



Notice of Public Meeting

The Board of Retirement of the San Mateo County Employees' Retirement Association will meet on **Tuesday, April 27, 2021 at 10:00 A.M.**

In accordance with the Governor's Executive Order N-29-20 (3) the Members of the Board will be participating via Zoom video conference and teleconference. Pursuant to Government Code §54954.3, members of the public, to the extent required by law, will have the opportunity to directly address the Board concerning matters within the jurisdiction of the Board. The public can participate and provide comment using the instructions below:

To Join the Meeting

- To join the meeting via video conference, click here: <https://zoom.us/j/98537977737>
- To join the meeting via telephone, dial: (669) 900-9128, and enter Meeting ID: 985 3797 7737

Public Comment During the Meeting

Persons wishing to address the Board should follow the steps below:

- If joining via video conference, please use the "raise your hand" feature in Zoom during the Oral Communications from the Public period.
- If joining via teleconference dial in, please dial *9 to "raise your hand" during the Oral Communications from the Public period.

You will be called on at the appropriate time. At the beginning of your comment, please state your name.

Public Comment Prior to the Meeting

Persons who wish to address the Board may submit written comments via email to samcera@samcera.org at least 30 minutes before the start of the Board meeting. Please include your name, agenda item, and your comment. The Board will have the email read into the record and attached to the minutes.

For help joining a Zoom meeting, see: <https://support.zoom.us/hc/enus/articles/201362193>

PUBLIC SESSION – The Board will meet in Public Session at 10:00 a.m.

- 1. Call to Order, Roll Call and Miscellaneous Business**
- 2. Oral Communications**
 - 2.1 Oral Communications from the Board
 - 2.2 Oral Communications from the Public
- 3. Approval of the Minutes**
 - 3.1 Approval of Board Meeting Minutes from March 23, 2021

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4. Approval of the Consent Agenda*

- 4.1 Disability Retirements (1)
 - Henry Sutter
- 4.2 Survivor Death Benefits
- 4.3 Service Retirements
- 4.4 Continuances
- 4.5 Deferred Retirements
- 4.6 Member Account Refunds
- 4.7 Member Account Rollovers
- 4.8 Member Account Redeposits
- 4.9 Acceptance of Trustees' Reports of Educational Activities
- 4.10 Approval of Resolution Amending Regulations

5. Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, Removed from the Consent Agenda
- 5.2 Presentation of Actuarial Assumptions and Funding Options

6. Investment Services

- 6.1 Report on Preliminary Monthly Portfolio Performance Report for the Period Ended March 31, 2021
- 6.2 Report on Cash Overlay (Parametric) Annual Review
- 6.3 Report on Real Estate Annual Manager Review
- 6.4 Report on Global Custodian (Northern Trust) Annual Review
- 6.5 Approval of Proposed Alternative Investment (to be heard in closed session, Confidential Under Gov. Code §54956.81 and §6254.26, see item C2)

7. Board & Management Support

- 7.1 Approval of SamCERA Fiscal Year 2021-22 Budget
- 7.2 Directions for Voting by SamCERA Delegates at the SACRS Spring Business Meeting

8. Management Reports

- 8.1 Chief Executive Officer's Report
- 8.2 Assistant Executive Officer's Report
- 8.3 Chief Investment Officer's Report
- 8.4 Chief Legal Counsel's Report

CLOSED SESSION – The Board may meet in closed session prior to adjournment

- C1 Consideration of Disability Items, if any, removed from the Consent Agenda
- C2 Approval of Proposed Alternative Investment (to be heard in Closed Session, Confidential Under Gov. Code § 54956.81 and 6254.26, see item 6.5)

9. Report on Actions Taken in Closed Session

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10. Adjournment in Memory of the Following Deceased Members:

| | | |
|---------------------|-------------------|------------------------------|
| Porter, Karl | January 28, 2021 | Human Services |
| Bolster, Walter | February 25, 2021 | Forestry & Fire Warden |
| Goodwin, Earl | March 2, 2021 | County Manager's Office |
| Harber, Mary | March 9, 2021 | Crystal Springs Rehab Center |
| Tabora, Corazon | March 9, 2021 | Hospital |
| Kemnitz, Carol | March 12, 2021 | Parks |
| Grable, Richard | March 12, 2021 | Probation |
| Costello, Bertha | March 29, 2021 | Library |
| Brooks, Monica | March 24, 2021 | Recorder's |
| Kalber, Yvonne | March 30, 2021 | Probation |
| Scott, Jack | April 1, 2021 | Road Dept |
| Garvey, G Christina | April 3, 2021 | Hospital |
| Fernandez, Gloria | April 5, 2021 | Hospital |
| McNeil, Regina | April 11, 2021 | Hospital |
| Porter, Emmit | April 15, 2021 | Public Works |



Scott Hood, Chief Executive Officer

Posted: April 21, 2021

(* ALL ITEMS ON THE CONSENT AGENDA ARE APPROVED BY ONE ROLL CALL MOTION UNLESS A REQUEST IS MADE BY A BOARD MEMBER THAT AN ITEM BE WITHDRAWN OR TRANSFERRED TO THE REGULAR AGENDA. ANY ITEM ON THE REGULAR AGENDA MAY BE TRANSFERRED TO THE CONSENT AGENDA. ANY 4.1 ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER CLOSED SESSION; ALL OTHER ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER ITEM 5.1.)

THE BOARD NORMALLY MEETS AT 100 MARINE PARKWAY, SUITE 160, WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD CITY. Detailed directions are available on the "Contact Us" page of the website www.samcera.org. *Free Parking is available in all lots in the vicinity of the building. A copy of the Board of Retirement's open session agenda packet is available for review at the SamCERA offices and on our website unless the writings are privileged or otherwise exempt from disclosure under the provisions of the California Public Records Act. Office hours are Monday through Thursday 7 a.m.– 6 p.m.*

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT: *SamCERA's* facilities and board and committee meetings are accessible to individuals with disabilities. Contact *SamCERA* at (650) 599-1234 at least three business days prior to the meeting if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable *SamCERA* to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MARCH 23, 2021 – REGULAR BOARD MEETING MINUTES

2103.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. David, Chair, called the Regular Meeting of the Board of Retirement to order at 8:30 a.m. via Zoom.

Roll Call:

Present: Sandie Arnott, Mark Battey, Ben Bowler, Al David, Paul Hackleman, Kurt Hoefer, Susan Lee (for Katherine O'Malley, who joined at 10:17 am) and Robert Raw.

Absent: Eric Tashman.

Alternates: Alma Salas.

Staff: Brenda Carlson, Michael Coultrip, Lili Dames, Scott Hood, Elizabeth LeNguyen, Doris Ng, Paul Okada, Gladys Smith and Anne Trujillo.

Consultants and speakers: Luiz Oliveira (Federal Reserve Bank of San Francisco); Nick Collier and Craig Glyde (Milliman, Inc.); Joe Abdou, Margaret Jadallah, Jeff MacLean and Ian Toner (Verus).

2103.2.1 Oral Communications from the Board: On behalf of the Board of Retirement, Ms. Arnott congratulated Ms. Carlson and shared a special resolution commemorating her upcoming retirement. Ms. Carlson expressed her appreciation and thanked the Board members for the special resolution and kind words.

2103.2.2 Oral Communications from the Public: There were no public comments from individuals participating on the telephone or via Zoom.

Mr. David temporarily left the meeting at 8:32 a.m. due to connection issues and Mr. Raw, Vice-chair, continued to conduct the meeting.

2103.2.3 Retreat Presentations and Discussions: Retreat presentations were heard after agenda item 9.0.

2103.3.1 Approval of Regular Board Meeting Minutes from February 23, 2021: Mr. Raw asked if there were any changes or corrections, or objections, to the meeting minutes from the Board meeting held on February 23, 2021.

Action: Mr. Hackleman moved to approve the minutes from the Board meeting on February 23, 2021. The motion was seconded by Mr. Hoefer and carried with a vote of 7-0, with trustees Arnott, Battey, Bowler, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.

2103.3.2 Approval of Special Board Meeting Minutes from March 8, 2021: Mr. Raw asked if there were any changes or corrections, or objections, to the meeting minutes from the special meeting held on March 8, 2021.

Mr. David rejoined the meeting at 8:33 a.m. prior to the vote on 3.2 and continued to chair the meeting after approval of 3.2.

Action: Mr. Hackleman moved to approve the minutes from the special meeting on March 8, 2021. The motion was seconded by Mr. Hoefer and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.

2103.4.0 **Approval of the Consent Agenda:** Mr. David asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Mr. Raw moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Hackleman and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefler, Lee, and Raw all in favor; none opposed.

2103.4.1 **Disability Retirements:**

- a) The Board (1) accepted the proposed findings and recommendations of the Hearing Officer, John Simonson, (2) that Irene Welker is permanently incapacitated for the performance of her duties as a Legal Word Processor, (3) that her disability was not a result of an injury/illness arising out of and in the course of her employment, (4) denied her application for a service-connected disability retirement, and (5) confirmed its initial grant of a non-service connected disability.

2103.4.2 **Survivor Death Benefits:** None.

2103.4.3 **Service Retirements:**

| Name | Effective Retirement Date | Department |
|---------------------|---------------------------|---------------------------------------|
| Alzubi, Christian | January 9, 2021 | Behavioral Health & Recovery Svcs |
| Beasley, Kathleen | January 23, 2021 | Library |
| Cannon, Jill | January 23, 2021 | Deferred – District Attorney’s Office |
| Chandler, Tammy | December 27, 2020 | Deferred – Family Health |
| Chang, Paul | February 1, 2021 | Deferred – Human Services Agency |
| Cordell, Dorothy | February 1, 2021 | Public Safety Communications |
| Di-Paola, Virginia | January 28, 2021 | Behavioral Health & Recovery Svcs |
| Fonseca, Paulina | January 16, 2021 | Probation |
| Gamo, Kay | January 7, 2021 | Deferred – San Mateo Co. Health |
| Gavidia, Dagoberto | January 31, 2021 | Human Services Agency |
| Howard, Cynthia | January 20, 2021 | Sheriff's Office |
| Lavelle, Mary | January 19, 2021 | Deferred - Election's Office |
| Lecaros, Alejandra | January 4, 2021 | Deferred – San Mateo Co. Health |
| Loft, Jennie | December 26, 2020 | Deferred – Human Services Agency |
| Lyssand, Cheryl | January 9, 2021 | Superior Court |
| Mar, Maxine | January 5, 2021 | Superior Court |
| Montalvo, Lilian | January 13, 2021 | San Mateo County Health |
| Nair, Narayan | January 10, 2021 | Sheriff's Office |
| Olshaskie, Robert | December 31, 2020 | Deferred - Sheriff's Office |
| Phung, Helen | January 9, 2021 | Family Health |
| Romero, Esthela | January 31, 2020 | San Mateo County Health |
| Rosenberg, Sherri | January 9, 2021 | Human Services Agency |
| Rosendahl, Sarah | January 12, 2021 | Deferred - Board of Supervisors |
| Salazar, Margarita | January 9, 2021 | Probation |
| Sebay, Cheryl | January 5, 2021 | Mosquito & Vector Control District |
| Serrato, Albert | January 8, 2021 | District Attorney's Office |
| Suzuki, Yumi | January 28, 2021 | Deferred – San Mateo Co Health |
| Swillinger, Timothy | December 12, 2020 | Deferred - Environmental Health |
| Tebo, Norris | January 2, 2021 | Probation |
| Tharayil, Alex | January 9, 2021 | Assessor's Office |
| Torres, Anthony | January 9, 2021 | Sheriff's Office |

Velez, Carol
Wilson, John
Wong, Arthur W

January 3, 2021
January 20, 2021
January 2, 2021

Human Services Agency
District Attorney's Office
Deferred – Human Services Agency

2103.4.4 **Continuances:**

| Survivor's Name | Beneficiary of: |
|------------------------|------------------------|
| DeBono, Karen | Barretta, Steven |

2103.4.5 **Deferred Retirements:**

The Board ratified the actions as listed below for the following members regarding deferred retirements:

| Name | Retirement Plan Type |
|-------------------------|--------------------------------------|
| Amezcuca, Cynthia | G7, Vested - Auto Defer - Code 31700 |
| Fernandez, Nicole | G5, Vested – Reciprocity |
| Garcia, Carolina | G4, Vested - Auto Defer - Code 31700 |
| Macaraeg, Maria | G7, Vested - Auto Defer - Code 31700 |
| Mangiameli, Lyn | G4, Vested - Auto Defer - Code 31700 |
| Paterson, Kyle | S7, Vested - Reciprocity |
| Perron, David | G5, Vested - Auto Defer - Code 31700 |
| Phy, Heng | G7, Vested - Auto Defer - Code 31700 |
| Tang, Aileen | G7, Non-vested - Reciprocity |
| Vong, Kammy | G5, Vested - Reciprocity |
| Williams-Brown, Vanessa | G3, Vested - Auto Defer - Code 31700 |

2103.4.6 **Member Account Refunds:**

The Board ratified the actions as listed below for the following members regarding refunds:

| Name | Retirement Plan Type |
|------------------------|-----------------------------|
| Becerra, Eric | G7, Non-vested |
| Blanton, Christopher | G5, Non-vested |
| Edralin, Jeffrey | G4, Non-vested |
| Fernandez, Christopher | G7, Non-vested |
| Kelly, Carolyn | G7, Non-vested |
| Oliveria, Jose | G7, Non-vested |
| Thomas, Tonya | G7, Vested |

2103.4.7 **Member Account Rollovers:**

The Board ratified the actions as listed below for the following members regarding rollovers:

| Name | Retirement Plan Type |
|---------------|-----------------------------|
| Marin, Karen | G7, Non-vested |
| Thai, Do | G7, Non-vested |
| Thomas, Tonya | G7, Vested |

- 2103.4.8 **Member Account Redeposits:** None.
- 2103.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.
- 2103.4.10 **Report on Prepayment of Employer Contributions:** The Board accepted the report on the County's prepayment of employer pension contributions totaling \$234,965,162 for fiscal year 2021-22.
- 2103.4.11 **Report on Proxy Voting Summary for the Year Ended December 31, 2020:** The Board accepted the Proxy Voting Summary Report for the year ended December 31, 2020.
- 2103.4.12 **Approval of Resolution Authorizing Agreement with Reicker, Pfau, Pyle & McRoy LLP for the Provision of Legal Consultation Services:** The Board approved a resolution authorizing the Chief Executive Officer to enter into an agreement with Reicker, Pfau, Pyle & McRoy LLP (Reicker Pfau) for the provision of legal consultation services.
- 2103.4.13 **Approval to Renew Fiduciary Liability Insurance Policy:** The Board authorized the County's Risk Manager to renew fiduciary liability insurance coverage with RLI Insurance Services through May 27, 2022.
- 2103.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.
- 2103.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended February 28, 2021:** Mr. Coultrip reported that SamCERA's net preliminary return for February was 0.7% bringing the preliminary trailing twelve month return ending February 2021 to 15.3% net, which is below SamCERA's Plan Benchmark return of 15.4% but above SamCERA's Actuarial Assumed Earnings Rate of 6.5%. This item was informational and for discussion only, no action was taken.
- 2103.7.1 **Approval of and Direction to SamCERA Voting Delegate and Alternate for SACRS Spring 2021 Business Meeting:** Mr. Hood informed the Board that the SACRS Spring 2021 Conference will be held from May 11th – 14th with the business meeting occurring on the morning of Friday, May 14th. Mr. Hood discussed staff's recommendation to designate Robert Raw as the Voting Delegate and Scott Hood as the First Delegate Alternate to cast SamCERA's votes at the SACRS 2021 Spring Virtual Conference.
- Action:** Mr. Battey moved to approve the voting delegates as proposed. The motion was seconded by Ms. Lee and carried by a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, Lee, and Raw all in favor; none opposed.
- 2103.8.1 **Chief Executive Officer's Report:** Mr. Hood congratulated Ms. Carlson on her retirement and thanked her for the 34+ years of dedicated service she has provided the County and SamCERA.
- 2103.8.2 **Assistant Executive Officer's Report:** Ms. Smith reported that the Active Member Newsletter will be sent via email this week and the Retiree Member Newsletters have been recently mailed out. Ms. Trujillo informed Board members about an educational opportunity and reported there were no written public comments received ahead of the meeting.
- 2103.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff will be holding annual manager reviews on April 1st with Invesco at 8:00 a.m. and Harrison Street at 10:00 a.m.
- 2103.8.4 **Chief Legal Counsel's Report:** None.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.

2103.9.0 **Report on Actions Taken in Closed Session:** None.

2103.2.3 **Retreat Presentations and Discussions:**

Recent Economic Developments and the Outlook

Mr. Oliveira of the San Francisco Federal Reserve Bank discussed how COVID-19 has deeply affected our economy, how it has picked up within the last year and the recovery path.

The meeting was adjourned for break at 9:30 a.m. and reconvened at 9:45 a.m.

Funding Methodologies and Options in a Declining Return Market

Mr. Collier and Mr. Glyde of Milliman, Inc. discussed the projected decline in employer contribution rates beginning 2023 and reviewed with the Board the various funding options and factors to consider.

Ms. O'Malley joined the meeting at 10:17 a.m.

The meeting was adjourned for break at 10:30 a.m. and reconvened at 10:50 a.m.

The Impact of COVID-19 on Portfolio/Asset Class/Relative Value

Mr. Toner of Verus, discussed the COVID-19 timeline, the low interest environment, concerns over inflation and the U.S equity market.

The meeting was adjourned for lunch at 11:43 a.m. and reconvened at 12:25 p.m.

Further Discussion on Plan Maturity

Mr. MacLean of Verus, provided the Board with a brief recap on past plan maturity discussions, discussed various cash flow scenarios, tradeoffs between cash flow protection and portfolio expected returns and rebalancing and replenishing the liquidity bucket with possible CDI solutions. Ms. Jadallah discussed the next steps and near-term actions with the Board.

The meeting was adjourned for break at 1:45 p.m. and reconvened at 1:50 p.m.

SamCERA Annual Assessment of Portfolio for 2020

Mr. Coultrip reviewed SamCERA's total portfolio absolute and relative performance, composite relative performance, total fund historical performance, strategy matrix, individual manager performance, summary of rebalancing activities and potential COVID-19 portfolio impacts.

2103.10 **Adjournment:** Mr. David adjourned the meeting at 3:05 p.m. in memory of the deceased members listed below.

| | | |
|-------------------|-------------------|----------------|
| McHugh, Jean | December 23, 2020 | Personnel |
| Ryan, Estelle | January 29, 2021 | Probation |
| Hudson, Byron | February 9, 2021 | Human Services |
| Halpin, William | February 18, 2021 | Coroner's |
| Feriante, Kenneth | February 22, 2021 | Sheriff's |

Al David
Board Chair

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Items 4.1- 4.9

TO: Board of Retirement

FROM: Elizabeth LeNguyen, Retirement Benefits Manager



SUBJECT: Approval of Consent Agenda Items 4.1 – 4.9

4.1 Disability Retirements

- a) The Board finds that **Henry Sutter** (1) is permanently incapacitated from the performance of his usual and customary duties as a Sheriff's Sergeant, (2) that his disability was the result of an injury arising out of and in the course of his employment and (3) grants his application for a service-connected disability retirement.

4.2 Survivor Death Benefits

None.

4.3 Service Retirements

The Board ratifies the service retirement for the individuals listed below as follows:

| Name | Effective Retirement Date | Department |
|---------------------------|----------------------------------|---------------------------------|
| de la Cruz-Borrero, Lilia | February 20, 2021 | Probation |
| Fong, Frances | February 28, 2021 | San Mateo County Health |
| Fuentes, Martha | February 26, 2021 | Behavioral Health |
| Gonzales, Bertha | February 27, 2021 | San Mateo County Health |
| Hershman, Marc | February 28, 2021 | Deferred - Board of Supervisors |
| Pape, Kathleen | February 13, 2021 | Sheriff's Office |
| Petrick-Keegan, Lorie | March 1, 2021 | San Mateo County Health |
| Poveda, Coralia | February 5, 2021 | Probation |
| Puell, Michael | January 30, 2021 | Deferred – San Mateo Co. Health |
| Saika, Anthony | January 29, 2021 | Deferred - Sheriff's Office |
| Shanks, Marie | December 22, 2020 | Retired – Plan 3 Portion |
| Tschaekofske, Suzanne | February 20, 2021 | Public Works |
| Wade, James | February 27, 2021 | District Attorney's Office |
| Warner, Loreen | February 6, 2021 | Superior Court |

4.4 Continuances

The Board ratifies the granting of a continuance to the following individuals:

| Survivor's Name | Beneficiary of: |
|------------------------|------------------------|
| Halpin, Juanita | Halpin, William |
| Hawkins, Laura | Modica, Frances |
| Sisneros, Shirley | Sisneros, Tony |
| Webster, Patsy | Webster, Edward |
| Weise, Linda | Weise, Philip |

4.5 Deferred Retirements

The Board ratifies the deferred retirements as listed below for the following individuals:

| Name | Retirement Plan Type |
|------------------------|--------------------------------------|
| Anderson, Jamal | G7, Vested - Auto Defer - Code 31700 |
| Ante, Matthew | G4, Vested - Auto Defer - Code 31700 |
| Ferreras, Almira | G4, Vested |
| Hirst, Deborah | G4, Vested - Reciprocity |
| Kakis, Carly | G5, Vested - Reciprocity |
| Levy, Daniele | G7, Vested |
| Lu, Emily | G4, Vested |
| Nguyen, Linda D | G7, Vested - Reciprocity |
| Reynoso-Perez, Leticia | G5, Vested - Auto Defer - Code 31700 |

4.6 Member Account Refunds

The Board ratifies the refunds as listed below for the following individuals:

| Name | Retirement Plan Type |
|------------------------|-----------------------------|
| Alexander Bac, Richard | G7, Vested |
| Marquez, Erlinda | G4, Non-vested |
| Williams, Nicole | G4, Vested |

4.7 Member Account Rollovers

The Board ratifies the rollovers as listed below for the following individuals:

| Name | Retirement Plan Type |
|----------------|-----------------------------|
| Bahadur, Kerry | G4, Non-vested |
| Bryant, Sara | G7, Non-vested |

| | |
|-----------------|----------------|
| Cox, Melissa | G4, Non-vested |
| Friedman, Carol | G7, Non-vested |

4.8 Member Account Redeposits

| Name | Retirement Plan Type |
|-----------------------|----------------------|
| Custodio, Pia-Rosario | G4, Non-vested |

4.9 Acceptance of Trustees' Reports of Educational Activities


None.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 4.10

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Amendments to Regulations in Article VII Purchase of Credit for Public Service

Recommendation

Approve a resolution amending Regulation Section 7.3 (D), adding 7.3 (F) to Section 7.3 Service Credit Available For Purchase By Active Members, renumbering existing Sections 7.3 (F)(1) and (F)(2) to Sections 7.3(G)(1) and (G)(2), adding Section 7.3 (G)(3), renumbering existing Sections 7.3 (F)(3) and (F)(4) to Sections 7.3 (H) and 7.3 (I), amending Sections 7.4 (B) and 7.4(C) to Section 7.4 Payment Options, and amending Section 7.5 (E) Redeposit of Previously Withdrawn Contributions in Article VII Purchase of Credit for Public Service.

Background

A recent change in the County Employees Retirement Law (CERL) was made effective for SamCERA members regarding the purchase of unpaid parental leave time. In addition, existing Memorandums of Understanding and Management Resolutions regarding the ability to transfer service credit from General Plan 5 to Plan 4 will become pertinent commencing August of 2021.

Discussion

On March 23, 2021, the Board of Supervisors adopted a resolution making newly added Government Code section 31646(b) effective for SamCERA members. This provision allows eligible active members to purchase a certain uncompensated parental leave upon the payment of both the member and employer contributions that would have been paid during the leave period, together with the interest. The member must return to active service for a period at least equal to that of the leave and the parental leave must have commenced on or after March 23, 2021. The proposed amendment to Section 7.3 D of Article VII Purchase of Credit for Public Service reflects the ability to make this purchase.

In August of 2011, the various Memoranda of Understanding and Management Resolutions applicable to General Members provided that members in General Plan 5 can transfer to Plan 4, if they have provided 10 years of County service (20,800 hours) in Plan 5 and/or Plan 3 and pay all the additional employee and employer contributions, plus interest, that would have been required had the member been in Plan 4 since the date of employment. The proposed change to Section 7.3 adds Section F to reflect this purchase. It also amends Section 7.4 Payment Options to clarify that certain pre-tax payment options are not available for the cost of this transfer.

Finally, per statute, upon the withdrawal of accumulated contributions and interest by a former spouse or partner, active members may redeposit such amounts, plus interest, in order to restore

service credit. The proposed addition of Section 7.3 (G) and amendment of Section 7.5 (E) reflects this existing redeposit process.

Attachment

Resolution amending Regulation Section 7.3 (D), adding 7.3 (F) to Section 7.3 Service Credit Available For Purchase By Active Members, renumbering existing Sections 7.3 (F)(1) and (F)(2) to Sections 7.3(G)(1) and (G)(2), adding Section 7.3 (G)(3), renumbering existing Sections 7.3 (F)(3) and (F)(4) to Sections 7.3 (H) and 7.3 (I), amending Sections 7.4 (B) and 7.4(C) to Section 7.4 Payment Options, and amending Section 7.5 (E) Redeposit of Previously Withdrawn Contributions in Article VII Purchase Of Credit For Public Service

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION 2021-___**

RESOLUTION AMENDING REGULATION SECTION 7.3 (D), ADDING 7.3 (F) TO SECTION 7.3 SERVICE CREDIT AVAILABLE FOR PURCHASE BY ACTIVE MEMBERS, RENUMBERING EXISTING SECTIONS 7.3 (F)(1) AND (F)(2) TO SECTION 7.3 (G)(1) AND (G)(2), ADDING SECTION 7.3 (G)(3), RENUMBERING EXISTING SECTIONS 7.3 (F)(3) AND (F)(4) TO SECTIONS 7.3 (H) AND 7.3 (I), AMENDING SECTION 7.4 (B) AND 7.4 (C) TO SECTION 7.4 PAYMENT OPTIONS, AND AMENDING SECTION 7.5 (E) REDEPOSIT OF PREVIOUSLY WITHDRAWN CONTRIBUTIONS IN ARTICLE VII PURCHASE OF CREDIT FOR PUBLIC SERVICE

WHEREAS, Government Code section 31525 provides that this Board, with the approval of the Board of Supervisors, may establish regulations that govern the operation of SamCERA that are not inconsistent with the California Employees' Retirement Law of 1937; and

WHEREAS, SamCERA complies with the requirements of the Internal Revenue Code of 1986 (the "Code") and the Treasury regulations issued thereunder, as amended or replaced from time to time; and

WHEREAS, SamCERA's regulations are intended to be in accordance with the Code and the applicable Treasury regulations and if there is a conflict between federal and state law, federal law will govern; and

WHEREAS, on March 23, 2021, the Board of Supervisors adopted a resolution making Government Code section 31646(b) effective for SamCERA members, allowing eligible active members to purchase a certain amount of uncompensated leave of absence on account of parental leave as service credit and Section 7.3 (D) of Article VII Purchase Of Credit For Public Service should be amended to include this new ability to purchase uncompensated parental leave service credit; and

WHEREAS, Section 7.3 Service Credit Available for Purchase by Active Members should also be amended to add a new Section F to reflect that, commencing in August of 2021, qualified General Plan 5 members can transfer service credit to Plan 4 under specific circumstances and the existing Sections 7.3 (F)(1) and (2) should be renumbered as Section 7.3 (G)(1) and (2); and

WHEREAS, Section 7.3 (G) Redeposit of Previously Withdrawn Contributions should be amended to add a new subsection 3 to reflect that, pursuant to Government Code section 31685.2, an active member may redeposit all contributions, plus interest, previously transferred to a nonmember spouse/partner's account and subsequently withdrawn by the nonmember and upon the completion of such redeposit shall have the corresponding service credit reinstated to the member's account; and

WHEREAS, existing Section 7.3 (F)(3) should be renumbered as Section 7.3 (H) and existing Section 7.3 (F)(4) should be renumbered as Section 7.3 (I); and

WHEREAS, Section 7.4 Payment Options should be clarified to state that certain pre-tax payment options are not available for the cost of transferring service credit from Plan 5 to Plan 4; and

WHEREAS, Section 7.5 (E) Redeposit of Previously Withdrawn Contributions should be amended to add reference to Government Code section 31685.2 concerning the withdrawal of contributions by a nonmember awarded a separate account; and

WHEREAS, this Board desires to amend the regulations;

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Regulations of the Board of Retirement are amended to read as set forth below; and

BE IT FURTHER RESOLVED that the amendments shall become effective after their approval by the Board of Supervisors.

Regulation 7.3 (D) of Article VII is amended to read:

D. Leave of Absence Credit. In accordance with Government Code section 31646, an eligible member may purchase his or her uncompensated leave of absence on account of illness, not to exceed 12 consecutive months, provided the eligible member returned directly to active service following such uncompensated leave. An eligible member may also purchase employer approved leave of absence on account of maternity or paternity leave up for up to 12 consecutive months for each of unpaid parental leave occurrences. Members must have returned to active employment for a time period at least equal to the parental leave to commence the purchase. The parental leave must have commenced on or after March 23, 2021.

Regulation 7.3 (F) is added to Article VII and shall read:

F. Plan 5 to Plan 4: Eligible members in General Plan 5 can transfer to Plan 4, if they have provided 10 years of County service (20,800 hours) in Plan 5 and/or Plan 3 and pay all the additional employee and employer contributions, plus interest, that would have been required had the member been in Plan 4 since the date of employment. Reciprocal service credit and purchases of service credit, such as extra help, cannot be used to satisfy the 10 years of service in Plan 5 requirement.

Existing Regulation 7.3 (F) Redeposit of Previously Withdrawn Contributions shall be renumbered to 7.3 G and shall be amended to add 7.3 G(3) which shall read as follows:

3. In accordance with the time period set forth in Government Code section 31685.2 and Regulation 7.5(E), an active member may redeposit to SamCERA an amount that is equal to all contributions, plus interest, previously transferred to a nonmember account and subsequently withdrawn by the nonmember. SamCERA will charge interest for the period from the date of the withdrawal of funds until the member has paid all of the required redeposit amount.
 - a. If for any reason a member fails to complete the redeposit of the withdrawn contributions plus interest, SamCERA will not reinstate the service credit to the member's account in accordance with Government Code section 31685.2. SamCERA will instead return the member's payment in a manner and at a time permitted under federal tax law.
 - b. SamCERA will credit the member's related service credit upon completion of full payment of all previously withdrawn contributions plus interest.

Existing Regulation 7.3 (F)(3) Additional Retirement Credit (ARC) shall be renumbered to 7.3 (H) and 7.3 (F)(4) Prior Military Service shall be renumbered to 7.3 (I).

Regulation 7.4 B is amended to read:

B. Pre-Tax Rollover Contributions: In accordance with the regulations contained in Article VIII, an eligible member may pay with a pre-tax rollover contribution to SamCERA from a qualified retirement plan, an individual retirement account or annuity, an annuity contract described in IRS Code section 403(b), or a governmental 457(b) plan. This payment option is not available for transfers from Plan 5 to Plan 4.

Regulation 7.4 C is amended to read:

C. Plan-to-Plan Transfers: In accordance with the regulations contained in Article VIII, an eligible member may pay with an in- service trustee-to-trustee transfer from a governmental eligible deferred compensation plan described in IRS Code section 457(b) or an annuity contract described in IRS Code section 403(b), provided the transfer plan or annuity contract provides for such transfers. Such transfers are subject to the requirements of IRS Code section 457(e)(17) or 403(b)(13), as applicable. This payment option is not available for transfers from Plan 5 to Plan 4.

Regulation 7.5 E is amended to read:

E. Redeposit of Previously Withdrawn Contributions: For redeposits of previously withdrawn contributions under Government Code section 31652 and 31685.2, installment payments may be made over a period of one year.

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 27, 2021.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:


*Katherine O'Malley, Board Secretary
SamCERA*

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 5.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Presentation and Discussion of Actuarial Assumptions and Funding Options

Recommendation

Review and discuss actuarial assumptions and funding options to be used in the June 30, 2021 actuarial valuation.

Discussion

At last month's Board retreat, Nick Collier and Craig Glyde of Milliman provided a presentation on various actuarial assumptions and funding options that the Board could consider in preparation for future discussions on those assumptions. This month Milliman will provide another presentation focusing on funding implementation options with respect to changes to the assumed earnings rate and the impact on the statutory contribution rates.

Today's discussion is in preparation for next month's meeting where the Board is to provide guidance to Milliman, Inc. regarding the economic assumptions to be used in its June 30, 2021 annual actuarial valuation of the system.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 6.1

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer



SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ended
March 31, 2021

Recommendation

Accept the preliminary performance report dated March 31, 2021.

Background

This preliminary report is intended to provide a high-level view of the portfolio and its trends. It is not intended to provide short-term performance upon which the Board would act. The quarterly performance metrics are not yet available for our private equity, private credit, private real asset, and real estate portfolios. The performance for these portfolios will be reflected in the quarterly performance report generated by Verus.

The attached performance report shows both net and gross of fee returns for the total plan on page one, with net composite returns (pages 2-3) and net manager returns (pages 4-11) also shown.

Discussion

The fund's net preliminary return for March was 1.6%, bringing the preliminary trailing twelve-month net return ending March 2021 to 28.2%. The preliminary twelve-month net return is above SamCERA's Plan Benchmark return of 26.9% and above SamCERA's Actuarial Assumed Earnings Rate of 6.5%.

Global equity markets continued their drive higher, especially in the U.S. The U.S. equity market (measured by the S&P 500 Index) was up 4.4%, marking the eighth straight month of positive returns. Small-capitalization stocks were also up by 1% on the month. Developed international equity (as measured by MSCI EAFE) was up 2.3% while emerging markets were down 1.5%.

Economic data was positive as the economic recovery seemed to gain momentum.

Manufacturing continued showing strength, reaching levels not seen since 1983. The labor market also showed strength as non-farm payrolls increased by 916,000, easily beating expectations of +660,000. Consumer confidence also surged and showed the highest reading since the COVID-19 outbreak.

The general U.S. fixed income market was lower by 1.2% as interest rates rose (and the yield curve steepened). The 10-year U.S. Treasury yield was higher by 34 basis points during the month and

ended at 1.74% by month-end. High Yield returns were up 0.1% as high-yield credit spreads narrowed slightly.

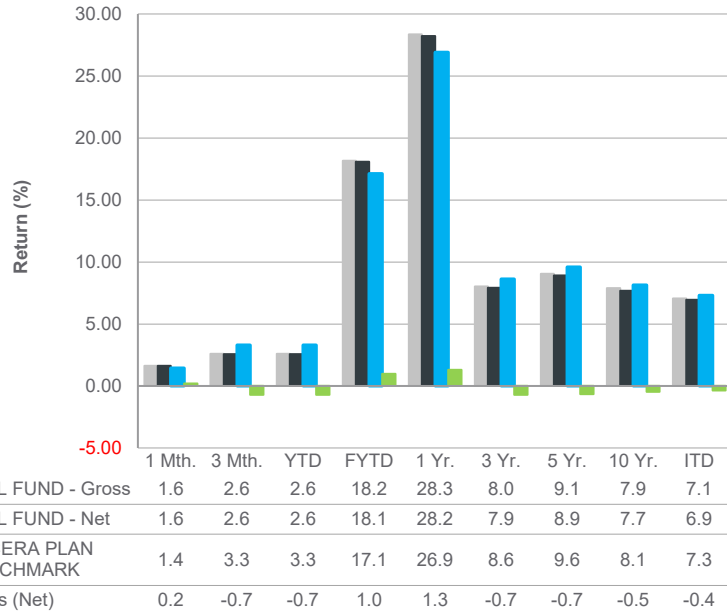
Attachments

Northern Trust Monthly Preliminary Performance Report
Verus Capital Market Update

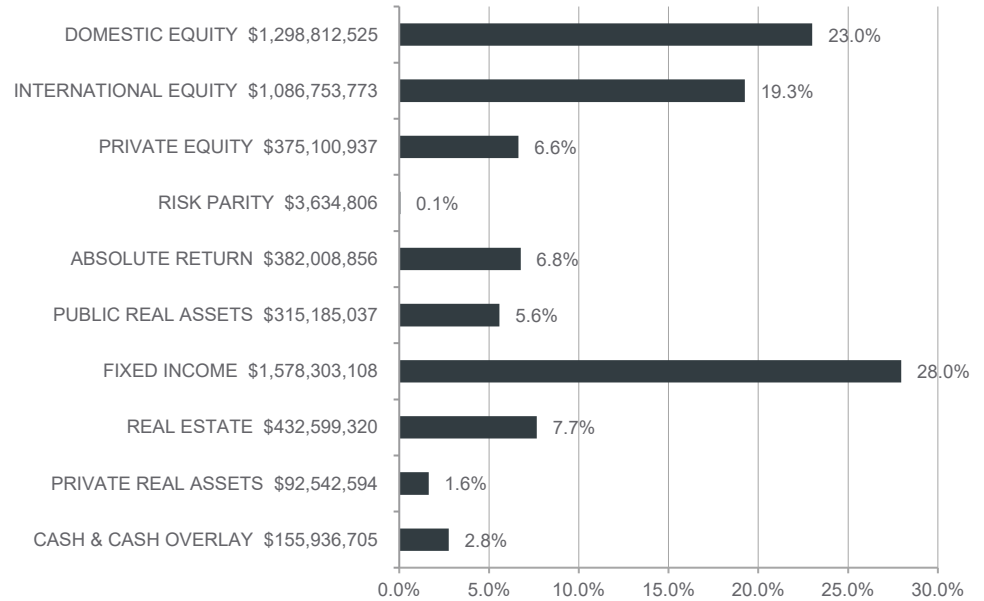
San Mateo County Composite Return Summary March 31, 2021



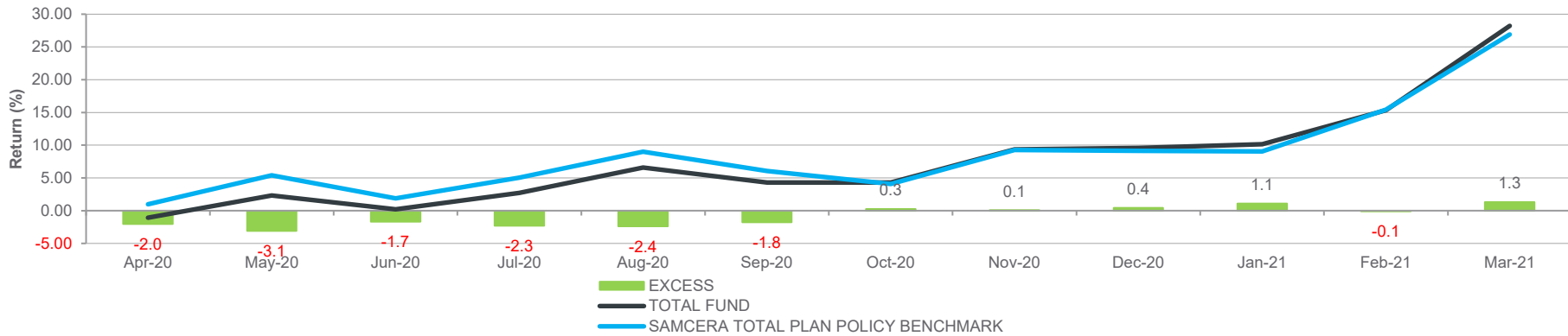
Total Fund Performance



Asset Allocation

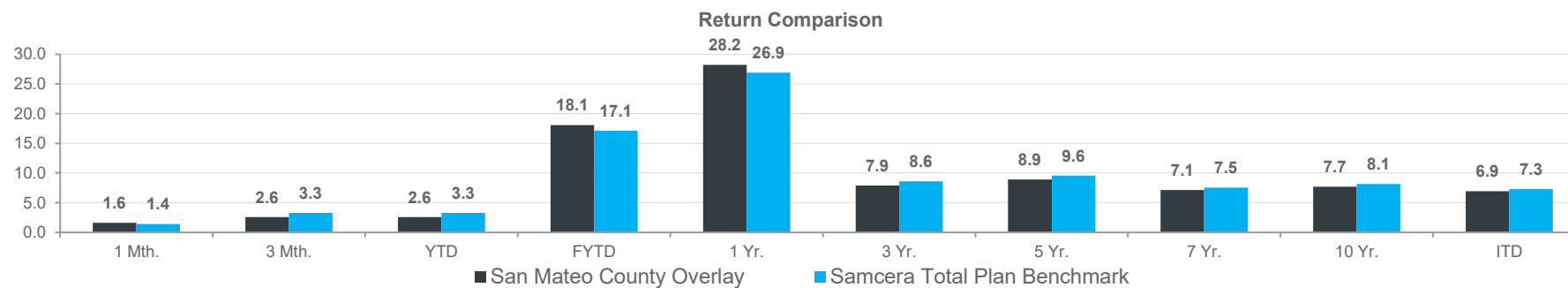


Rolling Month End Annual Returns



San Mateo County Composite Return Summary

March 31, 2021

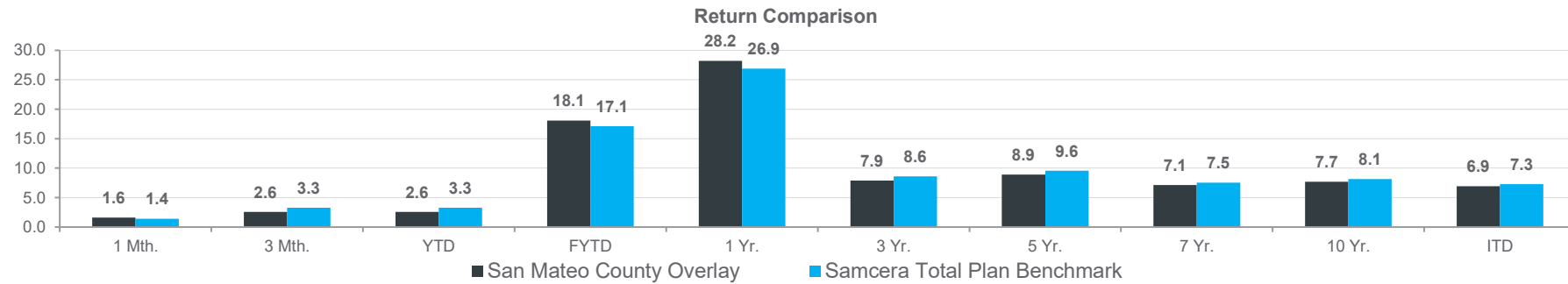


| Composite Returns (Net of Manager Fees) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|---|-------------------|--------|--------|------|-------|-------|-------|-------|-------|--------|------|
| San Mateo County Overlay | 5,644,918,663 | 1.6 | 2.6 | 2.6 | 18.1 | 28.2 | 7.9 | 8.9 | 7.1 | 7.7 | 6.9 |
| Samcera Total Plan Benchmark | | 1.4 | 3.3 | 3.3 | 17.1 | 26.9 | 8.6 | 9.6 | 7.5 | 8.1 | 7.3 |
| Excess | | 0.2 | -0.7 | -0.7 | 1.0 | 1.3 | -0.7 | -0.7 | -0.4 | -0.5 | -0.4 |
| San Mateo Ex-Clifton Overlay | 5,637,790,976 | 1.6 | 2.6 | 2.6 | 18.1 | 27.9 | 7.8 | 8.8 | 7.0 | 7.6 | 6.9 |
| Samcera Total Plan Benchmark | | 1.4 | 3.3 | 3.3 | 17.1 | 26.9 | 8.6 | 9.6 | 7.5 | 8.1 | 7.3 |
| Excess | | 0.2 | -0.7 | -0.7 | 1.0 | 1.0 | -0.8 | -0.7 | -0.5 | -0.5 | -0.4 |
| Total Equity | 2,385,566,298 | 3.4 | 5.4 | 5.4 | 29.9 | 53.8 | 11.6 | 13.0 | 9.7 | 10.0 | 8.3 |
| Samcera Total Equity Benchmark | | 3.0 | 5.8 | 5.8 | 30.7 | 55.9 | 12.3 | 14.1 | 10.9 | 10.9 | 9.0 |
| Excess | | 0.4 | -0.5 | -0.5 | -0.9 | -2.1 | -0.7 | -1.1 | -1.2 | -1.0 | -0.6 |
| Fixed Income | 1,578,303,108 | -0.5 | -1.0 | -1.0 | 3.7 | 7.3 | 4.8 | 5.2 | 4.3 | 4.7 | 5.5 |
| Samcera Fixed Income Benchmark | | -0.8 | -2.2 | -2.2 | 1.4 | 6.6 | 5.4 | 4.2 | 3.8 | 3.9 | 5.0 |
| Excess | | 0.4 | 1.2 | 1.2 | 2.3 | 0.7 | -0.5 | 1.0 | 0.5 | 0.8 | 0.5 |
| Risk Parity | 3,634,806 | 0.0 | 0.0 | 0.0 | -0.0 | 3.1 | 2.2 | 4.9 | 4.2 | 5.0 | 5.1 |
| Samcera Risk Parity Benchmark | | 1.2 | 1.1 | 1.1 | 17.5 | 32.5 | 9.1 | 10.0 | 8.6 | 9.1 | 9.1 |
| Excess | | -1.2 | -1.1 | -1.1 | -17.5 | -29.4 | -6.9 | -5.1 | -4.4 | -4.1 | -4.0 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (Net of Manager Fees) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|---|-------------------|--------|--------|------|------|-------|-------|-------|-------|--------|------|
| Alternatives | 757,109,792 | 2.3 | 1.9 | 1.9 | 37.4 | 38.8 | 13.7 | 11.4 | 9.2 | 7.8 | 0.3 |
| Samcera Alternatives Benchmark | | 2.3 | 7.5 | 7.5 | 26.4 | 14.0 | 11.7 | 12.2 | 8.8 | 9.1 | 8.4 |
| Excess | | -0.1 | -5.6 | -5.6 | 11.1 | 24.8 | 2.0 | -0.8 | 0.3 | -1.3 | -8.1 |
| Inflation Hedge | 840,326,950 | 0.4 | 2.7 | 2.7 | 8.1 | 9.0 | 0.6 | 4.0 | -- | -- | 4.0 |
| SamCERA Inflation Hedge Index | | 0.7 | 3.2 | 3.2 | 10.0 | 11.8 | 3.7 | 5.5 | -- | -- | 5.5 |
| Excess | | -0.3 | -0.5 | -0.5 | -1.9 | -2.9 | -3.1 | -1.5 | -- | -- | -1.5 |
| Cash | 155,936,705 | 0.0 | 0.1 | 0.1 | 0.4 | 0.6 | 0.9 | 0.9 | 0.7 | 0.7 | 1.8 |
| Samcera Cash Benchmark | | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 1.5 | 1.2 | 0.9 | 0.6 | 1.8 |
| Excess | | 0.0 | 0.1 | 0.1 | 0.3 | 0.5 | -0.6 | -0.3 | -0.1 | 0.1 | 0.0 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|-------------------------------------|-------------------|--------|--------|------|-------|-------|-------|-------|-------|--------|-------|
| Total Equity | 2,385,566,298 | 3.4 | 5.4 | 5.4 | 29.9 | 53.8 | 11.6 | 13.0 | 9.7 | 10.0 | 8.3 |
| Samcera Total Equity Benchmark | | 3.0 | 5.8 | 5.8 | 30.7 | 55.9 | 12.3 | 14.1 | 10.9 | 10.9 | 9.0 |
| Excess | | 0.4 | -0.5 | -0.5 | -0.9 | -2.1 | -0.7 | -1.1 | -1.2 | -1.0 | -0.6 |
| Domestic Equity | 1,298,812,525 | 4.6 | 5.9 | 5.9 | 29.8 | 55.6 | 14.3 | 15.0 | 12.0 | 12.4 | 9.3 |
| Samcera Dom. Equity Benchmark | | 3.6 | 6.3 | 6.3 | 33.2 | 62.5 | 17.1 | 16.7 | 13.3 | 13.6 | 9.9 |
| Excess | | 1.0 | -0.4 | -0.4 | -3.4 | -6.9 | -2.8 | -1.7 | -1.3 | -1.2 | -0.6 |
| Large Cap Equity | 1,184,443,300 | 4.6 | 5.0 | 5.0 | 27.8 | 52.7 | 14.8 | 15.5 | 12.9 | 13.0 | 10.0 |
| Russell 1000 | | 3.8 | 5.9 | 5.9 | 31.8 | 60.6 | 17.3 | 16.7 | 13.6 | 14.0 | 10.6 |
| Excess | | 0.8 | -0.9 | -0.9 | -4.0 | -7.9 | -2.6 | -1.2 | -0.8 | -1.0 | -0.5 |
| Blackrock Russell 1000 | 555,875,029 | 3.8 | 5.9 | 5.9 | 32.4 | 61.5 | 17.5 | -- | -- | -- | 17.0 |
| Russell 1000 | | 3.8 | 5.9 | 5.9 | 31.8 | 60.6 | 17.3 | -- | -- | -- | 16.8 |
| Excess | | 0.0 | 0.0 | 0.0 | 0.6 | 0.9 | 0.2 | -- | -- | -- | 0.2 |
| DE Shaw Commingled Fund | 198,459,392 | 3.7 | 2.9 | 2.9 | 30.9 | 57.2 | 14.2 | 16.3 | -- | -- | 13.4 |
| Russell 1000 | | 3.8 | 5.9 | 5.9 | 31.8 | 60.6 | 17.3 | 16.7 | -- | -- | 13.5 |
| Excess | | -0.0 | -3.0 | -3.0 | -1.0 | -3.4 | -3.1 | -0.4 | -- | -- | -0.1 |
| Acadian US MGD V-SL | 209,613,223 | 4.8 | 4.0 | 4.0 | 18.9 | 36.3 | -- | -- | -- | -- | 14.8 |
| Russell 1000 | | 3.8 | 5.9 | 5.9 | 31.8 | 60.6 | -- | -- | -- | -- | 26.4 |
| Excess | | 1.1 | -1.9 | -1.9 | -13.0 | -24.3 | -- | -- | -- | -- | -11.6 |
| Panagora Defuseq -SL | 220,495,657 | 7.3 | 5.4 | 5.4 | 21.3 | 40.2 | -- | -- | -- | -- | 18.2 |
| Russell 1000 | | 3.8 | 5.9 | 5.9 | 31.8 | 60.6 | -- | -- | -- | -- | 26.4 |
| Excess | | 3.5 | -0.5 | -0.5 | -10.5 | -20.4 | -- | -- | -- | -- | -8.2 |
| Domestic Equity Overlay | 4,324,655 | 7.8 | 36.5 | 36.5 | 83.4 | -- | -- | -- | -- | -- | 113.9 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | 7.8 | 36.5 | 36.5 | 83.3 | -- | -- | -- | -- | -- | 113.8 |
| Small Cap Equity | 110,044,569 | 4.5 | 16.6 | 16.6 | 51.9 | 89.1 | 8.6 | 10.5 | 6.5 | 8.7 | 6.9 |
| Russell 2000 | | 1.0 | 12.7 | 12.7 | 55.4 | 94.8 | 14.8 | 16.4 | 11.0 | 11.7 | 9.0 |
| Excess | | 3.5 | 3.9 | 3.9 | -3.5 | -5.7 | -6.1 | -5.9 | -4.6 | -2.9 | -2.1 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|-------------------------------------|-------------------|--------|--------|------|------|-------|-------|-------|-------|--------|------|
| QMA US Small Cap | 110,044,569 | 4.5 | 16.6 | 16.6 | 51.9 | 89.1 | 8.6 | -- | -- | -- | 11.0 |
| Russell 2000 | | 1.0 | 12.7 | 12.7 | 55.4 | 94.8 | 14.8 | -- | -- | -- | 15.0 |
| Excess | | 3.5 | 3.9 | 3.9 | -3.5 | -5.7 | -6.1 | -- | -- | -- | -4.0 |
| International Equity | 1,086,753,773 | 1.9 | 4.7 | 4.7 | 29.9 | 51.6 | 8.4 | 10.4 | 6.3 | 5.9 | 6.1 |
| SamCERA Custom Hedge Intl | | 2.3 | 5.2 | 5.2 | 27.8 | 48.1 | 6.6 | 9.9 | 5.5 | 5.1 | 5.5 |
| Excess | | -0.4 | -0.6 | -0.6 | 2.1 | 3.4 | 1.8 | 0.5 | 0.8 | 0.7 | 0.6 |
| Baillie Gifford | 359,692,161 | -0.8 | 0.3 | 0.3 | 33.2 | 67.5 | 14.6 | 14.6 | 9.7 | -- | 11.0 |
| MSCI ACWI ex USA Growth | | -0.3 | -0.0 | -0.0 | 25.6 | 49.8 | 10.7 | 12.4 | 8.1 | -- | -- |
| Excess | | -0.5 | 0.3 | 0.3 | 7.6 | 17.7 | 3.9 | 2.2 | 1.6 | -- | -- |
| Blackrock MSCI ACWI ex US IMI | 352,128,710 | 1.5 | 3.8 | 3.8 | 29.9 | -- | -- | -- | -- | -- | 25.6 |
| MS AC WIdxUS IMI Nt | | 1.4 | 3.8 | 3.8 | 29.9 | -- | -- | -- | -- | -- | 25.9 |
| Excess | | 0.1 | 0.0 | 0.0 | 0.0 | -- | -- | -- | -- | -- | -0.3 |
| Mondrian Investment Partners | 360,663,827 | 2.6 | 6.1 | 6.1 | 31.1 | 45.7 | 4.1 | 7.1 | 3.7 | 4.6 | 5.5 |
| MSCI ACWI xUSA Value | | 2.9 | 7.2 | 7.2 | 32.3 | 49.5 | 3.0 | 7.9 | 3.2 | 3.6 | 5.3 |
| Excess | | -0.3 | -1.1 | -1.1 | -1.2 | -3.8 | 1.0 | -0.8 | 0.5 | 1.0 | 0.2 |
| Currency Hedge Futures | 381,397,686 | -2.4 | -3.5 | -3.5 | 3.6 | -- | -- | -- | -- | -- | 5.0 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | -2.4 | -3.6 | -3.6 | 3.5 | -- | -- | -- | -- | -- | 4.9 |
| Currency Hedge Futures Offsets | 381,397,686 | 0.0 | 0.0 | 0.0 | 0.0 | -- | -- | -- | -- | -- | 0.0 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | -0.0 | -0.0 | -0.0 | -0.1 | -- | -- | -- | -- | -- | -0.1 |
| International Equity Overlay | 14,269,075 | 0.5 | 8.0 | 8.0 | 34.7 | -- | -- | -- | -- | -- | 51.2 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | 0.5 | 8.0 | 8.0 | 34.7 | -- | -- | -- | -- | -- | 51.1 |
| Fixed Income | 1,578,303,108 | -0.5 | -1.0 | -1.0 | 3.7 | 7.3 | 4.8 | 5.2 | 4.3 | 4.7 | 5.5 |
| Samcera Fixed Income Benchmark | | -0.8 | -2.2 | -2.2 | 1.4 | 6.6 | 5.4 | 4.2 | 3.8 | 3.9 | 5.0 |
| Excess | | 0.4 | 1.2 | 1.2 | 2.3 | 0.7 | -0.5 | 1.0 | 0.5 | 0.8 | 0.5 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|-------------------------------------|-------------------|--------|--------|------|------|-------|-------|-------|-------|--------|------|
| Core Fixed Income | 1,018,423,138 | -0.9 | -2.8 | -2.8 | -0.3 | 4.0 | 4.4 | 4.0 | 3.8 | 4.1 | 5.2 |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | 0.7 | 4.7 | 3.1 | 3.3 | 3.4 | 4.8 |
| Excess | | 0.3 | 0.5 | 0.5 | 1.8 | 3.3 | -0.2 | 0.8 | 0.5 | 0.7 | 0.4 |
| FIAM B Core Bond | 263,089,500 | -0.9 | -3.2 | -3.2 | -0.3 | 5.5 | 5.7 | 4.2 | -- | -- | 4.5 |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | 0.7 | 4.7 | 3.1 | -- | -- | 3.3 |
| Excess | | 0.3 | 0.2 | 0.2 | 1.8 | 4.8 | 1.1 | 1.1 | -- | -- | 1.2 |
| Western Total Return | 219,944,558 | -0.7 | -2.1 | -2.1 | 4.5 | 14.3 | 3.9 | 5.4 | -- | -- | 4.5 |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | 0.7 | 4.7 | 3.1 | -- | -- | 3.3 |
| Excess | | 0.5 | 1.3 | 1.3 | 6.6 | 13.6 | -0.8 | 2.3 | -- | -- | 1.2 |
| Blackrock Inter Gov | 0 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | 0.7 | 4.7 | -- | -- | -- | 3.8 |
| Excess | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| DoubleLine | 244,933,819 | -1.0 | -2.5 | -2.5 | -0.7 | 2.6 | -- | -- | -- | -- | 2.6 |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | 0.7 | -- | -- | -- | -- | 0.1 |
| Excess | | 0.2 | 0.8 | 0.8 | 1.4 | 1.8 | -- | -- | -- | -- | 2.5 |
| NISA Core Bond | 233,089,997 | -1.0 | -3.4 | -3.4 | -2.0 | -- | -- | -- | -- | -- | -0.5 |
| BBG Barclays US Aggregate | | -1.2 | -3.4 | -3.4 | -2.1 | -- | -- | -- | -- | -- | -1.0 |
| Excess | | 0.3 | -0.0 | -0.0 | 0.1 | -- | -- | -- | -- | -- | 0.6 |
| Core Fixed Income Overlay | 57,365,266 | -1.5 | -5.3 | -5.3 | -6.1 | -- | -- | -- | -- | -- | -5.6 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | -1.5 | -5.3 | -5.3 | -6.2 | -- | -- | -- | -- | -- | -5.7 |
| Opportunistic Credit | 559,879,969 | 0.5 | 2.5 | 2.5 | 12.2 | 14.3 | 5.6 | 7.9 | 6.0 | 7.1 | 8.5 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | 6.9 | 5.5 | 6.3 | 7.2 |
| Excess | | 0.5 | 2.3 | 2.3 | 3.3 | -5.6 | -1.6 | 1.0 | 0.5 | 0.8 | 1.3 |
| Pimco Private Income | 42,506,912 | 0.0 | 5.8 | 5.8 | 19.3 | 12.3 | -- | -- | -- | -- | 8.5 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | -- | -- | -- | -- | 7.5 |
| Excess | | 0.0 | 5.7 | 5.7 | 10.5 | -7.6 | -- | -- | -- | -- | 0.9 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|--------------------------------|-------------------|--------|--------|-------|------|-------|-------|-------|-------|--------|------|
| AG CREDIT SOL FU LP | 11,763,356 | 0.0 | 9.0 | 9.0 | 24.8 | 14.7 | -- | -- | -- | -- | 25.3 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | -- | -- | -- | -- | 6.2 |
| Excess | | 0.0 | 8.9 | 8.9 | 15.9 | -5.2 | -- | -- | -- | -- | 19.0 |
| AG CSF ANX DISLOC FD | 13,263,967 | 0.0 | 10.2 | 10.2 | 22.0 | 22.1 | -- | -- | -- | -- | 22.1 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | -- | -- | -- | -- | 19.9 |
| Excess | | 0.0 | 10.0 | 10.0 | 13.1 | 2.2 | -- | -- | -- | -- | 2.2 |
| AG Opportunistic Whole Loan | 1,992,906 | 19.1 | 19.1 | 19.1 | 39.5 | 5.7 | 14.7 | 15.3 | -- | -- | 10.8 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | 6.9 | -- | -- | 5.5 |
| Excess | | 19.1 | 19.0 | 19.0 | 30.7 | -14.2 | 7.5 | 8.4 | -- | -- | 5.3 |
| Angelo Gordon | 1 | -12.8 | -12.8 | -12.8 | 53.9 | 28.9 | 25.3 | 21.6 | 17.3 | -- | 16.6 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | 6.9 | 5.5 | -- | 5.7 |
| Excess | | -12.8 | -13.0 | -13.0 | 45.1 | 8.9 | 18.1 | 14.8 | 11.8 | -- | 10.9 |
| Blackrock Direct Lending Feede | 9,524,119 | 0.2 | 0.8 | 0.8 | 11.1 | 10.5 | -- | -- | -- | -- | 1.5 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | -- | -- | -- | -- | 8.0 |
| Excess | | 0.2 | 0.6 | 0.6 | 2.2 | -9.4 | -- | -- | -- | -- | -6.5 |
| Beach Point Select Fund | 89,524,186 | 2.4 | 6.1 | 6.1 | 22.7 | 18.1 | 9.4 | 10.3 | -- | -- | 9.2 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | 6.9 | -- | -- | 5.8 |
| Excess | | 2.4 | 6.0 | 6.0 | 13.8 | -1.8 | 2.2 | 3.5 | -- | -- | 3.5 |
| Brigade Cap Mngmt | 103,389,080 | 1.3 | 6.6 | 6.6 | 22.6 | 35.5 | 5.7 | 8.9 | 5.0 | 6.1 | 6.6 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | 6.9 | 5.5 | 6.3 | 6.7 |
| Excess | | 1.3 | 6.4 | 6.4 | 13.8 | 15.5 | -1.5 | 2.0 | -0.5 | -0.2 | -0.1 |
| White Oak YSF V | 34,447,924 | 0.0 | 0.6 | 0.6 | -- | -- | -- | -- | -- | -- | 0.6 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | -- | -- | -- | -- | -- | -- | 1.4 |
| Excess | | 0.0 | 0.5 | 0.5 | -- | -- | -- | -- | -- | -- | -0.8 |
| White Oak Yield Spec | 34,204,765 | 0.0 | 1.6 | 1.6 | 5.9 | 5.0 | 6.0 | -- | -- | -- | -- |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | -- | -- | -- | 6.1 |
| Excess | | 0.0 | 1.5 | 1.5 | -3.0 | -14.9 | -1.2 | -- | -- | -- | -- |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|--------------------------------|-------------------|--------|--------|-------|-------|-------|-------|-------|-------|--------|-------|
| PIMCO Div. Income Fund | 130,946,041 | -0.6 | -2.2 | -2.2 | 4.6 | 12.1 | 5.2 | -- | -- | -- | 4.6 |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | -- | -- | -- | 5.7 |
| Excess | | -0.6 | -2.3 | -2.3 | -4.3 | -7.8 | -2.0 | -- | -- | -- | -1.1 |
| TCP Direct Lending VIII | 31,412,063 | 0.5 | 2.4 | 2.4 | 8.1 | 6.1 | 5.5 | -- | -- | -- | -- |
| BB Barc BA Intermediate HY Ind | | -0.0 | 0.1 | 0.1 | 8.9 | 19.9 | 7.2 | -- | -- | -- | 6.5 |
| Excess | | 0.5 | 2.3 | 2.3 | -0.8 | -13.8 | -1.7 | -- | -- | -- | -- |
| Franklin Templeton | 56,904,649 | -1.1 | -3.1 | -3.1 | -2.8 | -4.8 | -3.8 | 0.3 | -0.3 | 1.7 | 1.9 |
| BB Barclays Multiverse Index | | -1.9 | -4.3 | -4.3 | 1.7 | 5.5 | 2.9 | 2.9 | 2.1 | 2.4 | 2.5 |
| Excess | | 0.8 | 1.3 | 1.3 | -4.5 | -10.3 | -6.7 | -2.6 | -2.4 | -0.7 | -0.5 |
| Risk Parity | 3,634,806 | 0.0 | 0.0 | 0.0 | -0.0 | 3.1 | 2.2 | 4.9 | 4.2 | 5.0 | 5.1 |
| Samcera Risk Parity Benchmark | | 1.2 | 1.1 | 1.1 | 17.5 | 32.5 | 9.1 | 10.0 | 8.6 | 9.1 | 9.1 |
| Excess | | -1.2 | -1.1 | -1.1 | -17.5 | -29.4 | -6.9 | -5.1 | -4.4 | -4.1 | -4.0 |
| Panagora | 3,634,806 | 0.0 | 0.0 | 0.0 | 0.0 | 4.3 | 2.8 | 4.9 | -- | -- | 4.8 |
| Samcera Risk Parity Benchmark | | 1.2 | 1.1 | 1.1 | 17.5 | 32.5 | 9.1 | 10.0 | -- | -- | 8.3 |
| Excess | | -1.2 | -1.1 | -1.1 | -17.5 | -28.1 | -6.3 | -5.0 | -- | -- | -3.5 |
| Alternatives | 757,109,792 | 2.3 | 1.9 | 1.9 | 37.4 | 38.8 | 13.7 | 11.4 | 9.2 | 7.8 | 0.3 |
| Samcera Alternatives Benchmark | | 2.3 | 7.5 | 7.5 | 26.4 | 14.0 | 11.7 | 12.2 | 8.8 | 9.1 | 8.4 |
| Excess | | -0.1 | -5.6 | -5.6 | 11.1 | 24.8 | 2.0 | -0.8 | 0.3 | -1.3 | -8.1 |
| Private Equity | 375,100,937 | 4.7 | 3.6 | 3.6 | 66.0 | 67.8 | 32.6 | 24.8 | 21.6 | 15.3 | -8.0 |
| Samcera PE Benchmark | | 4.7 | 15.4 | 15.4 | 55.2 | 24.0 | 17.6 | 18.3 | 15.5 | 16.3 | 17.2 |
| Excess | | 0.0 | -11.8 | -11.8 | 10.8 | 43.8 | 15.0 | 6.4 | 6.0 | -1.0 | -25.2 |
| Absolute Return | 382,008,856 | -0.1 | -0.1 | -0.1 | 5.0 | 5.3 | -6.7 | -3.3 | 0.3 | -- | 1.0 |
| Samcera SOFR + 4% | | 0.3 | 1.0 | 1.0 | 3.1 | 4.2 | 5.5 | 5.3 | 5.0 | -- | 4.8 |
| Excess | | -0.4 | -1.1 | -1.1 | 1.9 | 1.0 | -12.2 | -8.6 | -4.7 | -- | -3.8 |
| AQR Delta XN | 0 | -5.6 | -6.1 | -6.1 | -5.9 | -11.6 | -18.6 | -10.9 | -5.4 | -- | -3.1 |
| Samcera SOFR + 4% | | 0.3 | 1.0 | 1.0 | 3.1 | 4.2 | 5.5 | 5.3 | 5.0 | -- | 4.8 |
| Excess | | -6.0 | -7.1 | -7.1 | -9.0 | -15.8 | -24.2 | -16.2 | -10.3 | -- | -7.9 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|--------------------------------|-------------------|--------|--------|------|------|-------|-------|-------|-------|--------|------|
| Aberdeen Std GARS | 79,606,321 | -0.1 | -2.1 | -2.1 | 5.5 | 8.3 | 3.6 | 2.8 | -- | -- | 1.8 |
| Samcera SOFR + 4% | | 0.3 | 1.0 | 1.0 | 3.1 | 4.2 | 5.5 | 5.3 | -- | -- | 5.2 |
| Excess | | -0.5 | -3.1 | -3.1 | 2.4 | 4.0 | -2.0 | -2.5 | -- | -- | -3.4 |
| Graham Global Investment | 76,602,728 | -0.5 | -1.5 | -1.5 | 5.7 | 7.2 | -- | -- | -- | -- | 1.8 |
| Samcera SOFR +4% | | 0.3 | 1.0 | 1.0 | 3.1 | 4.2 | -- | -- | -- | -- | 4.4 |
| Excess | | -0.8 | -2.5 | -2.5 | 2.7 | 3.0 | -- | -- | -- | -- | -2.6 |
| PIMCO MAARS Fund L.P. | 71,597,022 | 1.9 | 1.5 | 1.5 | 1.9 | 3.8 | -- | -- | -- | -- | 3.8 |
| Samcera SOFR +4% | | 0.3 | 1.0 | 1.0 | 3.1 | 4.3 | -- | -- | -- | -- | 4.3 |
| Excess | | 1.5 | 0.5 | 0.5 | -1.2 | -0.4 | -- | -- | -- | -- | -0.4 |
| Acadian MAAR Fund LLC | 71,110,441 | 2.2 | -0.1 | -0.1 | -- | -- | -- | -- | -- | -- | 1.7 |
| Samcera SOFR +4% | | 0.3 | 1.0 | 1.0 | -- | -- | -- | -- | -- | -- | 2.0 |
| Excess | | 1.8 | -1.1 | -1.1 | -- | -- | -- | -- | -- | -- | -0.3 |
| CFM SYS Global Macro Fund | 83,092,344 | -3.0 | 3.7 | 3.7 | -- | -- | -- | -- | -- | -- | 9.1 |
| Samcera SOFR +4% | | 0.3 | 1.0 | 1.0 | -- | -- | -- | -- | -- | -- | 2.0 |
| Excess | | -3.3 | 2.7 | 2.7 | -- | -- | -- | -- | -- | -- | 7.1 |
| Inflation Hedge | 840,326,950 | 0.4 | 2.7 | 2.7 | 8.1 | 9.0 | 0.6 | 4.0 | -- | -- | 4.0 |
| SamCERA Inflation Hedge Index | | 0.7 | 3.2 | 3.2 | 10.0 | 11.8 | 3.7 | 5.5 | -- | -- | 5.5 |
| Excess | | -0.3 | -0.5 | -0.5 | -1.9 | -2.9 | -3.1 | -1.5 | -- | -- | -1.5 |
| Real Estate | 432,599,320 | 0.1 | 1.9 | 1.9 | 2.2 | 0.4 | 5.1 | 6.4 | -- | -- | 6.4 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | 4.5 | 6.0 | -- | -- | 6.0 |
| Excess | | 0.1 | 1.9 | 1.9 | 0.3 | -0.3 | 0.5 | 0.3 | -- | -- | 0.3 |
| Invesco Core Real Estate | 262,523,773 | 0.0 | 1.5 | 1.5 | 2.0 | -1.9 | 4.3 | 6.0 | 7.8 | 9.1 | 7.1 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | 4.5 | 6.0 | 8.2 | 9.6 | 7.2 |
| Excess | | 0.0 | 1.5 | 1.5 | 0.1 | -2.5 | -0.2 | -0.1 | -0.3 | -0.5 | -0.1 |
| Invesco US Val IV | 14,947,299 | 0.0 | 5.7 | 5.7 | 1.8 | 2.5 | 9.7 | 9.2 | -- | -- | 10.7 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | 4.5 | 6.0 | -- | -- | 6.8 |
| Excess | | 0.0 | 5.7 | 5.7 | -0.1 | 1.8 | 5.2 | 3.1 | -- | -- | 3.9 |



San Mateo County Composite Return Summary

March 31, 2021



| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|-------------------------------------|-------------------|--------|--------|------|-------|-------|-------|-------|-------|--------|------|
| PGIM Real Estate US Debt Fund | 84,838,936 | 0.4 | 2.1 | 2.1 | 3.4 | 5.4 | 5.7 | -- | -- | -- | 4.9 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | 4.5 | -- | -- | -- | 5.3 |
| Excess | | 0.4 | 2.1 | 2.1 | 1.4 | 4.8 | 1.2 | -- | -- | -- | -0.5 |
| Invesco US VAL V | 18,716,432 | 0.0 | 5.3 | 5.3 | 0.7 | 1.5 | -- | -- | -- | -- | 3.6 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | -- | -- | -- | -- | -- |
| Excess | | 0.0 | 5.3 | 5.3 | -1.2 | 0.8 | -- | -- | -- | -- | -- |
| Harrison Street Core Property | 51,572,881 | 0.0 | 1.2 | 1.2 | 2.0 | 3.2 | -- | -- | -- | -- | 2.5 |
| Samcera NCREIF ODCE EW (gross) | | 0.0 | 0.0 | 0.0 | 1.9 | 0.6 | -- | -- | -- | -- | 1.3 |
| Excess | | 0.0 | 1.2 | 1.2 | 0.1 | 2.5 | -- | -- | -- | -- | 1.3 |
| Public Real Assets | 315,185,037 | 0.8 | 5.0 | 5.0 | 21.7 | 35.5 | -3.0 | -- | -- | -- | -- |
| SamCera Liquid Real Asset Inde | | 0.9 | 5.1 | 5.1 | 22.2 | 37.6 | 2.8 | 6.2 | -- | -- | 6.2 |
| Excess | | -0.1 | -0.1 | -0.1 | -0.5 | -2.1 | -5.8 | -- | -- | -- | -- |
| SSGA CST REAL ASSET NL | 315,185,037 | 0.8 | 5.0 | 5.0 | 21.7 | 35.6 | 2.1 | -- | -- | -- | -- |
| SamCera Liquid Real Asset Inde | | 0.9 | 5.1 | 5.1 | 22.2 | 37.6 | 2.8 | -- | -- | -- | 4.9 |
| Excess | | -0.1 | -0.1 | -0.1 | -0.5 | -2.0 | -0.6 | -- | -- | -- | -- |
| Private Real Assets | 92,542,594 | 0.9 | 0.6 | 0.6 | 6.3 | -0.9 | -1.2 | 6.0 | -- | -- | 6.0 |
| SamCERA Private Real Asset Idx | | 2.1 | 8.5 | 8.5 | 18.4 | -0.0 | 2.4 | 5.8 | -- | -- | 5.8 |
| Excess | | -1.2 | -7.9 | -7.9 | -12.0 | -0.9 | -3.6 | 0.1 | -- | -- | 0.1 |
| Cash Overlay | 7,127,688 | 0.0 | 0.0 | 0.0 | 0.2 | -- | -- | -- | -- | -- | 0.3 |
| ICE BofAML US 3-Month Treasury Bill | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.1 |
| Excess | | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.2 |
| General Account | 69,914,988 | 0.0 | 0.0 | 0.0 | -0.0 | 0.1 | 1.5 | 1.3 | 1.0 | 0.8 | 1.9 |
| County Treasury Pool | 21,772,333 | 0.0 | 0.2 | 0.2 | 1.0 | 1.5 | 1.8 | 1.5 | 1.2 | 1.1 | 2.6 |
| Currency Hedge Cash Overlay | 57,121,687 | 0.0 | 0.0 | 0.0 | 0.1 | -- | -- | -- | -- | -- | 0.2 |



San Mateo County Composite Return Summary

March 31, 2021



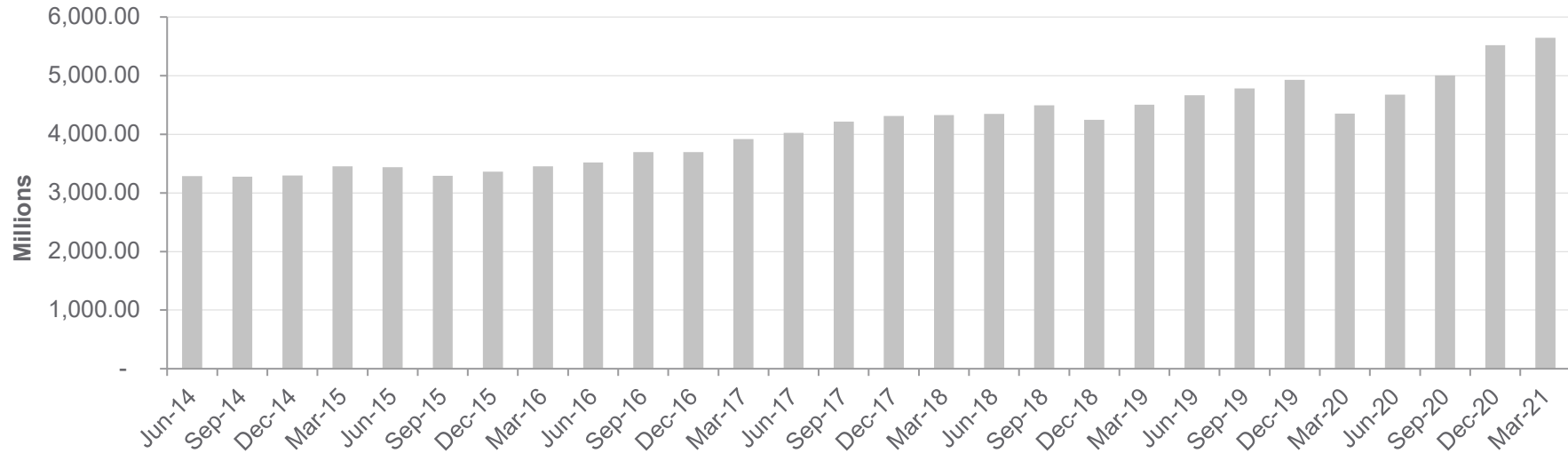
| Composite Returns (NET) | Market Value (\$) | 1 Mth. | 3 Mth. | YTD | FYTD | 1 Yr. | 3 Yr. | 5 Yr. | 7 Yr. | 10 Yr. | ITD |
|------------------------------|-------------------|--------|--------|------|------|-------|-------|-------|-------|--------|------|
| San Mateo County Overlay | 5,644,918,663 | 1.6 | 2.6 | 2.6 | 18.1 | 28.2 | 7.9 | 8.9 | 7.1 | 7.7 | 6.9 |
| Samcera Total Plan Benchmark | | 1.4 | 3.3 | 3.3 | 17.1 | 26.9 | 8.6 | 9.6 | 7.5 | 8.1 | 7.3 |
| Excess | | 0.2 | -0.7 | -0.7 | 1.0 | 1.3 | -0.7 | -0.7 | -0.4 | -0.5 | -0.4 |



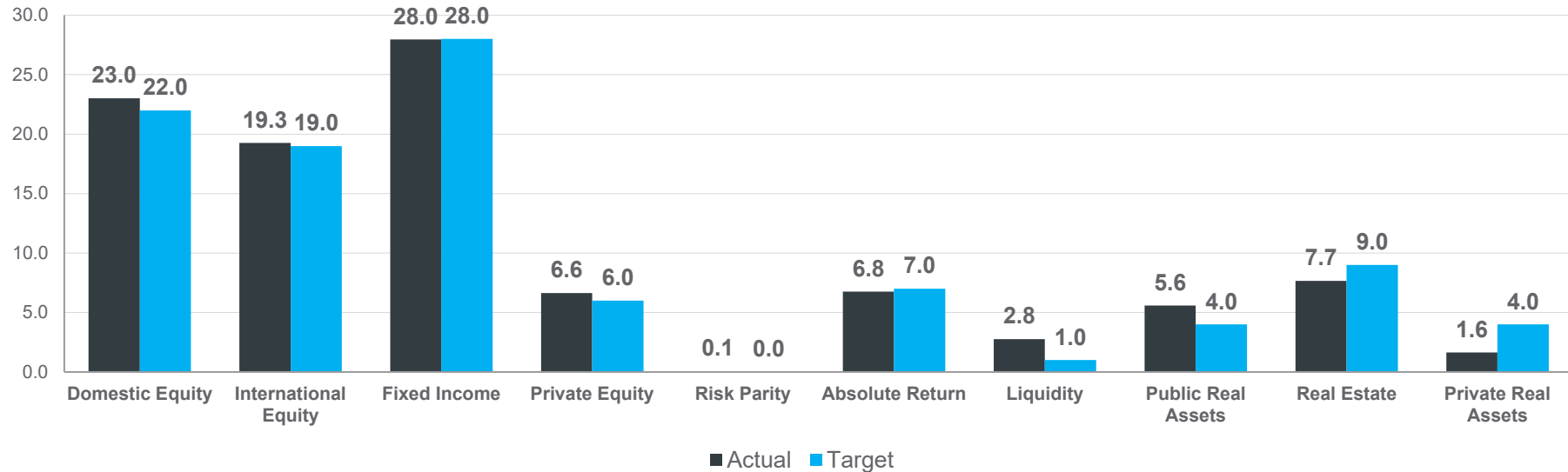
Record of Asset Growth

| | Three Months | One Year |
|------------------------|---------------|---------------|
| TOTAL FUND | | |
| Beginning Market Value | 5,517,674,730 | 4,352,029,594 |
| Contributions | 47,600,686 | 753,675,855 |
| Withdrawals | -62,595,382 | -776,552,152 |
| Income Received | 19,887,218 | 70,707,465 |
| Gain/Loss | 122,779,776 | 1,164,250,847 |
| Ending Market Value | 5,644,918,663 | 5,644,918,663 |

Net Asset Values Over Time (\$000)

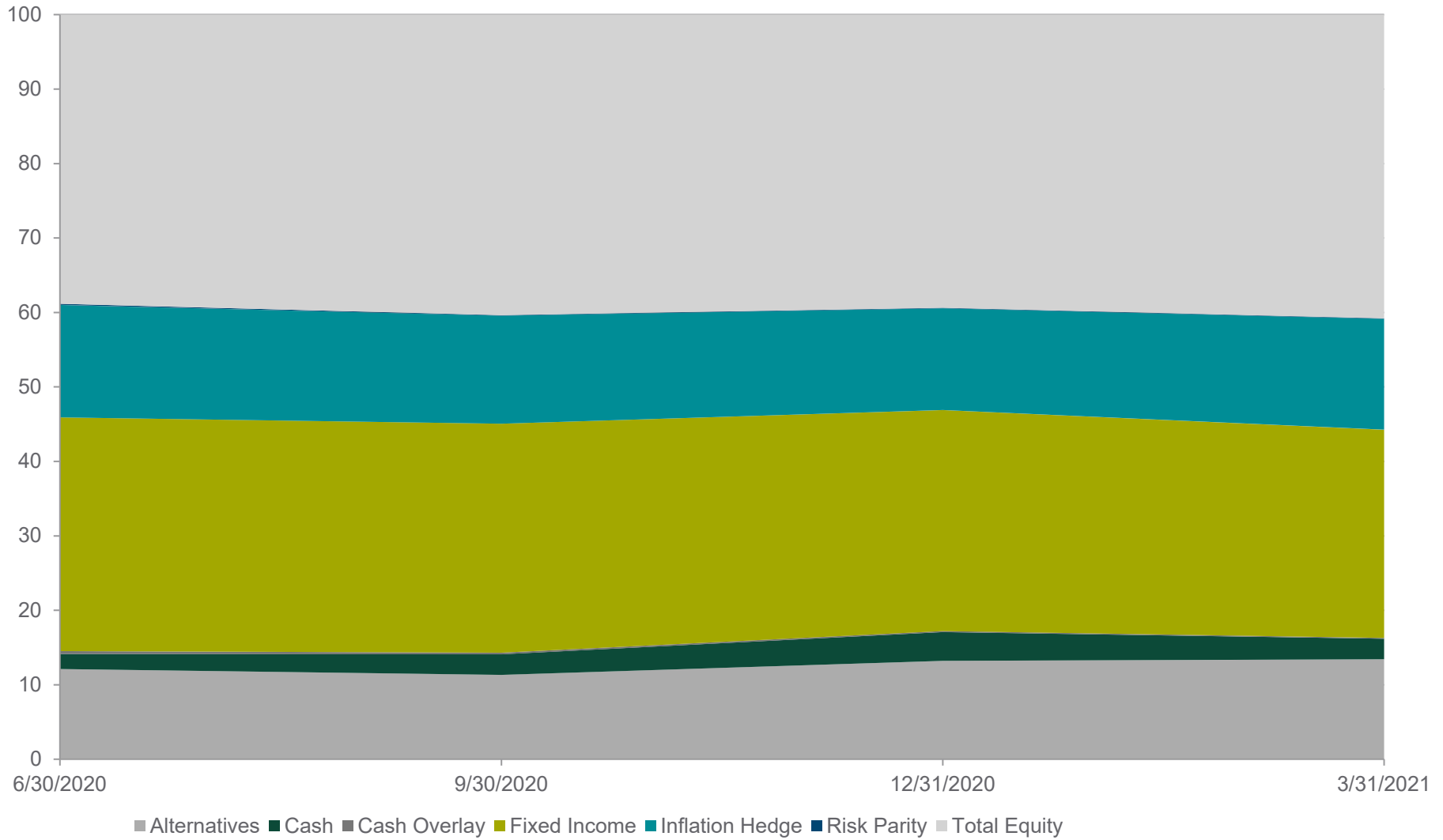


Actual vs Target Weights

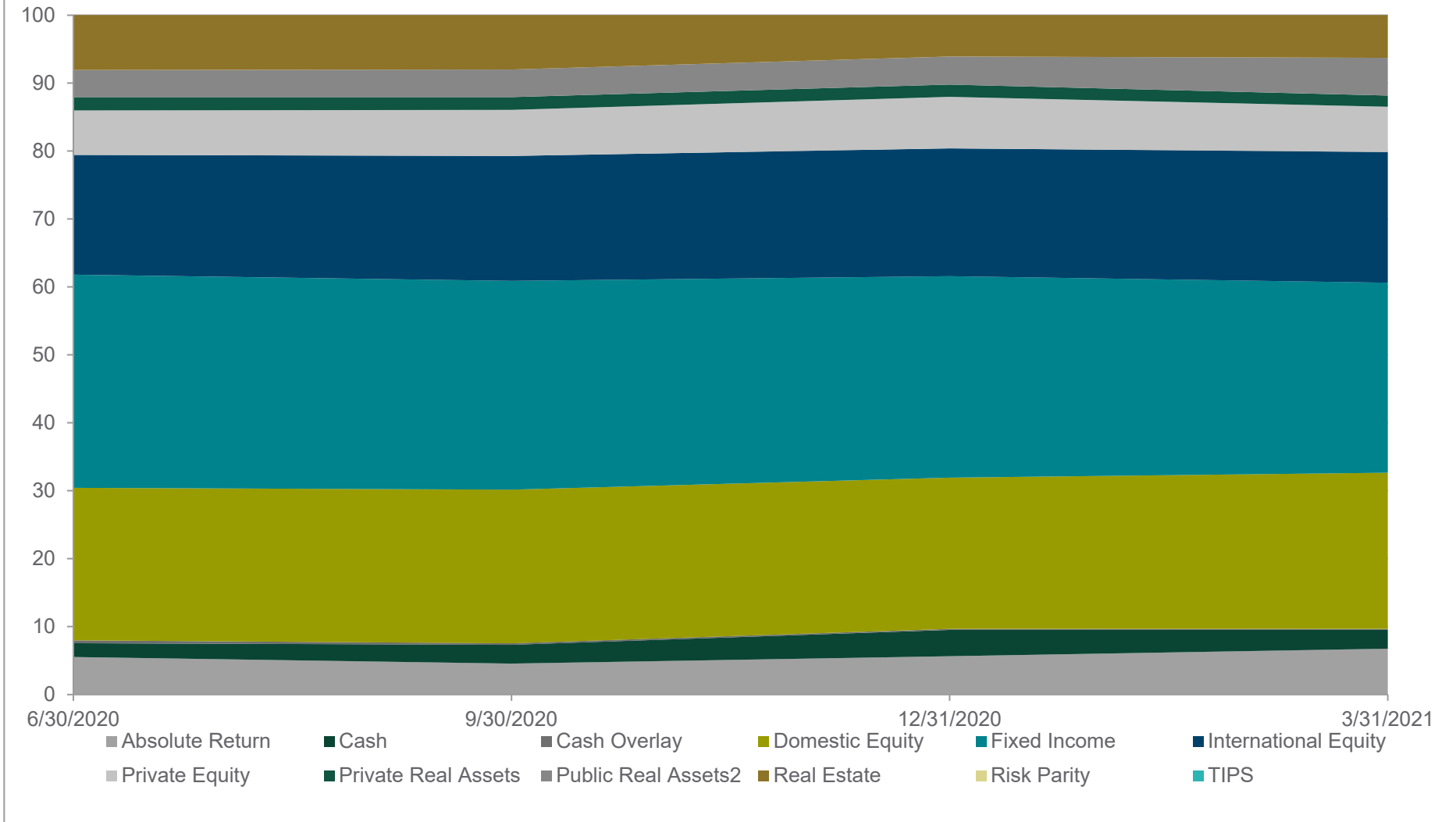


| | Min | Actual | Target | Deviation | Max |
|-----------------------------|------|--------|--------|-----------|------|
| Domestic Equity | 20.0 | 23.0 | 22.0 | 1.0 | 24.0 |
| International Equity | 17.0 | 19.3 | 19.0 | 0.3 | 21.0 |
| Fixed Income | 26.0 | 28.0 | 28.0 | 0.0 | 30.0 |
| Private Equity | 4.0 | 6.6 | 6.0 | 0.6 | 8.0 |
| Risk Parity | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 |
| Absolute Return | 5.0 | 6.8 | 7.0 | -0.2 | 9.0 |
| Liquidity | 0.0 | 2.8 | 1.0 | 1.8 | 2.0 |
| Public Real Assets | 2.0 | 5.6 | 4.0 | 1.6 | 6.0 |
| Real Estate | 7.0 | 7.7 | 9.0 | -1.3 | 11.0 |
| Private Real Assets | 2.0 | 1.6 | 4.0 | -2.4 | 6.0 |

Asset Allocation over Time



Sub-Asset Class Allocation Over Time



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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

MARCH 2021
Capital Markets Update

Market commentary

U.S. ECONOMICS

- U.S. manufacturing expanded at its fastest rate in 37 years. The ISM Manufacturing Index jumped to 64.7 from 60.8, well over the neutral mark of 50. The move was driven in large part by strong growth in new orders, highlighting increased demand from businesses and households.
- Nonfarm payroll additions in March totaled 916,000 and easily beat expectations (+660,000), likely due to the increased number of Americans getting vaccinated. A surge (+280,000) in leisure and hospitality suggests that economic activity is picking up.
- President Biden announced his \$2 trillion Infrastructure Plan. The bill would spend \$400b on expanded care for the elderly and disabled, invest \$500b on electric vehicle subsidies and incentives, spend \$100b on national high-speed broadband internet access, with a smaller portion of the spending going towards traditional infrastructure such as power grid, railway, and public transit.

U.S. EQUITIES

- The S&P 500 was up 4.4%, which marked the 8th consecutive month of positive returns as the recovery from coronavirus shutdowns continued and states began to reopen activities at some capacity.
- Per FactSet, the bottom-up 12-month target price for the S&P 500 Index is 4472, which represents a 12.6% increase over March's close of 3973. Expectations are for the information technology (+17.9%) sector to see the largest increase and industrials (+4.4%) the smallest.
- The Federal Reserve announced its intentions to ease restrictions on bank dividends and stock buybacks starting in June for banks that pass current stress tests. In June 2020, banks were required to suspend buybacks and cap dividends as a COVID-19 precautionary measure.

U.S. FIXED INCOME

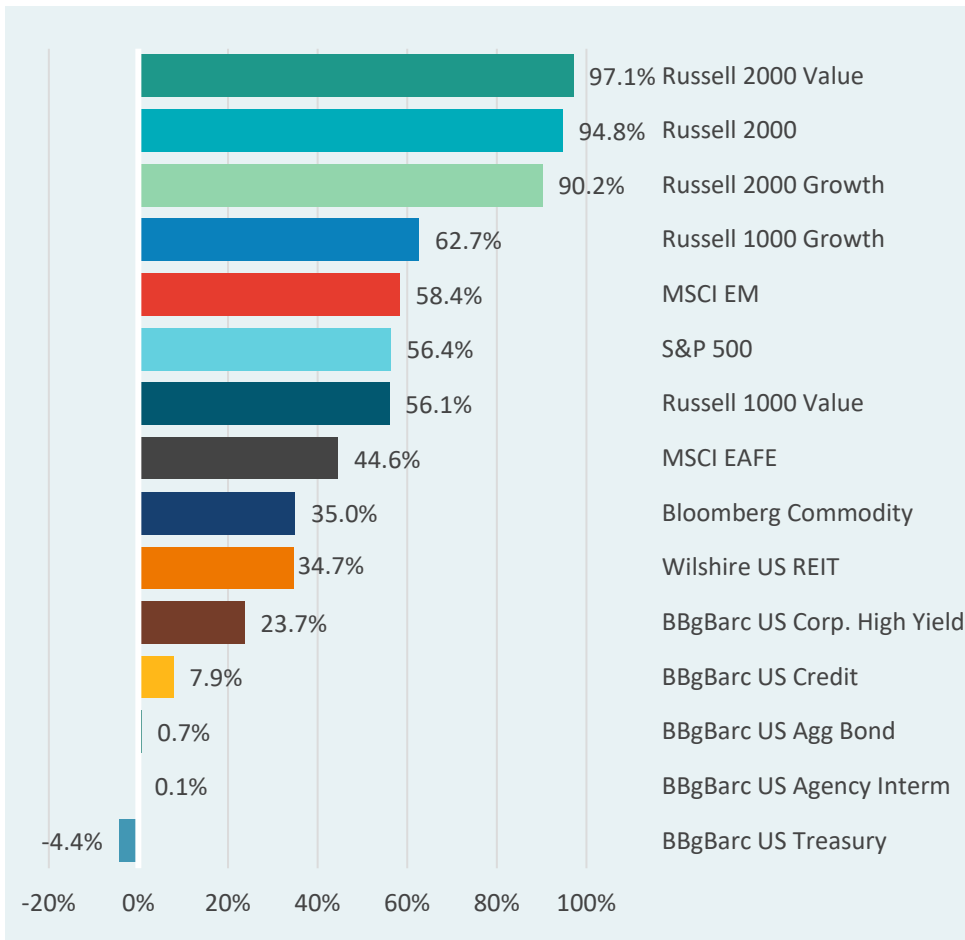
- The Federal Open Market Committee continues to hold the fed funds range steady at 0.00% - 0.25%. Federal Reserve Chair Jerome Powell noted that despite an improving U.S. outlook and inflation concerns he projects rates to remain near zero through 2023.
- The 10-year U.S. Treasury yield rose 34 basis points to 1.74% over the month after briefly touching a 14-month high of 1.77% as expectations for inflation ticked higher.
- U.S. corporate high yield bonds (+0.1%) were one of the few bright-spots in U.S. fixed income. U.S. companies now have the highest levels of debt on record at more than \$10.5 trillion.

INTERNATIONAL MARKETS

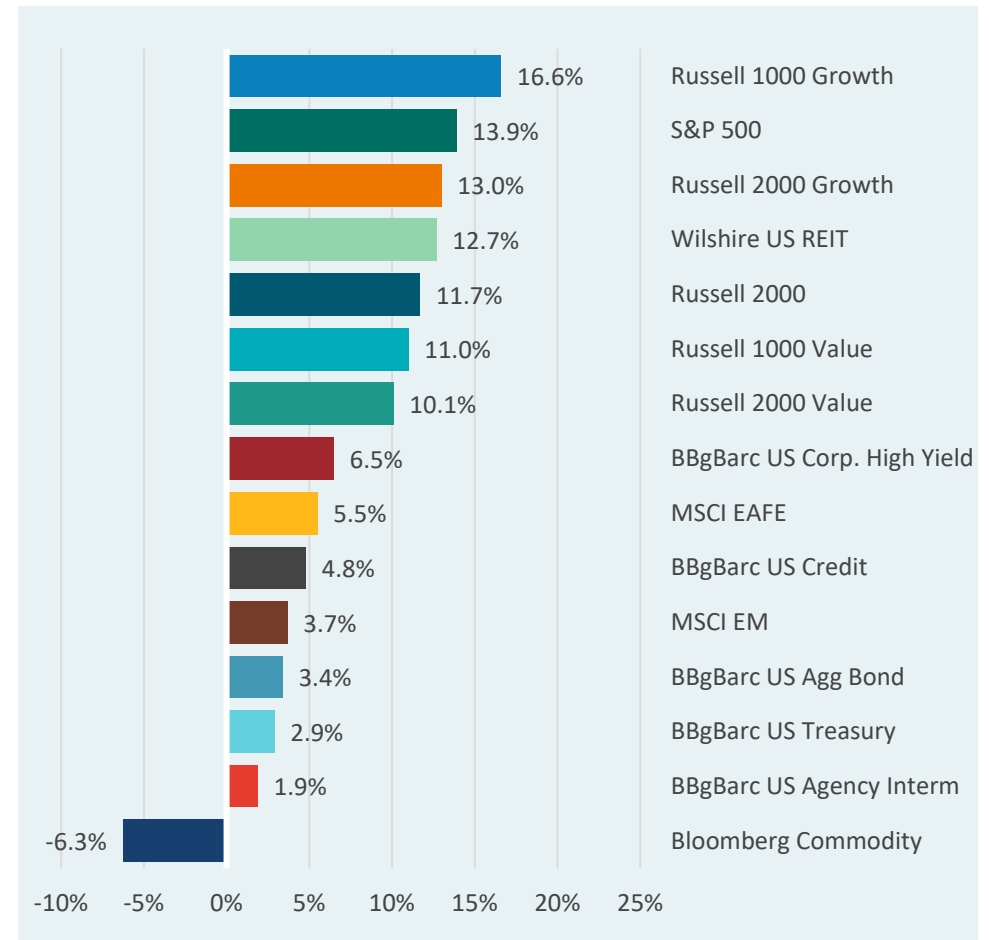
- The Organization for Economic Co-operation and Development raised its global GDP growth forecast to 5.6%, up from December's forecast of 4.2%, in large part due to the substantial rise in forecasted U.S. GDP growth from 3.2% to 6.5%. If correct, it would be the first instance since 1984 of U.S. GDP growth above 6%.
- The Euro (-3.2%), the Pound (-1.3%), and a basket of emerging market currencies (JPM EMCI -1.1%) all slid relative to the dollar. The Bloomberg Dollar Spot Index continued to rise for the third straight month; the index was up 2.6% in March.
- On March 23rd, the Suez Canal was blocked by a ship that ran aground. Before the blockage, roughly 12% of global trade passed through the canal. The ship was dislodged on March 29th, although it remains to be seen how companies will handle the costs from an already strained supply chain.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 3/31/21

Source: Morningstar, as of 3/31/21

U.S. large cap equities

- The S&P 500 posted another month of gains and was up 4.4% in March. The index closed the month at 3973 points, just shy of the monumental 4000-point mark. Consumer cyclicals (+8.2%) and financials (+5.8%) contributed most to relative performance for the index.
- All 11 major GICS sectors posted a positive performance over the month. The top performing sectors were the utilities (+10.5%) and industrial sectors (+8.9%). The heavily weighted information technology stocks (+1.7%) posted relatively small gains and weighed on the index.
- Large cap indices traded up to all-time highs on optimism surrounding a better-than-expected vaccine rollout. President Biden doubled the vaccination goal for his first 100 days in office to 200 million after the first 100 million were administered by the 59th day of his administration. Even as the national average vaccination rate is 5-times that of the global average, highly contagious variants are rapidly spreading.
- Implied volatility declined to its lowest level since the pandemic began. The VIX index of implied volatility fell below 20 in the middle of the month and later traded sideways to end the month at 18.9.

S&P 500 PRICE INDEX



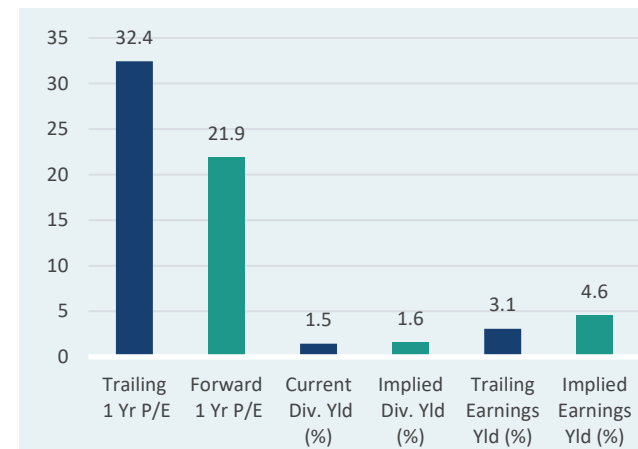
Source: Bloomberg, as of 3/31/21

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 3/31/21

S&P 500 VALUATION SNAPSHOT

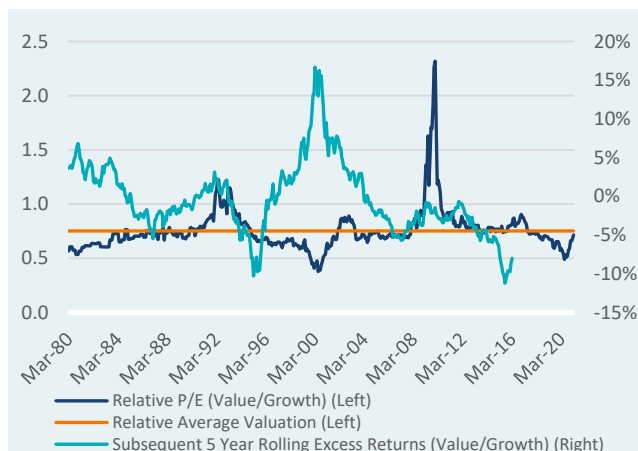


Source: Bloomberg, as of 3/31/21

Domestic equity size and style

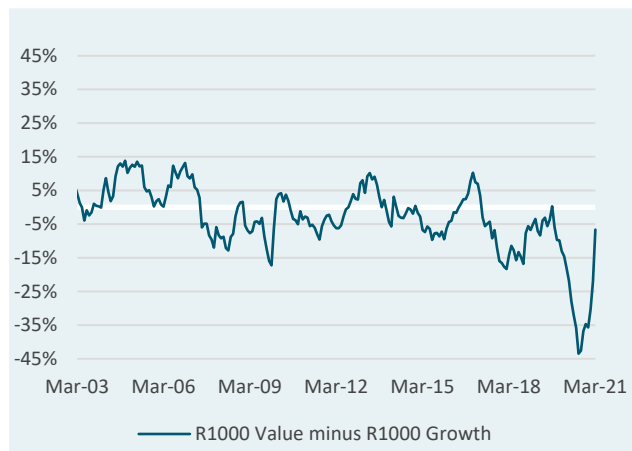
- Large-cap equities outpaced small-cap equities for the first time since August. The Russell 1000 Index rose 3.8% while the Russell 2000 Index returned 1.0%. Year-to-date, small-cap equities (+12.7%) further outperformed large-cap (+5.9%).
- The S&P 500 Low Volatility High Dividend Index returned +8.8% for the month and outperformed the broad S&P 500 by 4.4%. This index is concentrated in deep value stocks which have posted handsome returns over the past few months.
- Value stocks outperformed growth stocks (Russell 3000 Value +5.8% vs. Russell 3000 Growth +1.4%) as tech took a breather in March. Value style index outperformance was helped by a relative overweight to both basic materials and utilities sectors which posted strong performance.
- The iShares Edge MSCI USA Quality Factor ETF, which seeks to track the performance of high quality large and mid-cap stocks based on ROE, earnings visibility, and leverage, rose 4.8%—roughly in line with the S&P 500 Index.

VALUE VS. GROWTH RELATIVE VALUATIONS



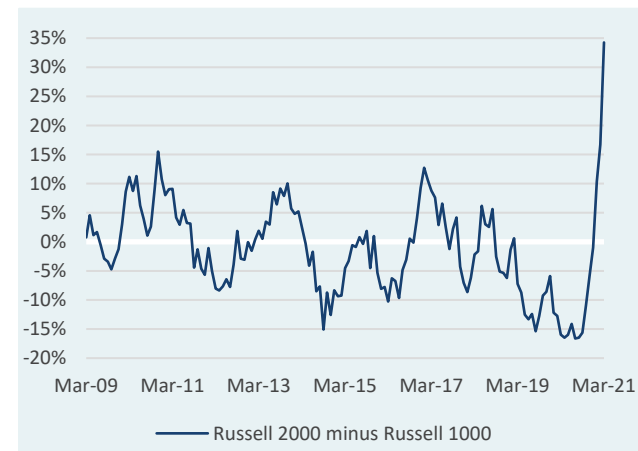
Source: FTSE, Bloomberg, as of 3/31/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 3/31/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

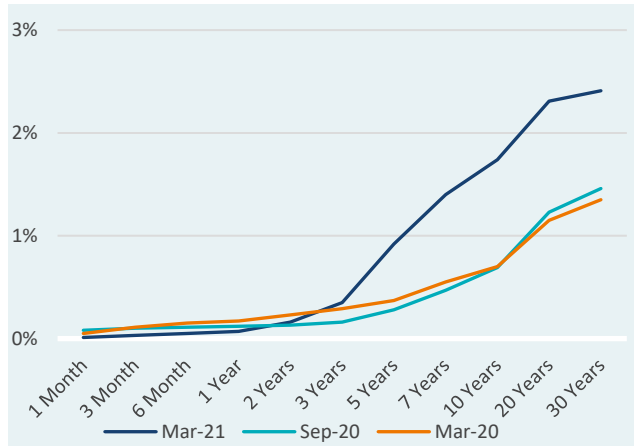


Source: FTSE, Bloomberg, as of 3/31/21

Fixed income

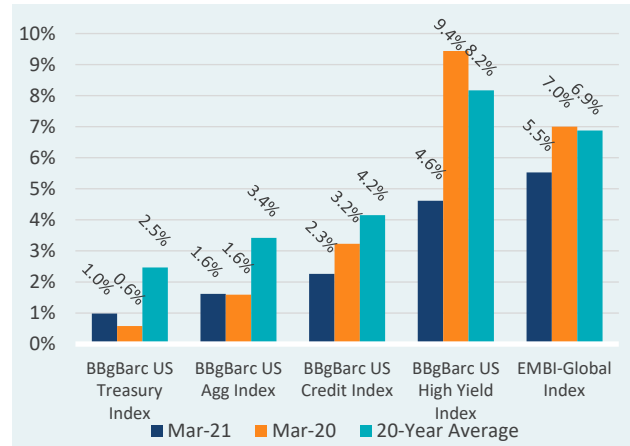
- Over the last two weeks of March the European Central Bank purchased \$23.5 billion worth of bonds in an effort to combat rising borrowing costs that could threaten the Eurozone economic recovery. Yields have likely risen in part due to a global “reflation trade”, while the Eurozone remains bogged down with a slow vaccination rollout.
- Sovereign bond yields rose across emerging markets and resulted in losses for bond indices. Local currency denominated debt (JPM GBI-EM Global Div -3.1%) faced headwinds relative to hard currency emerging market debt (JPM EMBI Global Div -1.0%).
- In March, several emerging market central banks raised their benchmark interest rate, likely in an attempt to combat inflation, which remained well above their target numbers. Turkey raised its rate from 17% to 19%, Brazil from 2.00% to 2.75%, and Russia from 4.25% to 4.5%.
- Some of the past year’s gains from holding duration were given back as rates on the 30-year Treasury Bond climbed 23 basis points to pre-pandemic highs. Longer duration Treasury Bonds (BBgBarc US Treasury Long -5.0%) saw decreases in price due to yield movements in March.

U.S. TREASURY YIELD CURVE



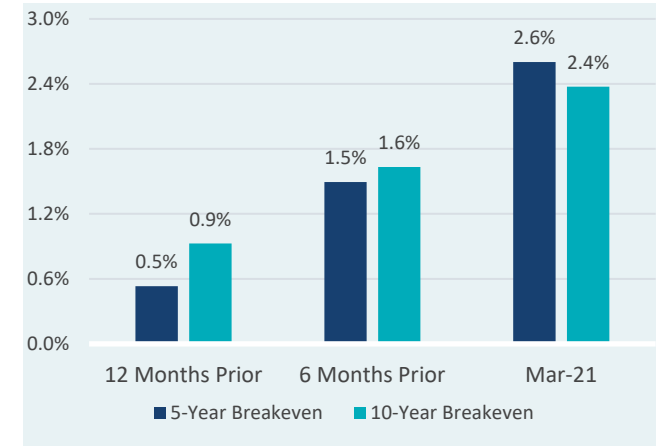
Source: Bloomberg, as of 3/31/21

NOMINAL YIELDS



Source: Morningstar, as of 3/31/21

BREAKEVEN INFLATION RATES

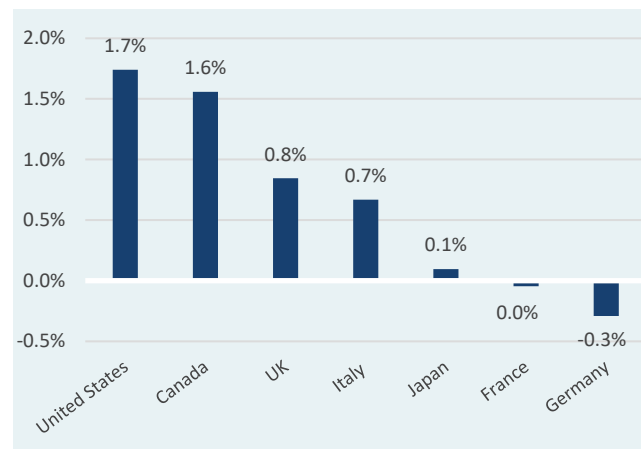


Source: Bloomberg, as of 3/31/21

Global markets

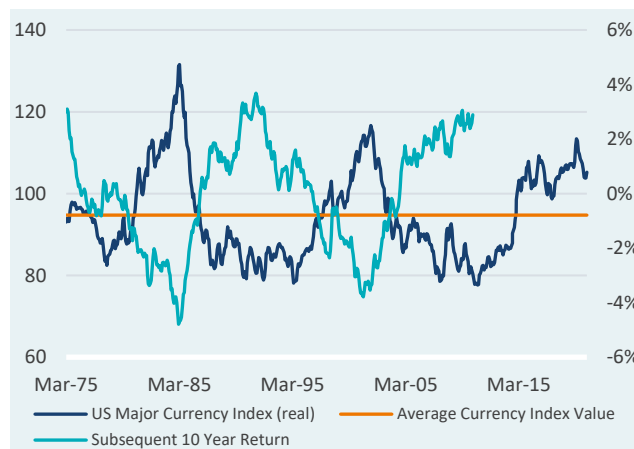
- Global equities (MSCI ACWI +2.7%) delivered positive performance in March in both local and U.S. dollar terms. All broad world equity indices were higher over the month except for emerging market equities (MSCI EM -1.5%).
- Japanese Equities (MSCI Japan +1.1%) underperformed other developed equities (MSCI EAFE +2.3%). Japan extended its state of emergency and struggled to import enough vaccines from Europe. Japan is currently relying on importing vaccines, being it is one of the few developed countries not making a vaccine domestically.
- World Bank President David Malpass announced that the G-20 would extend the debt relief program for the world's poorest nations through the end of 2021. The Debt Service Suspension Initiative, which took effect last May, gave \$5 billion in relief to more than 40 countries in 2020.
- The Biden Administration met with China for the first time and signaled that “trading at all costs” would not be their position. It seems that the administration is holding on to the tough tone set by the previous Trump Administration as negotiations continue.

GLOBAL SOVEREIGN 10-YEAR YIELDS



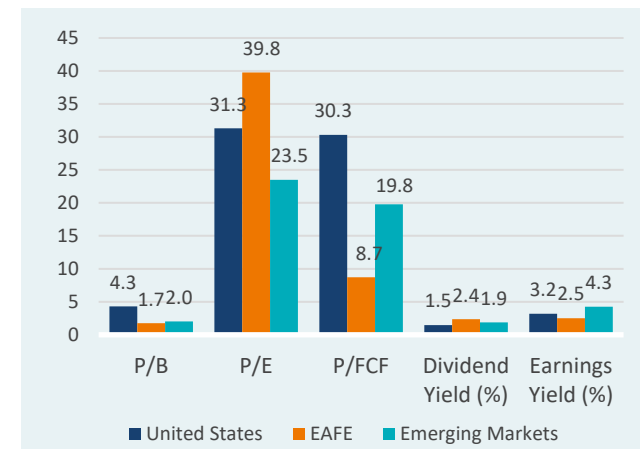
Source: Bloomberg, as of 3/31/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 3/31/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 3/31/21

Commodities

- In March, the Bloomberg Commodity Index (-2.1%) gave back some of its performance that was seen over the past year. Livestock (+5.3%) was the only bright spot among the subindexes and significantly outperformed the index overall. The Bloomberg Softs Sub-Index (-9.9%) and energy (-3.6%) were major laggards.
- Precious metals (-2.4%) were down as gold prices fell. The price of an ounce of gold tumbled from \$1,742 to \$1,707 as dollar strength and rising yields ate into the safe-haven asset's appeal. For the quarter, gold is down -10.1%, its worst quarterly performance since December 2016.

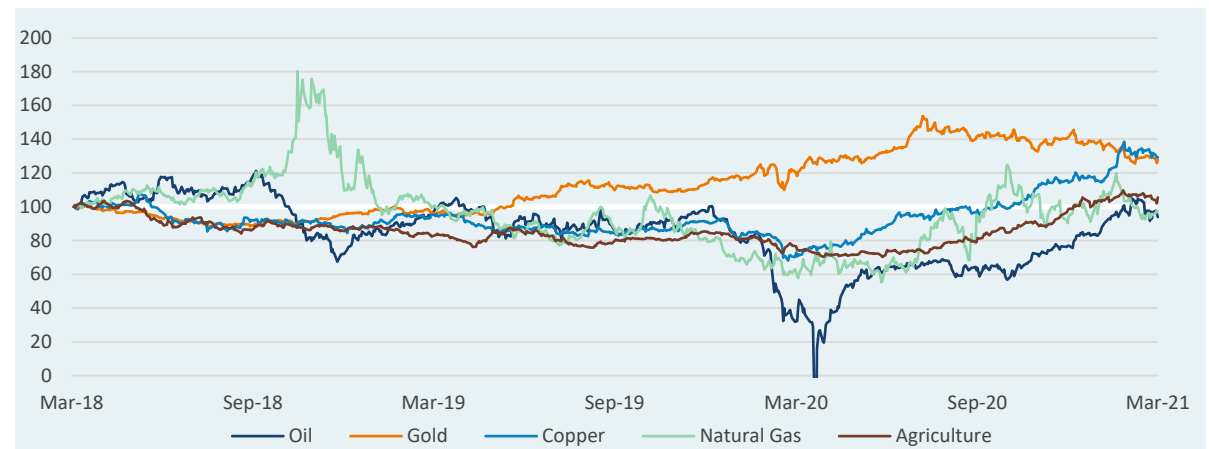
- The Bloomberg Livestock Sub-Index gained 5.3% as red meat prices rose. Pork sales in the U.S. hit new highs for the year and sales were led by Chinese buyers. Chinese pork inventories have remained low, in part due to cases of Africa Swine Fever that continued to rise. The disease has now spread to Taiwan's pigs from mainland China.
- The Bloomberg Energy Sub-Index (-3.6%) weighed on the overall commodities basket. Following news on increased lockdowns across Europe, crude oil prices fell from post pandemic highs of just under \$70 a barrel on March 11th to \$63.54 a barrel at month-end. Crude Oil price action left the commodity down -3.9% for the month.

INDEX AND SECTOR PERFORMANCE

| | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------------|-------|-------|-------|--------|--------|--------|---------|
| Bloomberg Commodity | (2.1) | 6.9 | 6.9 | 35.0 | (0.2) | 2.3 | (6.3) |
| Bloomberg Agriculture | (1.8) | 6.8 | 6.8 | 38.0 | 3.1 | 0.4 | (5.3) |
| Bloomberg Energy | (3.6) | 17.3 | 17.3 | 37.4 | (13.6) | (4.3) | (14.8) |
| Bloomberg Grains | (0.1) | 8.3 | 8.3 | 39.2 | 4.1 | 0.1 | (4.8) |
| Bloomberg Industrial Metals | (2.4) | 7.5 | 7.5 | 53.3 | 4.7 | 10.3 | (2.9) |
| Bloomberg Livestock | 5.3 | 10.4 | 10.4 | 17.7 | (4.6) | (5.0) | (4.9) |
| Bloomberg Petroleum | (2.5) | 22.8 | 22.8 | 83.8 | (8.9) | 1.5 | (10.4) |
| Bloomberg Precious Metals | (2.4) | (9.3) | (9.3) | 15.2 | 8.6 | 6.0 | (0.8) |
| Bloomberg Softs | (9.9) | (1.5) | (1.5) | 21.9 | (3.0) | (4.4) | (10.5) |

Source: Morningstar, as of 3/31/21

COMMODITY PERFORMANCE



Source: Bloomberg, as of 3/31/21

Appendix

Periodic table of returns

BEST ↑

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | YTD | 5-Year | 10-Year |
|-------------------------|------|-------|-------|-------|------|------|------|------|------|-------|-------|------|-------|------|------|-------|-------|------|------|-------|------|------|------|--------|---------|
| Small Cap Value | 66.4 | 31.8 | 14.0 | 25.9 | 56.3 | 26.0 | 34.5 | 32.6 | 39.8 | 5.2 | 79.0 | 29.1 | 14.3 | 18.6 | 43.3 | 13.5 | 13.3 | 31.7 | 37.3 | 6.7 | 36.4 | 38.5 | 21.2 | 21.0 | 16.6 |
| Small Cap Equity | 43.1 | 22.8 | 8.4 | 10.3 | 48.5 | 22.2 | 21.4 | 26.9 | 16.2 | 1.4 | 37.2 | 26.9 | 7.8 | 18.1 | 38.8 | 13.2 | 5.7 | 21.3 | 30.2 | 1.9 | 31.4 | 34.6 | 12.7 | 18.6 | 14.0 |
| Large Cap Value | 33.2 | 12.2 | 7.3 | 6.7 | 47.3 | 20.7 | 20.1 | 23.5 | 15.8 | -6.5 | 34.5 | 24.5 | 2.6 | 17.9 | 34.5 | 13.0 | 0.9 | 17.3 | 25.0 | 0.0 | 28.5 | 21.0 | 11.3 | 16.7 | 13.0 |
| Commodities | 27.3 | 11.6 | 3.3 | 1.6 | 46.0 | 18.3 | 14.0 | 22.2 | 11.8 | -21.4 | 32.5 | 19.2 | 1.5 | 17.5 | 33.5 | 11.8 | 0.6 | 12.1 | 22.2 | -1.5 | 26.5 | 20.0 | 6.9 | 16.4 | 11.7 |
| Large Cap Equity | 26.5 | 7.0 | 2.8 | 1.0 | 39.2 | 16.5 | 7.5 | 18.4 | 11.6 | -25.9 | 28.4 | 16.8 | 0.4 | 16.4 | 33.1 | 6.0 | 0.0 | 11.8 | 21.7 | -3.5 | 25.5 | 18.3 | 5.9 | 13.6 | 11.0 |
| Small Cap Growth | 21.3 | 4.1 | -2.4 | -6.0 | 29.9 | 14.3 | 6.3 | 15.5 | 10.3 | -33.8 | 23.3 | 16.1 | -2.1 | 15.3 | 23.3 | 4.9 | -0.8 | 11.2 | 14.6 | -6.0 | 22.4 | 14.0 | 4.9 | 12.1 | 10.1 |
| International Equity | 24.3 | 6.0 | 2.5 | -5.9 | 30.0 | 14.5 | 7.1 | 16.6 | 10.9 | -28.9 | 27.2 | 16.7 | 0.1 | 16.3 | 32.5 | 5.6 | -0.4 | 11.3 | 17.1 | -4.8 | 22.0 | 10.3 | 3.5 | 11.7 | 8.6 |
| Emerging Markets Equity | 20.9 | -3.0 | -5.6 | -11.4 | 29.7 | 12.9 | 5.3 | 15.1 | 7.0 | -35.6 | 20.6 | 15.5 | -2.9 | 14.6 | 12.1 | 4.2 | -1.4 | 8.0 | 13.7 | -8.3 | 18.6 | 7.8 | 2.3 | 9.2 | 6.6 |
| Hedge Funds of Funds | 13.2 | -7.3 | -9.1 | -15.5 | 25.2 | 11.4 | 4.7 | 13.3 | 7.0 | -36.8 | 19.7 | 13.1 | -4.2 | 11.5 | 11.0 | 3.4 | -2.5 | 7.1 | 7.8 | -9.3 | 18.4 | 7.5 | 2.0 | 8.8 | 5.5 |
| 60/40 Global Portfolio | 11.4 | -7.8 | -9.2 | -15.7 | 23.9 | 9.1 | 4.6 | 10.4 | 5.8 | -37.6 | 18.9 | 10.2 | -5.5 | 10.5 | 9.0 | 2.8 | -3.8 | 5.7 | 7.7 | -11.0 | 8.7 | 4.6 | 1.0 | 5.6 | 3.7 |
| Large Cap Growth | 7.3 | -14.0 | -12.4 | -20.5 | 11.6 | 6.9 | 4.6 | 9.1 | 4.4 | -38.4 | 11.5 | 8.2 | -5.7 | 4.8 | 0.1 | 0.0 | -4.4 | 2.6 | 7.0 | -11.2 | 7.8 | 2.8 | 0.9 | 5.4 | 3.4 |
| Cash | 4.8 | -22.4 | -19.5 | -21.7 | 9.0 | 6.3 | 4.2 | 4.8 | -0.2 | -38.5 | 5.9 | 6.5 | -11.7 | 4.2 | -2.0 | -1.8 | -7.5 | 1.0 | 3.5 | -12.9 | 7.7 | 0.5 | 0.0 | 3.1 | 3.4 |
| Real Estate | -0.8 | -22.4 | -20.4 | -27.9 | 4.1 | 4.3 | 3.2 | 4.3 | -1.6 | -43.1 | 0.2 | 5.7 | -13.3 | 0.1 | -2.3 | -4.5 | -14.9 | 0.5 | 1.7 | -13.8 | 6.4 | 0.5 | 0.0 | 2.3 | 0.6 |
| US Bonds | -1.5 | -30.6 | -21.2 | -30.3 | 1.0 | 1.4 | 2.4 | 2.1 | -9.8 | -53.2 | -16.9 | 0.1 | -18.2 | -1.1 | -9.5 | -17.0 | -24.7 | 0.3 | 0.9 | -14.6 | 2.1 | -3.1 | -3.4 | 1.1 | -6.3 |

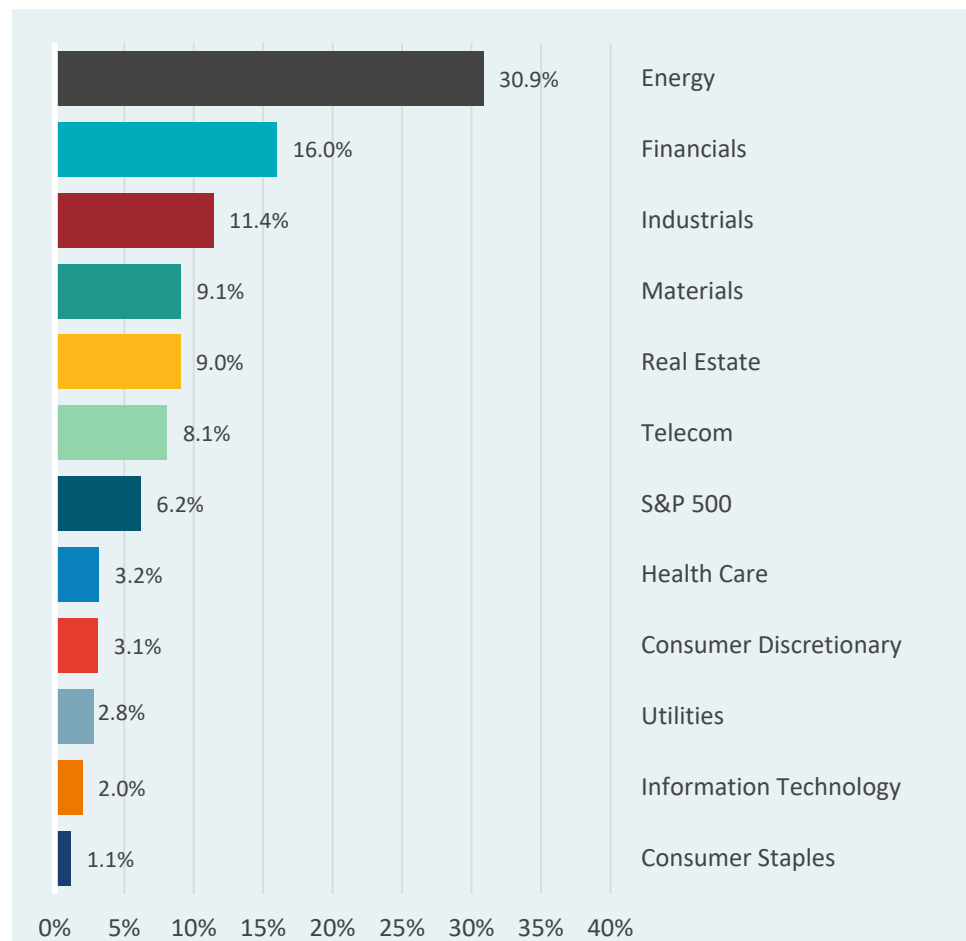
↓ WORST

- Large Cap Equity
- Small Cap Growth
- Commodities
- Large Cap Value
- International Equity
- Real Estate
- Large Cap Growth
- Emerging Markets Equity
- Hedge Funds of Funds
- US Bonds
- 60% MSCI ACWI/40% BBgBarc Global Bond
- Cash

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 12/31/20.

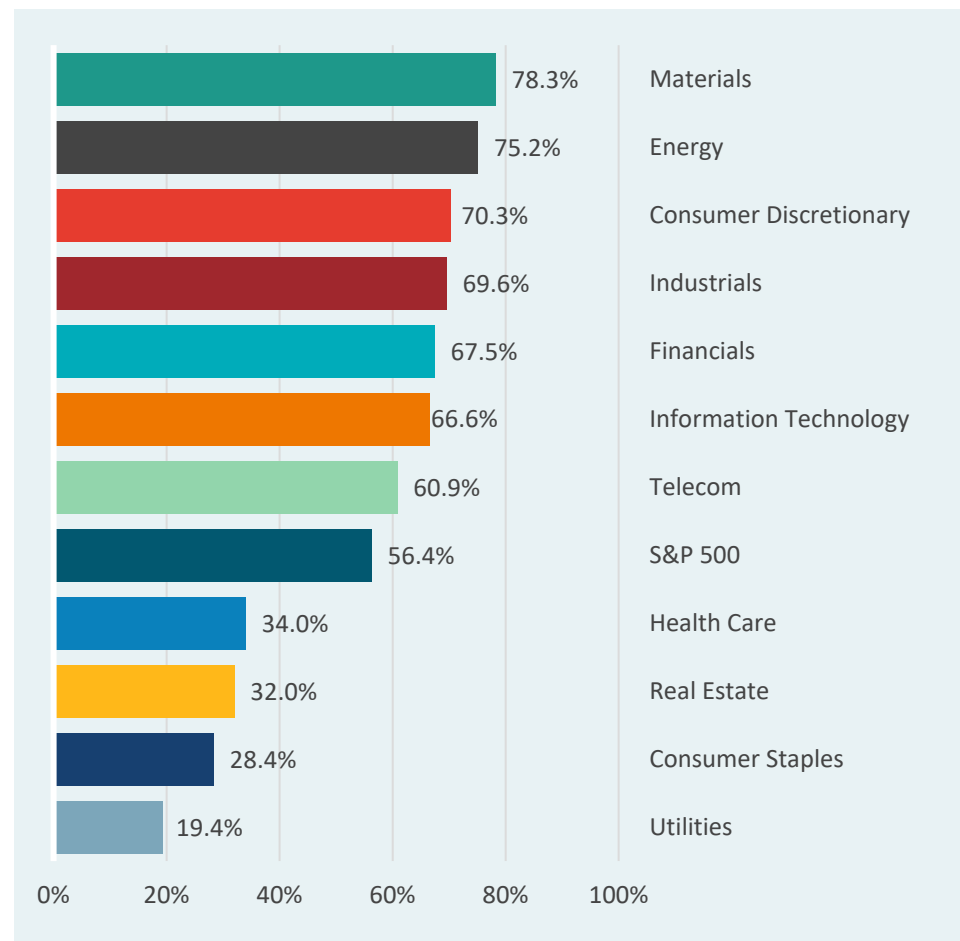
S&P 500 sector returns

Q1 2021



Source: Morningstar, as of 3/31/21

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/21

Detailed index returns

DOMESTIC EQUITY

| | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------|-------|------|------|--------|--------|--------|---------|
| Core Index | | | | | | | |
| S&P 500 | 4.4 | 6.2 | 6.2 | 56.4 | 16.8 | 16.3 | 13.9 |
| S&P 500 Equal Weighted | 6.0 | 11.5 | 11.5 | 71.6 | 14.9 | 14.7 | 13.1 |
| DJ Industrial Average | 6.8 | 8.3 | 8.3 | 53.8 | 13.6 | 16.0 | 13.1 |
| Russell Top 200 | 4.2 | 5.1 | 5.1 | 56.3 | 18.3 | 17.4 | 14.6 |
| Russell 1000 | 3.8 | 5.9 | 5.9 | 60.6 | 17.3 | 16.7 | 14.0 |
| Russell 2000 | 1.0 | 12.7 | 12.7 | 94.8 | 14.8 | 16.4 | 11.7 |
| Russell 3000 | 3.6 | 6.3 | 6.3 | 62.5 | 17.1 | 16.6 | 13.8 |
| Russell Mid Cap | 2.7 | 8.1 | 8.1 | 73.6 | 14.7 | 14.7 | 12.5 |
| Style Index | | | | | | | |
| Russell 1000 Growth | 1.7 | 0.9 | 0.9 | 62.7 | 22.8 | 21.0 | 16.6 |
| Russell 1000 Value | 5.9 | 11.3 | 11.3 | 56.1 | 11.0 | 11.7 | 11.0 |
| Russell 2000 Growth | (3.1) | 4.9 | 4.9 | 90.2 | 17.2 | 18.6 | 13.0 |
| Russell 2000 Value | 5.2 | 21.2 | 21.2 | 97.1 | 11.6 | 13.6 | 10.1 |

INTERNATIONAL EQUITY

| Broad Index | | | | | | | |
|------------------------|-------|-------|-------|------|-------|------|-------|
| MSCI ACWI | 2.7 | 4.6 | 4.6 | 54.6 | 12.1 | 13.2 | 9.1 |
| MSCI ACWI ex US | 1.3 | 3.5 | 3.5 | 49.4 | 6.5 | 9.8 | 4.9 |
| MSCI EAFE | 2.3 | 3.5 | 3.5 | 44.6 | 6.0 | 8.8 | 5.5 |
| MSCI EM | (1.5) | 2.3 | 2.3 | 58.4 | 6.5 | 12.1 | 3.7 |
| MSCI EAFE Small Cap | 2.2 | 4.5 | 4.5 | 62.0 | 6.3 | 10.5 | 8.0 |
| Style Index | | | | | | | |
| MSCI EAFE Growth | 1.2 | (0.6) | (0.6) | 42.6 | 9.8 | 10.8 | 7.2 |
| MSCI EAFE Value | 3.4 | 7.4 | 7.4 | 45.7 | 1.8 | 6.6 | 3.7 |
| Regional Index | | | | | | | |
| MSCI UK | 2.8 | 6.2 | 6.2 | 33.5 | 0.9 | 4.3 | 3.3 |
| MSCI Japan | 1.1 | 1.6 | 1.6 | 39.7 | 6.3 | 10.5 | 7.2 |
| MSCI Europe | 3.1 | 4.1 | 4.1 | 44.9 | 5.6 | 8.2 | 5.1 |
| MSCI EM Asia | (3.0) | 2.2 | 2.2 | 60.1 | 9.5 | 14.5 | 6.6 |
| MSCI EM Latin American | 4.6 | (5.3) | (5.3) | 50.1 | (6.1) | 4.0 | (4.1) |

FIXED INCOME

| | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------------|-------|--------|--------|--------|--------|--------|---------|
| Broad Index | | | | | | | |
| BBgBarc US TIPS | (0.2) | (1.5) | (1.5) | 7.5 | 5.7 | 3.9 | 3.4 |
| BBgBarc US Treasury Bills | 0.0 | 0.0 | 0.0 | 0.1 | 1.5 | 1.2 | 0.7 |
| BBgBarc US Agg Bond | (1.2) | (3.4) | (3.4) | 0.7 | 4.7 | 3.1 | 3.4 |
| BBgBarc US Universal | (1.2) | (3.1) | (3.1) | 3.0 | 4.9 | 3.6 | 3.8 |
| Duration | | | | | | | |
| BBgBarc US Treasury 1-3 Yr | (0.0) | (0.1) | (0.1) | 0.3 | 2.8 | 1.7 | 1.3 |
| BBgBarc US Treasury Long | (5.0) | (13.5) | (13.5) | (15.8) | 5.9 | 3.1 | 6.3 |
| BBgBarc US Treasury | (1.5) | (4.3) | (4.3) | (4.4) | 4.1 | 2.2 | 2.9 |
| Issuer | | | | | | | |
| BBgBarc US MBS | (0.5) | (1.1) | (1.1) | (0.1) | 3.7 | 2.4 | 2.8 |
| BBgBarc US Corp. High Yield | 0.1 | 0.9 | 0.9 | 23.7 | 6.8 | 8.1 | 6.5 |
| BBgBarc US Agency Intern | (0.4) | (1.0) | (1.0) | 0.1 | 3.2 | 2.0 | 1.9 |
| BBgBarc US Credit | (1.6) | (4.5) | (4.5) | 7.9 | 5.9 | 4.7 | 4.8 |

OTHER

| Index | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|
| Bloomberg Commodity | (2.1) | 6.9 | 6.9 | 35.0 | (0.2) | 2.3 | (6.3) |
| Wilshire US REIT | 4.8 | 8.8 | 8.8 | 34.7 | 9.0 | 5.7 | 12.7 |
| CS Leveraged Loans | 0.1 | 2.0 | 2.0 | 20.8 | 4.1 | 4.6 | 5.0 |
| Alerian MLP | 6.9 | 22.0 | 22.0 | 99.1 | (4.0) | (2.1) | (0.7) |
| Regional Index | | | | | | | |
| JPM EMBI Global Div | (1.0) | (4.5) | (4.5) | 16.0 | 4.0 | 5.1 | 5.6 |
| JPM GBI-EM Global Div | (3.1) | (6.7) | (6.7) | 13.0 | (0.8) | 3.1 | 0.5 |
| Hedge Funds | | | | | | | |
| HFRI Composite | 1.0 | 6.1 | 6.1 | 34.0 | 7.7 | 7.5 | 4.6 |
| HFRI FOF Composite | 0.4 | 2.0 | 2.0 | 23.9 | 5.4 | 5.6 | 3.4 |
| Currency (Spot) | | | | | | | |
| Euro | (3.2) | (3.9) | (3.9) | 7.1 | (1.5) | 0.6 | (1.9) |
| Pound Sterling | (1.3) | 0.9 | 0.9 | 11.3 | (0.6) | (0.8) | (1.5) |
| Yen | (3.6) | (6.6) | (6.6) | (2.3) | (1.3) | 0.3 | (2.8) |

Source: Morningstar, HFRI, as of 3/31/21

Detailed private market returns

Comparison to public market index returns

| Private Equity Pooled IRRs | 1 Year | 3 Year | 5 Year | 10 Year |
|--|--------|--------|--------|---------|
| Global Private Equity FoFs & Secondary Funds | 12.3 | 12.2 | 10.4 | 11.9 |
| Global Private Equity Direct Funds * | 20.4 | 16.2 | 14.8 | 14.6 |
| U.S. Private Equity Direct Funds * | 21.0 | 17.6 | 15.0 | 16.0 |
| Europe Private Equity Direct Funds * | 18.6 | 14.2 | 16.3 | 12.7 |
| Asia Private Equity Direct Funds * | 19.9 | 14.3 | 13.8 | 13.3 |

| Public Index Time-weighted Returns | | | | |
|------------------------------------|-------|-------|------|------|
| MSCI World | 10.4 | 7.7 | 10.5 | 9.4 |
| S&P 500 | 15.1 | 12.3 | 14.1 | 13.7 |
| MSCI Europe | (0.8) | (0.6) | 4.2 | 4.3 |
| MSCI AC Asia Pacific | 11.2 | 4.3 | 9.1 | 5.6 |

| Private Real Estate Pooled IRRs | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------------------|--------|--------|--------|---------|
| U.S. All Private Real Estate | 0.5 | 6.6 | 7.9 | 12.2 |

| Public Index Time-weighted Returns | | | | |
|------------------------------------|--------|-----|-----|-----|
| FTSE NAREIT Equity REIT | (18.2) | 0.2 | 3.9 | 7.9 |

| Private Credit Pooled IRRs | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------|--------|--------|--------|---------|
| U.S. All Private Debt ** | 3.7 | 6.4 | 8.2 | 10.2 |

| Public Index Time-weighted Returns | | | | |
|--|-----|-----|-----|-----|
| S&P / LSTA U.S. Leveraged Loan 100 Index | 1.7 | 3.4 | 4.1 | 4.1 |

| Private Real Assets Pooled IRRs | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------------------|--------|--------|--------|---------|
| Global Nature Resources *** | (20.2) | (7.5) | (2.8) | (0.0) |
| Global Infrastructure | 6.6 | 8.5 | 10.7 | 9.6 |

| Public Index Time-weighted Returns | | | | |
|------------------------------------|--------|-------|-----|-----|
| S&P Global Natural Resources | (9.5) | (2.8) | 6.7 | 0.2 |
| S&P Global Infrastructure | (13.9) | (1.4) | 4.5 | 5.5 |

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of September 30th, 2020. All returns in U.S. dollars.

* Includes Buyout, Growth Equity and Venture Capital.

** Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.

*** Includes Private Equity Energy, Timber and Upstream Energy & Royalties.

Notices & disclosures

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SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 6.2

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Cash Overlay (Parametric) Annual Review

Recommendation

Accept the report on the annual review of SamCERA's overlay manager.

Background

Parametric's institutional overlay strategies (formerly The Clifton Group) was hired in May 2013 to provide overlay management services to SamCERA. Parametric initially provided securitization of total fund cash, manager cash equitization, and overlay transition management services. Portfolio rebalancing was added in January 2014 and more recently, currency hedging was added in September 2018.

Parametric Policy Implementation Overlay Services (PIOS) provides increased operational efficiency for fund cash flow management, exposure management during manager transitions, elimination of performance drag due to residual manager cash, and rebalancing during times of meaningful deviation from policy targets. All of Parametric's overlay services are performed out of the Minneapolis (MN) Investment Center.

Discussion

On March 4th, SamCERA staff held the annual review meeting for the Parametric cash overlay strategy virtually. The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, and performance review and attribution.

The parent company of Parametric, Eaton Vance Corp., was recently acquired by Morgan Stanley, with the transaction closing in early March. The transaction is not expected to impact Parametric's structure, operating model or investment programs. Overall overlay program results were in line with long-term expectations. From inception (8/6/2013) through December 31, 2020, the overlay program produced a synthetic index overlay return of \$35.6 million, or 13 basis points return as a % of total fund assets. From inception (9/17/2018) through December 31, 2020, the passive currency hedge program produced a synthetic index overlay loss of -\$15.3 million (as the U.S. Dollar weakened), or -86 basis points as a % of the overlay hedge target.

There were no major concerns identified during the review. Meeting notes summarizing the findings from the annual review are attached to this memo.

Attachment

Parametric Cash Overlay Annual Review Meeting Notes 2021

Date of meeting: 3/4/21

Location: Zoom meeting

Manager Representative

Brian Laanstaat (Parametric CEO)
Dan Wamre, CFA (Senior PM)
James Thorston (PM)
Dan Ryan (Client Relations)

Verus Representative(s)

Margaret Jadallah (Consultant)
Joseph Abdou (Consultant)

Client Representative(s)

Mike Coultrip (CIO),
Doris Ng (Analyst)
Lili Dames (Analyst)

Product Description

Parametric's cash overlay program is an efficient way for SamCERA to maintain its target asset allocation in a systematic fashion through cash securitization at the fund and manager level, transition/reallocation support and asset class rebalancing back to target within defined bands. The cash overlay program is invested synthetically using liquid futures with cash balances reviewed daily. A combination of large and small cap futures implementation is the proxy for private equity. SamCERA's investment guidelines initially allowed only for cash overlay. Rebalancing was added to the SamCERA program in January 2014.

Parametric estimates that their overlay services should add 10-20 basis points to portfolio returns over time using their systematic approach. Since inception through 12/31/20, SamCERA's overlay program has added 13 basis points to portfolio returns since inception, in line with expectations.

Organization

Parametric Portfolio Associates is a wholly owned subsidiary of Eaton Vance Corp. Parametric is comprised of three investment centers – Seattle, Minneapolis and Westport, CT. The firm's institutional overlay strategies reside within the Minneapolis investment center which was formerly The Clifton Group prior to Parametric's acquisition of the firm in 2012. Eaton Vance, Parametric's parent company, acquired the business assets of Calvert Investments effective January 1, 2017. On October 8, 2020, Eaton Vance announced an agreement to be acquired by Morgan Stanley. The merger should allow for future growth. There will be no changes to Parametric's staff, process since they have quite a differentiated offering from Morgan Stanley.

Parametric's firm-wide assets under management were \$350 billion in total as of 12/31/20. The firm manages over \$110 billion in overlay strategies representing 260 client relationships managed out of Minneapolis. Over the past year, 18 accounts and \$10 billion were gained, while 4 accounts and \$2.5 billion were lost.

Investment Team

The investment team consists of Dan Wamre, CFA, Justin Henne, CFA, and James Thorson, CFA. Justin is responsible for implementation and enhancement of Parametric's customized exposure management strategy. Dan leads the team responsible for trading, designing, and managing overlay portfolios. And James is responsible for the designing, trading, and managing of the overlay portfolio. There have been no significant changes to the team over the past year.

Investment Strategy

Parametric's cash overlay services are known internally as Policy Implementation Overlay Services (PIOS). The objectives of PIOS are to: 1) increase day-to-day availability of cash and provide operational efficiency for cash flow management, 2) eliminate performance drag due to unintended cash, 3) enable staff to obtain a daily snapshot of total fund exposures, and 4) maintain asset class exposure during manager changes.

Parametric uses liquid futures in the implementation of PIOS. US equity exposures are maintained using large cap and small cap futures. Non-US equity exposures are replicated using developed and emerging markets futures. Fixed income Treasury futures are used for bond replication so interest rate sensitivities are addressed. Credit exposure is not addressed so there is some tracking error within the fixed income asset class compared to SamCERA exposures. This tracking error detracted during part of 2017 and 2018 but has more recently added value to overlay performance.

Parametric also does currency hedging for SamCERA and hedges half the notional value of developed international equities. The addition of currency hedging started in September 2018 and was fully implemented on 10/1/2019. The purpose of the currency is first and foremost to lower portfolio risk and secondarily to add incremental performance.

Performance & Positioning

Parametric has implemented its overlay strategy within SamCERA's guidelines, reducing cash and maintaining the portfolio target asset allocation within tight tracking error bands. SamCERA experienced four synthetic rebalances in 2020. SamCERA's overlay added 6 bps to the portfolio over the past year. Over the long term the portfolio is in line with expectations gaining 13 bps, mostly from cash equitization.

Currency hedging was fully implemented in 2019 and has lost -0.86% since inception through December 31, 2020.

Conclusion


Verus continues to have confidence in Parametric's overlay capabilities and Parametric's implementation of SamCERA's program. Alpha and tracking to the fund's strategic asset allocation are in line with expectations.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 6.3

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Real Estate Annual Manager Reviews

Recommendation

Accept and review the report on the annual reviews of SamCERA's real estate managers, INVESCO and Harrison Street.

Background

On April 1st, SamCERA staff and consultant held virtual annual review meetings with our real estate managers, INVESCO and Harrison Street.

Each meeting lasted approximately 1.5 - 2 hours, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook.

Discussion

INVESCO's Core Real Estate fund, an open-ended commingled pool which invests in institutional quality office, retail, industrial and multi-family residential real estate assets, was reviewed. INVESCO's U.S. Value-Add Fund IV and V, both closed-end funds which acquire and reposition fundamentally sound, but "broken core" real estate into institutional-quality assets across the same sectors, were also reviewed.

Harrison Street's Core Property Fund, an open-ended commingled fund that invests in high quality real estate assets primarily across the education, healthcare, life sciences and storage sectors, was reviewed next.

Attached you will find meeting notes summarizing the findings and details from the annual reviews.

Attachments

INVESCO Core Real Estate Annual Review Meeting Notes
INVESCO Value-Add IV & V Real Estate Annual Review Meeting Notes (confidential)
Harrison Street Core Property Fund Annual Review Meeting Notes

Research Meeting Notes

| | |
|---------------------------------|--|
| Investment Organization | Invesco |
| Business Type | Publicly Traded |
| Firm Inception Date | 1935 |
| Firm \$AUM | \$1.3 trillion |
| Investment Org Attendees | Jay Hurley, Michelle Foss, Brooks Monroe |
| Verus Attendees | John Nicolini; Margaret Jadallah |
| SamCERA Attendees | Scott Hood, Michael Coultrip, Lilibeth Dames, Doris Ng |
| Interview Date(s) | 4/1/21 |
| Meeting Type | Phone Call |
| Meeting Purpose | Update |
| Strategy Name | Invesco Core Real Estate |
| Strategy Inception Date | 2004 |
| Asset Class (Style) | Real Estate |
| If other, please name | |
| Sub-Style | Equity |
| Strategy \$AUM | \$14.6 billion (Core) |
| AIC Approved (Yes or No) | Yes |

Notes and Analysis

Firm:

Invesco is a large investment management firm with assets under management of \$1.3 trillion and more than 8,000 employees worldwide. The product mix within Invesco is broad with both public and private market strategies and a mix of retail and institutional clients. Growth within the platform has come from acquisitions in the ETF market and from a growing alternatives asset class platform. Most recently, Invesco closed on the acquisition of Oppenheimer Funds from MassMutual which added an additional \$250 million in AUM and the acquisition of Guggenheim's ETF business.

As of December 31, 2020, the real estate platform had assets of \$82.8 billion. It has also become increasingly global both in terms of offices and product offerings. Invesco manages core open end funds in all three developed market regions, North America, Europe and Asia. In addition to direct real estate investments, Invesco also offers U.S. and Global real estate securities (REIT) offerings and has approximately \$19.3 billion in these vehicles. The Core Fund grew modestly from \$14.5 billion in 2019 to \$14.6 billion at the end of 2020. The Core Fund has \$928 million in outstanding redemptions and approximately \$75 million in signed commitments.

Team/People:

The structure of Invesco's real estate team emphasizes specialization and a focus on accountability. The Invesco Core Real Estate fund is overseen by three committees composed of senior professionals. The Investment Committee is responsible for approving acquisitions and sales. The Steering Committee governs the Fund's investment and governance policy. And the North American Direct Investment Strategy Group oversees execution, including market selection and sector allocation. In addition to the Portfolio Management Team, INVESCO employs professionals dedicated to a range of real estate specializations including research, acquisitions, financing, underwriting, closing and due diligence, asset management, and accounting and reporting.

Bill Grubbs serves as lead portfolio for the Core Fund and has been with Invesco for 16 years. Michelle Foss is co-portfolio manager on the Core Fund and joined Invesco in 2014. Michelle was most recently with Bailard where she was a core, open end real estate fund manager. She had worked with Bill previously at Prudential 22 years ago. The broader North American real estate team consists of 253 employees located in five regional offices. Bill Grubbs and Michelle Foss are based in San Francisco, with Dallas being the real estate team's headquarters.

Process/Philosophy

SamCERA is one of the founding investors in the Invesco Core Real Estate fund in 2004. As a founding investor, SamCERA has benefited from lower fees than those paid by more recent investors. This fund is Invesco's largest and flagship real estate fund and has assets of \$14.6 billion. Invesco's Core Fund invests in high quality office, apartment, industrial and retail properties in major markets while utilizing a conservative balance sheet. The Fund's performance target is to outperform the NCREIF ODCE Index over longer time periods.

Four broad principles underlie Invesco's approach to core real estate investing. They seek to manage a diversified portfolio, both geographically and by property type. The portfolio holds office, industrial, retail and apartment properties. The portfolio maintains an income-oriented investment approach. Attractive markets and properties must offer investments that are "durable" with barriers to entry, in growing areas and liquid, meaning that it's possible to redeem if desired. They strive to have a conservative risk profile, with strong balance sheets, limited leverage and selective exposure to value-add type investments. Invesco also strives to be transparent and efficient in client communication and reporting.

The investment process has both top down and bottom-up elements. Invesco has long term strategic ranges for each property type with an overweight to apartments. They develop a view about different regions and cities and focus on specific target markets. Invesco is looking primarily at gateway cities and up-and-coming markets. They are most selective in office and industrial properties, where they believe a market needs to have high value jobs and high barriers to entry to be attractive. Invesco also seeks to generate returns on a bottom-up basis with property specific selection within their target property type ranges and preferred regions.

The Core Fund will selectively make value add investments (up to 15% allowed). But they do so only in cases where replacement cost is lower than purchasing an existing property. Value add investments are not made with the expectation of a quick sale, but of holding the property in the portfolio for purposes of generating income. While there are some value-add investments in the Core Fund, there isn't overlap in exposure with the Value-Add Fund. The Value-Add Fund has higher return/risk expectations of 12-15%, so most transactions that fit that mandate would fall outside the risk parameters of the Core Fund.

Performance

Michelle Foss discussed Invesco's outlook and positioning within the Core Fund. The most notable sector over/underweight within the Core Fund is the modest overweight to multifamily and meaningful underweight to industrial, relative to the ODCE Index. Invesco has been overweight to multifamily for many years but continue to believe that the sector will outperform relative to office in an economic slowdown. Though the team has been growing their exposure to industrial assets, they have been relatively late to the sector which has been a performance headwind given the strength in the sector. Invesco has utilized their build-to-core portfolio to grow exposure in the industrial sector as they look to add modern buildings near key submarkets. The apartment overweight has helped during the recent downturn as multi-family assets are expected to hold-up relatively well versus retail and office properties. The retail segment shifted towards what Invesco calls "experiential", meaning that the property offers a unique experience that can't be replicated easily. They also look for retail centers anchored by grocers in high-barrier to entry locations.

The manage to core portfolio (i.e. value-add) will be providing material appreciation and growth in the Fund's income as projects in the industrial and apartment portfolio generate rental income. The manage to core portfolio represents about 11.4% of gross asset value, with industrial projects comprising 48%, office 25%, self-storage 2%, life sciences 11% and mixed-use 14%.

The Core Fund underperformed the ODCE index over the trailing year and three years. Underperformance was attributed to write-downs in retail and office assets, primarily. As of year-end 2020, debt to total assets was 26.0% which is up from last year but still a conservative level relative to the asset classes history. Invesco has maintained a longer duration than most peers as they lock-in low fixed rates. The weighted average remaining term on their debt was 6.6 years with an average contract interest rate of 3.5% at year-end.

Research Meeting Notes

| | |
|---------------------------------|--|
| Investment Organization | Harrison Street |
| Business Type | Private |
| Firm Inception Date | 2005 |
| Firm \$AUM | \$32.1 billion |
| Investment Org Attendees | Joey Lansing, Mia Dennis, James Choi |
| SamCERA Attendees | Scott Hood, Michael Coultrip, Lilibeth Dames, Doris Ng |
| Verus Attendees | John Nicolini |
| Interview Date(s) | 4/1/21 |
| Meeting Type | Phone Call |
| Meeting Purpose | Update |
| Strategy Name | Harrison Street Core Property Fund |
| Strategy Inception Date | 2011 |
| Asset Class (Style) | Real Estate |
| If other, please name | |
| Sub-Style | Equity |
| Strategy \$AUM | \$10.1 billion (gross asset value) |
| AIC Approved (Yes or No) | Yes |

Notes and Analysis

Firm:

Harrison Street was founded in 2005 by Christopher Merrill in partnership with Chris Galvan and Mike Galvin. Based in Chicago, Harrison Street's exclusive focus since inception has been investing in education, healthcare, life sciences and self-storage sectors of the real estate market. The Firm has invested in over 1,100 properties that comprise more than \$40.0 billion in real estate cost. The Core Fund is their open-end flagship product with over \$10 billion in assets. They also manage a domestic opportunistic closed-end series and European opportunistic fund, all with the same alternative property type focus. In 2018, Harrison Street launched an open-end social infrastructure fund which will develop or buy structured infrastructure assets in partnership with universities, health systems and government users

In 2018, Colliers International Group purchased a 75% stake in Harrison Street, with the remaining 25% held by employees of Harrison Street.

Team/People:

Harrison Street Real Estate currently has 195 employees that support the Firm's various real estate & infrastructure strategies, including the Core Property Fund. This includes 18 in portfolio management, 48 in

transactions, 36 in asset management, 16 in client service, 12 in legal & compliance, 29 in portfolio accounting & reporting, 8 in research, and 21 in operations/admin/IT support.

The Investment Committee, which consists of the six Senior Managing Directors of the Firm, have input into investment strategy, review portfolio construction, approve all acquisitions and dispositions and monitor performance. Further, significant capital expenditures, leasing and financing decisions requires review by members of the Committee.

Joey Lansing serves as lead PM on the Core Property Fund, a position he has held since launching the product in 2011. Mark Burkemper is head of transactions and a key contributor to the Core Fund where he is responsible for sourcing transactions and forming joint venture relationships. Ben Mohns is head of Asset Management North America and is responsible for directing the creation and execution of the Firm's investment level strategies and driving value-add initiatives.

Process/Philosophy

Incepted in 2011, the Harrison Street Core Fund is an open-end fund that invests primarily in stabilized education, healthcare, and self-storage real estate assets in the United States using modest leverage with an emphasis on generating current income.

The Fund executes its strategy through investments in student housing, other university market real estate, for-rent senior housing, healthcare-delivery real estate and other healthcare-related properties, as well as self-storage facilities. The Fund's LPA limits leverage to no more than 40% loan-to-value (LTV) at the portfolio level. However, the Fund targets leverage across the portfolio of 22% to 27% LTV with an emphasis on fixed-rate, interest only, long term debt.

The focus on these alternative property types is intended to concentrate on areas of the real estate market that are less GDP sensitive with demand drivers that are more demographic driven such as aging populations, education growth and healthcare delivery. Each of these areas tend to be less tied to the business cycle, have fragmented ownership and more operationally intensive.

Investment opportunities are sourced through relationships with universities, major national health systems, institutional and private owners, service providers, brokers, lenders, and other market contacts. Additionally, Harrison Street utilizes its operating partners to generate proprietary, off-market deal flow and much of the time, the firm has a Right of First Opportunity with its operating partners. The Firm has created a proprietary set of selection criteria for each asset class to be used as an initial screening tool for all potential acquisitions.

The team responsible for conducting due diligence of a potential acquisition consists of professionals from Harrison Street's various disciplines including acquisitions, asset management, portfolio management, internal counsel, risk management, compliance and accounting. The team is responsible for (i) touring the asset and submarket, (ii) underwriting the asset including rigorous stress test of assumptions (iii) analyzing the proposed acquisition impact on the fund's existing portfolio (iv) negotiating and completing final contracts and financing, if applicable (v) preparing initial business plan for the asset (vi) managing and completing closing check list.

Performance

Joey Lansing provided an update on recent performance for the Core Fund. In 2020, Harrison Street Core Fund was up 4.9% (gross) vs. the NCREIF ODCE Index which was up 1.2% (gross). The Fund's

performance was driven as much by what it owned as what it did NOT own relative to the Core Fund universe. Harrison Street's exposure to medical office, life sciences and student housing were all positive for the year with Senior Housing being the only sector that had negative appreciation. Relative to peers, the lack of retail and traditional office exposure was a key reason Harrison Street outperformed by 370bps in 2020. While Covid had an impact on both Student and Senior Housing, both property types have recovered quickly, and Harrison Street believes both have strong tailwinds to support further income growth. Life Sciences is quickly becoming one of the hottest real estate segments which benefits Harrison Street as they are one of the few core funds with meaningful exposure already in their portfolio.


Going forward, Harrison Street will look to add to the Life Sciences and Senior Housing exposure and likely reduce slightly the student housing allocation.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 6.4

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Global Custodian (Northern Trust) Annual Review

Recommendation

Accept the report on the annual review of SamCERA's custodian bank.

Background

Northern Trust became SamCERA's custodian effective July 1, 2014. Northern Trust provides SamCERA with global custody and securities lending services.

Discussion

On March 4th, SamCERA staff held the annual review meeting with Northern Trust virtually. Colleen Brennan (Client Executive), Matt Pfaff (Client Service Manager), Era Pawlowski (Accounting Consultant) and Shane Crea (Performance Consultant) attended from Northern Trust.

The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, global custody overview, securities lending review, and a service performance review.

Overall, Northern Trust continues to provide consistent and reliable levels of service to staff. There were no major concerns identified during the review. Annual review materials will be sent separately to the Board.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 7.1

TO: Board of Retirement

FROM: Tat-Ling Chow, Finance Officer 
Tariq Ali, Chief Technology Officer 
Lilibeth Dames, Investment Analyst 

SUBJECT: SamCERA's Budget for Fiscal Year 2021-22

RECOMMENDATION

Approve SamCERA's Budget for Fiscal Year (FY) 2021-22 totaling \$44 million.

| | FY 2021-22 Proposed | FY 2020-21 Adopted | Increase (Decrease) | % of Change |
|--------------------------------|------------------------|-----------------------|------------------------|----------------|
| SamCERA Budget | | | | |
| Professional Services | \$ 34,621,348 | \$ 30,232,571 | \$ 4,388,777 | 15% |
| Administrative | 7,483,784 | 7,232,983 | 250,801 | 3% |
| Information Technology | 2,008,000 | 1,225,500 | 782,500 | 64% |
| Total Budget - SamCERA | <u>\$ 44,113,132</u> | <u>\$ 38,691,054</u> | <u>\$ 5,422,078</u> | 14% |

BACKGROUND

SamCERA's budget consists of three units: professional services, administrative, and information technology.

Professional Services Budget – covers professional fees that are authorized by Government Code §31596.1. This code authorizes the Board of Retirement (the Board) to expend funds from investment earnings of the pension trust for specific professional services, including investment management, actuarial consulting, investment consulting, custodian services, and external legal services.

SamCERA employs professional investment managers to manage its portfolio. Some management fees are performance driven, primarily dependent upon the market value of the assets under management and negotiated fee schedules. As the market values of invested assets increase, so do management fees. Other management fees are based on contractual agreements. Fees for the actuarial consulting, investment consulting, and global custodian services are either on per-service or per-retainer basis.

Periodically, the Chief Investment Officer and the investment consultant review the portfolio's performance and report the results to the Board. Investment staff examine professional service expenses to ensure fees charged to SamCERA are following respective contractual agreements.

The professional services budget for FY 2021-22 is projected to be \$34.6 million, 15% above the current year's adopted budget.

| | FY 2021-22 | FY 2020-21 | Increase | % of |
|--------------------------------------|----------------------|----------------------|---------------------|---------------|
| <u>Professional Services Budget</u> | <u>Proposed</u> | <u>Adopted</u> | <u>(Decrease)</u> | <u>Change</u> |
| Investment Management | \$ 33,618,348 | \$ 29,118,571 | \$ 4,499,777 | 15% |
| Other Professional Service Fees | 1,003,000 | 1,114,000 | (111,000) | -10% |
| Total - Professional Services Budget | <u>\$ 34,621,348</u> | <u>\$ 30,232,571</u> | <u>\$ 4,388,777</u> | 15% |

- Investment management fees are projected to increase by 15%, primarily attributable to new capital added to Alternative Assets and the projected growth in overall assets under management. These fees are either driven by contractual agreements or based on the value of assets under management, the amount of capital committed, and/or the investment performance.

| Investment Management Fees | | | | | | |
|-----------------------------------|------------|----------------------|---------------------|----------------------|----------------------|--------|
| | FY 2021-22 | | | FY 2020-21 | | |
| | Fee | Projected | Performance | Total | Total | % of |
| Investment Manager | (bps) | Annual Fee | Fee | Projected Fee | Authorized Fee | Change |
| Total Public Equity | 29.6 | \$ 5,842,259 | \$ 717,641 | \$ 6,559,900 | \$ 5,823,940 | 13% |
| Total Fixed Income | 44.6 | 6,957,738 | - | 6,957,738 | 6,534,501 | 6% |
| Total Alternative Assets | 172.7 | 11,027,500 | 2,027,954 | 13,055,454 | 10,750,678 | 21% |
| Total Inflation Hedge | 89.7 | 6,443,864 | 341,392 | 6,785,256 | 5,778,202 | 17% |
| Total Cash Overlay | N/A | 260,000 | - | 260,000 | 231,250 | 12% |
| TOTAL | 63.6 | <u>\$ 30,531,361</u> | <u>\$ 3,086,987</u> | <u>\$ 33,618,348</u> | <u>\$ 29,118,571</u> | 15% |

- Other professional fees, which are mostly on per-service basis, are adjusted downwards by 10% after the Triennial Experience Study and the Actuarial Audit were fully completed in fiscal year 2020-21.

| Other Professional Fees | | | | | |
|--------------------------------|-----------------------|------------|---------------------|---------------------|--------|
| | | FY 2021-22 | | FY 2020-21 | |
| Contractor | Service | Fee | Projected | Authorized | % of |
| | | (bps) | Fee | Fee | Change |
| Milliman Inc. | Actuarial Consulting | 0.2 | \$ 108,000 | \$ 139,000 | -22% |
| Cheiron Inc. | Actuarial Audit | N/A | - | 90,000 | -100% |
| Verus Investments | Investment Consulting | 1.0 | 535,000 | 535,000 | 0% |
| Northern Trust | Custodian | 0.7 | 360,000 | 350,000 | 3% |
| TOTAL | | 1.9 | <u>\$ 1,003,000</u> | <u>\$ 1,114,000</u> | -10% |

Administrative Budget – accounts for administrative expenses such as salaries and benefits. Government Code §31580.2(a) of the County Employees’ Retirement Law of 1937 limits SamCERA’s administrative budget to twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system.

The proposed administrative budget for FY 2021-22 is \$7.5 million, slightly above the current year’s adopted budget by 3%. This amount approximates to 0.13% of the total accrued actuarial liability of \$5.8 billion as of June 30, 2020.

| <u>Administrative Budget</u> | FY 2021-22 Proposed | FY 2020-21 Adopted | Increase (Decrease) | % of Change |
|-----------------------------------|------------------------|-----------------------|------------------------|----------------|
| Salaries and Benefits | | | | |
| Salaries | \$ 3,805,642 | \$ 3,705,944 | \$ 99,698 | 3% |
| Benefits | 1,874,891 | 1,842,223 | 32,668 | 2% |
| Total Salaries and Benefits | 5,680,533 | 5,548,167 | 132,366 | 2% |
| Services and Supplies | | | | |
| Board Expense | 8,000 | 8,000 | - | 0% |
| Insurance | 86,500 | 72,050 | 14,450 | 20% |
| Medical Record and Appeal Hearing | 75,000 | 75,000 | - | 0% |
| Member Education | 63,750 | 63,750 | - | 0% |
| Education and Conference | 121,252 | 98,914 | 22,338 | 23% |
| Transportation and Lodging | 85,700 | 90,910 | (5,210) | -6% |
| Property and Equipment | 23,000 | 24,082 | (1,082) | -4% |
| General Office Supplies | 41,000 | 37,127 | 3,873 | 10% |
| Postage and Printing | 25,000 | 25,000 | - | 0% |
| Leased Facilities | 667,040 | 655,272 | 11,768 | 2% |
| County Services | 422,009 | 349,711 | 72,298 | 21% |
| Audit Services | 60,000 | 60,000 | - | 0% |
| Other Professional Services | 125,000 | 125,000 | - | 0% |
| Total Services and Supplies | 1,803,251 | 1,684,816 | 118,435 | 7% |
| Total - Administrative Budget | \$ 7,483,784 | \$ 7,232,983 | \$ 250,801 | 3% |

Budget items with material changes over the year are discussed below.

- Salaries are expected to increase by 3%. The labor contract with the County is expiring towards the end of 2021, and the new negotiation will commence soon.
- Benefits are up by 2% to absorb increases due to inflation based on the financial information furnished by the County.
- Budget for fiduciary liability insurance increases by 20% to cover fee adjustments from the insurance provider.

- Outlays for education and conference are adjusted upwards by 23% to accommodate projected increase in staff participation. Amid the pandemic, nearly all “in-person” trainings and conferences have been canceled or deferred. As the pandemic subsides, “live” programs are likely to return and staff in-person participation in conferences is likely to increase.
- Transportation and lodging outlays are adjusted downwards by 6% to be in line with the projected level of traveling activities.
- Spending on general supplies is expected to increase by 10%. In fiscal year 2020-21, the “working from home” business model has significantly reduced the need for replenishment. As the pandemic subsides and conditions permit, SamCERA will consider reopening its offices upon meeting requirements to reopen safely.
- Lease payments for the office space are up by 2%, a reflection of stipulated increase in the rental agreement.
- Appropriations for County services are expected to increase by 21%. Traditionally, County departments provide various types of services to SamCERA at the “direct” cost basis. In August 2020, SamCERA was notified that the County would begin charging SamCERA for the “indirect” costs incurred by the County’s servicing departments in accordance with the County’s annual cost allocation plan.

Information Technology Budget – covers projected expenses for information technology that are authorized by Government Code §31580.2(b). The Code states that “Expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products shall not be considered a cost of administration of the retirement system.”

| | FY 2021-22 Proposed | FY 2020-21 Proposed | Increase (Decrease) | % of Change |
|---|------------------------|------------------------|------------------------|----------------|
| Information Technology Budget | | | | |
| Computer Equipment and Software | \$ 25,000 | \$ 30,000 | \$ (5,000) | -17% |
| IT Infrastructure: | | | | |
| Software License Maintenance | 1,197,000 | 529,500 | 667,500 | 126% |
| Maintenance Tools & Equipment | 150,000 | 300,000 | (150,000) | -50% |
| Contract IT Services | 606,000 | 306,000 | 300,000 | 98% |
| Imaging | 25,000 | 50,000 | (25,000) | -50% |
| Technology Research and Development | 5,000 | 10,000 | (5,000) | -50% |
| Total - Information Technology Budget | <u>\$ 2,008,000</u> | <u>\$ 1,225,500</u> | <u>\$ 782,500</u> | 64% |

The information technology budget for FY 2021-22 is estimated to be \$2 million, 64% above the current year’s budget. Areas with significant changes over the year include the following:

- Needs to acquire extra licenses for the most used software are likely to decline since most computers have already been equipped with adequate tools.


- Software license maintenance is expected to rise significantly, due primarily to the following:
 - In fiscal year 2019-20, SamCERA purchased 2,500 hours of system support from Vitech for \$462,500 with a bulk discount. The hours purchased have gradually been depleted over time. As a result, \$0.5 million is put aside to replenish most of the support hours used.
 - Vitech, the vendor of SamCERA’s pension administration software system, has decided to discontinue its hosting services for the SamCERA’s production environment by June 30, 2022. Conscientious efforts are currently underway to search for a replacement hosting site. According to the Chief Technology Officer, the annual fee charged by the new hosting provider may reach \$250,000, about \$100,000 higher than the current cost.
- Budget for maintenance tools and equipment is reduced by half with the completion of replacing old laptops and acquiring backend servers for disaster recovery.
- Appropriation for contract IT services is expected to double. SamCERA may hire third party vendors to assist with the following projects:
 - Upgrade audio/video technologies in the boardroom and the conference room to enhance communications via virtual environments.
 - Implement new member portal and website with a more user-friendly interface.
 - Migrate hosting services for SamCERA’s production environment to the new hosting service provider.
 - Implement cybersecurity evaluations and measures to protect sensitive information.
- Budget for imaging project is reduced by half. This project has two phases: (1) migrating electronic documents from HP Autonomy system to Microsoft SharePoint, and (2) converting paper documents to digital files using the County SharePoint software solution. Phase 1 was fully completed, and phase 2 is still a work-in-progress. Together these phases strive to reduce file storage cost and administrative burden in the long run.
- Funding for technology research and development dwindles by half, consistent with the level of efforts dedicated to exploring and capitalizing on new technologies.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 27, 2021

Agenda Item 7.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Directions for Voting by SamCERA Delegates at the SACRS Spring Business Meeting.

Recommendation

Provide direction to the SamCERA Voting Delegate as to how to vote during the SACRS business meeting on May 14, 2021. Staff is supportive of the Nominating Committee's Final Ballot and the amendments to the CERL as proposed by the SACRS Legislative Committee to be incorporated in SB 634.

Background

At its March meeting, the Board designated Robert Raw, followed by Scott Hood as the first alternates delegate, the authority to serve as the voting delegate for SamCERA at the upcoming SACRS business meeting. The key action items requiring votes are for the election of the SACRS Board of Directors and legislative changes proposed by the SACRS Legislative Committee.

Discussion

The SACRS Nominating Committee submitted its final slate of officers for the 2021-22 Elections, which is as follows:

| | |
|-----------------|--|
| President: | Vivian Gray, Los Angeles CERA |
| Vice President: | Kathryn Cavness, Mendocino CERA |
| Treasurer: | Harry E. Hagen, Santa Barbara CERS |
| Secretary: | Thomas Garcia, Imperial CERS |
| Regular Member: | David MacDonald, MD, Contra Costa CERA |
| Regular Member: | Vere Williams, San Bernardino CERA |

This year the SACRS Legislative Committee is following a similar path as they did last year with AB 2101 by sponsoring an omnibus bill that provides technical and clarifying changes to the County Employees Retirement Law (CERL). The changes will be incorporated along with other noncontroversial changes for CalPERS and CalSTRS in legislation authored by the Senate Committee on Labor, Public Employment and Retirement.

A summary of the proposed CERL amendments is in the table below:

2021 CERL Amendments

| Sec | Gov Code | Topic | Issue/Justification |
|----------|--------------------|--|--|
| 9 14 | 31530 31732 | County Health Officer as Medical Advisor | Updates statutes to conform to existing practices in which many retirement systems currently use outside, independent medical advisors to evaluate disability claims. Amendments clarify that the county health officer, either directly or through a duly authorized representative, shall advise the board on medical matters. Also clarifies that the board may contract with a physician in private practice under its existing authority to secure the necessary medical service and advice in carrying out its adjudication of disability retirement applications. |
| 10 | 31565.5 | County Office of Education | Fixes incorrect cross references when the Education Code was restructured years ago. |
| 11 | 31641.8 | Service Purchase-Installment Payments | Deletes obsolete section. The payment terms related to pre-tax and after-tax contributions in conformity with federal tax law are generally specified in the contracts that members sign when they elect to make additional contributions. |
| 12 13 | 31680.2 31680.3 | Post-Retirement Employment | Fixes typo/missing words. Section 31680.2 provides that retired members may be reemployed without reinstatement to membership in a position requiring special skills or knowledge for a period of time not to exceed 90 working days or 720 hours in one fiscal year of any other 12-month period. Section 31680.3 provides that the period of time not exceed 120 working days or 960 hours. The current statutes are missing the phrase "a period of time," similar to sentence structure in Section 31680.6. |
| 15 | 31781.2 | Survivor benefits | Fixes typo. The word "the" is missing before "guardian." |

Attachment

SACRS Spring 2021 Business Meeting Packet



SACRS Business Meeting Packet

Friday, May 14, 2021

10:00 AM - Upon Adjournment

SACRS Event Tech Platform

(Link will be sent via email to all registered Attendees. Access is email specific to attendee)



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

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

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

- A. November 2020 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2020 – January 2021 Financials

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update – Action

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

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

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Elections 2021-2022

7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2019-2020 Annual Audit



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Virtual Spring 2021 Conference Evaluations/Feedback

9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

- A. SACRS Annual Virtual Spring 2021 Conference Report

10. SACRS Affiliate Committee Report – No Action

Scott Draper, Algert Global LLC, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

12. SACRS Spring Conference Breakout Reports – No Action

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

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

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, November 12, 2021 at the Hollywood Loews Hotel unless Covid-19 restrictions are in place.



1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary



SACRS Business Meeting Roll Call of the System Membership

| System | Delegate | Alternate | Present | 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

Kathryn Cavness, Mendocino CERA, SACRS Secretary

- A. November 2020 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
Friday, November 13, 2020
9:00 AM - Upon Adjournment
Online Via SACRS Conference Platform

Meeting Called to Order at 9:04 am

SACRS Board of Directors in Attendance: Vivian Gray, President; Roger Hilton, Vice President; Harry Hagen, Treasurer; Kathryn Cavness, Secretary; David McDonald, Board Member; John Kelly, Board Member; and Teri Noble, Affiliate Chair

1. SACRS System Roll Call

Kathryn Cavness, Mendocino CERA, SACRS Secretary

19 SACRS Member Systems Present

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

Arrived at 9:25 am: Imperial

Absent: Merced

2. Secretary's Report - Receive and File

Kathryn Cavness, Mendocino CERA, SACRS Secretary

A. November 2019 SACRS Business Meeting Minutes

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

2nd: San Diego CERA

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

No: 0

Absent: Merced, Imperial

Motion Passes 18-0-2

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2020 – August 2020 Financials



B. 2020 – 2021 Annual Budget

Motion: Fresno made a motion to approve the Treasurers report as presented.

2nd: Orange

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

No: 0

Absent: Merced, Imperial

Motion Passes 18-0-2

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

Discussion: No action, verbal report given by Vivian Gray, SACRS President

5. SACRS Legislative Committee Update – No Action

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

A. 2020 Legislative Report – No Action

B. Los Angeles CERA Proposal – No Action

Discussion: Eric Stern and Dave Nelsen gave a verbal report on the SACRS Legislative status, review of written report submitted and discussed the LACERA proposal.

Vivian Gray requested that the System members have an opportunity to submit their positions on the LACERA proposal.

Harry Hatch asked that the request be an informal review and that the voting delegates have an opportunity to go back to their Systems to discuss.

Eric Stern offered to send the Systems a letter of explanation and language detailing the proposal so that the System could report back.

Roger Hilton asked for a turnaround time on the survey, the delegation agreed on a response of December 8.

Vivian Gray offered additional information on the proposal via Barry Lew who would also be available to answer questions System might have.

6. SACRS Nomination Committee - 2021-2022 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair



A. SACRS Election Notice 2021-2022

Discussion: Dan McAllister gave a verbal and written update on the elections held in August 2020. No action taken, information only.

7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2018-2019 Annual Audit

Carry over item from Spring 2020 Conference that was cancelled due to COVID-19

Motion: Orange made a motion to approve and file the Audit report as presented.

2nd: Kern

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

No: 0

Absent: Merced

Motion Passes 19-0-1

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Virtual Fall 2020 Conference Evaluations/Feedback

Discussion: No report

9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

A. SACRS Annual Virtual Fall Conference Report 2020

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

10. SACRS Affiliate Committee Report – No Action

Teri Noble, Pathway, SACRS Affiliate Committee Chair



A. Affiliate Committee Update

Discussion: Verbal report on upcoming elections for Affiliate Committee, Fall sessions and volunteers wanted for future committee members.

11. SACRS Bylaws Committee Report – Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Use of SACRS' Intellectual Property

Motion: A motion to approve the Bylaws with the inclusion of Intellectual property was made by Sonoma.

2nd: Marin

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

No: 0

Absent: Merced

Motion Passes 19-0-1

B. Termination of Membership

Motion: A motion to approve the Bylaws to include new language on Termination of Membership was made by Sonoma.

2nd: San Bernardino

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

No: 0

Absent: Merced

Motion Passes 19-0-1

C. Electronic Meetings

Motion: A motion to approve the Bylaws addition of Electronic Meeting of the Membership was made by San Diego.

2nd: Contra Costa

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



No: 0

Absent: Merced

Motion Passes 19-0-1

12. SACRS Fall Conference Breakout Reports – No Action

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

- A. Administrators – Eric Stern gave a verbal update on the Administrators breakout. Leanne Malison has volunteered to moderate the Spring session.
- B. Counsel – David Lantzer gave a verbal update on the Attorney’s session. No volunteer for the Spring session, please contact SACRS if you’d like to volunteer.
- C. Disability/ Operations & Benefits Combo – No Report
- D. Internal Auditors – No Report
- E. Investment Officers – No Report
- F. Safety Trustees – Roger Hilton gave a verbal update on the Safety meeting. Brian Williams has volunteered to moderate the Spring session.
- G. General Trustees – Kathryn Cavness gave a verbal update on the Trustees breakout. Mrs. Cavness has also volunteered to serve as moderator in the Spring.

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 14, 2021 at the Long Beach Renaissance or via virtual platform due to Covid-19.

Motion: A motion to adjourn the SACRS Fall 2020 Business meeting at 10:25 am was made by San Diego.

2nd: Orange

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

No: 0

Absent: Merced

Motion Passes 19-0-1

Minutes submitted by;

Kathryn Cavness, SACRS Secretary

Sulema Peterson, SACRS Executive Director



3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2020 – January 2021 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet
As of January 31, 2021

Jan 31, 21

ASSETS

Current Assets

Checking/Savings

| | |
|---------------------------------------|------------|
| 1000 - First Foundation Bank-Checking | 119,684.24 |
| 1001 - BofA Interest Checking 4389 | 267,053.26 |
| 1002 - First Foundation Bank ICS Acct | 57,541.01 |

Total Checking/Savings 444,278.51

Other Current Assets

| | |
|----------------------------------|------------|
| 1100 - CalTrust - Medium Term | 979,692.99 |
| 1107 - CalTrust Liquidity Fund | 8,223.85 |
| 1110 - CAMP-SACRS Liquidity Fund | 790,897.39 |
| 1201 - Deposits in Transit | -5,337.26 |

Total Other Current Assets 1,773,476.97

Total Current Assets 2,217,755.48

TOTAL ASSETS 2,217,755.48

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 - First Foundation Credit Card 1,854.14

Total Credit Cards 1,854.14

Total Current Liabilities 1,854.14

Total Liabilities 1,854.14

Equity

32000 - Retained Earnings 1,981,948.99

Net Income 233,952.35

Total Equity 2,215,901.34

TOTAL LIABILITIES & EQUITY 2,217,755.48

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2020 through January 2021

Jul '20 - Jan 21

Ordinary Income/Expense

Income

| | |
|---|-------------------|
| 4100 - Membership Dues | |
| 4101 - Affiliates | 236,250.00 |
| 4102 - Non Profit - Organizations | 3,000.00 |
| 4103 - Non Profit - Systems | 6,000.00 |
| 4104 - Systems - Medium | 52,000.00 |
| 4105 - Systems - Large | 42,000.00 |
| 4100 - Membership Dues - Other | 3,750.00 |
| Total 4100 - Membership Dues | <u>343,000.00</u> |
| 4200 - Webinar Symposium Registration | 350.00 |
| 4270 - UC Berkeley Program | |
| 4271 - Registrations | 12,000.00 |
| 4272 - Sponsorships | 23,500.00 |
| 4270 - UC Berkeley Program - Other | 2,000.00 |
| Total 4270 - UC Berkeley Program | <u>37,500.00</u> |
| 4300 - Fall Conference Registration | |
| 4301 - Affiliates - Early | 23,700.00 |
| 4302 - Affiliates - Regular | 24,150.00 |
| 4303 - Affiliates - Late/Onsite | 13,600.00 |
| 4304 - Non Profit | 720.00 |
| 4305 - Systems | 16,200.00 |
| 4306 - Non-Members | 16,670.00 |
| 4307 - Fun Run | 355.00 |
| 4308 - Yoga | 105.00 |
| 4300 - Fall Conference Registration - Other | 7,200.00 |
| Total 4300 - Fall Conference Registration | <u>102,700.00</u> |
| 4900 - Interest Earned | 5,562.42 |
| Total Income | <u>489,112.42</u> |

Gross Profit

Expense

| | |
|--------------------------------------|-------------------|
| 5000 - Administrative Fee | 105,000.00 |
| 5001 - Administrative Services | 0.00 |
| 5003 - Bank Charges/Credit Card Fees | 7,219.12 |
| 5010 - Berkeley & Symposium | |
| 5015 - Materials/Printing/Design | 108.75 |
| 5017 - UC Berkeley | -20,301.00 |
| Total 5010 - Berkeley & Symposium | <u>-20,192.25</u> |
| 5020 - Webinar Symposium | |
| 5022 - Webinar Technology | 28,700.00 |
| Total 5020 - Webinar Symposium | <u>28,700.00</u> |
| 5040 - Commissions & Fees | 150.00 |
| 5041 - Consulting | 16,162.00 |
| 5042 - Dues & Subscriptions | 3,885.00 |
| 5050 - Fall Conference | |

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2020 through January 2021

| | <u>Jul '20 - Jan 21</u> |
|-----------------------------------|--------------------------|
| 5051 · Audio/Visual | 24,521.25 |
| 5054 · Hotel | 0.00 |
| 5055 · Program Material | 3,049.07 |
| 5056 · Speakers | 38,125.00 |
| 5050 · Fall Conference - Other | <u>2,012.81</u> |
| Total 5050 · Fall Conference | 67,708.13 |
| 5070 · Insurance | 4,229.00 |
| 5071 · Legal & Professional Fees | 22,680.00 |
| 5072 · Legislative Advocacy | 35,007.00 |
| 5080 · Magazine | |
| 5082 · Design/Printing/Etc. | 800.00 |
| 5083 · Magazine - Other | 5,550.00 |
| 5080 · Magazine - Other | <u>3,774.58</u> |
| Total 5080 · Magazine | 10,124.58 |
| 6010 · Office Expenses / Supplies | -55.47 |
| 6011 · Postage & Delivery | 4,234.84 |
| 6020 · Spring Conference | |
| 6022 · Delivery & Shipping | 122.41 |
| 6024 · Hotel | |
| 6024.2 · Conference | 194.86 |
| 6024 · Hotel - Other | <u>-60,000.00</u> |
| Total 6024 · Hotel | -59,805.14 |
| 6026 · Speakers | <u>-210.36</u> |
| Total 6020 · Spring Conference | -59,893.09 |
| 6051 · Taxes & Licenses | 10.00 |
| 6053 · Technology/AMS/Website | 29,960.02 |
| 6054 · Travel | <u>231.19</u> |
| Total Expense | <u>255,160.07</u> |
| Net Ordinary Income | <u>233,952.35</u> |
| Net Income | <u><u>233,952.35</u></u> |

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
Profit & Loss Budget vs. Actual
July 2020 through February 2021

| | <u>Jul '20 - Feb 21</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|--|-------------------------|-------------------|-----------------------|--------------------|
| Income | | | | |
| 4100 · Membership Dues | | | | |
| 4101 · Affiliates | 237,500.00 | 268,750.00 | -31,250.00 | 88.37% |
| 4102 · Non Profit - Organizations | 3,250.00 | 3,000.00 | 250.00 | 108.33% |
| 4103 · Non Profit - Systems | 6,000.00 | 6,000.00 | 0.00 | 100.0% |
| 4104 · Systems - Medium | 52,000.00 | 52,000.00 | 0.00 | 100.0% |
| 4105 · Systems - Large | 42,000.00 | 42,000.00 | 0.00 | 100.0% |
| 4100 · Membership Dues - Other | 3,750.00 | | | |
| Total 4100 · Membership Dues | 344,500.00 | 371,750.00 | -27,250.00 | 92.67% |
| 4200 · Webinar Symposium Registration | 350.00 | | | |
| 4250 · Product Income | | | | |
| 4255 · Magazine Advertising | 0.00 | 2,000.00 | -2,000.00 | 0.0% |
| Total 4250 · Product Income | 0.00 | 2,000.00 | -2,000.00 | 0.0% |
| 4270 · UC Berkeley Program | | | | |
| 4271 · Registrations | 13,000.00 | 100,000.00 | -87,000.00 | 13.0% |
| 4272 · Sponsorships | 23,500.00 | 55,000.00 | -31,500.00 | 42.73% |
| 4270 · UC Berkeley Program - Other | 2,000.00 | | | |
| Total 4270 · UC Berkeley Program | 38,500.00 | 155,000.00 | -116,500.00 | 24.84% |
| 4300 · Fall Conference Registration | | | | |
| 4301 · Affiliates - Early | 24,000.00 | 30,000.00 | -6,000.00 | 80.0% |
| 4302 · Affiliates - Regular | 24,150.00 | 26,250.00 | -2,100.00 | 92.0% |
| 4303 · Affiliates - Late/Onsite | 13,600.00 | 10,000.00 | 3,600.00 | 136.0% |
| 4304 · Non Profit | 720.00 | 1,000.00 | -280.00 | 72.0% |
| 4305 · Systems | 16,200.00 | 12,000.00 | 4,200.00 | 135.0% |
| 4306 · Non-Members | 16,670.00 | 25,000.00 | -8,330.00 | 66.68% |
| 4307 · Fun Run | 355.00 | 1,000.00 | -645.00 | 35.5% |
| 4308 · Yoga | 105.00 | 100.00 | 5.00 | 105.0% |
| 4300 · Fall Conference Registration - Other | 7,200.00 | | | |
| Total 4300 · Fall Conference Registration | 103,000.00 | 105,350.00 | -2,350.00 | 97.77% |
| 4350 · Spring Conference Registration | | | | |
| 4351 · Affiliates - Early | 0.00 | 80,000.00 | -80,000.00 | 0.0% |
| 4352 · Affiliates - Regular | 0.00 | 50,000.00 | -50,000.00 | 0.0% |
| 4353 · Affiliates - Late/Onsite | 0.00 | 17,500.00 | -17,500.00 | 0.0% |
| 4354 · Non Profit | 0.00 | 500.00 | -500.00 | 0.0% |
| 4355 · Systems | 0.00 | 11,250.00 | -11,250.00 | 0.0% |
| 4356 · Non-Members | 0.00 | 127,500.00 | -127,500.00 | 0.0% |
| 4357 · Fun Run | 0.00 | 700.00 | -700.00 | 0.0% |
| 4358 · Yoga | 0.00 | 350.00 | -350.00 | 0.0% |
| Total 4350 · Spring Conference Registration | 0.00 | 287,800.00 | -287,800.00 | 0.0% |
| 4900 · Interest Earned | 4,167.79 | | | |
| Total Income | 490,517.79 | 921,900.00 | -431,382.21 | 53.21% |
| | 490,517.79 | 921,900.00 | -431,382.21 | 53.21% |
| Expense | | | | |

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2020 through February 2021

| | Jul '20 - Feb 21 | Budget | \$ Over Budget | % of Budget |
|--|-------------------|-------------------|--------------------|---------------|
| 5000 - Administrative Fee | 120,000.00 | 180,000.00 | -60,000.00 | 66.67% |
| 5001 - Administrative Services | 0.00 | 500.00 | -500.00 | 0.0% |
| 5002 - Awards | 0.00 | 500.00 | -500.00 | 0.0% |
| 5003 - Bank Charges/Credit Card Fees | 7,254.72 | 36,000.00 | -28,745.28 | 20.15% |
| 5010 - Berkeley & Symposium | | | | |
| 5011 - Audio/Visual | 0.00 | 2,200.00 | -2,200.00 | 0.0% |
| 5013 - Hotel | 0.00 | 12,000.00 | -12,000.00 | 0.0% |
| 5014 - Food & Beverage | 0.00 | 13,000.00 | -13,000.00 | 0.0% |
| 5015 - Materials/Printing/Design | 108.75 | 2,900.00 | -2,791.25 | 3.75% |
| 5016 - Travel | 0.00 | 2,500.00 | -2,500.00 | 0.0% |
| 5017 - UC Berkeley | -20,301.00 | 206,000.00 | -226,301.00 | -9.86% |
| Total 5010 - Berkeley & Symposium | -20,192.25 | 238,600.00 | -258,792.25 | -8.46% |
| 5020 - Webinar Symposium | | | | |
| 5022 - Webinar Technology | 28,700.00 | | | |
| Total 5020 - Webinar Symposium | 28,700.00 | | | |
| 5030 - CERL | | | | |
| 5031 - Materials/Printing/Design | 0.00 | 16,500.00 | -16,500.00 | 0.0% |
| 5032 - Shipping | 0.00 | 1,300.00 | -1,300.00 | 0.0% |
| Total 5030 - CERL | 0.00 | 17,800.00 | -17,800.00 | 0.0% |
| 5040 - Commissions & Fees | 831.00 | 20,000.00 | -19,169.00 | 4.16% |
| 5041 - Consulting | 16,162.00 | 19,992.00 | -3,830.00 | 80.84% |
| 5042 - Dues & Subscriptions | 3,885.00 | 3,700.00 | 185.00 | 105.0% |
| 5050 - Fall Conference | | | | |
| 5051 - Audio/Visual | 24,521.25 | 50,000.00 | -25,478.75 | 49.04% |
| 5053 - Entertainment | 0.00 | 4,000.00 | -4,000.00 | 0.0% |
| 5054 - Hotel | 0.00 | | | |
| 5055 - Program Material | 3,049.07 | 10,000.00 | -6,950.93 | 30.49% |
| 5056 - Speakers | 38,125.00 | 50,000.00 | -11,875.00 | 76.25% |
| 5057 - Supplies | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| 5058 - Travel | 0.00 | 15,000.00 | -15,000.00 | 0.0% |
| 5050 - Fall Conference - Other | 2,012.81 | | | |
| Total 5050 - Fall Conference | 67,708.13 | 130,000.00 | -62,291.87 | 52.08% |
| 5070 - Insurance | 4,229.00 | 5,000.00 | -771.00 | 84.58% |
| 5071 - Legal & Professional Fees | 22,680.00 | 35,000.00 | -12,320.00 | 64.8% |
| 5072 - Legislative Advocacy | 35,007.00 | 60,012.00 | -25,005.00 | 58.33% |
| 5080 - Magazine | | | | |
| 5081 - Delivery & Shipping | 0.00 | 600.00 | -600.00 | 0.0% |
| 5082 - Design/Printing/Etc. | 800.00 | 20,000.00 | -19,200.00 | 4.0% |
| 5083 - Magazine - Other | 5,550.00 | 5,200.00 | 350.00 | 106.73% |
| 5080 - Magazine - Other | 3,774.58 | | | |
| Total 5080 - Magazine | 10,124.58 | 25,800.00 | -15,675.42 | 39.24% |
| 6000 - Board & Committees | | | | |
| 6001 - Board of Directors | | | | |
| 6001.1 - Food & Beverage | 0.00 | 5,950.00 | -5,950.00 | 0.0% |

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2020 through February 2021

| | Jul '20 - Feb 21 | Budget | \$ Over Budget | % of Budget |
|--|-------------------|---------------------|--------------------|----------------|
| 6001.2 · Printing/Supplies | 0.00 | 2,800.00 | -2,800.00 | 0.0% |
| 6001.3 · Travel - BOD Meetings | 0.00 | 7,700.00 | -7,700.00 | 0.0% |
| 6001.4 · Travel - Miscellaneous BOD | 0.00 | 840.00 | -840.00 | 0.0% |
| 6001.5 · Board Of Directors - Other | 0.00 | 3,000.00 | -3,000.00 | 0.0% |
| Total 6001 · Board of Directors | 0.00 | 20,290.00 | -20,290.00 | 0.0% |
| 6002 · Legislative Committee Meetings | 0.00 | 250.00 | -250.00 | 0.0% |
| 6003 · Program Committee Meetings | 0.00 | 2,500.00 | -2,500.00 | 0.0% |
| Total 6000 · Board & Committees | 0.00 | 23,040.00 | -23,040.00 | 0.0% |
| 6010 · Office Expenses / Supplies | -55.47 | 2,500.00 | -2,555.47 | -2.22% |
| 6011 · Postage & Delivery | 4,497.69 | 3,000.00 | 1,497.69 | 149.92% |
| 6020 · Spring Conference | | | | |
| 6021 · Audio/Visual | 22,600.00 | 50,000.00 | -27,400.00 | 45.2% |
| 6022 · Delivery & Shipping | 122.41 | 3,000.00 | -2,877.59 | 4.08% |
| 6023 · Entertainment | 0.00 | 6,500.00 | -6,500.00 | 0.0% |
| 6024 · Hotel | | | | |
| 6024.1 · Wednesday Night Event | 0.00 | 52,500.00 | -52,500.00 | 0.0% |
| 6024.2 · Conference | 194.86 | | | |
| 6024.4 · Hotel - Other | 0.00 | 192,500.00 | -192,500.00 | 0.0% |
| 6024 · Hotel - Other | -60,000.00 | | | |
| Total 6024 · Hotel | -59,805.14 | 245,000.00 | -304,805.14 | -24.41% |
| 6025 · Program Material | 0.00 | 24,500.00 | -24,500.00 | 0.0% |
| 6026 · Speakers | -210.36 | 50,000.00 | -50,210.36 | -0.42% |
| 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 | -37,293.09 | 395,000.00 | -432,293.09 | -9.44% |
| 6050 · Strategic Facilitator | 0.00 | 10,000.00 | -10,000.00 | 0.0% |
| 6051 · Taxes & Licenses | 10.00 | 50.00 | -40.00 | 20.0% |
| 6053 · Technology/AMS/Website | 36,490.97 | 35,000.00 | 1,490.97 | 104.26% |
| 6054 · Travel | 231.19 | 7,500.00 | -7,268.81 | 3.08% |
| Total Expense | 300,270.47 | 1,248,994.00 | -948,723.53 | 24.04% |
| | 190,247.32 | -327,094.00 | 517,341.32 | -58.16% |
| | 190,247.32 | -327,094.00 | 517,341.32 | -58.16% |



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update



No printed material for this item



5. SACRS Legislative Committee Update – Action

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

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



April 1, 2021

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – April 2021**

Last year, Governor Newsom solemnly pronounced that after expecting record breaking surpluses in 2020, the state was facing a \$54 billion deficit. That number was daunting, and comparable to the budget shortfalls experienced at the onset of the Great Recession. That massive deficit never materialized. The Governor and his Department of Finance (DOF) didn't lie or mislead. The nonpartisan and respected Legislative Analyst's Office (LAO) also projected large and growing deficits as a result of the pandemic.

The projections were wrong for two reasons. First, with tax filing deadlines extended, both DOF and the LAO were flying blind without a reliable estimate of how much revenue the state would take in. Last year's budget was adopted before the Governor and the Legislature had the benefit of those estimates.

Secondly, the economic downturn was lopsided, disproportionately impacting low-income Californians forced to leave work during the pandemic. Wealthy Californians largely continued to prosper while stock markets rebounded despite rapid and precipitous falls at the outset of the pandemic. California's tax code leans heavily on high-income residents. While that reliance devastated state revenues during the Great Recession, it has helped spare the state during the pandemic.

Since the projections were off, the 2020 Budget was more conservative than it needed to be. Consequently, Governor Newsom's 2021 Budget was built on a \$15.5 billion windfall surplus, and the good news keeps rolling in.

Last week, the Department of Finance reported that the state will receive another \$14.3 billion in unexpected surplus revenue. On top of that, \$150 billion is coming to California from the \$1.9 Trillion American Rescue Plan recently signed by President Biden. While most of this money will go directly to residents and local governments, \$26 billion will drop into California's budget. The money must be spent addressing public health issues or the economic fallout from the pandemic, pay for essential workers, backfilling lost tax revenue, or making investments in water, sewer, or broadband infrastructure.

We have a few observations.

That's not a lot of Strings

The \$14.3 billion surplus is General Fund revenue which can be spent as the Legislature and Governor see fit. While the \$26 billion in federal aid comes with the restrictions mentioned above, they are not very limiting. The Governor and Legislature could argue that any number of spending proposals would mitigate the economic impact of the pandemic, for example. The state has until 2024 to spend the money, and lots of things to spend it on.

Lots of Money, Lots of People Want it

\$40 billion in unexpected revenue is a lot. It's easy for lobbyists and their clients to start imagining how to spend it, which is exactly why it's not as much money as it seems. Even before it was clear exactly how much money California would receive from the Federal Government or how much surplus revenue it had to spend, billions of dollars of new spending proposals were floating around the Legislature.

There's a lot of need right now, and no shortage of stakeholders looking to use state revenue to meet it. The Legislature and the Governor will have to figure out which of these requests aligns with their own priorities.

It's Enough Money for the Legislature and Governor to Fight Over

The Governor essentially ruled California via Executive Order and unilateral spending authority granted by the Legislature from March through June last year. While they allowed the situation to persist, it seems to have rubbed many legislators the wrong way. As we've reported previously, frustrated legislators largely won the debate over how to structure the 2020 budget. While they have questioned Governor Newsom on his handling of the pandemic, his handling of unemployment fraud, and his plans for school reopening, they have not truly challenged him since budget negotiations concluded in 2020.

The Legislature could choose to leverage the Governor on how to spend new revenue, but there's reason to think the Legislature will be even more accommodating than they were last year. While it's still not official, Governor Newsom will be facing a recall later this year. Despite their grievances, Democrats in the Legislature will want to defend the Democratic Governor from the Republican-backed recall effort. While there will be give and take over how to use the new money as always, it seems likely the Legislature will help the Governor with his major spending initiatives.

New Attorney General

In December, we reported that the election of Vice President Kamala Harris created a game of political musical chairs when she vacated her US Senate seat. The issue of appointing her successor quickly became fraught with risk for Governor Newsom who was urged by advocates and legislators representing the state's African American, Latino, API, and LGBTQ Californians to appoint a Senator who can represent their communities.

The Governor handled the challenge. The appointment of former Secretary of State Alex Padilla as the first Latino Senator representing California created another vacancy. The Governor appointed Shirley Weber to replace them and serve as California's first African American Secretary of State. Last week, the Governor appointed Assemblymember Rob Bonta to replace Xavier Becerra as Attorney General. Mr. Bonta will be the first Filipino American to hold the position.

March 5, 2021

TO: SACRS Board of Directors

FROM: SACRS Legislative Committee

RE: Sponsorship of SB 634 (Committee on Labor, Public Employment and Retirement)

Similar to last year with AB 2101 (Committee on Public Employment and Retirement), the Legislative Committee is pursuing another omnibus bill to provide technical and clarifying changes to the CERL. You may recall that SACRS' cleanup changes were initially placed into SB 783, then ultimately amended into AB 2101, a bill sponsored by SACRS, CalPERS, and CalSTRS that provided noncontroversial changes to each entity's respective code sections.

This year, the Senate Committee on Labor, Public Employment and Retirement is authoring another omnibus bill for SACRS, CalPERS, and CalSTRS technical cleanup.

After fielding proposals from member systems and deliberating among the legislative committee, several minor cleanup proposals were selected to be amended into SB 634 at the start of the new legislative session.

These changes include clarifying that a Board of Retirement may contract with a private physician to provide medical advice as part of the board's duties related to processing disability claims, deleting an obsolete reference to procedures for purchasing additional service, changing incorrect code references, and fixing typos. Along with these changes, the Legislative Committee will continue to review noncontroversial proposals to be added into this vehicle in the coming months.

On a separate track, the Legislative Committee continues to review more substantive CERL amendments for consideration by the Board of Directors for the 2022 legislative session.

The SACRS Legislative Committee is requesting Board of Directors approval for SACRS to formally sponsor SB 634. Thank you for your consideration.

The bill language for SB 634 and a summary matrix of CERL provisions in SB 634 are attached.

2021 CERL Amendments

| Sec | Gov Code | Topic | Issue/Justification |
|----------|--------------------|--|--|
| 9 14 | 31530 31732 | County Health Officer as Medical Advisor | Updates statutes to conform to existing practices in which many retirement systems currently use outside, independent medical advisors to evaluate disability claims. Amendments clarify that the county health officer, either directly or through a duly authorized representative, shall advise the board on medical matters. Also clarifies that the board may contract with a physician in private practice under its existing authority to secure the necessary medical service and advice in carrying out its adjudication of disability retirement applications. |
| 10 | 31565.5 | County Office of Education | Fixes incorrect cross references when the Education Code was restructured years ago. |
| 11 | 31641.8 | Service Purchase-Installment Payments | Deletes obsolete section. The payment terms related to pre-tax and after-tax contributions in conformity with federal tax law are generally specified in the contracts that members sign when they elect to make additional contributions. |
| 12 13 | 31680.2 31680.3 | Post-Retirement Employment | Fixes typo/missing words. Section 31680.2 provides that retired members may be reemployed without reinstatement to membership in a position requiring special skills or knowledge for a period of time not to exceed 90 working days or 720 hours in one fiscal year of any other 12-month period. Section 31680.3 provides that the period of time not exceed 120 working days or 960 hours. The current statutes are missing the phrase "a period of time," similar to sentence structure in Section 31680.6. |
| 15 | 31781.2 | Survivor benefits | Fixes typo. The word "the" is missing before "guardian." |

Introduced by Committee on Labor, Public Employment and Retirement (Senators Cortese (Chair), Durazo, Laird, Newman, and Ochoa Bogh)

February 19, 2021

An act to amend Sections 22011, 22802, 24204, and 26804 of the Education Code, and to amend Sections 20320, 20322, 20324, 31530, 31565.5, 31680.2, 31680.3, 31732, and 31781.2 of, to add Section 21499.1 to, and to repeal Section 31641.8 of, the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 634, as introduced, Committee on Labor, Public Employment and Retirement. Public employees' retirement.

(1) Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is administrated by the Teachers' Retirement Board. Existing law requires STRS to pay premiums associated with Medicare Part A for certain retired or disabled members, as specified. Existing law creates the Cash Balance Benefit Program, which is administered by the board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time.

Existing law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system.

This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that STRS pay certain Medicare Part A premiums.

Existing law authorizes a member of STRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. The bill would delete and obsolete cross-reference.

This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.

Existing law authorizes a member of STRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met. In this regard, existing law requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment, as specified.

This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which is administered by the Board of Administration of the Public Employees' Retirement System. PERL excludes specified appointees, elective officers, and legislative employees from membership in the system unless the person to whom these provisions apply elects to file with the board an election in writing to become a member.

This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS. If the written election is received by the system within 90 days of the applicable appointment, current term, or start date for the position, the bill would require that the effective date be the start date of the appointment, the start date of the term, or the start date of the position. If the election is not received by the system within 90 days, as specified, the effective date would be the first day of the month in which the election is received by the system.

PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others.

This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension, disability, and death benefits to county and district employees. CERL vests management of the retirement systems created pursuant to its provisions in a board of retirement. CERL requires the county health officer to advise the board on medical matters and, if requested, attend its meetings.

This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system.

This bill would correct an obsolete cross-reference in this regard.

CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum.

This bill would repeal the above-described authority of a member to complete a payment by lump sum.

CERL requires a board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement.

This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the purpose of provisions relating to disability retirement.

This bill would make various technical and stylistic changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22011 of the Education Code is amended
2 to read:

3 22011. For an application or document requiring a signature,
4 that signature shall be in a form prescribed by the system,
5 including, but not limited to, on paper or made by electronic means.
6 Notwithstanding any other law, an application or document made
7 under this ~~part~~ *part, Part 13.5 (commencing with Section 25900),*
8 *or Part 14 (commencing with Section 26000)* that is signed and
9 submitted by the person authorized to do so using technology and
10 security measures prescribed by the system shall be deemed to be
11 a signed and valid original document.

12 SEC. 2. Section 22802 of the Education Code is amended to
13 read:

14 22802. (a) A member, other than a retired member, who was
15 previously excluded from membership in the Defined Benefit
16 Program may request to purchase service credit for:

17 (1) Service as a substitute excluded under Section 22602.

18 (2) Creditable service subject to coverage under the Cash
19 Balance Benefit ~~Program, excluding service credited pursuant to~~
20 ~~Section 26402, Program~~ if the member is currently contributing
21 to the Defined Benefit Program and has terminated all service
22 subject to coverage under the Cash Balance Benefit Program. Upon
23 requesting to purchase service credit under this paragraph, the
24 member shall cease to be eligible for a benefit for the same service
25 or time previously credited under the Cash Balance Benefit
26 Program pursuant to Part 14 (commencing with Section 26000).

27 (3) Service performed on a part-time basis excluded under
28 Section 22601.5 or Section 22604, other than service credited
29 under paragraph (2).

30 (4) Adult education service excluded under Section 22603, as
31 it read on December 31, 1995.

32 (5) Service as a school nurse excluded under Section 22606, as
33 it read on December 31, 1995.

34 (6) Service performed in a position prior to the date the position
35 was made subject to coverage under the Defined Benefit Program.

36 (7) Service subject to coverage under the Defined Benefit
37 Program performed while a member of another California public
38 retirement system, provided the member has ceased to be a member

1 of, and has ceased to be entitled to benefits from, the other
2 retirement system. The member shall not receive credit for the
3 service if the member may redeposit withdrawn contributions and
4 subsequently be eligible for any benefits based upon the same
5 service or based upon other full-time service performed during the
6 same period, from another California public retirement system.

7 (b) A member who requests to purchase service credit under
8 this part for service performed while excluded from membership
9 under the Defined Benefit Program shall pay all of the required
10 contributions for all or the portion of that service for which the
11 member requests to purchase service credit.

12 (c) A member ~~may~~ shall not request to purchase service credit
13 for service or time described in paragraphs (1) and (3) to (7),
14 inclusive, of subdivision (a) if, after the request, the member would
15 continue to receive credit for the same service or time in the Cash
16 Balance Benefit Program under Part 14 (commencing with Section
17 26000) or another public retirement system.

18 (d) *A member shall not purchase service credit for any school*
19 *year if the purchase would result in more than one year of service*
20 *for that school year.*

21 SEC. 3. Section 24204 of the Education Code is amended to
22 read:

23 24204. (a) A service retirement allowance under this part shall
24 become effective upon any date designated by the member,
25 provided all of the following conditions are met:

26 (1) An application for service retirement allowance is filed on
27 a form provided by the system, which is executed no earlier than
28 six months before the effective date of retirement allowance.

29 (2) The effective date is later than the last day the member
30 earned creditable compensation pursuant to Section 22119.2 or
31 22119.3.

32 (3) The effective date is no earlier than one day after the date
33 on which the retirement allowance was terminated under Section
34 24208.

35 (4) The effective date is no earlier than one year following the
36 date on which the retirement allowance was terminated under
37 subdivision (a) of Section 24117.

38 (5) The effective date is no earlier than the date upon and
39 continuously after which the member is determined to the
40 satisfaction of the board to have been mentally incompetent.

1 (6) The effective date is no earlier than one day after the date
 2 upon which the member completes payment of a service credit
 3 purchase pursuant to Section 22801, 22820, or 22826, or payment
 4 of a redeposit of contributions pursuant to Section 23200, except
 5 as provided in Section 22801 or 22829.

6 (b) A member who files an application for service retirement
 7 may change or cancel their retirement application if all of the
 8 following are met:

9 (1) The form provided by the system is received in the system's
 10 headquarters office no later than 30 days from the date the
 11 member's initial benefit payment for the member's most recent
 12 retirement under the Defined Benefit Program is paid by the
 13 system.

14 (2) The member returns the total gross distribution amount of
 15 all payments for any canceled ~~retirement~~ benefit, including a
 16 lump-sum payment being changed to an annuity, to the system's
 17 headquarters office no later than 45 days from the date of the
 18 member's initial benefit payment. The member shall be liable for
 19 any adverse tax consequences that may result from these actions.

20 (c) The retirement date of a member who files an application
 21 for retirement pursuant to Section 24201 on or after January 1,
 22 2012, shall be no earlier than January 1, 2012.

23 (d) Nothing in this section shall be construed to allow a member
 24 to receive more than one type of retirement or disability allowance
 25 for the same period of time by virtue of the member's own
 26 membership.

27 SEC. 4. Section 26804 of the Education Code is amended to
 28 read:

29 26804. Application for a retirement benefit under this part shall
 30 be made on a form prescribed by the system. A participant who
 31 files an application for a retirement benefit may change or cancel
 32 the retirement application if all of the following are met:

33 (a) The form provided by the system is received in the system's
 34 headquarters office no later than 30 days from the date of the
 35 ~~member's~~ *participant's* initial benefit payment.

36 (b) The participant returns the total gross distribution amount
 37 *of all payments* for any canceled retirement benefit, including a
 38 lump-sum payment being changed to an annuity, to the system's
 39 headquarters office no later than 45 days from the date of the
 40 ~~participants's~~ *participant's* initial benefit payment. The participant

1 shall be liable for any adverse tax consequences that may result
2 from these actions.

3 SEC. 5. Section 20320 of the Government Code is amended
4 to read:

5 20320. (a) A person directly appointed by the Governor,
6 without the nomination of any officer or board, or directly
7 appointed by the Attorney General, Lieutenant Governor,
8 Controller, Secretary of State, Treasurer, or Superintendent of
9 Public Instruction exempt from civil service under Article VII of
10 the California Constitution, except those appointed pursuant to
11 subdivision (i) of Section 4 thereof, is excluded from membership
12 in this system unless ~~he or she~~ *the person* files with the board an
13 election in writing to become a member. *The election effective*
14 *date shall be the start date of the current appointment, provided*
15 *the election is received by this system within 90 days of the*
16 *applicable start date. If the election is not received by this system*
17 *within 90 days from the start date, the effective date shall be the*
18 *first day of the month in which the election is received by this*
19 *system.*

20 (b) Upon electing to become a member, the person may further
21 elect at any time prior to retirement to receive service credit for
22 ~~his or her~~ *their* prior, excluded state service by making the
23 contributions as specified in Sections 21050 and 21051.

24 SEC. 6. Section 20322 of the Government Code is amended
25 to read:

26 20322. (a) An elective officer is excluded from membership
27 in this system unless the officer files with the board an election in
28 writing to become a member. *The election effective date shall be*
29 *the start date of the current term, provided the election is received*
30 *by this system within 90 days of the applicable start date. If the*
31 *election is not received by this system within 90 days from the start*
32 *date, the effective date shall be the first day of the month in which*
33 *the election is received by this system.* Upon electing to become a
34 member, the officer may further elect at any time prior to retirement
35 to receive service credit for ~~his or her~~ *their* prior, excluded service
36 by making the contributions as specified in Sections 21050 and
37 21051.

38 (b) As used in this part, “elective officer” includes any officer
39 of the Senate or Assembly who is elected by vote of the members
40 of either or both of the houses of the Legislature, and any

1 appointive officer of a city or county occupying a fixed term of
2 office, as well as officers of the state or contracting agencies elected
3 by the people, and persons elected to a city council or a county
4 board of supervisors.

5 (c) Notwithstanding any other provision of subdivision (a) or
6 (b), elected or appointed officers of a county superintendent of
7 schools, school district, or community college district, or of a
8 contracting agency, who serve on public commissions, boards,
9 councils, or similar legislative or administrative bodies are
10 excluded from membership in this system. This exclusion shall
11 only apply to those elected or appointed officers, other than city
12 or county officers, who are first elected or appointed to an office
13 on or after July 1, 1994, or who are elected or appointed to a term
14 of office not consecutive with the term of office held on June 30,
15 1994. For city or county elected or appointed officers, this
16 exclusion shall only apply to those officers who are first elected
17 or appointed to an office on or after January 1, 1997, or who are
18 elected or appointed to a term of office not consecutive with the
19 term of office held on December 31, 1996. This exclusion shall
20 not apply to persons elected to a city council or county board of
21 supervisors.

22 (d) Any person holding the office of city attorney or the office
23 of assistant city attorney, whether employed, appointed, or elected,
24 is excluded from the definition of “elective officer” as defined in
25 subdivision (b). This subdivision shall apply only to persons first
26 employed, elected, or appointed on or after July 1, 1994, or
27 following any break in state service while serving in the office if
28 the office was held on June 30, 1994.

29 (e) In accordance with Section 20125, the board shall be the
30 sole judge of which elected or appointed positions qualify the
31 incumbent as an “elective officer” in this system under this section.

32 (f) Notwithstanding any other provision of law, with respect to
33 elective officers of contracting agencies, payment by a contracting
34 agency of employer contributions and any other amounts for
35 employer paid benefits under this system shall not be construed
36 as receipt of salary or compensation by the elective officer for
37 purposes of any statutory salary or compensation limitation.

38 SEC. 7. Section 20324 of the Government Code is amended
39 to read:

1 20324. (a) An employee of the Senate or the Assembly, or the
2 respective committees thereof, whose salaries or wages are paid
3 from the Senate Operating Fund or the Assembly Operating Fund
4 or the Operating Funds of the Assembly and Senate, shall be
5 deemed a “legislative employee.” A legislative employee is
6 excluded from membership in this system unless ~~he or she~~ *the*
7 *person* files with the board an election in writing to become a
8 member. *The election effective date shall be the start date of the*
9 *current position, provided the election is received by this system*
10 *within 90 days of the applicable start date. If the election is not*
11 *received by this system within 90 days from the start date, the*
12 *effective date shall be the first day of the month in which the*
13 *election is received by this system.* The election shall not be
14 required of a legislative employee who was a member of this
15 system on October 1, 1963.

16 (b) Upon electing to become a member, a legislative employee
17 may further elect at any time prior to retirement to receive service
18 credit for ~~his or her~~ *their* prior, excluded legislative service and
19 ~~he or she~~ *the legislative employee* shall have the option as to how
20 much of that prior legislative service is to be credited. The
21 legislative employee shall make contributions to this system as
22 specified in Sections 21050 and 21051 for the previous service as
23 a legislative employee for which ~~he or she~~ *desires they desire* to
24 receive service credit.

25 SEC. 8. Section 21499.1 is added to the Government Code, to
26 read:

27 21499.1. Any overpayment, issued after the date of death to a
28 member, retired member, or beneficiary, made to or on behalf of
29 any member, retired member, or beneficiary, including, but not
30 limited to, contributions, interest, retirement allowance, payments
31 of any kind, or federal or state tax, shall be deducted from any
32 subsequent payment or benefit that is payable by this system as a
33 result of the death.

34 SEC. 9. Section 31530 of the Government Code is amended
35 to read:

36 31530. The county health ~~officer~~ *officer, either directly or*
37 *through a duly authorized representative*, shall advise the board
38 on medical matters and, if requested by the board, shall attend its
39 meetings.

1 SEC. 10. Section 31565.5 of the Government Code is amended
2 to read:

3 31565.5. Any member of a system established under this
4 chapter who ceases to be an employee of the county under the
5 provisions of ~~Education Code Section 873~~ *Section 1312 of the*
6 *Education Code* may elect as authorized in ~~Education Code Section~~
7 ~~873.1~~ *Section 1313 of the Education Code* to remain a member of
8 such system.

9 SEC. 11. Section 31641.8 of the Government Code is repealed.

10 ~~31641.8. Any member who has elected to make contributions~~
11 ~~pursuant to this chapter by installment payments may, at any time~~
12 ~~prior to the effective date of his retirement, complete payment~~
13 ~~thereof by lump sum.~~

14 SEC. 12. Section 31680.2 of the Government Code is amended
15 to read:

16 31680.2. (a) Any person who has retired may be employed in
17 a position requiring special skills or knowledge, as determined by
18 the county or district employing ~~him or her, for them, for a period~~
19 ~~of time~~ not to exceed 90 working days or 720 hours, whichever is
20 greater, in any one fiscal year or any other 12-month period
21 designated by the board of supervisors and may be paid for that
22 employment. That employment shall not operate to reinstate the
23 person as a member of this system or to terminate or suspend ~~his~~
24 ~~or her~~ *their* retirement allowance, and no deductions shall be made
25 from ~~his or her~~ *their* salary as contributions to this system.

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

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

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

1 the limit on postretirement employment provided in subdivision
2 (a) to the greater of 90 working days or 720 hours shall remain
3 effective.

4 SEC. 13. Section 31680.3 of the Government Code is amended
5 to read:

6 31680.3. (a) Notwithstanding Section 31680.2, any member
7 who has been covered under the provisions of Section 31751 and
8 has retired may be reemployed in a position requiring special skills
9 or knowledge, as determined by the county or district employing
10 the member, for *a period of time* not to exceed 120 working days
11 or 960 hours, whichever is greater, in any one fiscal year and may
12 be paid for that employment. That employment shall not operate
13 to reinstate the person as a member of this system or to terminate
14 or suspend the person's retirement allowance, and no deductions
15 shall be made from the person's salary as contributions to this
16 system.

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

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

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

32 SEC. 14. Section 31732 of the Government Code is amended
33 to read:

34 31732. The board shall secure such medical, investigatory and
35 other service and advice as is necessary to carry out the purpose
36 of this article. Notwithstanding Section 31529, the board may
37 contract with an attorney in private practice for the legal services
38 and advice necessary to carry out the purpose of this article.
39 *Notwithstanding Section 31530, the board may contract with a*
40 *physician in private practice for the medical advice necessary to*

1 *carry out the purpose of this article.* It shall pay for such services
2 and advice such compensation as it deems reasonable.

3 SEC. 15. Section 31781.2 of the Government Code is amended
4 to read:

5 31781.2. In lieu of accepting in cash the death benefit payable
6 under Section 31781 or 31781.01, the surviving spouse of a
7 member who dies prior to reaching the minimum retirement age
8 and who at the date of the member's death has 10 or more years
9 of service to the member's credit, shall have the option to leave
10 the amount of the death benefit on deposit in the retirement system
11 until the earliest date when the deceased member could have retired
12 had the member lived, and at that time receive the retirement
13 allowance provided for in Section 31765, 31765.1, or 31765.11,
14 whichever is applicable.

15 If, at the death of the spouse, the spouse is survived by one or
16 more unmarried children of the member, under the age of 18 years,
17 the retirement allowance shall continue to the child or children,
18 collectively, until every child dies, marries, or attains the age of
19 18 years. If the spouse dies, either before or after the death of the
20 member, without either making the election or receiving any
21 portion of the death benefit, and no part of the death benefit had
22 been paid to any person, prior to the payment of any benefits, the
23 legally appointed guardian of the children shall make the election
24 herein provided for on behalf of the surviving children as, in *the*
25 guardian's judgment, may appear to be in their interest and
26 advantage, and the election so made shall be binding and
27 conclusive upon all parties in interest.

28 Notwithstanding any other provisions of this section, the benefits
29 otherwise payable to the children of the member shall be paid to
30 those children up to the 22nd birthdays of the children if the
31 children remain unmarried and are regularly enrolled as full-time
32 students in an accredited school as determined by the board.

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Elections 2021-2022



March 25, 2021

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2021-2022 Elections – Final Ballot

SACRS BOD 2021-2022 election process began January 2021. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

| DEADLINE | DESCRIPTION |
|----------------|---|
| March 1, 2021 | 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, 2021 | The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25 |
| May 14, 2021 | Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 11-14, 2021 |
| May 14, 2021 | Board of Directors take office for 1 year (until Spring 2022 Elections) |

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

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

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

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

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

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.



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

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

The elections will be held at the SACRS Spring Conference on Friday, May 14, 2021 during the scheduled business meeting. Access to the business meeting is available on the conference platform, all voting delegates and alternate delegates must be registered for the conference to access link.

SACRS Nominating Committee Final Ballot:

- | | |
|--|----------------|
| • Vivian Gray, Los Angeles CERA | President |
| • Kathryn Cavness, Mendocino CERA | Vice President |
| • Harry Hagen, Santa Barbara, CERS | Treasurer |
| • Thomas Garcia, Imperial CERS | Secretary |
| • David MacDonald, MD, Contra Costa CERA | Regular Member |
| • Vere Williams, San Bernardino CERA | Regular Member |

Additional Candidates Submitted:

- | | |
|-------------------------------|----------------|
| • John Kelly, Sacramento CERS | Regular Member |
| • Chris Prevatt, Orange CERS | Regular Member |

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

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

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

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

Attached: Candidate submissions

Submissions for President



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|---|--|
| Name of Candidate | Name: Vivian H. Gray |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: 300 N. Lake Ave., Ste. 820, Pasadena CA 91101 Email Address: viviangray@aol.com, vgray@lacera.com Phone: 213.440.0142 |
| Name of Retirement System Candidate Currently Serves On | System Name: Los Angeles County Employees Retirement Assoc. (LACERA) |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other <u>Vice-Chair</u> |
| Applying for SACRS Board of Directors Position (select only one) | <input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | 2020 President, SACRS 2018 Chair, LACERA Board of Retirement 2017 Chair, SACRS Bylaws Committee 2019 Vice Chair, SACRS President Elected general member trustee since 2012 35 years of service to Los Angeles County 10 years in Law Enforcement 25 years as an attorney for Los Angeles County 6 years in private law practice Education/Pension Trustee Certificates - Bachelors of Arts: UCLA - JD: UWLA - New York Law School -Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) -Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP -Trustee Master's Program - NCPERS Public Pension Funding Forum - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow |

VIVIAN H. GRAY

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

February 23, 2021

VIA EMAIL

SACRS Nominating Committee
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

I would like to express my desire to be considered for SACRS' President for 2021/2022.

For the past year, I have been humbly honored to serve as SACRS President. 2020 was a very difficult time for everyone. SACRS was no exception. During this time, my thoughts focused on two concepts: Relevance and Sustainability.

Within these two concepts, SACRS was able to remain 'relevant' to the pension community by moving forward in its approach to education and 'sustainable' by building on technological advances in order to continue to provide quality education through different mediums.

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

- Continued communications with 37 Act systems and administrators through SACRS' website and SACRS Magazine
- Relevant and up to the minute webinars on pensions and investments as impacted by the pandemic
- Presentation of SACRS Spring and Fall conferences in a virtual format without sacrificing quality speakers, presentations or interactions among trustees, affiliates and staff
- Presenting the SACRS Berkeley Education Program in a virtual format with on-demand replays of the classes presented
- Maintaining an active role in the legislative process as it affected county retirement systems

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

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

Sincerely,

Vivian Gray

cc: Sulema Peterson, SACRS

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Submissions for Vice President



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|---|--|
| Name of Candidate | Name: Kathryn Cavness |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: 6500 Ridgewood Road, Willits, CA 95490 Email Address: k24u2figure@gmail.com Phone: Home (707) 459-2215; Cell (707) 354-8105; Work (707) 463-4194 |
| Name of Retirement System Candidate Currently Serves On | System Name: Mendocino County Employee Retirement Association (MCERA) |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc.) | <input type="checkbox"/> Chair <input type="checkbox"/> Alternate <input checked="" type="checkbox"/> General Elected <input type="checkbox"/> Retiree <input type="checkbox"/> Other _____ |
| Applying for SACRS Board of Directors Position (select only one) | <input type="checkbox"/> President <input checked="" type="checkbox"/> Vice President <input type="checkbox"/> Treasurer <input type="checkbox"/> Secretary <input type="checkbox"/> Regular Member |
| Brief Bio | <p>My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:</p> <ul style="list-style-type: none"> • Four years as Secretary for SACRS Board of Directors • Past Chair on the MCERA Board & Current MCERA Auditing Committee Member • County of Mendocino District Attorney’s Office Administrative Services Manager • Executive Education Investment Program, Hass School of Business, UC Berkeley • Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University • Advanced Principles of Pension Management for Trustees, UCLA • MBA/Accounting Emphasis |

Kathryn Cavness
6500 Ridgewood Road
Willits, CA 95490

February 4, 2021

Dan McAllister, SACRS Nominating Committee Chair
SACRS Nominating Committee

Dear Dan and Nominating Committee Members,

Please accept my letter of intent to run as Vice President in the State Association of County Retirement Systems (SACRS) Board of Directors (BOD) officers' election for the 2021-22. I have had the honor of serving on the SACRS BOD as Secretary since May 2017, which has enhanced my understanding of the value of this organization for all parties involved. Additionally, I have served as Chair of the Mendocino County Employees Retirement Association (MCERA) for the last two years.

My interest in seeking the position of Vice President is to continue working with the highly effective SACRS Board in achieving common goals. My focus will be on adding value for Trustees by expanding growth and positive outcomes, increasing diversity, and providing educational opportunities through boosting attendance at the UC Berkeley Educational Program, and SACRS conferences. I will also continue working to expand participation and membership opportunities in SACRS Committees.

As a General Elected Trustee of the Mendocino County Employee Retirement Association, which is the smallest and most northern rural county system in California, I welcome the opportunity to continue representing the smaller systems as well as all SACRS members.

My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Vice President of the SACRS Board of Directors:

- SACRS Board of Directors Secretary for four years from FY 2017/2018 - FY 2020/2021
- Chair of the MCERA Board for two years through December 2020
- Trustee on the MCERA Auditing Committee
- Public Pension Investment Management Program/
 - Modern Investment Theory & Practice for Retirement Systems
 - UC Berkeley Hass School of Business
- Advanced Principles of Pension Management for Trustees
 - UCLA Anderson School of Management
- Principles of Pension Management for Trustees
 - Pepperdine University, Graziadio Business School
- County of Mendocino District Attorney's Office Administrative Services Manager
- Master's Degree in Business Administration with Emphasis on Finance & Accounting

Sincerely,



Kathryn Cavness,
SACRS BOD Secretary,
Mendocino CERA Trustee

Submissions for Treasurer



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcountry.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|--|--|
| Name of Candidate | Name: Harry E. Hagen |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: P.O. Box 579 Santa Barbara, CA 93102 Email Address: hhagen@co.santa-barbara.ca.us Phone: 805-568-2490 |
| Name of Retirement System Candidate Currently Serves On | System Name: SBCERS (Santa Barbara) |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="checkbox"/> Other: Ex-Officio Member, Vice-Chair |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="checkbox"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | See Attachment |

Harry E. Hagen
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my third four-year term.

I am responsible for overseeing and investing a \$2 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 29-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of CPFO from the Government Finance Officers Association, CPFA and ACPFIM from the Association of Public Treasurers, CGIP from the Government Investment Officers Association, and CFIP from the Fixed Income Academy.

February 22, 2021

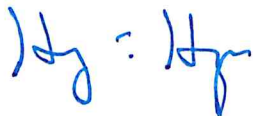
To Dan McAllister, SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 25-year employee of Santa Barbara County and the current Vice-Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over 10 years. I was also an alternate member to the board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.



Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us

Submissions for Secretary



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|---|---|
| Name of Candidate | Name: Thomas Garcia |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: 107 South B Street, Imperial, CA 92251 Email Address: tgarcia@icso.org Phone: 442-265-2222 |
| Name of Retirement System Candidate Currently Serves On | System Name: Imperial County Employees Retirement System (ICERS) |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected (Safety) <input type="radio"/> Retiree <input type="radio"/> Other _____ |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input checked="" type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | <p>ICERS Board Trustee, elected safety member (2015-Present) Vice Chair ICERS Board (Current) Chair ICERS Board (2016)</p> <p>25 Years Public Service in Law Enforcement with the Imperial County Sheriff's Office: Chief Deputy Sheriff Supervising Deputy Coroner</p> <p>Education & Training: Bachelor of Science, Public Administration (Northern Arizona University) Public Pension Investment Management Program, UC Berkeley Hass School of Business Principles of Pension Management, Pepperdine University FBI National Academy (Quantico, VA.) Sherman Block Supervisory Leadership Institute (Cal POST)</p> |

Thomas Garcia
107 South B Street
Imperial, CA 92251

February 5th, 2021

SACRS Nominating Committee
SACRS Nominating Committee Chair
Vivian Gray, SACRS President

Nomination Committee,

Please accept this as my letter of intent to run as Secretary in the State Association of County Retirement System (SACRS) Board of Directors (BOD) officers' 2021-22 election. I have served as an elected Board Trustee to the Imperial County Employees Retirement System (ICERS) since 2015. As an ICERS trustee I have fulfilled the duties of Board Chair and current Vice Chair. In addition, as a member of SACRS I have had the honor and privilege to serve as committee member of both the SACRS Legislation and Nomination Committees (2017–present).

In seeking this position, I hope to further my service to SACRS and all members SACRS represents. My motivation will be concentrated on assisting the distinguished SACRS Board in maintaining the legacy of SACRS work and increasing participation of all SACRS members from systems small and large.

I believe my experience with ICERS and SACRS, in conjunction with 25 years of public service as a law enforcement officer, provide me a unique skillset beneficial to SACRS:

- ICERS Board Trustee (past Chair, current Vice Chair)
- Chief Deputy Sheriff, Imperial County Sheriff's Office
- Bachelor of Science in Public Administration (Northern Arizona University)
- Public Pension Investment Management Program/Modern Investment Theory & Practice for Retirement Systems (UC Berkeley Hass School of Business)
- Principles of Pension Management for Trustees (Pepperdine University, Graziadio Executive Center)
- FBI National Academy (Quantico, VA.)
- Sherman Block Supervisory Leadership Institute (Californian Commission on POST)

Sincerely,



Thomas Garcia, Board Trustee (Safety)
Imperial County Employees Retirement System

Submissions for General Member



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|---|--|
| Name of Candidate | Name: David J. MacDonald, MD |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: 255 Ramsgate Way, Vallejo, CA 94591 Email Address: dmacdcccera@gmail.com Phone: 510-409-4458 |
| Name of Retirement System Candidate Currently Serves On | System Name: CCCERA |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected X <input type="radio"/> Retiree <input type="radio"/> Other _____ |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member X |
| Brief Bio | * SACRS Board of Directors, Member – 2020-2021 * Secretary, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 16 years serving on the PDOCC Executive Board (including several years as Vice President) prior to being elected President. * 30 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program - CALAPRS Trustee Education – Principles of Pension Governance |

David J MacDonald, MD

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

January 26, 2021

SACRS Nominating Committee
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

I would like to express my interest in continuing on as a Regular Member of the SACRS' Board of Directors for the 2021/2022 year.

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

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

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

Thank you for your time and consideration.

Sincerely and Respectfully,

David J MacDonald, MD

David J MacDonald, MD

| | |
|--|--|
| Name of Candidate | Name: JOHN B. KELLY |
| Candidate Contact Information (Please include - Phone | Mailing Address: 1724 GLENBROOK LANE; LINCOLN, CA 95648 Email Address: (916) 342-9279 |
| Number, Email Address and Mailing Address) | Phone: INVESTORSCADDIE@GMAIL.COM |
| Name of Retirement System Candidate Currently Serves On | System Name: SCERS |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other _____ |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member |
| Brief Bio | <ul style="list-style-type: none"> • FISCAL/INVESTMENT ADVISOR • 22 YEARS SCERS TRUSTEE • MASTERS OF PUBLIC ADMINISTRATION • FORMER EXECUTIVE BOARD MEMBER |

From: [John Kelly](#)
To: [Sulema Peterson](#)
Subject: Letter of Intent for SACRS Board Position
Date: Friday, January 15, 2021 11:07:42 AM

John B. Kelly, CFP, MPA serving on SCERS; Sacramento County Employee's Retirement System as an Appointed Trustee; Vice President.

Applying as regular member for SACRS.

My interest is to provide enhancements and history for educating and providing networking opportunities for system participants.

Bio:

- 24+years on SCERS Board; VP,
- 42+years as Independent Registered Investment Advisor,
- 12 years as Ca. State employee under the Reagan and Brown administrations,
- 3 years on the SACRS Board previously,
- 22 years First Tee of Greater Sacramento Board; President 2006-2009,
- 2016 induction into the Sacramento Region Golf Hall of Fame,
- produced three publications regarding investment management and retirement planning as 'The Investor's Caddie'.

Thank you for the opportunity and your consideration.

John B. Kelly, CFP, MPA
'Values Based Financial Advisor'
The Investors Caddie, Inc.
investorscaddie@gmail.com
916-342-9279



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|---|---|
| Name of Candidate | Name: Vere Williams |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: <u>8379 Icicle Drive, Pinon Hills, CA 92372</u> Email Address: <u>verevlw@aol.com</u> Phone: <u>760.486.6311</u> |
| Name of Retirement System Candidate Currently Serves On | System Name: <u>San Bernardino County Employees' Retirement Association</u> |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <ul style="list-style-type: none"> ○ <u>General Elected</u> |
| Applying for SACRS Board of Directors Position (select only one) | <ul style="list-style-type: none"> ○ <u>Regular Member</u> |
| Brief Bio | <p>I was elected to SBcera's Board in January 2015 and has served on the Administrative, Audit and Investment Committees. My community involvement includes serving on the governing Boards of the Teamsters Local 1932, California State Conference of the NAACP, Working Assembly of Governmental Employees (WAGE) and other organizations. I am a past president of the San Bernardino County Association of African-American Employees and currently serves as treasurer for the Hispanic Employees Alliance. I have earned an MBA in Information Management/Accounting and has completed certification on Retirement System Management courses at UCLA, Pepperdine and Wharton. I have been an enrolled Agent for over 20 years along with over 25 years working in the finance department at Arrowhead Regional Medical Center. I have been trained in conflict resolution and have completed various workshops and seminars on organization dynamics and interplay. I am currently a member of the SACRS Audit Committee.</p> <p>A guiding quote – “I always wondered why somebody didn't do something about that, then I realized I was somebody.” – Lily Tomlin</p> |

March 1, 2021

VIA Email

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

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

Please accept this letter as my letter of intent to be a candidate for the position of Regular Member in SACRS Board of Directors Elections 2021-2022.

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

SACRS recent expansion of the Board to include additional members was a very good strategic move that has helped to expand the experience pool and knowledge base. If elected as a Regular Member, I would work to ensure that SACRS remain the preeminent educational organization for the CERL 37 Act Systems by maintaining the high caliber of our conferences (both as formal seminars and networking opportunities.) Additionally, I would seek to encourage even greater participation from the trustees and staff of the 37 Act Systems. I strongly believe in getting involved as demonstrated by my volunteering to lead a CALAPRS Roundtable after attending only a few sessions. Over the years, I have served on the governing Boards of the Teamsters Local 1932, the Working Assembly of Governmental Employees and other organizations. Currently, I am a member of the SACRS Audit committee.

I would like very much to contribute, based on my education and experience, to SACRS - a superlative organization: "*Providing insight. Fostering oversight.*"

I thank you in advance for your kind consideration and support. It would be a high honor for me to be elected to serve as a Regular Member on the SACRS Board for the 2021-2022 term.

Please find attached the completed SACRS nomination form.

Respectfully,

Vere Williams

Vere Williams, MBA

SBcera Board of Directors – General Elected Member

cc: Sulema Peterson, SACRS



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

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2021.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

| | |
|--|---|
| Name of Candidate | Name: Chris Prevatt |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | Mailing Address: 1625 E. Appleton St. #3H, Long Beach, CA 90802 Email Address: Prevatt.c@gmail.com cprevatt@ocers.org Phone: 714-290-44428 |
| Name of Retirement System Candidate Currently Serves On | System Name: Orange County Employees Retirement System |
| List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | <input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____ |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member |
| Brief Bio | <p>Chris is an Elected General Member of OCERS. His full-time position is with the Orange County Health Care Agency since 1997. He also serves as Second Vice President of the Orange County Employees Association which represents approximately 18,000 public employees in Orange County, CA. Chris has served on the OCEA Board since 2006.</p> <p>In addition to his service with OCERS and OCEA, Chris has more than 20 years' experience serving on multiple non-profit boards of directors at the state and local level.</p> <p>Chris has participated in SACRS Conferences since 2013 and served/participated on the Bylaws and Legislative Committees.</p> |

SACRS
Attn: Dan McAlister
Nominations Committee

February 22, 2021

Dear Dan,

I am writing to declare my intent to run for election as a Regular Member of the SACRS Board of Directors for the 2021-2022 term. I have included with this letter the required application form.

Regards,

A handwritten signature in black ink, appearing to read "Chris Prevatt". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chris Prevatt
Elected General Member Trustee
Orange County Employees Retirement System

Serving the Active and Retired Members of:

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &
FAMILIES COMMISSION

ORANGE COUNTY
DEPARTMENT OF EDUCATION
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES PUBLIC
AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC LAW
LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND
CAMPUS (CLOSED TO NEW
MEMBERS)

February 23, 2021

By email to Dan.McAllister@sdcounty.ca.gov and Regular Mail

Mr. Dan McAllister
SACRS Nominating Committee Chair
SACRS
1225 8th Street, Suite 550
Sacramento, CA 95814

Re: NOMINATION FOR SACRS BOARD OF DIRECTORS ELECTION 2021-2022

Dear Mr. McAllister:

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

On February 16, 2021, the OCERS Board of Retirement met and took action to nominate OCERS trustee, Christopher Prevatt, for one of the two Regular Member Director positions on the SACRS Board of Directors, and directed me to submit this nomination to the SACRS Nominating Committee.

Accordingly, please accept this letter as **OCERS' nomination of OCERS Trustee, Christopher Prevatt, for election to the position of Regular Member Director at the 2021-2022 SACRS Board of Directors Election to take place on May 14, 2021.**

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

Thank you.

Best regards,



Steve Delaney
Chief Executive Officer

cc: Sulema H. Peterson, SACRS Administrator (by email to sulema@sacrs.org)

02-26-21

Dear Nomination Committee,

Chris Prevatt is running for the Regular Board Member on the SACRS Board. Chris has held many positions at OCERS including Chair and is a Board member at the Orange County Employees Association (OCEA). Working in these roles he has gained a wealth of knowledge and would be a good hard working board member for SACRS. Please accept this letter as my recommendation for Chris Prevatt as Regular Board Member.

Thank you,

Roger Hilton

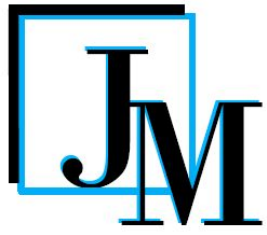
SACRS and OCERS Board Member



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2019-2020 Annual Audit



JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019**

701 HOWE AVENUE, E3
SACRAMENTO, CA 95825

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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2020

BOARD OF DIRECTORS

Vivian Gray
President

Roger Hilton
Vice President

Harry Hagen
Treasurer

Kathryn Cavness
Secretary

Dan McAllister
Immediate Past President

Teri Noble
Affiliate Chair

John Kelly
Board Member

David MacDonald
Board Member

* * * *

Sulema Peterson
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2020 AND 2019

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James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements, of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the State Association of County Retirement Systems for the years ended June 30, 2020 and 2019, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Information

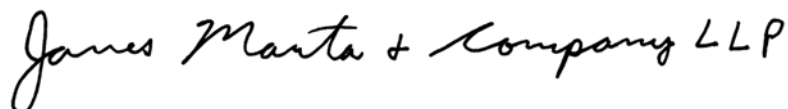
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are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

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

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

Restricted Use

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 23, 2020

FINANCIAL SECTION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2019-20</u> | <u>2018-19</u> |
|---|---------------------|---------------------|
| <u>Cash Receipts</u> | | |
| Dues | \$ 364,000 | \$ 372,250 |
| Conference | | |
| Fall | 628,070 | 616,640 |
| Spring | 2,670 | 590,110 |
| Seminars | 35,000 | 118,500 |
| Other Admin Receipts | 2,190 | 2,980 |
| Other Conference Receipts | 2,450 | - |
| Interest | 61,108 | 63,668 |
| | <u>1,095,488</u> | <u>1,764,148</u> |
| <u>Cash Disbursements</u> | | |
| Conference | | |
| Fall - 2018 and 2017 | | |
| Hotel and meals | 270,132 | 307,724 |
| Audio and visual | 56,477 | 52,180 |
| Program materials | 83,553 | 102,702 |
| Spring - 2019 and 2018 | | |
| Hotel and meals | 257,419 | 81,224 |
| Audio and visual | 12,121 | 48,498 |
| Program materials | 14,449 | 80,389 |
| Seminars | 231,947 | 243,450 |
| Conference Administration | 50,808 | 27,228 |
| Prior Year and Other Expenses | - | 162,462 |
| Total conference disbursements | <u>976,906</u> | <u>1,105,857</u> |
| Administration | 365,517 | 375,233 |
| Legislative representation | - | 237 |
| Lobbying | 60,012 | 71,627 |
| Newsletters | 15,893 | - |
| Committee meetings | 49,944 | 27,315 |
| Special projects | 17,690 | 17,458 |
| Total administration disbursements | <u>509,056</u> | <u>491,870</u> |
| Total Cash Disbursements | <u>1,485,962</u> | <u>1,597,727</u> |
| Excess (Deficit) of Cash Receipts over Cash Disbursements | (390,474) | 166,421 |
| Cash and Investments, Beginning | <u>2,372,422</u> | <u>2,206,001</u> |
| Cash and Investments, Ending | <u>\$ 1,981,948</u> | <u>\$ 2,372,422</u> |
| <i>Supplementary Information</i> | | |
| <u>Cash and Investments at June 30,</u> | <u>2020</u> | <u>2019</u> |
| Cash and cash equivalents | \$ 1,006,628 | \$ 1,195,688 |
| Non current portion of investments | <u>975,320</u> | <u>1,176,734</u> |
| Total Cash and Investments | <u>\$ 1,981,948</u> | <u>\$ 2,372,422</u> |

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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

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

B. BASIS OF ACCOUNTING

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

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

C. INCOME TAXES

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

D. CONTRACTUAL AGREEMENTS

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

E. COMPARATIVE DATA

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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. COMPARATIVE DATA (CONTINUED)

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

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

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

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|---------------------|---------------------|
| Bank accounts | \$ 208,515 | \$ 409,088 |
| Money market accounts | 798,113 | 786,600 |
| Total cash and cash equivalents | <u>\$ 1,006,628</u> | <u>\$ 1,195,688</u> |

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

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

Cash in bank accounts at June 30, 2019 consisted of the following:

| | <u>Bank of America</u> | <u>Community First Bank</u> | <u>Total</u> |
|---------------------|----------------------------|---------------------------------|-------------------|
| Per bank | \$ 297,541 | \$ 89,588 | \$ 387,129 |
| Deposits in transit | - | 21,959 | 21,959 |
| Total bank accounts | <u>\$ 297,541</u> | <u>111,547</u> | <u>\$ 409,088</u> |

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). There was \$69,175 and \$47,541 in excess of FDIC coverage as of June 30, 2020 and 2019, respectively.

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the “Fund”), depositing \$1,104,130. The fair value balance as of June 30, 2020 and 2019 presented in the financial statement is \$975,320 and \$1,176,734; respectively. This balance includes reinvested interest income totaling \$48,586 and \$62,336, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2020 and 2019 was \$0. The Fund is not rated or insured. Total return on the Fund for the years ended June 30, 2020 and 2019 was 1.94% and 2.43%, respectively.

3. CONTRACTS

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

| Conference | Cancellation Fees | Food and Beverage Minimums | Guest Room Nights Reserved | Guest Room Nights Minimum | Rooms Attrition |
|-------------------|--------------------------|-----------------------------------|-----------------------------------|----------------------------------|------------------------|
| Fall 2020* | \$49,194-\$408,276* | \$80,000 | 890 | 700 | \$226 plus tax |
| Spring 2021 | \$174,603-\$279,364 | \$150,000 | 1145 | 916 | \$239 plus tax |
| Fall 2021 | \$184,462-\$332,031 | \$165,000 | 1145 | 916 | \$239 plus tax |
| Spring 2022 | \$135,682-\$421,365 | \$150,000 | 1185 | 948 | \$229 plus tax |
| Fall 2022 | \$136,762-\$288,524 | \$150,000 | 1145 | 916 | \$249 plus tax |
| Spring 2023 | \$224,848-\$404,726 | \$170,000 | 1145 | 916 | \$247 plus tax |
| Fall 2023 | \$123,832-\$397,665 | \$150,000 | 1185 | 948 | \$209 plus tax |

*Conference cancelled and cancellation fees waived due to COVID-19 Pandemic

SACRS received a refund of the Spring 2020 conference deposit in July 2020 in the amount of \$60,000.

4. DONATED SERVICES

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

5. SUBSEQUENT EVENTS

SACRS’ management has evaluated subsequent events through October 23, 2010, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

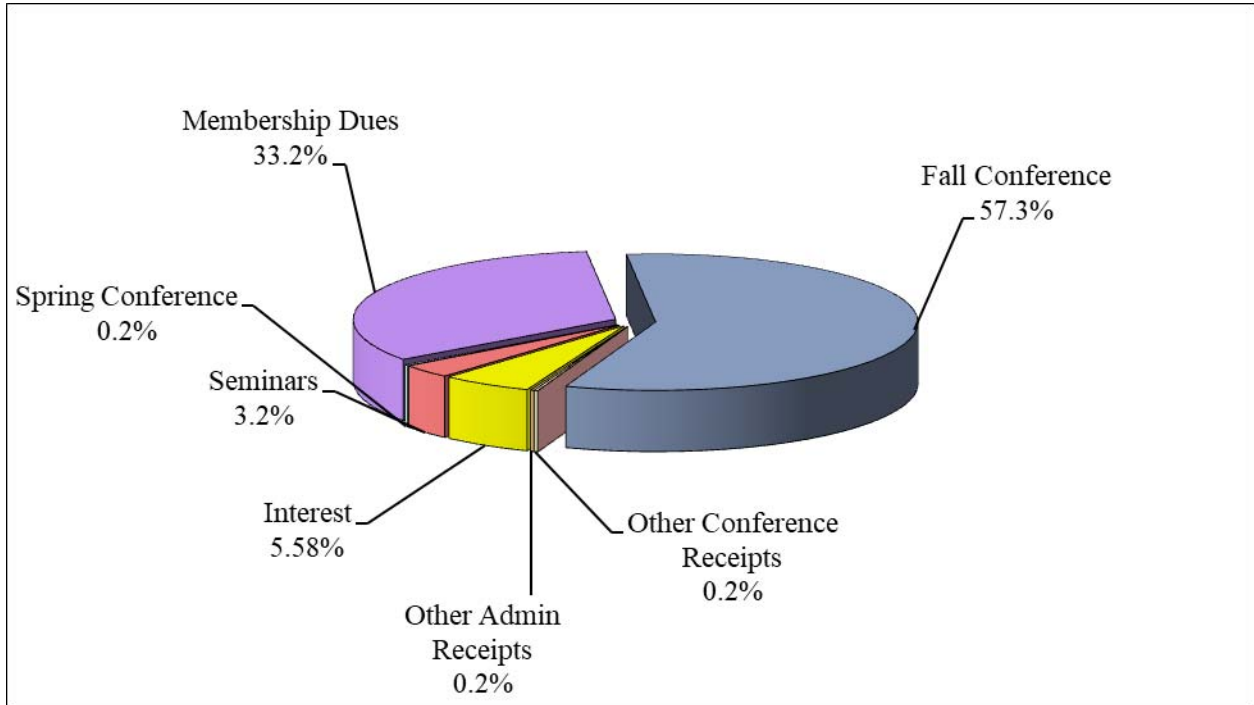
| | <u>Conference</u> | <u>Administration</u> | <u>Total</u> |
|--|---------------------|-----------------------|---------------------|
| <u>Cash Receipts</u> | | | |
| Dues | \$ - | \$ 364,000 | \$ 364,000 |
| Conference | | | |
| Fall | 628,070 | - | 628,070 |
| Spring | 2,520 | - | 2,520 |
| Seminars | 35,000 | | 35,000 |
| Other Admin Receipts | - | 2,340 | 2,340 |
| Other Conference Receipts | 2,450 | - | 2,450 |
| Interest | 61,108 | - | 61,108 |
| | <u>729,148</u> | <u>366,340</u> | <u>1,095,488</u> |
| Total Cash Receipts | | | |
| <u>Cash Disbursements</u> | | | |
| Conference | | | |
| Fall - 2018 | | | |
| Hotel and meals | 270,132 | - | 270,132 |
| Audio and visual | 56,477 | - | 56,477 |
| Program materials | 83,553 | - | 83,553 |
| Spring - 2019 | | | |
| Hotel and meals | 257,419 | - | 257,419 |
| Audio and visual | 12,121 | - | 12,121 |
| Program materials | 14,449 | - | 14,449 |
| Seminars | 231,947 | - | 231,947 |
| Conference Administration | 50,808 | - | 50,808 |
| Total conference disbursements | <u>976,906</u> | <u>-</u> | <u>976,906</u> |
| Administration | - | 365,517 | 365,517 |
| Lobbying | - | 60,012 | 60,012 |
| Newsletters | - | 15,893 | 15,893 |
| Committee meetings | - | 49,944 | 49,944 |
| Special projects | - | 17,690 | 17,690 |
| Total administration disbursements | <u>-</u> | <u>509,056</u> | <u>509,056</u> |
| Total Cash Disbursements | <u>976,906</u> | <u>509,056</u> | <u>1,485,962</u> |
| Excess (Deficit) of Cash Receipts over Cash Disbursements | (247,758) | (142,716) | (390,474) |
| Cash and Investments, Beginning | <u>3,320,984</u> | <u>(948,562)</u> | <u>2,372,422</u> |
| Cash and Investments, Ending | <u>\$ 3,073,226</u> | <u>\$ (1,091,278)</u> | <u>\$ 1,981,948</u> |

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH RECEIPTS BY SOURCE

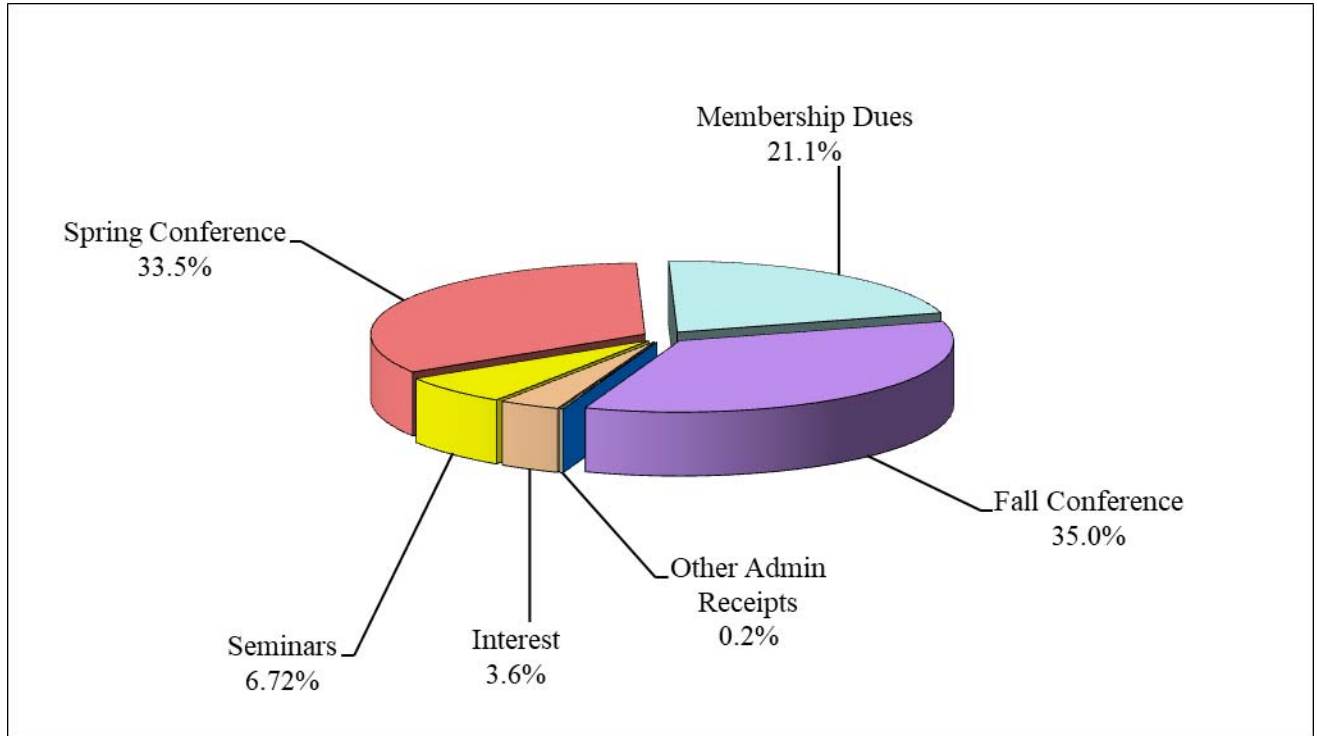


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CASH RECEIPTS BY SOURCE

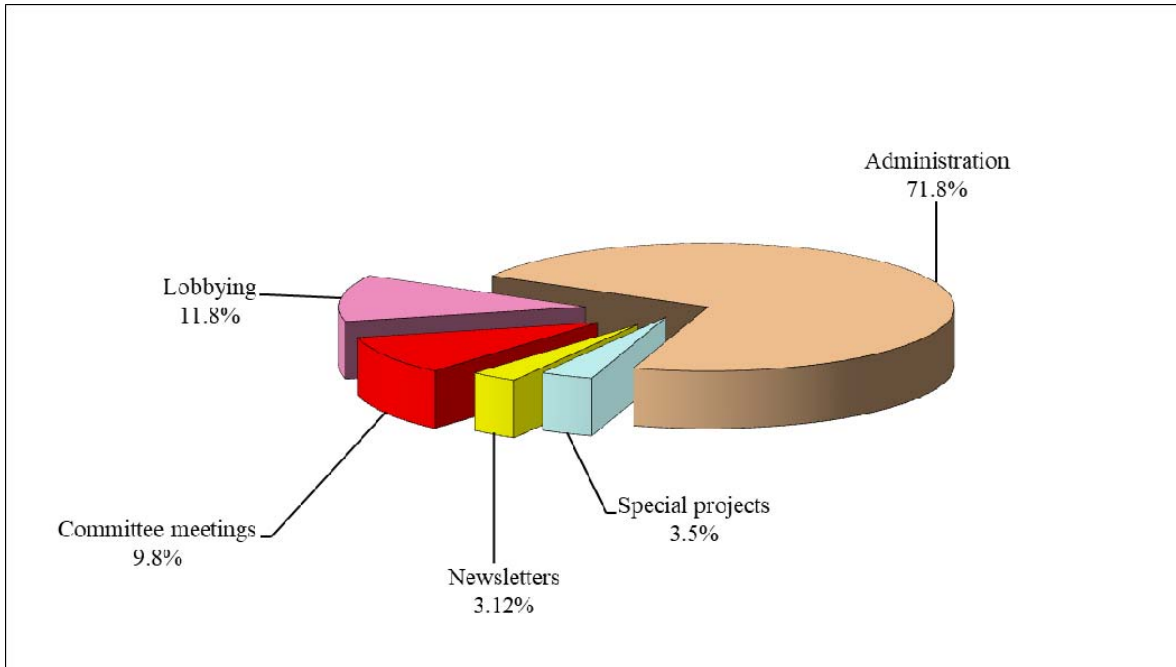


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

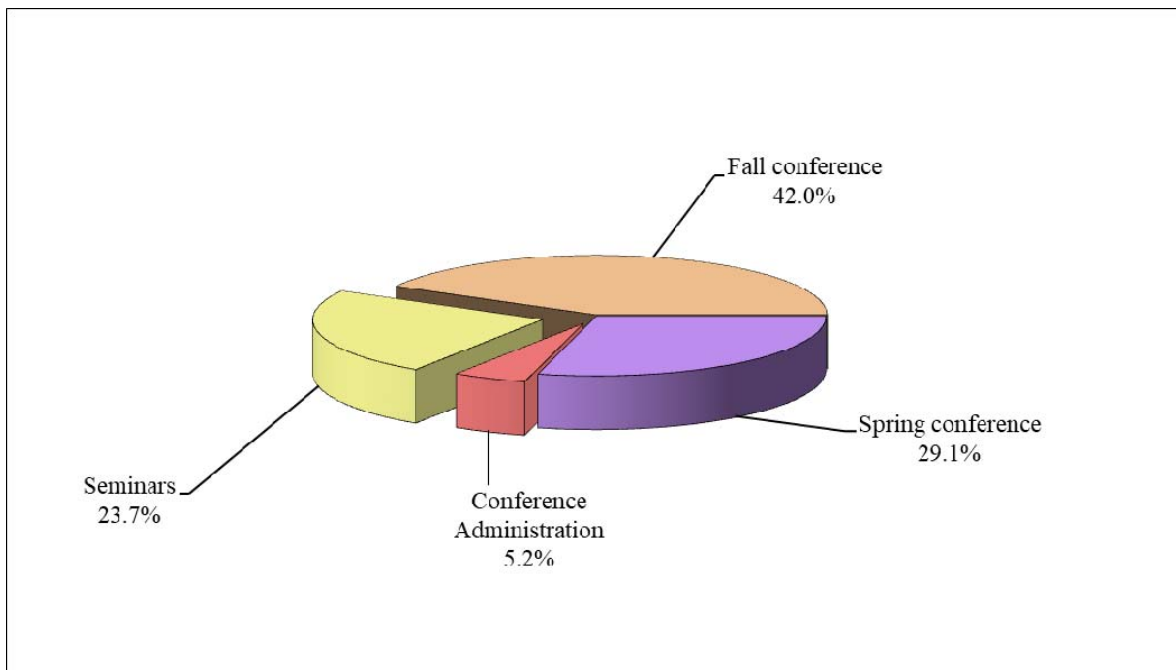
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS

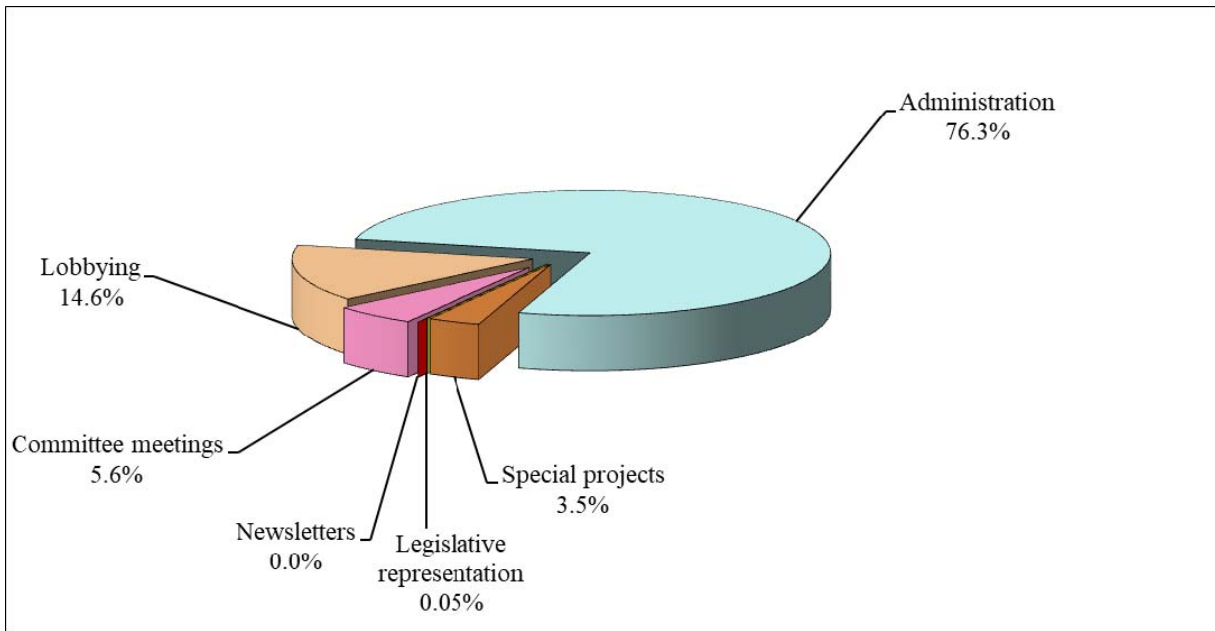


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

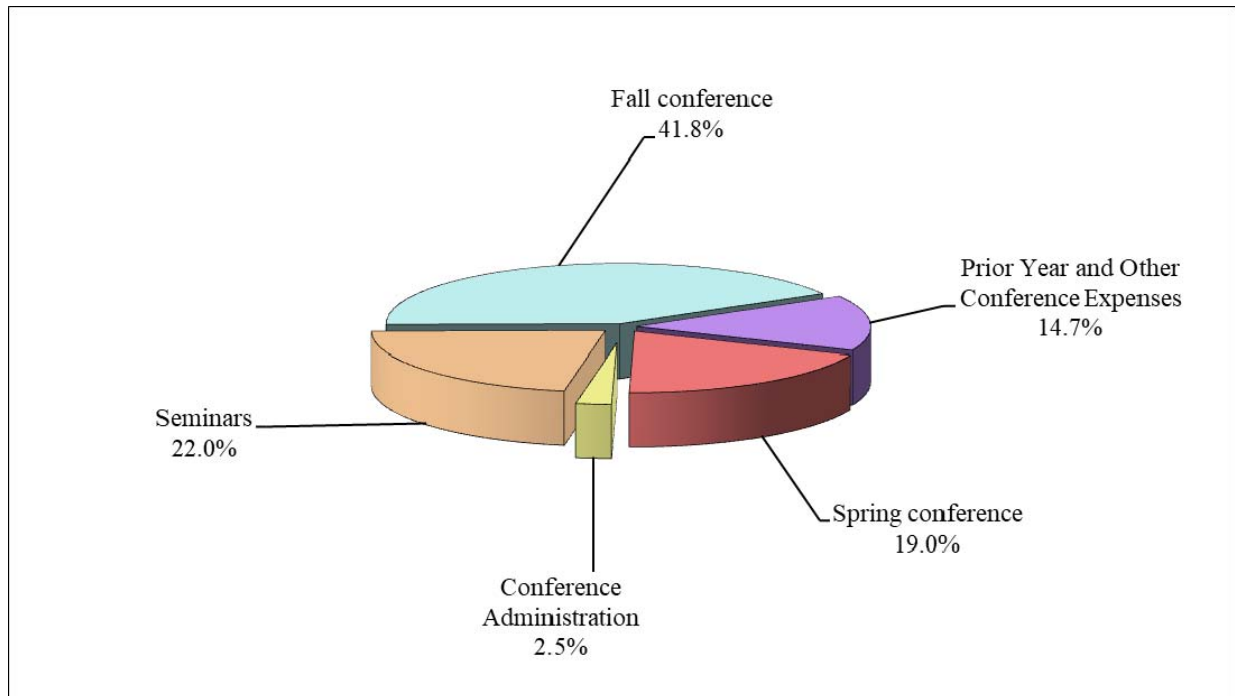
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

CONFERENCE SUMMARY REPORT

| | Spring 2020 Online | Fall 2019 Indian Wells | Spring 2019 Lake Tahoe | Fall 2018 Indian Wells | Spring 2018 Anaheim | Fall 2017 San Francisco |
|---------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--|
| Cash receipts | | | | | | |
| Conference | \$ - | \$ 639,270 | \$ 592,590 | \$ 591,530 | \$ 546,750 | \$ 581,490 |
| Total cash receipts | <u>-</u> | <u>639,270</u> | <u>592,590</u> | <u>591,530</u> | <u>546,750</u> | <u>581,490</u> |
| Cash disbursements | | | | | | |
| Hotel and meals | - | 296,927 | 195,278 | 312,670 | 152,017 | 304,155 |
| Audio and visual | 6,155 | 52,180 | 57,731 | 52,180 | 40,300 | 43,826 |
| Program materials | - | 39,552 | 42,342 | 32,086 | 20,909 | 26,722 |
| Program Speakers | - | 74,458 | 3,974 | 74,457 | 35,159 | 50,363 |
| Conference Administration | - | 17,818 | 14,094 | 9,634 | 7,183 | 11,333 |
| Total cash disbursements | <u>6,155</u> | <u>480,935</u> | <u>313,419</u> | <u>481,027</u> | <u>255,568</u> | <u>436,400</u> |
| Net cash provided by conference | <u>\$ (6,155)</u> | <u>\$ 158,335</u> | <u>\$ 279,171</u> | <u>\$ 110,503</u> | <u>\$ 291,182</u> | <u>\$ 145,090</u> |
| Total attendees | - | 742 | 590 | 588 | 599 | 603 |



James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

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

We have audited the financial statement of the State Association of County Retirement Systems (SACRS) for years ended June 30, 2020 and 2019, and have issued our report thereon dated October 23, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

We have provided our report on internal control over financial reporting in a separate letter to you dated October 23, 2020.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SACRS is included in Note 1 to the financial statement. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 23, 2020.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

We are contracted to prepare the fiscal year 2020 federal Return of Organization Exempt From Income Tax, and related state filings, as well as the calendar year Forms 1099-MISC for SACRS. These returns will be prepared using audited financial data, where applicable, but our preparation of these returns does not constitute an audit. No audit opinion will be issued on the tax returns referred to above.

James Marta & Company LLP
Certified Public Accountants

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 23, 2020

Adjusting Journal Entries:

| Account | Description | Debit | Credit |
|--|------------------------|------------------|------------------|
| Adjusting Journal Entry JE # 1 | | | |
| To back out unrealized gain/loss recognized in prior years | | | |
| 2100 | Unrealized Gain (Loss) | 74,256.00 | |
| 3200 | Retained Earnings | | 74,256.00 |
| Total | | 74,256.00 | 74,256.00 |

| | | | |
|---------------------------------------|--------------------------------|-----------------|-----------------|
| Adjusting Journal Entry JE # 3 | | | |
| PBC AJE to remove liability account | | | |
| 2150 | Refund Liability | 2,500.00 | |
| 1000 | First Foundation Bank-Checking | | 2,500.00 |
| Total | | 2,500.00 | 2,500.00 |

Reclassifying Journal Entries:

| | | | |
|---|--------------------------------|-------------------|-------------------|
| Reclassifying Journal Entry JE # 2 | | | |
| PBC RJE to record cash transfer in the correct period | | | |
| 1000 | First Foundation Bank-Checking | 250,000.00 | |
| 1100 | CalTrust - Medium Term | | 250,000.00 |
| Total | | 250,000.00 | 250,000.00 |



MANAGEMENT REPRESENTATION LETTER

October 23, 2020

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of the State Association of County Retirement Systems (SACRS) for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, in accordance with the cash basis of accounting described in Note 1 to the financial statement.

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

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 23, 2020:

Financial Statement

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



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

Information Provided

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

Supplementary Information in Relation to the Financial Statement as a Whole

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



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

Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statement.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- All disbursements have been properly classified in the financial statement and allocations, if any, have been made on a reasonable basis.
- Deposit and investment risks have been properly and fully disclosed.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- We have disclosed to you all guarantees, whether written or oral, under which SACRS is contingently liable.
- SACRS has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.



- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- Regarding our tax filings prepared by James Marta & Company LLP:
 - We are responsible for complying with tax filing requirements with the Internal Revenue Service, Franchise Tax Board, and other agencies, as applicable.
 - We are responsible for establishing and maintaining effective internal control over compliance.
 - We have performed an evaluation of the Association’s compliance with tax filing requirements and we are not aware of any instances of noncompliance.
 - We have reviewed and approved the tax returns prepared by your office.
 - We have made available to you all documentation related to compliance with specified requirements.
 - We assume all management responsibilities in regards to the tax filings and have designated an individual in management who possesses suitable skill, knowledge and experience to oversee these services.
 - We have performed an evaluation of the adequacy and results of the services performed and assume all management responsibilities.
 - We accept responsibility for the results of the services.

Sulema H. Peterson

Sulema Peterson, SACRS Executive Director



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

To the Management
State Association of County Retirement Systems
Sacramento, CA, 95814

We have recently completed the audit of the financial statement of State Association of County Retirement Systems (SACRS) and have issued our report thereon dated October 23, 2020. In planning and performing our audit of your financial statement for year ending June 30, 2020, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters that we are submitting for your consideration for the improvement of SACRS' accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated October 23, 2020 on the financial statement of the State Association of County Retirement Systems.

Current Year Recommendations

2020-1 Unrealized Gain/Loss

Observation:

Management has been recording unrealized gains and losses on investments in a liability account on the financial statements for the past few years. As a result, we had an audit adjustment of \$74,256 to agree beginning equity to the prior year audit. In addition, the current year unrealized gain of \$60,099 had to be moved from the liability account to the income statement.

Recommendation:

We recommend that the prior year's cumulative unrealized gain/loss be recorded to equity and all future unrealized gain/loss be recognized on the income statement.

Management Response:

Management will implement the recommendation upon approval of the Treasurer and Board of Directors. Management will consider recognizing interest earned on the income statement in "Interest revenue" rather than the "Unrealized gain/loss". Upon approval of the Board of Directors, management will work with the auditors in applying the corresponding adjustments/journal entries.

The current financial statement account structure was developed and approved in prior fiscal years and the recommendation is a change from that financial accounting structure in an effort to be more consistent with the cash basis of accounting. No recommendations were made in the prior years.

Prior Year Recommendations

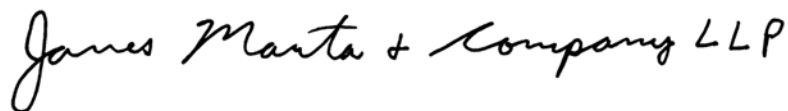
None

We believe that the implementation of these recommendations will provide State Association of County Retirement Systems with a stronger system of internal accounting control while also making its operations more efficient.

Management's responses to our recommendations are described above. We did not audit the Management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, and others within the association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 23, 2020



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2020 and 2019 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated October 23, 2020.

Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

James Marta & Company LLP
Certified Public Accountants
October 23, 2020



8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Virtual Spring 2021 Conference Evaluations/Feedback



No printed material for this item



9. SACRS Program Committee Report – No Action

Roger Hilton, Orange CERS, SACRS Program Committee Chair

- A. SACRS Annual Virtual Spring 2021 Conference Report



No printed material for this item



10. SACRS Affiliate Committee Report – No Action

Scott Draper, Algert Global LLC, SACRS Affiliate Committee Chair

A. Affiliate Committee Update



No printed material for this item



11. SACRS Bylaws Committee Report – No Action

Johanna Fontenot, Los Angeles CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update



No printed material for this item



12. SACRS Spring Conference Breakout Reports – No Action

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

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



No printed material for this item



13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, November 12, 2021 at the Hollywood Loews Hotel unless Covid-19 restrictions are in place.



No printed material for this item