained key drivers of higher inflation.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. The CPI and 10 Year Breakeven average lines denote the average values from August 1998 to the present month-end respectively. Breakeven values represent month-end values for comparative purposes.

**Credit Spreads vs. US Treasury Bonds<sup>1</sup>**



- Credit spreads (the spread above a comparable maturity Treasury) increased over the quarter leading to negative returns.
- In the US, high yield spreads increased more than investment grade spreads, but declined less due to the higher relative income. Emerging market spreads finished the quarter at the same level as US high yield.
- The search for yield in a low-rate environment and continued strong corporate fundamentals with low default risk have been key drivers in the decline in credit spreads to below long-term averages in the US. High yield spreads remain well below the long-term average.

<sup>1</sup> Sources: Barclays Live and Bloomberg. Data is as of March 31, 2022. Average lines denote the average of the investment grade, high yield, and emerging market spread values from August 2000 to the present month-end respectively.

### Global Economic Outlook

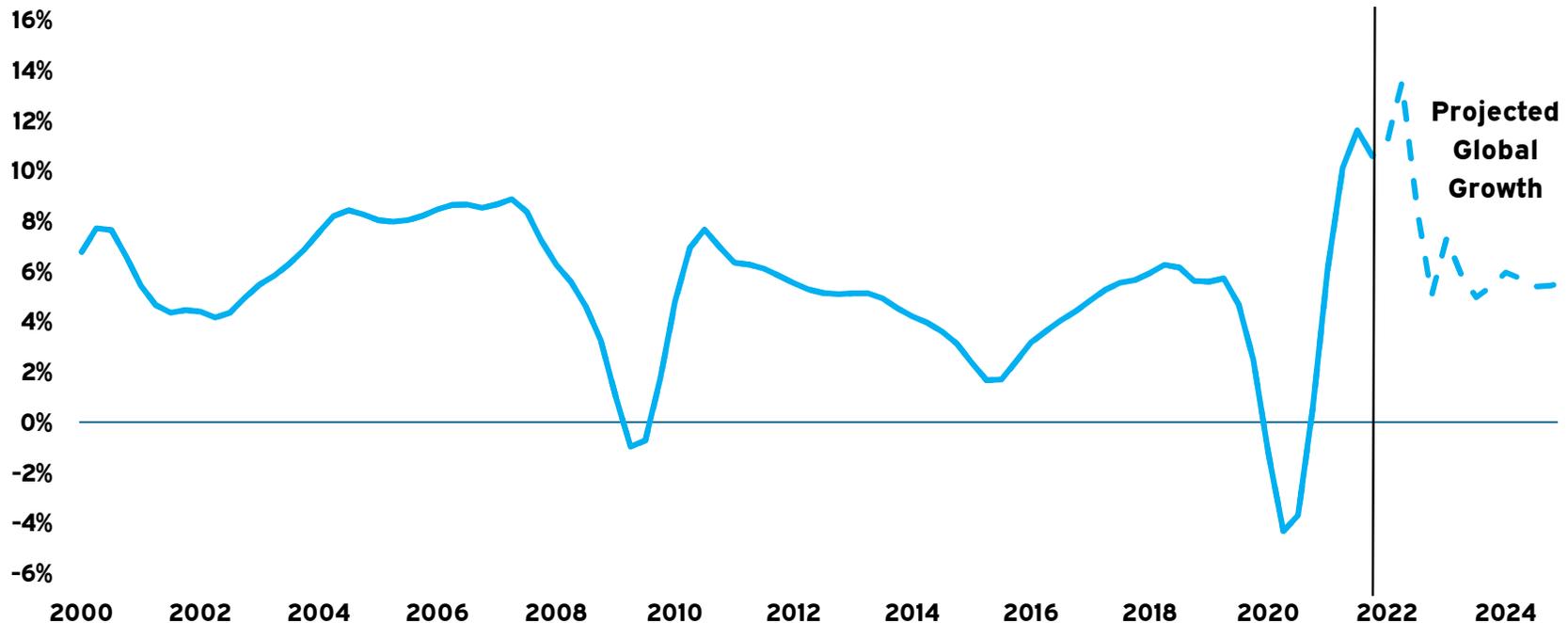
The IMF is forecasting strong growth again this year but continues to downgrade expectations given the lingering pandemic and persistent inflation. The war in Ukraine will likely further depress growth projections going forward.

- The IMF forecasts final global GDP to come in at 5.9% in 2021 and 4.4% in 2022 (0.5% below the prior estimate), both well above the past ten-year average of 3.1%.
- In advanced economies, GDP is projected to increase 3.9% in 2022 and 2.6% in 2023. These levels are still above potential as economies reopen and vaccination progress is made. The US forecast saw a significant reduction for 2022 (4.0% versus 5.2%) given policy reduction earlier than previously expected, high inflation, and struggles in passing fiscal programs. The euro area economy is expected to grow 3.9% in 2022 and 2.5% in 2023, while the Japanese economy is expected to grow 3.3% in 2022 and 1.8% in 2023.
- Growth projections for emerging markets are higher than developed markets, at 4.8% in 2022 and 4.7% in 2023. China’s growth was notably downgraded 0.8% to 4.8% in 2022 given tight COVID-19 restrictions and continued property sector problems.
- Globally, inflation is projected to be above long-term averages in 2022 but decline from current levels.

	Real GDP (%) <sup>1</sup>			Inflation (%) <sup>1</sup>		
	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average
World	4.4	3.8	3.1	3.8	3.3	3.4
Advanced Economies	3.9	2.6	1.6	2.3	1.9	1.4
US	4.0	2.6	2.0	3.5	2.7	1.8
Euro Area	3.9	2.5	1.0	1.7	1.4	1.2
Japan	3.3	1.8	0.5	0.5	0.7	0.5
Emerging Economies	4.8	4.7	4.3	4.9	4.3	5.0
China	4.8	5.2	7.0	1.8	1.9	2.1

<sup>1</sup> Source: IMF World Economic Outlook. Real GDP forecasts from January WEO Update. Inflation forecasts are as of the October 2021 Update and do not reflect recent dynamics. "Actual 10 Year Average" represents data from 2012 to 2021.

### Global Nominal Gross Domestic Product (GDP) Growth<sup>1</sup>

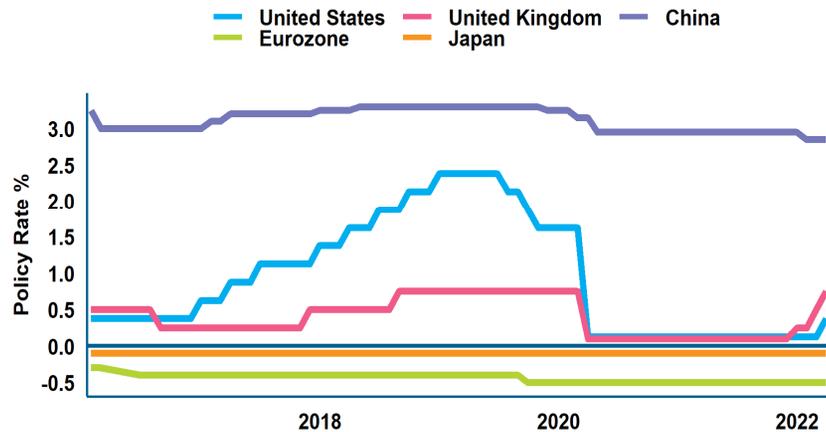


- Global economies are expected to slow in 2022 compared to 2021 but are forecasted to have another year of largely above-trend growth as economies continue to emerge from the pandemic.
- Looking forward, the track of the conflict between Russia and Ukraine, continued supply chain issues, ongoing inflationary pressures, tighter monetary policy, and lingering pandemic problems all remain key.

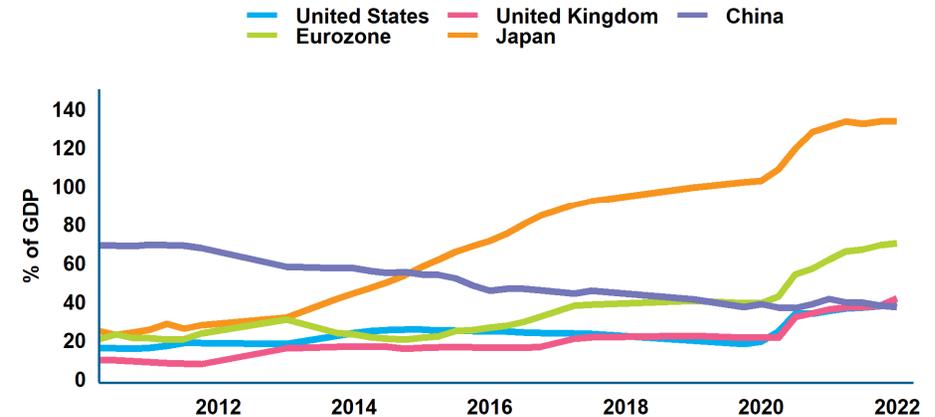
<sup>1</sup> Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, nominal, % change YoY). Updated March 2022.

### Central Bank Response<sup>1</sup>

#### Policy Rates



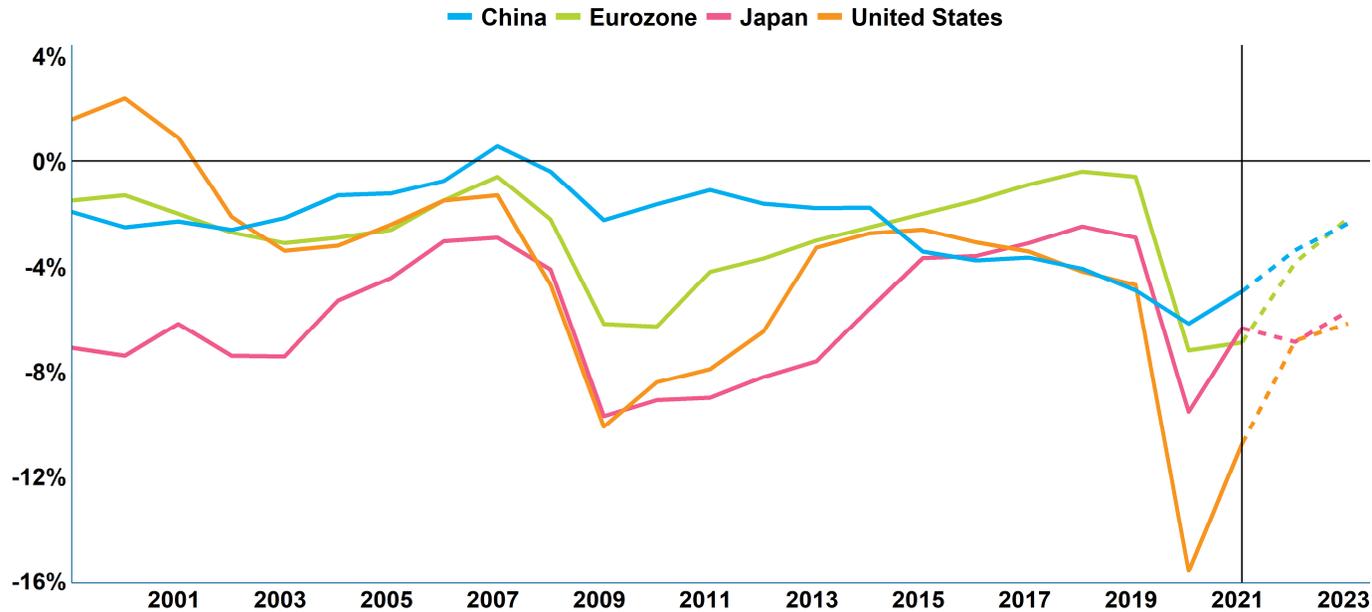
#### Balance Sheet as % of GDP



- After global central banks took extraordinary action to support the economy during the pandemic including policy rate cuts and emergency stimulus through quantitative easing (QE), many are considering reducing support in the face of high inflation.
- The pace of withdrawing support will likely vary across central banks with the US expected to take a more aggressive approach. The risk remains for a policy error, particularly overtightening, as the war in Ukraine could suppress global growth.
- The one notable outlier is China, where the central bank recently lowered rates and reserve requirements in response to slowing growth.

<sup>1</sup> Source: Bloomberg. Policy rate data is as of March 31, 2022. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of December 31, 2021.

**Budget Surplus / Deficit as a Percentage of GDP<sup>1</sup>**

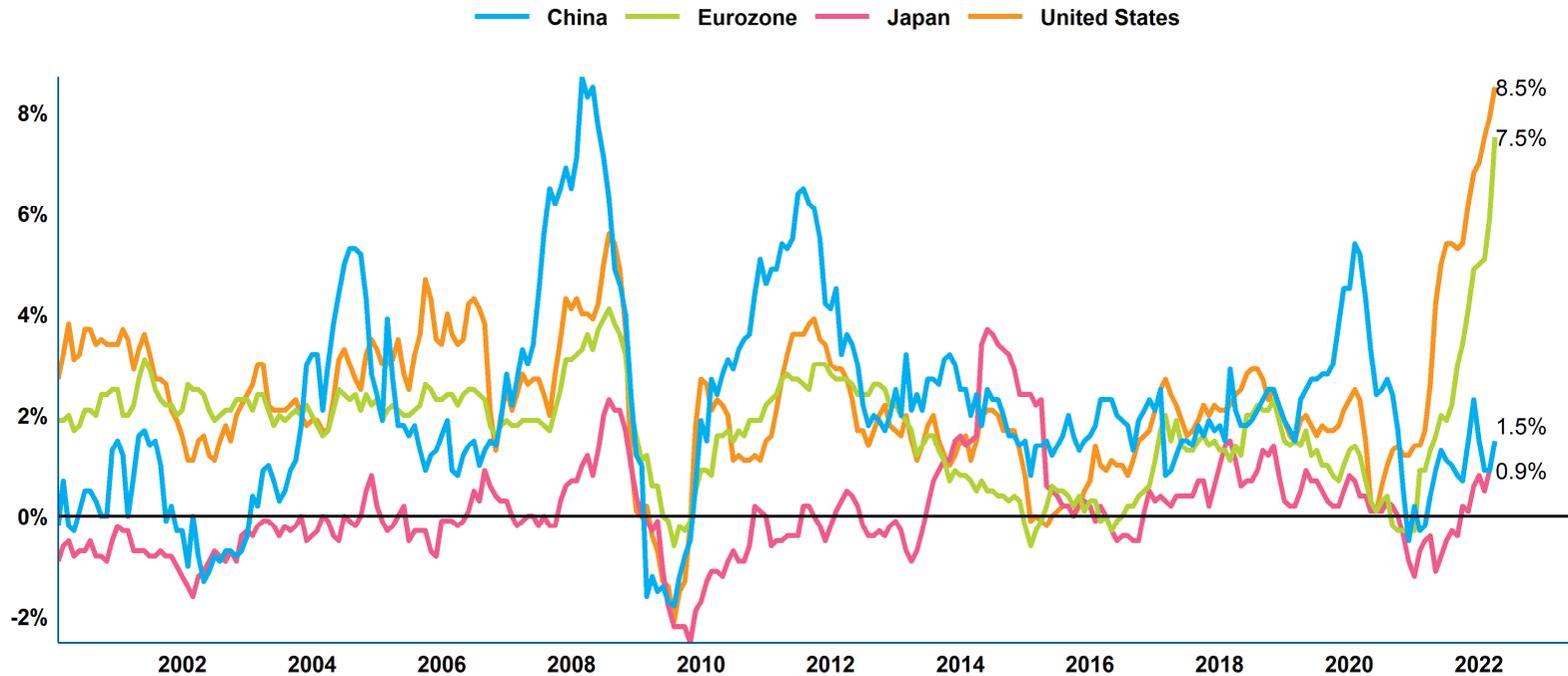


→ Budget deficits as a percentage of GDP drastically increased for major world economies, particularly the US, due to massive fiscal support and the severe economic contraction's effect on tax revenue in 2020 and 2021.

→ As fiscal stimulus programs end, and economic recoveries continue, deficits should improve in the coming years.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. Projections via IMF Forecasts from October 2021 Report. Dotted lines represent 2022 and 2023 forecasts.

**Inflation (CPI Trailing Twelve Months)<sup>1</sup>**

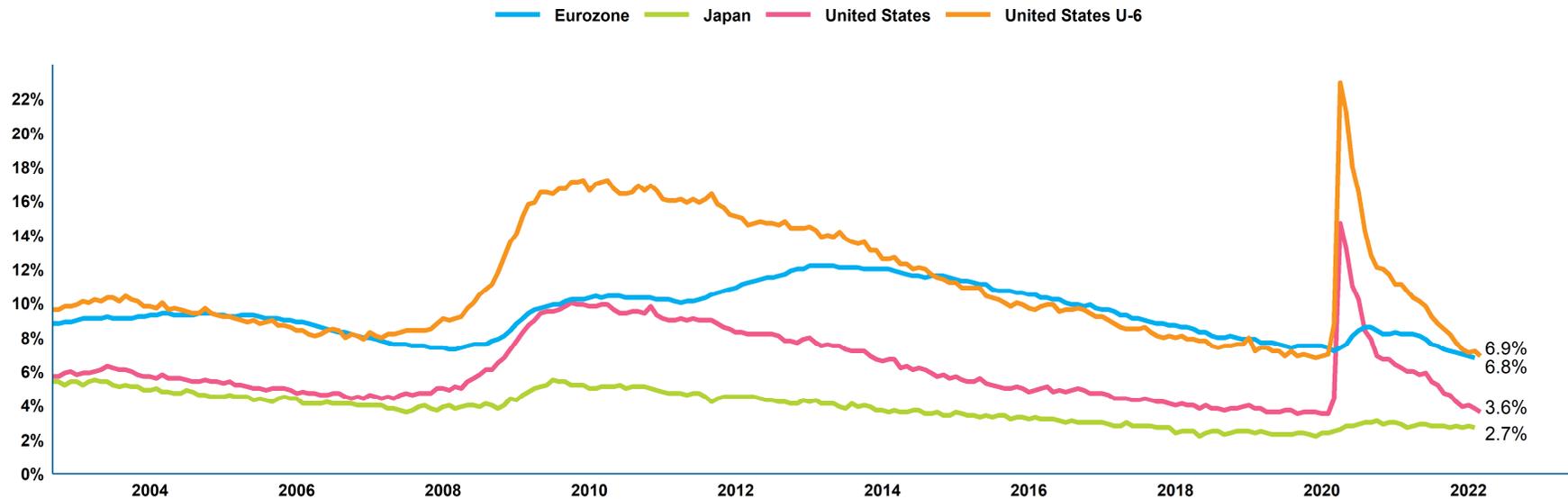


→ Inflation increased dramatically from the lows of the pandemic, particularly in the US and Eurozone where it continues to reach levels not seen in decades.

→ Supply issues related to the pandemic and higher prices in many key commodities driven by the Russia and Ukraine conflict have been key drivers of inflation globally.

<sup>1</sup> Source: Bloomberg. Data is as of March 2022, except for Japan, where the most recent data available is as of February 28, 2022.

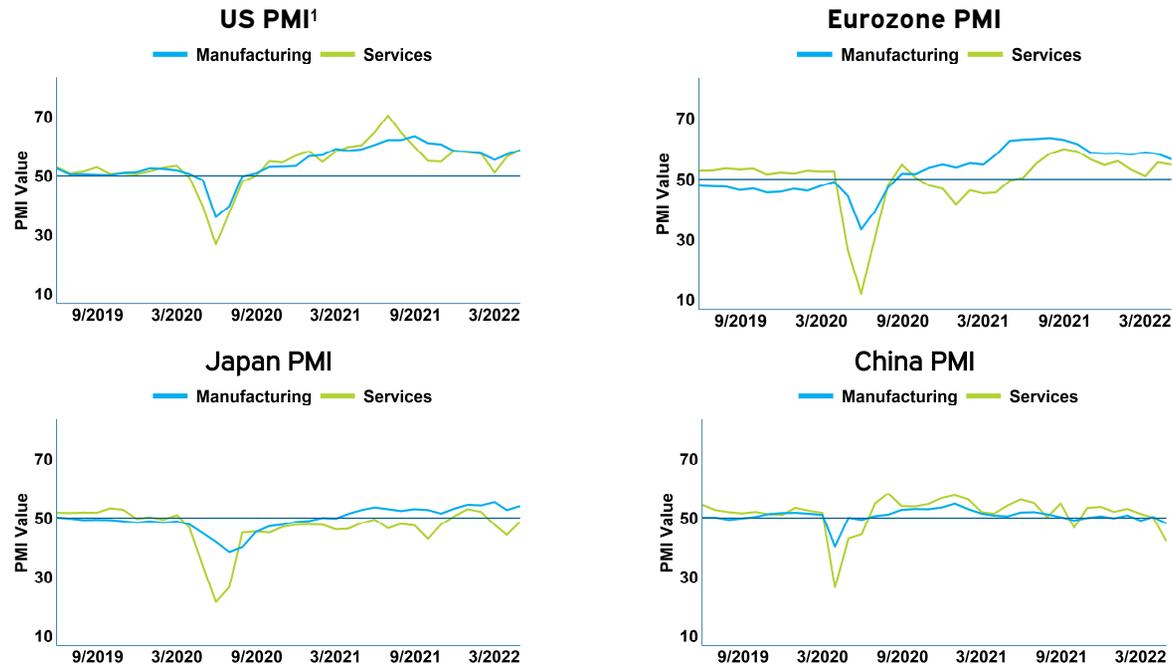
### Unemployment<sup>1</sup>



- As economies have largely reopened due to vaccines for the virus, improvements have been seen in the labor market.
- US unemployment, which experienced the steepest rise from the pandemic, has declined back to pre-pandemic levels. The broader measure (U-6) that includes discouraged and underemployed workers has declined but is much higher at 6.9%.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022, for the US. The most recent data for Eurozone and Japanese unemployment is as of February 28, 2022.

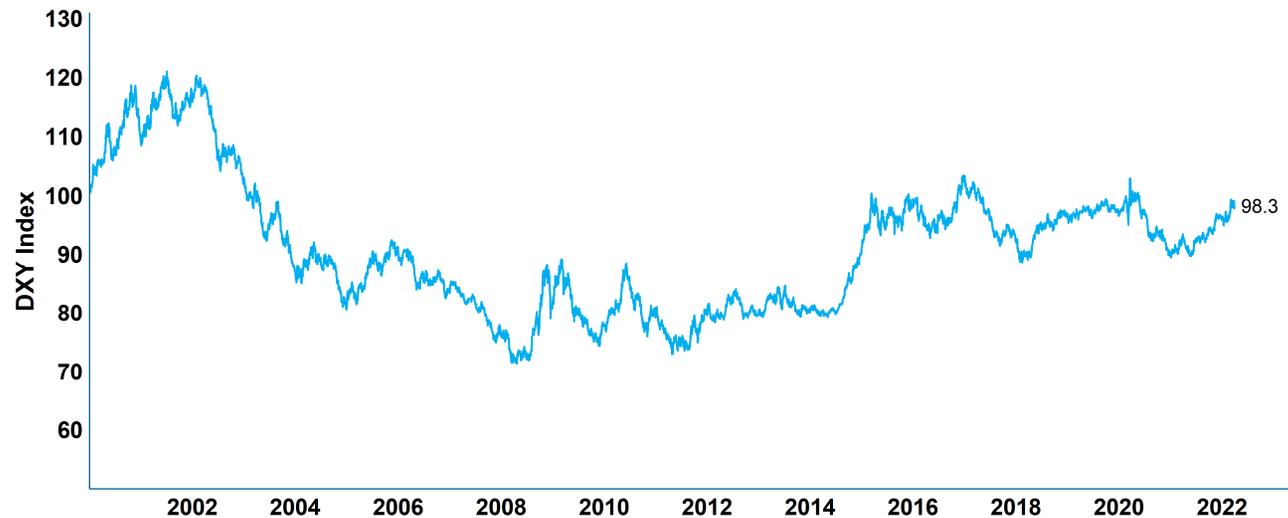
### Global PMIs



- After improvements from the lows of the pandemic, Purchasing Managers Indices (PMI), based on surveys of private sector companies, have experienced pressures recently.
- Service sector PMIs have seen some improvements in the US and Europe lately as the effects of the Omicron variant wane, while Japan and China remain in contraction due to a rise in COVID-19 cases.
- In most countries, manufacturing PMIs are in expansion territory as pandemic-related production issues ease and orders increase. China is the one exception, though, with the manufacturing PMI falling below 50 in March due to increased COVID-19 restrictions.

<sup>1</sup> Source: Bloomberg. US Market Services and Manufacturing PMI, Caixin Services and Manufacturing PMI, Eurozone Market Services and Manufacturing PMI, Jibun Bank Services and Manufacturing PMI. Data is as of March 2022. Readings below 50 represent economic contractions.

US Dollar versus Broad Currencies<sup>1</sup>



- The US dollar continued its 2021 trend of strengthening against a broad basket of peers in the first quarter of 2022 with further increases after month-end.
- Safe-haven flows and higher rates have been key drivers of the dollar’s continued strength.
- A few commodity-sensitive currencies like the Brazilian real, South African rand, and Mexican peso have recently outpaced the dollar, given persistently high commodity prices.

<sup>1</sup> Source: Bloomberg. Data as of March 28, 2022.

## Summary

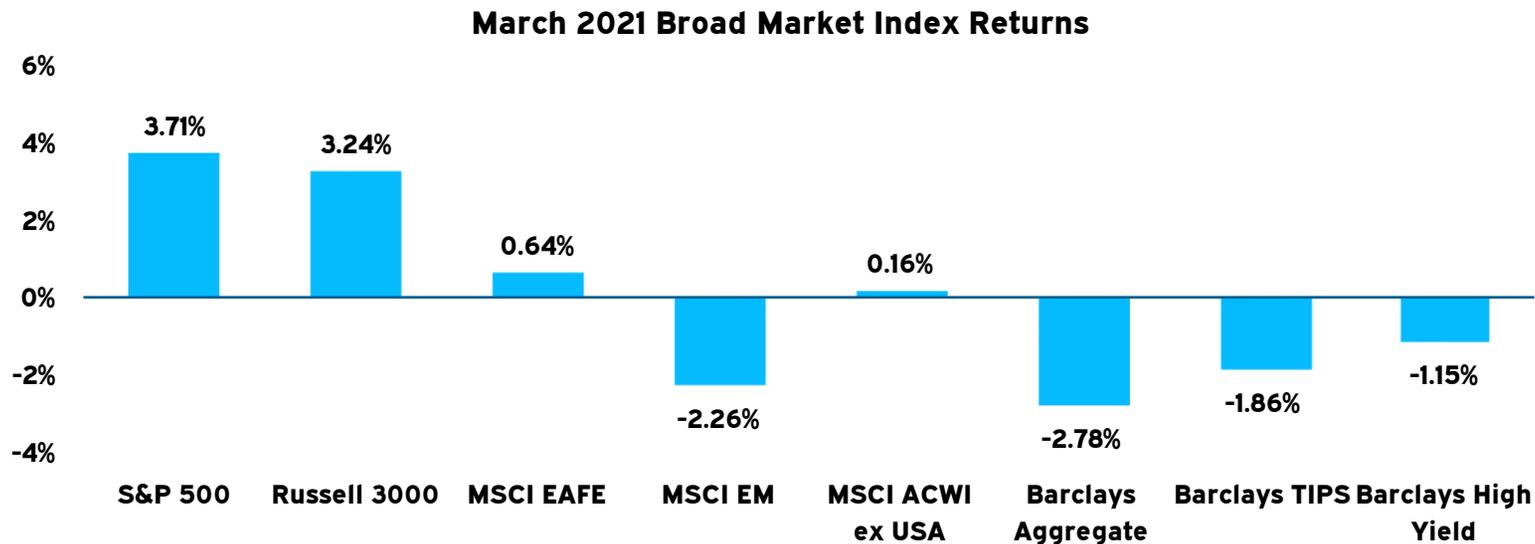
### Key Trends in 2022:

- The war in eastern Europe has created significant uncertainty going forward with a wide range of potential outcomes. Volatility will likely remain high.
- Expect growth to slow globally in 2022 but remain above trend. The track of the pandemic and war will be key.
- Inflationary pressures could linger, particularly if the Russian invasion of Ukraine intensifies or expands.
- The end of many fiscal programs will put the burden of continued growth on consumers. Higher energy and food prices will depress their ability to spend in other areas.
- Monetary policy will likely tighten globally but will remain relatively low. The risk of policy error remains.
- Valuations remain high in the US, but low rates and strong margins should be supportive.
- Outside the US, valuations remain lower in both emerging and developed markets, but risks remain.

# **Performance Highlights**

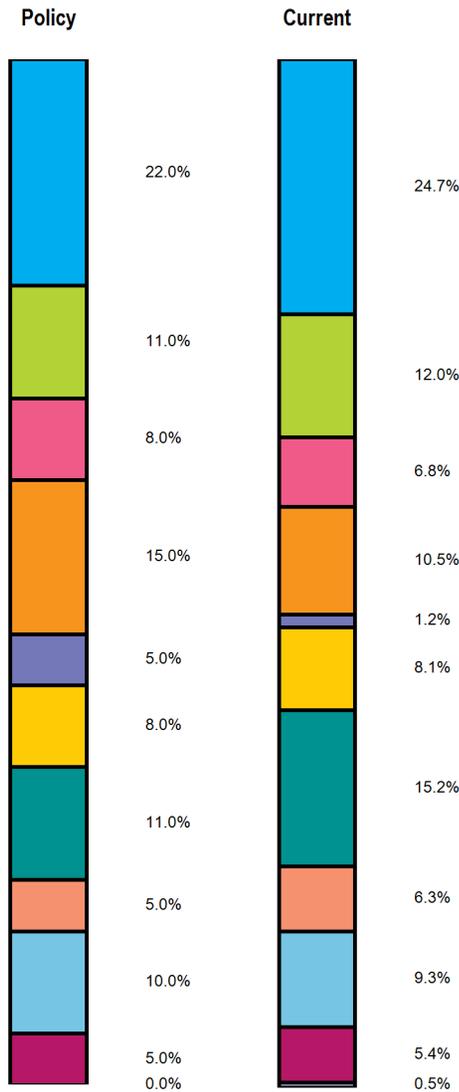
## As of March 31, 2022

### Market Review and Performance Summary for March 2022



- U.S. equities posted positive returns driven by resilient economic growth and consumer demand. Developed International Markets outperformed Emerging Markets, as concerns around China's growth outlook and regulatory pressures around US-listed Chinese companies weighed on returns. Rising rates weighed on U.S. Fixed Income.
- Merced CERA reported a monthly return of 0.6% net of fees. EM Equity was the largest detractor in performance, posting -3.2% return, while US Equity posted large positive returns at 3.2%. U.S. Fixed Income posted negative returns at -2.7% while Opportunistic Credit returned modest gains at 0.3%.
- As of March 31, 2022, total assets for the Merced CERA Portfolio are estimated at \$1.15 billion.

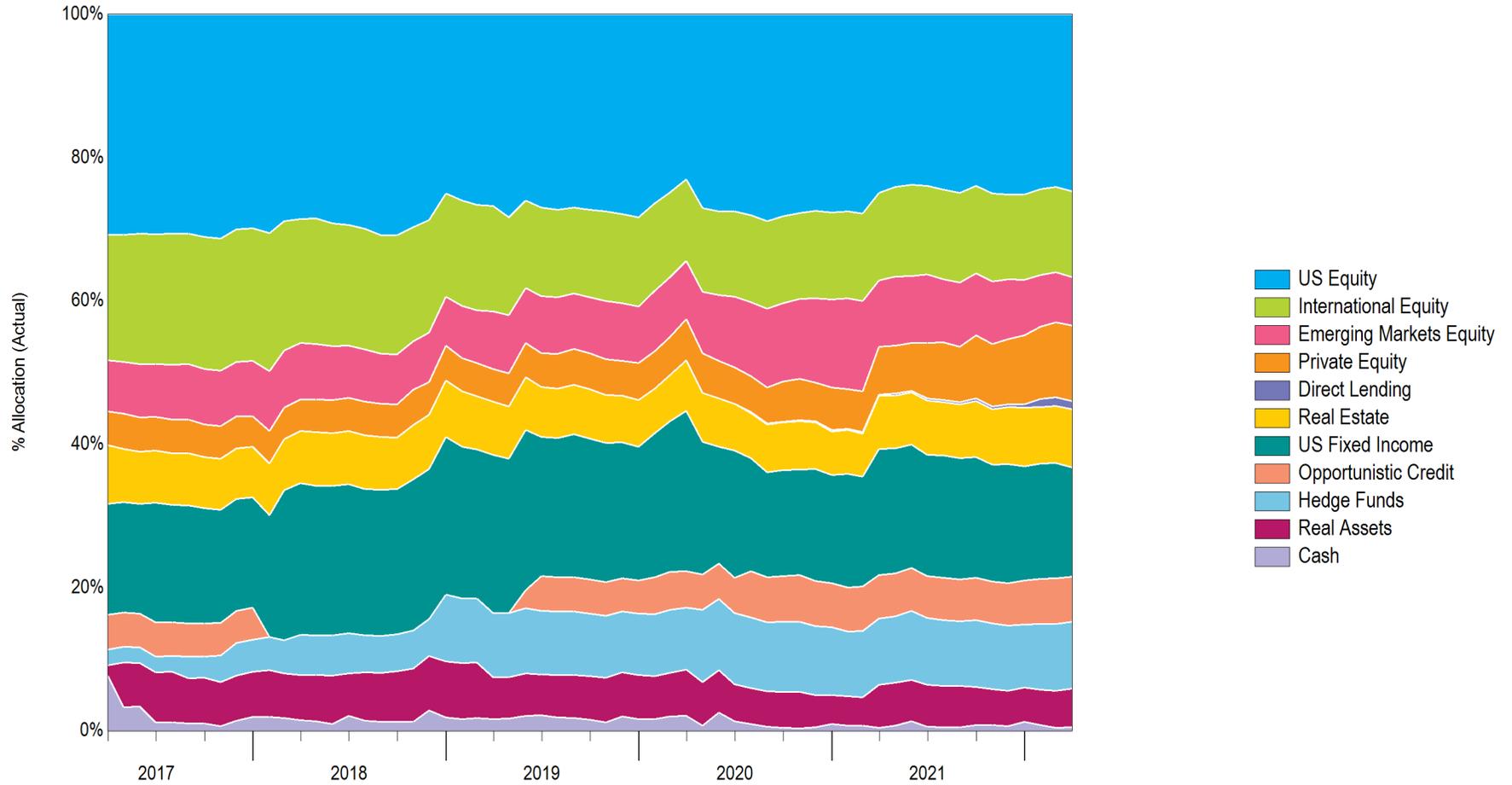
**Performance** Updates  
As of March 31, 2022



Allocation vs. Targets and Policy							
	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?	
US Equity	\$285,368,849	24.7%	22.0%	2.7%	16.0% - 27.0%	Yes	
International Equity	\$137,918,801	12.0%	11.0%	1.0%	6.0% - 16.0%	Yes	
Emerging Markets Equity	\$78,137,786	6.8%	8.0%	-1.2%	4.0% - 12.0%	Yes	
Private Equity	\$120,910,152	10.5%	15.0%	-4.5%	5.0% - 20.0%	Yes	
Direct Lending	\$13,921,823	1.2%	5.0%	-3.8%	0.0% - 10.0%	Yes	
Real Estate	\$93,281,448	8.1%	8.0%	0.1%	6.0% - 10.0%	Yes	
US Fixed Income	\$175,339,033	15.2%	11.0%	4.2%	6.0% - 16.0%	Yes	
Opportunistic Credit	\$72,952,854	6.3%	5.0%	1.3%	3.0% - 7.0%	Yes	
Hedge Funds	\$107,483,413	9.3%	10.0%	-0.7%	5.0% - 15.0%	Yes	
Real Assets	\$61,991,348	5.4%	5.0%	0.4%	3.0% - 7.0%	Yes	
Cash	\$6,188,678	0.5%	0.0%	0.5%	0.0% - 5.0%	Yes	
<b>Total</b>	<b>\$1,153,494,186</b>	<b>100.0%</b>	<b>100.0%</b>				

Cash range displayed for illustrative purposes only.

Asset Allocation History  
5 Years Ending March 31, 2022



Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fund (Net)*</b>	<b>1,153,494,186</b>	<b>100.0</b>	<b>0.6</b>	<b>-4.1</b>	<b>0.1</b>	<b>6.1</b>	<b>11.6</b>	<b>9.8</b>	<b>8.6</b>	<b>8.3</b>	<b>Dec-94</b>
<b>Total Fund (Gross)*</b>			<b>0.6</b>	<b>-4.0</b>	<b>0.4</b>	<b>6.5</b>	<b>12.0</b>	<b>10.1</b>	<b>9.0</b>	<b>8.5</b>	
<b>Total Fund w/o Alternatives (Net)</b>	<b>749,717,324</b>	<b>65.0</b>	<b>0.4</b>	<b>-6.5</b>	<b>-4.6</b>	<b>1.3</b>	<b>11.6</b>	<b>9.8</b>	<b>8.7</b>	<b>--</b>	<b>Dec-94</b>
<b>Total Fund w/o Alternatives (Gross)</b>			<b>0.4</b>	<b>-6.4</b>	<b>-4.3</b>	<b>1.7</b>	<b>12.0</b>	<b>10.2</b>	<b>9.1</b>	<b>--</b>	
<i>Policy Index w/o AI</i>			<i>0.1</i>	<i>-5.7</i>	<i>-3.8</i>	<i>1.0</i>	<i>9.5</i>	<i>8.6</i>	<i>7.9</i>	<i>--</i>	<i>Dec-94</i>
<b>US Equity (Net)</b>	<b>285,368,849</b>	<b>24.7</b>	<b>3.2</b>	<b>-6.2</b>	<b>3.7</b>	<b>12.9</b>	<b>17.8</b>	<b>15.1</b>	<b>14.5</b>	<b>10.8</b>	<b>Dec-94</b>
<b>US Equity (Gross)</b>			<b>3.2</b>	<b>-6.2</b>	<b>3.9</b>	<b>13.2</b>	<b>18.1</b>	<b>15.4</b>	<b>14.7</b>	<b>10.9</b>	
<i>Russell 3000</i>			<i>3.2</i>	<i>-5.3</i>	<i>3.4</i>	<i>11.9</i>	<i>18.0</i>	<i>15.0</i>	<i>14.1</i>	<i>10.7</i>	<i>Dec-94</i>
<b>International Equity (Net)</b>	<b>216,056,587</b>	<b>18.7</b>	<b>-0.6</b>	<b>-8.7</b>	<b>-14.0</b>	<b>-7.5</b>	<b>12.8</b>	<b>10.0</b>	<b>7.2</b>	<b>6.1</b>	<b>Dec-98</b>
<b>International Equity (Gross)</b>			<b>-0.5</b>	<b>-8.5</b>	<b>-13.5</b>	<b>-6.7</b>	<b>13.5</b>	<b>10.7</b>	<b>7.9</b>	<b>6.4</b>	
<i>International Equity Custom</i>			<i>-0.6</i>	<i>-6.3</i>	<i>-8.9</i>	<i>-4.0</i>	<i>7.1</i>	<i>6.8</i>	<i>6.1</i>	<i>4.6</i>	<i>Dec-98</i>
<b>Developed International Equity (Net)</b>	<b>137,918,801</b>	<b>12.0</b>	<b>0.9</b>	<b>-3.6</b>	<b>-3.0</b>	<b>4.0</b>	<b>10.9</b>	<b>8.6</b>	<b>6.9</b>	<b>4.6</b>	<b>Jan-08</b>
<b>Developed International Equity (Gross)</b>			<b>1.0</b>	<b>-3.4</b>	<b>-2.5</b>	<b>4.7</b>	<b>11.5</b>	<b>9.1</b>	<b>7.5</b>	<b>5.1</b>	
<i>Custom Blended Developed International Equity BM</i>			<i>0.7</i>	<i>-6.0</i>	<i>-4.2</i>	<i>0.9</i>	<i>8.3</i>	<i>7.0</i>	<i>6.4</i>	<i>3.4</i>	<i>Jan-08</i>
<b>Emerging Markets Equity (Net)</b>	<b>78,137,786</b>	<b>6.8</b>	<b>-3.2</b>	<b>-16.6</b>	<b>-28.3</b>	<b>-22.5</b>	<b>13.5</b>	<b>11.1</b>	<b>--</b>	<b>6.3</b>	<b>Apr-12</b>
<b>Emerging Markets Equity (Gross)</b>			<b>-3.1</b>	<b>-16.4</b>	<b>-27.8</b>	<b>-21.7</b>	<b>14.5</b>	<b>12.1</b>	<b>--</b>	<b>7.3</b>	
<i>Custom Blended Emerging Markets Benchmark</i>			<i>-2.3</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-11.4</i>	<i>5.1</i>	<i>6.2</i>	<i>3.7</i>	<i>3.8</i>	<i>Apr-12</i>
<b>US Fixed Income (Net)</b>	<b>175,339,033</b>	<b>15.2</b>	<b>-2.7</b>	<b>-5.9</b>	<b>-6.0</b>	<b>-4.3</b>	<b>1.3</b>	<b>1.9</b>	<b>2.6</b>	<b>4.8</b>	<b>Dec-94</b>
<b>US Fixed Income (Gross)</b>			<b>-2.6</b>	<b>-5.8</b>	<b>-5.9</b>	<b>-4.1</b>	<b>1.5</b>	<b>2.0</b>	<b>2.8</b>	<b>5.0</b>	
<i>BBgBarc US Aggregate TR</i>			<i>-2.8</i>	<i>-5.9</i>	<i>-5.9</i>	<i>-4.2</i>	<i>1.5</i>	<i>2.1</i>	<i>2.4</i>	<i>5.1</i>	<i>Dec-94</i>
<b>Opportunistic Credit (Net)</b>	<b>72,952,854</b>	<b>6.3</b>	<b>0.3</b>	<b>-2.0</b>	<b>0.3</b>	<b>3.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.5</b>	<b>May-19</b>
<b>Opportunistic Credit (Gross)</b>			<b>0.3</b>	<b>-1.8</b>	<b>0.7</b>	<b>3.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.9</b>	
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>			<i>-1.7</i>	<i>-4.2</i>	<i>-3.4</i>	<i>-1.5</i>	<i>3.1</i>	<i>--</i>	<i>--</i>	<i>2.9</i>	<i>May-19</i>

The current US Fixed Income benchmark is the Barclays US Agg. Please refer to the benchmark history for the composition of the US Fixed Income benchmark in earlier periods. Data prior to March 2018 provided by prior consultant.

### Total Fund | As of March 31, 2022

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Real Estate (Net)</b>	<b>93,281,448</b>	<b>8.1</b>	<b>1.7</b>	<b>-1.7</b>	<b>9.9</b>	<b>14.3</b>	<b>4.8</b>	<b>6.1</b>	<b>7.2</b>	<b>--</b>	<b>Mar-99</b>
<b>Real Estate (Gross)</b>			<b>1.7</b>	<b>-1.7</b>	<b>9.9</b>	<b>14.4</b>	<b>4.9</b>	<b>6.1</b>	<b>7.8</b>	<b>8.2</b>	
<i>Custom Blended Real Estate Benchmark</i>			<i>8.0</i>	<i>8.0</i>	<i>24.3</i>	<i>29.1</i>	<i>11.0</i>	<i>9.3</i>	<i>10.1</i>	<i>7.9</i>	<i>Mar-99</i>
<i>CPI + 5% (Seasonally Adjusted)</i>			<i>1.6</i>	<i>4.0</i>	<i>10.1</i>	<i>14.1</i>	<i>9.5</i>	<i>8.6</i>	<i>7.4</i>	<i>--</i>	<i>Mar-99</i>
<b>Private Real Estate (Net)</b>	<b>66,893,796</b>	<b>5.8</b>	<b>0.0</b>	<b>0.0</b>	<b>10.3</b>	<b>11.8</b>	<b>3.6</b>	<b>5.3</b>	<b>6.8</b>	<b>--</b>	<b>Mar-99</b>
<b>Private Real Estate (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>10.4</b>	<b>12.0</b>	<b>3.6</b>	<b>5.4</b>	<b>7.4</b>	<b>8.0</b>	
<i>Custom Blended Real Estate Benchmark</i>			<i>8.0</i>	<i>8.0</i>	<i>24.3</i>	<i>29.1</i>	<i>11.0</i>	<i>9.3</i>	<i>10.1</i>	<i>7.9</i>	<i>Mar-99</i>
<b>Private Equity (Net)</b>	<b>120,910,152</b>	<b>10.5</b>	<b>0.0</b>	<b>0.0</b>	<b>20.6</b>	<b>33.6</b>	<b>22.9</b>	<b>20.0</b>	<b>12.8</b>	<b>10.5</b>	<b>Jun-05</b>
<b>Private Equity (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>20.6</b>	<b>33.6</b>	<b>23.0</b>	<b>20.0</b>	<b>13.0</b>	<b>10.7</b>	
<b>Direct Lending (Net)</b>	<b>13,921,823</b>	<b>1.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.7</b>	<b>Jul-20</b>
<b>Direct Lending (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.7</b>	
<i>S&amp;P LSTA Leverage Loan Index + 2%</i>			<i>0.2</i>	<i>0.4</i>	<i>3.2</i>	<i>5.3</i>	<i>6.4</i>	<i>6.1</i>	<i>6.3</i>	<i>9.6</i>	<i>Jul-20</i>
<b>Hedge Fund (Net)</b>	<b>107,483,413</b>	<b>9.3</b>	<b>0.8</b>	<b>1.6</b>	<b>2.1</b>	<b>5.0</b>	<b>6.5</b>	<b>6.2</b>	<b>--</b>	<b>4.8</b>	<b>Jun-14</b>
<b>Hedge Fund (Gross)</b>			<b>0.8</b>	<b>1.8</b>	<b>2.7</b>	<b>5.9</b>	<b>7.3</b>	<b>6.8</b>	<b>--</b>	<b>5.2</b>	
<i>Custom Blended Hedge Fund Benchmark</i>			<i>0.6</i>	<i>-2.6</i>	<i>-1.5</i>	<i>1.3</i>	<i>5.9</i>	<i>4.7</i>	<i>--</i>	<i>3.9</i>	<i>Jun-14</i>
<b>Real Assets (Net)</b>	<b>61,991,348</b>	<b>5.4</b>	<b>2.7</b>	<b>5.4</b>	<b>12.2</b>	<b>19.0</b>	<b>11.8</b>	<b>9.8</b>	<b>9.1</b>	<b>--</b>	<b>Mar-99</b>
<b>Real Assets (Gross)</b>			<b>2.7</b>	<b>5.4</b>	<b>12.5</b>	<b>19.3</b>	<b>12.0</b>	<b>10.0</b>	<b>9.7</b>	<b>--</b>	
<b>Private Infrastructure (Net)</b>	<b>21,504,668</b>	<b>1.9</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>	<b>8.5</b>	<b>13.6</b>	<b>13.3</b>	<b>--</b>	<b>9.4</b>	<b>Dec-14</b>
<b>Private Infrastructure (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>3.3</b>	<b>9.0</b>	<b>13.8</b>	<b>13.5</b>	<b>--</b>	<b>9.5</b>	
<b>Private Natural Resources (Net)</b>	<b>11,120,266</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.8</b>	<b>19.3</b>	<b>6.7</b>	<b>7.4</b>	<b>--</b>	<b>12.3</b>	<b>Sep-15</b>
<b>Private Natural Resources (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>12.8</b>	<b>19.3</b>	<b>6.7</b>	<b>7.4</b>	<b>--</b>	<b>12.3</b>	
<b>Cash (Net)</b>	<b>6,188,678</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	
<b>Cash (Gross)</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	

\*One or more accounts have been excluded from the composite for the purposes of performance calculations and market value.

Private Markets values are cash flow adjusted from 9/30/2021 NAVs unless otherwise noted.

Real Assets includes State Street Real Asset NL Fund.

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fund(Net)*</b>	<b>1,153,494,186</b>	<b>100.0</b>	<b>--</b>	<b>0.6</b>	<b>-4.1</b>	<b>0.1</b>	<b>6.1</b>	<b>11.6</b>	<b>9.8</b>	<b>8.6</b>	<b>8.3</b>	<b>Dec-94</b>
<b>Total Fund w/o Alternatives(Net)</b>	<b>749,717,324</b>	<b>65.0</b>	<b>65.0</b>	<b>0.4</b>	<b>-6.5</b>	<b>-4.6</b>	<b>1.3</b>	<b>11.6</b>	<b>9.8</b>	<b>8.7</b>	<b>--</b>	<b>Dec-94</b>
<i>Policy Index w/o AI</i>				<i>0.1</i>	<i>-5.7</i>	<i>-3.8</i>	<i>1.0</i>	<i>9.5</i>	<i>8.6</i>	<i>7.9</i>	<i>--</i>	<i>Dec-94</i>
<b>US Equity(Net)</b>	<b>285,368,849</b>	<b>24.7</b>	<b>38.1</b>	<b>3.2</b>	<b>-6.2</b>	<b>3.7</b>	<b>12.9</b>	<b>17.8</b>	<b>15.1</b>	<b>14.5</b>	<b>10.8</b>	<b>Dec-94</b>
<i>Russell 3000</i>				<i>3.2</i>	<i>-5.3</i>	<i>3.4</i>	<i>11.9</i>	<i>18.0</i>	<i>15.0</i>	<i>14.1</i>	<i>10.7</i>	<i>Dec-94</i>
Mellon Dynamic US Equity(Net)	133,659,761	11.6	46.8	3.7	-6.3	6.1	17.0	20.4	17.8	--	18.1	Dec-12
<i>S&amp;P 500</i>				<i>3.7</i>	<i>-4.6</i>	<i>6.5</i>	<i>15.6</i>	<i>18.9</i>	<i>16.0</i>	<i>14.6</i>	<i>15.5</i>	<i>Dec-12</i>
Mellon Large Cap(Net)	122,448,904	10.6	42.9	3.4	-5.1	4.4	13.3	18.8	15.9	--	16.1	Mar-16
<i>Russell 1000</i>				<i>3.4</i>	<i>-5.1</i>	<i>4.4</i>	<i>13.3</i>	<i>18.7</i>	<i>15.8</i>	<i>14.5</i>	<i>16.1</i>	<i>Mar-16</i>
Champlain Small Cap(Net)	29,260,184	2.5	10.3	0.3	-10.6	-8.1	-3.7	--	--	--	17.4	Nov-20
<i>Russell 2000</i>				<i>1.2</i>	<i>-7.5</i>	<i>-9.7</i>	<i>-5.8</i>	<i>11.7</i>	<i>9.7</i>	<i>11.0</i>	<i>24.6</i>	<i>Nov-20</i>
<b>International Equity(Net)</b>	<b>216,056,587</b>	<b>18.7</b>	<b>28.8</b>	<b>-0.6</b>	<b>-8.7</b>	<b>-14.0</b>	<b>-7.5</b>	<b>12.8</b>	<b>10.0</b>	<b>7.2</b>	<b>6.1</b>	<b>Dec-98</b>
<i>International Equity Custom</i>				<i>-0.6</i>	<i>-6.3</i>	<i>-8.9</i>	<i>-4.0</i>	<i>7.1</i>	<i>6.8</i>	<i>6.1</i>	<i>4.6</i>	<i>Dec-98</i>
<b>Developed International Equity(Net)</b>	<b>137,918,801</b>	<b>12.0</b>	<b>63.8</b>	<b>0.9</b>	<b>-3.6</b>	<b>-3.0</b>	<b>4.0</b>	<b>10.9</b>	<b>8.6</b>	<b>6.9</b>	<b>4.6</b>	<b>Jan-08</b>
<i>Custom Blended Developed International Equity BM</i>				<i>0.7</i>	<i>-6.0</i>	<i>-4.2</i>	<i>0.9</i>	<i>8.3</i>	<i>7.0</i>	<i>6.4</i>	<i>3.4</i>	<i>Jan-08</i>
GQG International Equity(Net)	56,963,486	4.9	41.3	1.2	-3.7	-1.9	6.6	--	--	--	10.6	Dec-19
<i>MSCI ACWI ex USA</i>				<i>0.2</i>	<i>-5.4</i>	<i>-6.6</i>	<i>-1.5</i>	<i>7.5</i>	<i>6.8</i>	<i>5.6</i>	<i>7.2</i>	<i>Dec-19</i>
First Eagle International Value Fund(Net)	50,434,263	4.4	36.6	0.3	-0.8	-1.2	3.1	--	--	--	5.0	Dec-19
<i>MSCI EAFE</i>				<i>0.6</i>	<i>-5.9</i>	<i>-3.8</i>	<i>1.2</i>	<i>7.8</i>	<i>6.7</i>	<i>6.3</i>	<i>6.8</i>	<i>Dec-19</i>
<i>MSCI World ex USA</i>				<i>1.2</i>	<i>-4.8</i>	<i>-2.5</i>	<i>3.0</i>	<i>8.6</i>	<i>7.1</i>	<i>6.3</i>	<i>7.7</i>	<i>Dec-19</i>

Historical returns for the US Equity Composite prior to January 2012 and for the International Equity Composite prior to December 2010 are gross only. Developed International Equity and Emerging Markets Equity composites were only reported as one composite prior to March 2018.

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Acadian ACWI ex U.S. Small Cap Equity(Net)	15,625,002	1.4	11.3	3.8	-0.8	-1.0	9.4	--	--	--	15.9	May-19
<i>MSCI ACWI ex US Small Cap</i>				1.0	-6.5	-5.9	0.0	10.2	7.9	7.3	9.7	May-19
Driehaus International Small Cap Growth(Net)	14,896,050	1.3	10.8	-0.9	-13.7	-14.0	-7.0	--	--	--	13.3	May-19
<i>MSCI ACWI ex US Small Cap Growth NR USD</i>				1.2	-10.4	-9.4	-3.3	11.4	9.1	7.8	10.7	May-19
<b>Emerging Markets Equity(Net)</b>	<b>78,137,786</b>	<b>6.8</b>	<b>36.2</b>	<b>-3.2</b>	<b>-16.6</b>	<b>-28.3</b>	<b>-22.5</b>	<b>13.5</b>	<b>11.1</b>	<b>--</b>	<b>6.3</b>	<b>Apr-12</b>
<i>Custom Blended Emerging Markets Benchmark</i>				-2.3	-7.0	-15.6	-11.4	5.1	6.2	3.7	3.8	Apr-12
Artisan Developing World TR(Net)	53,262,022	4.6	68.2	-3.1	-19.0	-31.6	-25.0	--	--	--	12.9	Dec-19
<i>MSCI Emerging Markets</i>				-2.3	-7.0	-15.6	-11.4	4.9	6.0	3.4	6.3	Dec-19
RWC(Net)	24,875,764	2.2	31.8	-3.3	-10.9	-20.2	-16.6	--	--	--	6.2	Dec-19
<i>MSCI Emerging Markets</i>				-2.3	-7.0	-15.6	-11.4	4.9	6.0	3.4	6.3	Dec-19
<b>US Fixed Income(Net)</b>	<b>175,339,033</b>	<b>15.2</b>	<b>23.4</b>	<b>-2.7</b>	<b>-5.9</b>	<b>-6.0</b>	<b>-4.3</b>	<b>1.3</b>	<b>1.9</b>	<b>2.6</b>	<b>4.8</b>	<b>Dec-94</b>
<i>BBgBarc US Aggregate TR</i>				-2.8	-5.9	-5.9	-4.2	1.5	2.1	2.4	5.1	Dec-94
Barrow Hanley(Net)	83,827,378	7.3	47.8	-2.6	-6.1	-6.3	-4.6	2.0	2.3	2.4	3.0	Mar-10
<i>Bloomberg US Aggregate TR</i>				-2.8	-5.9	-5.9	-4.2	1.7	2.1	2.2	2.9	Mar-10
Vanguard Total Bond Market Index Fund(Net)	81,240,949	7.0	46.3	-2.8	-6.0	-6.0	-4.1	--	--	--	1.7	May-19
<i>Bloomberg US Aggregate TR</i>				-2.8	-5.9	-5.9	-4.2	1.7	2.1	2.2	1.7	May-19
Vanguard Short-Term Treasury Index Fund(Net)	10,270,706	0.9	5.9	-1.4	-2.5	-3.0	-3.1	0.8	--	--	1.3	Feb-18
<i>Bloomberg US Govt 1-3 Yr TR</i>				-1.4	-2.5	-3.0	-3.0	0.8	1.1	0.9	1.3	Feb-18
<i>Bloomberg US Govt 1-5 Yr TR</i>				-2.0	-3.4	-4.1	-4.0	0.9	1.1	1.0	1.5	Feb-18

The current US Fixed Income benchmark is the Barclays US Agg. Please refer to the benchmark history for the composition of the US Fixed Income benchmark in earlier periods.

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

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Opportunistic Credit(Net)</b>	<b>72,952,854</b>	<b>6.3</b>	<b>9.7</b>	<b>0.3</b>	<b>-2.0</b>	<b>0.3</b>	<b>3.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.5</b>	<b>May-19</b>
<i>50% Barclays US Aggregate / 25% Barclays US High Yield / 25% Credit Suisse Leveraged Loans</i>				-1.7	-4.2	-3.4	-1.5	3.1	--	--	2.9	May-19
PIMCO Income Fund(Net)	29,672,813	2.6	40.7	-0.8	-4.2	-3.5	-1.5	--	--	--	2.7	Apr-19
<i>Bloomberg US Aggregate TR</i>				-2.8	-5.9	-5.9	-4.2	1.7	2.1	2.2	1.7	Apr-19
GoldenTree Multi-Sector Credit(Net)	23,770,397	2.1	32.6	0.1	-1.8	0.2	2.4	--	--	--	5.4	Jun-19
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				-0.6	-2.5	-0.8	1.3	4.4	4.4	5.1	4.3	Jun-19
Sculptor Credit Opportunities Domestic Partners, LP(Net)	19,509,645	1.7	26.7	2.1	1.5	6.4	11.0	--	--	--	16.2	Jul-20
<i>50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans</i>				-0.6	-2.5	-0.8	1.3	4.4	4.4	5.1	7.0	Jul-20
<b>Real Estate(Net)</b>	<b>93,281,448</b>	<b>8.1</b>	<b>8.1</b>	<b>1.7</b>	<b>-1.7</b>	<b>9.9</b>	<b>14.3</b>	<b>4.8</b>	<b>6.1</b>	<b>7.2</b>	<b>--</b>	<b>Mar-99</b>
<i>Custom Blended Real Estate Benchmark</i>				8.0	8.0	24.3	29.1	11.0	9.3	10.1	7.9	Mar-99
<i>CPI + 5% (Seasonally Adjusted)</i>				1.6	4.0	10.1	14.1	9.5	8.6	7.4	--	Mar-99
Vanguard REIT Index(Net)	26,387,651	2.3	28.3	6.3	-5.9	8.8	21.5	--	--	--	23.9	Aug-20
<i>Spliced Vanguard REIT Benchmark</i>				6.3	-6.0	8.9	21.6	11.6	9.8	9.8	24.0	Aug-20
<b>Private Real Estate(Net)</b>	<b>66,893,796</b>	<b>5.8</b>	<b>71.7</b>	<b>0.0</b>	<b>0.0</b>	<b>10.3</b>	<b>11.8</b>	<b>3.6</b>	<b>5.3</b>	<b>6.8</b>	<b>--</b>	<b>Mar-99</b>
<i>Custom Blended Real Estate Benchmark</i>				8.0	8.0	24.3	29.1	11.0	9.3	10.1	7.9	Mar-99
UBS Trumbull Property(Net)	29,166,389	2.5	43.6	0.0	0.0	9.5	10.7	0.9	2.6	5.7	6.5	Mar-99
Patron Capital V(Net)	10,621,019	0.9	15.9	0.0	0.0	16.6	19.7	1.7	14.0	--	8.9	Jan-16

GoldenTree Multi-Sector Credit market value based on manager estimate.

Sculptor Credit Opportunities Domestic Partners market value based on manager estimate.

Private Markets values are cash flow adjusted from 9/30/2021 NAVs.

Data prior to March 2018 provided by prior consultant.

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

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Cerberus Real Estate Debt Fund, L.P.(Net)	4,572,171	0.4	6.8	0.0	0.0	-0.4	2.8	--	--	--	13.2	Jul-20
Taconic CRE Dislocation Onshore Fund III(Net)	4,117,521	0.4	6.2									
AG Realty Value Fund X, L.P.(Net)	3,601,349	0.3	5.4	0.0	0.0	8.9	10.3	--	--	--	1.3	Jun-19
Taconic CRE Dislocation Fund II(Net)	3,538,339	0.3	5.3	0.0	0.0	-4.2	-2.4	5.7	--	--	4.8	Nov-18
Rockpoint Real Estate Fund VI, L.P.(Net)	3,520,813	0.3	5.3	0.0	0.0	21.4	25.9	--	--	--	12.9	May-20
Greenfield Gap VII(Net)	2,621,961	0.2	3.9	0.0	0.0	14.9	15.3	15.6	14.6	--	14.2	Dec-14
Carlyle Realty VIII(Net)	1,850,501	0.2	2.8	0.0	0.0	67.7	74.1	30.6	--	--	3.5	Dec-17
Carmel Partners Investment Fund VII(Net)	1,703,179	0.1	2.5	0.0	0.0	-2.6	-6.9	-31.2	--	--	-31.2	Apr-19
Starwood Distressed Opportunity Fund XII Global(Net)	996,342	0.1	1.5									
Carmel Partners Investment Fund VIII(Net)	597,224	0.1	0.9									
Carlyle Realty Partners IX(Net)	-13,012	0.0	0.0									
<b>Private Equity(Net)</b>	<b>120,910,152</b>	<b>10.5</b>	<b>10.5</b>	<b>0.0</b>	<b>0.0</b>	<b>20.6</b>	<b>33.6</b>	<b>22.9</b>	<b>20.0</b>	<b>12.8</b>	<b>10.5</b>	<b>Jun-05</b>
TCV X(Net)	9,743,129	0.8	8.1	0.0	0.0	48.8	68.5	39.4	--	--	39.4	Apr-19
Cortec Group Fund VII(Net)	8,763,549	0.8	7.2	0.0	0.0	26.7	24.8	--	--	--	30.1	Dec-19
Ocean Avenue II(Net)	8,439,026	0.7	7.0	0.0	0.0	23.8	52.0	40.1	37.7	--	22.5	Jun-14
Genstar Capital Partners IX(Net)	8,412,541	0.7	7.0	0.0	0.0	22.5	31.7	--	--	--	24.8	Jul-19
Spark Capital Growth Fund III(Net)	8,209,730	0.7	6.8	0.0	0.0	38.6	76.1	--	--	--	23.9	Mar-20
Summit Partners Growth Equity Fund X-A(Net)	6,781,546	0.6	5.6	0.0	0.0	18.0	-3.1	--	--	--	5.0	Mar-20
Thoma Bravo Discover Fund III(Net)	6,484,638	0.6	5.4	0.0	0.0	-2.2	--	--	--	--	2.2	Jun-21

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Taconic Market Dislocation Fund III L.P.(Net)	6,402,768	0.6	5.3	0.0	0.0	17.1	31.7	--	--	--	24.0	Jul-20
Adams Street(Net)	6,234,764	0.5	5.2	0.0	0.0	17.8	30.3	26.3	21.2	16.7	10.2	Sep-05
GTCR Fund XII(Net)	5,073,860	0.4	4.2	0.0	0.0	35.7	51.0	43.4	--	--	19.7	Jun-18
Davidson Kempner Long-Term Distressed Opportunities Fund IV(Net)	5,054,248	0.4	4.2	0.0	0.0	11.1	14.3	8.2	--	--	10.1	Apr-18
Cressey & Company Fund VI(Net)	4,831,732	0.4	4.0	0.0	0.0	45.1	61.1	31.1	--	--	23.8	Jan-19
Accel-KKR Growth Capital Partners III(Net)	4,754,190	0.4	3.9	0.0	0.0	43.5	63.5	--	--	--	14.3	Jul-19
Carrick Capital Partners III(Net)	4,465,673	0.4	3.7	0.0	0.0	8.7	10.4	16.3	--	--	9.5	Aug-18
Pantheon II(Net)	4,006,693	0.3	3.3	0.0	0.0	12.8	34.5	25.1	21.6	16.5	15.5	Dec-11
Marlin Heritage Europe II, L.P.(Net)	3,879,708	0.3	3.2	0.0	0.0	-16.7	-15.6	--	--	--	-12.7	Oct-20
TCV XI(Net)	3,293,273	0.3	2.7	0.0	0.0	-0.9	-6.0	--	--	--	-5.2	Feb-21
Khosla Ventures VII(Net)	2,557,712	0.2	2.1	0.0	0.0	2.7	-2.2	--	--	--	-1.8	Jan-21
Summit Partners Venture Capital Fund V-A(Net)	2,193,995	0.2	1.8									
Spark Capital VI(Net)	2,066,938	0.2	1.7	0.0	0.0	0.7	-0.1	--	--	--	-7.3	Mar-20
Invesco VI(Net)	1,769,282	0.2	1.5	0.0	0.0	93.3	180.3	69.2	44.4	--	28.9	Jun-13
GTCR Fund XIII/A & B(Net)	1,465,264	0.1	1.2									
Accel-KKR Capital Partners VI(Net)	1,150,213	0.1	1.0									
Genstar Capital Partners X(Net)	984,232	0.1	0.8									

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

Pantheon I includes Pantheon US Fund VI and Pantheon Europe Fund IV.

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

Pantheon Secondary includes Pantheon GLO SEC III B.

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Spark Capital Growth Fund IV(Net)	780,000	0.1	0.6									
Nautic Partners X(Net)	779,449	0.1	0.6									
Khosla Ventures Seed E(Net)	599,432	0.1	0.5									
TCV Velocity Fund I(Net)	564,635	0.0	0.5									
Spark Capital VII(Net)	420,000	0.0	0.3									
Raven Asset Fund II(Net)	417,963	0.0	0.3	0.0	0.0	84.6	87.2	14.0	12.5	--	4.5	Aug-14
Pantheon Secondary(Net)	217,484	0.0	0.2	0.0	0.0	-18.4	-19.7	-9.3	-2.5	-1.5	0.9	Jun-07
Pantheon I(Net)	129,210	0.0	0.1	0.0	0.0	-12.1	-11.2	-13.1	-5.5	0.3	0.2	Dec-05
Accel-KKR Growth Capital Partners IV(Net)	-16,725	0.0	0.0									
<b>Direct Lending(Net)</b>	<b>13,921,823</b>	<b>1.2</b>	<b>1.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.7</b>	<b>Jul-20</b>
<i>S&amp;P LSTA Leverage Loan Index + 2%</i>				<i>0.2</i>	<i>0.4</i>	<i>3.2</i>	<i>5.3</i>	<i>6.4</i>	<i>6.1</i>	<i>6.3</i>	<i>9.6</i>	<i>Jul-20</i>
Silver Point Specialty Credit Fund II, L.P.(Net)	5,756,459	0.5	41.3	0.0	0.0	-0.5	7.0	--	--	--	11.7	Jul-20
Ares Senior Direct Lending Fund II(Net)	4,165,364	0.4	29.9									
Varagon Capital Direct Lending Fund(Net)	4,000,000	0.3	28.7									
<b>Hedge Fund(Net)</b>	<b>107,483,413</b>	<b>9.3</b>	<b>9.3</b>	<b>0.8</b>	<b>1.6</b>	<b>2.1</b>	<b>5.0</b>	<b>6.5</b>	<b>6.2</b>	<b>--</b>	<b>4.8</b>	<b>Jun-14</b>
<i>Custom Blended Hedge Fund Benchmark</i>				<i>0.6</i>	<i>-2.6</i>	<i>-1.5</i>	<i>1.3</i>	<i>5.9</i>	<i>4.7</i>	<i>--</i>	<i>3.9</i>	<i>Jun-14</i>
Silver Point Capital(Net)	18,081,519	1.6	16.8	3.4	4.2	9.0	17.9	14.2	--	--	10.0	Nov-17
Wellington-Archipelago(Net)	14,647,811	1.3	13.6	1.9	0.7	4.8	7.4	6.6	--	--	5.9	Aug-17
Taconic Opportunity Fund(Net)	14,310,954	1.2	13.3	1.6	2.0	3.6	5.6	5.3	--	--	5.5	Dec-18
Sculptor (OZ) Domestic II(Net)	13,411,196	1.2	12.5	0.6	-2.7	-4.0	-2.2	8.2	7.9	--	6.7	Jun-14
Laurion Capital(Net)	12,954,476	1.1	12.1	-6.5	-7.5	-16.0	-8.7	13.9	--	--	12.7	Aug-18

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Caxton Global Investments(Net)	10,964,946	1.0	10.2	2.3	9.2	13.3	--	--	--	--	9.6	May-21
Marshall Wace Global Opportunities(Net)	10,007,238	0.9	9.3	-0.1	3.1	4.2	4.0	--	--	--	5.7	May-20
Graham Absolute Return(Net)	8,820,212	0.8	8.2	3.8	9.8	8.0	6.5	5.2	--	--	4.1	Aug-17
Marshall Wace Eureka(Net)	4,285,061	0.4	4.0	0.4	0.3	4.9	8.2	8.6	--	--	7.0	Nov-17
<b>Real Assets(Net)</b>	<b>61,991,348</b>	<b>5.4</b>	<b>5.4</b>	<b>2.7</b>	<b>5.4</b>	<b>12.2</b>	<b>19.0</b>	<b>11.8</b>	<b>9.8</b>	<b>9.1</b>	<b>--</b>	<b>Mar-99</b>
SSgA(Net)	29,366,414	2.5	47.4	5.9	11.9	19.3	27.3	12.7	--	--	9.4	Apr-17
<i>Real Asset NL Custom Blended Index</i>				<i>5.2</i>	<i>10.4</i>	<i>18.8</i>	<i>27.8</i>	<i>13.1</i>	<i>9.5</i>	--	9.7	Apr-17
<b>Private Infrastructure(Net)</b>	<b>21,504,668</b>	<b>1.9</b>	<b>34.7</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>	<b>8.5</b>	<b>13.6</b>	<b>13.3</b>	<b>--</b>	<b>9.4</b>	<b>Dec-14</b>
KKR Global II(Net)	5,696,958	0.5	26.5	0.0	0.0	6.0	26.0	28.9	22.0	--	17.4	Dec-14
North Haven Infrastructure II(Net)	4,929,649	0.4	22.9	0.0	0.0	8.1	6.1	7.8	11.0	--	6.8	May-15
ISQ Global Infrastructure Fund II(Net)	4,857,133	0.4	22.6	0.0	0.0	8.4	10.0	13.5	--	--	1.4	Jul-18
KKR Global Infrastructure Investors III(Net)	3,477,208	0.3	16.2	0.0	0.0	-17.2	-13.0	-6.1	--	--	-9.0	Jan-19
Ardian Infrastructure Fund V(Net)	2,272,013	0.2	10.6	0.0	0.0	9.0	-8.2	--	--	--	-18.8	Oct-19
ISQ Global Infrastructure Fund III(Net)	304,576	0.0	1.4									
KKR Global Infrastructure Investors IV(Net)	-32,869	0.0	-0.2									
<b>Private Natural Resources(Net)</b>	<b>11,120,266</b>	<b>1.0</b>	<b>17.9</b>	<b>0.0</b>	<b>0.0</b>	<b>12.8</b>	<b>19.3</b>	<b>6.7</b>	<b>7.4</b>	<b>--</b>	<b>12.3</b>	<b>Sep-15</b>
EnCap XI(Net)	3,497,016	0.3	31.4	0.0	0.0	25.3	32.3	-7.1	--	--	-18.2	Jul-17
Tailwater Energy Fund IV, LP(Net)	3,231,479	0.3	29.1	0.0	0.0	15.6	27.5	--	--	--	-7.7	Oct-19
BlackRock Global Energy and Power Infrastructure Fund III LP(Net)	2,530,992	0.2	22.8	0.0	0.0	1.4	2.9	--	--	--	14.4	Jul-19

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
GSO Energy Opportunities(Net)	1,289,460	0.1	11.6	0.0	0.0	13.0	31.7	6.9	7.6	--	12.0	Nov-15
EnCap IV(Net)	502,072	0.0	4.5	0.0	0.0	29.4	29.9	17.0	--	--	7.4	Feb-18
Taurus Mining(Net)	178,357	0.0	1.6	0.0	0.0	12.7	9.5	1.1	4.5	--	9.9	Sep-15
Taurus Mining Annex(Net)	-109,110	0.0	-1.0	0.0	0.0	84.1	80.0	35.6	29.2	--	33.8	Jan-17
<b>Cash(Net)</b>	<b>6,188,678</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	
Cash(Net)	5,413,035	0.5	87.5	0.0	0.0	0.0	0.0	0.8	1.0	0.8	--	Sep-03
Treasury Cash(Net)	775,643	0.1	12.5									

\*One or more accounts have been excluded from the composite for the purposes of performance calculations and market value.

Annual Investment Expense Analysis				
As Of March 31, 2022				
Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
<b>Total Fund w/o Alternatives</b>		<b>\$749,717,324</b>		
<b>US Equity</b>		<b>\$285,368,849</b>		
Mellon Dynamic US Equity	0.30% of Assets	\$133,659,761	\$400,979	0.30%
Mellon Large Cap	0.04% of First 100.0 Mil, 0.02% Thereafter	\$122,448,904	\$44,490	0.04%
Champlain Small Cap	1.00% of Assets	\$29,260,184	\$292,602	1.00%
<b>International Equity</b>		<b>\$216,056,587</b>		
<b>Developed International Equity</b>		<b>\$137,918,801</b>		
Acadian ACWI ex U.S. Small Cap Equity	0.99% of Assets	\$15,625,002	\$154,688	0.99%
Driehaus International Small Cap Growth	0.90% of Assets	\$14,896,050	\$134,064	0.90%
GQG International Equity	0.50% of Assets	\$56,963,486	\$284,817	0.50%
First Eagle International Value Fund	0.79% of Assets	\$50,434,263	\$398,431	0.79%
<b>Emerging Markets Equity</b>		<b>\$78,137,786</b>		
Artisan Developing World TR	1.05% of Assets	\$53,262,022	\$559,251	1.05%
RWC	0.87% of Assets	\$24,875,764	\$216,419	0.87%
<b>US Fixed Income</b>		<b>\$175,339,033</b>		
Barrow Hanley	0.30% of First 50.0 Mil, 0.20% of Next 100.0 Mil, 0.15% Thereafter	\$83,827,378	\$217,655	0.26%
Vanguard Short-Term Treasury Index Fund	0.05% of Assets	\$10,270,706	\$5,135	0.05%
Vanguard Total Bond Market Index Fund	0.04% of Assets	\$81,240,949	\$28,434	0.04%
<b>Opportunistic Credit</b>		<b>\$72,952,854</b>		
PIMCO Income Fund	0.50% of Assets	\$29,672,813	\$148,364	0.50%
GoldenTree Multi-Sector Credit	0.70% of Assets	\$23,770,397	\$166,393	0.70%
Sculptor Credit Opportunities Domestic Partners, LP	Performance-based 1.00 and 20.00	\$19,509,645	\$195,096	1.00%

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
<b>Real Estate</b>		<b>\$93,281,448</b>		
Vanguard REIT Index	0.10% of Assets	\$26,387,651	\$26,388	0.10%
<b>Private Real Estate</b>		<b>\$66,893,796</b>		
Greenfield Gap VII		\$2,621,961		
Patron Capital V		\$10,621,019		
UBS Trumbull Property		\$29,166,389		
Carlyle Realty VIII		\$1,850,501		
Taconic CRE Dislocation Fund II		\$3,538,339		
Carmel Partners Investment Fund VII		\$1,703,179		
AG Realty Value Fund X, L.P.		\$3,601,349		
Rockpoint Real Estate Fund VI, L.P.		\$3,520,813		
Cerberus Real Estate Debt Fund, L.P.		\$4,572,171		
Taconic CRE Dislocation Onshore Fund III		\$4,117,521		
Starwood Distressed Opportunity Fund XII Global		\$996,342		
Carlyle Realty Partners IX		-\$13,012		
Carmel Partners Investment Fund VIII		\$597,224		
Invesco VI		\$1,769,282		
Ocean Avenue II		\$8,439,026		
Pantheon I		\$129,210		
Pantheon II		\$4,006,693		
Pantheon Secondary		\$217,484		
Raven Asset Fund II		\$417,963		
Davidson Kempner Long-Term Distressed Opportunities Fund IV		\$5,054,248		
GTCR Fund XII		\$5,073,860		
Carrick Capital Partners III		\$4,465,673		
Cressey & Company Fund VI		\$4,831,732		

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
TCV X		\$9,743,129		
Accel-KKR Growth Capital Partners III		\$4,754,190		
Genstar Capital Partners IX		\$8,412,541		
Cortec Group Fund VII		\$8,763,549		
Spark Capital Growth Fund III		\$8,209,730		
Spark Capital VI		\$2,066,938		
Summit Partners Growth Equity Fund X-A		\$6,781,546		
Taconic Market Dislocation Fund III L.P.		\$6,402,768		
Marlin Heritage Europe II, L.P.		\$3,879,708		
Khosla Ventures VII		\$2,557,712		
Accel-KKR Capital Partners VI		\$1,150,213		
Khosla Ventures Seed E		\$599,432		
TCV XI		\$3,293,273		
Thoma Bravo Discover Fund III		\$6,484,638		
Summit Partners Venture Capital Fund V-A		\$2,193,995		
GTCR Fund XIII/A & B		\$1,465,264		
Genstar Capital Partners X		\$984,232		
Nautic Partners X		\$779,449		
Spark Capital Growth Fund IV		\$780,000		
Spark Capital VII		\$420,000		
TCV Velocity Fund I		\$564,635		
Accel-KKR Growth Capital Partners IV		-\$16,725		
<b>Direct Lending</b>		<b>\$13,921,823</b>		
Silver Point Specialty Credit Fund II, L.P.		\$5,756,459		
Ares Senior Direct Lending Fund II		\$4,165,364		
Varagon Capital Direct Lending Fund		\$4,000,000		

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
<b>Hedge Fund</b>		<b>\$107,483,413</b>		
Sculptor (OZ) Domestic II	Performance-based 1.50 and 20.00	\$13,411,196	\$219,917	1.64%
Graham Absolute Return	Performance-based 1.75 and 20.00	\$8,820,212	\$221,035	2.51%
Wellington-Archipelago	Performance-based 1.00 and 20.00	\$14,647,811	\$201,171	1.37%
Marshall Wace Eureka	Performance-based 2.00 and 20.00	\$4,285,061	\$89,558	2.09%
Silver Point Capital	Performance-based 1.50 and 20.00	\$18,081,519	\$394,177	2.18%
Laurion Capital	Performance-based 2.00 and 20.00	\$12,954,476	\$259,090	2.00%
Taconic Opportunity Fund	Performance-based 1.40 and 20.00	\$14,310,954	\$245,290	1.71%
Marshall Wace Global Opportunities	Performance-based 2.00 and 20.00	\$10,007,238	\$200,145	2.00%
Caxton Global Investments	Performance-based 1.95 and 22.50	\$10,964,946	\$271,547	2.48%
<b>Real Assets</b>		<b>\$61,991,348</b>		
SSgA	0.30% of First 50.0 Mil, 0.27% of Next 50.0 Mil, 0.25% Thereafter	\$29,366,414	\$88,099	0.30%
<b>Private Infrastructure</b>		<b>\$21,504,668</b>		
KKR Global II		\$5,696,958		
North Haven Infrastructure II		\$4,929,649		
ISQ Global Infrastructure Fund II		\$4,857,133		
KKR Global Infrastructure Investors III		\$3,477,208		
Ardian Infrastructure Fund V		\$2,272,013		
ISQ Global Infrastructure Fund III		\$304,576		
KKR Global Infrastructure Investors IV		-\$32,869		
<b>Private Natural Resources</b>		<b>\$11,120,266</b>		
EnCap XI		\$3,497,016		
EnCap IV		\$502,072		
GSO Energy Opportunities		\$1,289,460		

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Taurus Mining		\$178,357		
Taurus Mining Annex		-\$109,110		
BlackRock Global Energy and Power Infrastructure Fund III LP		\$2,530,992		
Tailwater Energy Fund IV, LP		\$3,231,479		
<b>Cash</b>		<b>\$6,188,678</b>		
Cash		\$5,413,035		
Treasury Cash		\$775,643		

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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.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



INVESTMENT GROUP

# Merced County Employees' Retirement Association

March 2022

## Private Markets Benchmarking



# Private Markets Benchmarking

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4. Action Item: Updating Benchmark Guidelines in IPS
5. Appendix: IPS Red-Lined



## Private Markets Benchmarking

### Background & Findings

#### Background

- Private Benchmarks are a tool for assessing and comparing performance in order to gauge the results of individual funds and broader performance across asset classes.
- Most recently, Cambridge Associates made changes to their licensing requirements that prevents use of these Cambridge benchmark(s) without an additional fee to the client.
- As a result of the changes noted above, Meketa undertook a comprehensive review of available Private Markets benchmarks in use by institutional investors to explore alternative benchmarks for MercedCERA (peer-based, public, and inflation benchmarks).
- **Appendix I** at the end of this document provides additional details on the advantages and disadvantages of the benchmarks reviewed.

#### Findings/ Conclusions

Meketa recommends using public benchmarks and/or inflation benchmarks plus a spread for benchmarking private investments, where possible. **Why?**

- Public benchmarks are more **transparent** and **investable** than peer benchmarks.
- This approach reflects the expected role of the asset class in the portfolio: to generate returns in excess of public markets over the longer-term
- Use of public market indices require no additional cost.



# Private Markets Benchmarking

## Current Benchmarking Procedure

MercedCERA's private market exposure as of 3/31/22 is reflected in the table below.

<b>Private Market (PM) Exposure</b>	<b>Current Exposure (%)</b>	<b>Current Exposure (\$M)</b>	<b>Policy Target (%)</b>
<b>Private Equity</b> Primary: CA Global Private Equity & Venture Capital 1Q Lagged Secondary: Russell 3000 + 3% 1Q Lagged	<b>10.50%</b>	<b>120.9</b>	<b>15%</b>
<b>Private Real Estate</b> Primary: NCREIF ODCE Property Index 1Q Lagged Secondary: Russell 3000 + 3% 1Q Lagged	<b>5.80%</b>	<b>66.9</b>	<b>8%</b>
<b>Private Infrastructure/Private Natural Resources</b> Primary: 50/50 Blend of CA Global Infrastructure / CA Energy Upstream & Royalties Secondary: 50/50 Blend S&P Global Infrastructure/ S&P Global Natural Resources	<b>2.90%</b>	<b>32.6</b>	<b>5%</b>

- Currently, MercedCERA employs a primary and a secondary benchmark to assess performance of the private markets portfolio.
- We believe use of a public markets benchmark as a Primary benchmark is appropriate in assessing long-term success of the Program.
- For shorter time horizons, we believe a peer-based benchmark like the CA is more appropriate in assessing performance and implementation. Cliffwater will continue use of the Cambridge peer universes this measurement purpose.



## Private Markets Benchmarking

### Action Item: Benchmark Recommendation Change for Board Approval

#### → Private Equity Benchmark Recommendation:

Seek Board approval to adopt a 70% Russell 3000 + 30% MSCI ACWI ex-US plus a 3% premium as the primary benchmark for Private Equity.

*The 70/30 benchmark composition reflects the target global exposure within the MercedCera portfolio.*

#### → Real Asset Benchmark Recommendation:

Seek Board approval to adopt a 50/50 blend of S&P Global Infrastructure and S&P Global Natural Resources as the primary benchmark for Real Assets.

#### → Private Infrastructure

Seek Board approval to adopt the S&P Global Infrastructure Index as the primary benchmark for Private Infrastructure.

#### → Private Natural Resources

Seek Board approval to adopt the S&P Global Natural Resources Index as the primary benchmark for Private Natural Resources.

*Total Fund level benchmark composition would be updated accordingly, based on approvals above. Additionally, Meketa would seek approval to make the appropriate changes to the Investment Policy Statement.*

#### → Action Item: Board Approval to Update IPS – Appendix A



# Private Markets Benchmarking

## Action Item: Updating Benchmark Guidelines in IPS

US Equity	Russell 3000
Developed International Equity	80/20 MSCI Europe, Australia & Far East Index (EAFE) Net/MSCI ACWI ex US Small Cap Net
Emerging Markets Equity	MSCI Emerging Markets Index Net
Private Equity*	<del>Primary: Cambridge Global Private Equity &amp; Venture Capital 1 Q Index Lagged</del> Secondary: Russel 3000 + 3% 1 Q Lagged <u>Primary: (70% R3000 + 30% MSCI ACWI ex US) plus 3%</u>
Private Direct Lending	S&P/LSTA Leveraged Loan Index + 2%
Real Estate	Primary: NCREIF ODCE Property Index 1 Q Lagged; Secondary: CPI + 5%
US Fixed Income	Barclays Capital US Aggregate Bond Index
Opportunistic Fixed Income	50/25/25 <del>Barc Agg/Barc</del> HY/CS Lev Loans
Hedge Funds*	HFRI Fund of Funds Composite Index
Real Assets*	<del>Primary: 50/50 Blend of Cambridge Global Infrastructure/ Cambridge Energy Upstream &amp; Royalties and Private Energy Index 1Q Lagged;</del> Secondary <u>Primary: 50/50 Blend S&amp;P Global Infrastructure and S&amp;P Global Natural Resources.</u>
Total Fund Benchmark	Target asset mix percentages are applied to individual asset class benchmarks to arrive at the total fund benchmark. The private equity allocation is scaled in over time.



# Private Markets Benchmarking

## Appendix 1.

→ All private benchmarking options have advantages and disadvantages.

Factors	Peer Benchmarks	Public Benchmarks	Inflation Benchmarks	Comments
Optimal Time Period	Short/Mid/Long	Mid/Long	Mid/Long	Private investments tend to exhibit significantly less volatility than public benchmarks over shorter-term periods (one year or less) meaning the benchmarked portfolio will consistently lag in strong markets and outperform in downturns. This effect generally evens out over longer periods. On the other hand, private investments are typically far more volatile than inflation benchmarks even though such inflation benchmarks can serve as a useful measuring stick over the long-term.
Investability	Not Investable	Somewhat Investable	Not Investable	Investors do not have the option of earning the return of peer or inflation benchmarks. Investors can gain low-cost exposure to all common public benchmarks but have no way of capturing the excess return spread.
Compatibility	High	Moderate	Moderate	Compatibility refers to the degree to which the benchmark matches with the investor's objectives, risk preference, and portfolio composition. An appropriate peer benchmark can usually be selected for a range of private portfolios. Public benchmarks, though, are unable to mirror the unique dynamics of private investments. Inflation benchmarks can be modified (with adjusting spreads) to better match a desired risk profile but cannot capture equity/credit returns over a given period.
Clarity	Low	High	High	High quality peer benchmarks like Cambridge and Burgiss do not provide visibility into the underlying funds. Public benchmarks, however, offer perfect clarity into assets and weightings of all assets included in the index. Similarly, extensive CPI subcomponent data are publicly available.
Incremental Cost	High	None	None	Peer benchmarks generally cost \$4,000 (Burgiss) to \$9,000 (Cambridge) per additional client. However, if a client has a separate subscription with one of these peer benchmark providers, there is no additional cost. Use of public or inflation benchmarks is free..

## Appendix: IPS Red-Lined

**MERCEDCERA  
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

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**INVESTMENT POLICY STATEMENT**

Adopted: February 23, 2017  
Amended: February 27, 2020  
Amended: November 18, 2021

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**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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 the 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.

#### **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**

- a) Ensure Plan's ability to pay benefits to Plan Participants;
- b) Increase funding ratio to ensure long-term sustainability of MercedCERA;
- c) 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:

- a) At a minimum, achieve a nominal return equivalent to MercedCERA actuarial assumed rate of return.
- b) Earn a total return that averages in excess of the Actuarial Inflation Rate.
- c) 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 Fund 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 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 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 providing advice with respect to:

- 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, 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.

### 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 Chairman 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 his/her reservations about the objectives in writing to the Board Chairman and the Plan

Administrator. Otherwise, failure to meet these objectives may result in 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 the Board and 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/ 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 Chairman and the Plan Administrator. Also, the investment manager 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 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. 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.

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 Chairman 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.

#### 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. 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 Chairman and Plan Administrator.

#### d) 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 LIBOR 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 rolling 3-5 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>Strategy</u>	<u>Target</u>	<u>Min</u>	<u>Max</u>
Market Neutral	18%	10%	30%
Credit/Event	32%	20%	40%
Equity L/S	25%	15%	35%
Global Macro	15%	10%	20%
Multi-Strat	<u>10%</u>	5%	20%
	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.

e) 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 MCERA'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 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, 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 targeted and range of investment exposures, measured at fair value, to the various private equity investment classes are shown in the following table:

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

For the Private Real Assets portfolio, the objective is to have the portfolio comprised of half infrastructure investments and half natural resource investments.

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

f) 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, subclass, 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) 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 securities<sup>1</sup> 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.

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.

h) Opportunistic

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.

i) 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.

j) 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

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<sup>1</sup>Please 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.

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

### **Purpose of Watch List**

In order to more officially monitor and track existing and potential problems at the fund/portfolio management, the Board has adopted the following "watch list" policy. The watch list has been instituted to specifically monitor portfolios and managers on both quantitative and qualitative factors. The purpose of 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 Screens**

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

### **Qualitative Factors**

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

- a) The portfolio's fundamental investment characteristics vs. the appropriate market index (benchmark)
- b) The portfolio's 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) Style drift or changes

### **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 asset allocation 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 management 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) 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 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 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.

#### Allocation Ranges

	<u>Target Mix%</u>	<u>Minimum %</u>	<u>Maximum %</u>
Total Domestic Equity	22.0	16.0	27.0
Developed Market Equity	11.0	6.0	16.0
Emerging Market Equity	8.0	4.0	12.0
Private Equity	15.0	5.0	20.0
Direct Lending	5.0	0.0	10.0
Real Estate	8.0	6.0	10.0
Domestic Fixed Income	11.0	6.0	16.0
Opportunistic Fixed Income	5.0	3.0	7.0
Hedge Fund	10.0	5.0	15.0
Real Assets	5.0	3.0	7.0

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

US Equity	Russell 3000
Developed International Equity	80/20 MSCI Europe, Australia & Far East Index (EAFE) Net/MSCI ACWI ex US Small Cap Net
Emerging Markets Equity	MSCI Emerging Markets Index Net
Private Equity*	Primary: (70% R3000 + 30% MSCI ACWI ex US) plus 3%
Private Direct Lending	S&P/LSTA Leveraged Loan Index + 2%
Real Estate	Primary: NCREIF ODCE Property Index 1 Q Lagged; Secondary: CPI + 5%
US Fixed Income	Barclays Capital US Aggregate Bond Index
Opportunistic Fixed Income	50/25/25 Barc Agg/Barc HY/CS Lev Loans
Hedge Funds*	HFRI Fund of Funds Composite Index
Real Assets*	Primary: 50/50 Blend S&P Global Infrastructure and S&P Global Natural Resources.
Total Fund Benchmark	Target asset mix percentages are applied to individual asset class benchmarks to arrive at the total fund benchmark. The private equity allocation is scaled in over time.
*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 the 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 Chairman 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 Chairman 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.



## Private Markets Benchmarking

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## Private Markets Benchmarking

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INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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

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**DATE:** April 28, 2022

**TO:** MercedCERA Board of Retirement

**FROM:** Martha Sanchez, Benefits and Administration Manager

**SUBJECT:** Adoption of Non-Pensionable Pay Code for Merced County

**ITEM NUMBER:** 3

**ITEM TYPE:** Action

**STAFF RECOMMENDATION:**

1. Adoption of pay code 3235-Double Time OT Pay as non-pensionable pay code for Merced County. (Pay code 235 for MercedCERA retirement system identification)

**DISCUSSION:**

This pay code will be used to pay overtime wages to Extra Help Spring Fair workers in job class 0523 in years where the Spring Fair is able to obtain a grant for such payments. The code is non-pensionable for only Extra Help employees.

Staff recommends the following:

Adoption of pay code 3235-Double Time OT Pay as non-pensionable pay code for Merced County. (Pay code 235 for MercedCERA retirement system identification)



### SACRS VOTING PROXY FORM

The following are authorized by the \_\_\_\_\_ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference

*(If you have more than one alternate, please attach the list of alternates in priority order):*

\_\_\_\_\_ Voting Delegate

\_\_\_\_\_ Alternate Voting Delegate

These delegates were approved by the Retirement Board on \_\_\_\_ / \_\_\_\_ / \_\_\_\_.

The person authorized to fill out this form and submit electronically on behalf of the Retirement Board:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Please send your system's voting proxy by April 28, 2022 to Sulema H. Peterson, SACRS Executive Director at [Sulema@sacrs.org](mailto:Sulema@sacrs.org).



# SACRS Annual Spring Business Meeting

Friday, May 13, 2022  
10 am – Upon Adjournment

Omni Rancho Las Palmas Resort & Spa  
Rancho Mirage, CA  
Salon's A-E



## **Vision, Mission, Core Values**

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

## **Statement of Purpose**

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

## **Mission Statement**

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

## **Core Values**

Teamwork

Integrity

Education

Service and Support



SACRS Business Meeting Agenda  
Friday, May 13, 2022  
Omni Rancho Las Palmas Resort & Spa  
Rancho Mirage, CA  
Salon's A-E

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

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**1. SACRS System Roll Call**

Vacant, SACRS Secretary

**2. Secretary's Report - Receive and File**

Vacant, SACRS Secretary

- A. November 2021 SACRS Business Meeting Minutes

**3. Treasurer's Report - Receive and File**

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2021 – February 2022 Financials

**4. SACRS President Report - No Action**

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

**5. SACRS Legislative Committee Update – No Action**

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

- A. 2022 Legislative Report – No Action
- B. SACRS Board of Directors Legislative Proposal – No Action

**6. SACRS Nomination Committee - 2022-2023 SACRS Board of Directors Elections –Action**

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Board of Directors Elections 2022-2023



**7. SACRS Audit Report – Action**

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2020-2021 Annual Audit

**8. SACRS Education Committee Report – No Action**

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2022 Conference Evaluations/Feedback

**9. SACRS Program Committee Report – No Action**

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

- A. SACRS Annual Spring 2022 Conference Report

**10. SACRS Affiliate Committee Report – No Action**

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

**11. SACRS Bylaws Committee Report – No Action**

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

**12. SACRS Spring Conference Breakout Reports – No Action**

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

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

**13. Adjournment**

Next scheduled SACRS Association Business Meeting will be held Friday, November 11, 2022 at the Hyatt Regency Long Beach, Long Beach, CA unless Covid-19 restrictions are in place.



**1. SACRS System Roll Call**

Vacant, SACRS Secretary



1. SACRS System Roll Call  
 Vacant, SACRS Secretary

<b>System</b>	<b>In Attendance</b>	<b>Absent</b>	<b>Delegate/Alternate Name</b>
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			
<b>Total</b>			



## **2. Secretary's Report - Receive and File**

Vacant, SACRS Secretary

- A. November 2021 SACRS Business Meeting Minutes



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

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

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**Meeting called to order at 10:06 am**

**SACRS Board of Directors in Attendance:**

Vivian Gray, President; Roger Hilton, Vice President; Kathryn Cavness, Secretary; Harry Hagen, Treasurer; David MacDonald, Board member; Vere Williams, Board member; Dan McAllister, Immediate Past President, Scott Draper, Affiliate Committee Chair

1. SACRS System Roll Call

Thomas Garcia, Imperial CERS, SACRS Secretary

**20 SACRS Member Systems Present**

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

2. Secretary's Report - Receive and File

Thomas Garcia, Imperial CERS, SACRS Secretary

A. Spring 2021 SACRS Business Meeting Minutes

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

**2<sup>nd</sup>:** Contra Costa County

**Yes:** All

**No:** 0

**Motion Passes 20-0**

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 Financials

B. 2021-2022 Annual Budget



**Motion:** A motion to approve the Treasurer’s report and the 2021 – 2022 Annual Budget was submitted by San Bernardino County.

**2<sup>nd</sup>:** San Diego County

**Yes:** All

**No:** 0

**Motion Passes 20-0**

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

**Discussion, no action taken. Vivian Gray provided a verbal update of upcoming strategic goals of the Board for the 2022 year.**

5. SACRS Legislative Committee Update – Action

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

A. 2021 Legislative Report – No Action

B. SACRS Board of Directors Legislative Proposal – Action

**Motion:** A motion to approve the SACRS Board of Directors Legislative Proposal for 2022 CERL clean-up bill was submitted by San Diego County

**2<sup>nd</sup>:** Fresno County

**Yes:** All

**No:** 0

**Motion passes 20-0**

6. SACRS Nomination Committee – 2022-2023 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2022-2023

**Discussion only, no action. Dan McAllister asked systems to alert staff and trustees that might be interested in serving on the Board that the elections begin January 1, 2022.**

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Annual Audit Update



**Discussion only, no action. Steve Delaney reported that the annual audit will be presented to the Board in January 2022 and presented to the membership at the Spring 2022 Business Meeting.**

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

A. SACRS Annual Fall Conference 2021 Evaluations/Feedback

**Discussion only, no action. JJ Popowich proved a verbal report of the Education committee meeting and review of all sessions. JJ reported that the group thought it was a great conference, really liked Frances Donald keynote speaker, moderator John D’Agostino and the conference as a whole. Will provide full report to the Board in January 2022.**

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

A. SACRS Annual Fall Conference 2021 report

**Discussion only, no action. Kathryn Cavness thanked the committee members and welcomed feedback via the evaluations online.**

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

A. Affiliate Committee report

**Discussion only, no action. Alex Tanase provided a verbal update on the Affiliate breakout and the new affiliate members.**

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

A. No report

**No report.**

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

- Administrators – **Don Kendig, Fresno CERA, gave a verbal report on the Administrators breakout, well attended. Santos Kreimann will be the Spring 2022 Moderator.**



- Counsel – **No report**
- Disability/ Operations & Benefits Combo – **JJ Popowich, Los Angeles CERA, provided a verbal update, good session and well attended. Carlos Barrios, Los Angeles CERA, will be the Spring 2022 Moderator.**
- Internal Auditors – **No report**
- Investment Officers – **Closed session, no report**
- Safety Trustees – **Brian Williams, Sonoma CERA, provided a verbal update, volunteered as the Spring 2022 Moderator.**
- General Trustees – **Kathryn Cavness, Mendocino CERA, provided a verbal update, good session and was very informative as a follow up to the General Session David Burkus provided.**

### 13. Adjournment

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

**Motion:** A motion to adjourn the meeting at 10:32 am was submitted by Imperial County.

**2<sup>nd</sup>:** Contra Costa County

**Yes:** All

**No:** 0

**Motion passes 20-0**



### **3. Treasurer's Report - Receive and File**

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 – February 2022 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of February 28, 2022

Feb 28, 22

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	98,871.44
1001 · BofA Interest Checking 4389	46,667.68
1002 · First Foundation Bank ICS Acct	57,571.86

Total Checking/Savings 203,110.98

Other Current Assets

1100 · CalTrust - Medium Term	962,940.48
1107 · CalTrust Liquidity Fund	8,226.92
1110 · CAMP-SACRS Liquidity Fund	791,390.86
1201 · Deposits in Transit	3,855.00

Total Other Current Assets 1,766,413.26

Total Current Assets 1,969,524.24

TOTAL ASSETS 1,969,524.24

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 · First Foundation Credit Card	924.23
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Total Credit Cards 924.23

Total Current Liabilities 924.23

Total Liabilities 924.23

Equity

32000 · Retained Earnings 2,034,191.90

Net Income -65,591.89

Total Equity 1,968,600.01

TOTAL LIABILITIES & EQUITY 1,969,524.24

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## Profit & Loss

July 2021 through February 2022

Jul '21 - Feb 22

Ordinary Income/Expense

Income

4100 - Membership Dues	
4101 - Affiliates	203,750.00
4102 - Non Profit - Organizations	2,740.00
4103 - Non Profit - Systems	7,500.00
4104 - Systems - Medium	52,000.00
4105 - Systems - Large	42,000.00
Total 4100 - Membership Dues	<u>307,990.00</u>
4200 - Webinar Symposium Registration	350.00
4250 - Product Income	
4251 - CERL	25.00
Total 4250 - Product Income	<u>25.00</u>
4270 - UC Berkeley Program	
4271 - Registrations	5,650.00
4272 - Sponsorships	10,000.00
Total 4270 - UC Berkeley Program	<u>15,650.00</u>
4300 - Fall Conference Registration	
4301 - Affiliates - Early	120,360.00
4302 - Affiliates - Regular	97,180.00
4303 - Affiliates - Late/Onsite	52,480.00
4304 - Non Profit	720.00
4305 - Systems	13,560.00
4306 - Non-Members	214,880.00
4307 - Fun Run	1,290.00
4308 - Yoga	675.00
4300 - Fall Conference Registration - Other	-1,260.00
Total 4300 - Fall Conference Registration	<u>499,885.00</u>
4350 - Spring Conference Registration	
4351 - Affiliates - Early	93,120.00
4355 - Systems	5,400.00
4356 - Non-Members	34,710.00
4357 - Fun Run	495.00
4358 - Yoga	270.00
Total 4350 - Spring Conference Registration	<u>133,995.00</u>
4900 - Interest Earned	<u>-16,270.48</u>

Total Income 941,624.52

Gross Profit 941,624.52

Expense

5000 - Administrative Fee	120,146.60
5001 - Administrative Services	315.25
5002 - Awards	193.00
5003 - Bank Charges/Credit Card Fees	21,999.41
5010 - Berkeley & Symposium	
5012 - Delivery & Shipping	922.40
5015 - Materials/Printing/Design	25.49

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2021 through February 2022

	<u>Jul '21 - Feb 22</u>
5017 - UC Berkeley	108,000.00
<b>Total 5010 - Berkeley &amp; Symposium</b>	<b>108,947.89</b>
5020 - Webinar Symposium	
5022 - Webinar Technology	28,625.00
<b>Total 5020 - Webinar Symposium</b>	<b>28,625.00</b>
5040 - Commissions & Fees	10,005.00
5041 - Consulting	19,881.76
5042 - Dues & Subscriptions	600.00
5050 - Fall Conference	
5051 - Audio/Visual	86,292.50
5052 - Delivery & Shipping	1,998.41
5054 - Hotel	
5054.1 - Wednesday Night Event	12,234.00
5054.2 - Conference	34,972.50
5054.3 - Food & Beverage	181,293.50
5054 - Hotel - Other	80,986.66
<b>Total 5054 - Hotel</b>	<b>309,486.66</b>
5055 - Program Material	24,182.03
5056 - Speakers	55,914.53
5057 - Supplies	1,137.51
5058 - Travel	12,126.21
<b>Total 5050 - Fall Conference</b>	<b>491,137.85</b>
5070 - Insurance	4,421.00
5071 - Legal & Professional Fees	24,625.74
5072 - Legislative Advocacy	40,008.00
5080 - Magazine	
5081 - Delivery & Shipping	327.11
5082 - Design/Printing/Etc.	9,954.47
5083 - Magazine - Other	13,055.00
<b>Total 5080 - Magazine</b>	<b>23,336.58</b>
6000 - Board & Committees	
6001 - Board of Directors	
6001.1 - Food & Beverage	7,918.37
6001.2 - Printing/Supplies	2,456.58
6001.3 - Travel - BOD Meetings	6,712.20
6001.4 - Travel - Miscellaneous BOD	8,590.56
6001.5 - Board Of Directors - Other	7,234.23
6001 - Board of Directors - Other	7,873.70
<b>Total 6001 - Board of Directors</b>	<b>40,785.64</b>
<b>Total 6000 - Board &amp; Committees</b>	<b>40,785.64</b>
6010 - Office Expenses / Supplies	1,324.38
6011 - Postage & Delivery	5,984.40
6020 - Spring Conference	
6025 - Program Material	2,380.00
6026 - Speakers	23,500.00
6020 - Spring Conference - Other	1,107.95

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2021 through February 2022

	<u>Jul '21 - Feb 22</u>
Total 6020 · Spring Conference	26,987.95
6051 · Taxes & Licenses	569.88
6053 · Technology/AMS/Website	34,609.76
6054 · Travel	2,711.32
Total Expense	<u>1,007,216.41</u>
Net Ordinary Income	<u>-65,591.89</u>
	<u><u>-65,591.89</u></u>

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**  
**Profit & Loss Budget vs. Actual**  
July 2021 through February 2022

	Jul '21 - Feb 22	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4100 · Membership Dues</b>				
4101 · Affiliates	203,750.00	268,750.00	-65,000.00	75.81%
4102 · Non Profit - Organizations	2,740.00	2,750.00	-10.00	99.64%
4103 · Non Profit - Systems	7,500.00	6,000.00	1,500.00	125.0%
4104 · Systems - Medium	52,000.00	52,000.00	0.00	100.0%
4105 · Systems - Large	42,000.00	42,000.00	0.00	100.0%
4100 · Membership Dues - Other	0.00	0.00	0.00	0.0%
<b>Total 4100 · Membership Dues</b>	<b>307,990.00</b>	<b>371,500.00</b>	<b>-63,510.00</b>	<b>82.9%</b>
<b>4200 · Webinar Symposium Registration</b>				
4201 · Affiliates - Early	0.00	200.00	-200.00	0.0%
4202 · Affiliates - Regular	0.00	200.00	-200.00	0.0%
4203 · Affiliates - Late/Onsite	0.00	200.00	-200.00	0.0%
4204 · Non Profit	0.00	200.00	-200.00	0.0%
4205 · Systems	0.00	200.00	-200.00	0.0%
4206 · Non-Members	0.00	200.00	-200.00	0.0%
4200 · Webinar Symposium Registration - Other	350.00	0.00	350.00	100.0%
<b>Total 4200 · Webinar Symposium Registration</b>	<b>350.00</b>	<b>1,200.00</b>	<b>-850.00</b>	<b>29.17%</b>
<b>4250 · Product Income</b>				
4251 · CERL	25.00	0.00	25.00	100.0%
4255 · Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
<b>Total 4250 · Product Income</b>	<b>25.00</b>	<b>2,000.00</b>	<b>-1,975.00</b>	<b>1.25%</b>
<b>4270 · UC Berkeley Program</b>				
4271 · Registrations	5,650.00	60,000.00	-54,350.00	9.42%
4272 · Sponsorships	10,000.00	40,000.00	-30,000.00	25.0%
4270 · UC Berkeley Program - Other	0.00	0.00	0.00	0.0%
<b>Total 4270 · UC Berkeley Program</b>	<b>15,650.00</b>	<b>100,000.00</b>	<b>-84,350.00</b>	<b>15.65%</b>
<b>4300 · Fall Conference Registration</b>				
4301 · Affiliates - Early	120,360.00	140,000.00	-19,640.00	85.97%
4302 · Affiliates - Regular	97,180.00	60,000.00	37,180.00	161.97%
4303 · Affiliates - Late/Onsite	52,480.00	70,400.00	-17,920.00	74.55%
4304 · Non Profit	720.00	960.00	-240.00	75.0%
4305 · Systems	13,560.00	20,000.00	-6,440.00	67.8%
4306 · Non-Members	214,880.00	200,250.00	14,630.00	107.31%
4307 · Fun Run	1,290.00	500.00	790.00	258.0%
4308 · Yoga	675.00	100.00	575.00	675.0%
4300 · Fall Conference Registration - Other	-1,260.00	0.00	-1,260.00	100.0%
<b>Total 4300 · Fall Conference Registration</b>	<b>499,885.00</b>	<b>492,210.00</b>	<b>7,675.00</b>	<b>101.56%</b>
<b>4350 · Spring Conference Registration</b>				
4351 · Affiliates - Early	93,120.00	140,000.00	-46,880.00	66.51%
4352 · Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4353 · Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4354 · Non Profit	0.00	960.00	-960.00	0.0%
4355 · Systems	5,400.00	20,000.00	-14,600.00	27.0%

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## Profit & Loss Budget vs. Actual

July 2021 through February 2022

	Jul '21 - Feb 22	Budget	\$ Over Budget	% of Budget
4356 · Non-Members	34,710.00	200,250.00	-165,540.00	17.33%
4357 · Fun Run	495.00	500.00	-5.00	99.0%
4358 · Yoga	270.00	100.00	170.00	270.0%
<b>Total 4350 · Spring Conference Registration</b>	<b>133,995.00</b>	<b>492,210.00</b>	<b>-358,215.00</b>	<b>27.22%</b>
4900 · Interest Earned	-16,270.48	-953.55	-15,316.93	1,706.31%
<b>Total Income</b>	<b>941,624.52</b>	<b>1,458,166.45</b>	<b>-516,541.93</b>	<b>64.58%</b>
<b>Gross Profit</b>	<b>941,624.52</b>	<b>1,458,166.45</b>	<b>-516,541.93</b>	<b>64.58%</b>
<b>Expense</b>				
5000 · Administrative Fee	120,146.60	180,000.00	-59,853.40	66.75%
5001 · Administrative Services	315.25	500.00	-184.75	63.05%
5002 · Awards	193.00	500.00	-307.00	38.6%
5003 · Bank Charges/Credit Card Fees	21,999.41	36,000.00	-14,000.59	61.11%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5012 · Delivery & Shipping	922.40			
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	0.00	12,500.00	-12,500.00	0.0%
5015 · Materials/Printing/Design	25.49	3,000.00	-2,974.51	0.85%
5016 · Travel	0.00	2,500.00	-2,500.00	0.0%
5017 · UC Berkeley	108,000.00	216,000.00	-108,000.00	50.0%
<b>Total 5010 · Berkeley &amp; Symposium</b>	<b>108,947.89</b>	<b>248,700.00</b>	<b>-139,752.11</b>	<b>43.81%</b>
5020 · Webinar Symposium				
5022 · Webinar Technology	28,625.00	25,000.00	3,625.00	114.5%
<b>Total 5020 · Webinar Symposium</b>	<b>28,625.00</b>	<b>25,000.00</b>	<b>3,625.00</b>	<b>114.5%</b>
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%
<b>Total 5030 · CERL</b>	<b>0.00</b>	<b>17,800.00</b>	<b>-17,800.00</b>	<b>0.0%</b>
5040 · Commissions & Fees	10,005.00	20,000.00	-9,995.00	50.03%
5041 · Consulting	19,881.76	19,992.00	-110.24	99.45%
5042 · Dues & Subscriptions	600.00	3,700.00	-3,100.00	16.22%
5050 · Fall Conference				
5051 · Audio/Visual	86,292.50	60,000.00	26,292.50	143.82%
5052 · Delivery & Shipping	1,998.41	2,500.00	-501.59	79.94%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	12,234.00	65,000.00	-52,766.00	18.82%
5054.2 · Conference	34,972.50	15,000.00	19,972.50	233.15%
5054.3 · Food & Beverage	181,293.50	250,000.00	-68,706.50	72.52%
5054 · Hotel - Other	80,986.66	0.00	80,986.66	100.0%
<b>Total 5054 · Hotel</b>	<b>309,486.66</b>	<b>330,000.00</b>	<b>-20,513.34</b>	<b>93.78%</b>
5055 · Program Material	24,182.03	25,000.00	-817.97	96.73%
5056 · Speakers	55,914.53	50,000.00	5,914.53	111.83%
5057 · Supplies	1,137.51	500.00	637.51	227.5%
5058 · Travel	12,126.21	15,000.00	-2,873.79	80.84%

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**  
**Profit & Loss Budget vs. Actual**  
July 2021 through February 2022

	Jul '21 - Feb 22	Budget	\$ Over Budget	% of Budget
5050 · Fall Conference - Other	0.00	0.00	0.00	0.0%
<b>Total 5050 · Fall Conference</b>	<b>491,137.85</b>	<b>489,500.00</b>	<b>1,637.85</b>	<b>100.34%</b>
5070 · Insurance	4,421.00	5,000.00	-579.00	88.42%
5071 · Legal & Professional Fees	24,625.74	35,000.00	-10,374.26	70.36%
5072 · Legislative Advocacy	40,008.00	60,012.00	-20,004.00	66.67%
5080 · Magazine				
5081 · Delivery & Shipping	327.11	600.00	-272.89	54.52%
5082 · Design/Printing/Etc.	9,954.47	20,000.00	-10,045.53	49.77%
5083 · Magazine - Other	13,055.00	5,200.00	7,855.00	251.06%
5080 · Magazine - Other	0.00	0.00	0.00	0.0%
<b>Total 5080 · Magazine</b>	<b>23,336.58</b>	<b>25,800.00</b>	<b>-2,463.42</b>	<b>90.45%</b>
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	7,918.37	25,000.00	-17,081.63	31.67%
6001.2 · Printing/Supplies	2,456.58	4,000.00	-1,543.42	61.42%
6001.3 · Travel - BOD Meetings	6,712.20	11,000.00	-4,287.80	61.02%
6001.4 · Travel - Miscellaneous BOD	8,590.56	3,500.00	5,090.56	245.45%
6001.5 · Board Of Directors - Other	7,234.23	3,000.00	4,234.23	241.14%
6001 · Board of Directors - Other	7,873.70			
<b>Total 6001 · Board of Directors</b>	<b>40,785.64</b>	<b>46,500.00</b>	<b>-5,714.36</b>	<b>87.71%</b>
6002 · Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
<b>Total 6000 · Board &amp; Committees</b>	<b>40,785.64</b>	<b>49,250.00</b>	<b>-8,464.36</b>	<b>82.81%</b>
6010 · Office Expenses / Supplies	1,324.38	2,500.00	-1,175.62	52.98%
6011 · Postage & Delivery	5,984.40	3,000.00	2,984.40	199.48%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	60,000.00	-60,000.00	0.0%
6022 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
6023 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	65,000.00	-65,000.00	0.0%
6024.2 · Conference	0.00	0.00	0.00	0.0%
6024.4 · Hotel - Other	0.00	25,000.00	-25,000.00	0.0%
6024 · Hotel - Other	0.00	0.00	0.00	0.0%
<b>Total 6024 · Hotel</b>	<b>0.00</b>	<b>90,000.00</b>	<b>-90,000.00</b>	<b>0.0%</b>
6025 · Program Material	2,380.00	25,000.00	-22,620.00	9.52%
6026 · Speakers	23,500.00	50,000.00	-26,500.00	47.0%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	0.00	15,000.00	-15,000.00	0.0%
6020 · Spring Conference - Other	1,107.95	0.00	1,107.95	100.0%
<b>Total 6020 · Spring Conference</b>	<b>26,987.95</b>	<b>250,000.00</b>	<b>-223,012.05</b>	<b>10.8%</b>
6050 · Strategic Facilitator	0.00	15,000.00	-15,000.00	0.0%
6051 · Taxes & Licenses	569.88	50.00	519.88	1,139.76%
6053 · Technology/AMS/Website	34,609.76	45,000.00	-10,390.24	76.91%
6054 · Travel	2,711.32	7,500.00	-4,788.68	36.15%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS  
**Profit & Loss Budget vs. Actual**  
July 2021 through February 2022

Total Expense  
Net Ordinary Income

Jul '21 - Feb 22	Budget	\$ Over Budget	% of Budget
1,007,216.41	1,539,804.00	-532,587.59	65.41%
-65,591.89	-81,637.55	16,045.66	80.35%
<b>-65,591.89</b>	<b>-81,637.55</b>	<b>16,045.66</b>	<b>80.35%</b>



#### **4. SACRS President Report - No Action**

Vivian Gray, Los Angeles CERA, SACRS President

##### A. SACRS President Update



**No printed materials for this item**



## **5. SACRS Legislative Committee Update – Action**

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

- A. 2022 Legislative Report – No Action
- B. SACRS Board of Directors Legislative Proposal – No Action



April 1, 2022

TO: State Association of County Retirement Systems  
FROM: Edelstein Gilbert Robson & Smith, LLC  
RE: **Legislative Update – April 2022**

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### **General Update**

As the Legislature goes into April, policy committee hearings are in full swing. Policy Committees will continue for fiscal bills (bills that have a cost to the state) until April 29. Bills keyed non-fiscal have until May 6 to be heard in policy committee. Following the policy committee deadline, fiscal legislation faces its next hurdle, the fiscal committee deadline on May 20.

Now that case rates are declining, activity in the Legislature has been shifting increasingly towards in-person rather than virtual meetings. Virtual meetings are still occurring, but more legislative staff are working from the “Swing Space” rather than from home, increasing opportunities for in-person lobbying.

### **SACRS Sponsored Bills**

As discussed in previous reports, the various policy proposals to amend the CERL that were approved by the SACRS membership were amended into the two bills below.

**AB 1824 (Committee on Public Employment and Retirement) – Committee Cleanup Bill.** The bill passed out of the Assembly Public Employment and Retirement Committee unanimously and will be heard in the Assembly Appropriations Committee next.

**AB 1971 (Cooper) – CERL Policy Bill.** The Legislative Committee Co-Chairs and SACRS lobbying team held a series of discussions with stakeholders on the bill. Based on those discussions and concerns raised by SEIU, the California Professional Firefighters, and the Police Officers Research Association of CA (PORAC), AB 1971 will be amended with various technical clarifications and to strike sections six and eight of the bill. Discussions will continue regarding a couple outstanding items. The bill has not yet been set for hearing in its policy committee.

We will continue to keep SACRS updated as these two bills move through the legislative process.

## Other Bills of Interest

**AB 2493 (Chen) – Orange County Employees Retirement System: Disallowed Compensation.** This bill was recently amended with substantive language that allows OCERS to adjust retirement payments based on disallowed compensation for peace officers and firefighters under certain circumstances.

The bill has not yet been set for hearing.

**Compensation Earnable Bills** – Last session, two bills were introduced relating to compensation earnable - **AB 498 (Quirk-Silva) and AB 826 (Irwin)**. As reported in previous updates, AB 826 was gutted and amended in June of 2021 with the CERL provisions currently contained in the bill. The bill was placed on the Senate Inactive File in September, where it remains. AB 498 (Quirk Silva) was similarly amended at the end of session last year in September. We have reached out to these offices to inquire about whether these bills will be further amended or brought up for votes later this year. Neither office had any updates at this time. We will periodically check back for further updates.

**SB 1328 (McGuire) – Divestment.** This bill would prohibit all public retirement boards subject to PEPRA from investing public employee retirement funds in a company with business operations in Russia or Belarus, among other requirements.

The bill passed out of the Senate Labor, Public Employment and Retirement Committee and Senate Governmental Organization Committee unanimously. It will go to the Senate Appropriations Committee next.

SACRS has not taken a formal position on the bill but has submitted a “letter of concern” outlining the administrative concerns raised by member systems.

**Public Meeting Bills.** During the pandemic, public agencies have relied upon the Brown Act flexibilities created via Executive Order and previous legislation to continue to conduct business while keeping the public and members safe. As the pandemic evolves, public agencies continue to recognize the benefits of teleconferencing, and multiple bills have been introduced on the topic this year to continue teleconference flexibilities:

**AB 1944 (Lee) – Public Meetings.** This bill would eliminate the requirement to post each board member address on public agendas for remote meetings. For public meetings that elect to use teleconferencing, the legislative body would be required to provide a video stream accessible to members of the public and an option for members of the public to address the legislative body remotely during public comment through a video or call-in option.

SACRS is supporting this bill. The bill has not yet been set for hearing in policy committee.

**AB 2449 (Rubio) – Public Meetings.** This bill would allow a local agency to use teleconferencing for a public meeting if at least a quorum of members of the legislative

body participate in person from a single location that is identified on the agenda and is open to the public within the local agency's jurisdiction, among other requirements.

The bill has not yet been sent for hearing.



**6. SACRS Nomination Committee - 2022-2023 SACRS Board of Directors Elections –  
Action**

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2022-2023



March 15, 2022

To: SACRS Trustees & SACRS Administrators/CEO's  
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair  
 SACRS Nominating Committee  
 Re: SACRS Board of Director Elections 2022-2023 Elections – Final Ballot

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SACRS BOD 2022-2023 election process began January 2022. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2022	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2022	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 13, 2022	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 10-13, 2022
May 13, 2022	Board of Directors take office for 1 year (until Spring 2023 Elections)

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

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

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

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

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

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



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

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

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

The elections will be held at the SACRS Spring Conference on Friday, May 13, 2022 during the scheduled business meeting at the Omni Rancho Las Palmas Hotel and Resort in Rancho Mirage, CA.

**SACRS Nominating Committee Recommended Slate:**

- President – Vivian Gray, Los Angeles CERA
- Vice President – David MacDonald, Contra Costa CERA
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Adele Tagaloa, Orange CERS
- Regular Member – Vere Williams, San Bernardino CERA
- Regular Member – David Gilmore, San Diego CERA

No other letters of intent or submissions were received.

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

If you have any questions, please contact me at Dan McAllister, [Dan.McAllister@sdcounty.ca.gov](mailto:Dan.McAllister@sdcounty.ca.gov) or (619) 531-5231.

Thank you for your prompt attention to this timely matter.

Sincerely,

*Dan McAllister*

Dan McAllister, San Diego CERA Trustee  
SACRS Nominating Committee Chair

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

Attached: Candidate submissions

# SACRS Submission for President

# VIVIAN H. GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 23, 2022

VIA EMAIL

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

I would like to express my desire to be considered for SACRS' President for 2022/2023.

I have been humbly honored to serve as SACRS President for two years. 2020 was a very difficult year for everyone. SACRS was no exception. 2021 was difficult also as we had to get back on our feet, stand tall and continue with our mission in spite of a "new normal" we faced.

My focus in 2021 for SACRS expanded two original concepts of "Relevance and Sustainability" to "Recovery, Relevance and Sustainability". Within these three concepts, SACRS was able to begin 'recovery' from the pandemic while adhering to health restrictions; remain 'relevant' to the pension community through innovative approaches to education and 'sustainable' by building on technological advances to return to live conference for our members yet also continue to provide quality education through alternative mediums.

Most notably SACRS accomplishments for 2020 and 2021 include, but are not limited to the following:

- Continued communications with 37 Act systems and administrators through SACRS' website and SACRS Magazine
- Presentation of SACRS 2020 conferences in a virtual format without sacrificing quality of speakers, presentations or interactions among trustees, affiliates and staff and "in-person" return in 2021 and Spring 2022.
- Presenting the SACRS Berkeley Education Program in a virtual format with on-demand replays of the classes presented
- Maintaining an active role in the legislative process as it affected county retirement systems

In spite of the pandemic and post pandemic challenges, I am very proud of the work SACRS' Board has accomplished under my leadership. We continue to be productive while recovering and remaining relevant and sustainable for the SACRS membership.

I would be honored to serve another term as President of SACRS. Thank you in advance for your consideration of my candidacy for re-election.

Sincerely,

*Vivian Gray*

cc: Sulema Peterson, SACRS

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

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

<b>Name of Candidate</b>	Name: Vivian H. Gray
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 300 N. Lake Ave., Ste. 820, Pasadena CA 91101 Email Address: viviangray@aol.com, vgray@lacera.com Phone: 213.440.0142
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Los Angeles County Employees Retirement Assoc. (LACERA)
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	<p>2021 President, SACRS            2019 Vice Chair, SACRS President            2017 Chair, SACRS Bylaws Committee            Elected general member trustee since 2012            38 years of service to Los Angeles County            10 years in Law Enforcement            28 years as an attorney for Los Angeles County 6 years in private law practice            Education/Pension Trustee Certificates</p> <p>- Bachelors of Arts: UCLA            - JD: UWLA            - New York Law School -Public Pension Trustee Fiduciary Program            - Stanford Law School (CALAPRS) -Principles of Pension Management            - Harvard Law School Program - Trustee Work Life            - UC Berkeley (SACRS) - Modern Investment Theory &amp; Practice for Retirement Systems            - IFEBP -Trustee Master's Program            - NCPERS Public Pension Funding Forum            - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow</p>

# SACRS Submission for Vice President

David J MacDonald, MD

255 Ramsgate Way  
Vallejo, CA 94591  
dmacdcccera@gmail.com  
510-409-4458 (mobile)

February 11, 2022

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

I would like to express my interest in running as Vice President for the SACRS' Board of Directors for the 2021/2022 year.

I was first elected to the SACRS board in 2020. I am also an elected trustee of the CCCERA Retirement Board (since 2016) and currently serve as CCCERA Board Vice Chair. I appreciate the level of responsibility entrusted to me in looking after our members' retirement plans. I understand the incredible value of a defined benefit plan for my coworkers and our retirees.

I have a long history of dedicated service to my coworkers and union members and I carry this spirit into my role as an elected trustee. My work with SACRS has meant for further education and inspiration from the SACRS organization via its conferences and programs. SACRS has enhanced my abilities to serve as an effective CCCERA trustee.

I desire to continue my service on the SACRS board. Doing so allows me to further promote, protect and build upon pension programs under CERL for county public employees statewide.

Thank you for your time and consideration.

Sincerely and Respectfully,

*David J MacDonald, MD*

David J MacDonald, MD



**SACRS Nomination Submission Form  
SACRS Board of Directors Elections 2021-2022**

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

<b>Name of Candidate</b>	Name: David J. MacDonald, MD
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 255 Ramsgate Way, Vallejo, CA 94591 Email Address: <a href="mailto:dmacdcccera@gmail.com">dmacdcccera@gmail.com</a> Phone: 510-409-4458
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: CCCERA
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> <b>General Elected X</b> <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input checked="" type="radio"/> <b>Vice President X</b> <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	* SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 28 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 31 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPP program - CALAPRS Trustee Education – Principles of Pension Governance

## SACRS Submission for Treasurer



**Jordan Kaufman**  
Treasurer and Tax Collector  
**Chase Nunneley**  
Assistant Treasurer and Tax Collector

February 9, 2022

Dan McAllister, Nominating Committee Chairman  
State Association of County Retirement Systems

Re: Letter of interest for SACRS position of Treasurer of the Board of Directors

Dear Mr. McAllister and members of the Nominating Committee,

Thank you for the opportunity to express my interest in the position of Treasurer of the SACRS Board of Directors. I believe that I have the knowledge, experience and motivation to add value to the Board. I am in my second term as the elected Kern County Treasurer-Tax Collector, and I am a 17 year member of the Kern County Employees Retirement Association (KCERA) as a general elected, alternate, and statutory trustee. I have a deep background in public fund investment and retirement plan administration and I am or have been the Treasurer of many organizations and associations.

As the elected Treasurer-Tax Collector, I manage the County's \$4.5 billion treasury pool, provide banking services to over 200 different county agencies and districts, and collect over \$1.3 billion in local property taxes. I am also the Plan Administrator for the County's 457(b) deferred compensation plan with over \$720 million in participant assets.

I am or have been the Treasurer of the following entities: County of Kern; California Association of County Treasurer's and Tax Collectors (CACTTC); United Way of Kern County; Boy Scouts of America Southern Sierra Council; California Statewide Communities Development Authority (CSCDA); and Kern County Management Council.

I have dedicated my career to public service and I am proud to serve the residents of Kern County and the employees of the County of Kern. I am interested in becoming more involved in pension and investment management on a larger scale and I feel that my knowledge and expertise outlined above would make me a good candidate for the Treasurer of the Board. I feel I could bring value to the board while at the same time expanding my knowledge base in pension management and administration.

Attached is my resume for your information. Thank you in advance for your consideration and feel free to call me if you have any questions at 661-204-1510.

Sincerely,

Jordan Kaufman  
Kern County Treasurer-Tax Collector  
Deferred Compensation Plan Administrator

Attachment

M:\Administration\SACRS\SACRS Board Letter of Interest.doc



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

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

<b>Name of Candidate</b>	Name: Jordan Kaufman
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: 1115 Truxtun Avenue, 2nd floor Bakersfield, CA 93301 Email Address: <a href="mailto:jkaufman@kerncounty.com">jkaufman@kerncounty.com</a> Phone: (661) 868-3454
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: Kern County Employees' Retirement Association
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other <u>Statutory</u>
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	<p>I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$4.5 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.3 billion in local property taxes. I am also the Plan Administrator for the \$720 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council, and an Adjunct Professor at the California State University Bakersfield. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

## SACRS Submission for Secretary

**Serving the Active and Retired Members of:**

CITY OF SAN JUAN  
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY  
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &  
FAMILIES COMMISSION

ORANGE COUNTY  
DEPARTMENT OF EDUCATION  
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY  
EMPLOYEES RETIREMENT  
SYSTEM

ORANGE COUNTY FIRE  
AUTHORITY

ORANGE COUNTY IN-HOME  
SUPPORTIVE SERVICES PUBLIC  
AUTHORITY

ORANGE COUNTY LOCAL  
AGENCY FORMATION  
COMMISSION

ORANGE COUNTY PUBLIC LAW  
LIBRARY

ORANGE COUNTY  
SANITATION DISTRICT

ORANGE COUNTY  
TRANSPORTATION  
AUTHORITY

SUPERIOR COURT OF  
CALIFORNIA, COUNTY  
OF ORANGE

TRANSPORTATION  
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND  
CAMPUS (CLOSED TO NEW  
MEMBERS)

February 23, 2022

*By Mail and Electronic Mail [dan.mcallister@sdcounty.ca.gov]*

Mr. Dan McAllister  
SACRS Nominating Committee Chair  
SACRS  
840 Richards Blvd.  
Sacramento, CA 95811

Re: NOMINATION FOR SACRS BOARD OF DIRECTORS ELECTION 2022-2023

Dear Mr. McAllister:

**This letter supersedes the letter I sent to you earlier today.**

As a regular member of SACRS, the Orange County Employees Retirement System (OCERS) is entitled, under the SACRS Bylaws, Article VIII, Section 2, to submit nominations for the election of directors for the SACRS Board of Directors.

On February 22, 2022, the OCERS Board of Retirement met and took action to nominate OCERS trustee, Adele Tagalao, for the position of SECRETARY of the SACRS Board of Directors, and directed me to submit this nomination to the SACRS Nominating Committee.

Accordingly, please accept this letter as **OCERS' nomination of OCERS Trustee, Adele Tagalao, for election to the position of SECRETARY of the SACRS Board of Directors at the 2022-2023 SACRS Board of Directors Election to take place on May 13, 2022.**

Please do not hesitate to contact me at (714) 558-6222 if you have any questions or require additional information.

Thank you.

Best regards,



Steve Delaney - Chief Executive Officer  
cc: Sulema H. Peterson, SACRS Administrator

# Adele Tagaloa

---

2223 East Wellington Ave, Suite 100, Santa Ana, CA 92804 | 714-349-9716 | [atagaloa@ocers.org](mailto:atagaloa@ocers.org)

**February 24, 2022**

Mr. Dan McAllister  
SACRS Immediate Past President, Nominating Committee Chair  
State Association of County Retirement Systems (SACRS)  
840 Richards Blvd  
Sacramento, CA 95811

**Dear Mr. Dan McAllister:**

Please accept this letter of my intent to run for SACRS Board of Directors for the office of Secretary.

My 15 years of leadership experience in the private and public sector makes me an exceptional candidate for SACRS Secretary. My experience serving (1) as an Executive Board member of my employee labor organization; (2) my employment by the Registrar of Voters to ensure accurate and transparent elections for 1.8 million registered Orange County voters; and most importantly (3) my service as a Trustee on the Orange County Employees Retirement System has made me uniquely qualified to serve on the SACRS Board of Directors.

My passion for democracy, organized labor, and accessibility education has been the cornerstone of my career and life. Since I have been elected to the OCERS Board of Retirement, my personal trustee education has been one of my main priorities. Although the last two years has proven to be a challenge for in-person education, I prioritized expanding my knowledge on pensions and legislation.

While attending SACRS Fall Conference in 2021, the level of professionalism and outstanding leadership solidified my desire to be more than a future attendee. In SACRS, I have found an organization that like me, understands the challenge and importance of pensions, education and duty for trustees in the CERL 37 Act Systems. I have shared too many people about the fantastic speakers and the subjects that reach beyond pensions at SACRS.

Using my leadership experience, it is my goal to continue to share all the benefits of SACRS to members, support leadership and to continue to make SACRS the premier pension organization in a changing world.

It would be an honor to serve on the SACRS Board of Directors as Secretary and truly appreciate your consideration.

Sincerely,



**Adele Tagaloa**  
Trustee, General Member-Elected  
Orange County Employees Retirement System (OCERS)



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

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

<b>Name of Candidate</b>	<b>Adele Tagaloa</b>
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: <b>2223 East Wellington Ave, Suite 100 Santa Ana, CA 92701</b> Email Address: <a href="mailto:atagaloa@ocers.org">atagaloa@ocers.org</a> <a href="mailto:adele.tagaloa@gmail.com">adele.tagaloa@gmail.com</a> Phone: <b>(714) 349-9716</b>
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: <b>Orange County Employees Retirement System (OCERS)</b>
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member
<b>Brief Bio</b>	<ul style="list-style-type: none"> <li>◆ <b>Member, SACRS Program and Bylaws Committee</b></li> <li>◆ <b>Elected General Member Trustee, OCERS, 2020 to present</b> 12 1/2 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office</li> <li>◆ <b>Chair, OCERS Disability Committee 2020 to present</b></li> <li>◆ <b>Vice- Chair, OCERS Investment Committee 2022 to present</b></li> <li>◆ <b>Member, OCERS Governance Committee member 2022 to present</b></li> <li>◆ <b>Union Steward, Orange County Employees Association (OCEA) 2012 to present</b></li> <li>◆ <b>Board of Directors, OCEA 2018 to present</b></li> <li>◆ <b>Executive Board of Directors - Secretary, OCEA 2020 to present</b></li> <li>◆ <b>Political Action Committee and Scholarship Committee member, OCEA</b></li> </ul> <p><b>Public Pension Trustee Certificates:</b> Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

SACRS Submission for General Board Member

February 28, 2022

VIA Email

Dan McAllister,  
SACRS Immediate Past President/ Nominating Committee Chair  
SACRS Nominating Committee

Dear Mr. Immediate Past President/Nominating Committee Chair McAllister,

Please accept this letter as my letter of intent to be a candidate to be re-elected to the position of Regular Member in SACRS Board of Directors Elections 2022-2023.

If re-elected as a Regular Member, I will continue working to ensure that SACRS remain the preeminent educational organization for the CERL 37 Act Systems by maintaining the high caliber of our conferences (both as formal seminars and superb networking opportunities.) I will continue encouraging greater participation from the Trustees and Staff of the 37 Act Systems. I strongly believe in getting involved as demonstrated by my contribution at SACRS' Board meetings and having volunteered to lead a CALAPRS Trustee Roundtable after attending only a few sessions. Over the years, I have served on the governing Boards of the Teamsters Local 1932, the Working Assembly of Governmental Employees and other organizations. Currently, I serve as a Regular Member on SACRS' Board along with being a member of SACRS' Audit and Education committees.

I have been a Trustee with the San Bernardino County Employees' Retirement Association (SBcera) from January 2015 and attended my first SACRS conference that year. I found the sessions to be very informative and educational with the presenters being experts and/or thought leaders in their field. Since then, I have attended several conferences sponsored by other organizations that are single topic focused and I have also completed certification programs at Wharton, Pepperdine, UCLA and Berkeley. In comparison, SACRS conferences provide a comprehensive insight into the "nuts and bolts" of the functioning of Retirement Systems with an emphasis on current applications of the topics. SACRS provides attendees an opportunity to understand different perspectives thereby encouraging clearer lines of communication and to also hear about what works and what may be problematic. The networking and information sharing opportunities with colleagues at SACRS is immensely valuable. These practical qualities and timely information helped to draw me into the SACRS' orbit.

SACRS recent expansion of the Board to include additional members was a very good strategic move that has helped to enhance the experience pool and expand the knowledge base. I believe the current SACRS Board is a team exhibiting a very good blend of geography, experience and perspective. Consequently, I would very much like to continue contributing (based on my education and experience) to SACRS - a superlative organization: *"Providing insight. Fostering oversight."*

I thank you in advance for your kind consideration and support. It would be a high honor for me to be re-elected to continue serving as a Regular Member on the SACRS Board for the 2022-2023 term.

Please find attached the completed SACRS nomination form.

Respectfully,

*Vere Williams*

Vere Williams, MBA

SBcera Board of Directors – General Elected Member

cc: Sulema Peterson, SACRS



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

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

<b>Name of Candidate</b>	Name: <u>Vere Williams</u>
<b>Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)</b>	Mailing Address: <u>8379 Icicle Drive, Pinon Hills, CA 92372</u> Email Address: <u>verevlw@aol.com</u> Phone: <u>(760) 486-6311</u>
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: <u>San Bernardino County Employees' Retirement Association</u>
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> <u>General Elected</u>
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> <u>Regular Member</u>
<b>Brief Bio</b>	<p>I was elected to SBcera's Board in January 2015 and has served on the Administrative, Audit and Investment Committees. Currently, I serve as a Regular Member of the SACRS Board. My community involvement includes serving on the governing Boards of the Teamsters Local 1932, California State Conference of the NAACP, Working Assembly of Governmental Employees (WAGE) and other organizations. I am a past president of the San Bernardino County Association of African-American Employees and currently serves as treasurer for the Hispanic Employees Alliance. I have earned an MBA in Information Management/Accounting and has completed certification courses on Retirement System Management courses at Berkeley, UCLA, Pepperdine and Wharton. I have been an enrolled Agent with the IRS for over 20 years along with more than 25 years working in the finance department at Arrowhead Regional Medical Center. I have been trained in conflict resolution and have completed various workshops and seminars on organization dynamics and interplay. I am currently a member of the SACRS Audit and Education Committees.</p> <p>A guiding quote – <b>"I always wondered why somebody didn't do something about that, then I realized I was somebody."</b> – Lily Tomlin</p>

## SACRS Submission for General Board Member

February 25, 2022

Mr. Dan McAllister  
Chair  
Nominating Committee  
State Association of County Retirement Systems

Dear Mr. McAllister,

This letter is to serve as an introduction and to submit my application for the State Association of County Retirement Systems Board of Directors.

I have been working with retirement education since first joining the county of San Diego almost 25 years ago. One of my first educational presentations regarding retirement occurred while I was in the academy with the explanation of deferred compensation and the importance of planning ahead.

Over the past many years, I have been approached and encouraged by my fellow county employees to get involved and help improve communications about retirement. I worked from the retirement committee at the Deputy Sheriff's Association (DSA), then to the retirement chair at the DSA. I have been involved for over 15 years with the County of San Diego Deferred Compensation Advisory Committee. After serving many roles with the DSA and the county of San Diego, I was encouraged to step forward and run for the Board of Trustees at the San Diego County Employee Retirement Association (SDCERA). In 2019 I was elected to the SDCERA Board of Trustees and currently serve as the Secretary.

The support from SACRS has been invaluable for my education as a trustee. The many hours of training that we obtain from SACRS has improved the quality of stewardship for our retirement systems. Additionally, the SACRS support in Sacramento in the form of review and feedback to our legislative branch of government is vital.

My goal is to not only join the SACRS Board of Directors but to contribute to this process of developing and supporting the member county retirement systems. I respectfully request and thank you in advance for the consideration of the Nominating Committee in supporting my candidacy for election to the SACRS Board of Directors.

Respectfully,

David Gilmore  
SDCERA Trustee



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

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

<b>Name of Candidate</b>	Name: <a href="#">David Gilmore</a>
<b>Candidate Contact Information</b> (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: <a href="#">2275 Rio Bonito Way, San Diego, CA 92108-1685</a> Email Address: <a href="mailto:DGilmore@SDCERA.ORG">DGilmore@SDCERA.ORG</a> Phone: <a href="tel:619-770-7854">619-770-7854</a>
<b>Name of Retirement System Candidate Currently Serves On</b>	System Name: <a href="#">San Diego County Employees Retirement Association</a>
<b>List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)</b>	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
<b>Applying for SACRS Board of Directors Position (select only one)</b>	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
<b>Brief Bio</b>	<p><a href="#">David Gilmore</a> was elected to the SDCERA Board of Directors in 2019 and serves as the Board Secretary. He is on the Audit Committee for this fund of over \$17 billion. He served for over twenty years in various roles with the Deputy Sheriff's Association including being elected to the Board of Directors where he was the Secretary Treasurer. Prior to joining the Sheriff's Department in 1997, he was an internal auditor and systems analyst in the mortgage banking industry. He holds a bachelors degree in business administration-accounting and a masters degree in public administration. He is a Lieutenant with the Sheriff's Department and has held various management positions for the past 11 years including the Sheriff's Standards and Compliance Manager reporting to the Office of the Sheriff. He is also a founding member of the County of San Diego Deferred Compensation Investment Advisory Committee.</p>



**7. SACRS Audit Report – Action**

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2020-2021 Annual Audit



January 12, 2022

To the SACRS Executive Board,

The SACRS Audit Committee, assisted by Ms. Peterson, met virtually on Friday, December 3, 2021 with representatives of James Marta & Company to review their most recent audit report.

The draft report as presented to us gave an unqualified opinion stating that “the financial statement referred to above presents fairly and in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2021 and 2020 in accordance with the cash basis of accounting...”

In the course of our review, the committee raised two questions which required further review by the audit firm:

1. Under the Cash Receipts columns, the audit reports \$61,108 in revenue for 2020 and \$8,518 for 2021. Similar in amount to an investment tax filing, the committee wanted it confirmed that these numbers were accurate.

Auditors' response: Those figures are correct.

2. On Page 7 of the draft audit, while listing cash receipts and disbursements for the fiscal year ended June 30, 2021, the Cash Disbursement column referenced the Fall of 2018 and Spring of 2019.

Auditor's response: That was a typo error. A corrected and revised version of the draft report was then forwarded.

Assuming those would be the responses, the committee directed Ms. Peterson to consider the audit report approved and ready for submission to the Board of Directors upon correction by and receipt from James Marta & Company.

The committee also suggested that the Board of Directors revisit its investment program. While not having a strong opinion, the committee questioned if the Cal Trust Medium Term Fund was the best vehicle for those monies.

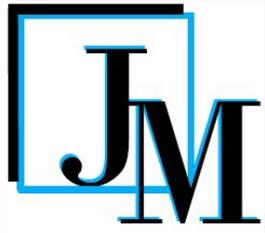
Respectfully submitted by,

*Steve Delaney*

Steve Delaney, CEO, Orange CERS  
SACRS Audit Committee Chair

CC: SACRS Audit Committee

SD/shp email 1/11/22



JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF  
COUNTY RETIREMENT SYSTEMS**

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

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND 2020**

701 HOWE AVENUE, E3  
SACRAMENTO, CA 95825

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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2021

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**BOARD OF DIRECTORS**

**Vivian Gray**  
President

**Kathryn Cavness**  
Vice President

**Harry Hagen**  
Treasurer

**Thomas Garcia**  
Secretary

**Dan McAllister**  
Immediate Past President

**Vere Williams**  
Board Member

**David MacDonald**  
Board Member

**Scott Draper**  
Affiliate Chair

\* \* \* \*

**Sulema Peterson**  
Association Management

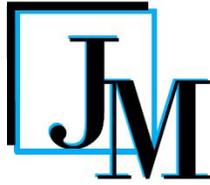
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2021 AND 2020

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**James Marta & Company LLP**  
**Certified Public Accountants**

*Accounting Auditing Tax and Consulting*

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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statement***

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2021 and 2020, in accordance with the cash basis of accounting described in Note 1.

***Basis of Accounting***

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

***Other Information***

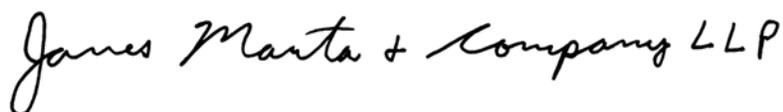
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 7 to 11 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 12, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

***Restricted Use***

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



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
January 13, 2022

## **FINANCIAL SECTION**

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2020-21</u>	<u>2019-20</u>
<b><u>Cash Receipts</u></b>		
Dues	\$ 422,500	\$ 364,000
Conference		
Fall	104,815	628,070
Spring	116,265	2,520
Seminars	73,000	35,000
Other admin receipts	59,900	2,340
Other conference receipts	350	2,450
Interest	8,519	61,108
Total cash receipts	<u>785,349</u>	<u>1,095,488</u>
<b><u>Cash Disbursements</u></b>		
Conference		
Fall - 2020 and 2019		
Hotel and meals	2,668	270,132
Audio and visual	46,888	56,477
Program materials	41,174	83,553
Spring - 2021 and 2020		
Hotel and meals	6,490	257,419
Audio and visual	39,097	12,121
Program materials	13,790	14,449
Seminars	196,257	231,947
Conference administration	22,826	50,808
Total conference disbursements	<u>369,190</u>	<u>976,906</u>
Administration	274,714	365,517
Lobbying	55,011	60,012
Newsletters	15,031	15,893
Committee meetings	2,033	49,944
Special projects	17,759	17,690
Total administration disbursements	<u>364,548</u>	<u>509,056</u>
Total Cash Disbursements	<u>733,738</u>	<u>1,485,962</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	51,611	(390,474)
Cash and Investments, Beginning	<u>1,981,948</u>	<u>2,372,422</u>
Cash and Investments, Ending	<u>\$ 2,033,559</u>	<u>\$ 1,981,948</u>
<i>Supplementary Information</i>		
<u>Cash and Investments at June 30,</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,054,911	\$ 1,006,628
Non current portion of investments	978,648	975,320
Total Cash and Investments	<u>\$ 2,033,559</u>	<u>\$ 1,981,948</u>

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

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. ORGANIZATION

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

##### B. BASIS OF ACCOUNTING

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

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

##### C. INCOME TAXES

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

##### D. CONTRACTUAL AGREEMENTS

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

##### E. COMPARATIVE DATA

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

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**NOTES TO THE FINANCIAL STATEMENT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. COMPARATIVE DATA (CONTINUED)**

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

**2. CASH AND INVESTMENTS**

Cash and Cash Equivalents

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

	2021	2020
Bank accounts	\$ 255,570	\$ 208,515
Money market accounts	799,341	798,113
Total cash and cash equivalents	\$ 1,054,911	\$ 1,006,628

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

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

Cash in bank accounts at June 30, 2020 consisted of the following:

	First Foundation	Bank of America	Total
Per bank	\$ 319,175	\$ 8,493	\$ 327,668
Checks outstanding	(126,442)	-	(126,442)
Deposits in transit	7,289	-	7,289
Total bank accounts	\$ 200,022	8,493	\$ 208,515

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). There was \$7,855 and \$69,175 in excess of FDIC coverage as of June 30, 2021 and 2020, respectively.

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## NOTES TO THE FINANCIAL STATEMENT

### FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

#### Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the “Fund”), depositing \$1,104,130. The fair value balance as of June 30, 2021 and 2020 presented in the financial statement is \$978,648 and \$975,320; respectively. This balance includes reinvested interest income totaling and \$3,329 and \$48,586, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2021 and 2020 was \$0. The Fund is not rated or insured.

### 3. CONTRACTS

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

<b>Conference</b>	<b>Cancellation Fees</b>	<b>Food and Beverage Minimums</b>	<b>Guest Room Nights Reserved</b>	<b>Guest Room Nights Minimum</b>	<b>Rooms Attrition</b>
Fall 2021	\$334,779-\$430,430	\$165,000	1145	916	\$239 plus tax
Spring 2022	\$135,682-\$421,365	\$150,000	1185	948	\$229 plus tax
Fall 2022	\$136,762-\$288,524	\$150,000	1145	916	\$249 plus tax
Spring 2023	\$224,848-\$404,726	\$170,000	1145	916	\$247 plus tax
Fall 2023	\$123,832-\$397,665	\$150,000	1185	948	\$209 plus tax

### 4. DONATED SERVICES

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

### 5. SUBSEQUENT EVENTS

SACRS’ management has evaluated subsequent events through January 13, 2022, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

**SUPPLEMENTARY INFORMATION**

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**  
**COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

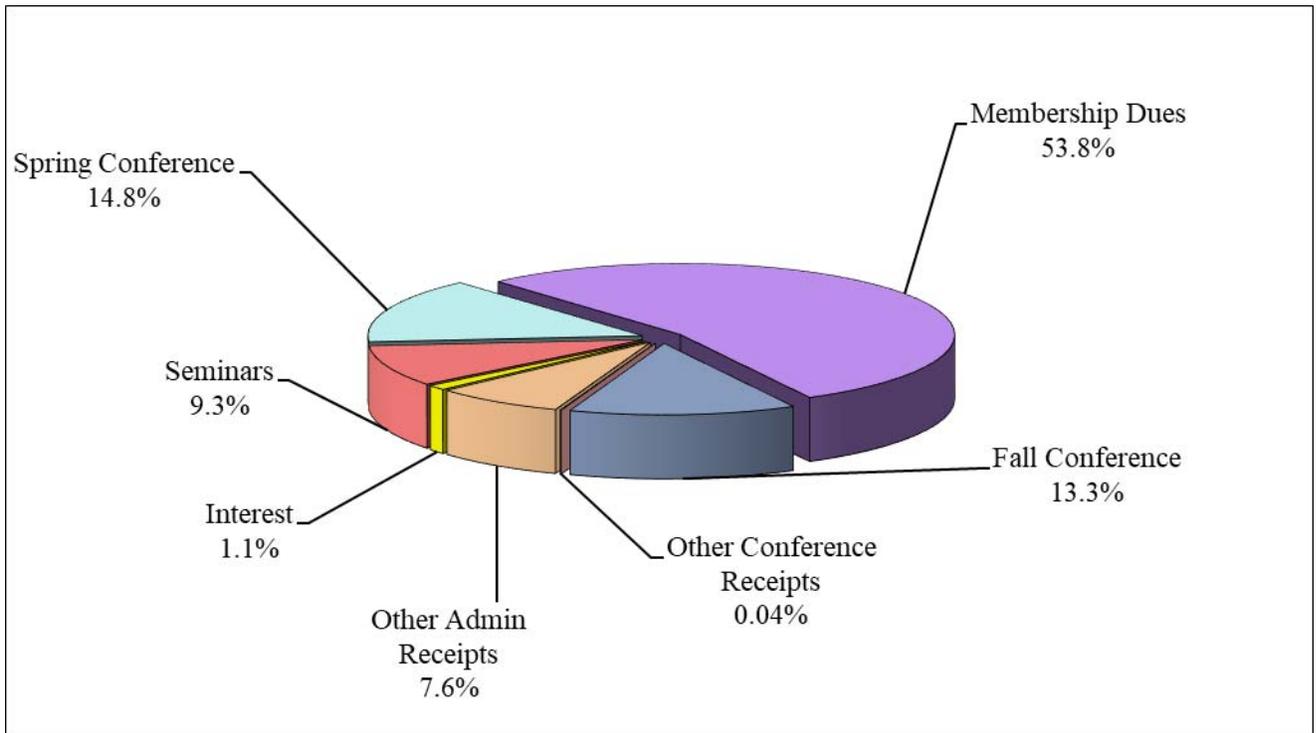
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<b><u>Cash Receipts</u></b>			
Dues	\$ -	\$ 422,500	\$ 422,500
Conference			
Fall	104,815	-	104,815
Spring	116,115	-	116,115
Seminars	73,000		73,000
Other admin receipts	-	60,050	60,050
Other conference receipts	350	-	350
Interest	8,519	-	8,519
Total Cash Receipts	<u>302,799</u>	<u>482,550</u>	<u>785,349</u>
<b><u>Cash Disbursements</u></b>			
Conference			
Fall - 2020			
Hotel and meals	2,668	-	2,668
Audio and visual	46,888	-	46,888
Program materials	41,174	-	41,174
Spring - 2021			
Hotel and meals	6,490	-	6,490
Audio and visual	39,097	-	39,097
Program materials	13,790	-	13,790
Seminars	196,257	-	196,257
Conference Administration	22,826	-	22,826
Total conference disbursements	<u>369,190</u>	<u>-</u>	<u>369,190</u>
Administration	-	274,714	274,714
Lobbying	-	55,011	55,011
Newsletters	-	15,031	15,031
Committee meetings	-	2,033	2,033
Special projects	-	17,759	17,759
Total administration disbursements	<u>-</u>	<u>364,548</u>	<u>364,548</u>
Total Cash Disbursements	<u>369,190</u>	<u>364,548</u>	<u>733,738</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	(66,391)	118,002	51,611
Cash and Investments, Beginning	<u>3,073,226</u>	<u>(1,091,278)</u>	<u>1,981,948</u>
Cash and Investments, Ending	<u>\$ 3,006,835</u>	<u>\$ (973,276)</u>	<u>\$ 2,033,559</u>

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH RECEIPTS BY SOURCE

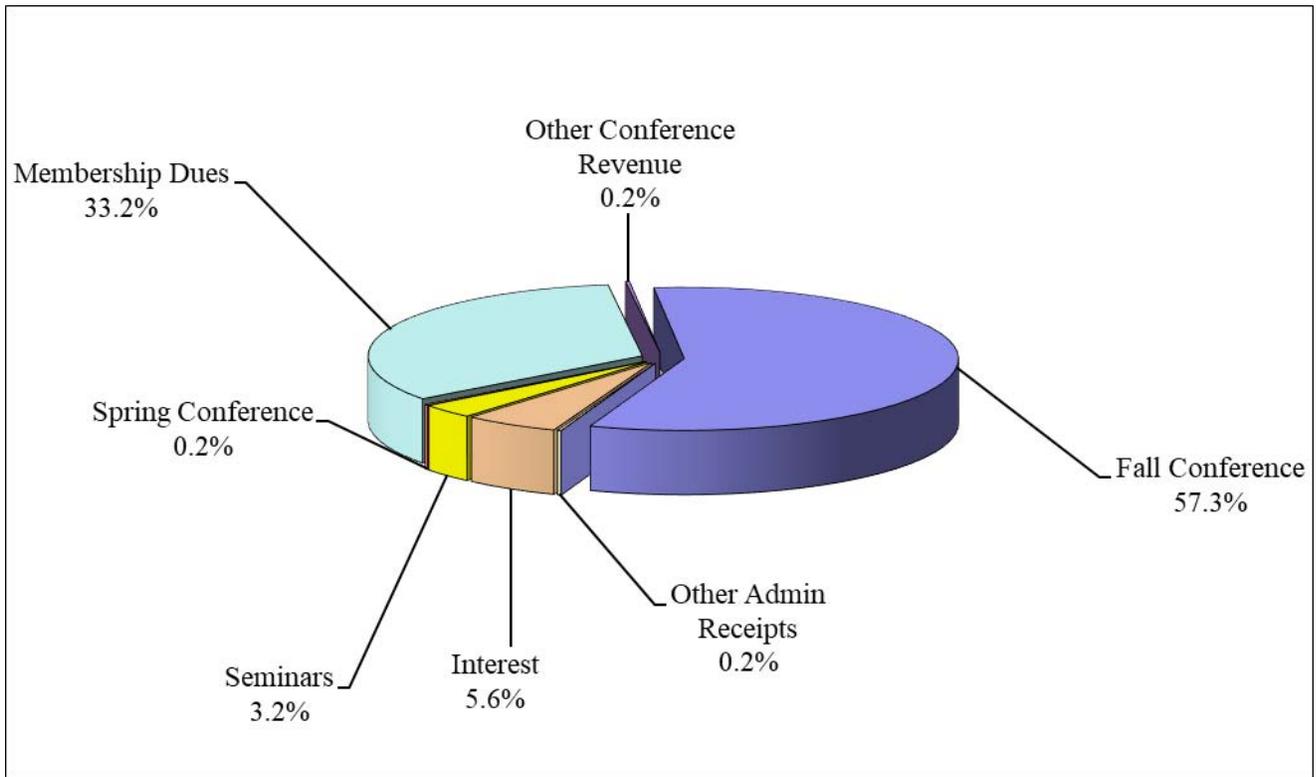


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH RECEIPTS BY SOURCE



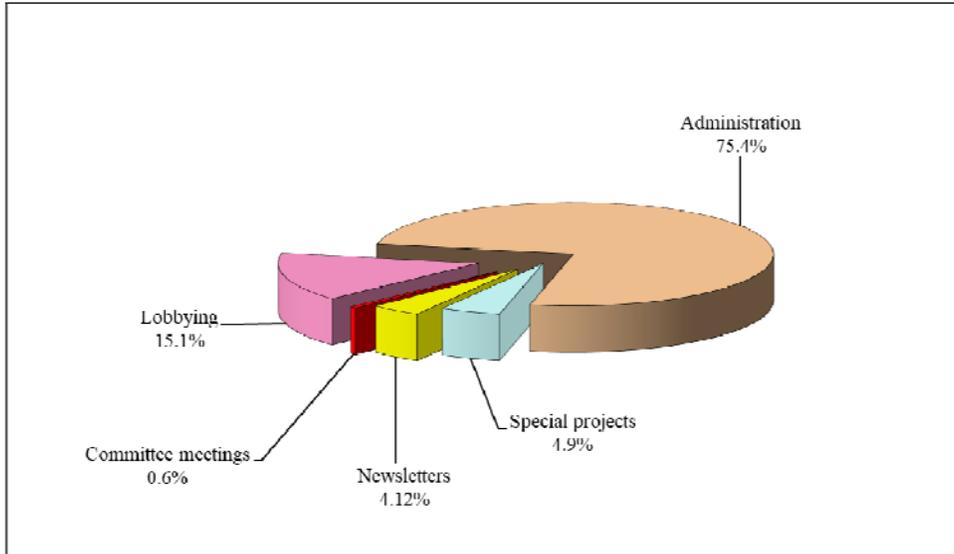
**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS**

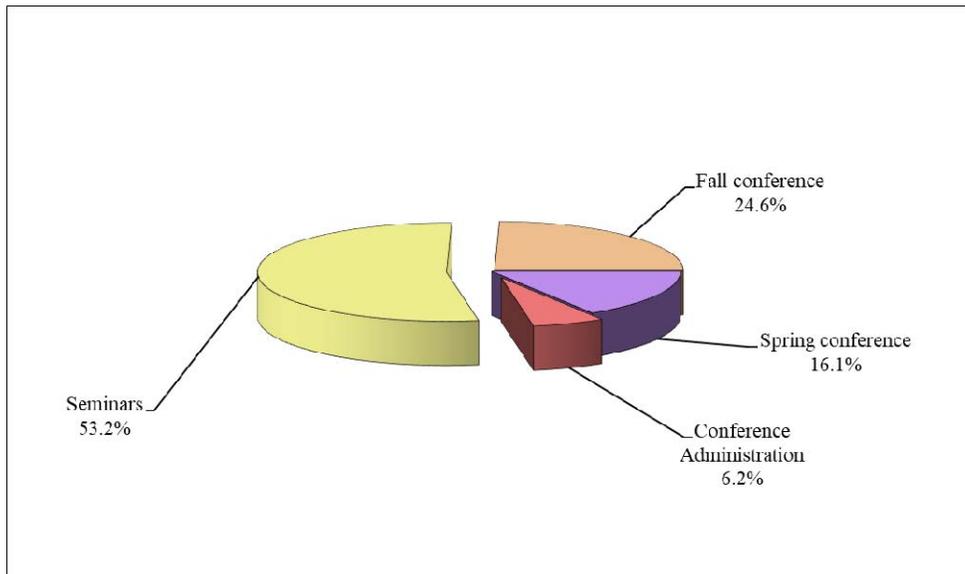
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**ADMINISTRATION CASH DISBURSEMENTS**



**CONFERENCE CASH DISBURSEMENTS**



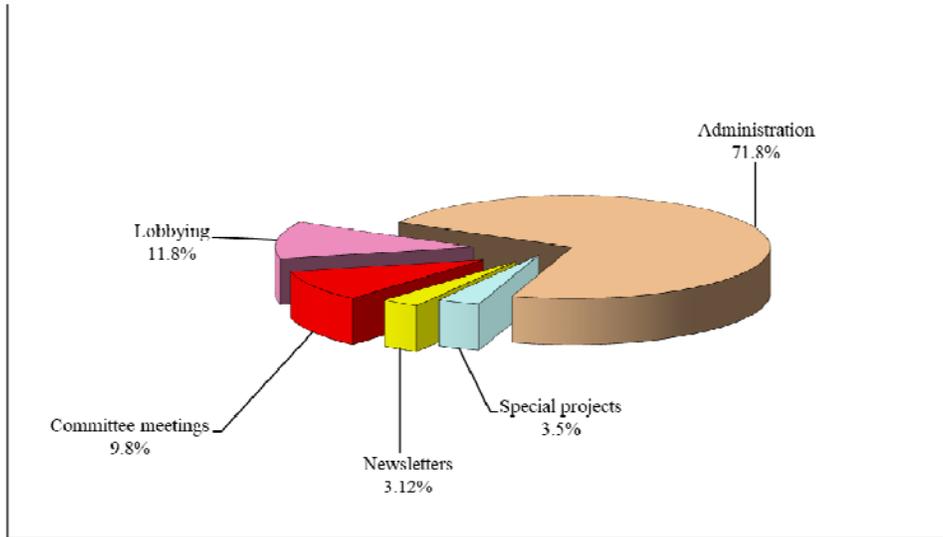
**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS**

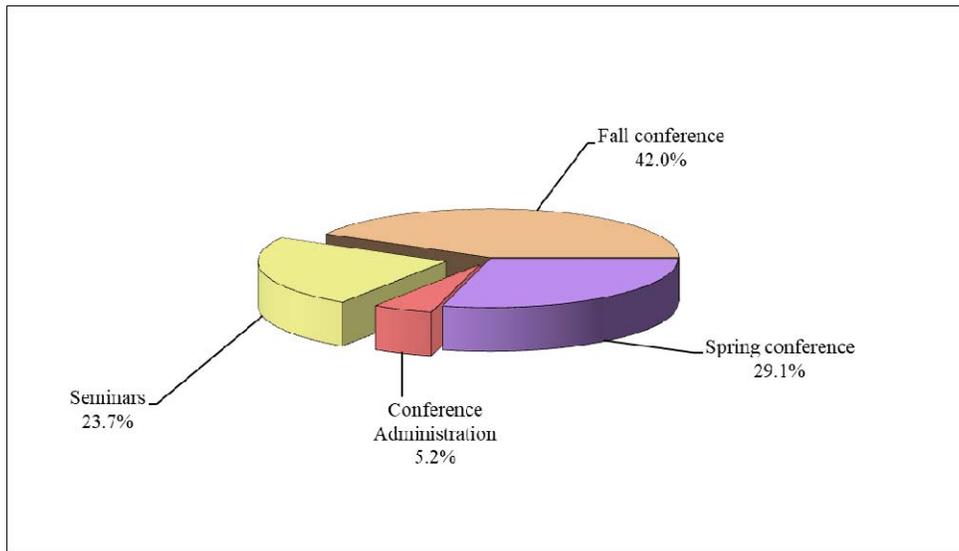
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**ADMINISTRATION CASH DISBURSEMENTS**



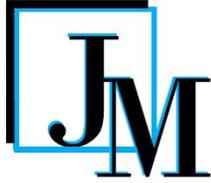
**CONFERENCE CASH DISBURSEMENTS**



**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**CONFERENCE SUMMARY REPORT**

	<b>Spring 2021 Held Via Virtual Conference</b>	<b>Fall 2020 Held Via Virtual Conference</b>	<b>Spring 2020 Canceled/Held Via Webinar</b>	<b>Fall 2019 Monterey</b>	<b>Spring 2019 Lake Tahoe</b>	<b>Fall 2018 Indian Wells</b>
Cash receipts						
Conference	\$ 116,115	\$ 102,380	\$ -	\$ 639,270	\$ 592,590	\$ 591,530
Total cash receipts	<u>116,115</u>	<u>102,380</u>	<u>-</u>	<u>639,270</u>	<u>592,590</u>	<u>591,530</u>
Cash disbursements						
Hotel and meals	-	-	-	267,961	195,278	312,670
Audio and visual	38,975	46,888	-	56,477	57,731	52,180
Program materials	2,500	3,049	-	20,381	42,342	32,086
Program speakers	11,290	38,125	-	63,172	39,784	74,458
Conference administration	3,830	2,668	-	12,131	28,354	22,738
Total cash disbursements	<u>56,595</u>	<u>90,730</u>	<u>-</u>	<u>420,122</u>	<u>363,489</u>	<u>494,132</u>
Net cash provided by conference	<u>\$ 59,520</u>	<u>\$ 11,650</u>	<u>\$ -</u>	<u>\$ 219,148</u>	<u>\$ 229,101</u>	<u>\$ 97,398</u>
Total attendees	443	363	N/A	647	590	588



**James Marta & Company LLP**  
**Certified Public Accountants**

*Accounting Auditing Tax and Consulting*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

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

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2021 and 2020, and have issued our report thereon dated January 13, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 4, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement. Our audit of the financial statement does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statement is free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SACRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our report on internal control over financial reporting in a separate letter to you dated January 13, 2022.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are typically an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. As the accounting of SACRS is prepared on a cash basis, no estimates are necessary for the preparation of the financial statement.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We are not aware of any sensitive disclosures affecting SACRS' financial statement.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Attachment I for adjustments provided by management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SACRS' financial statement or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated January 13, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with SACRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SACRS' auditors.

We are contracted to prepare the fiscal year 2021 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

*James Marta & Company LLP*  
*Certified Public Accountants*

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

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
January 13, 2022

**Adjusting Journal Entry JE # 1**

Book unrealized loss on investment for June 2021

3200	Retained Earnings	1.00	
4900	Interest Earned	953.00	
1100	CalTrust - Medium Term		954.00
<b>Total</b>		<b>954.00</b>	<b>954.00</b>

**Reclassifying Journal Entry JE # 2**

Reclass the Spring Conference & Hotel refund from exp acct 6024 to other admin revenue. Expenses were paid in FY2019/20 but due to COVID19, the hotels were

6024	Spring Conference -+ Hotel	60,000.00	
1405.1	Other Expenses - Refunds - Prior Year		60,000.00
<b>Total</b>		<b>60,000.00</b>	<b>60,000.00</b>



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## MANAGEMENT REPRESENTATION LETTER

January 13, 2022

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 13, 2022:

### Financial Statement

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 4, 2019, for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events subsequent to the date of the financial statement which requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.



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- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statement all assets under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

#### Supplementary Information in Relation to the Financial Statement as a Whole

With respect to the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report accompanying the financial statement:

- We acknowledge our responsibility for the presentation of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation



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of Cash Disbursements in accordance with the cash basis accounting as described in Note 1 to the financial statement. We acknowledge our responsibility for the presentation of the Conference Summary Report which presents all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.

- We believe the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, including its form and content, is fairly presented in accordance with the cash basis accounting as described in Note 1 to the financial statement. We believe the Conference Summary Report, including its form and content, is fairly presented and inclusive of all cash receipts and expenses related to a specific regardless of timing of the underlying receipt or disbursement.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

#### Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:
  - We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
  - We are responsible for establishing and maintaining effective internal control over compliance.



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- We have performed an evaluation of the Association's compliance with tax filing requirements and we are not aware of any instances of noncompliance.
- We have reviewed and approved the tax returns prepared by your office.
- We have made available to you all documentation related to compliance with specified requirements.
- We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
- We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
- We accept responsibility for the results of the services.

*Sulema Peterson*

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Sulema Peterson, SACRS Executive Director



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2021 and 2020 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated January 13, 2022.

**Internal Control over Financial Reporting**

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

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

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

**Purpose of this Report**

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

James Marta & Company LLP  
Certified Public Accountants  
January 13, 2022



**8. SACRS Education Committee Report – No Action**

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2022 Conference Evaluations/Feedback



**No printed materials for this item**



**9. SACRS Program Committee Report – No Action**

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

A. SACRS Annual Spring 2022 Conference Report



**No printed materials for this item**



**10. SACRS Affiliate Committee Report – No Action**

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

A. Affiliate Committee Update



**No printed materials for this item**



**11. SACRS Bylaws Committee Report – No Action**

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update



**No printed materials for this item**



## **12. SACRS Spring Conference Breakout Reports – No Action**

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

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



**No printed materials for this item**



### **13. Adjournment**

Next scheduled SACRS Association Business Meeting will be held Friday, November 11, 2022 at the Hyatt Regency Long Beach, Long Beach, CA unless Covid-19 restrictions are in place



## **SACRS Annual Fall Business Meeting 2022**

Next Annual Business meeting will be held Friday, November 11 at the Hyatt Regency Long Beach, Long Beach, CA.