Merced County Employees' Retirement Association

AGENDA
RETIREMENT BOARD MEETING

Thursday, September 24, 2026, 8:30 A.M.

Location: Merced County Employees' Retirement Association
690 W 19th Street, Merced, CA
2nd Floor, Board Room
Zoom Conference Information:
https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTlsK2JGWE83TVFydz09
Dial In Number: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484

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

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

2. **Roll Call**

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

4. **Approval of Minutes** – August 27, 2026, and September 3, 2026.

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

6. **Consent Calendar**
Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Open Session as appropriate:
   a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

Name	Years of Service	Department	Effective Date
Gorman, Curtis	6	Sheriff	09/02/2026
Heyer, David	16	Workforce Investment	09/12/2026
Maldonado, Maria E (Non-Service-Connected Disability)	16	HSA	04/23/2024
Nunes, Thomas	5	Sheriff	08/27/2026
Piwowarski, Robin	13	BHRS	09/12/2026

   b. Monthly Expenditures Report submitted.
   c. Meketa Monthly Investment Report submitted.
   d. SACRS Legislative Update – September 2026.

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

MERCED CERA

Merced County Employees' Retirement Association

a. Disability Retirement Applications: Personnel exceptions (Govt. Code § 54957, 31532; Cal Const. art I § 1).
   1. Initial Disability Application Recommendation – Daniel Lopez
b. Public Employee Annual Review (Govt. Code § 54957).
   Title: Assistant Plan Administrator – Investments

8. <u>Report Out of Closed Session</u>

9. <u>Open Session</u>

a. Discussion on market summary and economic updates – Staff.
b. Discussion on quarterly alternative performance and possible action on any funds and General Partners – Cliffwater.
c. Discussion on Government Code Section 7514.7 Alternative Asset Fee & Expense Reporting for MercedCERA – Cliffwater.
d. Discussion and possible action to extend Meketa Investment Group, Inc. General Investment Consulting Services agreement for an additional one-year term – Staff.
e. Discussion on contract renewals with Neumo for CPAS v5 and CPAS Enterprise Tools Maintenance and Software Support Services – Staff.
f. Discussion on Social Security and Merced County Superior Court – Staff.
g. Chair to appoint a policy review ad hoc subcommittee to work with staff on the possible development and updating of several Board policies – Chair.

10. <u>Information Sharing & Agenda Item Requests</u>

11. <u>Adjournment</u>

MERCED CERA

Merced County Employees' Retirement Association

MINUTES
RETIREMENT BOARD MEETING

Thursday, August 27, 2026, 8:30 A.M.

Location: Merced County Employees' Retirement Association
690 W 19th Street, Merced, CA
2nd Floor, Board Room
Zoom Conference Information:
https://us06web.zoom.us/j/93030195748?pwd=NGhFeGItSVhaSTIsK2JGWE83TVFydz09
Dial In Number: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484

1. **Call to Order- 8:31 A.M.**
   The Retirement Board may discuss and take action on the following:

2. **Roll Call**
   Board Members Present: Corrina Brown, Bayani Manilay (via teleconference), Scott Johnston, Scott Silveira, Michael Harris, Alfonse Peterson, Aaron Rosenberg (via teleconference at 8:34 A.M.), Janey Cabral, Karen Adams, and Moses Nelson.
   Counsel: Tom Ebersole. ***Staff:*** Martha Sanchez Barboa, Pete Madrid, Monica Gallegos, Alex Lovato, Patrick Armendarez, and Khue Xiong.

3. **Teleconference Request**
   Trustee Teleconference Request (Govt. Code §54953(f)(2)(A)(i)).
   Board voted via roll call vote to approve Trustee Manilay and Trustee Rosenberg's request to attend the Board meeting via teleconference, both for "Just Cause", per MercedCERA trustee remote attendance policy.
   1st - Cabral / 2nd - Johnston, passes 7/0, Trustee Silveira abstained

4. **Approval of Minutes** – July 23, 2026
   Board voted unanimously via roll call vote to approve July 23, 2026, Board meeting minutes.
   1st - Johnston / 2nd - Silveira, passes 8/0.

5. **Public Comment**
   Members of the public may comment on any item under the Board's jurisdiction including items on the Board's agenda. Matters presented under this item will not be discussed or acted upon by the Board at this time. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.
   None

6. **Consent Calendar**
   Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Open Session as appropriate:
   a. Retirements: Pursuant to Govt. Code § 31663.25 or § 31672.

Name	Years of Service	Department	Effective Date
Coggin, Katherine	9	HSA	08/07/2026
Craig, Kurt	18	Behavioral Health	08/01/2026
Framstad, Raymond	20	Sheriff	~~07/27/2026~~ 07/24/2026
Gomez, Sandra	27	HSA	08/19/2026
Johann, Christina	22	Sheriff	08/23/2026

Pettit, Rana	24	HSA	08/22/2026
Pfeiff, Thomas	13	District Attorney	08/22/2026
Rios, Jose M	20	Sheriff	08/05/2026
Rosal, Maria Venus	9	Merced Community Medical Center	08/17/2026
Smith, Michelle	28	HSA	08/01/2026
Straughter-Eguia, Mary	28	Juvenile Hall	07/25/2026
Valadez, Juan	20	HSA	08/01/2026

b. Monthly Expenditures Report submitted.
c. Meketa Quarterly Report submitted.
d. SACRS Legislative Update – August 2026.

Board voted unanimously via roll call vote to approve the consent agenda with a change to Raymond Framstad's effective retirement date to 07/24/2026.
1st – Adams / 2nd – Peterson, passes 8/0.

7. **Closed Session**

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

a. Public Employee Annual Review (Govt. Code § 54957).
Title: Assistant Plan Administrator – Investments

8. **Report Out of Closed Session**

Regarding closed session and the public employee annual review of the Assistant Plan Administrator – Investments, staff were given direction.

9. **Open Session**

a. Discussion on market summary and economic updates – Staff.
No action taken.

b. Discussion and possible action regarding portfolio performance review and Watch Status update – Meketa.
No action taken.

c. Discussion and possible action to approve a Functional Framework recommendation – Meketa.
Board voted unanimously via roll call vote to approve the adoption of a Functional Framework for the portfolio.
1st – Adams / 2nd – Silveira, passes 8/0.

d. Discussion and possible action to approve a 3-year contract, with two optional 1-year extensions, with Cliffwater LLC for Specialty Investment Consulting services – Staff.
Plan Administrator advised the Board of a correction to this item. Item was an information item and not an action item, as the Board had previously approved the Cliffwater LLC contract and authorized staff to execute the agreement.

e. Discussion and possible action to approve the updated MercedCERA Error Correction Policy – Staff.
Board voted unanimously via roll call vote to approve the updated MercedCERA Error Correction Policy.

1st – Silveira / 2nd – Peterson, passes 8/0.

f. Discussion and possible action to approve the Policy Ad Hoc Subcommittee's recommendations and approve the new charters for MercedCERA Chair, Vice-Chair, Secretary, Investment Committee and Investment Committee Chair – Staff.
Board voted unanimously via roll call vote to adopt MercedCERA charters for Chair, Vice-Chair, Secretary, Investment Committee and Investment Committee Chair, with a change to the Chair Charter reflecting Duties and Responsibilities #2 refer to Rosenberg's Rules of Order instead of Robert's Rules of Order.
1st – Johnston / 2nd – Silveira, passes 8/0.

g. Chair to appoint up to 3 trustees to work with Chair on the annual performance review of MercedCERA's Plan Administrator – Chair.
Chair appointed Trustee Silveira, Trustee Cabral, and Trustee Harris to work with Chair on the annual performance review of MercedCERA's Plan Administrator.

10. Information Sharing & Agenda Item Requests

- Plan Administrator, Martha Sanchez Barboa, provided the board updates:

- AB1383. The bill addresses several CERL revisions including changes to PEPRA Safety member formulas. Bill is pending further Senate and Assembly review. In anticipation of approval, Cheiron will be providing the Board with a cost estimate on fund impact at the October Board meeting.

- AB1619. The bill addresses increase to eligible trustee stipends and is pending Governor's review.

- AB2780. The bill addresses several CERL revisions including active member elections and is pending at the Assembly.

- Board elections. Retired seat 8, Trustee Johnston, and Retired Alternate seat 8A, Trustee Harris, were only candidates for their respective seats and will continue on the Board for another term. Active seat 3, Trustee Cabral, submitted candidacy along with other active members. Ballots will be mailed out in September.

- Board education. The next Board Education Meeting is scheduled for next Thursday, 9:30am-12:30pm. Cliffwater and Ted Cabral will be presenting. Lunch will be provided.

- Reminded Board she will be at a conference during the September Board meeting and will attend virtually. Pete Madrid, Assistant Plan Administrator – Investments, will assist the Chair in administering the meeting.

- Pete updated the Board on the investment intern recruitment. Via coordination with UC Merced and Merced College, 75 applications have been received thus far. Intern interviews will be held in September, and the start date will be in October.

- Fiscal Manager, Alex Lovato, announced that MercedCERA will be co-chairing the CALAPRS Accountants Round Table on August 28th. A significant topic during the roundtable discussion will be the retirement of the IRS "FIRE" system (effective January 2027). The IRS will be retiring the FIRE system and converting to a new portal called IRIS.

Merced County Employees' Retirement Association

11. <u>Adjournment at 10:37 A.M.</u>

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

Merced County Employees' Retirement Association

MINUTES
Retirement Board Education Meeting

Thursday, September 3, 2026, 9:30 A.M. - 12:30 P.M.

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

1. **Call to Order - 9:30 A.M.**
   The Retirement Board may discuss and take action on the following:

2. **Roll Call**
   Board Members Present: Corrina Brown (left 10:32 A.M., returned 10:40 A.M.), Bayani "Jol" Manilay (arrived 9:50 A.M.), Al Peterson (arrived 9:33 A.M., left 10:07 A.M., returned 10:12 A.M.), Aaron Rosenberg, Scott Silveira, Janey Cabral, Karen Adams, Michael Harris, and Scott Johnston. ***Absent:*** Moses Nelson. ***Counsel:*** Tom Ebersole. ***Staff:*** Martha Sanchez Barboa, Pete Madrid, Alex Lovato. Monica Gallegos, Brenda Mojica, Nikki Barraza, and Patrick Armendarez arrived at 11:00 A.M.

3. **Public Comment**
   Members of the public may comment on any item under the Board's jurisdiction including items on the Board's agenda. Matters presented under this item will not be discussed or acted upon by the Board at this time. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.
   None

4. **Meeting**
   Board Education
   Discussion on the following presentations:
   a. Private Equity Valuation Overview – Cliffwater LLC – Gabrielle Zadra
      No action taken.
   b. County Employees Retirement Law of 1937 Disability Retirement – Ted Cabral
      No action taken.

5. **Information Sharing**
   -Plan Administrator, Martha Sanchez Barboa informed the Board of upcoming cybersecurity presentation at upcoming October Board meeting.
   -Assistant Plan Administrator – Investments, Pete Madrid informed he would be coordinating the next Investment Committee Meeting for October/November.

6. **Adjournment at 12:29 P.M.**

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

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended August 31, 2026

Administrative Budget		Adopted	Current Budget	Expended 2026-08	Expended YTD	Bal Remaining	% Exp YTD
10110 · Salaries & Wages		**2,095,000.00**	**2,095,000.00**	**124,230.76**	**241,142.75**	**1,853,857.25**	**11.51%**
8/14/2026	Office Payroll 2026 PP 17			91,386.99			
8/14/2026	2026 PP 17 Retirement Investment Staff Cost Reclass (see Account #21800)			(12,106.83)			
8/14/2026	2026 PP 17 Staff Salary Allocated to Investments (see Account #21800)			(16,303.58)			
8/14/2026	2026 PP 17 Board Member Stipends (See Account #21808)			(861.20)			
8/28/2026	Office Payroll 2026 PP 18			90,525.79			
8/28/2026	2026 PP 18 Retirement Investment Staff Cost Reclass (see Account #21800)			(12,106.83)			
8/28/2026	2026 PP 18 Staff Salary Allocated to Investments (see Account #21800)			(16,303.58)			
Total 10110 · Salaries & Wages				**124,230.76**			
20600 · Communications		**14,200.00**	**14,200.00**	**1,038.10**	**2,076.20**	**12,123.80**	**14.62%**
8/20/2026	2026-08 (Merced County Communication Charges) - Cellphone Charges			478.77			
8/20/2026	2026-08 (Merced County Communication Charges) - Desk Phone Charges			559.33			
Total 20600 · Communications				**1,038.10**			
21000 · Insurance - Other		**118,000.00**	**118,000.00**	**889.17**	**100,579.34**	**17,420.66**	**85.24%**
8/12/2026	Nationwide 2026-08 Building Insurance			889.17			
Total 21000 · Insurance - Other				**889.17**			
21301 · Maintenance Structure Improvement & Grounds		**100,000.00**	**100,000.00**	**6,977.50**	**11,800.00**	**88,200.00**	**11.80%**
8/18/2026	Geil Enterprises 2026-08 Janitorial Svcs			1,846.00			
8/19/2026	2026-08 DPW Charges			1,326.50			
8/21/2026	ChargePoint EV Charging Station Renewal			2,800.00			
8/24/2026	Yard Masters 2026-08 Landscaping Services			400.00			
8/24/2026	Hoffman Electronics Security/Access 2026-09			285.00			
8/24/2026	Hoffman Electronics CCTV Cameras 2026-09			260.00			
8/24/2026	Hoffman Electronics Fire Security 2026-09			60.00			
Total 21301 · Maintenance Structure Improvement				**6,977.50**			
21500 · Membership		**11,300.00**	**11,300.00**	**-**	**4,000.00**	**7,300.00**	**35.40%**
Total 21500 · Membership				**-**			
21700 · Office Expense - General		**20,000.00**	**20,000.00**	**1,967.32**	**2,059.90**	**17,940.10**	**10.30%**
8/4/2026	ODP 2026-07 Office Supplies			204.40			
8/5/2026	First Choice 07/31/26 Water Service			50.95			
8/17/2026	ODP 2026-07 Office Supplies			220.27			
8/19/2026	ODP 2026-07 Office Supplies			323.41			
8/19/2026	First Choice 08/14/26 Water Service			32.31			
8/21/2026	Pacific Shredding 2026-07			40.00			
8/25/2026	VistaPrint Business Cards/Supplies			1,095.98			
Total 21700 · Office Expense - General				**1,967.32**			
21710 · Office Expense - Postage		**51,700.00**	**51,700.00**	**3,258.88**	**3,258.88**	**48,441.12**	**6.30%**
8/21/2026	2026-07 Mail Room Charges			3,258.88			
Total 21710 · Office Expense - Postage				**3,258.88**			
21805 · Audits		**63,500.00**	**63,500.00**	**-**	**-**	**63,500.00**	**0.00%**
Total 21805 · Audits				**-**			
21808 · Board Membership		**15,000.00**	**15,000.00**	**861.20**	**861.20**	**14,138.80**	**5.74%**

8/14/2026 2026 PP 17 Board Member Stipends (See Account #10110)			861.20			
Total 21808 · Board Membership			**861.20**			
21900 · Publications & Legal Notices	**5,700.00**	**5,700.00**	**-**	**3,682.31**	**2,017.69**	**64.60%**
Total 21900 · Publications & Legal Notices			-			
22300 · Spec Dept Exp - Other	**4,000.00**	**4,000.00**	**-**	**-**	**4,000.00**	**0.00%**
Total 22300 · Spec Dept Exp - Other			-			
22310 · Election Expense	**30,000.00**	**30,000.00**	**-**	**-**	**30,000.00**	**0.00%**
Total 22310 · Election Expense			-			
22327 · Spec Dept Exp - Cost Allocation Plan	**46,600.00**	**46,600.00**	**3,864.93**	**7,729.86**	**38,870.14**	**16.59%**
8/6/2026 2026-08 Auditor-Controller Admin CAP Charge			2,267.27			
8/6/2026 2026-08 External Audit CAP Charge			77.58			
8/6/2026 2026-08 Admin Service CAP Charge			347.83			
8/6/2026 2026-08 Human Resources CAP Charge			1,159.50			
8/6/2026 2026-08 Risk Management CAP Charge			12.75			
Total 22327 · Spec Dept Exp - Cost Allocation			**3,864.93**			
22500 · Transportation & Travel	**200.00**	**200.00**	**-**	**-**	**200.00**	**0.00%**
Total 22500 · Transportation & Travel			-			
22505 · Trans & Travel - Staff & Board Development	**59,000.00**	**59,000.00**	**11,278.00**	**11,278.00**	**47,722.00**	**19.12%**
8/3/2026 SACRS Fall Conference Registration Fee (Board/Staff)			870.00			
8/3/2026 Public Pension Financial Forum 2026 Conference Registration Fee (Staff)			2,000.00			
8/18/2026 CALAPRS Intermediate Course Registration Fee (Staff)			750.00			
8/21/2026 CALAPRS Accountants Roundtable - Virtual (Staff)			100.00			
8/21/2026 CALAPRS Administrators Institute Registration Fee (Staff)			3,000.00			
8/21/2026 Nossaman Annual Forum Registration Fee (Staff)			1,198.00			
8/25/2026 UC Merced Staff Training on 8/12/2026			3,360.00			
Total 22505 · Trans & Travel - Staff Development & Board Development			**11,278.00**			
22515 · Trans & Travel - In State (Staff & Board)	**46,700.00**	**46,700.00**	**-**	**-**	**46,700.00**	**0.00%**
Total 22515 · Trans & Travel - In State (Staff & Board)			-			
22516 · Trans & Travel - Out of State (Staff & Board)	**26,200.00**	**26,200.00**	**-**	**-**	**26,200.00**	**0.00%**
Total 22516 · Trans & Travel - Out of State (Staff & Board)			-			
22600 · Utilities	**44,500.00**	**44,500.00**	**2,605.51**	**3,263.13**	**41,236.87**	**7.33%**
8/6/2026 City of Merced 2026-08 Utilities			658.39			
8/27/2026 Merced Irrigation District 2026-07 Utilities			1,947.12			
Total 22600 · Utilities			**2,605.51**			
Administrative Depreciation Expense	**364,400.00**	**364,400.00**	**30,262.32**	**60,524.64**	**303,875.36**	**16.61%**
Total Administrative Budget	**3,116,000.00**	**3,116,000.00**	**187,233.69**	**452,256.21**	**2,663,743.79**	**14.51%**

Merced County Employees' Retirement Association
Non-Administrative Expenditures Report (Preliminary)
For the Month Ended August 31, 2026

Non-Administrative Expenses		Original Projection	Current Projection	Expended 2026-08	Expended YTD	Bal Remaining	% Exp YTD
21800 · Investment Expenses		**16,790,000.00**	**16,790,000.00**	**585,479.55**	**1,059,836.97**	**15,730,163.03**	**6.31%**
8/31/2026	Investment Management Fees			442,253.53			
8/31/2026	Investment Partnership Expenses			49,092.87			
8/14/2026	2026 PP 17 Retirement Investment Staff Cost Reclass (from Account #10110)			12,106.83			
8/14/2026	2026 PP 17 Staff Salary Allocated to Investments (from Account #10110)			16,303.58			
8/28/2026	2026 PP 18 Retirement Investment Staff Cost Reclass (from Account #10110)			12,106.83			
8/28/2026	2026 PP 18 Staff Salary Allocated to Investments (from Account #10110)			16,303.58			
8/4/2026	Cliffwater 2026-07 Professional Services			33,333.33			
8/24/2026	Nossaman 2026-07 Investment Advice & Counsel			3,979.00			
Total 21800 · Investment Expenses				**585,479.55**			
21802 · Actuarial Services		**131,500.00**	**131,500.00**	**-**	**-**	**131,500.00**	**0.00%**
Total 21802 · Actuarial Services				-			
21812 · Data Processing		**141,000.00**	**141,000.00**	**2,839.44**	**5,678.88**	**135,321.12**	**4.03%**
8/6/2026	2026-08 AC Technology CAP Charges			639.49			
8/18/2026	AT&T 2026-08 Services & Wi-Fi Charges			1,349.05			
8/19/2026	2026-08 (Merced County Communication Charges) - Cradlepoint Charges			850.90			
Total 21812 · Data Processing				**2,839.44**			
21834 · Legal Services		**631,500.00**	**631,500.00**	**26,581.23**	**28,766.06**	**602,733.94**	**4.56%**
8/6/2026	2026-08 County Counsel CAP Charges			2,184.83			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			4,493.20			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			119.50			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			1,496.40			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			253.80			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			406.30			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			851.40			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			6,022.80			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			64.50			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			25.80			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			158.60			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			1,715.70			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			51.60			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			464.40			
8/19/2026	Ted Cabral 2026-07 Legal Svcs			309.60			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			1,302.90			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			3,034.30			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			1,722.70			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			12.90			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			1,864.20			
8/20/2026	Ted Cabral 2026-07 Legal Svcs			25.80			
Total 21834 · Legal Services				**26,581.23**			
21840 · Custodial Banking Services		**285,000.00**	**285,000.00**	**4,092.05**	**4,619.32**	**280,380.68**	**1.62%**
8/5/2026	Northern Trust STIF Income - Custodial Fee 2026-07			3,406.07			
8/26/2026	Northern Trust Treasury Account Analysis Fee 2026-08			520.98			
8/28/2026	Merced County Treasury Wire Fee 2026-07			165.00			
Total 21840 · Custodial Banking Services				**4,092.05**			
22350 · Software & Technology		**561,800.00**	**561,800.00**	**18,003.41**	**25,563.04**	**536,236.96**	**4.55%**
8/4/2026	Digital Deployment (Pension X) 2026-07 Website Support			900.00			
8/5/2026	Digital Deployment (Pension X) 2026-08 Website Support			900.00			
8/12/2026	LexisNexis 2026-07 Accurint Services			936.56			
8/12/2026	LifeStatus360 FY26-27 Death Audit			620.00			
8/12/2026	iStock FY26-27 Photo Access Subscription			348.00			

8/19/2026 CPAS Systems 2026-08 Hosting Services			9,763.52				
8/19/2026 Merced County Administrative Services (IS Charges) 2026-08			4,535.33				
Total 22350 · Software and Technology			**18,003.41**				
Non-Administrative Depreciation Expense	**-**	**-**	**-**	**-**	**-**	**-**	
Total Non-Administrative Items	**18,540,800.00**	**18,540,800.00**	**636,995.68**	**1,124,464.27**	**17,416,335.73**		**6.06%**

MEKETA

Merced County Employees' Retirement Association

September 24, 2026

August Flash Report

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3. Disclaimer, Glossary, and Notes

Executive Summary as of August 31, 2026

Portfolio Preliminary Performance Highlights

- August saw markets broadly climb higher, supported by resilient corporate earnings and renewed enthusiasm around AI related securities. US Equities (Russell 3000) returned 2.7%, Developed International equities (MSCI EAFE) returned 2.0% and Emerging Markets (MSCI EM) returned 3.4% over the month. Bonds saw muted returns over the month with the broad Bloomberg US Aggregate Index returning 0.4%.
- For August, Merced CERA reported a monthly return (w/o Alternatives) of 1.9% net of fees. US Equities returned 2.6%, trailing the Russell 3000 Index return of 2.7%. International Equities return of 2.7% trailed the MSCI AC World ex USA IMI Index return of 3.0% and the secondary blended asset class benchmark return of 2.8%. The Emerging Markets sleeve returned 6.2%, outpacing the MSCI EM index return of 3.4%. US Fixed Income returned 0.3%, trailing the benchmark. Opportunistic Credit posted 0.7% for the month, trailing the blended benchmark.

Manager Highlights

Manager Highlights (Year to Date)

US Equity

→ BNY Mellon Newton Dynamic US Equity, the portfolio's active large cap manager, returned 12.3% through August, trailing the S&P 500 Index return of 13.1%. The manager is expected to perform well under normal market conditions (fundamentals drive investment returns) and bull markets.

International Equity

→ Acadian ACWI ex US Small Cap returned 14.9% year to date, outpacing the MSCI AC World ex USA Small Cap Index return of 14.5%.

→ First Eagle, through August, returned 13.5% versus the MSCI EAFE Index return of 13.8% and MSCI AC World ex US Value Index return of 20.7%. Fund exhibits high turnover relative to peers and uses gold as a hedge. The fund performs well in down cycles, as the strategy focuses on capital preservation in lieu of some upside potential.

Emerging Markets

→ Artisan Developing World returned 6.6% through August vs MSCI EM index return of 24.1%. The fund is a high conviction, concentrated strategy that is benchmark agnostic and has large deviations regionally, with meaningful weights in US equities. Note that tracking error for this strategy is expected to be high (5-10% annually) and has recently exceeded this, which has been driven by exposure to non-benchmark names, particularly in the US. Meketa continues to evaluate the performance of this strategy in the EM space and believes it is best utilized with a complementary strategy.

→ RWC returned 10.0% vs MSCI EM index return of 24.1% through August. Tracking error for the strategy has always been expected to be high (6-10% annually) and has fallen within that range.

Manager Highlights (Year to Date)

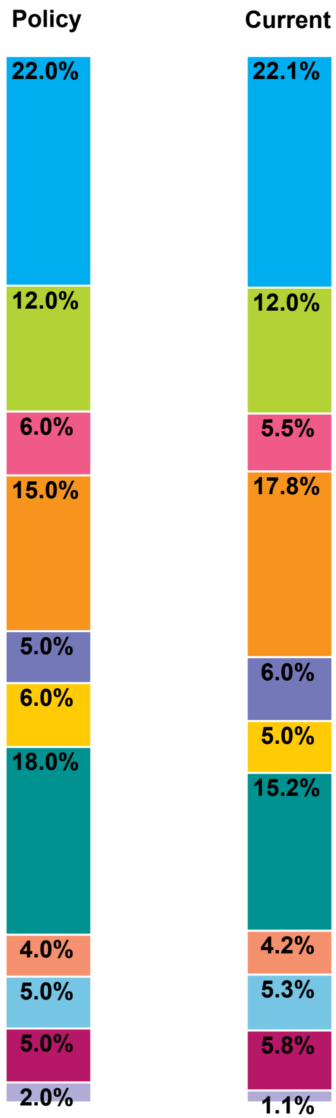
US Fixed Income

- Brandywine returned 0.8% through August, outpacing the Bloomberg US Aggregate Index return of -0.3%.
- Wellington Core Bond returned -0.2%, marginally outpacing the Bloomberg US Aggregate Index.
- Payden & Rygel Low Duration returned 1.2%, outpacing the Bloomberg US Treasury 1-3 Year Index return of 1.0%.

Opportunistic Credit

- PIMCO Income Fund returned 0.8%, outpacing the Bloomberg US Aggregate Index return of -0.3%.
- GoldenTree Multi-Sector returned 3.3%, outpacing the blended benchmark (50% Bloomberg US High Yield/50% S&P UBS Leveraged Loans) return of 2.9%. The strategy is benchmark agnostic and tends to have lower duration positioning.

Performance Update as of August 31, 2026



Allocation vs. Targets and Policy

	Balance ($)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
US Equity	334,515,059	22.1	22.0	0.1	16.0 - 27.0	Yes
Developed International Equity	181,609,116	12.0	12.0	0.0	7.0 - 17.0	Yes
Emerging Markets Equity	83,771,987	5.5	6.0	-0.5	3.0 - 9.0	Yes
Private Equity	268,732,826	17.8	15.0	2.8	5.0 - 20.0	Yes
Direct Lending	90,478,557	6.0	5.0	1.0	0.0 - 10.0	Yes
Real Estate	75,027,123	5.0	6.0	-1.0	4.0 - 8.0	Yes
US Fixed Income	230,061,190	15.2	18.0	-2.8	13.0 - 23.0	Yes
Opportunistic Credit	63,267,222	4.2	4.0	0.2	2.0 - 6.0	Yes
Hedge Funds	80,002,342	5.3	5.0	0.3	2.5 - 7.5	Yes
Real Assets	87,357,340	5.8	5.0	0.8	3.0 - 7.0	Yes
Cash	16,605,205	1.1	2.0	-0.9	0.0 - 4.0	Yes
Total	**1,511,427,970**	**100.0**	**100.0**	**0.0**		

Trailing Net Performance | As of August 31, 2026

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,511,427,970	100.0	1.1	1.5	6.6	11.2	11.9	6.8	9.0	8.3	Jan-95
Policy Index			2.3	2.3	11.0	18.0	15.1	9.1	10.0	7.0	
Total Fund w/o Alternatives	893,224,575	59.1	1.9	1.3	7.6	11.8	14.4	6.6	9.5	--	Jan-08
Policy Index w/o AI			2.0	1.2	10.7	16.7	15.3	7.3	9.2	--	
Public Equity	599,896,162	39.7	2.7	2.0	11.2	16.5	18.4	8.6	--	11.7	Apr-18
MSCI AC World IMI Index (Net)			2.8	1.9	14.6	22.4	20.1	10.5	--	11.7	
US Equity	334,515,059	22.1	2.6	1.9	12.5	18.3	19.3	10.7	14.2	11.0	Jan-95
Russell 3000			2.7	2.0	13.4	20.1	20.6	11.8	14.7	11.1	
International Equity	265,381,104	17.6	2.7	2.1	9.5	14.2	17.3	5.9	10.2	6.7	Jan-99
Primary Blended International Equity Benchmark			3.0	2.1	16.7	26.4	20.2	9.0	9.8	6.5	
Secondary Blended International Equity Benchmark			2.8	3.5	14.3	21.9	18.7	8.2	9.4	6.3	
Emerging Markets Equity	83,771,987	5.5	6.2	5.3	7.7	6.4	16.3	1.1	9.8	6.8	May-12
MSCI EM			3.4	-1.2	24.1	39.2	23.2	8.2	9.4	6.4	
US Fixed Income	230,061,190	15.2	0.3	-0.4	0.2	2.5	4.5	-0.3	1.5	4.3	Jan-95
US Fixed Income Custom Benchmark			0.4	-0.7	-0.3	1.9	4.1	-0.1	1.6	4.5	
Opportunistic Credit	63,267,222	4.2	0.7	1.4	3.7	5.6	8.3	5.6	--	6.1	May-19
Custom Blended Opportunistic Credit Benchmark			0.8	1.0	2.3	4.3	6.4	2.7	--	3.6	
Real Estate	75,027,123	5.0	0.0	-0.9	-0.7	-1.7	1.6	2.0	3.6	5.7	Dec-10
Custom Blended Real Estate Benchmark			0.0	1.2	2.2	4.0	-2.0	1.8	3.7	6.9	
CPI +5% (Seasonally Adjusted)			0.8	1.3	5.9	8.5	8.1	9.4	8.5	7.8	
Private Real Estate	75,027,123	5.0	0.0	-0.9	-0.7	-1.7	0.3	3.2	3.6	5.7	Dec-10
Custom Blended Real Estate Benchmark			0.0	1.2	2.2	4.0	-2.0	3.2	4.3	7.2	
Private Equity	268,732,826	17.8	0.0	2.4	7.2	15.4	10.2	12.3	14.0	10.3	Jul-05
Custom Private Equity Benchmark			5.3	8.6	18.1	34.4	26.2	17.4	18.8	--	
Preqin Private Equity (1QTR Lag)			0.0	0.5	2.9	8.2	6.8	9.1	13.5	12.9	

Data Prior to March 2018 provided by prior consultant.
The Secondary Blended International Equity Benchmark consists of 80% MSCI EAFE and 20% MSCI ACWI ex US Small Cap Index as of July 2025.

Trailing Net Performance | As of August 31, 2026

	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Direct Lending	**90,478,557**	**6.0**	**0.0**	**1.3**	**3.3**	**8.8**	**10.1**	**7.7**	**--**	**9.7**	**Jul-20**
50% Bloomberg US High Yield / 50% Morningstar LSTA US Lev Loans			*1.0*	*1.4*	*2.9*	*4.8*	*7.9*	*5.2*	*--*	*6.5*	
Hedge Funds	**80,002,342**	**5.3**	**0.0**	**0.1**	**4.7**	**7.6**	**8.0**	**6.2**	**6.7**	**5.5**	**Jul-14**
Custom Blended Hedge Funds Benchmark			*0.6*	*-0.1*	*6.8*	*12.2*	*9.8*	*5.4*	*5.6*	*--*	
Real Assets	**87,357,340**	**5.8**	**0.0**	**4.9**	**7.7**	**14.7**	**13.6**	**13.5**	**10.8**	**10.4**	**Dec-10**
Custom Blended Real Assets Benchmark			*2.8*	*3.3*	*17.5*	*25.1*	*16.8*	*12.6*	*10.1*	*--*	
CPI +5% (Seasonally Adjusted)			*0.8*	*1.3*	*5.9*	*8.5*	*8.1*	*9.4*	*8.5*	*7.8*	
Private Infrastructure	**54,316,462**	**3.6**	**0.0**	**2.8**	**3.1**	**8.6**	**10.7**	**10.7**	**11.8**	**10.1**	**Jan-15**
S&P Global Infrastructure			*-2.3*	*-0.9*	*7.7*	*11.9*	*17.1*	*10.8*	*8.7*	*7.6*	
Private Natural Resources	**33,040,878**	**2.2**	**0.0**	**8.4**	**15.4**	**24.8**	**19.0**	**23.0**	**15.7**	**16.5**	**Oct-15**
S&P Global Natural Resources Sector Index (TR)			*7.9*	*7.0*	*27.3*	*38.8*	*16.0*	*13.1*	*11.6*	*12.6*	
Cash	**16,605,205**	**1.1**	**0.3**	**1.1**	**2.9**	**4.7**	**4.6**	**3.2**	**--**	**--**	**Dec-10**

Real Assets includes State Street Real Assets NL Fund.

Trailing Net Performance | As of August 31, 2026

Trailing Period Performance	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	**1,511,427,970**	**100.0**	**1.1**	**1.5**	**6.6**	**11.2**	**11.9**	**6.8**	**9.0**	**8.3**	**Jan-95**
Policy Index			*2.3*	*2.3*	*11.0*	*18.0*	*15.1*	*9.1*	*10.0*	*7.0*	
Total Fund w/o Alternatives	**893,224,575**	**59.1**	**1.9**	**1.3**	**7.6**	**11.8**	**14.4**	**6.6**	**9.5**	**--**	**Jan-08**
Policy Index w/o AI			*2.0*	*1.2*	*10.7*	*16.7*	*15.3*	*7.3*	*9.2*	*--*	
Public Equity	**599,896,162**	**39.7**	**2.7**	**2.0**	**11.2**	**16.5**	**18.4**	**8.6**	**--**	**11.7**	**Apr-18**
MSCI AC World IMI Index (Net)			*2.8*	*1.9*	*14.6*	*22.4*	*20.1*	*10.5*	*--*	*11.7*	
US Equity	**334,515,059**	**22.1**	**2.6**	**1.9**	**12.5**	**18.3**	**19.3**	**10.7**	**14.2**	**11.0**	**Jan-95**
Russell 3000			*2.7*	*2.0*	*13.4*	*20.1*	*20.6*	*11.8*	*14.7*	*11.1*	
BNY Mellon Newton Dynamic US Equity	75,806,035	5.0	2.6	1.1	12.3	19.2	19.7	10.7	15.3	16.2	Jan-13
S&P 500 Index			*2.7*	*1.7*	*13.1*	*20.4*	*21.0*	*12.8*	*15.4*	*15.2*	
BNY Mellon Large Cap	237,403,240	15.7	2.8	1.9	13.1	19.8	20.8	12.1	15.1	15.2	Apr-16
Russell 1000 Index			*2.8*	*1.9*	*13.0*	*19.8*	*20.8*	*12.1*	*15.1*	*15.2*	
Fidelity Small Cap	21,305,784	1.4	1.0	--	--	--	--	--	--	1.0	Aug-26
Russell 2000 Index			*1.0*	*--*	*--*	*--*	*--*	*--*	*--*	*1.0*	

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

Trailing Net Performance | As of August 31, 2026

	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity	**265,381,104**	**17.6**	**2.7**	**2.1**	**9.5**	**14.2**	**17.3**	**5.9**	**10.2**	**6.7**	**Jan-99**
Primary Blended International Equity Benchmark			*3.0*	*2.1*	*16.7*	*26.4*	*20.2*	*9.0*	*9.8*	*6.5*	
Secondary Blended International Equity Benchmark			*2.8*	*3.5*	*14.3*	*21.9*	*18.7*	*8.2*	*9.4*	*5.7*	
Acadian ACWI ex U.S. Small Cap Equity	24,034,796	1.6	6.8	1.4	14.9	21.2	21.0	10.1	--	13.3	May-19
MSCI AC World ex USA Small Cap (Net)			*6.0*	*0.9*	*14.5*	*20.4*	*17.5*	*6.7*	*--*	*9.8*	
Driehaus International Small Cap Growth	22,336,530	1.5	4.8	-3.0	9.9	13.3	15.3	4.1	--	10.7	May-19
MSCI AC World ex USA Small Growth Index (Net)			*7.1*	*-0.6*	*14.1*	*18.3*	*15.8*	*4.1*	*--*	*9.0*	
GQG International Equity	65,702,378	4.3	-2.0	-0.9	5.7	10.4	14.1	7.2	--	10.0	Dec-19
MSCI AC World ex USA (Net)			*2.6*	*2.3*	*17.0*	*27.3*	*20.2*	*9.4*	*--*	*10.6*	
First Eagle International Value Fund	69,535,412	4.6	1.3	3.2	13.5	26.0	20.2	11.2	--	10.2	Dec-19
MSCI EAFE (Net)			*2.0*	*4.1*	*13.8*	*21.6*	*18.3*	*9.4*	*--*	*10.3*	
MSCI AC World ex USA Value (Net)			*1.9*	*4.5*	*20.7*	*34.0*	*24.2*	*13.7*	*--*	*12.3*	
Emerging Markets Equity	**83,771,987**	**5.5**	**6.2**	**5.3**	**7.7**	**6.4**	**16.3**	**1.1**	**9.8**	**6.8**	**May-12**
MSCI EM			*3.4*	*-1.2*	*24.1*	*39.2*	*23.2*	*8.2*	*9.4*	*6.4*	
Artisan Developing World TR	55,787,395	3.7	7.1	9.5	6.6	-1.8	16.4	0.3	--	9.5	Dec-19
MSCI Emerging Markets (Net)			*3.4*	*-1.2*	*24.1*	*39.2*	*23.2*	*8.2*	*--*	*10.3*	
RWC	27,984,592	1.9	4.3	-2.1	10.0	25.7	15.1	2.6	--	7.1	Dec-19
MSCI Emerging Markets (Net)			*3.4*	*-1.2*	*24.1*	*39.2*	*23.2*	*8.2*	*--*	*10.3*	

Historical returns for the International Equity Composite prior to December 2010 are gross only.
International Equity Primary/Secondary benchmarks share the same benchmark history through June 30, 2025, as noted in the Benchmark History section. From July 1, 2025 onwards, the Primary Blended International Equity Benchmark consists of the MSCI AC World ex USA IMI, whereas the Secondary Blended International Equity Benchmark consists of 80% MSCI EAFE / 20% MSCI AC World ex USA Small Cap.

Trailing Net Performance | As of August 31, 2026

	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
US Fixed Income	**230,061,190**	**15.2**	**0.3**	**-0.4**	**0.2**	**2.5**	**4.5**	**-0.3**	**1.5**	**4.3**	**Jan-95**
US Fixed Income Custom Benchmark			*0.4*	*-0.7*	*-0.3*	*1.9*	*4.1*	*-0.1*	*1.6*	*4.5*	
Vanguard Total Bond Market Index Fund	31,578,690	2.1	0.4	-0.7	-0.2	1.8	4.1	-0.3	--	1.5	May-19
Blmbg. U.S. Aggregate Index			*0.4*	*-0.7*	*-0.3*	*1.9*	*4.1*	*-0.3*	*--*	*1.4*	
Payden & Rygel Low Duration Fund	22,570,225	1.5	0.3	0.6	1.2	2.8	5.0	--	--	4.9	Nov-22
Blmbg. U.S. Treasury: 1-3 Year			*0.2*	*0.4*	*1.0*	*2.5*	*4.3*	*--*	*--*	*4.0*	
Brandywine US Fixed Income	68,408,043	4.5	0.1	-0.2	0.8	3.5	4.5	--	--	3.1	Nov-22
Blmbg. U.S. Aggregate Index			*0.4*	*-0.7*	*-0.3*	*1.9*	*4.1*	*--*	*--*	*4.4*	
Wellington Core Bond	107,504,232	7.1	0.5	-0.6	-0.2	1.9	4.7	--	--	4.3	Nov-22
Blmbg. U.S. Aggregate Index			*0.4*	*-0.7*	*-0.3*	*1.9*	*4.1*	*--*	*--*	*4.4*	
Opportunistic Credit	**63,267,222**	**4.2**	**0.7**	**1.4**	**3.7**	**5.6**	**8.3**	**5.6**	**--**	**6.1**	**May-19**
Custom Blended Opportunistic Credit Benchmark			*0.8*	*1.0*	*2.3*	*4.3*	*6.4*	*2.7*	*--*	*3.6*	
PIMCO Income Fund	5,602,198	0.4	0.5	-0.1	0.8	4.2	7.2	3.6	--	4.1	May-19
Blmbg. U.S. Aggregate Index			*0.4*	*-0.7*	*-0.3*	*1.9*	*4.1*	*-0.3*	*--*	*1.4*	
GoldenTree Multi-Sector Credit	31,916,969	2.1	0.7	1.4	3.3	6.1	9.1	6.0	--	6.3	Jun-19
50% Bloomberg US High Yield / 50% Morningstar LSTA US Lev Loans			*1.0*	*1.4*	*2.9*	*4.8*	*7.9*	*5.2*	*--*	*5.5*	
OWS Credit Opportunity Fund LP	25,748,055	1.7	0.7	1.7	4.8	5.4	--	--	--	8.4	Oct-23
50% Bloomberg US High Yield / 50% Morningstar LSTA US Lev Loans			*1.0*	*1.4*	*2.9*	*4.8*	*--*	*--*	*--*	*8.2*	

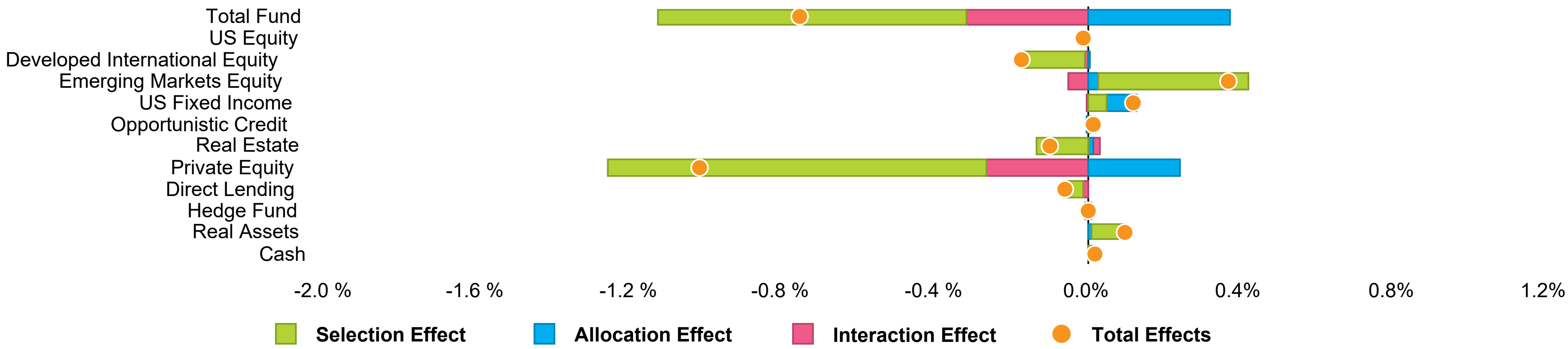
The market value of GoldenTree Multi-Sector Credit is based on a manager provided estimate as of 8/31/2026, due to data availability.
The market value of OWS Credit Opportunity Fund LP is based on a manager provided estimate as of 08/31/2026, due to data availability.

Trailing Net Performance | As of August 31, 2026

	Market Value ($)	% of Portfolio	1 Mo (%)	QTR (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Real Estate	**75,027,123**	**5.0**	**0.0**	**-0.9**	**-0.7**	**-1.7**	**0.3**	**3.2**	**3.6**	**5.7**	**Dec-10**
Custom Blended Real Estate Benchmark			*0.0*	*1.2*	*2.2*	*4.0*	*-2.0*	*3.2*	*4.3*	*7.2*	
Private Equity	**268,732,826**	**17.8**	**0.0**	**2.4**	**7.2**	**15.4**	**10.2**	**12.3**	**14.0**	**10.3**	**Jul-05**
Custom Private Equity Benchmark			*5.3*	*8.6*	*18.1*	*34.4*	*26.2*	*17.4*	*18.8*	*--*	
Preqin Private Equity (1QTR Lag)			*0.0*	*0.5*	*2.9*	*8.2*	*6.8*	*9.1*	*13.5*	*12.9*	
Direct Lending	**90,478,557**	**6.0**	**0.0**	**1.3**	**3.3**	**8.8**	**10.1**	**7.7**	**--**	**9.7**	**Jul-20**
Morningstar LSTA Leveraged Loans +2%			*1.1*	*2.3*	*4.4*	*6.9*	*9.4*	*8.4*	*--*	*9.2*	
Hedge Funds	**80,002,342**	**5.3**	**0.0**	**0.1**	**4.7**	**7.6**	**8.0**	**6.2**	**6.7**	**5.5**	**Jul-14**
Custom Blended Hedge Funds Benchmark			*0.6*	*-0.1*	*6.8*	*12.2*	*9.8*	*5.4*	*5.6*	*--*	
Private Infrastructure	**54,316,462**	**3.6**	**0.0**	**2.8**	**3.1**	**8.6**	**10.7**	**10.7**	**11.8**	**10.1**	**Jan-15**
S&P Global Infrastructure			*-2.3*	*-0.9*	*7.7*	*11.9*	*17.1*	*10.8*	*8.7*	*7.6*	
Private Natural Resources	**33,040,878**	**2.2**	**0.0**	**8.4**	**15.4**	**24.8**	**19.0**	**23.0**	**15.7**	**16.5**	**Oct-15**
S&P Global Natural Resources Sector Index (TR)			*7.9*	*7.0*	*27.3*	*38.8*	*16.0*	*13.1*	*11.6*	*12.6*	
Cash	**16,605,205**	**1.1**	**0.3**	**1.1**	**2.9**	**4.7**	**4.6**	**3.2**	**--**	**--**	**Dec-10**
Cash	15,903,401	1.1	0.3	0.9	2.7	4.0	4.6	3.3	2.2	-0.3	Dec-10
Treasury Cash	701,804	0.0	0.0	2.9	6.9	14.3	9.2	5.4	--	3.0	Sep-17

All private markets performance and market values reflect a 3/31/26 capital account balance cash flow adjusted through 07/31/2026.
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.
Hedge Fund values are estimates as of 7/31/2026.
Cash market value is subject to change pending final reconciliation of private markets data.

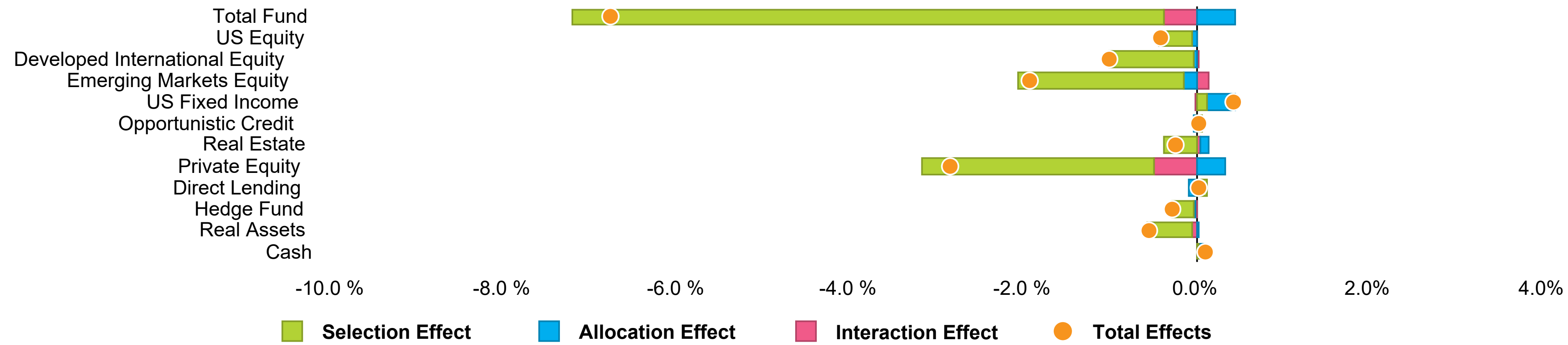
Attribution Effects
3 Months Ending August 31, 2026



Attribution Summary
3 Months Ending August 31, 2026

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction (%)	Total Effect (%)
US Equity	1.9	2.0	-0.1	0.0	0.0	0.0	0.0
Developed International Equity	0.7	2.1	-1.4	-0.2	0.0	0.0	-0.2
Emerging Markets Equity	5.3	-1.2	6.5	0.4	0.0	-0.1	0.4
US Fixed Income	-0.4	-0.7	0.3	0.0	0.1	0.0	0.1
Opportunistic Credit	1.4	1.0	0.4	0.0	0.0	0.0	0.0
Real Estate	-0.9	1.2	-2.2	-0.1	0.0	0.0	-0.1
Private Equity	2.4	8.6	-6.2	-1.0	0.2	-0.3	-1.0
Direct Lending	1.3	2.3	-1.0	0.0	0.0	0.0	-0.1
Hedge Fund	0.1	-0.1	0.2	0.0	0.0	0.0	0.0
Real Assets	4.9	3.3	1.7	0.1	0.0	0.0	0.1
Cash	1.1	0.9	0.2	0.0	0.0	0.0	0.0
Total Fund	**1.5**	**2.3**	**-0.8**	**-0.8**	**0.4**	**-0.3**	**-0.8**

Attribution Effects
1 Year Ending August 31, 2026



Attribution Summary
1 Year Ending August 31, 2026

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction (%)	Total Effect (%)
US Equity	18.3	20.1	-1.8	-0.4	0.0	0.0	-0.4
Developed International Equity	17.9	26.4	-8.4	-1.0	0.0	0.0	-1.0
Emerging Markets Equity	6.4	39.2	-32.8	-1.9	-0.2	0.1	-1.9
US Fixed Income	2.5	1.9	0.6	0.1	0.3	0.0	0.4
Opportunistic Credit	5.6	4.3	1.4	0.1	0.0	0.0	0.0
Real Estate	-1.7	4.0	-5.6	-0.4	0.1	0.0	-0.2
Private Equity	15.4	34.4	-19.1	-2.7	0.3	-0.5	-2.9
Direct Lending	8.8	6.9	2.0	0.1	-0.1	0.0	0.0
Hedge Fund	7.6	12.2	-4.5	-0.2	0.0	0.0	-0.3
Real Assets	14.7	25.1	-10.4	-0.5	0.0	-0.1	-0.5
Cash	4.7	3.8	0.8	0.0	0.1	0.0	0.1
Total Fund	**11.2**	**18.0**	**-6.8**	**-6.8**	**0.4**	**-0.4**	**-6.8**

Benchmark History		
From Date	**To Date**	**Benchmark**
Total Fund		
01/01/2026	Present	22.0% Russell 3000, 12.0% Merced - Primary Blended International Equity Benchmark, 6.0% MSCI EM, 18.0% US Fixed Income Custom Benchmark, 5.0% Custom Blended Hedge Funds Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% Morningstar LSTA Leverage Loans +2%, 5.0% Custom Blended Real Assets Benchmark, 6.0% Custom Blended Real Estate Benchmark, 4.0% Custom Blended Opportunistic Credit Benchmark, 2.0% Blmbg. U.S. Treasury Bills: 1-3 Months
07/01/2025	12/31/2025	22.0% Russell 3000, 12.0% Merced - Primary Blended International Equity Benchmark, 6.0% MSCI EM, 18.0% US Fixed Income Custom Benchmark, 5.0% Custom Blended Hedge Funds Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 6.0% Custom Blended Real Estate Benchmark, 4.0% Custom Blended Opportunistic Credit Benchmark, 2.0% Blmbg. U.S. Treasury Bills: 1-3 Months
07/01/2024	06/30/2025	22.0% Russell 3000, 12.0% Custom Blended Developed International Equity BM, 6.0% MSCI EM, 18.0% US Fixed Income Custom Benchmark, 5.0% Custom Blended Hedge Funds Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 6.0% Custom Blended Real Estate Benchmark, 4.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans, 2.0% Blmbg. U.S. Treasury Bills: 1-3 Months
01/01/2022	06/30/2024	22.0% Russell 3000, 11.0% Custom Blended Developed International Equity BM, 8.0% MSCI EM, 11.0% US Fixed Income Custom Benchmark, 10.0% Custom Blended Hedge Funds Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% S&P LSTA Leveraged Loan +2%, 5.0% Custom Blended Real Assets Benchmark, 8.0% Custom Blended Real Estate Benchmark, 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
01/01/2020	12/31/2021	21.0% Russell 3000, 10.0% Custom Blended Developed International Equity BM, 8.0% MSCI EM, 18.0% BBgBarc US Aggregate TR, 10.0% Custom Blended Hedge Funds Benchmark, 15.0% Custom Private Equity Benchmark, 5.0% Custom Blended Real Assets Benchmark, 8.0% Custom Blended Real Estate Benchmark, 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
07/01/2019	12/31/2019	21.0% US Equity Custom, 18.0% Secondary Blended International Equity Benchmark, 18.0% US Fixed Custom, 10.0% Custom Blended Hedge Funds Benchmark, 15.0% Thomson Reuters Cambridge Private Equity Index, 5.0% Real Asset Custom, 8.0% NCREIF ODCE (Net), 5.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans
01/01/2019	06/30/2019	21.0% US Equity Custom, 23.0% US Fixed Custom, 18.0% Secondary Blended International Equity Benchmark, 10.0% Custom Blended Hedge Funds Benchmark, 15.0% Thomson Reuters Cambridge Private Equity Index, 5.0% Real Asset Custom, 8.0% NCREIF ODCE (Net)
01/01/2017	12/31/2018	27.0% US Equity Custom, 22.0% US Fixed Custom, 23.0% Secondary Blended International Equity Benchmark, 5.0% Custom Blended Hedge Funds Benchmark, 9.0% Thomson Reuters Cambridge Private Equity Index, 14.0% Real Asset Custom
07/01/2014	12/31/2016	22.7% Russell 1000 Index, 5.7% Russell 2000 Index, 23.6% Secondary Blended International Equity Benchmark, 28.5% US Fixed Custom, 4.5% Custom Blended Hedge Fund Benchmark, 8.0% NCREIF ODCE (Net), 7.0% Thomson Reuters Cambridge Private Equity Index

From Date	To Date	Benchmark
US Equity		
01/01/2020	Present	100.0% Russell 3000 Index
12/01/1994	12/31/2019	100.0% Russell 3000
International Equity		
07/01/2025	Present	100.0% MSCI AC World ex USA IMI (Net)
01/01/2019	06/30/2025	56.0% MSCI EAFE Index, 44.0% MSCI Emerging Markets Index
01/01/2017	12/31/2018	69.6% MSCI EAFE Index, 30.4% MSCI Emerging Markets Index
01/01/1999	12/31/2016	100.0% MSCI AC World ex USA Index
US Fixed Income		
07/01/2025	Present	100.0% Blmbg. U.S. Aggregate Index
12/01/1994	06/30/2025	10.0% Blmbg. U.S. Treasury: 1-3 Year, 90.0% BBgBarc US Aggregate TR
Hedge Funds		
07/01/2017	Present	100.0% HFRI Fund of Funds Composite Index
01/01/2015	06/30/2017	50.0% HFRI Fund of Funds Composite Index, 50.0% HFRI RV: Multi-Strategy Index
Real Assets		
01/01/2022	Present	50.0% S&P Global Infrastructure, 50.0% S&P Global Natural Resources Sector Index (TR)
01/01/2020	12/31/2021	50.0% Cambridge Energy Upstream & Royalties & Private Energy (1 Quarter Lagged), 50.0% Cambridge Infrastructure (1 Quarter Lagged)
03/01/1999	12/31/2019	100.0% Real Asset Custom
Private Real Estate		
01/01/2020	Present	100.0% NCREIF ODCE 1Q Lagged
03/01/1999	12/31/2019	100.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net)
Private Equity		
01/01/2022	Present	100.0% 70% Russell 3000/ 30% MSCI AC World ex USA + 300bps (1 Quarter Lagged)
01/01/2020	12/31/2021	100.0% Cambridge Global Private Equity & VC (1 Quarter Lagged)
12/31/1994	12/31/2019	100.0% Thomson Reuters Cambridge Private Equity Index
Opportunistic Credit		
01/01/2026	Present	20.0% Blmbg. U.S. Aggregate Index, 40.0% Blmbg. U.S. Corp: High Yield Index, 40.0% Morningstar LSTA U.S. Leveraged Loan
07/01/2025	12/31/2025	20.0% Blmbg. U.S. Aggregate Index, 40.0% Blmbg. U.S. Corp: High Yield Index, 40.0% S&P UBS Leveraged Loan Index
05/01/2019	06/30/2025	100.0% 50% Barclays US Aggregate / 25% Barclays US High Yield / 25% S&P UBS Lev Loans

Annual Investment Expense Analysis	Fee Schedule	Market Value ($)	Estimated Annual Fee (%)	Estimated Annual Fee $
Total Fund		**1,511,427,970**		
Total Fund w/o Alternatives		**893,224,575**		
Public Equity		**599,896,162**		
US Equity		**334,515,059**		
BNY Mellon Newton Dynamic US Equity	0.30 % of Assets	75,806,035	0.30	227,418
BNY Mellon Large Cap	0.04 % of First $100 M 0.02 % Thereafter	237,403,240	0.03	67,481
Fidelity Small Cap	0.03 % of Assets	21,305,784	0.03	5,326
International Equity		**265,381,104**		
Acadian ACWI ex U.S. Small Cap Equity	0.85 % of First $50 M 0.75 % Thereafter	24,034,796	0.85	204,296
Driehaus International Small Cap Growth	0.90 % of Assets	22,336,530	0.90	201,029
GQG International Equity	0.50 % of Assets	65,702,378	0.50	328,512
First Eagle International Value Fund	0.79 % of Assets	69,535,412	0.79	549,330
Emerging Markets Equity		**83,771,987**		
Artisan Developing World TR	1.05 % of Assets	55,787,395	1.05	585,768
RWC	0.87 % of Assets	27,984,592	0.87	243,466
MCERA US Fixed+Opp Credit		**293,328,413**		
US Fixed Income		**230,061,190**		
Vanguard Total Bond Market Index Fund	0.03 % of Assets	31,578,690	0.03	7,895
Payden & Rygel Low Duration Fund	0.38 % of Assets	22,570,225	0.38	85,767
Brandywine US Fixed Income	0.29 % of First $50 M 0.22 % of Next $50 M 0.18 % of Next $400 M 0.12 % Thereafter	68,408,043	0.27	185,498
Wellington Core Bond	0.12 % of Assets	107,504,232	0.12	129,005
Opportunistic Credit		**63,267,222**		
PIMCO Income Fund	0.50 % of Assets	5,602,198	0.50	28,011
GoldenTree Multi-Sector Credit	0.70 % of Assets	31,916,969	0.70	223,419
OWS Credit Opportunity Fund LP		25,748,055	-	-

Fee Schedule | As of August 31, 2026

	Fee Schedule	Market Value ($)	Estimated Annual Fee (%)	Estimated Annual Fee $
Hedge Funds		**80,002,342**		
Marshall Wace Eureka	Performance Based 2.00 % and 20.00 %	5,797,741	2.00	115,955
Marshall Wace Global Opportunities	Performance Based 2.00 % and 20.00 %	7,350,334	2.00	147,007
Taconic Opportunity Fund	Performance Based 1.40 % and 20.00 %	674,805	1.40	9,447
Silver Point Capital	Performance Based 1.50 % and 20.00 %	16,682,447	1.50	250,237
Graham Absolute Return	Performance Based 1.75 % and 20.00 %	5,578,950	1.75	97,632
Laurion Capital	Performance Based 2.00 % and 20.00 %	8,529,247	2.00	170,585
Wellington Global Equity Long/Short Fund	Performance Based 1.00 % and 20.00 %	11,642,044	1.00	116,420
Hudson Bay Fund		16,167,708	-	-
Caxton Global Investments	Performance Based 1.95 % and 22.50 %	7,579,065	1.95	147,792
Cash		**16,605,205**		
Cash		15,903,401	-	-
Treasury Cash		701,804	-	-

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

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

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

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

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

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

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

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

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

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

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about is 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%.

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

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

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.

TO: State Association of County Retirement Systems
FROM: Cara Martinson, Capitol Advocacy
Laurie Johnson, LJ Consulting & Advocacy
DATE: September 9, 2026

RE: Legislative Update – September

The 2025–26 legislative session is officially in the books, although the final days in Sacramento looked very little like a traditional end-of-session sprint. Lawmakers adjourned Tuesday afternoon after a chaotic final weekend in which major legislation, budget agreements and policy deals continued to surface almost until the last possible moment.

The numbers alone tell part of the story. More than 4,200 bills were introduced during the two-year session, and an unprecedented 71 measures were amended after the customary August 21 deadline for floor amendments—almost three times the previous record. That unusually heavy volume of late amendments meant legislators were still working through significant policy changes when, under normal circumstances, the major work of the session would have already been finished.

The Legislature was also up against the August 31 constitutional deadline for passing majority-vote legislation. Because bills generally must be publicly available for 72 hours before a final vote, Friday was expected to be the last realistic opportunity for major amendments. Instead, some of the session's most important agreements arrived after that window had effectively closed. Budget bills were posted late Friday and into Saturday morning, and negotiations over wildfire legislation continued overnight before the final agreement was released on Saturday. Lawmakers ultimately returned Tuesday to finish the remaining work.

The biggest surprise came at the end. SB 492, the product of negotiations between legislative leaders and Governor Gavin Newsom on California's increasingly difficult wildfire liability and financing system, never received a vote in the Assembly. Speaker Robert Rivas declined to bring the measure to the floor, leaving unresolved a broader effort to determine how the costs of catastrophic wildfires should be shared among utilities, insurers, wildfire survivors and utility customers when utility equipment is found responsible.

While the wildfire agreement dominated the final drama, the budget package covered a wide range of other issues. Lawmakers approved spending and policy measures involving climate programs and Proposition 4, health care, education and labor, as well as numerous district-specific appropriations.

Several of the year's largest policy debates also remained front and center through adjournment. Artificial intelligence continued to generate legislation involving privacy, employment and the protection of children, while the rapid expansion of data centers elevated a related set of questions about electricity demand, water use and infrastructure capacity. A late agreement was reached on California's film and television tax credit, but an effort to expand the state's research and development tax credit did not survive the final negotiations, in part because of concerns about a potential annual revenue loss estimated between $1 billion and $2 billion.

The final weeks also produced significant disputes over health care, housing, education, antitrust policy and wildfire liability, many of which are addressed in greater detail below.

The larger lesson from this year's session is that Sacramento left an unusual amount of business until the final days—and, in some cases, the final hours. Even with the regular session now over, the wildfire debate may not be finished. Governor Newsom has indicated that additional action remains possible, whether through future legislative action or proceedings before the Public Utilities Commission, and he has not ruled out convening a special session.

Legislative Update:

- **AB 1054 (Gipson)** - This bill would establish the Deferred Retirement Option Program (DROP) as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill was amended recently to add certain supervisory or managerial employees of the Department of the California Highway Patrol and the Department of Forestry and Fire Protection. The amendments added to the definition of annuitant for the purposes of eligibility a DROP participant whose deferred retirement date is within 120 days of separation from the DROP program. The bill also states that the DROP becomes effective and applicable only after: 1) the applicable Bargaining Unit has entered into a MOU with the employer to implement the program; 2) The program has been certified via an actuarial analysis that it is cost neutral by the CalPERS Board of Administration; and 2) CalPERS has adopted regulations to implement and administer the program.
    - Status: The bill passed out of the Legislature and is waiting action by the Governor

- Position: No Position/Watch

- **AB 1383 (McKinnor)** – The bill passed out of the Legislature and is awaiting action by the Governor. The bill includes the following provisions:
  - Increases, on and after January 1, 2027, the PEPRA pensionable compensation limit to the Social Security compensation limit for members covered by Social Security and 120% of that amount for members not covered by Social Security;
  - Freezes existing 2013 PEPRA safety formulas to apply only to service from January 1, 2013, to December 31, 2026 and lowers the retirement age on a prospective basis from age 57 to 55 for three existing safety DB retirement formulas;
  - Authorize a public employer to create a fourth PEPRA safety formula of three percent (3%) at age 55, to be applied prospectively.
  - Amendments earlier this year removed a provision that would have permitted collective bargaining over the 50-50 normal cost sharing requirement.
  - Status: This bill is awaiting action by the Governor.
  - Position: Neutral

- **AB 1439 (Garcia**) - The bill would have required labor protection standards on pension system investments in development projections. The bill was amended coming out of the Assembly to now require CalPERS and CalSTRS to contract with the University of California Labor Centers to conduct an independent study to determine the impacts on public employee retirement funds of prohibiting the boards from investing in California development projects that do not provide labor standards protections for workers. The bill no longer applies to the CERL systems and removes SACRS' opposition.
  - Status: The bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 1601 (Rogers)** – This bill would permit the county Board of Supervisors for Sonoma County to authorize a cost-of-living adjustment to the retirement allowances, optional death allowances, or annual death allowances payable by the retirement system.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: Neutral

- **AB 1619 (Valencia)** –This bill allows county Boards of Supervisors to authorize an increase in the Board of Retirement trustee per diem from $100 to $320. The bill would then require action by the Board of Retirement to establish the increased compensation rate. This bill was amended to apply the same increase in compensation to CalPERS and CalSTRs Board Members.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: Neutral

- **AB 1660 (Schiavo)** – This bill was amended to now permit, as opposed to require, a court to award sanctions of no less than $1,000 per violation if a financial institution, private agency, retirement fund administrator, insurance company, or other person fails to comply with existing requirements to provide information or surrender property of a decedent, minor, or conservatee to a public administrator or public guardian that is authorized to take possession and control of such property. Recent amendments require that the financial institution or other person or entity must receive notice of a violation.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 1844 (Pacheco)** – This bill modifies the Judges' Retirement System II, to give judges more flexibility in designating beneficiaries for their retirement benefits. This bill would authorize a judge who elects one of the optional retirement payment plans in lieu of receiving the maximum retirement allowance to designate a beneficiary other than their spouse to receive the payment or allowance after the judge's death, subject to the community property rights of the judge's spouse. Additionally, the bill extends existing survivor benefits to non-spouse beneficiaries, removing the stipulation that the judge must have served a minimum of 20 years if they die in office.
  - Status: This passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 2519 (McKinnor)** – The bill expands who must be included in the State Teachers' Retirement System (STRS) membership. Under current law STRS administers a defined-benefit retirement program funded by employer and employee contributions and applies to positions that generally require a valid credential or license; charter school positions were excluded. This bill adds permitholders and comparable positions at charter schools that receive state

apportionment and perform specified directing, coordinating, supervising, or administrative functions to the definition of “position subject to membership.” It also removes a board-triggered timing requirement and makes the new definition operative on July 1, 2027.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 2780 (Assembly Committee on Public Employment and Retirement) –** Public Retirement Systems: Omnibus Bill - This bill includes the SACRS-sponsored legislative package in the Legislature’s annual omnibus bill for technical changes to laws affecting CalSTRS, CalPERS, and the CERL systems. The proposed changes in the CERL include the following:
  - Clarifying that deferred members cannot run for or vote in active member Miscellaneous and Safety trustee elections.
  - Establishing a 10-year statute of limitations for recovery of overpayments due to fraudulent reports of overpaid death benefits.
  - Formalizing the practice of the majority of CERL systems that only the last system pays a lump-sum burial allowance for reciprocal members.
  - Defining “concurrent retirement” to allow reciprocal members to retire on different dates with 30 days of each retirement date, as long as there is not overlapping service.
    - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
    - Position: Support

- **SB 1187 (Durazo)** – This bill was amended to remove language access requirements for the purposes of Act that were established by SB 707 from last year. Specifically, the bill would repeal several public participation and language access requirements established by SB 707, including requirements related to translation of meeting materials, interpretation services, multilingual website content, public outreach to underrepresented communities, and opportunities for the public to provide additional agenda translations. It would reduce the administrative obligations placed on eligible legislative bodies related to multilingual access and public engagement.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - No position/watch

- **SB 1207 (Laird)** – This bill authorizes CalPERS members to buy back not more than three years of service credit for their prior service in the California Conservation Corps (CCC). The bill also makes changes to CCC's statutes to clarify the scope of authorized projects and to specifically permit CCC to contract with corps established by California Native American tribes
  - Status: This bill was signed by the Governor and chaptered into law.
  - No position/watch

Contact:
If you have any questions, contact Cara Martinson at cmartinson@capitoladvocacy.com, or Laurie Johnson at lauriejconsult@gmail.com.

DATE: September 24, 2026

TO: MercedCERA Board of Retirement

FROM: Pete Madrid, Assistant Plan Administrator - Investments

SUBJECT: Staff Market Summary and Investment Performance Update

ITEM NUMBER: **Open Session Item a**

ITEM TYPE: **Information Only**

DISCUSSION:

Capital Markets & Economic Summary

According to the Bureau of Labor Statistics (BLS), the U.S. labor market rebounded sharply in August, adding 162,000 nonfarm payroll jobs, surpassing economic forecasts of roughly 53,000, while the national unemployment rate held steady at 4.1%. The robust hiring represented a significant recovery from sluggish hiring in early summer, amplified by upward revisions to previous months that flipped July's initial job loss into a 21,000 gain. Job creation was driven primarily by food services (+59,000) and local government education (+42,000), alongside solid gains in manufacturing (+16,000) and healthcare (+13,000), which offset losses in the technology sector (-23,000). Meanwhile, wage growth remained steady, with average hourly earnings rising 0.3% over the month to an annual increase of 3.1%.

The BLS's U.S. Consumer Price Index (CPI) increased 0.4% on a seasonally adjusted basis for the month, holding the headline annual inflation rate steady at 3.4% year-over-year. Rebounding energy prices drove much of the monthly acceleration, led by a 3.9% jump in gasoline costs that accounted for over a third of the overall monthly increase. In contrast, core inflation, which excludes volatile food and energy components, rose 0.3% over the month and cooled slightly to an annual pace of 2.4% (down from 2.5% in July), signaling that underlying inflationary pressures remained relatively muted even as energy costs exerted upward pressure on the headline figure.

U.S. Treasury yields remained at recent highs across the curve in August, driven by persistent inflation concerns, strong supply, and heavy government borrowing in addition to escalating Middle East tensions. The 10-year Treasury yield rose to 4.75% by month-end, while the 30-year yield held near multi-year highs at 5.25%, prompting Treasury Secretary Scott Bessent to double the Treasury's long-dated bond buyback program to

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$4 billion in an effort to suppress rising long-term yields. The yield curve flattened as shorter-term yields rose faster than the longer dated maturities, in response to Federal Reserve signaling a probable rate hike.

Amid stubborn inflation and a relatively strong job market, the Federal Reserve met on September 15th & 16th to discuss the current inflation outlook and decide on a course of action. The Federal Open Market Committee (FOMC) voted 12-0 to increase the target overnight rate by 0.25% to a target range of 3.75% - 4.00%, the first rate increase in three years. The move was largely anticipated by investors following comments from recent meetings, including the Fed's annual Jackson Hole retreat. Fed Chair Kevin Warsh has repeatedly emphasized the Committee's commitment to price stability and getting inflation back to its 2% target. Comments following the September meeting indicated that an additional rate hike could happen in 2026.

U.S. equity posted positive returns in August as market sentiment rebounded, driven by strong second-quarter technology earnings and renewed enthusiasm around artificial intelligence that offset pressures from rising interest rates. U.S. large-cap stocks led with the S&P 500 Index gaining 2.7% (now up 13.1% year-to-date). Sector performance within the S&P 500 was bifurcated, led higher by Energy (+7.0%), Information Technology (+6.3%), and Materials (+6.0%), while rate-sensitive sectors such as Utilities (-4.8%) lagged. Meanwhile, small-cap equity underperformed large-cap peers for the month, with the Russell 2000 Index advancing 1.0%. Despite trailing in August, the Russell 2000 Index retains a strong year-to-date lead over large cap with a nearly 20% return amid broader market participation and attractive relative valuations.

International and emerging markets equities generated solid positive returns during the month. Emerging market stocks outpaced developed market international equities, propelled by strong global demand for artificial intelligence hardware and semiconductor manufacturing. The MSCI Emerging Markets Index gained 3.4% for the month, while developed international markets also delivered steady gains, with the MSCI EAFE Index returning 2.0%. European equity markets extended the positive momentum for a fifth consecutive month, whereas Japanese markets experienced heightened volatility amid tech-sector pressure and expectations of further interest rate hikes from the Bank of Japan.

Merced County Employees' Retirement Association

August Portfolio Performance Update

The Total Fund excluding alternatives returned 1.9% in August, in line with the Policy Index. Performance for the month was generally in line with the benchmark across most asset classes.

US equity returned 2.6% versus 2.7% for the Russell 3000 Index. The US equity composite is mostly passively managed so its returns will not vary materially from those of the Index. International equity also returned 2.7% in August. International small cap managers, Acadian and Driehaus, posted strong returns of 6.8% and 4.8% for the month. Both emerging markets equity managers beat the benchmark for the month. Artisan and Redwheel returned 7.1% and 4.3%, respectively, compared with 3.4% for the MSCI Emerging Markets Index. Despite the strong relative returns in August, both managers are materially underperforming.

US fixed income (Treasuries and investment grade corporate bonds) gained 0.3% in August, tracking the benchmark. US fixed income is down slightly over the prior two months and flat year to date as rates have climbed and credit spreads have widened. However, the composite is outperforming its benchmark, the Bloomberg US Aggregate Bond Index, in part due to the allocation to Payden & Rygel Low Duration. Payden & Rygel lowers the overall duration of the Portfolio, reducing its sensitivity to rising interest rates.

The opportunistic credit portfolio, which consists of high yield bonds and securitized credit (e.g., mortgage-backed securities), returned 0.7% in August, 0.1% below its benchmark. The composite is up 3.7% in 2026, nearly 1.5% ahead of its benchmark with all three active managers outperforming over the period.

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Sept 24, 2026

Alternative Investment Performance

Merced County Employees' Retirement Association

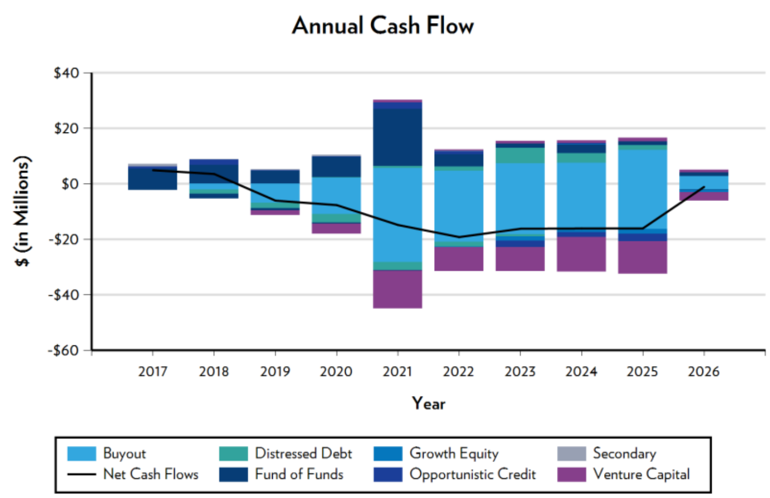
CLIFFWATER

MercedCERA Private Equity Investment Structure & Portfolio Assessment

Private Equity Portfolio (15% fund target; 17.9% invested as of June 2026):

- Legacy FoFs are largely realized and the direct portfolio is increasingly maturing; the direct portfolio continues to perform well despite the general slowdown seen in private equity within the last few years
  - Since inception net IRRs of 12.58% for Buyout (51% of portfolio) and 18.68% for Venture Capital (39% of portfolio)
- There were annual gains of $34 million, including a $6 million gain in 1Q
  - Contributions exceeded distributions by $12 million over the past 12 months as the newer portfolios are being built and the exit market remains slow; the portfolio has generally been running cash flow negative

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2025	65	$364,550	$240,835	$147,613	$210,611	$358,223	$117,388	10.84%	11.67%
March 31, 2026	68	$378,584	$272,349	$166,882	$257,058	$423,940	$151,591	11.24%	11.79%
Annual Change	3	$14,034	$31,514	$19,269	$46,447	$65,717	$34,203		



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

MercedCERA Private Equity Performance – as of Mar 31, 2026

CLIFFWATER

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2004 Total		10,000	2,417	7,898	76%	16,233	0	16,233	8,336	11.75%	8.20%	2.06x
Vintage Year 2005 Total		9,902	506	9,576	95%	14,198	74	14,272	4,696	6.15%	7.32%	1.49x
Vintage Year 2006 Total		10,000	540	9,460	95%	10,400	112	10,512	1,052	1.87%	7.46%	1.11x
Vintage Year 2007 Total		4,500	205	4,295	95%	8,250	59	8,309	4,013	10.60%	8.96%	1.93x
Vintage Year 2011 Total		9,607	1,006	8,703	90%	15,350	3,966	19,316	10,613	13.27%	11.83%	2.22x
Vintage Year 2013 Total		5,000	1,548	3,958	69%	13,540	305	13,845	9,887	23.03%	11.08%	3.50x
Vintage Year 2014 Total		20,000	1,474	18,526	93%	27,728	2,157	29,884	11,358	10.28%	13.09%	1.61x
Vintage Year 2017												
GTCR XII	Buyout	5,000	742	4,258	85%	5,494	3,439	8,933	4,675	18.57%	20.79%	2.10x
Vintage Year 2017 Total		5,000	742	4,258	85%	5,494	3,439	8,933	4,675	18.57%	14.25%	2.10x
Vintage Year 2018												
Carrick Capital Partners III, L.P.	Buyout	5,000	0	5,000	100%	2,672	4,700	7,372	2,372	9.16%	15.44%	1.47x
Cressey & Company Fund VI LP	Buyout	5,000	290	4,710	94%	1,634	4,826	6,460	1,749	8.76%	15.44%	1.37x
DK LT Distressed Opp Fund IV LP	Distressed Debt	5,000	343	4,743	93%	6,443	1,432	7,875	3,132	12.97%	11.76%	1.66x
Vintage Year 2018 Total		15,000	633	14,453	96%	10,749	10,958	21,706	7,254	10.50%	11.65%	1.50x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC ® median is used for the respective vintage year; * indicates a liquidated partnership.

MercedCERA Private Equity Performance – as of Mar 31, 2026

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2019												
Accel-KKR Growth Capital Partners III	Buyout	5,000	0	5,372	100%	1,755	5,480	7,235	1,864	7.95%	13.49%	1.35x
Cortec Group Fund VII, L.P.	Buyout	10,000	932	11,582	91%	8,049	10,171	18,220	6,638	16.93%	13.49%	1.57x
Genstar Capital Partners IX, L.P.	Buyout	7,000	497	7,529	93%	8,090	8,375	16,465	8,935	23.77%	13.49%	2.19x
Summit Growth Equity Fund X-A, L.P.	Buyout	8,000	3,222	7,976	60%	3,198	8,957	12,155	4,179	11.88%	13.49%	1.52x
TCV X, L.P.	Venture Capital	5,000	1,247	3,753	75%	2,816	8,351	11,167	7,414	22.00%	8.73%	2.98x
Vintage Year 2019 Total		35,000	5,898	36,212	83%	23,908	41,334	65,242	29,029	17.25%	9.99%	1.80x
Vintage Year 2020												
Accel-KKR Capital Partners VI, LP	Buyout	5,000	124	4,876	98%	631	5,218	5,850	974	6.00%	16.45%	1.20x
GTCR Fund XIII/A & B LP	Buyout	8,000	1,543	6,457	81%	3,354	6,786	10,141	3,683	18.35%	16.45%	1.57x
Marlin Heritage Europe II, L.P.	Buyout	8,064	1,048	7,264	87%	1,253	9,438	10,690	3,427	12.40%	10.42%	1.47x
Thoma Bravo Discover Fund III, L.P.	Buyout	8,000	739	8,074	91%	813	10,884	11,696	3,622	9.10%	16.45%	1.45x
Taconic Market Dislocation Fund III L.P.	Distressed Debt	8,000	1,150	7,313	86%	6,785	2,642	9,427	2,114	8.60%	9.80%	1.29x
Spark Capital Growth Fund III, L.P.	Venture Capital	6,000	0	6,000	100%	1,148	12,578	13,727	7,727	20.19%	6.43%	2.29x
Spark Capital VI, L.P.	Venture Capital	3,000	225	2,775	93%	0	3,985	3,985	1,210	8.66%	6.43%	1.44x
Summit Venture Capital Fund V-A, L.P.	Venture Capital	6,000	1,128	5,874	81%	1001	6,305	7,306	1433	8.06%	6.43%	1.24x
Vintage Year 2020 Total		52,064	5,956	48,633	89%	14,986	57,837	72,822	24,190	12.18%	8.50%	1.50x
Vintage Year 2021												
Genstar Capital Partners X, L.P.	Buyout	8,000	700	8,172	91%	848	8,351	9,198	1,026	3.94%	9.78%	1.13x
Nautic Partners X, L.P.	Buyout	8,000	1,389	6,901	83%	291	9,661	9,952	3,050	15.99%	9.78%	1.44x
Summit Growth Equity Fund XI-A, L.P.	Buyout	8,000	3,438	4,594	57%	33	5,193	5,226	631	6.67%	9.78%	1.14x
Khosla Ventures Seed E, L.P.	Venture Capital	2,000	200	1,800	90%	0	3,378	3,378	1,578	18.67%	4.90%	1.88x
Khosla Ventures VII, L.P.	Venture Capital	6,000	600	5,400	90%	0	6,700	6,700	1,300	6.14%	4.90%	1.24x
TCV Velocity Fund I, L.P.	Venture Capital	8,000	2,990	5,010	63%	0	7,439	7,439	2,429	17.59%	4.90%	1.48x
TCV XI, L.P.	Venture Capital	8,000	1,056	6,944	87%	95	7,861	7,956	1,011	3.98%	4.90%	1.15x
Vintage Year 2021 Total		48,000	10,373	38,823	78%	1,266	48,583	49,849	11,026	8.87%	7.56%	1.28x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC ® median is used for the respective vintage year; * indicates a liquidated partnership.

MercedCERA Private Equity Performance – as of Mar 31, 2026

CLIFFWATER

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2022												
Accel-KKR Growth Capital Partners IV	Buyout	5,000	2,194	2,806	56%	20	2,982	3,002	195	2.61%	10.91%	1.07x
Marlin Heritage III, L.P.	Buyout	8,000	4,466	3,534	44%	0	3,718	3,718	185	2.70%	10.91%	1.05x
Thoma Bravo Discover Fund IV, L.P.	Buyout	8,000	1,760	7,697	78%	1,458	8,601	10,058	2,361	14.10%	10.91%	1.31x
GTCR Strategic Growth Fund I/A&B LP	Growth Equity	6,000	1,811	4,189	70%	87	4,647	4,735	546	6.41%	11.43%	1.13x
Spark Capital Growth Fund IV, L.P.	Venture Capital	6,000	480	5,520	92%	0	16,270	16,270	10,750	52.19%	11.13%	2.95x
Spark Capital VII, L.P.	Venture Capital	3,000	465	2,535	85%	420	4,118	4,538	2,003	23.73%	11.13%	1.79x
Threshold Ventures IV, L.P.	Venture Capital	5,000	1,280	3,720	74%	0	3,769	3,769	49	0.77%	11.13%	1.01x
Vintage Year 2022 Total		41,000	12,456	30,002	70%	1,985	44,105	46,090	16,089	21.39%	10.75%	1.54x
Vintage Year 2023												
Cortec Group Fund VIII, L.P.	Buyout	10,000	6,703	4,504	33%	1,394	3,038	4,433	-71	-1.21%	11.40%	0.98x
Genstar Capital Partners XI, L.P.	Buyout	8,000	6,900	1,188	14%	93	1,332	1,424	236	17.54%	11.40%	1.20x
Summit Europe Growth Equity Fund IV	Growth Equity	5,760	4,463	1,296	23%	0	1,160	1,160	-136	N/M	N/M	0.89x
Taconic Credit Dislocation Fund IV L.P.	Opp. Credit	8,000	1,600	6,617	80%	295	8,377	8,671	2,054	18.07%	12.02%	1.31x
Khosla Ventures Seed F, L.P.	Venture Capital	2,000	500	1,500	75%	0	1,770	1,770	270	10.01%	13.58%	1.18x
Khosla Ventures VIII	Venture Capital	6,000	1,650	4,350	73%	0	7,574	7,574	3,224	44.27%	13.58%	1.74x
Vintage Year 2023 Total		39,760	21,816	19,455	45%	1,781	23,250	25,032	5,577	18.94%	12.17%	1.29x
Vintage Year 2024												
Accel-KKR Capital Partners VII LP	Buyout	8,000	6,415	1,584	20%	0	1,118	1,118	-467	N/M	N/M	0.71x
GTCR XIV/A & B LP	Buyout	8,000	5,835	2,165	27%	1,014	2,215	3,229	1,065	N/M	N/M	1.49x
Nautic Partners XI, L.P.	Buyout	8,000	6,185	1,815	23%	0	2,069	2,069	254	N/M	N/M	1.14x
Thoma Bravo Discover Fund V, L.P.	Buyout	8,000	6,522	1,478	18%	0	1,454	1,454	-24	N/M	N/M	0.98x
Wynnchurch Capital Partners VI, L.P.	Buyout	7,750	5,210	2,540	33%	0	2,926	2,926	386	N/M	N/M	1.15x
Summit Growth Equity Fund XII-A	Growth Equity	8,000	8,000	0	0%	0	0	0	0	N/M	N/M	N/A
Spark Capital Growth Fund V, L.P.	Venture Capital	6,000	1,500	4,500	75%	0	6,628	6,628	2,128	N/M	N/M	1.47x
Spark Capital VIII, L.P.	Venture Capital	3,000	1,485	1,515	51%	0	2,033	2,033	518	N/M	N/M	1.34x
Vintage Year 2024 Total		56,750	41,153	15,597	27%	1,014	18,443	19,457	3,860	N/M	N/M	1.25x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC ® median is used for the respective vintage year; * indicates a liquidated partnership.

MercedCERA Private Equity Performance – as of Mar 31, 2026

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2025												
GTCR Strategic Growth II Fund II/A&B LP	Buyout	4,000	4,000	0	0%	0	0	0	0	N/M	N/M	N/A
Khosla Ventures IX, L.P.	Venture Capital	6,000	4,620	1,380	23%	0	1,336	1,336	-44	N/M	N/M	0.97x
Khosla Ventures Seed G, L.P.	Venture Capital	2,000	1,590	410	21%	0	418	418	8	N/M	N/M	1.02x
Threshold Ventures V, LP	Venture Capital	5,000	4,290	710	14%	0	682	682	-28	N/M	N/M	0.96x
Vintage Year 2025 Total		17,000	14,500	2,500	15%	0	2,437	2,437	-63	N/M	N/M	0.97x
Portfolio Total :		378,584	121,224	272,349	68%	166,882	257,058	423,940	151,591	11.24%	11.79%	1.56x

Portfolio Strategy Totals											
Buyout	180,814	70,855	122,078	61%	42,091	130,931	173,023	50,945	12.58%		1.42x
Distressed Debt	13,000	1,493	12,056	89%	13,228	4,074	17,302	5,246	10.97%		1.44x
Fund of Funds	49,009	6,683	43,431	86%	85,560	6,560	92,121	48,690	11.67%		2.12x
Growth Equity	19,760	14,274	5,485	28%	87	5,807	5,895	409	4.61%		1.07x
Opportunistic Credit	18,000	2,074	16,143	88%	10,033	8,377	18,410	2,267	3.89%		1.14x
Secondary	10,000	540	9,460	95%	10,400	112	10,512	1,052	1.87%		1.11x
Venture Capital	88,000	25,305	63,696	71%	5,481	101,196	106,678	42,981	18.68%		1.67x
Portfolio Total :	378,584	121,224	272,349	68%	166,882	257,058	423,940	151,591	11.24%	11.79%	1.56x

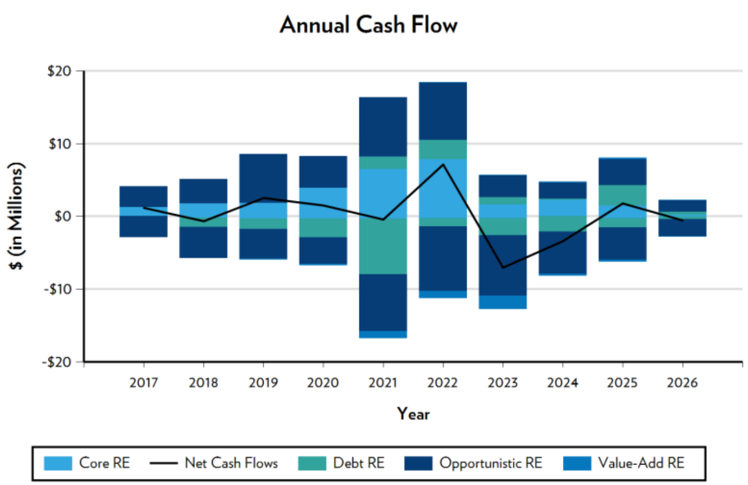
Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC ® median is used for the respective vintage year; * indicates a liquidated partnership.

MercedCERA Real Estate Investment Structure & Portfolio Assessment

Real Estate investment structure (6% target, 5.0% actual as of June 2026)

- MercedCERA invested in 1999 in a private core real estate fund; further diversified the portfolio beginning in 2014
- The total portfolio gain declined by $1.6 million over the last year, driven primarily by declines in 3Q 2025
- Distributions exceed contributions by $0.4 million over the last year for the private real estate portfolio

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2025	15	$122,854	$99,635	$91,297	$77,625	$168,921	$69,286	8.17%	7.70%
March 31, 2026	16	$131,710	$108,007	$100,065	$75,587	$175,651	$67,644	7.81%	7.60%
Annual Change	1	$8,856	$8,372	$8,768	-$2,038	$6,730	-$1,642		



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

MercedCERA Real Estate Performance – as of Mar 31, 2026

CLIFFWATER

Real Estate Portfolio

- Overall performance has met objectives, mostly driven by the core real estate fund; performance for several individual Opportunistic funds is not yet meaningful given the relative nascency of those portfolios.
- Since inception net IRRs of 7.91% for Core (26% of portfolio) and 9.10% for Opportunistic (51% of portfolio)

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 1999												
UBS Trumbull Property Fund	Core RE	17,000	0	18,978	100%	46,932	19,306	66,237	47,259	7.91%	10.20%	3.49x
Vintage Year 1999 Total		17,000	0	18,978	100%	46,932	19,306	66,237	47,259	7.91%	12.95%	3.49x
Vintage Year 2014												
Greenfield Acquisition Partners VII, L.P.	Opportunistic RE	13,000	576	12,662	96%	21,335	373	21,708	9,046	12.97%	12.70%	1.71x
Vintage Year 2014 Total		13,000	576	12,662	96%	21,335	373	21,708	9,046	12.97%	10.83%	1.71x
Vintage Year 2016												
Patron Capital Fund V	Opportunistic RE	13,710	1,361	12,253	90%	9,675	4,480	14,155	1,902	4.08%	5.88%	1.16x
Vintage Year 2016 Total		13,710	1,361	12,253	90%	9,675	4,480	14,155	1,902	4.08%	9.53%	1.16x
Vintage Year 2017												
Carlyle Realty Partners VIII, L.P.	Opportunistic RE	5,000	3,207	4,692	36%	4,995	1,344	6,339	1,647	14.90%	9.13%	1.35x
Vintage Year 2017 Total		5,000	3,207	4,692	36%	4,995	1,344	6,339	1,647	14.90%	6.69%	1.35x
Vintage Year 2018												
Taconic CRE Dislocation Fund II	Debt RE	5,000	370	5,069	93%	3,673	1,413	5,086	17	0.10%	10.26%	1.00x
AG Realty Value Fund X, L.P.	Opportunistic RE	5,000	1,194	4,736	76%	3,232	2,497	5,730	994	6.29%	12.97%	1.21x
Vintage Year 2018 Total		10,000	1,564	9,805	84%	6,906	3,910	10,816	1,010	3.10%	8.15%	1.10x
Vintage Year 2019												
Rockpoint Real Estate Fund VI, L.P.	Opportunistic RE	5,000	344	5,029	93%	1,434	4,537	5,971	942	4.99%	7.07%	1.19x
Carmel Partners Investment Fund VII, L.P.	Value-Add RE	5,000	626	4,796	87%	422	5,471	5,893	1,097	6.19%	5.07%	1.23x
Vintage Year 2019 Total		10,000	970	9,824	90%	1,857	10,007	11,864	2,040	5.57%	5.20%	1.21x

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

MercedCERA Real Estate Performance – as of Mar 31, 2026

CLIFFWATER

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2020												
Cerberus Real Estate Debt Fund, L.P.	Debt RE	7,000	2,440	4,555	65%	2,623	3,365	5,989	1,434	6.59%	8.12%	1.31x
Starw ood Distressed Opportunity Fund XII	Opportunistic RE	8,000	2,572	6,320	68%	1,004	6,587	7,590	1,270	8.04%	8.53%	1.20x
Vintage Year 2020 Total		15,000	5,012	10,875	67%	3,627	9,952	13,579	2,704	7.18%	7.78%	1.25x
Vintage Year 2021												
Taconic CRE Dislocation Onshore Fund III L.P.	Debt RE	8,000	400	9,098	95%	2,041	6,284	8,325	-773	-3.18%	4.68%	0.92x
Carlyle Realty Partners IX, L.P.	Opportunistic RE	8,000	2,554	6,187	68%	741	5,656	6,397	210	2.10%	6.30%	1.03x
Carmel Partners Investment Fund VIII, L.P.	Opportunistic RE	8,000	2,432	6,509	70%	940	7,810	8,750	2,240	11.97%	6.30%	1.34x
Vintage Year 2021 Total		24,000	5,385	21,794	78%	3,721	19,750	23,471	1,677	3.12%	4.56%	1.08x
Vintage Year 2022												
Rockpoint Real Estate Fund VII, L.P.	Opportunistic RE	8,000	3,341	5,587	58%	597	5,568	6,165	579	4.67%	9.28%	1.10x
Vintage Year 2022 Total		8,000	3,341	5,587	58%	597	5,568	6,165	579	4.67%	7.36%	1.10x
Vintage Year 2024												
Carlyle Realty Partners X, L.P.	Opportunistic RE	8,000	7,907	93	1%	0	-66	-66	-159	N/M	N/M	-0.71x
Vintage Year 2024 Total		8,000	7,907	93	1%	0	-66	-66	-159	N/M	N/M	-0.71x
Vintage Year 2025												
Blue Ow l Real Estate Fund VII LP	Debt RE	8,000	6,947	1,444	13%	421	963	1,384	-60	N/M	N/M	0.96x
Vintage Year 2025 Total		8,000	6,947	1,444	13%	421	963	1,384	-60	N/M	N/M	0.96x
Portfolio Total :		131,710	36,270	108,007	72%	100,065	75,587	175,651	67,644	7.81%	7.60%	1.63x
Portfolio Strategy Totals												
Core RE		17,000	0	18,978	100%	46,932	19,306	66,237	47,259	7.91%		3.49x
Debt RE		28,000	10,157	20,166	64%	8,758	12,025	20,784	617	0.99%		1.03x
Opportunistic RE		81,710	25,486	64,067	69%	43,953	38,785	82,737	18,670	9.10%		1.29x
Value-Add RE		5,000	626	4,796	87%	422	5,471	5,893	1,097	6.19%		1.23x
Portfolio Total :		131,710	36,270	108,007	72%	100,065	75,587	175,651	67,644	7.81%	7.60%	1.63x

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

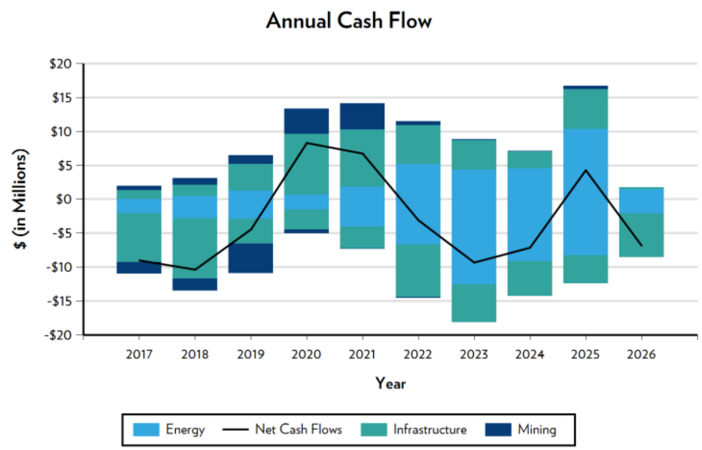
MercedCERA Real Assets Investment Structure & Portfolio Assessment

CLIFFWATER

Real Assets investment structure (5% target, 5.7% actual as of June 2026)

- Program is designed to be equally divided between private infrastructure and natural resource funds
  - Private fund commitments began in 2014 to infrastructure and 2015 to natural resources
- Although much of the portfolio is still in development, there were annual gains of $11 million with $3.5 million in 1Q
  - Contributions exceeded distributions by $6.4 million as the portfolio's newer funds increasingly call capital for new investments

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2025	21	$142,242	$105,729	$74,036	$73,258	$147,293	$41,564	13.23%	5.18%
March 31, 2026	22	$154,558	$123,657	$85,573	$90,311	$175,884	$52,227	13.37%	7.47%
Annual Change	1	$12,316	$17,928	$11,537	$17,053	$28,591	$10,663		



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

MercedCERA Real Assets Performance – as of Mar 31, 2026

CLIFFWATER

Real Assets Portfolio

- MercedCERA began allocating to real assets in 2014 via direct fund commitments
- Portfolio continues to develop as the VY 2017-24 funds are maturing/being built out
- Since inception net IRRs of 15.23% for Energy (51% of portfolio) and 12.48% for Infrastructure (49% of portfolio)

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2014												
KKR Global Infrastructure II	Infrastructure	10,000	435	11,253	96%	18,273	3,016	21,289	10,036	16.52%	10.72%	1.89x
Vintage Year 2014 Total		10,000	435	11,253	96%	18,273	3,016	21,289	10,036	16.52%		1.89x
Vintage Year 2015												
GSO Energy Select Opportunities Fund	Energy	7,500	3,367	4,649	55%	6,599	198	6,796	2,147	10.27%	7.18%	1.46x
North Haven Infrastructure Partners II LP	Infrastructure	10,000	1,147	11,797	89%	15,323	1,633	16,957	5,159	10.28%	9.52%	1.44x
* Taurus Mining Finance Fund	Mining	5,000	522	5,355	90%	6,279	0	6,279	924	7.87%	N/A	1.17x
Vintage Year 2015 Total		22,500	5,035	21,802	78%	28,201	1,831	30,032	8,230	9.92%		1.38x
Vintage Year 2016												
* Taurus Mining Finance Annex Fund	Mining	5,000	948	4,658	81%	5,929	0	5,929	1,271	17.12%	N/A	1.27x
Vintage Year 2016 Total		5,000	948	4,658	81%	5,929	0	5,929	1,271	17.12%		1.27x
Vintage Year 2017												
EnCap Energy Capital Fund XI, L.P.	Energy	5,000	335	5,106	93%	7,025	3,712	10,736	5,631	22.32%	14.25%	2.10x
ISQ Global Infrastructure Fund II	Infrastructure	5,000	361	6,635	93%	3,849	6,215	10,064	3,428	11.34%	7.68%	1.52x
Vintage Year 2017 Total		10,000	696	11,741	93%	10,874	9,926	20,800	9,059	16.35%		1.77x
Vintage Year 2018												
EnCap Flatrock Midstream IV, L.P.	Energy	3,000	190	2,901	94%	1,575	2,394	3,969	1,068	9.35%	9.13%	1.37x
Ardian Infrastructure Fund V	Infrastructure	5,058	460	4,342	91%	665	5,358	6,023	1,681	9.47%	7.79%	1.39x
KKR Global Infrastructure Investors III	Infrastructure	5,000	342	5,194	93%	3,878	3,400	7,278	2,084	9.65%	7.79%	1.40x
Vintage Year 2018 Total		13,058	992	12,436	92%	6,118	11,151	17,269	4,833	9.52%		1.39x

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

MercedCERA Real Assets Performance – as of Mar 31, 2026

CLIFFWATER

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2019												
Global Energy & Power Infrastructure Fund III	Energy	5,000	54	5,388	99%	4,267	3,711	7,978	2,591	12.80%	N/A	1.48x
Tailwater Energy Fund IV, LP	Energy	5,000	678	5,133	86%	3,713	4,093	7,807	2,674	14.63%	14.25%	1.52x
Vintage Year 2019 Total		10,000	731	10,520	93%	7,981	7,804	15,785	5,265	13.68%		1.50x
Vintage Year 2021												
ISQ Global Infrastructure Fund III	Infrastructure	5,000	1,131	4,056	77%	187	5,105	5,292	1,236	12.83%	11.58%	1.30x
KKR Global Infrastructure Investors IV	Infrastructure	8,000	811	7,676	90%	866	8,884	9,750	2,073	9.86%	11.58%	1.27x
Vintage Year 2021 Total		13,000	1,942	11,732	85%	1,053	13,989	15,042	3,310	10.78%		1.28x
Vintage Year 2022												
BlackRock Global Infrastructure Fund IV	Energy	10,000	1,941	8,310	81%	386	9,458	9,844	1,535	10.07%	N/A	1.18x
Carnelian Energy Capital IV L.P.	Energy	8,000	4,780	7,186	40%	5,121	4,373	9,493	2,308	16.79%	21.41%	1.32x
Vintage Year 2022 Total		18,000	6,720	15,495	63%	5,507	13,831	19,338	3,842	13.36%		1.25x
Vintage Year 2023												
EnCap Energy Capital Fund XII, L.P.	Energy	8,000	2,747	6,501	66%	1,390	7,176	8,566	2,064	22.32%	N/A	1.32x
EnCap Flatrock Midstream V, L.P.	Energy	8,000	4,299	3,701	46%	0	5,725	5,725	2,024	19.86%	N/A	1.55x
Ardian Infrastructure Fund VI	Infrastructure	9,000	6,883	2,091	24%	75	2,367	2,442	351	8.52%	10.77%	1.17x
Vintage Year 2023 Total		25,000	13,929	12,293	44%	1,465	15,268	16,733	4,440	18.91%		1.36x
Vintage Year 2024												
Carnelian Energy Capital V, L.P.	Energy	8,000	4,246	3,811	47%	56	5,376	5,432	1,622	N/M	N/M	1.43x
KKR Global Infrastructure Investors V (USD) SCSp	Infrastructure	8,000	6,111	2,006	24%	117	1,944	2,061	55	N/M	N/M	1.03x
Vintage Year 2024 Total		16,000	10,356	5,817	35%	173	7,320	7,493	1,677	N/M		1.29x
Vintage Year 2025												
abrdn Global Sustainable Infrastructure Partners IV	Infrastructure	12,000	6,287	5,910	48%	0	6175	6,175	265	N/M	N/M	1.04x
Vintage Year 2025 Total		12,000	6,287	5,910	48%	0	6,175	6,175	265	N/M		1.04x
Portfolio Total :		154,558	48,073	123,657	69%	85,573	90,311	175,884	52,227	13.37%	7.47%	1.42x

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

MercedCERA Real Assets Performance – as of Mar 31, 2026

Portfolio Strategy Totals	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Energy	67,500	22,635	52,684	66%	30,132	46,215	76,347	23,663	15.23%		1.45x
Infrastructure	77,058	23,968	60,960	69%	43,233	44,096	87,329	26,369	12.48%		1.43x
Mining	10,000	1,470	10,013	85%	12,208	0	12,208	2,195	11.33%		1.22x
Portfolio Total :	154,558	48,073	123,657	69%	85,573	90,311	175,884	52,227	13.37%	7.47%	1.42x

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

MercedCERA Direct Lending Investment Structure & Portfolio Assessment

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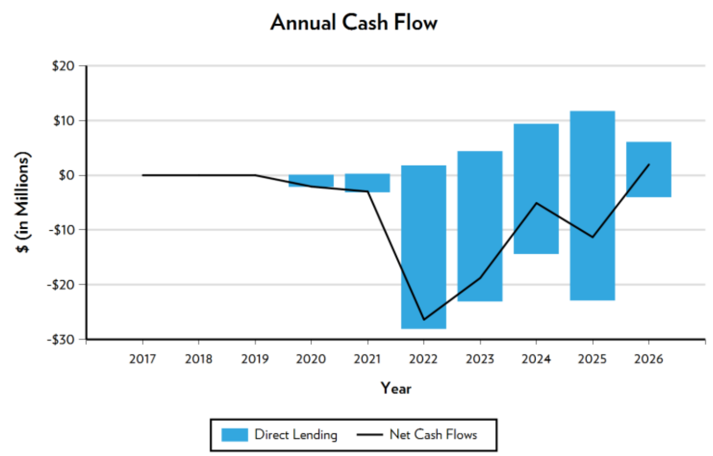
Direct Lending investment structure (5% target, 6.0% actual as of June 2026)

- Program was approved with the Oct 2021 asset allocation
  - Silver Point was moved from the PE portfolio and new commitments began at year end 2021
- The overall portfolio is young with many funds still developing
  - $7.3 million in gains over the past year; contributions exceed distributions by $8 million

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2025	9	$138,000	$75,310	$18,675	$73,638	$92,313	$17,003	11.69%	6.82%
March 31, 2026	10	$153,000	$98,130	$33,491	$88,964	$122,455	$24,325	11.03%	6.90%
Annual Change	1	$15,000	$22,820	$14,816	$15,326	$30,142	$7,322		



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

MercedCERA Direct Lending Performance – as of Mar 31, 2026

CLIFFWATER

Direct Lending Portfolio

- Portfolio is developing (59% drawn) but performance exceeds benchmark (11.03% v. 6.90% since inception net IRR)

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2019												
Silver Point Specialty Credit Fund II, L.P.	Direct Lending	8,000	1,492	7,575	81%	5,341	5,572	10,913	3,339	11.16%	5.95%	1.44x
Vintage Year 2019 Total		8,000	1,492	7,575	81%	5,341	5,572	10,913	3,339	11.16%		1.44x
Vintage Year 2021												
Ares Senior Direct Lending Fund II L.P.	Direct Lending	20,000	8,673	16,305	57%	10,229	11,720	21,948	5,644	12.72%	5.99%	1.35x
Varagon Capital Direct Lending Fund	Direct Lending	20,000	2,500	17,500	88%	4,678	16,179	20,857	3,357	6.95%	5.99%	1.19x
Vintage Year 2021 Total		40,000	11,173	33,805	72%	14,907	27,899	42,805	9,000	9.72%		1.27x
Vintage Year 2022												
Accel-KKR Credit Partners II LP	Direct Lending	10,000	2,096	8,723	79%	828	9,211	10,040	1,316	17.28%	6.18%	1.15x
AG Direct Lending Fund IV Annex, L.P.	Direct Lending	10,000	500	9,535	95%	6,216	6,544	12,760	3,225	10.62%	6.18%	1.34x
AG Direct Lending Fund V	Direct Lending	10,000	1,000	9,000	90%	2,236	8,650	10,886	1,886	10.73%	6.18%	1.21x
Vintage Year 2022 Total		30,000	3,596	27,258	88%	9,280	24,406	33,686	6,427	11.49%		1.24x
Vintage Year 2023												
Ares Capital Europe VI (D) Levered, L.P.	Direct Lending	20,000	10,773	9,110	46%	1033	10,051	11,084	1,974	14.55%	N/A	1.22x
Ares Senior Direct Lending Fund III	Direct Lending	20,000	11,958	8,917	40%	917	9,216	10,132	1,216	N/M	N/M	1.14x
Silver Point Specialty Credit Fund III, L.P.	Direct Lending	20,000	10,154	9,507	49%	2,013	9,877	11,890	2,383	12.50%	8.42%	1.25x
Vintage Year 2023 Total		60,000	32,885	27,534	45%	3,963	29,143	33,107	5,572	13.65%		1.20x
Vintage Year 2025												
Accel-KKR Credit Partners III LP	Direct Lending	15,000	13,041	1,957	13%	0	1,943	1,943	-14	N/M	N/M	0.99x
Vintage Year 2025 Total		15,000	13,041	1,957	13%	0	1,943	1,943	-14	N/M		0.99x
Portfolio Total :		153,000	62,187	98,130	59%	33,491	88,964	122,455	24,325	11.03%	6.90%	1.25x

Note: Benchmark is Morningstar LSTA US Leveraged Loan Index.

MercedCERA Hedge Fund Performance – as of Jun 30, 2026

CLIFFWATER

						Returns					Sharpe	Incep
Fund	Market Value	Actual %	Jun	QTD	YTD	1 Year	3 Year	5 Year	Incep	Std Dev	Ratio	Date
Market Neutral												
Laurion Capital, Ltd.	8,501,881	10.5%	3.02%	4.79%	1.07%	7.64%	3.99%	-0.28%	7.77%	10.53%	0.51	Jul-18
Market Neutral - HF Total	8,501,881	10.5%	3.02%	4.79%	1.07%	7.64%	3.99%	-0.10%	3.56%	8.13%	0.17	Oct-17
HFRI Relative Value (Total) Index			0.21%	2.01%	3.73%	7.91%	8.13%	5.38%	5.12%	4.46%	0.69	Oct-17
Credit/Distressed												
Silver Point Capital Fund, L.P.	16,544,493	20.4%	0.55%	2.74%	4.85%	13.01%	10.21%	8.45%	8.93%	6.20%	1.01	Dec-17
Credit/Distressed - HF Total	16,544,493	20.4%	0.55%	2.74%	4.85%	13.01%	10.21%	8.45%	8.93%	6.20%	1.01	Dec-17
HFRI EDDistressed/Restructuring Index			5.48%	9.54%	12.39%	20.25%	13.36%	7.55%	7.70%	6.86%	0.81	Dec-17
Event Driven												
Taconic Opportunity Fund L.P.	695,099	0.9%	0.00%	-2.79%	-7.50%	-43.78%	-24.18%	-15.46%	-8.88%	14.75%	-0.72	Dec-18
Event Driven - HF Total	695,099	0.9%	0.00%	-2.79%	-7.50%	-43.78%	-24.18%	-15.46%	-8.88%	14.75%	-0.72	Dec-18
HFRI Event-Driven (Total) Index			1.76%	7.85%	7.36%	14.23%	12.12%	6.70%	7.84%	7.90%	0.74	Dec-18
Equity Long/Short												
Archipelago Partners, L.P.	12,114,662	14.9%	1.60%	10.10%	12.19%	18.49%	15.17%	11.43%	9.30%	6.69%	1.02	Sep-17
Marshall Wace Funds LP - MW Eureka (US) Fund	6,232,120	7.7%	6.63%	18.86%	19.52%	27.34%	15.39%	11.20%	10.14%	6.88%	1.08	Dec-17
Marshall Wace Funds LP - MW Global Opportunities (US) Fund	7,680,003	9.5%	4.95%	12.14%	21.06%	28.64%	13.19%	9.93%	9.00%	8.28%	0.75	Apr-20
Equity Long/Short - HF Total	26,026,785	32.1%	3.75%	12.70%	16.42%	23.43%	14.63%	10.94%	8.74%	6.60%	0.95	Sep-17
HFRI Equity Hedge (Total) Index			0.88%	10.18%	9.64%	20.97%	14.75%	7.44%	8.71%	9.41%	0.72	Sep-17
Global Macro-Discretionary												
Caxton Global Investments (USA) LLC	7,559,374	9.3%	-1.34%	1.52%	-1.94%	4.30%	10.20%	8.32%	7.36%	6.41%	0.62	May-21
Graham Absolute Return Trading Ltd.	5,558,506	6.8%	0.32%	6.01%	0.97%	3.81%	9.19%	9.02%	6.73%	8.02%	0.55	Sep-17
Global Macro-Discretionary - HF Total	13,117,880	16.2%	-0.64%	3.38%	-0.73%	4.09%	9.73%	8.64%	6.46%	7.69%	0.54	Sep-17
HFRI Macro (Total) Index			-1.51%	1.28%	6.10%	15.03%	6.39%	5.29%	4.95%	5.28%	0.55	Sep-17
Multi-Strategy												
Hudson Bay Fund LP	16,309,958	20.1%	0.25%	2.55%	2.54%	6.27%	7.41%	-	7.30%	1.92%	1.31	Jun-23
Multi-Strategy - HF Total	16,309,958	20.1%	0.25%	2.55%	2.54%	6.27%	7.36%	3.27%	6.34%	6.38%	0.72	Jul-14
HFRI Relative Value (Total) Index			0.21%	2.01%	3.73%	7.91%	8.13%	5.38%	4.60%	4.07%	0.72	Jul-14
MCERA Hedge Fund Portfolio	81,196,096	100.0%	1.55%	5.97%	6.25%	11.15%	9.14%	6.41%	5.72%	4.77%	0.82	Jul-14
Benchmarks												
HFRI Fund of Funds Composite Index			1.13%	7.58%	8.32%	16.40%	10.65%	5.83%	4.81%	4.92%	0.64	Jul-14
Market Indices												
SOFR 90 Day			0.29%	0.90%	1.82%	3.98%	4.68%	3.51%	-	-	-	Jul-14
ML 3-month T-Bills			0.29%	0.89%	1.74%	3.84%	4.64%	3.52%	1.96%	0.55%	0.67	Jul-14
Bloomberg US Aggregate Bond Index			0.24%	0.67%	0.62%	3.79%	4.16%	0.08%	1.94%	4.76%	0.08	Jul-14
Bloomberg US High Yield Bond Index			0.27%	2.47%	1.96%	5.91%	8.86%	4.17%	4.93%	7.07%	0.49	Jul-14
S&P 500 TR			-0.95%	15.20%	10.21%	22.32%	20.61%	13.41%	13.81%	14.85%	0.84	Jul-14
MSCI AC World Index Free - Net			-0.80%	14.93%	11.25%	23.67%	19.70%	10.98%	10.26%	14.41%	0.64	Jul-14
MSCI EAFE - Net			0.07%	10.82%	9.44%	20.23%	16.44%	9.05%	6.64%	14.89%	0.40	Jul-14
MSCI EMF (Emerging Markets Free) - Net			-1.41%	24.05%	23.85%	43.51%	23.03%	7.20%	6.71%	17.61%	0.36	Jul-14

Cliffwater Disclosures

Important Notice

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The Bloomberg Barclays U.S. Corporate High Yield Index (Bloomberg Barclays High Yield) measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices’ EM country definition are excluded.

The Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the index have been acquired, at least in part, on behalf of tax-exempt institutional investors.

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Merced County Employees' Retirement Association

DATE:	September 24, 2026
TO:	MercedCERA Board of Retirement
FROM:	Cliffwater LLC
SUBJECT:	Alternative Asset Fee & Expense Reporting
ITEM NUMBER:	**Open Session Item c**
ITEM TYPE:	**Information Only**

DISCUSSION:
Effective January 1, 2017, California Government Code Section 7514.7 requires California public pension systems to publicly disclose certain fee and expense data and information on an annual basis in a public meeting. The law applies to any private markets investment in an alternative investment vehicle whose contract with the pension system was entered into on or after January 1, 2017. The intent of the legislation is to increase transparency of the fees public investors are paying to investment managers. Cliffwater presents the alternatives fee and expense report annually in September.

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Sept 24, 2026

2025 Alternative Asset Fee & Expense Reporting

Merced County Employees' Retirement Association

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Background

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California Assembly Bill 2833 was enacted in 2016 and became effective January 1, 2017 as California Government Code Section 7514.7 (the “Code”)

- The Code requires California public pension plans (“California Plans”) to obtain and publicly disclose certain fee and expense data and information on an annual basis in a public meeting

The law applies to any private fund that is an alternative investment vehicle whose contract with a California Plan was entered into on or after January 1, 2017, or for any existing contract as of December 31, 2016 for which an additional capital commitment is made on or after January 1, 2017

- California Plans are required to use “reasonable efforts” to obtain the required information for contracts entered into prior to January 1, 2017

The intent of the legislation is to increase transparency of the fees public investors are paying

Code Section 7514.7 Disclosure Requirements

1. The fees and expenses that the California Plan pays directly to the alternative investment vehicle, the fund manager, or related parties.
2. The California Plan's pro rata share of fees and expenses not included in paragraph (1) that are paid from the alternative investment vehicle to the fund manager or related parties.
3. The California Plan's pro rata share of carried interest distributed to the fund manager or related parties.
4. The California Plan's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.
5. Any additional information subject to disclosure described in Section 7928.710 of the Code.

The Code also requires that the California Plan's disclosure report include the since inception gross and net rate of return of each alternative investment vehicle.

Code Section 7928.710 Disclosure Requirements

1. The name, address, and vintage year of each alternative investment vehicle.
2. The dollar amount of the commitment made to each alternative investment vehicle by the California Plan since inception.
3. The dollar amount of cash contributions made by the California Plan to each alternative investment vehicle since inception.
4. The dollar amount, on a fiscal year end basis, of cash distributions received by the California Plan from each alternative investment vehicle.
5. The dollar amount, on a fiscal year end basis, of cash distributions received by the California Plan plus remaining value of partnership assets attributable to the California Plan's investment in each alternative investment vehicle.
6. The net internal rate of return of each alternative investment vehicle since inception.
7. The investment multiple of each alternative investment vehicle since inception

Data Presentation

Presentation of results broken out by asset class, shown separately for the Code (7514.7) and Section 7928.710

- Data provided for the Code shown for calendar year 2025
- Data provided for Section 7928.710 shown since inception

The reporting was provided to MercedCERA and Cliffwater from each fund manager

- Neither MercedCERA nor Cliffwater has conducted an independent verification or audit of the information

Reporting the data as of December 31, 2025, to meet the reporting requirements

- This follows the prior annual disclosure reporting as of December 31, 2024

APPENDIX
FEE & EXPENSE DATA

Private Equity Calendar Year 2025 Data

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Merced County Employees' Retirement Association - Calendar Year 2025 Data - Private Equity									
Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP[1]	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Accel-KKR Capital Partners VI, LP	5,000,000	5,143,862	0	76,402	14,308	0	0	0	0
Accel-KKR Capital Partners VII LP	8,000,000	1,023,694	0	160,000	97,144	0	0	0	0
Accel-KKR Growth Capital Partners III	5,000,000	5,482,120	689,913	39,988	19,060	0	0	0	0
Accel-KKR Growth Capital Partners IV	5,000,000	2,853,758	0	93,614	39,215	0	0	0	0
ASP 2005 Non-US Fund	1,500,000	5,961	(9,811)	0	368	0	0	11	0
ASP 2005 US Fund	3,500,000	16,504	51,902	0	638	0	0	0	0
ASP 2007 Direct Fund	450,000	47,240	0	0	117	0	0	0	0
ASP 2007 Non-US Fund	1,575,000	7,266	(30,285)	0	676	0	0	0	0
ASP 2007 US Fund	2,475,000	13,832	(42,328)	0	1,493	0	0	32	0
ASP 2011 Direct Fund	500,000	189,616	23,924	961	334	0	0	1,331	0
ASP 2011 Emerging Markets Fund	500,000	257,870	33,572	1,000	265	0	0	89	0
ASP 2011 Non-US Developed Fund	1,500,000	650,153	35,210	3,000	450	0	0	298	0
ASP 2011 US Fund	2,500,000	1,025,379	179,205	5,000	1,015	0	0	358	0
Carrick Capital Partners III, L.P.	5,000,000	4,580,939	(1,868)	82,907	4,041	0	0	0	0
Cortec Group Fund VII, L.P.	10,000,000	10,261,254	0	111,261	2,857	22,887	0	0	0
Cortec Group Fund VIII, L.P.	10,000,000	3,198,893	0	200,000	3,451	16,632	0	0	0
Cressey & Company Fund VI LP	5,000,000	5,252,407	(426,086)	126,543	12,248	11,935	1,174	0	0
Davidson Kempner Long-Term Distressed Opportuni	5,000,000	1,650,561	0	26,495	0	0	0	227,457	3,271
Genstar Capital Partners IX, L.P.	7,000,000	8,889,604	2,343,117	75,744	5,555	0	0	457,564	0
Genstar Capital Partners X, L.P.	8,000,000	9,008,118	0	122,129	7,642	0	0	0	0
Genstar Capital Partners XI, L.P.	8,000,000	713,984	0	140,000	13,795	0	97,370	0	0
GTCR Fund XIII/A & B LP	8,000,000	7,229,127	723,113	120,000	3,174	26,806	0	177,817	0
GTCR Strategic Growth Fund I/A&B LP	6,000,000	4,620,918	0	90,000	73,226	0	0	0	0
GTCR XII	5,000,000	3,384,768	2,044,971	54,443	1,491	11,628	0	458,598	0
GTCR XIV/A & B LP	8,000,000	2,378,328	0	120,000	137,336	5,938	0	0	0
Invesco Partnership Fund VI, L.P.	5,000,000	279,194	0	0	0	0	0	0	0
Khosla Ventures IX, L.P.	6,000,000	623,362	0	34,000	0	0	3	0	0
Khosla Ventures Seed E, L.P.	2,000,000	3,311,373	(55,625)	50,000	0	461	13,014	423,114	0
Khosla Ventures Seed F, L.P.	2,000,000	1,770,032	33,064	49,003	0	0	3,962	0	0
Khosla Ventures Seed G, L.P.	2,000,000	243,843	0	13,750	0	0	1	0	0
Khosla Ventures VII, L.P.	6,000,000	6,718,095	(101,160)	120,000	0	0	13,806	278,741	0
Khosla Ventures VIII, L.P.	6,000,000	2,613,590	15,211	120,000	0	3,329	11,508	0	0
Marlin Heritage Europe II, L.P.	8,211,211	9,313,719	(590,747)	101,265	0	0	0	0	(4,360)

[1] Other fees and expenses paid to the GP, which may include fund level interest expenses, are reported on a gross basis, without offsetting income, wherever possible.
* N/A = not available or not applicable

Private Equity Calendar Year 2025 Data

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Merced County Employees' Retirement Association - Calendar Year 2025 Data - Private Equity									
Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP[1]	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Marlin Heritage III, L.P.	8,000,000	3,773,478	0	133,850	0	0	0	0	(1,527)
Nautic Partners X, L.P.	8,000,000	9,294,684	139,143	137,461	2,077	28,676	18,304	0	0
Nautic Partners XI, L.P.	8,000,000	1,905,165	(5,413)	76,018	12,426	6,563	60,827	0	0
Ocean Avenue Fund II	10,000,000	3,747,690	115,185	0	17,620	0	740	0	17,620
Pantheon Asia Fund VI	1,000,000	407,786	66,960	3,987	652	0	0	0	0
Pantheon Euro Fund VII	1,636,377	640,633	114,399	6,522	1,703	0	0	0	0
Pantheon Global Secondary Fund III "B"	10,000,000	112,314	1,220	0	1,198	0	0	0	0
Pantheon Ventures Euro Fund IV	1,173,030	22,623	(15,470)	0	863	0	0	0	0
Pantheon Ventures USA Fund IX	2,000,000	1,066,502	172,663	7,971	1,767	0	0	0	0
Pantheon Ventures USA Fund VI	3,750,000	35,676	(133,066)	0	133	0	0	0	0
Spark Capital Growth Fund III, L.P.	6,000,000	12,591,687	(4,109)	101,149	0	0	0	0	0
Spark Capital Growth Fund IV, L.P.	6,000,000	12,658,548	8,074	135,000	0	0	0	0	0
Spark Capital Growth Fund V, L.P.	6,000,000	4,560,664	0	150,000	0	0	0	0	0
Spark Capital VI, L.P.	3,000,000	3,690,670	(145,664)	50,574	0	0	0	0	0
Spark Capital VII, L.P.	3,000,000	3,895,285	23	65,813	0	0	0	0	0
Spark Capital VIII, L.P.	3,000,000	1,138,533	0	75,000	0	0	0	0	0
Summit Partners Europe Growth Equity Fund IV, SCS	5,865,151	430,375	0	0	16,998	0	48,672	0	0
Summit Partners Growth Equity Fund X-A, L.P.	8,000,000	8,803,026	0	0	0	0	0	0	0
Summit Partners Growth Equity Fund XI-A, L.P.	8,000,000	5,094,043	271,392	160,000	12,383	0	106,453	0	0
Summit Partners Venture Capital Fund V-A, L.P.	6,000,000	6,480,207	(72,687)	119,087	27,668	0	47,185	0	0
Taconic Credit Dislocation Fund IV L.P.	8,000,000	8,096,993	319,516	50,056	29,825	0	197,998	0	0
Taconic Market Dislocation Fund III L.P.	8,000,000	2,590,683	152,963	100,000	23,984	0	223,173	0	0
TCV Velocity Fund I, L.P.	8,000,000	6,639,904	110	160,000	33,102	0	89,636	0	0
TCV X, L.P.	5,000,000	8,633,150	741,566	83,250	4,762	0	48,860	0	0
TCV XI, L.P.	8,000,000	8,360,481	371,295	160,000	6,343	4,410	34,079	0	0
Thoma Bravo Discover Fund III, L.P.	8,000,000	11,762,863	0	141,121	3,173	344	0	0	0
Thoma Bravo Discover Fund IV, L.P.	8,000,000	8,879,887	478,906	0	7,639	0	12,040	0	0
Thoma Bravo Discover Fund V, L.P.	8,000,000	1,090,420	0	0	6,377	0	7,237	0	0
Threshold Ventures IV, L.P.	5,000,000	3,723,077	0	125,000	0	0	5,879	0	0
Threshold Ventures V, LP	5,000,000	255,320	0	31,250	0	0	5,860	0	0
Wynnchurch Capital Partners VI, L.P.	7,750,000	2,461,321	0	132,024	7,886	2,117	30,413	0	0

This reporting relies upon the accuracy and completeness of information (which may or may not be audited by the fund manager) provided to MercedCERA and Cliffwater by each fund manager or its professional staff. Neither MercedCERA nor Cliffwater has conducted an independent verification of the information provided nor have we conducted an audit of such information.

[1] Other fees and expenses paid to the GP, which may include fund level interest expenses, are reported on a gross basis, without offsetting income, wherever possible.

* N/A = not available or not applicable

Private Equity Since Inception Data

Merced County Employees' Retirement Association - Since Inception Data - Private Equity

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Accel-KKR Capital Partners VI, LP	Menlo Park, CA	2020	5,000,000	4,875,896	631,253	5,143,862	5,775,115	6.0%	6.0%	1.18
Accel-KKR Capital Partners VII LP	Menlo Park, CA	2024	8,000,000	1,460,147	0	1,023,694	1,023,694	-59.4%	-63.4%	0.70
Accel-KKR Growth Capital Partners III	Menlo Park, CA	2019	5,000,000	5,371,713	1,755,208	5,482,120	7,237,328	8.3%	8.3%	1.35
Accel-KKR Growth Capital Partners IV	Menlo Park, CA	2022	5,000,000	2,640,675	0	2,853,758	2,853,758	3.1%	3.1%	1.08
ASP 2005 Non-US Fund	Chicago, IL	2005	1,500,000	1,425,750	1,923,740	5,961	1,929,701	4.5%	6.3%	1.35
ASP 2005 US Fund	Chicago, IL	2005	3,500,000	3,323,250	5,299,441	16,504	5,315,945	7.0%	8.8%	1.60
ASP 2007 Direct Fund	Chicago, IL	2007	450,000	438,300	1,061,674	47,240	1,108,914	11.8%	15.8%	2.53
ASP 2007 Non-US Fund	Chicago, IL	2007	1,575,000	1,497,040	2,431,573	7,266	2,438,839	7.6%	9.5%	1.63
ASP 2007 US Fund	Chicago, IL	2007	2,475,000	2,359,917	4,749,743	13,832	4,763,575	12.0%	14.2%	2.02
ASP 2011 Direct Fund	Chicago, IL	2011	500,000	462,789	765,544	189,616	955,160	12.9%	19.1%	2.06
ASP 2011 Emerging Markets Fund	Chicago, IL	2011	500,000	435,750	737,818	257,870	995,688	11.4%	13.1%	2.28
ASP 2011 Non-US Developed Fund	Chicago, IL	2011	1,500,000	1,260,750	2,057,718	650,153	2,707,871	13.4%	16.0%	2.15
ASP 2011 US Fund	Chicago, IL	2011	2,500,000	2,174,502	4,317,307	1,025,379	5,342,686	15.6%	17.3%	2.46
Carrick Capital Partners III, L.P.	San Francisco, CA	2018	5,000,000	5,000,000	2,671,676	4,580,939	7,252,615	9.1%	14.7%	1.45
Cortec Group Fund VII, L.P.	New York, NY	2019	10,000,000	11,532,088	7,947,824	10,261,254	18,209,078	17.7%	24.3%	1.58
Cortec Group Fund VIII, L.P.	New York, NY	2023	10,000,000	4,409,143	1,228,955	3,198,893	4,427,848	0.4%	14.2%	1.00
Cressey & Company Fund VI LP	Chicago, IL	2018	5,000,000	4,710,296	1,707,342	5,252,407	6,959,749	11.0%	18.6%	1.46
Davidson Kempner Long-Term Distressed Opportuni	New York, NY	2018	5,000,000	4,742,501	6,443,399	1,650,561	8,093,960	13.6%	16.4%	1.71
Genstar Capital Partners IX, L.P.	San Francisco, CA	2019	7,000,000	7,512,327	8,026,829	8,889,604	16,916,433	25.3%	34.4%	2.25
Genstar Capital Partners X, L.P.	San Francisco, CA	2021	8,000,000	8,142,611	333,578	9,008,118	9,341,696	5.0%	10.6%	1.15
Genstar Capital Partners XI, L.P.	San Francisco, CA	2023	8,000,000	1,121,845	92,578	713,984	806,562	28.2%	NM	1.27
GTCR Fund XIII/A & B LP	Chicago, IL	2021	8,000,000	6,457,240	2,757,201	7,229,127	9,986,328	18.9%	22.7%	1.55
GTCR Strategic Growth Fund I/A&B LP	Chicago, IL	2022	6,000,000	4,093,800	87,373	4,620,918	4,708,291	8.2%	14.2%	1.15
GTCR XII	Chicago, IL	2017	5,000,000	4,257,815	5,493,439	3,384,768	8,878,207	18.8%	23.0%	2.09
GTCR XIV/A & B LP	Chicago, IL	2023	8,000,000	1,559,200	162,794	2,378,328	2,541,122	76.1%	51.0%	1.63
Invesco Partnership Fund VI, L.P.	New York, NY	2011	5,000,000	3,958,355	13,540,375	279,194	13,819,569	23.0%	NA	3.49
Khosla Ventures IX, L.P.	Menlo Park, CA	2025	6,000,000	672,000	0	623,362	623,362	-7.2%	NM	0.93
Khosla Ventures Seed E, L.P.	Menlo Park, CA	2021	2,000,000	1,800,000	0	3,311,373	3,311,373	19.4%	29.3%	1.84
Khosla Ventures Seed F, L.P.	Menlo Park, CA	2023	2,000,000	1,500,000	0	1,770,032	1,770,032	11.7%	24.8%	1.18
Khosla Ventures Seed G, L.P.	Menlo Park, CA	2023	2,000,000	240,000	0	243,843	243,843	1.6%	NM	1.02
Khosla Ventures VII, L.P.	Menlo Park, CA	2021	6,000,000	5,400,000	0	6,718,095	6,718,095	6.7%	12.9%	1.24
Khosla Ventures VIII, L.P.	Menlo Park, CA	2023	6,000,000	4,146,000	0	2,613,590	2,613,590	33.3%	53.2%	1.46
Marlin Heritage Europe II, L.P.	Hermosa Beach, CA	2020	8,211,211	7,148,421	1,252,523	9,313,719	10,566,242	13.2%	13.2%	1.48

* N/A = not available or not applicable

Private Equity Since Inception Data

CLIFFWATER

Merced County Employees' Retirement Association - Since Inception Data - Private Equity

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Marlin Heritage III, L.P.	Hermosa Beach, CA	2022	8,000,000	3,533,815	0	3,773,478	3,773,478	4.0%	18.6%	1.07
Nautic Partners X, L.P.	Providence, RI	2021	8,000,000	6,901,405	290,670	9,294,684	9,585,354	15.9%	20.8%	1.39
Nautic Partners XI, L.P.	Providence, RI	2025	8,000,000	1,815,064	0	1,905,165	1,905,165	8.1%	29.1%	1.05
Ocean Avenue Fund II	Santa Monica, CA	2014	10,000,000	9,000,000	16,715,556	3,747,690	20,463,246	16.7%	17.2%	2.27
Pantheon Asia Fund VI	London, United Kingdom	2011	1,000,000	940,318	1,200,800	407,786	1,608,586	8.3%	10.6%	1.71
Pantheon Euro Fund VII	London, United Kingdom	2011	1,636,377	1,591,185	2,489,369	640,633	3,130,002	11.2%	14.2%	1.95
Pantheon Global Secondary Fund III "B"	London, United Kingdom	2006	10,000,000	9,460,000	10,400,000	112,314	10,512,314	1.9%	4.3%	1.11
Pantheon Ventures Euro Fund IV	London, United Kingdom	2005	1,173,030	1,283,343	1,640,564	22,623	1,663,187	4.5%	8.6%	1.30
Pantheon Ventures USA Fund IX	London, United Kingdom	2011	2,000,000	1,830,000	3,712,818	1,066,502	4,779,320	15.4%	18.6%	2.57
Pantheon Ventures USA Fund VI	London, United Kingdom	2005	3,750,000	3,543,750	5,328,576	35,676	5,364,252	6.4%	8.4%	1.51
Spark Capital Growth Fund III, L.P.	Boston, MA	2020	6,000,000	6,000,000	1,148,357	12,591,687	13,740,044	21.3%	26.6%	2.29
Spark Capital Growth Fund IV, L.P.	Boston, MA	2022	6,000,000	5,520,000	0	12,658,548	12,658,548	43.6%	54.5%	2.29
Spark Capital Growth Fund V, L.P.	Boston, MA	2024	6,000,000	4,050,000	0	4,560,664	4,560,664	20.6%	30.2%	1.13
Spark Capital VI, L.P.	Boston, MA	2020	3,000,000	2,685,000	0	3,690,670	3,690,670	7.8%	10.8%	1.37
Spark Capital VII, L.P.	Boston, MA	2022	3,000,000	2,475,000	0	3,895,285	3,895,285	19.7%	26.0%	1.57
Spark Capital VIII, L.P.	Boston, MA	2024	3,000,000	1,170,000	0	1,138,533	1,138,533	-3.1%	-0.4%	0.97
Summit Partners Growth Equity Fund X-A, L.P.	Boston, MA	2019	8,000,000	7,879,557	3,585,721	8,803,026	12,388,747	12.3%	17.0%	1.52
Summit Partners Growth Equity Fund XI-A, L.P.	Boston, MA	2021	8,000,000	4,572,031	32,595	5,094,043	5,126,638	6.7%	11.0%	1.12
Summit Partners Europe Growth Equity Fund IV, SCS	Boston, MA	2023	5,865,151	553,893	0	430,375	430,375	-41.0%	NM	0.78
Summit Partners Venture Capital Fund V-A, L.P.	Boston, MA	2020	6,000,000	5,850,732	605,122	6,480,207	7,085,329	7.7%	12.0%	1.21
Taconic Credit Dislocation Fund IV L.P.	New York, NY	2023	8,000,000	6,616,940	278,793	8,096,993	8,375,786	18.6%	21.7%	1.27
Taconic Market Dislocation Fund III L.P.	New York, NY	2020	8,000,000	7,313,315	6,784,915	2,590,683	9,375,598	8.6%	10.1%	1.28
TCV Velocity Fund I, L.P.	Menlo Park, CA	2022	8,000,000	4,485,458	0	6,639,904	6,639,904	17.6%	26.3%	1.48
TCV X, L.P.	Menlo Park, CA	2019	5,000,000	3,752,665	2,816,267	8,633,150	11,449,417	23.3%	32.1%	3.05
TCV XI, L.P.	Menlo Park, CA	2021	8,000,000	6,944,448	0	8,360,481	8,360,481	5.9%	12.6%	1.20
Thoma Bravo Discover Fund III, L.P.	Chicago, IL	2020	8,000,000	8,054,592	498,038	11,762,863	12,260,901	11.0%	15.6%	1.52
Thoma Bravo Discover Fund IV, L.P.	Chicago, IL	2022	8,000,000	7,697,444	1,457,614	8,879,887	10,337,501	17.4%	24.8%	1.34
Thoma Bravo Discover Fund V, L.P.	Chicago, IL	2025	8,000,000	1,107,170	0	1,090,420	1,090,420	-2.2%	0.0%	0.98
Threshold Ventures IV, L.P.	Menlo Park, CA	2022	5,000,000	3,635,000	0	3,723,077	3,723,077	1.6%	1.6%	1.02
Threshold Ventures V, LP	Menlo Park, CA	2025	5,000,000	300,000	0	255,320	255,320	-45.1%	-91.7%	0.85
Wynnchurch Capital Partners VI, L.P.	Chicago, IL	2024	7,750,000	2,104,702	0	2,461,321	2,461,321	18.6%	36.4%	1.17

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* N/A = not available or not applicable

Real Assets Calendar Year 2025 Data

CLIFFWATER

Merced County Employees' Retirement Association - Calendar Year 2025 Data - Real Assets									
Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP[1]	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Ardian Infrastructure Fund V	5,149,602	5,441,268	6,398	43,115	7,574	0	3,347	0	0
Ardian Infrastructure Fund VI	9,000,000	2,202,712	91,105	90,000	11,757	0	49,783	0	0
BlackRock Global Infrastructure Fund IV D, L.P.	10,000,000	8,234,752	47,127	123,810	69,740	0	109,421	0	0
Carnelian Energy Capital IV L.P.	8,000,000	4,588,932	1,792,335	92,558	5,511	0	0	0	0
Carnelian Energy Capital V, L.P.	8,000,000	4,503,728	0	160,000	6,844	0	0	0	0
EnCap Energy Capital Fund XI, L.P.	5,000,000	3,382,651	1,053,140	37,864	1,948	0	923	412,310	0
EnCap Energy Capital Fund XII, L.P.	8,000,000	6,624,854	579,540	112,000	4,994	0	0	0	0
EnCap Flatrock Midstream IV, L.P.	3,000,000	2,357,033	42,083	23,798	871	0	0	0	0
EnCap Flatrock Midstream V, L.P.	8,000,000	3,792,933	0	120,000	4,967	0	0	0	0
Global Energy & Power Infrastructure Fund III F, L.P.	5,000,000	3,694,863	1,008,311	57,428	5,194	0	7,306	0	0
GSO Energy Select Opportunities Fund	7,500,000	375,370	83,696	0	4,252	0	1,858	0	0
ISQ Global Infrastructure Fund II	5,000,000	6,123,180	147,731	63,826	4,209	6,207	7,797	52,569	0
ISQ Global Infrastructure Fund III (UST), L.P.	5,000,000	4,921,315	40,192	78,013	12,991	0	27,374	0	0
KKR Global Infrastructure II	10,000,000	3,062,605	0	13,748	0	0	1,548	0	0
KKR Global Infrastructure Investors III	5,000,000	3,009,083	387,337	32,880	4,571	7,258	1,632	74,984	0
KKR Global Infrastructure Investors IV	8,000,000	8,807,010	182,976	89,628	7,716	40,486	18,790	0	0
KKR Global Infrastructure Investors V (USD) SCSp	8,000,000	1,952,366	0	67,668	0	0	50	0	0
North Haven Infrastructure Partners II LP	10,000,000	1,318,819	433,184	42,716	8,110	0	470	89,193	0
Tailwater Energy Fund IV, LP	5,000,000	3,795,093	1,173,448	62,159	4,044	0	6,251	0	0
Taurus Mining Finance Annex Fund	5,000,000	1,753	(2,198)	0	2,226	0	0	3,779	0
Taurus Mining Finance Fund	5,000,000	2,445	(1,621)	0	1,422	0	0	0	0

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[1] Other fees and expenses paid to the GP, which may include fund level interest expenses, are reported on a gross basis, without offsetting income, wherever possible.
* N/A = not available or not applicable

Real Assets Since Inception Data

Merced County Employees' Retirement Association - Since Inception Data - Real Assets

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Ardian Infrastructure Fund V	Paris, France	2019	5,149,602	4,341,796	664,699	5,441,268	6,105,967	10.5%	12.3%	1.41
Ardian Infrastructure Fund VI	Paris, France	2024	9,000,000	1,943,009	74,972	2,202,712	2,277,684	9.3%	12.4%	1.17
BlackRock Global Infrastructure Fund IV D, L.P.	New York, NY	2022	10,000,000	7,375,588	353,126	8,234,752	8,587,878	9.2%	16.0%	1.16
Carnelian Energy Capital IV L.P.	Houston, TX	2022	8,000,000	7,080,020	4,478,889	4,588,932	9,067,821	15.8%	25.6%	1.28
Carnelian Energy Capital V, L.P.	Houston, TX	2024	8,000,000	3,199,457	48,852	4,503,728	4,552,580	36.6%	58.0%	1.42
EnCap Energy Capital Fund XI, L.P.	Houston, TX	2017	5,000,000	5,105,688	7,168,405	3,382,651	10,551,057	21.3%	29.3%	1.99
EnCap Energy Capital Fund XII, L.P.	Houston, TX	2023	8,000,000	6,289,615	1,162,959	6,624,854	7,787,813	19.8%	42.2%	1.24
EnCap Flatrock Midstream IV, L.P.	Houston, TX	2018	3,000,000	2,875,483	1,575,094	2,357,033	3,932,127	9.6%	15.1%	1.37
EnCap Flatrock Midstream V, L.P.	Houston, TX	2023	8,000,000	3,571,159	0	3,792,933	3,792,933	22.1%	32.9%	1.56
Global Energy & Power Infrastructure Fund III F, L.P.	New York, NY	2019	5,000,000	5,363,390	4,175,226	3,694,863	7,870,089	12.9%	15.5%	1.47
GSO Energy Select Opportunities Fund	New York, NY	2015	7,500,000	4,649,302	6,856,951	375,370	7,232,321	10.2%	12.2%	1.46
ISQ Global Infrastructure Fund II	New York, NY	2017	5,000,000	6,586,141	3,851,998	6,123,180	9,975,178	11.3%	11.3%	1.49
ISQ Global Infrastructure Fund III (UST), L.P.	New York, NY	2020	5,000,000	4,055,727	187,172	4,921,315	5,108,487	12.5%	12.5%	1.26
KKR Global Infrastructure II	New York, NY	2014	10,000,000	11,245,700	18,428,689	3,062,605	21,491,294	16.6%	18.6%	1.90
KKR Global Infrastructure Investors III	New York, NY	2018	5,000,000	4,914,644	4,060,307	3,009,083	7,069,390	9.4%	11.3%	1.40
KKR Global Infrastructure Investors IV	New York, NY	2021	8,000,000	7,655,571	855,085	8,807,010	9,662,095	10.5%	13.4%	1.26
KKR Global Infrastructure Investors V (USD) SCSp	New York, NY	2024	8,000,000	2,005,956	60,009	1,952,366	2,012,375	0.3%	6.5%	1.00
North Haven Infrastructure Partners II LP	New York, NY	2014	10,000,000	11,797,255	15,684,405	1,318,819	17,003,224	9.9%	15.2%	1.41
Tailwater Energy Fund IV, LP	Dallas, TX	2019	5,000,000	5,042,824	4,180,004	3,795,093	7,975,097	14.3%	21.0%	1.49
Taurus Mining Finance Annex Fund	Sydney, Australia	2016	5,000,000	4,658,165	6,033,998	1,753	6,035,751	17.1%	11.7%	1.27
Taurus Mining Finance Fund	Sydney, Australia	2015	5,000,000	5,355,217	6,279,136	2,445	6,281,581	7.9%	25.8%	1.17

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Real Estate Calendar Year 2025 Data

CLIFFWATER

Merced County Employees' Retirement Association - Calendar Year 2025 Data - Real Estate									
Investment	**Commitment**	**Ending Valuation**	**Realized Gain/Loss**	**Mgmt. Fee**	**Partnership Expenses**	**Offsets**	**Other Fees & Expenses Paid to GP[1]**	**Carried Interest Paid**	**Fees & Expenses Paid by Port. Companies**
AG Realty Value Fund X, L.P.	5,000,000	2,574,490	(59,795)	47,924	15,604	0	165,935	2,526	0
Carlyle Realty Partners IX, L.P.	8,000,000	5,478,421	79,514	86,646	20,926	0	150,633	0	0
Carlyle Realty Partners VIII, L.P.	5,000,000	1,504,612	181,268	35,319	6,873	0	100,101	39,391	0
Carlyle Realty Partners X, L.P.	8,000,000	(139,265)	0	87,079	3,003	0	28,703	0	0
Carmel Partners Investment Fund VII, L.P.	5,000,000	5,538,170	0	61,101	0	0	0	0	63,435
Carmel Partners Investment Fund VIII, L.P.	8,000,000	7,731,341	0	89,383	0	0	0	0	83,921
Cerberus Real Estate Debt Fund, L.P.	7,000,000	3,295,237	45,270	66,763	18,757	0	59,036	22,246	0
Greenfield Acquisition Partners VII, L.P.	13,000,000	373,284	9,139	5,943	13,041	0	0	57,564	0
Patron Capital Fund V	13,959,059	5,265,946	0	69,072	57,155	0	0	0	0
Rockpoint Real Estate Fund VI, L.P.	5,000,000	4,439,377	196,943	54,760	11,103	0	2,597	0	0
Rockpoint Real Estate Fund VII, L.P.	8,000,000	4,483,465	31,263	119,923	10,682	0	103,678	0	0
Starwood Distressed Opportunity Fund XII Global, L.I	8,000,000	6,236,686	178,195	100,000	10,494	0	26,093	0	0
Taconic CRE Dislocation Fund II	5,000,000	1,550,766	(703,798)	60,272	10,013	0	16	0	0
Taconic CRE Dislocation Onshore Fund III L.P.	8,000,000	6,405,634	141	100,000	35,715	0	197,929	0	0
UBS Trumbull Property Fund	17,000,000	19,266,401	(38,727)	170,427	27,144	0	0	0	0

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[1] Other fees and expenses paid to the GP, which may include fund level interest expenses, are reported on a gross basis, without offsetting income, wherever possible.
* N/A = not available or not applicable

Real Estate Since Inception Data

Merced County Employees' Retirement Association - Since Inception Data - Real Estate

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
AG Realty Value Fund X, L.P.	New York, NY	2018	5,000,000	4,736,011	3,232,477	2,574,490	5,806,967	6.9%	12.0%	1.23
Carlyle Realty Partners IX, L.P.	Washington, DC	2021	8,000,000	5,815,363	443,224	5,478,421	5,921,645	1.2%	10.9%	1.02
Carlyle Realty Partners VIII, L.P.	Washington, DC	2017	5,000,000	4,678,465	5,189,414	1,504,612	6,694,026	15.4%	30.5%	1.36
Carlyle Realty Partners X, L.P.	Washington, DC	2025	8,000,000	0	0	(139,265)	(139,265)	0.0%	0.0%	0.00
Carmel Partners Investment Fund VII, L.P.	San Francisco, CA	2019	5,000,000	4,773,775	418,380	5,538,170	5,956,550	7.1%	11.8%	1.25
Carmel Partners Investment Fund VIII, L.P.	San Francisco, CA	2021	8,000,000	6,396,587	915,497	7,731,341	8,646,838	13.2%	18.7%	1.35
Cerberus Real Estate Debt Fund, L.P.	New York, NY	2018	7,000,000	4,554,763	2,623,492	3,295,237	5,918,729	6.5%	6.9%	1.30
Greenfield Acquisition Partners VII, L.P.	Westport, CT	2014	13,000,000	12,661,667	21,335,215	373,284	21,708,499	13.0%	16.2%	1.71
Patron Capital Fund V	London, United Kingdom	2016	13,959,059	12,221,805	8,981,859	5,265,946	14,247,805	4.4%	11.0%	1.17
Rockpoint Real Estate Fund VI, L.P.	Boston, MA	2019	5,000,000	4,982,060	1,434,267	4,439,377	5,873,644	5.0%	8.3%	1.18
Rockpoint Real Estate Fund VII, L.P.	Boston, MA	2022	8,000,000	4,617,832	596,964	4,483,465	5,080,429	4.2%	16.4%	1.10
Starwood Distressed Opportunity Fund XII Global, L.I	Greenwich, CT	2020	8,000,000	5,600,000	531,379	6,236,686	6,768,065	8.2%	15.0%	1.21
Taconic CRE Dislocation Fund II	New York, NY	2018	5,000,000	5,069,362	3,673,129	1,550,766	5,223,895	0.9%	1.6%	1.03
Taconic CRE Dislocation Onshore Fund III L.P.	New York, NY	2021	8,000,000	9,097,692	2,040,689	6,405,634	8,446,323	-2.9%	-3.8%	0.93
UBS Trumbull Property Fund	New York, NY	1999	17,000,000	18,935,043	46,752,154	19,266,401	66,018,555	7.9%	8.1%	3.49

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Direct Lending Calendar Year 2025 and Since Inception Data

CLIFFWATER

Merced County Employees' Retirement Association - Calendar Year 2025 Data - Direct Lending

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP[1]	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Accel-KKR Credit Partners II LP	10,000,000	7,628,747	0	130,489	933,410	0	0	0	0
Accel-KKR Credit Partners III LP	15,000,000	2,223,239	0	980	9,854	0	0	0	0
AG Direct Lending Fund IV Annex, L.P.	10,000,000	6,630,306	(289)	150,225	35,293	0	632,832	106,985	0
AG Direct Lending Fund V	10,000,000	8,370,804	17,449	127,116	41,003	0	417,666	106,504	0
Ares Senior Direct Lending Fund II L.P.	20,000,000	15,033,020	(240,358)	286,439	35,458	1,655	1,468,734	0	0
Ares Senior Direct Lending Fund III L.P.	20,000,000	7,987,402	48,774	134,402	23,902	0	888,065	0	0
Ares Capital Europe VI (D) Levered, L.P.	20,000,000	9,549,142	122,526	91,751	50,532	0	322,023	35,423	0
Silver Point Specialty Credit Fund II, L.P.	8,000,000	6,765,270	35,423	75,644	0	0	0	79,097	0
Silver Point Specialty Credit Fund III, L.P.	20,000,000	9,517,824	79,097	70,073	0	0	0	0	0
Varagon Capital Direct Lending Fund	20,000,000	16,422,285	(212,849)	283,137	361,354	0	1,268,525	0	0

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Merced County Employees' Retirement Association - Since Inception Data - Direct Lending

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Accel-KKR Credit Partners II LP	Menlo Park, CA	2022	10,000,000	7,186,301	703,984	7,628,747	8,332,731	19.8%	19.7%	1.16
Accel-KKR Credit Partners III LP	Menlo Park, CA	2025	15,000,000	2,285,027	0	2,223,239	2,223,239	-2.7%	NM	0.97
AG Direct Lending Fund IV Annex, L.P.	New York, NY	2022	10,000,000	9,535,206	6,025,302	6,630,306	12,655,608	10.8%	14.3%	1.33
AG Direct Lending Fund V	New York, NY	2022	10,000,000	8,500,000	1,787,513	8,370,804	10,158,317	10.6%	16.8%	1.20
Ares Senior Direct Lending Fund II L.P.	Los Angeles, CA	2021	20,000,000	16,304,941	6,772,456	15,033,020	21,805,476	13.3%	17.5%	1.34
Ares Senior Direct Lending Fund III L.P.	Los Angeles, CA	2023	20,000,000	7,604,447	690,137	7,987,402	8,677,539	17.6%	24.6%	1.14
Ares Capital Europe VI (D) Levered, L.P.	Los Angeles, CA	2023	20,000,000	8,636,160	803,139	9,549,142	10,352,281	15.1%	22.2%	1.20
Silver Point Specialty Credit Fund II, L.P.	Greenwich, CT	2020	8,000,000	7,341,867	3,008,202	6,765,270	9,773,472	10.9%	14.4%	1.33
Silver Point Specialty Credit Fund III, L.P.	Greenwich, CT	2023	20,000,000	8,894,553	1,635,717	9,517,824	11,153,541	13.3%	19.3%	1.06
Varagon Capital Direct Lending Fund	New York, NY	2021	20,000,000	17,500,000	4,346,028	16,422,285	20,768,313	7.3%	11.3%	1.19

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[1] Other fees and expenses paid to the GP, which may include fund level interest expenses, are reported on a gross basis, without offsetting income, wherever possible.
* N/A = not available or not applicable

Hedge Funds Calendar Year 2025 and Since Inception Data

CLIFFWATER

Merced County Employees' Retirement Association - Calendar Year 2025 Data - Hedge Funds

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP[1]	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
OWS Credit Opportunity Fund, L.P.	N/A	24,575,530	(755,390)	481,535	0	0	611,179	420,338	0
Archipelago Partners, L.P.	N/A	10,798,471	1,414,200	74,847	0	0	99,151	318,493	0
Caxton Global Investments (USA) LLC - Class T Unrest	N/A	7,708,658	0	240,678	0	0	0	0	0
Graham Absolute Return Trading Ltd. - Class A	N/A	5,505,139	488,915	107,221	0	0	14,859	162,972	0
Hudson Bay LP	N/A	15,905,671	0	307,455	0	0	361,199	268,083	0
Laurion Capital, Ltd. Class A 18-07	N/A	8,411,843	1,096,265	154,541	0	0	0	0	0
Marshall Wace Global Opportunities Fund Class B	N/A	6,343,994	1,293	121,620	0	0	0	47,583	0
MW Eureka Fund Class B2	N/A	5,748,857	10,989	109,151	0	0	0	120,758	0
Silver Point Capital Fund, L.P.	N/A	15,779,257	0	205,526	53,065	16,178	0	382,511	0
Taconic Opportunity Fund L.P.	N/A	1,028,498	(208,909)	18,252	9,593	0	6,784	847	0

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Merced County Employees' Retirement Association - Since Inception Data - Hedge Funds

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
OWS Credit Opportunity Fund, L.P.	New York, NY	2023	N/A	20,000,000	0	24,575,530	24,575,530	8.9%	12.9%	1.23
Archipelago Partners, L.P.	Boston, MA	2017	N/A	11,000,000	9,000,000	10,798,471	19,798,471	8.4%	9.5%	1.80
Caxton Global Investments (USA) LLC - Class T Unrest	New York, NY	2021	N/A	10,000,000	6,000,000	7,708,658	13,708,658	8.6%	16.6%	1.37
Graham Absolute Return Trading Ltd. - Class A	Rowayton, CT	2017	N/A	7,006,067	6,002,517	5,505,139	11,507,657	7.0%	11.4%	1.64
Hudson Bay LP	Greenwich, CT	2023	N/A	15,000,000	2,059,356	15,905,671	17,965,026	7.7%	11.3%	1.20
Laurion Capital, Ltd. Class A 18-07	New York, NY	2018	N/A	9,000,007	5,500,000	8,411,843	13,911,843	8.2%	9.9%	1.55
Marshall Wace Global Opportunities Fund Class B	Dublin, Ireland	2020	N/A	9,000,000	6,000,000	6,343,994	12,343,994	6.2%	9.8%	1.37
MW Eureka Fund Class B2	London, United Kingdom	2017	N/A	3,000,000	534,644	5,748,857	6,283,500	8.4%	12.2%	2.09
Silver Point Capital Fund, L.P.	Greenwich, CT	2017	N/A	12,000,000	7,187,728	15,779,257	22,966,984	8.9%	15.0%	1.91
Taconic Opportunity Fund L.P.	New York, NY	2018	N/A	12,000,000	12,626,098	1,028,498	13,654,597	-8.5%	-2.8%	1.14

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* N/A = not available or not applicable

Cliffwater Disclosures

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MERCEDCERA

Merced County Employees' Retirement Association

DATE: September 24, 2026

TO: MercedCERA Board of Retirement

FROM: Pete Madrid, Assistant Plan Administrator - Investments

SUBJECT: One-Year Contract Extension with Meketa Investment Group, Inc. for General Investment Consulting Services

ITEM NUMBER: **Open Session Item d**

ITEM TYPE: **Action**

STAFF RECOMMENDATION:

1. Approve a one-year contract extension with Meketa Investment Group, Inc., for General Investment Consulting Services.

DISCUSSION:

On December 14, 2023, the Merced County Employees' Retirement Association (MercedCERA) Board of Retirement approved a contract agreement with Meketa Investment Group, Inc. (Meketa) for General Investment Consulting Services. The agreement consisted of an initial three-year term (December 2023 to 2026), with the possibility to extend the agreement for up to two, successive one-year terms or by however long the MercedCERA Board wishes to extend.

Throughout the initial three-year agreement, Meketa has continually provided the MercedCERA Board expert consulting services. Executing this first contract extension for an additional one-year term ensures institutional continuity and allows us to continue our work in structuring the investment portfolio for the future.

The current annual fee for Meketa services is $235,000. This first contract extension would be at the same annual fee.

Staff Recommendation:

Staff recommend the Board approve a one-year contract extension with Meketa Investment Group, Inc., for General Investment Consulting Services.

MERCEDCERA

Merced County Employees' Retirement Association

DATE:	September 24, 2026
TO:	MercedCERA Board of Retirement
FROM:	Monica Gallegos, Assistant Plan Administrator – Benefits & Administration
SUBJECT:	Neumo Contract Renewals for CPAS v5 and CPAS Enterprise Tools Maintenance and Support Services
ITEM NUMBER:	**Open Session Item e**
ITEM TYPE:	**Information Only**

DISCUSSION:

The Merced County Employees' Retirement Association (MercedCERA) has held a licensing agreement with Neumo (previously Avenu Pension Administration Solutions ULC) for hosting and support of the CPAS pension administration system since September 2009. In addition to hosting and support services, MercedCERA also contracts with Neumo for ongoing maintenance and software support. The current agreement for hosting and support expires on March 31, 2028, and both agreements for maintenance and software support expire on December 31, 2026.

When the maintenance and software support agreements were renegotiated in 2021, the MercedCERA Board approved for the automatic renewal of two successive one-year terms. Staff would like to notify the Board of our intent to initiate the automatic renewal of the first of the two one-year terms.

Before moving forward for renegotiation with Neumo in 2028, Staff anticipate the completion of a robust pension administration system analysis in 2027. Of primary focus will be the evaluation of potential system upgrades to our current pension software or a request for proposals to be completed for a possible new pension administration system. Staff will provide further information as that analysis gets under way early to mid-2027.

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Merced County Employees' Retirement Association

DATE: September 24, 2026

TO: MercedCERA Board of Retirement

FROM: Monica Gallegos, Assistant Plan Administrator – Benefits & Administration

SUBJECT: Social Security and Merced County Superior Court

ITEM NUMBER: **Open Session Item f**

ITEM TYPE: **Information Only**

DISCUSSION:
The attached presentation to the MercedCERA Board of Retirement (Board) offers a short overview of the Social Security integration with California public retirement systems. This information item is being presented to the Board due to a recent audit regarding Social Security coverage and the Superior Court of California, which is applicable to the Merced County Superior Court.

Staff will provide further information on this topic in the coming months.

Merced County Employees' Retirement Association

Social Security Integration

September 24, 2026

HISTORY

- 1950: Section 218 of the Social Security Act allowed for voluntary agreements of Social Security benefits coverage for state and local government employees who were not a part of a retirement system

- Subsequently, Social Security Act allowed for voluntary agreements with state and local government employees already in a retirement system if the majority of employees voted in favor of integration

- Merced County joined Social Security, per Section 218 Agreement in 1958

INTEGRATION WITH RETIREMENT SYSTEMS

- Legislature created integration formulas to reduce state/local pension benefits by roughly one-fourth to one-third if covered by Social Security
- Merced County Superior Court’s current active membership is Tier 2 and Tier 4.
- Tier 2 members have these reductions
- PEPRA Tier 4 active members are not integrated into Social Security

INTEGRATION WITH RETIREMENT SYSTEMS CONTINUED

- Pensionable compensation is capped by the IRC 401(a)(17) for Legacy Tier 2 members
    - 2026 cap is $360,000
- Pensionable compensation is capped by PEPRA limits
    - 2026 cap is $159,733 for Social Security Covered members (courts)
    - 2026 cap is $191,679 for non-Social Security- covered members

WHAT CHANGED

- Upon the courts transition from the County to the State, those court employees under Social Security coverage remained under Social Security
- The Merced County Superior Court was covered by Social Security
- CalPERS is the California administrator of public agency Social Security 218 agreements
- Due to recent audit, Section 218 Agreements were not completed at the time of the court transition
- Federal government is requiring all trial courts (who were covered by Social Security) to hold elections
- Employees will be allowed to take individual votes to remain in Social Security or opt out

MERCEDCERA BENEFIT & SOCIAL SECURITY

Impacts

- Tier 2 and Tier 4 court employees who remain covered under Social Security will see no changes in their MercedCERA retirement accounts

- Tier 2 court employees opting out:
    - Will pay a higher contribution rate for all salary – no longer a reduction
    - Become bifurcated members (service with Social Security and service without)
    - If request refund to Social Security (up to 3 years), will owe contributions, plus interest, to MercedCERA

- Tier 4 PEPRA court employees opting out:
    - Will have a higher PEPRA pensionable compensation cap ($191,679 for 2026)

ELECTION SET TO BEGIN

- Social Security provided court employees an information session
- MercedCERA staff have provided the first of two informational presentations
- Conversations with MercedCERA tax counsel, actuary, as well as CPAS, are ongoing to evaluate impacts to the fund and overall pension administration system
- Further information will be provided to the Board in the coming months