

AGENDA

BOARD OF RETIREMENT

Boardroom

832 12th Street Suite 600 Modesto, CA 95353

October 26, 2021

1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are considered to be action items "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

BOARD AGENDAS & MINUTES: Board agendas, minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

AUDIO/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video recordings of the meetings are available after the meetings at <http://www.stancera.org/agenda>.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

Pursuant to California Government Code section 54953, the StanCERA Board of Retirement ("Board") is authorized to conduct its meetings via teleconference during the COVID-19 public health emergency.

Because of the COVID-19 public health emergency, StanCERA's offices, including the StanCERA boardroom, are currently closed to public access. Members of the public who wish to attend Board meetings may do so by teleconference, by calling (209) 689-0007. The access code is 414752.

If you wish to make a general public comment during the Public Comment section of the meeting, or if you wish to comment on a specific agenda item, please press 5* on your phone to alert the Chair that you wish to speak. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to three minutes.

You may also submit public comments in writing. If you wish to make a general public comment or a comment on a specific agenda item in writing, please submit your comment via email or fax no later than 4:30 p.m. on the day before a Board meeting. Comments can be submitted via email at gomesk@stancera.org or via fax at (209) 558-4976. If your comment pertains to a specific agenda item, please include the agenda item number in the subject line. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to 400 words. Comments submitted in writing will be read aloud during the meeting.

In compliance with the Americans with Disabilities Act, if you require an accommodation, auxiliary aid, or service in order to participate in this meeting, please contact StanCERA at (209) 525-6393 as far in advance as possible but no later than 48 hours before the scheduled event.

Agendas and minutes are on our website at www.stancera.org.

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment
6. Emergency Declaration
 - a. AB-361
Agenda Item [View](#) Attachment 1 [View](#)
7. Consent Items
 - a. Approval of the September 28, 2021 Meeting Minutes [View](#)
 - b. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2, 31810 31700** See attachment for details. [View](#)
 - c. Application for Non-Service Connected Disability Retirement – **Government Code Section 31724**
 1. Vera, Patti – Stanislaus County – Effective 10-01-21
 2. Sisco, Marnie – Stanislaus Superior Court – Effective 06-08-20
 - d. Information Technology Solutions (ITS) Project [View](#)
 - e. Investment Matrix [View](#)
 - f. Private Markets Commitment Notice [View](#)
 - g. Legislation Update [View](#)
 - h. 2021 Executive Director Goals Update – Quarter 3
Agenda Item [View](#) Attachment 1 [View](#)
8. NEPC – Investment Consultant
 - a. September Flash Report [View](#)
9. Investment
 - a. Auxiliary Investment Report as of June 30,2021
 1. AB2833 Auxiliary Report
Agenda Item [View](#) Attachment 1 [View](#)
 2. Investment Fee Summary, Value Added and Cash Flow Reports
Agenda Item [View](#) Attachment 1 [View](#)

10. Administrative

a. 2021 SACRS Fall Business Meeting Proxy and Proxy Directives

Agenda Item [View](#) Attachment 1 [View](#) Attachment 2 [View](#) Attachment 3 [View](#)

b. Verbal Staff Update

11. Closed Session

a. Conference with Legal Counsel – Pending Litigation – One (1) Case:
O’Neal et al v. Stanislaus County Employees’ Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)

b. Conference with Legal Counsel – Pending Litigation – One (1) Case:
Stanislaus County Employees’ Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)

12. Members’ Forum (Information and Future Agenda Requests Only)

13. Adjournment

October 26, 2021

Retirement Board Agenda Item

TO: StanCERA Retirement Board

FROM: Fred A. Silva, StanCERA General Counsel
Rick Santos, Executive Director

- I. SUBJECT: A Resolution of the Board of the Stanislaus County Employees' Retirement Association Acknowledging the Proclamation of a State of Emergency, and Authorizing Remote Teleconference Meetings of the Stanislaus County Employees' Retirement Association for the Initial Period of October 26, 2021 to November 25, 2021.
- II. ITEM NUMBER: 6.a.
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Approve Resolution of the Board of the Stanislaus County Employees' Retirement Association proclaiming a local emergency, ratifying the proclamation of a state of emergency by Executive Order N-15-20 issued on March 4, 2020, and Executive Order N-08-21 on June 11, 2021, which authorizes remote teleconference meetings of the legislative bodies of Stanislaus County Employees' Retirement Association for the period of October 26, 2021 through November 25, 2021.
- V. ANALYSIS: On September 17, 2021 Assembly Bill 361 (AB 361) was signed and went into effect on October 1, 2021. AB 361 replaced some aspects of Executive Order N-29-20, which allowed local legislative bodies to hold remote teleconference meetings. Since the size of StanCERA's Board room prevents compliance with social distancing measures if the public were to attend meetings in person, attendance by the public in a County with high transmissivity rates creates potential health issues for StanCERA employees and the public. Therefore, to continue remote teleconference meetings, AB 361 requires that the Board consider the circumstances of the state of emergency and make findings via resolution by majority vote to hold remote teleconference meetings. If such findings are made, a resolution needs to be passed by a majority of the Board citing these circumstances. The Board will need to complete such recertification every 30 days or at each Board meeting following adoption of this Resolution, until Government Code section 54953 sunsets by operation of law on January 1, 2024 or if there is no longer a state of emergency in effect.
- VI. RISK: NONE
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

RESOLUTION NO. 2021-__

A RESOLUTION OF THE BOARD OF THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ACKNOWLEDGING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020 AND ADDITIONAL ORDERS AND RECOMMENDATIONS ISSUED BY THE STANISLAUS COUNTY PUBLIC HEALTH OFFICER, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION FOR THE INITIAL PERIOD OF OCTOBER 26, 2021 TO NOVEMBER 25, 2021, PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, the Board of Retirement ("Board") for the Stanislaus County Employees' Retirement Association ("StanCERA") is committed to preserving and promoting public access and encouraging participation in meetings of the Board and its legislative bodies; and

WHEREAS, all meetings of the Board and its legislative bodies are open and public, as required by the Ralph M. Brown Act (Gov. Code §§ 54950-54963), so that any member of the public may attend meetings and observe and participate in the conducting of business by the Board and its legislative bodies; and

WHEREAS, Government Code section 54953(e) allows local government entities such as the Board and its legislative bodies to conduct meetings via teleconference without complying with the requirements of Government Code section 54953(b)(3) when the following conditions are in place:

- A state of emergency proclaimed by the Governor pursuant to Government Code section 8625 is in effect; and
- State or local officials have imposed or recommended measures to promote social distancing.

WHEREAS, such conditions are currently in place for the Board and its legislative bodies, which operate in Stanislaus County:

- On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency for the State of California pursuant to the California Emergency Services Act (Gov. Code § 8625) based on an outbreak of respiratory and other illness due to the novel coronavirus known as COVID-19.

- On September 2, 2021, the Stanislaus County Public Health Department issued a health order requiring use of face coverings indoors to prevent the spread of COVID-19 and maintain healthcare system capacity. That order took effect on September 4, 2021 and was amended on September 22, 2021 to confirm that the order requiring use of face coverings indoors remains in effect. The health order indicates that it will remain in effect until 24 hours after Stanislaus County's seven-day average case rate drops below 20 cases per 100,000 per day.
- On September 22, 2021, the Public Health Officer for Stanislaus County issued a recommendation stating: "I recommend that physical/social distancing measures be practiced throughout our Stanislaus County communities to minimize the spread of COVID-19, including implementation of the newly enacted AB 361 to maintain social distancing by legislative bodies of our local agencies. This recommendation is made due to the continued threat of COVID-19 in the community. I will continue to evaluate this recommendation on an ongoing basis and will communicate when there is no longer such a recommendation."

WHEREAS, Government Code section 54953(e) allows local government entities such as the Board and its legislative bodies to conduct meetings when a state of emergency is in place without complying with the requirements of Government Code section 54953(b)(3), as long as such entities instead comply with the requirements of Government Code section 54953(e)(2);

WHEREAS, StanCERA's offices, including its boardroom, are not large enough to accommodate the COVID-19 social distancing measures recommended by the Centers for Disease Control and others if members of the public were to attend StanCERA Board and/or committee meetings in person; and

WHEREAS, to ensure that the public retains access to StanCERA Board and committee meetings during this state of emergency, StanCERA will post each Board or committee agenda on the StanCERA website and at its business office location at least 72 hours prior to the meeting, and such agenda will describe the means by which members of the public may access the meeting and offer public comment. In addition, persons requiring accommodations are asked to contact StanCERA prior to the meeting.

NOW, THEREFORE, BE IT RESOLVED that:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Acknowledgment of Proclamation of Emergency and Local Orders. The Board hereby acknowledges that a state of emergency has been proclaimed by the Governor of the State of California effective as of its issuance date of March 4, 2020, that on September 2, 2021, the Stanislaus County Public Health Department issued a health order mandating use of face coverings indoors to prevent the spread of COVID-19 and maintain healthcare system

capacity, that a September 22, 2021 amendment indicated that that health order remained in effect, and that on September 22, 2021 the Stanislaus County Public Health Office recommended that physical and social distancing measures, including holding meetings via teleconference pursuant to AB-931, be practiced throughout the county.

Section 3. Remote Teleconference Meetings. The StanCERA Retirement Administrator and his designee(s) and the legislative bodies of StanCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until November 25, 2021.

Section 5. Reconsideration of Circumstances Every 30 Days. Government Code section 54953(e)(3) requires that the Board periodically recertify its decision to continue to hold remote teleconference meetings; in order to do so, the Board must reconsider the circumstances of the state of emergency and make findings by majority vote as are necessary to continue to hold remote teleconference meetings. The Board will complete such recertification every 30 days or at each Board meeting following adoption of this Resolution, until Government Code section 54953 sunsets by operation of law on January 1, 2024 or there is no longer a state of emergency in effect.

The foregoing Resolution was adopted by the Board of Retirement upon motion of Board member _____, seconded by Board member _____, at a regular meeting of this Board held on October 26, 2021, by the following vote:

Ayes:

Nays:

Absent:

Abstain:

STANISLAUS COUNTY EMPLOYEE RETIREMENT ASSOCIATION

Jeff Grover, Chair of the Board of Retirement

APPROVED AS TO FORM:

Fred A. Silva, General Counsel

Kellie Gomes, Clerk of the Board of Retirement

APPROVED AS TO CONTENT:

Rick Santos, Executive Director

BOARD OF RETIREMENT MINUTES
September 28, 20211. Call Meeting to Order

Meeting called to order 1:30 pm by Trustee Grover, Chair

2. Pledge of Allegiance3. Roll Call**Trustees Present**

Jeff Grover-Chair
Donna Riley-Vice Chair,
Terry Withrow,
Mike Lynch,
Rhonda Biesemeier

Present by Conference Call:

Michael O'Neal,
Joshua Clayton
Sam Sharpe,
Mandip Dhillon

Trustees Absent: Darin Gharat,

Others Present by Conference Call:

Brittany Atkins-Smith, Fiscal Services Manager
Steve Hempler, VERUS Investment Consultants
Faraz Shooshani, VERUS Investment Consultants

Others Present

Rick Santos, Executive Director
Stan Conwell, Retirement Investment Officer
Kellie Gomes, Executive Board Assistant
Lisa Fraser, Benefits Manager
Fred Silva, General Legal Counsel
Daniel Hennessy, NEPC Investment Consultant

4. Announcements

Chairman Trustee Grover had the following announcement:

Due to the COVID-19 Pandemic, we are meeting today virtually and in person to accommodate COVID 19 pandemic guidelines for this meeting. If you are joining the meeting today by teleconference as a member of the public your phone will be muted. When directed to do so please press 5* on your phone to alert the Chair you wish to a public comment.

5. Public Comment

None

6. Consent Items

- a. a. Approval of the August 24, 2021 Meeting Minutes
- b. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2, 31810 31700** See attachment for details.
- c. Application of Death Benefit – Government Code Section 31781, 31781.1, 31781.3
 - 1. Costa, Christy – Stanislaus County – Non-Service Connected – Effective 9-14-21 – Active Member
- d. Information Technology Solutions (ITS) Project
- e. Investment Matrix
- f. Legislation Update: AB 826

Motion was made by Trustee Riley and seconded by Trustee Lynch to accept the consent items as presented

Roll Call Vote was as follows:

Trustee Grover	YES
Trustee Riley	YES
Trustee O'Neal	YES
Trustee Sharpe	YES
Trustee Withrow	YES
Trustee Clayton	YES
Trustee Lynch	YES
Trustee Dhillon	YES

Motion carried unanimously

7. NEPC – Investment Consultant

- a. August Flash Report
Presented by Dan Hennessy, NEPC Investment Consultant

8. Investment

- a. VERUS Private Equity QTR 2 - Period Ending June 30, 2021
Presented by Steve Hempler, VERUS Investment Consultant
- b. Grandview Partners Presentation
Presented by Dean Sotter, Grandview CEO

Motion was made by Trustee Riley and seconded by Trustee Lynch to allocate \$20 Million to Grandview Partners II and authorize staff to negotiate and execute the final contract.

Trustee Grover	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Lynch	YES
Trustee Sharpe	YES
Trustee O'Neal	YES
Trustee Clayton	YES
Trustee Dhillon	YES

Motion carried unanimously

8. Investment (Continued)

c. Private Markets Investment Policy Review

Motion was made by Trustee O'Neal and seconded by Trustee Sharpe to accept staff recommendation to expand the scope of the Private Markets Investment Policy to include private Real Assets and adopt the changes to the Private Markets Investment Policy document as presented in Attachment 1.

Trustee Grover	YES
Trustee Riley	YES
Trustee Withrow	NO
Trustee Lynch	NO
Trustee Sharpe	YES
Trustee O'Neal	YES
Trustee Clayton	YES
Trustee Dhillon	YES

Motion carried 6/2

9. Administrative

a. Annual Due Diligence Trips

Motion was made by Trustee Lynch and seconded by Trustee Riley to accept staff recommendations follows:

Direct the Due Diligence Committee to meet at least once a year or whenever conditions warrant, to decide which managers, if any, to perform due diligence reviews. Approve resulting recommended changes to StanCERA's bylaws and Investment Policy Statement.

Roll Call Vote was as follows:

Trustee Grover	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Lynch	YES
Trustee Sharpe	YES
Trustee O'Neal	YES
Trustee Clayton	YES
Trustee Dhillon	YES

Motion carried unanimously

b. Northern Trust Treasury Management Services

Motion was made by Trustee Riley and seconded by Trustee Withrow to accept staff's recommendation to use Northern Trust to provide Treasury Management Services inclusive of, but not limited to banking services and account deposits and prepare a document releasing the County for any liability for StanCERA's funds after the date the funds are transferred out of the County Treasury. The desired transition target date for completion is January 31, 2022.

Roll Call Vote was as follows:

Trustee Grover	YES
Trustee Riley	YES
Trustee Withrow	YES
Trustee Lynch	YES

Trustee Sharpe YES
Trustee O'Neal YES
Trustee Clayton YES
Trustee Dhillon YES
Motion carried unanimously

10. Closed Session

- a. Conference with Legal Counsel – Pending Litigation – One (1) Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)
- b. Conference with Legal Counsel – Pending Litigation – One (1) Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants,
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9d)(4)

No closed session Items were heard at this meeting

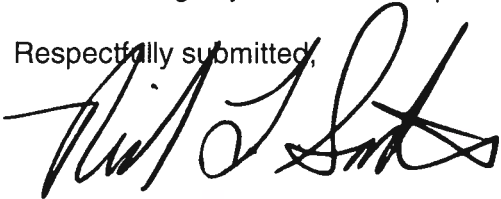
12. Members' Forum (Information and Future Agenda Requests Only)

None

13. Adjournment

Meeting adjourned at 3:00 p.m.

Respectfully submitted,



Rick Santos, Executive

APPROVED AS TO FORM

By 
Fred Silva, GENERAL LEGAL COUNSEL

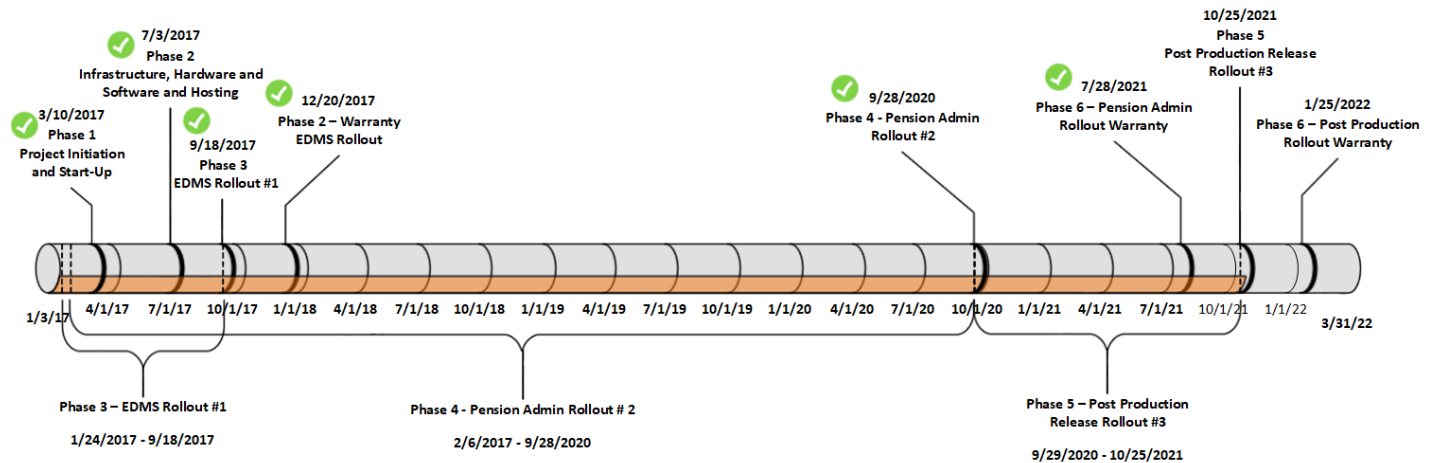
StanCERA Applications for Service Retirement(s) Government Code Sections 31499.14, 31670, 31662.2, 31810 & 31700

1. Childers, Deborah - Stanislaus County - Effective 10/01/2021
2. Grundy, Kathleen - Stanislaus County - Effective 10/09/2021
3. Harris, David - Stanislaus County - Effective 10/02/2021
4. JACKLIN, NEIL - Stanislaus County - Effective 10/09/2021
5. LILLIE, MICHAEL - City of Ceres - Effective 10/30/2021
6. Lopez, Charles - Stanislaus County - Effective 10/09/2021
7. Love, Leta - Stanislaus County - Effective 08/09/2021
8. Mello, Sheryl - Stanislaus County - Effective 10/09/2021
9. Merzoian, Richard - Stanislaus County - Effective 09/29/2021
10. Oliveira, Steve - Stanislaus County - Effective 09/25/2021
11. Rodgers, Keri - Stanislaus County - Effective 10/09/2021
12. SCHIEFER, DENISE - City of Ceres - Effective 10/27/2021
13. Sharp, Eileen - Stanislaus County - Effective 10/08/2021
14. Shindler, Monty - Stanislaus County - Effective 10/24/2021
15. Thompson, Diane - Stanislaus Superior Court - Effective 10/02/2021
16. Tiffin, Kathy - Stanislaus County - Effective 10/01/2021
17. VILLASENOR, JESSE - Stanislaus County - Effective 10/01/2021
18. Vera, Patti - Stanislaus County - Effective 10/01/2021

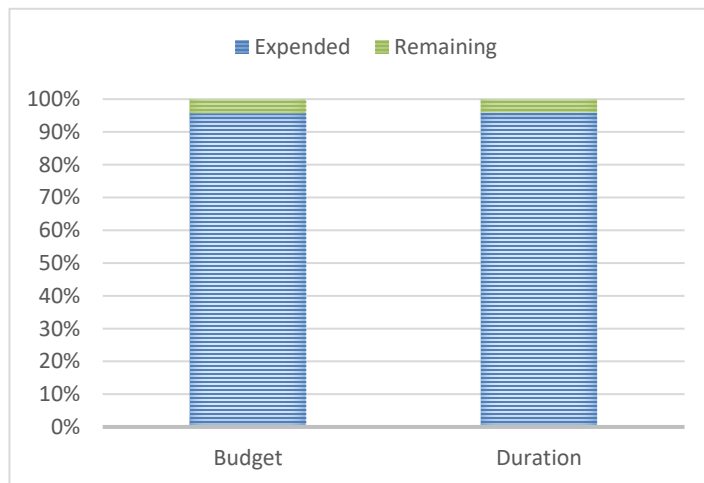
PAS IMPLEMENTATION LINEA BI-WEEKLY STATUS UPDATE



SPONSOR: Rick Santos **REPORT DATE:** 10-15-2021



Baseline 12/01/2016 **STATUS**



Linea Budget as of 09/30/2021

Risks & Issues:

The project team is planning an additional release in early 2022 to complete the project. The additional release compensates for recent project resource constraints and multiple changes and enhancements implemented during the R26-R27 release cycles.

The project team continues to monitor the following additional schedule risks.

- City of Ceres payroll system implementation
- Potential W4-P change implementation

Accomplishments:

- Continued progress was made toward development of functionality for R27 release, including Retiree Death workflow.
- Tegrit provided an introduction to the member web portal for StanCERA testers and testing began in UAT.
- StanCERA and Tegrit worked to define additional annual reports to be generated in Arrivos.

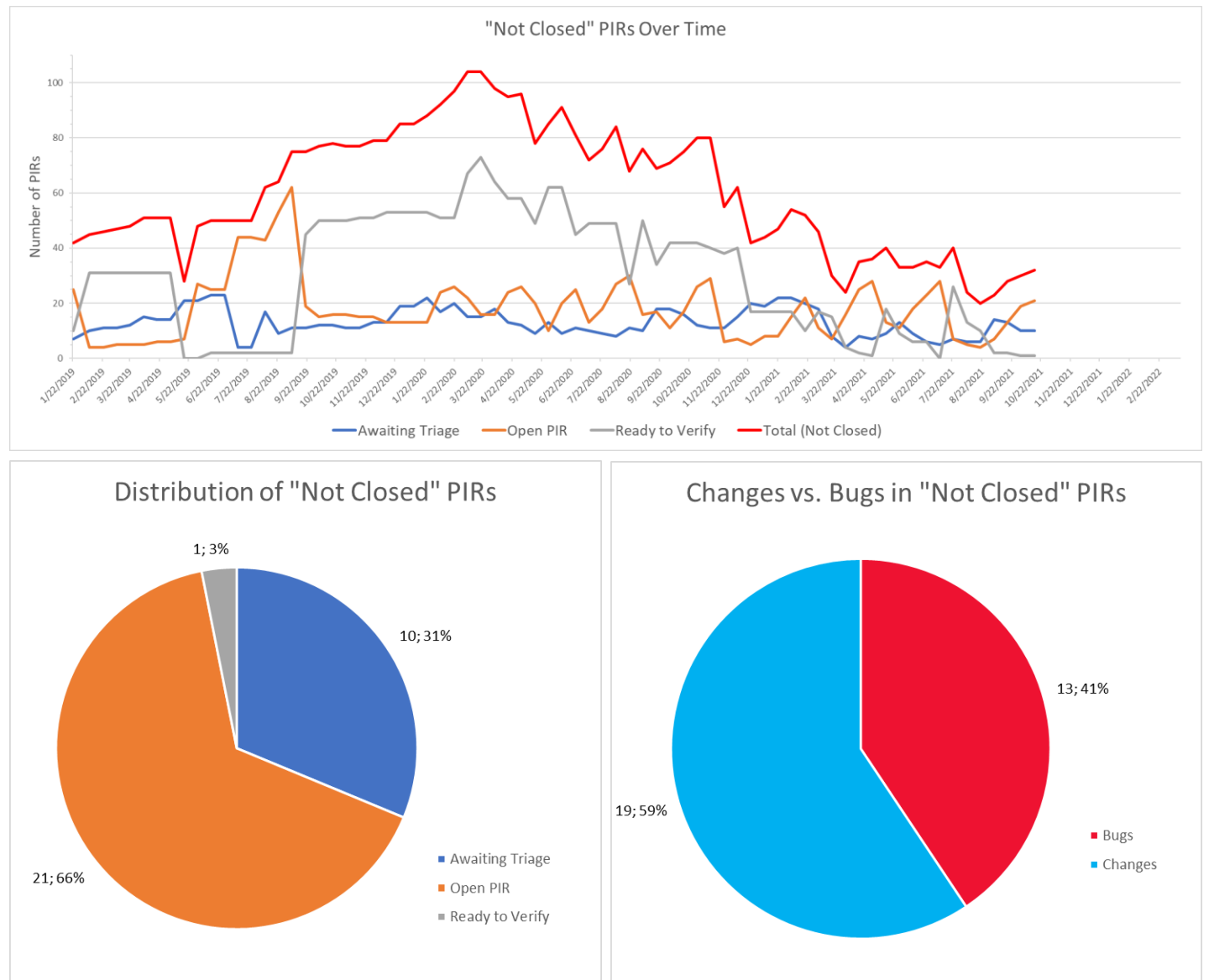
Upcoming:

- Planning for Member Web Portal rollout process and user registrations.
- Determination of revised project timeline, including content and release dates for R27 and R28.
- R27 UAT release planned for mid-November.

Ongoing Project Contributions

- Facilitate weekly Project Manager's meetings and create meeting minutes.
- Facilitate monthly Steering Committee Meetings and create meeting minutes.
- Participate in Tegrit work sessions, review meeting minutes, and compile resulting decision logs and action items.
- Regularly review action items for follow up and completion.
- Review and hold group review sessions for BSRD deliverables made by Tegrit (BSR102).
- Track requirements, as discussed in work sessions and BSRDs, using the RTM and meet with StanCERA PM to update requirements confirmation.
- Manage and participate in system testing efforts, including review of test scripts, compiling of results, input of PIRs, and tracking of issue resolution.

Current PIR Summary



October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Matrix
- II. ITEM NUMBER: 7.e
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

a) *Investment Program Activities & Governance:*

Legal reviews of investment manager agreements continued with a number of contracts wrapping up during the month including the JP Morgan Infrastructure fund, Grandview Partners II and Sole Source Capital Partners II, a private equity buyout fund. Staff is also coordinating a rebalance primarily within the risk-diversifying sub portfolio that will fund the two new liquid absolute return managers approved by the Board. This rebalance is expected to be completed in November with the majority of capital needed to fund the two new managers coming from the Risk Parity managers. Staff also spent some time with both NEPC and Verus to look ahead into 2022 to review potential investment program activities and priorities.

b) *Money Transfer Report:*

September

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
NT Russell 3000	Equity	\$-2,204,116.00	Clayton, Dubilier, & Rice XI	Private Equity	\$2,204,116.00
NT Russell 3000	Equity	\$-2,387,551.63	Gryphon Partners VI	Private Equity	\$2,387,551.63

c) *Manager Meeting Notes:*

Owl Rock

Staff met with Owl Rock for a firm and fund update call. Owl Rock is now a division of Blue Owl Capital Inc. Blue Owl was formed as a combination Owl Rock and Dyal Capital. The two groups do share some resources, but the investment team and supporting staff are largely unchanged for Owl Rock. The most recent quarterly portfolio results were reviewed, and the fund has performed as expected despite a challenging operating environment. Owl Rock invests in first lien loans in larger more well-established firms. To date there have been zero defaults and only 1% of the portfolio is performing materially below expectations. The fund is well diversified across sectors and will continue to deploy capital through 2022.

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Private Markets Commitment Notice
- II. ITEM NUMBER: 7.f
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. Executive Summary:

On September 30, 2021 StanCERA committed \$15 million to the Sole Source Capital Partners II fund (SSC II). Sole Source Capital is a private equity firm focusing on lower middle market buyouts primarily in defensive industries including foodservice distribution, aerospace and defense, commercial services and supplies, and machinery. The fund targets proprietary corporate carve-out deals or founder led businesses. SSC II builds value primarily through operational enhancements and strategic M&A transactions. Sole Source has demonstrated unique sourcing capabilities from its established deal flow network. The fund also has some embedded gains that should act as a J-curve mitigator. The firm was founded in 2016 and has over \$1 Billion in AUM.

StanCERA has a 5.0% target allocation to the private equity asset class with a sub-asset class target allocation of 3.5% to buyouts and 1.5% to venture capital. The commitment to SSC II will be allocated to the buyouts sub-asset class and is in compliance with StanCERA's Private Markets Investment Policy Statement. For each private market investment, several due diligence reports are completed by the investment consultant and staff. These reports contain confidential information and are available to Trustees for review upon request.

SSC II Due Diligence Reports:

Attachment 1 - Executive Summary (Staff)
Attachment 2 - Compliance Checklist (Staff)
Attachment 3 - Executive Summary and Comprehensive Due Diligence Report (Consultant)
Attachment 4 - Recommendation/Approval Memo (Consultant)
Attachment 5 - Manager Pitchbook

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

October 26, 2021
Retirement Board Agenda Item

TO: Retirement Board

FROM: Lisa Frazer, Member and Employer Services Manager

- I. SUBJECT: Legislation Update
- II. ITEM: 7.g.
- III. ITEM TYPE: Consent
- IV. RECOMMENDATION: None
- V. ANALYSIS:

SB 634: Committee on Labor, Public Employment, and Retirement

Signed by Governor September 16, 2021

This bill makes some clarifying changes to the CERL, including that a '37 Act Retirement Board may contract with a private physician to provide medical advice to the board to process disability claims and changing an obsolete code reference related to when a '37 Act system member may opt to continue as a member of the '37 Act system instead on enrolling in CalSTRS.

AB361: Virtual Meetings for Declared Emergencies

Signed by Governor September 16, 2021 (Executive Order issued making effective on October 1, 2021)

This bill would require local agencies to re-declare an emergency every 30 days allowing them to continue meeting remotely.

AB339: Large City Council and Board of Supervisor Public Meetings

Vetoed by Governor October 7, 2021

AB498: Compensation Earnable

Failed deadline; may be acted upon in 2022

This bill would delete the term "grade" and replace it with the term "group" for the purposes of the definition of compensation earnable. This bill would also define the phrase "group or class of position" for the purposes of this definition to mean a number of employees considered together because they share the same similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping, and would specify that a single employee is not a working group or class.

AB845: COVID-19 Presumption

Signed by Governor July 23, 2021 (sunset on January 1, 2023)

This bill would authorize the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system would be required to find in accordance with the presumption. The bill would apply this presumption to members employed in specified firefighter, public safety officer, health care job classifications, or their functional equivalents, and to members in other job

classifications who test positive for COVID-19 during an outbreak of the disease at their places of employment, as defined.

- VI. RISK: None
- VII. STRATEGIC PLAN: None
- VIII. BUDGET IMPACT: None

October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Executive Director Goals Quarter 3 2021
- II. ITEM NUMBER: 7.h
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS: This is the Quarter 3 Executive Director Goals update for 2021. Staff has made good progress towards the completion of its goals for 2021. This agenda summary will focus on what's yet to be completed for the 2021 plan, since most of the goals and plans have been met. The following is a list of tasks yet to be completed for 2021:
 - *Process documentation of the investment governance process* – several processes/procedures are either in the process of being documented or have not been started yet
 - *Finalize succession planning for the executive level positions in the Organization* – staff plans on bringing a final analysis to the SPOT Committee after receiving responses from the County regarding the position changes
 - *Filling the vacant Manager position* – task resolution dependent on County responses regarding the position
 - *Operational Risk Management Plan* – Upon completion of the process assessments, a review with staff will be completed to ensure understanding of the risks and mitigation strategies that are in place

At this time, these final tasks are still on track to be completed by year end.

- VI. RISK: NONE
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

StanCERA Strategic Goals Quarter 3 2021**(Attachment 1)*****General and/or Ongoing Items***

1. Continued communication, outreach and transparency with major stakeholders such as County, County BOS, Local Governments, Special Districts and Employee Groups
 - County dialogue on various issues
 - Meetings with current and prospective plan sponsors
2. Maintenance of StanCERA's asset allocation targets
 - StanCERA's asset allocation targets up to date with proxy funds being used until full transition is completed
3. Continued progress on the System data clean-up project
 - Approximately 80-85% complete
4. Director Professional Development
 - None
5. Oversee Information Technology Solutions Project
6. Oversee and completion of day to day administrative functions
 - All administrative functions are current. Outstanding disabilities stand at 16 as of as of October 5th with 3 just recently received
7. Oversee and monitor the transition of the StanCERA portfolio to the new targets
 - Currently, the portfolio is largely in line with the long-term target asset allocation. StanCERA's policy allows for the use of low-fee public market proxies to meet target exposures while the less liquid private market programs are funded. A rebalance primarily within the risk diversifying sub-portfolio is scheduled for November that will fund the two new liquid absolute return managers approved by the Board
8. Complete implementation of the Alameda Decision
 - All affected retiree benefits have been adjusted
 - Staff expects to refund active and deferred member contributions by the end of the 4th quarter. Note that the automated process to accomplish this mass refund process is currently being built into our new system

Items Tied to the Strategic Plan***Strategic Objective #1***

Develop an Organizational Structure reflective of our operational capabilities and succession planning needs

Strategic Plan Objective #1, Deliverables

1. Develop the Job Description for the Organizational Support/Communications Manager position by StanCERA leadership
 - Complete
2. Hiring and onboarding of Organizational Support/Communications Manager (Late 2021-Early 2022)

Strategic Objective # 2

Successful implementation/completion of the Pension Administration System (PAS)

Strategic Plan Objective #2, Deliverables

1. Strive to unlock the full value inherent in the PAS for both internal and external constituents
 - ✓ Consider mid-career retirement seminars
 - StanCERA to conduct its first mid-career retirement seminar in early 2022
2. Rebrand and market StanCERA
 - ✓ Revamp all forms, documents and templates using StanCERA's new logo
 - Complete
 - ✓ Replace all items/documents using StanCERA's old mission and vision statements with new statements
 - Complete
 - ✓ Resume all quarterly newsletter publication
 - StanCERA completed and mailed its first issue after resumption. Staff will most likely revert to an annual or semi-annual newsletter, in light of the implementation of our member web portal (portal and website can be used as an effective communication tool)
 - ✓ Consider modern, aesthetic changes to StanCERA's office
 - Architectural design complete. Project currently out to bid.

Strategic Objective # 3

Development and implementation of a formalized succession plan for StanCERA

Strategic Plan Objective #3 Deliverables

1. Foster and promote a professional organization and strong leadership team. Create a Committee comprised of at least 2 trustees, the Fiscal and Member & Employer Services Managers and the Executive Director. This committee will:
 - ✓ research and recommend strategies on the type of Organization StanCERA wishes to become as it grows over the next several years
 - SPOT Committee formed (Strategic Planning and Organizational Transition).
 - Committee made recommendations to the Board of Retirement. Organizational Transition related to the new Org structure currently under review by County

- ✓ be tasked with building a leadership program that will foster StanCERA's leadership qualities in staff who may choose to become future leaders
 - Staff plans on writing up a formal analysis of this issue and present it to the SPOT Committee when it meets to discuss the outcome of the Organizational Transition currently under review by the County

Strategic Objective #4

Development of a formalized Operational Risk Management Plan

Strategic Plan Objective #4 Deliverables

1. Identify the risks within the organization and determine the type of risk, the level of the risk, cause of the risk, effect of the risk and the controls in place regarding the risk
 - Q1 & Q2 update: StanCERA has completed a high-level assessment identifying operational areas which are exposed to varying levels of risk, including external risk. Information technology is a focus as the new pension administration system went live in September 2020. As work has begun on the member web portal, StanCERA quickly identified that there will be an increase in external users to view selected pension information. With this expanded audience, StanCERA has engaged information technology consultants to perform a cyber-assessment of its current IT structure with the future in mind. This assessment is underway. Once completed, StanCERA will review the report and provide recommendations based on the findings. In the coming months, the additional areas will begin assessment with staff interviews to establish a baseline of processes; the goal is to complete this process by September 30, 2021
 - Q3 update: As a continuation from the prior quarter, StanCERA's cyber assessment is near completion. The assessment conducted has included review of the technology and safeguards in place, including but not limited to: StanCERA's website, pension administration software infrastructure and security, as well as the County's. Additionally, as a result of the initial assessment Staff has begun to compile and assess processes in the following categories: benefits, investments, finance, governance, external relations, human resources, legal and executive. The purpose is to identify risks, develop or enhance controls as well as provide a recovery plan in the event an adverse event takes place. Target completion for this assessment is December 15, 2021.
2. Communicate and inform StanCERA staff of their risk responsibilities and any controls that are associated with their activities - *Upon completion of the processes' assessment a review with staff will be completed to ensure understanding of the risks and mitigation strategies that are in place. This will be completed by year's end.*

*Strategic Objective # 5***Process documentation and standardization of the Investment Governance Process**

Strategic Plan Objective #5 Deliverables

1. Create an investment governance process manual. Tasks with high operational importance and greater frequency will take priority and will be completed during 2021 with the remainder being completed in 2022
 - ✓ Processes to be documented in 2021
 - Capital calls – Complete
 - Trade order and web cash approvals - Complete
 - Trade order and web cash initiations - Complete
 - Portfolio target monitoring – Complete
 - Alternative manager database upload
 - Alternative manager reporting process
 - Fund performance, ending balance, and benchmark returns database upload – Complete
 - Fund cash balance database upload – Complete
 - Manager fee database entry – In process
 - Custody fee database upload – In process
 - Liquidity sub-portfolio: cash shortfall forecasting – In process
 - Liquidity sub-portfolio: reconciliation and reporting – In process



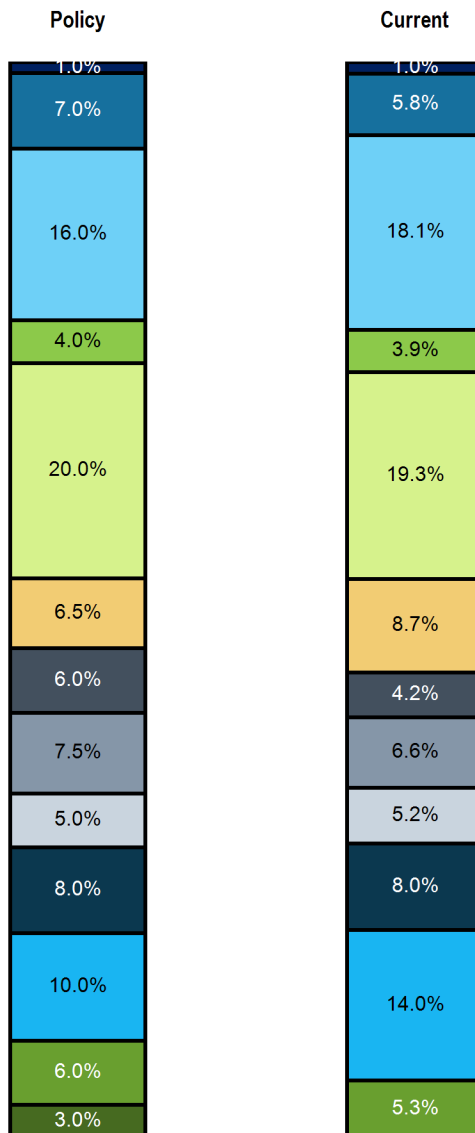
MONTHLY PERFORMANCE REPORT

STANISLAUS COUNTY ERA

SEPTEMBER 30, 2021

Stanislaus County ERA

TOTAL FUND ASSET ALLOCATION VS. POLICY



Asset Allocation vs. Target						
	Current	Policy	Current	Policy Range	Within Range	
Cash	\$27,393,032	1.0%	1.0%	0.0% - 4.0%	Yes	
Cashflow-Matched Bonds	\$155,480,239	7.0%	5.8%	4.0% - 10.0%	Yes	
US Large Equity	\$486,976,146	16.0%	18.1%	12.0% - 20.0%	Yes	
US Small Equity	\$106,450,022	4.0%	3.9%	0.0% - 7.0%	Yes	
International Equity	\$519,806,118	20.0%	19.3%	14.0% - 26.0%	Yes	
Core Real Estate	\$233,928,573	6.5%	8.7%	0.0% - 10.0%	Yes	
Value-Add Real Estate	\$112,261,914	6.0%	4.2%	0.0% - 10.0%	Yes	
Infrastructure	\$177,164,590	7.5%	6.6%	0.0% - 12.0%	Yes	
Private Equity	\$139,927,232	5.0%	5.2%	0.0% - 8.0%	Yes	
Private Credit	\$216,968,507	8.0%	8.0%	0.0% - 10.0%	Yes	
Risk Parity	\$377,678,319	10.0%	14.0%	6.0% - 14.0%	Yes	
US Treasury Bonds	\$142,169,311	6.0%	5.3%	4.0% - 8.0%	Yes	
Liquid Absolute Return	--	3.0%	--	0.0% - 5.0%	Yes	
Total	\$2,696,204,005	100.0%	100.0%			

- The Private Equity allocation includes the Private Equity Proxy account value.



Stanislaus County ERA

TOTAL FUND NET PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	2,696,204,005	100.0	-2.2	0.0	9.3	20.3	9.5	9.6	9.8	9.1	Jan-95
Policy Index			-2.1	-0.5	7.1	17.2	9.3	9.2	9.5	8.3	Jan-95
Allocation Index			-2.3	-0.2	--	--	--	--	--	--	Jan-95
Liquidity Sub-Portfolio	182,873,272	6.8	-0.2	0.0	0.4	1.0	5.1	3.2	--	--	Apr-11
StanCERA Liquidity Blended BM			-0.5	0.1	-0.4	1.0	5.0	3.1	2.1	2.1	Apr-11
Cash	27,393,032	1.0	0.1	0.3	2.7	3.1	2.0	1.7	--	--	Apr-11
FTSE T-Bill 1 Month TR			0.0	0.0	0.0	0.0	1.1	1.1	0.6	0.5	Apr-11
Cashflow-Matched Bonds	155,480,239	5.8	-0.3	0.0	-0.2	0.4	5.2	--	--	3.8	Jun-17
Bloomberg US Govt/Credit Int TR			-0.6	0.0	-0.9	-0.4	4.6	2.6	2.5	3.2	Jun-17
Insight	155,480,239	5.8	-0.3	0.0	-0.2	0.4	5.2	--	--	3.8	Jun-17
Bloomberg US Govt/Credit Int TR			-0.6	0.0	-0.9	-0.4	4.6	2.6	2.5	3.2	Jun-17
Growth Sub-Portfolio	1,993,483,103	73.9	-2.2	-0.1	12.7	27.0	11.0	11.7	12.5	8.7	Dec-03
StanCERA Growth Blended BM			-2.8	-1.0	8.9	22.0	10.5	11.1	--	--	Dec-03
US Equities	593,426,168	22.0	-4.1	-0.1	17.8	37.8	14.6	15.9	16.1	10.5	Dec-03
Russell 3000			-4.5	-0.1	15.0	31.9	16.0	16.9	16.6	10.3	Dec-03
US Large Equity	486,976,146	18.1	-4.6	0.1	16.9	33.7	16.6	17.5	17.1	13.2	Dec-94
Russell 1000			-4.6	0.2	15.2	31.0	16.4	17.1	16.8	11.0	Dec-94
BlackRock Russell 1000 Growth	253,660,160	9.4	-5.6	1.1	14.3	27.3	22.0	22.8	19.7	18.4	Jul-10
Russell 1000 Growth			-5.6	1.2	14.3	27.3	22.0	22.8	19.7	18.4	Jul-10
BlackRock Russell 1000 Value	109,702,987	4.1	-3.5	-0.8	16.1	35.0	10.2	11.0	13.6	12.5	Jul-09
Russell 1000 Value			-3.5	-0.8	16.1	35.0	10.1	10.9	13.5	12.4	Jul-09
Dodge & Cox-Equity	123,612,999	4.6	-3.5	-1.2	24.2	49.0	12.1	14.4	15.9	12.3	Dec-94
Russell 1000 Value			-3.5	-0.8	16.1	35.0	10.1	10.9	13.5	10.1	Dec-94
US Small Equity	106,450,022	3.9	-1.8	-1.2	22.4	61.7	8.0	10.7	12.9	13.0	Dec-08
Russell 2000			-2.9	-4.4	12.4	47.7	10.5	13.4	14.6	13.9	Dec-08
Attucks Small Cap	106,450,022	3.9	-1.8	-1.2	22.4	61.7	8.0	11.5	13.6	13.2	Dec-08
Russell 2000 Value			-2.0	-3.0	22.9	63.9	8.6	11.0	13.2	12.0	Dec-08

- Cash Composite includes the Transition Account Value.



Stanislaus County ERA

TOTAL FUND NET PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity	519,806,118	19.3	-2.4	-2.1	8.7	29.0	8.1	9.2	8.2	6.9	Sep-04
MSCI ACWI ex USA			-3.2	-3.0	5.9	23.9	8.0	8.9	7.5	6.5	Sep-04
LSV Int'l Large Cap Value	260,926,026	9.7	-1.7	-1.5	11.2	32.3	5.7	8.0	7.4	6.4	Sep-04
MSCI ACWI ex USA Value			-2.0	-2.3	9.1	31.4	3.8	6.4	5.5	5.3	Sep-04
Fidelity Int'l Growth	258,880,092	9.6	-3.0	-2.6	6.4	26.1	10.5	10.3	8.8	5.1	Apr-06
MSCI ACWI ex USA Growth			-4.3	-3.6	2.7	17.0	11.9	11.2	9.3	5.4	Apr-06
Core Real Estate	233,928,573	8.7	-1.1	2.1	10.5	13.7	5.9	5.1	6.1	2.8	Mar-08
NCREIF Property Index			0.0	0.0	5.4	6.6	4.9	5.8	8.4	5.9	Mar-08
Prime Property Fund	66,157,371	2.5	5.8	5.8	10.8	12.5	6.7	7.5	--	7.9	Sep-15
NCREIF ODCE			6.6	6.6	13.1	14.6	7.1	7.5	9.9	7.9	Sep-15
BlackRock Real Estate Securities	105,789,939	3.9	-5.5	1.2	24.4	40.3	8.2	5.6	--	8.3	Sep-12
DJ US Select RESI TR USD			-5.5	1.3	24.5	40.6	8.3	5.7	10.5	8.4	Sep-12
PGIM Real Estate US Debt Fund	61,981,263	2.3	0.0	0.0	2.8	4.1	5.0	--	--	4.8	Sep-18
Bloomberg US CMBS Investment Grade			-0.8	0.0	-0.2	1.0	5.7	3.4	4.2	5.4	Sep-18
Value-Add Real Estate	112,261,914	4.2	0.0	0.0	9.3	12.3	10.6	11.3	--	10.9	Jul-14
NCREIF Property Index +2%			0.2	0.5	6.9	8.7	7.0	7.9	10.6	9.7	Jul-14
American Strategic Value Realty	74,082,262	2.7	0.0	0.0	6.8	7.9	6.5	8.1	--	9.9	Dec-14
NCREIF Property Index			0.0	0.0	5.4	6.6	4.9	5.8	8.4	7.1	Dec-14
Greenfield Acquisition Partners VII	7,213,595	0.3	0.0	0.0	-2.8	7.5	9.1	11.0	--	10.6	Jul-14
NCREIF-ODCE +1%			6.7	6.9	13.9	15.7	8.1	8.6	11.0	10.2	Jul-14
Greenfield Acquisition Partners VIII	30,966,057	1.1	0.0	0.0	19.6	25.3	21.5	--	--	24.8	Apr-18
NCREIF-ODCE +1%			6.7	6.9	13.9	15.7	8.1	8.6	11.0	8.3	Apr-18
Infrastructure	177,164,590	6.6	0.0	2.1	4.2	5.8	7.4	9.7	--	6.6	May-15
CPI + 5% (Unadjusted)			0.0	1.5	8.5	9.9	7.7	7.6	6.9	7.3	May-15
MS Infrastructure Partners II	28,130,123	1.0	0.0	0.0	2.6	4.2	6.9	9.4	--	6.3	May-15
CPI + 5% (Unadjusted)			0.0	1.5	8.5	9.9	7.7	7.6	6.9	7.3	May-15
Northern Trust Infrastructure Fund	149,034,467	5.5	0.0	2.5	--	--	--	--	--	2.5	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			0.0	2.7	8.6	15.7	9.8	7.2	--	2.7	Jul-21



Stanislaus County ERA

TOTAL FUND NET PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	139,927,232	5.2	-3.5	0.0	16.1	32.8	--	--	--	21.6	Dec-18
Russell 3000 + 3%			-4.2	0.6	17.5	35.7	19.4	20.3	20.1	22.9	Dec-18
Private Equity	35,088,148	1.3	0.0	0.0	26.0	33.3	--	--	--	26.4	Apr-20
Russell 3000 + 3%			-4.2	0.6	17.5	35.7	19.4	20.3	20.1	49.9	Apr-20
Private Equity Proxy	104,839,084	3.9	-4.5	-0.1	15.0	31.9	18.0	18.0	17.1	10.7	Nov-03
Russell 3000			-4.5	-0.1	15.0	31.9	16.0	16.9	16.6	10.5	Nov-03
Private Credit	216,968,507	8.0	0.0	0.5	7.0	7.2	-0.8	0.4	--	2.3	May-13
S&P/LSTA Leveraged Loan Index +2%			0.8	1.6	6.0	10.6	6.2	6.7	7.0	6.1	May-13
Private Credit	93,076,153	3.5	0.0	0.0	7.0	7.1	-0.8	0.4	--	2.3	May-13
S&P/LSTA Leveraged Loan Index +2%			0.8	1.6	6.0	10.6	6.2	6.7	7.0	6.1	May-13
Private Credit Proxy	123,892,354	4.6	0.0	0.9	--	--	--	--	--	0.9	Jul-21
ICE BofA US HY Master II Constnd TR			0.0	0.9	4.7	11.5	6.6	6.3	7.3	0.9	Jul-21
Blackrock High Yield Fund	123,892,354	4.6	0.0	0.9	--	--	--	--	--	0.9	Jul-21
Bloomberg US High Yield TR			0.0	0.9	4.5	11.3	6.9	6.5	7.4	0.9	Jul-21
Risk-Diversifying Sub-Portfolio	519,847,630	19.3	-2.9	0.1	3.0	3.0	5.0	3.4	3.9	4.8	Nov-03
StanCERA Risk-Diversifying Blended BM			-0.5	0.1	-0.9	-1.1	3.8	2.1	1.9	--	Nov-03
Risk Parity	377,678,319	14.0	-3.5	0.2	6.1	15.1	10.3	--	--	7.8	Nov-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.2	-1.0	4.9	15.5	9.5	8.8	8.0	8.1	Nov-17
AQR Global Risk Premium - EL	185,959,497	6.9	-3.3	0.3	7.0	14.8	8.9	--	--	8.2	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.2	-1.0	4.9	15.5	9.5	8.8	8.0	8.5	Apr-18
PanAgora Risk Parity Multi Asset	191,718,822	7.1	-3.6	0.0	5.3	15.3	11.8	--	--	8.4	Nov-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.2	-1.0	4.9	15.5	9.5	8.8	8.0	8.1	Nov-17
US Treasury Bonds	142,169,311	5.3	-1.3	0.1	-3.1	-4.1	5.2	3.4	3.9	4.8	Nov-03
Bloomberg US Treasury 7-10 Yr TR			-1.6	0.0	-3.4	-4.7	6.1	2.4	2.8	--	Nov-03
Northern Trust Intermediate Gov't Bond	97,860,233	3.6	-0.6	0.0	-1.2	-1.4	4.0	--	--	2.5	Jul-17
Bloomberg US Govt Int TR			-0.6	0.0	-1.1	-1.3	4.0	2.0	1.8	2.6	Jul-17
Northern Trust Long Term Gov't Bond	44,309,077	1.6	-2.8	0.4	-7.4	-10.2	9.1	--	--	5.9	Jul-17
Bloomberg US Govt Long TR			-2.9	0.5	-7.4	-10.1	9.2	3.3	4.4	5.9	Jul-17
Liquid Absolute Return											



Stanislaus County ERA NOTES

- All performance is shown net of investment management fees.

- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC. Policy Index History:

- Policy Index makeup history:

- **Inception - 6/30/2017:** 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4% Russell 2000 Value, 3.7% Russell 2000 Growth, 18% MSCI ACWI ex USA Gross, 29.8% Bloomberg US Aggregate TR, 3.5% DJ US Select RESI TR USD, 7.5% 9% Annual, 3% CPI + 4%
- **7/1/2017 - 8/31/2018:** 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex USA Gross, 19% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3% Bloomberg US Treasury 7-10 Yr TR, 7.7% NCREIF Property Index, 1.7% NCREIF Property Index +2%, 0.6% CPI + 5%, 5% Bloomberg US High Yield + 2%, 14% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
- **9/1/2018 - 5/30/2019:** 10% Russell 1000, 3% Russell 2000, 6% Russell 3000 +3%, 27% MSCI ACWI ex USA Gross, 20% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3% Bloomberg US Treasury 7-10 Yr TR, 5% NCREIF Property Index, 5% NCREIF Property Index +2%, 1% CPI + 5%, 6% S&P/LSTA Leveraged Loan Index+2%, 13% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
- **6/1/2019 - 6/30/2020:** 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate
- **7/1/2020 - 12/31/2020:** 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 11%Bloomberg US Intermediate.
- **1/1/2021 - 06/30/2021:** 16% Russell 1000, 3.5% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 5% Bloomberg US Treasury 7-10 Yr, 6% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 4.5% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 7% Bloomberg US Intermediate.
- **07/01/2021 - Present:** 16% Russell 1000, 4% Russell 2000, 5% Russell 3000 + 3%, 20% MSCI ACWI ex USA Gross, 6.5% NCREIF Property Index, 6% NCREIF Property Index + 2%, 7.5% CPI + 5% (Unadjusted), 8% S&P/LSTA Leveraged Loan Index +2%, 6% Bloomberg US Treasury 7-10 Yr TR, 10% 60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg, 3% 30 Day T-Bill + 4%, 1% FTSE T-Bill 1 Month TR, 7% Bloomberg US Govt/Credit Int TR.

- Starting July 1, 2020, the small Capital Prospects transition cash balance is moved from the Cash composite to the Capital Prospects account. Historical performance for Capital Prospects, USSmall, US Equities, Growth Sub-Portfolio, Cash, and Liquidity Sub-Portfolio prior to July 1, 2020 reflects performance of these composites before this change.

- Private Equity investments are valued one quarter lagged and adjusted for capital calls and distributions between quarter-end months.

- Value-Add Real Estate managers are valued quarterly adjusted for current cash flows.



DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

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Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv





PROPRIETARY & CONFIDENTIAL

October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: AB2833 Auxiliary Report
- II. ITEM NUMBER: 9.a.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

Attachment 1 contains information regarding StanCERA's alternative type investments. In StanCERA's context, "alternative" type investments are defined as the private equity, private credit, infrastructure and private real estate asset classes. This information is required to be published at least annually and is a result of Assembly Bill 2833 that went into effect January 1, 2017. The bill requires various information mostly related to performance, cash flows and their classification. Internal staff has been producing most of this information since October of 2014 and enhance and update the report periodically to response to changing investment program and reporting requirements.

The report presents information about individual funds including general fund information, performance measures, fund balance reconciliation, performance decomposition, and fund expense information. A visual exhibit is also provided for each fund that describes the changes in the investment's fund value over the past 8 periods. With this information, one can quickly see recent trends in the general partner's performance and its attribution.

In addition, the report presents performance and expense information for funds grouped by asset class. Provided in this report are the real estate, private credit and alternative type program grouping. The alternative type program includes the private credit, private equity, infrastructure, and private real estate asset classes.

This report is as of June 30, 2021, which is the most recent quarter with complete data on the alternative type managers. The aggregate performance since inception is reported by asset class. The private credit group returned 2.34% and the real estate group returned 9.10% as of June 30, 2021. The performance of the alternative type managers continued to increase modestly versus the prior quarter. The private credit group performance increased from 2.17% last quarter to 2.34% this quarter while the real estate group performance increased from 8.52% to 9.10%. A couple private equity funds are included in this report to provide a review of their early investment activities. Given these private equity funds are just beginning to invest, the performance numbers are volatile and not a lot of conclusions can be made at this early stage.

Below are the metrics and their definitions used in the report:

- Performance measures
 - **Net internal rate of return (IRR)** – The return on the investment since inception after fees. This measure includes all cash flows into and out of the investment, their timing and the ending fund value as of the measurement date. This measure is generally the most accurate, however, is highly dependent on the ending fund value as approximated by the general partner.
 - **Realization multiple or distributions to paid-in-capital (DPI)** – This is a measure of the cash received by StanCERA relative to cash contributed. For instance, if this measure is \$0.75, then for every dollar StanCERA has contributed, it has received back 75 cents.
 - **Residual value to paid-in-capital multiple (RVPI)** – This is a measure of the current fund value relative to cash contributed. For instance, if this measure is \$0.50, then for every dollar StanCERA has contributed, it holds an investment dollar valued at 50 cents. Like IRR, this measure is highly dependent on the ending fund value approximated by the general partner.
 - **Investment multiple or total value to paid-in-capital (TVPI)** – This measure is simply the sum of the DPI and RVPI and is a widely quoted number in the investment world in a general sense.
- Return decomposition – The return decomposition allows the investor to see the decomposition of the net internal rate of return from the following sources:
 - **Return from income and cash flow** – Generally, this is the return from interest, principal maturation and the timing of the cash flows from the investment. If this number is relatively high, then it can be said that the general partner is generating a good portion of its returns from income and the timely return of contributions to the investor
 - **Return from expenses** – This is the drag on return from expenses incurred by the fund. If this number is relatively high, then the return on investment is lower because of the high expense ratio
 - **Return from gain/loss** – This is the return due to gains and losses on the actual investments since purchase. This number is the sum of both realized and unrealized gains and losses. If this number is relatively high, then it can be considered that the general partner has made good investment choices
 - **Interaction effect** – This is the return due to the interaction between all of the sources mentioned above. In other words, the return from the other sources are not completely independent of one another
- Expense matrix – This is simply all the expenses/fees broken out by all sources reported to StanCERA by the general partner

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Real Estate Program Performance

Analysis Date:	6/30/2021	Expense Matrix Since Inception		
Program Name:	Real Estate	<u>Expense Type</u>	<u>Expense</u>	<u>% of Total</u>
Program Inception Date:	7/8/2014	Management Fee	\$13,962,136	66.5%
Total Commitment:	\$267,000,000	Partnership Operations	\$525,460	2.5%
Unfunded Commitment as of Analysis Date:	\$29,092,725	Organizational Expense	\$52,991	0.3%
% Funded as of Analysis Date:	89.10%	Incentive Allocation	\$5,067,389	24.1%
Program Fund Balance:	\$274,554,288	Offering Costs	\$54	0.0%
		Service Fee	\$0	0.0%
		Syndication Costs	\$65,354	0.3%
		Professional Fee	\$121,361	0.6%
		Other Expense	\$0	0.0%
		Management Fee Reimbursement	\$0	-
		General/Administrative Expense	\$209,605	1.0%
		Broken Deal Expense	\$267,706	1.3%
		Interest Expense	\$660,232	3.1%
		Custody Fee	\$69,514	0.3%
		Dividend Expense	\$0	0.0%
		Performance Fee	\$0	0.0%
		Total	\$21,001,802	100.0%
Performance Measures				
Net IRR Since Inception:	9.10%			
Realization Multiple (DPI):	\$0.25			
Residual Value to Paid in Multiple (RVPI):	\$0.95			
Investment Multiple (TVPI):	\$1.20			
Net IRR Decomposition				
Return from Income & Cash Flow:	4.57%			
Return from Expenses:	-2.58%			
Return from Gain/Loss:	6.61%			
Interaction Effect:	0.50%			
Net IRR Since Inception:	9.10%			

Private Credit Program Performance

Analysis Date:	6/30/2021	Expense Matrix Since Inception		
Program Name:	Private Credit	<u>Expense Type</u>	<u>Expense</u>	<u>% of Total</u>
Program Inception Date:	5/16/2013	Management Fee	\$15,658,309	66.2%
Total Commitment:	\$169,999,999	Partnership Operations	\$1,476,667	7.0%
Unfunded Commitment as of Analysis Date:	\$15,485,659	Organizational Expense	\$174,441	0.8%
% Funded as of Analysis Date:	90.89%	Incentive Allocation	-\$1	0.0%
Program Fund Balance:	\$93,091,780	Offering Costs	\$0	0.0%
		Service Fee	\$339,601	1.6%
		Syndication Costs	\$0	0.0%
		Professional Fee	\$3,637,817	17.1%
		Other Expense	\$226,683	1.1%
		Management Fee Reimbursement	-\$1,611,862	-
		General/Administrative Expense	\$496,487	2.3%
		Broken Deal Expense	\$0	0.0%
		Interest Expense	\$765,234	3.6%
		Custody Fee	\$67,201	0.3%
		Dividend Expense	\$0	0.0%
		Performance Fee	\$0	0.0%
		Total	\$21,230,577	100.0%
Performance Measures				
Net IRR Since Inception:	2.34%			
Realization Multiple (DPI):	\$0.55			
Residual Value to Paid in Multiple (RVPI):	\$0.45			
Investment Multiple (TVPI):	\$1.00			
Net IRR Decomposition				
Return from Income & Cash Flow:	7.37%			
Return from Expenses:	-2.26%			
Return from Gain/Loss:	-2.36%			
Interaction Effect:	-0.41%			
Net IRR Since Inception:	2.34%			

Fund Information

Manager Name:	Morgan Stanley Prime Property Fund, L.L.C
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Core Real Estate
Fund Vintage Year:	1973
StanCERA Investment Start Date:	10/1/2015
Initial Commitment:	\$15,000,000
Additional Commitments:	\$35,000,000
Total Commitment Funded:	\$50,000,000
Total Commitment Unfunded:	\$0
Fund Balance:	\$62,515,507

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	5.93%
Investment Multiple (TVPI):	\$1.25
Realization Multiple (DPI):	\$0.00
Residual Value to Paid in Multiple (RVPI):	\$1.25
Paid in Capital Multiple (PIC):	100.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$50,000,000
Distributions	\$0
Expenses	-\$2,312,435
Income	\$7,927,776
Gain/(Loss)	<u>\$6,900,166</u>
Ending Fund Balance	\$62,515,507

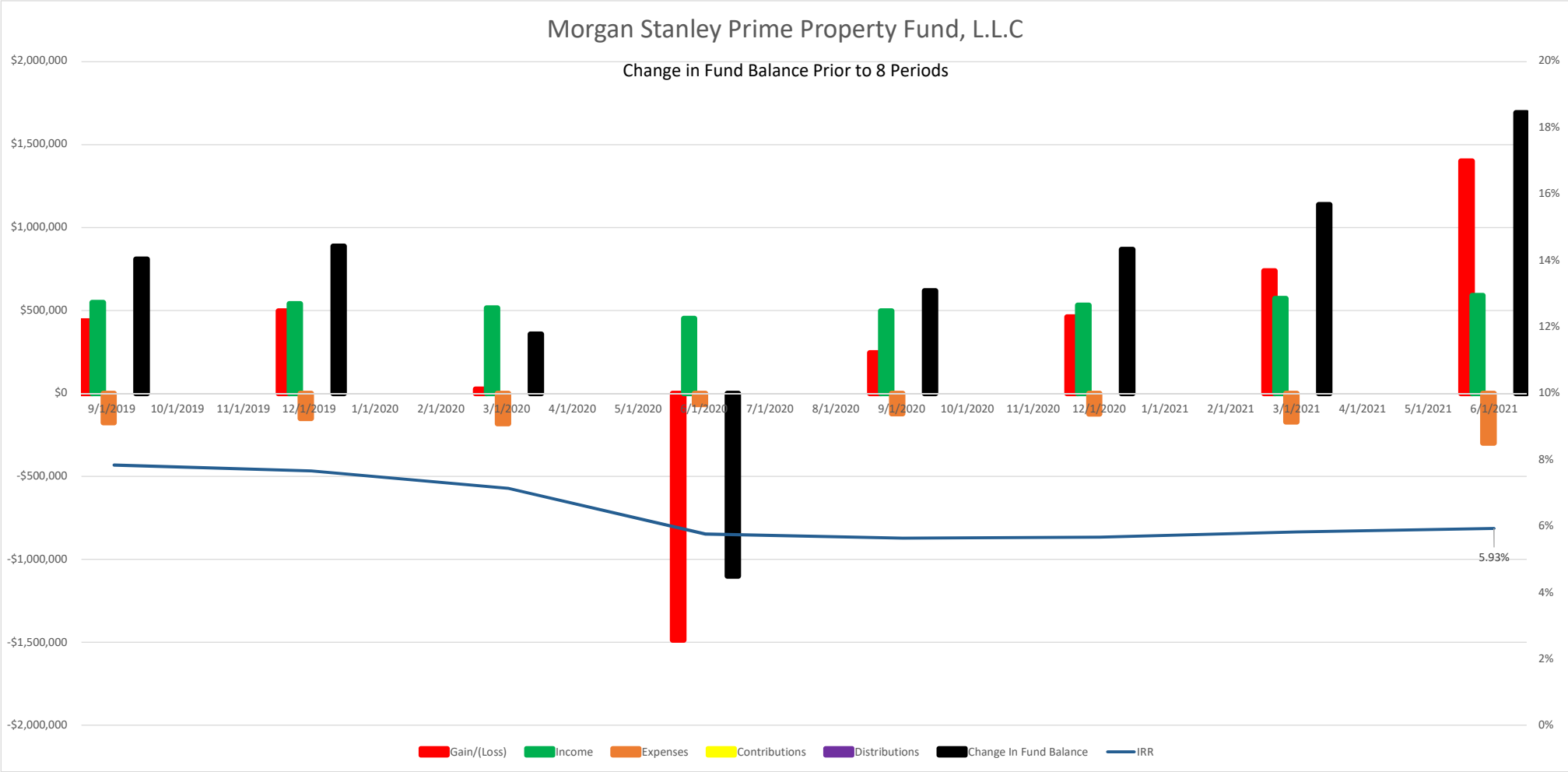
Internal Rate of Return Decomposition

Return from Income and Cash Flow	3.78%
Return from Expenses	-1.03%
Return from Gain/Loss	3.30%
Interaction/Timing Effect:	<u>-0.11%</u>
Net IRR Since Inception:	5.93%

Expense Matrix

Management Fee	\$1,768,157
Incentive Allocation	<u>\$544,277</u>
Total	\$2,312,435

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	American Realty Advisors Fund
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Value Added Real Estate
Fund Vintage Year:	2009
StanCERA Investment Start Date:	12/15/2014
Initial Commitment:	\$30,000,000
Additional Commitments:	\$28,000,000
Total Commitment Funded:	\$58,000,000
Total Commitment Unfunded:	\$0
Fund Balance:	\$74,082,261

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	8.52%
Investment Multiple (TVPI):	\$1.31
Realization Multiple (DPI):	\$0.04
Residual Value to Paid in Multiple (RVPI):	\$1.28
Paid in Capital Multiple (PIC):	100.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$58,000,000
Distributions	-\$2,031,680
Expenses	-\$2,822,165
Income	\$9,864,645
Gain/(Loss)	<u>\$11,071,462</u>
Ending Fund Balance	\$74,082,261

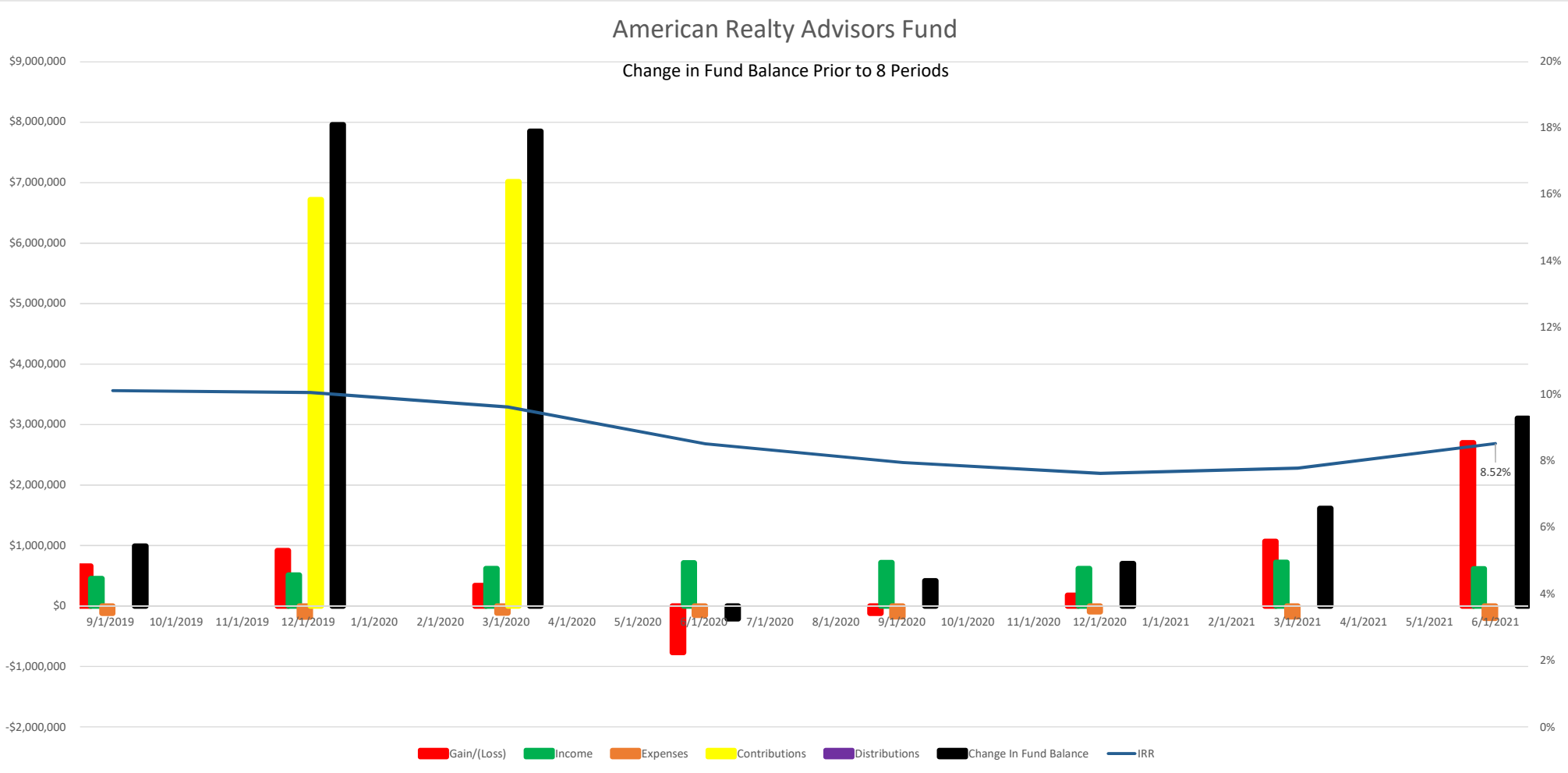
Internal Rate of Return Decomposition

Return from Income and Cash Flow	4.92%
Return from Expenses	-1.14%
Return from Gain/Loss	4.93%
Interaction/Timing Effect:	<u>-0.19%</u>
Net IRR Since Inception:	8.52%

Expense Matrix

Management Fee	\$2,710,236
Incentive Allocation	\$244,952
Offering Costs	\$54
General/Administrative Expense	<u>-\$133,077</u>
Total	\$2,822,165

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	PGIM Real Estate U.S. Debt Fund, L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Monthly
Latest Data Date:	6/30/2021
Manager Investment Style:	Real Estate Debt
Fund Vintage Year:	0
StanCERA Investment Start Date:	9/28/2018
Initial Commitment:	\$54,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$54,000,000
Total Commitment Unfunded:	\$0
Fund Balance:	\$61,981,263

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	5.37%
Investment Multiple (TVPI):	\$1.15
Realization Multiple (DPI):	\$0.00
Residual Value to Paid in Multiple (RVPI):	\$1.15
Paid in Capital Multiple (PIC):	100.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$54,000,000
Distributions	\$0
Expenses	-\$1,196,592
Income	\$9,676,572
Gain/(Loss)	<u>-\$498,718</u>
Ending Fund Balance	\$61,981,262

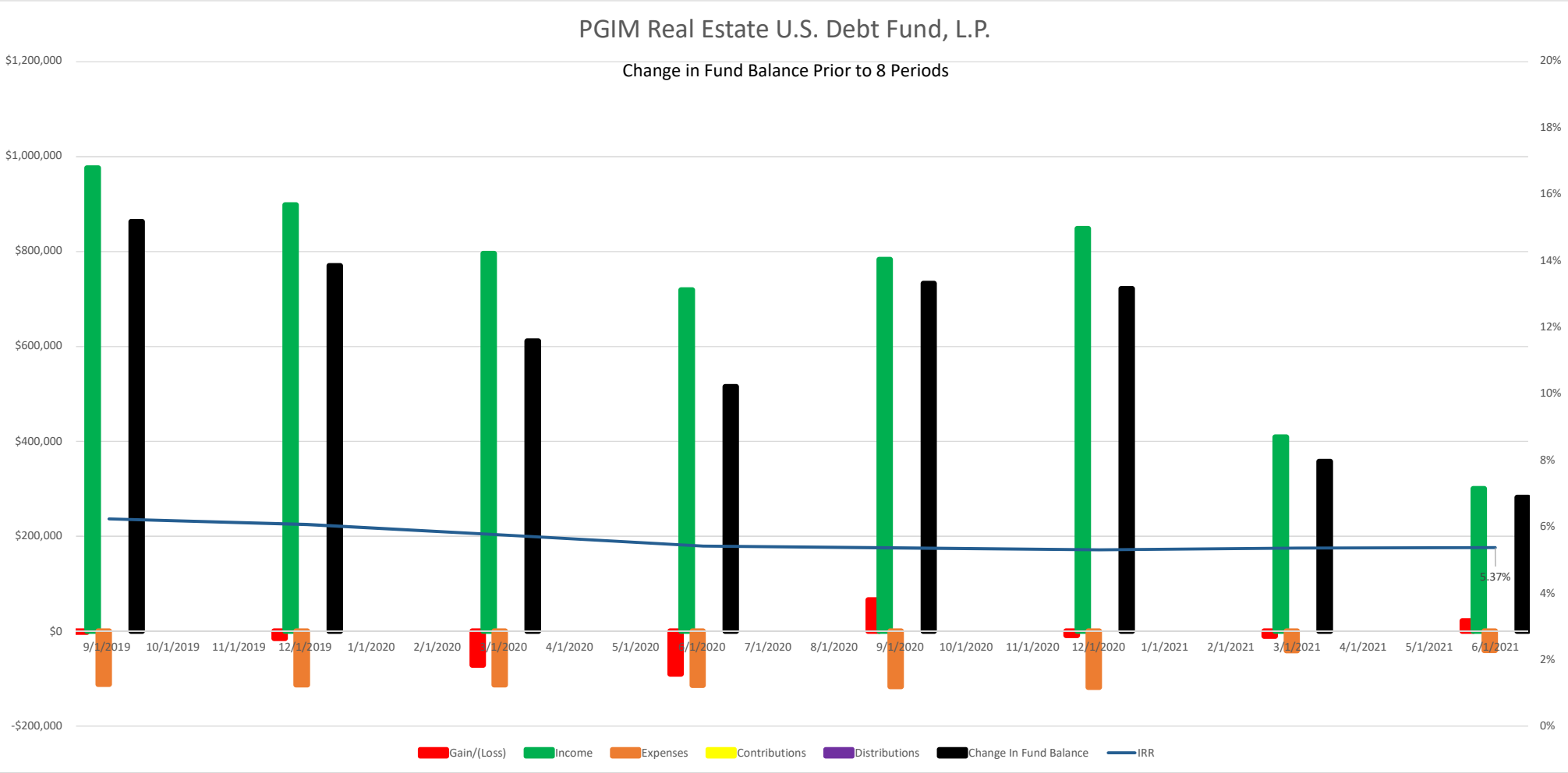
Internal Rate of Return Decomposition

Return from Income and Cash Flow	6.46%
Return from Expenses	-0.77%
Return from Gain/Loss	-0.32%
Interaction/Timing Effect:	<u>0.00%</u>
Net IRR Since Inception:	5.37%

Expense Matrix

Management Fee	\$1,196,592
Incentive Allocation	<u>\$0</u>
Total	\$1,196,592

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Fund Information

Manager Name:	Greenfield GAP VII Management Fund, L.L.C
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Value Added Real Estate
Fund Vintage Year:	2011
StanCERA Investment Start Date:	7/8/2014
Initial Commitment:	\$15,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$9,194,476
Total Commitment Unfunded:	\$5,805,524
Fund Balance:	\$7,605,804

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	13.24%
Investment Multiple (TVPI):	\$1.54
Realization Multiple (DPI):	\$1.12
Residual Value to Paid in Multiple (RVPI):	\$0.42
Paid in Capital Multiple (PIC):	61.3%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$18,013,692
Distributions	-\$20,152,914
Expenses	-\$3,151,253
Income	\$2,906,131
Gain/(Loss)	<u>\$9,990,150</u>
Ending Fund Balance	\$7,605,806

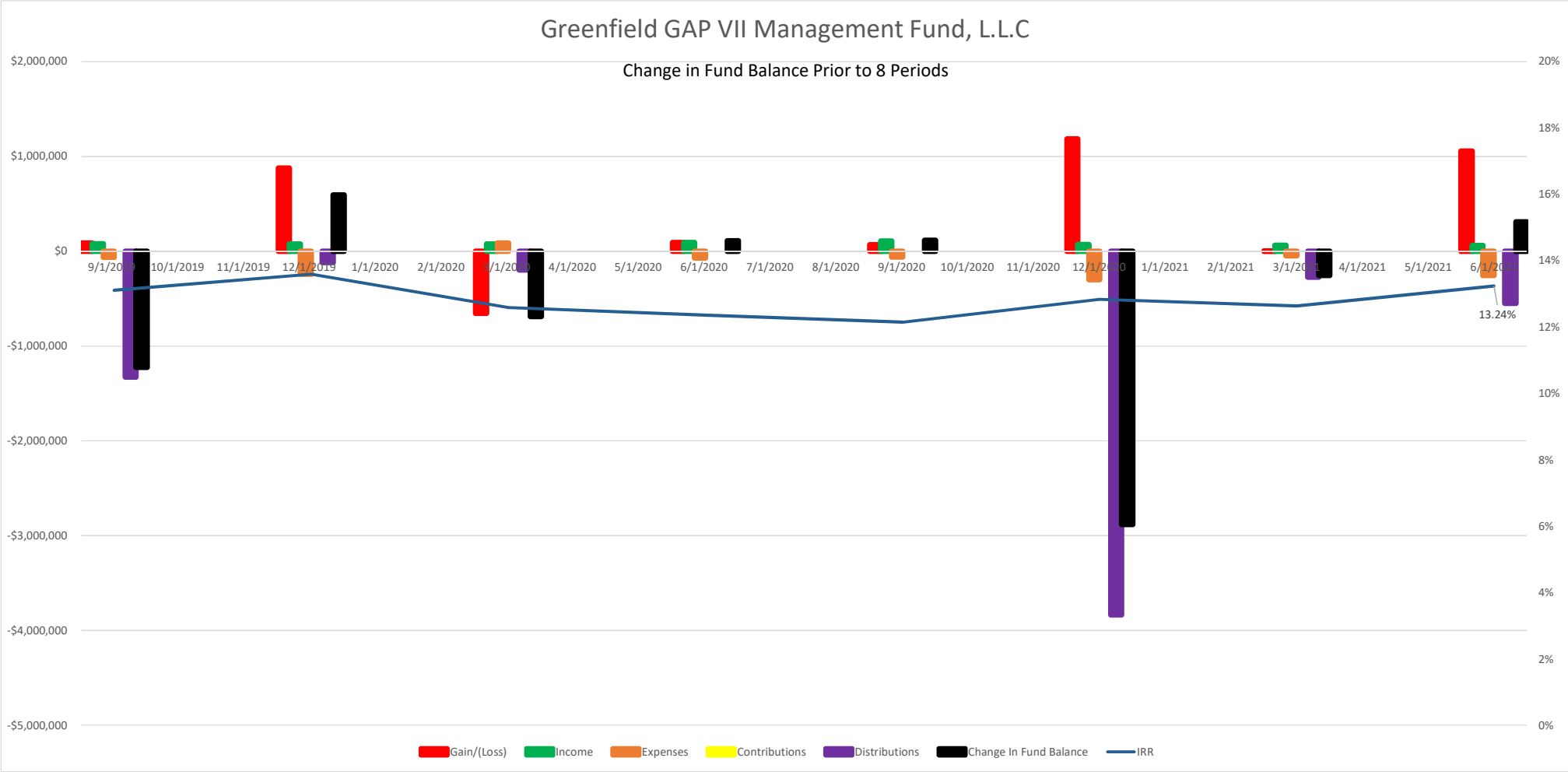
Internal Rate of Return Decomposition

Return from Income and Cash Flow	5.42%
Return from Expenses	-2.66%
Return from Gain/Loss	13.44%
Interaction/Timing Effect:	<u>-2.96%</u>
Net IRR Since Inception:	13.24%

Expense Matrix

Management Fee	\$1,637,727
Partnership Operations	\$147,032
Incentive Allocation	\$1,363,625
Interest Expense	<u>\$2,869</u>
Total	\$3,151,253

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Grandview Partners I, L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Value Added Real Estate
Fund Vintage Year:	2017
StanCERA Investment Start Date:	4/27/2018
Initial Commitment:	\$40,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$23,379,567
Total Commitment Unfunded:	\$16,620,433
Fund Balance:	\$30,966,057

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	27.23%
Investment Multiple (TVPI):	\$1.56
Realization Multiple (DPI):	\$0.45
Residual Value to Paid in Multiple (RVPI):	\$1.11
Paid in Capital Multiple (PIC):	58.4%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$27,870,207
Distributions	-\$12,458,979
Expenses	-\$6,149,873
Income	\$1,091,014
Gain/(Loss)	<u>\$20,613,688</u>
Ending Fund Balance	\$30,966,057

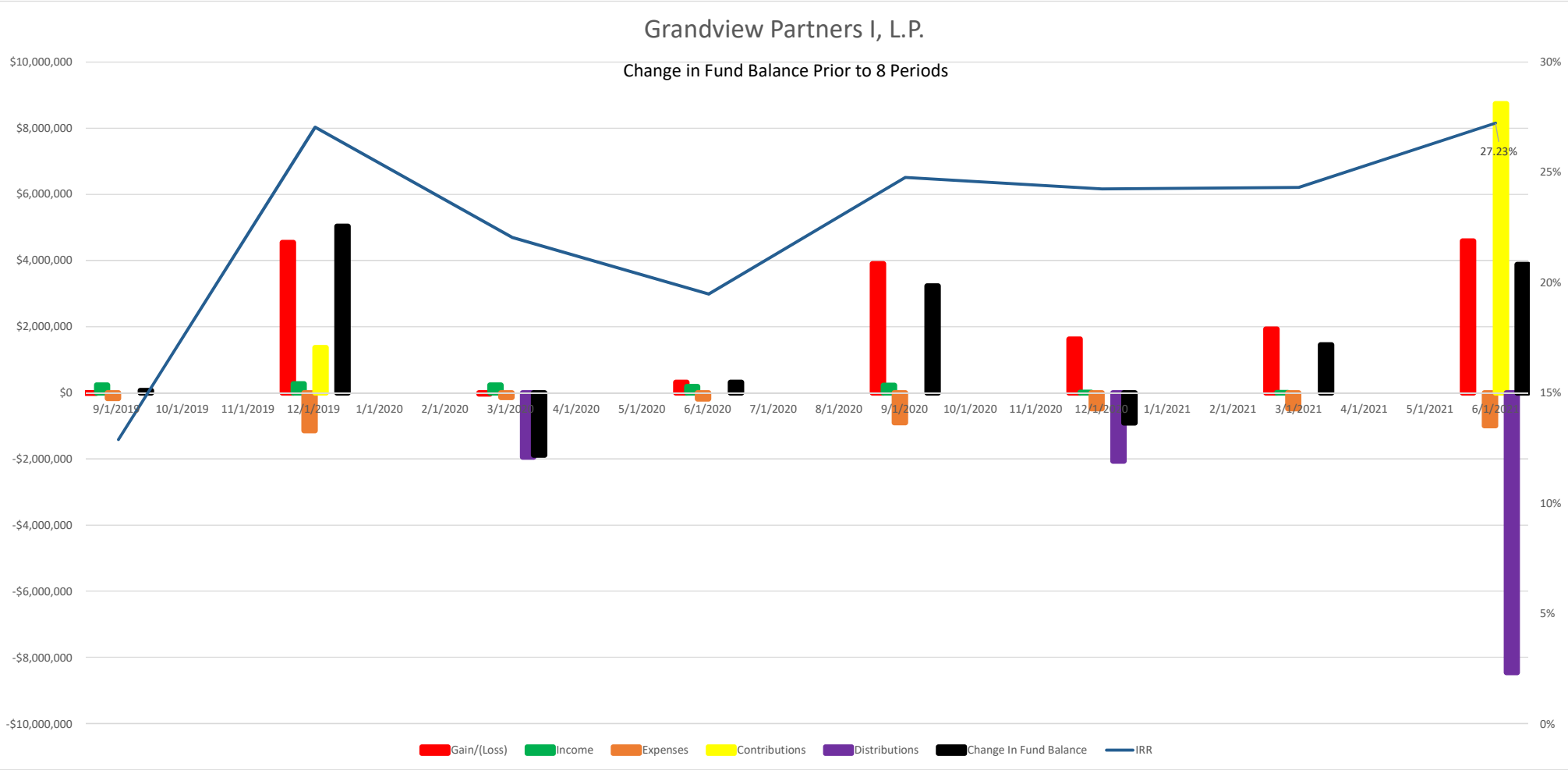
Internal Rate of Return Decomposition

Return from Income and Cash Flow	2.21%
Return from Expenses	-8.38%
Return from Gain/Loss	39.93%
Interaction/Timing Effect:	<u>-6.53%</u>
Net IRR Since Inception:	27.23%

Expense Matrix

Management Fee	\$2,436,192
Partnership Operations	\$340,791
Incentive Allocation	\$2,914,535
Professional Fee	\$20,386
Interest Expense	<u>\$437,969</u>
Total	\$6,149,873

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Fund Information

Manager Name:	North Haven Infrastructure II GP LP
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Infrastructure
Fund Vintage Year:	2015
StanCERA Investment Start Date:	5/19/2015
Initial Commitment:	\$50,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$43,333,232
Total Commitment Unfunded:	\$6,666,768
Fund Balance:	\$37,403,396

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	8.92%
Investment Multiple (TVPI):	\$1.23
Realization Multiple (DPI):	\$0.61
Residual Value to Paid in Multiple (RVPI):	\$0.62
Paid in Capital Multiple (PIC):	86.7%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$60,550,306
Distributions	-\$37,009,424
Expenses	-\$5,299,970
Income	\$5,035,069
Gain/(Loss)	<u>\$14,128,432</u>
Ending Fund Balance	\$37,404,413

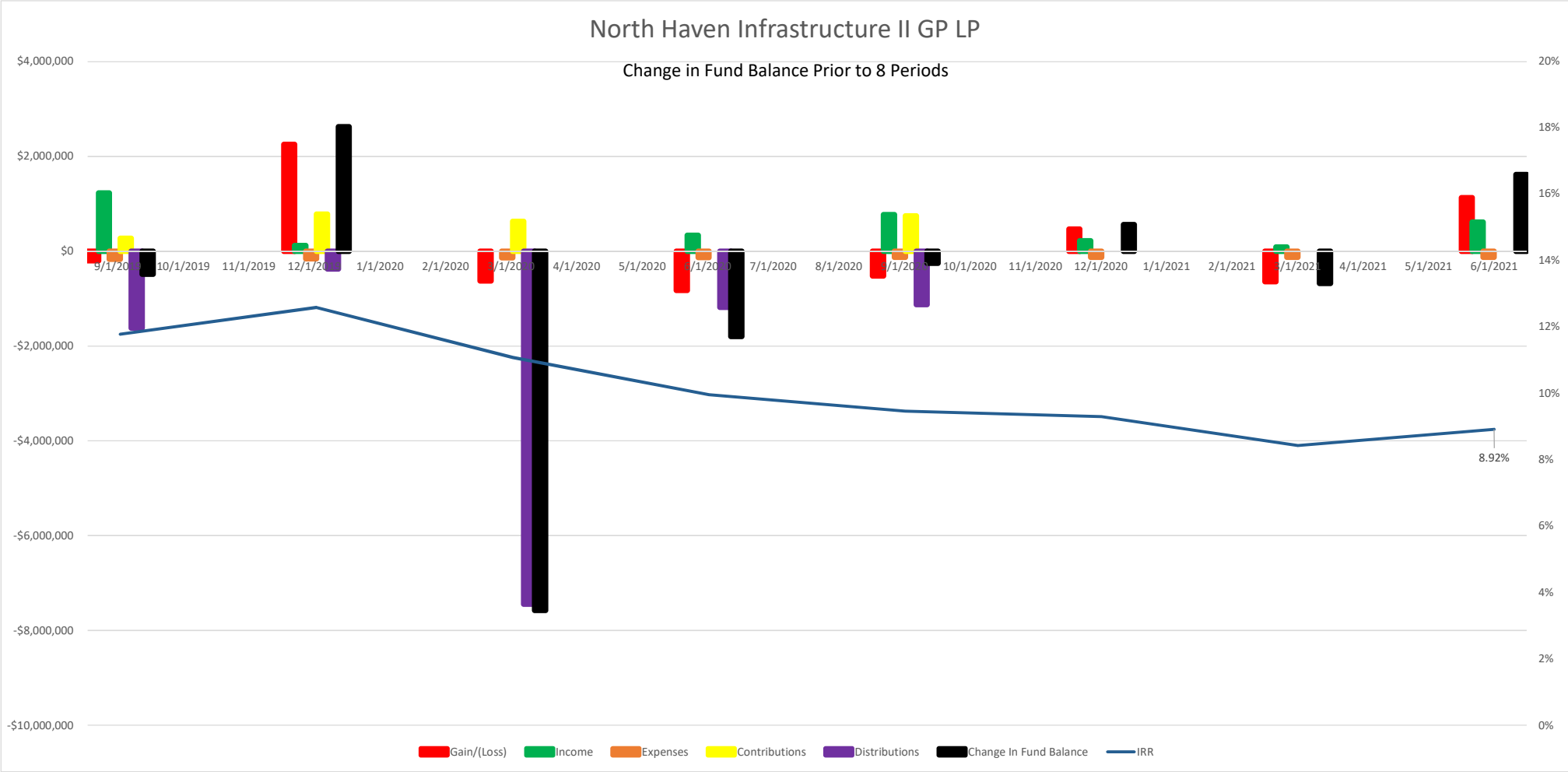
Internal Rate of Return Decomposition

Return from Income and Cash Flow	3.60%
Return from Expenses	-2.75%
Return from Gain/Loss	9.13%
Interaction/Timing Effect:	<u>-1.05%</u>
Net IRR Since Inception:	8.92%

Expense Matrix

Management Fee	\$4,213,231
Partnership Operations	\$37,637
Organizational Expense	\$52,991
Syndication Costs	\$65,354
Professional Fee	\$100,975
General/Administrative Expense	\$342,682
Broken Deal Expense	\$267,706
Interest Expense	\$219,394

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Medley Opportunity Fund II L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Credit
Fund Vintage Year:	2011
StanCERA Investment Start Date:	5/16/2013
Initial Commitment:	\$30,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$29,000,453
Total Commitment Unfunded:	\$999,547
Fund Balance:	\$6,137,957

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	-0.26%
Investment Multiple (TVPI):	\$1.08
Realization Multiple (DPI):	\$0.89
Residual Value to Paid in Multiple (RVPI):	\$0.20
Paid in Capital Multiple (PIC):	96.7%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$31,086,716
Distributions	-\$27,539,240
Expenses	-\$3,805,465
Income	\$18,044,576
Gain/(Loss)	<u>-\$11,648,630</u>
Ending Fund Balance	\$6,137,957

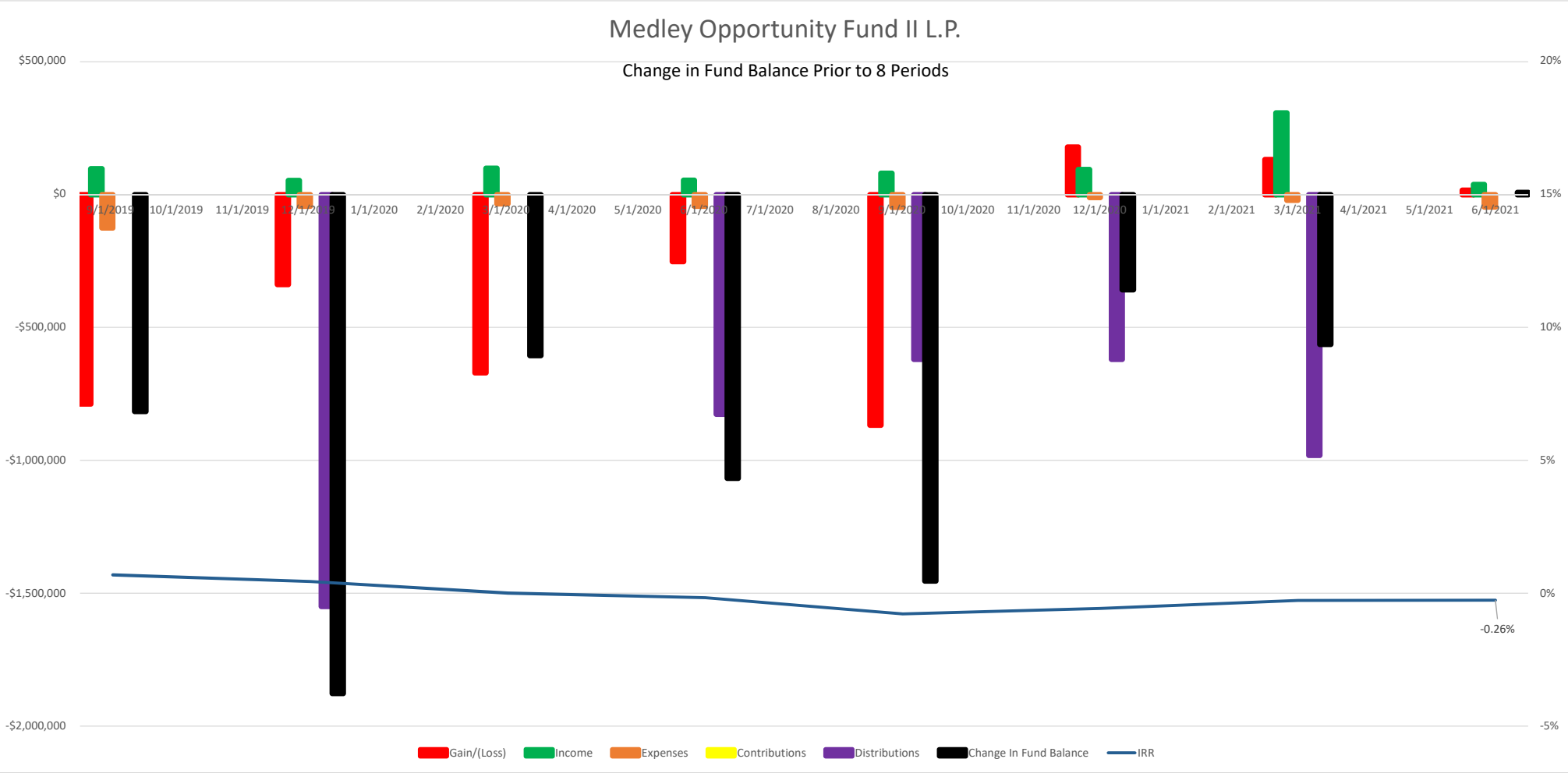
Internal Rate of Return Decomposition

Return from Income and Cash Flow	7.37%
Return from Expenses	-2.37%
Return from Gain/Loss	-6.15%
Interaction/Timing Effect:	<u>0.88%</u>
Net IRR Since Inception:	-0.26%

Expense Matrix

Management Fee	\$2,555,866
Partnership Operations	\$1,249,600
Incentive Allocation	<u>-\$1</u>
Total	\$3,805,465

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Raven Asset-Based Opportunity Fund I L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Credit
Fund Vintage Year:	2012
StanCERA Investment Start Date:	5/22/2013
Initial Commitment:	\$40,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$34,505,763
Total Commitment Unfunded:	\$5,494,237
Fund Balance:	\$4,157,658

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	-7.35%
Investment Multiple (TVPI):	\$0.80
Realization Multiple (DPI):	\$0.68
Residual Value to Paid in Multiple (RVPI):	\$0.12
Paid in Capital Multiple (PIC):	86.3%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$34,505,763
Distributions	-\$23,582,991
Expenses	-\$5,617,384
Income	\$11,999,640
Gain/(Loss)	<u>-\$13,147,371</u>
Ending Fund Balance	\$4,157,657

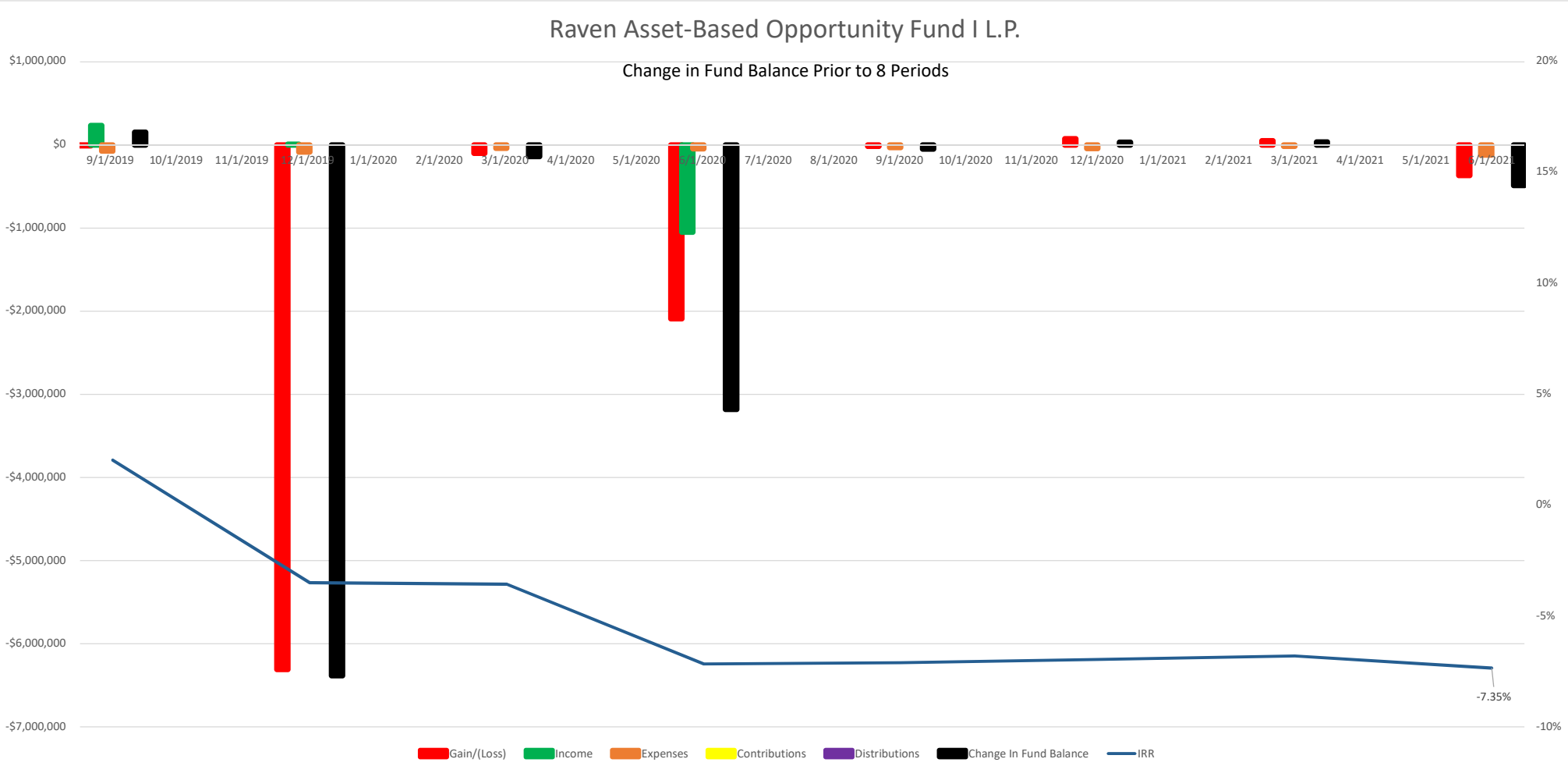
Internal Rate of Return Decomposition

Return from Income and Cash Flow	6.19%
Return from Expenses	-5.84%
Return from Gain/Loss	-10.79%
Interaction/Timing Effect:	<u>3.09%</u>
Net IRR Since Inception:	-7.35%

Expense Matrix

Management Fee	\$3,381,252
Organizational Expense	\$92,275
Service Fee	\$339,601
Professional Fee	<u>\$1,804,256</u>
Total	\$5,617,384

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Raven Asset-Based Opportunity Fund III L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Credit
Fund Vintage Year:	2015
StanCERA Investment Start Date:	7/6/2015
Initial Commitment:	\$15,000,000
Additional Commitments:	\$34,999,999
Total Commitment Funded:	\$49,999,999
Total Commitment Unfunded:	\$0
Fund Balance:	\$48,132,681

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	5.46%
Investment Multiple (TVPI):	\$1.16
Realization Multiple (DPI):	\$0.30
Residual Value to Paid in Multiple (RVPI):	\$0.87
Paid in Capital Multiple (PIC):	100.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$55,477,654
Distributions	-\$16,481,166
Expenses	-\$6,717,464
Income	\$9,843,781
Gain/(Loss)	<u>\$6,009,874</u>
Ending Fund Balance	\$48,132,680

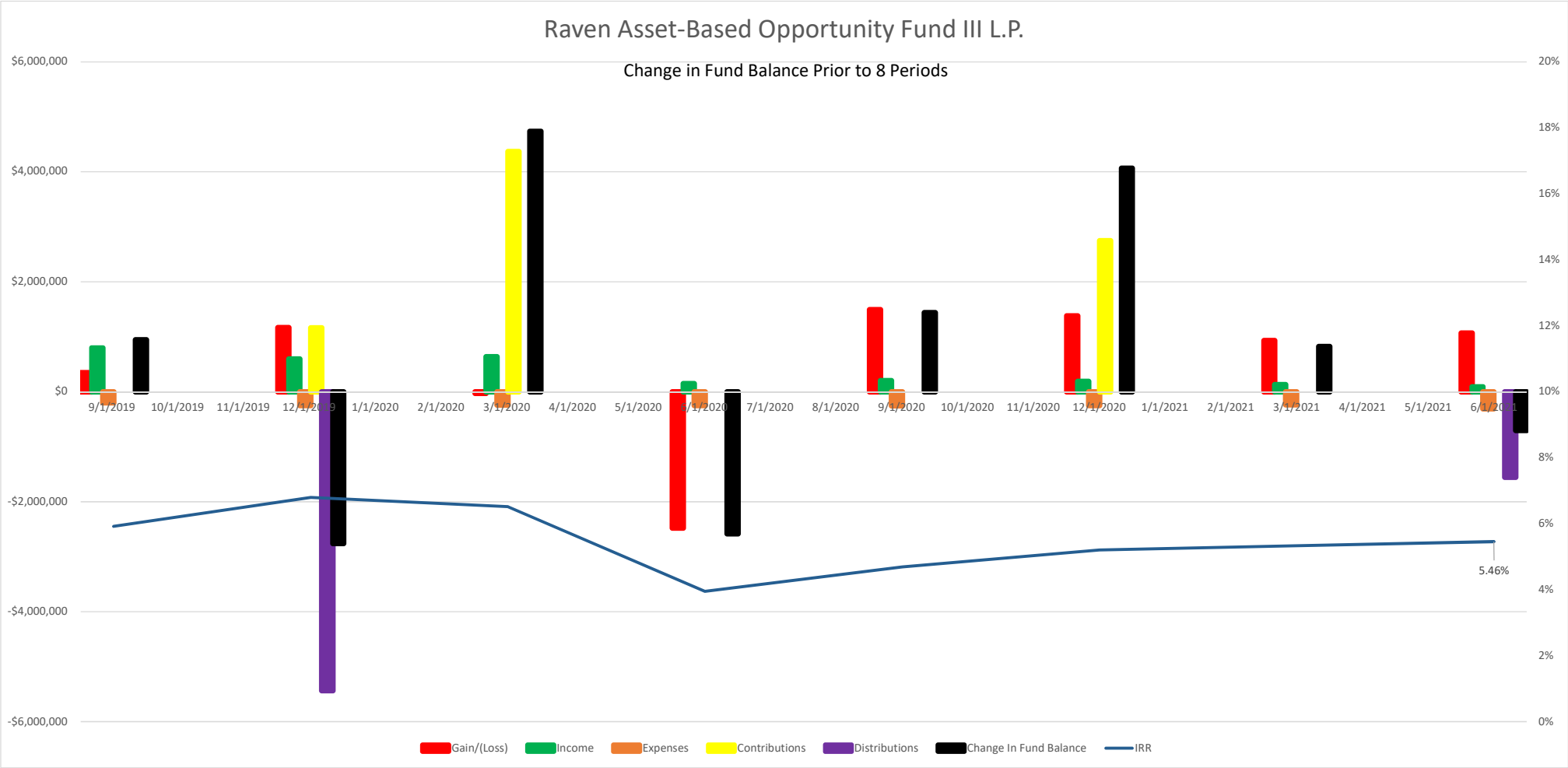
Internal Rate of Return Decomposition

Return from Income and Cash Flow	5.84%
Return from Expenses	-3.48%
Return from Gain/Loss	3.49%
Interaction/Timing Effect:	<u>-0.39%</u>
Net IRR Since Inception:	5.46%

Expense Matrix

Management Fee	\$4,698,881
Partnership Operations	\$102,856
Organizational Expense	\$82,166
Professional Fee	<u>\$1,833,561</u>
Total	\$6,717,464

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	White Oak Pinnacle Fund L.P.
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Credit
Fund Vintage Year:	2012
StanCERA Investment Start Date:	8/2/2013
Initial Commitment:	\$40,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$32,758,125
Total Commitment Unfunded:	\$7,241,875
Fund Balance:	\$26,008,554

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	6.36%
Investment Multiple (TVPI):	\$1.28
Realization Multiple (DPI):	\$0.81
Residual Value to Paid in Multiple (RVPI):	\$0.47
Paid in Capital Multiple (PIC):	81.9%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$55,047,161
Distributions	-\$44,452,785
Expenses	-\$3,741,283
Income	\$22,574,367
Gain/(Loss)	<u>-\$3,418,906</u>
Ending Fund Balance	\$26,008,554

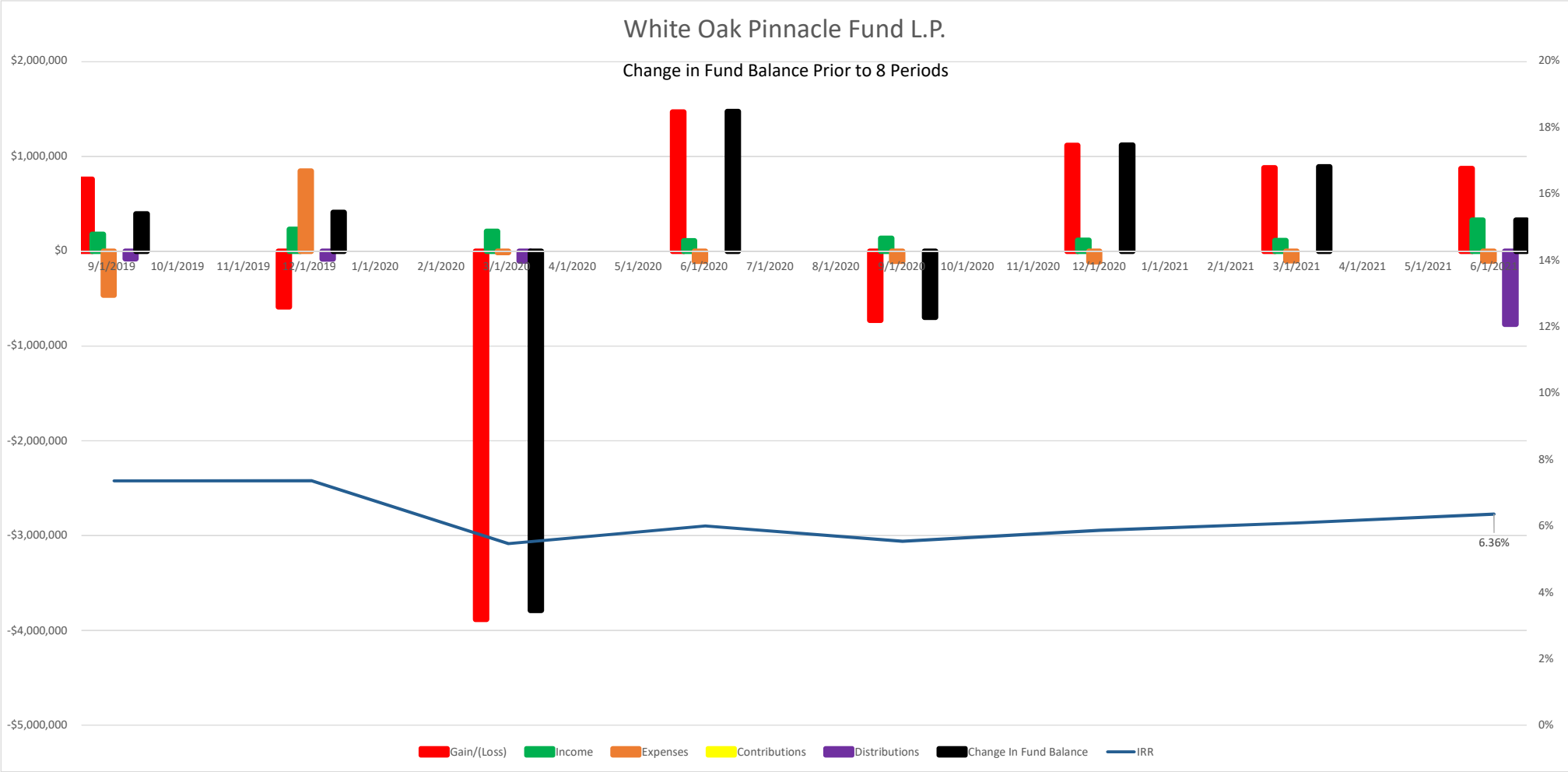
Internal Rate of Return Decomposition

Return from Income and Cash Flow	8.82%
Return from Expenses	-1.34%
Return from Gain/Loss	-1.23%
Interaction/Timing Effect:	<u>0.10%</u>
Net IRR Since Inception:	6.36%

Expense Matrix

Management Fee	\$4,687,379
Incentive Allocation	\$0
Other Expense	\$169,279
Management Fee Reimbursement	-\$1,611,862
General/Administrative Expense	<u>\$496,487</u>
Total	\$3,741,283

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Owl Rock First Lien Fund
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Credit
Fund Vintage Year:	2019
StanCERA Investment Start Date:	10/28/2019
Initial Commitment:	\$10,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$8,250,000
Total Commitment Unfunded:	\$1,750,000
Fund Balance:	\$8,654,930

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	8.77%
Investment Multiple (TVPI):	\$1.10
Realization Multiple (DPI):	\$0.07
Residual Value to Paid in Multiple (RVPI):	\$1.03
Paid in Capital Multiple (PIC):	82.5%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$8,391,193
Distributions	-\$596,051
Expenses	-\$1,281,780
Income	\$2,022,720
Gain/(Loss)	<u>\$118,848</u>
Ending Fund Balance	\$8,654,930

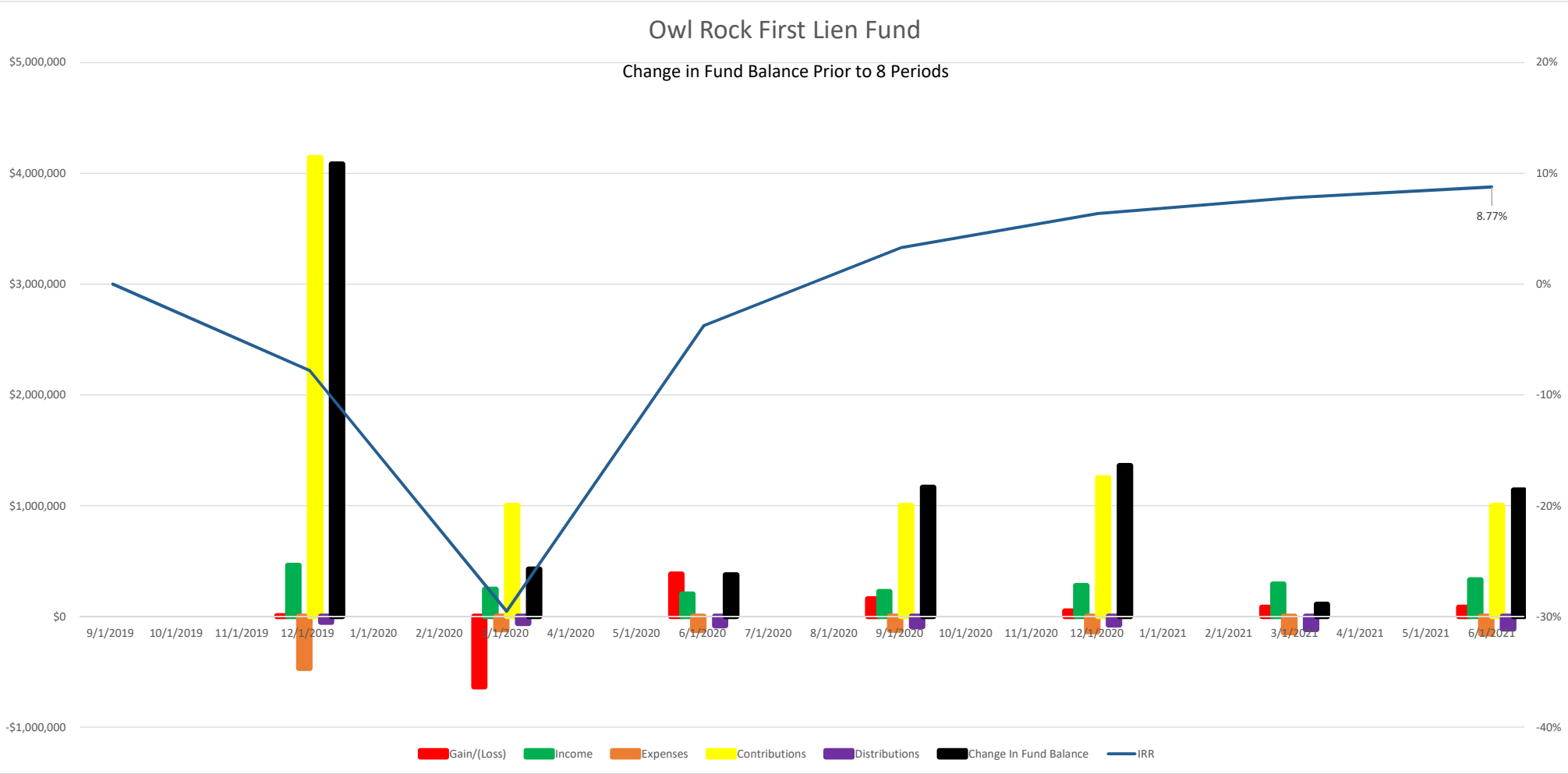
Internal Rate of Return Decomposition

Return from Income and Cash Flow	20.12%
Return from Expenses	-12.48%
Return from Gain/Loss	1.19%
Interaction/Timing Effect:	<u>-0.06%</u>
Net IRR Since Inception:	8.77%

Expense Matrix

Management Fee	\$334,932
Partnership Operations	\$124,211
Other Expense	\$57,404
Interest Expense	<u>\$765,234</u>
Total	\$1,281,780

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Insight Partners XI
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Equity
Fund Vintage Year:	2020
StanCERA Investment Start Date:	4/30/2020
Initial Commitment:	\$15,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$11,925,000
Total Commitment Unfunded:	\$3,075,000
Fund Balance:	\$18,829,655

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	105.50%
Investment Multiple (TVPI):	\$1.58
Realization Multiple (DPI):	\$0.00
Residual Value to Paid in Multiple (RVPI):	\$1.58
Paid in Capital Multiple (PIC):	79.5%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$11,925,000
Distributions	\$0
Expenses	-\$833,987
Income	\$1,364
Gain/(Loss)	<u>\$7,737,279</u>
Ending Fund Balance	\$18,829,655

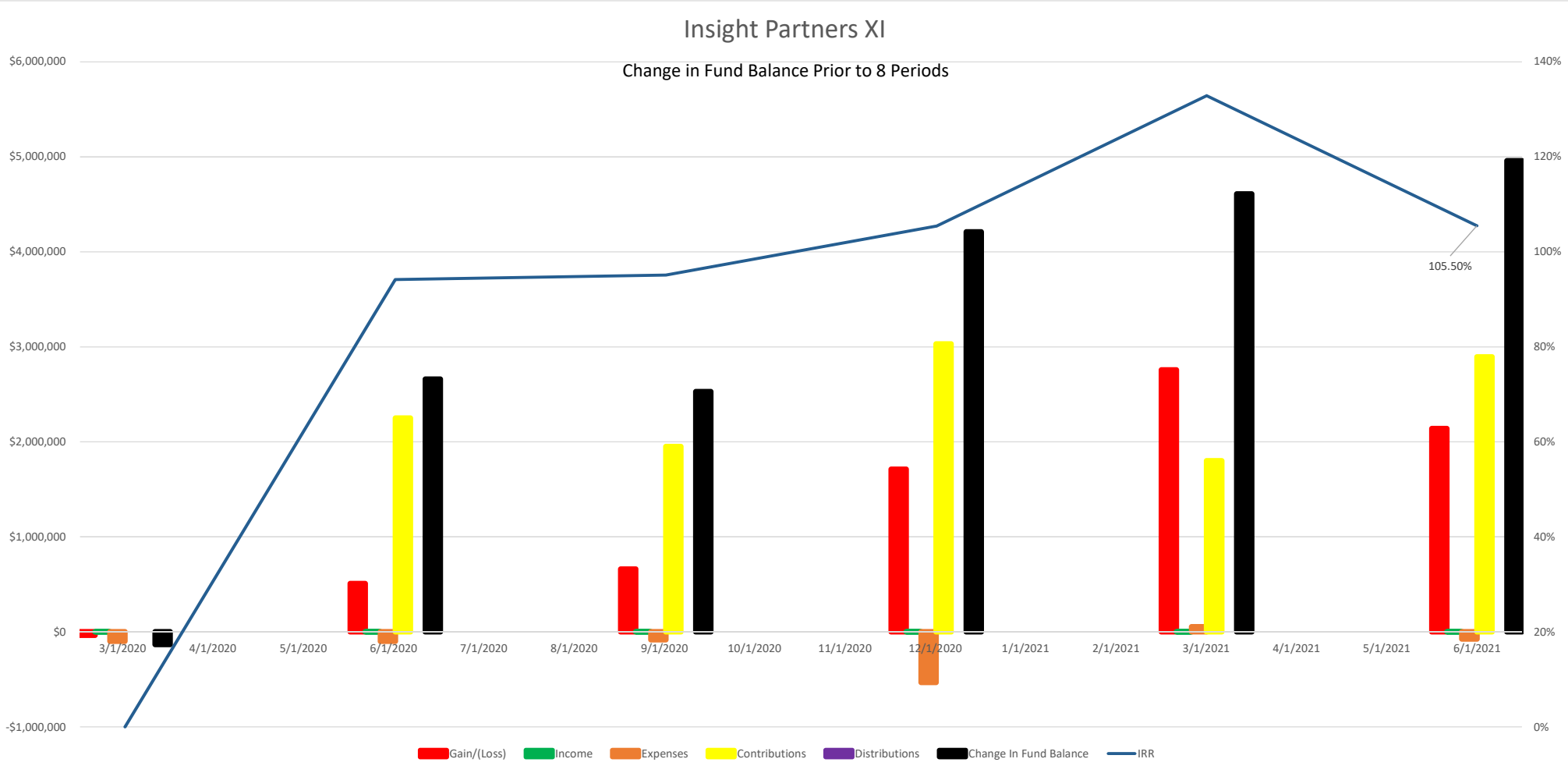
Internal Rate of Return Decomposition

Return from Income and Cash Flow	-0.13%
Return from Expenses	-13.43%
Return from Gain/Loss	117.38%
Interaction/Timing Effect:	<u>1.68%</u>
Net IRR Since Inception:	105.50%

Expense Matrix

Management Fee	\$413,296
Partnership Operations	\$37,132
Incentive Allocation	\$315,780
Other Expense	\$39,893
Interest Expense	<u>\$27,886</u>
Total	\$833,987

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



Fund Information

Manager Name:	Vista Foundation Fund IV
Analysis Date:	6/30/2021
Reporting Frequency:	Quarterly
Latest Data Date:	6/30/2021
Manager Investment Style:	Private Equity
Fund Vintage Year:	2020
StanCERA Investment Start Date:	7/24/2020
Initial Commitment:	\$20,000,000
Additional Commitments:	\$0
Total Commitment Funded:	\$5,794,955
Total Commitment Unfunded:	\$14,205,045
Fund Balance:	\$5,211,191

Fund Performance Measures Since Inception

Net Internal Rate of Return (IRR):	-28.93%
Investment Multiple (TVPI):	\$0.90
Realization Multiple (DPI):	\$0.00
Residual Value to Paid in Multiple (RVPI):	\$0.90
Paid in Capital Multiple (PIC):	29.0%

Fund Balance Reconciliation Since Inception

Beginning Fund Balance	\$0
Capital Contributions	\$5,794,955
Distributions	\$0
Expenses	-\$583,764
Income	\$0
Gain/(Loss)	<u>\$0</u>
Ending Fund Balance	\$5,211,191

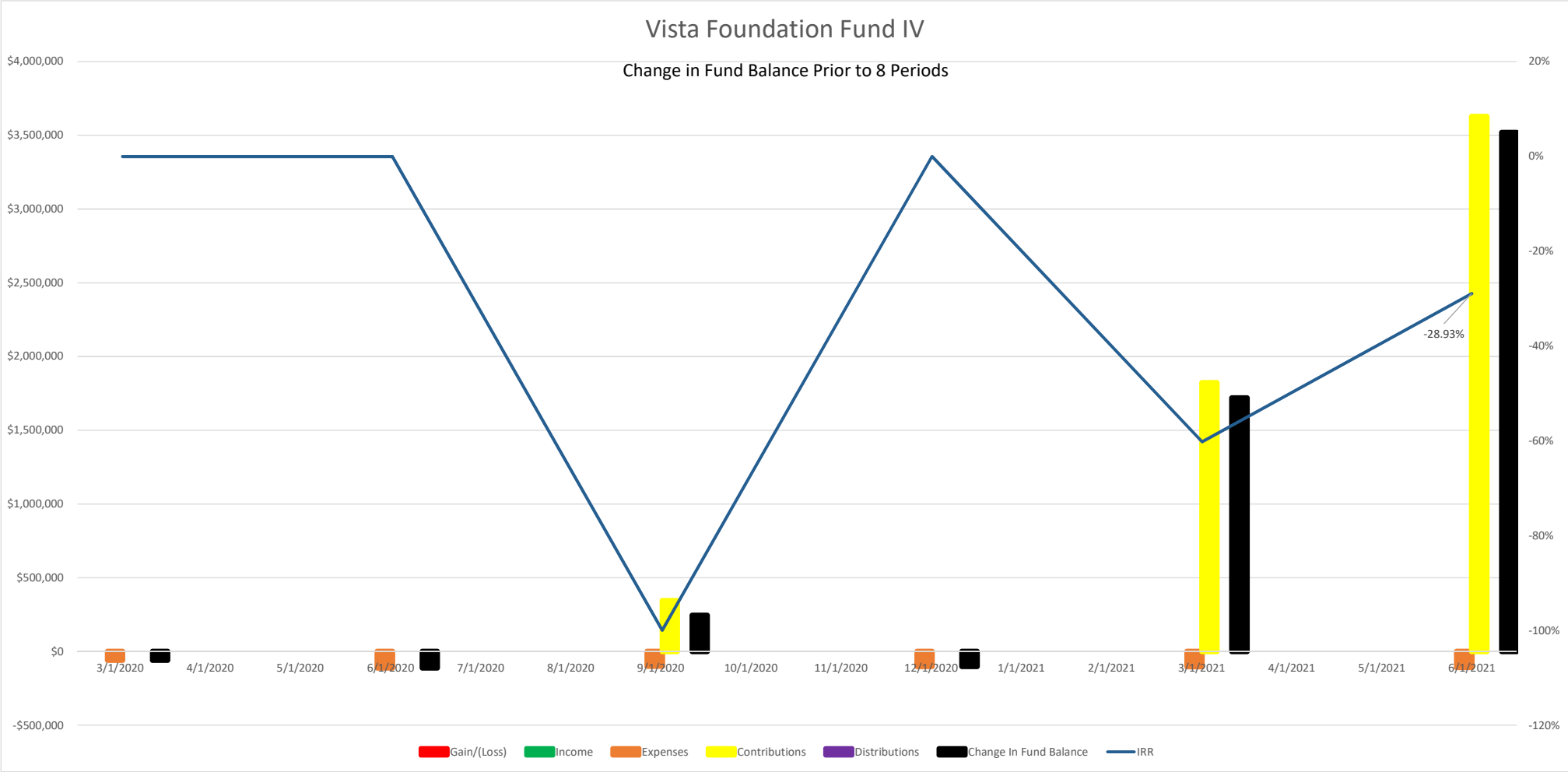
Internal Rate of Return Decomposition

Return from Income and Cash Flow	0.05%
Return from Expenses	-28.98%
Return from Gain/Loss	0.00%
Interaction/Timing Effect:	<u>0.00%</u>
Net IRR Since Inception:	-28.93%

Expense Matrix

Management Fee	\$543,956
Organizational Expense	\$17,584
Professional Fee	\$6,947
Other Expense	\$4,642
General/Administrative Expense	\$980
Interest Expense	\$3,522
Performance Fee	<u>\$6,133</u>
Total	\$583,764

* Performance and return measures have not been reviewed, calculated or verified by the general partner or any of its affiliates



October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Fee Summary, Value Added, and Cash Flow Reports – June 30, 2021
- II. ITEM NUMBER: 9.a.2.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

Attachment 1 contains the investment fee summary, value added and cash flow reports.

Investment Fee Summary – This report details StanCERA's investment management fees by asset class, manager discretion, investment style and individual manager. Fee data for this report began in July 2016 and is updated on at least a quarterly basis. For the period, 7/01/2016 to 6/30/2021, total investment fees were approximately \$55.25 Million or roughly 50.8 bps (0.508%) when annualized. In this report the beginning date was set to July 2016 to provide a 5-year lookback period. An analysis period of this length is to provide a good indication of the overall fees of the investment program.

Value Added Report – In total for the quarter ending 6/30/2021, the managers on this report finished ahead of their primary benchmarks but lagged behind the secondary benchmarks. Two managers stood out this quarter. Dodge and Cox continued to add value versus their benchmark and Fidelity fell below its benchmark after many quarters of outperformance. It's also worth noting that LSV slightly outperformed its primary benchmark for the quarter but finished well behind its secondary benchmark. LSV is currently the only manager on this report with a secondary benchmark. The primary benchmark for LSV is the ACWI ex-US value index and the secondary benchmark is the ACWI ex-US Core index.

Cash Flow Report – This report details StanCERA's year-to-date cash activities.

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE



StanCERA Investment Fee Summary - By Asset Class

Fiscal Year to Date

7/1/2016

thru

6/30/2021

	Fees In Dollars						Annualized Fees in Basis Points				
	Average AUM	Managerial	Performance*	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Total StanCERA Portfolio	\$2,085,741,561	\$40,503,737	\$5,131,201	\$7,963,033	\$1,647,165	\$55,245,136	35.8	4.7	7.3	1.5	50.8

Fees By Asset Class

	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Domestic Equity	\$608,606,068	\$6,643,480	\$0	\$0	\$412,573	\$7,056,053	6.1	0.0	0.0	0.4	6.5
Domestic Fixed Income	\$469,189,575	\$3,959,981	\$0	\$0	\$135,210	\$4,095,191	3.6	0.0	0.0	0.1	3.8
International Equity	\$484,807,235	\$6,069,533	\$1,743,400	\$0	\$962,634	\$8,775,567	5.6	1.6	0.0	0.9	8.1
Alternatives	\$93,953,074	\$9,160,881	-\$1,443,748	\$5,346,540	\$53,869	\$13,117,543	7.0	-1.3	4.9	0.0	12.1
Real Assets	\$197,999,030	\$10,866,553	\$4,831,548	\$1,596,871	\$64,404	\$17,359,375	10.0	4.4	1.5	0.1	16.0
Risk Parity	\$215,054,105	\$3,803,310	\$0	\$1,019,622	\$17,725	\$4,840,657	3.5	0.0	0.9	0.0	4.4
Cash	\$16,132,475	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.0	0.0

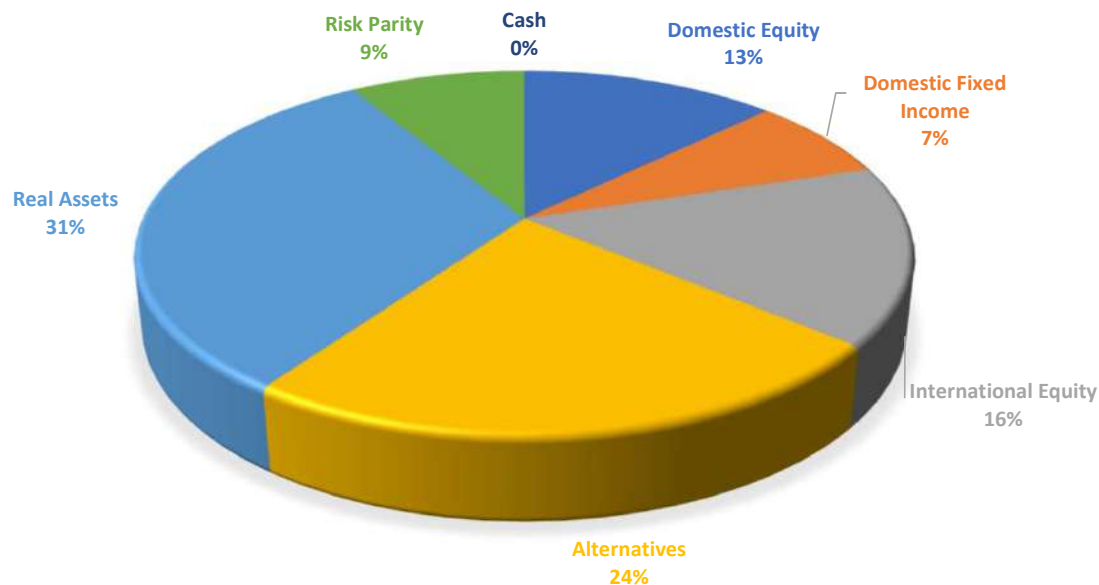
TOTAL PORTFOLIO AUM NOT EQUAL TO ASSET CLASS TOTALS

* Performance fees can be negative due to the clawback of incentive fees

Asset Class	Fees
Domestic Equity	\$7,056,053
Domestic Fixed Income	\$4,095,191
International Equity	\$8,775,567
Alternatives	\$13,117,543
Real Assets	\$17,359,375
Risk Parity	\$4,840,657
Cash	\$750

Total \$55,245,136

Fees By Asset Class





StanCERA Investment Fee Summary - By Investment Discretion

Fiscal Year to Date

7/1/2016

thru

6/30/2021

	Fees In Dollars					Annualized Fees in Basis Points					
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance*</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Total StanCERA Portfolio	\$2,085,741,561	\$40,503,737	\$5,131,201	\$7,963,033	\$1,647,165	\$55,245,136	35.8	4.7	7.3	1.5	50.8

Fees By Investment Discretion

	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Active	\$1,618,922,236	\$39,805,204	\$5,131,201	\$7,963,033	\$1,602,465	\$54,501,903	35.1	4.7	7.3	1.5	50.1
Passive	\$466,819,326	\$698,533	\$0	\$0	\$44,700	\$743,233	0.6	0.0	0.0	0.0	0.7

* Performance fees can be negative due to the clawback of incentive fees

TOTAL PORTFOLIO AUM NOT EQUAL TO INVESTMENT DISCRETION TOTAL

Investment Discretion	<u>Fees</u>
Active	\$54,501,903
Passive	<u>\$743,233</u>
Total	\$55,245,136

Fees By Investment Discretion





StanCERA Investment Fee Summary - By Investment Style

Fiscal Year to Date

7/1/2016 thru 6/30/2021

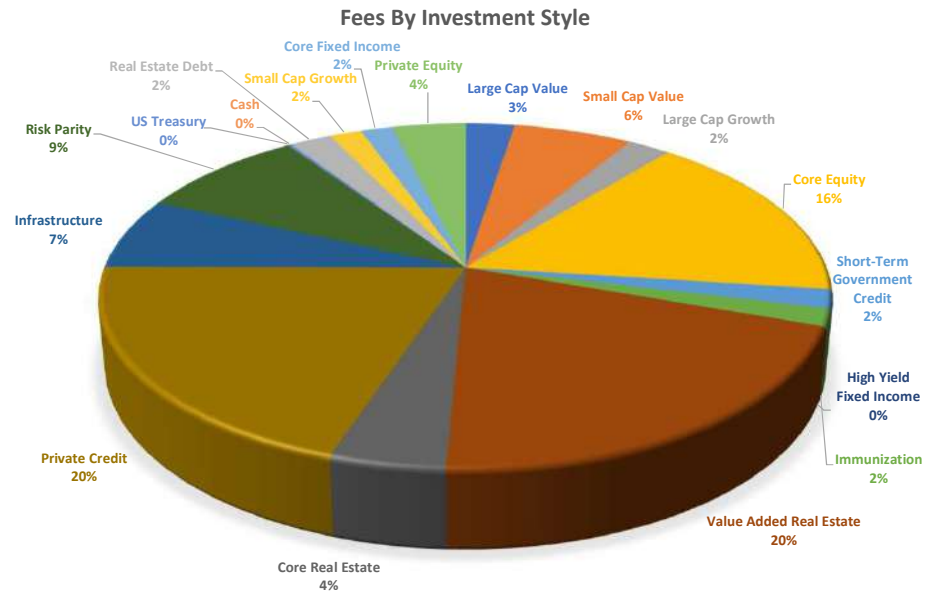
	Fees In Dollars						Annualized Fees in Basis Points				
	<u>Average AUM</u>	<u>Managerial</u>	<u>Performance*</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>	<u>Managerial</u>	<u>Performance</u>	<u>Other</u>	<u>Custodial</u>	<u>Total</u>
Total StanCERA Portfolio	\$2,085,741,561	\$40,503,737	\$5,131,201	\$7,963,033	\$1,647,165	\$55,245,136	35.8	4.7	7.3	1.5	50.8

	Fees By Investment Style										
	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Large Cap Value	\$202,785,177	\$1,322,252	\$0	\$0	\$72,093	\$1,394,345	1.2	0.0	0.0	0.1	1.3
Small Cap Value	\$88,788,795	\$3,186,839	\$0	\$0	\$222,036	\$3,408,875	2.9	0.0	0.0	0.2	3.1
Large Cap Growth	\$174,459,230	\$1,177,891	\$0	\$0	\$37,747	\$1,215,638	1.1	0.0	0.0	0.0	1.1
Core Equity	\$612,291,974	\$6,194,991	\$1,743,400	\$0	\$967,025	\$8,905,417	5.7	1.6	0.0	0.9	8.2
Short-Term Government Credit	\$163,597,875	\$932,059	\$0	\$0	\$42,981	\$975,039	0.9	0.0	0.0	0.0	0.9
Immunization	\$140,647,581	\$859,792	\$0	\$0	\$38,512	\$898,304	0.8	0.0	0.0	0.0	0.8
High Yield Fixed Income	\$1,946,269	\$3,229	\$0	\$0	\$0	\$3,229	0.0	0.0	0.0	0.0	0.0
Value Added Real Estate	\$70,153,661	\$6,058,831	\$4,324,235	\$815,970	\$29,124	\$11,228,160	5.6	4.0	0.7	0.0	10.3
Core Real Estate	\$94,129,711	\$1,906,811	\$507,313	\$0	\$24,002	\$2,438,126	1.8	0.5	0.0	0.0	2.2
Private Credit	\$91,593,890	\$7,941,297	-\$1,765,661	\$4,786,264	\$48,696	\$11,010,597	7.0	-1.6	4.4	0.0	10.1
Infrastructure	\$33,715,658	\$2,900,911	\$0	\$780,901	\$11,277	\$3,693,089	2.7	0.0	0.7	0.0	3.4
Risk Parity	\$215,054,105	\$3,803,310	\$0	\$1,019,622	\$17,725	\$4,840,657	3.5	0.0	0.9	0.0	4.4
US Treasury	\$54,908,408	\$106,580	\$0	\$0	\$0	\$106,580	0.1	0.0	0.0	0.0	0.1
Cash	\$16,132,475	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.0	0.0
Real Estate Debt	\$32,316,779	\$1,196,592	\$0	\$0	\$6,794	\$1,203,386	1.1	0.0	0.0	0.0	1.1
Small Cap Growth	\$15,088,126	\$831,039	\$0	\$0	\$76,306	\$907,345	0.8	0.0	0.0	0.1	0.8
Core Fixed Income	\$75,772,663	\$861,729	\$0	\$0	\$46,923	\$908,653	0.8	0.0	0.0	0.0	0.8
Private Equity	\$2,359,183	\$1,219,584	\$321,913	\$560,276	\$5,173	\$2,106,946	0.0	0.3	0.5	0.0	1.9

* Performance fees can be negative due to the clawback of incentive fees

By Investment Style	Fees
Large Cap Value	\$1,394,345
Small Cap Value	\$3,408,875
Large Cap Growth	\$1,215,638
Core Equity	\$8,905,417
Short-Term Government Credit	\$975,039
Immunization	\$898,304
High Yield Fixed Income	\$3,229
Value Added Real Estate	\$11,228,160
Core Real Estate	\$2,438,126
Private Credit	\$11,010,597
Infrastructure	\$3,693,089
Risk Parity	\$4,840,657
US Treasury	\$106,580
Cash	\$750
Real Estate Debt	\$1,203,386
Small Cap Growth	\$907,345
Core Fixed Income	\$908,653
Private Equity	\$2,106,946

Total \$55,245,136





Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2016 thru 6/30/2021

Count	Manager Name	Fees in Dollars						Fees in Annualized Basis Points				
		Average AUM	Management	Performance	Other	Custodial	Total	Management	Performance	Other	Custodial	Total
1	Dodge Cox Equity	\$118,675,397	\$1,238,826	\$0	\$0	\$58,316	\$1,297,142	20.9	0.0	0.0	1.0	21.9
2	PIMCO	\$77,837,726	\$409,674	\$0	\$0	\$19,210	\$428,884	45.1	0.0	0.0	2.1	47.2
3	Bernzott	\$11,667,170	\$394,180	\$0	\$0	\$28,241	\$422,420	72.5	0.0	0.0	5.2	77.7
4	Eudaimonia	\$1,309,104	\$7,553	\$0	\$0	\$12,214	\$19,766	702.4	0.0	0.0	1135.9	1838.3
5	Jackson Square	\$89,202,199	\$1,033,762	\$0	\$0	\$24,144	\$1,057,906	69.7	0.0	0.0	1.6	71.4
6	LSV	\$239,594,426	\$2,985,636	\$971,617	\$0	\$626,360	\$4,583,613	24.9	8.1	0.0	5.2	38.3
7	Dodge Cox Fixed Income	\$246,775,207	\$452,055	\$0	\$0	\$27,714	\$479,769	15.7	0.0	0.0	1.0	16.7
8	Fidelity	\$245,212,809	\$3,083,897	\$771,783	\$0	\$336,273	\$4,191,954	25.2	6.3	0.0	2.7	34.2
9	Blackrock Value	\$84,109,779	\$83,426	\$0	\$0	\$13,777	\$97,204	2.0	0.0	0.0	0.3	2.3
10	Blackrock Growth	\$144,790,334	\$144,129	\$0	\$0	\$13,604	\$157,732	2.0	0.0	0.0	0.2	2.2
11	Raven Asset-Based Opportunity Fund I L.P.	\$12,082,654	\$911,258	\$0	\$1,195,176	\$11,704	\$2,118,138	150.9	0.0	198.0	1.9	350.8
12	BNYM S&P	\$82,489,268	\$33,462	\$0	\$0	\$4,391	\$37,853	3.5	0.0	0.0	0.5	3.9
13	White Oak Pinnacle Fund L.P.	\$29,142,376	\$2,135,664	-\$1,765,662	\$200,407	\$11,518	\$581,927	146.7	-121.3	13.8	0.8	40.0
14	Medley Opportunity Fund II L.P.	\$15,175,200	\$741,562	\$1	\$658,970	\$11,205	\$1,411,738	97.8	0.0	86.9	1.5	186.2
15	Blackrock US Real Estate	\$52,022,272	\$235,711	\$0	\$0	\$12,928	\$248,639	9.1	0.0	0.0	0.5	9.6
16	Greenfield GAP VII Management Fund, L.L.C	\$12,077,324	\$1,065,980	\$1,363,625	\$149,901	\$10,987	\$2,590,493	176.6	226.0	24.8	1.8	429.3
17	AMI	\$17,410,640	\$182,591	\$0	\$0	\$8,624	\$191,215	89.9	0.0	0.0	4.2	94.2
18	CastleArk	\$9,472,882	\$97,235	\$0	\$0	\$19,922	\$117,157	154.9	0.0	0.0	31.7	186.7
19	Lee Munder	\$9,564,108	\$98,149	\$0	\$0	\$21,090	\$119,240	154.9	0.0	0.0	33.3	188.2
20	Rice Hall	\$23,605,550	\$245,354	\$0	\$0	\$10,516	\$255,871	89.1	0.0	0.0	3.8	92.9
21	Channing	\$19,045,060	\$655,567	\$0	\$0	\$56,133	\$711,701	68.9	0.0	0.0	5.9	74.8
22	Inview	\$18,428,911	\$631,026	\$0	\$0	\$27,131	\$658,157	68.5	0.0	0.0	2.9	71.5
23	Keeley	\$10,325,404	\$348,826	\$0	\$0	\$28,660	\$377,487	72.5	0.0	0.0	6.0	78.4
24	Pacific Ridge	\$16,382,979	\$673,597	\$0	\$0	\$41,671	\$715,268	82.3	0.0	0.0	5.1	87.4
25	Walhausen	\$12,707,531	\$439,291	\$0	\$0	\$38,145	\$477,436	69.2	0.0	0.0	6.0	75.2
26	Morgan Stanley Prime Property Fund, L.L.C	\$42,107,439	\$1,671,100	\$507,313	\$0	\$11,075	\$2,189,487	79.4	24.1	0.0	0.5	104.1
27	American Realty Advisors Fund	\$45,025,562	\$2,556,659	\$46,075	-\$133,077	\$11,268	\$2,480,924	113.6	2.0	-5.9	0.5	110.3
28	North Haven Infrastructure II GP LP	\$32,158,135	\$2,900,911	\$0	\$780,901	\$11,277	\$3,693,089	180.5	0.0	48.6	0.7	229.8
29	Raven Asset-Based Opportunity Fund III L.P.	\$33,247,201	\$3,817,881	\$0	\$1,784,863	\$10,659	\$5,613,403	229.8	0.0	107.4	0.6	337.9
30	Insight Investment	\$175,809,476	\$859,792	\$0	\$0	\$38,512	\$898,304	12.2	0.0	0.0	0.5	12.8
31	Dimensional Fund Advisors	\$208,787,498	\$932,059	\$0	\$0	\$42,981	\$975,039	11.4	0.0	0.0	0.5	11.9
32	Essex	\$13,775,561	\$77,144	\$0	\$0	\$519	\$77,664	111.8	0.0	0.0	0.8	112.5
33	Redwood	\$15,823,940	\$123,012	\$0	\$0	\$3,420	\$126,432	155.2	0.0	0.0	4.3	159.5
34	Northern Trust Cash Account	\$20,603,056	\$0	\$0	\$0	\$750	\$750	0.0	0.0	0.0	0.1	0.1
35	Northern Trust Long Term Bond Fund	\$18,964,774	\$28,895	\$0	\$0	\$0	\$28,895	3.8	0.0	0.0	0.0	3.8
36	Northern Trust Intermediate Term Bond Fund	\$49,670,737	\$77,685	\$0	\$0	\$0	\$77,685	3.9	0.0	0.0	0.0	3.9
37	Northern Trust Russell 1000 Fund	\$138,105,067	\$30,438	\$0	\$0	\$0	\$30,438	1.7	0.0	0.0	0.0	1.7
38	PanAgora Diversified Risk Multi-Asset Fund, Ltd.	\$154,870,603	\$1,942,880	\$0	\$444,838	\$9,362	\$2,397,080	35.1	0.0	8.0	0.2	43.3
39	PGIM Real Estate U.S. Debt Fund, L.P.	\$57,094,019	\$1,196,592	\$0	\$0	\$6,794	\$1,203,386	74.1	0.0	0.0	0.4	74.5
40	AQR Capital Management	\$156,169,156	\$1,860,430	\$0	\$574,784	\$8,363	\$2,443,577	35.8	0.0	11.0	0.2	47.0



Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2016 thru 6/30/2021

Count	Manager Name	Fees in Dollars						Fees in Annualized Basis Points				
		Average AUM	Management	Performance	Other	Custodial	Total	Management	Performance	Other	Custodial	Total
41	Grandview Partners I, L.P.	\$20,082,348	\$2,436,192	\$2,914,535	\$799,146	\$6,870	\$6,156,743	373.6	447.0	122.6	1.1	944.2
42	Northern Trust Russell 3000 Fund	\$138,429,043	\$61,558	\$0	\$0	\$0	\$61,558	1.7	0.0	0.0	0.0	1.7
43	Owl Rock First Lien Fund	\$6,156,479	\$334,932	\$0	\$946,848	\$3,611	\$1,285,391	344.4	0.0	973.6	3.7	1321.7
44	Insight Partners XI	\$8,234,702	\$413,296	\$315,780	\$104,911	\$2,554	\$836,541	N/A	N/A	N/A	N/A	N/A
45	Vista Foundation Fund IV	\$1,119,390	\$543,956	\$6,133	\$33,675	\$2,038	\$585,802	N/A	N/A	N/A	N/A	N/A
46	Clayton, Dubilier, Rice Fund XI (CD&R XI)	\$174,926	\$195,044	\$0	\$104,886	\$0	\$299,930	N/A	N/A	N/A	N/A	N/A
47	Seizert Capital Partners	\$20,845,785	\$44,352	\$0	\$0	\$2,055	\$46,407	N/A	N/A	N/A	N/A	N/A
48	Gryphon Partners VI	\$5,800,127	\$67,287	\$0	\$316,804	\$581	\$384,672	N/A	N/A	N/A	N/A	N/A
49	Northern Trust Infrastructure Fund	\$98,016,531	\$0	\$0	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A
50	BlackRock High Yield Bond Fund	\$122,480,740	\$3,229	\$0	\$0	\$0	\$3,229	N/A	N/A	N/A	N/A	N/A



StanCERA Value Added Report

4/1/2021

through

6/30/2021

Manager	Average AUM	Manager Returns	Manager Fees	Custodial Fees	Primary Benchmark Returns	Secondary Benchmark Returns	Benchmark Fees*	Value Added Primary Benchmark	Value Added Secondary Benchmark
Dodge Cox Equity	\$ 121,588,151	\$ 10,759,166	\$ (64,397)	\$ (3,703)	\$ 6,332,523	None	\$ (7,490)	\$ 4,366,033	\$ 4,366,033
Dimensional Fund Advisors	\$ 141,939,960	\$ 340,555	\$ (45,818)	\$ (2,644)	\$ 330,699	None	\$ (17,487)	\$ (21,119)	\$ (21,119)
LSV	\$ 298,528,942	\$ 11,858,633	\$ (190,967)	\$ (39,516)	\$ 11,809,842	\$16,848,579	\$ (228,034)	\$ 46,343	\$ (4,992,395)
Fidelity	\$ 321,016,514	\$ 15,953,138	\$ (345,604)	\$ (21,219)	\$ 18,117,748	None	\$ (245,212)	\$ (2,286,221)	\$ (2,286,221)
Channing	\$ 22,606,637	\$ 371,349	\$ (42,945)	\$ (2,992)	\$ 1,030,882	None	\$ (13,369)	\$ (692,102)	\$ (692,102)
Inview	\$ 19,816,363	\$ 810,507	\$ (37,683)	\$ (1,388)	\$ 903,643	None	\$ (11,719)	\$ (120,489)	\$ (120,489)
Pacific Ridge	\$ 19,669,091	\$ 735,081	\$ (44,748)	\$ (2,429)	\$ 945,638	None	\$ (11,632)	\$ (246,102)	\$ (246,102)
Walhausen	\$ 23,475,378	\$ 790,975	\$ (44,540)	\$ (1,983)	\$ 1,070,497	None	\$ (13,883)	\$ (312,163)	\$ (312,163)
Seizert Capital Partners	\$ 21,230,952	\$ 1,394,682	\$ (32,147)	\$ (2,055)	\$ 968,150	None	\$ (12,555)	\$ 404,886	\$ 404,886
Totals	\$ 989,871,989	\$ 43,014,085	\$ (848,849)	\$ (77,931)	\$ 41,509,622	\$ 16,848,579	\$ (561,382)	\$ 1,139,065	\$ (3,899,672)

* Benchmark fees are approximated based on a hypothetical investment in a passive fund/ETF



Cash Flow Report

July 2020 through June 2021

Beginning Cash Balance*	\$24,374,444
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Cash Flow In

Cash Draw From Managers	\$27,042,826
Employer Contributions	\$95,680,777
Employee Contributions	\$29,831,588
Employee Redeposits	\$524,988
Rental Income	\$97,042
Commission Recapture	\$5,807
Litigation Recovery	\$1,484
W/O Cancelled checks	\$34,710

Total Cash Flow In	\$153,219,222
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Cash Flow Out

Retiree Payroll	\$147,671,882
StanCERA Payroll	\$1,992,526
StanCERA Operations Expense	\$731,405
Tyler Maintenance	\$128,250
Fixed Asset Purchases	\$1,211,101
Refunds	\$1,554,238
Death Benefits - Salary Based	\$251,313
Burial Allowance	\$472,500
Death Benefits - Lump Sum	\$186,628
Investment Consulting Fees	\$514,778
Actuarial Fees	\$111,269
Custodial Fees	\$505,055
Investment Management Fees	\$62,985
Audit Fees	\$47,867
Legal Fees	\$636,446

Total Cash Flow Out	\$156,078,244
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Ending Cash Balance	\$21,515,422
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Change in Cash Balance	-\$2,859,022
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October 26, 2021

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Executive Board Assistant

I. SUBJECT: SACRS Voting Proxy and Directive

II. ITEM NUMBER: 10.a

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION:

1. Choose two voting proxy delegates to vote virtually on behalf of the Board of Retirement for the SACRS Business Meeting - November 12, 2021
2. Support Action Items for SACRS Business Meeting – November 12, 2021
 - Item # 5.B. From the attached business packet - SACRS Board of Directors Legislative Proposal

V. ANALYSIS:

Each year in May and November, the SACRS (State Association of County Retirement Systems) holds a conference with a business meeting on the last day of the conference. The Constitution of SACRS states that “the purpose of the Association is to provide forums for disseminating knowledge of, and developing expertise in, the 1937 Act retirement systems; and further, that the Association foster and take an active role in the legislative process as it affects SACRS retirement system”. SACRS 2021 – Fall Conference is going to take place November 12, 2021. StanCERA will need two voting delegates identified who will be voting on behalf of the full Board at the Fall business Conference, Friday November 12, 2021.

Attachment 1 – SACRS Voting Delegate Proxy Form

Attachment 2 – SACRS Business packet action Item 5.B Board of Directors legislative Proposal

Attachment 3 – SACRS complete Business packet

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE


Kellie Gomes, Executive Board Assistant



SACRS VOTING PROXY FORM

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

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

_____ Voting Delegate

_____ Alternate Voting Delegate

These delegates were approved by the Retirement Board on ____ / ____ / ____.

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

Signature: _____

Print Name: _____

Position: _____

Date: _____

Please send your system's voting proxy by October 15, 2021 to Sulema H. Peterson, SACRS Executive Director at Sulema@sacrs.org.



September 20, 2021

RE: SACRS-Sponsored Legislation in 2022

Dear SACRS Board of Directors,

The SACRS Legislative Committee recommends that SACRS sponsor legislation in 2022 to amend various sections of the County Employees' Retirement Law of 1937 (CERL).

At its September 17, 2021 meeting, the Legislative Committee approved bill language for a CERL Omnibus Bill and recommended approval by the SACRS Board of Directors. If approved by the SACRS membership at the Fall Conference, the bill language can be introduced in January 2022 for consideration during the 2022 legislative session.

The enclosed language reflects the work of Legislative Committee members, in collaboration with system administrators, over the past year to develop non-controversial, technical, and clarifying amendments to the CERL.

A summary matrix and draft bill language are attached.

If you have questions or would like to provide additional feedback, please contact us at dnelsen@acera.org or sterne@saccounty.net.

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENTS

- Summary Matrix
- Draft Bill Language

2022 CERL Clean-Up Bill

Issue	Gov Code	Topic	Issue/Justification
1	31452.7	Beneficiaries - Designating Estate	This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.
2	31525	Board of Supervisor approval of Board of Retirement regulations	This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop.162 in 1992. Adoption of regulations is part of the BOR's duty to administer the system.
3	31641.4	Prior Service -- Military Reserve Service	This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in Cantwell v. San Mateo County, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.
4	31646	Service Purchase for FMLA Leave	This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.
5	31646.XX	Furloughs	This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

6	31680.2	Post-Retirement Employment	This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.
7	31725.7 31760	Disability Retirement: Optional Allowances	This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.
8	31726 31726.5	Nonservice-connected disability	This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.
9	31730	Disability -- Reinstatement	This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.
10	31761 31762 31763 31764	Beneficiary Designation	This amendment would insert the word "natural" in front of the phrase "person having an insurable interest in his or her life" to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.
11	31781	Lump Sum Death Benefit	This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member's death.

12	31838.5	Concurrent Retirement: Disability	<p>Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.</p>
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SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language

Issue 1: 31452.7 – Beneficiaries Designating Estate

This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.

Section 31452.7 of the Government Code is amended to read:

(a) Upon the death of any member after retirement, any retirement allowance earned but not yet paid to the member shall, notwithstanding any other provision of law, be paid to the member's designated beneficiary.

(b) Upon the death of any person receiving a survivor's allowance under this chapter, any allowance earned but not yet paid to the survivor shall, notwithstanding any other provision of law, be paid to the survivor's designated beneficiary.

(c) For purposes of this section, "beneficiary" includes, but is not limited to, a corporation, a trust, or an estate.

Issue 2: 31525 – BOR Regulations

This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop. 162 in 1992. Adoption of regulations is part of the BOR's duty to administer the system.

Section 31525 of the Government Code is amended to read:

The board may make regulations not inconsistent with this chapter, **the Public Employees' Pension Reform Act of 2013, The California Pension Protection Act of 1992, and any other provisions of law applicable to county retirement systems.**

~~The regulations become effective when approved by the board of supervisors.~~

Issue 3: 31641.4 -- Prior Military Reserve Service

This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a

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*conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in *Cantwell v. San Mateo County*, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.*

Section 31641.4 of the Government Code is amended to read:

A member shall receive credit for employment in public service only for such service as he is not entitled to receive a pension or retirement allowance from such public agency. The service for which he elects to contribute and the fact that no pension or retirement allowance will accrue to such member by virtue of his employment in such public agency must be certified to by an officer of the public agency where he rendered such public service or must be established to the satisfaction of the board. **Nothing in this paragraph prohibits a member from receiving credit for a period of federal public service where federal law expressly permits such credit even though the member is already entitled to receive a pension or retirement allowance from that service (*Cantwell v. San Mateo County*, 631 F.2d 631 (9th Cir. 1980)).**

Issue 4: 31646 – Credit for Uncompensated Leave of Absence for Illness; Parental Leave; Conditions

This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.

Section 31646 of the Government Code is amended to read:

(a) A member who returns to active service following an uncompensated leave of absence on account of illness may receive service credit for the period of the absence upon the payment of the contributions that the member would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(b) (1) A member who returns to active service following an uncompensated leave of absence on account of parental leave may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is

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claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to parental leave that commences after the adoption by the board of supervisors.

(c) (1) A member who returns to active service following an uncompensated leave of absence on account of the serious illness of a family member when the absence is eligible for coverage under the Family Medical Leave Act, 29 U.S.C. section 2601 et. seq., or the California Family Rights Act, Government Code section 12945 et. seq., may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, leave on account of illness of a family member is defined as any time, up to one year, during which a member is granted an approved leave to care for a seriously ill family member and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to leave that commences after the adoption by the board of supervisors.

Issue 5: 31646.XX – Furloughs

This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

Section 31646.XX of the Government Code is added to read:

The board may grant members who are subject to a temporary mandatory furlough the same service credit and “compensation earnable” or “pensionable compensation” to which the members would have been entitled in the absence of the temporary mandatory furlough. The board may condition such grant on the receipt of additional member and/or employer contributions that the board

determines are necessary to fund any benefits granted under this section on an actuarially sound basis.

For the purposes of this section, a “temporary mandatory furlough” refers to time during which a member is directed to be absent from work without pay for up to one quarter of the member’s normal working hours, with such reduced working hours in place for no longer than two years.

Issue 6: 31680.20 – Postretirement Employment

This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.

Section 31680.20 of the Government Code is added to read:

A person who is retired under this chapter may serve without reinstatement from retirement or loss or interruption of benefits under this chapter or the Public Employees’ Pension Reform Act of 2013 provided the service is on a part-time state, county, city, district, or other political subdivision board or commission. A retired person whose employment without reinstatement is authorized by this subdivision shall acquire no benefits, service credit, or retirement rights with respect to the employment. Part-time service is limited to less than 20 hours per week, and salary or stipend of the part-time service may not exceed \$60,000 annually.

Issue 7: 31725.7, 31760 – Disability Retirement: Optional Allowances

This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.

Section 31725.7 of the Government Code is amended to read:

(a) At any time after filing an application for disability retirement with the board, the member may, if eligible, apply for, and the board in its discretion may grant, a service retirement allowance pending the determination of his or her entitlement to disability retirement. If he or she is found to be eligible for disability retirement, appropriate

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adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

(b) Notwithstanding subdivision (a), this section shall also apply to a member retired for service who subsequently files an application for disability retirement with the board. If he or she is found to be eligible for disability retirement, appropriate adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

~~(b)~~**(c)** This section shall not be construed to authorize a member to receive more than one type of retirement allowance for the same period of time nor to entitle any beneficiary to receive benefits which the beneficiary would not otherwise have been entitled to receive under the type of retirement which the member is finally determined to have been entitled. In the event a member retired for service is found not to be entitled to disability retirement he or she shall not be entitled to return to his or her job as provided in Section 31725.

~~(c)~~**(d)** If the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary shall be as selected by the member at the time of retirement for service. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall also be binding as to the type of allowance the member receives if the member is awarded a disability retirement.

~~(d)~~**(e)** Notwithstanding subdivision ~~(e)~~**(d)**, if the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary may be as selected by the member at the time of retirement for service, or as if the member had selected an unmodified allowance. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall not be binding as to the type of allowance the member receives if the member is awarded a disability retirement. A change to the optional or unmodified type of allowance shall be made only at the time a member is awarded a disability retirement and the change shall be retroactive to the service retirement date and benefits previously paid shall be adjusted. If a change to the optional or unmodified type of allowance is not made, the benefit shall be adjusted to reflect the differences in retirement benefits previously received. This paragraph shall only apply to members who retire on or after January 1, 1999.

Section 31760 of the Government Code is amended to read:

(a) Except as provided in subdivisions **(b) and (c)**, until the first payment of any retirement allowance is made, a member or retired member, in lieu of the retirement allowance for the member's life alone, may elect to have the actuarial equivalent of his or her retirement allowance as of the date of retirement applied to a lesser retirement

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allowance payable throughout life in accordance with one of the optional settlements specified in this article.

(b) Notwithstanding subdivision (a), a member who applies for disability and is subsequently granted a service retirement pending a determination of entitlement to disability may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

(c) Notwithstanding subdivision (a), a member retired for service who applies for and is subsequently granted a disability retirement may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

Issue 8: Sections 31726 and 31726.5: Nonservice-connected disability

This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.

Section 31726 of the Government Code is amended to read:

(a) Upon retirement for ~~non-service~~**nonservice**-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

(b) Every member under age 65 who is retired for ~~non-service~~**nonservice**-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State~~**Public** Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

~~(a)~~**(1)** The sum to which he or she would be entitled as service retirement; **or**

~~(b)~~**(2)** A sum which shall consist of ~~any of the following~~:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph

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shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5 of the Government Code is amended to read:

(a) Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance.

(b) Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

~~(a)~~**(1)** The sum to which he or she would be entitled to as service retirement; or

~~(b)~~**(2)** A sum which shall consist of:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district.

~~Paragraph 3~~**Subparagraph (C)** shall only apply to a person who becomes a member of the association on or after January 1, 1988.

Issue 9: 31730 – Disability Reinstatement

This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.

Section 31730 of the Government Code is amended to read as follows:

(a) If the board determines that the beneficiary is not incapacitated, and his or her employer offers to reinstate that beneficiary, his or her retirement allowance shall be

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canceled forthwith, and he or she shall be reinstated in the county service pursuant to the regulations of the county or district for reemployment of personnel.

(b) If the board determines that the beneficiary is not incapacitated, and his or her employer does not offer to reinstate that beneficiary, notwithstanding any requirement of this chapter regarding eligibility therefor, his or her retirement allowance shall be reclassified to a service retirement in the same amount and subject to any applicable future cost of living adjustments. The optional or unmodified type of allowance selected by the beneficiary at the time of retirement for disability shall be binding as to the service retirement.

Issue 10: 31761, 31762, 31763, and 31764 – Optional Retirement Allowances:

This amendment would insert the word “natural” in front of the phrase “person having an insurable interest in his or her life” to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.

Sections 31761, 31762, 31763, and 31764 of the Government Code are amended to read:

31761 – Optional settlement 1 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and, if he or she dies before he or she receives in annuity payments the amount of his or her accumulated contributions at retirement, to have the balance at death paid to his or her estate or to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board.

31762 – Optional settlement 2 consists of the right to elect in writing to have a retirement allowance paid to him or her until his or her death, and thereafter to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31763 – Optional settlement 3 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death, and thereafter to have one-half of his or her retirement allowance paid to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31764 – Optional settlement 4 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and thereafter to have other benefits as are approved by the board, upon the advice of the actuary, continued throughout the life of and paid to the natural persons, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement. The designation shall not, in the opinion of the board and the actuary, place any additional burden upon the retirement system.

SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language

Issue 11: 31781 – Death Benefit; Elements

This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member's death.

Section 31781 of the Government Code is amended to read:

The death benefit shall consist of:

- (a) The member's accumulated contributions.
- (b) An amount, provided from contributions by the county or district, equal to one-twelfth of the annual compensation earnable or pensionable compensation as defined in [Section 7522.34](#), whichever is applicable, by the deceased during the 12 months immediately preceding his death, multiplied by the number of completed years of service under the system, but not to exceed 50 percent of such annual compensation. **The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence.**

Issue 12: 31838.5 – Concurrent Retirement; Disability

Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.

Section 31838.5 of the Government Code is amended to read:

No provision of this chapter shall be construed to authorize any member, credited with service in more than one entity and who is eligible for a disability allowance, whether service connected or nonservice connected to receive an amount from one county that, when combined with any amount from other counties or the Public Employees' Retirement System, results in a disability allowance greater than the amount the member would have received had all the member's service been with only one entity.

*SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language*

In cases of service-connected disability allowances only, the limitation on disability allowances provided for in this section shall apply to service-connected disability allowances payable to those who, after being employed with another county or an entity within the Public Employees' Retirement System, become employed by a second public entity on or after January 1, 1984.

Each entity shall calculate its respective obligations based upon the member's service with that entity and each shall adjust its payment on a pro rata basis. **If, however, another entity does not reduce the amount it pays the member, an entity subject to this section shall reduce the allowance it pays the member by as much as necessary to ensure that the member does not receive a disability allowance greater than the amount the member would have received had all the member's service been with only one entity.**



SACRS Annual Business Meeting

Annual Fall Conference 2021

Friday, November 12

10 AM - 11:30 AM

Loews Hollywood Hotel

Hollywood, CA

Ray Dolby Ballroom



Vision, Mission, Core Values

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

Statement of Purpose

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

Mission Statement

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

Core Values

Teamwork

Integrity

Education

Service and Support



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

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

1. SACRS System Roll Call

Thomas Garcia, Imperial CERS, SACRS Secretary

2. Secretary's Report - Receive and File

Thomas Garcia, Imperial CERS, SACRS Secretary

- A. Spring 2021 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2021 Financials
- B. 2021-2022 Annual Budget

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update – Action

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

- A. 2021 Legislative Report – No Action
- B. SACRS Board of Directors Legislative Proposal – Action

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Election Notice 2022-2023

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS Annual Audit Update



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Fall Conference 2021 Evaluations/Feedback

9. SACRS Program Committee Report – No Action

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

- A. SACRS Annual Fall Conference 2021 report

10. SACRS Affiliate Committee Report – No Action

Scott Draper, Algert Global, SACRS Affiliate Committee Chair

- A. Affiliate Committee report

11. SACRS Bylaws Committee Report – No Action

Chair Position Open, SACRS Bylaws Committee Chair

- A. No report

12. SACRS Fall Conference Breakout Reports – No Action

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

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

13. Adjournment

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



1. SACRS System Roll Call

Thomas Garcia, Imperial CERS, SACRS Secretary



1. SACRS System Roll Call
Thomas Garcia, SACRS Secretary

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



2. Secretary's Report - Receive and File

Thomas Garcia, Imperial CERS, SACRS Secretary

- A. Spring 2021 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, May 14, 2021
10:00 AM - Upon Adjournment
Online Via SACRS Conference Platform

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
Sergeant at Arms – Bob Goodchild, San Diego CERA

Meeting called to order at 10:05 am

SACRS Board of Directors in Attendance:

Vivian Gray, President; Roger Hilton, Vice President; Kathryn Cavness, Secretary; Harry Hagen, Treasurer; David MacDonald, Board member; Dan McAllister, Immediate Past President, Ben Lazarus, Past Affiliate Chair

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

20 SACRS Member Systems Present

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

*Fresno arrived at 10:15 am

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. November 2020 SACRS Business Meeting Minutes

Motion: Sonoma CERA made motion to approve the minutes as presented.

2nd: Marin CERA

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

No: 0

Absent: Fresno

Motion Passes 19-0-1

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2020 – January 2021 Financials

Motion: Stanislaus CERA made a motion to approve the Treasurers report on the July 2020 – January 2021 financials.

2nd: San Bernardino CERA

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

No: 0

Absent: Fresno

Motion Passes 19-0-1



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

Discussion: A verbal report was provided by Vivian Gray, SACRS President. No action was taken.

5. SACRS Legislative Committee Update – Action

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

A. 2021 Legislative Report – No Action

B. SACRS Board of Directors Legislative Proposal – Action

Discussion: An overview of the 2021 Legislative report was provided by the Legislative committee co-chairs and SACRS lobbying team – Trent Smith, Mike Robson and Bridget McGowan. No action was taken for item 5A.

Motion: Sonoma CERA made a motion to approve the proposed legislation presented in item 5B.

2nd: Merced CERA

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

No: 0

Motion Passes 20-0

6. SACRS Nomination Committee - 2021-2022 SACRS Election Notice – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Elections 2021-2022

Motion: Los Angeles CERA made a motion to approve the recommended slate for the 2021-2022 SACRS Board of Directors.

- Vivian Gray, Los Angeles CERA
- Kathryn Cavness, Mendocino CERA, Vice President
- Harry Hagen, Santa Barbara CERS, Treasurer
- Thomas Garcia, Imperial CERA, Secretary
- David MacDonald, Contra Costa CERA, General member
- Vere Williams, San Bernardino CERA, General member
- Dan McAllister, San Diego CERA, Immediate Past President (per Bylaws)

2nd: San Diego CERA

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

No: 0

Motion Passes 20-0



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2019-2020 Annual Audit

Discussion: Steve Delaney, Audit Committee Chair, provided a verbal overview of the annual audit performed by James Marta & Co. Steve thanked the committee and SACRS staff for their time and dedication to the project. The external auditor's opinion in the report listed that the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, is fairly stated in all material respects in relation to the financial statement as a whole.

Motion: Fresno CERA submitted a motion to accept the 2019-2020 Audit as presented by the Audit committee.

2nd: Alameda CERA

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

No: 0

Motion Passes 20-0

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Virtual Spring 2021 Conference Evaluations/Feedback

Discussion: A verbal report was provided by JJ Popowich, Committee Chair, great conference! The keynote sessions were really well balanced, the covid update on Friday was insightful. Many positive comments regarding the technology and virtual platform used for the conference. Encouragement to submit evaluations when people return home, feedback at conferences was positive. No action taken, verbal report on committee meeting. Evaluations are electronic, therefore will be presented at the Board meeting in January 2021.

9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

A. SACRS Annual Virtual Spring 2021 Conference Report

Discussion: Verbal report provided by Roger Hilton, feedback on conference was very positive. No action taken, Roger thanked the Program Committee and Education Committee for their time and dedication to the conference. Suggestions for future conferences can be submitted online at the SACRS website.

10. SACRS Affiliate Committee Report – No Action

Scott Draper, Algert Global LLC, SACRS Affiliate Committee Chair

A. Affiliate Committee Update

Discussion: Ben Lazarus, Past Committee Chair, gave a verbal update on Affiliate matters. Affiliate leadership really appreciate the commitment and dedication of the Board and fellow committee members. No action taken, Ben gave a verbal update on the Affiliate Breakout, attendance was great and members



really enjoyed the Spotlight Series on the Systems. The committee intends to continue system interviews for viewing during the SACRS Summer Webinar Series.

11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update

Discussion: No report

12. SACRS Spring Conference Breakout Reports – No Action

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

A. Administrators – Leanne Malison, Tulare CERA, reported that the meeting was very productive. Donald Kendig, Fresno CERA, will moderate the Fall 2021 Conference.

B. Counsel – Ashley Dunning, SACRS Program Committee, provided a brief report on their closed session, and that the group did not get a volunteer for the Fall 2021 conference.

C. Disability/ Operations & Benefits Combo – Carlos Barrios, Los Angeles CERA, reported that the session was well attended and great information. Louis Gittens, Los Angeles CERA, has volunteered to moderate the Fall 2021 Conference.

D. Internal Auditors – No report.

E. Investment Officers – Tim Price, Contra Costa CERA, reported that the meeting was well attended and that Daryn Miller, Kern CERA volunteered to moderate the Fall 2021 Conference.

F. Safety Trustees – Susan Lee, San Mateo CERA, reported that the meeting was well attended and Brian Williams, Sonoma CERA will continue to serve as moderator for Fall 2021 Conference.

G. General Trustees – Kathryn Cavness, Mendocino CERA, reported that the session was fantastic. Kathryn Cavness will serve as the moderator for Fall 2021 Conference.

13. Adjournment

Motion: San Diego CERA submitted a motion to adjourn at 10:54 am

2nd: Ventura CERA

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

No: 0

Motion Passes 20-0

Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2022 at the Rancho Las Palmas Hotel, in Rancho Mirage, CA unless Covid-19 restrictions are in place.

Respectfully Submitted by:

Thomas Garcia, Imperial CERA, SACRS Secretary

Sulema Peterson, SACRS Executive Director



3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2021 Financials
- B. 2021-2022 Annual Budget

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of July 31, 2021

Jul 31, 21

ASSETS

Current Assets

Checking/Savings

1000 - First Foundation Bank-Checking	201,567.30
1001 - BofA Interest Checking 4389	16,847.68
1002 - First Foundation Bank ICS Acct	57,555.25

Total Checking/Savings	275,970.23
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Other Current Assets

1100 - CalTrust - Medium Term	979,872.82
1107 - CalTrust Liquidity Fund	8,225.47
1110 - CAMP-SACRS Liquidity Fund	791,150.15

Total Other Current Assets	1,779,248.44
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Total Current Assets	2,055,218.67
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TOTAL ASSETS	2,055,218.67
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 - First Foundation Credit Card	1,415.07
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Total Credit Cards	1,415.07
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Total Current Liabilities	1,415.07
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Total Liabilities	1,415.07
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Equity

32000 - Retained Earnings	2,034,191.90
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Net Income	19,611.70
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Total Equity	2,053,803.60
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TOTAL LIABILITIES & EQUITY	2,055,218.67
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STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2021

Jul 21

Ordinary Income/Expense

Income

4100 - Membership Dues

4101 - Affiliates 63,750.00

4102 - Non Profit - Organizations 500.00

4103 - Non Profit - Systems 1,500.00

4104 - Systems - Medium 8,000.00

Total 4100 - Membership Dues 73,750.00

4270 - UC Berkeley Program

4271 - Registrations 1,650.00

4272 - Sponsorships 2,500.00

Total 4270 - UC Berkeley Program 4,150.00

4900 - Interest Earned 315.95

Total Income 78,215.95

Gross Profit 78,215.95

Expense

5000 - Administrative Fee 30,000.00

5003 - Bank Charges/Credit Card Fees 2,004.32

5041 - Consulting 6,582.00

5072 - Legislative Advocacy 10,002.00

6011 - Postage & Delivery 274.96

6020 - Spring Conference 1,107.95

6053 - Technology/AMS/Website 7,711.12

6054 - Travel 921.90

Total Expense 58,604.25

Net Ordinary Income 19,611.70

Net Income 19,611.70

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 • Membership Dues				
4101 • Affiliates	63,750.00	268,750.00	-205,000.00	23.72%
4102 • Non Profit - Organizations	500.00	2,750.00	-2,250.00	18.18%
4103 • Non Profit - Systems	1,500.00	6,000.00	-4,500.00	25.0%
4104 • Systems - Medium	8,000.00	52,000.00	-44,000.00	15.39%
4105 • Systems - Large	0.00	42,000.00	-42,000.00	0.0%
4100 • Membership Dues - Other	0.00	0.00	0.00	0.0%
Total 4100 • Membership Dues	73,750.00	371,500.00	-297,750.00	19.85%
4200 • Webinar Symposium Registration				
4201 • Affiliates - Early	0.00	200.00	-200.00	0.0%
4202 • Affiliates - Regular	0.00	200.00	-200.00	0.0%
4203 • Affiliates - Late/Onsite	0.00	200.00	-200.00	0.0%
4204 • Non Profit	0.00	200.00	-200.00	0.0%
4205 • Systems	0.00	200.00	-200.00	0.0%
4206 • Non-Members	0.00	200.00	-200.00	0.0%
4200 • Webinar Symposium Registration - Other	0.00	0.00	0.00	0.0%
Total 4200 • Webinar Symposium Registration	0.00	1,200.00	-1,200.00	0.0%
4250 • Product Income				
4255 • Magazine Advertising	0.00	2,000.00	-2,000.00	0.0%
Total 4250 • Product Income	0.00	2,000.00	-2,000.00	0.0%
4270 • UC Berkeley Program				
4271 • Registrations	1,650.00	60,000.00	-58,350.00	2.75%
4272 • Sponsorships	2,500.00	40,000.00	-37,500.00	6.25%
4270 • UC Berkeley Program - Other	0.00	0.00	0.00	0.0%
Total 4270 • UC Berkeley Program	4,150.00	100,000.00	-95,850.00	4.15%
4300 • Fall Conference Registration				
4301 • Affiliates - Early	0.00	140,000.00	-140,000.00	0.0%
4302 • Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4303 • Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4304 • Non Profit	0.00	960.00	-960.00	0.0%
4305 • Systems	0.00	20,000.00	-20,000.00	0.0%
4306 • Non-Members	0.00	200,250.00	-200,250.00	0.0%
4307 • Fun Run	0.00	500.00	-500.00	0.0%
4308 • Yoga	0.00	100.00	-100.00	0.0%
4300 • Fall Conference Registration - Other	0.00	0.00	0.00	0.0%
Total 4300 • Fall Conference Registration	0.00	492,210.00	-492,210.00	0.0%
4350 • Spring Conference Registration				
4351 • Affiliates - Early	0.00	140,000.00	-140,000.00	0.0%
4352 • Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4353 • Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4354 • Non Profit	0.00	960.00	-960.00	0.0%
4355 • Systems	0.00	20,000.00	-20,000.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2021

	Jul 21	Budget	\$ Over Budget	% of Budget
4356 · Non-Members	0.00	200,250.00	-200,250.00	0.0%
4357 · Fun Run	0.00	500.00	-500.00	0.0%
4358 · Yoga	0.00	100.00	-100.00	0.0%
Total 4350 · Spring Conference Registration	0.00	492,210.00	-492,210.00	0.0%
4900 · Interest Earned	315.95	-953.55	1,269.50	-33.13%
Total Income	78,215.95	1,458,166.45	-1,379,950.50	5.36%
Gross Profit	78,215.95	1,458,166.45	-1,379,950.50	5.36%
Expense				
5000 · Administrative Fee	30,000.00	180,000.00	-150,000.00	16.67%
5001 · Administrative Services	0.00	500.00	-500.00	0.0%
5002 · Awards	0.00	500.00	-500.00	0.0%
5003 · Bank Charges/Credit Card Fees	2,004.32	36,000.00	-33,995.68	5.57%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	0.00	12,500.00	-12,500.00	0.0%
5015 · Materials/Printing/Design	0.00	3,000.00	-3,000.00	0.0%
5016 · Travel	0.00	2,500.00	-2,500.00	0.0%
5017 · UC Berkeley	0.00	216,000.00	-216,000.00	0.0%
Total 5010 · Berkeley & Symposium	0.00	248,700.00	-248,700.00	0.0%
5020 · Webinar Symposium				
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	0.00	20,000.00	-20,000.00	0.0%
5041 · Consulting	6,582.00	19,992.00	-13,410.00	32.92%
5042 · Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 · Fall Conference				
5051 · Audio/Visual	0.00	60,000.00	-60,000.00	0.0%
5052 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	65,000.00	-65,000.00	0.0%
5054.2 · Conference	0.00	15,000.00	-15,000.00	0.0%
5054.3 · Food & Beverage	0.00	250,000.00	-250,000.00	0.0%
5054 · Hotel - Other	0.00	0.00	0.00	0.0%
Total 5054 · Hotel	0.00	330,000.00	-330,000.00	0.0%
5055 · Program Material	0.00	25,000.00	-25,000.00	0.0%
5056 · Speakers	0.00	50,000.00	-50,000.00	0.0%
5057 · Supplies	0.00	500.00	-500.00	0.0%
5058 · Travel	0.00	15,000.00	-15,000.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

	Jul 21	Budget	\$ Over Budget	% of Budget
5050 · Fall Conference - Other	0.00	0.00	0.00	0.0%
Total 5050 · Fall Conference	0.00	489,500.00	-489,500.00	0.0%
5070 · Insurance	0.00	5,000.00	-5,000.00	0.0%
5071 · Legal & Professional Fees	0.00	35,000.00	-35,000.00	0.0%
5072 · Legislative Advocacy	10,002.00	60,012.00	-50,010.00	16.67%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	0.00	20,000.00	-20,000.00	0.0%
5083 · Magazine - Other	0.00	5,200.00	-5,200.00	0.0%
5080 · Magazine - Other	0.00	0.00	0.00	0.0%
Total 5080 · Magazine	0.00	25,800.00	-25,800.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	0.00	25,000.00	-25,000.00	0.0%
6001.2 · Printing/Supplies	0.00	4,000.00	-4,000.00	0.0%
6001.3 · Travel - BOD Meetings	0.00	11,000.00	-11,000.00	0.0%
6001.4 · Travel - Miscellaneous BOD	0.00	3,500.00	-3,500.00	0.0%
6001.5 · Board Of Directors - Other	0.00	3,000.00	-3,000.00	0.0%
Total 6001 · Board of Directors	0.00	46,500.00	-46,500.00	0.0%
6002 · Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 · Board & Committees	0.00	49,250.00	-49,250.00	0.0%
6010 · Office Expenses / Supplies	0.00	2,500.00	-2,500.00	0.0%
6011 · Postage & Delivery	274.96	3,000.00	-2,725.04	9.17%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	60,000.00	-60,000.00	0.0%
6022 · Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%
6023 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
6024 · Hotel				
6024.1 · Wednesday Night Event	0.00	65,000.00	-65,000.00	0.0%
6024.2 · Conference	0.00	0.00	0.00	0.0%
6024.4 · Hotel - Other	0.00	25,000.00	-25,000.00	0.0%
6024 · Hotel - Other	0.00	0.00	0.00	0.0%
Total 6024 · Hotel	0.00	90,000.00	-90,000.00	0.0%
6025 · Program Material	0.00	25,000.00	-25,000.00	0.0%
6026 · Speakers	0.00	50,000.00	-50,000.00	0.0%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	0.00	15,000.00	-15,000.00	0.0%
6020 · Spring Conference - Other	1,107.95			
Total 6020 · Spring Conference	1,107.95	250,000.00	-248,892.05	0.44%
6050 · Strategic Facilitator	0.00	15,000.00	-15,000.00	0.0%
6051 · Taxes & Licenses	0.00	50.00	-50.00	0.0%
6053 · Technology/AMS/Website	7,711.12	45,000.00	-37,288.88	17.14%
6054 · Travel	921.90	7,500.00	-6,578.10	12.29%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2021

Total Expense
Net Ordinary Income

Jul 21	Budget	\$ Over Budget	% of Budget
58,604.25	1,539,804.00	-1,481,199.75	3.81%
19,611.70	-81,637.55	101,249.25	-24.02%
19,611.70	-81,637.55	101,249.25	-24.02%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

ANNUAL BUDGET

JULY 2021

Ordinary Income/Expense	Budget
Income	
4100 · Membership Dues	
4101 · Affiliates	268,750.00
4102 · Non Profit - Organizations	2,750.00
4103 · Non Profit - Systems	6,000.00
4104 · Systems - Medium	52,000.00
4105 · Systems - Large	42,000.00
4100 · Membership Dues - Other	0.00
Total 4100 · Membership Dues	371,500.00
4200 · Webinar Symposium Registration	
4201 · Affiliates - Early	200.00
4202 · Affiliates - Regular	200.00
4203 · Affiliates - Late/Onsite	200.00
4204 · Non Profit	200.00
4205 · Systems	200.00
4206 · Non-Members	200.00
4200 · Webinar Symposium Registration - Other	0.00
Total 4200 · Webinar Symposium Registration	1,200.00
4250 · Product Income	
4255 · Magazine Advertising	2,000.00
Total 4250 · Product Income	2,000.00
4270 · UC Berkeley Program	
4271 · Registrations	60,000.00
4272 · Sponsorships	40,000.00
4270 · UC Berkeley Program - Other	0.00
Total 4270 · UC Berkeley Program	100,000.00
4300 · Fall Conference Registration	
4301 · Affiliates - Early	140,000.00
4302 · Affiliates - Regular	60,000.00
4303 · Affiliates - Late/Onsite	70,400.00
4304 · Non Profit	960.00
4305 · Systems	20,000.00
4306 · Non-Members	200,250.00
4307 · Fun Run	500.00
4308 · Yoga	100.00
4300 · Fall Conference Registration - Other	0.00
Total 4300 · Fall Conference Registration	492,210.00
4350 · Spring Conference Registration	
4351 · Affiliates - Early	140,000.00
4352 · Affiliates - Regular	60,000.00
4353 · Affiliates - Late/Onsite	70,400.00
4354 · Non Profit	960.00
4355 · Systems	20,000.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

ANNUAL BUDGET

JULY 2021

	Budget
4356 · Non-Members	200,250.00
4357 · Fun Run	500.00
4358 · Yoga	100.00
Total 4350 · Spring Conference Registration	492,210.00
4900 · Interest Earned	-953.55
Total Income	1,458,166.45
Gross Profit	1,458,166.45
Expense	
5000 · Administrative Fee	180,000.00
5001 · Administrative Services	500.00
5002 · Awards	500.00
5003 · Bank Charges/Credit Card Fees	36,000.00
5010 · Berkeley & Symposium	
5011 · Audio/Visual	2,200.00
5013 · Hotel	12,500.00
5014 · Food & Beverage	12,500.00
5015 · Materials/Printing/Design	3,000.00
5016 · Travel	2,500.00
5017 · UC Berkeley	216,000.00
Total 5010 · Berkeley & Symposium	248,700.00
5020 · Webinar Symposium	
5022 · Webinar Technology	25,000.00
Total 5020 · Webinar Symposium	25,000.00
5030 · CERL	
5031 · Materials/Printing/Design	16,500.00
5032 · Shipping	1,300.00
Total 5030 · CERL	17,800.00
5040 · Commissions & Fees	20,000.00
5041 · Consulting	19,992.00
5042 · Dues & Subscriptions	3,700.00
5050 · Fall Conference	
5051 · Audio/Visual	60,000.00
5052 · Delivery & Shipping	2,500.00
5053 · Entertainment	6,500.00
5054 · Hotel	
5054.1 · Wednesday Night Event	65,000.00
5054.2 · Conference	15,000.00
5054.3 · Food & Beverage	250,000.00
5054 · Hotel - Other	0.00
Total 5054 · Hotel	330,000.00
5055 · Program Material	25,000.00
5056 · Speakers	50,000.00
5057 · Supplies	500.00
5058 · Travel	15,000.00

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
ANNUAL BUDGET
JULY 2021

	Budget
5050 · Fall Conference - Other	0.00
Total 5050 · Fall Conference	489,500.00
5070 · Insurance	5,000.00
5071 · Legal & Professional Fees	35,000.00
5072 · Legislative Advocacy	60,012.00
5080 · Magazine	
5081 · Delivery & Shipping	600.00
5082 · Design/Printing/Etc.	20,000.00
5083 · Magazine - Other	5,200.00
5080 · Magazine - Other	0.00
Total 5080 · Magazine	25,800.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	25,000.00
6001.2 · Printing/Supplies	4,000.00
6001.3 · Travel - BOD Meetings	11,000.00
6001.4 · Travel - Miscellaneous BOD	3,500.00
6001.5 · Board Of Directors - Other	3,000.00
Total 6001 · Board of Directors	46,500.00
6002 · Legislative Committee Meetings	250.00
6003 · Program Committee Meetings	2,500.00
Total 6000 · Board & Committees	49,250.00
6010 · Office Expenses / Supplies	2,500.00
6011 · Postage & Delivery	3,000.00
6020 · Spring Conference	
6021 · Audio/Visual	60,000.00
6022 · Delivery & Shipping	2,500.00
6023 · Entertainment	6,500.00
6024 · Hotel	
6024.1 · Wednesday Night Event	65,000.00
6024.2 · Conference	0.00
6024.4 · Hotel - Other	25,000.00
6024 · Hotel - Other	0.00
Total 6024 · Hotel	90,000.00
6025 · Program Material	25,000.00
6026 · Speakers	50,000.00
6027 · Supplies	1,000.00
6028 · Travel	15,000.00
6020 · Spring Conference - Other	
Total 6020 · Spring Conference	250,000.00
6050 · Strategic Facilitator	15,000.00
6051 · Taxes & Licenses	50.00
6053 · Technology/AMS/Website	45,000.00
6054 · Travel	7,500.00

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4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update



No printed materials for this item



5. SACRS Legislative Committee Update – Action

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

- A. 2021 Legislative Report – No Action
- B. SACRS Board of Directors Legislative Proposal – Action



October 7, 2021

TO: State Association of County Retirement Systems
FROM: Edelstein Gilbert Robson & Smith, LLC
RE: **Legislative Update – October 2021**

General Update

The Legislature adjourned for interim recess on September 10 after passing roughly 700 bills out of the Legislature and onto the Governor's desk. The Governor has until October 10 to consider these bills. Below is an update on the outcomes of the bills SACRS has been following closely.

Legislation of Interest

SB 634 (Committee on Labor, Public Employment, and Retirement) - SACRS Sponsored Bill. This bill makes a few clarifying changes to the CERL, including clarifying that a 37 Act Retirement board may contract with a private physician to provide medical advice to the board to process disability claims and changing an obsolete code reference related to when a 37 Act system member may opt to continue as a member of the 37 Act system instead of enrolling in CalSTRS.

The Governor signed this bill into law on September 16.

AB 361 (Rivas) - Virtual Meetings for Declared Emergencies. This bill is sponsored by the CA Special Districts Association and would codify the Governor's Executive Order allowing for teleconference for declared emergencies. The bill would require local agencies to re-declare an emergency every 30 days that would then allow them to continue meeting remotely.

Recent amendments add an urgency clause so the bill will go into effect immediately after it is signed.

The Governor signed this bill into law on September 16. Because the existing Brown Act Executive Order expired on September 30, the Governor also issued an Executive Order to make the provisions of AB 361 effective October 1, so the two standards do not conflict.

AB 339 (Lee) – Large City Council and Board of Supervisor Public Meetings – This bill would require until December 31, 2023 that city councils and boards of supervisors

in jurisdictions over 250,000 residents provide both in person and teleconference options for the public to attend their meetings.

The bill is currently on the Governor's desk.

AB 826 (Irwin) - Compensation Earnable. Late into session, this bill was amended into a bill that prescribes that the definition of compensation earnable in CERL includes any form of remuneration, whether paid in cash or as in-kind benefits, if certain requirements are met.

The bill is co-sponsored by SEIU and the Ventura County Board of Supervisors. They argue that some pay items, like their Flexible Benefit Allowance was not clearly addressed in the *Alameda* decision and should not be excluded, because members receive the full cash value, it is a regular, set amount paid every pay period, and it isn't subject to pension spiking or any other manipulation.

In the final days of session, the bill was amended to clarify that the provisions of the bill only apply to Ventura County.

SACRS does not have a position on the bill.

The bill was moved to the inactive file before the Legislature adjourned, making it a two-year bill.

AB 498 (Quirk-Silva) – Compensation Earnable. At the end of session, Assemblymember Quirk-Silva amended her AB 498 to attempt to address a difference of opinion regarding compensation earnable, similar to AB 826 (Irwin) discussed above. Because the bill was just amended, it did not move at the end of session and will be considered next year when the Legislature returns in January.

AB 845 (Rodriguez) - COVID-19 Presumption. This bill creates a rebuttable presumption for members that a COVID-19 related illness contracted on the job must be eligible for an in-service disability retirement. The provisions sunset January 1, 2023. The bill is sponsored by SEIU. The co-chairs of the Legislative Committee have been closely engaged with the sponsor and committee staff working on the legislation to ensure smooth implementation in CERL Systems.

This bill was signed into law by the Governor on July 23.



September 20, 2021

RE: SACRS-Sponsored Legislation in 2022

Dear SACRS Board of Directors,

The SACRS Legislative Committee recommends that SACRS sponsor legislation in 2022 to amend various sections of the County Employees' Retirement Law of 1937 (CERL).

At its September 17, 2021 meeting, the Legislative Committee approved bill language for a CERL Omnibus Bill and recommended approval by the SACRS Board of Directors. If approved by the SACRS membership at the Fall Conference, the bill language can be introduced in January 2022 for consideration during the 2022 legislative session.

The enclosed language reflects the work of Legislative Committee members, in collaboration with system administrators, over the past year to develop non-controversial, technical, and clarifying amendments to the CERL.

A summary matrix and draft bill language are attached.

If you have questions or would like to provide additional feedback, please contact us at dnelsen@acera.org or sterne@saccounty.net.

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENTS

- Summary Matrix
- Draft Bill Language

2022 CERL Clean-Up Bill

Issue	Gov Code	Topic	Issue/Justification
1	31452.7	Beneficiaries - Designating Estate	This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.
2	31525	Board of Supervisor approval of Board of Retirement regulations	This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop.162 in 1992. Adoption of regulations is part of the BOR's duty to administer the system.
3	31641.4	Prior Service -- Military Reserve Service	This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in Cantwell v. San Mateo County, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.
4	31646	Service Purchase for FMLA Leave	This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.
5	31646.XX	Furloughs	This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

6	31680.2	Post-Retirement Employment	This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.
7	31725.7 31760	Disability Retirement: Optional Allowances	This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.
8	31726 31726.5	Nonservice-connected disability	This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.
9	31730	Disability -- Reinstatement	This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.
10	31761 31762 31763 31764	Beneficiary Designation	This amendment would insert the word "natural" in front of the phrase "person having an insurable interest in his or her life" to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.
11	31781	Lump Sum Death Benefit	This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member's death.

12	31838.5	Concurrent Retirement: Disability	<p>Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.</p>
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SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language

Issue 1: 31452.7 – Beneficiaries Designating Estate

This amendment would allow a member to designate a corporation, trust, or estate to receive his or her last check upon death. This does not allow an estate or trust to receive ongoing payments. Note: Members who choose Option 1 already can designate an estate to receive the balance of contributions.

Section 31452.7 of the Government Code is amended to read:

(a) Upon the death of any member after retirement, any retirement allowance earned but not yet paid to the member shall, notwithstanding any other provision of law, be paid to the member's designated beneficiary.

(b) Upon the death of any person receiving a survivor's allowance under this chapter, any allowance earned but not yet paid to the survivor shall, notwithstanding any other provision of law, be paid to the survivor's designated beneficiary.

(c) For purposes of this section, "beneficiary" includes, but is not limited to, a corporation, a trust, or an estate.

Issue 2: 31525 – BOR Regulations

This amendment would delete the requirement that Board of Retirement regulations must be approved by the Board of Supervisors. This language is a holdover from when CERL systems were managed by a county department, and was adopted prior to the passage on Prop. 162 in 1992. Adoption of regulations is part of the BOR's duty to administer the system.

Section 31525 of the Government Code is amended to read:

The board may make regulations not inconsistent with this chapter, **the Public Employees' Pension Reform Act of 2013, The California Pension Protection Act of 1992, and any other provisions of law applicable to county retirement systems.**

~~The regulations become effective when approved by the board of supervisors.~~

Issue 3: 31641.4 -- Prior Military Reserve Service

This amendment would note a potential federal pre-emption issue regarding purchasing prior military reserve service. Current statute establishes that prior service purchases from another public agency must not yield a pension from that agency. However, 10 U.S.C. § 12736 provides that a period of military service may not be excluded from credit towards a civilian employment pension just because that period also counts towards reservist retirement. Thus, the question arises which statute prevails in a

*SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language*

*conflict between 10 U.S.C. § 12736 and Section 31641.4. The Ninth Circuit Court of Appeal considered that question in *Cantwell v. San Mateo County*, 631 F.2d 631 (9th Cir. 1980), and determined that federal law overrides Section 31641.4.*

Section 31641.4 of the Government Code is amended to read:

A member shall receive credit for employment in public service only for such service as he is not entitled to receive a pension or retirement allowance from such public agency. The service for which he elects to contribute and the fact that no pension or retirement allowance will accrue to such member by virtue of his employment in such public agency must be certified to by an officer of the public agency where he rendered such public service or must be established to the satisfaction of the board. **Nothing in this paragraph prohibits a member from receiving credit for a period of federal public service where federal law expressly permits such credit even though the member is already entitled to receive a pension or retirement allowance from that service (*Cantwell v. San Mateo County*, 631 F.2d 631 (9th Cir. 1980)).**

Issue 4: 31646 – Credit for Uncompensated Leave of Absence for Illness; Parental Leave; Conditions

This amendment would include all leaves that are covered under the FMLA that are not due to the illness of the member.

Section 31646 of the Government Code is amended to read:

(a) A member who returns to active service following an uncompensated leave of absence on account of illness may receive service credit for the period of the absence upon the payment of the contributions that the member would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(b) (1) A member who returns to active service following an uncompensated leave of absence on account of parental leave may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, parental leave is defined as any time, up to one year, during which a member is granted an approved maternity or paternity leave and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is

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claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to parental leave that commences after the adoption by the board of supervisors.

(c) (1) A member who returns to active service following an uncompensated leave of absence on account of the serious illness of a family member when the absence is eligible for coverage under the Family Medical Leave Act, 29 U.S.C. section 2601 et. seq., or the California Family Rights Act, Government Code section 12945 et. seq., may receive service credit for the period of the absence upon the payment of the contributions that the member and the employer would have paid during that period, together with the interest that the contributions would have earned had they been on deposit, if the member was not absent. For purposes of this subdivision, leave on account of illness of a family member is defined as any time, up to one year, during which a member is granted an approved leave to care for a seriously ill family member and returns to employment at the end of the approved leave for a period of time at least equal to that leave. The contributions may be paid in a lump sum or may be paid on a monthly basis for a period of not more than the length of the period for which service credit is claimed. Credit shall not be received for any period of such an absence in excess of 12 consecutive months.

(2) This subdivision shall not be operative until the board of supervisors, by resolution adopted by majority vote, makes the provisions applicable to that county and applies it to leave that commences after the adoption by the board of supervisors.

Issue 5: 31646.XX – Furloughs

This amendment would provide boards with authority to prevent temporary mandatory furloughs from impacting member benefits under specified circumstances. Similar to CalPERS statutes (see GC 20968, 20969, 20969.1, 20969.2), but granting more discretion to boards, this proposed new code section may help avoid inequities that can arise because of the timing of temporary mandatory furloughs in relation to members' planned retirements.

Section 31646.XX of the Government Code is added to read:

The board may grant members who are subject to a temporary mandatory furlough the same service credit and “compensation earnable” or “pensionable compensation” to which the members would have been entitled in the absence of the temporary mandatory furlough. The board may condition such grant on the receipt of additional member and/or employer contributions that the board

determines are necessary to fund any benefits granted under this section on an actuarially sound basis.

For the purposes of this section, a “temporary mandatory furlough” refers to time during which a member is directed to be absent from work without pay for up to one quarter of the member’s normal working hours, with such reduced working hours in place for no longer than two years.

Issue 6: 31680.20 – Postretirement Employment

This amendment would add clarifying language that nonsalaried positions and per diems do not count as double dipping for members appointed to boards and commissions under purview of a participating employer of a county system; similar to language of 7522.57 for state boards and commission.

Section 31680.20 of the Government Code is added to read:

A person who is retired under this chapter may serve without reinstatement from retirement or loss or interruption of benefits under this chapter or the Public Employees’ Pension Reform Act of 2013 provided the service is on a part-time state, county, city, district, or other political subdivision board or commission. A retired person whose employment without reinstatement is authorized by this subdivision shall acquire no benefits, service credit, or retirement rights with respect to the employment. Part-time service is limited to less than 20 hours per week, and salary or stipend of the part-time service may not exceed \$60,000 annually.

Issue 7: 31725.7, 31760 – Disability Retirement: Optional Allowances

This amendment would allow members to change optional allowance if subsequently granted disability retirement, regardless of when the member filed a Disability Retirement application. Currently, Section 31725.7 only allows a benefit option change for members who retired for service after filing a disability retirement application but does not provide the same ability for those who retired for service before filing an application, even though both members may subsequently be granted a disability retirement.

Section 31725.7 of the Government Code is amended to read:

(a) At any time after filing an application for disability retirement with the board, the member may, if eligible, apply for, and the board in its discretion may grant, a service retirement allowance pending the determination of his or her entitlement to disability retirement. If he or she is found to be eligible for disability retirement, appropriate

*SACRS Proposed Legislation
CERL Clean-Up Bill 2022: Draft Language*

adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

(b) Notwithstanding subdivision (a), this section shall also apply to a member retired for service who subsequently files an application for disability retirement with the board. If he or she is found to be eligible for disability retirement, appropriate adjustments shall be made in his or her retirement allowance retroactive to the effective date of his or her disability retirement as provided in Section 31724.

~~(b)~~**(c)** This section shall not be construed to authorize a member to receive more than one type of retirement allowance for the same period of time nor to entitle any beneficiary to receive benefits which the beneficiary would not otherwise have been entitled to receive under the type of retirement which the member is finally determined to have been entitled. In the event a member retired for service is found not to be entitled to disability retirement he or she shall not be entitled to return to his or her job as provided in Section 31725.

~~(c)~~**(d)** If the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary shall be as selected by the member at the time of retirement for service. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall also be binding as to the type of allowance the member receives if the member is awarded a disability retirement.

~~(d)~~**(e)** Notwithstanding subdivision ~~(e)~~**(d)**, if the retired member should die before a final determination is made concerning entitlement to disability retirement, the rights of the beneficiary may be as selected by the member at the time of retirement for service, or as if the member had selected an unmodified allowance. The optional or unmodified type of allowance selected by the member at the time of retirement for service shall not be binding as to the type of allowance the member receives if the member is awarded a disability retirement. A change to the optional or unmodified type of allowance shall be made only at the time a member is awarded a disability retirement and the change shall be retroactive to the service retirement date and benefits previously paid shall be adjusted. If a change to the optional or unmodified type of allowance is not made, the benefit shall be adjusted to reflect the differences in retirement benefits previously received. This paragraph shall only apply to members who retire on or after January 1, 1999.

Section 31760 of the Government Code is amended to read:

(a) Except as provided in subdivisions **(b) and (c)**, until the first payment of any retirement allowance is made, a member or retired member, in lieu of the retirement allowance for the member's life alone, may elect to have the actuarial equivalent of his or her retirement allowance as of the date of retirement applied to a lesser retirement

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allowance payable throughout life in accordance with one of the optional settlements specified in this article.

(b) Notwithstanding subdivision (a), a member who applies for disability and is subsequently granted a service retirement pending a determination of entitlement to disability may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

(c) Notwithstanding subdivision (a), a member retired for service who applies for and is subsequently granted a disability retirement may change the type of optional or unmodified allowance that he or she elected at the time the service retirement was granted, subject to the provisions of Section 31725.7.

Issue 8: Sections 31726 and 31726.5: Nonservice-connected disability

This amendment restructures the sections to provide more clarity; no substantive changes. The sections on the nonservice-connected disability retirement benefit formula distinguish between those retiring on or after age 65 for general and on or after age 55 for safety versus those retiring under these ages in the same section: 31726 and 31726.5.

Section 31726 of the Government Code is amended to read:

(a) Upon retirement for ~~non-service~~**nonservice**-connected disability a member who has attained age 65 shall receive his or her service retirement allowance.

(b) Every member under age 65 who is retired for ~~non-service~~**nonservice**-connected disability and who is not simultaneously retired as a member on deferred retirement of the ~~State~~**Public** Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of the following:

~~(a)~~**(1)** The sum to which he or she would be entitled as service retirement; **or**

~~(b)~~**(2)** A sum which shall consist of ~~any of the following~~:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district. This paragraph

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shall only apply to a person who becomes a member of the system on or after January 1, 1988.

Section 31726.5 of the Government Code is amended to read:

(a) Upon retirement for nonservice-connected disability a safety member who has attained age 55 shall receive his or her service retirement allowance.

(b) Every safety member under age 55 who is retired for nonservice-connected disability and who is not simultaneously retired as a member on deferred retirement of the Public Employees' Retirement System or a retirement system established under this chapter in another county shall receive a disability retirement allowance which shall be the greater of:

~~(a)~~**(1)** The sum to which he or she would be entitled to as service retirement; or

~~(b)~~**(2)** A sum which shall consist of:

~~(1)~~**(A)** An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

~~(2)~~**(B)** If, in the opinion of the board, his or her disability is not due to intemperate use of alcoholic liquor or drugs, willful misconduct, or violation of law on his or her part, a disability retirement pension purchased by contributions of the county or district.

~~(3)~~**(C)** If, in the opinion of the board, his or her disability is not due to conviction of a felony or criminal activity which caused or resulted in the member's disability, a disability retirement pension purchased by contributions of the county or district.

~~Paragraph 3~~**Subparagraph (C)** shall only apply to a person who becomes a member of the association on or after January 1, 1988.

Issue 9: 31730 – Disability Reinstatement

This amendment addresses the scenario in which an employer does not offer to take the employee back who has been found to no longer be incapacitated. The proposed amendment would convert convert the disability retirement into service retirement without adjusting benefit (i.e. actuarial reduction). This conforms to existing practice of several systems. Note: Similar to GC 21193 in which CalPERS only reinstates if the local employer offers to take the employee back.

Section 31730 of the Government Code is amended to read as follows:

(a) If the board determines that the beneficiary is not incapacitated, and his or her employer offers to reinstate that beneficiary, his or her retirement allowance shall be

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canceled forthwith, and he or she shall be reinstated in the county service pursuant to the regulations of the county or district for reemployment of personnel.

(b) If the board determines that the beneficiary is not incapacitated, and his or her employer does not offer to reinstate that beneficiary, notwithstanding any requirement of this chapter regarding eligibility therefor, his or her retirement allowance shall be reclassified to a service retirement in the same amount and subject to any applicable future cost of living adjustments. The optional or unmodified type of allowance selected by the beneficiary at the time of retirement for disability shall be binding as to the service retirement.

Issue 10: 31761, 31762, 31763, and 31764 – Optional Retirement Allowances:

This amendment would insert the word “natural” in front of the phrase “person having an insurable interest in his or her life” to clarify that the optional retirement settlement death benefit cannot be paid to a fictitious person such as a trust or corporation.

Sections 31761, 31762, 31763, and 31764 of the Government Code are amended to read:

31761 – Optional settlement 1 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and, if he or she dies before he or she receives in annuity payments the amount of his or her accumulated contributions at retirement, to have the balance at death paid to his or her estate or to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board.

31762 – Optional settlement 2 consists of the right to elect in writing to have a retirement allowance paid to him or her until his or her death, and thereafter to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31763 – Optional settlement 3 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death, and thereafter to have one-half of his or her retirement allowance paid to the natural person, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement.

31764 – Optional settlement 4 consists of the right to elect in writing to have a retirement allowance paid him or her until his or her death and thereafter to have other benefits as are approved by the board, upon the advice of the actuary, continued throughout the life of and paid to the natural persons, having an insurable interest in his or her life, as he or she nominates by written designation duly executed and filed with the board at the time of his or her retirement. The designation shall not, in the opinion of the board and the actuary, place any additional burden upon the retirement system.

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Issue 11: 31781 – Death Benefit; Elements

This amendment would add language consistent with other CERL sections that provide direction on the calculation of compensation earnable and pensionable compensation when the member is on a leave of absence during the 12 months immediately preceding the member's death.

Section 31781 of the Government Code is amended to read:

The death benefit shall consist of:

- (a) The member's accumulated contributions.
- (b) An amount, provided from contributions by the county or district, equal to one-twelfth of the annual compensation earnable or pensionable compensation as defined in [Section 7522.34](#), whichever is applicable, by the deceased during the 12 months immediately preceding his death, multiplied by the number of completed years of service under the system, but not to exceed 50 percent of such annual compensation. **The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence.**

Issue 12: 31838.5 – Concurrent Retirement; Disability

Section 31838.5 prevents windfalls for members who retire for disability from one or more systems. This amendment would clarify that a CERL system must reduce a member's allowance from that system as much as necessary so that the member does not receive a combined allowance that is "greater than the amount the member would have received had all the member's service been with only one entity." The statute currently refers to a pro rata reduction by each system, but some systems (like CalPERS) are not subject to section 31838.5 and do not make any reduction. This may leave the member with the windfall that section 31838.5 is designed to prevent, depending upon how a system calculates its "pro rata" reduction. This statute would make clear that the windfalls section 31838.5 is designed to prevent should always be prevented.

Section 31838.5 of the Government Code is amended to read:

No provision of this chapter shall be construed to authorize any member, credited with service in more than one entity and who is eligible for a disability allowance, whether service connected or nonservice connected to receive an amount from one county that, when combined with any amount from other counties or the Public Employees' Retirement System, results in a disability allowance greater than the amount the member would have received had all the member's service been with only one entity.

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In cases of service-connected disability allowances only, the limitation on disability allowances provided for in this section shall apply to service-connected disability allowances payable to those who, after being employed with another county or an entity within the Public Employees' Retirement System, become employed by a second public entity on or after January 1, 1984.

Each entity shall calculate its respective obligations based upon the member's service with that entity and each shall adjust its payment on a pro rata basis. **If, however, another entity does not reduce the amount it pays the member, an entity subject to this section shall reduce the allowance it pays the member by as much as necessary to ensure that the member does not receive a disability allowance greater than the amount the member would have received had all the member's service been with only one entity.**



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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2022-2023



August 24, 2021

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

SACRS BOD 2022-2023 election process will begin January 2022. Please provide this election notice to your Board of Trustees and Voting Delegates.

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

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

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

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

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

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

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



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

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

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

The elections will be held at the SACRS Spring Conference May 10 – 13, 2022 at the Rancho Las Palmas, Rancho Mirage, CA. Elections will be held during the Annual Business meeting on Friday, May 13, 2022.

If you have any questions, please contact Dan McAllister, Dan.McAllister@sdcounty.ca.gov

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee & San Diego County Treasurer Tax Collector
SACRS Nominating Committee Chair

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



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

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

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<ul style="list-style-type: none"><input type="radio"/> Chair<input type="radio"/> Alternate<input type="radio"/> General Elected<input type="radio"/> Retiree<input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"><input type="radio"/> President<input type="radio"/> Vice President<input type="radio"/> Treasurer<input type="radio"/> Secretary<input type="radio"/> Regular Member
Brief Bio	



7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Annual Audit Update



No printed materials for this item



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Fall Conference 2021 Evaluations/Feedback



No printed materials for this item



9. SACRS Program Committee Report – No Action

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

A. SACRS Annual Fall Conference 2021 report



No printed materials for this item



10. SACRS Affiliate Committee Report – No Action

Scott Draper, Algert Global, SACRS Affiliate Committee Chair

A. Affiliate Committee report



No printed materials for this item



11. SACRS Bylaws Committee Report – No Action

Chair Position Open, SACRS Bylaws Committee Chair

A. No report



No printed materials for this item



12. SACRS Fall Conference Breakout Reports – No Action

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

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



No printed materials for this item



13. Adjournment

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