



BOARD OF RETIREMENT

October 24, 2023 1:30 p.m.

Boardroom

832 12th Street Suite 600 Modesto, CA 95354

AGENDA

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.

The StanCERA boardroom, is currently open to public access. Members of the public who wish to attend Board meetings may also do so by teleconference, by calling (669) 900-6833. The Meeting ID: 859 3221 9325. If you wish to make a public comment during the Public Comment section of the meeting, or if you wish to comment on a specific agenda item, please press *9 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 taaa@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.

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are 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.

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.

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.

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Announcements
5. Public Comment

6. Emergency Declaration

- a. Emergency Declaration – AB 361

7. Consent Items

- a. Approval of September 26, 2023 Meeting Minutes [View](#)
- b. Applications for Service Retirement(s)
Government Code Sections 31499.14, 31670, 31662.2 & 31810
See attachment for details [View](#)
- c. Applications for Disability
Government Code Section 31837
 - 1. Ingalls, Ernest – Stanislaus County – Service-Connected
 - 2. Winter, Andrew – Stanislaus County – Service-Connected Disability Retirement
- d. Investment Matrix [View](#)
- e. Quarter 2 Private Market Program Report as of June 2023
Agenda Item [View](#) Attachment [View](#)
- f. Investment Fee Summary and Value Added Reports as of June 2023
Agenda Item [View](#) Attachment [View](#)
- g. Private Market Commitment Notice
 - 1. Gridiron Capital Fund V [View](#)
- h. Conference/Meeting Summary [View](#)

8. Investment

- a. NEPC – Investment Consultant – September Flash Report [View](#)
- b. Invesco Liquidation and Rebalance Plan [View](#)
- c. Asset Liability Study [View](#)
- d. Verus – Private Market Education and Performance Update
Education [View](#) Review [View](#)

9. Administrative

- a. Strategic Plan
Agenda Item [View](#) Attachment [View](#)
- b. 2023 SACRS Fall Business Meeting Proxy and Proxy Directives
Agenda Item [View](#) Attachment 1 [View](#) Attachment 2 [View](#)

10. Closed Session

- a. Personnel Discussion
Stanislaus County Employees' Retirement Association
832 12th Street STE 600 Modesto CA 95354
Government Code Section 54957(b) (1)

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

12. Adjournment



BOARD OF RETIREMENT

September 26, 2023 1:30 p.m.

Boardroom

832 12th Street Suite 600 Modesto, CA 95354

BOARD OF RETIREMENT MINUTES

1. Call Meeting to Order

2. Pledge of Allegiance

3. Roll Call

Trustees Present

Mandip Dhillon – Chair

Darin Gharat – Vice Chair

Donna Riley

Samuel Sharpe

Jeff Grover

Terry Withrow

Delilah Vasquez

Trustees Present by Conference Call

Rhonda Biesemeier

Trustees Absent

Michael Lynch

Others Present

Tom Stadelmaier – Executive Director

Stan Conwell – Retirement Investment Officer

Kellie Gomes – Business and Operations Manager

Fred Silva – General Legal Counsel

Alaine Taa – Executive Board Assistant

Jamie Borba – Member and Employer Services Specialist

Daniel Hennessey- NEPC Investment Consultant (joined virtually)

Jennifer Appel - NEPC Investment Consultant (joined virtually)

4. Announcements

Alaine Taa announced the start of the Board Member Election – Seat Number 7 (Safety Representative) was announced with important dates and activities of the election process:

<u>DATE</u>	<u>ACTIVITY</u>
September 17, 2023	Notice of Election Distributed to Safety Members
October 2, 2023	Deadline to Submit Nomination Papers
October 12, 2023	Distribution of Election Ballots
November 1, 2023	Final Date to Receive Ballots
November 2, 2023	Canvassing (counting) the Ballots

An announcement was made correcting the date on the header of the Board Agenda posted on StanCERA's website incorrectly showing the meeting date of July 25, 2023 and that it was corrected to show the correct date of September 26, 2023.

5. Public Comment - NONE6. Emergency Declaration

a. Emergency Declaration – AB 361

Trustee Biesemeier attended the Board Meeting virtually due to a medical condition that prohibited her from attending the meeting physically.

7. Consent Items

- a. Approval of July 25, 2023 Meeting Minutes
- b. Applications for Service Retirement(s)
Government Code Sections 31499.14, 31670, 31662.2 & 31810
- c. Applications for Disability
Government Code Section 31837
 - 1. Withdrawal of Disability Application – Charles Lopez
- d. Investment Matrix
- e. Private Markets Commitment Notices
 - 1. Ares Senior Direct Lending Fund III 2. KSL Capital Partners
- f. Conference Summary

Motion was made by Trustee Gharat and seconded by Trustee Riley to approve all consent items as presented.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Riley	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Vasquez	YES

Motion passed unanimously

8. Investment

- a. NEPC – Investment Consultant - Flash Report – July and August
- b. NEPC Quarter 2 Investment Report as of June 30, 2023
- c. NEPC Asset Allocation/Liability Overview
- d. Annual Funding Plan for the Liquidity Sub-Portfolio

9. Administrative

- a. Pension Benefit Information (PBI) – CertiDeath Monitoring Recommendation

Motion was made by Trustee Gharat and seconded by Trustee Biesemeier to approve staff recommendation to contract with PBI to provide CertiDeath continuous monitoring service and ad-hoc address location services as presented.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Riley	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Vasquez	YES

Motion passed unanimously

10. Committee Reports and Recommendations

- a. Internal Governance Committee Meeting update – Elective Official Policy

2:54 p.m. Trustee Riley and Trustee Withrow recused themselves from meeting and left the room.

Motion was made by Trustee Gharat and seconded by Trustee Vasquez to approve the StanCERA Elective Official Policy and implement all provisions as presented.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Vasquez	YES

Motion passed unanimously

2:57 p.m. Trustee Riley and Trustee Withrow returned to the room and resumed attending the meeting.

Motion was made by Trustee Gharat and seconded by Trustee Grover to enter closed session.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Riley	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Vasquez	YES

Motion passed unanimously

11. Closed Session

- a. 6th Floor Raymond James Lease update
Stanislaus County Employees' Retirement Association
832 12th Street STE 601 Modesto CA 95354
Government Code Section 54968.8

3:06 p.m. StanCERA Staff recused themselves from meeting

- b. Personnel Discussion: 2 Matters
Stanislaus County Employees' Retirement Association
832 12th Street STE 600 Modesto CA 95354
Government Code Section 54957(b) (1)

Motion was made by Trustee Grover and seconded by Trustee Gharat to enter open session at 3:50 p.m.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Riley	YES
Trustee Biesemeier	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Vasquez	YES

Motion passed unanimously

3:50 p.m. StanCERA Staff returned to meeting

Read out from closed session. Chairman Dhillon read out that the Board authorized the Executive Director to enter into an extension of the lease with Raymond James for a period of five years through 2029.

Motion was made by Trustee Grover and seconded by Trustee Gharat.

Roll call vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Riley	YES

Trustee Biesemeier YES
Trustee Grover YES
Trustee Withrow YES
Trustee Vasquez YES
Motion passed unanimously

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

13. Adjournment – Meeting adjourned at 3:53 p.m.

Respectfully submitted,

By Thomas Stadelmaier
Thomas Stadelmaier, Executive Director

APPROVED AS TO FORM

By Fred A. Silva
Fred A. Silva, General Legal Counsel

StanCERA APPLICATIONS FOR SERVICE RETIREMENT(S)

*GOVERNMENT CODE SECTIONS 31499.14, 31670,
31662.2, 318/10 & 31700*

10/24/2023 Item 7.b

1. Brown, Kevin –Stanislaus County – Effective 10/12/2023
2. Eddy, Heather – Stanislaus County – Effective 10/07/2023
3. Furey, Mabel – Stanislaus County – Effective 10/01/2023
4. Harter, Jean – Stanislaus County – Effective 10/01/2023
5. Kannalikhham, Tong – Stanislaus County – Effective 10/28/2023
6. Meraz, Edgar – Stanislaus County – Effective 10/13/2023
7. Navarro, Alejandra – Stanislaus County – Effective 10/07/2023
8. Williams, Brenda – Stanislaus County – Effective 09/18/2023
9. Wood, Jane – Stanislaus County – Effective 10/05/2023
10. Wright, Jami – Stanislaus County – Effective 10/18/2023

October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

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

a) *Investment Program Activities:*

The annual funding rebalance plan as presented to the Board at the September meeting was completed in early October. The portfolio rebalance sold large cap growth equities and the proceeds were redeployed into the cash flow matched bond fund, within the liquidity sub-portfolio. The cash flow match bond fund is now sufficiently sized to cover 6 years of cash shortfalls and provide for the timely and efficient disbursement of benefit payment obligations. Staff also continued work on the asset/liability study and was able to commit to Gridiron Capital Fund V, a new private equity buyout fund.

In late August the SEC adopted new rules and rule amendments meant to enhance protections for private fund investors. Broadly speaking the new rules increased transparency and added restrictions on the activities of private fund advisors. Of note was a requirement to obtain an independent fairness opinion for all fund advisor led secondary transactions. Preferential treatment rules were also adopted around redemption and information rights. Rules regarding quarterly statement, audited financial statements, and books and record were also adopted. The rules are required to take effect in 12-18 months, but a court challenge is expected in the coming months that may delay and/or significantly modify the new rules.

b) *Money Transfer Report:*

September 2023: Capital Calls

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount

BlackRock US High Yield Fund	Public Fixed Income	\$-5,594,724.00	Crestline Opportunity Fund V	Private Credit	\$5,594,724.00
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c) *Manager Meetings:*

BlackRock

At the end of September, StanCERA had about \$419,000,000 in assets managed by BlackRock across four different funds. Each fund is passively managed and charges a very small fee to replicate an index of publicly traded securities. The four strategies track the following indices: the Russell 1000 Growth Index, the Russell 1000 Value Index, the Dow Jones US Select Real Estate Securities Index, and the ICE BofA US High Yield Constrained Index. The tracking difference between the index and the fund is an important performance factor to monitor and this metric was examined during a recent update call with BlackRock. Tracking error was excellent across all four funds and was particularly small for the public equity funds.

At a subsequent meeting, staff utilized BlackRock's public pension database to compare StanCERA's investment portfolio to 126 other public pension plans. The report compared StanCERA to peers across many different factors including past performance, future expected risk and return, asset allocation, and scenario analysis. This peer analysis report provides another perspective on StanCERA's investment portfolio and can be used as an important and timely test of assumptions as we review the asset/liability study. If interested, a copy of the report can be provided to trustees upon request.

PanAgora

Staff hosted a visit from PanAgora at StanCERA for a firm and fund update. PanAgora manages a Risk Parity fund within the risk diversifying sub-portfolio. The strategy seeks to balance risk across asset classes with a goal of adding diversification while targeting a consistent level of volatility over time. The Risk Parity strategy, across all managers, has struggled recently given their large exposure to bonds. The divergence in performance across risk parity managers has also widened recently. Given that, a portion of the meeting was dedicated to reviewing and understanding performance attribution. The use of leverage and transaction costs were also discussed as was future enhancements additions to the fund strategy.

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

October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Quarter 2 Private Markets Program Report as of June, 2023
- II. ITEM NUMBER: 7.e
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

Background

The purpose of this report is to provide useful program-level information on the private market investments in StanCERA's portfolio. StanCERA currently invests in the private real estate, private infrastructure, private credit and private equity asset classes. Each asset class is grouped together to form a program constructed to meet the guidelines outlined in the private markets policy and the overall investment goals of the total portfolio. With this report you can quickly monitor trends in performance, expenses, and funding progress. For each program, the commitment level, funded percentage and IRR trend data is provided for the trailing 8 quarters. The expense data is provided since inception.

Report Analysis - Attachment 1

Real Estate: A new value add real estate manager, TA Realty Fund XIII, was added to this report this quarter. This additional commitment dropped the funded status modestly to 89% versus 95% reported last quarter. Performance since inception continues to decline from the program highs experienced in 2022. The performance drop is driven primarily by drawdowns in core real estate equity. As mentioned in the prior quarter, StanCERA also invests in a core real estate debt fund which is offsetting some of the decline in the real estate market as the floating rate debt they hold is benefiting from the rise in interest rates.

Infrastructure: StanCERA's infrastructure program is anchored by large allocations to open-end core funds which typically call capital all at once. This characteristic of open-end funds accounts for the funding percentage remaining high even as the total commitment level increases rapidly. Additional closed-end fund commitments to non-core strategies are planned to add diversification and enhance returns. Performance remains stable. Given a large portion of Infrastructure's returns are from income, the asset class shares some characteristics with fixed income and contributes to its stability.

Private Credit: Performance of the private credit program remains stable as a majority of the program is composed of legacy private credit funds that have deployed capital and are in the process of harvesting investments. For example, Raven III represents about half of the programs current reported value. As new private credit funds are added, the funding percentage will decrease and the legacy funds will have less impact on performance.

Private Equity: The private equity program funded percentage continues to rise as we saw a modest increase in capital calls during Q2 2023. The private equity program is the newest private markets program in StanCERA's portfolio and as a result the IRR numbers are very sensitive to new inputs and will fluctuate significantly between periods. As expected, private equity performance has continued to come down as the impact of the 2022 market drawdown is fully incorporated into the portfolio company valuations.

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.
- Expenses Since Inception – Private markets expenses can be split into three broad categories: Management Fees, Performance Fees, and Fund Expenses. All expenses reported to StanCERA by the manager are represented in the pie chart.
- Commitment Level and Funded Percentage – The stacked bar chart provides the commitment level indicated on the left y-axis and the funded percentage line is indicated on the right y-axis.
- IRR Trend – This chart provides the net IRR for the program for the last eight quarters.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

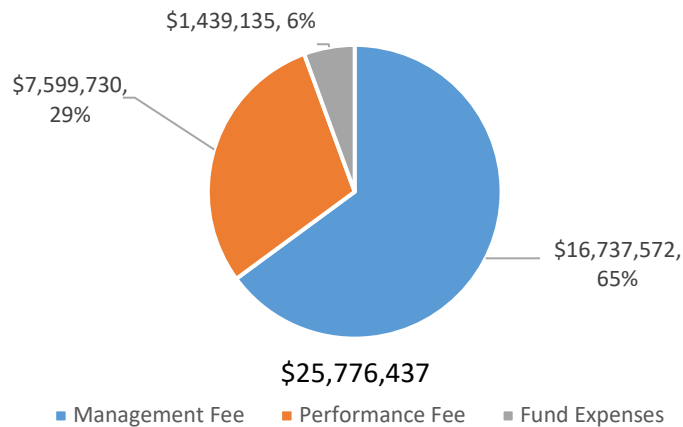
Real Estate Program Performance

Analysis Date: **6/30/2023**
 Program Name: **Real Estate**
 Program Inception Date: **7/8/2014**
 Total Commitment: **\$308,509,359**
 Unfunded Commitment as of Analysis Date: **\$32,372,704**
 % Funded as of Analysis Date: **89.51%**
 Program Fund Balance: **\$318,978,933**

Performance Measures

Net IRR Since Inception: **8.12%**
 Realization Multiple (DPI): **\$0.21**
 Residual Value to Paid in Multiple (RVPI): **\$1.02**
 Investment Multiple (TVPI): **\$1.23**

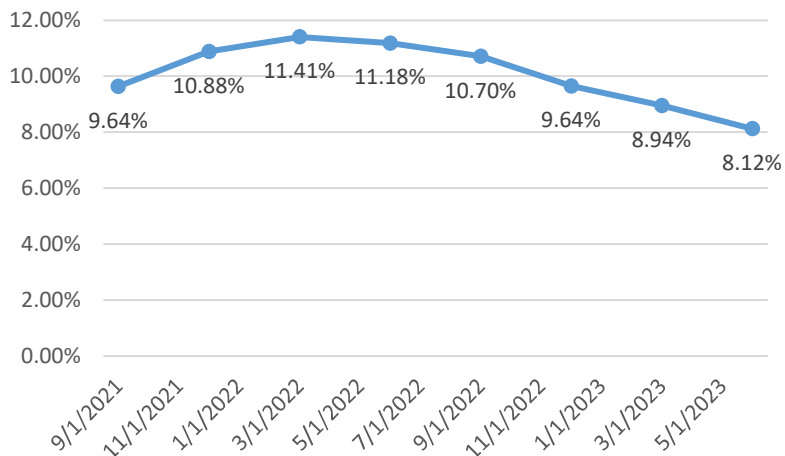
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



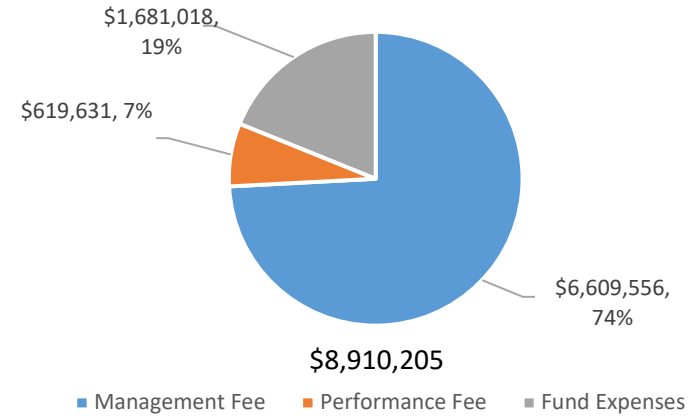
Infrastructure Program Performance

Analysis Date: **6/30/2023**
 Program Name: **Infrastructure**
 Program Inception Date: **5/19/2015**
 Total Commitment: **\$150,000,000**
 Unfunded Commitment as of Analysis Date: **\$13,886,765**
 % Funded as of Analysis Date: **90.74%**
 Program Fund Balance: **\$115,924,673**

Performance Measures

Net IRR Since Inception: **10.83%**
 Realization Multiple (DPI): **\$0.43**
 Residual Value to Paid in Multiple (RVPI): **\$0.71**
 Investment Multiple (TVPI): **\$1.14**

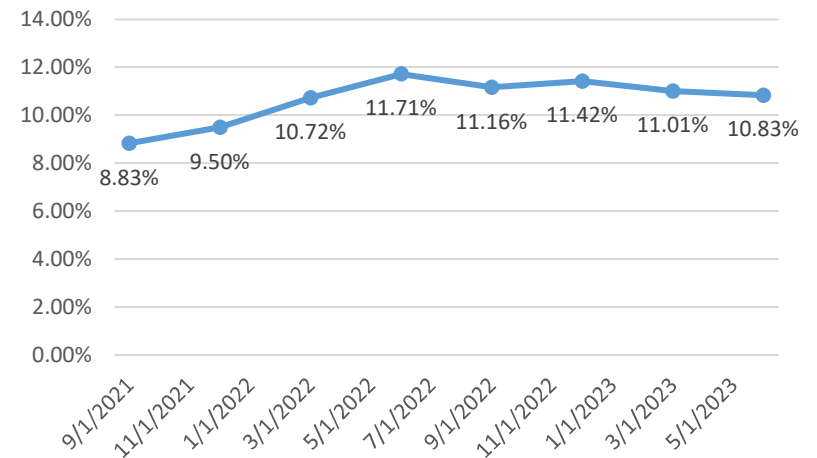
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



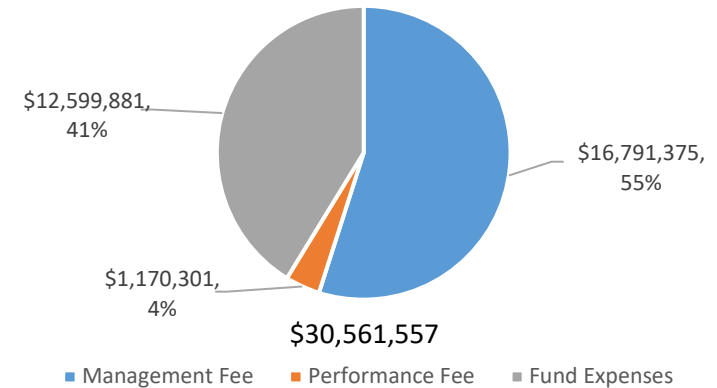
Private Credit Program Performance

Analysis Date: **6/30/2023**
 Program Name: **Private Credit**
 Program Inception Date: **5/16/2013**
 Total Commitment: **\$214,999,999**
 Unfunded Commitment as of Analysis Date: **\$27,953,879**
 % Funded as of Analysis Date: **87.00%**
 Program Fund Balance: **\$122,581,900**

Performance Measures

Net IRR Since Inception: **3.20%**
 Realization Multiple (DPI): **\$0.52**
 Residual Value to Paid in Multiple (RVPI): **\$0.50**
 Investment Multiple (TVPI): **\$1.02**

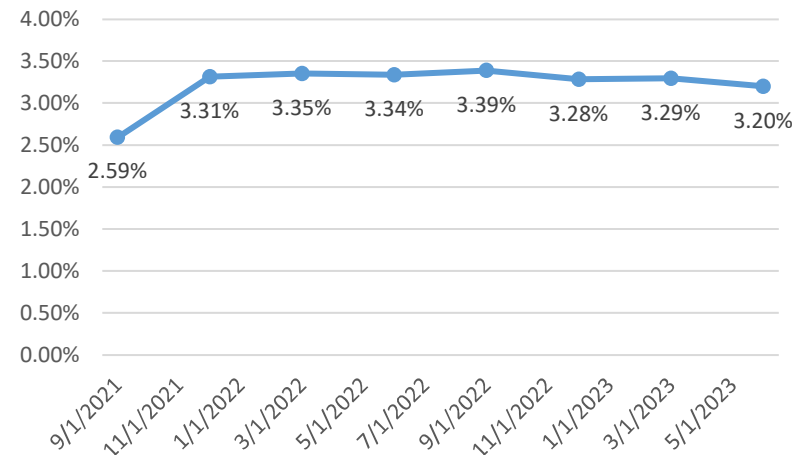
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



Note: 6/30/2023 data for White Oak was not available when this report was produced. Values from the prior quarter were used as estimates.

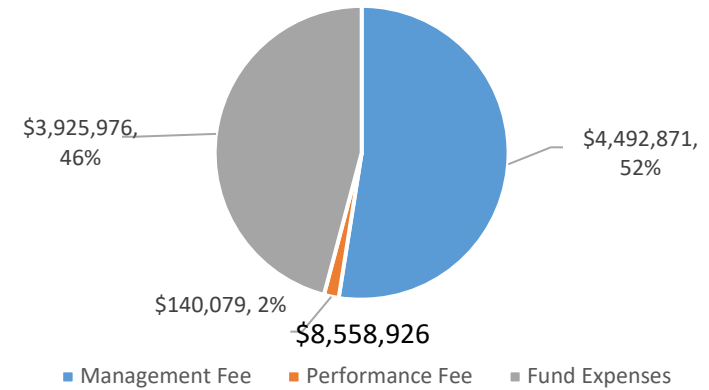
Private Equity Program Performance

Analysis Date: **6/30/2023**
 Program Name: **Private Equity**
 Program Inception Date: **4/30/2020**
 Total Commitment: **\$165,000,000**
 Unfunded Commitment as of Analysis Date: **\$83,512,684**
 % Funded as of Analysis Date: **49.39%**
 Program Fund Balance: **\$98,785,522**

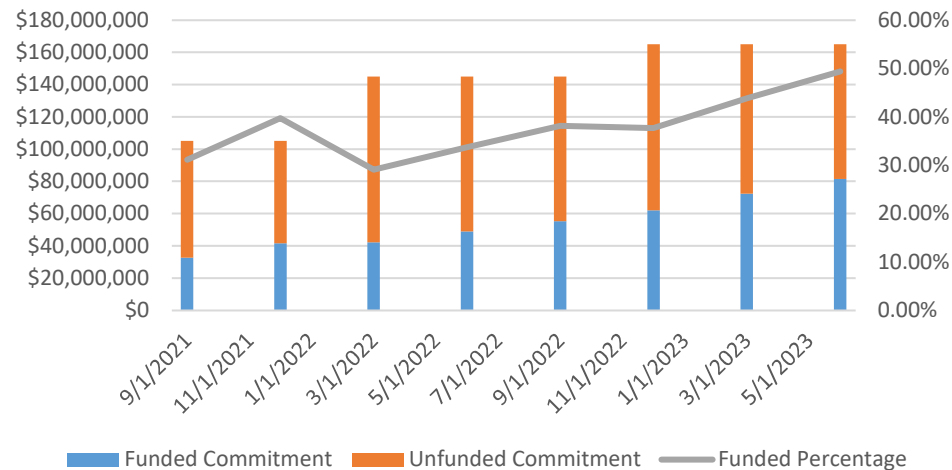
Performance Measures

Net IRR Since Inception: **16.49%**
 Realization Multiple (DPI): **\$0.05**
 Residual Value to Paid in Multiple (RVPI): **\$1.07**
 Investment Multiple (TVPI): **\$1.12**

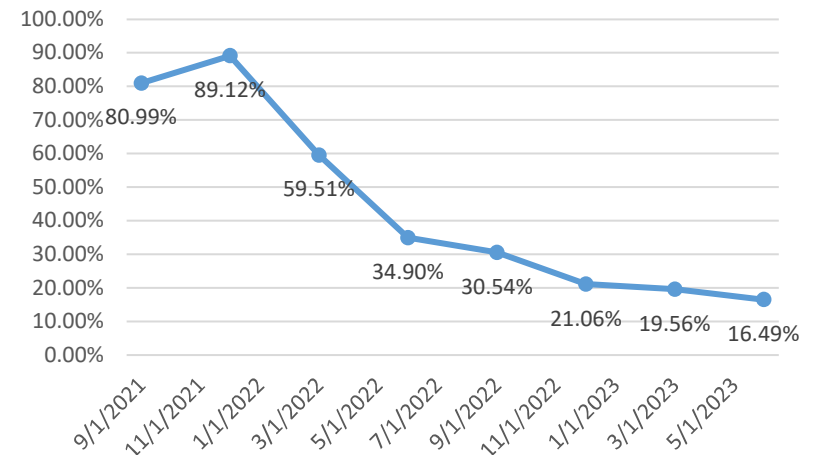
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Fee Summary and Value-Added Reports– June, 2023
- II. ITEM NUMBER: 7.f
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

Attachment 1 contains the investment fee summary and value-added reports.

Investment Fee Summary – This report details StanCERA's investment management fees by asset class, investment style, and individual manager. Fee data for this report is updated on at least a quarterly basis. For the period, 07/01/2020 to 6/30/2023, total investment fees were approximately \$60.45 Million or roughly 76 bps (0.76%) when annualized. As the private market programs continue to be funded, the total fees are expected to increase as well. One of the liquid absolute return strategies also performed well during this period resulting in a performance fee. The lookback period was set to begin with the start of the 2020 fiscal year to provide a good overall indication of the fees and expenses charged to the portfolio.

Value Added Report – In total, for the quarter ending 6/30/2023, performance was positive for all managers except AQR, PanAgora and Pacific Ridge. AQR and PanAgora continue to underperform their benchmark, due to their large exposure to bonds which have underperformed in the current market environment of rising interest rates. Pacific Ridge gave back some outperformance from prior quarters and has performed well over longer periods. The primary benchmark for both AQR and PanAgora is the 60% MSCI ACWI / 40% Bloomberg Global Agg Index. LSV is currently the only manager on this report with a secondary benchmark. The primary benchmark for LSV is the MSCI ACWI ex-US Value index and the secondary benchmark is the MSCI ACWI ex-US Core index. Please note, LSV charged a performance fee at the end of June. This is the first performance fee charged by LSV since 2018.

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

StanCERA Investment Fee Summary - By Asset Class



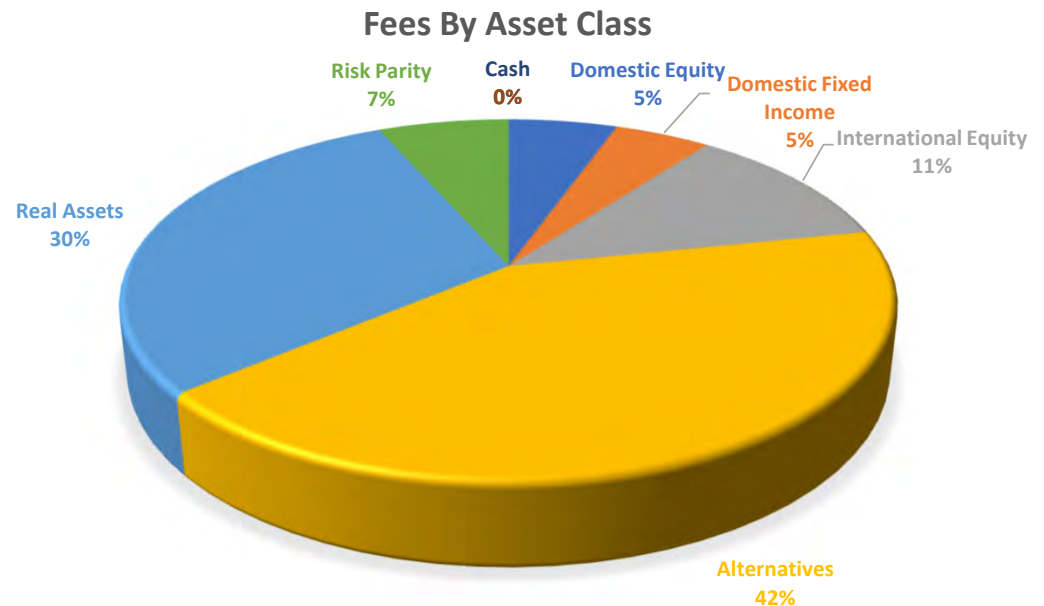
7/1/2020 thru 6/30/2023

	Fees In Dollars						Annualized Fees in Basis Points				
	Average AUM	Managerial	Performance*	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Total StanCERA Portfolio	\$2,562,846,121	\$35,108,767	\$12,550,390	\$11,886,592	\$899,786	\$60,445,535	44.0	15.7	14.9	1.1	75.8

Fees By Asset Class											
	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Domestic Equity	\$645,844,289	\$3,121,028	\$0	\$0	\$162,435	\$3,283,463	3.9	0.0	0.0	0.2	4.1
Domestic Fixed Income	\$491,364,455	\$2,857,130	\$0	\$0	\$49,675	\$2,906,804	3.6	0.0	0.0	0.1	3.6
International Equity	\$513,368,098	\$3,885,485	\$2,501,586	\$0	\$562,033	\$6,949,104	4.9	3.1	0.0	0.7	8.7
Alternatives	\$202,938,892	\$11,412,739	\$4,172,288	\$9,790,543	\$70,455	\$25,446,025	14.3	5.2	12.3	0.1	31.9
Real Assets	\$394,182,257	\$10,633,672	\$5,877,505	\$1,356,338	\$43,493	\$17,911,008	13.3	7.4	1.7	0.1	22.5
Risk Parity	\$286,292,597	\$3,198,713	-\$988	\$739,710	\$11,696	\$3,949,131	4.0	0.0	0.9	0.0	5.0
Cash	\$28,855,534	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0

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

Asset Class	Fees
Domestic Equity	\$3,283,463
Domestic Fixed Income	\$2,906,804
International Equity	\$6,949,104
Alternatives	\$25,446,025
Real Assets	\$17,911,008
Risk Parity	\$3,949,131
Cash	\$0
Total	\$60,445,535





StanCERA Investment Fee Summary - By Investment Style

7/1/2020

thru

6/30/2023

Total StanCERA Portfolio

Fees In Dollars						Annualized Fees in Basis Points				
Average AUM	Managerial	Performance*	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
\$2,562,846,121	\$35,108,767	\$12,550,390	\$11,886,592	\$899,786	\$60,445,535	44.0	15.7	14.9	1.1	75.8

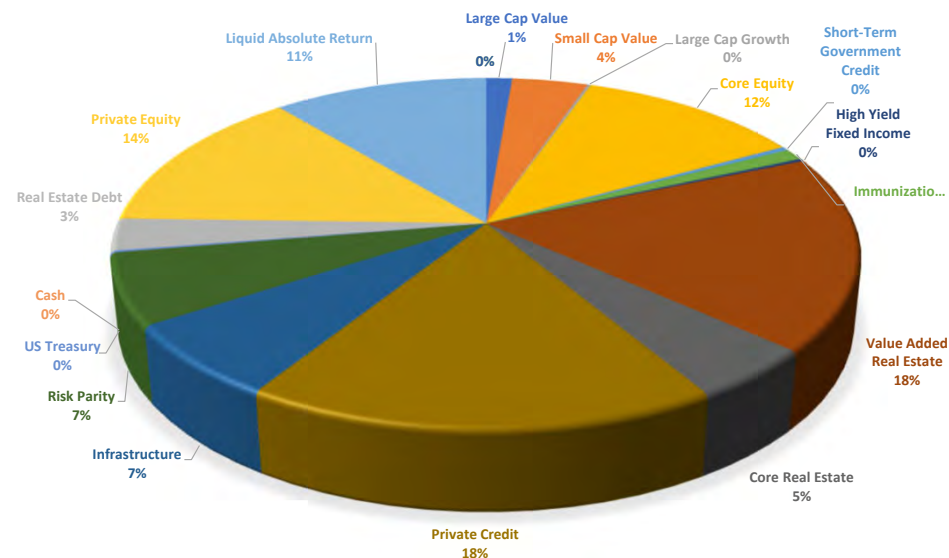
	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Large Cap Value	\$218,874,682	\$759,737	\$0	\$0	\$39,058	\$798,795	1.0	0.0	0.0	0.0	1.0
Small Cap Value	\$99,428,802	\$2,219,637	\$0	\$0	\$117,431	\$2,337,068	2.8	0.0	0.0	0.1	2.9
Large Cap Growth	\$223,464,114	\$93,509	\$0	\$0	\$5,946	\$99,455	0.1	0.0	0.0	0.0	0.1
Core Equity	\$617,444,788	\$3,933,630	\$2,501,586	\$0	\$562,033	\$6,997,248	4.9	3.1	0.0	0.7	8.8
Short-Term Government Credit	\$40,789,315	\$205,991	\$0	\$0	\$12,689	\$218,680	0.3	0.0	0.0	0.0	0.3
Immunization	\$171,418,022	\$617,173	\$0	\$0	\$26,356	\$643,529	0.8	0.0	0.0	0.0	0.8
High Yield Fixed Income	\$74,043,664	\$145,130	\$0	\$0	\$3,842	\$148,972	0.2	0.0	0.0	0.0	0.2
Value Added Real Estate	\$118,843,635	\$5,245,780	\$4,904,441	\$728,810	\$20,481	\$10,899,512	6.6	6.2	0.9	0.0	13.7
Core Real Estate	\$128,436,168	\$2,524,470	\$353,432	\$0	\$11,394	\$2,889,296	3.2	0.4	0.0	0.0	3.6
Private Credit	\$103,898,907	\$4,355,909	-\$75,667	\$6,293,791	\$36,993	\$10,611,026	5.5	-0.1	7.9	0.0	13.3
Infrastructure	\$146,902,454	\$2,863,423	\$619,631	\$627,528	\$11,617	\$4,122,200	3.6	0.8	0.8	0.0	5.2
Risk Parity	\$286,292,597	\$3,198,713	-\$988	\$739,710	\$11,696	\$3,949,131	4.0	0.0	0.9	0.0	5.0
US Treasury	\$127,546,300	\$104,806	\$0	\$0	\$0	\$104,806	0.1	0.0	0.0	0.0	0.1
Cash	\$28,855,534	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0
Real Estate Debt	\$77,567,153	\$1,784,030	\$0	\$0	\$6,787	\$1,790,818	2.2	0.0	0.0	0.0	2.2
Private Equity	\$50,612,092	\$4,761,486	\$140,079	\$3,266,038	\$27,404	\$8,195,007	6.0	0.2	4.1	0.0	10.3
Liquid Absolute Return	\$48,427,893	\$2,295,344	\$4,107,876	\$230,715	\$6,058	\$6,639,992	2.9	5.2	0.3	0.0	8.3

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

By Investment Style	Fees
Large Cap Value	\$798,795
Small Cap Value	\$2,337,068
Large Cap Growth	\$99,455
Core Equity	\$6,997,248
Short-Term Government Credit	\$218,680
Immunization	\$643,529
High Yield Fixed Income	\$148,972
Value Added Real Estate	\$10,899,512
Core Real Estate	\$2,889,296
Private Credit	\$10,611,026
Infrastructure	\$4,122,200
Risk Parity	\$3,949,131
US Treasury	\$104,806
Cash	\$0
Real Estate Debt	\$1,790,818
Private Equity	\$8,195,007
Liquid Absolute Return	\$6,639,992

Total \$60,445,535

Fees By Investment Style





Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2020 thru 6/30/2023

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	\$113,108,437	\$718,276	\$0	\$0	\$33,129	\$751,405	21.2	0.0	0.0	1.0	22.2
2	Bernzott	\$7,832,438	\$55,662	\$0	\$0	\$7,407	\$63,069	107.3	0.0	0.0	14.3	121.5
3	LSV	\$257,421,791	\$1,919,705	\$1,357,988	\$0	\$369,890	\$3,647,583	24.9	17.6	0.0	4.8	47.3
4	Fidelity	\$255,946,307	\$1,965,780	\$1,143,598	\$0	\$192,143	\$3,301,521	25.6	14.9	0.0	2.5	43.1
5	Blackrock Value	\$105,766,245	\$41,461	\$0	\$0	\$5,929	\$47,390	1.3	0.0	0.0	0.2	1.5
6	Blackrock Growth	\$223,464,114	\$93,509	\$0	\$0	\$5,946	\$99,455	1.4	0.0	0.0	0.1	1.5
7	Raven Asset-Based Opportunity Fund I L.P.	\$3,404,067	\$0	\$0	\$274,131	\$5,844	\$279,975	0.0	0.0	268.9	5.7	274.6
8	White Oak Pinnacle Fund L.P.	\$26,011,234	\$1,057,553	\$0	\$196,437	\$5,313	\$1,259,303	135.7	0.0	25.2	0.7	161.6
9	Medley Opportunity Fund II L.P.****	\$3,919,458	\$87,194	\$0	\$613,044	\$5,844	\$706,082	74.3	0.0	522.2	5.0	601.5
10	Blackrock US Real Estate	\$43,179,072	\$107,501	\$0	\$0	\$6,082	\$113,582	8.3	0.0	0.0	0.5	8.8
11	Greenfield GAP VII Management Fund, L.L.C	\$5,121,596	\$513,586	\$686,715	\$108,472	\$5,844	\$1,314,617	334.8	447.7	70.7	3.8	857.0
12	Channing	\$25,198,777	\$592,198	\$0	\$0	\$34,858	\$627,056	78.5	0.0	0.0	4.6	83.1
13	Inview	\$12,666,304	\$141,117	\$0	\$0	\$8,449	\$149,566	37.2	0.0	0.0	2.2	39.4
14	Keeley	\$6,101,005	\$43,545	\$0	\$0	\$7,113	\$50,658	107.7	0.0	0.0	17.6	125.3
15	Pacific Ridge	\$17,396,986	\$488,815	\$0	\$0	\$23,750	\$512,565	93.8	0.0	0.0	4.6	98.4
16	Walthausen	\$15,426,905	\$352,401	\$0	\$0	\$17,667	\$370,068	101.6	0.0	0.0	5.1	106.7
17	Morgan Stanley Prime Property Fund, L.L.C	\$85,257,096	\$2,416,969	\$353,432	\$0	\$5,313	\$2,775,714	94.6	13.8	0.0	0.2	108.7
18	American Realty Advisors Fund	\$81,223,207	\$2,727,221	\$688,038	-\$133,077	\$5,844	\$3,288,025	112.1	28.3	-5.5	0.2	135.2
19	North Haven Infrastructure II GP LP	\$27,465,003	\$1,031,061	\$0	\$207,013	\$5,878	\$1,243,952	125.3	0.0	25.2	0.7	151.2
20	Raven Asset-Based Opportunity Fund III L.P.	\$52,429,572	\$1,843,154	-\$454,183	\$2,374,543	\$5,861	\$3,769,375	117.4	-28.9	151.2	0.4	240.0
21	Insight Investment	\$171,418,022	\$617,173	\$0	\$0	\$26,356	\$643,529	12.0	0.0	0.0	0.5	12.5
22	Dimensional Fund Advisors	\$122,256,193	\$205,991	\$0	\$0	\$12,689	\$218,680	16.9	0.0	0.0	1.0	17.9
23	Northern Trust Cash Account	\$28,855,534	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0
24	Northern Trust Long Term Bond Fund	\$39,013,508	\$32,879	\$0	\$0	\$0	\$32,879	2.8	0.0	0.0	0.0	2.8
25	Northern Trust Intermediate Term Bond Fund	\$88,532,792	\$71,927	\$0	\$0	\$0	\$71,927	2.7	0.0	0.0	0.0	2.7
26	PanAgora Multi-Asset	\$142,001,659	\$1,522,938	-\$988	\$308,737	\$5,852	\$1,836,539	35.8	0.0	7.3	0.1	43.2
27	PGIM Real Estate U.S. Debt Fund, L.P.	\$77,567,153	\$1,784,030	\$0	\$0	\$6,787	\$1,790,818	76.8	0.0	0.0	0.3	77.1
28	AQR Global Risk Premium - EL	\$144,290,938	\$1,675,775	\$0	\$430,973	\$5,844	\$2,112,592	38.8	0.0	10.0	0.1	48.9
29	Grandview Partners I, L.P.	\$25,889,534	\$1,260,836	\$3,529,688	\$585,930	\$5,844	\$5,382,298	162.6	455.2	75.6	0.8	694.1
30	Northern Trust Russell 3000 Fund	\$104,076,690	\$48,145	\$0	\$0	\$0	\$48,145	1.5	0.0	0.0	0.0	1.5
31	Owl Rock First Lien Fund	\$8,301,416	\$461,634	\$0	\$1,962,047	\$5,878	\$2,429,559	185.7	0.0	789.1	2.4	977.1*
32	Insight Partners XI	\$19,651,066	\$735,003	\$198,825	\$149,389	\$6,347	\$1,089,565	124.9	33.8	25.4	1.1	185.1*
33	Vista Foundation Fund IV	\$7,655,240	\$1,200,000	\$6,133	\$302,444	\$5,817	\$1,514,394	554.8	2.8	139.8	2.7	700.1*
34	Clayton, Dubilier, Rice Fund XI (CD&R XI)	\$6,291,396	\$505,547	\$0	\$532,838	\$3,306	\$1,041,691	344.9	0.0	363.5	2.3	710.6*
35	Seizert Capital Partners	\$29,115,502	\$421,009	\$0	\$0	\$14,480	\$435,490	60.1	0.0	0.0	2.1	62.2
36	Gryphon Partners VI	\$10,738,478	\$348,187	-\$64,878	\$687,216	\$3,794	\$974,319	139.2	-25.9	274.7	1.5	389.4*
37	Genstar Capital Partners X	\$5,031,902	\$234,195	-\$1	\$100,824	\$3,301	\$338,319	224.0	0.0	96.4	3.2	323.6*
38	Strategic Value Special Situations Fund V	\$3,769,453	\$218,449	\$20,539	\$119,939	\$4,096	\$363,023	278.9	26.2	153.1	5.2	463.5*
39	Northern Trust Infrastructure Fund	\$119,884,580	\$11,021	\$0	\$0	\$0	\$11,021	0.4	0.0	0.0	0.0	0.4
40	BlackRock High Yield Bond Fund	\$106,724,333	\$145,130	\$0	\$0	\$3,842	\$148,972	6.5	0.0	0.0	0.2	6.7
41	IIF Hedged JP Morgan	\$31,671,264	\$351,057	\$82,930	\$183,645	\$2,151	\$619,784	89.0	21.0	46.5	0.5	157.1
42	IFM Global	\$52,646,679	\$368,148	\$536,701	\$75,878	\$1,063	\$981,790	64.8	94.5	13.4	0.2	172.9
43	Graham Capital	\$59,126,247	\$1,983,560	\$4,107,876	\$230,715	\$3,051	\$6,325,202	202.2	418.7	23.5	0.3	644.8
44	Invesco Global Targeted Returns	\$26,922,463	\$311,784	\$0	\$0	\$3,007	\$314,791	66.4	0.0	0.0	0.6	67.0
45	Sole Source Capital Partners II	\$11,026,711	\$916,779	\$0	\$402,767	\$2,686	\$1,322,232	455.3	0.0	200.0	1.3	656.6*
46	Grandview II, LP	\$12,741,595	\$571,234	\$0	\$167,485	\$2,950	\$741,669	270.2	0.0	79.2	1.4	350.8*
47	Palistar Communications Infrastructure Fund II	\$9,298,269	\$1,102,136	\$0	\$160,992	\$2,526	\$1,265,654	890.8	0.0	130.1	2.0	1023*
49	ABRY Senior Equity VI, LP	\$4,297,023	\$333,451	\$0	\$55,199	\$2,240	\$390,890	583.2	0.0	96.5	3.9	683.7*
50	Monroe Capital Private Credit Fund IV, LP	\$14,741,395	\$354,474	\$357,977	\$698,451	\$1,918	\$1,412,820	N/A	N/A	N/A	N/A	N/A
51	Blue Wolf Capital Fund V	\$689,768	\$377,475	\$0	\$672,508	\$935	\$1,050,918	N/A	N/A	N/A	N/A	N/A



Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2020 thru 6/30/2023

Count	Manager Name	Average AUM	Management	Fees in Dollars			Custodial	Total	Fees in Annualized Basis Points					Total
				Performance **	Other***				Management	Performance	Other	Custodial		
52	Audax Private Equity Fund VII	\$48,871	\$141,927	\$0	\$207,397		\$0	\$349,324	N/A	N/A	N/A	N/A		N/A
53	Phocas Financial Corporation	\$24,590,073	\$124,890	\$0	\$0		\$3,708	\$128,598	N/A	N/A	N/A	N/A		N/A

* These funds charge management fees on committed capital during the investment period.

** Performance fees can be negative due to clawback provisions.

*** Other fees include interest expense, professional fees, transaction costs, and general administration expenses.



StanCERA Value Added Report

4/1/2023

through

6/30/2023

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	\$ 110,743,215	\$ 6,111,415	\$ (60,723)	\$ (2,487)	\$ 4,512,268	None	\$ (6,822)	\$ 1,542,758	None
LSV	\$ 262,266,227	\$ 10,719,583	\$ (1,520,350)	\$ (35,124)	\$ 8,614,604	\$ 7,002,355	\$ (200,335)	\$ 749,840	\$ 2,362,089
Fidelity	\$ 233,040,830	\$ 6,505,884	\$ (179,575)	\$ (16,112)	\$ 6,222,054	None	\$ (178,011)	\$ 266,154	None
Insight Investment	\$ 198,426,407	\$ (52,618)	\$ (59,281)	\$ (2,519)	\$ (1,458,579)	None	\$ (24,447)	\$ 1,368,608	None
Channing	\$ 27,795,447	\$ 2,438,904	\$ (57,675)	\$ (3,812)	\$ 884,334	None	\$ (16,438)	\$ 1,509,521	None
Pacific Ridge	\$ 16,370,653	\$ 609,806	\$ (40,317)	\$ (2,112)	\$ 743,725	None	\$ (9,681)	\$ (166,667)	None
AQR Global Risk Premium - EL	\$ 120,576,937	\$ (1,224,617)	\$ (150,587)	\$ (531)	\$ 3,697,015	None	\$ (44,566)	\$ (5,028,183)	None
PanAgora Multi-Asset	\$ 106,312,555	\$ (2,797,830)	\$ (119,643)	\$ (531)	\$ 3,259,654	None	\$ (39,294)	\$ (6,138,364)	None
Seizert Capital Partners	\$ 32,612,691	\$ 1,431,115	\$ (51,211)	\$ (1,765)	\$ 1,037,598	None	\$ (19,286)	\$ 359,826	None
Phocas Financial Corporation	\$ 23,990,472	\$ 1,164,766	\$ (41,724)	\$ (1,832)	\$ 763,275	None	\$ (14,187)	\$ 372,122	None
Totals	\$ 1,132,135,433	\$ 24,906,409	\$ (2,281,087)	\$ (66,825)	\$ 28,275,949	\$ 7,002,355	\$ (553,067)	\$ (5,164,385)	\$ 2,362,089

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

October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

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

On September 29, 2023, StanCERA committed \$10 million to the Gridiron Capital Fund V (Gridiron V). Gridiron Capital is a private equity firm focused on US middle market companies. Gridiron V is a buyout fund and will primarily follow a buy & build strategy to transform smaller middle market companies through a hands-on approach to accelerate growth and modernize operations. The fund takes a thematic investment approach and invests across three core sectors in which the team has significant knowledge and expertise. The three targeted sectors are: branded consumer, business to business ("B2B") and business to consumer ("B2C") services and niche industrial businesses. The Gridiron V team is led by two managing partners and seven managing directors with each averaging 20 years of private equity investing experience and an average firm tenure of 11 years. The supporting team includes 12 operating partners and a 55-member strategic advisory board. Gridiron has demonstrated a consistent track record of growing companies organically and successfully executing the buy & build strategy. Gridiron was formed in 2005 and is headquartered in New Canaan, CT and has approximately \$3.0 Billion in committed capital.

StanCERA has a 5.0% target allocation to the private equity asset class with a sub-asset class target allocation of 3.5% to buyout funds and 1.5% to venture capital/growth equity. The commitment to Gridiron fund V will be allocated to the buyout sub-asset class and is in compliance with StanCERA's Private Markets Investment Policy Statement. For each private market investment, several due diligence reports, including a comprehensive executive summary, are completed by the investment consultant and staff. These reports contain confidential and proprietary information and are available to Trustees upon request.

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



Conference Summary

1. **Attendee Name:** Deanne Corbiser
2. **Event Name:** P2F2
3. **Event Date:** October 7-10, 2023
4. **Event Location:** Denver, CO

5. **Describe what was good about the event:**

This event focused on accounting for public pension plans. Wonderful opportunity to network and meet peers from other systems all over the country. There was a wide variety of topics and sessions, from actuarial evaluations, GASB updates, and employer reporting reconciliation methods.

6. **Would you recommend this event to other trustees/staff?**

Yes. The event was very well organized, and the presenters offered diverse points-of-view. The event also allowed for extensive interaction with colleagues at other public pension plans and experts in the field.

As previously mentioned, the event focus is pension accounting and is unique in its approach focusing on accounting that is not available through other venues previously attended.

7. **Number of Education Credits:** N/A



Conference Summary

1. **Attendee Name:** Isabel Garcia
2. **Event Name:** P2F2 Annual Conference
3. **Event Date:** October 7-11, 2023
4. **Event Location:** Denver, Colorado

5. **Describe what was good about the event:**

This event was insightful into different state public pension systems and provided educational forums on managing public pension plans. The conference offered an actuarial informational seminar that was thoroughly enjoyable as well as discussions of GASB updates, funding and accounting metrics based on dynamic pension plans focusing on investment strategies and useful tools for optimal financial operations.

6. **Would you recommend this event to other trustees/staff?**

Yes. The event offered diverse discussions on several topics specializing on financial principles and practices relevant to the organization. The conference was well organized, and the speakers provided valuable and resourceful information as well as inspirational ethical presentations. The event was a great venue to network and interact with colleagues at other public pension plans and experts in the field.

This event was unique in its approach and offered a positive, professional forum to further accounting growth and development of best practices I have not found at other conferences.

7. **Number of Education Credits:** N/A



Meeting Summary

1. **Attendee Name:** Tom Stadelmaier
2. **Event Name:** Northern Trust Review of Services and Additional Opportunities
3. **Event Date:** October 2, 2023
4. **Event Location:** NT Offices in Chicago
5. **Describe the meeting:**

This meeting was held to complete a deeper dive on the services offered by Northern Trust to StanCERA and identify opportunities for improvement regarding how we use the data, systems and full suite of services that are offered by Northern Trust as StanCERA's custodian. Our custodian is one of the most critical partners we have and it is important for us to have a strong understanding of their processes and data in order to have the most efficient and high-quality operation possible. Additionally, NT has invested heavily in technology and developing best practices and we can benefit from that knowledge and capability.

Meeting at their offices also allowed us to get immediate access to resources across multiple functions within Northern Trust which facilitated a much deeper discussion on the details. The meeting included representation from senior leadership, custody operations, alternative markets, accounting, performance and reporting and technology. Having the meeting also was important from the perspective of making sure we strengthen our ongoing relationship with a key partner and keep each other at top-of-mind status for how we function and continuously improve the way we work together.

During the meeting a number of key opportunities were identified. Northern Trust has offered to spend additional time on-site at StanCERA to learn how we are currently utilizing the information they hold. They said in the meeting that this is typically a service offered to new clients but given that our relationship is over ten years old and that the environment has changed, that updated review is long overdue. It can potentially lead to some changes in accounting practices and other processes at NT that will be extremely beneficial to StanCERA. Additional opportunities identified that will also be evaluated include: utilizing performance reporting more fully, utilizing enhanced data feeds and reports for financial updates, access to alternative investment document management and services related to capital calls—all of these items require significant manual effort and internal resources at StanCERA currently. The potential exists for establishing processes that are more efficient and higher quality.

Additional material is available to Board members upon request.



Meeting Summary

1. **Attendee Name:** Tom Stadelmaier
2. **Event Name:** Nuveen Global Farmland Fund Tour
3. **Event Date:** October 12, 2023
4. **Event Location:** Fresno and surrounding area
5. **Describe the meeting:**

Nuveen Natural Capital arranged for a tour of properties in Fresno and the surrounding area which are holdings in the Nuveen Global Farmland Fund (NGFF). The fund invests in farmland globally and locally in the region. Holdings include horticulture, viticulture and row crop investments with a variety of financial arrangements and approaches.

The tour covered topics related to diversification, water and energy management, the underwriting process, the role of local connections, technology and the processes employed to realize a positive return on the investment.

I also found the tour useful as a means to understanding more about our region and a topic that is an important aspect of the local economy and culture.

Material has been shared with our investment consultant for review and additional material is available to Board members upon request.



MONTHLY PERFORMANCE REPORT

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

SEPTEMBER 30, 2023

Dan Hennessy, CFA, CAIA, Senior Consultant

Sam Austin, Partner

John Tolar, Consulting Analyst

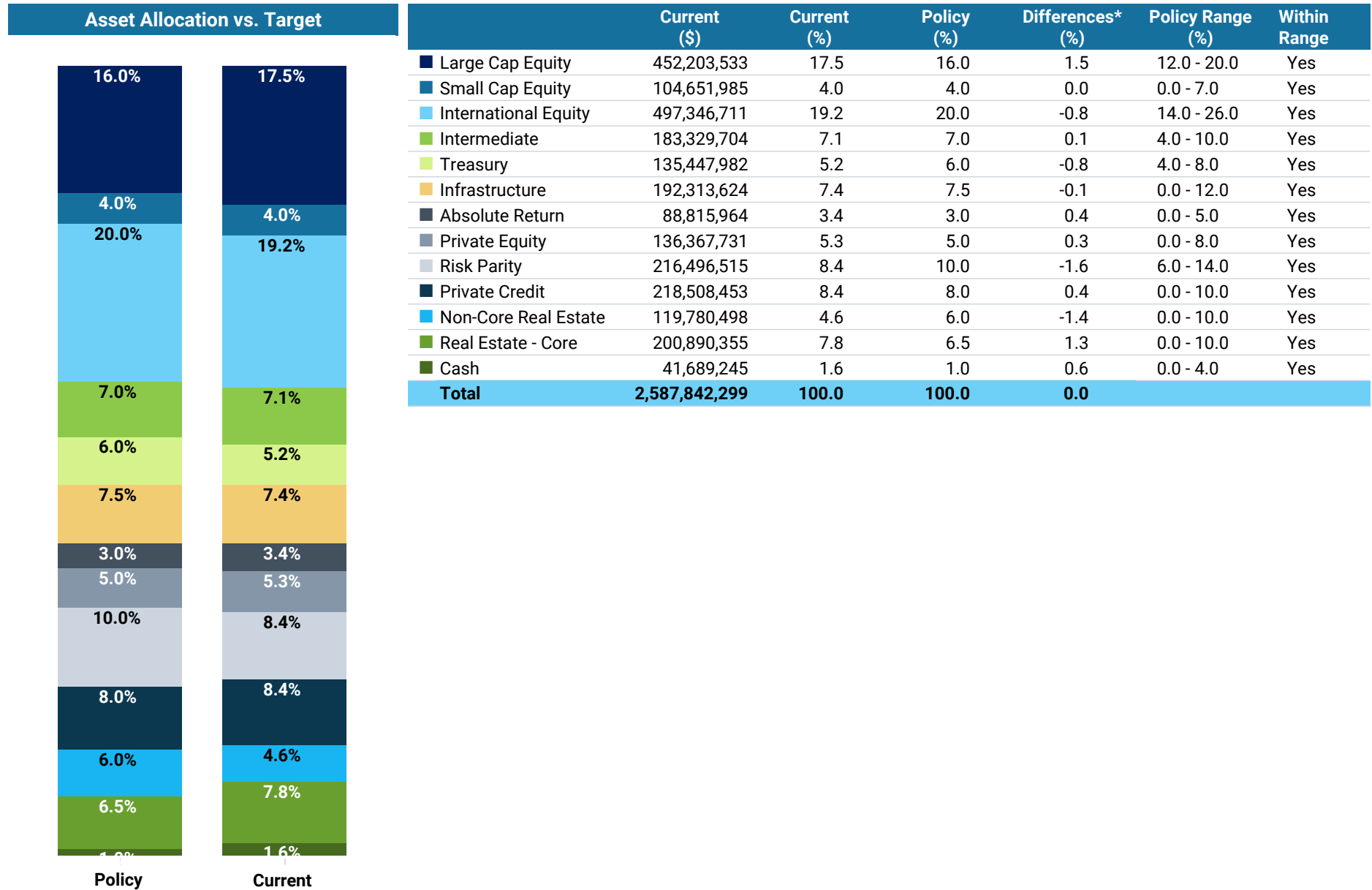
CALENDAR YEAR INDEX PERFORMANCE

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Sep	YTD
S&P 500	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%	-18.1%	-4.8%	13.1%
Russell 1000	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	31.4%	21.0%	26.5%	-19.1%	-4.7%	13.0%
Russell 2000	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	25.5%	20.0%	14.8%	-20.4%	-5.9%	2.5%
Russell 2500	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	27.8%	20.0%	18.2%	-18.4%	-5.6%	3.6%
MSCI EAFE	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	22.0%	7.8%	11.3%	-14.5%	-3.4%	7.1%
MSCI EM	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	18.4%	18.3%	-2.5%	-20.1%	-2.6%	1.8%
MSCI ACWI	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	26.6%	16.3%	18.5%	-18.4%	-4.1%	10.1%
Private Equity	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	17.2%	45.0%	-9.3%	-	2.1%
BBG TIPS	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	8.4%	11.0%	6.0%	-11.8%	-1.8%	-0.8%
BBG Municipal	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	7.5%	5.2%	1.5%	-8.5%	-2.9%	-1.4%
BBG Muni High Yield	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	10.7%	4.9%	7.8%	-13.1%	-3.4%	0.0%
BBG US Corporate HY	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	-11.2%	-1.2%	5.9%
BBG US Agg Bond	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	8.7%	7.5%	-1.5%	-13.0%	-2.5%	-1.2%
BBG Global Agg	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	6.8%	9.2%	-4.7%	-16.2%	-2.9%	-2.2%
BBG Long Treasuries	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	14.8%	17.7%	-4.6%	-29.3%	-7.3%	-8.6%
BBG US Long Credit	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	23.4%	13.3%	-1.2%	-25.3%	-5.3%	-2.6%
BBG US STRIPS 20+ Yr	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	20.9%	24.0%	-5.2%	-39.6%	-11.6%	-15.0%
JPM GBI-EM Global Div	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	13.5%	2.7%	-8.7%	-11.7%	-3.4%	4.3%
JPM EMBI Glob Div	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	15.0%	5.3%	-1.8%	-17.8%	-2.6%	1.8%
CS Hedge Fund	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	9.3%	6.4%	8.2%	1.1%	-	3.4%
BBG Commodity	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	7.7%	-3.1%	27.1%	16.1%	-0.7%	-3.4%
Alerian Midstream	-	16.4%	-37.3%	33.8%	-2.4%	-13.3%	24.0%	-23.4%	38.4%	21.5%	-0.7%	7.1%
FTSE NAREIT Equity REITs	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	26.0%	-8.0%	43.2%	-24.4%	-6.8%	-2.1%

*Private Equity return represents calendar year pooled IRR and is subject to a one quarter lag
Source: FactSet, Barclays, Thomson One



ASSET ALLOCATION VS. POLICY



*Difference between Policy and Current Allocation

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									Inception Date
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	
Total Fund	2,587,842,299	100.0	-2.0	-1.4	4.1	9.7	5.8	5.2	6.5	6.3	8.4	Jan-95
Policy Index			-2.3	-1.6	5.9	11.9	5.7	5.7	6.6	6.6	7.7	
Allocation Index			-2.6	-2.0	4.7	10.3	4.6					
Liquidity Sub-Portfolio	225,018,949	8.7	-0.3	0.4	2.4	4.2	-0.2	2.7	2.0		1.8	Aug-14
StanCERA Liquidity Blended BM			-0.9	-0.6	1.0	2.5	-1.9	1.6	1.3		1.2	
Cash	41,689,245	1.6	0.5	1.5	4.4	5.6	3.4	2.6	2.2		1.9	Aug-14
FTSE 1 Month T-Bill			0.4	1.4	3.7	4.6	1.7	1.7	1.5		1.2	
Cashflow-Matched Bonds	183,329,704	7.1	-0.4	0.2	2.0	3.8	-1.1	2.3			1.9	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-1.1	-0.8	0.7	2.2	-2.9	1.0			0.8	
Insight	183,329,704	7.1	-0.4	0.2	2.0	3.8	-1.1	2.3			1.9	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-1.1	-0.8	0.7	2.2	-2.9	1.0			0.8	
Growth Sub-Portfolio	1,922,062,890	74.3	-2.1	-1.4	5.4	13.0	8.7	6.7	8.4	7.9	7.8	Jan-04
StanCERA Growth Blended BM			-2.3	-1.4	7.2	14.0	9.0	7.6	8.9			
US Equities	556,855,518	21.5	-4.4	-2.2	12.3	21.5	11.9	8.9	11.4	10.6	9.5	Jan-04
Russell 3000 Index			-4.8	-3.3	12.4	20.5	9.4	9.1	11.6	11.3	9.2	
US Large Equity	452,203,533	17.5	-4.3	-2.4	13.7	22.4	10.6	9.9	12.4	11.7	12.3	Jan-95
Russell 1000 Index			-4.7	-3.1	13.0	21.2	9.5	9.6	12.0	11.6	10.2	
BlackRock Russell 1000 Growth	225,732,384	8.7	-5.4	-3.1	24.9	27.7	7.9	12.4	15.6	14.5	15.3	Aug-10
Russell 1000 Growth Index			-5.4	-3.1	25.0	27.7	8.0	12.4	15.6	14.5	15.3	
BlackRock Russell 1000 Value	111,256,738	4.3	-3.9	-3.2	1.8	14.4	11.0	6.3	8.0	8.5	10.8	Aug-09
Russell 1000 Value Index			-3.9	-3.2	1.8	14.4	11.1	6.2	7.9	8.4	10.7	
Dodge & Cox-Equity	115,214,411	4.5	-2.5	0.0	7.0	20.8	16.2	8.2	10.9	10.4	11.6	Jan-95
Russell 1000 Value Index			-3.9	-3.2	1.8	14.4	11.1	6.2	7.9	8.4	9.4	
US Small Equity	104,651,985	4.0	-4.8	-1.5	6.5	17.6	18.5	5.3	7.9	7.0	11.4	Jan-09
Russell 2000 Index			-5.9	-5.1	2.5	8.9	7.2	2.4	6.6	6.6	10.5	
Attucks Small Cap	104,651,985	4.0	-4.8	-1.5	6.5	17.6	18.5	5.3	8.5	7.8	11.5	Jan-09
Russell 2000 Value Index			-5.2	-3.0	-0.5	7.8	13.3	2.6	5.9	6.2	9.4	
International Equity	497,346,711	19.2	-2.1	-1.6	8.3	26.5	7.3	3.9	5.8	4.3	6.0	Oct-04
MSCI AC World ex USA (Net)			-3.2	-3.8	5.3	20.4	3.7	2.6	4.7	3.3	5.2	
LSV Int'l Large Cap Value	270,237,868	10.4	-0.8	0.9	11.3	31.3	11.1	4.2	6.2	4.5	5.9	Oct-04
MSCI AC World ex USA Value (Net)			-1.0	-0.1	8.2	25.2	9.6	2.3	4.6	2.6	4.7	
Fidelity Int'l Growth	227,108,843	8.8	-3.5	-4.5	4.9	21.2	3.4	3.4	5.3	3.9	3.7	May-06
MSCI AC World ex USA Growth (Net)			-5.3	-7.3	2.6	15.8	-1.9	2.5	4.7	3.9	3.5	

- Cash Composite includes the Transaction Account Value.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Real Estate	200,890,355	7.8	-0.3	-0.3	-0.2	-1.2	7.5	5.3	4.9	6.7	3.0	Apr-08
NCREIF Property Index			0.0	0.0	-3.8	-7.1	6.5	5.6	6.0	7.5	6.0	
Prime Property Fund	99,034,302	3.8	-0.2	-0.2	-3.7	-7.2	8.0	6.4	7.0		7.4	Oct-15
NCREIF ODCE			-2.0	-2.0	-7.6	-12.2	7.1	5.6	6.4		6.8	
BlackRock Real Estate Securities	4,134,558	0.2	-7.0	-7.4	-2.2	2.5	6.0	1.5	1.6	5.2	5.2	Oct-12
Dow Jones U.S. Select RESI			-7.0	-7.3	-2.0	2.7	6.1	1.6	1.6	5.3	5.2	
PGIM Real Estate US Debt Fund	97,721,495	3.8	0.0	0.0	3.5	5.2	5.1	5.2			5.2	Sep-18
Blmbg. U.S. Investment Grade: CMBS Index			-1.2	-1.0	0.1	1.0	-3.7	0.9			0.8	
Value-Add Real Estate	119,780,498	4.6	0.0	0.0	-6.1	-6.4	8.1	8.7	9.7		9.8	Aug-14
NCREIF Property Index +2%			0.2	0.5	-2.3	-5.3	8.7	7.7	8.1		9.5	
American Strategic Value Realty	84,650,893	3.3	0.0	0.0	-4.6	-7.9	7.2	6.7	7.7		9.2	Jan-15
NCREIF Property Index			0.0	0.0	-3.8	-7.1	6.5	5.6	6.0		7.0	
Greenfield Acquisition Partners VII	1,026,797	0.0	0.0	0.0	7.8	-4.1	5.0	7.0	8.9		9.1	Aug-14
NCREIF-ODCE +1%			-1.9	-1.7	-6.9	-11.3	8.2	6.7	7.4		9.0	
Grandview Property Partners I	18,438,929	0.7	0.0	0.0	-11.7	-3.1	11.7	14.8			17.4	Apr-18
NCREIF-ODCE +1%			-1.9	-1.7	-6.9	-11.3	8.2	6.7			7.0	
Grandview Property Partners II	15,663,879	0.6	0.0	0.0	-7.8	-1.9					-1.3	Dec-21
NCREIF-ODCE +1%			-1.9	-1.7	-6.9	-11.3					4.9	
Infrastructure	192,313,624	7.4	-1.0	-2.0	1.9	7.2	1.2	4.0	6.5		4.7	Jun-15
CPI + 5% (Unadjusted)			0.7	2.1	7.6	8.9	11.0	9.2	8.7		8.3	
MS Infrastructure Partners II	13,627,765	0.5	0.0	0.0	-2.9	-1.9	8.0	8.1	9.5		7.2	Jun-15
CPI + 5% (Unadjusted)			0.7	2.1	7.6	8.9	11.0	9.2	8.7		8.3	
Palistar Communications Infrastructure Fund II	13,746,259	0.5	0.0	0.0	3.2	5.7					8.1	Jan-22
CPI + 5% (Unadjusted)			0.7	2.1	7.6	8.9					11.1	
JP Morgan IIF Hedged LP	33,647,788	1.3	0.0	0.0	4.8	10.3					9.1	Apr-22
CPI + 5% (Unadjusted)			0.7	2.1	7.6	8.9					9.9	
Northern Trust Infrastructure Fund	75,999,070	2.9	-3.6	-5.5	-1.6	6.2					-4.7	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			-3.6	-5.4	-1.6	6.2					-4.4	
IFM Global Infrastructure Fund	55,292,742	2.1	1.5	0.8	6.0	10.3					8.4	Jul-22
CPI + 5% (Unadjusted)			0.7	2.1	7.6	8.9					8.2	

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	136,367,731	5.3	-1.6	-1.0	-1.5	2.2	8.7				11.4	Dec-18
Russell 3000 + 3%			-4.5	-2.5	14.9	24.1	12.7				14.1	
Private Equity	92,485,566	3.6	0.0	0.0	-8.8	-8.0	11.7				12.0	Apr-20
Russell 3000 + 3%			-4.5	-2.5	14.9	24.1	12.7				20.7	
Private Equity Proxy	43,882,165	1.7	-4.8	-3.3	12.4	20.5	9.4	10.3	12.4	12.0	9.5	Dec-03
Russell 3000 Index			-4.8	-3.3	12.4	20.5	9.4	9.1	11.6	11.3	9.4	
Private Credit	218,508,453	8.4	-0.5	0.2	3.4	6.9	3.7	0.3	0.9	1.9	2.2	Jun-13
S&P/LSTA Leveraged Loan Index +2%			1.1	3.9	11.8	15.3	8.2	6.5	6.8	6.4	6.3	
Private Credit	123,671,199	4.8	0.0	0.0	0.3	1.2	6.8	2.1	2.2	2.8	3.2	Jun-13
S&P/LSTA Leveraged Loan Index +2%			1.1	3.9	11.8	15.3	8.2	6.5	6.8	6.4	6.3	
Private Credit Proxy	94,837,254	3.7	-1.1	0.3	6.6	12.9					-1.0	Jul-21
ICE BofA US High Yield Master II Constrained			-1.2	0.5	6.0	10.2					-2.0	
Risk-Diversifying Sub-Portfolio	440,760,461	17.0	-2.5	-2.3	-0.5	0.1	-3.2	0.4	0.6	1.7	3.6	Dec-03
StanCERA Risk-Diversifying Blended BM			-2.8	-2.8	2.8	7.6	-1.8	1.4	0.8	1.3		
Risk Parity	216,496,515	8.4	-4.2	-4.1	-2.0	-1.2	-3.2	1.2			0.9	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.6	-3.5	5.1	13.2	1.3	3.4			3.4	
AQR Global Risk Premium - EL	117,416,285	4.5	-3.5	-2.6	0.0	2.4	-0.6	2.0			2.3	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.6	-3.5	5.1	13.2	1.3	3.4			3.4	
PanAgora Risk Parity Multi Asset	99,080,230	3.8	-5.1	-5.9	-4.2	-5.2	-6.0	0.2			-0.3	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			-3.6	-3.5	5.1	13.2	1.3	3.4			3.4	
US Treasury Bonds	135,447,982	5.2	-2.7	-4.0	-2.3	-1.7	-6.9	-0.4	-0.1	1.3	3.4	Dec-03
Blmbg. U.S. Treasury: 7-10 Year			-3.1	-4.4	-2.9	-1.9	-7.5	-0.2	-1.0	0.8	3.2	
Northern Trust Intermediate Gov't Bond	99,315,715	3.8	-1.0	-0.8	0.2	1.3	-3.2	0.6			0.3	Aug-17
Blmbg. U.S. Government: Intermediate			-0.9	-0.8	0.3	1.3	-3.2	0.7			0.4	
Northern Trust Long Term Gov't Bond	36,132,267	1.4	-7.3	-11.8	-8.6	-9.2	-14.9	-2.3			-2.2	Aug-17
Blmbg. U.S. Government: Long Term Bond Index			-7.3	-11.8	-8.5	-9.0	-15.7	-2.8			-2.6	
Liquid Absolute Return	88,815,964	3.4	2.3	5.4	6.4	6.6					12.4	Oct-21
30 Day T-Bill + 4%			0.8	2.4	6.8	8.8					6.7	
Graham Global Investment Fund I SPC LTD	60,410,262	2.3	3.5	8.2	7.8	5.4					17.7	Nov-21
HFRI Macro (Total) Index			1.3	1.4	0.6	-0.7					4.1	
Invesco Global Targeted Return	28,405,702	1.1	-0.2	-0.2	3.7	9.3					3.5	Dec-21
30 Day T-Bill + 4%			0.8	2.4	6.8	8.8					6.9	

CASH FLOW SUMMARY BY MANAGER

	1 Month Ending September 30, 2023				
	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value
Abry Senior Equity VI, L.P.	\$7,969,018	-	-	-	\$7,969,018
American Strategic Value Realty	\$84,650,893	-	-	-	\$84,650,893
AQR Global Risk Premium - EL	\$121,667,148	-	-	-\$4,250,863	\$117,416,285
Audax Private Equity VII	\$1,172,389	-	-	-	\$1,172,389
Blackrock High Yield Fund	\$84,711,850	-	-\$5,594,724	-\$1,022,033	\$78,095,093
BlackRock Real Estate Securities	\$4,445,528	-	-	-\$310,970	\$4,134,558
BlackRock Russell 1000 Growth	\$238,704,326	-	-	-\$12,971,941	\$225,732,384
BlackRock Russell 1000 Value	\$115,726,249	-	-	-\$4,469,511	\$111,256,738
Blue Wolf Capital Fund V-A, L.P.	\$5,782,548	-	-	-	\$5,782,548
Callodine Loan Fund II LP	\$11,852,585	-	-	-	\$11,852,585
Cash Account	\$36,517,102	\$10,262,976	-\$5,594,953	\$191,906	\$41,377,031
Channing	\$30,255,084	-	-	-\$1,648,963	\$28,606,121
Clayton, Dublier, & Rice	\$14,740,345	-	-	-	\$14,740,345
Crestline Opportunity Fund IV	-	\$5,594,724	-	-	\$5,594,724
Dodge & Cox-Equity	\$118,103,471	-	-	-\$2,889,060	\$115,214,411
Fidelity Int'l Growth	\$235,257,352	-	-	-\$8,148,509	\$227,108,843
Genstar Capital Partners X	\$10,044,343	-	-\$15,126	-	\$10,029,218
Graham Global Investment Fund I SPC LTD	\$58,358,897	-	-	\$2,051,365	\$60,410,262
Grandview Property Partners I	\$18,712,031	-	-\$273,102	-	\$18,438,929
Grandview Property Partners II	\$17,127,357	-	-\$1,463,478	-	\$15,663,879
Great Hill EP VIII	-\$364,181	-	-	-	-\$364,181
Greenfield Acquisition Partners VII	\$1,111,515	-	-\$84,718	-	\$1,026,797
Gryphon Partners VI LP	\$12,813,857	-	-	-	\$12,813,857
IFM Global Infrastructure Fund	\$54,468,157	-	-	\$824,585	\$55,292,742
Insight	\$187,785,081	-	-\$3,670,481	-\$784,896	\$183,329,704
Insight Partners XI	\$21,067,704	-	-	-	\$21,067,704
Invesco Global Targets Returns	\$28,472,984	-	-	-\$67,281	\$28,405,702
JP Morgan IIF Hedged LP	\$33,647,788	-	-	-	\$33,647,788
LSV Int'l Large Cap Value	\$272,456,339	-	-	-\$2,218,471	\$270,237,868

CASH FLOW SUMMARY BY MANAGER

	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value
Medley Capital	\$2,558,209	-	-\$782,241	-	\$1,775,968
Monroe Private Credit IV	\$16,742,161	-	-	-	\$16,742,161
MS Infrastructure Partners II	\$13,627,765	-	-	-	\$13,627,765
Northern Trust Infrastructure Fund	\$79,193,345	-	-\$331,710	-\$2,862,565	\$75,999,070
Northern Trust Intermediate Gov't Bond	\$100,270,612	-	-	-\$954,897	\$99,315,715
Northern Trust Long Term Gov't Bond	\$38,986,644	-	-	-\$2,854,378	\$36,132,267
Northern Trust Russell 3000	\$46,077,452	-	-	-\$2,195,287	\$43,882,165
Owl Rock First Lien Fund	\$8,617,053	-	-	-	\$8,617,053
Pacific Ridge	\$17,880,663	-	-	-\$589,116	\$17,291,547
Palistar Communications Infrastructure Fund II	\$14,461,540	-	-\$715,281	-	\$13,746,259
PanAgora Risk Parity Multi Asset	\$104,332,422	-	-	-\$5,252,193	\$99,080,230
PGIM Real Estate US Debt Fund	\$97,721,495	-	-	-	\$97,721,495
Phocas'	\$26,350,804	-	-	-\$1,544,077	\$24,806,727
Prime Property Fund	\$100,243,157	-	-\$989,894	-\$218,961	\$99,034,302
Raven Opportunity III	\$55,627,212	-	-	-	\$55,627,212
Seizert	\$35,475,926	-	-	-\$1,528,336	\$33,947,590
Sole Source Capital Partners II	\$12,518,076	-	-	-	\$12,518,076
Strategic Values Special Situations Fund V, L.P.	\$5,529,107	-	-	-	\$5,529,107
Transition Account	\$310,975	-	-	\$1,238	\$312,213
Vista Foundation Fund IV	\$14,725,610	-	-	-	\$14,725,610
White Oak Pinnacle	\$26,705,533	-	-	-	\$26,705,533
Total	\$2,645,213,522	\$15,857,700	-\$19,515,708	-\$53,713,214	\$2,587,842,299

NOTES

- All performance is shown net of investment management fees.
- Dodge & Cox-Equity is preliminary and subject to change once finalized
- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC.
- Policy Index 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, US Small, 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.
- Fiscal Year End Date June 30.

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.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

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



October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Invesco Fund Closure and Rebalance Plan
- II. ITEM NUMBER: 8.b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION: Direct staff to fully liquidate the Invesco Global Targeted Returns fund and execute the rebalance plan as presented.
- V. ANALYSIS:

Background

StanCERA initially invested in the Invesco Global Targeted Returns fund in November of 2021 as one of two funds filling the 3% target allocation to the liquid absolute return asset class. Since then, the Invesco fund has performed as expected earning a steady positive return even as other asset classes have faced challenges.

Fund Closure

On September 28 Invesco notified StanCERA they will be closing the Global Targeted Returns strategy. The decision to close the fund appears to be a strategic business decision made by Invesco to focus the firm's resources on other product offerings. A large portion of the fund's client base was with UK pensions. UK pensions were stressed in 2022 leading many to use the Invesco strategy as a source of liquidity that led to large outflows. Invesco also determined future demand for the strategy would be low making it unlikely the dip in AUM would be filled by clients in other markets. The fund will liquidate no later than the end of December 2023.

Rebalance Plan

Staff and NEPC are recommending StanCERA fully withdraw from the fund before the final liquidation date in December. StanCERA has another liquid absolute return fund, the Graham Proprietary Matrix fund, that can be allocated additional capital while a suitable replacement for the Invesco fund can be fully vetted and approved by the board. Any rebalance plan should also be mindful of the potential target allocation changes that are likely to occur as part of the asset/liability study. Given the potential changes to the asset mix and the current cash yields of between 4-5%, a rebalance of the Invesco proceeds into the Graham liquid absolute return fund as well as cash would be a prudent plan. Allocating all the proceeds to Graham would increase exposure above any potential long-term target for the fund. In addition, a slight overweight to cash would be short-term in nature as the portfolio would be rebalanced to the new asset allocation targets in early 2024.

The proposed rebalance plan is detailed below:

From			To		
Manager	Asset Class	Amount*	Manager	Asset Class	Amount
Invesco GTR	Liquid Absolute Return	\$-28,308,804	Graham Proprietary Matrix	Liquid Absolute Return	\$12,500,000
			StanCERA Cash	Cash	\$15,808,804

* As of 10/17/2023

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



ASSET-LIABILITY STUDY

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION


OCTOBER 2023

Robert Goldthorpe, ASA, Investment Director



EXECUTIVE SUMMARY

- **StanCERA remains in a moderate funded position and is on a path to improved funding levels over the next 13 years as 80% of the current unfunded liability becomes fully amortized**
 - June 30, 2022 Actuarial Valuation Funded Status: 77.0%
 - June 30, 2023 NEPC Funded Status Estimate given 6.8% return: 77.1%
- **StanCERA has taken steps to reduce overall plan risk while maintaining funded status over the last few years**
 - Lowering the investment return assumption from 7.00% to 6.75% in 2021
 - Improved financial stability due to less reliance on investment returns and reduced potential of future contribution increases
 - Plan has maintained funded status over the past few years from 76% in 2019 to 77% in 2023
- **Market environment has shifted significantly**
 - Challenging investment environment in 2022 and into 2023
 - From low rates/low growth/low expected returns...
 - To higher inflation, challenging market conditions, tightening monetary policy
- **NEPC is recommending incremental changes to the Current Policy Allocation**
 - Diversifiers: increase liquid absolute return and add TIPS, funded from risk parity
 - Public Growth: add liquid credit, funded from public equity
 - Private Growth: increase private credit, funded from core real estate and infrastructure



PURPOSE & METHODOLOGY OF THIS ASSET- LIABILITY STUDY



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PURPOSE OF THIS ASSET-LIABILITY STUDY

- **Review the current/projected financial status of the plan over long-term horizon**
- **Determine appropriateness of current asset allocation with consideration of:**
 - Expected progress of liabilities and cash flows/liquidity needs
 - Path of funded status
- **Test sensitivity of plan (Assets and Liabilities) to various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider appropriate asset mixes and expected return on assets**
 - Assess return target against tradeoff of volatility/range of outcomes
 - Analyze inclusion/exclusion of various asset classes/strategies

FIRST PRINCIPLES

- **The funding of pension benefits is made possible through the combination of member and employer contributions and returns on investment**
- **The long-term expected return on assets drives the selection of an appropriate discount rate for public pension liabilities**
- **Expected return on assets is based on assumptions – actual experience will likely depart from those assumptions**
- **Long-term nature of pension obligations positions well-funded pension plans to take advantage of long-term investment opportunities**
- **It is critical and healthy for pension trustees to regularly review fundamental characteristics of the pension plan:**
 - Risk tolerance
 - Viability of long-term investment return
- **Risk is multi-dimensional and should be considered from different perspectives – Risk is not just volatility!**
 - Volatility, potential for drawdowns, illiquidity, exposure to economic factors, etc.
- **Return expectations are generally lower than historical returns, forcing many investors to reconsider both return expectations and appropriate levels of risk**

BALANCING THE PENSION EQUATION

- All the complexities of pension plans boil down to the classic equation:

$$B + E = C + I$$

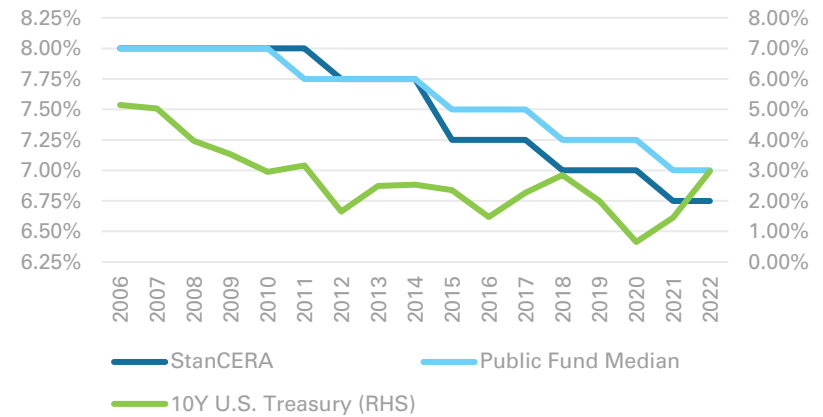
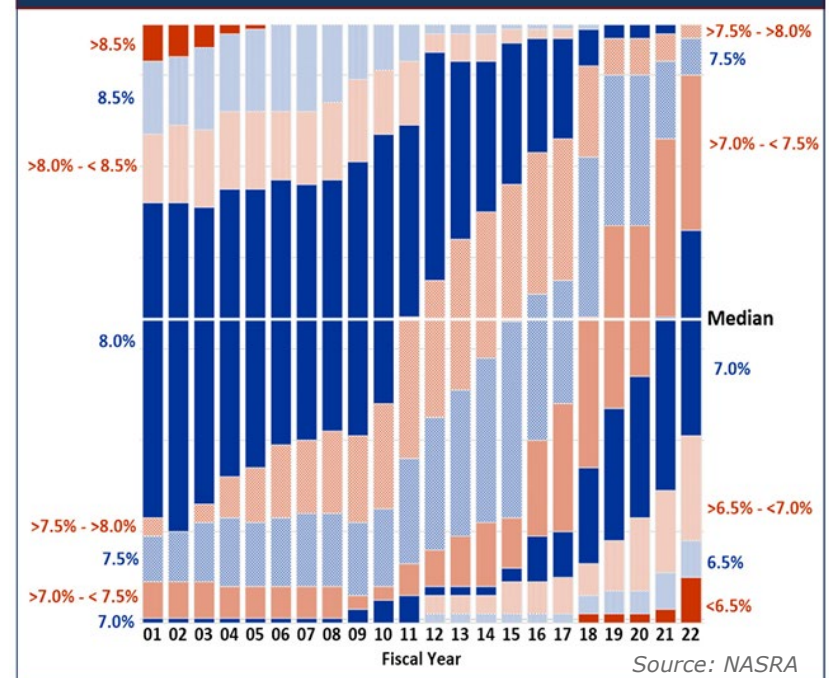
- Benefits (B), Expenses (E), Contributions (C), and Investment Earnings (I)

Plan Factor	Flexibility/Constraint
(B + E) Benefits & Expenses	Lower "C" and/or "I" can be offset with an equivalent reduction in outflows: <ul style="list-style-type: none">Vested benefits generally cannot be reducedNon-vested benefits can be reduced, but challenging on many levelsPolitical, paternal, generational equity, etc.
(C) Contributions	StanCERA contribution model offers adequate flexibility to balance equation: <ul style="list-style-type: none">Dynamic employer contribution ratesClosed amortization period on unfunded liability as of 2021, layered amortizations going forwardEmployer and employee contribution obligations are assumed to be made each year
(I) Investment Return	Investment pool can be restructured to maintain target return <ul style="list-style-type: none">Increase risk and/or portfolio efficiencyExpected return (and risk level) could be scaled down over time as funded status improves allowing for maintenance of long-term plan stabilityLow annual returns (below expectations) require adjusting other levers<ul style="list-style-type: none">Higher ContributionsHigher Investment Returns in later years

EXPECTED RETURN

- **Expected return and liability discount rate are closely linked for public pension plans**
 - Corporate DB: stringent regulations
 - Going-concern of government entities has historically provided comfort in public plans taking longer term approach
 - Expected returns are forward-looking
- **Historical market environment has led to downward trend in EROAs for public pensions**
 - Median 2022 EROA = 7.0%
- **Low expected returns put pressure on assumptions and outcomes but...**
 - Market re-pricing and higher inflation may push return expectations higher looking forward

Figure 4: Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 22



10Y U.S. Treasury as of June 30
Source: StanCERA, FactSet, NEPC

CURRENT POLICY

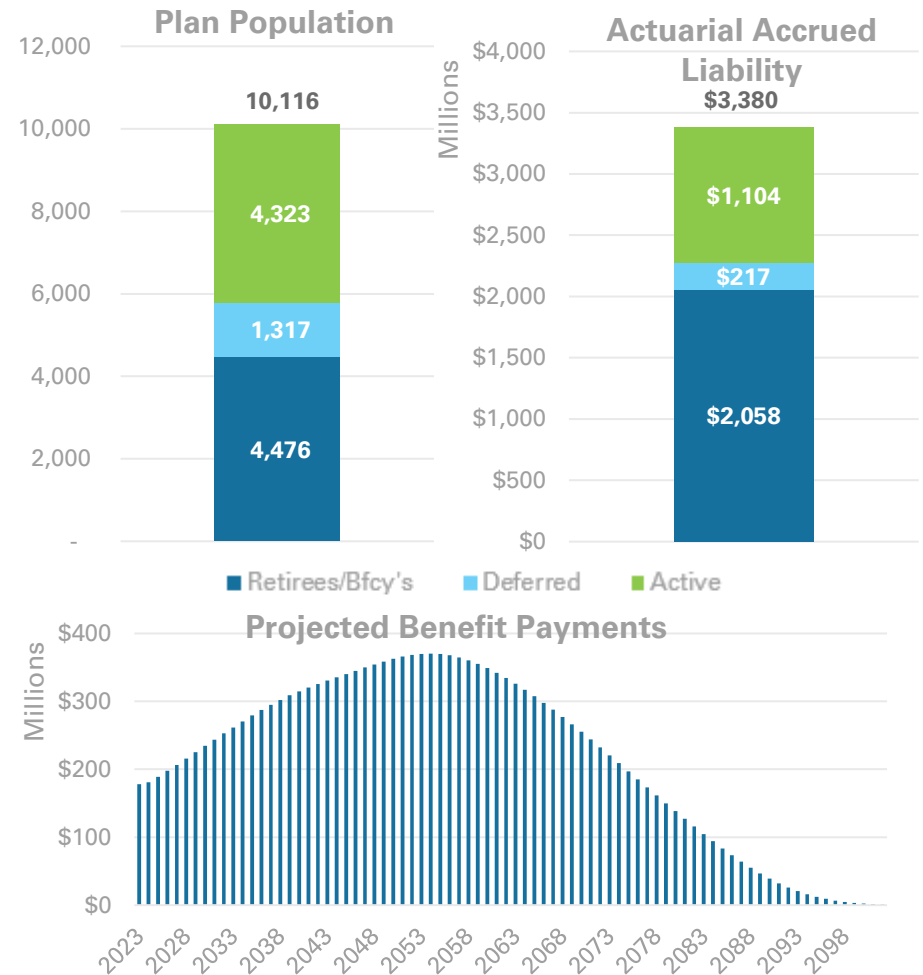


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PLAN CHARACTERISTICS

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

- **As of June 30, 2023, the plan is estimated to be 77.1% funded on an actuarial basis**
 - 2022 investment loss of about \$350 million is being phased-in over the next 4 years
- **As of 2023, \$634 million of the \$802 million in unfunded liability (~80%) is scheduled to be fully paid off by 2036**
 - Plan initialized a closed 15-year amortization of unfunded liabilities in 2021
- **Current Policy allocation is expected to achieve the investment return assumption set by the Board**
 - 6.75% investment return assumption
 - 10-yr expected return of 6.5%
 - 30-yr expected return of 7.4%

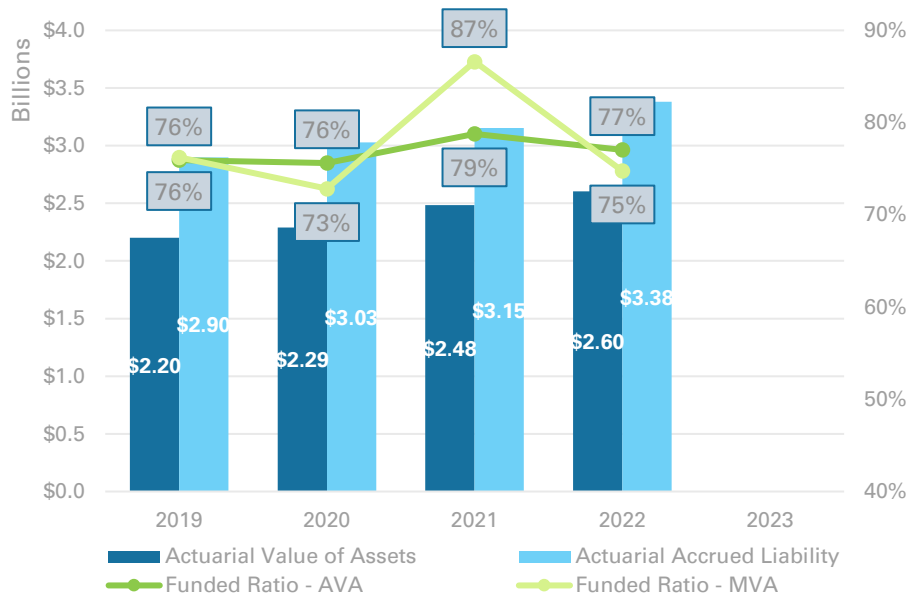


Notes: Participant count, liabilities, and projected benefit payments are as of June 30, 2023; expected returns based on NEPC's 6/30/2023 capital market assumptions

ASSET-LIABILITY PROFILE

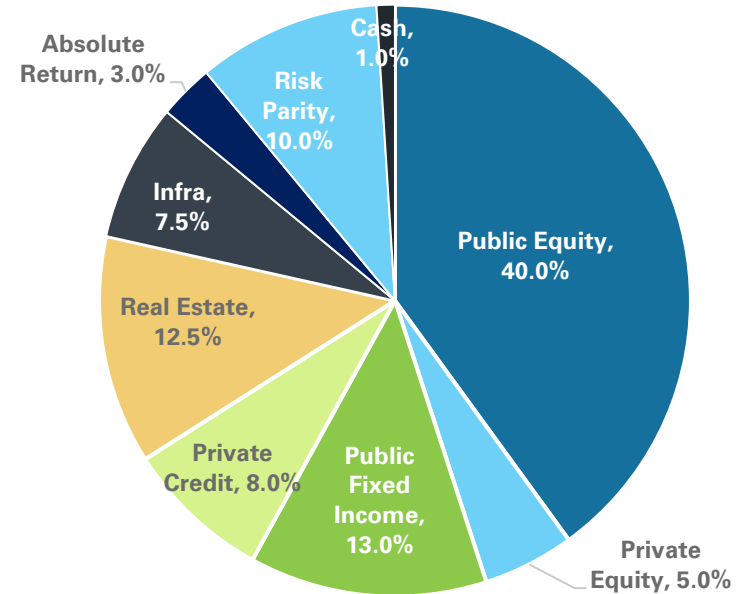
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Funded Status History



Investment Return Assumption	6.75%
Funded Ratio – Actuarial Basis	77.1%

Asset Allocation

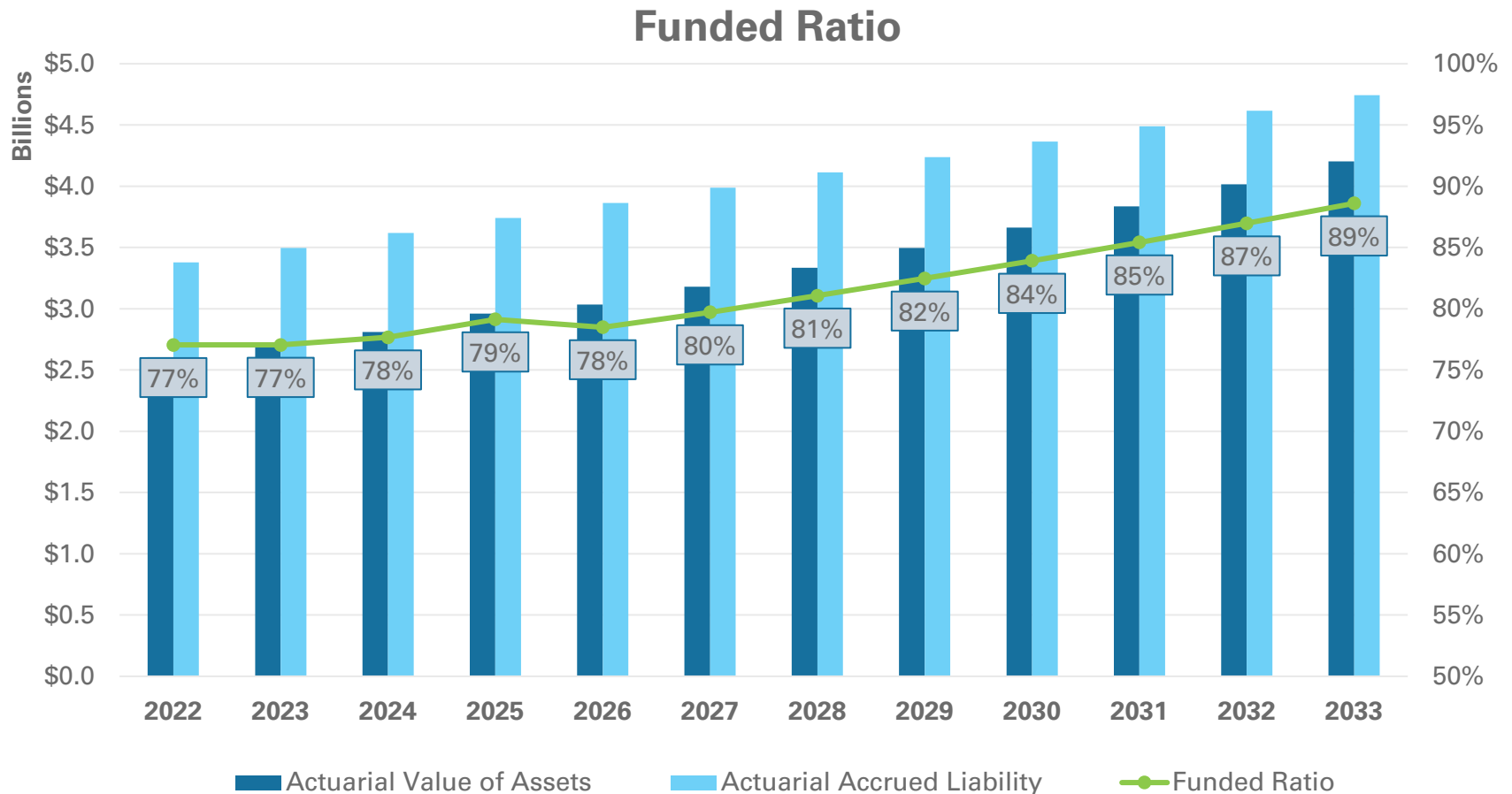


10-Year Expected Return	6.5%
30-Year Expected Return	7.4%
Asset Volatility	12.1%

Notes: Portfolio mean/variance assumptions based on NEPC's 6/30/2023 capital market assumptions for the Current Policy allocation

10-YEAR DETERMINISTIC FUNDED RATIO PROJECTION

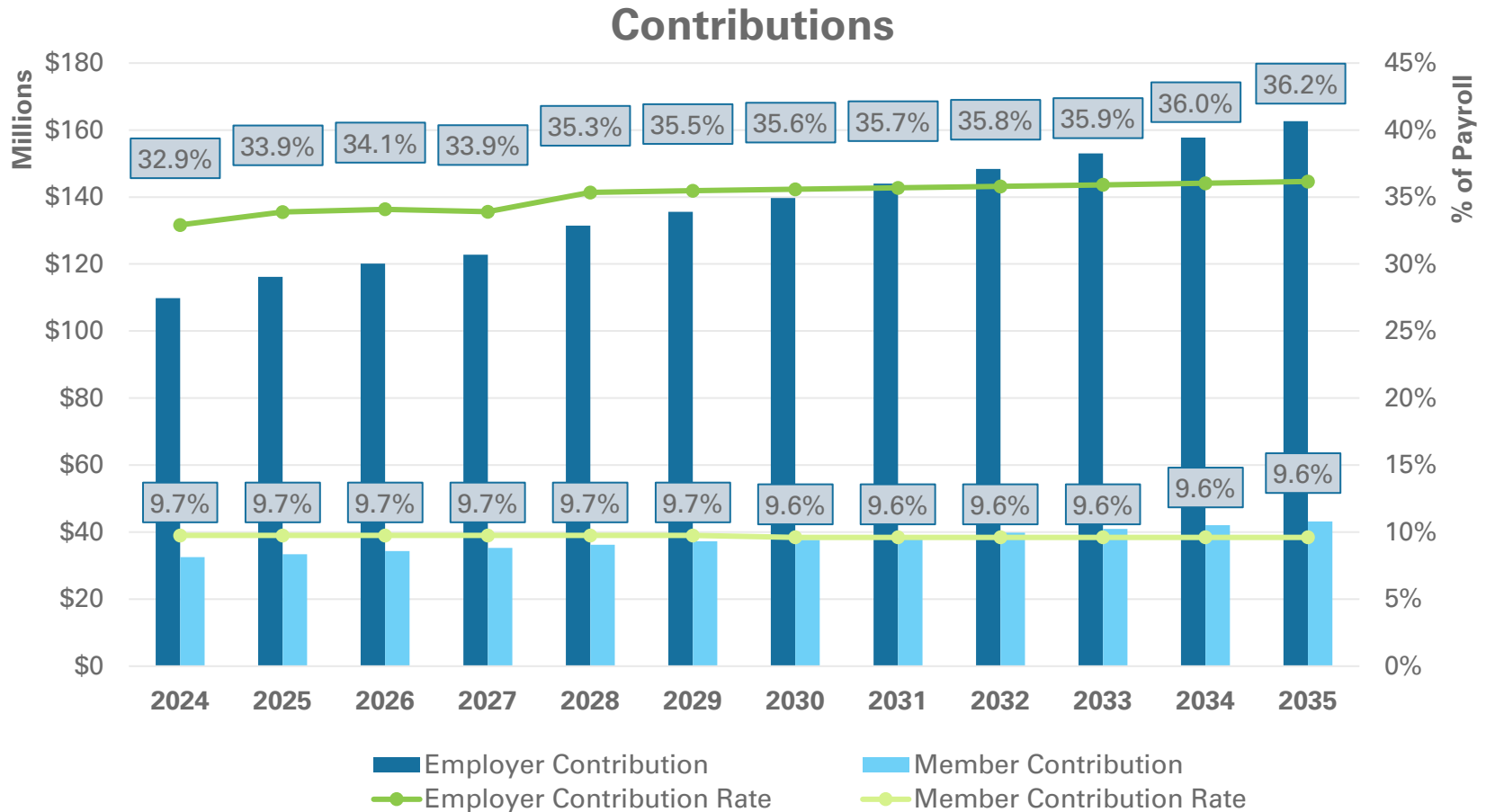
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: As of June 30; assumes Current Policy 10-year expected return of 6.5% per annum

10-YEAR DETERMINISTIC CONTRIBUTION PROJECTION

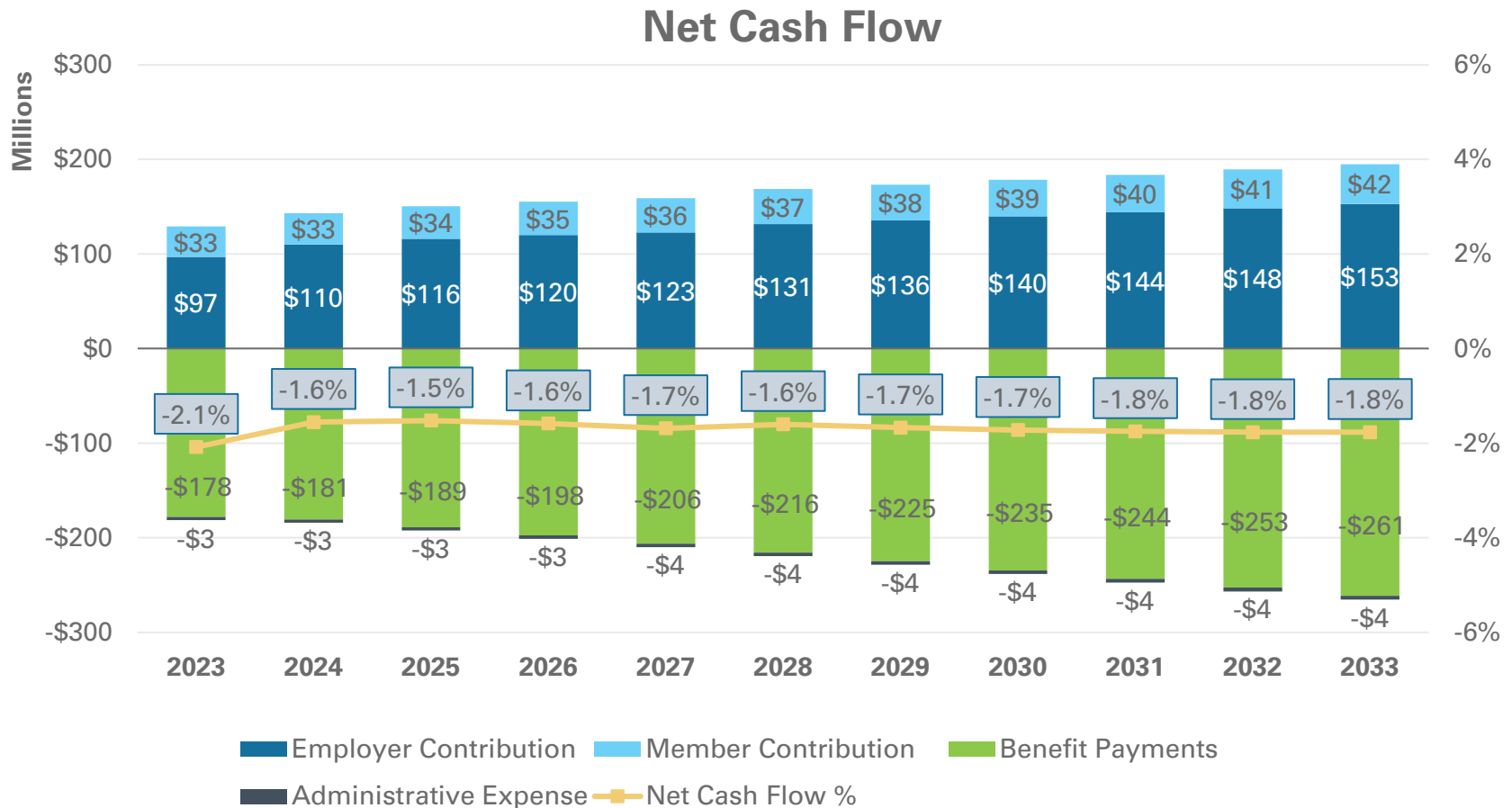
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: For the fiscal ending June 30; assumes Current Policy 10-year expected return of 6.5% per annum

10-YEAR DETERMINISTIC NET CASH FLOW PROJECTION

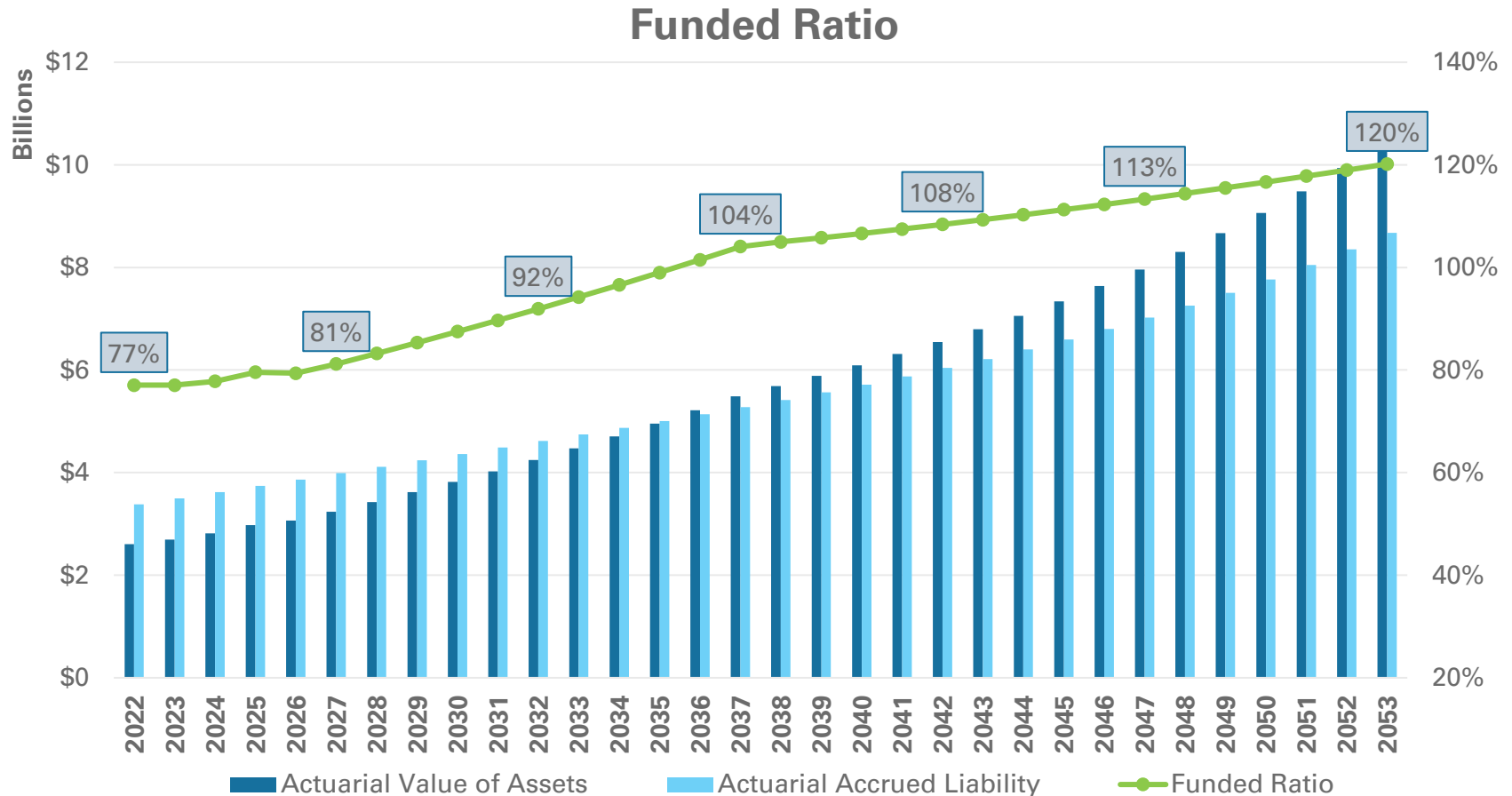
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: For the fiscal year ending June 30; assumes Current Policy 10-year expected return of 6.5% per annum

30-YEAR DETERMINISTIC FUNDED RATIO PROJECTION

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



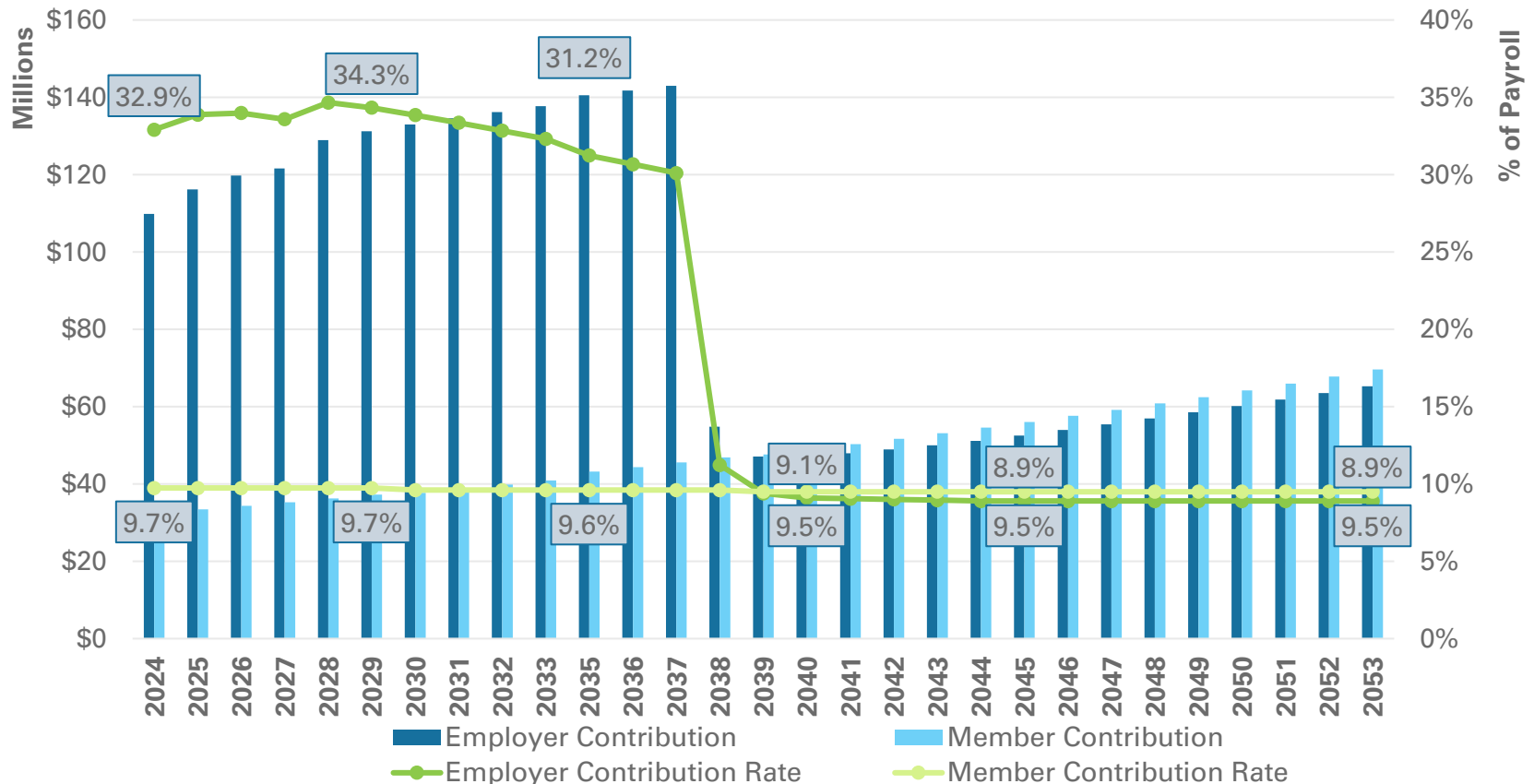
Notes: As of June 30; assumes Current Policy 30-year expected return of 7.4% per annum



30-YEAR DETERMINISTIC CONTRIBUTION PROJECTION

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

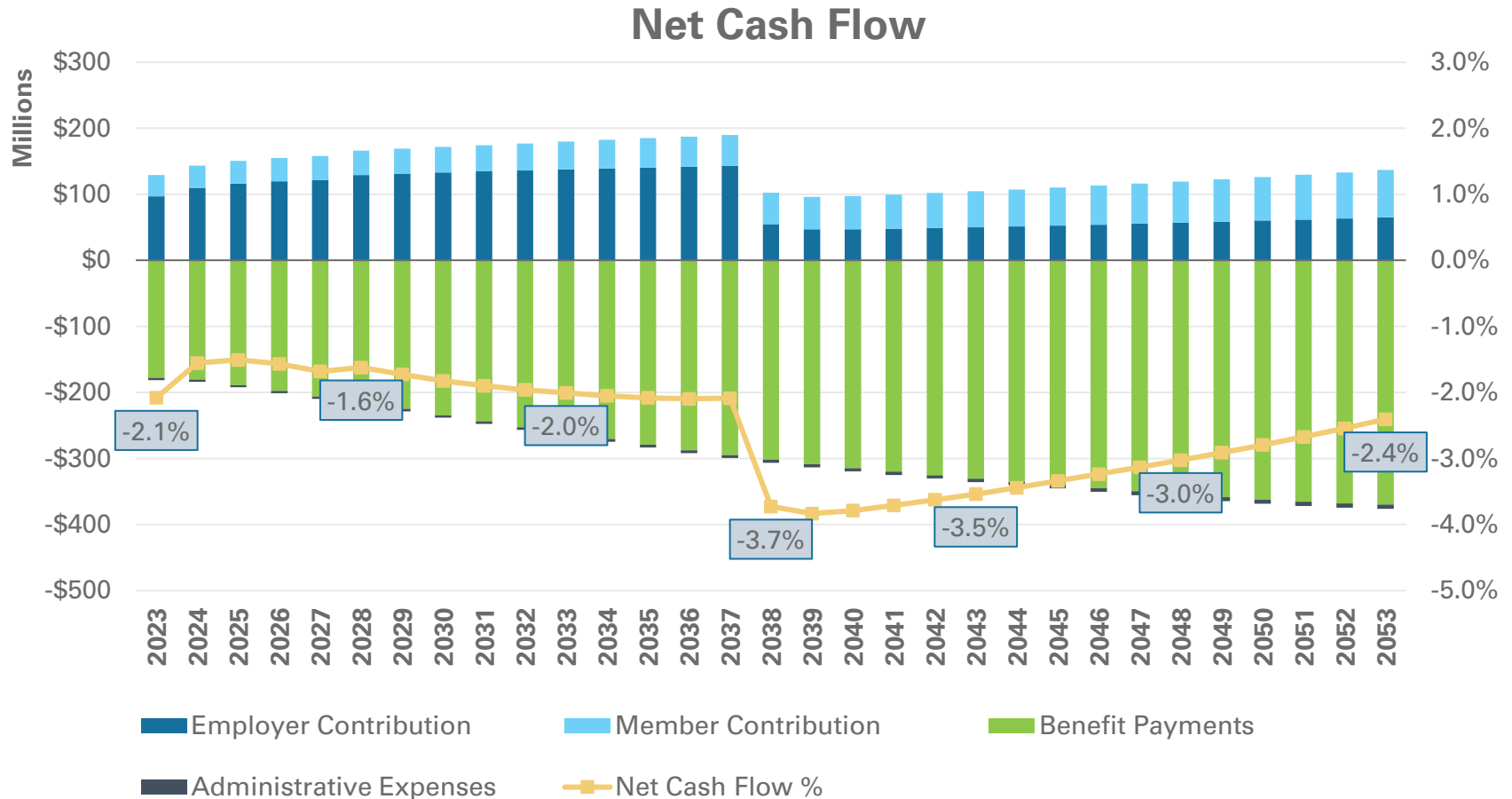
Contributions



Notes: For the fiscal ending June 30; assumes Current Policy 30-year expected return of 7.4% per annum

30-YEAR DETERMINISTIC NET CASH FLOW PROJECTION

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



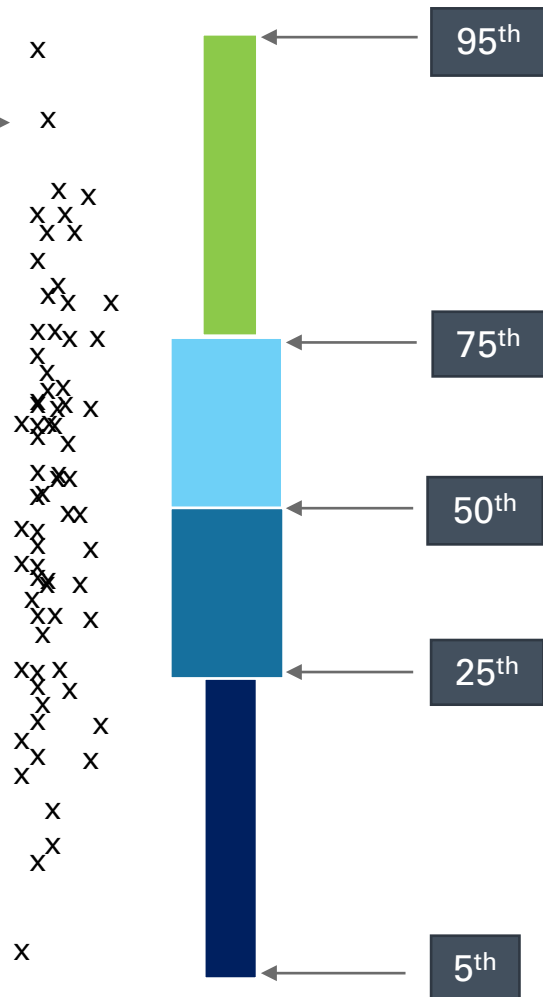
Notes: For the fiscal year ending June 30; assumes Current Policy 30-year expected return of 7.4% per annum



INTERPRETING STOCHASTIC RESULTS

Model ranks 10,000 forecasts each year

*Individual
forecast*



▪ 95th percentile

- Exceeds 95% of all forecasts
- Overly optimistic outcome

▪ 75th percentile

- Exceeds 75% of all forecasts
- Optimistic outcome

▪ 50th percentile

- Exceeds 50% of all forecasts
- Median outcome

▪ 25th percentile

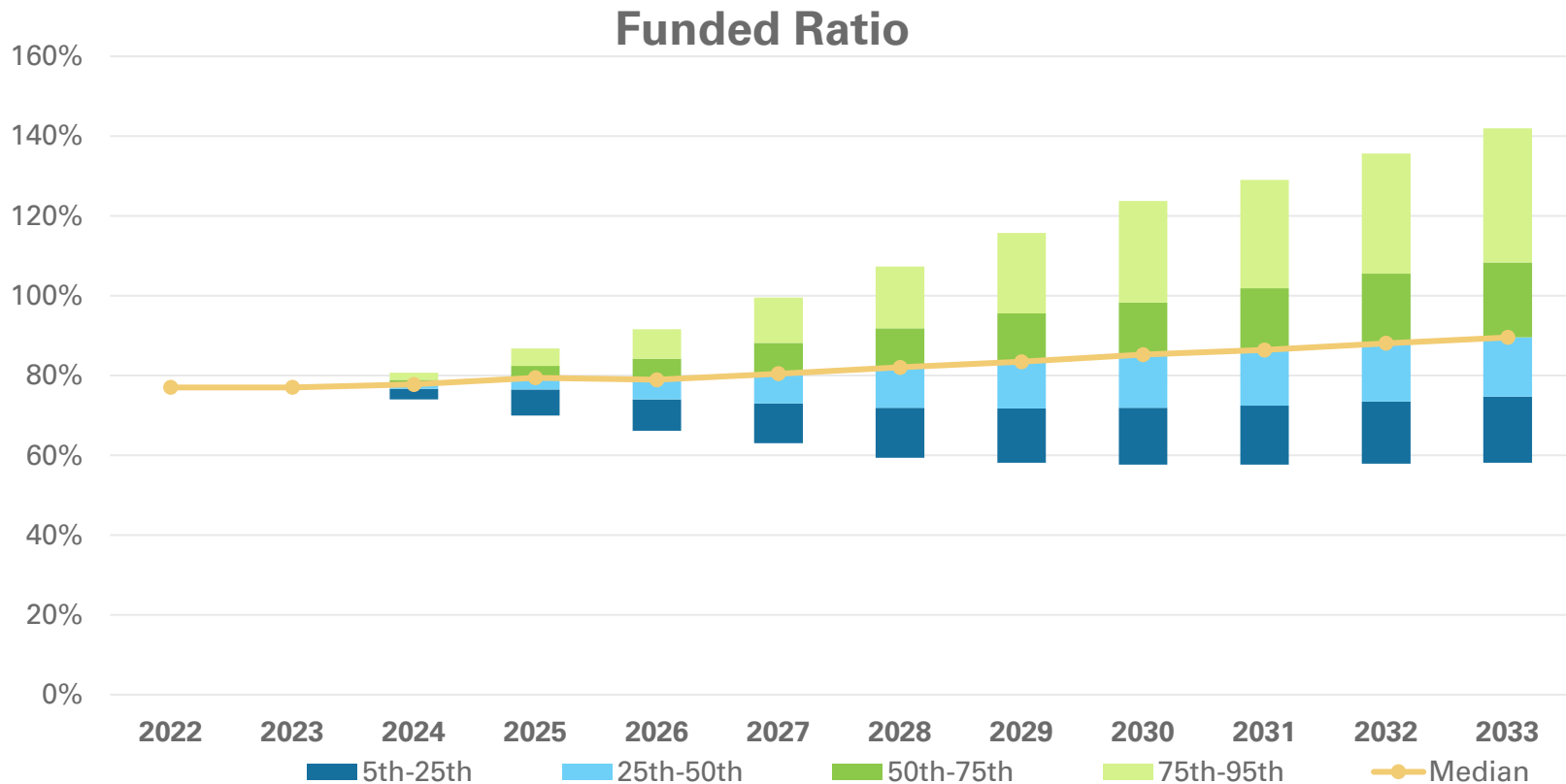
- Exceeds 25% of all forecasts
- Pessimistic outcome

▪ 5th percentile

- Exceeds 5% of all forecasts
- Overly pessimistic outcome

STOCHASTIC FUNDED RATIO PROJECTION

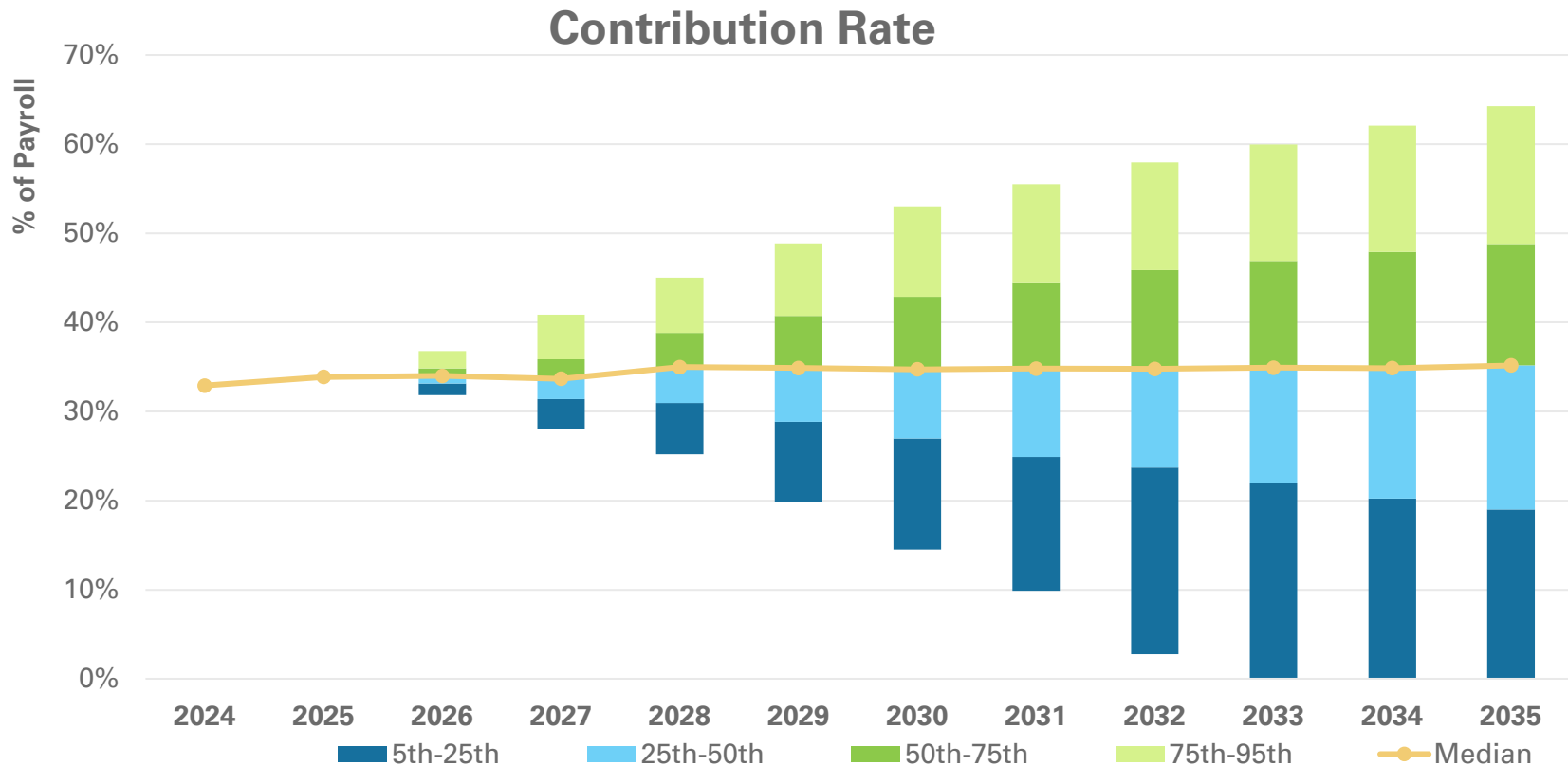
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



- **Probability of funded ratio being less than 80% in 2033 is 34%**
- **Probability of funded ratio being at least 100% by 2033 is 35%**

STOCHASTIC CONTRIBUTION RATE PROJECTION

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



- **Probability of contribution rate being at least 40% in 2035 is 41%**
- **Probability of contribution rate being less than 20% in 2035 is 26%**



Notes: For the fiscal year ending June 30; assumes Current Policy arithmetic mean return of 7.1% and standard deviation of 12.1% under a normal distribution

ASSET ALLOCATION RECOMMENDATION



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MARGINAL RISK/RETURN HEAT MAP

IMPACT OF 10% ALLOCATION SHIFT TO CURRENT POLICY



This heat map shows how various potential investments would impact the expected long-term risk/return of StanCERA's current policy target

ASSET ALLOCATION RECOMMENDATIONS

The investment objectives of the Investment Program are:

- **To provide liquidity to meet retiree benefit payments in a timely manner;**
- **To produce long-term growth to meet future retiree benefit payments and, if applicable, to close a funding gap over time; and**
- **To protect the assets against the adverse impacts of rising inflation and investment market volatility.**

Our recommended asset allocation changes are:

- No change to the current liquidity sub-portfolio
- Shrink public equity to fund a new 4% public credit allocation
- Shrink core real estate -1.5% and infrastructure -0.5% to expand private credit
- Shrink risk parity to fund a new 4% TIPS allocation and expand liquid absolute return +2%

ASSET CLASS OBJECTIVES

Asset Class	Portfolio Role	Current Target	Proposed Target
Liquidity			
Cash and Cashflow-Matched Bonds	<ul style="list-style-type: none"> Covers shortfall between contributions and benefits/fees Ensures short-term needs so the rest of the portfolio can be managed for the long-term 	8%	8%
Growth			
Public Equity AND CREDIT	<ul style="list-style-type: none"> Capital appreciation AND YIELD Capture global growth 	40%	40%
Private Equity and Credit	<ul style="list-style-type: none"> Higher return expectations than public equity and credit 	13%	15%
Real Assets (Real Estate and Infrastructure)	<ul style="list-style-type: none"> Inflation hedge Income production potential 	20%	18%
Risk-Diversifying			
Treasuries INCLUDING TIPS	<ul style="list-style-type: none"> Downside protection Adds diversification 	6%	10%
Risk Parity	<ul style="list-style-type: none"> Adds diversification 	10%	4%
Liquid Absolute Return Strategies	<ul style="list-style-type: none"> Skill-based active management Adds diversification 	3%	5%

IMPACT OF OUR RECOMMENDATIONS

Sub-Portfolio	Recommendation	Purpose	Effect
Liquidity	No Change	Current structure is effective	None
Diversifying	Shrink risk parity to fund a new 4% TIPS allocation and expand liquid absolute return +2%	Decrease overall equity risk and volatility	Lower downside risk
Growth (Public)	Shrink public equity to fund a new 4% public credit allocation	Decrease overall equity risk and volatility	Lower downside risk
Growth (Private)	Shrink core real estate -1.5% and infrastructure -0.5% to expand private credit +2%	Increase expected returns	Higher returns

STANCERA'S APPROACH TO FIXED INCOME

- **Many investors apply a single broad brush to their fixed income allocations with conflicting investment objectives**
 - Broad core-plus bond allocations often seek both safety and returns, but the need for liquidity and downside protection can be overlooked when reaching for higher yields
- **Each StanCERA fixed income allocation has its own distinct objective, and our recommendation increases diversification by adding two new fixed income asset classes:**

Investment Objective	Fixed Income Asset Classes
Liquidity	Cash and Cashflow-Matched Bonds
Growth	Private Credit and Public Credit
Diversifying	U.S. Treasuries and TIPS

IMPLEMENTING RETURN SEEKING CREDIT

Return seeking fixed income should be thought of as a risk asset that can potentially earn a premium from dipping in credit quality, providing liquidity, and capturing mis-pricings.



Less liquid and **more correlated to equities** in periods of market stress

Longer recovery periods compared to equities

Implementation across the liquidity spectrum

Liquid	Semi-Liquid	Illiquid
Core Plus	Opportunistic Credit	Distressed Debt
Non-Traditional	Structured Credit	Asset Based Lending
Multi-Sector Credit	CLOs	Growth Debt

← *More liquid* *Less liquid* →

CURRENT OPPORTUNITIES

	Investment Opportunity	Implementation	Return Expectation
Return Seeking Credit Public Markets	<ul style="list-style-type: none"> Higher yields; corporate dislocation; fallen angels and spread capture 	Liquid multi-sector credit (daily or monthly liquidity) High Yield (monthly liquidity)	Mid-high single-digits
	<ul style="list-style-type: none"> Stressed corporate hedge fund credit Discounted entry points (funds and issuers) 	Credit / Event-driven hedge funds (1–3-year lock)	High single-low double-digits
Private Credit	<ul style="list-style-type: none"> Lending 	Private drawdown (5-10 years lock)	High single-low double-digits
	<ul style="list-style-type: none"> Distressed Corporate Credit (Control & Non-Control) 	Private drawdown (5-10 years lock) <i>(partial liquidity maybe available intermittently)</i>	Double-digits

RETURN-SEEKING CREDIT

EVOLVING OPPORTUNITIES

<i>Current Opportunity</i>	Alpha Opportunities	Liquidity	2022 Return
Event-Driven and Special Situations	<ul style="list-style-type: none"> Areas of corporate stress and dislocations Tactical access - capacity and fee relief 	Annual-Illiquid	-10% to -15%
Multi-Sector Credit	<ul style="list-style-type: none"> Flexible - rotate among bonds and loans and add selectively to higher return areas 	Monthly-Quarterly	-5 to -8%
High-Yield Bonds	<ul style="list-style-type: none"> Wider spreads – but don't yet reflect a recession or dislocation, offers positive convexity 	Monthly-Quarterly	-9% to -11%
Leveraged Loans	<ul style="list-style-type: none"> Floating rate and high current yield, but corporates may face stress sooner 	Quarterly	0% to -2%
CLOs	<ul style="list-style-type: none"> Existing CLO equity benefits from turbulence in loan market Significant spread capture in debt tranches relative to similarly rated corporates 	Annual	-10% to -15%
Structured Credit	<ul style="list-style-type: none"> Disruptions in mortgage market from higher rates and slower prepayments leading to historically wide basis Technical headwinds from QT and fund flows 	Quarterly - annual	-5 to -8%
EMD	<ul style="list-style-type: none"> Facing headwinds with higher rates, dollar strength, commodities volatility, and economic slowdown 	Quarterly - annual	-10% to -20%

U.S. GOVERNMENT TREASURY SECURITIES

- **The U.S. Government issues various types of fixed income securities**
 - To finance the public debt, the U.S. Treasury sells Bills, Notes, Bonds, Floating Rate Notes (FRNs), and Treasury Inflation-Protected Securities (TIPS) to institutional and individual investors through public auctions
 - Individuals may bid directly through TreasuryDirect.gov or buy through a bank or broker
 - Backed by the “full faith and credit” of the United States government (“risk-free”)
 - Vary by maturity and interest payment
- **Treasury Bills are short-term instruments issued in terms of four weeks, eight weeks, 13 weeks, 26 weeks, and 52 weeks**
 - T-Bills do not pay interest (zero-coupon) but are sold at a discount to face value (par) and pay face value upon maturity
 - The difference between the discounted purchase price paid and the face value received at maturity is the investor's return on the investment
- **Treasury Notes are intermediate-term instruments that are issued in terms of two, three, five, seven, and 10 years**
 - Issued with a stated fixed interest rate, where interest is paid semiannually. Principal is repaid at maturity
 - Sold to the public through an online government auction. Yield is determined at auction

U.S. GOVERNMENT TREASURY SECURITIES CONTD.

- **Treasury Bonds are issued with a 30 year maturity**
 - Issued with a stated fixed interest rate, where interest is paid semiannually. Principal is repaid at maturity
 - The price and yield of a Treasury bond are determined at auction. The price may be greater than, less than, or equal to the bond's par amount (face value)
- **Treasury Inflation-Protected Securities (TIPS) provide protection against rising inflation and are issued in terms of 5, 10, and 30 years**
 - The principal amount is adjusted as the rate of inflation changes up or down, as measured by the Consumer Price Index (CPI)
 - The principal increases with inflation and decreases with deflation
 - Pay interest semiannually at a fixed rate that is applied to the inflation adjusted principal amount, meaning interest payments can vary from one period to the next
 - Interest payments rise with inflation and fall with deflation
 - At maturity, the investor receives the inflation-adjusted principal or original principal, whichever is greater
- **Floating Rate Notes (FRNs) have a term of two years and have coupons linked to movements in short term interest rates**
 - Interest payments on FRNs rise and fall, based on discount rates for 13-week T-bills
 - The coupon rate effectively changes weekly. Interest is accrued daily and distributed quarterly
 - Pay face value at maturity

ASSET ALLOCATION RECOMMENDATION

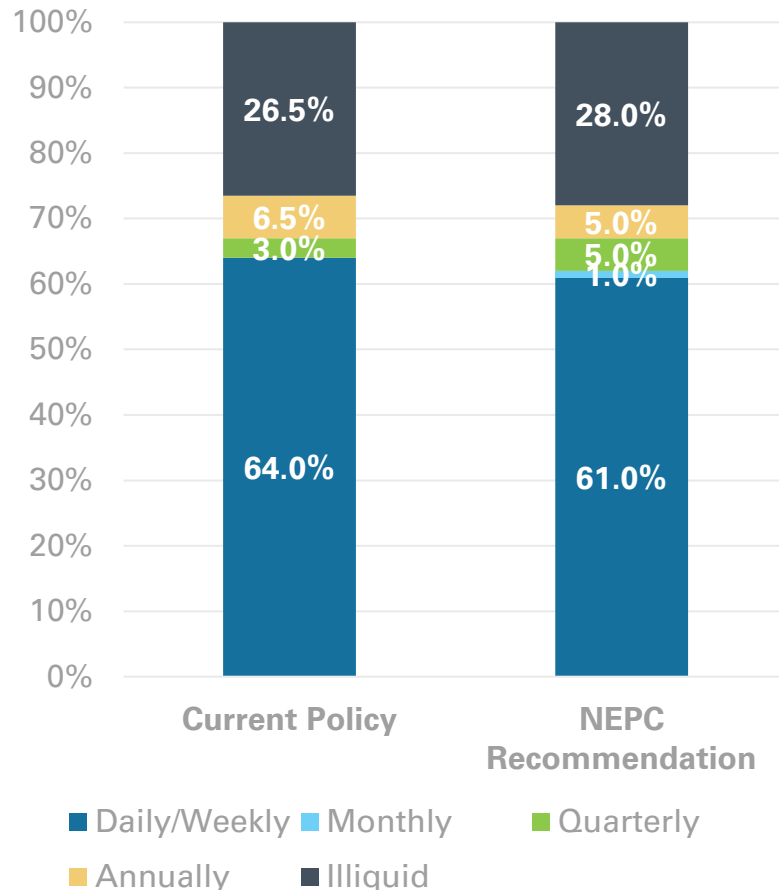
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

	Current Policy	NEPC Recommendation
Cash	1%	1%
Total Cash	1%	1%
US Large-Cap Equity	16%	14%
US Small/Mid-Cap Equity	4%	4%
International Equity	20%	18%
Private Equity	5%	5%
Total Equity	45%	41%
US TIPS	0%	4%
US Treasuries	6%	6%
Public Credit	0%	4%
Private Debt	8%	10%
Cashflow-Matched Bonds	7%	7%
Total Fixed Income	21%	31%
Real Estate - Core	7%	5%
Real Estate - Non-Core	6%	6%
Infrastructure	8%	7%
Total Real Assets	20%	18%
Absolute Return	3%	5%
Risk Parity	10%	4%
Total Multi Asset	13%	9%
Expected Return 10 yrs	6.48%	6.57%
Expected Return 30 yrs	7.37%	7.34%
Asset Volatility	12.1%	11.2%
Sharpe Ratio (10 years)	0.20	0.23
Sharpe Ratio (30 years)	0.33	0.35

Notes: Based on NEPC's 6/30/2023 capital market assumptions

LIQUIDITY PROFILE

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

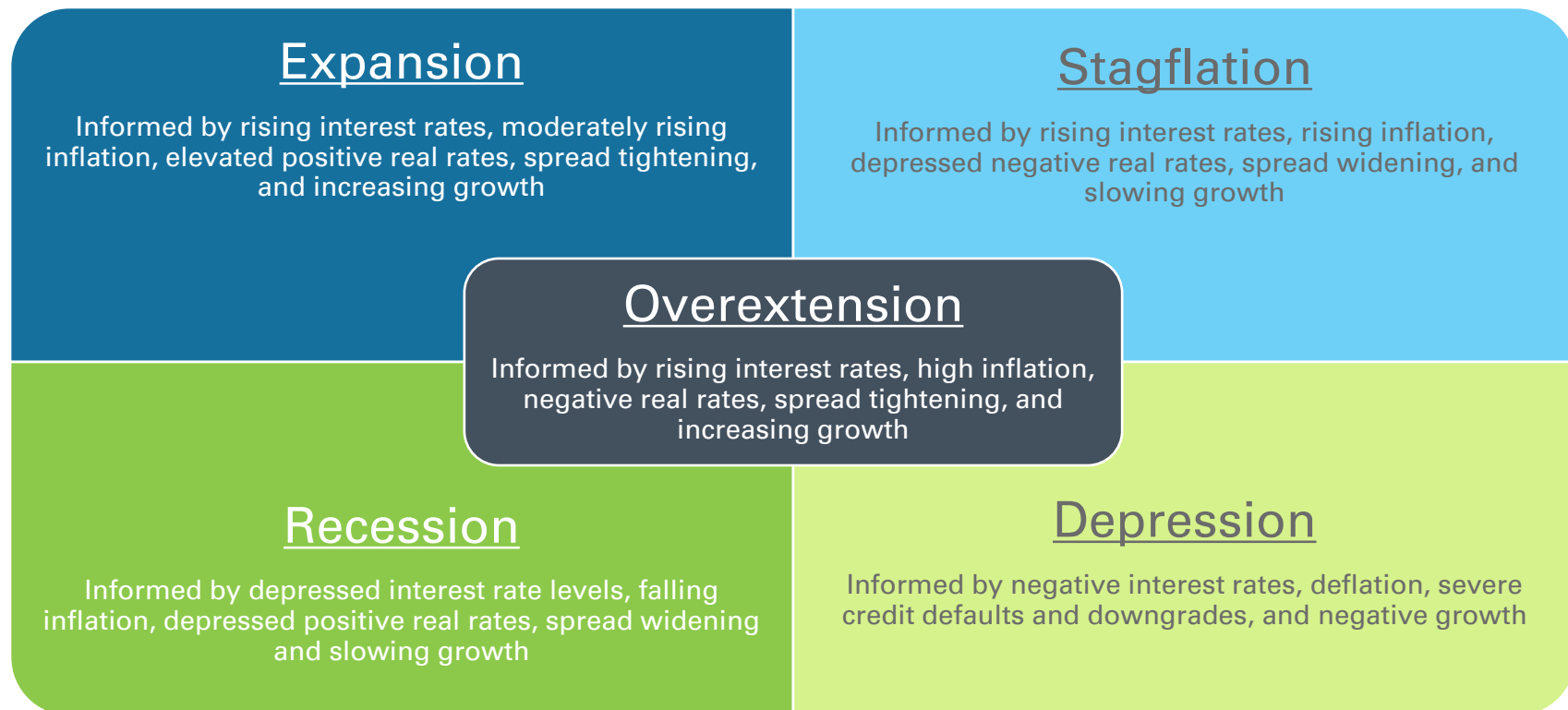


- **NEPC Recommendation increases illiquid allocation by 1.5% and decreases daily/weekly liquidity by 3%**
- **Net cash flow is expected to average between -1.7% of assets over the next 10 years**
- **Funding policy will trigger contribution increases if needed, providing a backstop to plan liquidity**
- **NEPC believes the plan can take on the recommended increase in illiquids with no material impact in the plan's ability to meet its obligations**

SCENARIO ANALYSIS: REGIME CHANGES

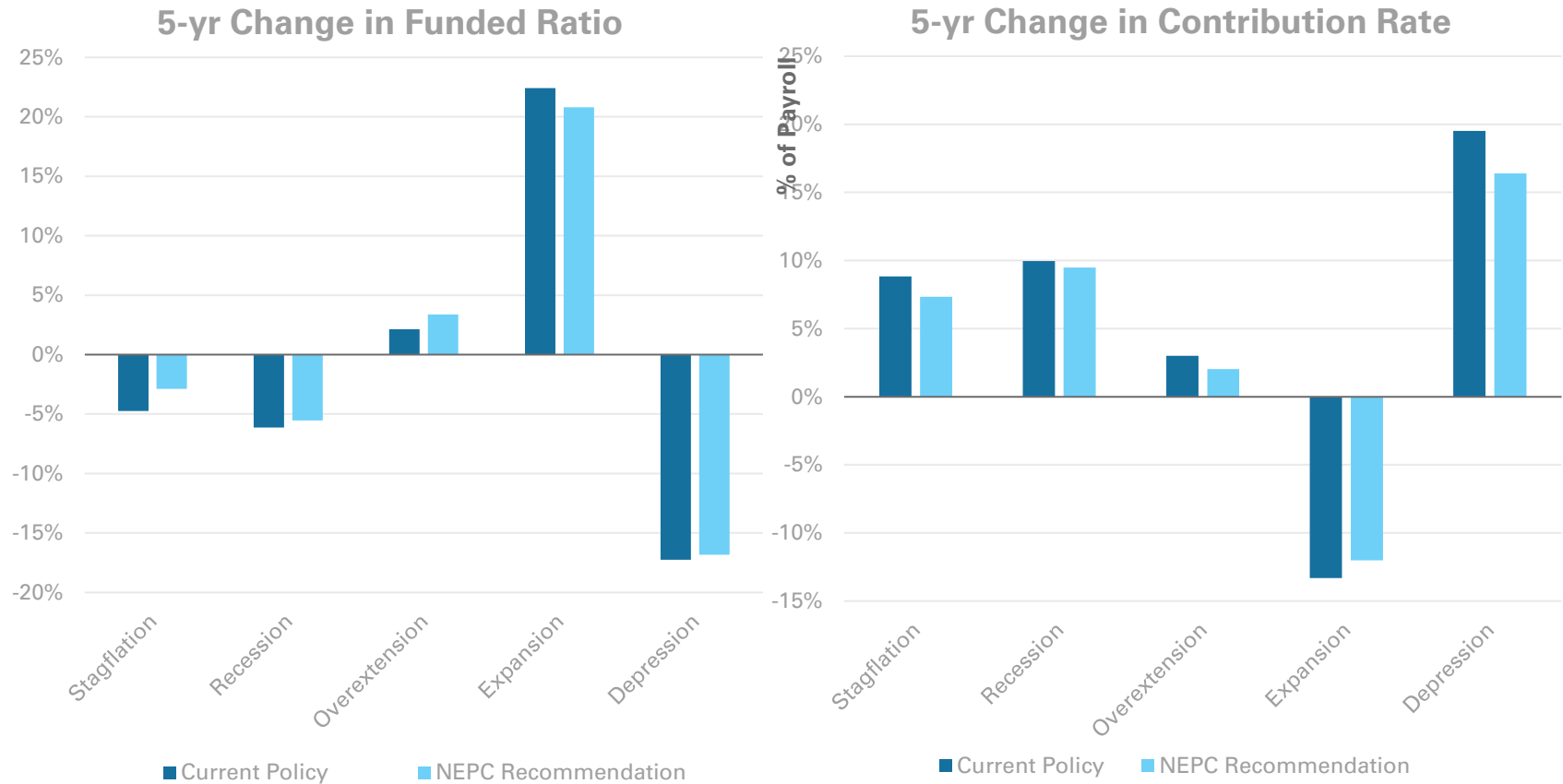
NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes

- Risk asset returns are informed by credit returns which are based on changes in real rate, inflation, and credit spreads experienced across market regimes



ECONOMIC SCENARIO ANALYSIS

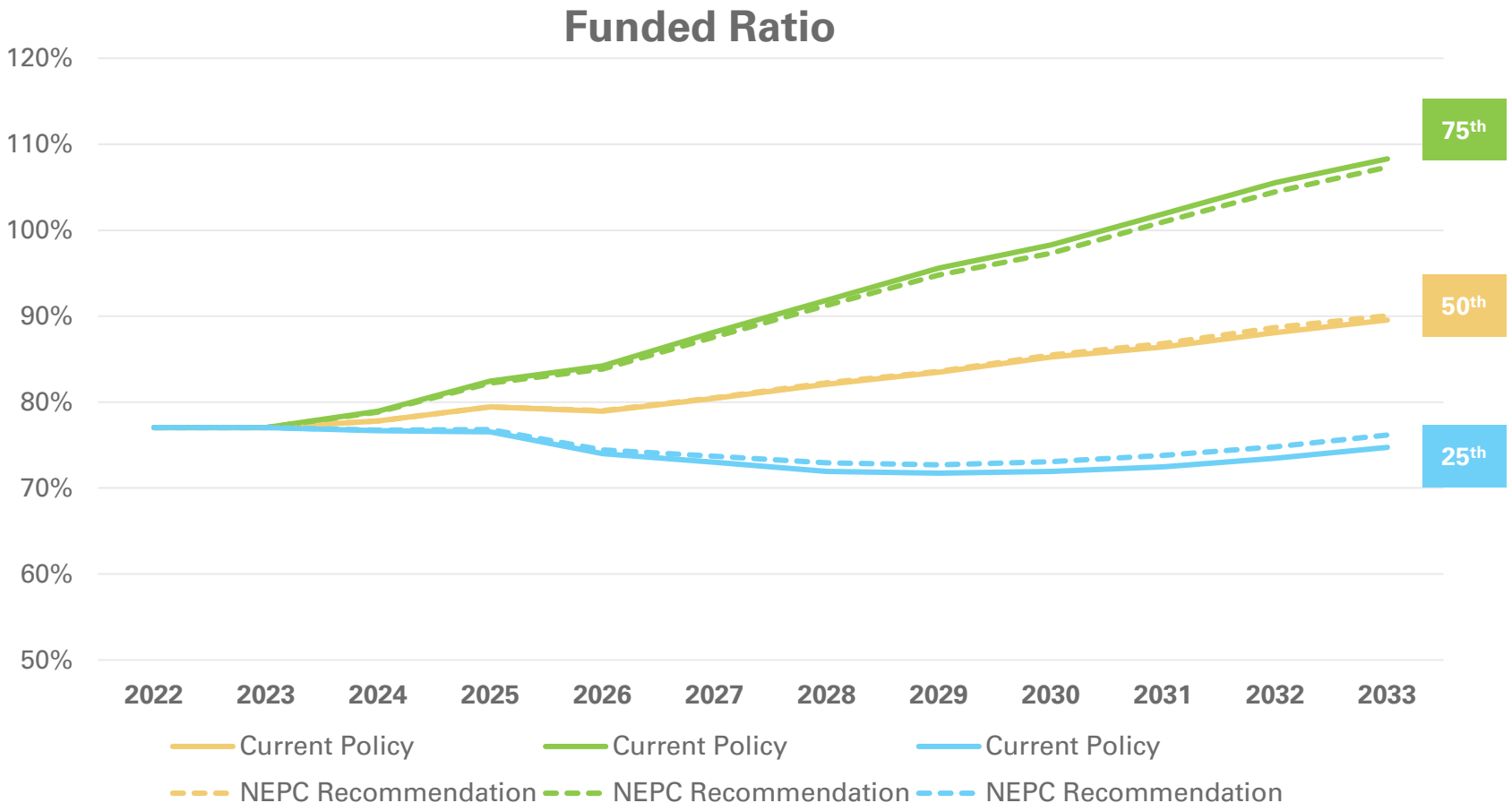
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: Change in funded ratio based on 77.1% starting funded ratio; change in contribution rate based on 33.9% starting contribution rate

STOCHASTIC ANALYSIS – FUNDED RATIO

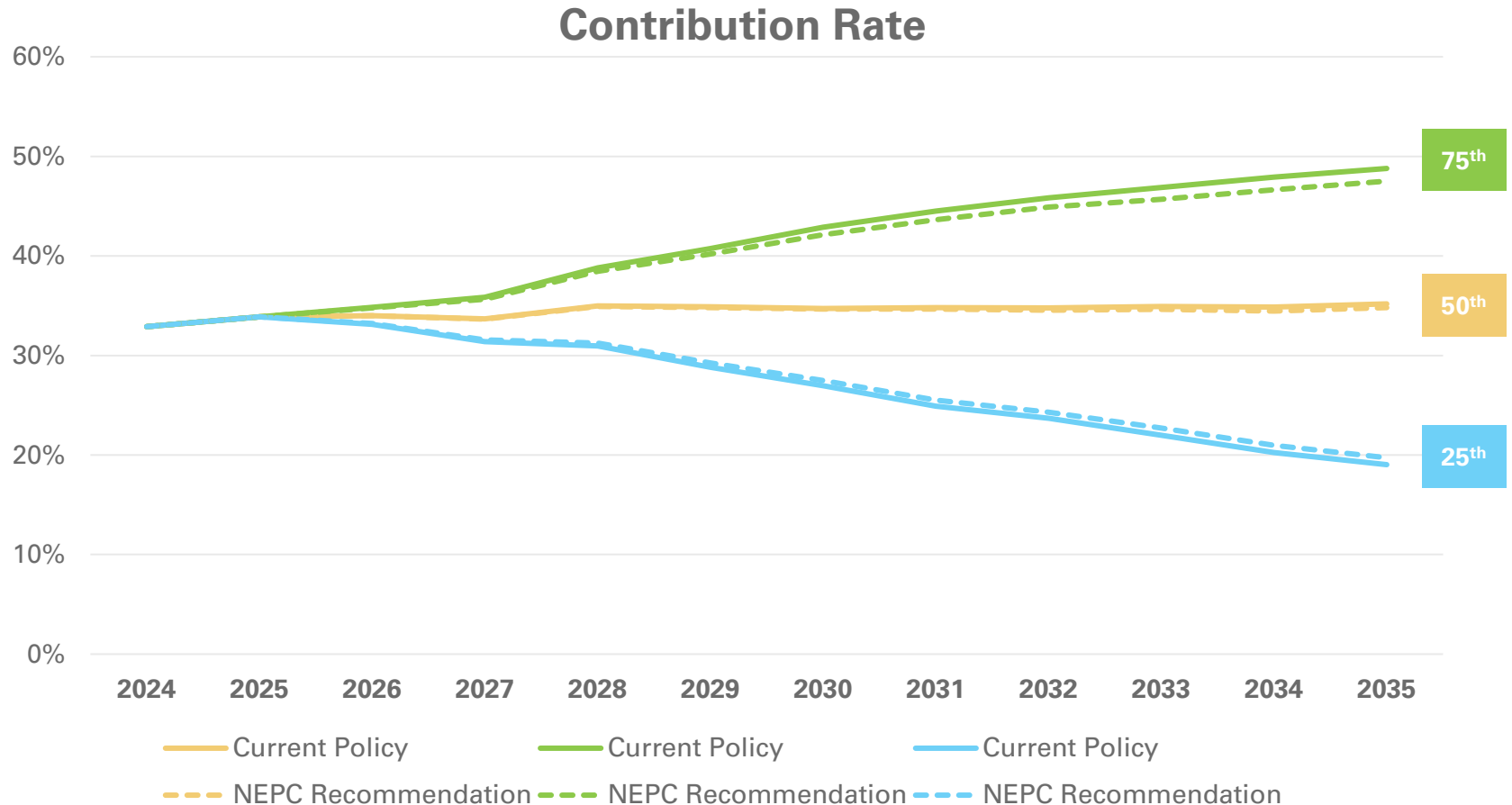
STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: As of June 30; assumes Current Policy arithmetic mean return of 7.1% and standard deviation of 12.1%, and NEPC Recommendation arithmetic mean return of 7.1% and standard deviation of 11.2% under a normal distribution

STOCHASTIC ANALYSIS – CONTRIBUTION RATE











STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION



Notes: For the fiscal year ending June 30; assumes Current Policy arithmetic mean return of 7.1% and standard deviation of 12.1%, and NEPC Recommendation arithmetic mean return of 7.1% and standard deviation of 11.2% under a normal distribution

STOCHASTIC ANALYSIS

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

	Current Policy	NEPC Recommendation
50 th Percentile 2033 Funded Status	89.6%	90.1% 
75 th Percentile 2033 Funded Status	108.3%	107.3% 
25 th Percentile 2033 Funded Status	74.7%	76.2% 
Probability of 100% Funded in 2033	34.7%	34.2% 
Funded Status Volatility	8.5%	7.8% 
50 th Percentile FY2035 Contribution Rate	35.2%	34.8% 
75 th Percentile FY2035 Contribution Rate	48.8%	47.5% 
25 th Percentile FY2035 Contribution Rate	19.0%	19.7% 
Probability of >40% Contribution Rate	40.9%	39.3% 
Contribution Rate Volatility	6.2%	5.9% 

Notes: As of June 30; assumes Current Policy arithmetic mean return of 7.1% and standard deviation of 12.1%, and NEPC Recommendation arithmetic mean return of 7.1% and standard deviation of 11.2% under a normal distribution

KEY TAKEAWAYS & NEXT STEPS

▪ Incremental changes to current policy allocation

- Diversifiers: shrink risk parity to increase liquid absolute return and add TIPS
- Public Growth: shrink public equity to add liquid credit
- Private Growth: shrink core real estate and infrastructure to increase private debt
- Recommended portfolio maintains the return expectations of the Current Policy but with less risk

▪ Next Steps

- Further discussion and asset allocation decision (December 2023)
- Update Investment Policy to reflect any changes (January 2024)
- Manager recommendations where needed (First Quarter 2024)
- Implementation of new policy allocation (2024)

APPENDIX



ASSUMPTIONS AND METHODS

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

- **Deterministic and stochastic return projections are based on NEPC's 6/30/2023 capital market assumptions**
 - Reflects 6.8% return for FY2023 as reported on the 6/30/2023 Flash Report
 - NEPC's 10-year & 30-year return assumptions
- **Asset-liability projections follow a roll-forward methodology based on the June 30, 2022 Actuarial Valuation Report produced by Cheiron**
 - Benefit payment projections provided by Cheiron
 - Other than those described herein, all assumptions remain unchanged from the valuation
 - No experience gains or losses are assumed other than those attributed to investment experience
- **Employer contributions based on stated funded policy**
 - Normal cost plus less employee contribution plus amortization of unfunded liability plus administrative expense
 - Amortization of unfunded liability based on level percent of pay and closed amortization period for the 2021 UAL base plus 15-year layered amortizations going forward
 - Employer contribution not allowed to go below the employer normal cost rate unless plan is 120% funded

SCENARIO ANALYSIS: REGIME RETURNS

Expansion Scenario Return*

Cash: 2.7%
Treasuries: 5.4%
Long Treasuries: 8.5%
US TIPS: 5.1%
US IG Credit: 8.1%
High Yield Bonds: 8.0%
US Large-Cap Equity: 10.2%
Emerging Market Equity: 17.9%
Commodities: 12.1%

Depression Scenario Return*

Cash: 0.8%
Treasuries: 5.4%
Long Treasuries: 10.0%
US TIPS: 5.4%
US IG Credit: 7.0%
High Yield Bonds: 2.1%
US Large-Cap Equity: -8.1%
Emerging Market Equity: -22.8%
Commodities: 12.9%

Overextension Scenario Return*

Cash: 5.4%
Treasuries: 4.0%
Long Treasuries: 2.6%
US TIPS: 7.0%
US IG Credit: 4.7%
High Yield Bonds: 5.8%
US Large-Cap Equity: 2.3%
Emerging Market Equity: 4.5%
Commodities: 13.4%

Recession Scenario Return*

Cash: 1.2%
Treasuries: 5.0%
Long Treasuries: 8.5%
US TIPS: 4.8%
US IG Credit: 7.3%
High Yield Bonds: 8.2%
US Large-Cap Equity: -2.9%
Emerging Market Equity: -5.0%
Commodities: 11.2%

Stagflation Scenario Return*

Cash: 6.4%
Treasuries: 2.6%
Long Treasuries: -1.6%
US TIPS: 9.5%
US IG Credit: 3.1%
High Yield Bonds: 7.0%
US Large-Cap Equity: -2.4%
Emerging Market Equity: -3.9%
Commodities: 23.5%

Scenario returns are a 5 year annualized returns

6/30/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
MACRO	Inflation	2.7%	2.7%	—
	Cash	4.0%	3.4%	0.6%
	US Leverage Cost	4.3%	3.7%	0.6%
	Non-US Cash	2.2%	2.6%	0.6%
EQUITY	US Large-Cap Equity	4.6%	6.7%	16.6%
	US Small/Mid-Cap Equity	6.5%	7.5%	20.7%
	Non-US Developed Equity	5.0%	6.5%	19.6%
	Non-US Developed Equity (USD Hedge)	5.1%	6.7%	17.6%
	Non-US Developed Small-Cap Equity	7.3%	7.8%	24.2%
	Emerging Market Equity	9.2%	9.4%	28.3%
	Emerging Market Small-Cap Equity	8.6%	9.3%	34.4%
	<i>Global Equity*</i>	<i>5.7%</i>	<i>7.4%</i>	<i>17.9%</i>
	Hedge Fund – Equity	5.7%	6.1%	11.4%
	Private Equity – Buyout	7.5%	8.8%	19.0%
	Private Equity – Growth	8.8%	9.8%	31.5%
	Private Equity – Venture	10.0%	10.6%	45.0%
	Private Equity – Secondary	7.0%	8.3%	20.0%
	Non-US Private Equity	10.7%	10.9%	32.0%
	<i>Private Equity*</i>	<i>9.1%</i>	<i>10.2%</i>	<i>25.2%</i>
	China Equity	9.9%	9.5%	28.6%
	US Microcap Equity	7.4%	8.3%	25.8%

*Calculated as a blend of other asset classes



6/30/2022 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US TIPS	4.7%	5.6%	5.8%
	US Treasury Bond	4.6%	4.4%	5.3%
	US Corporate Bond	4.2%	4.1%	7.3%
	US Mortgage-Backed Securities	5.7%	5.8%	6.5%
	<i>US Aggregate Bond*</i>	4.5%	4.3%	5.6%
	US High Yield Corporate Bond	4.7%	4.7%	11.2%
	US Leveraged Loan	6.8%	7.1%	9.1%
	Emerging Market External Debt	7.6%	6.8%	13.0%
	Emerging Market Local Currency Debt	7.7%	7.1%	13.0%
	Non-US Government Bond	6.5%	5.7%	9.3%
	Non-US Government Bond (USD Hedge)	2.6%	3.1%	4.0%
	<i>Global Government Bond*</i>	2.8%	3.3%	7.6%
	<i>Global Government Bond (USD Hedge)*</i>	3.1%	3.5%	4.0%
	Non-US Inflation-Linked Bond (USD Hedge)	3.2%	3.6%	5.9%
	<i>Global Multi-Sector Fixed Income*</i>	3.8%	3.7%	7.8%
	<i>Absolute Return Fixed Income*</i>	6.2%	6.0%	5.8%
	US Municipal Bond	5.9%	5.7%	6.0%
	US Municipal Bond (1-10 Year)	4.1%	3.8%	4.5%
	US High Yield Municipal Bond	3.2%	3.4%	12.0%
	Hedge Fund - Credit	5.8%	5.7%	10.2%
	Private Debt - Credit Opportunities	6.9%	7.0%	14.4%
	Private Debt – Distressed	8.0%	8.4%	14.3%
	Private Debt - Direct Lending	8.8%	9.3%	10.5%
	<i>Private Debt*</i>	8.6%	9.0%	11.6%

*Calculated as a blend of other asset classes

6/30/2022 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US Short-Term TIPS (1-3 Year)	4.6%	3.9%	3.2%
	US Short-Term Treasury Bond (1-3 Year)	4.3%	3.8%	2.1%
	US Short-Term Corporate Bond (1-3 Year)	5.4%	4.9%	3.0%
	US Short-Term High Yield Corporate Bond (1-3 Year)	5.9%	5.4%	8.5%
	US Intermediate-Term TIPS (3-10 Year)	4.6%	4.4%	5.4%
	US Intermediate-Term Treasury Bond (3-10 Year)	4.3%	4.2%	5.5%
	US Intermediate-Term Corporate Bond (3-10 Year)	6.0%	5.9%	6.5%
	US Long-Term Treasury Bond (10-30 Year)	4.5%	4.6%	10.9%
	US Long-Term TIPS (10-30 Year)	3.9%	4.2%	11.6%
	US Long-Term Corporate Bond (10-30 Year)	5.6%	6.0%	10.7%
	20+ Year US Treasury STRIPS	3.8%	4.2%	20.9%
	<i>US Long-Term Government/Credit*</i>	<i>4.8%</i>	<i>5.2%</i>	<i>10.2%</i>
	US Corporate Bond - AAA	4.7%	5.0%	6.0%
	US Corporate Bond – AA	4.9%	4.9%	5.9%
	US Corporate Bond – A	5.5%	5.4%	7.2%
	US Corporate Bond – BBB	6.1%	6.0%	8.0%
	US Corporate Bond – BB	7.5%	7.7%	9.8%
	US Corporate Bond – B	6.9%	7.0%	11.7%
	US Corporate Bond - CCC/Below	2.0%	1.8%	20.6%
	US Securitized Bond	5.3%	5.1%	8.4%
	US Collateralized Loan Obligation	5.8%	5.1%	7.3%
	US High Yield Securitized Bond	8.9%	8.1%	11.2%
	US High Yield Collateralized Loan Obligation	8.5%	7.7%	10.8%
	US Taxable Municipal Bond	5.3%	5.8%	7.5%
	10 Year US Treasury Bond	4.0%	4.0%	7.4%
	10 Year Non-US Government Bond (USD Hedge)	2.1%	3.0%	5.1%

*Calculated as a blend of other asset classes

6/30/2022 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
REAL ASSETS	Commodity Futures	4.8%	3.6%	18.5%
	Midstream Energy	6.0%	6.8%	28.6%
	<i>Public Real Assets (Multi-Asset)*</i>	<i>6.3%</i>	<i>6.3%</i>	<i>14.1%</i>
	US REIT	6.4%	7.4%	21.4%
	Global Infrastructure Equity	5.9%	6.7%	20.3%
	Global Natural Resources Equity	6.8%	7.2%	23.2%
	Gold	5.3%	4.9%	16.3%
	Core Real Estate	5.3%	5.8%	15.0%
	Non-Core Real Estate	6.7%	7.3%	17.5%
	Private Debt - Real Estate	6.3%	6.3%	11.4%
	Private Real Assets - Natural Resources	8.5%	8.8%	32.5%
	Private Real Assets – Infrastructure	6.3%	6.9%	12.6%
MULTI-ASSET	Hedge Fund – Macro	5.6%	5.6%	9.2%
	<i>Hedge Fund*</i>	<i>6.3%</i>	<i>6.5%</i>	<i>8.6%</i>
	<i>60% S&P 500 & 40% US Aggregate Bond*</i>	<i>4.9%</i>	<i>6.2%</i>	<i>10.6%</i>
	<i>60% MSCI ACWI & 40% US Aggregate Bond*</i>	<i>5.6%</i>	<i>6.6%</i>	<i>11.3%</i>

*Calculated as a blend of other asset classes



PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Growth: 50% U.S. Small/Mid Cap, 50% U.S. Microcap

Early-Stage Venture: 25% U.S. Small/Mid Cap, 75% U.S. Microcap

Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap

Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE CREDIT

Direct Lending: 100% Bank Loans

Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans

Credit Opportunities: 34% U.S. SMID Cap, 33% U.S. High Yield, 33% Bank Loans

Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity

Infra/Land: 30% Commodities, 70% Public Infrastructure

Private Real Estate Debt: 50% CMBS, 50% Real Estate – Core

NEPC DISCLOSURES

Past performance is no guarantee of future results.

NEPC, LLC is an investment consulting firm. We provide asset-liability studies for certain clients but we do not provide actuarial services. Any projections of funded ratio or contributions contained in this report should not be used for budgeting purposes. We recommend contacting the plan's actuary to obtain budgeting estimates.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

The projection of liabilities in this report uses standard actuarial projection methods and does not rely on actual participant data. Asset and liability information was received from the plan's actuary, and other projection assumptions are stated in the report.

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

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A graphic on the left side of the slide consisting of a grid of blue triangles of various shades, with one triangle highlighted in a darker teal color.

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



OCTOBER 2023

Private Markets Education

Stanislaus County Employees' Retirement Association

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Private markets overview

What are private markets?

Private Equity	Private Debt	Private Real Estate	Private Real Assets
Venture Capital Early Stage Late Stage	Direct Lending	Core	Infrastructure
Growth Equity	Distressed Debt Control Trading	Value-add	Natural resources
Buyouts	Real estate/real asset	Opportunistic	Agriculture
Secondaries	Other non-corporates		Energy

Private markets investments are not listed on market exchanges.

Investments are made in limited partnerships (aka "funds") with extensive contract provisions. Min. size: \geq \$5 million per fund.

Each fund draws down capital over time, holds investments to maturity, then sells and distributes all capital. Some investments produce distributions during hold period.

Size of private markets

McKinsey estimates that private markets assets under management (AUM) exceeded \$11.7 trillion in 2022:

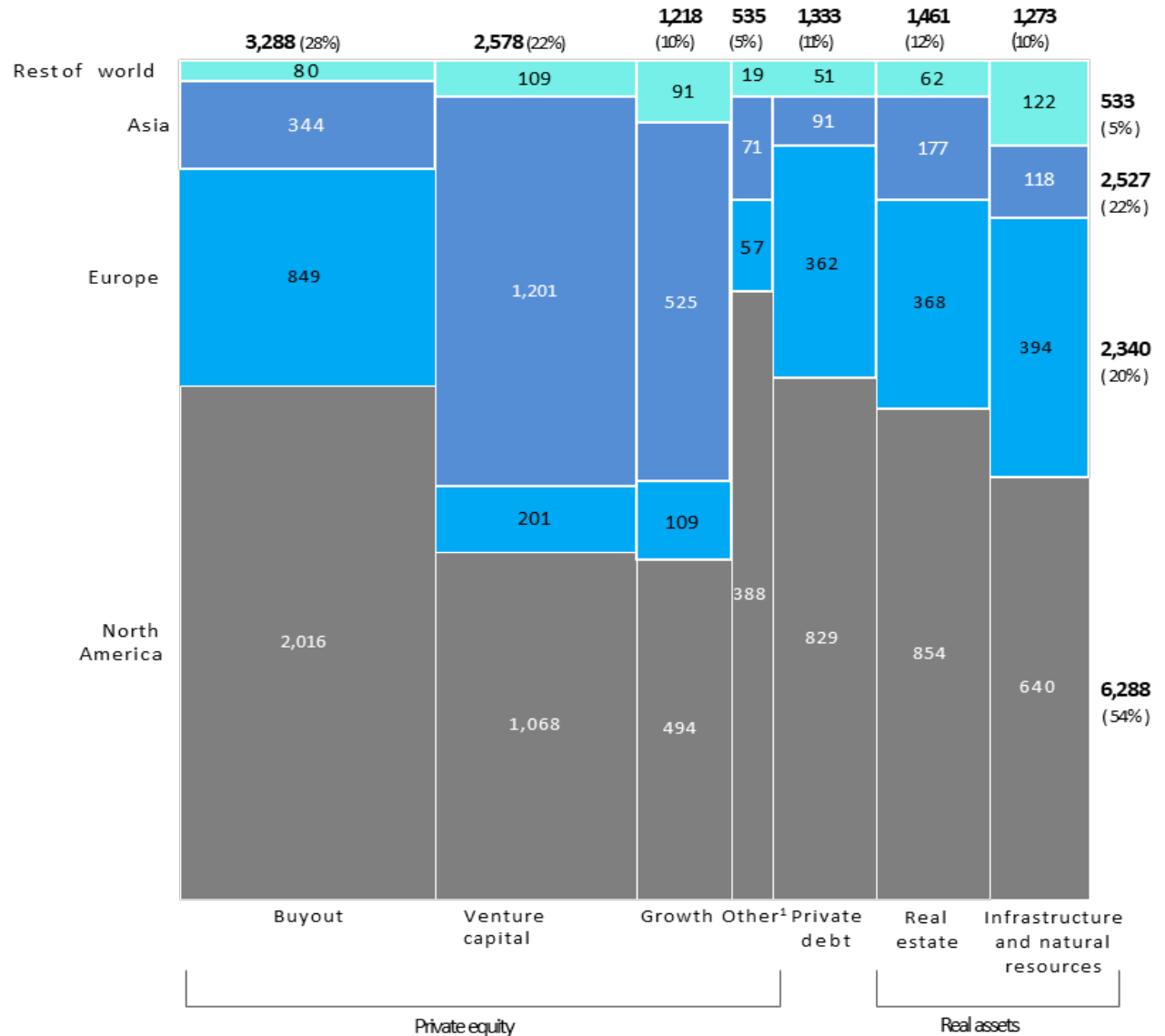
- Private equity: \$7.6 trillion
- Private debt: \$1.3 trillion
- Real estate: \$1.5 trillion
- Infrastructure and natural resources: \$1.3 trillion

Global public equity markets exceeded \$101.2 trillion in market cap at year-end 2022

Private markets AUM has grown 18% annually since 2017

Source: Preqin and McKinsey

Private markets assets under management, H1 2022, (\$ billion)



Who invests in private markets?

Investor Type	Average Allocation
Public Pension Funds	12%
Corporate Pensions	4%
Endowment/Foundation	17%
Insurance	13%
Family Office	19%
High Net Worth*	35-52%

Large endowments & foundations that were early adopters typically have significant allocations to privates, larger than the average.

Larger public pension funds (>\$10 billion) often have average allocations greater than 12%.

The best managers tend to be access constrained.

Source: P&I, WillisTowersWatson, KKR, Peltz International

* High net worth range includes high net worth and ultra high net worth

Largest public fund investors in private equity

Top 10 public pension funds invested in private equity

	Members	Private Equity Investment (\$Bil.)
1. California Public Employees Retirement System	2,081,473	\$44,830.73
2. California State Teachers Retirement System	981,000	\$36,991.26
3. Washington State Board of Investment	609,482	\$36,441.31
4. Teacher Retirement System of Texas	1,877,919	\$34,764.38
5. New York State Common Retirement Fund	1,172,147	\$29,470.17
6. Oregon Public Employees Retirement System	228,482	\$25,725.64
7. State of Michigan Retirement System	553,000	\$20,826.00
8. New York City Public Pension Funds	569,872	\$18,482.00
9. The Florida Retirement System	2,600,000	\$17,339.86
10. Virginia Retirement System	754,033	\$15,798.81

Source: American Investment Counsel Public Pension Study 2022

Key differences

Traditional Assets:

- Listed companies on regulated exchanges; can be sold, thus liquid
- Immediate exposure to investments
- Index covers ~entire universe of companies
- “Active Management:” stock selection from defined universe
- **Fees: typically, less than 1% of invested capital**
- GIPS (Global Investment Performance Standards) compliant returns

Private Equity/Private Credit:

- Unlisted companies held in private partnerships (i.e. funds); negotiated and sold over time, thus illiquid
- Peak exposure (60-70% of commitment size) lags commitment to a fund
- Index captures performance and cashflows of (a subset of) private partnerships
- “Active Management:” company selection from undefined universe; and transformation of portfolio companies
- **Fees: 1.5-2% of commitments, plus 10-20% of profits (subject to 6-8% hurdle)**
- Diligence, reporting, etc.: standards vary

The case for private markets investments

Why invest in private markets?

Primary reason: higher net expected returns versus public markets

Structural features underlying outperformance

- Enhanced alignment of interests
- Investment structures with return guarantees, preferred payouts, etc.
- Operational expertise of select investment managers:
 - Sector / asset selection
 - Revenue growth
 - Margin improvement
- Flexibility in timing of capital deployment and exits: multiple expansion
- Utilization of leverage (buyouts and real assets)

Features that
in our view
generally
persist over the
long-term.

Additional reasons to invest in privates

Theoretical basis challenged, but practically often realized

- Reduced volatility:
 - Moderate changes in plan value
 - Enables smoothing of spending rate
- Access to large and diverse set of investment opportunities not available in public markets
- Differentiated active management skills set

Overview of private equity

- Investments in privately held companies:
 - Generally illiquid / limited liquidity
 - Few established industry benchmarks
 - Sub-classes differ in cash-flow and performance attributes
- Long term investment horizon: 3-12+ years
- Primary reason to invest: **Return enhancement**

Returns and outperformance tend to bake in over the long-term.

	1 Year	3 Years	5 Years	10 Years	20 Years
Venture Capital	--18.7%	23.8%	21.7%	18.9%	12.5%
Buyouts	-3.2%	17.8%	15.7%	15.2%	14.9%
Growth Equity	-14.1%	18.4%	17.1%	15.2%	14.2%
Fund of Funds / Secondaries	-8.7%	19.7%	16.2%	13.8%	11.9%
All Private Equity*	-7.9%	18.4%	16.2%	14.9%	13.5%
S&P 500	-18.1%	7.7%	9.4%	12.6%	9.8%
Russell 3000	-19.2%	7.1%	8.8%	12.1%	9.9%
Bloomberg Barclays Aggregate	-13.0%	-2.7%	0.0%	1.1%	3.1%
91 Day T-Bill	1.5%	0.6%	1.2%	0.7%	1.2%

Source: Refinitiv and InvestmentMetrics as of December 31, 2022.

* Includes Venture Capital, Buyouts, Growth Equity, Fund of Funds and Secondaries.

Overview of private debt

- Investments into privately negotiated debt or debt-like transactions primarily to companies or assets of small to medium size (i.e., “middle market”) as determined by earnings, number of employees, or asset value:
 - Generally illiquid / limited liquidity
 - Few established industry benchmarks
 - Debt tranches differ in cash-flow and performance attributes
- Medium term investment horizon: 2-5+ years
- Primary reason to invest: **High income and return enhancement**

Private Credit funds tend to produce yield during holding periods, and shallower J-curve as compared to Private Equity.

	1 Year	3 Years	5 Years	10 Years	20 Years
Private Credit	3.9%	12.6%	9.9%	10.1%	10.7%
Direct Lending	2.1%	5.6%	5.9%	6.6%	6.8%
Distressed Debt	4.1%	14.2%	10.4%	10.4%	10.9%
S&P/LSTA Levered Loan	-0.6%	2.5%	3.3%	3.7%	n/a
Bloomberg Barclays Universal	-13.0%	-2.5%	0.2%	1.3%	3.4%
Bloomberg Barclays Aggregate	-13.0%	-2.7%	0.0%	1.1%	3.1%
91 Day T-Bill	1.5%	0.6%	1.2%	0.7%	1.2%

Source: Refinitiv and InvestmentMetrics as of December 31, 2022.

Overview of private real assets

- Investments in tangible and intangible assets that should provide a degree of inflation protection (Infrastructure, Natural Resources, Commodities, Real Estate):
 - Generally illiquid / limited liquidity
 - Few established industry benchmarks
 - Sub-classes differ in inflation protection, cash-flow and performance attributes
 - Value appreciation from scarcity (i.e., limited supply) versus demand for natural resources
- Long term investment horizon: 7-15+ years
- Primary reason to invest: **Inflation protection, diversification, income and return enhancement**

Outperformance
can be period-
dependent.

	1 Year	3 Years	5 Years	10 Years	20 Years
Infrastructure	8.1%	11.2%	10.4%	10.8%	9.4%
Natural Resources	20.8%	10.9%	5.0%	3.6%	7.6%
Timber	13.5%	8.2%	5.1%	4.2%	4.5%
Real Estate	2.9%	9.8%	9.1%	10.8%	7.7%
S&P Global Natural Resources	10.3%	11.6%	7.3%	4.9%	n/a
S&P Global Infrastructure	-0.2%	1.7%	3.9%	6.5%	n/a
NCREIF ODCE	6.5%	9.0%	7.7%	9.1%	n/a

Source: Refinitiv and InvestmentMetrics as of December 31, 2022.

The role of asset classes

- Why do we invest in various asset classes?
- What is it we practically expect them to contribute to the portfolio over time?
- What will determine whether or not they serve the desired role?

	RETURN ROLES				DIVERSIFICATION & VOLATILITY ROLES			HOW MACRO OUTLOOK/GDP AFFECTS ROLE	
	Benefit from GDP Growth	Earn Risk Premium	Produce Stable Income	Hedge Against Inflation	Low Absolute Volatility	Low Corr. To Other Assets	Reduce Portfolio Volatility	Elements of Return for Asset Class	Sensitivity to GDP
Public Equities	●	◐	◐	◐	○	○	○	PEs, Dividends, Earnings Growth	●
Private Equities	●	●	○	◐	○	◐	○	PEs (exits), Financing, Opportunity Set	●
Fixed (Treasury)	○	○	●	◐	●	●	●	Direct Link to Yields	◐
Fixed (Credit)	◐	◐	●	◐	◐	◐	◐	Direct Link to Yields, Credit Spreads	◐
Real Assets	●	◐	◐	●	◐	◐	◐	Unemployment, Vacancies, Cap Rates	●
MAGNITUDE	● High	◐ Med-High	◐ Medium	◐ Low	○ None				

Each asset class plays different roles in an institutional portfolio, across return spectrum, diversification, and volatility.

Further, the asset classes are impacted by macroeconomic environment to various degrees.

Key considerations

Key risks of private markets

- **Illiquidity risk:** cumbersome, time-intensive, and costly to liquidate assets
 - *Mitigated via liquidity analysis during asset allocation; diversification*
- **Market risk:** volatility driven by broader risk factors such as equity, inflation, interest rates, etc.
 - *Mitigated by investment managers*
- **Financial structure risk:** complexity, leverage, and different rights of varying investors
 - *Mitigated by investment managers*
- **Capital risk:** loss of capital due to investment in speculative strategies or other factors such as credit events
 - *Mitigated by investment managers*
- **Manager selection risk:** below expected returns due to inferior manager selection and active bets
 - *Mitigated via more extensive due diligence; diversification*
- **Operational risk:** losses from inadequate processes and systems supporting the GP's investment process
 - *Mitigated via alignment of program discretionary model with approval process, staffing, organization*

Once allocation to privates is determined, investors generally focus on mitigating manager selection risks.

Fees and cost structure: Private markets vs. traditional investments

PRIVATE MARKET FUND FEES

- Management Fee: 1.25% to 2.0% per annum on commitments during investment period; thereafter, 1.25% to 2.0% per annum on invested capital
- GP's Carried Interest in Profits ("Carry"): 20%
- LPs' Preferred Return: 8% per annum, before GP earns Carry

TRADITIONAL ACTIVE ASSET MANAGEMENT FEES

- Management Fee: 0.10% to 1.0% per annum on assets under management (i.e., invested capital)
- Manager Carried Interest in Profits: none
- Investors' Preferred Return: none

Significantly higher fees and expenses in private markets than in traditional investments.

KEY PRIVATE INVESTMENT RESPONSIBILITIES

- Investment research
- Portfolio construction / risk management
- Source privately held opportunities
- Buy companies: build relationship, negotiate deal, finance
- Manage companies: devise strategy, add operating value, hire executives, provide active Board oversight
- Exit investments: private and public IPO
- Investor relations
- Back office

KEY TRADITIONAL INVESTMENT RESPONSIBILITIES

- Investment research
- Active management: stock selection, portfolio construction, risk management
- Buy / sell securities
- Investor relations
- Back office

Fee comparison provided for typical funds; actual fees on specific funds may vary. Past performance is not a predictor of future returns.

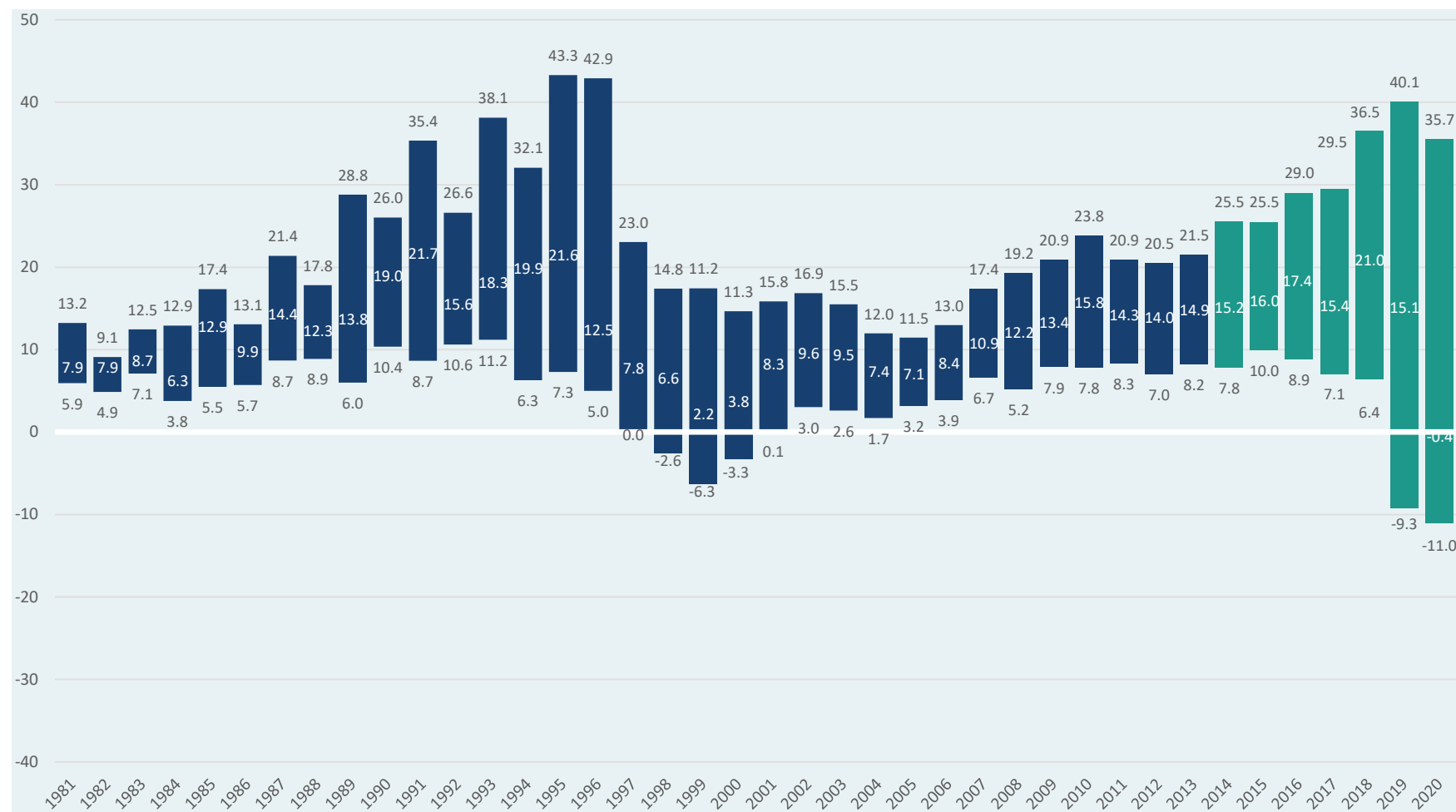
Comparison of private markets key terms

	Private Credit	Private Equity	Private Real Estate	Private Real Assets
Typical Fund Life	5 – 7 years	10 – 12 years	7 – 10 years	10 – 20+ years
Typical Investment Period	3 – 4 years	5 – 6 years	3 – 4 years	5-7 years
Management Fee	0.5% - 2% on <i>invested capital</i>	1.5% - 2% on <i>committed capital</i>	1.25% - 1.50% on <i>committed capital</i>	1.25% - 2.0% on <i>committed capital</i>
GP Carry	10% - 15%	15% - 20%	20%	15-20%
Admin Fee / Fee Offset	Yes	Yes	Yes	Yes
Preferred Hurdle	5%-8%	8%	8-9%	6-8%
Distributions	Quarterly distribution of interest income	Distributions are lumpy and subject to exit	Distributions are lumpy and subject to exit	Distributions are lumpy and subject to exit
GP Commitment	> 1%	> 2%	1-5%	1-2%
Typical Fund Leverage	Yes, 0x – 2x	No	Yes, 40 – 70%	No
Target Fund Return	8%-12% net	15%+ net	11-14% net (value-added), 15%+ net (opportunistic)	8%-15%+

**Fund level terms*

Manager selection is critical to results

Dispersion between top and bottom quartile fund returns



Mature funds avg. dispersion: 15.54%

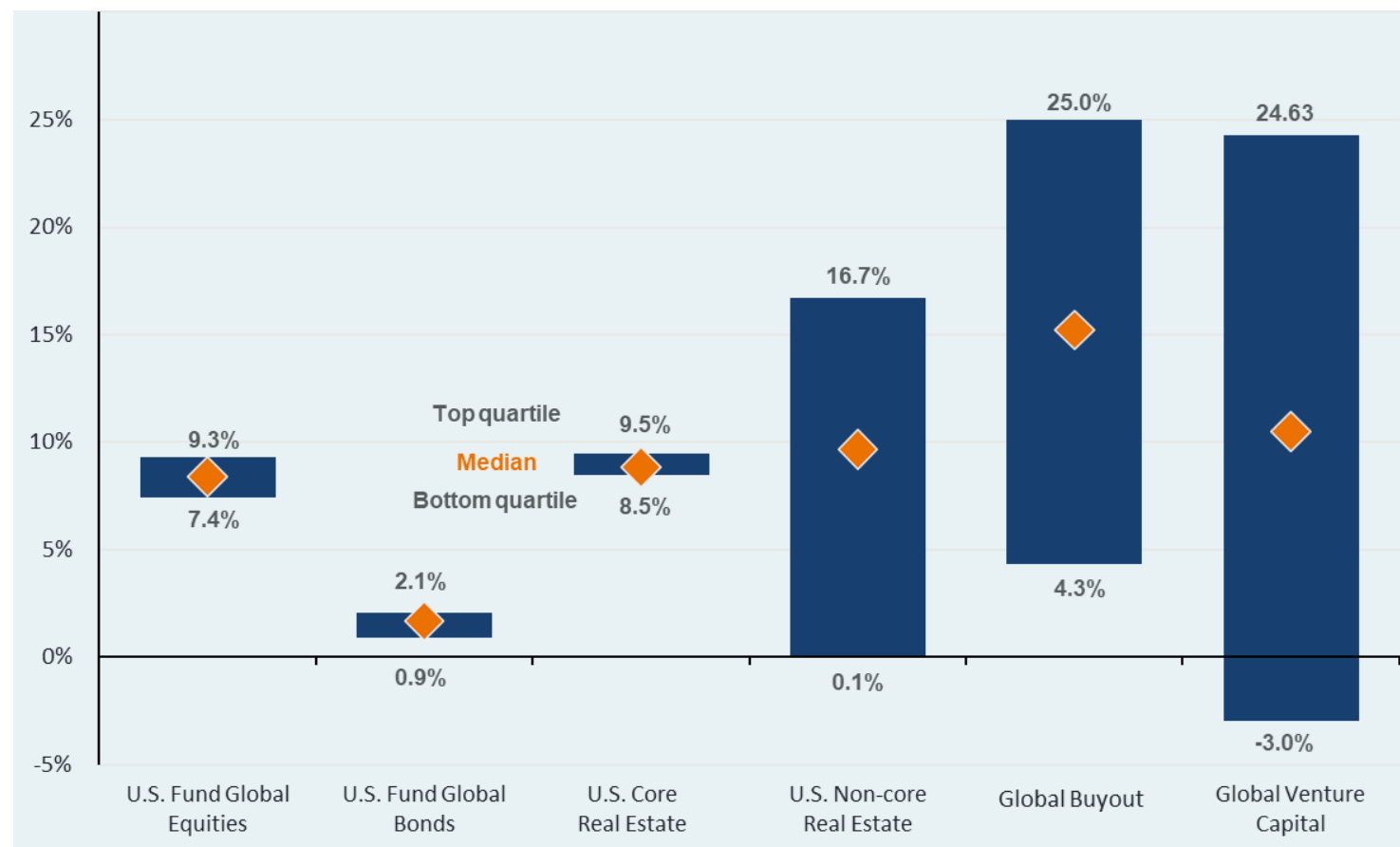
Active funds avg. dispersion: 26.92%

Source: Thomson Reuters C/A U.S. All Private Equity net IRRs, as of 12/31/20

For illustrative purposes only as dispersion of returns varies by sub-asset class. Mature funds defined as those whose 80% or more of total value has been distributed.

Public and private manager dispersion

BASED ON RETURNS OVER A 10-YEAR WINDOW*



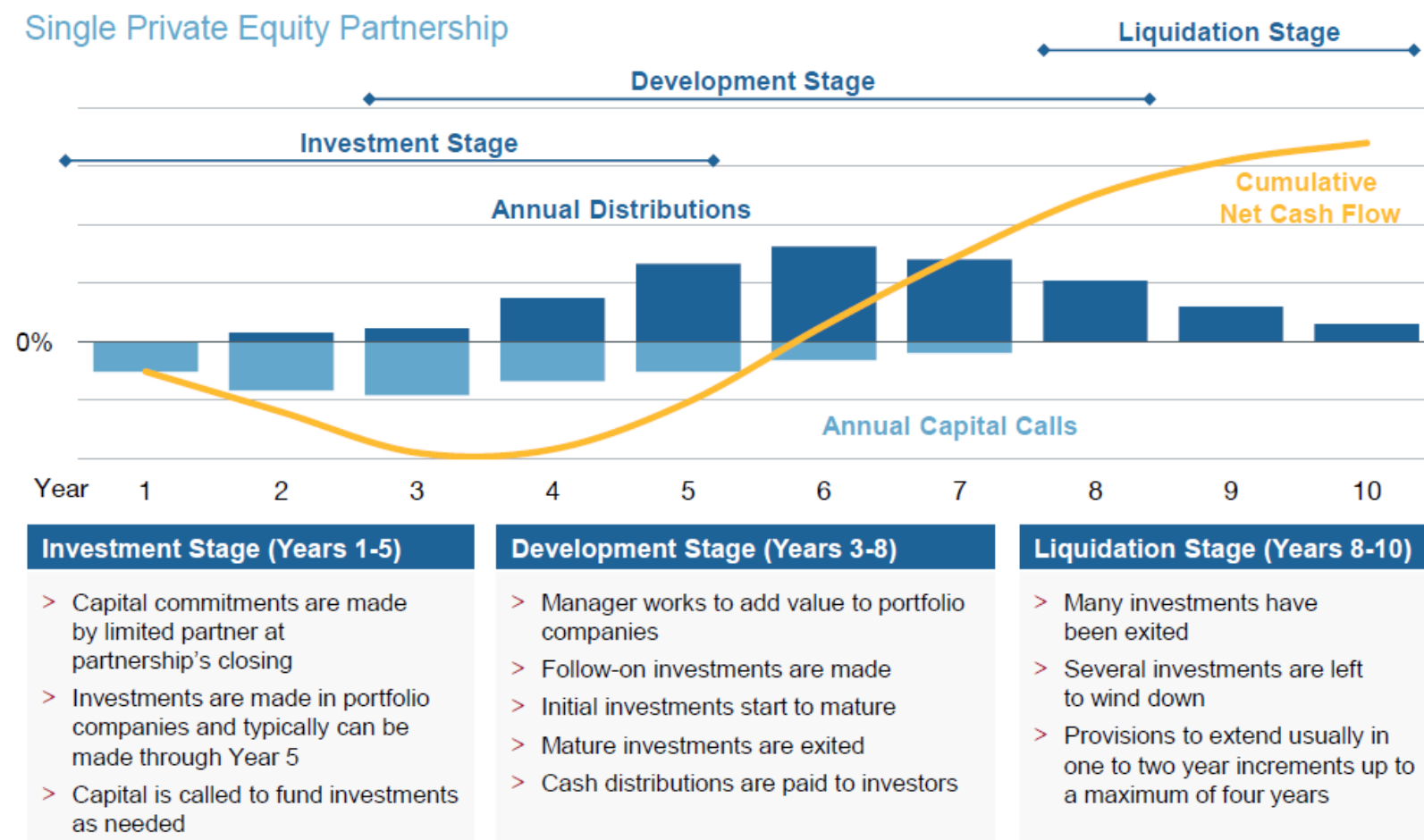
Over a recent 10-year period there has been a 21-percentage point difference between performance of top-quartile and bottom quartile buyout managers and a 28-percentage point difference in venture capital.

The public equity and bond returns maintain a much tighter dispersion.

Source: Thomson Reuters C/A, NCREIF, Morningstar, J.P.Morgan Asset Management.

Global equities (large cap) and global bonds dispersion are based on the world large stock and world bond categories, respectively. *Manager dispersion is based on the annual returns for U.S. Fund Global Equities, U.S. Fund Global Bonds, Hedge Funds, and U.S. Core Real Estate are over a 10-year period ending 2Q 2023. Non-core Real Estate, Global Buyout and Global Venture Capital are represented by the 10-year horizon internal rate of return (IRR) ending 1Q 2023. U.S. Fund Global Equities and Bonds are comprised of U.S.-domiciled mutual funds and ETFs.

J-curve and lifecycle of fund cash flows



J-curve can produce negative returns in early years on temporary basis

Secondaries can mitigate the J-curve as they generally invest in more mature funds

As cash is iteratively called and distributed, investors need to (a) overcommit to hit target exposures; and (b) commit to funds ongoing to maintain exposure

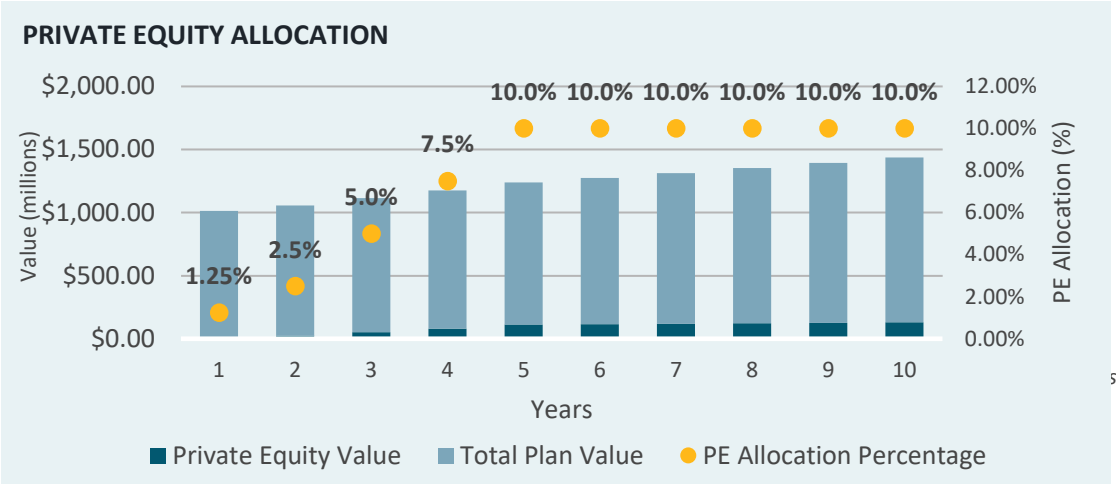
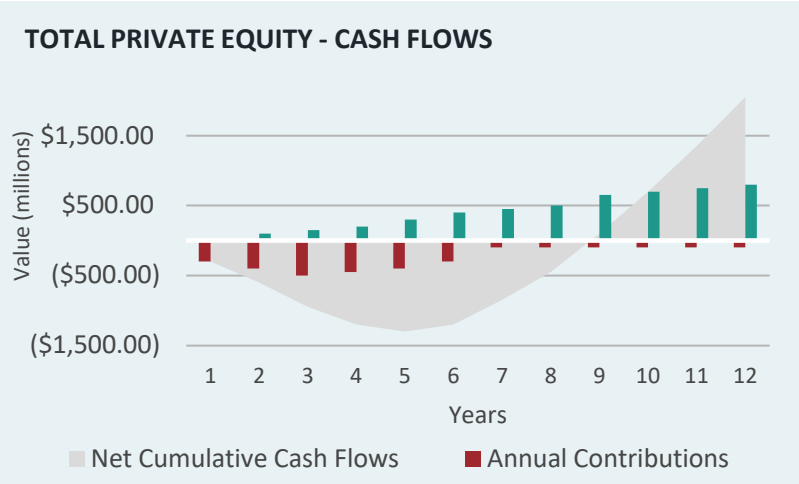
Source: HarbourVest

This example is shown for illustrative purposes only and is intended to demonstrate the mechanics and cash flows of a private equity fund. It is not intended to predict the performance or cash flows of any specific fund and should not be construed as predicting the future. The actual pace and timing of cash flows of a private equity fund are highly dependent on the fund's investment pace, the types of investments made by the fund, and market conditions. Private equity investing involves significant risks, including loss of the entire investment. Investments in private equity fund involve significant risk, including loss of the entire investment.

Commitment planning

Verus PE Roadmap

Purpose	Plan future commitments given varying cash flows and valuations of existing fund commitments
Process	<ul style="list-style-type: none">— Each underlying existing commitment projected— Projections aggregated to total portfolio level to determine PE allocation in future years— Once future PE allocations forecasted, adjust future commitments to reach PE allocation target by certain year
Benefits	<ul style="list-style-type: none">— Flexibility in adjusting future commitments— Ability to conduct scenario analysis
Verus Assumptions	<ul style="list-style-type: none">— Organized by sub-class— Iteratively developed over years— Based on Venture Economics, Private I, and vast knowledge and experience of our private markets team



Implementation options

Implementation approaches to private markets

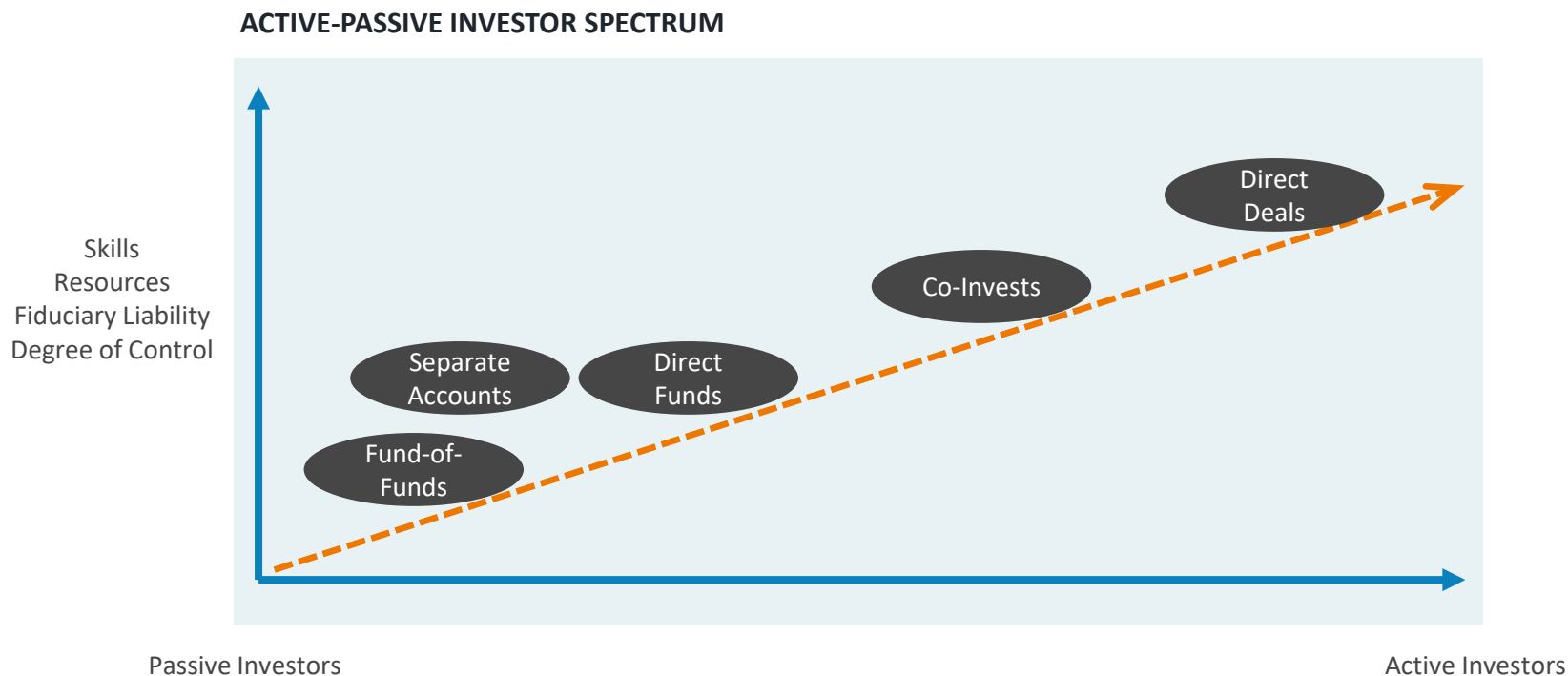
Implementation approach driven by each investor's:

- Investment objectives
- Internal skills and resources
- Tolerance for control, risks, cost

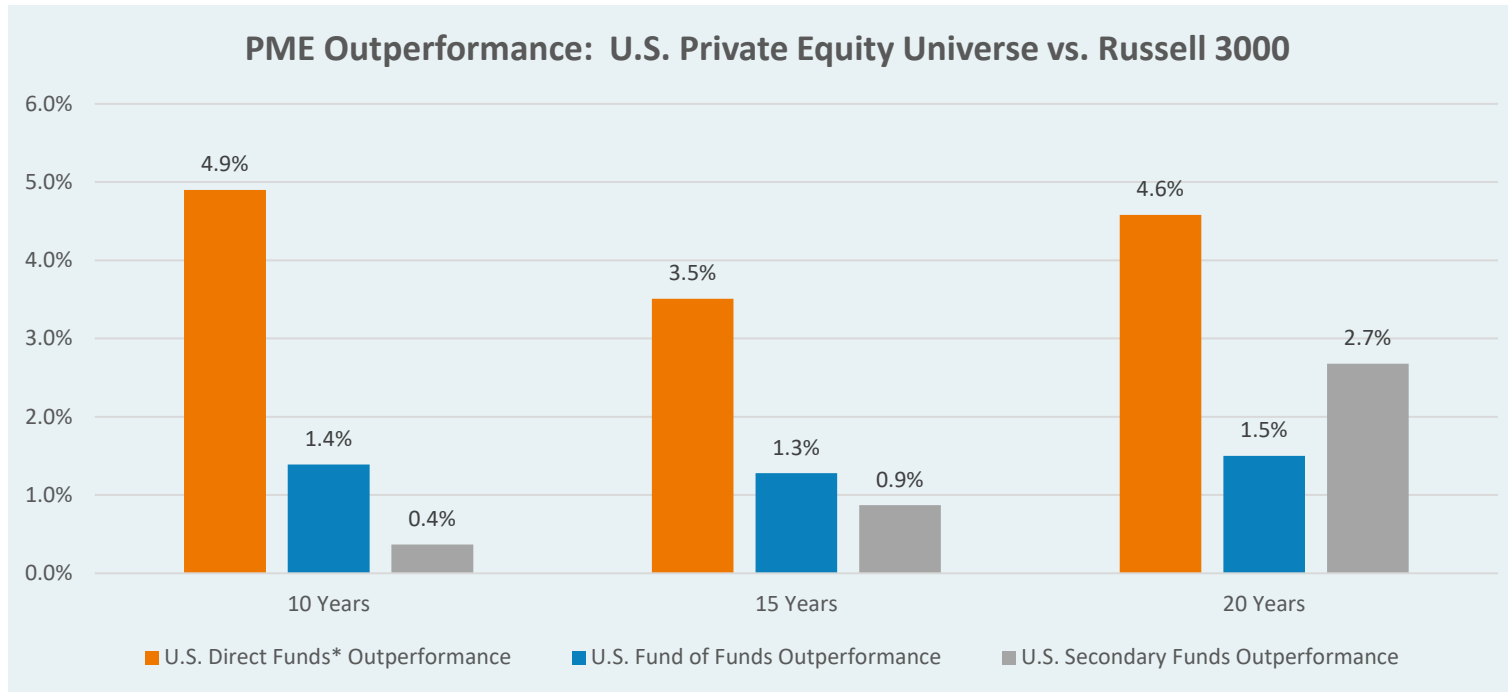
Institutions of size seeking to retain control typically adopt the “direct funds” model to launch their programs.

Smaller investors tend to outsource investing in private markets to fund-of-funds or OCIOs.

StanCERA has adopted the direct funds approach



U.S. private markets funds performance vs. public market equivalent



	10 Years	15 Years	20 Years
U.S. Direct Funds*	17.6%	12.6%	14.4%
PME (Russell 3000)	12.7%	9.0%	9.8%
U.S. Fund of Funds	15.3%	10.7%	11.4%
PME (Russell 3000)	13.9%	9.4%	9.9%
U.S. Secondary Funds	13.4%	11.3%	13.3%
PME (Russell 3000)	13.0%	10.4%	10.6%

Source: Refinitiv as of December 31, 2022.

* Buyout, Venture Capital and Growth Equity.

Most recent data suggests that private equity outperformed public equity by a wide margin over the long-term.

Direct funds outperformed by a wider margin than US FoFs and Secondary funds.

FoFs tend to be less liquid than Directs and Secondaries.

Implementation vehicles – direct funds

Buyout Fund	
Vintage	Year 1
Investment Period	Year 1-4
Target Sectors (#)	1-10
Target Geographies	Regional National International
Portfolio Companies (#)	8-15
Company Attributes	EBITDA > 0
Investment Attributes	Equity Control (>50%)

Implementation vehicles – FoF/secondaries

Buyout Fund		Buyout Fund		Venture Fund		Debt Fund (Mezzanine)	
Vintage	Year 1	Vintage	Year 1	Vintage	Year 1	Vintage	Year 1
Investment Period	Years 1-4	Investment Period	Years 1-4	Investment Period	Years 1-4	Investment Period	Years 1-4
Target Sectors (#)	1-10	Target Sectors (#)	1-10	Target Sectors (#)	1-3	Target Sectors (#)	3-10
Target Geographies	Regional National International	Target Geographies	Regional National International	Target Geographies	Regional National International	Target Geographies	Regional National
Portfolio Companies (#)	8-15	Portfolio Companies (#)	8-15	Portfolio Companies (#)	Early: 15-75 Late: 12-20	Portfolio Companies (#)	12-20
Company Attributes	EBITDA > 0	Company Attributes	EBITDA > 0	Company Attributes	Seed to pre-IPO	Company Attributes	EBITDA > 0
Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)

Buyout Fund		Buyout Fund		Venture Fund		Debt Fund (Mezzanine)	
Vintage	Year 1	Vintage	Year 1	Vintage	Year 1	Vintage	Year 1
Investment Period	Years 1-4	Investment Period	Years 1-4	Investment Period	Years 1-4	Investment Period	Years 1-4
Target Sectors (#)	1-10	Target Sectors (#)	1-10	Target Sectors (#)	1-3	Target Sectors (#)	3-10
Target Geographies	Regional National International	Target Geographies	Regional National International	Target Geographies	Regional National International	Target Geographies	Regional National
Portfolio Companies (#)	8-15	Portfolio Companies (#)	8-15	Portfolio Companies (#)	Early: 15-75 Late: 12-20	Portfolio Companies (#)	12-20
Company Attributes	EBITDA > 0	Company Attributes	EBITDA > 0	Company Attributes	Seed to pre-IPO	Company Attributes	EBITDA > 0
Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)	Investment Attributes	Equity Control (>50%)

Direct funds vs. fund-of-funds

	Direct Funds	Fund of Funds (FoFs)
Strengths	<ul style="list-style-type: none"> — Single layer of fees — Customized portfolio — Increased control over investments: pacing, types of funds — Direct relationships with General Partners 	<ul style="list-style-type: none"> — Generally lowers risk through broad diversification across managers, strategies, sub-asset classes, and /or geographies — Simpler to implement
Considerations	<ul style="list-style-type: none"> — Operationally complex — Resource intensive — Can take longer to construct full PE program 	<ul style="list-style-type: none"> — Long-term commitment to vehicle with extra layer of management fees and carried interests — Historically lower net returns to LPs than direct funds — Potentially lack of transparency — Alignment of interests can vary — Longer fund life / illiquidity than direct — Significantly more difficult to withdraw / terminate after commitment

Direct vs. fund-of-funds vs. separate accounts

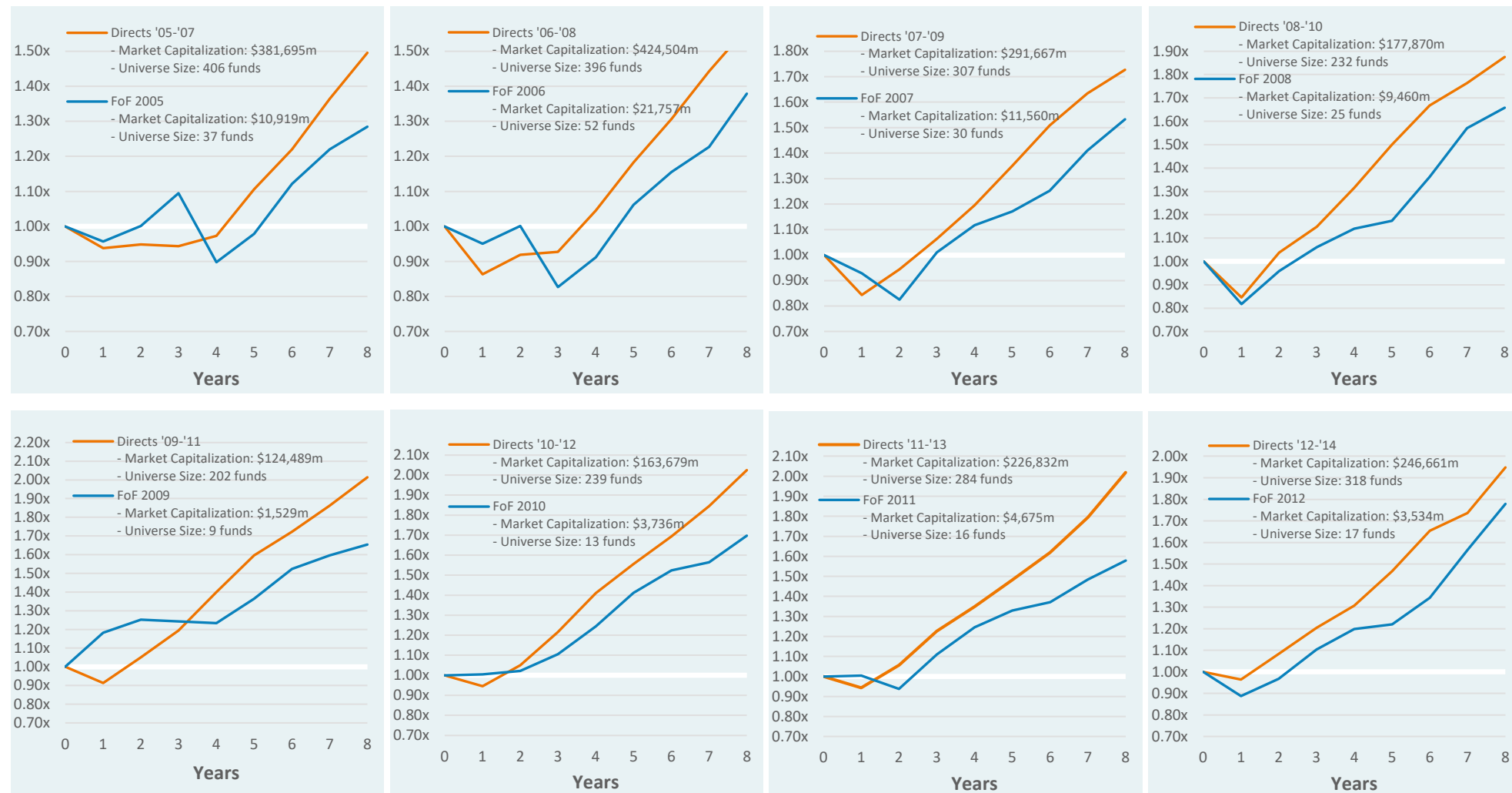
	Direct Funds	Fund of Funds (FoFs)	Separate Accounts (SMAs) ^{1,2}
Strengths	<ul style="list-style-type: none"> — Single layer of fees — Customized portfolio — Increased control over investments: pacing, types of funds — Direct relationships with General Partners 	<ul style="list-style-type: none"> — Generally lowers risk through broad diversification across managers, strategies, sub-asset classes, and /or geographies — Simpler to implement 	<ul style="list-style-type: none"> — ‘One-stop-shop’ — Flexibility around targeted investment approach and jurisdiction of vehicle — Higher touch and greater transparency
Considerations	<ul style="list-style-type: none"> — Operationally complex — Resource intensive — Can take longer to construct full PE program 	<ul style="list-style-type: none"> — Long-term commitment to vehicle with extra layer of management fees and carried interests — Historically lower net returns to LPs than direct funds — Potentially lack of transparency — Alignment of interests can vary — Longer fund life / illiquidity than direct — Significantly more difficult to withdraw / terminate after commitment 	<ul style="list-style-type: none"> — Excludes managers who don’t partake, including many top-quartile GPs — Likely higher execution costs than commingled funds (particularly with more complex investments)

1. SMAs are separate vehicles operated by a direct GP that invest on behalf of individual LPs, often with customization of the clients’ needs across diversification

2. In addition to Separate Managed Accounts (SMAs), there has been a proliferation of Conduit Funds offered by financial institutions that create partnership structures in conjunction with GPs. Each offering is bespoke, requiring careful examinations of structure and potential appended fees.

Total return multiple: Direct funds vs. FoFs

COMPARISON OF NET TVPI (2005 – 2014): US PE DIRECT FUNDS (VC + GROWTH + BO) VS US PE FOFS:



*Source: Thomson Reuters C/A as of June 30, 2020

Fees: direct vs fund-of-funds

- Typical FoFs charge an extra layer of management fees (typically in the 1% range) + carried interest (5-10%)
- Additionally, investors also pay the underlying GPs' fees ("2% + 20%") on an indirect, manager look-through basis

Representative FoF Fees and Expenses per \$100 million PE Commitment¹

<i>Fee Structure</i>	0% Carry	5% Carry	7.5% Carry	10% Carry
0% Mgmt. Fee	\$0m (0%)	-\$4.3m (-4.3%)	-\$6.4m (-6.4%)	-\$8.5m (-8.5%)
.50% Mgmt. Fee	-\$7.5m (-7.5%)	-\$11.8m (-11.8%)	-\$13.9m (-13.9%)	-\$16.0m (-16.0%)
.75% Mgmt. Fee	-\$11.3m (-11.3%)	-\$15.5m (-15.5%)	-\$17.6m (-17.6%)	-\$19.8m (-19.8%)
1% Mgmt. Fee	-\$15.0m (-15.0%)	-\$19.3m (-19.3%)	-\$21.4m (-21.4%)	-\$23.5m (-23.5%)

1. Fund life assumption of 12 years for direct and 15 years for Fund of Funds.

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A decorative graphic on the left side of the slide, consisting of a grid of blue and teal triangles of various sizes, some of which are solid and others are outlined.

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



PERIOD ENDING JUNE 30, 2023

Private Markets Review

Stanislaus County Employees' Retirement Association

Total Fund

Private Credit – Investment Summary

Period Ending: June 30, 2023

Verus Internal Analysis

Vintage Year	Manager Name/Fund Name	Total Commitment	Capital Called	% Called	Total Distributions	Unfunded	Reported Value	Total Value	Net TVPI	Net DPI	Net IRR	S&P LSTA Lev. Loan PME	Fund vs. PME
Private Credit													
Legacy Private Credit Investments													
2013	Upwelling (Medley Opp Fund II) ¹	\$ 30,000,000	\$ 34,730,130	116%	\$ 32,246,207	\$ 999,547	\$ 1,624,416	\$ 33,870,623	0.98	0.93	-0.6%	3.6%	-4.2%
2013	Raven Asset Based Opportunity Fund I LP	\$ 40,000,000	\$ 35,318,792	88%	\$ 30,170,004	\$ 5,494,237	\$ -	\$ 30,170,004	0.85	0.85	-4.3%	3.8%	-8.1%
2013	White Oak Pinnacle Fund I, L.P. ³	\$ 40,000,000	\$ 56,714,361	142%	\$ 44,452,802	\$ 4,530,589	\$ 26,705,533	\$ 71,158,335	1.25	0.78	5.6%	3.9%	1.7%
2015	Raven Asset Based Opportunity Fund III	\$ 50,000,000	\$ 49,999,999	100%	\$ 11,003,508	\$ 1	\$ 54,043,608	\$ 65,047,116	1.30	0.22	5.6%	4.4%	1.2%
Direct Lending													
2018	Owl Rock First Lien LP	\$ 10,000,000	\$ 9,391,193	94%	\$ 2,170,538	\$ 750,000	\$ 9,520,834	\$ 11,691,372	1.24	0.23	8.6%	5.1%	3.5%
2020	Monroe Private Credit Fund IV, L.P.	\$ 20,000,000	\$ 17,333,659	87%	\$ 1,763,535	\$ 3,000,000	\$ 17,268,795	\$ 19,032,330	1.10	0.10	10.8%	8.1%	2.7%
2021	Callodine ABL II ²	\$ 20,000,000	\$ -	0%	\$ -	\$ 20,000,000	\$ -	\$ -					
Special Situations													
2021	SVP Special Situations Fund V, L.P.	\$ 10,000,000	\$ 4,989,760	50%	\$ -	\$ 5,010,240	\$ 5,802,620	\$ 5,802,620	1.16	0.00	12.4%	4.8%	7.6%
2021	ABRY Senior Equity VI, L.P.	\$ 15,000,000	\$ 6,926,447	46%	\$ 91,820	\$ 8,169,265	\$ 7,312,933	\$ 7,404,753	1.07	0.01	7.5%	7.0%	0.5%
Total Private Credit		\$ 235,000,000	\$ 215,404,341	92%	\$ 121,898,414	\$ 47,953,879	\$ 122,278,739	\$ 244,177,153	1.14	0.57	3.3%	4.1%	-0.8%
% of Portfolio (Market Value)							4.6%						

¹The Terms of Medley Opportunity Fund II expired on 3/31/2022; the remaining investments were transferred into a liquidating trust managed by Upwelling Capital Group. Upwelling provided the valuation of the assets as of 3/31/2023.

²Fund has not called capital as of June 30, 2023.

³Fund's valuation as of March 31, 2023.

N/M = Not meaningful: Fund has less than one year of investment activity.

Total Fund

Private Equity – Investment Summary

Period Ending: June 30, 2023

Verus Internal Analysis

Vintage Year	Manager Name/Fund Name	Total Commitment	Capital Called	% Called	Total Distributions	Unfunded	Reported Value	Total Value	Net TVPI	Net DPI	Net IRR	R3000 + 300bps TR	PME	Fund vs. PME
Private Equity														
Buyout														
2020	Vista Foundation IV, L.P.	\$ 20,000,000	\$ 14,999,806	75%	\$ 24,205	\$ 5,020,547	\$ 14,748,386	\$ 14,772,591	0.98	0.00	-1.0%	9.4%	-10.4%	
2020	CD&R XI, L.P.	\$ 20,000,000	\$ 14,277,863	71%	\$ 245,040	\$ 5,965,755	\$ 15,027,093	\$ 15,272,133	1.07	0.02	6.1%	8.5%	-2.4%	
2021	Gryphon Partners VI, L.P.	\$ 20,000,000	\$ 15,982,717	80%	\$ 131,026	\$ 4,017,283	\$ 17,269,161	\$ 17,400,187	1.09	0.01	6.0%	8.0%	-2.0%	
2021	Genstar Capital Partners X, L.P.	\$ 15,000,000	\$ 9,531,731	64%	\$ -	\$ 5,468,269	\$ 9,879,877	\$ 9,879,877	1.04	0.00	4.2%	14.3%	-10.1%	
2021	Sole Source Fund II, L.P. ¹	\$ 15,000,000	\$ 5,909,512	39%	\$ 3,655,797	\$ 10,516,598	\$ 14,022,002	\$ 17,677,799	2.99	0.62	257.3%	-20.2%	277.5%	
2021	Blue Wolf Fund V, L.P. ¹	\$ 20,000,000	\$ 3,714,974	19%	\$ -	\$ 16,285,026	\$ 3,097,505	\$ 3,097,505	0.83	0.00	N/M	N/M		
2022	Audax Private Equity Fund VII-A, L.P. ²	\$ 20,000,000	\$ -	0%	\$ -	\$ 20,000,000	\$ 14,955	\$ 14,955						
Venture Capital / Growth Equity														
2020	Insight Partners Fund XI, L.P.	\$ 15,000,000	\$ 14,605,369	97%	\$ 54,043	\$ 420,220	\$ 21,452,165	\$ 21,506,208	1.47	0.00	17.2%	10.9%	6.3%	
2021	Great Hill Equity Partners VIII, L.P. ¹	\$ 20,000,000	\$ 4,165,791	21%	\$ -	\$ 15,834,209	\$ 3,274,371	\$ 3,274,371	0.79	0.00	N/M	N/M		
2023	Eclipse Fund V, L.P. ²	\$ 5,000,000	\$ -	0%	\$ -	\$ 5,000,000	\$ -	\$ -						
Total Private Equity		\$ 170,000,000	\$ 83,187,763	49%	\$ 4,110,111	\$ 88,527,907	\$ 98,785,515	\$ 102,895,626	1.24	0.05	16.5%	9.8%	6.7%	
% of Portfolio (Market Value)							3.7%							
Total Private Markets		\$ 405,000,000	\$ 298,592,104	74%	\$ 126,008,525	\$ 136,481,786	\$ 221,064,254	\$ 347,072,779	1.17	0.42	4.6%			
% of Portfolio (Market Value)							8.3%							

¹ Early activity has caused inflated, non-meaningful returns.

² Fund has not called capital as of June 30, 2023.

³ Fund's valuation as of March 31, 2023.

N/M = Not meaningful: Fund has less than one year of investment activity.

October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Tom Stadelmaier, Executive Director

I. SUBJECT: StanCERA Strategic Goals Action Items Update

II. ITEM NUMBER: 9.a

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

Attached is the first update regarding action items related to the strategic goals adopted by the Board in May. The Board is encouraged to provide feedback on the document including format, additional areas of focus and feedback on action item priorities.

VI. RISK: NONE

VII. STRATEGIC PLAN: The action items reflected are in direct support of the established strategic goals.

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE. However, many of the action items listed will have a budgetary impact and those will be addressed with the Board individually or through the budget review process.

2023-2025

StanCERA Strategic Goals Action Items



UPDATED 10/24/2023



2023-2025 Strategic Goals Action Items

Strategic Planning Objectives for 2023-2025
--

StanCERA CARES:

Customer engagement (The primary Customers are the Plan members, beneficiaries and those that are working to help them reach their retirement goals.)

Aministrative excellence

Reporting and transparency

Efficiency and innovation

Sustainability

Action Item Phases: Prepare, Plant, Grow and Harvest

Updates on Action Items are presented to the Board Quarterly





2023-2025 Strategic Goals Action Items

Completed Action Items: Action items that reached the harvest stage are documented here to maintain a record of completed items

Customer engagement	Administrative excellence	Reporting and transparency	Efficiency and innovation	Sustainability
Member Web Portal Live June 2023				<ul style="list-style-type: none">Completed long-term extension of 6th floor lease September 2023Established full policy for elective officials September 2023





2023-2025 Strategic Goals Action Items

Action Items Priorities: Highest priority initiatives with a goal to show continued progress each quarter

Strategic Objective	Action Item	Champion	Phase	Target Date	Team Members and Current Update
Customer	Implement member web portal	Lisa/Tom	Harvest	2Q 2023	Web Portal Live in June 2023 with communications to members ongoing
Admin	Review all elements of the public website and implement updates with new web site provider	Kellie	Grow	1Q 2024	StanCERA working with staff on content and with PensionX on implementation of design, functionality/tools and changes
Reporting	Review StanCERA custom investment reporting database and determine long-term objectives for the data and information	Stan	Prepare	1Q 2024	Currently evaluating alternate sources for data and reporting including Northern Trust, NEPC and Verus
Efficiency	Implement Workiva solution for enhanced financial reporting support needs	Brittany	Plant	4Q 2024	Contract and project plan under review; Completion of build-out and initial go-live currently scheduled for December with initial ACFR production to be completed in 4Q 2024





2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Champion	Phase	Target Date	Team Members and Current Update
Sustainability	Establish and maintain master list of all StanCERA administrative tasks (and document backup capabilities)	Tom	Grow	4Q 2023	Information on tasks being collected and documented with refined list to be completed by year-end





2023-2025 Strategic Goals Action Items

Action Items On-Deck: Committed initiatives with next-level priority

Strategic Objective	Action Item	Champion	Phase	Target Date	Team Members and Current Update
Customer	Re-institute member seminars and establish an ongoing program	Jamie	Grow	4Q 2023	Pre-retirement seminar held in June via Zoom; next step is to establish formal plan for ongoing seminars by year-end
Admin	Develop a training and development template for use with all staff members that focuses on both current and future needs	Kellie	Plant	2Q 2024	Working on initial template to include StanCERA training, self-study modules, county-sponsored training, CALAPRS/SACRS, industry programs and designations, and outside education with examples of available option
Reporting	Develop a dashboard report of organizational operational activities	Tom	Prepare	2Q 2024	Initial discussions have focused on reviewing available system data; next step will involve creating prototype report and then developing system reports as needed
Efficiency	Develop and implement an audit process for plan sponsor pay codes;	Brittany	Prepare	TBD	Work to begin following completion of annual audit



2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Champion	Phase	Target Date	Team Members and Current Update
	this includes the addition of new pay codes				
Sustainability	Create succession management plan for all staff positions	Stan	Prepare	TBD	Initial discussions started with main focus on needs related to investment support and training



2023-2025 Strategic Goals Action Items

Action Items Additional Ideas: Place-holder for identified projects that typically represent quick-hits or future initiatives that address StanCERA strategic objectives and in some cases may require additional planning to determine scope

Strategic Objective	Action Item	Notes/Updates
Admin	Explore additional educational and due-diligence workshops with investment managers and vendors	
Admin	Implement staff survey and feedback process	
Admin	Establish and track regular meetings with plan sponsors and member organizations	<ul style="list-style-type: none"> • Participated in Plan Sponsor Events with County and City of Ceres • Participated in RESCO meeting to share StanCERA Update and Member Web Portal details
Admin	Develop onboard training and training plan for all roles in organization	
Admin	Establish plan to support team-oriented, high-performance culture	
Customer	Review communications materials available for members and work to standardize, simplify, improve and streamline	Working on changes to some existing letters in the current system release; more comprehensive communication review to follow
Customer	Discussion and design for next phase (continued enhancements) of member	



2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Notes/Updates
	web portal including review of industry best practices	
Customer	Define key member transactions and service levels	
Customer	Explore providing more services to support long-term financial wellness for members	
Customer	Implement member survey and feedback process	
Customer	Implement additional improvements to Retirement Application	Release in testing with production date in November; 2 additional releases scheduled
Efficiency	Establish internal process for discussion and design of system and process enhancements to support increased efficiency	
Efficiency	Implement standard process for review of all vendor relationships and costs in support of approved RFP Policy	Currently compiling list of all vendors including associated financials and contract dates
Efficiency	Review and document financial control process for all expenditures	
Efficiency	Discontinue automatic mailing of all advice notices in conjunction with member web portal rollout	Communication included on member notices that mailings will stop as of November; system functionality



2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Notes/Updates
		available to allow for mailing when needed upon request
Efficiency	Discontinue automatic mailing of all member contribution statements in conjunction with member web portal rollout	Planning on December statement as final mailing with additional communications on portal planned
Efficiency	Implement enhanced death review services	Board approved PBI in September; working with PBI on initial setup and implementation
Efficiency	Streamline financial reporting process for assets and investments	Held meeting with Northern Trust to review currently available services and identify opportunities for improvement
Reporting	Develop investment manager due-diligence dashboard	
Reporting	Define key metrics and establish baselines for tracking	
Reporting	Review current Popular Annual Report and create a standard template for providing an update on StanCERA activities for all stakeholders	
Sustainability	Consolidate and refresh all established organizational policies	Currently compiling all Board Policies and Internal Administrative Policies with plan to consolidate by year-end and complete internal review; Plan to



2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Notes/Updates
		have all Board Policies reviewed by IGC
Sustainability	Conduct review of data security including Tegrit systems, County-supported systems and other technology	
Sustainability	Review IT infrastructure and identify areas for clean-up and improvement	
Sustainability	Review all current processes and procedures to identify opportunities for streamlining	Initial list of opportunities identified (includes workflow changes, mail process changes, portal updates and more); next step is to formalize process for evaluation and implementation of improvements
Sustainability	Develop long-term agreement for system services provided by Tegrit	Initial extension completed for current FY and long-term contract being drafted by Tegrit
Sustainability	Update and formalize business continuity and disaster recovery planning	
Sustainability	Complete long-term lease for 6 th Floor office space	Five-year extension completed with Raymond James
Sustainability	Establish full policy for elective officials	Policy reviewed by IGC and approved by Board in September 2023; staff



2023-2025 Strategic Goals Action Items

Strategic Objective	Action Item	Notes/Updates
		beginning work related to implementation of policy



October 24, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Kellie Gomes, Business and Operations Manager
Alaine Taa, Executive Assistant

- I. SUBJECT: State Association of County Retirement Systems (SACRS) Voting Proxy and Directive
- II. ITEM NUMBER: 9b
- III. ITEM TYPE: Discussion and Action
- IV. STAFF RECOMMENDATION:
 - a. Choose two voting proxy delegates to vote on behalf of the Board of Retirement for the SACRS Business meeting, November 10, 2023
 - b. Support action items for SACRS Business meeting, November 10, 2023
 - i. Item Nos. 2a, 3a - file and receive from the attached business packet
 - ii. Item No. 5b - action item - from the attached business packet - The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2024 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide technical and administrative clarity to various sections of the County Employees Retirement Law of 1937 (CERL or -37 Act)
- V. ANALYSIS:

Each year in May and November, SACRS 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 2023 – Fall Conference is going to take place November 10, 2023. StanCERA will need two voting delegates identified who will be voting on behalf of the full Board at the Fall business Conference, Friday November 10, 2023.

Attachment 1

Attachment 2
- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



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 November 1, 2023 to Sulema H. Peterson, SACRS Executive Director at Sulema@sacrs.org.



**SACRS
Fall Conference
Annual Business Meeting 2023**

Friday, November 10, 2023
10:15 am – 11:30 am

Omni Rancho Las Palmas Resort & Spa
Rancho Mirage, CA
Las Palmas 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 10, 2023
10:15 AM – 11:30 AM
Omni Rancho Las Palmas Resort & Spa
Rancho Mirage, CA
Las Palmas Ballroom

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

1. SACRS System Roll Call

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

2. Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

- A. Spring 2023 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

- A. July – August 2023 Financials

4. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

- A. SACRS President Update. Verbal report, no printed materials for this item.

5. SACRS Legislative Committee Update – Action Item

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

- A. 2023 Legislative Report – **No Action**
- B. 2024 Legislative Proposals – **Action Item**

6. SACRS Nomination Committee – No Action

Vivian Gray, Los Angeles CERA, SACRS Nomination Committee Chair

- A. SACRS Election Notice 2024-2025

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. Audit Committee report. Verbal report, 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 2023 report. Verbal update, no printed materials for this item.

9. SACRS Program Committee Report – No Action

Adele Tagaloe, Orange CERS, SACRS Program Committee Chair

- A. Program Committee report. Verbal update, no printed materials for this item.

10. SACRS Affiliate Committee Report – No Action

Joanne Svensgaard, SACRS Affiliate Committee Chair

- A. Affiliate Committee report. Verbal update, no printed materials for this item.

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee report. Verbal update, no printed materials for this item.

12. SACRS Fall Conference Breakout Reports – No Action

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

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

13. Adjournment

Next scheduled SACRS Business Meeting will be held Friday, May 10, 2023, at the Hilton Santa Barbara Beachfront Resort, Santa Barbara, CA.



1. Roll Call

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

Roll Call of the 20 SACRS Retirement Systems

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



1. SACRS System Roll Call

Zandra Cholmondeley, Santa Barbara CERS, SACRS
Secretary

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



2. Secretary's Report - Receive and File

Zandra Cholmondeley, Santa Barbara CERS, SACRS Secretary

- A. Spring 2023 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes

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

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

1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary

Systems Present: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin
Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa
Barbara

Sonoma, Stanislaus, Tulare, Ventura

Systems Absent: Mendocino, Merced

2. Secretary's Report - Receive and File – Action Item

Adele Tagaloa, Orange CERS, SACRS Secretary

A. November 2022 SACRS Business Meeting Minutes

Motion: A motion to approve the November 2022 SACRS Business Meeting Minutes
was made by San Diego.

2nd: Fresno

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin
Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa
Barbara

Sonoma, Stanislaus, Tulare, Ventura

No: 0

Absent: Mendocino, Merced

Motion passes 18-0-2

3. Treasurer's Report - Receive and File – Action Item

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July 2022 – February 2023 Financials

Discussion: Jordan Kaufman presented the July 2022- February 2023 financials. He
noted that the Balance sheet was not included in the packet but was emailed to
membership. The delegation discussed the finances, and status of reserves.

No motion was made, the President asked to receive and file. All presents said
Yes/Aye to approve.



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

Discussion: Vivian thanked the members of the Board for their time and dedication served, she appreciated all the kind sentiment she received during the week while she's been President. Was an honor to serve SACRS and encouraged the membership to get involved and let her know if they are interested in serving on a committee.

5. SACRS Legislative Committee Update – No Action

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

A. 2023 Legislative Report

Discussion: Eric Stern gave an overview of the written report in the packet. He also gave a brief update on legislative suggestions for the 2024 legislative calendar. See packet for full review of bills watched and status in committees.

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2023-2024

Discussion: Dan McAllister discussed the process of the elections, noting that there would be a vacancy on the Board after the vote took place. The withdrawal of a candidate after the deadline to submit a nomination has passed. The Bylaws do not have a provision for nominations after the deadline, nor do they offer nominations from the floor. Therefore, the Board will be appointing a qualified candidate to the position of “General member” at their first meeting in June. Harry Hatch noted that Vere Williams retirement from the San Bernardino CERA Board was unfortunate and wished Vere well and thanked him for his service on the SBCERA Board and SACRS Board. Several Trustees submitted their name for consideration for the vacant position. The Nomination Committee reviewed all options, and unanimously recommended to the SACRS Board of Directors that Brian Williams, Sonoma CERA, would be the best candidate to fill the position. Marin CERA submitted a letter of recommendation that the SACRS Board consider appointing a Trustee from Northern California for a balanced representation of the North/Central/South make-up of the Board.



Motion: A motion to approve the recommended 2023-2024 SACRS Board of Directors slate was made by San Diego.

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

2nd: San Bernardino

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin
Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa
Barbara

Sonoma, Stanislaus, Tulare, Ventura

No: 0

Absent: Mendocino, Merced

Motion passes 18-0-2

7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2021-2022 Annual Audit

Discussion: Steve Delaney presented the SACRS 2021-2022 Annual Audit performed by outside auditors James Marta & Co. The financial received a clean audit and no negative findings. Steve thanked the committee members for their time and participation reviewing drafts and meetings with the auditors.

Motion: A motion to approve the SACRS 2021-2022 Audit was made by Sacramento.

2nd: Contra Costa

Yes: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin
Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa
Barbara

Sonoma, Stanislaus, Tulare, Ventura

No: 0

Absent: Mendocino, Merced

Motion passes 18-0-2

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Spring 2023 Conference Evaluations/Feedback

No report.

9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

A. SACRS Annual Spring 2023 Conference Report

Discussion: David MacDonald thanked everyone for attending the conference, he also showed his appreciation to the program committee members for their hard work and dedication. The agenda was well received, and the committee has started planning the Fall Conference.



10. SACRS Affiliate Committee Report – No Action

Joanne Svendsgaard, Millennium, SACRS Affiliate Committee Chair

A. Affiliate Committee Update

Discussion: Joanne Svendsgaard gave a verbal update on the Affiliate Committee breakout. The session was well attended, and they received many comments of appreciation for the topic.

The committee is working on the election process for the committee to coincide with the SACRS Board of Directors elections. More information will follow later in the year.

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update

No report

12. SACRS Spring Conference Breakout Reports – No Action

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

- A. Administrator Breakout – Eric Stern, Sacramento CERS will moderate the Fall breakout.
- B. Affiliate Breakout – See committee report.
- C. Attorney Breakout – Aaron Zaheen, Tulare CERA, will moderates the Fall breakout.
- D. Disability/Operations & Benefits Combo Breakout – no report.
- E. Internal Auditors Breakout - no report
- F. Investment Officer Breakout – no report
- G. Safety Trustee Breakout – Good meeting, participation by several of the Systems. Discussion of volunteers to help monitor reception and meet with the hotels prior to conferences.
- H. General Trustee Breakout – Great attendance, the session was well received. The presenter was data driven and had attendees waiting in line after the session was over to ask more questions. Many comments to have him return for a general session. Adele Tagaloea will moderate the Fall breakout.

13. Adjournment

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

Meeting Adjourned at 10:59 am



3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July – August 2023 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of August 31, 2023

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	207,777.31
1001 · BofA Interest Checking 4389	46,674.72
1002 · First Foundation Bank ICS Acct	57,615.05

Total Checking/Savings 312,067.08

Other Current Assets

1100 · CalTrust - Medium Term	604,348.65
1107 · CalTrust Liquidity Fund	8,635.95
1110 · CAMP-SACRS Liquidity Fund	508,885.95

Total Other Current Assets 1,121,870.55

Total Current Assets 1,433,937.63

TOTAL ASSETS 1,433,937.63

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2201 · First Foundation Master Card	-371.83
-------------------------------------	---------

Total Credit Cards -371.83

Total Current Liabilities -371.83

Total Liabilities -371.83

Equity

32000 · Retained Earnings	1,266,654.18
Net Income	167,655.28

Total Equity 1,434,309.46

TOTAL LIABILITIES & EQUITY 1,433,937.63

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2023

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 - Membership Dues				
4101 - Affiliates	201,000.00	322,500.00	-121,500.00	62.33%
4102 - Non Profit - Organizations	1,200.00	3,000.00	-1,800.00	40.0%
4103 - Non Profit - Systems	5,400.00	6,500.00	-1,100.00	83.08%
4104 - Systems - Medium	48,000.00	52,000.00	-4,000.00	92.31%
4105 - Systems - Large	30,000.00	42,000.00	-12,000.00	71.43%
Total 4100 - Membership Dues	285,600.00	426,000.00	-140,400.00	67.04%
4200 - Webinar Symposium Registration				
4201 - Affiliates - Early	0.00	0.00	0.00	0.0%
4202 - Affiliates - Regular	0.00	1,250.00	-1,250.00	0.0%
4203 - Affiliates - Late/Onsite	0.00	0.00	0.00	0.0%
4204 - Non Profit	0.00	0.00	0.00	0.0%
4205 - Systems	0.00	1,250.00	-1,250.00	0.0%
4206 - Non-Members	0.00	2,000.00	-2,000.00	0.0%
Total 4200 - Webinar Symposium Registration	0.00	4,500.00	-4,500.00	0.0%
4250 - Product Income				
4251 - CERL	0.00	200.00	-200.00	0.0%
4252 - Roster	0.00	0.00	0.00	0.0%
4253 - Website Advertising	0.00	0.00	0.00	0.0%
4254 - Website Job Board	100.00	0.00	100.00	100.0%
4255 - Magazine Advertising	0.00	0.00	0.00	0.0%
4256 - On Demand Education	0.00	0.00	0.00	0.0%
4257 - Trustee Handbooks	0.00	0.00	0.00	0.0%
4269 - Product Shipping	0.00	0.00	0.00	0.0%
Total 4250 - Product Income	100.00	200.00	-100.00	50.0%
4270 - UC Berkeley Program				
4271 - Registrations	22,500.00	80,000.00	-57,500.00	28.13%
4272 - Sponsorships	25,000.00	40,000.00	-15,000.00	62.5%
4273 - Spouse	0.00	1,000.00	-1,000.00	0.0%
4270 - UC Berkeley Program - Other	0.00			
Total 4270 - UC Berkeley Program	47,500.00	121,000.00	-73,500.00	39.26%
4300 - Fall Conference Registration				
4301 - Affiliates - Early	0.00	0.00	0.00	0.0%
4302 - Affiliates - Regular	77,292.00	271,200.00	-193,908.00	28.5%
4303 - Affiliates - Late/Onsite	0.00	84,480.00	-84,480.00	0.0%
4304 - Non Profit	150.00	1,500.00	-1,350.00	10.0%
4305 - Systems	6,480.00	20,000.00	-13,520.00	32.4%
4306 - Non-Members	70,488.00	224,280.00	-153,792.00	31.43%
4307 - Fun Run	330.00	500.00	-170.00	66.0%
4308 - Yoga	195.00	100.00	95.00	195.0%
4309 - Spouse	800.00	5,000.00	-4,200.00	16.0%
Total 4300 - Fall Conference Registration	155,735.00	607,060.00	-451,325.00	25.65%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2023

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
4350 - Spring Conference Registration				
4351 - Affiliates - Early	1,020.00	0.00	1,020.00	100.0%
4352 - Affiliates - Regular	4,520.00	271,200.00	-266,680.00	1.67%
4353 - Affiliates - Late/Onsite	1,280.00	84,480.00	-83,200.00	1.52%
4354 - Non Profit	240.00	1,500.00	-1,260.00	16.0%
4355 - Systems	1,680.00	20,000.00	-18,320.00	8.4%
4356 - Non-Members	8,010.00	224,280.00	-216,270.00	3.57%
4357 - Fun Run	180.00	500.00	-320.00	36.0%
4358 - Yoga	45.00	100.00	-55.00	45.0%
4359 - Spouse	0.00	5,000.00	-5,000.00	0.0%
Total 4350 - Spring Conference Registration	16,975.00	607,060.00	-590,085.00	2.8%
4900 - Interest Earned	9,262.98	0.00	9,262.98	100.0%
Total Income	515,172.98	1,765,820.00	-1,250,647.02	29.18%
Gross Profit	515,172.98	1,765,820.00	-1,250,647.02	29.18%
Expense				
5000 - Administrative Fee	37,500.00	225,000.00	-187,500.00	16.67%
5001 - Administrative Services	0.00	500.00	-500.00	0.0%
5002 - Awards	-902.56	500.00	-1,402.56	-180.51%
5003 - Bank Charges/Credit Card Fees	4,689.58	36,000.00	-31,310.42	13.03%
5010 - Berkeley & Symposium				
5011 - Audio/Visual	0.00	8,204.00	-8,204.00	0.0%
5012 - Delivery & Shipping	112.55	0.00	112.55	100.0%
5013 - Hotel	0.00	0.00	0.00	0.0%
5014 - Food & Beverage	0.00	12,500.00	-12,500.00	0.0%
5015 - Materials/Printing/Design	1,934.16	1,000.00	934.16	193.42%
5016 - Travel	0.00	1,000.00	-1,000.00	0.0%
5017 - UC Berkeley	240,000.00	240,000.00	0.00	100.0%
Total 5010 - Berkeley & Symposium	242,046.71	262,704.00	-20,657.29	92.14%
5020 - Webinar Symposium				
5021 - Webinar Speaker	0.00	0.00	0.00	0.0%
5022 - Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
5023 - Webinar Misc	0.00	0.00	0.00	0.0%
Total 5020 - Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 - CERL				
5031 - Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 - Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 - CERL	0.00	17,800.00	-17,800.00	0.0%
5039 - Charitable Contributions	0.00	0.00	0.00	0.0%
5040 - Commissions & Fees	25.00	15,000.00	-14,975.00	0.17%
5041 - Consulting	4,582.00	21,192.00	-16,610.00	21.62%
5042 - Dues & Subscriptions	0.00	3,700.00	-3,700.00	0.0%
5050 - Fall Conference				
5051 - Audio/Visual	0.00	103,000.00	-103,000.00	0.0%
5052 - Delivery & Shipping	0.00	2,500.00	-2,500.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2023

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	0.00	82,500.00	-82,500.00	0.0%
5054.2 · Conference	0.00	35,000.00	-35,000.00	0.0%
5054.3 · Food & Beverage	0.00	275,000.00	-275,000.00	0.0%
Total 5054 · Hotel	0.00	392,500.00	-392,500.00	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%
Total 5050 · Fall Conference	0.00	595,000.00	-595,000.00	0.0%
5070 · Insurance	35.00	5,000.00	-4,965.00	0.7%
5071 · Legal & Professional Fees	0.00	25,000.00	-25,000.00	0.0%
5072 · Legislative Advocacy	10,468.00	62,808.00	-52,340.00	16.67%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	0.00	15,000.00	-15,000.00	0.0%
5083 · Magazine - Other	0.00	8,000.00	-8,000.00	0.0%
5080 · Magazine - Other	0.00	0.00	0.00	0.0%
Total 5080 · Magazine	0.00	23,600.00	-23,600.00	0.0%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	25,654.92	25,000.00	654.92	102.62%
6001.2 · Printing/Supplies	885.23	0.00	885.23	100.0%
6001.3 · Travel - BOD Meetings	2,451.35	10,000.00	-7,548.65	24.51%
6001.4 · Travel - Miscellaneous BOD	0.00	10,000.00	-10,000.00	0.0%
6001.5 · Board Of Directors - Other	0.00	10,000.00	-10,000.00	0.0%
6001 · Board of Directors - Other	5,000.00			
Total 6001 · Board of Directors	33,991.50	55,000.00	-21,008.50	61.8%
6002 · Legislative Committee Meetings	0.00	0.00	0.00	0.0%
6003 · Program Committee Meetings	0.00	0.00	0.00	0.0%
6004 · Nominating Committee Meetings	0.00	0.00	0.00	0.0%
6005 · Audit Committee Meetings	0.00	0.00	0.00	0.0%
6006 · Education Committee Meetings	0.00	0.00	0.00	0.0%
6007 · ByLaws Committee Meetings	0.00	0.00	0.00	0.0%
Total 6000 · Board & Committees	33,991.50	55,000.00	-21,008.50	61.8%
6010 · Office Expenses / Supplies	641.24	2,500.00	-1,858.76	25.65%
6011 · Postage & Delivery	604.37	8,500.00	-7,895.63	7.11%
6020 · Spring Conference				
6021 · Audio/Visual	0.00	103,000.00	-103,000.00	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	82,500.00	-82,500.00	0.0%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July through August 2023

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
6024.2 · Conference	1,835.86	0.00	1,835.86	100.0%
6024.3 · Food & Beverage	0.00	275,000.00	-275,000.00	0.0%
Total 6024 · Hotel	1,835.86	357,500.00	-355,664.14	0.51%
6025 · Program Material	-808.07	25,000.00	-25,808.07	-3.23%
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%
Total 6020 · Spring Conference	1,027.79	560,500.00	-559,472.21	0.18%
6050 · Strategic Facilitator	0.00	0.00	0.00	0.0%
6051 · Taxes & Licenses	0.00	600.00	-600.00	0.0%
6053 · Technology/AMS/Website	12,809.07	42,000.00	-29,190.93	30.5%
6054 · Travel	0.00	2,000.00	-2,000.00	0.0%
Total Expense	347,517.70	1,989,904.00	-1,642,386.30	17.46%
Net Ordinary Income	167,655.28	-224,084.00	391,739.28	-74.82%
Net Income	167,655.28	-224,084.00	391,739.28	-74.82%

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss by Class

July through August 2023

Future GENERAL Future TOTAL

Ordinary Income/Expense

Income

4100 - Membership Dues

4101 - Affiliates	0.00	201,000.00	0.00	201,000.00
4102 - Non Profit - Organizations	0.00	1,200.00	0.00	1,200.00
4103 - Non Profit - Systems	0.00	5,400.00	0.00	5,400.00
4104 - Systems - Medium	0.00	48,000.00	0.00	48,000.00
4105 - Systems - Large	0.00	30,000.00	0.00	30,000.00

Total 4100 - Membership Dues	0.00	285,600.00	0.00	285,600.00
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4250 - Product Income

4254 - Website Job Board	0.00	100.00	0.00	100.00
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Total 4250 - Product Income	0.00	100.00	0.00	100.00
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4270 - UC Berkeley Program

4271 - Registrations	0.00	22,500.00	0.00	22,500.00
4272 - Sponsorships	0.00	25,000.00	0.00	25,000.00
4270 - UC Berkeley Program - Other	0.00	0.00	0.00	0.00

Total 4270 - UC Berkeley Program	0.00	47,500.00	0.00	47,500.00
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4300 - Fall Conference Registration

4302 - Affiliates - Regular	0.00	77,292.00	0.00	77,292.00
4304 - Non Profit	0.00	150.00	0.00	150.00
4305 - Systems	0.00	6,480.00	0.00	6,480.00
4306 - Non-Members	0.00	70,488.00	0.00	70,488.00
4307 - Fun Run	0.00	330.00	0.00	330.00
4308 - Yoga	0.00	195.00	0.00	195.00
4309 - Spouse	0.00	800.00	0.00	800.00

Total 4300 - Fall Conference Registration	0.00	155,735.00	0.00	155,735.00
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4350 - Spring Conference Registration

4351 - Affiliates - Early	1,020.00	0.00	0.00	1,020.00
4352 - Affiliates - Regular	4,520.00	0.00	0.00	4,520.00
4353 - Affiliates - Late/Onsite	1,280.00	0.00	0.00	1,280.00
4354 - Non Profit	240.00	0.00	0.00	240.00
4355 - Systems	1,680.00	0.00	0.00	1,680.00
4356 - Non-Members	8,010.00	0.00	0.00	8,010.00
4357 - Fun Run	180.00	0.00	0.00	180.00
4358 - Yoga	45.00	0.00	0.00	45.00

Total 4350 - Spring Conference Registration	16,975.00	0.00	0.00	16,975.00
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4900 - Interest Earned

4900 - Interest Earned	0.00	9,262.98	0.00	9,262.98
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Total Income

Total Income	16,975.00	498,197.98	0.00	515,172.98
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Gross Profit

Gross Profit	16,975.00	498,197.98	0.00	515,172.98
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Expense

5000 - Administrative Fee	0.00	37,500.00	0.00	37,500.00
5002 - Awards	0.00	-902.56	0.00	-902.56
5003 - Bank Charges/Credit Card Fees	0.00	4,689.58	0.00	4,689.58
5010 - Berkeley & Symposium				
5012 - Delivery & Shipping	0.00	112.55	0.00	112.55

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss by Class

July through August 2023

	Post	GENERAL	Future	TOTAL
5015 · Materials/Printing/Design	0.00	1,934.16	0.00	1,934.16
5017 · UC Berkeley	0.00	240,000.00	0.00	240,000.00
Total 5010 · Berkeley & Symposium	0.00	242,046.71	0.00	242,046.71
5040 · Commissions & Fees	0.00	25.00	0.00	25.00
5041 · Consulting	0.00	4,582.00	0.00	4,582.00
5070 · Insurance	0.00	35.00	0.00	35.00
5072 · Legislative Advocacy	0.00	10,468.00	0.00	10,468.00
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	0.00	25,654.92	0.00	25,654.92
6001.2 · Printing/Supplies	0.00	885.23	0.00	885.23
6001.3 · Travel - BOD Meetings	0.00	2,451.35	0.00	2,451.35
6001 · Board of Directors - Other	0.00	5,000.00	0.00	5,000.00
Total 6001 · Board of Directors	0.00	33,991.50	0.00	33,991.50
Total 6000 · Board & Committees	0.00	33,991.50	0.00	33,991.50
6010 · Office Expenses / Supplies	0.00	641.24	0.00	641.24
6011 · Postage & Delivery	0.00	604.37	0.00	604.37
6020 · Spring Conference				
6024 · Hotel				
6024.2 · Conference	0.00	1,835.86	0.00	1,835.86
Total 6024 · Hotel	0.00	1,835.86	0.00	1,835.86
6025 · Program Material	0.00	-808.07	0.00	-808.07
Total 6020 · Spring Conference	0.00	1,027.79	0.00	1,027.79
6053 · Technology/AMS/Website	0.00	12,809.07	0.00	12,809.07
6054 · Travel	0.00	0.00	0.00	0.00
Total Expense	0.00	347,517.70	0.00	347,517.70
Net Ordinary Income	16,975.00	150,680.28	0.00	167,655.28
Net Income	16,975.00	150,680.28	0.00	167,655.28



4. SACRS President Report - No Action

David MacDonald, Contra Costa CERA, SACRS President

- A. SACRS President Update. Verbal report, 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. 2023 Legislative Report – No Action
- B. 2024 Legislative Proposals – Action Item



October 5, 2023

TO: State Association of County Retirement Systems
FROM: Edelstein Gilbert Robson & Smith, LLC
RE: **Legislative Update – October 2023**

The California Legislature closed out its work for the 2023 legislative session on the evening of September 14th, sending approximately 900 bills to the Governor for consideration. The Governor has until October 14th to act on those measures.

While there were several areas of public policymaking that captured the Legislature's attention this year, labor and employment policy primarily dominated the legislative landscape. This was driven by ongoing strikes affecting the entertainment and Southern California lodging industries. Additionally, threatened strikes by healthcare workers, state and local public employee unions, UPS, pending statewide ballot measures, and a referendum to overturn a recently enacted restaurant wage law, the media deemed summer 2023 to be California's "[Hot Labor Summer](#)".

The Democrat dominated and labor-friendly Legislature responded with dozens of legislative proposals aimed at assisting its most important constituency: organized labor. With overwhelming 3/4 supermajorities in each house of the Legislature, labor-backed, Democrat-authored labor bills are almost certain to pass. Among the many labor-backed bills that the Governor has acted on are:

[SB 799 \(Portantino\) Unemployment Insurance for Striking Workers -- VETOED](#)

This bill would have made striking workers who have been on strike for more than two weeks eligible for unemployment insurance benefits.

[SB 616 \(Gonzalez\) – Paid Sick Leave -- SIGNED](#)

This bill would extend the annual amount of paid sick leave required to be given to an employee from three days to five days.

The Governor has not yet acted on [AB 1](#) which would allow legislative employees to join a union and collectively bargain for their wages and working conditions.

Legislation of Interest

SB 885 (Committee on Labor, Public Employment and Retirement). This is the annual committee omnibus bill that contains various cleanup provisions for CalSTRS, CalPERS and CERL systems. The amendments to the CERL make non-substantive, technical changes as well as conform provisions on Required Minimum Distributions to federal law under the SECURE ACT 2.0 by referencing the federal law instead of a specific age.



The Governor signed this bill into law.

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters. The author and sponsor agreed to technical clarifications proposed by SACRS that were amended into the bill in June. CSAC remains opposed to the bill.

The bill is on the Governor's desk.

AB 1637 (Irwin) - Local Government Websites and Email Addresses. Would, no later than January 1, 2029, require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a “.gov” top-level domain or a “.ca.gov” second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a “.gov” or “.ca.gov” domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a “.gov” domain name or a “.ca.gov” domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

The bill is on the Governor's desk.

AB 557 (Hart) - Brown Act Emergency Teleconferencing Sunset Extension. This bill would remove the sunset in current law to allow teleconferencing during certain emergencies as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

The bill is on the Governor's desk.

SB 537 (Becker) - Teleconference Flexibilities. This bill would allow expanded teleconference flexibilities for multijurisdictional, cross county legislative bodies if certain requirements are met, along with adding to the list of circumstances where a member is permitted to participate remotely. The bill has been narrowed considerably as it advanced through various policy committees in each house.

The bill was held on the Assembly Floor and may be considered when the Legislature returns in January.

2024 Legislative Preview

The legislative committee is currently working on proposals for consideration at the fall conference.



September 15, 2023

RE: SACRS Legislative Proposals 2024

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2024 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide technical and administrative clarity to various sections of the County Employees Retirement Law of 1937 (CERL or '37 Act).

Proposed amendments to the CERL include the following:

- Clarification that a retiree's pension payment can be deposited in a trust account controlled by that member. This is not intended to change the statutory intent that an ongoing pension payment must be made to a natural person; however, the amendment provides uniformity to an issue that has been interpreted differently across the '37 Act systems. SACRS' tax counsel from the Hanson Bridgett law firm has reviewed the language for appropriateness and compliance with federal and California law.
- Authority for a Board of Retirement to make payments to retirees through a prepaid account (like a debit card). This amendment is intended to accommodate retirees who may not have a traditional checking or savings account, leaving the only option to receive regular pension payments through paper check by mail or in-person. The COVID-19 pandemic and past natural disasters have shown that the use of paper checks can be adversely affected in delivering promised benefits. This amendment only authorizes the system to utilize prepaid accounts as a payment method; it does not mandate it.
- Removal of requirement for a certified mail "return receipt" when sending notices to terminated members or beneficiaries that they have contributions or unclaimed benefits remaining with the system. Though IRS regulations require registered or certified mail for locating members and beneficiaries, the "return receipt" language found in the CERL is not an IRS requirement and reflects an outdated practice. Certified mail now allows the sender to electronically track the letter at significant cost savings.



- Direction for retirement systems to take certain actions when retired members exceed the 960-hour post-retirement employment limit. The proposed amendments would require the system to offset the member's retirement allowance by the equivalent excess hours paid above 960 hours to ensure that the retired member is not receiving a pension and a salary outside of the prescribed limit. These amendments do not preclude retirement system from also reinstating the member into active service as the system deems necessary.

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

Respectfully,

/s/

David Nelsen and Eric Stern
Co-Chairs, Legislative Committee

ATTACHMENT

- SACRS Draft Language – 2024 CERL Amendments

Government Code Section 31452.6 (Amend)

31452.6. (a) The board shall comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013, authorizing the treasurer or other entity authorized by the board to deliver the monthly warrant, check, or electronic fund transfer, for the retirement allowance or benefit to any specified bank, savings and loan institution, ~~or~~ credit union, or prepaid account to be credited to the account of the retired member or survivor of a deceased retired member. That delivery is full discharge of the liability of the board to pay a monthly retirement allowance or benefit to the retired member or survivor of a deceased retired member.

(b) Any payments directly deposited by electronic fund transfer following the date of death of a person who was entitled to receive a retirement allowance or benefit under this chapter or the California Public Employees' Pension Reform Act of 2013 shall be refunded to the retirement system.

(c) In order to obtain information from a financial institution following the death of a retired member or the beneficiary of a retired member, as provided in subdivision (o) of Section 7480, the board may certify in writing to the financial institution that the retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or the beneficiary of a retired member.

(d)(1) For purposes of this section, "the account of the retired member or survivor of a deceased retired member," may include an account held in a living trust or an income only trust (Miller Trust) that is controlled by the retired member or survivor of a deceased retired member or is established for the retired member's (or survivor of a deceased retired member's) benefit in order to qualify for State Medicaid or comparable assistance.

(d)(2) For purposes of this section, the term "prepaid account" shall have the same meaning as defined in, and meet the applicable requirements of, Section 1339.1 of the Unemployment Insurance Code.

Government Code Section 31590 (Amend)

(a) All warrants, checks, and electronic fund transfers drawn on the retirement fund shall be signed or authorized by at least two board officers or employees, designated by the board or by the treasurer if designated by the board. If the treasurer is designated by the board, the board shall also designate the auditor to sign or authorize warrants, checks, and electronic fund transfers. The authorization may be by blanket authorization of all warrants, checks, or electronic fund transfers appearing on a list or register, or may be by a standing order to draw warrants, checks, or electronic fund transfers, which shall be good until revoked. If the treasurer and auditor are designated by the board, a warrant, check, or electronic fund transfer is not valid until it is signed or authorized, numbered, and recorded by the county auditor, except as provided in subdivision (c).

(b)(1) Any person entitled to the receipt of benefits may authorize the payment of the

benefits to be directly deposited by electronic fund transfer into the person's account at the financial institution of the person's choice under a program for direct deposit by electronic transfer established by the board or treasurer if authorized by the board. The direct deposit shall discharge the system's obligation in respect to that payment.

(2) Such person may also authorize the payment of their benefits to be deposited into a prepaid account under a program established by the board or treasurer if authorized by the board. The payment of the benefit into the prepaid account shall discharge the system's obligation in respect to that payment. For purposes of this paragraph, the term "prepaid account" shall have the same meaning as defined in, and meet the applicable requirements of, Section 1339.1 of the Unemployment Insurance Code.

(c) The board may, or, if authorized by the board, the treasurer shall, authorize a trust company or trust department of any state or national bank authorized to conduct the business of a trust company in this state or the Federal Reserve Bank of San Francisco or any branch thereof within this state, to process and issue payments by check or electronic fund transfer.

Government Code Section 31628 (Amend)

If the service of a member is discontinued other than by death or retirement, upon proper application submitted to the retirement board, he or she shall be paid all of his or her accumulated contributions, in accordance with this chapter, minus a withdrawal charge, if a withdrawal charge has been provided for by the regulations of the board. The board may order payment in whole or in part withheld for a period not to exceed six months after date of separation. If a member does not file the proper application, the board shall send to the member, not more than 90 days after termination of service, at his or her last known address, a registered or certified letter, ~~return receipt requested~~, stating that he or she has money to his or her credit on the books of the retirement system and that if he or she does not claim the money within 10 years after date of notice, in the case of persons first employed before January 1, 1976, or within five years in the case of persons first employed on and after January 1, 1976, the money will be deposited in and become a part of the current pension reserve fund.

Government Code Section 31680.2 (Amend)

(a) Any person who has retired may be employed in a position requiring special skills or knowledge, as determined by the county or district employing them, for a period of time not to exceed 90 working days or 720 hours, whichever is greater, in any one fiscal year or any other 12-month period designated by the board of supervisors and may be paid for that employment. That employment shall not operate to reinstate the person as a member of this system or to terminate or suspend their retirement allowance, and no deductions shall be made from their salary as contributions to this system.

(b) (1) This section shall not apply to any retired person who is otherwise eligible for employment under this section if, during the 12-month period prior to an appointment described in this section, that retired person receives unemployment insurance compensation arising out of prior employment subject to this section with the same employer.

(2) A retired person who accepts an appointment after receiving unemployment insurance compensation as described in this subdivision shall terminate that employment on the last day

of the current pay period and shall not be eligible for reappointment subject to this section for a period of 12 months following the last day of employment.

(3) Beginning January 1, 2013, if any provision of this section conflicts with the California Public Employees' Pension Reform Act of 2013, the provisions of that act shall prevail, except that the limit on postretirement employment provided in subdivision (a) to the greater of 90 working days or 720 hours shall remain effective.

(c) Notwithstanding subdivision (a), the retired person's retirement allowance shall be considered an overpayment to the extent it is payable during any period in which the retired person is employed and paid for that employment in excess of 90 working days or 720 hours, whichever is greater, in any one fiscal year or any other 12-month period designated by the board of supervisors. Such overpayment shall be subject to collection by the retirement system. This paragraph does not preclude the retirement system from taking additional action as it deems necessary to reinstate the person as a member of the system or terminate or suspend their retirement allowance.

Government Code Section 31680.3 (Amend)

(a) Notwithstanding Section 31680.2, any member who has been covered under the provisions of Section 31751 and has retired may be reemployed in a position requiring special skills or knowledge, as determined by the county or district employing the member, for a period of time not to exceed 120 working days or 960 hours, whichever is greater, in any one fiscal year and may be paid for that employment. That employment shall not operate to reinstate the person as a member of this system or to terminate or suspend the person's retirement allowance, and no deductions shall be made from the person's salary as contributions to this system.

(b) (1) This section shall not apply to any retired member who is otherwise eligible for reemployment under this section if, during the 12-month period prior to an appointment described in this section, that retired person receives unemployment insurance compensation arising out of prior employment subject to this section with the same employer.

(2) A retired person who accepts an appointment after receiving unemployment insurance compensation as described in this subdivision shall terminate that employment on the last day of the current pay period and shall not be eligible for reappointment subject to this section for a period of 12 months following the last day of employment.

(c) Beginning January 1, 2013, if any provision of this section conflicts with the California Public Employees' Pension Reform Act of 2013, the provisions of that act shall prevail.

(d) Notwithstanding subdivision (a), the retired member's retirement allowance shall be considered an overpayment to the extent it is payable during any period in which the retired member is employed and paid for that employment in excess of 120 working days or 960 hours, whichever is greater, in any one fiscal year. Such overpayment shall be subject to collection by the retirement system. This subdivision does not preclude the retirement system from taking additional action as it deems necessary to reinstate the person as a member of the system or terminate or suspend their retirement allowance.

Government Code Section 31680.6 (Amend)

(a) Notwithstanding Section 31680.2, any county subject to Section 31680.2 may, upon adoption of a resolution by a majority vote by the board of supervisors, extend the period of time provided for in Section 31680.2 for which a person who has retired may be employed in a position requiring special skills or knowledge, as determined by the county or district employing him or her, not to exceed 120 working days or 960 hours, whichever is greater, in any one fiscal year or any other 12-month period designated by the board of supervisors and may be paid for that employment. That employment shall not operate to reinstate the person as a member of this system or to terminate or suspend his or her retirement allowance, and no deductions shall be made from his or her salary as contributions to this system.

(b) (1) This section shall not apply to any retired person who is otherwise eligible for employment under this section if, during the 12-month period prior to an appointment described in this section, that retired person receives unemployment insurance compensation arising out of prior employment subject to this section with the same employer.

(2) A retired person who accepts an appointment after receiving unemployment insurance compensation as described in this subdivision shall terminate that employment on the last day of the current pay period and shall not be eligible for reappointment subject to this section for a period of 12 months following the last day of employment.

(c) Beginning January 1, 2013, if any provision of this section conflicts with the California Public Employees' Pension Reform Act of 2013, the provisions of that act shall prevail.

(d) Notwithstanding subdivision (a), the retired person's retirement allowance shall be considered an overpayment to the extent it is payable during any period in which the retired person is employed and paid for that employment in excess of 120 working days or 960 hours, whichever is greater, in any one fiscal year of any other 12-month period designated by the board of supervisors. Such overpayment shall be subject to collection by the retirement system. This section does not preclude the retirement system from taking additional action as it deems necessary to reinstate the person as a member of the system or terminate or suspend their retirement allowance.

Government Code Section 31680.9 (Add)

A retired member who is employed pursuant to Section 7522.56 shall have their retirement allowance be considered an overpayment to the extent it is payable during any period in which the retired member is employed and paid for that employment in excess of 960 hours or other equivalent limit in a calendar year or fiscal year. Such overpayment shall be subject to collection by the retirement system. This section does not preclude the retirement system from taking additional action as it deems necessary to reinstate the person as a member of the system or terminate or suspend their retirement allowance.

Government Code Section 31783.5 (Amend)

(a) Whenever a person or estate entitled to payment of a member's accumulated contributions or any other benefit fails to claim the payment or cannot be located, the amount owed from the retirement fund shall be administered in accordance with subdivision (c).

(b) The board shall attempt to locate the claimant through such means as the board in its sound discretion deems reasonable including, but not limited to, a registered or certified letter, ~~return receipt requested~~, mailed to the last known address of the claimant.

(c) Notwithstanding any provision of law to the contrary, the amounts described in subdivision (a) shall be held for the claimant. If the amounts are not claimed within five years after the last attempted contact with the claimant, the amounts shall be deposited in and become a part of the pension reserve fund. The board may at any time after transfer of unclaimed amounts, upon receipt of information satisfactory to it, authorize the return of amounts so held in reserve to the credit of the claimant. Those amounts shall be paid only to claimants who have not yet attained the age of mandatory distribution under the Internal Revenue Code



6. SACRS Nomination Committee - 2024-2025 SACRS Board of Directors Elections – No Action

Vivian Gray, Los Angeles CERA & SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2024-2025



October 1, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
From: Vivian Gray, SACRS Immediate Past President, Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections 2024-2025 - Elections Notice

SACRS BOD 2024-2025 election process will begin January 1, 2024. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2024	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, 2024	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 10, 2024	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference
May 10, 2024	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 7-10, 2024. Elections will be held during the Annual Business meeting on Friday, May 10, 2024, in Santa Barbara at the Hilton Santa Barbara Beachfront Resort.

If you have any questions, please contact Vivian Gray at vgray@lacara.com.

Thank you for your prompt attention to this timely matter.

Sincerely,

Vivian Gray

Vivian Gray, Trustee, Los Angeles CERA and SACRS Nominating Committee Chair

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



SACRS Nomination Submission Form
SACRS Board of Directors Elections 2024-2025

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, 2024.** Please submit to the Nominating Committee Chair at vgray@lacera.com **AND** to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<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 in Paragraph Format	



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

No report, Audit is currently under review.

No printed materials for this item.



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

No report, and no printed materials for this item.



9. SACRS Program Committee Report – No Action

Adele Tagaloa, Orange CERS & SACRS Program Committee Chair

- A. SACRS Annual Fall 2023 Conference Report.
Verbal report, no printed materials for this item.



10. SACRS Affiliate Committee Report – No Action

Joanne Svendsgaard, SACRS Affiliate Committee Chair

- A. Affiliate Committee report. Verbal update no printed materials for this item.



11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee report. Verbal report, no printed materials for this item.



12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give a report on their breakouts on Wednesday, November 8th. Verbal reports, no printed materials for this item.

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



13. Adjournment

Next scheduled SACRS Business Meeting will be held Friday, May 10, 2023, at the Hilton Santa Barbara Beachfront Resort, Santa Barbara, CA.