



# Notice of Public Meeting

## The Board of Retirement

of the San Mateo County Employees' Retirement Association will meet on

**Tuesday, April 26, 2022 at 10:00 A.M.**

In accordance with Government Code § 54953 and § 54954, the Members of the Board will be participating via Zoom video conference and teleconference. Pursuant to Government Code § 54953 and § 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://us06web.zoom.us/j/88473179386>
- To join the meeting via telephone, dial: (669) 900-9128, and enter Meeting ID: 884 7317 9386

### 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](mailto: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 22, 2022

# Notice of Public Meeting

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#### **4. Approval of the Consent Agenda\***

- 4.1 Disability Retirements (none)
- 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 a Resolution authorizing the Chief Executive Officer to execute an agreement for Tax Counsel Services
- 4.11 Approval of Resolutions that Define Compensation Earnable and Pensionable Compensation

#### **5. Benefit & Actuarial Services**

- 5.1 Consideration of Agenda Items, if any, Removed from the Consent Agenda

#### **6. Investment Services**

- 6.1 Report on Preliminary Monthly Portfolio Performance Report for the Period Ended March 31, 2022
- 6.2 Report on Cash Overlay (Parametric) Annual Review
- 6.3 Report on Global Custodian (Northern Trust) Annual Review
- 6.4 Approval of Cash Flow-Matched Manager Recommendation
- 6.5 Approval of Proposed Purchase and Sale of Alternative Investments (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 2022-23 Budget
- 7.2 Selection of and Direction 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 Purchase and Sale of Alternative Investments (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**

# Notice of Public Meeting

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### 10. Adjournment in Memory of the Following Deceased Members:

Lopez Plancarte, Manuel	December 27, 2021	Sheriff's
Carter, Michael	March 8, 2022	Probation
Pugliese, Michael	March 9, 2022	Sheriff's
Hernandez, Roger	March 24, 2022	Probation
Ludy, Treva	March 25, 2022	Hospital
Howard, Edna	March 25, 2022	Library
Kruger, Suzanne	March 28, 2022	Health Services
Laurence, Annette	April 1, 2022	Health & Welfare
Pestano, Judith	April 1, 2022	Social Services
Vers, Joseph	April 5, 2022	Sheriff's
Alvarez, Juan	April 10, 2022	Courts
Lund, Ruth	April 15, 2022	County Clerk



Scott Hood, Chief Executive Officer

Posted: April 20, 2022

(\* 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](http://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 22, 2022 – REGULAR BOARD MEETING MINUTES**

**2302.1 Call to Order, Roll Call and Miscellaneous Business**

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

**Roll Call:**

Present: Sandie Arnott, Mark Battey, Ben Bowler, Al David, Paul Hackleman, Kurt Hoefer, Elaine Orr, and Robert Raw.

Absent: Susan Lee and Katherine O'Malley.

Alternates: Alma Salas.

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

Consultants and speakers: Joe Abdou, Margaret Jadallah, Jeff MacLean, and Ian Toner (Verus); Nick Collier (Milliman, Inc.).

**2302.2.1 Oral Communications from the Board:** Mr. Hackleman informed the Board that he does not plan to run for re-election this year.

**2302.2.2 Oral Communications from the Public:** Mr. Raw asked if there was any public comment from those individuals participating on the telephone or via Zoom. There were no public comments. Ms. Trujillo reported there were no written comments received ahead of the meeting.

**2203.3.2 Approval of Regular Board Meeting Minutes from February 22, 2022:** Mr. Raw asked if there were any changes or corrections, or objections, to the meeting minutes from the regular Board meeting held on February 22, 2022. There were no changes, corrections, or objections presented.

**Action:** Mr. Hackleman moved to approve the minutes from the regular Board meeting on February 22, 2022. The motion was seconded by Mr. David and carried with a vote of 8-0, with trustees Arnott, Battey, Bowler, David, Hackleman, Hoefer, Orr, and Raw all in favor; none opposed.

**2203.4.0 Approval of the Consent Agenda:** Mr. Raw asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

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

**2203.4.1 Disability Retirements:** None.

**2203.4.2 Survivor Death Benefits:** None.



2203.4.3 **Service Retirements:**

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Billingsley, Randall	December 31, 2021	Def'd – District Attorney's Office
Crivello, Michael	January 4, 2022	Planning & Building
De Nola, Rosa	January 4, 2022	Superior Court
Dionida, Jay	January 22, 2022	Sheriff's Office
Dones, Mary Ann	January 14, 2022	Def'd - Human Services Agency
Gentry, Laura	January 19, 2022	Deferred - Child Support Services
Giltz, Timothy	January 22, 2022	Sheriff's Office
Hong, Richard	January 18, 2022	Def'd - District Attorney's Office
Introcaso, Robert	January 21, 2022	Sheriff's Office
Irwin, Rebecca	December 31, 2021	Deferred – Board of Supervisors
Jaeger, Dorothy	December 29, 2021	Deferred – Superior Court
Kovach, John	January 8, 2022	Sheriff's Office
LaGrone, Mark	January 4, 2022	Public Works
Len Wai, Doreen	January 15, 2022	San Mateo County Health
Molver, Brian	January 27, 2022	County Manager's Office
Morales, Felipe	January 29, 2022	Family Health Services
Murphy, Patrick	January 8, 2022	Assessor's Office
Ngu, Khiet	January 11, 2022	Child Support Services
Prasad, Kamlesh	January 22, 2022	Aging & Adult Services
Rodriguez, Ramon	January 4, 2022	Aging & Adult Services
Smith, Susan	January 19, 2022	San Mateo County Health
Tang, Katherine	January 4, 2022	Aging & Adult Services
Taylor, Edward	January 5, 2022	Probation
Wright, Linda	January 21, 2011	Deferred – Sheriff's Office
Yu, Shurong	January 8, 2022	Assessor's Office

2203.4.4 **Continuances:**

<b>Survivor's Name:</b>	<b>Beneficiary of:</b>
Coker, Janet	Hartung, Jurgen
Shore Gonzalez, Diane	Gonzalez, Carlos
Woollum, Shirley	Woollum, Dennis

2203.4.5 **Deferred Retirements:**

<b>Name</b>	<b>Retirement Plan Type</b>
Bailey, Zoe	G7, Vested - Reciprocity
Chandler, Julie	G3, Vested – Auto Defer – Code 31700
Ford, Raysean	G7, Vested - Reciprocity
Fulbright, Charity	G3, Vested – Auto Defer – Code 31700
Garcia, Peter	G4, Vested - Reciprocity
Hu, Xiaotian	G7, Non-Vested - Reciprocity
Lau, Cathy	S7, Non-Vested -Reciprocity
Ngo, Khathy	G7, Vested – Auto Defer – Code 31700
Sandoval, Juan	G4, Vested – Auto Defer – Code 31700
Santos, Maria	G7, Vested - Reciprocity
Smith, Caroline	G4, Vested - Defer

2203.4.6 **Member Account Refunds:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Bartolome, Fortunato	G7, Non-vested
Davis, Cynthia	G7, Non-vested
Del Visco, Connor	G7/S7, Vested
Heymann, Ellie (FBO: Van Rheenens, Bernardus)	G2, Vested
Hjelm, Lauri	G7, Non-vested
Hunter, Bryan (FBO: Hunter, Matthew)	G7, Non-vested
Marshall, Marilyn	G2, Non-vested
Munoz Hernandez, Patricia	G7, Non-vested
Ortega, Jessica	G7, Vested
Restani, Mei-Li	G7, Non-vested

2203.4.7 **Member Account Rollovers:**

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

<b>Name</b>	<b>Retirement Plan Type</b>
Clark, Rachel Aguirre	G7, Non-vested
Linn, Ellen (FBO:Seaman, Bruce)	G4, Non-vested
Rodriguez, Michele	G7, Non-vested

2203.4.8 **Member Account Redeposits:** None.

2203.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted reports for educational activities attended by Mr. David and Ms. Orr.

2203.4.10 **Report on the County's Prepayment of Employer Contributions:** The Board accepted the report on the County's prepayment of employer pension contributions totaling \$234,796,949 for fiscal year 2022-23.

2203.4.11 **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, 2023.

2203.4.12 **Approval of Provision of Consultative Services to the County Counsel's Office:** The Board authorized the Chief Executive Officer to enter into a Memorandum of Understanding (MOU) with the Office of the County Counsel for the Provision of Legal Consultation Services.

2203.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2203.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended February 28, 2022:** Mr. Coultrip reported that SamCERA's net preliminary return for February was -1.2% bringing the preliminary trailing twelve month return ending February 2022 to 7.6% net, which is below SamCERA's Plan Benchmark return of 8.0% but above SamCERA's Actuarial Assumed Earnings Rate of 6.25%. This item was informational and for discussion only, no action was taken.

2203.7.1 **Approval of Resolution Temporarily Suspending Requirement of Nomination of Signatures for the June 2022 SamCERA Elections:** Ms. Smith reviewed the upcoming term expirations of the Third

(General), Eighth (Retired) and Retired Alternate Board seats. With the continuing spread and uncertainty of COVID-19, she shared staff's recommendation to suspend the requirement to obtain nomination signatures for the Third Member seat set forth in Regulation 4.5 and the disqualification of candidates for failure to submit the qualified nomination signatures set for in Regulations 4.7 for the June 13, 2022 election.

**Action:** Mr. Battey moved to approve a resolution temporarily suspending the requirement of nomination signatures contained in Regulation 4.5 and suspending the disqualification of candidates for failure to submit the required qualified nomination signatures set forth in Regulation 4.7 of Article IV, Election of Trustees, for the June 13, 2022 election for the Third Member seat due to the continued State of Emergency as result of the threat of COVID-19. The motion was seconded by Mr. Hoefer and carried by a vote of 7-1, with trustees Battey, Bowler, David, Hackleman, Hoefer, Orr, and Raw all in favor; Ms. Arnott opposed.

- 2203.7.2 **Report on Status of Trustee Elections:** Ms. Smith informed the Board that she is working with the County Elections Office regarding the Third, Eighth, and Retired Alternate expiring seats. She also informed the Board that staff has been in contact with Supervisor Horsley's office regarding the appointments for the expiring Fifth and Ninth Member seats. This item was informational and for discussion only, no action was taken.
- 2203.8.1 **Chief Executive Officer's Report:** Mr. Hood informed the Board that the employer and employee contribution rates were approved by the Board of Supervisors on March 8<sup>th</sup>. He reported on the CALAPRS General Assembly that took place a few weeks ago. He also previewed a few items on the April agenda which will include the budget for next fiscal year, approval of SACRS voting delegates, and update on the compensation earnable and pensionable compensation resolutions.
- 2203.8.2 **Assistant Executive Officer's Report:** Ms. Smith requested the Board to submit their \$25 non-recourse renewal check. Ms. Trujillo shared upcoming educational opportunities with the Board.
- 2203.8.3 **Chief Investment Officer's Report:** Mr. Coultrip reported that staff and Verus will hold annual manager reviews on Thursday, April 14<sup>th</sup> with real estate managers, PGIM at 8:00 a.m. and Harrison Street at 9:30 a.m. Mr. Coultrip also shared that staff plans to bring a recommendation for the cash flow match liquidity manager search next month.
- 2203.8.4 **Chief Legal Counsel's Report:** Mr. Okada informed the Board that there are currently two legislative bills proposing revisions to the Brown Act to allow remote meetings without imposing prior teleconferencing requirements. He stated that staff is closely monitoring the outcome and will keep the Board updated. Mr. Okada informed the Board that there will be a Special Meeting prior to the April Regular Board Meeting. Mr. Okada reported that all Trustees have recently received an email regarding their ethics requirements and mentioned that he plans to hold an ethics training course sometime in June.
- C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.
- 2203.9.0 **Report on Actions Taken in Closed Session:** None.

2203.2.3 **Retreat Presentations and Discussions:**

**Economic Outlook**

Mr. Toner, Chief Investment Officer of Verus, discussed the following topics with the Board: the economic impacts of the Russia-Ukraine war, inflation, the rising market rates, and the continuing effects of COVID on economic growth.

Mr. Hackleman left the meeting at 9:00 a.m. The meeting was adjourned for break at 9:53 a.m. and reconvened at 10:05 a.m.

**Discussion on Plan Maturity, Part IV**

Mr. MacLean, Chief Executive Officer of Verus, provided a recap of prior retreat discussions regarding maturation. He then presented the Enterprise Risk Tolerance survey and Asset-Liability study. He also discussed the concept of required rate of return and asset-liability risk trade off decisions.

Mr. Hackleman rejoined the meeting at 10:29 a.m. The meeting was adjourned for lunch at 11:21 a.m. and reconvened at 12:00 p.m.

**SamCERA Liabilities and Liabilities 101**

Mr. Hood, Chief Executive Officer of SamCERA, presented a historical look at SamCERA’s liabilities, returns and funding from the past 25 years. Mr. Collier, Milliman Inc., discussed the determination of liabilities and causes that may change from year to year.

**Update on Current State of Environmental, Social and Governance Issues**

Ms. Jadallah and Mr. Abdou, of Verus, presented an overview of environmental, social and governance issues and discussed the implications of integrating ESG into the portfolio.

2203.10 **Adjournment:** Mr. Raw adjourned the meeting at 2:05 p.m. in memory of the deceased members listed below.

Foster, Jenny	January 26, 2022	San Mateo Medical Center
Bouldin, Eleanor	January 29, 2022	Courts
Baker, Gloria	February 4, 2022	District Attorney's Office
Dickerson, Dolores	February 6, 2022	Human Services
Turner, Cleveland	February 10, 2022	Engineering & Roads Dept
Clements, Robert	February 11, 2022	Public Works
Ogata, George	February 12, 2022	Human Services
Clare, Ronald	February 15, 2022	Human Services
Duma, Nida	February 17, 2022	Hospital
Harris, George	February 20, 2022	Public Works
Baldwin, Beverly	February 24, 2022	Environmental Health
Noble, Candice	March 3, 2022	Planning & Building
Gatzert, Norman	March 6, 2022	Courts
Doan, Margaret	March 11, 2022	Social Services
Romine, Patricia	March 13, 2022	Mental Health

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Robert Raw  
Board Chair

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

April 26, 2022

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**

None.

**4.2 Survivor Death Benefits**

None.

**4.3 Service Retirements**

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

<b>Name</b>	<b>Effective Retirement Date</b>	<b>Department</b>
Balatbat, Alejandra	March 1, 2022	San Mateo County Health
Barillas, Ines	February 4, 2022	San Mateo County Health
Bratcher, Rodney	February 14, 2022	Deferred - Behavioral Health
Chatterjee, Cynthia	February 26, 2022	Behavioral Health
Council, Justin	February 27, 2022	Sheriff's Office
Cross, Carrie	February 4, 2022	Probation
Crutison, Aaron	February 4, 2022	Deferred - Health & Social Services
Dogan, Ayse	February 5, 2022	Human Services
Doherty, Geraldine	February 19, 2022	Aging & Adult Services
Drach, Paul	February 27, 2022	Sheriff's Office
Georgakas, Brad	February 19, 2022	Assessor's Office
Guidos, Oristela	February 9, 2022	Public Works
Gustavson, Andy	January 4, 2022	Deferred - Planning
Hosfeldt, Julie	February 26, 2022	Family Health
Jones, Christopher L	February 26, 2022	Public Health
Kelley, Janine	February 2, 2022	Deferred - Probation

Lucy, Patrick	February 22, 2022	Sheriff's Office
Mangrum, Selma	February 26, 2022	Behavioral Health
Mapa, Selu	February 26, 2022	Human Services Agency
Pardella, Gregory	December 30, 2021	Deferred - Sheriff's Office
Parks, Shawn	March 1, 2022	Sheriff's Office
Pilgrim, Steven	February 8, 2022	San Mateo County Health
Valera-Gomez, Bernardita	February 19, 2022	Aging & Adult Services

#### 4.4 Continuances

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

Survivor's Name	Beneficiary of:
Buttram, John	Buttram, Mary
Duma, Reynaldo	Duma, Nida
Lazaro, Suzanne	Lazaro, Lee
Pulvers, Martin	Alamar Pulvers, Joy
Turner, Rachel	Turner, Cleveland

#### 4.5 Deferred Retirements

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

Name	Retirement Plan Type
Chan, Allan	G4, Vested - Reciprocity
Chavez, Regina	G4, Vested
Espinoza, Sylvia	G4, Vested
Le-Christensen, Jenny	G5, Vested - Reciprocity
Lee, Danielle	G4, Vested - Reciprocity
Marlowe, Mia	G4, Vested
Pacino, Katy	G7, Non-Vested - Reciprocity
Pickney, Jay	G7, Non-Vested – Reciprocity
Reyna, Renee	G4, Vested - Reciprocity
Sekhon, Amrinder	G4, Vested
Wredberg, Nicole	G7, Non-Vested - Reciprocity

#### 4.6 Member Account Refunds

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

<b>Name</b>	<b>Retirement Plan Type</b>
Aguilar, Joaquin	G7, Non-vested
Aaron, Marshall	G7, Non-vested
Arango, Erica	G4, Vested
Garcia, Delia	G7, Non-vested
Ikegayi, Maeri	G7, Non-vested
Jones, David G	G7, Non-vested
Lam, Elenalani	G5, Non-vested
Lopez Plancarte, Manuel (FBO: Lopez, Oscar)	S7, Non-vested
Martin, Vernon	G7, Non-vested
Nash, Paul (FBO: Nash, Cathy)	G2, Vested
Padua, Jessica	G4, Vested
Sloan, Ivan	G7, Non-vested
Sosa Rios, Enissa	G7, Non-vested
Wilson, Matt	G7, Non-vested

#### 4.7 Member Account Rollovers

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

<b>Name</b>	<b>Retirement Plan Type</b>
Chavez, Roseanne	G7, Non-vested
Collins, Natasha	G7, Vested
Velleman, David	G7, Non-vested
Wemple, Jesse (FBO: Martin, Carolyn)	G4, Vested
Zabarte, Joie	G7, Non-vested

#### 4.8 Member Account Redeposits

None

#### 4.9 Acceptance of Trustees' Reports of Educational Activities

See attached

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

April 26, 2022

Agenda Item 4.9

**TO:** Board of Retirement

**FROM:** Anne Trujillo, Retirement Executive Secretary



**SUBJECT:** Trustee's Reports of Educational Activities

**Recommendation**

Accept the following reports from Board of Retirement trustees who have recently attended educational events.

**Background**

SamCERA's Education Policy Section 1D states "Prior to the next regularly scheduled meeting of the Board following the Board member's participation in an educational activity, the Board member shall submit for inclusion on the Consent Agenda, a summary written report on the content of educational activities. The report shall substantially reflect the information contained in the attached sample report."

**Discussion**

SamCERA Trustees attended the following educational events, and their reports are attached:

CALAPRS Advanced Principles of Pension Governance (March 30, 2022 to April 1, 2022)

- Kurt Hofer

**Attachments**

Trustee's Education Proof of Participation Certificates and Summaries



SamCERA Board of Retirement Trustee Education  
 Proof of Participation Certificate and Summary



<b>Trustee Name</b> Kurt Hoefer		<b>Date(s) of Event</b> 3/30/22-4/1/22
<b>Education Event Name</b> Advanced Principles of Pension Governance		
<b>Event Provider</b> CALAPRS		
<b>Type of Participation:</b> Attended Event <input checked="" type="checkbox"/> Listened to Audio/Watched Video <input type="checkbox"/>		<b>Eligible Credit:</b> Total hours for sessions you participated in: <u>2 1/2 hrs</u> (Staff may adjust hours if the provider issues an education certificate that reflects different hours.)

This event satisfies the following requirements of the Board of Retirement's Education Policy and Government Code section 31522.8:

**Topic:** (Check all that apply)

- |                                                                                                |                                                             |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <input checked="" type="checkbox"/> Fiduciary responsibilities                                 | <input type="checkbox"/> Disability evaluation              |
| <input type="checkbox"/> Ethics                                                                | <input type="checkbox"/> Fair hearings                      |
| <input type="checkbox"/> Benefits administration                                               | <input checked="" type="checkbox"/> Pension fund governance |
| <input checked="" type="checkbox"/> Actuarial matters                                          | <input type="checkbox"/> New board member orientation       |
| <input type="checkbox"/> Pension funding                                                       | <input type="checkbox"/> Other: _____                       |
| <input checked="" type="checkbox"/> Pension fund investments and investment program management |                                                             |

**Summary Report**

What concepts or information did you learn about?

*Very useful review of actuarial accounting practices and the evolving rules around our disclosures. It was good to be in a room with other trustees from plans across the state to exchange notes and get broad perspective. It was also useful to get an overview on trust fiduciary laws and practices.*

Would you recommend this event to other trustees?

- Yes       No       Maybe

You may provide additional comments to SamCERA's CEO.

By signing below, I certify that I participated in the activities described above and am entitled to claim the indicated amount of education credit hour(s).

<b>Trustee Signature (print this form and sign)</b> <i>Kurt Hoefer</i>	<b>Date</b> 4/4/2022
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**NOTE:** Please return this completed form to SamCERA's Executive Secretary prior to the mailing of the Board packet, so it can be included in that month's Consent Agenda.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

April 26, 2022

Agenda Item 4.10

**TO:** Board of Retirement

**FROM:** Scott Hood, Chief Executive Officer 

**SUBJECT:** Agreement with Wellington Gregory LLP for Tax Counsel Services

**Recommendation**

Approve a resolution authorizing the Chief Executive Officer to execute an agreement with Wellington Gregory LLP, for Tax Counsel Services.

**Background**

It is important that SamCERA remain compliant with applicable state and federal tax laws and regulations. From time to time SamCERA has used tax counsel services to address tax issues raised in the administration of benefits. In June 2017, staff issued a Request for Proposal soliciting proposals from three firms experienced in tax issues arising from county retirement systems. After a review of the proposals, interviews, and reference checks, staff recommended Steptoe & Johnson LLP (Steptoe) to the Board and, in July 2017, the Board approved the retention of Steptoe through June 2022, with the legal services to be performed by Don Wellington and Jenni Krengel and other Steptoe attorneys as appropriately delegated.

Subsequently, Mr. Wellington and Ms. Krengel moved to the firm of Reed Smith LLP (Reed Smith) and, in April 2018, the Board authorized the execution of a legal services agreement with Reed Smith with substantially the same terms and conditions provided for under the Steptoe agreement. In 2021, Ms. Krengel informed SamCERA that she was leaving the firm of Reed Smith in order to join the firm of Buchalter, P.C. In September 2021, the Board authorized the Chief Executive Officer to execute a legal services agreement with the Buchalter firm. As noted at that time, staff did not recommend terminating the tax counsel agreement with Reed Smith given that Mr. Wellington continued to be a valued legal services provider with subspecialties that were complimentary to those of Ms. Krengel and which would be beneficial to utilize from time to time.

**Discussion**

Mr. Wellington recently informed SamCERA's Chief Legal Counsel that he has left Reed Smith in order to form a new law firm, Wellington Gregory, LLP ("Wellington Gregory"). Don Wellington continues to collaborate with Jenni Krengel (SamCERA's current tax counsel at Buchalter, P.C.) with respect to tax issues regarding a number of public pension plans including plans covered by CERL. This resolution authorizes the Chief Executive Officer to execute an agreement with Wellington Gregory for the provision of tax counsel services on substantially the same terms

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

and conditions as the agreement with Reed Smith up to a maximum of \$25,000, with authority to amend that agreement up to \$35,000 total, throughout the term, if needed.

The proposed Wellington Gregory agreement will run through June 2024, unless terminated earlier. Don Wellington's hourly billing rate is \$525 per hour during the agreement term, although such rate may be adjusted from time to time upon mutual consent of the parties.

**Attachment**

Resolution Authorizing the Chief Executive Officer to Execute an Agreement with Wellington Gregory, LLP, for Tax Counsel Services

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION \_\_\_\_ - \_\_

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN AGREEMENT WITH WELLINGTON GREGORY, LLP, FOR TAX COUNSEL SERVICES**

**WHEREAS**, Article XVI, §17 of the Constitution of the State of California vests the Board with plenary authority and fiduciary responsibility for the investment of moneys and the administration of the system; and

**WHEREAS**, it is important that SamCERA remain compliant with applicable state and federal tax laws and regulations and to obtain tax refunds and favorable tax rulings in foreign jurisdictions in which the Fund has investments; and

**WHEREAS**, in June 2017 SamCERA's agreement with tax counsel expired and staff issued a Request for Proposal for tax counsel services and the Board determined that it was in SamCERA's best interests to enter into a 5-year agreement with Steptoe & Johnson, LLP (Steptoe) to provide tax counsel services; and

**WHEREAS**, the agreement with Steptoe provided that the services were to be provided by Don Wellington and Jenni Krengel, both of whom subsequently joined the firm of Reed Smith LLP (Reed Smith) on or about April 2018; and

**WHEREAS**, in April 2018, the Board approved a resolution terminating the legal services agreement with Steptoe and authorizing the execution of an agreement with Reed Smith for the provision of tax counsel services; and

**WHEREAS**, Mr. Wellington recently left the Reed Smith firm in order to form a new law firm, Wellington Gregory, LLP, and it is in the best interests of SamCERA to continue to utilize Mr. Wellington for tax counsel services;

**THEREFORE, BE IT RESOLVED**, that the Board of Retirement authorizes the Chief Executive Officer to execute an agreement with Wellington Gregory, LLP, for tax counsel services in an amount not to exceed \$25,000, with a term expiring on June 30, 2024; and

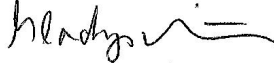
**BE IT FURTHER RESOLVED**, that the Chief Executive Officer is hereby authorized and directed to execute any subsequent amendments and minor modifications in an amount not to exceed \$10,000, for a total not to exceed \$35,000.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Board of Retirement

April 26, 2022

Agenda Item 4.11

**TO:** Board of Retirement

**FROM:** Gladys Smith, Assistant Executive Officer 

**SUBJECT:** Amending Resolutions Defining Compensation Earnable and Pensionable Compensation

**Recommendation**

Approve amendments to (1) the Resolution defining Compensation Earnable, pursuant to Government Code §31461 for members who are not subject to Government Code §7522.34 and (2) the Resolution defining Pensionable Compensation for members who are subject to Government Code §7522.34 to:

- (a) Include as pensionable earning the following Automated Timekeeping System (ATKS) and WorkDay (WD) codes:

<b>ATKS Code</b>	<b>Earning Description</b>
638	Supplemental COVID-19 Emergency Sick Leave

<b>WD Code</b>	<b>Earning Description</b>
130	Lactation Pay

- (b) Delete the following earnings codes:

<b>ATKS Code</b>	<b>Earning Description</b>
033	Bomb Squad Pay

<b>WD Code</b>	<b>Earning Description</b>
637M	Emergency FMLA Unpaid Memo Note
642M	Essential Worker Onsite Memo Note

- (c) Description name changes to the following earnings codes:

<b>ATKS Code</b>	<b>Earning Description</b>
007	EH Relief Nurse PM Shift Differential (New) E.H. Relief Nurse Shift Differential (Old)

009	EH Relief Nurse Night Shift Differential (New) E.H. Relief Nurse Shift Differential (Old)
-----	----------------------------------------------------------------------------------------------

<b>ATKS Code</b>	<b>Earning Description</b>
011	Training/Officer of the Day/Courtroom Clerk Electronic Recording Pay (New) Night shift differential – comm dispatch (Old)
019	Charge Pay Differential (New) Charge Nurse Shift Differential (Old)
076	Rest Period/Court CART Differential (New) Rest Period Differential (Old)
102	Admin Leave Cash Out (New) Annual In-Service Mgmt Administrative Leave Cash-outs (Old)

### **Background**

Depending upon a member’s date of hire and other factors, a member is either subject to Government Code §31461 in the County Employees Retirement Law (“CERL”) or §7522.34 of the Public Employees’ Pension Reform Act (PEPRA). Under CERL, Compensation Earnable is used: (1) to calculate final compensation in order to determine a member’s pension benefit and (2) to calculate the ongoing contributions to be paid by the member and the employer. For the PEPRA members, “Pensionable Compensation” is used for the same purposes. The Board determines which elements of compensation are to be included in pensionable earnings.

### **Discussion**

Effective February 19, 2022, covered employees in both the public sector and private sector are entitled to up to 80 hours of “2022 COVID-19 Supplemental Paid Sick Leave” from January 1, 2022 through September 30, 2022. Up to 40 of those hours can be used when an employee or family member tests positive for COVID-19. The County created earnings code 638 to comply with the supplemental paid leave legislation and track the hours. Separately, following negotiations with AFSCME, the County created earnings code 130, which is provided to those eligible employees who are board certified lactation consultants.

In addition to the two above-referenced new earnings codes, three ATKS and Workday codes (033 (Bomb Squad Pay), 637M (Emergency FMLA Unpaid Memo Note) and 642M (Essential Worker Onsite Memo Note)) are no longer used by the County and should be deleted. Furthermore, six earnings code descriptions have been updated to better reflect and describe their actual usage.

Staff will address any specific questions that the Board may have. The attached resolutions each rescind the current resolutions and restate the resolutions in their entirety, adding the new earnings codes, deleting existing ones, and updating description names.

### **Attachments**

Resolution Defining Compensation Earnable pursuant to Government Code §31461  
Resolution Defining Pensionable Compensation pursuant to Government Code §7522.34

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**RESOLUTION 2022-\_\_**

***RESOLUTION DEFINING COMPENSATION EARNABLE  
PURSUANT TO GOVERNMENT CODE §31461 FOR MEMBERS  
WHO ARE NOT SUBJECT TO GOVERNMENT CODE §7522.34***

**WHEREAS**, for those current members who became active members prior to January 1, 2013, and those members who became active members on or after January 1, 2013, but who are not subject to Government Code §7522.34 of the California Public Employees' Pension Reform Act, the determination of compensation earnable for remuneration earned by those members is governed by Government Code §31461; and

**WHEREAS**, Government Code §31461 provides that compensation earnable by a member means the average compensation as determined by the Board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay; and

**WHEREAS**, Government Code §31461 provides that this Board determine which items of remuneration earned by members shall constitute "Compensation Earnable"; and

**WHEREAS**, the Board has reviewed the current pay items and has determined which of those items are to be included in "Compensation Earnable" and which items are not to be included; and

**WHEREAS**, it is necessary for this Board from time to time to amend its determinations of compensation earnable due to changes in the compensation schedules of SamCERA employers or changes in the law and, as a result of new "2022 COVID 19 Supplemental Paid Sick Leave" legislation, as well as new earning codes resulting from labor negotiations, and a review of the usage of existing earnings codes, the Board finds that new pay codes designations should be added, certain earnings codes should be deleted, and certain earning code descriptions should be changed; Therefore, be it

**RESOLVED**, that Resolution number 2020-14 is rescinded, and pursuant to Government Code §31461 as interpreted by the courts, the Board hereby makes the following determinations to be effective February 19, 2022, as to what is included in "Compensation Earnable" and items of remuneration that are not included:

1. Compensation earnable shall include:

Pay Code	Description
001	Regular hours worked
001-G	Regular hours worked (grace paid)
001-M	Regular hours worked (mandatory meeting)
001-T	Regular hours worked (training)
001-TW	Regular hours worked (telecom)
006	Sheriff's 84/12 Plan
00680	84/12 Plan (Sheriff)

Pay Code	Description
010	Release time with pay
011	Training/Officer of the Day/Courtroom Clerk Electronic Recording Pay
013	Night shift differential
014	Special night shift differential
015	Special duty hours
016	Inspection/Testing/Repair with a Certification
019	Charge pay differential
020	Split shift
021-L1	Bilingual pay
021-L2	Bilingual pay
022	Staffing differential
023	Weekend pay
027	On-call hours
035	Sick leave with pay
035B	Sick Leave Supplemental Pay
036	Sick leave with pay (work-related injury)
041	Vacation hours with pay
041-A	X-Vacation hours with pay
041B	Vacation Supplemental pay
041H	Vacation hours with pay on holiday
043	Holiday hours regular pay
043CNA	Holiday premium for PT CNA
044	Holiday worked at 1.5
045	Holiday hours worked at straight time
045-P	Holiday hours worked at straight time
045O	Holiday hours worked at straight time-overflow
048	Accumulated holiday hours taken
048-A	X-Accumulated holiday hours taken
048B	Accumulated Holiday Supplemental pay
048H	Holiday hours taken on holiday
052	Comp time hours used
052-A	X-Comp/Admin Leave Hours Used
052B	Comp Time Supplemental pay
052H	Comp time hours used on holiday
054	Administrative leave
055	Jury duty with pay
056	Military-leave with pay
057	Education leave with pay
058	Other leave with pay
059	Disability leave with pay
064	Management overtime used



Pay Code	Description
080	Uniform/tool allowance
080A	Uniform/tool allowance annual
081	Transportation allowance
087	Bi-weekly special pay
088	Miscellaneous special pay
090	Voluntary time off used
093	Furlough w/o pay used with payment of contributions
1TW	Regular hours teleworked
102	Admin leave cash out
104	LTC shift differential
104B	LTC shift differential adjustment
110	Compulsory time off
112	Bereavement leave
127	On-call days/hours – Post 2012
130	Lactation Pay
131	Winter Recess HRs Regular Pay
133	Accum Winter Recess Hrs Taken
313	LC4850 night shift differential
315	LC4850 special duty
359	LC4850 disability with pay
502	Admin leave cash out w/1-time deferred comp
557	Educational lv with pay
635	Emergency Sick Leave
636	Emergency FMLA Paid
638	Supplemental COVID-19 Emergency Sick Leave
641	Essential Worker COVID19 Leave
827	Special on call
306	LC4850WC 84/12 plan shf
30680	LC4850WC 84/12 plan shf

2. Compensation Earnable, at a minimum, shall not include, in any case, the following pay items.

A. The following pay codes are not included:

Pay Code	Description
007	EH relief nurse pm shift differential
009	EH relief nurse night shift differential
025	Call back pay
025-P	Call back pay (premium)
025S	Call back pay SART nurses
025-S	Call back pay SART nurses
026	Part-time double shift differential
028	On call EH. relief nurse
029	Part-time double shift differential

Pay Code	Description
037	Layoff sick leave
040	Terminal vacation
046	Holiday hours accrued
046CNA	Holiday premium hours accrued for PT CNA
046-P	Holiday hours accumulated at straight time
047	Holiday hours accrued at 1.5
049	Terminal holiday pay
050	Terminal compensatory pay
051	Comp Time Earned at 1.5
051-P	Premium portion for call back
053	Comp time earned at straight time
060	Absent without leave
061	Leave without pay
061-A	X-Leave without pay
062	Disability leave without pay
063	Terminal MOT Pay
065	Overtime training hours
066	Overtime at time and one-half
069	Overtime special duty desk officer
069-P	Overtime special duty desk officer
070	Overtime special duty
073	Overtime special duty night shift
075	Overtime night shift premium hours
076	Rest period/Court CART differential
079	Overtime special shift differential
083	Worker's compensation payment
084	Employee incentives
085	Disability payment
086	Taxable benefits-DP
089	Relocation Allowance
091	Terminal VTO pay
096	County Deferred Comp Contribution
097	Miscellaneous terminal pay
101	LTD payments
103	FMLA earnings
105	Miscellaneous subsidies
106	FSLA adjustments
106 80	FSLA adjustment for 84/12
106 980-P1	FSLA adjustment 9/80 period 1
106 980-P2	FSLA adjustment 9/80 period 2
107	Overtime at straight time
108	Comp hours earned at straight time (OT)

Pay Code	Description
111	Terminal compulsory time off
125	Call back pay st.
132	Winter Recess Hours Accrued
134	Terminal Winter Recess Pay
203	Wellness Dividend
225	Call back pay flat rate
383	LC4850 worker's compensation payment
637	Emergency FMLA Unpaid
640	Terminal EW COVID19 Leave
642	Essential Worker Onsite
803	SART nurses meeting/service-flat rate
804	SART nurses training and education-flat rate
P25	Call in phone

B. Payments associated with the provision of insurance benefits, or other third-party payments such as professional membership dues that are not received in cash by a member.

C. Payments by a SamCERA employer of member-required contributions to the retirement system under Government Code sections 31581.1, 31630, 31639.85 or under a memorandum of understanding (MOU) between members (or their representatives) and the SamCERA employer.

3. Pursuant to Government Code §31461(b) compensation earnable, shall not include in any case the following:

A. Any compensation determined by the Board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(1) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(2) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(3) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

B. Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

C. Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

D. Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

4. Pursuant to Government Code §31641(c), the terms listed above in paragraph 3 are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003)110 Cal.App.4th 426.

**BE IT FURTHER RESOLVED**, that the above listed determinations by the Board of what is included or not included in compensation earnable, shall be in effect until such time as action taken by the Board or action by the Legislature or the Courts as a matter of law requires a different determination.

\* \* \* \* \*

*Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 26, 2022.*

*Ayes, Trustees:*

*Noes, Trustees:*

*Absent, Trustees:*

*Abstain, Trustees:*

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*Mark Battey, Board Secretary*  
*SamCERA*

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**RESOLUTION 2022-\_\_\_**

**RESOLUTION DEFINING PENSIONABLE COMPENSATION  
PURSUANT TO GOVERNMENT CODE §7522.34 FOR MEMBERS  
WHO ARE NOT SUBJECT TO GOVERNMENT CODE §31461**

**WHEREAS**, for those members who became active members on or after January 1, 2013, and who are subject to the California Public Employees' Pension Reform Act contained in Government Code §7522 et seq., the determination of their pensionable compensation is governed by Government Code §7522.34; and

**WHEREAS**, the pensionable compensation for those employee members who are subject to Government Code §7522.34 shall be the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules; and

**WHEREAS**, the Board has reviewed the current pay items and has determined which of those items are to be included in "Pensionable Compensation" and which items are not to be included; and

**WHEREAS**, it is necessary for this Board, from time to time, to amend its determinations of pensionable compensation due to changes made by SamCERA employers in their compensation schedules as well as changes in the law, and, as a result of new "2022 COVID 19 Supplemental Paid Sick Leave" legislation, as well as new earning codes resulting from labor negotiations, and a review of the usage of existing earnings codes, the Board finds that new pay codes designations should be added, certain earnings codes should be deleted, and certain earning code descriptions should be changed; Therefore, be it;

**RESOLVED**, Resolution number 2020-14 is rescinded, and pursuant to Government Code §7522.34 as interpreted by the courts, the Board hereby makes the following determinations to be effective February 19, 2022, as to what is included in "Pensionable Compensation" and items of remuneration that are not included:

1. Pensionable compensation shall include:

Pay Code	Description
001	Regular hours worked
001-G	Regular hours worked (grace paid)
001-M	Regular hours work (mandatory meeting)
001-T	Regular hours worked (training)
001-TW	Regular hours worked (telecom)
006	Sheriff's 84/12 Plan
00680	84/12 Plan (Sheriff)
010	Release time with pay
011	Training/Officer of the Day/Courtroom Clerk Electronic Recording Pay

Pay Code	Description
013	Night shift differential
014	Special night shift differential
015	Special duty hours
016	Inspection/Testing/Repair with a Certification
019	Charge pay differential
020	Split shift
021-L1	Bilingual pay
021-L2	Bilingual pay
022	Staffing differential
023	Weekend pay
035	Sick leave with pay
035B	Sick Leave Supplemental Pay
036	Sick leave with pay (work-related injury)
041	Vacation hours with pay
041-A	X-Vacation hours with pay
041B	Vacation Supplemental pay
041H	Vacation hours with pay on holiday
043	Holiday hours regular pay
043CNA	Holiday premium for PT CNA
044	Holiday worked at 1.5
045	Holiday hours worked at straight time
045-P	Holiday hours worked at straight time
048	Accumulated holiday hours taken
048-A	X-Accumulated holiday hours taken
048B	Accumulated Holiday Supplemental pay
048H	Holiday hours taken on holiday
052	Comp time hours used
052-A	X-Comp/Admin leave hours used
052B	Comp Time Supplemental pay
052H	Comp time hours used on holiday
054	Administrative leave
055	Jury duty with pay
056	Military leave with pay
057	Educational leave with pay
058	Other leave with pay
059	Disability leave with pay
064	Management overtime used
087	Bi-weekly special pay
090	Voluntary time off used
093	Furlough w/o pay used with payment of contributions
1TW	Regular Hours Teleworked
104	LTC shift differential
104B	LTC shift differential adjustment
110	Compulsory time off
112	Bereavement leave

Pay Code	Description
130	Lactation Pay
131	Winter Recess HRs Regular Pay
133	Accum Winter Recess Hrs Taken
313	LC4850 night shift differential
315	LC4850 special duty
359	LC4850 disability with pay
557	Educational lv with pay
635	Emergency Sick Leave
636	Emergency FMLA Paid
638	Supplemental COVID-19 Emergency Sick Leave
641	Essential Worker COVID19 Leave
30680	LC4850WC 84/12 plan shf

2. Pensionable compensation, at a minimum, shall not include, in any case, the following pay items.  
A. The following pay codes are not included:

Pay Code	Description
007	EH relief nurse pm shift differential
009	EH relief nurse night shift differential
025	Call back pay
025-P	Call back pay (premium)
025S	Call back pay SART nurses
025-S	Call back pay SART nurses
026	Part-time double shift differential
027	On-call hours
028	On call E.H. relief nurse
029	Part-time double shift differential
037	Layoff sick leave
040	Terminal vacation
045O	Holiday hours worked at straight time-overflow
046	Holiday hours accrued
046CNA	Holiday premium hours accrued for PT CNA
046-P	Holiday hours accumulated at straight time
047	Holiday hours accrued at 1.5
049	Terminal holiday pay
050	Terminal compensatory pay
051	Comp Time Earned at 1.5
051-P	Premium portion for call back
053	Comp time earned at straight time
060	Absent without leave
061	Leave without pay
061-A	X-Leave without pay
062	Disability leave without pay
063	Terminal MOT Pay
065	Overtime training hours

Pay Code	Description
066	Overtime at time and one-half
069	Overtime special duty desk officer
069-P	Overtime for mandatory meeting
070	Overtime special duty
073	Overtime special duty night shift
075	Overtime night shift premium hours
076	Rest period/Court CART differential
079	Overtime special shift differential
080	Uniform/tool allowance
080A	Uniform/tool allowance annual
081	Transportation allowance
083	Worker's compensation payment
084	Employee incentives
085	Disability payment
086	Taxable benefits-DP
088	Miscellaneous special pay
089	Relocation Allowance
091	Terminal VTO pay
096	County Deferred Comp Contribution
097	Miscellaneous terminal pay
101	LTD payments
102	Admin leave cash out
103	FMLA earnings
105	Miscellaneous subsidies
106	FSLA adjustments
106 80	FSLA adjustment for 84/12
106 980-P1	FSLA adjustment 9/80 period 1
106 980-P2	FSLA adjustment 9/80 period 2
107	Overtime at straight time
108	Comp hours earned at straight time (OT)
111	Terminal compulsory time off
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127	On-call days/hours – Post 2012
132	Winter Recess Hours Accrued
134	Terminal Winter Recess Pay
203	Wellness Dividend
225	Call back pay flat rate
383	LC4850 worker's compensation payment
502	Admin leave cash out w/1-time deferred comp
637	Emergency FMLA Unpaid
640	Terminal EW COVID19 Leave
642	Essential Worker Onsite
803	SART nurses meeting/service flat rate
804	SART nurses training and education flat rate
827	Special on call



Pay Code	Description
P25	Call in phone

- B. Pursuant to Government Code §7522.34, pensionable compensation does not include the following:
- 1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
  - 2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment. Any one-time or ad hoc payments made to a member.
  - 3) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment but is received by the member while employed.
  - 4) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
  - 5) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
  - 6) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
  - 7) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
  - 8) Employer contributions to deferred compensation or defined contribution plans.
  - 9) Any bonus paid in addition to the compensation described in subdivision (a) of Government Code §7522.34.
  - 10) Any other form of compensation the Board determines is inconsistent with the requirements of subdivision §7522.34 (a).
  - 11) Any other form of compensation that this Board determines should not be pensionable compensation.
3. Pursuant to Government Code §7522.10, whenever pensionable compensation, as defined in §7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to the monetary limitations set forth in subdivision §7522.10.

**BE IT FURTHER RESOLVED**, that the above listed determinations by the Board of what is included or not included in pensionable compensation, shall be in effect until such time as this Board, the Legislature, or the Courts take action that as a matter of law requires a different determination.

\* \* \* \* \*

*Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 26, 2022.*

*Ayes, Trustees:*

*Noes, Trustees:*

*Absent, Trustees:*

*Abstain, Trustees:*

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*Mark Battey, Board Secretary  
SamCERA*

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

April 26, 2022

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, 2022

**Recommendation**

Accept the preliminary performance report dated March 31, 2022.

**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 on page two and net manager returns (pages 3-9) also shown.

**Discussion**

The fund's net preliminary return for March was 1.0%, bringing the preliminary trailing twelve-month net return ending March 2022 to 6.9%. The preliminary twelve-month net return is below SamCERA's Plan Benchmark return of 7.1%, but above SamCERA's Actuarial Assumed Earnings Rate of 6.25%.

Equity assets classes and commodities were generally higher during March, while fixed income was generally lower. The U.S. Federal Reserve enacted the first of several interest rate hikes expected over the next year, raising short-term interest rates by 25 basis points.

The U.S. equity market (measured by the S&P 500 Index) was up 3.7%, while small-capitalization stocks were up 1.2%. Developed international equity (as measured by MSCI EAFE) was up 0.6% while emerging markets were down 2.3%.

Manufacturing continued to grow (although at a slower rate) despite ongoing labor and supply chain challenges. The labor market continued its recovery with 431,000 new jobs added in March, along with the headline unemployment rate falling to 3.6%. Inflation (as measured by the Consumer Price Index - All Urban Consumers) increased 8.5% for the twelve months ended March, the highest level in 40 years.

The general U.S. fixed income market was down 2.8% in March as the yield curve continued to flatten as shorter-term interest rates increased more than longer term rates. The 10-year U.S. Treasury yield was higher by 51 basis points during the month and ended at 2.34% by month-end. High Yield returns were down 1.1% and the Bloomberg Commodity Index was up 8.6%.

**Attachments**

Verus Capital Market Update

Northern Trust Monthly Preliminary Performance Report





**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**

MARCH 2022  
Capital Markets Update



# Market commentary

## U.S. ECONOMICS

- U.S. non-farm payrolls grew by 431,000 in March, marking 11 consecutive months of additions to payrolls exceeding 400,000 – a streak not seen since the 1930s. Job gains broadened but remained focused in leisure and hospitality and professional services sectors.
- The U.S. ISM Manufacturing PMI slowed to 57.1 and fell short of expectations (59.0). While the overall print was cooler than expected, the prices paid component quickened to 87.1 – far exceeding the expected level of 80.0. Rising costs of manufacturing inputs have likely been attributed to rapid increases in commodity prices.
- U.S. consumers have seen a rise in prices as well; gasoline prices at the pump reached their highest recorded average level intra-month, with consumers paying on average \$4.33 a gallon per AAA's national gauge. Some states took the drastic move of suspending gas taxes to provide some level of temporary relief to consumers.

## U.S. EQUITIES

- The S&P 500 (+3.7%) recovered some losses but ended Q1 2022 down -4.6%. The increasingly hawkish stance of the Federal Reserve over the quarter as well as the Russian invasion of Ukraine and the ensuing disruption of commodity markets have weighed on markets.
- Net profit margins for the S&P 500 are expected to decline to 12.1% for Q1 2022, per FactSet. While 12.1% represents a decrease from one-year prior (12.8%) and prior quarter (12.4%) profitability, margins are expected to remain well above the 5-year average level of 11.2%.
- The U.S. continued to levy new sanctions against Russia in response to the invasion of Ukraine. Added measures in March include a ban on Russian oil and gas imports as well as a ban on the export of luxury goods to the pariah state.

## U.S. FIXED INCOME

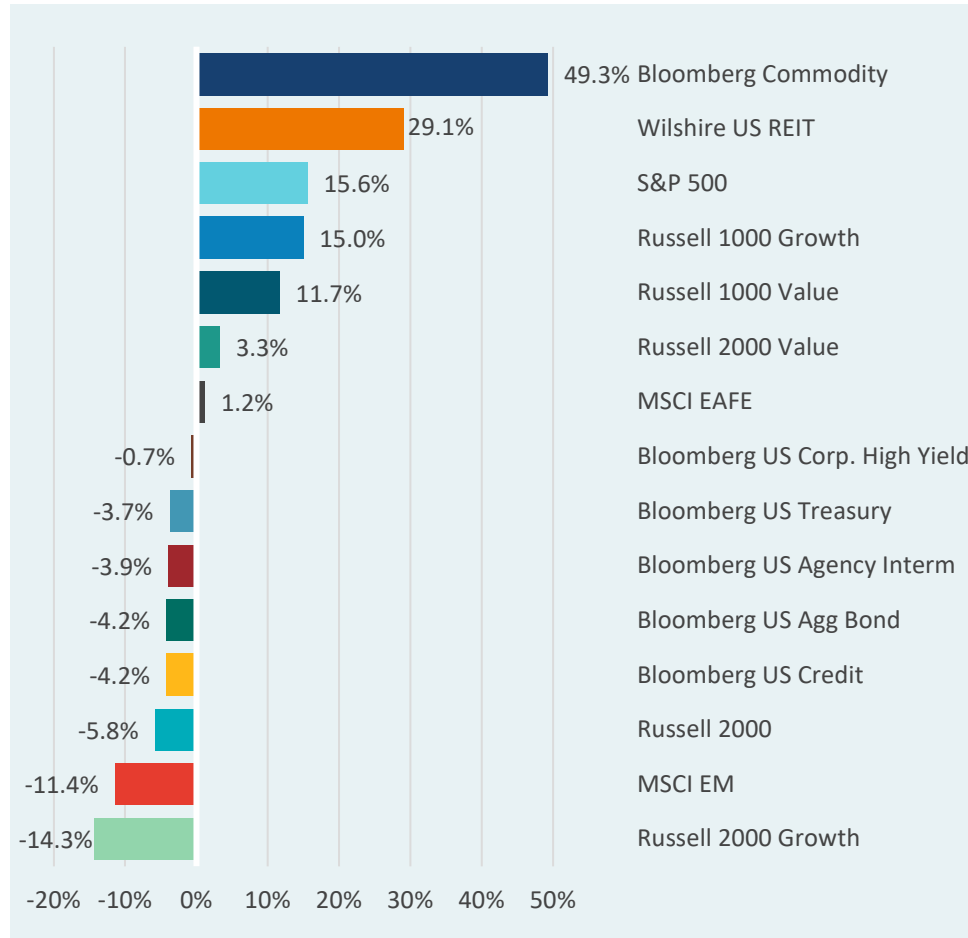
- The Federal Reserve enacted the first of more than eight quarter-point rate hikes expected by markets this year. The Fed left open the possibility of one or more half-point rate hikes and has laid out plans to begin unwinding the balance sheet by a maximum of \$95 billion per month, phased in over several months.
- The Bloomberg U.S. Aggregate Index fell -2.8% and ended Q1 2022 down -5.9%, the worst quarter for the index since Q3 1980, as markets priced in an increasingly more hawkish Fed. At month-end, the Fed Funds rate expected at year end – as implied by Fed Fund Futures – was 2.4% as compared to 1.3% just a month ago.
- The yield curve flattened aggressively as yields climbed at the short end of the curve in anticipation of continual rate action by the Fed. The two-year Treasury yield climbed 84 basis points to 2.28% while the 10-year Treasury yield rose just 49 basis points.

## INTERNATIONAL MARKETS

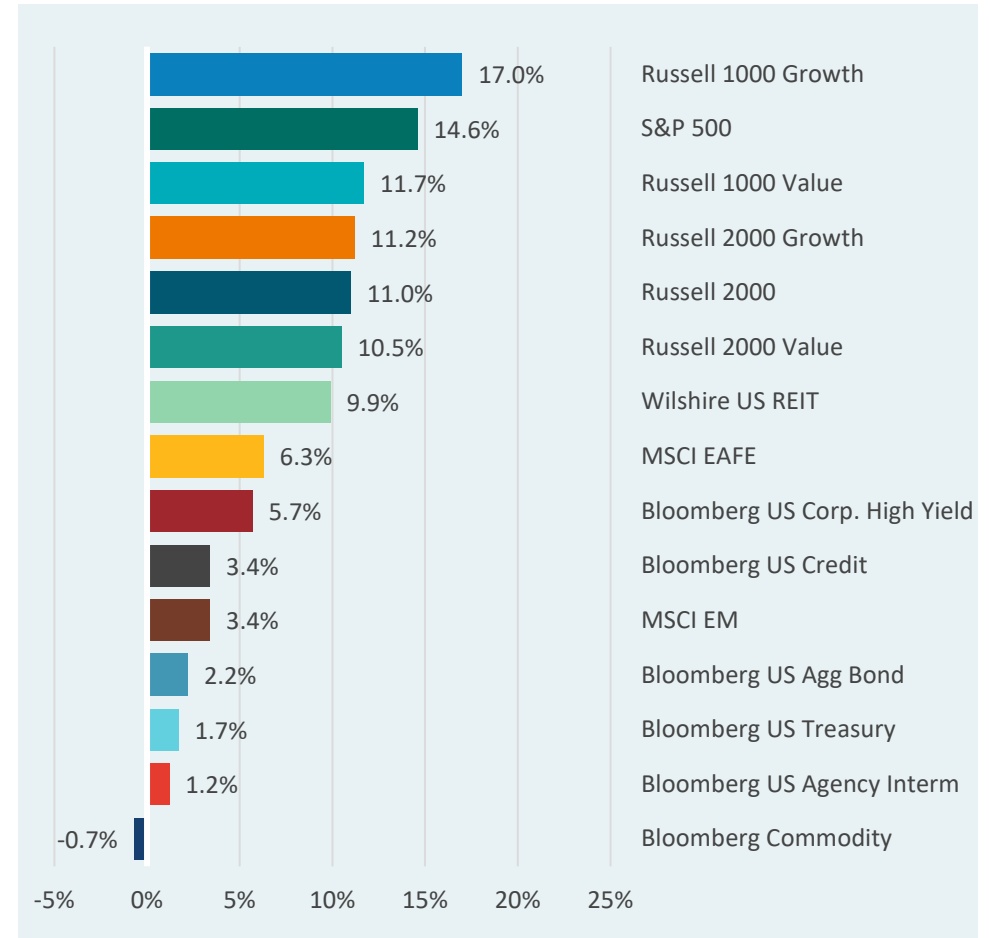
- The MSCI China Index fell -7.8% as continued Covid lockdowns in major cities dragged on markets. Shanghai became the target of lockdowns implemented under China's 'zero-covid' policy.
- Emerging markets (MSCI EM -2.3%) saw continued losses and were pulled lower by Eastern Europe (-5.8%) and Asia Pacific (-4.3%). In contrast, MSCI EM Latin America (+13.0%) gained as several regions benefited from lofty commodity prices.
- Russian markets reopened towards the end of the month but remain largely inaccessible to investors. Russian equities were stripped from many leading equity index providers. Markets have written down Russian equities to almost zero across most exchanges.

# 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 3/31/22

Source: Morningstar, as of 3/31/22

# U.S. large cap equities

- The S&P 500 declined -4.5% from the start of the month to the lowest level in nine months before the large-cap equity index saw a strong rebound in the second half of the month and gained +8.6%. The index closed +3.7% higher relative to the end of February.
- Of the 11 S&P 500 (+3.7%) GICS sectors, the Financials sector (-0.2%) was the only sector to post a negative return, though the Communication Services (+1.0%) and Consumer Staples (+1.8%) sectors also weighed on the broader Index. Utilities (+10.4%), Energy (+9.0%), and Real Estate (+7.8%) all posted strong gains.
- The Financials sector (-0.2%) lagged the broader index partially due to the aggressive flattening of the yield curve. The shape of the yield curve is an important driver of profitability for many financial institutions, which typically borrow money at the short end and then lend out that money at the long end of the curve.
- The Cboe VIX Index of implied volatility of the S&P 500 Index ended the month at 20.6 after reaching an intra-month high of 36.5 – the highest level since January 2021. War in Ukraine raised volatility early in the month as the impact of sanctions and the supply of goods from the two countries rippled through markets.

**S&P 500 PRICE INDEX**



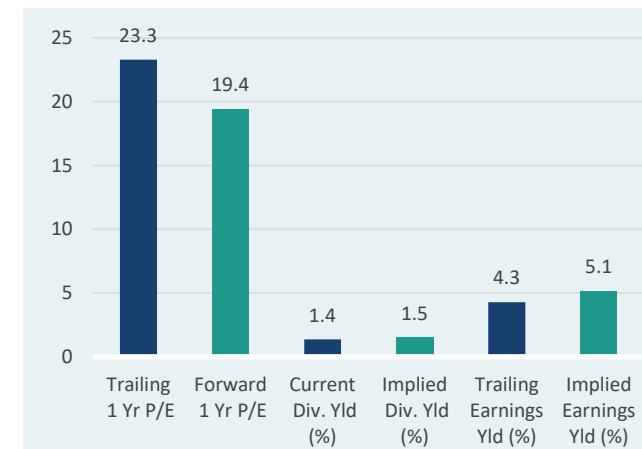
Source: Bloomberg, as of 3/31/22

**IMPLIED VOLATILITY (VIX INDEX)**



Source: Cboe, as of 3/31/22

**S&P 500 VALUATION SNAPSHOT**



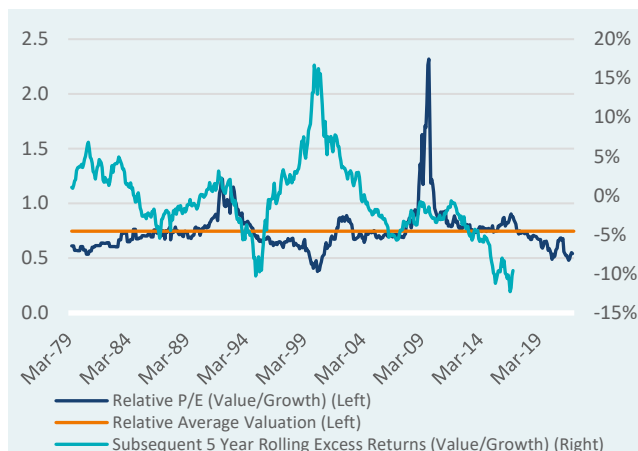
Source: Bloomberg, as of 3/31/22



# Domestic equity size and style

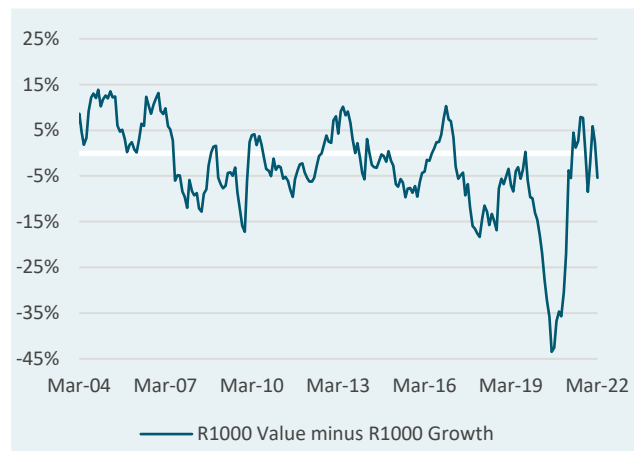
- Growth stocks (Russell 3000 Growth +3.7%) outperformed value stocks (Russell 3000 Value +2.8%) and reversed a trend of underperformance that was seen in the prior three months. The outperformance of the growth sector was concentrated in the Information Technology sector which contributed 1.5% to the total index's return.
- Large-cap companies (Russell 1000 +3.4%) beat small-cap companies (Russell 2000 +1.2%) across almost every sector. The only sector where smaller companies fared better was within the Energy sector where small-caps posted a +16.8% return.
- U.S. investors drove into defensive-style stocks (MSCI US Defensive Sectors +5.2%) which outpaced the more economic-data-driven cyclical stocks (MSCI US Cyclical Sectors +2.8%). Defensive companies tend to have products with demand more insulated from changing economic conditions and exhibit lower volatility and tend to exhibit higher returns in bear markets.
- S&P 500 High Beta Index (+0.8%) – an index that tracks 100 stocks most sensitive to changes in market returns in the S&P 500 – tends to lag in bear markets and ended behind the broader market (S&P 500 +3.7%).

**VALUE VS. GROWTH RELATIVE VALUATIONS**



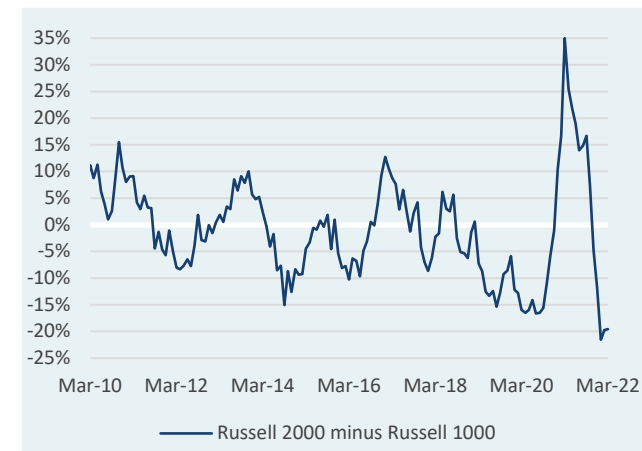
Source: FTSE, Bloomberg, as of 3/31/22

**VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE**



Source: FTSE, Bloomberg, as of 3/31/22

**SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE**

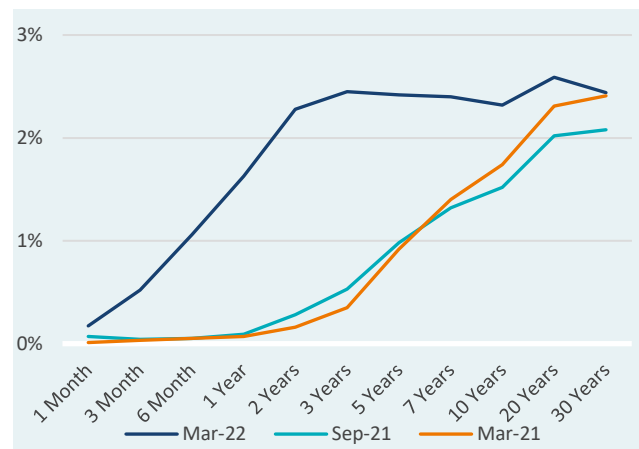


Source: FTSE, Bloomberg, as of 3/31/22

# Fixed income

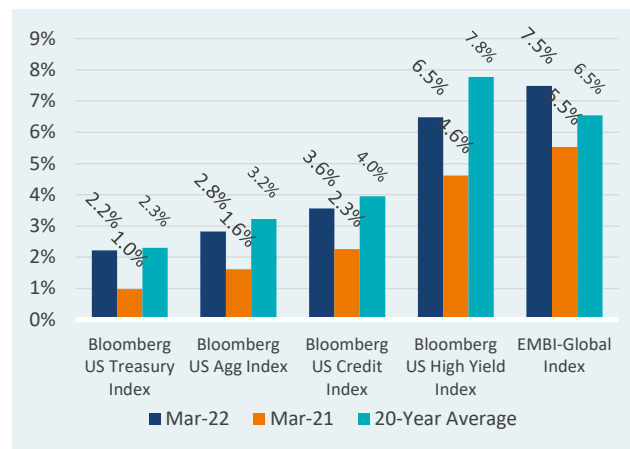
- Five-year breakeven inflation rates rallied 0.5% to 3.6% intra-month, the highest level since the measure began 20 years ago and closed at 3.4%. Soaring commodity prices amid ongoing fighting in Ukraine and continued heavy sanctioning of Russia likely stoked market expectations for higher inflation in the near-term.
- U.S. high-yield spreads climbed to 421 basis points in the first half of the month before compressing to 343 basis points. High-yield spreads and equity volatility have historically been correlated. Over the past several months high-yield spreads have not risen alongside equity volatility as much as they have in the past.
- High yield bonds (Bloomberg US Corporate High Yield -1.1%) underperformed leveraged loans (S&P/LSTA Leveraged Loan Index +0.0%). High-yield bonds lagged in part because bank loans hold covenants to float yields with interest rates and are thereby less sensitive to interest rate fluctuations.
- The spread between 10- and 2-year U.S. Treasury yields briefly inverted intra-month – a measure that some see as a sign of impending economic downturn. However, the lag between inversion and recession has varied widely from six months to three years over the last six recessions.

**U.S. TREASURY YIELD CURVE**



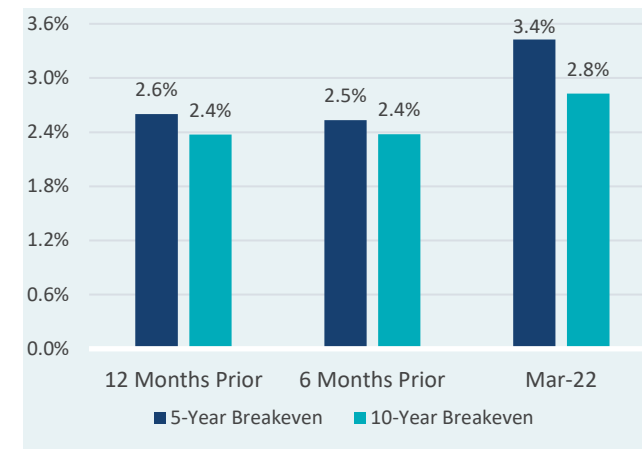
Source: Bloomberg, as of 3/31/22

**NOMINAL YIELDS**



Source: Morningstar, as of 3/31/22

**BREAKEVEN INFLATION RATES**

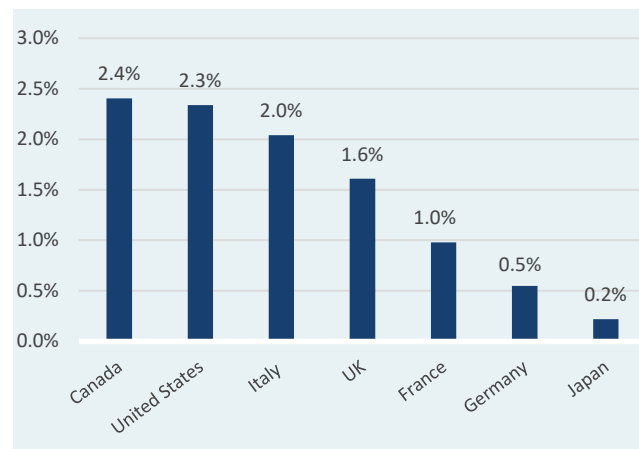


Source: Bloomberg, as of 3/31/22

# Global markets

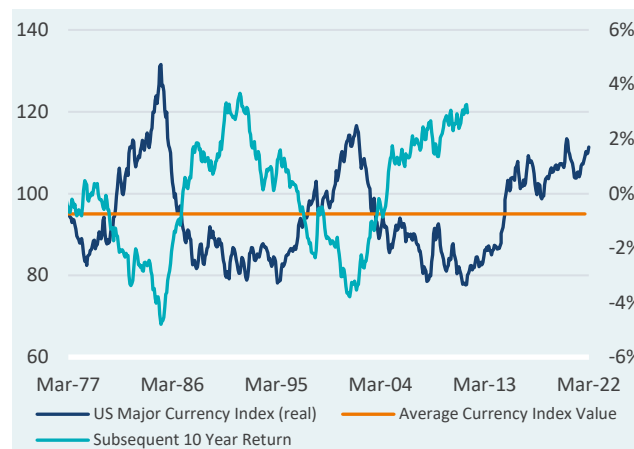
- World equities (MSCI ACWI ex US +0.2%) ended higher and posted monthly gains for the first time year-to-date. Gains were watered down by headwinds in emerging market equities (MSCE EM -2.3%) but were buoyed by developed markets (MSCI EAFE +0.6%).
- German bund yields posted the largest one-month rally since 2009 as near 40-year-high inflation data in the country likely fueled a sell-off in sovereign bonds and spurred increased expectations for rate action. The 10-year Bund yielded 55 basis points at month-end, compared to just 13 basis points one month prior.
- Within developed markets (MSCI EAFE +0.6%), Germany (MSCI Germany -1.9%) was a weak spot and weighed on European markets (MSCI Euro -1.7%). Japanese markets (MSCI Japan -0.5%) also fell despite sticking with easy monetary policy on a relative basis.
- The Bank of Japan initiated a series of government bond purchases to defend the 25-basis point cap on 10-year bond yields. Japan's effort to maintain loose monetary policy contrasts with the rising yield environments of other developed nations. The Yen depreciated -5.1% to its lowest level in over five years.

**GLOBAL SOVEREIGN 10-YEAR YIELDS**



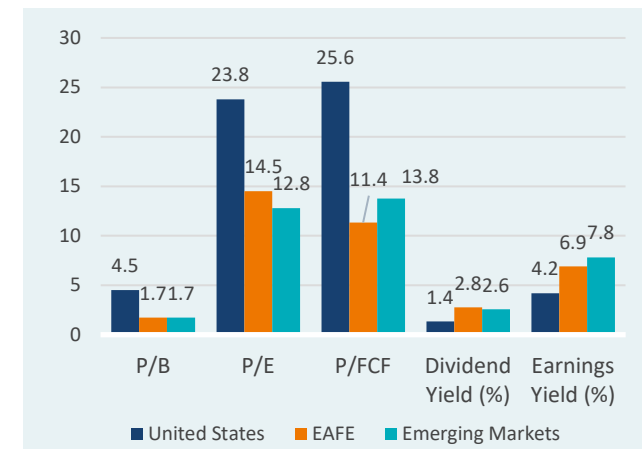
Source: Bloomberg, as of 3/31/22

**U.S. DOLLAR MAJOR CURRENCY INDEX**



Source: Federal Reserve, as of 3/31/22

**MSCI VALUATION METRICS (3-MONTH AVG)**



Source: Bloomberg, as of 3/31/22

# Commodities

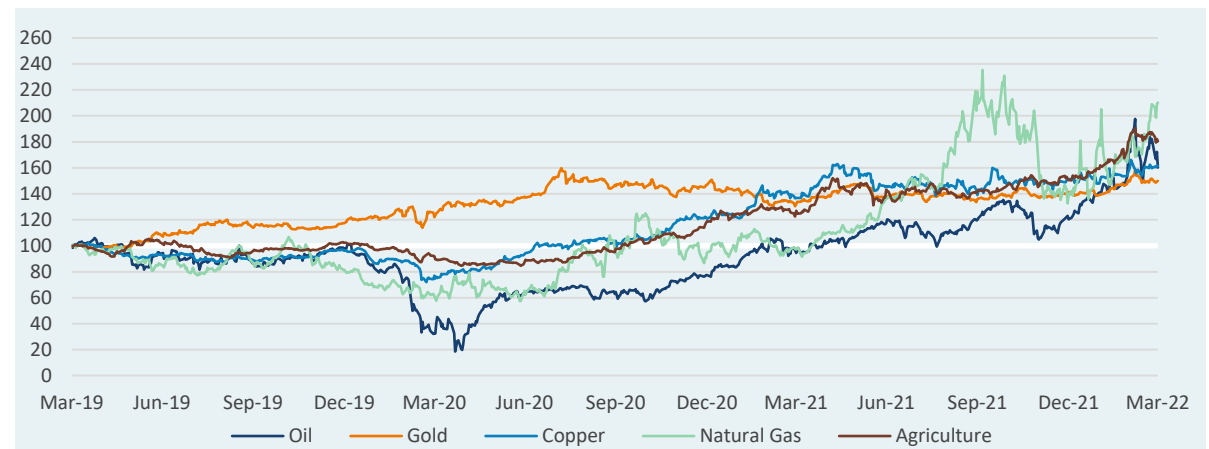
- The Bloomberg Commodity Index (+8.6%) continued to climb and ended Q1 up +25.5%, the largest quarterly return for the index since Q3 1990. Advances in the Energy (+16.1%) and Industrial Metals (+12.1%) subindices helped pull the overall index higher.
- European natural gas prices (+26.4%) rose after Putin announced ‘unfriendly’ countries would be made to forced to pay in Russian rubles for the commodity. Natural gas continued to flow from Russia to European counterparties through Ukraine despite the ongoing war and Russia has reportedly continued to pay Ukraine transit fees for gas flows.
- The U.N. Food and Agriculture World Price Index surged 13% from the prior month, bringing the year-over-year advance to 33%. The index, which hit a record level in March, has been boosted by the disruption the Russo-Ukrainian war has caused in cereal crop markets.
- The Industrial Metals Sub-Index (+12.1%) was also helped higher by advances in Zinc (+14.4%), a metal commonly used in battery production. Nickel prices (+31.4%) also soared on the London Metal Exchange to begin a volatile month as an investor in China with a large short position – nearly 190,000 contracts – became the target of a short-squeeze.

## INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	8.6	25.5	25.5	49.3	16.1	9.0	(0.7)
Bloomberg Agriculture	4.1	19.9	19.9	42.2	23.0	8.0	(0.4)
Bloomberg Energy	16.1	47.9	47.9	91.8	7.5	6.3	(6.2)
Bloomberg Grains	4.8	24.9	24.9	39.6	23.7	8.7	(0.4)
Bloomberg Industrial Metals	12.1	22.7	22.7	48.8	20.8	14.0	3.4
Bloomberg Livestock	1.2	5.8	5.8	4.0	(7.6)	(2.9)	(3.2)
Bloomberg Petroleum	11.6	43.8	43.8	90.7	14.1	12.8	(4.3)
Bloomberg Precious Metals	2.8	6.9	6.9	10.6	13.8	7.3	(0.4)
Bloomberg Softs	6.0	7.9	7.9	57.7	18.4	3.0	(4.0)

Source: Morningstar, as of 3/31/22

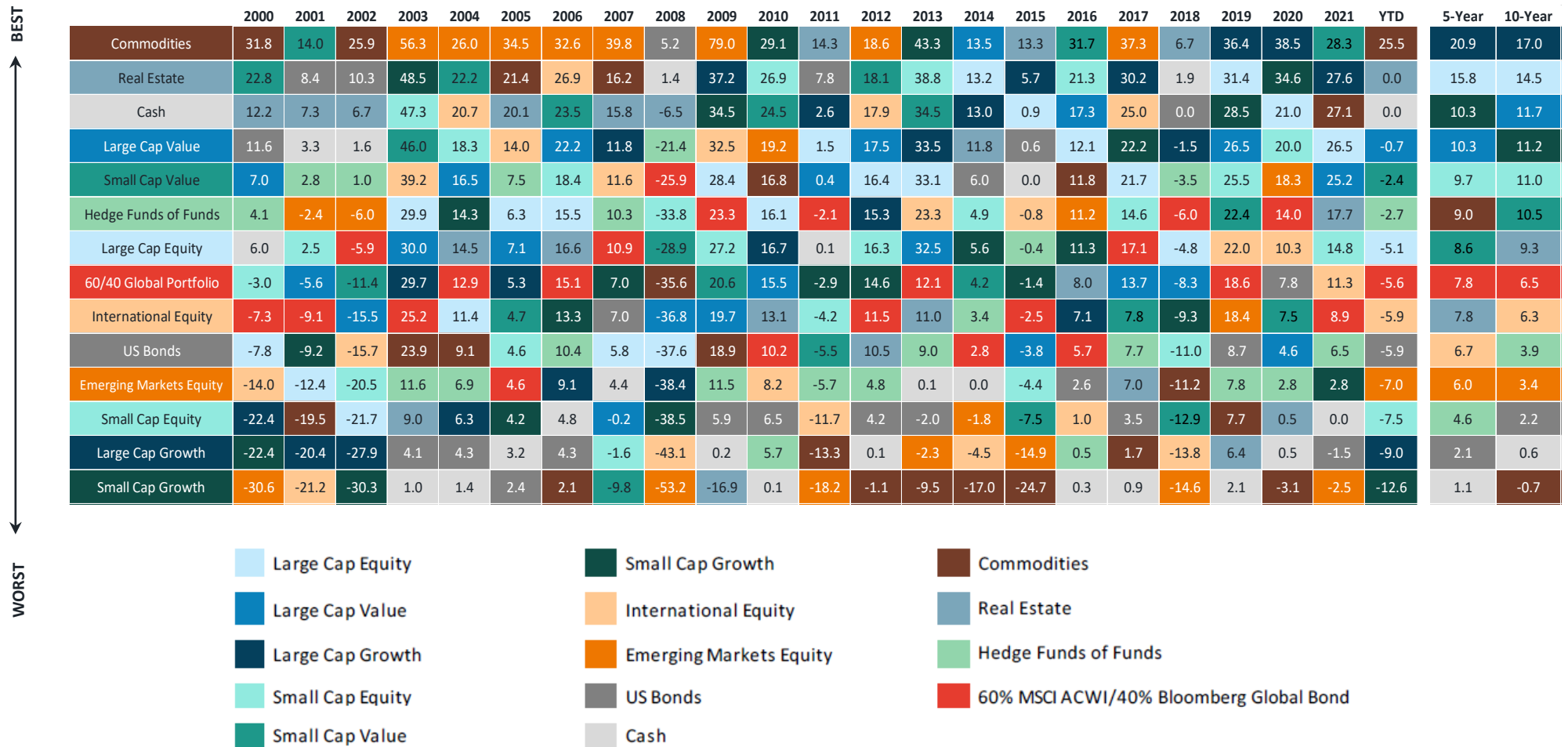
## COMMODITY PERFORMANCE



Source: Bloomberg, as of 3/31/22

# Appendix

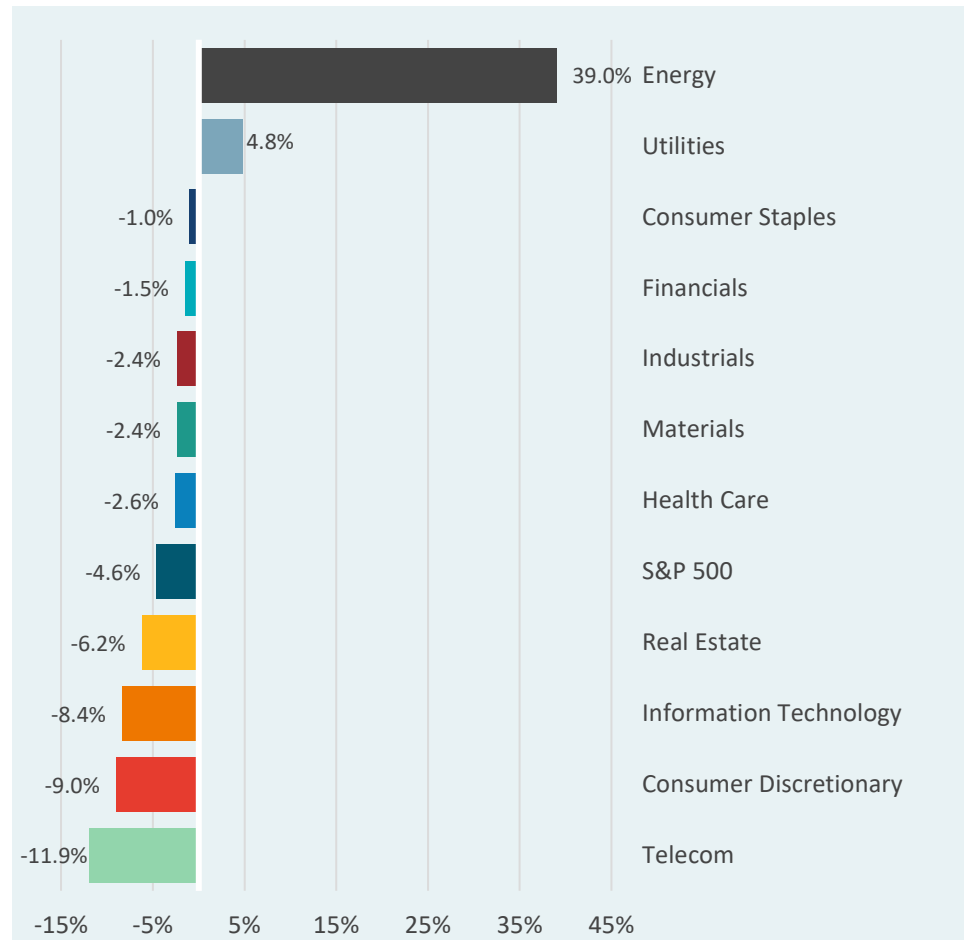
# Periodic table of returns



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, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 12/31/21.

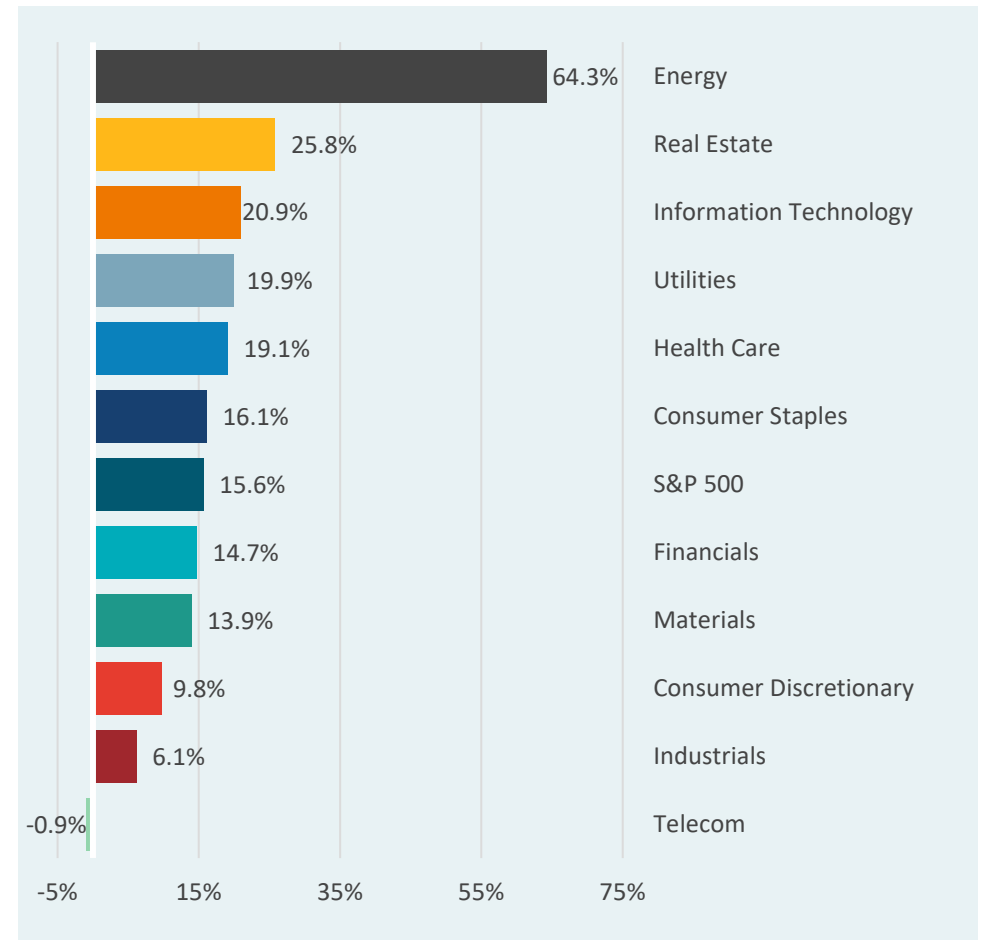
# S&P 500 sector returns

Q1 2022



Source: Morningstar, as of 3/31/22

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/22

# Detailed index returns

## DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Core Index</b>							
S&P 500	3.7	(4.6)	(4.6)	15.6	18.9	16.0	14.6
S&P 500 Equal Weighted	2.6	(2.7)	(2.7)	13.1	17.0	13.9	14.0
DJ Industrial Average	2.5	(4.1)	(4.1)	7.1	12.6	13.4	12.8
Russell Top 200	3.7	(4.9)	(4.9)	15.7	20.1	17.0	15.2
Russell 1000	3.4	(5.1)	(5.1)	13.3	18.7	15.8	14.5
Russell 2000	1.2	(7.5)	(7.5)	(5.8)	11.7	9.7	11.0
Russell 3000	3.2	(5.3)	(5.3)	11.9	18.2	15.4	14.3
Russell Mid Cap	2.6	(5.7)	(5.7)	6.9	14.9	12.6	12.9
<b>Style Index</b>							
Russell 1000 Growth	3.9	(9.0)	(9.0)	15.0	23.6	20.9	17.0
Russell 1000 Value	2.8	(0.7)	(0.7)	11.7	13.0	10.3	11.7
Russell 2000 Growth	0.5	(12.6)	(12.6)	(14.3)	9.9	10.3	11.2
Russell 2000 Value	2.0	(2.4)	(2.4)	3.3	12.7	8.6	10.5

## INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
MSCI ACWI	2.2	(5.4)	(5.4)	7.3	13.8	11.6	10.0
MSCI ACWI ex US	0.2	(5.4)	(5.4)	(1.5)	7.5	6.8	5.6
MSCI EAFE	0.6	(5.9)	(5.9)	1.2	7.8	6.7	6.3
MSCI EM	(2.3)	(7.0)	(7.0)	(11.4)	4.9	6.0	3.4
MSCI EAFE Small Cap	(0.0)	(8.5)	(8.5)	(3.6)	8.5	7.4	8.3
<b>Style Index</b>							
MSCI EAFE Growth	0.6	(11.9)	(11.9)	(1.5)	9.8	8.9	7.5
MSCI EAFE Value	0.7	0.3	0.3	3.6	5.2	4.2	4.9
<b>Regional Index</b>							
MSCI UK	0.1	1.8	1.8	13.6	5.3	5.5	4.5
MSCI Japan	(0.5)	(6.6)	(6.6)	(6.5)	6.8	6.1	6.5
MSCI Euro	(1.7)	(11.1)	(11.1)	(3.4)	6.8	5.5	5.9
MSCI EM Asia	(3.1)	(8.7)	(8.7)	(15.2)	6.1	7.2	5.8
MSCI EM Latin American	13.1	27.3	27.3	23.5	3.2	4.1	(1.1)

## FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
Bloomberg US TIPS	(1.9)	(3.0)	(3.0)	4.3	6.2	4.4	2.7
Bloomberg US Treasury Bills	(0.0)	(0.0)	(0.0)	(0.0)	0.8	1.1	0.6
Bloomberg US Agg Bond	(2.8)	(5.9)	(5.9)	(4.2)	1.7	2.1	2.2
Bloomberg US Universal	(2.7)	(6.1)	(6.1)	(4.2)	1.9	2.3	2.6
<b>Duration</b>							
Bloomberg US Treasury 1-3 Yr	(1.4)	(2.5)	(2.5)	(3.0)	0.8	1.0	0.8
Bloomberg US Treasury Long	(5.3)	(10.6)	(10.6)	(1.4)	3.3	3.9	4.0
Bloomberg US Treasury	(3.1)	(5.6)	(5.6)	(3.7)	1.4	1.8	1.7
<b>Issuer</b>							
Bloomberg US MBS	(2.6)	(5.0)	(5.0)	(4.9)	0.6	1.4	1.7
Bloomberg US Corp. High Yield	(1.1)	(4.8)	(4.8)	(0.7)	4.6	4.7	5.7
Bloomberg US Agency Interm	(2.1)	(3.7)	(3.7)	(3.9)	0.7	1.1	1.2
Bloomberg US Credit	(2.5)	(7.4)	(7.4)	(4.2)	2.8	3.2	3.4

## OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg Commodity	8.6	25.5	25.5	49.3	16.1	9.0	(0.7)
Wilshire US REIT	6.9	(3.9)	(3.9)	29.1	11.9	10.0	9.9
CS Leveraged Loans	0.0	(0.1)	(0.1)	3.2	4.1	4.1	4.5
S&P Global Infrastructure	5.9	7.5	7.5	16.7	8.0	7.7	7.8
Alerian MLP	2.0	18.9	18.9	37.5	1.4	(1.1)	1.2
<b>Regional Index</b>							
JPM EMBI Global Div	(0.9)	(10.0)	(10.0)	(7.4)	0.0	1.7	3.7
JPM GBI-EM Global Div	(1.5)	(6.5)	(6.5)	(8.5)	(1.1)	0.2	(0.7)
<b>Hedge Funds</b>							
HFRI Composite	(0.1)	(1.6)	(1.6)	2.6	8.3	6.2	5.1
HFRI FOF Composite	0.6	(2.7)	(2.7)	1.3	5.9	4.6	3.9
<b>Currency (Spot)</b>							
Euro	(0.9)	(2.2)	(2.2)	(5.3)	(0.3)	0.8	(1.8)
Pound Sterling	(1.9)	(2.8)	(2.8)	(4.6)	0.3	1.0	(1.9)
Yen	(5.1)	(5.1)	(5.1)	(9.0)	(3.0)	(1.7)	(3.8)

Source: Morningstar, HFRI, as of 3/31/22.



# 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	58.6	23.9	19.8	14.2
Global Private Equity Direct Funds *	52.3	26.6	22.7	17.4
U.S. Private Equity Direct Funds *	58.4	29.2	24.2	18.9
Europe Private Equity Direct Funds *	52.1	26.2	23.7	15.4
Asia Private Equity Direct Funds *	31.4	19.0	17.6	15.5

Public Index Time-weighted Returns				
MSCI World	28.8	13.1	13.7	12.7
S&P 500	30.0	16.0	16.9	16.6
MSCI Europe	27.3	7.8	8.8	8.2
MSCI AC Asia Pacific	18.3	8.5	9.6	8.3

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	25.3	10.7	10.6	12.6

Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	37.4	10.0	6.8	11.3

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	33.5	13.7	13.0	12.6

Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	6.7	3.9	4.3	4.7

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	30.6	(2.4)	2.7	2.1
Global Infrastructure	14.8	10.4	11.2	10.4

Public Index Time-weighted Returns				
S&P Global Natural Resources	42.2	4.6	9.5	4.6
S&P Global Infrastructure	23.0	6.7	6.0	7.8

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of September 30<sup>th</sup>, 2021. 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

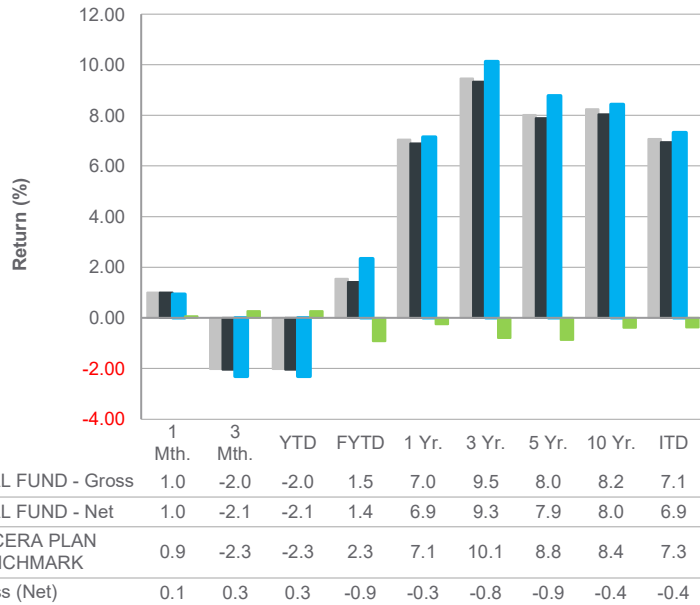
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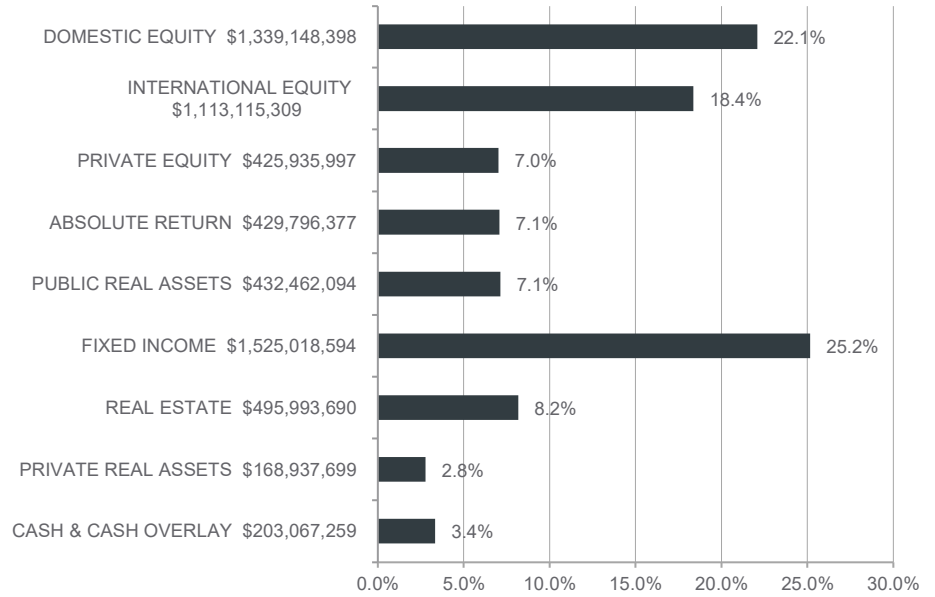
# San Mateo County Composite Return Summary March 31, 2022



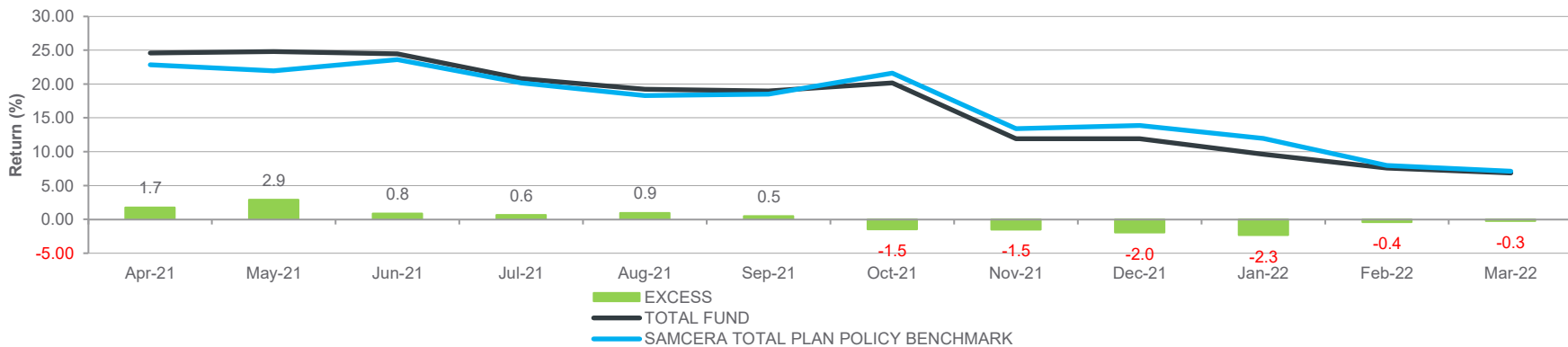
**Total Fund Performance**



**Asset Allocation**



**Rolling Month End Annual Returns**

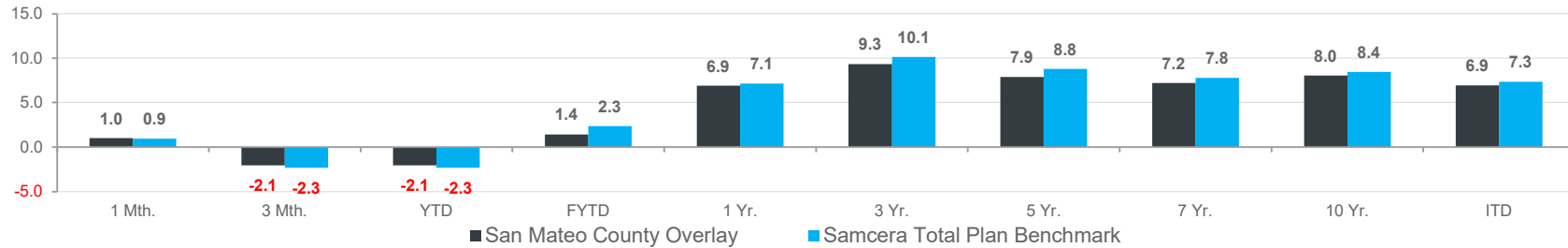


# San Mateo County Composite Return Summary

March 31, 2022



Return Comparison



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	6,061,299,121	1.0	-2.1	-2.1	1.4	6.9	9.3	7.9	7.2	8.0	6.9
Samcera Total Plan Benchmark		0.9	-2.3	-2.3	2.3	7.1	10.1	8.8	7.8	8.4	7.3
Excess		0.1	0.3	0.3	-0.9	-0.3	-0.8	-0.9	-0.6	-0.4	-0.4
San Mateo Ex-Clifton Overlay	6,041,074,093	1.0	-2.0	-2.0	1.5	6.9	9.3	7.8	7.1	8.0	6.9
Samcera Total Plan Benchmark		0.9	-2.3	-2.3	2.3	7.1	10.1	8.8	7.8	8.4	7.3
Excess		0.1	0.3	0.3	-0.9	-0.2	-0.8	-0.9	-0.7	-0.5	-0.5
Total Equity	2,452,263,707	1.8	-5.6	-5.6	-1.7	4.6	12.5	10.8	9.4	10.3	8.2
Samcera Total Equity Benchmark		2.0	-5.1	-5.1	-0.3	6.6	13.7	11.7	10.5	11.5	8.9
Excess		-0.2	-0.6	-0.6	-1.4	-2.0	-1.3	-0.9	-1.1	-1.1	-0.7
Fixed Income	1,525,018,594	-2.0	-4.4	-4.4	-4.0	-1.6	3.0	3.2	3.4	3.9	5.2
Samcera Fixed Income Benchmark		-2.3	-5.7	-5.7	-5.1	-3.2	2.5	2.9	2.7	2.7	4.7
Excess		0.3	1.2	1.2	1.2	1.6	0.6	0.2	0.6	1.2	0.5
Alternatives	855,732,374	2.6	1.7	1.7	6.7	14.9	18.6	12.2	10.5	8.8	1.1
Samcera Alternatives Benchmark		2.1	5.1	5.1	10.8	14.9	16.2	12.3	10.6	10.1	8.8
Excess		0.5	-3.4	-3.4	-4.1	-0.1	2.4	-0.2	-0.1	-1.3	-7.7
Inflation Hedge	1,097,393,483	2.4	7.0	7.0	13.8	21.4	6.1	5.5	--	--	6.7
SamCERA Inflation Hedge Index		2.7	4.2	4.2	15.1	20.8	10.3	8.3	--	--	--
Excess		-0.4	2.8	2.8	-1.4	0.6	-4.2	-2.8	--	--	--
Cash	203,067,259	0.0	0.0	0.0	0.1	0.2	0.6	0.8	0.7	0.6	1.7
Samcera Cash Benchmark		0.0	0.0	0.0	0.1	0.1	0.8	1.1	0.9	0.6	1.7
Excess		0.0	0.0	0.0	0.1	0.2	-0.2	-0.4	-0.2	0.0	0.0



# San Mateo County Composite Return Summary

March 31, 2022



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	2,452,263,707	1.8	-5.6	-5.6	-1.7	4.6	12.5	10.8	9.4	10.3	8.2
Samcera Total Equity Benchmark		2.0	-5.1	-5.1	-0.3	6.6	13.7	11.7	10.5	11.5	8.9
Excess		-0.2	-0.6	-0.6	-1.4	-2.0	-1.3	-0.9	-1.1	-1.1	-0.7
Domestic Equity	1,339,148,398	3.4	-3.8	-3.8	5.1	12.7	16.1	13.9	12.3	13.2	9.5
Samcera Dom. Equity Benchmark		3.2	-5.3	-5.3	3.4	11.9	18.2	15.4	13.3	14.2	10.0
Excess		0.2	1.5	1.5	1.7	0.7	-2.1	-1.5	-1.0	-1.0	-0.6
Large Cap Equity	1,213,103,207	3.7	-3.9	-3.9	5.6	13.4	16.5	14.5	13.0	13.8	10.2
Russell 1000		3.4	-5.1	-5.1	4.4	13.3	18.7	15.8	13.7	14.5	10.7
Excess		0.3	1.3	1.3	1.2	0.1	-2.2	-1.3	-0.7	-0.8	-0.5
Blackrock Russell 1000	536,115,250	3.4	-5.1	-5.1	4.4	13.3	18.9	16.0	--	--	16.3
Russell 1000		3.4	-5.1	-5.1	4.4	13.3	18.7	15.8	--	--	16.1
Excess		0.0	0.0	0.0	0.0	0.0	0.2	0.1	--	--	0.2
DE Shaw Commingled Fund	190,738,608	4.5	-2.7	-2.7	6.4	14.5	17.5	15.0	13.6	--	13.6
Russell 1000		3.4	-5.1	-5.1	4.4	13.3	18.7	15.8	13.7	--	13.5
Excess		1.1	2.4	2.4	2.0	1.3	-1.2	-0.8	-0.1	--	0.1
Acadian US MGD V-SL	235,589,954	3.2	-5.2	-5.2	5.1	12.3	10.9	--	--	--	14.0
Russell 1000		3.4	-5.1	-5.1	4.4	13.3	18.7	--	--	--	22.2
Excess		-0.2	-0.0	-0.0	0.8	-1.0	-7.8	--	--	--	-8.2
Panagora Defuseq -SL	250,659,395	4.2	-0.7	-0.7	8.0	13.7	12.4	--	--	--	16.8
Russell 1000		3.4	-5.1	-5.1	4.4	13.3	18.7	--	--	--	22.2
Excess		0.8	4.4	4.4	3.6	0.5	-6.4	--	--	--	-5.4
Domestic Equity Overlay	11,084,273	1.5	178.5	178.5	194.5	330.2	--	--	--	--	218.4
ICE BofAML US 3-Month Treasury Bill		0.0	0.0	0.0	0.1	0.1	--	--	--	--	0.1
Excess		1.5	178.5	178.5	194.5	330.1	--	--	--	--	218.3
Small Cap Equity	114,960,919	1.3	-4.2	-4.2	-0.2	4.0	10.6	7.8	6.5	8.9	6.7
Russell 2000		1.2	-7.5	-7.5	-9.7	-5.8	11.7	9.7	8.9	11.0	8.3
Excess		0.1	3.3	3.3	9.5	9.8	-1.1	-1.9	-2.4	-2.1	-1.5



**San Mateo County**  
**Composite Return Summary**  
 March 31,2022



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	114,960,919	1.3	-4.2	-4.2	-0.2	4.0	10.6	7.8	--	--	9.7
Russell 2000		1.2	-7.5	-7.5	-9.7	-5.8	11.7	9.7	--	--	11.0
Excess		0.1	3.3	3.3	9.5	9.8	-1.1	-1.9	--	--	-1.3
International Equity	1,113,115,309	-0.1	-7.7	-7.7	-8.9	-3.9	8.4	7.2	5.8	6.2	5.7
SamCERA Custom Hedge Intl		0.6	-4.9	-4.9	-4.5	0.5	8.5	7.3	5.8	6.0	5.3
Excess		-0.7	-2.9	-2.9	-4.4	-4.4	-0.1	-0.1	0.0	0.2	0.4
Baillie Gifford	339,506,917	-1.3	-18.2	-18.2	-20.6	-15.3	10.3	8.7	7.0	--	8.0
MSCI ACWI ex USA Growth		-0.1	-10.7	-10.7	-11.8	-5.9	9.5	9.0	6.9	--	--
Excess		-1.2	-7.5	-7.5	-8.8	-9.4	0.8	-0.3	0.1	--	--
Blackrock MSCI ACWI ex US IMI	367,169,486	0.5	-5.5	-5.5	-6.4	-1.1	--	--	--	--	12.8
MS AC WIdxUS IMI Nt		0.3	-5.6	-5.6	-6.5	-1.3	--	--	--	--	12.8
Excess		0.3	0.1	0.1	0.1	0.2	--	--	--	--	-0.0
Mondrian Investment Partners	370,312,212	-1.4	-2.6	-2.6	-6.1	-1.8	4.4	4.4	3.6	4.6	5.1
MSCI ACWI xUSA Value		0.6	0.3	0.3	-0.6	4.0	6.1	5.3	4.3	4.8	5.2
Excess		-2.0	-2.9	-2.9	-5.6	-5.8	-1.7	-0.9	-0.6	-0.3	-0.2
Currency Hedge Futures	409,168,760	-1.6	-2.4	-2.4	-5.3	-4.9	--	--	--	--	-0.1
ICE BofAML US 3-Month Treasury Bill		0.0	0.0	0.0	0.1	0.1	--	--	--	--	0.1
Excess		-1.7	-2.4	-2.4	-5.4	-5.0	--	--	--	--	-0.2
Currency Hedge Futures Offsets	409,168,760	0.0	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	--	--	--	--	0.1
Excess		-0.0	-0.0	-0.0	-0.1	-0.1	--	--	--	--	-0.1
International Equity Overlay	36,126,694	-0.3	-4.8	-4.8	-4.9	-9.4	--	--	--	--	17.8
ICE BofAML US 3-Month Treasury Bill		0.0	0.0	0.0	0.1	0.1	--	--	--	--	0.1
Excess		-0.3	-4.8	-4.8	-4.9	-9.5	--	--	--	--	17.7
Fixed Income	1,525,018,594	-2.0	-4.4	-4.4	-4.0	-1.6	3.0	3.2	3.4	3.9	5.2
Samcera Fixed Income Benchmark		-2.3	-5.7	-5.7	-5.1	-3.2	2.5	2.9	2.7	2.7	4.7
Excess		0.3	1.2	1.2	1.2	1.6	0.6	0.2	0.6	1.2	0.5



**San Mateo County**  
**Composite Return Summary**  
 March 31, 2022



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	963,210,622	-3.1	-6.2	-6.2	-6.5	-4.5	1.7	2.2	2.2	2.9	4.7
BBG US Aggregate		-2.8	-5.9	-5.9	-5.9	-4.2	1.7	2.1	1.9	2.2	4.4
Excess		-0.3	-0.3	-0.3	-0.6	-0.3	-0.0	0.0	0.3	0.6	0.3
FIAM B Core Bond	254,898,338	-2.7	-5.7	-5.7	-5.3	-3.3	3.0	3.0	--	--	3.2
BBG US Aggregate		-2.8	-5.9	-5.9	-5.9	-4.2	1.7	2.1	--	--	2.1
Excess		0.0	0.3	0.3	0.5	0.9	1.3	0.9	--	--	1.1
Western Total Return	214,321,456	-3.8	-7.8	-7.8	-8.9	-7.1	1.1	2.1	--	--	2.7
BBG US Aggregate		-2.8	-5.9	-5.9	-5.9	-4.2	1.7	2.1	--	--	2.1
Excess		-1.1	-1.9	-1.9	-3.0	-2.9	-0.6	-0.1	--	--	0.5
DoubleLine	244,548,713	-3.1	-5.8	-5.8	-6.5	-4.2	--	--	--	--	-0.7
BBG US Aggregate		-2.8	-5.9	-5.9	-5.9	-4.2	--	--	--	--	-2.0
Excess		-0.4	0.1	0.1	-0.6	-0.1	--	--	--	--	1.2
NISA Core Bond	224,476,787	-2.8	-5.7	-5.7	-5.6	-3.8	--	--	--	--	-2.2
BBG US Aggregate		-2.8	-5.9	-5.9	-5.9	-4.2	--	--	--	--	-2.7
Excess		0.0	0.2	0.2	0.2	0.3	--	--	--	--	0.5
Core Fixed Income Overlay	24,965,328	0.6	-2.3	-2.3	0.8	2.9	--	--	--	--	-1.5
ICE BofAML US 3-Month Treasury Bill		0.0	0.0	0.0	0.1	0.1	--	--	--	--	0.1
Excess		0.6	-2.3	-2.3	0.7	2.9	--	--	--	--	-1.6
Opportunistic Credit	561,807,972	-0.2	-1.3	-1.3	0.6	3.6	5.5	5.5	5.9	7.2	8.1
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	4.7	5.4	6.5
Excess		1.3	3.9	3.9	4.4	5.1	1.1	1.0	1.2	1.8	1.6
Pimco Private Income	54,280,171	0.0	1.3	1.3	7.2	10.7	9.2	--	--	--	9.2
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	--	--	--	4.4
Excess		1.5	6.6	6.6	11.0	12.2	4.8	--	--	--	4.8
AG CREDIT SOL FU LP	15,161,454	0.0	3.3	3.3	6.0	23.8	--	--	--	--	24.6
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	--	--	--	--	2.7
Excess		1.5	8.6	8.6	9.8	25.3	--	--	--	--	21.9



# San Mateo County Composite Return Summary

March 31, 2022



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
AG CSF ANX DISLOC FD	20,275	0.0	-39.2	-39.2	-35.7	-28.8	--	--	--	--	-6.8
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	--	--	--	--	8.7
Excess		1.5	-33.9	-33.9	-31.9	-27.3	--	--	--	--	-15.4
AG CSF II	3,000,000	0.0	--	--	--	--	--	--	--	--	0.0
BBG BA Intermediate HY Ind		-1.5	--	--	--	--	--	--	--	--	-2.4
Excess		1.5	--	--	--	--	--	--	--	--	2.4
AG Opportunistic Whole Loan	624,931	40.4	40.4	40.4	54.4	62.5	25.1	24.8	19.1	--	16.3
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	4.7	--	4.6
Excess		41.9	45.7	45.7	58.2	64.0	20.7	20.3	14.5	--	11.7
Angelo Gordon	1	0.0	0.0	0.0	0.0	0.0	15.7	19.8	15.8	--	14.7
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	4.7	--	4.9
Excess		1.5	5.3	5.3	3.8	1.5	11.3	15.3	11.2	--	9.8
Blackrock Direct Lending Feede	30,259,693	0.1	0.1	0.1	3.6	4.7	--	--	--	--	2.6
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	--	--	--	--	4.6
Excess		1.6	5.4	5.4	7.4	6.3	--	--	--	--	-1.9
Beach Point Select Fund	87,872,160	0.4	0.1	0.1	5.6	9.3	12.0	9.0	9.0	--	9.3
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	4.7	--	4.7
Excess		1.9	5.4	5.4	9.5	10.9	7.6	4.5	4.3	--	4.5
Brigade Cap Mngmt	89,248,962	-0.4	-1.0	-1.0	2.3	6.1	7.2	5.6	5.7	6.1	6.6
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	4.7	5.4	6.0
Excess		1.1	4.2	4.2	6.1	7.7	2.8	1.1	1.0	0.7	0.6
White Oak YSF V	30,510,748	-0.0	0.7	0.7	0.7	0.7	--	--	--	--	0.9
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	--	--	--	--	-0.1
Excess		1.5	6.0	6.0	4.5	2.2	--	--	--	--	1.0
White Oak Yield Spec	32,110,313	0.0	1.9	1.9	4.2	5.9	6.1	--	--	--	--
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	--	--	4.5
Excess		1.5	7.1	7.1	8.0	7.4	1.7	--	--	--	--





# San Mateo County Composite Return Summary

March 31, 2022



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	125,224,436	-1.4	-6.8	-6.8	-7.0	-4.4	1.9	--	--	--	2.6
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	--	--	--	4.1
Excess		0.0	-1.5	-1.5	-3.1	-2.8	-2.5	--	--	--	-1.5
TCP Direct Lending VIII	18,184,329	-0.0	1.1	1.1	4.2	6.5	6.5	6.5	--	--	--
BBG BA Intermediate HY Ind		-1.5	-5.3	-5.3	-3.8	-1.5	4.4	4.5	--	--	5.1
Excess		1.4	6.3	6.3	8.0	8.1	2.1	1.9	--	--	--
Franklin Templeton	75,310,499	0.7	-0.2	-0.2	-3.1	-1.7	-4.8	-2.5	-0.7	1.1	1.6
Bloomberg Multiverse Index		-2.9	-6.1	-6.1	-7.6	-6.2	0.8	1.8	1.7	1.2	1.7
Excess		3.6	5.8	5.8	4.5	4.6	-5.6	-4.3	-2.4	-0.1	-0.1
Alternatives	855,732,374	2.6	1.7	1.7	6.7	14.9	18.6	12.2	10.5	8.8	1.1
Samcera Alternatives Benchmark		2.1	5.1	5.1	10.8	14.9	16.2	12.3	10.6	10.1	8.8
Excess		0.5	-3.4	-3.4	-4.1	-0.1	2.4	-0.2	-0.1	-1.3	-7.7
Private Equity	425,935,997	2.4	1.2	1.2	11.3	25.9	38.5	26.4	23.0	19.8	-5.4
Samcera PE Benchmark		4.2	10.0	10.0	20.2	28.6	29.0	19.6	17.3	18.1	18.1
Excess		-1.8	-8.8	-8.8	-8.9	-2.7	9.5	6.8	5.6	1.7	-23.6
Absolute Return	429,796,377	2.9	2.3	2.3	2.0	4.5	-2.5	-3.1	-1.0	1.7	1.3
Samcera SOFR + 4%		0.3	1.0	1.0	3.0	4.0	4.8	5.2	5.0	4.7	4.7
Excess		2.5	1.3	1.3	-1.0	0.4	-7.3	-8.3	-5.9	-3.0	-3.4
Aberdeen Std GARS	75,149,527	-1.3	-5.1	-5.1	-6.0	-5.6	1.4	1.2	--	--	0.6
Samcera SOFR + 4%		0.3	1.0	1.0	3.0	4.0	4.8	5.2	--	--	5.0
Excess		-1.6	-6.1	-6.1	-9.0	-9.6	-3.4	-4.0	--	--	-4.4
Graham Global Investment	96,684,564	8.0	13.1	13.1	7.4	12.1	--	--	--	--	6.4
Samcera SOFR +4%		0.3	1.0	1.0	3.0	4.0	--	--	--	--	4.3
Excess		7.6	12.1	12.1	4.3	8.0	--	--	--	--	2.2
PIMCO MAARS Fund L.P.	91,166,504	3.7	2.2	2.2	13.0	12.3	--	--	--	--	8.0
Samcera SOFR +4%		0.3	1.0	1.0	3.0	4.1	--	--	--	--	4.2
Excess		3.3	1.2	1.2	10.0	8.2	--	--	--	--	3.8



# San Mateo County Composite Return Summary

March 31, 2022



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Acadian MAAR Fund LLC	80,198,158	1.9	-2.5	-2.5	-2.0	-0.8	--	--	--	--	0.6
Samcera SOFR +4%		0.3	1.0	1.0	3.0	4.1	--	--	--	--	4.1
Excess		1.6	-3.5	-3.5	-5.0	-4.8	--	--	--	--	-3.4
CFM SYS Global Macro Fund	86,597,624	1.2	2.9	2.9	-1.9	4.2	--	--	--	--	8.9
Samcera SOFR +4%		0.3	1.0	1.0	3.0	4.1	--	--	--	--	4.1
Excess		0.9	1.9	1.9	-5.0	0.2	--	--	--	--	4.9
Inflation Hedge	1,097,393,483	2.4	7.0	7.0	13.8	21.4	6.1	5.5	--	--	6.7
SamCERA Inflation Hedge Index		2.7	4.2	4.2	15.1	20.8	10.3	8.3	--	--	--
Excess		-0.4	2.8	2.8	-1.4	0.6	-4.2	-2.8	--	--	--
Real Estate	495,993,690	0.1	4.5	4.5	11.5	16.5	7.6	7.9	--	--	8.0
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	8.7	8.3	--	--	8.3
Excess		0.1	4.5	4.5	-3.6	-3.2	-1.1	-0.5	--	--	-0.3
Invesco Core Real Estate	308,163,052	0.0	5.8	5.8	14.5	20.7	8.0	8.2	9.1	9.7	7.9
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	8.7	8.3	9.1	10.1	8.1
Excess		0.0	5.8	5.8	-0.6	1.1	-0.7	-0.2	0.1	-0.4	-0.2
Invesco US Val IV	2,288,860	0.0	5.7	5.7	14.2	14.3	10.8	10.9	--	--	11.3
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	8.7	8.3	--	--	8.8
Excess		0.0	5.7	5.7	-1.0	-5.3	2.1	2.6	--	--	2.5
PGIM Real Estate US Debt Fund	85,290,912	0.3	1.0	1.0	3.3	5.3	5.6	--	--	--	4.9
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	8.7	--	--	--	8.4
Excess		0.3	1.0	1.0	-11.9	-14.4	-3.1	--	--	--	-3.5
Invesco US VAL V	28,260,966	0.0	4.7	4.7	19.4	30.7	12.1	--	--	--	11.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	8.7	--	--	--	--
Excess		0.0	4.7	4.7	4.2	11.1	3.4	--	--	--	--
Harrison Street Core Property	56,609,882	0.0	2.6	2.6	5.2	9.8	--	--	--	--	5.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	19.6	--	--	--	--	9.9
Excess		0.0	2.6	2.6	-10.0	-9.9	--	--	--	--	-4.2



# San Mateo County Composite Return Summary

March 31, 2022



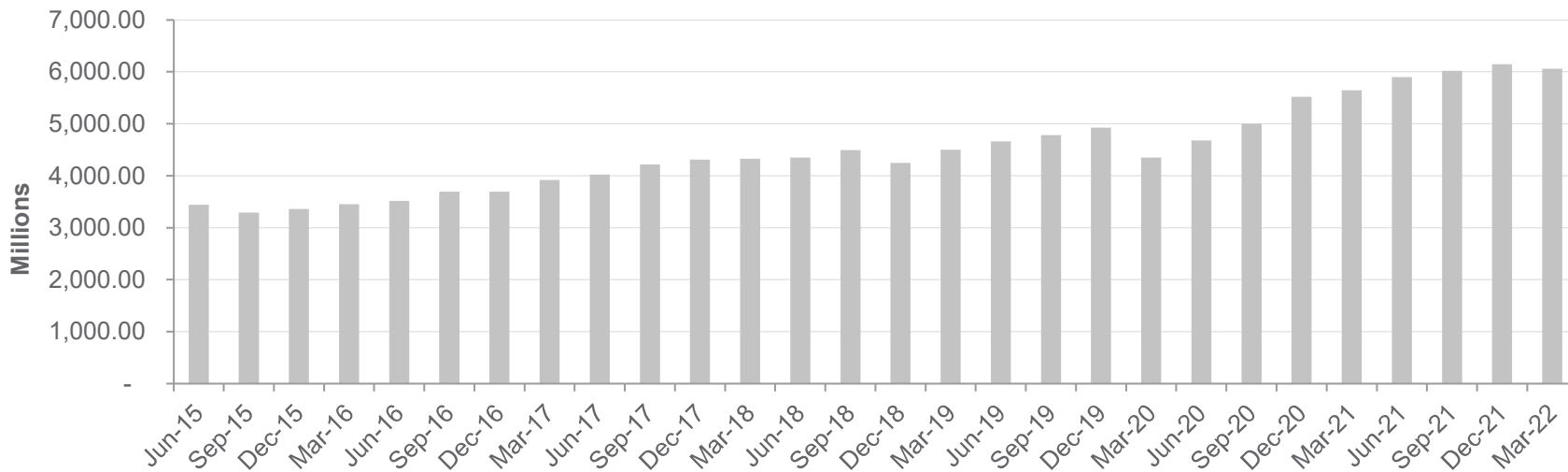
Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Stockbridge Value IV	15,380,018	-0.0	9.6	9.6	9.6	--	--	--	--	--	-0.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	15.1	--	--	--	--	--	19.6
Excess		-0.0	9.6	9.6	-5.5	--	--	--	--	--	-20.3
Public Real Assets	432,462,094	5.5	12.4	12.4	18.6	25.9	4.4	4.3	--	--	--
SamCera Liquid Real Asset Inde		5.1	12.1	12.1	18.5	25.7	9.7	7.6	--	--	8.8
Excess		0.4	0.3	0.3	0.2	0.2	-5.2	-3.2	--	--	--
SSGA CST REAL ASSET NL	432,462,094	5.5	12.4	12.4	18.6	25.9	9.6	7.6	--	--	--
SamCera Liquid Real Asset Inde		5.1	12.1	12.1	18.5	25.7	9.7	7.6	--	--	8.0
Excess		0.4	0.3	0.3	0.2	0.2	-0.1	0.1	--	--	--
Private Real Assets	168,937,699	1.1	1.1	1.1	8.7	29.2	9.4	2.5	--	--	9.5
SamCERA Private Real Asset Idx		6.6	5.8	5.8	10.6	16.8	12.3	9.6	--	--	11.8
Excess		-5.4	-4.8	-4.8	-2.0	12.4	-2.9	-7.1	--	--	-2.2
Cash Overlay	20,225,028	0.1	-0.1	-0.1	-0.5	-0.5	--	--	--	--	-0.1
ICE BofAML US 3-Month Treasury Bill		0.0	0.0	0.0	0.1	0.1	--	--	--	--	0.1
Excess		0.1	-0.1	-0.1	-0.6	-0.5	--	--	--	--	-0.2
General Account	88,947,131	0.0	0.0	0.0	0.1	0.1	0.8	1.2	1.0	0.7	1.8
County Treasury Pool	39,775,720	0.0	0.1	0.1	0.7	1.0	1.5	1.5	1.3	1.1	2.5
Currency Hedge Cash Overlay	54,119,371	0.0	-0.1	-0.1	-0.2	-0.2	--	--	--	--	0.0
San Mateo County Overlay	6,061,299,121	1.0	-2.1	-2.1	1.4	6.9	9.3	7.9	7.2	8.0	6.9
Samcera Total Plan Benchmark		0.9	-2.3	-2.3	2.3	7.1	10.1	8.8	7.8	8.4	7.3
Excess		0.1	0.3	0.3	-0.9	-0.3	-0.8	-0.9	-0.6	-0.4	-0.4



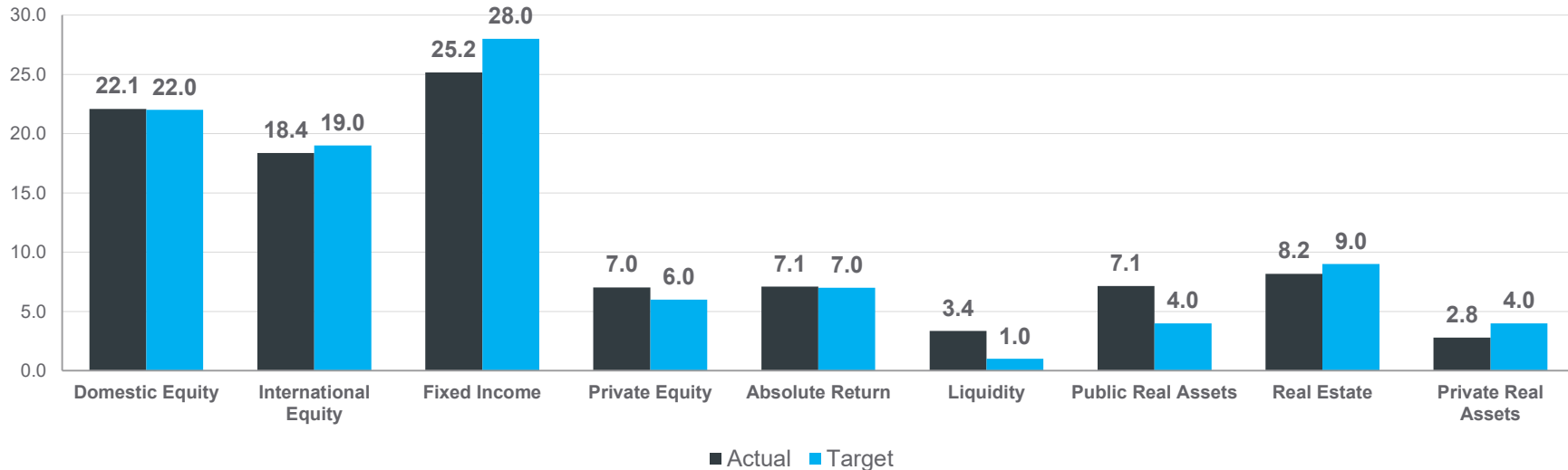
**Record of Asset Growth**

	Three Months	One Year
<b>TOTAL FUND</b>		
Beginning Market Value	6,143,713,008	5,644,918,663
Contributions	115,622,378	319,859,340
Withdrawals	-71,974,391	-299,062,835
Income Received	21,089,389	89,716,601
Gain/Loss	-147,006,864	306,718,943
Ending Market Value	6,061,299,121	6,061,299,121

**Net Asset Values Over Time (\$'000)**

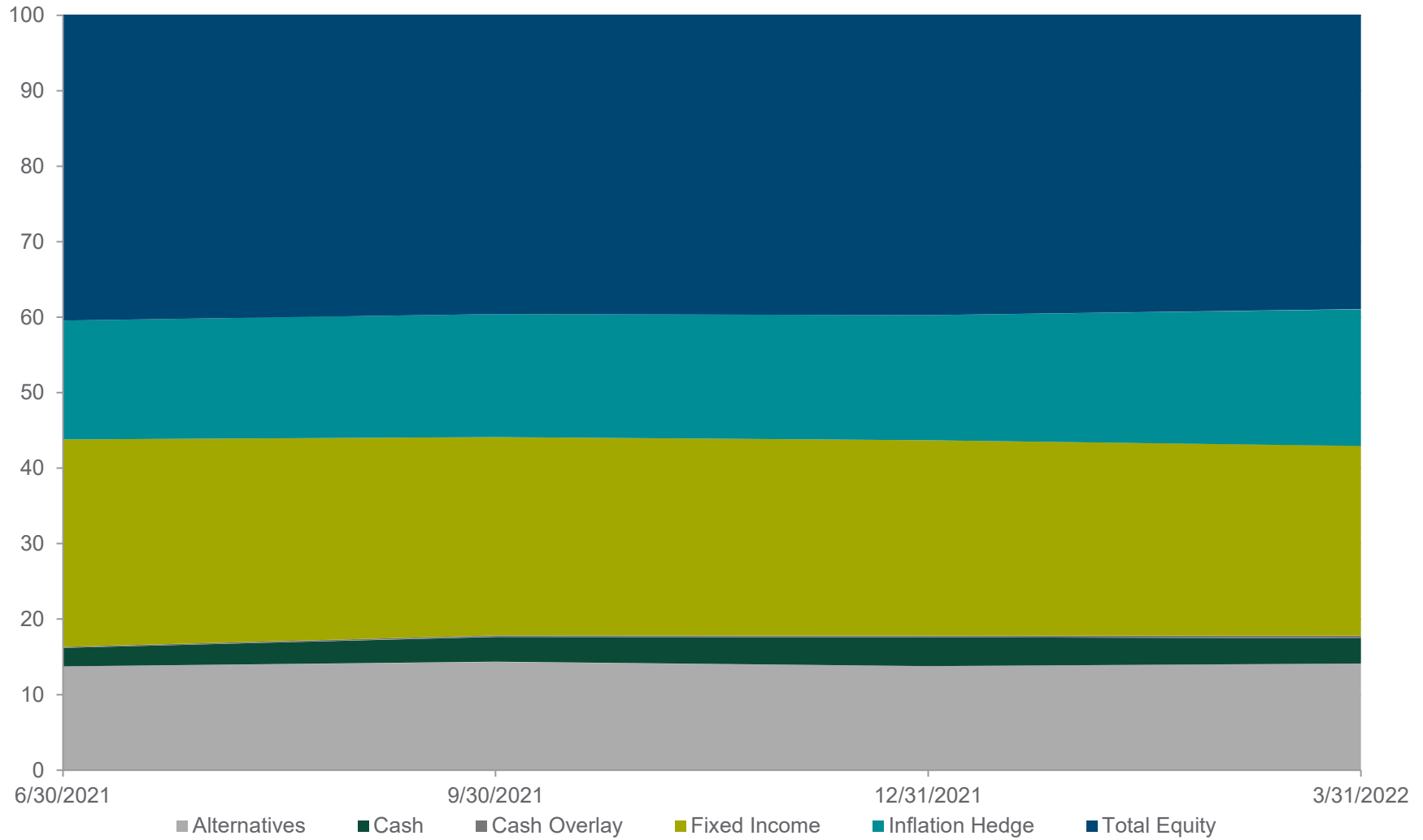


**Actual vs Target Weights**

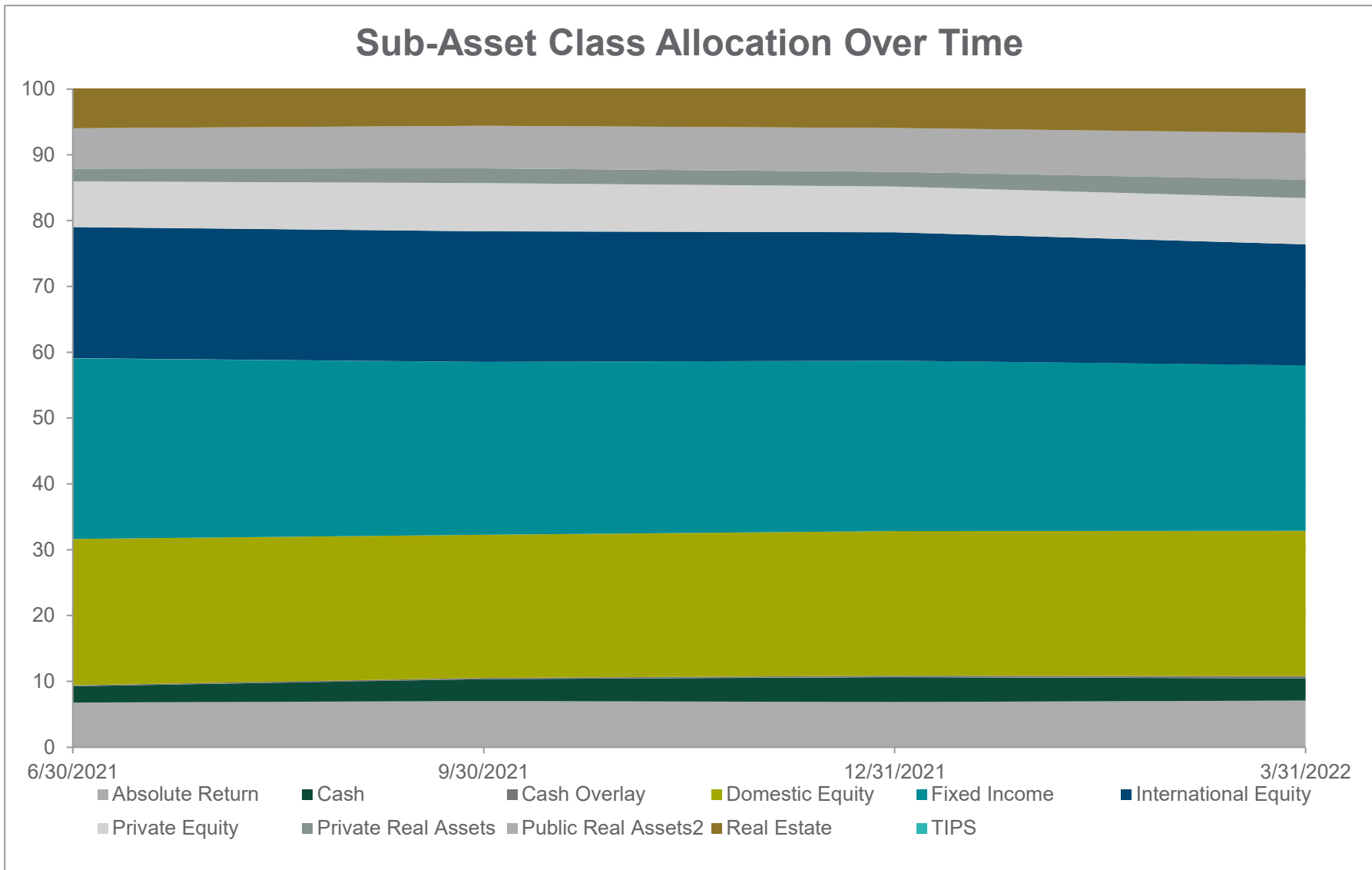


	Min	Actual	Target	Deviation	Max
<b>Domestic Equity</b>	20.0	22.1	22.0	0.1	24.0
<b>International Equity</b>	17.0	18.4	19.0	-0.6	21.0
<b>Fixed Income</b>	26.0	25.2	28.0	-2.8	30.0
<b>Private Equity</b>	4.0	7.0	6.0	1.0	8.0
<b>Absolute Return</b>	5.0	7.1	7.0	0.1	9.0
<b>Liquidity</b>	0.0	3.4	1.0	2.4	2.0
<b>Public Real Assets</b>	2.0	7.1	4.0	3.1	6.0
<b>Real Estate</b>	7.0	8.2	9.0	-0.8	11.0
<b>Private Real Assets</b>	2.0	2.8	4.0	-1.2	6.0

Asset Allocation over Time



### Sub-Asset Class Allocation Over Time




**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

April 26, 2022

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 program (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. Subsequently, portfolio rebalancing was added in January 2014, and 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 3<sup>rd</sup>, SamCERA staff and consultant held an onsite annual review meeting for the Parametric cash overlay and currency hedge strategies. The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, and performance review and attribution.

Overall overlay program results were in line with long-term expectations. From inception (8/6/2013) through December 31, 2021, the overlay program produced a synthetic index overlay return of \$35.5 million, or 12 basis points return as a % of total fund assets. From inception (9/17/2018) through December 31, 2021, the passive currency hedge program produced a synthetic index overlay return of \$11.1 million (as the U.S. Dollar strengthened), or 123 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 2022



*Date of meeting: 3/3/22*

*Location: SamCERA*

Manager Representative

Dan Ryan (Client Relations)  
James Thorson (PM)

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 12/31/21, SamCERA's overlay program has added 12 basis points to portfolio returns since inception, in line with expectations.

### **Organization**

Parametric Portfolio Associates was a wholly owned subsidiary of Eaton Vance Corp. As of March 1, 2021, Morgan Stanley acquired Eaton Vance Corp. Parametric is still running the day to day business autonomously from Morgan Stanley. Many of the back office functions that Eaton Vance supported (HR, Finance, billing) is now being taken care of by Morgan Stanley. 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.

Parametric's firm-wide assets under management were \$428 billion in total as of 12/31/21. The firm manages over \$130 billion in overlay strategies representing 260 client relationships managed out of Minneapolis. Over the past year, 21 accounts and \$2.8 billion were gained, and no relationships 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

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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 added value since due 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 had an average cash position of \$100 million, with an effective cash position of just over \$1 million or 0.03% of the Plan. SamCERA's overlay added 0 bps to the portfolio over the past year. Over the long term the portfolio is in line with expectations gaining 12 bps, mostly from cash equitization.

Currency hedging was fully implemented in 2019 and has gained 1.23% since inception through December 31, 2021.

### **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 26, 2022

Agenda Item 6.3

**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 3<sup>rd</sup>, SamCERA staff held an annual review meeting with Northern Trust virtually. Colleen Brennan (Client Executive) and Matt Pfaff (Client Service Manager) attended from Northern Trust along with representatives from their Alternatives Assets, Accounting (Era Pawlowski), Performance & Analytics (Shane Crea), and Securities Lending (Don Anderson) teams.

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 26, 2022

Agenda Item 6.4

**TO:** Board of Retirement

**FROM:** Doris Ng, Investment Analyst 

**SUBJECT:** Approval of Cash Flow-Matched Manager Recommendation

**Recommendation**

Approve an initial investment of 1.5% of plan assets (or approximately \$90 million) to a cashflow matching investment mandate with Insight Investment to be placed in the Diversifying risk category (Fixed Income/Liquidity asset class composite).

**Background**

During the past few annual Board retreats, SamCERA has discussed plan maturity issues to prepare for the time when SamCERA turns cash flow negative. In April 2019, Jeff MacLean covered a number of plan maturity topics, including how a plan becomes mature, funding policy considerations, risks associated with mature plans, and SamCERA portfolio observations, which included a number of potential options to offset negative cash flow risks.

In September 2020, and then again in March 2021, Jeff MacLean presented to the Board various considerations for SamCERA to consider when addressing its future cash flow needs via establishing a more robust liquidity buffer.

In October 2021, the Board provided feedback to staff and consultant to establish a dedicated cash-flow matched liquidity sleeve to cover up to three years' worth of net benefit payments.

**Discussion**

Through the analysis of potential cashflow matching liquidity solution providers, SamCERA staff and consultant identified an initial subset of eight managers to consider and asked them to complete due diligence questionnaires.

After reviewing the questionnaire responses, three potential strategies were selected as shortlist managers to conduct due diligence meetings, and following the due diligence meetings, one potential strategy was selected for an onsite due diligence visit.

In March 2022, staff and Verus performed onsite due diligence visit with Insight Investment. Insight Investment's depth of resources and experience in cashflow driven investment lead staff and Verus to recommend Insight Investment for the cashflow matching mandate. Margaret Jadallah and Joe Abdou of Verus will review the cashflow matching mandate manager search recommendation with the Board.

**Attachments**

Verus Memorandum on Insight Recommendation  
Staff Recommendation on Insight Investments  
Insight Investments Presentation

# Memorandum

**To:** SamCERA  
**From:** Verus  
**Date:** April 26, 2022  
**RE:** CDI manager search – Summary of process and recommendation

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## **Executive Summary**

*SamCERA's CDI search resulted from a series of CDI and plan maturation education sessions in the prior four Board retreats. In addition, SamCERA conducted an asset allocation study which allocated 2.5% of the portfolio to the liquidity bucket in anticipation of hiring a CDI manager. SamCERA will start with a 3-year cash flow matching strategy. Since cash flows are not turning negative until year three of implementation, the Plan will fund the new manager with year 3 expected cash flows, the initial funding will be around \$90 million. Assets allocated to the CDI portfolio will increase over the coming years as the plan matures and when employer cost drops after 2023. The plan is to revisit adding to the portfolio each year as market conditions and projected cash flow needs change. In our search for a CDI manager, Verus and staff reached out to 8 managers prevalent in the CDI space, analyzed their RFI responses, interviewed three of the top candidates virtually, and conducted an onsite meeting with one manager deemed to be the best fit for SamCERA. After completing our due diligence process with positive results from our onsite visit, Verus and Staff are recommending hiring Insight for this mandate.*

*A summary of the search process follows. A CDI approach is highly customized and as a result, Verus is not showing performance comparisons as part of our analysis.*

## **Search Process**

Verus and SamCERA Staff developed an initial list of eight CDI managers that met certain minimum requirements to receive a detailed Request for Information (RFI) questionnaire. An RFI was issued, and all 8 managers responded to the RFI in December 2021 and January 2022. Staff and Verus then focused on identifying the most compelling candidates that were best suited to manage a CDI portfolio for SamCERA. Verus and Staff met following a detailed review of the RFI and discussed all the managers and their RFI responses. Verus and Staff agreed on three managers to conduct in-depth due diligence calls.

These managers were:

- Insight Investment Management
- NISA Investment Advisors
- Western Asset Management Company

Following the calls, Verus and Staff met again to discuss which manager or managers were compelling enough to necessitate further due diligence. Everyone agreed there was one manager (Insight) who ranked the highest in our joint assessment and warranted additional review. Verus and staff conducted an on-site due diligence trip to the Insight office in New York,

NY on March 31<sup>st</sup> to meet with the Insight team. One member from each of the SamCERA staff and Verus teams traveled, while the rest participated virtually.

A summary of the top three CDI manager candidates follows.

### **Manager and Strategy Descriptions**

#### **INSIGHT INVESTMENT MANAGEMENT (INSIGHT)**

Founded in 2002, Insight Investment Management has 290 investment professionals worldwide and 90 in the US. Insight has offices in London, New York, Boston, San Francisco, Dublin, Frankfurt, Manchester, Sydney and Tokyo. Insight announced its acquisition of Rothschild Asset Management (RAM) in 2003. In November 2009, Insight became part of The Bank of New York Mellon Corporation (BNY Mellon). In 2013, currency risk management specialist, Pareto Investment Management, became part of Insight, and in 2015, US fixed income boutique, Cutwater Asset Management (Cutwater), was acquired by BNY Mellon. Today, these businesses operate as Insight Investment. Abdallah Nauphal, Chief Executive Officer, has been part of Insight since the RAM acquisition. BNY Mellon Investment Management and Insight announced in February 2021 that the specialized fixed income investment teams within affiliate Mellon Investments (Mellon) would be moving to Insight as the center of fixed income. As of September 1, 2021, the first phase was completed with clients, colleagues and related assets transitioned to Insight. Insight continues to run autonomously from BNY Mellon; however, BNY Mellon holds two Insight Board of Director seats. There are also independent Board members on the Insight Board. Insight manages \$1.1 trillion in assets of which \$175 billion is in cash flow aware and LDI strategies. There have been two C suite-level departures, one in late 2019 and then in early 2020. The executive departures were Jon Eilbeck (COO) and Andrew Kitchen (CFO), which were due to retirement.

Two teams are responsible for the creation of the CDI Portfolio.

Solution design: Sweta Vaidya, Head of Solution Design North America, Justin Demino, Solutions Designer, Erik Thoren, Senior Analyst, and Michael DeSimone, Pension Solutions Analyst would be responsible for understanding SamCERA's objectives, overseeing liability modeling and quantitative analysis, investment solution design and working with the broader team on market strategy, implementation and ensuring the solution is executed in line with SamCERA requirements on an ongoing basis.

Portfolio management: Shivin Kwatra, Head of LDI Portfolio Management – North America, would be responsible for portfolio management. Shivin will work closely with Gerard Berrigan, Head of US Strategic Credit, and broader fixed income credit research and portfolio management teams across corporates, securitized, municipal and EM. Additional support will be provided by Julien Perron, Quantitative Analyst and Kevin Loescher, Portfolio Implementation Specialist.

Shivin Kwatra, the head of LDI, will be responsible for SamCERA's portfolio. He is assisted by the solutions team, and credit research team, all located in the New York office. Insight was unique in having a two-team approach, the solutions design team which is responsible for customizing CDI and LDI portfolios, and a separate research/credit team. The credit team will screen the

universe for issuers and assign a performance rating from 1-4. This rating combines internal ratings & trends, ESG factors, valuation and several other risk factors.

Insight has extensive credit research resources. Within the Fixed Income Group, there are 47 with specific analytical responsibilities with respect to corporate bonds, asset-backed securities (ABS), leveraged loans, commercial real estate (CRE), small and medium enterprise (SME), consumer loans, and trade financing.

The Credit Analysis Team is responsible for analyzing companies which are issuers of investment grade, non-investment grade corporate bonds and leveraged loans. Analysts specialize in industry sectors where they determine the key business drivers of that sector and how these drivers will impact the individual companies within it. For each company, cashflow modeling forms a key element of an analyst's work, as does a detailed assessment of the things which can typically lead to a sharp change in credit quality, such as the ability of a company to service debt when capital markets are shut. Each analyst is responsible for formulating a clear fundamental credit opinion of the companies they cover, as well as understanding the specifics of the supporting bond or loan documentation. Using this information, they make an assessment of the relative valuation to generate buy/sell recommendations to the portfolio managers.

All of the ratings and issuers are loaded into AYLA, which is Insight's proprietary cashflow optimization system. Cash flows and guideline limitations are also loaded into the system. From this portfolio managers will review the output and make changes to the portfolio as needed.

AYLA allows for various outputs including sector breakout, quality, and other factors buy maturity date (which is ultimately matched to SamCERA's cash flows.) Portfolio construction is a collaborative process between the portfolio manager and solutions team. It is done repeatedly until the optimal portfolio is created. Once created, AYLA is typically used once a year when updated cash flow projections are available. AYLA allows for a tight buy and maintain portfolio, as well as a higher risk solution, should SamCERA desire one in the future. This modeling is the basis for Insight's ability to create a buy and maintain portfolio.

#### **NISA INVESTMENT ADVISORS (NISA)**

NISA registered with the SEC in November 1993 and began managing assets in April 1994. Prior to 1994, several of the firm's key employees were with National Investment Services of America, Inc. ("National"), which reorganized in 1994 to facilitate a change in ownership among employees. National split itself into three separately owned entities in 1994, one of which was NISA, focusing predominantly on fixed income asset management. NISA Investment Advisors is a wholly owned subsidiary of NISA, LLC which is 100% employee-owned. The Firm managed \$333 billion in total assets as of 12/31/21, \$282 billion of which was in LDI products. NISA was engaged in a multi-year planned succession and the last transition became effective 1/1/2021 with Jess Yawitz stepping down as NISA's CEO and David Eichhorn becoming NISA's CEO. In anticipation of this transition, effective 6/1/2020, David became the Chair of NISA's Investment Committee. Anthony Pope and Ken Lester assumed the role of Vice Chairs of the Investment Committee. Jess Yawitz retired effective December 31, 2021, and Stephen Douglass, Senior Economic Strategist, joined the committee effective at the close of business on that day.

All portfolios are managed with a team approach. Portfolio managers are defined as members of NISA's Investment Committee. NISA's Investment Committee has ultimate oversight on all of NISA's Fixed Income, Equity and Derivatives Strategies. Themes discussed in the Investment Committee meetings, which are appropriate for cash flow matching strategies, are accounted for in portfolios where appropriate. Given this structure, there are no lead or backup portfolio managers assigned to an account as all portfolios are serviced and managed with a team approach. A goal in the design of the investment decision making process seeks to ensure that no single individual has responsibilities concentrated in a manner that their absence would materially impact the portfolio. As such, the teams involved in the investment process are structured to share responsibilities such that tasks can be assumed by other investment professionals in case of any potential absence or departures.

A credit research analyst is responsible for analyzing coverage for every issuer in the universe. The credit research analysts first develop and maintain a deep fundamental understanding of the credit issuers and the industries in which they operate. The primary building block for this is the model (internally referred to as a "tear-sheet") that compiles the relevant operating and financial data for each issuer. The tear-sheet includes, but is not limited to, material information such as company background, rating agency commentary and drivers, key financial metrics, segment operating data, etc. Generating earnings trackers (real-time quarterly earnings analysis) and fundamental scorecards (directional analysis of profitability, rating agency and leverage trends) also assist in the process. Additionally, credit research analysts are expected to maintain an active dialogue with company management teams, rating agency analysts and sell-side analysts/industry experts. Once a fundamental base is developed, credit research analysts identify the relevant peer group and determine where the credit issuer in question ranks fundamentally versus its peers. Finally, credit research analysts, in conjunction with the portfolio management group, evaluate trading levels of securities for both the credit issuer and the peer group to determine if there may be a relative value opportunity. If so, this is documented as part of the relative value analysis. The deliverables described are updated at least quarterly, but may be more frequently updated as-needed based on market developments or new releases.

NISA's CDI approach focuses on liquidity and determining the appropriate tracking error to the client's benchmark. Investment grade CDI exposures can range from Treasury only to having a higher allocation to BBB securities to pick up yield. For more aggressive portfolios they can add high yield, non-agency CMBS, and securitized depending on what offers a better value. Another aspect of their approach is the use of a Risk Monitor Dashboard to ensure that there is surplus cash at all times in the portfolio.

#### **WESTERN ASSET MANAGEMENT COMPANY (WESTERN)**

Western Asset is an investment management firm, whose primary business has been managing fixed-income portfolios since 1971. They have offices in Pasadena, New York, Sao Paulo, London, Zürich, Singapore, Hong Kong, Tokyo and Melbourne, Western Asset's 759 employees perform investment services for a wide variety of global clients. The Firm's clients include charitable, corporate, health care, insurance, mutual fund, public and union organizations, and client portfolios range across an equally wide variety of mandates, from money markets to emerging markets. As of September 30, 2021, Western Asset's client base represented 40 countries, 1,446 accounts, and \$484 billion in assets under management. As of September 30, 2021, Western Asset managed approximately \$33 billion in buy and maintain strategies which includes CDI.



Western Asset's US Investment Grade Credit portfolios are managed on a team basis headed by Ryan Brist, CFA, Daniel C. Alexander, CFA, Kurt Halvorson, CFA and Blanton Keh, CFA. These individuals report to the Firm's Deputy CIO, Michael C. Buchanan, CFA, and are responsible for the day-to-day strategic oversight of the Firm's US Investment Grade Credit strategy. This Team forms a subset of Western Asset's Global Credit Team and is led by Brist, Head of Global Investment-Grade Credit. Overall, the Investment-Grade Credit Team is comprised of ten portfolio managers, five traders, four portfolio analysts and 12 dedicated investment-grade credit research professionals. The team is further supported by the wider Global Credit Team which consists of a total of 92 professionals. Of these, 35 are full-time research professionals spanning the United States, Europe, Asia, and Latin America.

The investment grade credit team is responsible for CDI strategies. Western Asset uses a three-pronged team approach. The portfolio manager implements a top-down strategy, decides sector allocation, and manages the portfolio level risk. The investment analyst works on sector analysis, relative value assessments, and deep fundamental company analysis. And finally, the trader evaluates market technical and relative value from a market perspective. The team works together on idea generation and investment decisions.

Western asset has a preference to implement the portfolio in BBB and BB rated securities that offer good risk-adjusted returns. BB holdings are often upgrade candidates. The approach considers the yield versus liquidity trade off with a principal objective of tightly matching the client's liabilities. Thus, the risk constraints on buy and maintain portfolios limit alpha to an extent. The buy and maintain strategy will be low turnover, however they will sell a security if they think the credit will be impaired. Portfolio managers did this in the onset of COVID in March 2020. They expect to produce alpha in the buy and maintain strategies by combining core holdings (65-75%) with a smaller allocation to undervalued securities (25-35%).

The optimizer is loaded with the universe of investable assets, then limited by maturities, yield, and quality. The optimizer takes into accounts the client's risk tolerance and guidelines and generates a portfolio, which is typically about 80-90% of the final portfolio. The portfolio managers will make modest adjustments within guideline constraints to make portfolio improvements (ex. maximize residual cash, maximize yield). Western's usage of broad fixed income sectors in CDI portfolios, where allowed, is a differentiator of their strategy.

### **Recommendation**

While all short-listed CDI managers that we spoke with were competitive and appropriate, Verus and SamCERA Staff believe that Insight is the best fit for the Plan's CDI mandate. The strategy combines the expertise of a separate CDI team with research from their global credit team. Liability driven investing is a core competency for Insight with in-house actuarial expertise as a critical input into initial portfolio design and the adaptation of a client's portfolio strategy as their liabilities and needs change, The optimization process allows for multiple customizations and Insight will work with Verus and staff in setting the right guidelines for the portfolio. Verus and staff recommend hiring Insight for their 3-year cash flow driven investing mandate.

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*any forward looking information will be achieved. Investing entails risks, including possible loss of principal.  
Verus – also known as Verus Advisory™.*

**INSIGHT INVESTMENT  
INVESTMENT RECOMMENDATION**

**April 26, 2022**



1) Product Name	Cash Flow-Matched Liquidity Management
2) Contact Person	Angela Ruane Business Development Director 212-365-3295
3) Manager Benchmark	Primary: Custom benchmark matching liability cashflows Secondary: Bloomberg 1-3 Year US Credit Index
4) Asset Class	Fixed Income/ Liquidity
5) Consolidation	Diversifying
6) Role in Portfolio	The primary role of the cashflow matching mandate is to provide liquidity to meet SamCERA's near-term benefit payments. The cashflow matching mandate will be sized to provide for a rolling three years' worth of benefit payments.
7) Ex-Ante Return Target	The primary objective of the cashflow matching mandate will be to maximize the certainty of meeting projected benefit payments and avoid or minimize the risk of defaults as it seeks to cashflow match its projected liability payments. As the cashflow matching mandate becomes a larger percentage of total plan assets, potentially more emphasis may be placed on seeking alpha opportunities or outperforming projected liability payments as a secondary objective.
8) Ex-Ante Volatility Target	Volatility relative to the customized liability benchmark is expected to be low as the cashflow matching mandate is seeking to match the projected liability payments (cashflows built into benchmark). Volatility relative to the secondary benchmark is expected to be higher as the market-based benchmark is meant to be a general proxy (with similar credit and duration profile as the cashflow matching mandate).
9) Number of positions	This will be a diversified portfolio of over 100 positions, depending on market conditions. The historical range for Insight Investment's representative cashflow driven investment account was 117-187 positions. The average number of positions in the representative cashflow driven investment account was 200 over the past three years ending September 2021.
10) Firm Ownership Structure	Insight Investment Management Limited (IIML) was founded in 2002. IIML acquired Rothschild Asset Management Limited (RAM) in 2003 and became a part of The Bank of New York Mellon Corporation (BNY Mellon) in 2009. Insight Investment is the corporate brand for certain affiliated companies operated by IIML and is headquartered in London with offices located globally in the US, UK, Ireland, Germany, Australia and Japan. The acquired businesses of Pareto Investment Management Limited (in 2013) and Cutwater Asset Management (in 2015) also

	<p>operate today as part of Insight Investment. More recently, in September 2021, four US specialized fixed income investment teams within affiliate, Mellon Investments, moved to Insight Investments.</p> <p>The cashflow matching mandate will be managed out of Insight Investment’s New York office (which is part of Insight North America) with the primary investment team members located in New York, but working on a daily basis with their London-based counterparts.</p> <p>Insight North America (INA) is registered with the SEC as an investment advisor.</p> <p>Overall, Insight Investments has a total staff size of 1,094, of which 290 are investment professionals. The firm manages over \$1.0 trillion in total assets with most of its assets (\$788 billion) in risk management solutions and (\$316 billion) fixed income as of December 31, 2021. As of September 30, 2021, the firm managed \$178 billion in cashflow driven investment mandates (\$13 billion in US cashflow driven investment mandates), of which \$55 billion were managed in buy and maintain strategies (\$2.6 billion in US buy and maintain strategies).</p>
<p>11) Key Personnel</p>	<p>Insight utilizes a team approach to managing client mandates. Each customized client mandate is assigned a lead solution designer and senior portfolio manager. The Solution design team, led by Sweta Vaidya, Head of Solution Design North America, would be responsible for working with SamCERA to understand and structure the mandate consistent with SamCERA’s objectives. They would also be responsible for overseeing liability modeling and quantitative analysis, investment solution design and working with the broader team on market strategy, implementation and ensuring the solution is executed consistent with SamCERA’s objectives on an ongoing basis.</p> <p>Shivin Kwatra, Head of LDI Portfolio Management – North America, would be the lead portfolio manager with Gerard Berrigan, Head of US Strategic Credit, serving as the back-up portfolio manager. The portfolio manager has discretion on final portfolio construction, but also works closely with the broader teams in fixed income credit research, portfolio management and trading. Within the Fixed Income Group, there are 47 research analysts covering corporates, structured credit and municipal bonds across the global research platform.</p>
<p>12) Investment Process Summary</p>	<p>In the beginning, SamCERA’s cashflow matching mandate will utilize a “buy and maintain” strategy, where credit selection is the primary focus to minimize the risk of default, material loss or forced selling as bond coupons and principal repayments will be utilized to meet projected liability cashflows. Therefore, portfolio turnover and transaction costs are expected to be low.</p> <p>In the discovery and solution design phase, the Solution design team will work with SamCERA to understand and analyze SamCERA’s liability cashflows, return requirements, risk tolerance and constraints to structure the mandate consistent with SamCERA’s objectives. The Solution design team will also work closely with portfolio managers and dealers to efficiently narrow-down the investment universe to those that are liquid and tradeable in Ayla (Insight’s in-house, proprietary software for portfolio optimization) and subject to other parameters set per client guidelines.</p> <p>In the portfolio construction and management phase, portfolio managers will also evaluate security and sector recommendations from credit analysts, set credit strategy</p>

	<p>for the portfolio, and stress-test alternative portfolios through an iterative, optimization process using Ayla, subject to client’s guidelines, objectives and constraints. Portfolio iterations that fall short of projected cashflows are penalized in the system. Portfolio managers have final say on portfolios, but portfolios will be built through collective input and effort from portfolio managers, credit analysts and traders.</p> <p>Credit analysts conduct on-going, fundamental credit research and provide internal credit ratings, credit outlooks, and valuation assessments for each name in the coverage universe (global credit universe screened and reduced down to list of suitable issuers). ESG considerations are also explicitly factored in as part of the credit analyst’s research. To avoid and minimize the risk of default, credit analysts also run each credit through an internal landmine checklist to identify key risks that may cause unexpected deterioration in the issuer’s credit quality. The individual risks are rated and combined to generate an overall landmine score.</p> <p>Lastly, portfolio holdings are actively monitored to avoid default or credit deterioration. As the client’s objectives, risk tolerance and/or liability cashflow projections change, the portfolio will also be restructured or updated to reflect as such. Cash replenishment for the program is expected to occur annually, but with flexibility on timing as circumstances warrant.</p>
13) Strategy Fees	<p style="text-align: center;"><u>Standard Fee Schedule</u></p> <p style="text-align: center;">13 bps for AUM &lt; \$250 million  11bps for AUM \$250-\$500 million  9 bps for AUM \$500-1000 million  8 bps for AUM &gt; \$1000 million</p> <p>There is a minimum annual fee of \$250,000, but can be waived for the first year as the program ramps up.</p>
14) Annual Turnover	<p>Turnover is expected to be low as the cashflow matching mandate will be utilizing a buy and maintain strategy. Turnover for Insight Investment’s representative cashflow driven investing account has averaged 27% in the last 12 months ending September 30, 2021.</p>
15) List of Investment Instruments Used	<p>The cashflow matching mandate will initially consist primarily of investment-grade corporate bonds with small allocation to treasury and agency securities as buffer against uncertainties as needed. A wider opportunity set of appropriate securities may be considered as the cashflow matching mandate becomes a larger percentage of total fund assets.</p>
16) Derivatives Usage	<p>Derivatives may be used to hedge currency risk exposure in non-U.S. dollar-denominated bonds although portfolio is expected to consist primarily of U.S. dollar-denominated investment-grade corporate bonds.</p>
17) Leverage	<p style="text-align: center;">None</p>
18) Liquidity	<p>The cashflow matching mandate will consist primarily of U.S. dollar-denominated investment-grade corporate bonds. Majority of holdings are expected to be very liquid that can be wound down in 2 to 4 weeks or less under normal market conditions.</p>

19) Performance Expectations	<p>The primary objective of the cashflow matching mandate will be to maximize the certainty of meeting projected benefit payments and minimize the risk of defaults as it seeks to cashflow match SamCERA's projected liability payments. Performance will be measured against the cashflow matching mandate's success in meeting these objectives. Volatility relative to the customized liability benchmark is expected to be low as the cashflow matching mandate is seeking to match the projected liability payments (cashflows built into benchmark).</p>
20) Risk management process	<p>Minimizing default risk in credit selection is built directly into the investment process through the credit analyst's risk analysis and landmine checklist screening process. Only issuers and securities that have passed the firm's credit screens are available in the portfolio construction process. The investment process also includes risk monitoring and control procedures around market, interest rate, counterparty and liquidity risk.</p> <p>The cashflow matching mandate is expected to invest primarily in investment-grade corporate bonds with a high, overall portfolio credit rating. Diversification by issuer, industry and sector exposure are also taken into account. The typical limits for a cashflow matching mandate include 1-3% per issuer and 25-35% per sector.</p> <p>The US Investment Risk Team, led by Raghuvver Vadlakonda, is responsible for oversight and governance of investment risks. While the Risk Team operates independently from investment staff, they also collaborate on ad-hoc projects. The Risk Team monitors every portfolio on a daily basis, and also attends daily as well as weekly portfolio strategy meetings with investment teams to discuss risk positioning. The Risk Team develops bespoke stress scenarios based on their knowledge from attending investment forums and also makes assessment if risk level of portfolio is appropriate based on stated objectives. During monthly risk governance meetings, the Risk Team prepares a heat map to show how portfolio is positioned as well as changes from month to month.</p> <p>Raghuvver reports up to David Benjamin, the Global Head of Investment Risk, who reports up to Jonathan Eliot, the Chief Risk Officer, and who in turn reports directly to the CEO.</p>
21) Strategy Assets	<p>As of September 30, 2021, Insight Investment managed \$178 billion in cashflow driven investment mandates (\$13 billion in US cashflow driven investment mandates), of which \$55 billion were managed in buy and maintain strategies (\$2.6 billion in US buy and maintain strategies).</p>
22) Clients in Strategy	<p>Due to the highly customized nature of cashflow driven investment mandates, Insight only manages these mandates through separate accounts (no commingled funds). Three current institutional clients who have liquidity management mandates with Insight include Contra Costa CERA, StanCERA and the City of San Jose Office of Retirement Services.</p>
23) Key Advantages	<p style="text-align: center;"><b>Experience and Track Record</b></p> <p>Insight is a specialist LDI and fixed income manager and one of the largest managers of UK pension assets with over 70% of its assets under management in risk management mandates. The firm is a pioneer of buy and maintain strategies and has been implementing buy and maintain strategies since 2009 with no defaults or</p>

	<p>distressed sales since 2009. As of September 30, 2021, the firm managed \$178 billion in cashflow driven investment mandates (\$13 billion in US cashflow driven investment mandates), of which \$55 billion were managed in buy and maintain strategies (\$2.6 billion in US buy and maintain strategies). We expect the firm to be able to meet SamCERA’s requirements for the cashflow matching mandate initially and also in the future as the program grows in size and considers a wider opportunity set of appropriate securities.</p> <p style="text-align: center;"><b>Proprietary System</b></p> <p>One of the firm’s key strengths is its in-house proprietary software (Ayla) used for the design and construction of liability-matching portfolios and the on-going monitoring of portfolios as liabilities are updated. The tool is used globally across its clients for liability modeling, security selection and portfolio optimization. The system has been in place and enhancements have been made over the last 8 years.</p> <p style="text-align: center;"><b>Teams</b></p> <p>A majority of the members of the proposed Solution design team who will be working on SamCERA’s account have an actuarial background with experience across design and implementation of LDI portfolios, consulting to corporate and public defined benefit pension plans, conducting asset/liability studies and performing modeling and quantitative analyses. The proposed portfolio management team also has extensive experience managing fixed income and LDI portfolios.</p> <p style="text-align: center;"><b>Client Service</b></p> <p>The firm has maintained its focus on quality of service as assets under management have grown over time. The firm has consistently been ranked in first place for liability driven investment since 2011 by Greenwich Associates’ Quality Index Survey, which is a global survey conducted across consultants. The firm also conducts its own internal client survey. In 2020, clients rated Insight favorably in terms of the firm’s ability to deliver on its promise, deliver value for money, be a strategic partner and whether clients would recommend the firm to others. Reference checks were also conducted with some current clients, which confirmed quality of client service has been as expected.</p>
24) Perceived Risks	<p style="text-align: center;"><b>Team Transition</b></p> <p>In September 2021, four US specialized fixed income teams transitioned from Mellon Investments (an affiliate firm) to Insight’s US investment platform and business, but the merger did not result in any impact or redundancies to the teams managing cash driven investing or LDI mandates.</p>
25) Sizing	Initially, 1.5% of total plan assets or approximately \$90 million at commencement of program, and is expected to grow to approximately 10% of plan assets by 2027.
26) Due Diligence Summary	<p>Due diligence was conducted via a virtual meeting on February 10, 2022. Shivin Kwatra, Gerard Berrigan, Erik Thoren and Angela Ruane participated from Insight Investment. Margaret Jadallah and Joe Abdou participated from Verus Advisory. Michael Coultrip, Lili Dames and Doris Ng participated from SamCERA.</p> <p>On March 31, 2022, a follow-up, hybrid due diligence meeting was conducted on-site at Insight’s NY office. Abdallah Nauphal, Angela Ruane, Emily Edwards, Matt</p>

	Logan, Shivin Kwatra, Sweta Vaidya, Gerry Berrigan, Erik Thoren, Michael DeSimone, Julien Perro, David Hamilton, Pat Wacker, Jamie Anderson, Raghuvver Vadlakonda, Tom Stabile, Seth Gelman, and Bertha Lui-McKee attended from Insight Investments. Margaret Jadallah and Joe Abdou participated from Verus Advisory. Michael Coultrip and Doris Ng participated from SamCERA.
27) Implementation Vehicle	Separate Account

**Recommendation:**

Staff and Consultant recommend an initial investment of 1.5% of plan assets (or approximately \$90 million) to a cashflow matching mandate with Insight Investment for benefit of the San Mateo County Employees' Retirement Association portfolio to be placed in the Diversifying risk category (Fixed Income/Liquidity asset class composite).



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# San Mateo County Employees' Retirement Association Cash Flow-Matched Liquidity Management Strategy

March 31, 2022



➤ BNY MELLON | INVESTMENT MANAGEMENT

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## Insight team

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**Abdallah Nauphal**  
Chief Executive Officer



**Sweta Vaidya, FSA, CFA, EA**  
Head of Solution Design – North America



**Shivin Kwatra, CFA**  
Head of LDI Portfolio Management – North America



**Erik Thoren, FSA, CFA**  
Senior Analyst



**Michael DeSimone, ASA, CFA, CERA**  
Pension Solutions Analyst



**Julien Perron**  
Quantitative Analyst



**Gerard Berrigan**  
Head of US Strategic Credit



**David Hamilton, CFA**  
Head of Credit Analysis – North America

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## Insight team

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**Patrick Wacker, CFA**  
Portfolio Manager – Secured Finance



**Jamie Anderson, CFA**  
Head of US Trading



**Raghuveer Vadlakonda, CFA**  
Head of US Investment Risk



**Thomas E. Stabile, CPA**  
Head of Operations



**Seth Gelman**  
Chief Compliance Officer – North America



**Bertha Lui-McKee, CPA**  
Senior Client Service Specialist



**Emily Edwards, CFA**  
Consultant Relationship Manager



**Angela Ruane**  
Business Development Director

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# Overview of Insight Investment

## Mission statement

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Insight's mission is to offer investors a different approach to achieving their investment goals; one that prioritises the certainty of meeting their chosen objectives in contrast to the traditional focus on maximising return and minimising volatility. We believe that our emphasis on certainty, a dimension largely neglected by the industry, provides investors with an improved investment experience, resulting in a more secure retirement or more confidence in their ability to acquire specific assets in the future. Furthermore, we tailor portfolios directly to clients' desired outcome rather than investing in generic products that benefit the manager more than the investor, further enhancing the chances of success.

We are committed to prioritising our clients' interests above all else in the conduct of our business and to delivering high quality investment solutions and service. Our business model rests on a simple equation: high quality leads to client advocacy which translates into business success. We, therefore, focus our efforts on delivering quality and are always prepared to forego business opportunities that conflict or weaken our ability to do so.

Focusing only on what we are good at rather than being everything for everyone is a key requirement for achieving that, so is working in partnership with our clients and their advisors. This allows us to better understand their needs and provide them with the tools and professional education they need for their investment journey. We also pledge to engage with relevant official and regulatory bodies to represent their interest and help find solutions that balance their benefits with those of society at large.

Aligning all stakeholders' interests is essential for the long-term success of any organization. We align the interests of our clients and shareholders

by taking a long-term view of the success of the business, allowing us to focus our energies on delivering to our clients. A significant portion of our staff's compensation is deferred and held in company shares. By giving our employees an economic stake in the business we help align their interest with those of the other stakeholders.

As responsible stewards of society's savings, we also view the communities in which we operate as stakeholders in our business. As such, we seek an alignment that goes well beyond regulatory requirements. Focusing on environmental, social, and governance factors (ESG) forms part of that alignment. ESG factors have been embedded in our investment processes for a very long time and in our business practices for the last few years.

None of this would be possible without the ability to attract and motivate the right employees. We do not believe that any gender, race, or group of any kind has a monopoly on the talent that we need to succeed. We also believe that diverse groups make more informed and balanced decisions. We are therefore committed to looking for talent everywhere and ensuring that every individual has the opportunity and support to succeed at Insight.

We strive to create an ego free and collaborative environment where everyone is held accountable, but success is achieved collectively. An environment where employees can speak up to share their views or challenge others' views. We encourage continuous improvement at the individual level as well as the business level and make it a point to learn from our mistakes. Much of this boils down to putting the principle of "doing the right thing" at the heart of all our decisions.

Opinions expressed herein are as of the date of this presentation, and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.

## Foundational pillars

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For illustrative purposes only.

## An alternative investment approach

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**Asset  
focus**

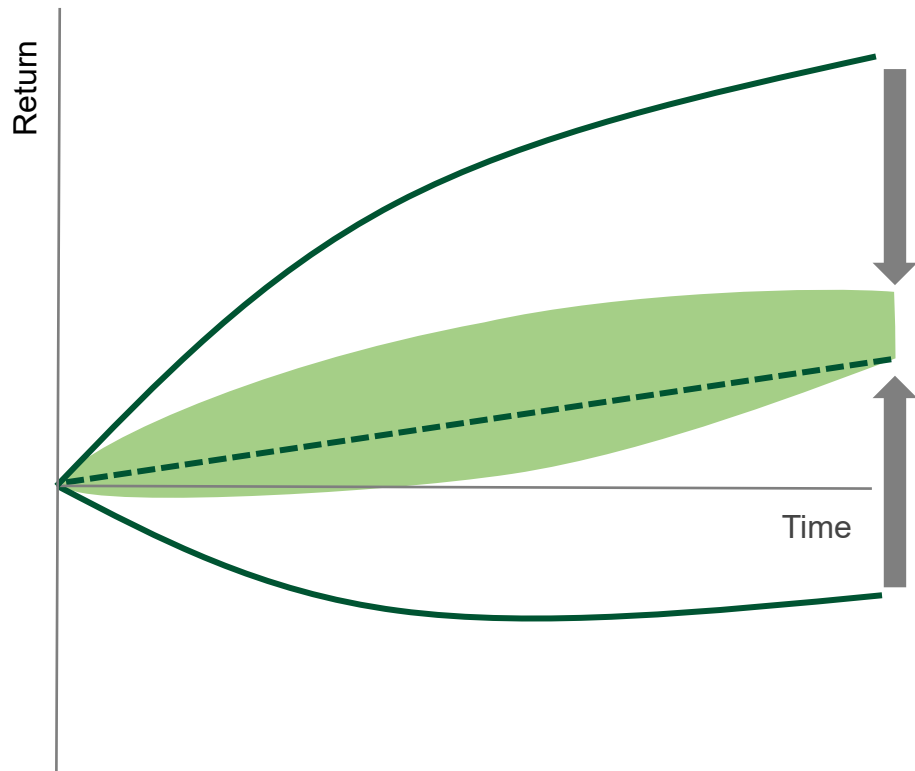
Maximize returns  
Minimize volatility


**Outcome  
focus**


Maximize certainty of  
outcome




# Maximizing the certainty of an outcome



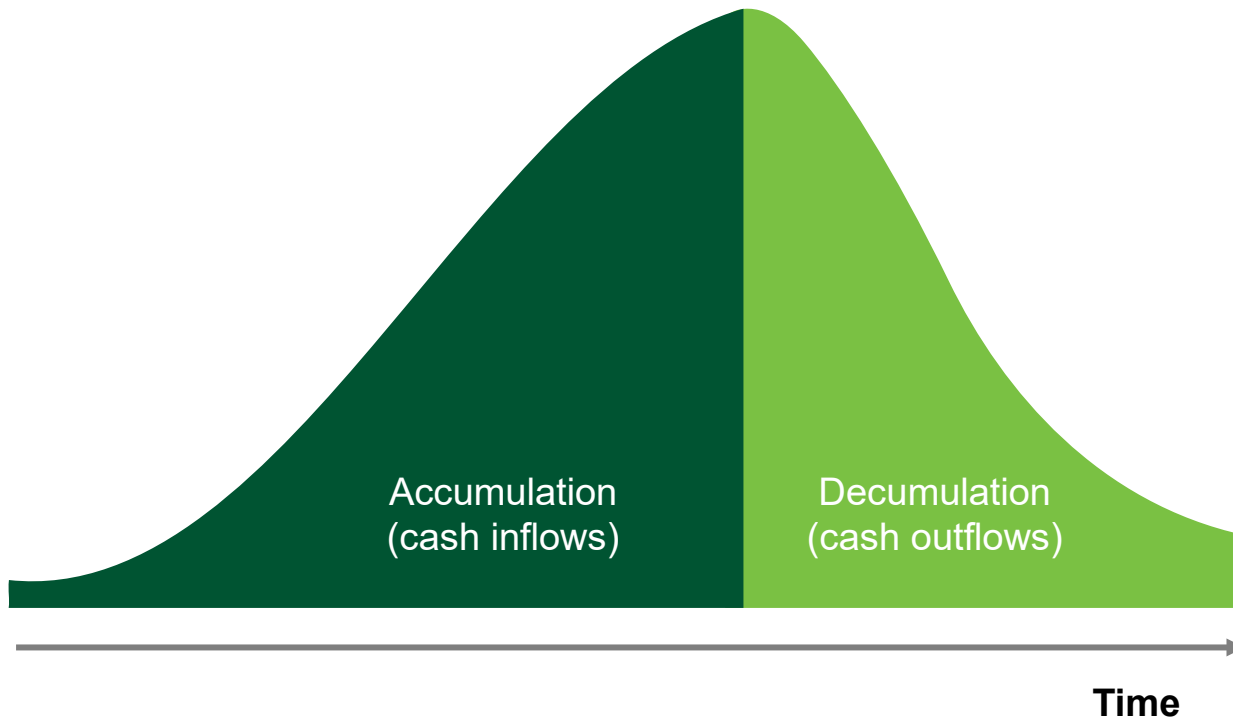
 **Lock down the outcome:**  
Hedge liability risks

 **Meet cash needs:**  
Pay benefits  
Avoid forced selling

 **Solve the problem:**  
Certainty of exit price  
and income

For illustrative purposes only.

# The savings cycle



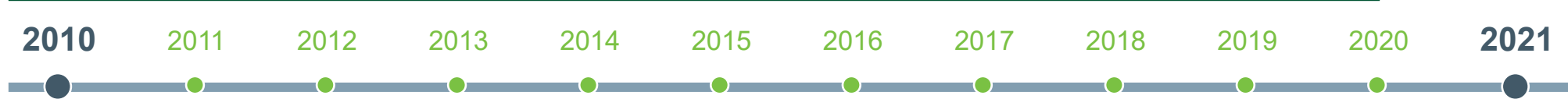
**Clearer Outcomes**

**Negative Cash Flows**

- Forced selling
- Time dependency

For illustrative purposes only.

# Industry recognition



**Liability driven investment**

**Rated #1 for 11 consecutive years**

**GREENWICH**  
DATA | ANALYTICS | INSIGHTS

**Fixed income**

**Rated top decile every year since 2013**

- A history of results from the annual Quality Index survey<sup>1</sup> conducted by Greenwich Associates, a global provider of strategic benchmarking, analytics and insights to the financial services industry

**Quality Client Service Award**

**Winner: 2020, 2019 and 2017**

**Rated top decile by UK institutional clients in 7 of the last 9 years**



- Ranked #1 most trusted brand in asset management
- Ranked in the top tier by Edelman, a leading global communications firm, in their last two biennial asset management brand studies<sup>2</sup>

**Institutional manager**

**Ranked #1: 2021**

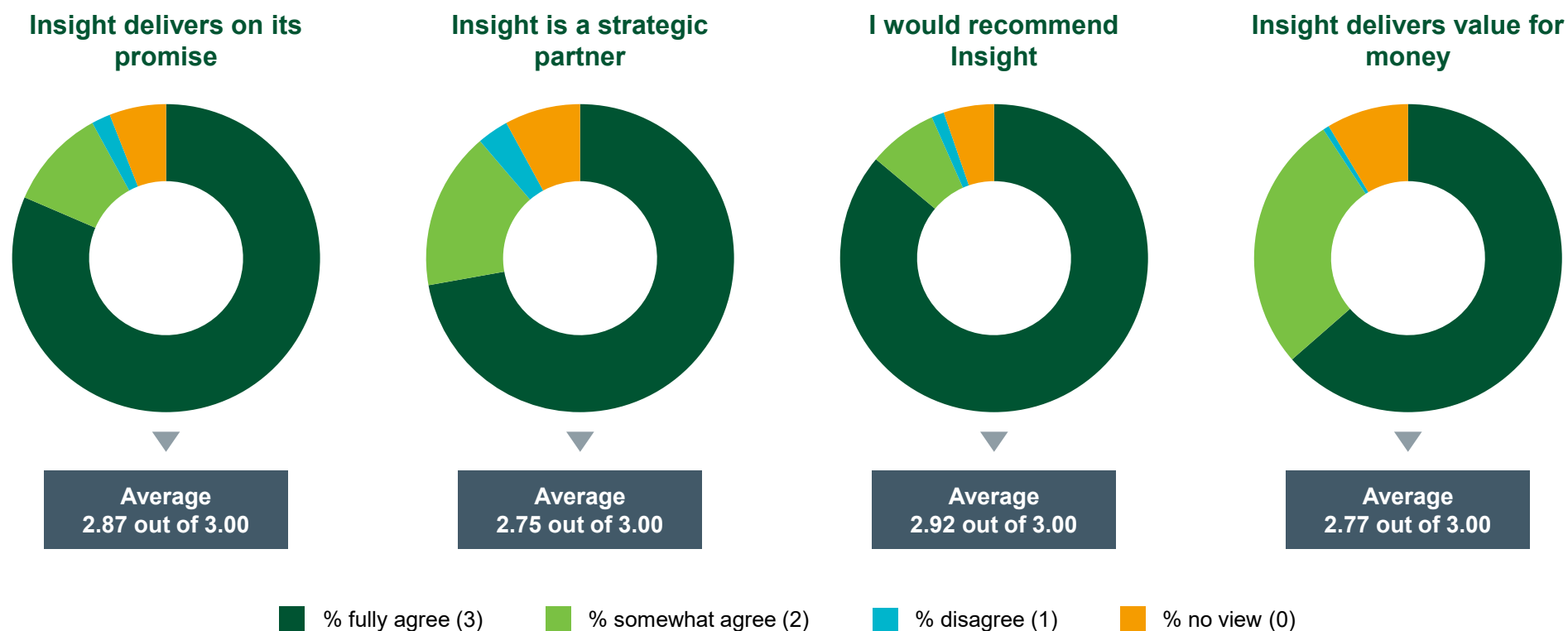
**Ranked #2: 2019**

**Past performance is no assurance of future returns. Investment in any of these strategies involves a risk of loss.** <sup>1</sup> Source: Greenwich Associates 2021, GICF LDI-21 LDI overall, GICF FI-21 fixed income overall. **LDI:** results are based on interviews with 11 UK consultants evaluating LDI. The median (492) is the middle of the managers shown. **Fixed income:** results are based on interviews with 11 UK consultants evaluating fixed income managers. Greenwich Quality Index (GQI) scores for each evaluator range from 1,000='Excellent' to 0='Poor' with a population mean of 500. Greenwich Quality Index Overall is a composite of Investment and Service scores. The rankings and awards presented above were given to Insight Investment Management (Global) Limited, an affiliate company of Insight North America and Insight Investment International Limited. These strategies are offered in the US by Insight and are managed by the same investment team that received the ratings and awards presented above. IIMG paid a fee to Greenwich for access to the GQI scores and research underlying the scores. GQI scores may not be representative of any one client's experience and do not indicate any level of skill or future performance.

<sup>2</sup> The study ranks the 50 largest global institutional managers, analyzing firms based on responses from major investment consultants, financial advisers and senior financial journalists. The score is linked to assessment of six brand factors: awareness, distinctiveness, corporate culture, strength of the investment team, rigor of a firm's investment process and quality of the executive management team.

# Client survey results consistently positive

2020 Insight Client Survey results: “Do you agree/disagree with the following statements?”

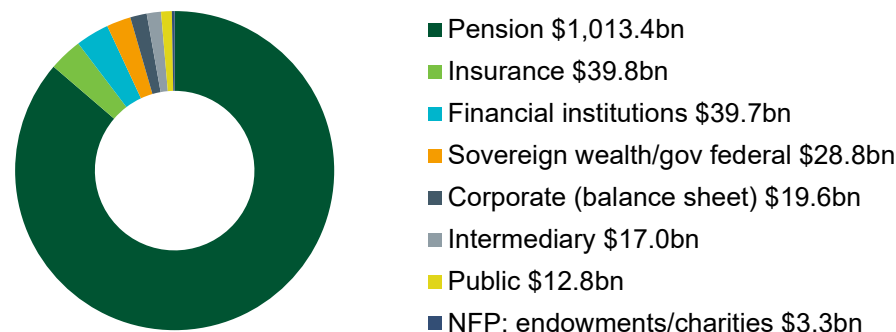


Insight’s client survey was offered to Insight clients. 165 responses were received in 2020. Insight did not pay a fee to clients for the completion of the survey. Aggregated client views may not be representative of any one client’s experience and do not indicate any level of skill or future performance. 2020 was the most recent year of the survey. Survey results are not meant to depict all client experiences as some clients did not participate in the survey and could have responses that are different than shown herein.

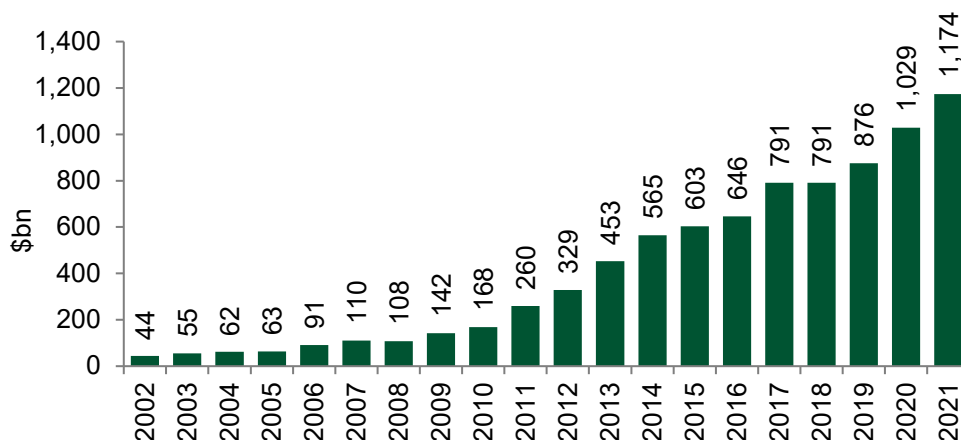
# Our credentials

- Specialist manager of risk solutions and active fixed income:
  - over \$1.1trn in assets under management<sup>1</sup>
  - 290 investment professionals, 1,094 total staff<sup>2</sup>
  - 90 investment professionals and 210 staff in the US<sup>2</sup>
  - offices in London, New York, Boston, San Francisco, Dublin, Frankfurt, Manchester, Sydney and Tokyo

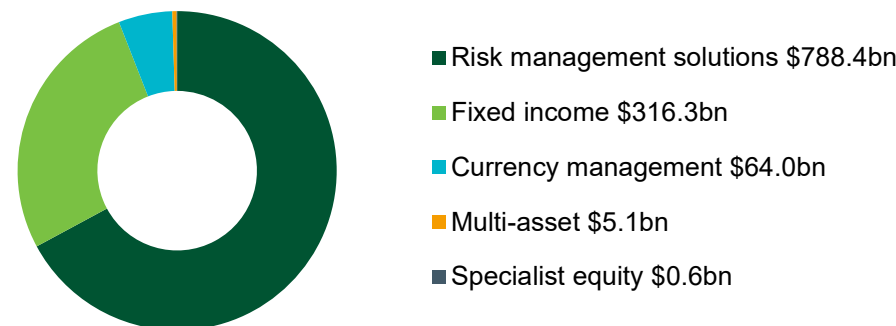
## By client type



## Assets under management<sup>1</sup>



## By investment solution



As of December 31, 2021. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited, Insight Investment International Limited and Insight Investment Management (Europe) Limited. Advisory services referenced herein are available in the US only through INA. INA's AUM is \$127bn as of December 31, 2021. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. <sup>1</sup> Excludes previous parent introduced assets prior to 2009. <sup>2</sup> Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

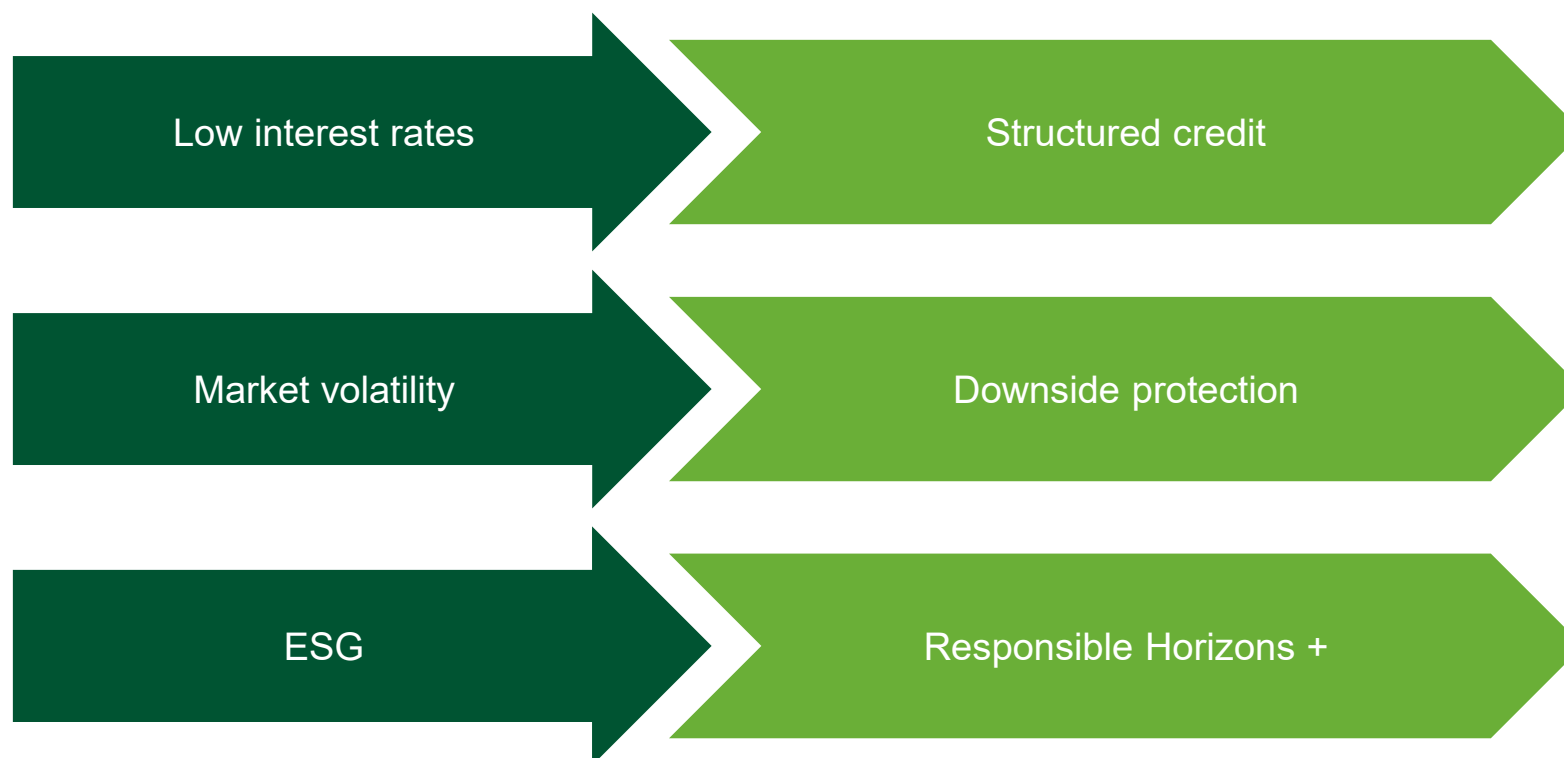
# Our strategy



For illustrative purposes only.

## Responding to key market trends

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For illustrative purposes only.

## Our approach to Cashflow-Driven Investing (CDI)



# We are a partner for your journey

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## Solutions-oriented approach

- Flexible solution design
- Maximize certainty of outcome
- Unique client engagement model



## Proven CDI capabilities and experience

- Over \$175bn in cashflow aware mandates<sup>1</sup>
- Complementary fixed income and solutions capability
- Proprietary cashflow and liability optimization model (Ayla)

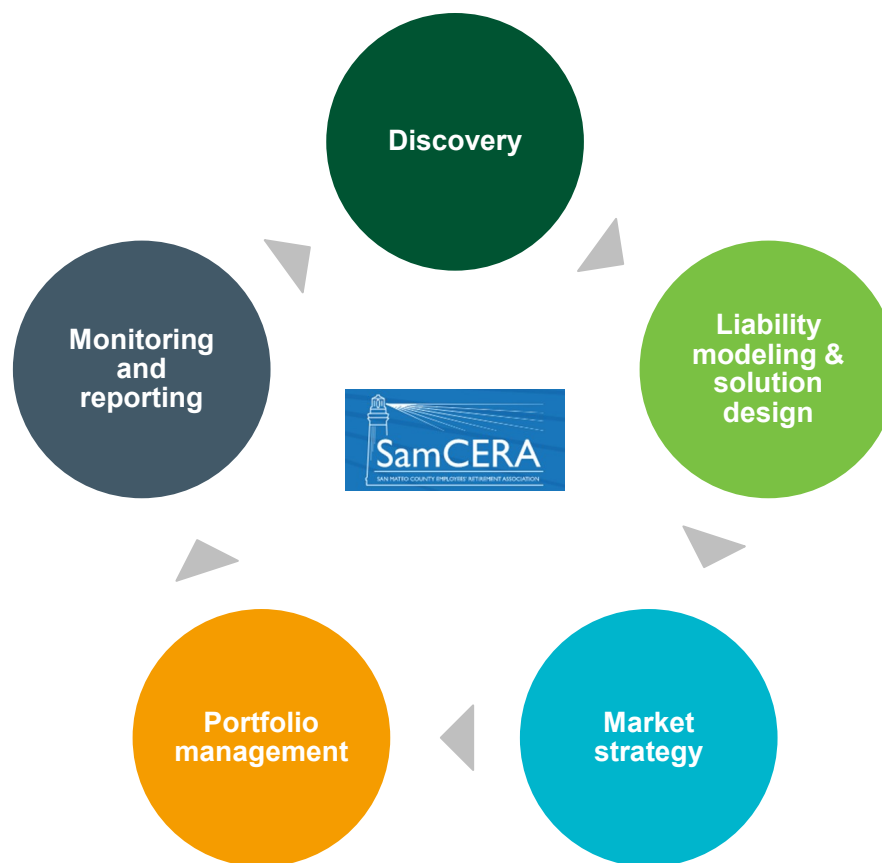
<sup>1</sup> As of September 30, 2021. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited, Insight Investment International Limited and Insight Investment Management (Europe) Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates.. Opinions expressed herein are as of the date of this presentation, and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.

## Our cash flow matching portfolios for California public pensions

	Plan 1	Plan 2	Plan 3
Inception date	<ul style="list-style-type: none"> <li>November 2016</li> </ul>	<ul style="list-style-type: none"> <li>January 2017</li> </ul>	<ul style="list-style-type: none"> <li>June 2019</li> </ul>
Portfolio value	<ul style="list-style-type: none"> <li>~\$1,000 million</li> </ul>	<ul style="list-style-type: none"> <li>~\$150 million</li> </ul>	<ul style="list-style-type: none"> <li>~\$300 million</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Buy and Maintain CDI portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Buy and Maintain CDI portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Buy and Maintain CDI portfolio</li> </ul>
Cash flow profile	<ul style="list-style-type: none"> <li>Gross monthly distribution with annual refresh</li> </ul>	<ul style="list-style-type: none"> <li>Net monthly distribution with annual refresh</li> </ul>	<ul style="list-style-type: none"> <li>Net monthly distribution with annual refresh</li> </ul>
Portfolio <sup>1</sup>	<ul style="list-style-type: none"> <li>Corporate: 82%</li> <li>ABS: 3%</li> <li>Trsy/Agcy: 14%</li> <li>Cash: 1%</li> </ul>	<ul style="list-style-type: none"> <li>Corporate: 78%</li> <li>ABS: 2%</li> <li>Trsy/Agcy: 18%</li> <li>Cash: 2%</li> </ul>	<ul style="list-style-type: none"> <li>Trsy/Agcy: 100%</li> </ul>
Client success measure	<ul style="list-style-type: none"> <li>Generate income from coupon and principal payments to align with projected benefit payments</li> </ul>	<ul style="list-style-type: none"> <li>Generate income from coupon and principal payments to align with projected benefit payment shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>Generate income from coupon and principal payments to align with projected benefit payment shortfalls</li> </ul>

Source: Insight. As of March 31, 2021. Assets under management (AUM) are represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited, Insight Investment International Limited and Insight Investment Management (Europe) Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. Each account is individually managed, and could differ from what is presented herein. <sup>1</sup> Current portfolio positioning may be higher or lower than the numbers presented herein.

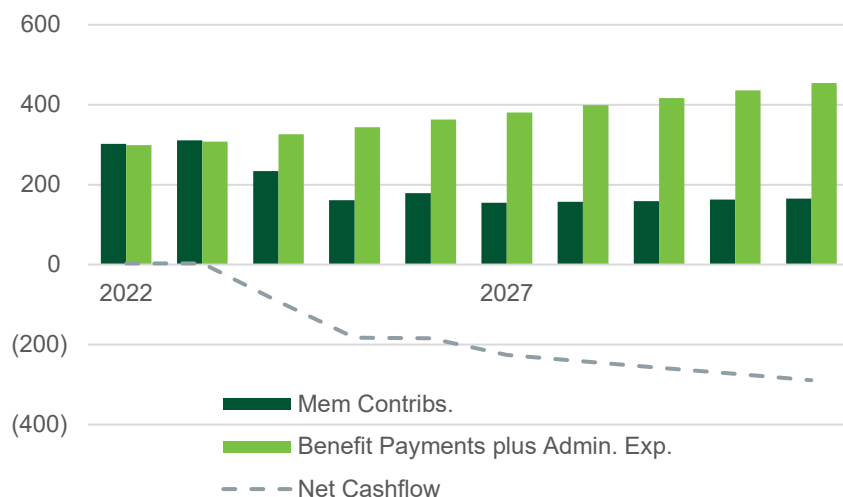
## Circle of life: our investment process



Information provided is for illustrative purposes only. This should not be deemed as a recommendation to buy or sell the strategy. Each investor's portfolio is individually managed and may vary from the information shown.

# Discovery: our understanding of your Cash Flow-Matched strategy

## Projection of contributions vs. benefit payments (\$mm)



Year	Projected CF matched strategy
2022	\$90mm
2023	\$270mm
2024	\$460mm
2025	\$590mm
2026	\$650mm

## Objectives

- Meet 3-years of net liability cash flows
- Start with higher certainty, liquid, lower risk portfolio
- Expand investment universe in future years once program is established

## Cash flow timing

- Employee contributions: bi-weekly
- Employer contributions: mostly semi-annual, small amount bi-weekly
- Benefit payments: monthly

## Important evaluation criteria

- Ensure benefit cash flows paid on time
- Minimize volatility and loss potential
- Retain flexibility on replenishment and as liability projections & plan risk tolerance change

For illustrative purposes only. Source: Verus, Request for Information. Information contained herein is derived from sources believed to be reliable. Insight does not guarantee or warrant the accuracy, timeliness, or completeness of the information either collected, sourced or otherwise provided, and is not responsible for any errors or omissions. Projections are hypothetical in nature. Actual results could vary from what is shown herein.

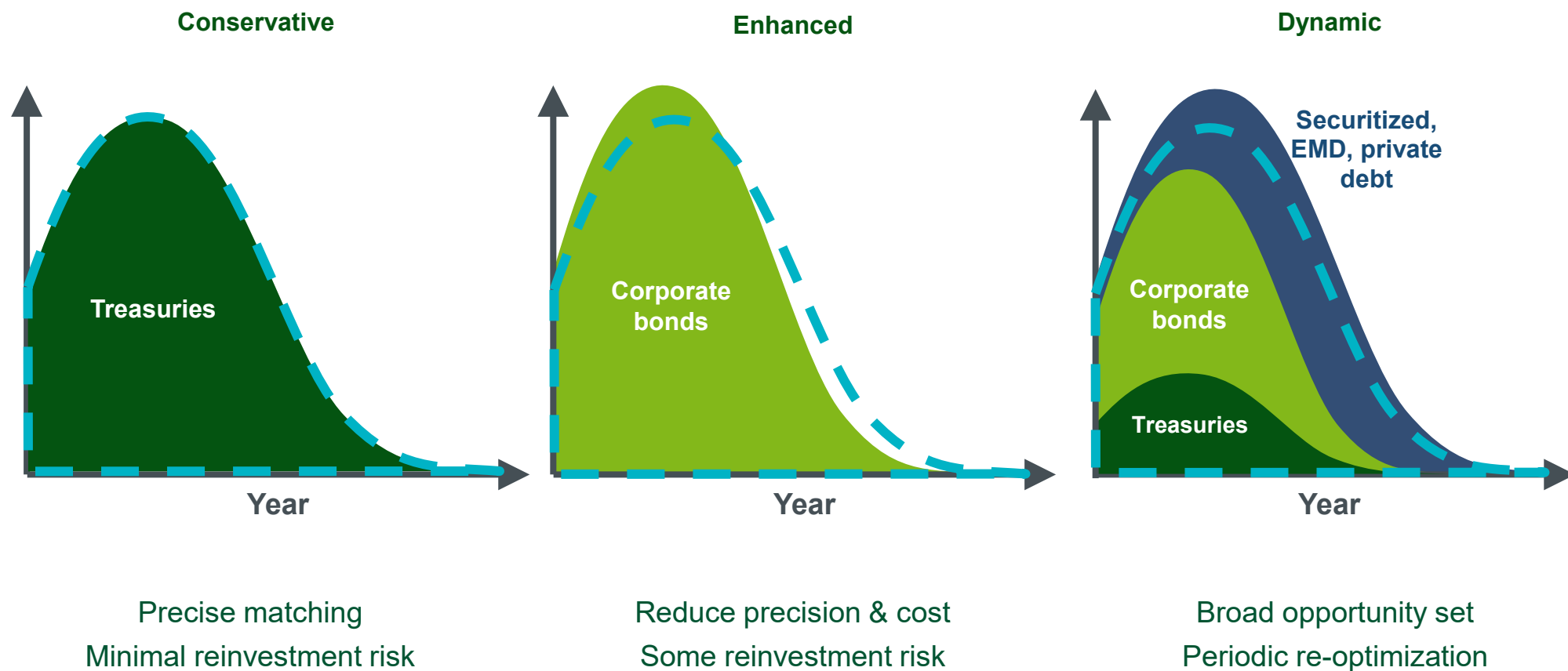
# Liability modeling & solution design: AYLA

## AYLA: Insight's proprietary modeling tool to optimize asset and liability risk management solutions

- Flexible parameters:
  - Builds in asset and liability portfolio constraints and other investment constraints (e.g. ALM shortfall risk, targeted cash buffers, permitted credit quality, reinvestment risks etc.)
  - Models multiple fixed income asset classes including corporate, government, ABS, structured credit, levered instruments such as swaps, repo, treasury futures, inflation linked, etc.
- Robust optimization:
  - Performs bond level selection and optimization of asset cash-flows
  - Incorporates existing portfolio holdings and/or desired investments
  - Can account for estimated transaction costs



# Solution design: various approaches to meet your risk/return objectives



For illustrative purposes only.

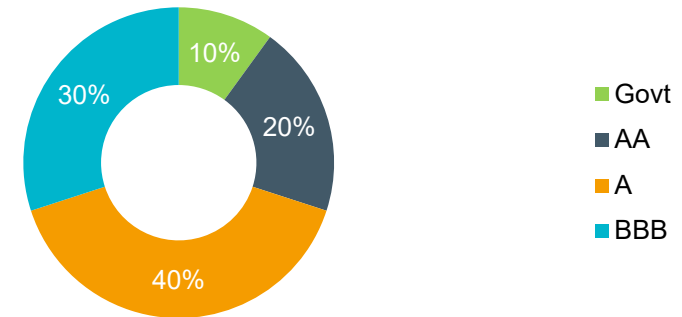
# Lower risk illustrative portfolio

## Lower-Risk Solution

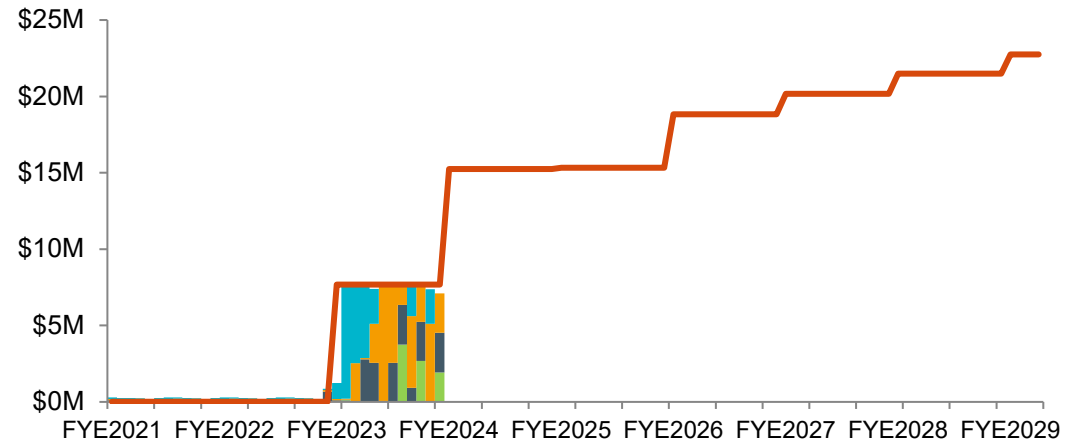
### Illustrative portfolio (%)

Asset class	Sector	Range	Portfolio 1
Government	Treasury	0-25	10
	Agency	0-10	5
Credit	Inv. Grade	25-75	65
	High Yield (BB)	0-15	-
	High Yield	0-5	-
	Illiquid Credit	0-10	-
	Sovereign IG	0-10	-
Emerging market	Sovereign HY	0-5	-
	Corporate IG	0-10	-
	Corporate HY	0-5	-
Structured Credit	Liquid ABS	0-25	15
	US Securitized	0-10	-
	Global Securitized	0-10	-
Municipal	Municipal	0-10	5
Cash		0-5	-
<b>Summary metrics</b>			
OAS (bps)			39
Avg. credit quality			A+

### Quality allocation



### Projected cash flow profile



Source: Insight, Bloomberg, ICE BAML. Calculations as of November 30, 2021. Information provided is derived from a representative account deemed to appropriately represent the management styles herein and is for illustrative purposes only. This should not be deemed as a recommendation to buy or sell the strategy. Each investor's portfolio is individually managed and may vary from the information shown. **Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.**

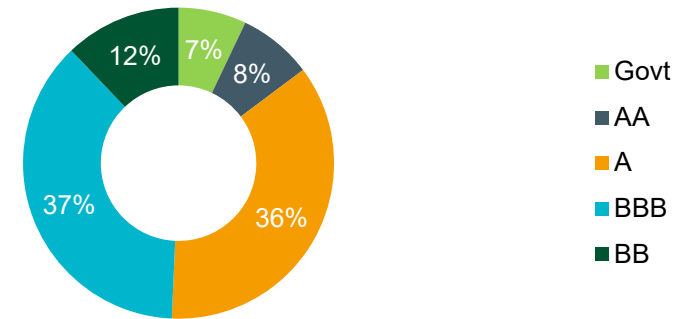
# Higher risk illustrative portfolio

## Higher-Risk Solution

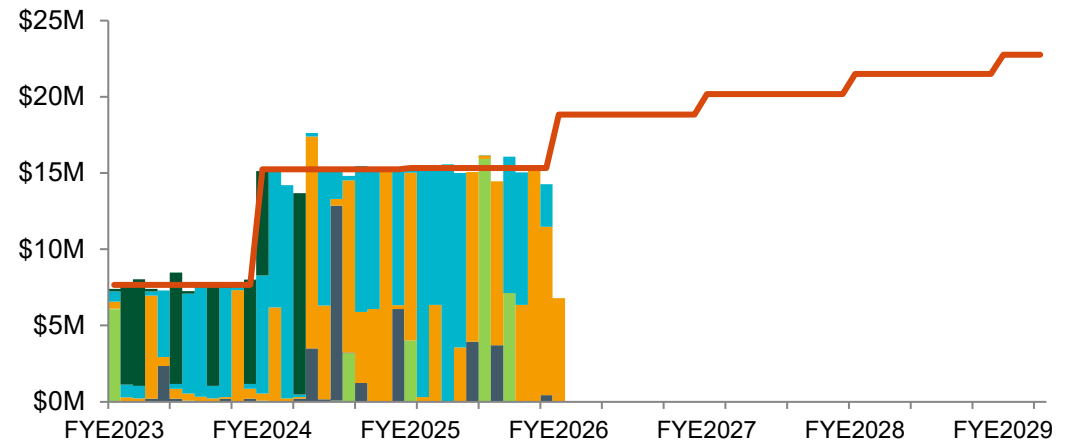
### Illustrative portfolio (%)

Asset class	Sector	Range	Portfolio 2
Government	Treasury	0-25	5
	Agency	0-10	0
Credit	Inv. Grade	25-75	55
	High Yield (BB)	0-15	10
	High Yield	0-5	-
	Illiquid Credit	0-10	-
	Sovereign IG	0-10	2
Emerging market	Sovereign HY	0-5	1
	Corporate IG	0-10	2
	Corporate HY	0-5	1
Structured Credit	Liquid ABS	0-25	5
	US Securitized	0-10	10
	Global Securitized	0-10	5
Municipal	Municipal	0-10	4
Cash		0-5	-
<b>Summary metrics</b>			
OAS (bps)			103
Avg. credit quality			A-

### Quality allocation



### Projected cash flow profile



Source: Insight, Bloomberg, ICE BAML. Calculations as of November 30, 2021. Information provided is derived from a representative account deemed to appropriately represent the management styles herein and is for illustrative purposes only. This should not be deemed as a recommendation to buy or sell the strategy. Each investor's portfolio is individually managed and may vary from the information shown.



## Portfolio management: practicalities of cash flow matching

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**Periodic replenishment**



**Risk tolerance**



**Liability cash flow projections  
& precision**



**Take advantage of broader  
opportunity set**

# Portfolio management: credit investing for Cash-Flow Matched mandates

## Starting principles

<b>1</b>	<b>Invest only in companies with robust fundamentals, not biggest % of index</b>
<b>2</b>	<b>Invest for the long term</b>
<b>3</b>	<b>Match sector exposure to tenor of bond</b>
<b>4</b>	<b>Diversified portfolio</b>

## Portfolio implications

Security selection using choice value companies to achieve custom objectives
No constraints/distractions from short-term performance/tracking error
Do not invest past an issuer's debt serviceability
1-2% issuer, 25-30% sector limits

## On-going management

<b>Acknowledge low market liquidity</b>	Low trading and transaction costs
<b>Seek to avoid default and material loss</b>	Intense and forward looking credit research and portfolio management







**What are the potential advantages?**

- Custom portfolio construction
- Avoid defaults and distressed sales
- Reduced turnover and costs
- Capture higher spread premia in the long term

For illustrative purposes only. These percentages may be customized, subject to a client's specific guidelines and restrictions. Manager makes no assurances that these potential advantages will be achieved.

## Security selection: landmine checklist

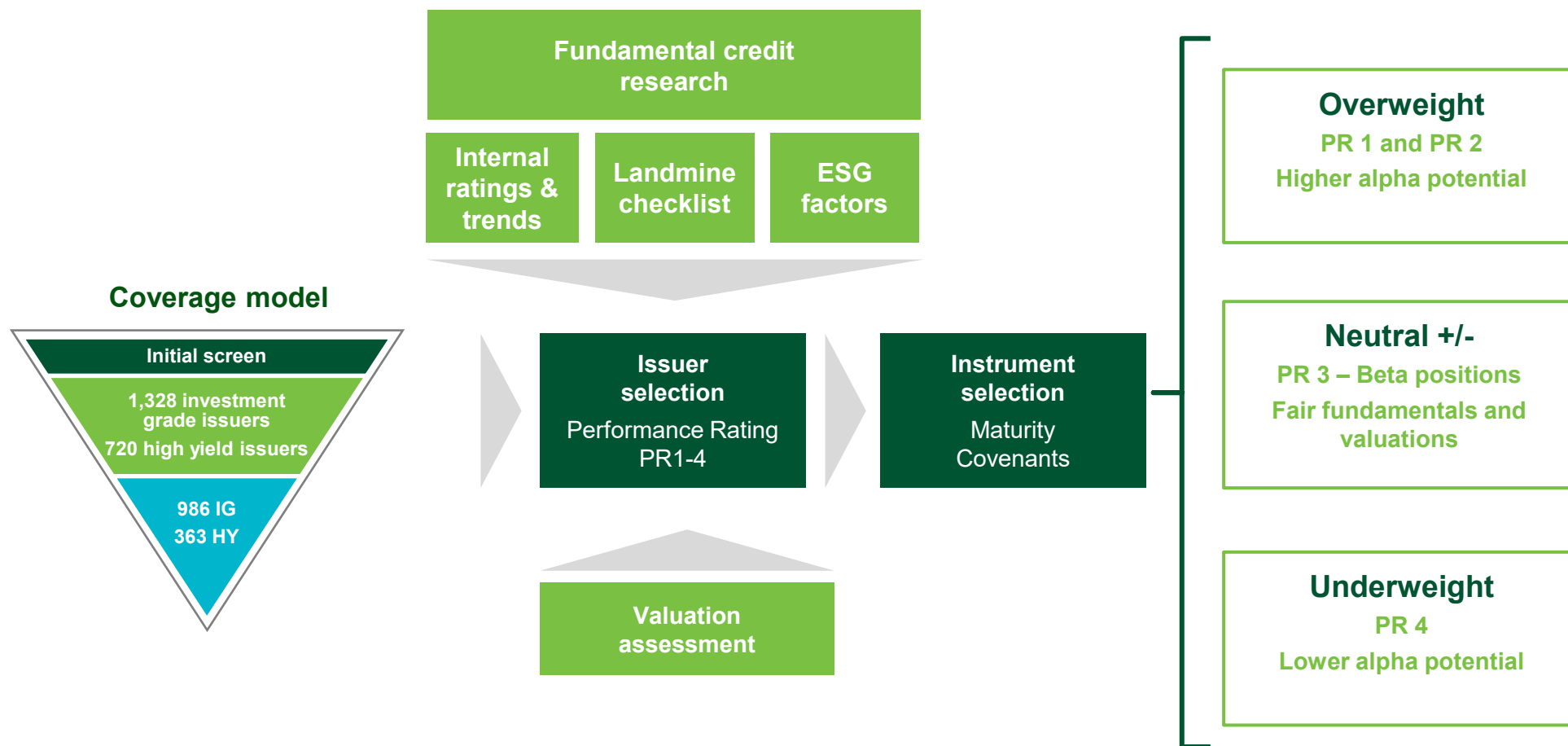
**Aims to identify the risks that can lead to a sharp deterioration in an issuer's credit quality**

Factor	Example
 <b>Liquidity</b>	<ul style="list-style-type: none"> <li>Assuming no access to capital markets in the next 24 months, what is the impact on the issuer's liquidity?</li> </ul>
 <b>Regulation and litigation risk</b>	<ul style="list-style-type: none"> <li>To what extent is the issuer's industry subject to regulation and changes in regulation?</li> </ul>
 <b>Environmental, social, governance (ESG)<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Is the issuer properly managing environmental, social and governance risks?</li> </ul>
 <b>Climate risk</b>	<ul style="list-style-type: none"> <li>What is the issuer's exposure to transitional or physical climate risk?</li> </ul>
 <b>Leveraged buyout (LBO) risk</b>	<ul style="list-style-type: none"> <li>Is the business likely to be subject to an approach from or a bid by private equity?</li> </ul>
 <b>Event risk</b>	<ul style="list-style-type: none"> <li>Does the management have an appetite for debt financed M&amp;A? Is the company's share price underperforming?</li> </ul>

**Each factor scored 1 (good) to 5 (bad)**

<sup>1</sup> The application and overall influence of ESG approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe. Portfolio manager's ESG practices may significantly influence performance. Because securities may be included or excluded based on ESG factors rather than other investment methodologies, a strategy's performance may differ (either higher or lower) from the overall market, or comparable strategies that do not employ similar ESG practices.

# Security selection: implementation of credit views



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Research

# Corporate sector allocation

## Not all sectors are created equal



### Strong and improving

Profitability improving or management taking actions to reduce leverage.

The length of each individual spoke represents that sector's Z-Score of the L-OAS ratio vs index over a 5-year period.

### Weak but improving

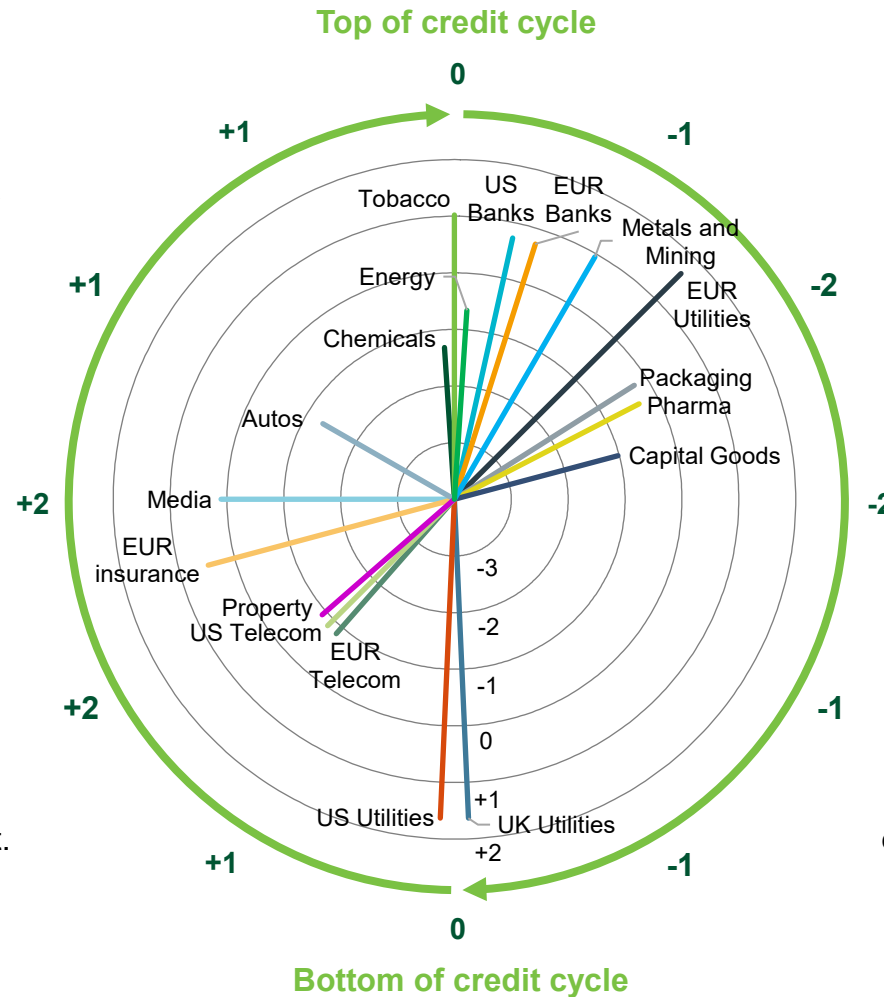
Better operational environment or less negative management trends. Companies delivering post M&A or operational environment bottomed out.

### Strong but weakening

Weaker operational performance or management actions cause increases in leverage either from M&A or higher returns to shareholders.

### Weak and weakening

Weak operational environment that continues to trend lower with management exacerbating negative effects on leverage via increased M&A or increased shareholder returns.



Source: Insight as of December 31, 2021. For illustrative purposes only. Note: Length of line represents 5-year Z-score of ratio of the sector's spread to the market.

# Credit research resources

## Analysis

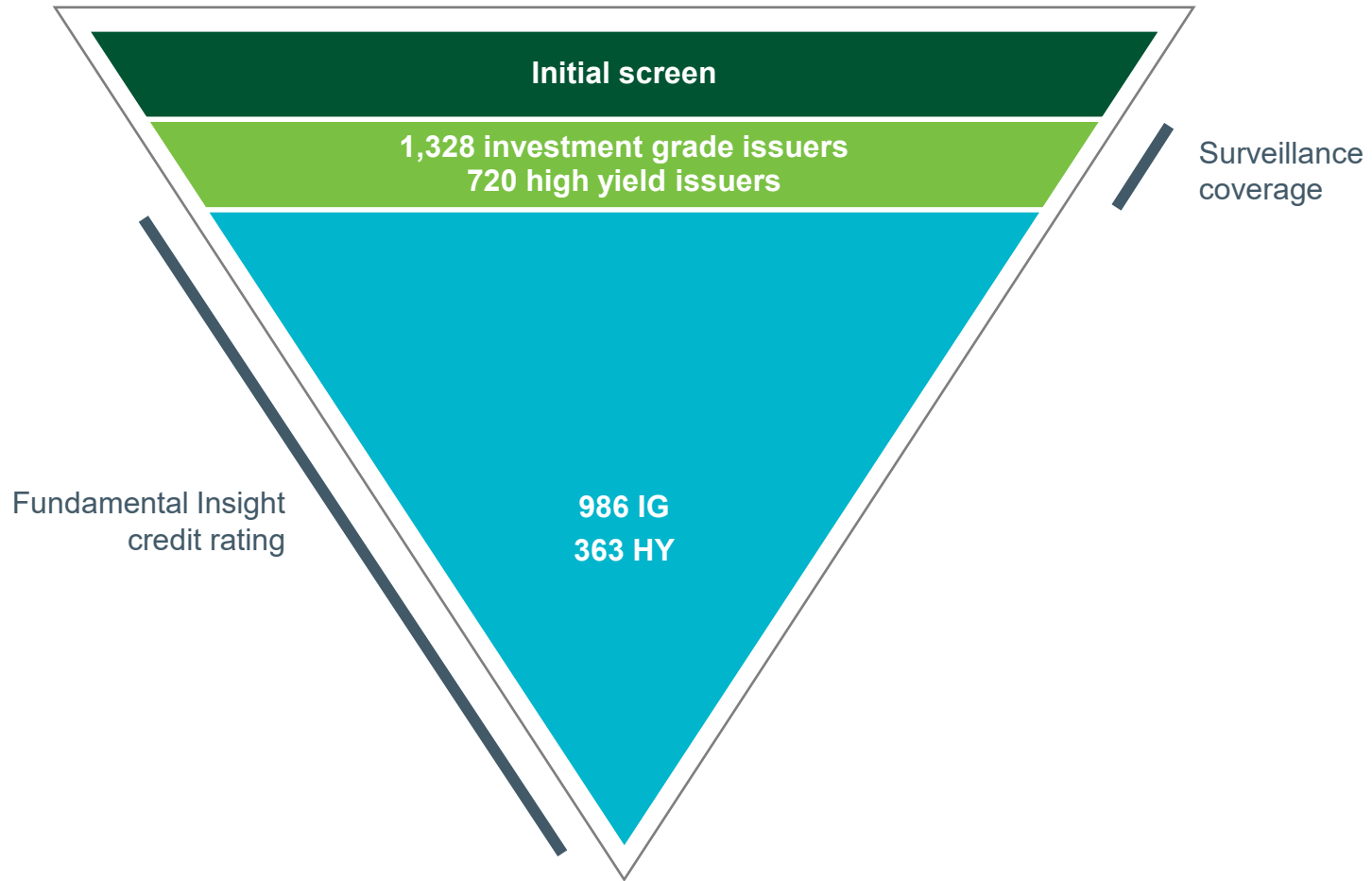


	US <sup>1</sup>	Europe							
Corporates	David Hamilton Consumer, Industrials 23 years	Jeff Bernstein Financials 32 years	Brian Carlson Private credit 26 years	Catherine Welfer Utilities 25 years	Cathy Braganza Basics, Energy 28 years	Lionel Trigalou Financials 24 years	Robert Jones Basics, Industrials 29 years	Charles-Henri Bolvin Autos, Transport, Utilities 17 years	David Averre Private credit, Real estate, SSAs 33 years
	Waleed Bokhari Consumer Non-cyclical, Industrials 11 years	Tim Doherty Basics, Energy 21 years	Mark Kim Basics, Industrials 18 years	Solena Gloaguen (m) Financials 15 years	Brian Barry Industrials and Services 14 years	Lenka Robbins Real estate, Transport, Mining, Financials, Metals 18 years	Karsten Hartmann TMT 17 years	Omer Jamil Financials 6 years	Courtney Horey Utilities 3 years
	Michal Ostrowski TMT 18 years	Joseph Chiurri Consumer US REITs 14 years	Joseph Pasquale Basics 11 years	Ameil Tailor TMT 4 years	Jack Hartnoll Consumer non-cyclicals, Industrials 2 years				Alexander Hunt Structured credit, Esoterics 6 years
	Jason Cameron Structured credit, CLOs 26 years	Shaheer Guirguis Structured credit 21 years	Richard Talmadge Commercial real estate, Esoterics 24 years	Jeremy Deacon Residential credit, Consumer credit 30 years	Ranbir Lakhpuri Leveraged finance, CLOs 21 years	Seema Sopal Residential credit, Consumer credit 18 years	Duncan Westbrook Commercial real estate 19 years	Tristan Teoh Structured credit, Esoterics 16 years	Dimitrios Theodorikas Structured credit, Esoterics 6 years
	Melissa Niu Commercial real estate 22 years	Patrick Wacker Residential credit, Consumer credit 12 years	Lenny Kushnirsky Consumer credit, Quantitative modelling 8 years	Janko Nedić Structured credit, Esoterics 17 years	Pritesh Solanki Structured credit 12 years	Justyna Kochanska Structured credit, CLOs 15 years	Alok Bedekar Residential credit, Consumer credit 11 years	Clement Larrue Residential credit, Consumer credit 7 years	Alejandro Cruz Residential credit, Consumer credit 8 years
	Daniel Barton Municipal bonds 21 years	Lindsey Glode Municipal bonds 15 years	Maureen Newman Municipal bonds 35 years	Jeffrey Sayman Municipal bonds 10 years	Andy Shin Municipal bonds 21 years				

As of March 2022. (m) maternity leave. Year(s) of industry experience as of December 31, 2021. <sup>1</sup> Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

# Investment process

Security selection: coverage model screens universe to focus analyst efforts



As of October 31, 2021.



# Investment process

## Fundamental analysis



- Assessment of business risk profile:
  - understanding the industry and business model
  - strengths and weaknesses of the company
  - opportunities and threats facing it
  - how does the company compare with its peers?
  - industry reviews undertaken on a regular basis
- Cashflow modeling for credits covered:
  - in-house cashflow template developed
  - base case derived from consensus estimates
  - supplemented with information gleaned from discussions with company management
  - downside case to determine the 'margin of safety'

Large Food and Beverage Company								
1. FORECASTS								
End Date	First Forecast Year	Dec-2019						
USD m		Actual Dec-2016	Actual Dec-2017	Actual Dec-2018	Dec-2019	Dec-2020	Dec-2021	Dec-2022
Revenue		25,923	25,896	25,938	25,775	26,125	26,350	26,500
EBITDA		4,610	4,950	5,236	5,253	5,275	5,350	5,425
EBIT		3,787	4,134	4,425	4,375	4,450	4,525	4,585
Depreciation & Amortisation		823	816	811	878	825	825	840
Sales growth		-12.5%	-0.1%	0.2%	-0.6%	1.4%	0.9%	0.6%
EBITDA growth		-52.9%	7.4%	5.8%	0.3%	0.4%	1.4%	1.4%
EBITDA margin		17.8%	19.1%	20.2%	20.4%	20.2%	20.3%	20.5%
EBIT margin		14.6%	16.0%	17.1%	17.0%	17.0%	17.2%	17.3%
For Information: Consensus Estimates at:		11/25/2019						
Revenue					25,775	26,125	26,350	26,500
EBITDA					5,253	5,275	5,350	5,425
EBIT					4,375	4,450	4,525	4,585
Number of EBITDA estimates					11	12	7	0
Div/share:		0.820	0.960		1.080	1.180	1.320	1.320
No. Shares (m):		1,488.1	1,451.0		1,412.3	1,374.0	1,335.7	1,297.4
3. CASH FLOW, DEBT & LIQUIDITY								
		Actual Dec-2017	Actual Dec-2018	Dec-2019	Dec-2020	Dec-2021	Dec-2022	
<b>ONGOING EBITDA</b>		4,950	5,236	5,253	5,275	5,350	5,425	
Exceptional restr expenses								
Other non-operating cash charges								
<b>New EBITDA</b>		4,950	5,236	5,253	5,275	5,350	5,425	
Capex		(1,014)	(1,095)	(971)	(1,009)	(962)	(1,100)	
Working Capital Change		(993)	(97)	(100)	(100)	0	0	
Dividends from Associates		0	0					
Exchange movements/other		(118)	164					
Interest expense	Interest Rate	3.10%	(398)	(491)	(570)	(594)	(616)	(630)
-> taxable profit			3,736	3,934	3,805	3,856	3,909	3,955
Cash Tax	Tax rate	22.0%	(848)	(864)	(837)	(848)	(860)	(870)
Dividends		(1,198)	(1,359)	(1,525)	(1,621)	(1,763)	(1,713)	
Share Buybacks / Capital Increase		(2,174)	(2,020)	(2,000)	(2,000)	(2,000)	(2,000)	
Acquisitions		0	(528)	0				
Disposals		109	398	40				
Other								
<b>Underlying Free Cashflow (before divs, buybacks, M&amp;A etc)</b>		1,579	2,853	2,775	2,723	2,912	2,825	
<b>Net Free Cashflow</b>		(1,684)	(656)	(710)	(898)	(851)	(888)	
Capex / Sales		3.9%	4.2%	3.8%	3.9%	3.6%	4.2%	
Capex / Depreciation		124.3%	135.0%	110.6%	122.3%	116.5%	131.0%	
Start year Net Debt / (Net Cash)		15,458	16,891	17,272	17,982	18,880	19,731	
End year Gross Debt		17,199	17,652	18,372	19,172	19,884	20,335	
End year Net Debt / (Net Cash)		15,458	16,891	17,272	17,982	18,880	19,731	
	Reported Gross Debt / EBITDA:	3.6x	3.5x	3.6x	3.8x	3.8x	3.9x	
	Reported Net debt / EBITDA:	3.4x	3.3x	3.4x	3.6x	3.7x	3.8x	
	EBITDA / Net interest expense:	12.4x	10.7x	9.2x	8.9x	8.7x	8.6x	

For illustrative purposes only. The above trade examples are subject to change, do not represent past, current or future decisions and should not be construed as an investment recommendation. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

# Investment process

## Security selection: fundamental analysis

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### Insight credit rating

- AAA/AA/A/BBB/BB/B/CCC/D
- Derived from issuer business and competitive positioning, financial policies and projections
- Our own independent view of where we believe ratings will trend
- Implicitly indicates the likelihood of default over five-year horizon

### Insight credit outlook

- Improving/stable/deteriorating/sharply deteriorating
- Forward-looking trajectory in an issuer's credit quality over the next 12 months
- Revenue growth trend, profitability and margins, and impact on underlying cashflow
- Does not imply a change in the credit rating, only the expected directionality of the issuer's credit fundamentals

**Key inputs into buy and maintain portfolio construction**

# Investment process

## Security selection: landmine checklist



**Our proprietary landmine checklist aims to identify the risks that can lead to a sharp deterioration in an issuer's credit quality**

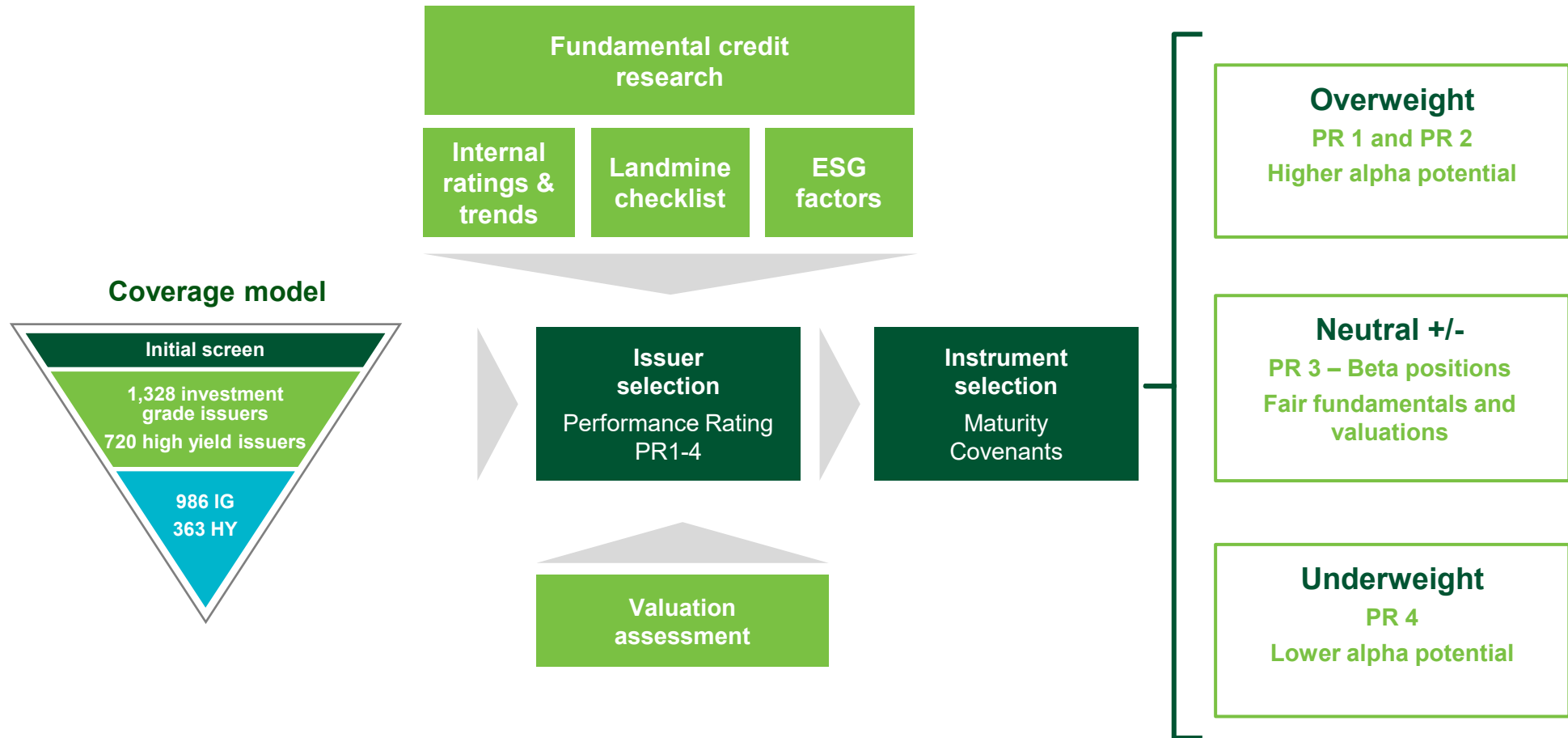
Factor	Example
✓ Liquidity	<ul style="list-style-type: none"><li>Assuming no access to capital markets in the next 24 months, what is the impact on the issuer's liquidity?</li></ul>
✓ Regulatory risk	<ul style="list-style-type: none"><li>To what extent is the issuer's industry subject to regulation and changes in regulation?</li></ul>
✓ Environmental, social, governance (ESG)	<ul style="list-style-type: none"><li>Is the issuer properly managing environmental, social and governance risks?</li></ul>
✓ Climate risk	<ul style="list-style-type: none"><li>What is the issuer's exposure to transitional or physical climate risk?</li></ul>
✓ Leveraged buyout (LBO) risk	<ul style="list-style-type: none"><li>Is the business likely to be subject to an approach from or a bid by private equity?</li></ul>
✓ Event risk	<ul style="list-style-type: none"><li>Does the management have an appetite for debt financed M&amp;A? Is the company's share price underperforming?</li></ul>

**Each factor scored 1 (good) to 5 (bad)**

For illustrative purposes only.

# Investment process

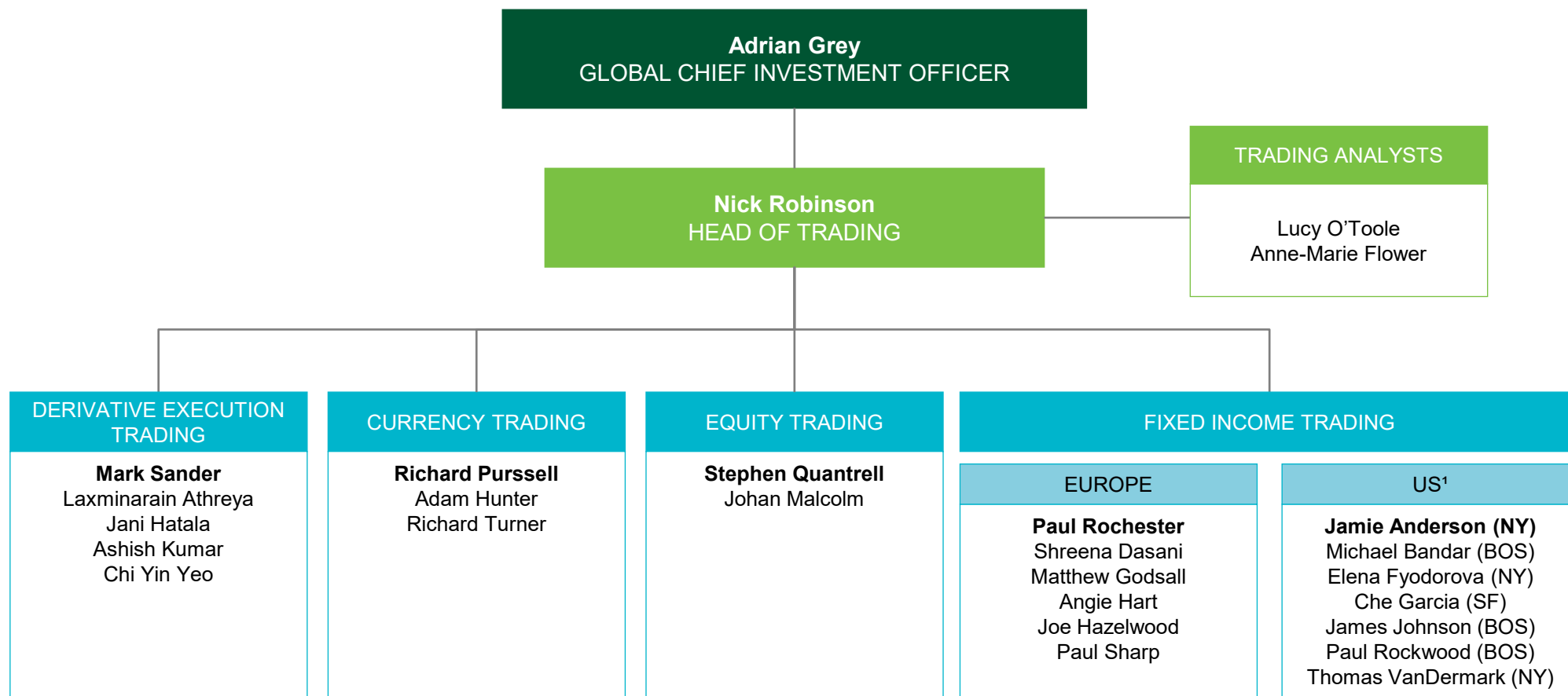
## Security selection: implementation of credit views



As of October 31, 2021. For illustrative purposes only. The above trade examples are subject to change, do not represent past, current or future decisions and should not be construed as an investment recommendation. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Each account is individually managed, and could differ from what is presented herein.

# Trading/transaction execution

# Trading



As of March 2022. Located in: (NY) New York. (BOS) Boston. (SF) San Francisco. <sup>1</sup> Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

## Trading processes and oversight

---

We believe clients potentially benefit from our scale and approach

- Trading is undertaken by six specialist trading teams, five based in London and one in New York
- Two trading analysts undertake post trade analysis of our trading outcomes for each trading desk
- Extensive use of in-house and external pre-trade trading tools such as Neptune, Flextrade, Liquidnet, Truequote, Thinkfolio, Hive and Sapphire are used to help traders determine the most effective trading strategy for each trade
- Where possible, we look to reduce trading costs by responding to and interacting with broker axes, packaging trades to reduce the amount of risk we ask our brokers to quote on and ensuring we present our trades in the most effective way
- Counterparty feedback meetings are held twice yearly with all of our major counterparts
- New sources of liquidity are continuously being evaluated and sourced. For example, we recently connected to TP ICAP's Truequote periodic auctions for Emerging Market bonds

## Trading processes and oversight

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### Responsibility for trading oversight rests with the Head of Trading and two trading analysts who perform a ‘first line of defense’ role

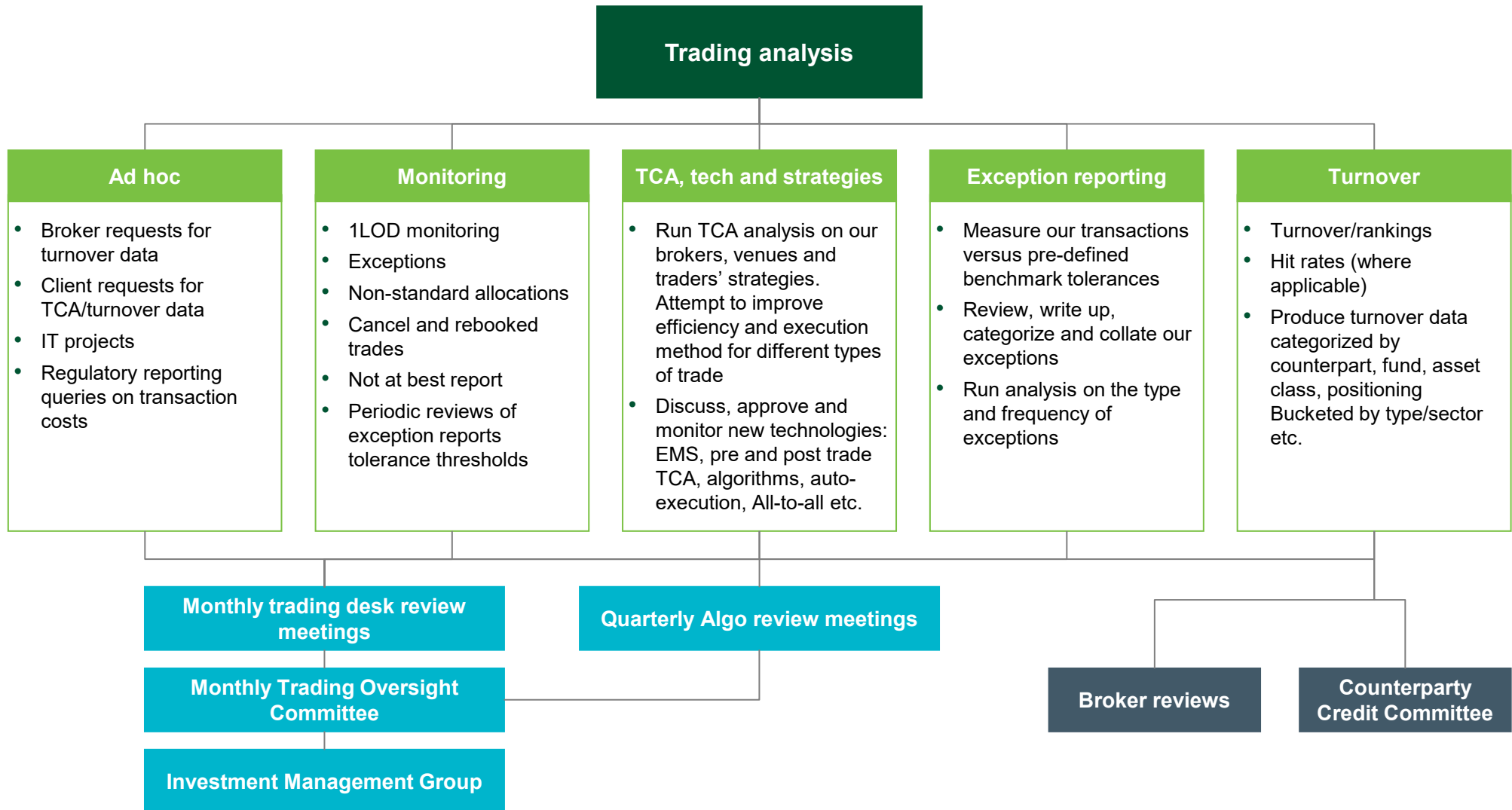
- The aim of our trading oversight is to ensure we are achieving consistently excellent outcomes from all our trading activities and to use the output of our oversight to help inform, refine and enhance our future trading activities
- To identify and review potential trade outliers

### How our oversight is performed

- Bloomberg BTCA is used for Equity monitoring and BestX for FX and Fixed Income
- Most of our derivative asset classes and less liquid product such as Loans and certain Structured Securities are monitored internally via a number of custom built monitoring tools, Swaps are benchmarked against composite live curves sourced from ten brokers and IDBs
- The head of trading holds bimonthly trading review meetings with each trading desk. Deeper dives into specific subsets of data or asset classes are also undertaken as part of these reviews
- In addition, periodic thematic reviews of specific trade types or venues are undertaken
- We hold quarterly Algorithm review meetings for those asset classes where we use third party Algos
- The output and conclusions from our monthly trading, quarterly algorithm and periodic reviews feed into a monthly Trading Oversight Committee which is chaired by our Head of Trading and which our CIO attends.



# Trading oversight within first line of defense



For illustrative purposes only.

# Trade aggregation and allocation

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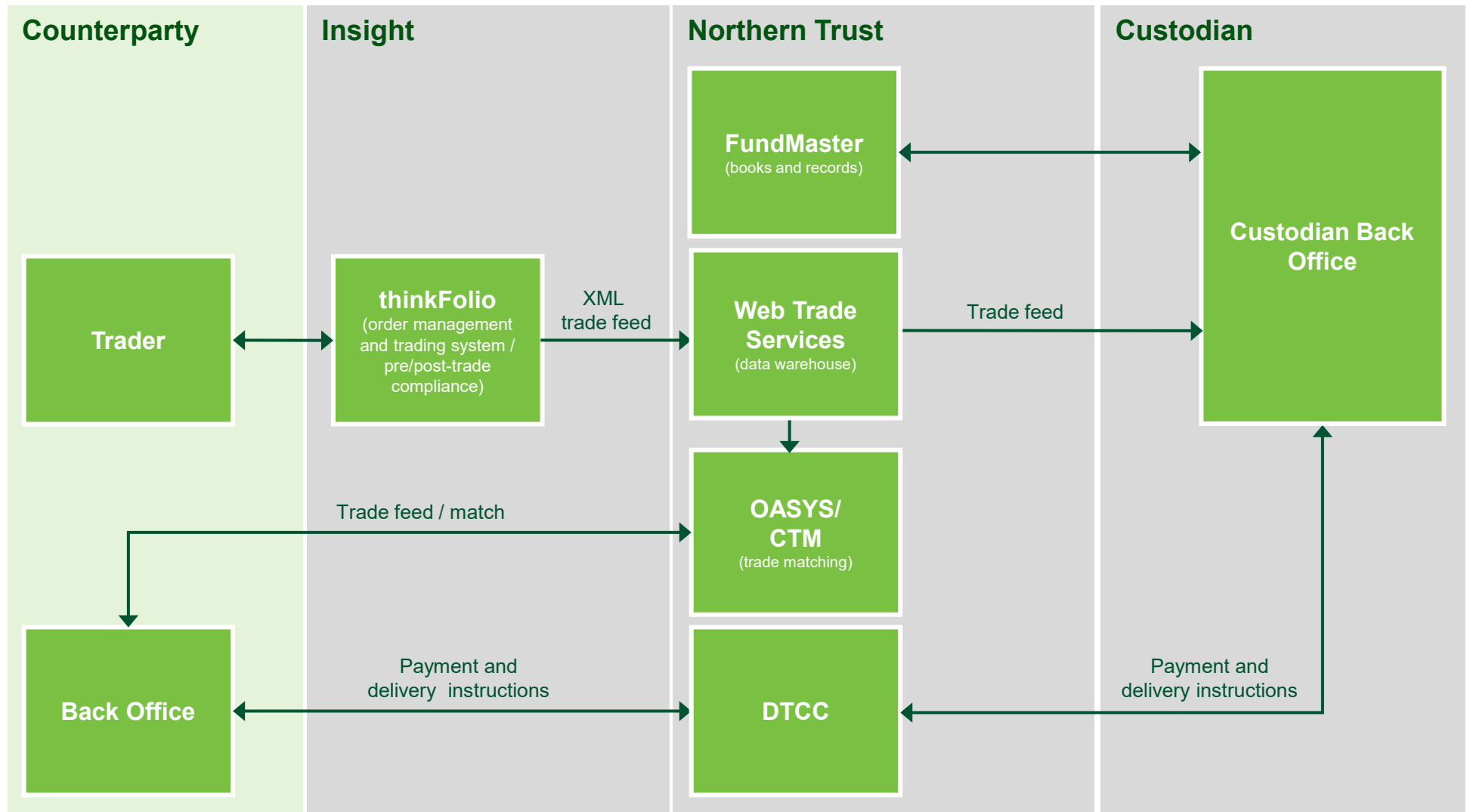
## Trade aggregation and allocation

- All trade aggregation and allocation is undertaken in accordance with our Insight trade aggregation and allocation policy
- If our trading desks are in receipt of more than one trade in the same product at the same time these orders will be aggregated unless client mandates prohibit this or where one portfolio manager wishes to place a price, yield or spread limit away from the market on their order
- Partially filled trades are allocated on a pro rata basis using our OMS allocation function. The system algorithm accounts for minimum tradeable amounts and board lots and will not allocate or leave portfolios with an untradeable amount
- Oversight of this process is undertaken by the first line of defense team who (together with their Compliance colleagues) receive a weekly report that highlights if there have been any non-standard partial allocations

## Trade error detection, rectification and reporting

- Any trade errors discovered by traders are required to be raised to their manager without delay, corrective actions will be agreed with their manager and compliance before being undertaken. Our overriding principles are that no client should suffer a loss as a result of an Insight trade error and all clients must be treated fairly. In addition, we ensure brokers do not take a loss for any errors that are not their fault, on our behalf

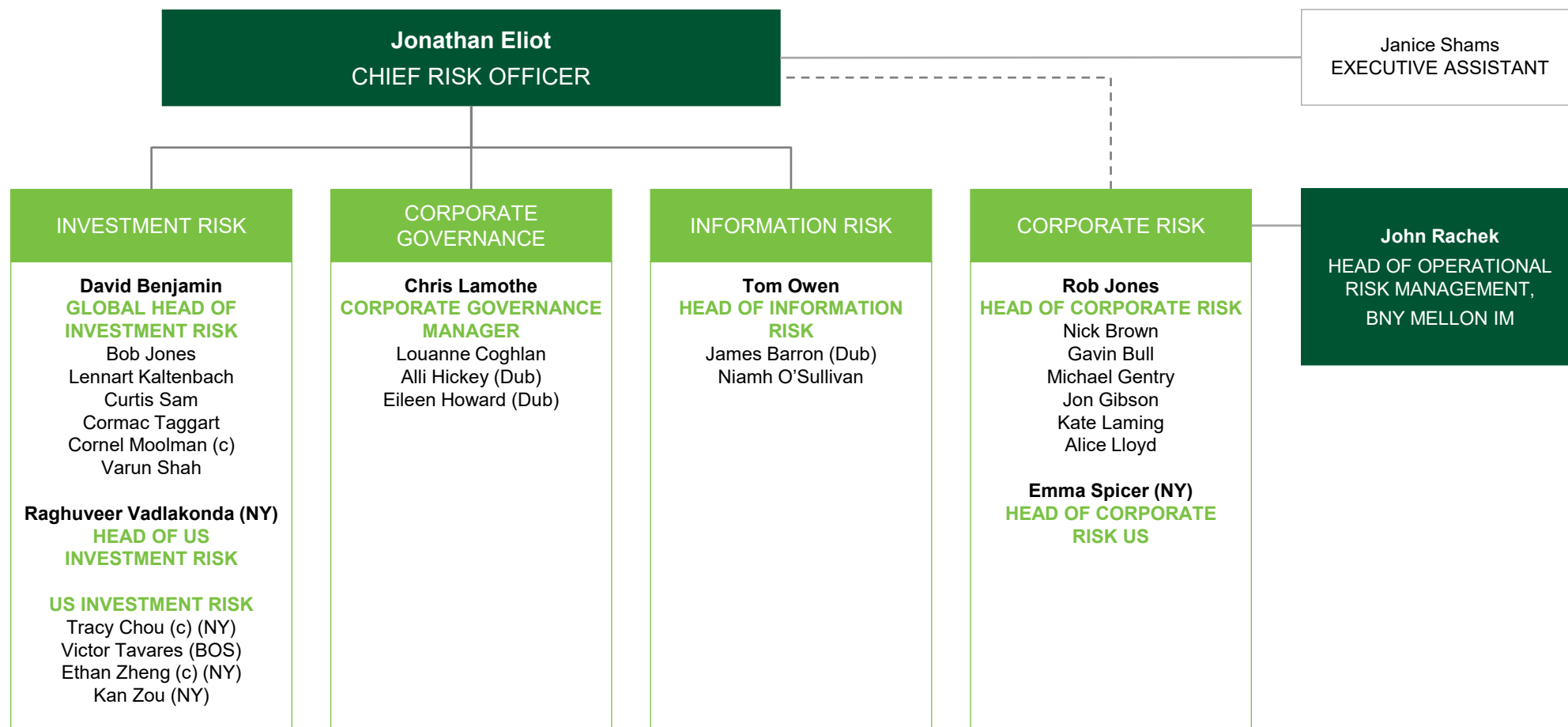
# Fixed income trade flow



For illustrative purposes only.

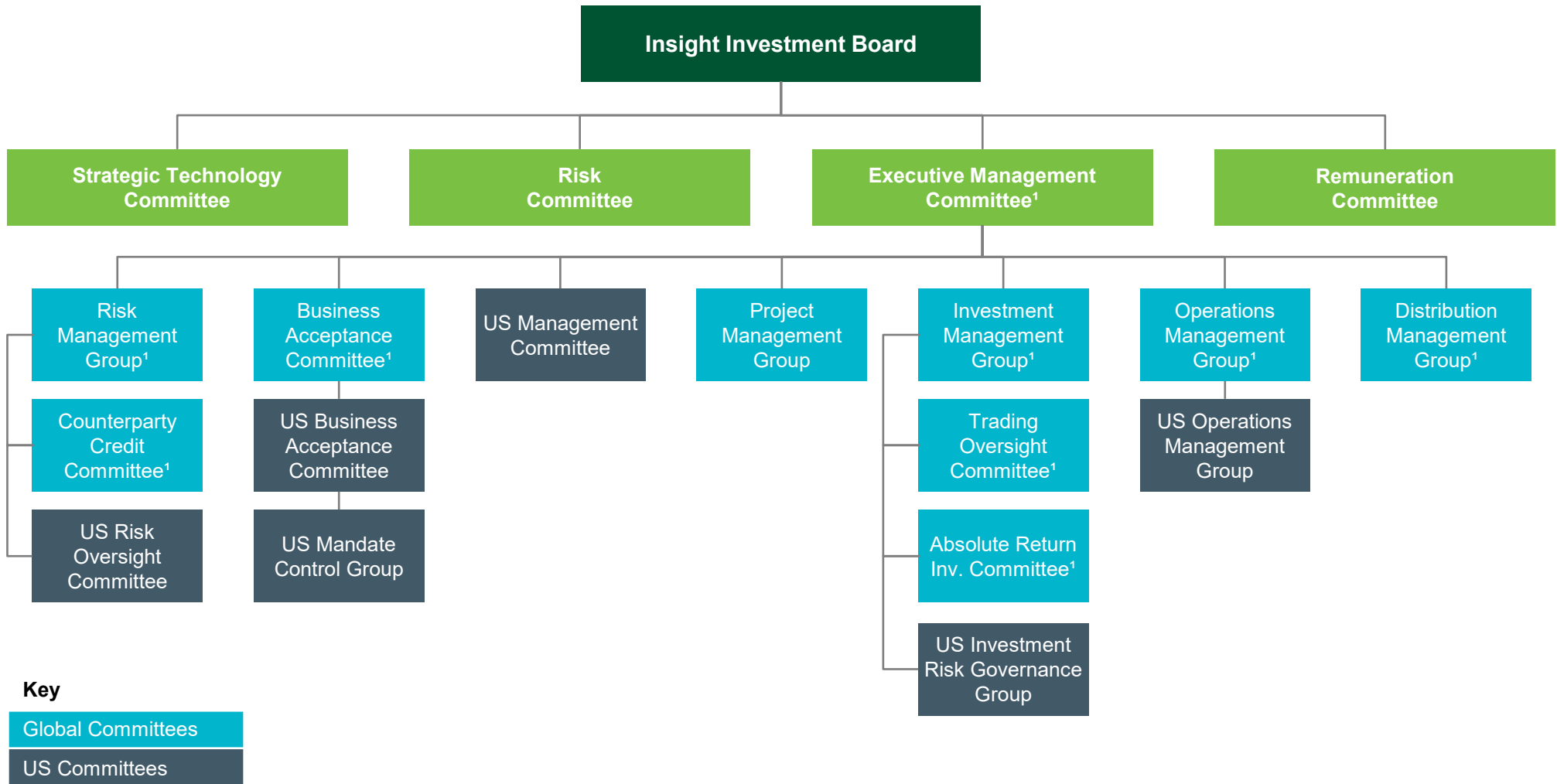
# Risk management

# Corporate and Investment Risk



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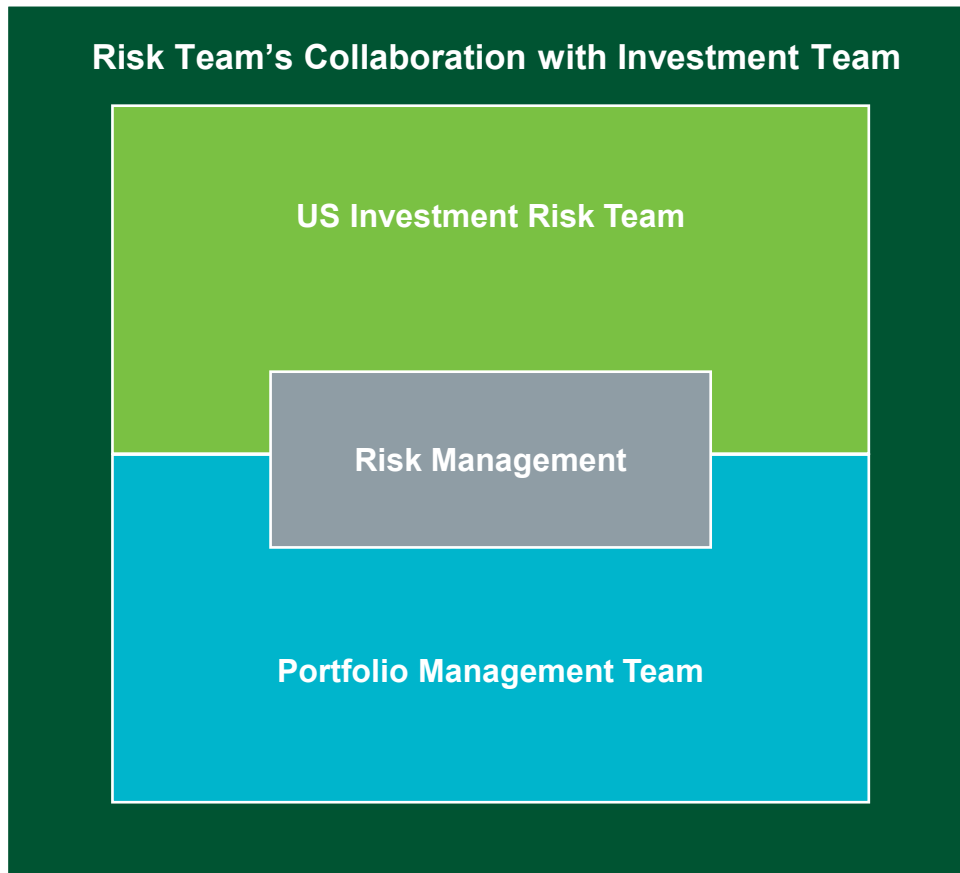
# Insight global governance structure (including US sub-committees and groups)



As of March 2022. <sup>1</sup> Note: Global Committees include US membership or attendance.

# Risk management integrated in investment process

## Independent oversight of investment risks



### US Investment Risk Team's Key Functions

- Evaluates investment risk and sets internal risk frameworks
- Independent risk function operating at arm's length; performs detailed risk analysis

### Collaboration with Investment Team

- Analytics quality and model validation
- Value-added BAU: relative value models, guidelines review
- Ad-Hoc Projects: benchmark validation, alpha target validation, ex-ante vs. ex-post analysis, sector allocation studies, portfolio optimization

### Formal Forums for Collaboration

- Investment calls (daily)
- Portfolio strategy meetings (weekly)
- Portfolio risk reviews (monthly)
- Asset class strategy meetings (monthly/quarterly)

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

# Investment risk management

## Core functions

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### 1. Control – look to respond to the following questions:

- Is the level of risk consistent with the portfolio's stated objectives
- Can the investors get back their money without suffering undue losses
- How exposed is the portfolio to a counterparty or issuer default
- How exposed is the portfolio to a market scenario or event
- Does anything look unusual

### 2. Modeling/Data Assurance

- If these control components are using models, then how reliable are the models
- Does the predicted risk reconcile with the actual P&L volatility & sensitivities
- Are the risk analytics clearly described and can they be reliably consumed

### 3. Reporting

- Are the relevant consumers aware of the risks (detailed or simply main points of interest)
- Has the right message been conveyed (internally & to clients)

### 4. Support & Advisory

- Regulatory rules – assist with respect to interpretation & implementation
- Various Client & Insight risk related analyses
- Support business decision making vis a vis data and applications architecture

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# Investment risk governance



For illustrative purposes only.

# Investment process

## Risk management



### Units of Risk®

- Proprietary risk calibration process
- Linked to performance targets

### MSCI BarraOne

- Multi-factor risk system
- Tracking error and Value at Risk measures

### thinkFolio

- Comprehensive portfolio analytics
- Pre-trade compliance checking
- Post-trade compliance monitoring

### Insight risk team

- Specialist internal risk team
- Monitors investment and operational risk
- Board level representation within Insight

For illustrative purposes only. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

# Daily Risk Monitoring (1/2)

@Report\_Date

12/31/2021

## Portfolio TEV Daily Monitoring Report - 12/31/2021

Insight Only

Distinct Portfolios 164	Within Limits 162	Exception 1	Over Limits <b>1</b>	RiskBudget >50bps 0	RiskBudget <=50b.. 1	Absolute Risk 0
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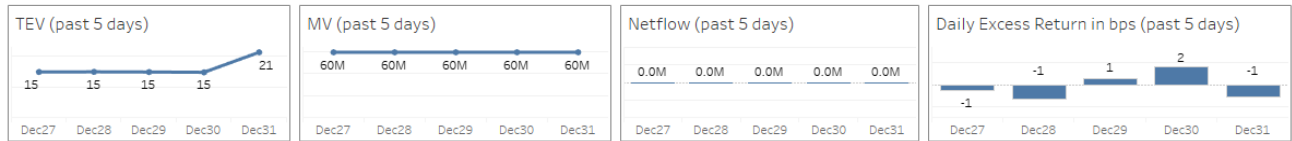
RiskMonitorGroup	PortfolioGroup	PortfolioCo..	PortMV_MM	riskbudget..	Comment	limit_value	TEV_Curr	TEV_Prev	TEV_Diff	TEV_Diff_%
RiskBudget <=50bps	PSG Discretionary	A488	60	50	TEV Diff Over 5bps Limit	5	21	15	7	44%

For illustrative purposes only. Information provided is derived from a representative account deemed to appropriately represent the management styles herein and is for illustrative purposes only. This should not be deemed as a recommendation to buy or sell the strategy. Each investor's portfolio is individually managed and may vary from the information shown.

# Daily Risk Monitoring (2/2)

## Portfolio Info - A488 - 12/31/2021

RiskMonitorGroup	PortfolioGroup	PortfolioCo..	PortM..	Position..	BenchmarkName	riskbud..	Comment	limit_val..	TEV_Curr	TEV_Prev	TEV_Diff	TEV_Diff..
RiskBudget <=50bps	PSG Discretio..	A488	59.573	50	ICE BofAML Q901 Cust..	50	TEV Diff Over 5bps Limit	5	21	15	7	44%



Portfolio Code Input A488	Wgt Type Port Eff Wgt	AnalyticsTypeToggle Port	risk_delta_factor_load_number 10
------------------------------	--------------------------	-----------------------------	-------------------------------------

BClass1	BClass2	WgtCurr	WgtPrev	WgtDiff
CORPORATES	FINANCIAL_INSTITUTIONS	9%	9%	0%
	INDUSTRIAL	8%	8%	0%
	UTILITY	12%	12%	0%
GOVERNMENT_RELATED	AGENCIES	28%	28%	0%
	LOCAL_AUTHORITIES	0%	0%	0%
	SOVEREIGN	0%	0%	0%
	SUPRANATIONAL	7%	7%	0%
MUNI	EDUCATION	2%	2%	0%
	STATE	4%	4%	0%
OTHER	OTHER	2%	2%	0%
	CMBS	5%	5%	0%
SECURITIZED	CMO	0%	0%	0%
	MBS_PASSTHROUGH	0%	0%	0%
	TREASURIES	22%	22%	0%
<b>Grand Total</b>		<b>100%</b>	<b>100%</b>	<b>0%</b>

DataT..	YTW	OAD	OAS	OASD	DTS	WAL
Curr	0.7	1.4	10	1.6	0.4	1.7
Prev	0.7	1.4	11	1.6	0.4	1.8
Diff	0.0	0.0	-1	0.0	0.0	0.0

PortfolioCo..	RiskGroup	TEV_Curr	TEV_Prev	TEV_DIFF
A488	Term Structure	15	6	9
	Spread	4	5	-1
	Selection Risk	2	3	-1
	Implied Volatility	0	0	0
<b>Grand Total</b>		<b>21</b>	<b>14</b>	<b>7</b>

PositionDelta - A488 - 12/31/2021

RiskGroup	Factor	TEV_Curr	TEV_Prev	TEV_DIFF	Active Exposure Chg Con..	Factor Risk Change..	Acitve Corr Change..
Spread	US IG Steepener	1	1	-1	0	0	0
	US Financials - Banking I..	0	1	0	0	0	0
	US Utilities - Electric Util..	1	1	0	0	0	0
	US Consumer Staples - F..	0	0	0	0	0	0
	<b>Total</b>	<b>2</b>	<b>3</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>-1</b>
Term Structure	USD Rate 5Y	14	5	9	3	0	4
	USD Rate 2Y	-1	-2	1	2	0	-1
	USD Muni 2Y	1	2	-1	0	0	-1
	USD Rate 6M	1	0	0	0	0	0
	USD Rate 1M	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>6</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>1</b>	
Implied Volatility	USD Rate Implied Volatil..	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Issuer	BarclaysCla..	
WI TREASURY SEC	TREASURIES	22%
TBA CASH COLL	AGENCIES	10%
	CMBS	2%
TBA FHLMC	CMBS	3%
	AGENCIES	3%

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# Risk Governance (1/2)



## Insight Heatmap Summary - 11/30/2021

click a portfolio for more detail



Portfolios (Total) <b>161</b>	Green <b>152</b>	Red <b>0</b>	Amber <b>5</b>	Exception <b>4</b>
----------------------------------	---------------------	-----------------	-------------------	-----------------------

### Outstanding Portfolios

RAG	PortfolioGroup	PortfolioCode	PortMV_..	BenchmarkName	RAG_Comment	TargetR..	ER YTD	ER QTD	ER MTD	RiskBud..	TEV	Risk U <sub>3</sub>
AMBER	Core Plus	JIBCR1	117	BB U.S. Aggregate	Portfolio YTD XR gain exceeded target	150	154	-52	-53	300	175	58%
		A316	52	BB U.S. Aggregate	Portfolio YTD XR gain exceeded target	150	163	-46	-51	300	172	57%
	Select Income	A1151	229	BB U.S. Credit	Portfolio YTD XR gain exceeded target	200	275	-25	-36	400	193	48%
	SecFin	DELABS	154	Cash - USD 1M	Portfolio YTD XR gain exceeded target	250	401	5	-4	500	290	58%
		A317	52	Cash	Portfolio YTD XR gain exceeded target	400	502	31	19	800	356	44%

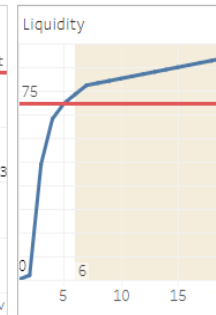
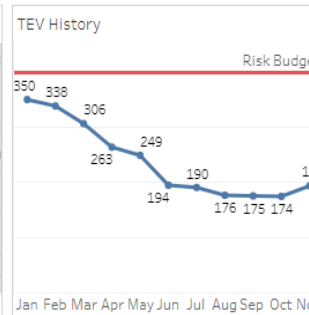
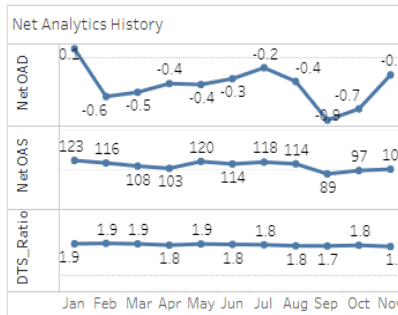
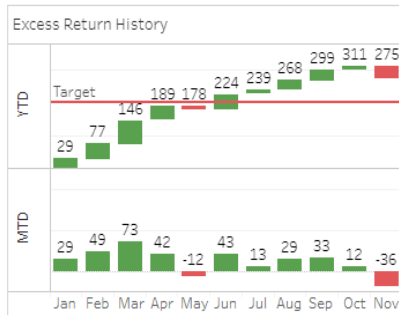
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# Risk Governance (2/2)



## Portfolio Info - A1151 - 11/30/2021

PortfolioGroup	PortfolioCode	portfolio Name	BenchmarkName	PortMV	Target..	RiskBudget...	illiquid_pct...	days_to_liq...	Enter Portfolio Code
Select Income	A1151	Cutwater Select Income Fund..	BB U.S. Credit	\$229M	200	400	0	6	A1151



### NetOAD Contribution History by Barclays Class

BClass1	BClass2	Jan21	Feb21	Mar21	Apr21	May21	Jun21	Jul21	Aug21	Sep21	Oct21	Nov21
CORPORATE..	FINANCIAL_INSTI..	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1
	INDUSTRIAL	0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
	UTILITY	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
DERIVATIVES	EXCHANGE_TRA..	0.3	-0.6	-0.5	-0.3	-0.2	-0.2	-0.1	-0.3	-0.8	-0.6	-0.2
GOVERNME..	AGENCIES	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
	LOCAL_AUTHORI..	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
	SOVEREIGN	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2
	SUPRANATIONAL	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
OTHER	OTHER	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
SECURITIZED	ABS	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	CMBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	CMO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	MBS_PASSTHRO..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TREASURIES	TREASURIES	0.0	0.2	0.3	0.3	0.2	0.3	0.3	0.4	0.3	0.3	0.5
Grand Total		0.1	-0.6	-0.5	-0.4	-0.4	-0.3	-0.2	-0.4	-0.9	-0.7	-0.3

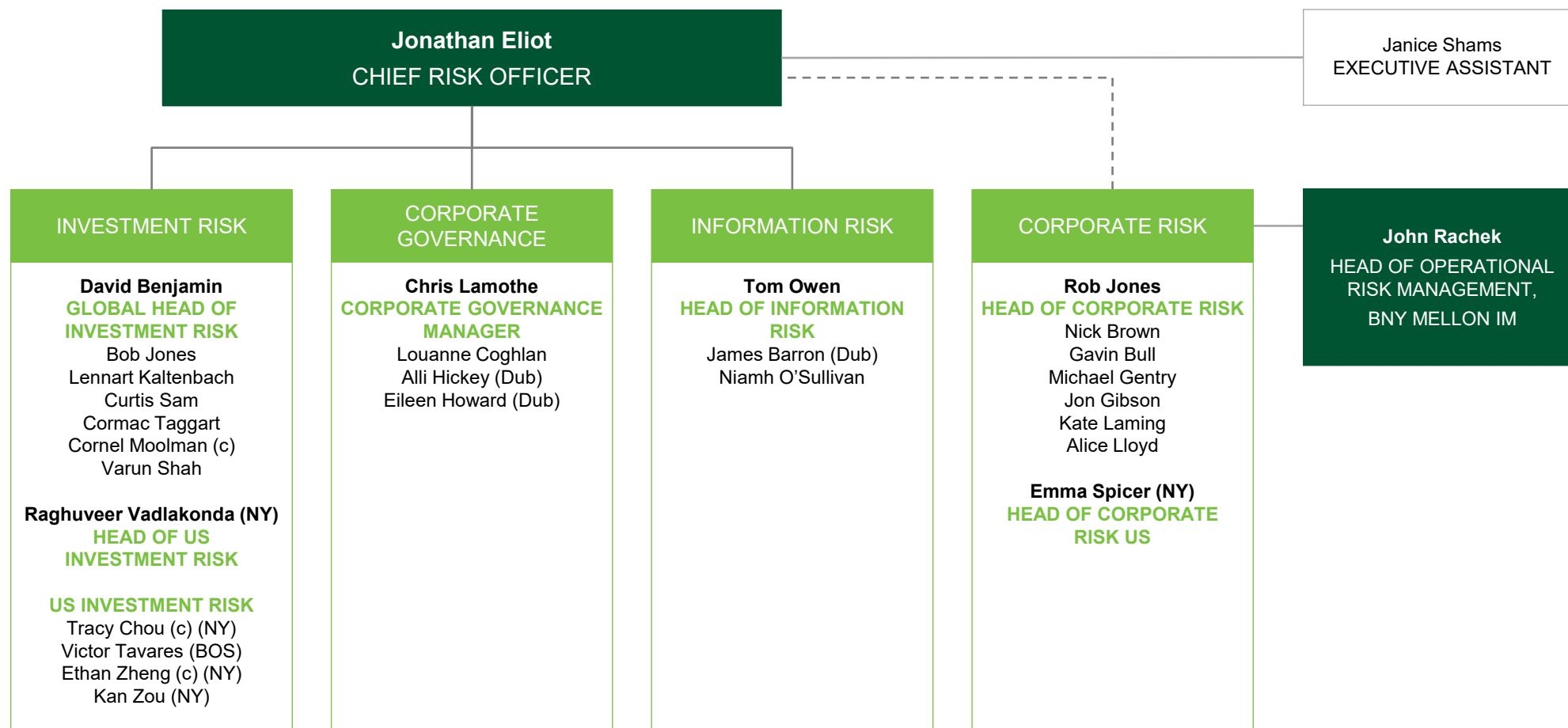
### Data Field

- PortYTW
- PortOAD
- PortOAS
- PortOASD
- PortDTS
- PortWAL
- BmkYTW
- BmkOAD
- BmkOAS
- BmkOASD
- BmkDTS
- BmkWAL
- NetYTW
- NetOAD
- NetOAS
- NetOASD
- NetDTS
- NetWAL
- TEV
- PortWgt
- PortEffWgt
- BmkEffWgt
- NetWgt
- NetEffWgt

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# Risk controls

# Corporate and Investment Risk



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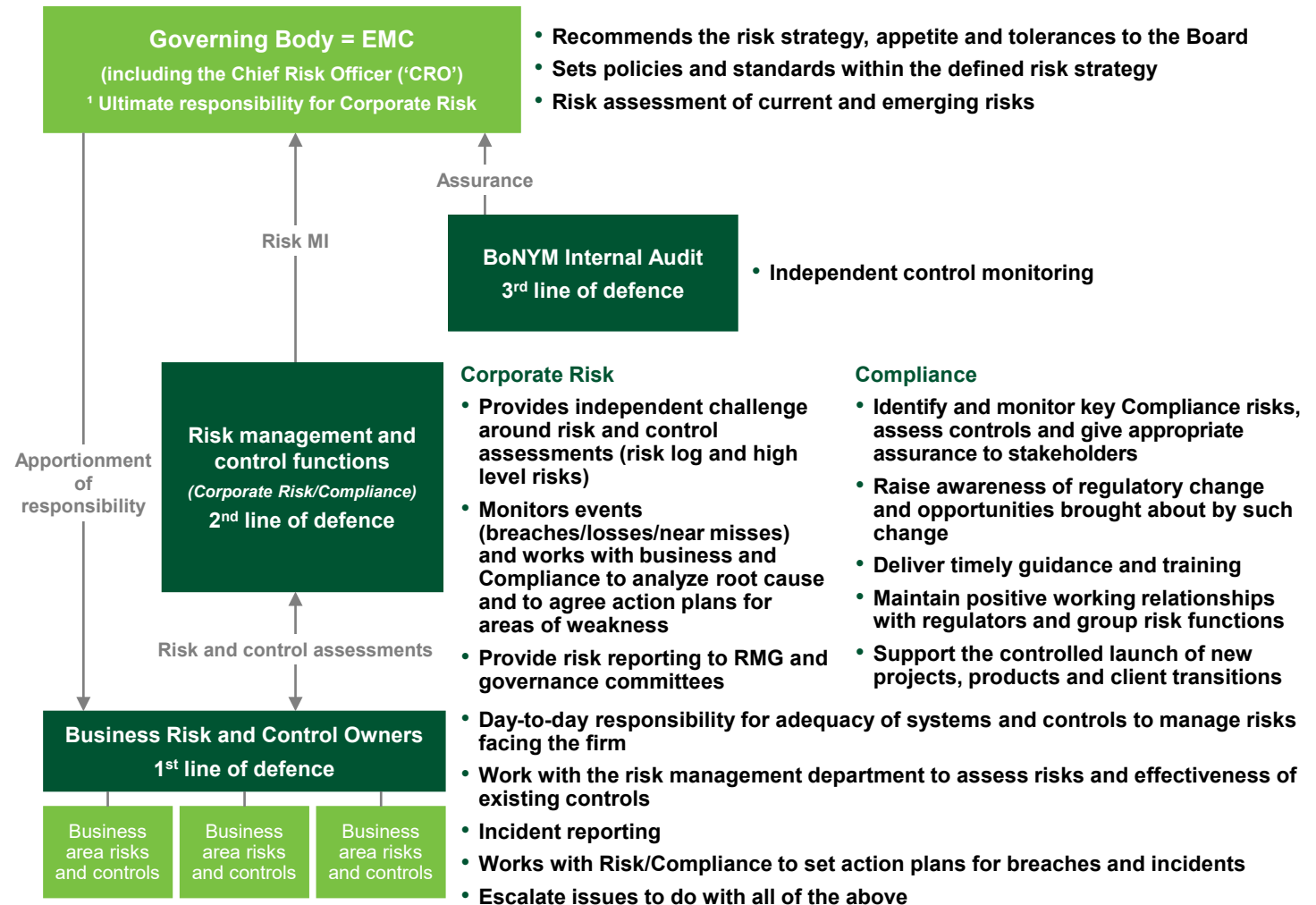
# Corporate risk management

## Governance

### Insight aims for

- Forward-looking identification and assessment of potential risks considering both quantitative and qualitative impacts
- Clear reporting and escalation processes to ensure that the residual risk profile of the firm is appropriate and in line with the Board's risk appetite
- Timely setting and regular monitoring of actions required to reduce the risk profile or improve the control environment where these are deemed necessary

### Appropriate governance of Corporate Risk at all levels of the firm is critical to achieving these aims



<sup>1</sup> Insight Board delegates to EMC, EMC delegates to Risk Management Group.

# Corporate risk management

## Reporting

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**Risk reporting, facilitated by the Corporate Risk Team, occurs at various levels within the firm. Governance committees reporting may include, the following information**

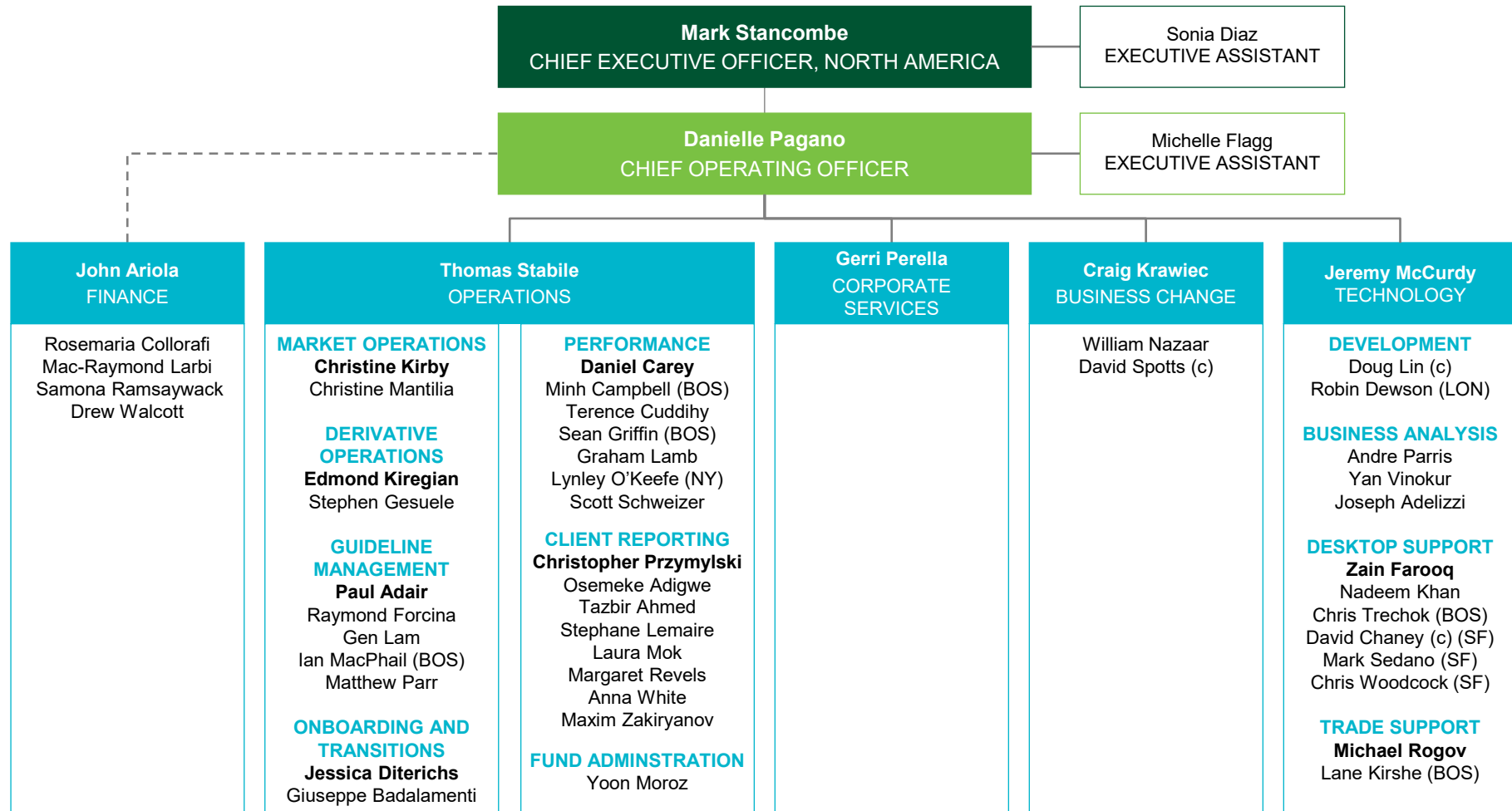
- Highlighting of areas, if any, where the current risk profile of the firm breaches the stated risk appetite of the firm
- Key risk indicators
- Significant incidents and losses
- Trend analysis and deep dive review on incident data
- Status report of action plans in place to improve processes and controls
- Within these high-level parameters, the Corporate Risk Team will escalate for consideration any current or emerging issues, commentary on the risk impact of current business changes or blocks to future business scalability as deemed relevant

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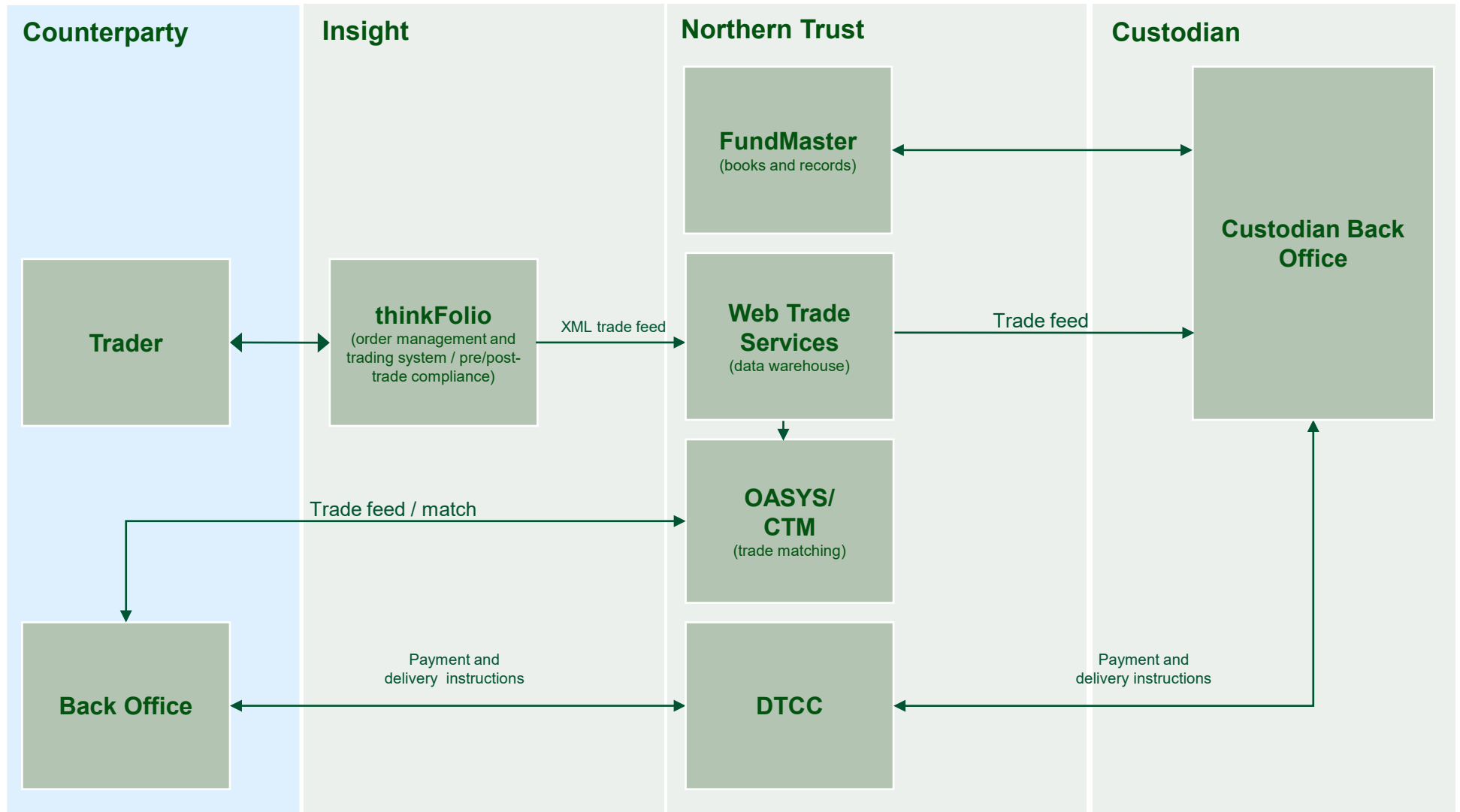
# Investment operations

# Insight North America: Operations, IT, Program Management and Finance



As of March 2022. (c) contractor. Located in: (BOS) Boston. (SF) San Francisco.

# Fixed Income Trade Flow



For illustrative purposes only.

## Investment Operations – Northern Trust Outsourcing

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- Insight outsources its back-office operations to Northern Trust. Northern Trust’s Investment Operations Outsourcing support (“IOO”) team services the U.S. from its Chicago office.
- Insight has had this outsourcing relationship since 2005 and has developed a robust governance structure. Part of this structure includes several joint meetings and discussions:
  - Daily communication between Insight’s middle office and Northern Trust’s support teams
  - Weekly Functional Service Meetings to review weekly operating metrics and open issues
  - Monthly:
    - Service Management Committee – broad support team oversight
    - Change Management Committee – oversight of formal change management process
    - Operational Change Forum – oversight of any projects that require significant modification of operating relationship
  - Quarterly:
    - Joint Operating Committee - executive oversight of IOO services
    - Risk Management Forum – oversight of risk profile for IOO service

# Market Operations – Northern Trust IOO Oversight

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## Front Office System Reconciliations

Daily Transaction and Position reconciliations between Insight and Northern Trust systems

## Cash/Asset Reconciliations

Oversight of back office reconciliation process:

- Automated custodian reconciliations via swift messaging
- Exceptions are reported to Insight's Market Operations Group
  - Overdrafts
  - Aging Schedules
  - Explanations
  - Follow up and Escalation

## Trade Processing/Asset Setups

Oversight of trade processing effort

- Trade Fails, trade matching discrepancies, trade rebooking
- Data quality of asset setup; secondary confirmation of new issue setups

## Corporate Actions

Processed by Northern Trust's dedicated Corporate Actions Group

- Voluntary Actions are elected by Insight's Front Office via straight through process

For illustrative purposes only.

# Valuations – Northern Trust IOO Oversight

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## Daily Pricing (Northern Trust)

Northern Trust: Outsourced Provider of Fixed Income Valuations

- Daily Pricing
- Daily Validation and controls
- Vendor Due Diligence

## Insight: Oversight of Valuations

Insight's Valuation Committee

Daily large mover alerts

Stale Pricing Reports

Full Access to Daily reporting

Review of Fund Valuations

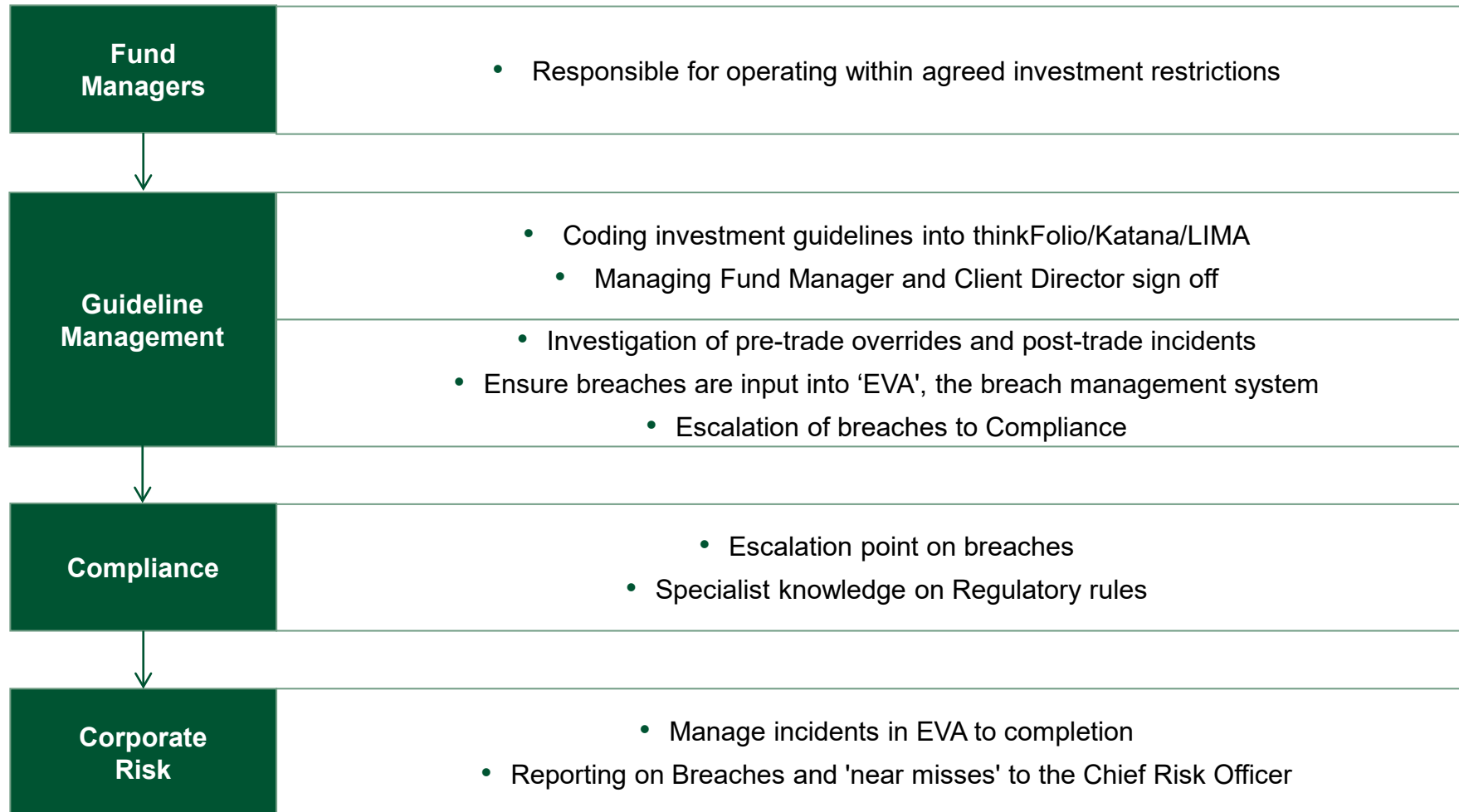
- Pricing Comparison to Fund Statements
- Fund Performance Review
- Fund Analytics Review

For illustrative purposes only.



# Mandate Compliance

# Roles within guideline monitoring



For illustrative purposes only.

## Controls and processes

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- Daily pre-trade and post-trade monitoring
- Coding team KPIs reported monthly to the Operations Management Group and commentary on specific incidents are escalated to all key governance committees by Compliance and Corporate Risk
- Incidents are reported in 'EVA', communicated and reviewed by the Risk Management Committee
- Fund Manager review and sign-off on compliance rules
- System enforced 4-eye review for each compliance rule
- Continuous focus on rule review, functionality, and automation

# Compliance

# Compliance Department 2022

## Compliance Department Core Responsibilities US

### Testing

- Risk Based thematic reviews
- Ongoing surveillance
- Investment Advisers Act Rule 206(4)-7: INA
- Investment Company Act of 1940 Rule 38A-1

### Advisory

- Training: New hire, annual compliance training, compliance alerts, CBT
- Policy and procedure review and updates
- Marketing material reviews
- Resource to answer employee questions

### Regulatory

- Prepare and submit regulatory filings
- Manage regulatory examinations
- Mock regulatory review exercise

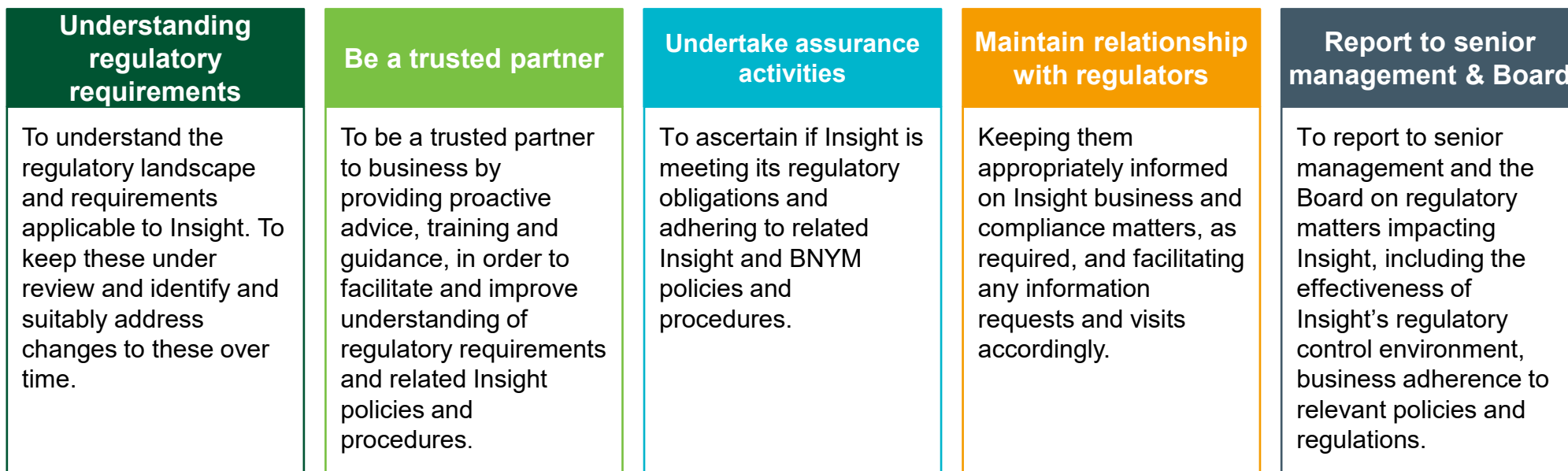
### Client Interaction

- Complete client questionnaires, checklists and certifications
- Participate in client and prospect due diligence meetings
- Anti-money laundering reviews

For illustrative purposes only.

# Compliance department's purpose and objectives

**Purpose: To support, influence, guide and challenge the business to promote and achieve high standards of regulatory compliance, as well as a positive ethical culture, which protects the interests of, and achieves good outcomes for, Insight's clients.**



**Three Lines of Defence Model**  
 1<sup>st</sup> Line – The business  
 2<sup>nd</sup> Line – Compliance / Risk  
 3<sup>rd</sup> Line – Internal Audit

For illustrative purposes only.

## 2022 key initiatives

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- Covid 19-business continuity, lessons learned and return to work
- Updating the advertising and marketing policies and procedures to comply with the new SEC Advertising Rule effective November 2022
- Transition of Mellon fixed income strategies to Insight
- OSC Risk Assessment
- Post-trade surveillance of market abuse and material, non-public information trading using SteelEye
- Increased coordination between the compliance teams in NY and London
- Continue to develop the skills and capabilities of the compliance department
- Environment, social and governance (“ESG”) compliance & climate change
- Enhance the compliance communications to the business with newsletters, alerts and reminders
- Continue to align the US/Canadian policies and procedures with London to create more global policies
- Work with Information risk to help identify suspicious activities and eliminate cyber threats
- Conflicts of interests identification and monitoring
- Anti-money laundering

For illustrative purposes only.

# Compliance department activities

<b>Advice/Guidance</b>	Provide advice and guidance on relevant key areas of regulation and compliance policy.
<b>Regulatory Development</b>	Partnering with the business on implementation.
<b>Business Change</b>	Assist and advise from a regulatory perspective on business change projects
<b>Reporting to Governance Committees</b>	Providing management information and reporting to committees on compliance matters.
<b>Training</b>	Delivering refresher training to the business and training on new regulatory developments impacting the business.
<b>Compliance Policies and Procedures</b>	Ensuring they set out the required regulatory requirements/standards and Insight's compliance arrangements.
<b>Core/Regular Activities</b>	Compliance undertakes a number of regular/core activities which help ensure Insight is compliant with relevant regulations.
<b>Thematic Reviews</b>	The regulatory risk themes will dictate the compliance plan for the team throughout the year. Compliance will undertake reviews of key regulatory risk themes.
<b>Conflicts of Interest</b>	Ensuring Insight is appropriately identifying and mitigating all potential conflicts of interest where harm could be caused to one or more of Insight's clients.

For illustrative purposes only.



## Compliance testing

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- Compliance undertakes ongoing monitoring of Insight's activities across a wide range of regulatory themes to ensure they are being carried out in accordance with regulatory requirements and in line with Insight policy requirements. These Compliance monitoring reviews can give early warning of actual or emerging compliance problems, help identify areas where training or internal controls can be strengthened, and most importantly, mitigate legal, regulatory and reputational risks.
- Formal monitoring reports are written and provided to Insight's CEO and relevant senior managers. Agreed actions resulting from the monitoring reviews are tracked to completion by Compliance.

## Compliance Technology

- Personal Trading Assistant ("PTA"): Helps administer and provide surveillance tools for personal trading compliance;
- CodeRap: a proprietary system that helps us administer and review code of conduct related items such as gifts & entertainment, political contributions and outside business activities;
- SteelEye: a third party system used to conduct surveillance of market abuse and trading on mmpi
- Eva: a proprietary system that tracks exceptions to firm policies and procedures and corrective actions.

## Regulatory

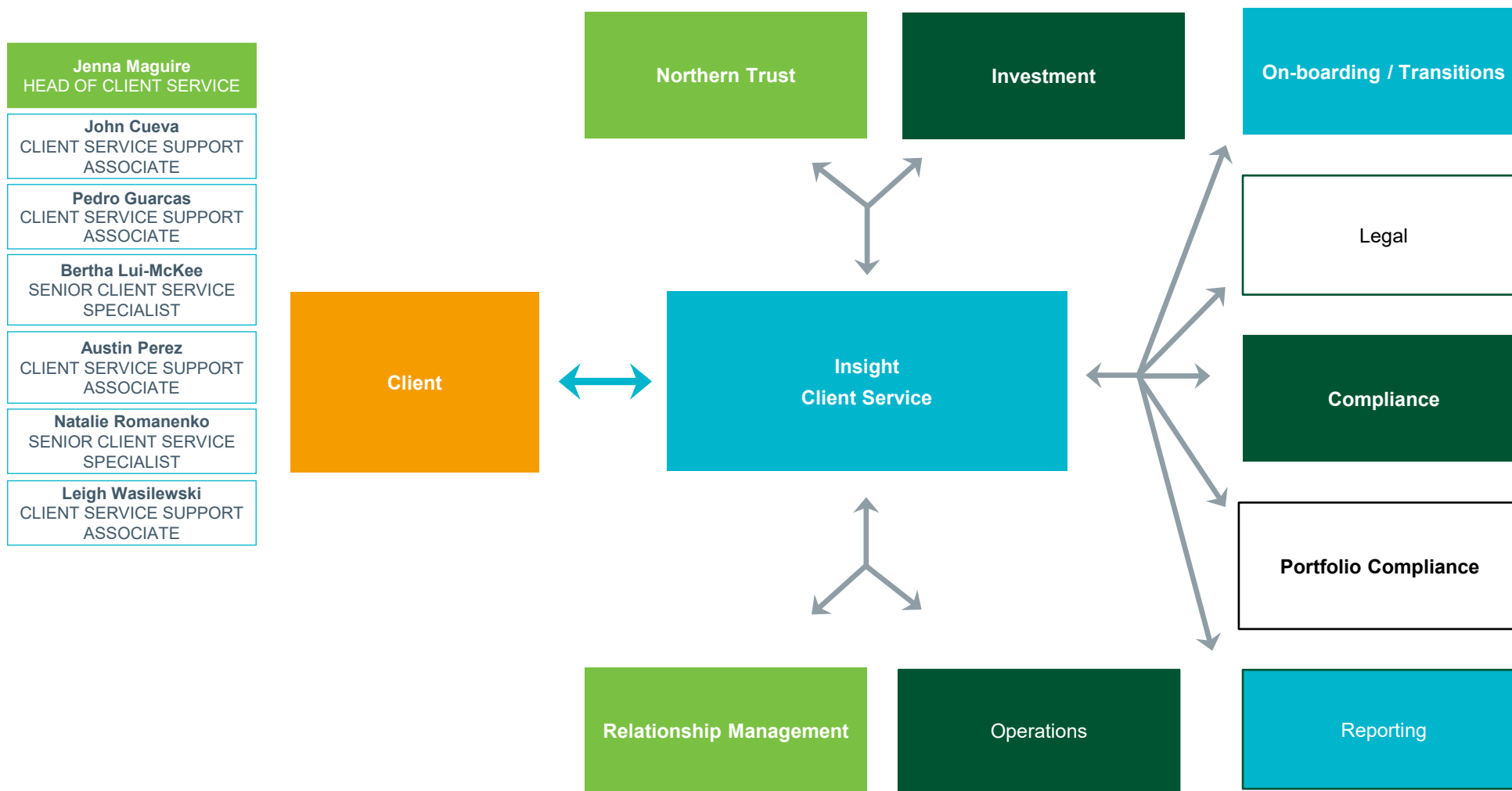
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### **Compliance is responsible for regulatory filings and managing regulatory examinations.**

- In June 2021, the Securities & Exchange Commission (“SEC”) began a regulatory examination of Insight North America LLC (“INA”). The SEC evaluated INA’s compliance with certain provisions of the federal securities laws or other applicable rules and regulations.
- The exam concluded in November 2021 with no deficiencies noted.

Client service

# Client Service Team



For illustrative purposes only. Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

Q&A

# Your Insight team

## CIO & portfolio management



**Alex Veroude, CFA**  
Chief Investment Officer,  
Fixed Income



**Shivin Kwatra, CFA**  
Head of LDI Portfolio  
Management, US



**Gerard Berrigan**  
Head of US Strategic Credit

## Relationship management & client servicing



**Angela Ruane**  
Business Development Director



**Victoria May, CFA**  
Co-Head of  
Relationship Management



**Jenna Maguire**  
Head of Client Service,  
North America

## Comprehensive fixed income resources



**Shaheer Guirguis, CFA**  
Head of Structured Credit



**David Hamilton, CFA**  
Head of Credit Analysis, North America



**Erin Spalsbury, CFA**  
Senior Portfolio Manager

## Solution design & quantitative analysts



**Sweta Vaidya, FSA, CFA, EA**  
Head of Solution Design North America



**Justin Demino, FSA, CFA**  
Solutions Designer



**Erik Thoren, FSA, CFA**  
Senior Analyst



**Julien Perron**  
Quantitative Analyst



**Michael DeSimone, CFA, ASA, CERA**  
Solutions Analyst

## Trading & implementation



**Jamie Anderson, CFA**  
Head of US Trading



**Kevin Loescher**  
Portfolio Implementation Specialist

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# LDI is at the core of our business

## Insight is the largest global manager of LDI assets<sup>1</sup>

**Pensions & Investments**  
**Managers of LDI strategies**  
 Total worldwide assets as of Dec. 31.

**The largest managers** (millions)

Rank	Manager	Assets
1	<b>Insight Investment</b>	\$798,463
2	<b>Legal &amp; General Investment</b>	\$700,239
3	<b>BlackRock</b>	\$412,469
4	<b>PIMCO</b>	\$210,276
5	<b>NISA Investment</b>	\$207,421
6	<b>Mercer</b>	\$186,709
7	<b>Aegon Asset Mgmt.</b>	\$186,569
8	<b>Allianz Global Investors</b>	\$163,674
9	<b>J.P. Morgan Asset Mgmt.</b>	\$102,341
10	<b>Wellington Mgmt.</b>	\$88,603

	Global	US
<b>All staff</b>	<b>1,094</b>	<b>210</b>
<b>Investment professionals</b>	<b>290</b>	<b>90</b>
Fixed income	166	77
<i>of which credit research function</i>	47	21
Financial solutions <sup>2,3</sup>	62	8
<i>of which are actuaries<sup>3</sup></i>	17	6
Currency	24	1
Multi asset	11	—
Other <sup>4</sup>	27	7
<b>Investment professional industry experience (average)</b>	<b>18 years</b>	<b>22 years</b>
<b>Investment professional staff turnover (5-year rolling average)<sup>5</sup></b>	<b>4.6%</b>	<b>7.1%</b>

<sup>1</sup> Source: Pensions & Investments. Largest Money Managers' survey published May 31, 2021. Insight is ranked number one for total worldwide assets under management in LDI strategies as of end December 2020. For illustrative purposes only. Current rankings could result in the firm being ranked lower than what is shown and other firms being ranked higher. Information contained herein is derived from sources believed to be reliable. Insight does not guarantee or warrant the accuracy, timeliness, or completeness of the information either collected, sourced or otherwise provided, and is not responsible for any errors or omissions. Staff figures as of December 31, 2021. Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). <sup>2</sup> Includes LDI investment professionals and Insurance Solutions. <sup>3</sup> US team includes two employees based in Pune. <sup>4</sup> Includes Chief Investment Officers, quantitative strategy, specialist equities, Individual Retirement Solutions, Head of Strategic Research, Head of Trading and trading analysts, and other investment professionals. <sup>5</sup> Definition of turnover: Permanent investment professional leavers/permanent investment professionals average headcount in period. Excludes internal transfers and role changes. Turnover data is based on the voluntary turnover of staff employed on a permanent basis; this excludes fixed term contractors, contractor staff and consultants.

# Insight biographies



## Biographies

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### **Abdallah Nauphal – Chief Executive Officer**

As Chief Executive Officer (CEO), Abdallah leads the development of Insight's strategic business plan. Abdallah was appointed Chief Investment Officer (CIO) in September 2003 with overall responsibility for the investment management team, and in June 2006 was appointed Deputy Chief Executive. In July 2007, Abdallah became Insight's CEO, while retaining his position as CIO. Abdallah has over 30 years' industry experience. He has overseen the transformation of Insight from a traditional investment manager to a specialist solutions provider across LDI, fixed income and absolute return. During this time, the scope and complexity of Insight's business and governance structures has evolved significantly. As a result, in 2016, Abdallah relinquished his CIO responsibilities, to focus on the role of CEO. Abdallah's previous roles include CIO (fixed income) at Rothschild Asset Management and Head of Fixed Income for Schroder Investment Management Limited in London. Abdallah holds a Bachelor degree in Business Administration from New England College, an MS in Information Systems and an MBA in Finance and Investments from George Washington University. Abdallah also holds his Series 3 license and is an Associated Person with the National Futures Association.



### **Sweta Vaidya, FSA, CFA, EA – Head of Solution Design North America**

Sweta is based in Insight's New York office and, as Head of Solution Design North America, works on the design and delivery of investment solutions tailored to address client-specific risk, return and strategy objectives. Sweta joined Insight in July 2021 from Callan LLC, where she was Senior Vice President, Capital Markets Research. In this role, she consulted to a wide range of asset pools: corporate and public defined benefit plans, insurance funds, hospitals and health-care systems, and assisted with their strategic investment planning and fixed income manager structures. Prior to Callan, Sweta spent nine years at Willis Towers Watson as a director in the Investment Strategy Group where she performed asset/liability studies for some of the largest corporate pension plans in the US in order to determine asset allocation, set dynamic de-risking policies over time, settle liabilities and make funding policy decisions. She began her career in 2005 as an actuarial analyst at Watson Wyatt. Sweta received a BS (cum laude) in finance and actuarial science from New York University's Stern School of Business. She is a Fellow of the Society of Actuaries (FSA), a CFA charterholder and an enrolled actuary (EA).

## Biographies

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### **Shivin Kwatra, CFA – Head of LDI Portfolio Management – North America**

Shivin joined Insight in November 2017 as Head of LDI Portfolio Management for North America. Prior to this, Shivin was a senior portfolio manager at Goldman Sachs Asset Management, where he managed fixed income and LDI portfolios. He started his career within the Investment Bank at JP Morgan on the Structured Products and Derivatives Marketing team. He was a founding member of the pension advisory group at JP Morgan (which was acquired by Pacific Life) and Head of Direct Investments at Pacific Global Advisors (which was acquired by Goldman Sachs).

Shivin holds a BSc in Commerce with a concentration in Finance from the McIntire School at the University of Virginia, where he was also the captain of the men's golf team. He is a CFA charterholder and maintains Series 7 and 63 licenses from the Financial Industry Regulatory Authority and Series 3 license from the National Futures Association.



### **Erik Thoren, FSA, CFA – Senior Analyst**

Erik joined Insight in July 2016 as a senior analyst focusing on the pension and insurance industries. He is responsible for asset/liability management (ALM) and the development of various actuarial models and other quantitative analyses. Prior to Insight, Erik was Head of ALM at Tiber Capital Management, a wholly-owned subsidiary of BNY Mellon. Prior to this, Erik was an actuarial consultant within Insurance and Actuarial Advisory Services at EY, with a primary focus on risk management and hedging. He started his career as an actuary at Genworth Financial. Erik holds a BS degree in Mathematical Economics from the University of Richmond. He is a Fellow of the Society of Actuaries (FSA) and a CFA charterholder.



### **Michael DeSimone, ASA, CFA, CERA – Pension Solutions Analyst**

Michael joined the Client Solutions Group at Insight in November 2021 as a Pension Solutions Analyst. He is responsible for investment/LDI modeling and monitoring for various types of pension plans. Prior to joining Insight, Michael was a Director in Financial Risk Management at Buck Global LLC, where he designed and implemented LDI strategies as an investment consultant and OCIO. Michael graduated with a BS in Economics from The College of New Jersey and has an MBA from Ashford University. He is an Associate of the Society of Actuaries (ASA), a CFA charterholder and a Chartered Enterprise Risk Analyst (CERA).

## Biographies

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### **Julien Perron – Quantitative Analyst**

Julien joined Insight in October 2019 as a Quantitative Analyst within the Financial Solutions Group. Julien is responsible for providing quantitative support and modeling expertise for LDI fund management and solution design. Prior to Insight, Julien spent over three years at Goldman Sachs as a Corporate Derivatives Strategist, where he utilized quantitative methods and models to price derivatives and provide advice to corporates on interest rates and foreign exchange risk management. Julien holds a BSc in Actuarial Science from Université du Québec à Montréal and an MSc in Financial Engineering from Carnegie Mellon University.



### **Gerard Berrigan – Head of US Strategic Credit**

Gerard joined Insight in 1994 (via predecessor company, Cutwater Asset Management) and has worked in the financial services industry since 1984. Gerard's responsibilities include overseeing all aspects of portfolio management for insurance and Public Sector Group clients in North America. Previously, he worked at the Federal National Mortgage Association as a member of the Portfolio Management and Treasury Groups where he developed and applied expertise in ABS, MBS and portfolio hedging. Gerard also worked at First Boston Corp. developing and implementing investment strategies for the firm's public finance clients. He has a BS degree from Bucknell University and an MBA from Columbia University. Gerard holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA).



### **David Hamilton, CFA – Head of Credit Analysis – North America**

David joined the Fixed Income Group at Insight in July 2014 and is the Head of Credit Analysis, North America. He has oversight of the corporate credit team based in the US and predominantly focuses on the coverage of consumer cyclical and consumer non-cyclical sectors in the US. Prior to Insight, David spent 15 years at Delaware Investments, where he held various roles, latterly as a fixed income senior credit analyst. David graduated from Millersville University of Pennsylvania with a BS degree in Business Administration in 1999. David maintains the Series 7 license with the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.

## Biographies

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### **Patrick Wacker, CFA – Portfolio Manager – Secured Finance**

Patrick joined Insight's Secured Finance Team in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). As a portfolio manager, he currently manages a significant portfolio of global short duration asset-backed and agency mortgage-backed securities. Patrick has worked within structured credit since 2009 and is currently the lead analyst for a variety of different sectors including Consumer ABS, Credit-Risk Transfer, Aircraft EETCs and MBS. He previously worked in the Portfolio Management Team at Cutwater, primarily as a Structured Credit Analyst and Trader. Patrick graduated Summa Cum Laude and holds a bachelor's degree with concentrations in Finance and Economics from Babson College. He is also a CFA charterholder.



### **Jamie Anderson, CFA – Head of US Trading**

Jamie joined Insight in January 2015 as Head of US Trading, with experience in the trading of cash, derivatives, futures and options. Prior to Insight, he spent six years at Bank of New York Mellon where he was a managing director principally focused on interest rate derivative trading and later served as Head of Global USD Rates Trading. Jamie has also held a derivatives trading position at Countrywide Financial and started his career in 2000 as a derivatives trader at Wells Fargo. Jamie holds a BArtsSc in Economics from McMaster University, Ontario, Canada and an MA in Economics from Queen's University, Ontario, Canada. As well as holding Series 7, 63 and 24 licenses from the Financial Industry Regulatory Authority (FINRA), Jamie is also a CFA charterholder.



### **Raghuvveer Vadlakonda, CFA – Head of US Investment Risk**

Raghuvveer joined Insight's Investment Risk Team in January 2017. His responsibilities include measuring and monitoring investment risk for US-based portfolios. Prior to Insight, he was a credit portfolio manager at APG Asset Management. He also spent seven years at General Motors Asset Management, latterly as a portfolio manager. Raghuvveer holds a Bachelors' degree in Accounting and Finance from Kakatiya University, India and an MBA from the University of South Carolina. He is also a CFA charterholder.

## Biographies

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### **Thomas E. Stabile, CPA – Head of Operations**

Thomas joined Insight's Operations Division in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). He originally joined Cutwater in 2005 and has worked in the financial services industry since 1998. Thomas oversees a team responsible for accounting, reconciliation, reporting and client servicing for Insight's separate account portfolios, affiliate accounts, mutual fund and pooled investment vehicles. Previously, Thomas worked in the Controller's Group at GE Asset Management where he was responsible for overseeing the administration of approximately 50 registered mutual funds. Prior to joining GE Asset Management, he worked at PricewaterhouseCoopers LLP in the Investment Management Group and was responsible for the audits of registered investment companies and investment advisors. Thomas has a BBA degree from Hofstra University. He is a Certified Public Accountant (CPA) and a member of the American Institute of Certified Public Accountants (AICPA) and the New York State Society of CPAs (NYSSCPA).



### **Seth Gelman – Chief Compliance Officer – North America**

Seth joined Insight in October 2017 and has oversight of the development and maintenance of the compliance program with respect to SEC and other US rules and regulations for Insight in North America. Prior to joining Insight, he spent over eight years as the Chief Compliance Officer at Brookfield Investment Management Inc. where he had oversight of the firm's compliance department and was responsible for the implementation of Brookfield's compliance policies and procedures. Seth has over 18 years of compliance experience. Prior to joining Brookfield Investment Management Inc., he was a Vice President and Compliance Officer at OppenheimerFunds Inc. Additionally, Seth previously served as an Associate and Attorney with Goldman Sachs Asset Management. In addition, he is a frequent speaker at industry seminars and conferences. Seth holds a BA from the University of Florida and a JD from the University of Miami School of Law.

## Biographies

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### **Bertha Lui-McKee, CPA – Senior Client Service Specialist**

Bertha joined Insight's Client Service Team in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). As a senior client service specialist, she assists in the creation of a strong and robust client service platform in the US which will have the flexibility and ability to manage global service across the Insight product range. Bertha originally joined Cutwater in 1998 and has over 20 years of experience in the financial services industry. Since 2010, Bertha has been focused on client services, special projects and new product execution. She was also responsible for contract and RFP reviews. Prior to this role, Bertha structured and executed commercial paper and medium-term note transactions for Cutwater's asset-backed conduits. She also supervised the operations for MBIA's 11 funding vehicles. Bertha holds a BS degree in Finance and Accounting from New York University and is a Certified Public Accountant.



### **Emily Edwards, CFA – Consultant Relationship Manager**

Emily is a member of Insight's Global Consultant Relationship Team, where she is responsible for developing and maintaining relationships with a number of investment consultants. She initially joined Insight in October 2013 as a Sales Associate within the Business Development Team. Prior to joining Insight, Emily was a Business Analyst at State Street where she worked within the EMIR project team. Emily graduated from the University of Edinburgh with an MA in Economics and also holds the Investment Management Certificate from the CFA Society of the UK. She is a CFA charterholder and maintains Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA).



### **Angela Ruane – Business Development Director**

Angela joined Insight Investment in April 2020 and is responsible for institutional business development in North America across the entire suite of Insight strategies. Prior to Insight, Angela spent nine years at Rogge Global Partners, a global fixed income boutique investment manager, as Head of North American Business Development then most recently spent four years at Allianz Global Investors (the firm acquired Rogge Global Partners in 2016) focusing on both consultant relations and institutional sales. She previously held a similar role at AXA Investment Managers, focussing on institutional sales and consultant relations across core, core plus and high yield strategies. She has also spent five years on the institutional sales desk of broker-dealer, GX Clarke & Co. Angela started her career in financial services in 1999 and holds a BS in Finance and Business Law from The Pennsylvania State University.



## Important disclosures

## Important disclosures

This document has been prepared by Insight North America LLC (INA), a registered investment adviser under the Investment Advisers Act of 1940 and regulated by the US Securities and Exchange Commission. INA is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited, Insight Investment International Limited and Insight Investment Management (Europe) Limited (IIMEL).

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Assets under management (AUM) represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Regulatory assets under management without exposures can be provided upon request. Unless otherwise specified, the performance shown herein is that of Insight Investment (for Global Investment Performance Standards (GIPS), the 'firm') and not specifically of Insight North America. A copy of the GIPS composite disclosure page is available upon request.

**Past performance is not a guide to future performance, which will vary.** The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed and a loss of principal may occur.

All performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees are described in Part 2A of Form ADV available from INA at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

The information shown is derived from a representative account deemed to appropriately represent the management styles herein. Each investor's portfolio is individually managed and may vary from the information shown. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable.

Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

The quoted benchmarks within this presentation do not reflect deductions for fees, expenses or taxes. These benchmarks are unmanaged and cannot be purchased directly by investors. Benchmark performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison such as differences in volatility, and regulatory and legal restrictions between the indices shown and the strategy.

Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Information herein may contain, include or is based upon forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals expansion and growth of our business, plans, prospects and references to future or success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as 'anticipate,' 'estimate,' 'expect,' 'project,' 'intend,' 'plan,' 'believe,' and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

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**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Board of Retirement**

April 26, 2022

Agenda Item 7.1

TO: Board of Retirement

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

SUBJECT: SamCERA's Proposed Budget for Fiscal Year 2022-23

**RECOMMENDATION**

Approve SamCERA's proposed budget for fiscal year (FY) 2022-23 totaling \$45.7 million, which is 4% higher than the current year's adopted budget.

	<u>FY 2022-23 Proposed</u>	<u>FY 2021-22 Adopted</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
Professional Services	\$ 36,641,192	\$ 34,621,348	\$ 2,019,844	6%
Administrative	7,830,772	7,483,784	346,988	5%
Information Technology	<u>1,238,700</u>	<u>2,008,000</u>	<u>(769,300)</u>	-38%
Total Budget - SamCERA	<u>\$ 45,710,664</u>	<u>\$ 44,113,132</u>	<u>\$ 1,597,532</u>	4%

**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, which include actuarial consulting, custodial, investment management, investment consulting, 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 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 2022-23 is projected to be \$36.6 million, 6% above the current year's adopted budget.

	FY 2022-23 Proposed	FY 2021-22 Adopted	Increase	% of Change
Investment Management Fees	\$ 35,511,692	\$ 33,618,348	\$ 1,893,344	6%
Other Professional Service Fees	1,129,500	1,003,000	126,500	13%
Total - Professional Services Budget	<u>\$ 36,641,192</u>	<u>\$ 34,621,348</u>	<u>\$ 2,019,844</u>	6%

- Investment management fees are projected to increase by 6%, primarily attributable to the projected growth in overall assets under management, particularly in Fixed Income and Inflation Hedge funds. These fees are either driven by contractual agreements or based on the value of assets under management, the amount of capital committed, and the investment performance.

Investment Management Fees						
	FY 2022-23 Projected				FY 2021-22 Adopted	% of Change
	Fee (bps)	Annual Fee	Fee Performance	Total	Total	
Investment Manager						
Total Public Equity	26.3	\$ 6,129,010	\$ 330,295	\$ 6,459,305	\$ 6,559,900	-2%
Total Fixed Income	55.1	8,437,498	-	8,437,498	6,957,738	21%
Total Alternative Assets	142.3	11,748,000	659,148	12,407,148	13,055,454	-5%
Total Inflation Hedge	73.5	7,532,241	-	7,532,241	6,785,256	11%
Total Cash Overlay	5.0	300,000	-	300,000	260,000	15%
Total Liquidity	13.0	375,500	-	375,500	-	n/a
TOTAL	57.0	<u>\$34,522,249</u>	<u>\$ 989,443</u>	<u>\$ 35,511,692</u>	<u>\$ 33,618,348</u>	6%

n/a - Not applicable.

- Other professional fees, which are mostly on per-service basis, are adjusted upwards by 13% overall. See the table on page 3 for details. A significant fee increase is seen in the actuarial consulting services, stemming from the following key factors:
  - Scheduled increases to the annual valuation and the required pension disclosures in late 2022.
  - Triennial Experience Study starting in May and ending in June of 2023.
  - Actuarial Audit with focus on the Triennial Experience Study starting in May and ending in June of 2023 (1st phase) and the annual valuation starting in July and ending in September of 2023 (2nd phase).

Additionally, the upward movement in the Consumer Price Index triggers a modest increase in investment consulting service charges.

### Other Professional Fees

Contractor	Service	FY 2022-23		FY 2021-22	
		(bps)	Projected	Adopted	Change
Milliman Inc.	Actuarial Consulting	0.2	\$ 149,500	\$ 108,000	38%
To be determined <sup>(1)</sup>	Actuarial Audit	0.1	50,000	-	n/a
Verus Investments	Investment Consulting	0.9	570,000	535,000	7%
Northern Trust	Custodian	0.6	360,000	360,000	0%
<b>TOTAL</b>		<b>1.8</b>	<b>\$ 1,129,500</b>	<b>\$ 1,003,000</b>	<b>13%</b>

<sup>(1)</sup> A Request for Proposal will be issued in January 2023 for the Actuarial Audit, which is scheduled to begin in May and end in September of 2023. The total estimated cost is about \$100,000, with 50% expected to incur in fiscal year 2022-23 and 50% in fiscal year 2023-24.

n/a - Not applicable.

**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 2022-23 is \$7.8 million, slightly above the current year’s adopted budget by 5%. This amount approximates to 0.13% of the total accrued actuarial liability of \$6.2 billion as of June 30, 2021.

	FY 2022-23 Proposed	FY 2021-22 Adopted	Increase (Decrease)	% of Change
<b>Salaries and Benefits</b>				
Salaries	\$ 3,983,577	\$ 3,805,642	\$ 177,935	5%
Benefits	1,965,718	1,874,891	90,827	5%
<b>Total Salaries and Benefits</b>	<b>5,949,295</b>	<b>5,680,533</b>	<b>268,762</b>	<b>5%</b>
<b>Services and Supplies</b>				
Board Expense	8,000	8,000	-	0%
Insurance	105,000	86,500	18,500	21%
Medical Record and Appeal Hearing	95,000	75,000	20,000	27%
Member Education	63,750	63,750	-	0%
Education and Conference	123,948	121,252	2,696	2%
Transportation and Lodging	100,115	85,700	14,415	17%
Property and Equipment	28,000	23,000	5,000	22%
General Office Supplies	42,000	41,000	1,000	2%
Postage and Printing	20,000	25,000	(5,000)	-20%
Leased Facilities	685,000	667,040	17,960	3%
County Services	439,664	422,009	17,655	4%
Audit Services	60,000	60,000	-	0%
Other Professional Services	111,000	125,000	(14,000)	-11%
<b>Total Services and Supplies</b>	<b>1,881,477</b>	<b>1,803,251</b>	<b>78,226</b>	<b>4%</b>
<b>Total - Administrative Budget</b>	<b>\$ 7,830,772</b>	<b>\$ 7,483,784</b>	<b>\$ 346,988</b>	<b>5%</b>

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

- Salaries increase by 5% to reflect scheduled increases from the latest negotiations with respective bargaining units.
- Benefits are up by 5% primarily to absorb increases imposed by healthcare providers based on the financial information furnished by the County.
- Fiduciary liability insurance premium is adjusted upward by 21% to cover potential fee increase from the insurance provider. The premium for the current fiscal year is \$95,150, which is unexpectedly higher than the budgeted amount of \$86,500 by nearly \$10,000.
- Medical record and appeal hearing outlays are expected to increase by \$27%, due primarily to the budget realignment. In previous years, services provided by disability hearing officers were budgeted under Other Professional Services. Starting in fiscal year 2022-23, professional fees in connection with disability examination will be put under a single budget unit “Medical Record and Appeal Hearing.”
- Transportation and lodging outlays are adjusted upward by 19%. As the pandemic situation has improved and protective mandates are lifted, return to “in-person” trainings and conferences is gaining momentum. Most of these events have been held virtually for nearly two years since the pandemic outbreak.
- Spending on property and equipment is anticipated to rise by 22%. SamCERA leases two advanced digital copiers to support its operations. Lease payments for one copier are fixed and adjusted annually to factor in the cost of living adjustment. Lease payments for another copier consist of two components, a flat fee and a variable fee based on usage. The latter is expected to increase as all staff started returning to the office either full-time or on a hybrid schedule since October 2021.
- Budget for postage and printing declines by 20%, a desired outcome achieved by staff’s continuous effort to “Going Paperless” whenever and wherever feasible.
- Charges on other professional services decrease by 11%, due primarily to the budget realignment discussed earlier under the budget item “Medical record and appeal hearing”.

**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.”

The information technology budget for FY 2022-23 is estimated to be \$1.2 million, about 38% below the current year’s adopted budget.

	FY 2022-23 <u>Proposed</u>	FY 2021-22 <u>Adopted</u>	Increase (Decrease)	% of Change
Computer Equipment and Software	\$ 25,000	\$ 25,000	\$ -	0%
IT Infrastructure:				
Software License Maintenance	496,700	1,197,000	(700,300)	-59%
Maintenance Tools & Equipment	150,000	150,000	-	0%
Contract IT Services	533,000	606,000	(73,000)	-12%
Imaging	25,000	25,000	-	0%
Technology Research and Development	5,000	5,000	-	0%
IT Subscription	4,000	-	4,000	n/a
Total - Information Technology Budget	<u>\$1,238,700</u>	<u>\$2,008,000</u>	<u>\$ (769,300)</u>	-38%

n/a - Not applicable

Areas with significant changes over the year include the following:


- Budget for software license maintenance declines by 59% with two major events taking place in the current fiscal year:
  - 2,500 service hours were purchased from Vitech which provides technical support to the pension administration software system (PASS). The hours purchased are sufficient to meet the need for a duration of two to three years.
  - Vitech will discontinue its hosting services for the PASS production environment after June 30, 2022. In response to this change, SamCERA is in the process of moving the hosting services to Amazon Web Services (AWS). This change allows SamCERA to realize a decent savings of \$150,000 by eliminating the required fees for hardware warranty and service support for software used with the Vitech system. With AWS, the license fees are restricted to the necessary third-party software such as Oracle Web Logic.
- Appropriation for contract IT services diminishes by 12%. With technical assistance from external IT professionals, the migration of hosting services from Vitech to AWS is expected to be completed by June 2022.
- The subscription license from NOREX, a platform where IT professionals can obtain unlimited access to resources and help each other solve problems, was formerly embedded in the Administrative Budget under “Education and Conference.” Starting in fiscal year 2022-23, the subscription is recorded in the IT Budget under “IT Subscriptions.”

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
**Board of Retirement**

April 26, 2022

Agenda Item 7.2

**TO:** Board of Retirement

**FROM:** Scott Hood, Chief Executive Officer 

**SUBJECT:** Approval of SACRS Voting Delegate and Alternate for the SACRS Spring 2022 Business Meeting and Direction to Voting Delegate

**Recommendation**

Staff recommends the Board designate Scott Hood, CEO as the Voting Delegate to cast SamCERA's votes at the SACRS Spring 2022 Conference.

Staff further recommends that the Board provide direction to the Voting Delegate that is in the best interest of SamCERA.

**Background**

Prior to each SACRS conference the SACRS member retirement boards are asked to select the individuals from each county system who are authorized to serve as voting and alternate voting delegates at the conference business meeting.

**Discussion**

SamCERA normally selects the highest-ranking board officer who will attend the conference as the voting delegate. There are no Board Members planning to attend the conference, therefore the CEO should be selected.

The business meeting will occur on the last morning of the conference, at 10:00 a.m., Friday, May 13, 2022. The SACRS business meeting packet is attached.

Additionally, the SACRS Board of Directors Election will be held at the meeting. Staff recommends voting for the slate of officers recommended by the SACRS Nominating Committee. The recommended slate of officers and the nominee submission packet is also attached.

**Attachment**

Spring 2022 SACRS Business Meeting Packet  
Nominating Committee Recommended Slate of Officers and Nominee Submission Packet



# SACRS Annual Spring Business Meeting

Friday, May 13, 2022  
10 am – Upon Adjournment

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



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

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

## **Statement of Purpose**

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

## **Mission Statement**

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

## **Core Values**

Teamwork

Integrity

Education

Service and Support





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

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

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**1. SACRS System Roll Call**

Vacant, SACRS Secretary

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

Vacant, SACRS Secretary

- A. November 2021 SACRS Business Meeting Minutes

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

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

- A. July 2021 – February 2022 Financials

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

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

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

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

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

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Board of Directors Elections 2022-2023



**7. SACRS Audit Report – Action**

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2020-2021 Annual Audit

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

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2022 Conference Evaluations/Feedback

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

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

- A. SACRS Annual Spring 2022 Conference Report

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

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

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

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

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

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

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

**13. Adjournment**

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



**1. SACRS System Roll Call**

Vacant, SACRS Secretary



1. SACRS System Roll Call  
 Vacant, SACRS Secretary

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



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

Vacant, SACRS Secretary

- A. November 2021 SACRS Business Meeting Minutes



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

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

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

**SACRS Board of Directors in Attendance:**

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

1. SACRS System Roll Call

Thomas Garcia, Imperial CERS, SACRS Secretary

**20 SACRS Member Systems Present**

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

2. Secretary's Report - Receive and File

Thomas Garcia, Imperial CERS, SACRS Secretary

A. Spring 2021 SACRS Business Meeting Minutes

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

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

**Yes:** All

**No:** 0

**Motion Passes 20-0**

3. Treasurer's Report - Receive and File

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 Financials

B. 2021-2022 Annual Budget



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

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

**Yes:** All

**No:** 0

**Motion Passes 20-0**

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

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

5. SACRS Legislative Committee Update – Action

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

A. 2021 Legislative Report – No Action

B. SACRS Board of Directors Legislative Proposal – Action

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

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

**Yes:** All

**No:** 0

**Motion passes 20-0**

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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2022-2023

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

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS Annual Audit Update



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

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

A. SACRS Annual Fall Conference 2021 Evaluations/Feedback

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

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

A. SACRS Annual Fall Conference 2021 report

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

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

A. Affiliate Committee report

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

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

A. No report

**No report.**

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

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





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

### 13. Adjournment

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

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

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

**Yes:** All

**No:** 0

**Motion passes 20-0**



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

Harry Hagen, Santa Barbara CERS, SACRS Treasurer

A. July 2021 – February 2022 Financials

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of February 28, 2022

Feb 28, 22

ASSETS

Current Assets

Checking/Savings

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

Total Checking/Savings 203,110.98

Other Current Assets

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

Total Other Current Assets 1,766,413.26

Total Current Assets 1,969,524.24

TOTAL ASSETS 1,969,524.24

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 · First Foundation Credit Card	924.23
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Total Credit Cards 924.23

Total Current Liabilities 924.23

Total Liabilities 924.23

Equity

32000 · Retained Earnings 2,034,191.90

Net Income -65,591.89

Total Equity 1,968,600.01

TOTAL LIABILITIES & EQUITY 1,969,524.24

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## Profit & Loss

July 2021 through February 2022

Jul '21 - Feb 22

Ordinary Income/Expense

Income

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

Total Income 941,624.52

Gross Profit 941,624.52

Expense

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

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**Profit & Loss**

July 2021 through February 2022

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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2021 through February 2022

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

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

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

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

	Jul '21 - Feb 22	Budget	\$ Over Budget	% of Budget
4356 · Non-Members	34,710.00	200,250.00	-165,540.00	17.33%
4357 · Fun Run	495.00	500.00	-5.00	99.0%
4358 · Yoga	270.00	100.00	170.00	270.0%
<b>Total 4350 · Spring Conference Registration</b>	<b>133,995.00</b>	<b>492,210.00</b>	<b>-358,215.00</b>	<b>27.22%</b>
4900 · Interest Earned	-16,270.48	-953.55	-15,316.93	1,706.31%
<b>Total Income</b>	<b>941,624.52</b>	<b>1,458,166.45</b>	<b>-516,541.93</b>	<b>64.58%</b>
<b>Gross Profit</b>	<b>941,624.52</b>	<b>1,458,166.45</b>	<b>-516,541.93</b>	<b>64.58%</b>
<b>Expense</b>				
5000 · Administrative Fee	120,146.60	180,000.00	-59,853.40	66.75%
5001 · Administrative Services	315.25	500.00	-184.75	63.05%
5002 · Awards	193.00	500.00	-307.00	38.6%
5003 · Bank Charges/Credit Card Fees	21,999.41	36,000.00	-14,000.59	61.11%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	0.00	2,200.00	-2,200.00	0.0%
5012 · Delivery & Shipping	922.40			
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	0.00	12,500.00	-12,500.00	0.0%
5015 · Materials/Printing/Design	25.49	3,000.00	-2,974.51	0.85%
5016 · Travel	0.00	2,500.00	-2,500.00	0.0%
5017 · UC Berkeley	108,000.00	216,000.00	-108,000.00	50.0%
<b>Total 5010 · Berkeley &amp; Symposium</b>	<b>108,947.89</b>	<b>248,700.00</b>	<b>-139,752.11</b>	<b>43.81%</b>
5020 · Webinar Symposium				
5022 · Webinar Technology	28,625.00	25,000.00	3,625.00	114.5%
<b>Total 5020 · Webinar Symposium</b>	<b>28,625.00</b>	<b>25,000.00</b>	<b>3,625.00</b>	<b>114.5%</b>
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
<b>Total 5030 · CERL</b>	<b>0.00</b>	<b>17,800.00</b>	<b>-17,800.00</b>	<b>0.0%</b>
5040 · Commissions & Fees	10,005.00	20,000.00	-9,995.00	50.03%
5041 · Consulting	19,881.76	19,992.00	-110.24	99.45%
5042 · Dues & Subscriptions	600.00	3,700.00	-3,100.00	16.22%
5050 · Fall Conference				
5051 · Audio/Visual	86,292.50	60,000.00	26,292.50	143.82%
5052 · Delivery & Shipping	1,998.41	2,500.00	-501.59	79.94%
5053 · Entertainment	0.00	6,500.00	-6,500.00	0.0%
5054 · Hotel				
5054.1 · Wednesday Night Event	12,234.00	65,000.00	-52,766.00	18.82%
5054.2 · Conference	34,972.50	15,000.00	19,972.50	233.15%
5054.3 · Food & Beverage	181,293.50	250,000.00	-68,706.50	72.52%
5054 · Hotel - Other	80,986.66	0.00	80,986.66	100.0%
<b>Total 5054 · Hotel</b>	<b>309,486.66</b>	<b>330,000.00</b>	<b>-20,513.34</b>	<b>93.78%</b>
5055 · Program Material	24,182.03	25,000.00	-817.97	96.73%
5056 · Speakers	55,914.53	50,000.00	5,914.53	111.83%
5057 · Supplies	1,137.51	500.00	637.51	227.5%
5058 · Travel	12,126.21	15,000.00	-2,873.79	80.84%



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

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

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

Total Expense  
Net Ordinary Income

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



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

Vivian Gray, Los Angeles CERA, SACRS President

##### A. SACRS President Update



**No printed materials for this item**



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

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

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



April 1, 2022

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

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### **General Update**

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

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

### **SACRS Sponsored Bills**

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

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

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

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

## **Other Bills of Interest**

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

The bill has not yet been set for hearing.

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

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

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

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

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

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

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

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

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

The bill has not yet been sent for hearing.





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

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2022-2023



March 15, 2022

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

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

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

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

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

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

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

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

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



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

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

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

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

**SACRS Nominating Committee Recommended Slate:**

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

No other letters of intent or submissions were received.

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

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

Thank you for your prompt attention to this timely matter.

Sincerely,

*Dan McAllister*

Dan McAllister, San Diego CERA Trustee  
SACRS Nominating Committee Chair

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

Attached: Candidate submissions

# SACRS Submission for President

# VIVIAN H. GRAY

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

February 23, 2022

VIA EMAIL

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

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

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

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

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

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

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

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

Sincerely,

*Vivian Gray*

cc: Sulema Peterson, SACRS

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

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

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

# SACRS Submission for Vice President

David J MacDonald, MD

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

February 11, 2022

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

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

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

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

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

Thank you for your time and consideration.

Sincerely and Respectfully,

*David J MacDonald, MD*

David J MacDonald, MD





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

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

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

## SACRS Submission for Treasurer



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

February 9, 2022

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

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

Dear Mr. McAllister and members of the Nominating Committee,

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

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

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

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

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

Sincerely,

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

Attachment

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



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

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

# SACRS Submission for Secretary

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

CITY OF SAN JUAN  
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY  
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &  
FAMILIES COMMISSION

ORANGE COUNTY  
DEPARTMENT OF EDUCATION  
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY  
EMPLOYEES RETIREMENT  
SYSTEM

ORANGE COUNTY FIRE  
AUTHORITY

ORANGE COUNTY IN-HOME  
SUPPORTIVE SERVICES PUBLIC  
AUTHORITY

ORANGE COUNTY LOCAL  
AGENCY FORMATION  
COMMISSION

ORANGE COUNTY PUBLIC LAW  
LIBRARY

ORANGE COUNTY  
SANITATION DISTRICT

ORANGE COUNTY  
TRANSPORTATION  
AUTHORITY

SUPERIOR COURT OF  
CALIFORNIA, COUNTY  
OF ORANGE

TRANSPORTATION  
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND  
CAMPUS (CLOSED TO NEW  
MEMBERS)

February 23, 2022

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

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

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

Dear Mr. McAllister:

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

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

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

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

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

Thank you.

Best regards,



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

# Adele Tagaloa

---

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

**February 24, 2022**

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

**Dear Mr. Dan McAllister:**

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

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

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

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

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

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

Sincerely,



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



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

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



## SACRS Submission for General Board Member

February 28, 2022

VIA Email

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

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

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

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

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

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

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

Please find attached the completed SACRS nomination form.

Respectfully,

*Vere Williams*

Vere Williams, MBA

SBcera Board of Directors – General Elected Member

cc: Sulema Peterson, SACRS



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

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

## SACRS Submission for General Board Member

February 25, 2022

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

Dear Mr. McAllister,

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

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

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

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

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

Respectfully,

David Gilmore  
SDCERA Trustee



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SACRS Board of Directors Elections 2022-2023**

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



**7. SACRS Audit Report – Action**

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2020-2021 Annual Audit



January 12, 2022

To the SACRS Executive Board,

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

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

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

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

Auditors' response: Those figures are correct.

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

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

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

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

Respectfully submitted by,

*Steve Delaney*

Steve Delaney, CEO, Orange CERS  
SACRS Audit Committee Chair

CC: SACRS Audit Committee

SD/shp email 1/11/22





JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF  
COUNTY RETIREMENT SYSTEMS**

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

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

701 HOWE AVENUE, E3  
SACRAMENTO, CA 95825

(916) 993-9494  
(916) 993-9489 FAX  
[WWW.JPMCPA.COM](http://WWW.JPMCPA.COM)

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2021

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**BOARD OF DIRECTORS**

**Vivian Gray**  
President

**Kathryn Cavness**  
Vice President

**Harry Hagen**  
Treasurer

**Thomas Garcia**  
Secretary

**Dan McAllister**  
Immediate Past President

**Vere Williams**  
Board Member

**David MacDonald**  
Board Member

**Scott Draper**  
Affiliate Chair

\* \* \* \*

**Sulema Peterson**  
Association Management

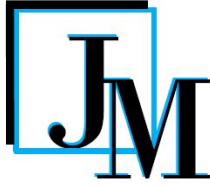
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2021 AND 2020

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

*Accounting Auditing Tax and Consulting*

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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statement***

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

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

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

***Auditor's Responsibility***

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

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

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

***Opinion***

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

***Basis of Accounting***

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

***Other Information***

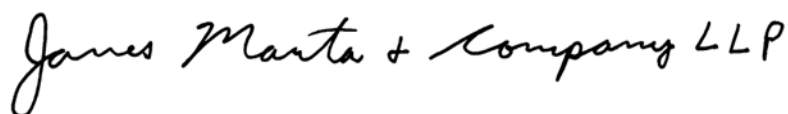
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 7 to 12, are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

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

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

***Restricted Use***

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



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

**FINANCIAL SECTION**

**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

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

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

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

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## NOTES TO THE FINANCIAL STATEMENT

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

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. ORGANIZATION

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

##### B. BASIS OF ACCOUNTING

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

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

##### C. INCOME TAXES

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

##### D. CONTRACTUAL AGREEMENTS

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

##### E. COMPARATIVE DATA

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



**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**NOTES TO THE FINANCIAL STATEMENT**

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

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

**E. COMPARATIVE DATA (CONTINUED)**

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

**2. CASH AND INVESTMENTS**

Cash and Cash Equivalents

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

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

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

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

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

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

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

# STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

## NOTES TO THE FINANCIAL STATEMENT

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

#### Investments

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

### 3. CONTRACTS

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

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

### 4. DONATED SERVICES

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

### 5. SUBSEQUENT EVENTS

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

**SUPPLEMENTARY INFORMATION**

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

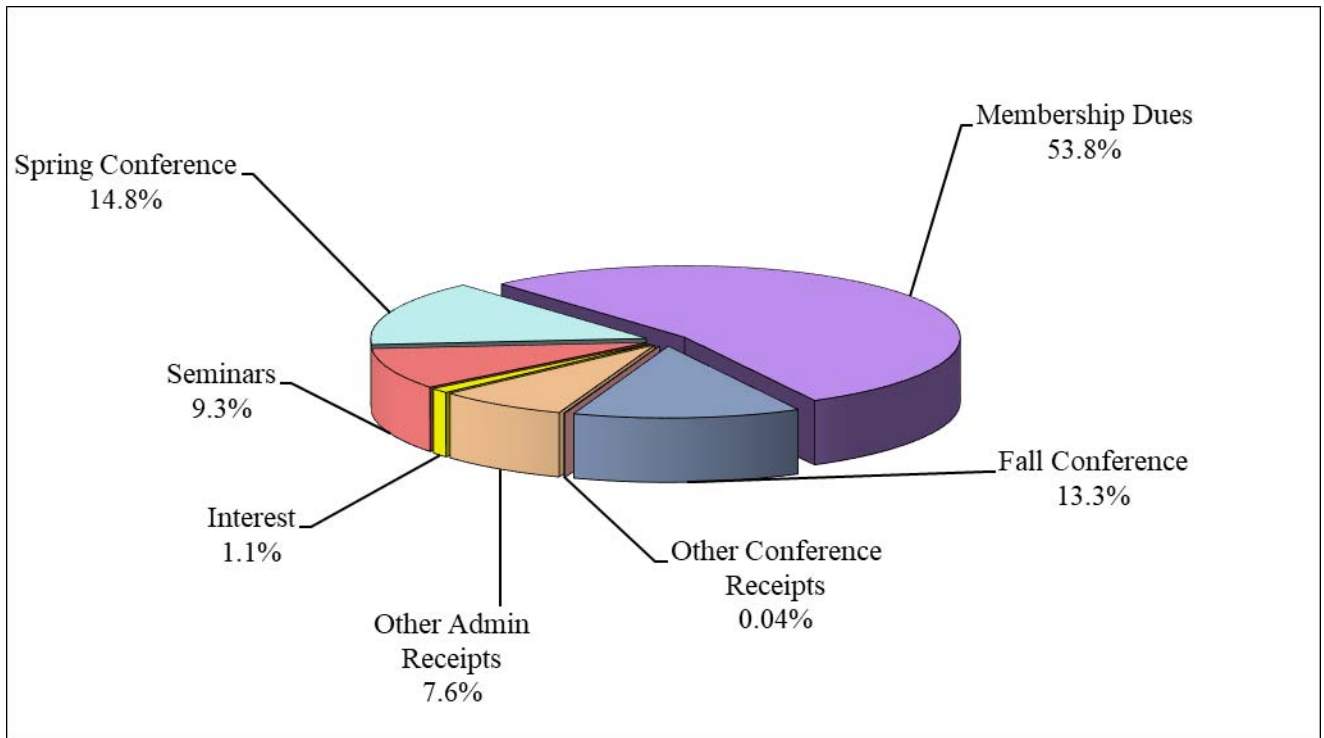
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<b><u>Cash Receipts</u></b>			
Dues	\$ -	\$ 422,500	\$ 422,500
Conference			
Fall	104,815	-	104,815
Spring	116,115	-	116,115
Seminars	73,000		73,000
Other admin receipts	-	60,050	60,050
Other conference receipts	350	-	350
Interest	8,519	-	8,519
Total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

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH RECEIPTS BY SOURCE

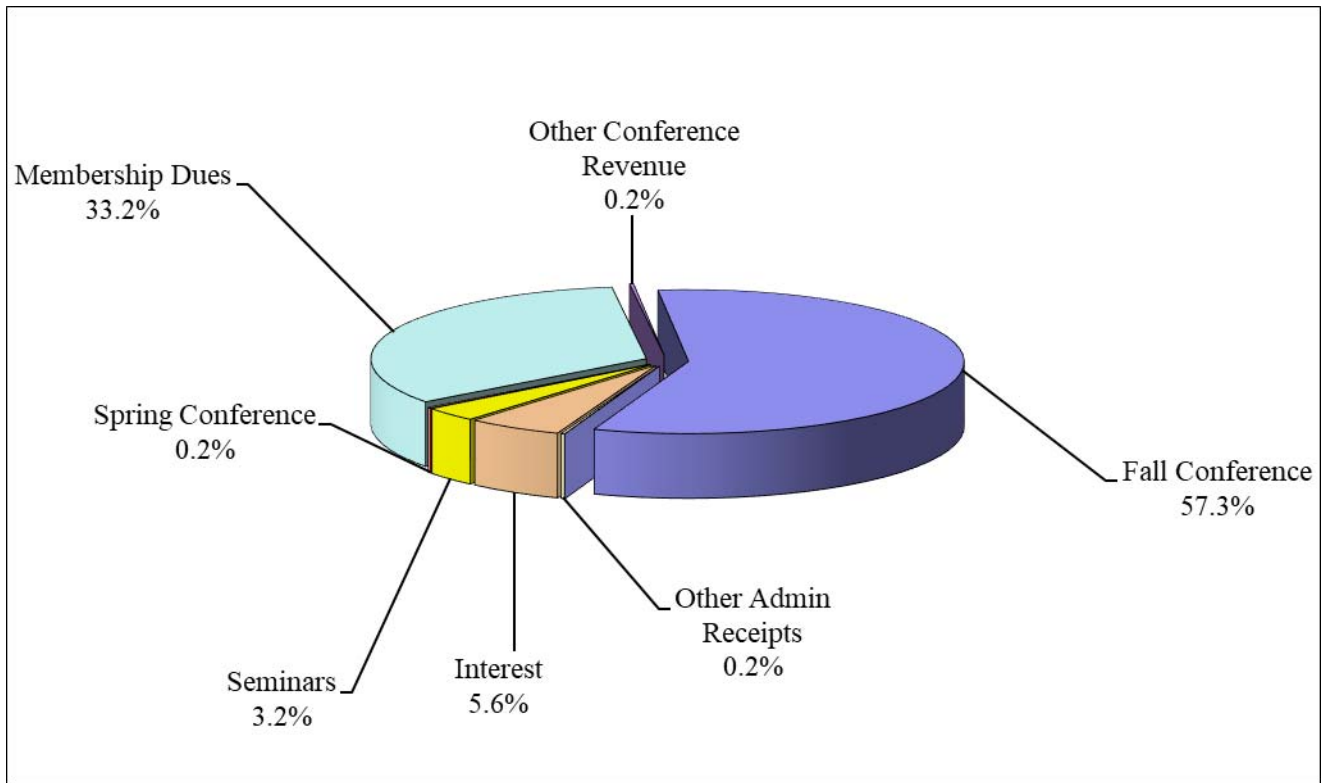


STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH RECEIPTS BY SOURCE

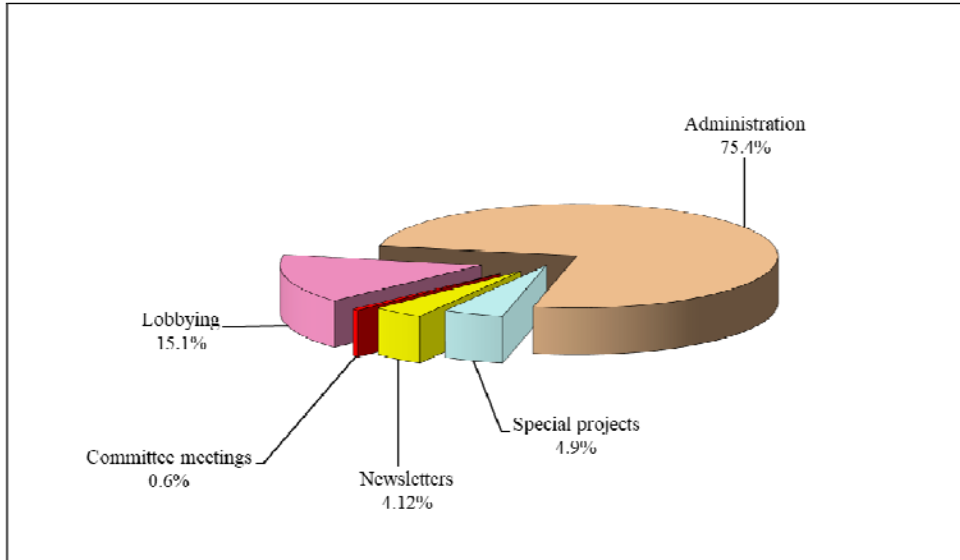


**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

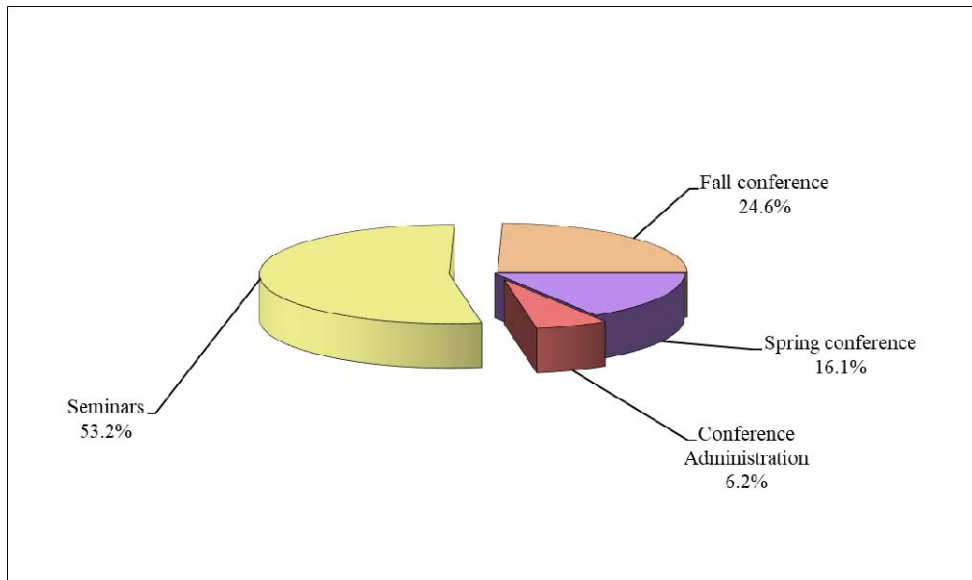
**GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS**

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

**ADMINISTRATION CASH DISBURSEMENTS**



**CONFERENCE CASH DISBURSEMENTS**



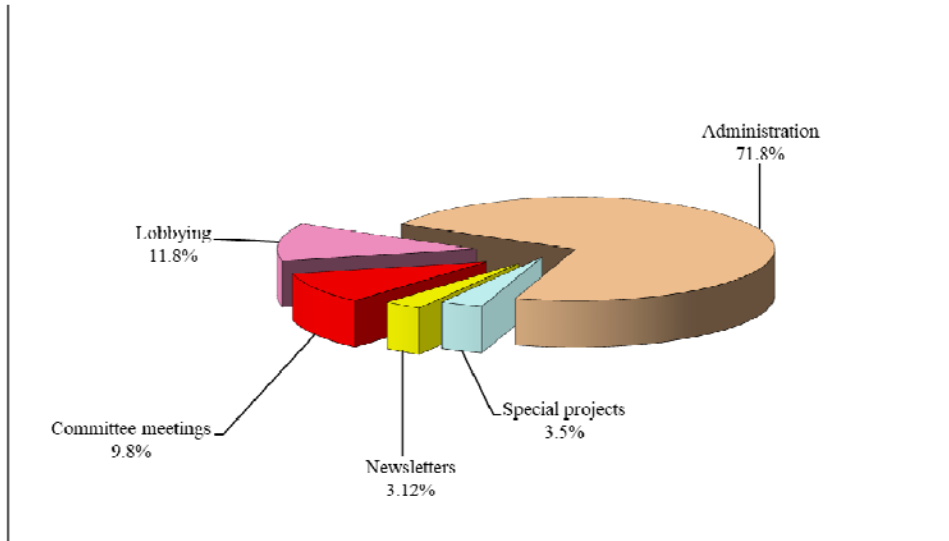
**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS**

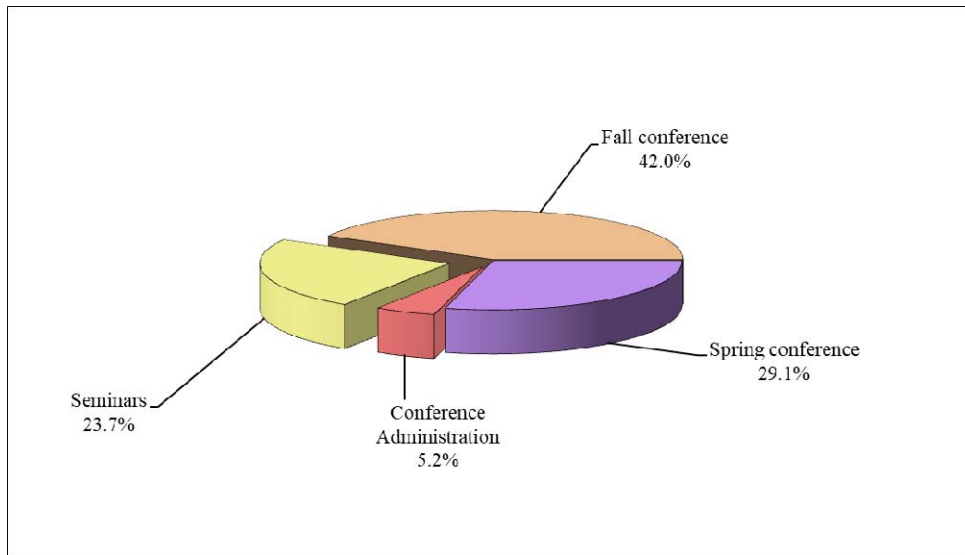
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**ADMINISTRATION CASH DISBURSEMENTS**



**CONFERENCE CASH DISBURSEMENTS**





**STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS**

**CONFERENCE SUMMARY REPORT**

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



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

*Accounting Auditing Tax and Consulting*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

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

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

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

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

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

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

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

**Planned Scope and Timing of the Audit**

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

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

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

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

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

#### *Significant Accounting Policies*

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

#### *Significant Accounting Estimates*

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

#### *Financial Statement Disclosures*

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

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

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

### **Uncorrected and Corrected Misstatements**

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

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

### **Disagreements with Management**

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

### **Representations Requested from Management**

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

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

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

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

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

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

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

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

*James Marta & Company LLP*

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

**Adjusting Journal Entry JE # 1**

Book unrealized loss on investment for June 2021

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

**Reclassifying Journal Entry JE # 2**

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

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



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## MANAGEMENT REPRESENTATION LETTER

January 13, 2022

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

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

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

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

### Financial Statement

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





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

#### Information Provided

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

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

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

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





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

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

#### Additional Representations

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



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

*Sulema Peterson*

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Sulema Peterson, SACRS Executive Director



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

*Accounting, Auditing, Consulting, and Tax*

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

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

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

**Internal Control over Financial Reporting**

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

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

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

**Purpose of this Report**

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

*James Marta & Company LLP*

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



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

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2022 Conference Evaluations/Feedback



**No printed materials for this item**



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

Kathryn Cavness, Mendocino CERA, SACRS Program Committee Chair

A. SACRS Annual Spring 2022 Conference Report



**No printed materials for this item**



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

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

A. Affiliate Committee Update





**No printed materials for this item**



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

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee Update



**No printed materials for this item**



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

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

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



**No printed materials for this item**



### **13. Adjournment**

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



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

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



March 15, 2022

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

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

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

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

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

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

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

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

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





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

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

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

**SACRS Nominating Committee Recommended Slate:**

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

No other letters of intent or submissions were received.

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

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

Thank you for your prompt attention to this timely matter.

Sincerely,

*Dan McAllister*

Dan McAllister, San Diego CERA Trustee  
SACRS Nominating Committee Chair

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

Attached: Candidate submissions

# SACRS Submission for President

# VIVIAN H. GRAY

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

February 23, 2022

VIA EMAIL

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister and Members of the Nominating Committee:

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

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

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

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

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

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

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

Sincerely,

*Vivian Gray*

cc: Sulema Peterson, SACRS

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

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

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

# SACRS Submission for Vice President

David J MacDonald, MD

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

February 11, 2022

SACRS Nominating Committee  
Mr. Dan McAllister, Chair

Dear Mr. McAllister,

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

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

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

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

Thank you for your time and consideration.

Sincerely and Respectfully,

*David J MacDonald, MD*

David J MacDonald, MD



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

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

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

# SACRS Submission for Treasurer





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

February 9, 2022

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

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

Dear Mr. McAllister and members of the Nominating Committee,

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

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

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

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

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

Sincerely,

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

Attachment

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



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

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

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

# SACRS Submission for Secretary

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

CITY OF SAN JUAN  
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY  
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &  
FAMILIES COMMISSION

ORANGE COUNTY  
DEPARTMENT OF EDUCATION  
(CLOSED TO NEW MEMBERS)

ORANGE COUNTY  
EMPLOYEES RETIREMENT  
SYSTEM

ORANGE COUNTY FIRE  
AUTHORITY

ORANGE COUNTY IN-HOME  
SUPPORTIVE SERVICES PUBLIC  
AUTHORITY

ORANGE COUNTY LOCAL  
AGENCY FORMATION  
COMMISSION

ORANGE COUNTY PUBLIC LAW  
LIBRARY

ORANGE COUNTY  
SANITATION DISTRICT

ORANGE COUNTY  
TRANSPORTATION  
AUTHORITY

SUPERIOR COURT OF  
CALIFORNIA, COUNTY  
OF ORANGE

TRANSPORTATION  
CORRIDOR AGENCIES

UCI MEDICAL CENTER AND  
CAMPUS (CLOSED TO NEW  
MEMBERS)

February 23, 2022

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

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

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

Dear Mr. McAllister:

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

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

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

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

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

Thank you.

Best regards,



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

# Adele Tagaloa

---

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

**February 24, 2022**

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

**Dear Mr. Dan McAllister:**

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

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

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

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

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

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

Sincerely,



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



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

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

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

## SACRS Submission for General Board Member

February 28, 2022

VIA Email

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

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

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

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

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

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

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

Please find attached the completed SACRS nomination form.

Respectfully,

*Vere Williams*

Vere Williams, MBA

SBcera Board of Directors – General Elected Member

cc: Sulema Peterson, SACRS





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

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

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

## SACRS Submission for General Board Member

February 25, 2022

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

Dear Mr. McAllister,

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

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

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

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

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

Respectfully,

David Gilmore  
SDCERA Trustee



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

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

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