



## **AGENDA**

### **RETIREMENT BOARD MEETING**

REGULAR MEETING

October 27, 2021, 9:00 a.m.

The Board of Retirement will hold its meeting via teleconferencing as permitted by Government Code Section 54953(e). The meeting is accessible telephonically at 669-900-6833, Webinar ID: 880 2050 9486, Passcode: 832141, or via the web at:

<https://us06web.zoom.us/j/88020509486?pwd=NIVBUFZHdkEzeGJZM0k3ZFpGS1J3QT09>

Passcode: 832141

Persons who wish to address the Board of Retirement during public comment may call in during the meeting by dialing the phone number and passcode above. Access via Zoom is also available at the weblink above. To indicate you wish to speak during public comment, please select \*9 on your phone or “raise your hand” in the Zoom app.

Public comments are limited to any item that is within the subject matter jurisdiction of the Board of Retirement. Comments will be received in real time via telephone or Zoom, subject to a three-minute time limit per speaker.

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Roll Call.
3. Accept comments from the public.
4. Recognition of Jessica Irby for 15 years of service and David Recoder for 15 years of service.
5. Approve minutes from the September 8 and September 22, 2021 meetings.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

6. Routine items for October 27, 2021.
  - a. Approve certifications of membership.
  - b. Approve service and disability allowances.
  - c. Accept disability applications and authorize subpoenas as required.
  - d. Approve death benefits.
  - e. Accept asset allocation report.
  - f. Accept liquidity report.
7. Review of private credit.
  - a. Presentation from staff
  - b. Presentation from StepStone
8. Review of report on Risk Diversifying Sub-portfolio.
9. Presentation from Sit Investment Associates.
10. Update on private equity and real estate commitments.
11. Pension administration system project update.
12. Consider and take possible action to adopt Resolution 2021-6 authorizing the Board to conduct teleconference meetings under Government Code section 54953 (e).
13. Consider and take possible action concerning the SACRS legislative proposals to be voted on at the November 2021 SACRS Conference.
14. Presentation of year-to-date 2021 CCCERA budget vs. actual expenses report.
15. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



**RETIREMENT BOARD MEETING MINUTES**

REGULAR MEETING  
September 8, 2021  
9:00 a.m.

The Board of Retirement meeting was accessible telephonically at (669) 900-6833, Webinar ID 815 8550 9705, Passcode 041848 as permitted by Executive Order N-29-20 issued on March 17, 2020.

**1. Pledge of Allegiance**

The Board and staff joined in the *Pledge of Allegiance*.

**2. Roll Call**

Present: Candace Andersen, Dennis Chebotarev, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Mike Sloan and Russell Watts.

Absent: Reggie Powell

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Wrally Dutkiewicz, Compliance Officer; Tim Hoppe, Retirement Services Manager, and Jasmine Lee, Member Services Manager.

Outside Professional Support:

Harvey Leiderman  
Paul Angelo  
Andy Yeung  
Audra Ferguson-Allen  
Robert Gauss  
Vivian Shultz

Representing:

Reed Smith LLP  
Segal Consulting  
Segal Consulting  
Ice Miller LLP  
Ice Miller LLP  
Law Offices of Vivian Shultz

**3. Accept comments from the public**

CCCERA staff read the following into public comments:

Mike Quesada asked if members would be refunded their contributions that they paid towards the benefits that have been taken away.

Valentin Zalutskiy wrote about the Covid vaccine mandate for the Firefighters in Contra Costa County noting there will be a reduction in retirement contributions CCCERA will receive due to the Firefighters leaving employment.

**4. Recognition of Kelli Ingersoll for 30 years of service; Francisca Citero for 25 years of service; Kristina Dohrn for 5 years of service; and Dorothy Saechao for 5 years of service**

Gordon recognized and congratulated Kelli Ingersoll for 30 years of service; Francisca Citero for 25 years of service; Kristina Dohrn for 5 years of service; and Dorothy Saechao for 5 years of service.

**5. Approval of Minutes**

It was **M/S/C** to approve the minutes from the August 11, 2021 Board meeting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**6. Routine Items**

It was **M/S/C** to approve the routine items of the September 8, 2021 Board meeting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**CLOSED SESSION**

The Board moved into Closed Session pursuant to Govt. Code Section 54957 and 549569(d)(1).

The Board moved into open session.

**7. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:**

a. Kristy Trindade – Service Connected (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

b. Minh Vu – Service Connected (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**8. It was **M/S/C** to refer the Service-Connected disability retirement application for Neal Bassett back to the administrative law judge with instructions. (Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)**

**9. Trustee MacDonald recused himself from Items 9a, 9b and 9c and was not present for subsequent discussion and voting.**

- a. There was no reportable action related to *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. MSN12-1870
- b. There was no reportable action related to *Contra Costa County Deputy Sheriffs Association, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. C15-00598
- c. There was no reportable action related to *Public Employees Union Local 1, et al., v. Board of Retirement of CCCERA, et al.*, Contra Costa County Superior Court, Case No. N14-2021

**10. Consider and take possible action to adopt Resolution 2021-5 authorizing actions in compliance with Assembly Bill 197 and the Alameda decision**

Levy and Dunn provided background and reviewed the items included in Resolution 2021-5 authorizing actions in compliance with AB 197 and the Alameda decision.

Gauss of Ice Miller reviewed their August 25, 2021 letter regarding tax law guidance on the implementation of the California Supreme Court's Alameda decision.

CCCERA staff read the following into public comments:

Jack Funk inquired about the Ice Miller memo.

After a lengthy discussion, it was **M/S/C** to adopt Resolution 2021-5 authorizing actions in compliance with Assembly Bill 197 and the Alameda decision. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, Phillips and Watts. No: MacDonald)

Finley was no longer present for subsequent discussion and voting.

**11. Presentation of Semi-Annual Disability Retirement Report**

Hoppe presented the Semi-Annual Disability Retirement report.

**12. Consider and take possible action to amend the IRC 415 Tax Compliance Policy**

Levy reviewed the recommended changes to the IRC 415 Tax Compliance Policy as outlined in her memorandum.

It was **M/S/C** to amend the IRC 415 Tax Compliance Policy as presented. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**13. Review of the Accessibility of Investment Records Policy**

Greene reviewed the Accessibility of Investment Records Policy noting there are no recommended changes at this time.

**14. Consider and take possible action on SACRS voting proxy form**

It was **M/S/C** to appoint Mike Sloan as the Voting Delegate and David MacDonald as the Alternate Voting Delegate at the upcoming SACRS Conference. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**15. Report from Audit Committee Chair on the August 25, 2021 Audit Committee meeting**

Phillips reported on the August 25, 2021 Audit Committee meeting.

**16. Consider authorizing the attendance of Board:**

- a. It was **M/S/C** to authorize the attendance of 4 Board members at the CALAPRS Trustees Roundtable, October 29, 2021, Virtual. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)
- b. It was **M/S/C** to authorize the attendance of 3 Board members at the CRCEA Fall Conference, November 7-10, 2021, Long Beach, CA. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)
- c. It was **M/S/C** to authorize the attendance of 6 Board members at the SACRS Fall Conference, November 9-12, 2021, Hollywood, CA. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**17. Miscellaneous**

a. Staff Report –

Levy reported on pending legislation, AB 361 regarding the Open Meeting laws that would allow the Board to meet virtually during a proclaimed state of emergency.

b. Outside Professionals' Report -

None

c. Trustees' comments –

Kroll said he may not be able to attend the NCPERS Fall Conference.

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)



**RETIREMENT BOARD MEETING MINUTES**

REGULAR MEETING  
September 22, 2021  
9:00 a.m.

The Board of Retirement meeting was accessible telephonically at (669) 900-6833, Webinar ID 818 4036 5713, Passcode 321788 as permitted by Executive Order N-29-20 issued on March 17, 2020.

**1. Pledge of Allegiance**

The Board and staff joined in the *Pledge of Allegiance*.

**2. Roll Call**

Present: Candace Andersen, Dennis Chebotarev, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, John Phillips, Reggie Powell, Mike Sloan and Russell Watts.

Absent: None

Staff: Gail Strohl, Chief Executive Officer; Christina Dunn, Deputy Chief Executive Officer; Timothy Price, Chief Investment Officer; Karen Levy, General Counsel; Anne Sommers, Administrative/HR Manager; Henry Gudino, Accounting Manager; and Jasmine Lee, Member Services Manager.

Outside Professional Support:

Paul Angelo  
Andy Yeung  
Kenneth Mertz  
Stacey Sears  
Joe Garner  
Scott Whalen  
John Wasnock

Representing:

Segal Consulting  
Segal Consulting  
Emerald Investment Advisers or LLC  
Emerald Investment Advisers  
Emerald Investment Advisers  
Verus Investments  
Verus Investments

**3. Accept comments from the public**

Marlene Grant, retiree, expressed her frustrations with the service she received from the Pacific Group Insurance and questioned why they are automatically renewed each year.

**4. Approval of Minutes**

It was **M/S/C** to approve the minutes from the August 25, 2021 Board meeting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**5. Consider and take possible action to accept the GASB 68 report from Segal Consulting**

Angelo presented the GASB 68 Actuarial Valuation based on a December 31, 2020 measurement date for employer reporting as of June 30, 2021.

It was **M/S/C** to accept the GASB 68 report from Segal Consulting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**6. Consider and take possible action to amend the Interest Crediting and Excess Earnings Policy**

Strohl reviewed the proposed amendments to the Interest Crediting and Excess Earnings Policy.

It was **M/S/C** to amend the Interest Crediting and Excess Earnings Policy with the definitions to be amended to define Board. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Phillips and Watts)

**7. Review of report on Growth Sub-portfolio**

Price reviewed the role of the Growth in CCCERA's portfolio noting it is intended to fund future benefit payments.

Taylor reviewed the US equity markets noting that in December the Board approved an increased allocation to the asset class and that the US equity markets have outperformed all other markets.

**8. Presentation from Emerald Investment Advisers**

Mertz reviewed their corporate profile, their team, and their investment research process. He reviewed CCCERA's performance and top ten holdings by market value as of June 30, 2021. He also reviewed CCCERA's updated performance as of September 9, 2021.

Sears reviewed their investment process, their performance for the 2<sup>nd</sup> quarter of 2021, and the market outlook.

Garner reviewed their equity portfolio managers and analysts. He also reviewed their top 10 contributors and top 10 detractors to their portfolio performance.

**9. Review of Real Estate performance and pacing recommendation**

Whalen reviewed CCCERA's private real estate performance and pacing recommendations.

Wasnock reviewed the current environment, potential risks, and outlook of the private real estate strategies within CCCERA's private real estate portfolio.

Kroll was no longer present for subsequent discussion and voting

**10. Update on private equity commitments**

Price gave an update on private equity commitments noting CCCERA made three commitments to private equity funds using the delegated authority granted in the Investment Policy Statement.

**11. Consider and take possible action to cancel the Board meeting of October 13, 2021**

It was **M/S/C** to cancel the October 13, 2021 Board meeting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, MacDonald, Phillips, Sloan and Watts)

**12. Miscellaneous**

a. Staff Report –

Levy reported on the passage of AB 361 which grants boards the flexibility to continue to meet virtually during a state-proclaimed emergency noting that the bill passed as an emergency which makes it effective immediately. She stated that at the next Board meeting the Board can consider the circumstances in our area and make determinations on how public meetings will be held going forward.

Stroh reported CCCERA's boardroom is not currently set up for hybrid meetings. She also reported we continue to offer in-person appointments but there is still a low demand for that.

b. Outside Professionals' Report -

None

c. Trustees' comments –

Sloan reported the CRCEA Conference in Long Beach could be cancelled due to the number of registrations.

**Additional public comment**

Dunn read the following into public comment:

Melissa Hagan, legacy member, commented she is extremely upset that her contribution dollars are not being returned to her.

It was **M/S/C** to adjourn the meeting. (Yes: Andersen, Chebotarev, Finley, Gordon, Holcombe, MacDonald, Phillips, Sloan and Watts)

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Scott Gordon, Chairman

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Jerry Holcombe, Secretary

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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| <p><i>Meeting Date</i><br/> <b>10/27/2021</b><br/> <i>Agenda Item</i><br/> <b>#6</b></p> |
|--|

BOARD OF RETIREMENT

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Items requiring Board Action

**A. *Certifications of Membership – see list and classification forms.***

**B. *Service and Disability Retirement Allowances:***

| <u>Name</u>         | <u>Number</u> | <u>Effective Date</u> | <u>Option Type</u> | <u>Tier</u>     | <u>Selected</u> |
|---------------------|---------------|-----------------------|--------------------|-----------------|-----------------|
| Anderson, Donna     | D3406         | 03/31/21              | SR                 | Tier I          | Unmodified      |
| Arnold, Gregory     | 64438         | 07/01/21              | SR                 | Safety A        | Unmodified      |
| Averilla, Christine | 62682         | 03/31/21              | SR                 | Tier II and III | Unmodified      |
| Black, Reed         | D3301         | 06/01/21              | SR                 | Tier II and III | Option 2        |
| Bryrant, Candice    | 53146         | 05/14/21              | SR                 | Tier II and III | Unmodified      |
| Campbell, Bryan     | 64158         | 07/01/21              | SR                 | Safety A        | Unmodified      |
| Carrillo, Scott     | D7830         | 09/24/21              | SR                 | Tier I and S/A  | Unmodified      |
| Chamberlin, Todd    | 50300         | 10/03/17              | NSCD               | Tier II and III | Unmodified      |
| Dao, Huy            | 64602         | 06/30/21              | SR                 | Tier III        | Unmodified      |
| DelChiaro, Sherri   | 47088         | 07/01/21              | SR                 | Tier II and III | Unmodified      |
| Dodson, Curtiss     | 67222         | 06/18/21              | SR                 | Tier III        | Unmodified      |
| Erickson, Robert    | 68079         | 05/08/21              | SR                 | Tier III        | Unmodified      |
| Favalora, Frank     | D3406         | 03/13/21              | SR                 | Tier I          | Unmodified      |
| Ferguson, Susan     | 75787         | 06/01/21              | SR                 | Tier III        | Unmodified      |
| Ham, James          | 75757         | 06/30/21              | SR                 | Tier III        | Unmodified      |
| Hernandez, Renier   | 71274         | 06/18/21              | SR                 | Safety A        | Unmodified      |
| Impastato, Nicki    | 67211         | 10/19/20              | SCD                | Tier I and III  | Unmodified      |
| Juarez, Raul        | 53254         | 05/05/21              | SR                 | Safety A        | Unmodified      |
| Kent, Terrie        | 41792         | 06/01/21              | SR                 | Tier II and III | Unmodified      |
| Kinard, Lathard     | 55006         | 04/09/21              | SR                 | Tier III        | Unmodified      |
| King, Doris         | 48185         | 06/01/21              | SR                 | Tier III        | Unmodified      |
| Lares, Joann        | 68877         | 05/31/21              | SR                 | Tier III        | Unmodified      |
| Lively, Daniel      | 50106         | 12/01/20              | SR                 | Tier II and III | Option 2        |
| Mackay, Derek       | 82205         | 04/06/21              | SR                 | Pepra 5.2       | Option 1        |
| Madrid, Jaime       | 56412         | 06/01/21              | SR                 | Tier III        | Unmodified      |
| McDonald, Toni      | 50470         | 06/01/21              | SR                 | Tier II and III | Unmodified      |
| Nunley, Valerie     | 75137         | 04/24/21              | SR                 | Tier III        | Unmodified      |

**Option Type**

NSP = Non-Specified  
 SCD = Service Connected Disability  
 SR = Service Retirement  
 NSCD = Non-Service Connected Disability  
 \* = County Advance  
 Selected w/option

**Tier**

I = Tier I  
 II = Tier II  
 III = Tier III  
 S/A = Safety Tier A  
 S/C = Safety Tier C  
 Pepra 4.2 = Pepra Tier 4 (2% COLA)  
 Pepra 4.3 = Pepra Tier 4 (3% COLA)  
 Pepra 5.2 = Pepra Tier 5 (2% COLA)  
 Pepra 5.3 = Pepra Tier 5 (3% COLA)  
 S/D = Pepra Safety Tier D  
 S/E = Pepra Safety Tier E

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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|                     |           |          |    |                 |            |
|---------------------|-----------|----------|----|-----------------|------------|
| O'Brien, Perry      | 66957     | 03/31/21 | SR | Tier III        | Option 2   |
| Rodriguez, Mary     | 60833     | 05/15/21 | SR | Tier II and III | Unmodified |
| Rosillo, Maria      | 69646     | 05/31/21 | SR | Tier III        | Unmodified |
| Saito, Warren       | 76500     | 06/15/21 | SR | Tier III        | Unmodified |
| Salone, Felisa      | 82945     | 02/28/20 | SR | Pepra 5.2       | Unmodified |
| Schmidt, Randy      | D3406     | 06/04/21 | SR | Tier I          | Unmodified |
| Sendaydiego, Razhel | 67240     | 05/13/21 | SR | Tier III        | Unmodified |
| Serourian, Sylva    | D9500     | 06/02/21 | SR | Pepra 5.3       | Unmodified |
| Simpson, Lucinda    | 56531     | 06/16/21 | SR | Tier III        | Unmodified |
| Sims, Victor        | 71622     | 07/07/21 | SR | Safety A        | Unmodified |
| Tiamzon, Divina     | 48952     | 04/09/21 | SR | Tier II and III | Unmodified |
| Wagele, August      | 69266 A/P | 05/05/21 | SR | Tier III        | Unmodified |
| Watkins, Randall    | D9991     | 07/29/21 | SR | Safety A        | Option 4   |
| Whitney, Alan       | 86469     | 05/29/21 | SR | Tier III        | Option 2   |
| Wilson, Diana       | 55788     | 06/24/21 | SR | Tier II and III | Unmodified |
| Yuen, Kwan          | 70515     | 03/30/21 | SR | Tier III        | Unmodified |

**C. Disability Retirement Applications: The Board's Hearing Officer is hereby authorized to issue subpoenas in the following cases involving disability applications:**

| <u>Name</u>  | <u>Number</u> | <u>Filed</u> | <u>Type</u> |
|--------------|---------------|--------------|-------------|
| Amott, Emily | 62365         | 09/14/21     | SCD         |
| Weber, Marc  | 67625         | 09/27/21     | SCD         |

**D. Deaths:**

| <u>Name</u>       | <u>Date of Death</u> | <u>Employer as of Date of Death</u>   |
|-------------------|----------------------|---------------------------------------|
| Bledsoe, Jessica  | 08/02/21             | Contra Costa County                   |
| Bortin, Beverly   | 06/22/21             | Contra Costa County                   |
| Burrious, Dale    | 07/01/21             | Contra Costa County                   |
| Carter, Dizella   | 07/30/21             | Contra Costa County Housing Authority |
| Hatch, Vivian     | 08/21/21             | Contra Costa County                   |
| Johnson, Willette | 07/23/21             | Contra Costa County                   |
| Lawson, Herbert   | 08/24/21             | Contra Costa County                   |
| Ledet, Patricia   | 09/01/21             | Contra Costa County                   |

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 NSP = Non-Specified  
 SCD = Service Connected Disability  
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 NSCD = Non-Service Connected Disability  
 \* = County Advance  
 Selected w/option

**Tier**  
 I = Tier I  
 II = Tier II  
 III = Tier III  
 S/A = Safety Tier A  
 S/C = Safety Tier C

Pepra 4.2 = Pepra Tier 4 (2% COLA)  
 Pepra 4.3 = Pepra Tier 4 (3% COLA)  
 Pepra 5.2 = Pepra Tier 5 (2% COLA)  
 Pepra 5.3 = Pepra Tier 5 (3% COLA)  
 S/D = Pepra Safety Tier D  
 S/E = Pepra Safety Tier E

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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|                    |          |  |
|--------------------|----------|--|
| Lovan, Patricia    | 07/27/21 | Contra Costa County                          |
| Lowe, Richard      | 09/15/21 | Contra Costa County Housing Authority        |
| Lucas, Paul        | 08/14/21 | Orinda Fire Department                       |
| Malaspina, Linda   | 09/02/21 | Central Contra Costa Sanitary District       |
| Massone, Michael   | 09/19/21 | Contra Costa County Fire Protection District |
| Mc Clough, Barbara | 08/29/21 | Contra Costa County                          |
| Mc Tigue, Elaine   | 09/08/21 | Contra Costa County                          |
| Molloy, Patricia   | 08/13/21 | Contra Costa County                          |
| Nakamura, George   | 09/10/21 | Contra Costa County                          |
| Page-Smith, Gayle  | 08/13/21 | Contra Costa County                          |
| Sanders, Judith    | 07/24/21 | Superior Courts of Contra Costa County       |
| Somerville, June   | 08/31/21 | Contra Costa County Fire Protection District |
| Stanley, Roger     | 09/07/21 | Contra Costa County Fire Protection District |
| Sutter, Russell    | 08/12/21 | Contra Costa County                          |
| Thornton, Michael  | 08/14/21 | Central Contra Costa Sanitary District       |
| Zech, Mayola       | 09/06/21 | Contra Costa County                          |

**Option Type**

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SCD = Service Connected Disability  
SR = Service Retirement  
NSCD = Non-Service Connected Disability  
\* = County Advance  
Selected w/option

**Tier**

I = Tier I  
II = Tier II  
III = Tier III  
S/A = Safety Tier A  
S/C = Safety Tier C  
Pepra 4.2 = Pepra Tier 4 (2% COLA)  
Pepra 4.3 = Pepra Tier 4 (3% COLA)  
Pepra 5.2 = Pepra Tier 5 (2% COLA)  
Pepra 5.3 = Pepra Tier 5 (3% COLA)  
S/D = Pepra Safety Tier D  
S/E = Pepra Safety Tier E

**CERTIFICATION OF MEMBERSHIPS**

| <b>Name</b>                | <b>Employee Number</b> | <b>Tier</b> | <b>Membership Date</b> | <b>Employer</b>                          |
|----------------------------|------------------------|-------------|------------------------|--|
| Adeyemi, Iyadunni          | 77378                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Alcala, Audrea             | 81070                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Alvarado, Chloe            | 89578                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Amaral, Kevin              | 90910                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Appelgren, Anabel          | 90920                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Arvin, Sean                | 90904                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Baldwin, Beth              | 79348                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Boyd, Monica               | 60517                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Brown, Tamia               | 90875                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Bui, Thi                   | 90864                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Carter, Tadjelisa          | 90912                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Cerda, Marie               | D3301                  | P5.3        | 08/01/21               | Contra Costa Mosquito Abatement District |
| Chamaeva, Eugenia          | 90879                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Chavez, Daniel             | 90885                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Chavez, Suzanne            | 90880                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Cruz, Bianca               | 90862                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Dao, Kim                   | 85319                  | P5.2        | 08/01/21               | Contra Costa County                      |
| De Joya, Roxan             | 86431                  | P5.2        | 08/01/21               | Contra Costa County                      |
| DeGruy, Sean               | 90918                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Delgado, Christine         | 90887                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Driggers Jr, Samuel        | 90791                  | P5.2        | 08/01/21               | Contra Costa County                      |
| DuBois, Evan               | 90930                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Dwyer, Timothy             | 90873                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Egeolu, Ijeoma             | 90889                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Ewing, Parker              | D3406                  | P4.3        | 08/01/21               | Central Contra Costa Sanitary District   |
| Fernandez, Marcia          | 90915                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Field, Stephen             | 90961                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Fithian, Charles           | 90836                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Flores, Georgia Nicole     | 89133                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Franco, Madaly             | 70709                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Garrotto, Cristina         | 90926                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Giolli-Hornstein, Michelle | 90839                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Gomez, Elsa                | 89702                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Gong, Tommy                | 90858                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Groom, Lynnette            | 90934                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Harris, Tarramaz           | 90899                  | P5.2        | 08/01/21               | Contra Costa County                      |
| Hartman, Nicole            | 90888                  | P5.2        | 08/01/21               | Contra Costa County                      |
| House, Ishia               | D9500                  | P5.3        | 08/01/21               | Contra Costa County Superior Courts      |
| Howell, Joseph             | 90838                  | III         | 08/01/21               | Contra Costa County                      |
| Huether, Garrick           | 90909                  | P5.2        | 08/01/21               | Contra Costa County                      |

**Key:**

|                       |                                      |                            |
|-----------------------|--------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPRA Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPRA Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPRA Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPRA Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

### CERTIFICATION OF MEMBERSHIPS

| <i>Name</i>           | <i>Employee Number</i> | <i>Tier</i> | <i>Membership Date</i> | <i>Employer</i>                        |
|-----------------------|------------------------|-------------|------------------------|--|
| Ignacio, Sheri-Marika | 90861                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Jaramillo, Ginger     | 90894                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Juridico, Jessica     | 90892                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Karraker, Jessica     | 90837                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Kennedy, Larry        | D3406                  | P4.3        | 08/01/21               | Central Contra Costa Sanitary District |
| Kimball, Laura        | 89483                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Kim-Duggan, Dohun     | 90916                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Kwok, Steven          | 90921                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Lawson, Stacy         | 90857                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Lopez, Thania         | 90893                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Luong, Anne           | 84893                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Macias, Brandon       | 90927                  | S/E         | 08/01/21               | Contra Costa County                    |
| Magat, Ferdinand      | 90841                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Martin, Lisa          | D3406                  | P4.3        | 08/01/21               | Central Contra Costa Sanitary District |
| Matthews, Janice      | 79670                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Mayer, Mason          | 90905                  | P5.2        | 08/01/21               | Contra Costa County                    |
| McHugh, Rhonda        | 90616                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Mendoza Larios, Irene | 90856                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Ngadon, Tenzin        | 90854                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Nichols, Ezekiel      | 87504                  | P5.2        | 07/01/21               | Contra Costa County                    |
| Nuti, Elizabeth       | 89937                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Perez Cota, Ibeth     | 88789                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Pham, Alexandra       | 88207                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Raatz, Courtney       | 90907                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Reikes, Benjamin      | D7274                  | P4.3        | 05/01/21               | Moraga-Orinda Fire District            |
| Roach, Krystia        | D9500                  | P5.3        | 08/01/21               | Contra Costa County Superior Courts    |
| Robery, Spencer       | 90911                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Rodriguez, Adriana    | D9500                  | P5.3        | 08/01/21               | Contra Costa County Superior Courts    |
| Rodriguez, Alma       | 90931                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Rodriguez, Heather    | 62258                  | III         | 08/01/21               | Contra Costa County                    |
| Russaw, Alana         | 90895                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Salem, Angelica       | 90913                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Segura, Tara          | 90870                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Shawd, Elliott        | 90922                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Simpkins, Madeline    | 90884                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Sloan, Marisol        | 90865                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Tagalao, Pekina       | D9500                  | P5.3        | 08/01/21               | Contra Costa County Superior Courts    |
| Tate, Monique         | 90937                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Vakili, Kathrina      | 90851                  | P5.2        | 08/01/21               | Contra Costa County                    |
| Van Slooten, Breann   | 90938                  | P5.2        | 08/01/21               | Contra Costa County                    |

**Key:**

|                       |                                      |                            |
|-----------------------|--------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPRA Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPRA Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPRA Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPRA Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

**CERTIFICATION OF MEMBERSHIPS**

| <b>Name</b>         | <b>Employee Number</b> | <b>Tier</b> | <b>Membership Date</b> | <b>Employer</b>     |
|---------------------|------------------------|-------------|------------------------|---------------------|
| Vo, Jason           | 83630                  | P5.2        | 08/01/21               | Contra Costa County |
| Winn, Alexis        | 74332                  | P5.2        | 08/01/21               | Contra Costa County |
| Yang, Nathanael     | 90886                  | P5.2        | 08/01/21               | Contra Costa County |
| Yegorov, German     | 90906                  | P5.2        | 08/01/21               | Contra Costa County |
| Zurita-Cruz, Hector | 90890                  | P5.2        | 08/01/21               | Contra Costa County |

**Key:**

|                       |                                      |                            |
|-----------------------|--------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPRA Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPRA Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPRA Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPRA Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

**TIER CHANGES**

| <i>Name</i>            | <i>Employee Number</i> | <i>Old Tier</i> | <i>New Tier</i> | <i>Effective Date</i> | <i>Employer</i>     | <i>Reason for Change</i>     |
|------------------------|------------------------|-----------------|-----------------|-----------------------|---------------------|------------------------------|
| Periasamy, Yogalakshmi | 90656                  | P5.2            | III             | 06/01/21              | Contra Costa County | Recip In Age and Tier Change |

**Key:**

|                       |                                      |                            |
|-----------------------|--------------------------------------|----------------------------|
| <b>I = Tier I</b>     | <b>P4.2 = PEPRA Tier 4 (2% COLA)</b> | <b>S/A = Safety Tier A</b> |
| <b>II = Tier II</b>   | <b>P4.3 = PEPRA Tier 4 (3% COLA)</b> | <b>S/C = Safety Tier C</b> |
| <b>III = Tier III</b> | <b>P5.2 = PEPRA Tier 5 (2% COLA)</b> | <b>S/D = Safety Tier D</b> |
|                       | <b>P5.3 = PEPRA Tier 5 (3% COLA)</b> | <b>S/E = Safety Tier E</b> |

**Contra Costa County Employees' Retirement Association**  
**Asset Allocation as of August 31, 2021**

|   | Market Value          | Percentage of Total Fund | Current Target* Percentage | Current Target Over/(Under) | Long Term Target | Long Term Over/(Under) |
|---|-----------------------|--------------------------|----------------------------|-----------------------------|------------------|------------------------|
| <b>Liquidity</b>                                  |                       |                          |                            |                             |                  |                        |
| Sit   | 589,409,159           | 5.1%                     | 7.0%                       | -1.9%                       |                  |                        |
| Dimensional Fund Advisors                         | 320,059,516           | 2.8%                     | 4.0%                       | -1.2%                       |                  |                        |
| Insight   | 840,727,021           | 7.3%                     | 7.0%                       | 0.3%                        |                  |                        |
| <b>Total Liquidity</b>                            | <b>1,750,195,697</b>  | <b>15.3%</b>             | <b>18.0%</b>               | <b>-2.7%</b>                | <b>17.0%</b>     | <b>-1.7%</b>           |
|   |                       | <b>Range</b>             |                            |                             |                  |                        |
|   |                       | <b>11-22%</b>            |                            |                             |                  |                        |
| <b>Growth</b>                                     |                       |                          |                            |                             |                  |                        |
| <b>Domestic Equity</b>                            |                       |                          |                            |                             |                  |                        |
| Boston Partners                                   | 392,072,053           | 3.4%                     | 4.0%                       | -0.6%                       |                  |                        |
| Jackson Square                                    | 350,142,430           | 3.1%                     | 4.0%                       | -0.9%                       |                  |                        |
| BlackRock Index Fund                              | 616,509,076           | 5.4%                     | 5.0%                       | 0.4%                        |                  |                        |
| Emerald Advisors                                  | 263,237,368           | 2.3%                     | 1.5%                       | 0.8%                        |                  |                        |
| Ceredex   | 201,616,822           | 1.8%                     | 1.5%                       | 0.3%                        |                  |                        |
| <b>Total Domestic Equity</b>                      | <b>1,823,577,749</b>  | <b>15.9%</b>             | <b>16.0%</b>               | <b>-0.1%</b>                | <b>13.0%</b>     | <b>2.9%</b>            |
| <b>Global &amp; International Equity</b>          |                       |                          |                            |                             |                  |                        |
| Pyrford (BMO)                                     | 503,462,245           | 4.4%                     | 4.0%                       | 0.4%                        |                  |                        |
| William Blair                                     | 585,988,420           | 5.1%                     | 4.0%                       | 1.1%                        |                  |                        |
| First Eagle                                       | 516,972,053           | 4.5%                     | 4.5%                       | 0.0%                        |                  |                        |
| Artisan Global Opportunities                      | 633,122,317           | 5.5%                     | 4.5%                       | 1.0%                        |                  |                        |
| PIMCO/RAE Emerging Markets                        | 399,601,305           | 3.5%                     | 4.0%                       | -0.5%                       |                  |                        |
| TT Emerging Markets                               | 471,829,196           | 4.1%                     | 4.0%                       | 0.1%                        |                  |                        |
| <b>Total Global &amp; International Equity</b>    | <b>3,110,975,535</b>  | <b>27.2%</b>             | <b>25.0%</b>               | <b>2.2%</b>                 | <b>19.0%</b>     | <b>8.2%</b>            |
| <b>Private Equity**</b>                           |                       |                          |                            |                             |                  |                        |
| <b>Private Credit</b>                             | 1,270,039,002         | 11.1%                    | 11.0%                      | 0.1%                        | 18.0%            | -6.9%                  |
| <b>Real Estate - Value Add</b>                    | 767,936,970           | 6.7%                     | 8.0%                       | -1.3%                       | 13.0%            | -6.3%                  |
| <b>Real Estate - Opportunistic &amp; Distress</b> | 202,263,464           | 1.8%                     | 4.0%                       | -2.2%                       | 5.0%             | -3.2%                  |
| <b>Real Estate - REIT (Adelante)</b>              | 406,681,132           | 3.5%                     | 4.0%                       | -0.5%                       | 5.0%             | -1.5%                  |
| <b>High Yield (Allianz)</b>                       | 101,864,440           | 0.9%                     | 2.0%                       | -1.1%                       | 0.0%             | 0.9%                   |
| <b>Risk Parity</b>                                | 182,178,349           | 1.6%                     | 2.0%                       | -0.4%                       | 0.0%             | 1.6%                   |
| AQR GRP EL  | 226,766,337           | 2.0%                     | 3.0%                       | 1.4%                        | 3.0%             | 1.4%                   |
| PanAgora  | 277,563,618           | 2.4%                     |                            |                             |                  |                        |
| <b>Total Other Growth Assets</b>                  | <b>3,435,293,312</b>  | <b>30.0%</b>             | <b>34.0%</b>               | <b>-4.0%</b>                | <b>44.0%</b>     | <b>-14.0%</b>          |
| <b>Total Growth Assets</b>                        | <b>8,369,846,596</b>  | <b>73.0%</b>             | <b>75.0%</b>               | <b>-2.0%</b>                | <b>76.0%</b>     | <b>-3.0%</b>           |
|   |                       | <b>Range</b>             |                            |                             |                  |                        |
|   |                       | <b>65-85%</b>            |                            |                             |                  |                        |
| <b>Risk Diversifying</b>                          |                       |                          |                            |                             |                  |                        |
| AFL-CIO   | 266,245,990           | 2.3%                     | 2.5%                       | -0.2%                       | 2.5%             | -0.2%                  |
| Parametric Defensive Equity                       | 114,502,374           | 1.0%                     | 1.5%                       | -0.5%                       | 1.5%             | -0.5%                  |
| Acadian MAARS                                     | 182,034,158           | 1.6%                     | 1.5%                       | 0.1%                        | 1.5%             | 0.1%                   |
| Sit LLCAR   | 208,512,016           | 1.8%                     | 1.5%                       |                             | 1.5%             |                        |
| Wellington Real Total Return                      | 132,391               | 0.0%                     | 0.0%                       |                             |                  |                        |
| <b>Total Risk Diversifying</b>                    | <b>771,426,929</b>    | <b>6.7%</b>              | <b>7.0%</b>                | <b>-0.3%</b>                | <b>7.0%</b>      | <b>-0.3%</b>           |
|   |                       | <b>Range</b>             |                            |                             |                  |                        |
|   |                       | <b>0% - 10%</b>          |                            |                             |                  |                        |
| <b>Cash and Overlay</b>                           |                       |                          |                            |                             |                  |                        |
| Overlay (Parametric)                              | 154,832,322           | 1.4%                     |                            | 1.4%                        |                  |                        |
| Cash  | 411,957,346           | 3.6%                     |                            | 3.6%                        |                  |                        |
| <b>Total Cash and Overlay</b>                     | <b>566,789,667</b>    | <b>4.9%</b>              | <b>0.0%</b>                | <b>4.9%</b>                 | <b>0.0%</b>      | <b>4.9%</b>            |
| <b>Total Fund</b>                                 | <b>11,458,258,889</b> | <b>100%</b>              | <b>100%</b>                |                             | <b>100%</b>      |                        |

\*Current targets and ranges reflect asset allocation targets accepted by the Board on April 28, 2021 (BOR Resolution 2021-4).

\*\*Private Equity long-term target includes Real Assets/Infrastructure (see Asset Allocation Mix 5 adopted December 9, 2020).

**Private Market Investments  
As of August 31, 2021**

**REAL ESTATE - Value Add**

|                                  | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment | Market Value       | % of Total Asset | Outstanding Commitment |
|----------------------------------|----------------|--------------------|----------------|---------------------|------------------------|--------------------|--------------------|------------------|------------------------|
| Invesco IREF III                 | 08/01/13       | 08/01/20           |                |                     |                        | 35,000,000         | 162,593            | 0.00%            |                        |
| Invesco IREF IV                  | 12/01/14       | 12/01/21           |                |                     |                        | 35,000,000         | 16,395,885         | 0.14%            | 4,453,599              |
| Invesco IREF V                   | 09/11/18       | 09/11/25           |                |                     |                        | 75,000,000         | 61,399,552         | 0.54%            | 21,256,455             |
| Long Wharf FREG IV               | 08/14/13       | 09/30/21           |                |                     |                        | 25,000,000         | 1,702,678          | 0.01%            |                        |
| Long Wharf FREG V                | 10/31/16       | 09/30/24           |                |                     |                        | 50,000,000         | 33,541,147         | 0.29%            |                        |
| Long Wharf LREP VI               | 02/05/20       | 02/05/28           |                |                     |                        | 50,000,000         | 13,090,686         | 0.11%            | 33,723,223             |
| LaSalle Income & Growth Fund VI  | 01/31/12       | 01/31/19           |                |                     |                        | 75,000,000         | 19,683,553         | 0.17%            | 3,946,000              |
| LaSalle Income & Growth Fund VII | 10/31/16       | 09/30/24           |                |                     |                        | 75,000,000         | 56,287,370         | 0.49%            | 8,502,404              |
|                                  |                |                    |                |                     |                        | <b>630,000,000</b> | <b>202,263,464</b> | <b>1.77%</b>     | <b>71,881,682</b>      |
| <b>Outstanding Commitments</b>   |                |                    |                |                     |                        |                    | <b>71,881,682</b>  |                  |                        |
| <b>Total</b>                     |                |                    |                |                     |                        |                    | <b>274,145,146</b> |                  |                        |

**REAL ESTATE -Opportunistic & Distressed**

|  | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment | Market Value       | % of Total Asset | Outstanding Commitment |
|--|----------------|--------------------|----------------|---------------------|------------------------|--------------------|--------------------|------------------|------------------------|
| DLJ Real Estate Capital Partners, L.P. III         | 06/30/05       | 06/30/14           | in full liq.   |                     |                        | 75,000,000         | 15,282,500         | 0.13%            | 4,031,338              |
| DLJ Real Estate Capital Partners, L.P. IV          | 12/31/07       | 09/30/18           |                |                     |                        | 100,000,000        | 54,502,575         | 0.48%            | 1,876,084              |
| DLJ Real Estate Capital Partners, L.P. V           | 07/31/13       | 12/31/22           |                |                     |                        | 75,000,000         | 64,445,186         | 0.56%            | 5,200,784              |
| DLJ Real Estate Capital Partners, L.P. VI          | 02/28/19       | 01/31/29           |                |                     |                        | 50,000,000         | 30,980,750         | 0.27%            | 21,346,526             |
| Oaktree Real Estate Opportunities Fund V           | 02/01/11       | 02/01/21           |                |                     |                        | 50,000,000         | 1,749,127          | 0.02%            | 25,750,000             |
| Oaktree Real Estate Opportunities Fund VI          | 09/30/13       | 09/30/20           |                |                     |                        | 80,000,000         | 27,743,023         | 0.24%            | 18,400,000             |
| Oaktree Real Estate Opportunities Fund VII         | 02/28/15       | 02/28/23           |                |                     |                        | 65,000,000         | 42,584,000         | 0.37%            | 16,120,000             |
| Siguler Guff Distressed Real Estate Opp. Fund      | 07/30/11       | 07/30/22           |                |                     |                        | 75,000,000         | 22,136,197         | 0.19%            | 5,625,000              |
| Siguler Guff Distressed Real Estate Opp. Fund II   | 08/31/13       | 08/31/25           |                |                     |                        | 70,000,000         | 41,702,206         | 0.36%            | 8,015,000              |
| Siguler Guff Distressed Real Estate Opp. II Co-Inv | 01/31/16       | 10/31/25           |                |                     |                        | 25,000,000         | 15,795,735         | 0.14%            | 4,462,138              |
| Paulson Real Estate Fund II                        | 11/10/13       | 11/10/20           |                |                     |                        | 20,000,000         | 19,231,221         | 0.17%            | 654,377                |
| Angelo Gordon Realty Fund VIII                     | 12/31/11       | 12/31/18           |                |                     |                        | 80,000,000         | 18,487,795         | 0.16%            | 12,334,302             |
| Angelo Gordon Realty Fund IX                       | 10/10/14       | 10/10/22           |                |                     |                        | 65,000,000         | 52,040,817         | 0.45%            | 7,572,500              |
|  |                |                    |                |                     |                        | <b>830,000,000</b> | <b>406,681,132</b> | <b>3.55%</b>     | <b>131,388,049</b>     |
| <b>Outstanding Commitments</b>                     |                |                    |                |                     |                        |                    | <b>131,388,049</b> |                  |                        |
| <b>Total</b>                                       |                |                    |                |                     |                        |                    | <b>538,069,181</b> |                  |                        |

**PRIVATE CREDIT**

|   | Inception Date | Target Termination | # of Extension | Discretion by GP/LP | New Target Termination | Funding Commitment   | Market Value         | % of Total Asset | Outstanding Commitment |
|---|----------------|--------------------|----------------|---------------------|------------------------|----------------------|----------------------|------------------|------------------------|
| Torchlight Debt Opportunity Fund III      | 09/30/08       | 06/30/16           | 2nd 1 YR       | LP                  | 06/30/18               | 75,000,000           | 0                    | 0.00%            | 0                      |
| Torchlight Debt Opportunity Fund IV       | 08/01/12       | 08/30/20           |                |                     |                        | 60,000,000           | 8,857,430            | 0.08%            | 0                      |
| Torchlight Debt Opportunity Fund V        | 12/31/14       | 09/17/22           |                |                     |                        | 75,000,000           | 17,727,798           | 0.15%            | 15,000,000             |
| Angelo Gordon Energy Credit Opportunities | 09/10/15       | 09/10/20           |                |                     |                        | 16,500,000           | 3,274,937            | 0.03%            | 2,319,783              |
| CCCERA StepStone                          | 12/01/17       | 11/30/27           |                |                     |                        | 1,020,000,000        | 738,076,805          | 6.44%            | 399,371,709            |
|   |                |                    |                |                     |                        | <b>1,374,500,000</b> | <b>767,936,970</b>   | <b>6.70%</b>     | <b>416,691,492</b>     |
| <b>Outstanding Commitments</b>            |                |                    |                |                     |                        |                      | <b>416,691,492</b>   |                  |                        |
| <b>Total</b>                              |                |                    |                |                     |                        |                      | <b>1,184,628,462</b> |                  |                        |

**Private Market Investments  
As of August 31, 2021**

| <b>PRIVATE EQUITY</b>                   | <b>Inception Date</b> | <b>Target Termination</b> | <b># of Extension</b> | <b>Discretion by GP/LP</b> | <b>New Target Termination</b> | <b>Funding Commitment</b> | <b>Market Value</b>  | <b>% of Total Asset</b> | <b>Outstanding Commitment</b> |
|---|-----------------------|---------------------------|-----------------------|----------------------------|-------------------------------|---------------------------|----------------------|-------------------------|-------------------------------|
| Adams Street Partners                   | 12/22/95              | 12/22/25                  |                       |                            |                               | 269,565,614               | 182,985,207          | 1.60%                   | 20,892,580                    |
| Adams Street Secondary II               | 12/31/08              | 12/31/20                  |                       |                            |                               | 30,000,000                | 4,949,864            | 0.04%                   | 1,635,000                     |
| Adams Street Secondary V                | 10/31/12              | 10/31/22                  |                       |                            |                               | 40,000,000                | 19,063,555           | 0.17%                   | 9,154,125                     |
| Adams Street Venture Innovation Fund    | 03/09/16              | 03/09/28                  |                       |                            |                               | 75,000,000                | 148,213,851          | 1.29%                   | 15,712,500                    |
| AE Industrial Partners Fund II          | 05/18/18              | 05/18/28                  |                       |                            |                               | 35,000,000                | 30,867,626           | 0.27%                   | 15,276,467                    |
| Bay Area Equity Fund                    | 06/14/04              | 12/31/14                  | 2nd 2 YR              | LP                         | 12/31/2017                    | 10,000,000                | 2,389,492            | 0.02%                   | 0                             |
| Bay Area Equity Fund II                 | 2/29/09               | 12/31/19                  |                       |                            |                               | 10,000,000                | 12,656,090           | 0.11%                   | 0                             |
| Carpenter Community BancFund            | 10/31/09              | 10/31/19                  |                       |                            |                               | 30,000,000                | 0                    | 0.00%                   | 0                             |
| EIF USPF II                             | 06/15/05              | 06/15/15                  | 3rd 1 YR              | LP                         | 06/15/18                      | 50,000,000                | 4,883,535            | 0.04%                   | 0                             |
| EIF USPF III                            | 02/28/07              | 02/28/17                  | 1st 1 YR              | LP                         | 02/28/18                      | 65,000,000                | 20,836,279           | 0.18%                   | 0                             |
| EIF USPF IV                             | 06/28/10              | 06/28/20                  |                       |                            |                               | 50,000,000                | 34,605,663           | 0.30%                   | (383,080)                     |
| Ares EIF V                              | 09/09/15              | 11/19/25                  |                       |                            |                               | 50,000,000                | 21,686,489           | 0.19%                   | 22,742,894                    |
| Genstar Capital Partners IX             | 02/18/19              | 02/18/29                  |                       |                            |                               | 50,000,000                | 59,368,285           | 0.52%                   | 6,214,628                     |
| Genstar Capital Partners X              | 04/01/21              | 04/01/31                  |                       |                            |                               | 42,500,000                | 0                    | 0.00%                   | 42,500,000                    |
| GTCR VIII                               | 10/27/20              | 12/31/36                  |                       |                            |                               | 50,000,000                | 1,043,494            | 0.01%                   | 50,000,000                    |
| Hellman & Friedman Capital Partners     | 05/10/21              | 05/10/31                  |                       |                            |                               | 75,000,000                | 0                    | 0.00%                   | 75,000,000                    |
| Oaktree Private Investment Fund 2009    | 02/28/10              | 12/15/19                  |                       |                            |                               | 40,000,000                | 1,265,097            | 0.01%                   | 6,308,961                     |
| Ocean Avenue Fund II                    | 05/07/14              | 05/07/24                  |                       |                            |                               | 30,000,000                | 27,153,134           | 0.24%                   | 3,000,000                     |
| Ocean Avenue Fund III                   | 12/09/15              | 12/09/25                  |                       |                            |                               | 50,000,000                | 44,100,795           | 0.38%                   | 6,000,000                     |
| Paladin III                             | 08/15/08              | 08/15/18                  |                       |                            |                               | 25,000,000                | 27,754,533           | 0.24%                   | 419,157                       |
| Pathway                                 | 11/09/98              | 05/31/21                  |                       |                            |                               | 125,000,000               | 8,706,761            | 0.08%                   | 10,590,894                    |
| Pathway 2008                            | 12/26/08              | 12/26/23                  |                       |                            |                               | 30,000,000                | 20,988,116           | 0.18%                   | 2,959,145                     |
| Pathway 6                               | 05/24/11              | 05/24/26                  |                       |                            |                               | 40,000,000                | 46,515,480           | 0.41%                   | 3,694,214                     |
| Pathway 7                               | 02/07/13              | 02/07/23                  |                       |                            |                               | 70,000,000                | 89,164,214           | 0.78%                   | 5,514,253                     |
| Pathway 8                               | 11/23/15              | 11/23/25                  |                       |                            |                               | 50,000,000                | 73,118,879           | 0.64%                   | 5,785,840                     |
| Siguler Guff CCCERA Opportunities       | 06/03/14              | 05/31/25                  |                       |                            |                               | 200,000,000               | 157,637,381          | 1.38%                   | 29,597,500                    |
| Siguler Guff Secondary Opportunities    | 12/31/16              | 12/31/26                  |                       |                            |                               | 50,000,000                | 0                    | 0.00%                   | 0                             |
| Siris Partners IV                       | 05/18/18              | 05/18/28                  |                       |                            |                               | 35,000,000                | 26,139,108           | 0.23%                   | 14,895,014                    |
| TPG Healthcare Partners, L.P.           | 06/27/19              | 06/27/29                  |                       |                            |                               | 24,000,000                | 8,584,037            | 0.07%                   | 17,127,594                    |
| Trident VIII, L.P.                      | 05/24/19              | 05/24/29                  |                       |                            |                               | 40,000,000                | 33,753,971           | 0.29%                   | 10,202,086                    |
| <b>Real Assets</b>                      |                       |                           |                       |                            |                               |                           |                      |                         |                               |
| Aether III & III Surplus                | 11/30/13              | 11/30/20                  |                       |                            |                               | 75,000,000                | 60,355,398           | 0.53%                   | 4,032,557                     |
| Aether IV                               | 01/01/16              | 01/01/28                  |                       |                            |                               | 50,000,000                | 46,805,709           | 0.41%                   | 6,925,464                     |
| Commonfund Capital Natural Resources IX | 06/30/13              | 06/30/20                  |                       |                            |                               | 50,000,000                | 37,971,266           | 0.33%                   | 4,100,006                     |
| Wastewater Opportunity Fund             | 12/31/15              | 11/30/22                  |                       |                            |                               | 25,000,000                | 16,475,694           | 0.14%                   | 1,320,083                     |
|   |                       |                           |                       |                            |                               | <b>1,986,065,614</b>      | <b>1,270,039,002</b> | <b>12.68%</b>           | <b>391,217,881</b>            |
| <b>Outstanding Commitments</b>          |                       |                           |                       |                            |                               |                           | <b>391,217,881</b>   |                         |                               |
| <b>Total</b>                            |                       |                           |                       |                            |                               |                           | <b>1,661,256,883</b> |                         |                               |

Market value equals the most recent reported net asset value, plus capital calls after net asset value date, less distributions after net asset value date.  
The Target Termination column is the beginning of liquidation of the fund, however, some funds may be extended for an additional two or three years.



Meeting Date  
10/27/2021  
Agenda Item  
#6

**Contra Costa County Employees' Retirement Association  
Liquidity Report – August 2021**

**August 2021 Performance**

|   | Cash Flow           | Coverage Ratio |
|---|---------------------|----------------|
| Benefit Cash Flow Projected by Model          | \$45,000,000        |                |
| Liquidity Sub-Portfolio Cash Flow             | \$45,000,000        | 100%           |
| Actual Benefits Paid                          | \$45,299,653        | 99.3%          |
| <i>Next Month's Projected Benefit Payment</i> | <i>\$45,000,000</i> |                |

**Monthly Manager Positioning – August 2021**

|                         | Beginning Market Value | Liquidity Program Cash Flow | Market Value Change/Other Activity | Ending Market Value    |
|-------------------------|------------------------|-----------------------------|------------------------------------|------------------------|
| Sit                     | \$595,842,855          | (\$5,000,000)               | (\$1,433,696)                      | \$589,409,159          |
| DFA                     | \$323,385,343          | (\$3,000,000)               | (\$325,827)                        | \$320,059,516          |
| Insight                 | \$877,285,915          | (\$37,000,000)              | \$441,107                          | \$840,727,021          |
| <b>Liquidity</b>        | <b>\$1,796,514,113</b> | <b>(\$45,000,000)</b>       | <b>(\$1,318,417)</b>               | <b>\$1,750,195,697</b> |
| Cash                    | \$771,287,846          | (\$299,653)                 | (\$359,030,847)                    | \$411,957,346          |
| <b>Liquidity + Cash</b> | <b>\$2,567,801,959</b> | <b>(\$45,299,653)</b>       | <b>(\$360,349,264)</b>             | <b>\$2,162,153,043</b> |

**Functional Roles**

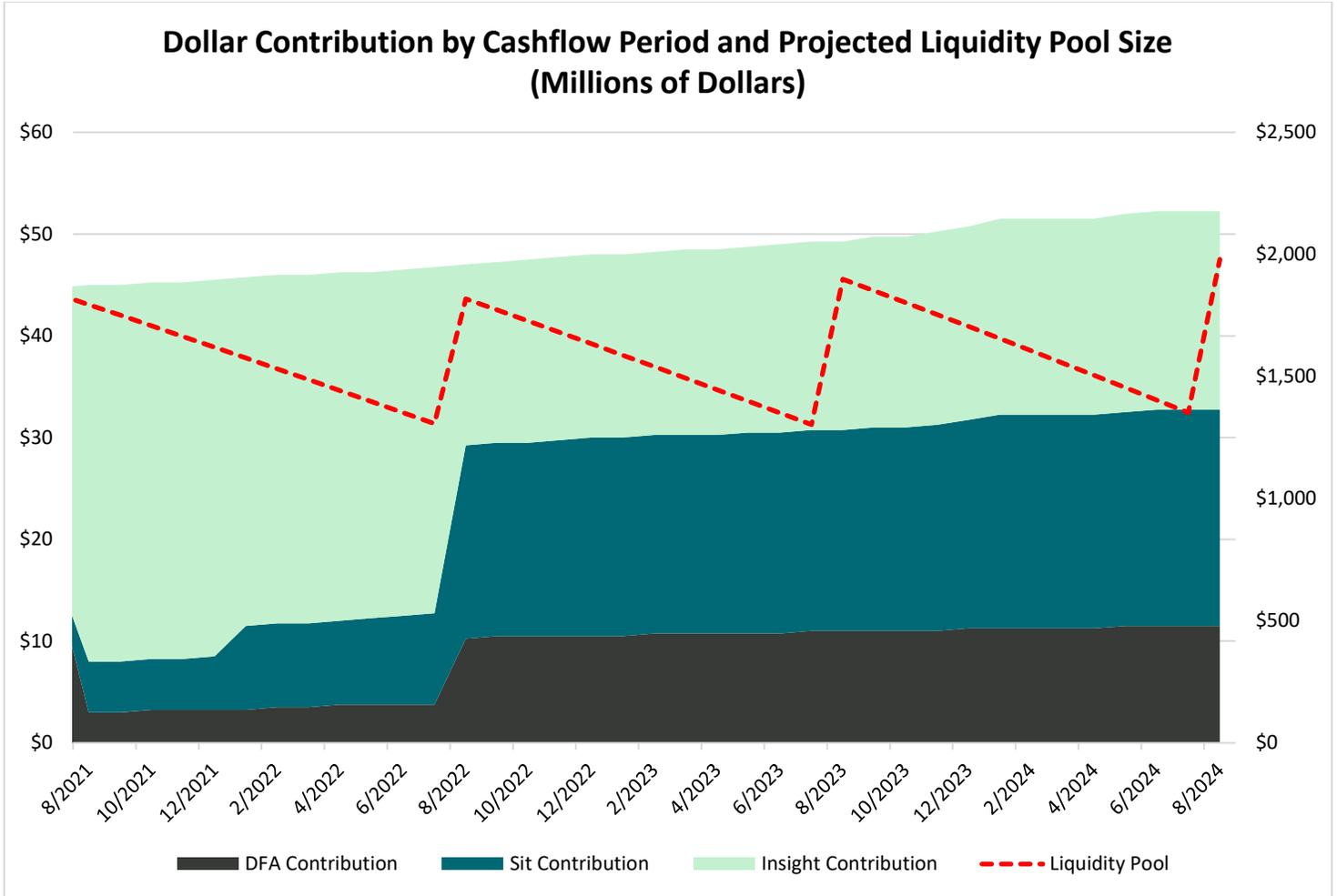
| Manager | Portfolio Characteristics   | Liquidity Contribution   |
|---------|---|--|
| Sit     | High quality portfolio of small balance, government guaranteed mortgages with higher yields.        | Pays out net income on monthly basis.  |
| DFA     | High quality, short duration portfolio of liquid, low volatility characteristics.                   | Pays out a pre-determined monthly amount. DFA sources liquidity from across their portfolio.   |
| Insight | Buy and maintain (limited trading) portfolio of high quality, short duration, primarily corporates. | Completion portfolio makes a payment through net income and bond maturities that bridges the gap between other managers and projected payment. |
| Cash    | STIF account at custodial bank.   | Buffer in the event of any Liquidity shortfall/excess.   |

**Notes**

The eighth cash flow for 2021 from the liquidity program was completed on August 23<sup>rd</sup>. The actuarial model cash flow was slightly lower than actual experience, producing \$300 thousand less than the actual benefits paid.

### Cash Flow Structure

The chart below shows the sources of cash flow for the next three years of CCCERA’s projected benefit payments. This table will change slightly as the model is tweaked and as the portfolios receive new rounds of funding each August as part of the Annual Funding Plan.



Meeting Date

10/27/2021

Agenda Item

#7a.



Rishi Garbharran

Investment Officer

# Private Credit Overview

October 27, 2021

# Role of Private Credit in CCCERA Portfolio

## CCCERA Long-Term Asset Allocation Targets

**Growth**  
(76%)  
Range = 65-85%

**Liquidity**  
(17%)  
Range = 11-22%

**Risk Diversifying**  
(7%)  
Range = 0-10%

**Public Equity (32%)**

**Public Debt (17%)**

**Low Beta Strategies (7%)**

**Private Equity (15%)**

**Private Credit (13%)**

**Real Estate (10%)**

**Real Assets (3%)**

**Risk Parity (3%)**

- Began investing in second quarter of 2018
- Long-term return target = 10% net IRR
- Long-term asset allocation target = 13% of CCCERA portfolio
- Full deployment projected for 2024
  - ~\$1.5 billion targeted program size in 2024



# CCCERA Private Credit Program – Key Participants

**CCCERA**

**Monitors Stepstone’s implementation of the Private Credit Program**

**Stepstone**

**Implements CCCERA’s Private Credit Program – including top-down strategy identification/selection, bottom-up investment manager evaluation/selection, and portfolio management / monitoring**

**Investment  
Managers**

**Source, evaluate, execute, and monitor private credit investments primarily within separately managed accounts or commingled (private equity style) drawdown funds**



Meeting Date  
**10/27/2021**  
Agenda Item  
**#7b.**



CCCERA Board Presentation  
Private Debt Update

October 2021

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All data is as of March 2021 unless otherwise noted.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.**

# Agenda

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- I. StepStone Group Update
- II. Market Observations
- III. Review of Private Debt Program
- IV. Private Debt Performance

# I. STEPSTONE GROUP UPDATE

# StepStone Group Overview



StepStone is a global private markets investment firm offering customized solutions and advisory and data services to our clients

**\$465B**

in private capital allocations<sub>1</sub>

**\$90B**

assets under management<sub>1</sub>

**\$50B+**

annual commitments<sub>2</sub>

**580+**

professionals



## Private Markets Access

Comprehensive coverage across:

- Private Equity
- Real Estate
- Infrastructure & Real Assets
- Private Debt



## Research Focused

StepStone annually conducts:<sup>3</sup>

- 3,900 manager meetings
- 420 investment committee approvals

Market intelligence on over:

- 14,000 GPs
- 38,000 funds
- 66,000 companies



## Investment Strategies

Specialized teams covering:

- Fund Investments
- Secondaries
- Co-Investments



## Sophisticated Client Base

Creating solutions for:

- Corporations
- Defined Contribution Plans
- Endowments/Foundations
- Insurance Companies
- Pension Funds
- Private Wealth/Family Offices
- Sovereign Wealth Funds

All dollars are USD.

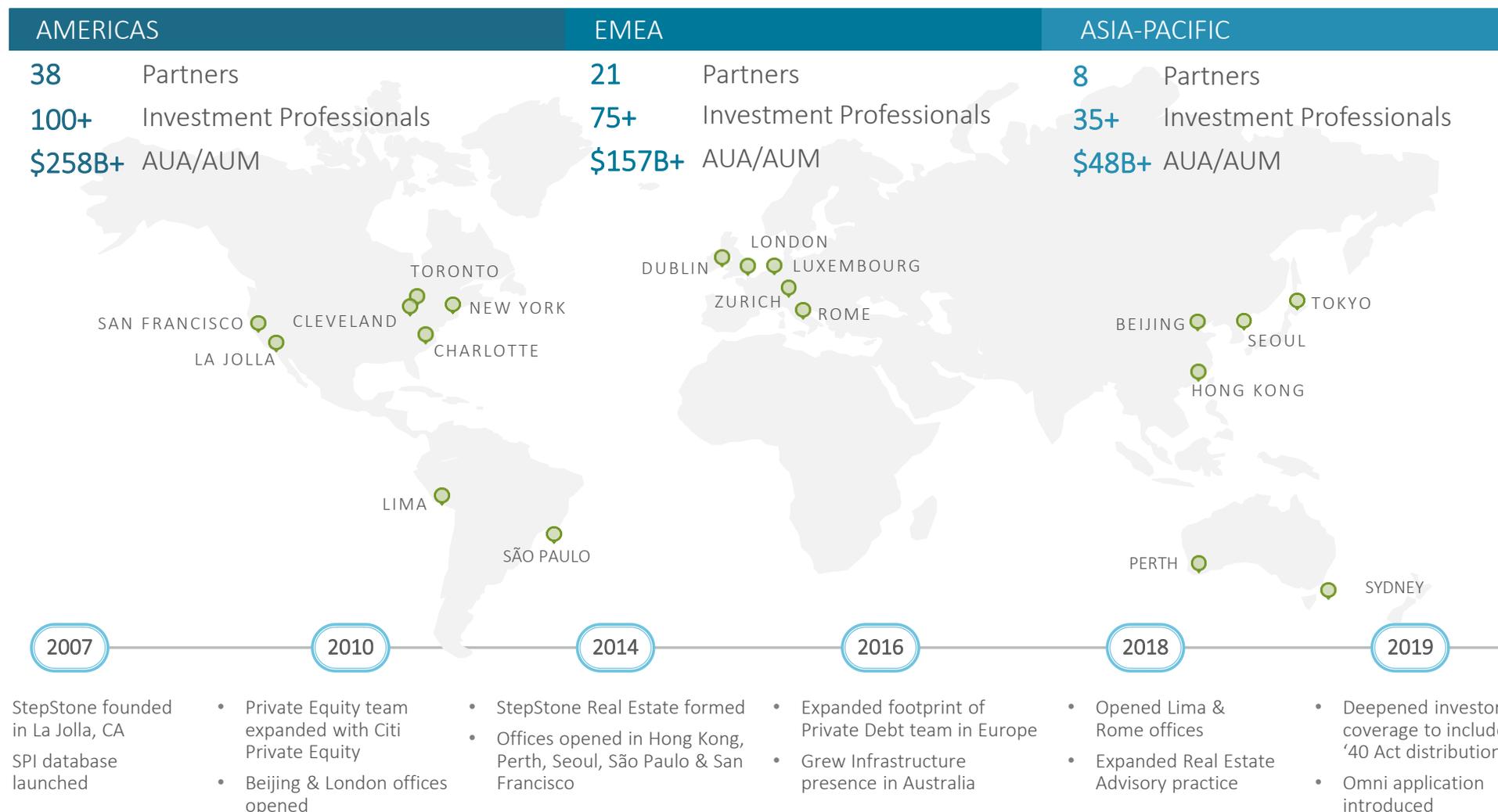
1. \$465B indicates total assets which includes \$90B in assets under management as of June 30, 2021. Reflects final data for the prior period (March 31, 2021), adjusted for net new client account activity through June 30, 2021. Does not include post-period investment valuation or cash activity.

2. StepStone approved over \$50B+ in 2020. Represents StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes.

3. Last twelve months through June 30, 2021.

# Global Presence with Deep Relationships

StepStone has strategically grown across 19 offices in 13 countries to build enduring relationships with our clients and GPs



All headcount is presented as of July 31, 2021. AUM/AUA as of June 30, 2021. Reflects final data for the prior period (March 31, 2021), adjusted for net new client account activity through June 30, 2021. Does not include post-period investment valuation or cash activity. Asia-Pacific headcount includes professionals with investment-related responsibilities.

# Corporate Private Debt Team



## INVESTMENT TEAM PARTNERS



**Marcel Schindler**  
Zurich



**Urs von Buren**  
Zurich



**Meinrad Wyser**  
Zurich



**John Bohill**  
Dublin & London



**Stephen Penney**  
Dublin



**Marc-André Mittermayer**  
Zurich



**Aiyu Nicholson\***  
New York



**Jan Kuhlmann**  
Zurich



**Ariel Goldblatt**  
New York

## ADVISORS/ PRODUCT SPECIALIST PARTNERS



**Hans-Jörg Baumann**  
Zurich



**Christian Hinze**  
Zurich



**Matthias Erb**  
Zurich



**Thomas Häfliger**  
Zurich



**Tobias Meier**  
Zurich



**Christian Frei**  
Zurich

## +26 DEDICATED INVESTMENT AND RESEARCH PROFESSIONALS

|  |  |   |  |
|--|--|---|--|
| Srdjan Vlaski<br>Managing Director, Zurich   | Alesia Dawidowicz<br>Managing Director, Zurich | Orla Walsh<br>Managing Director, London | Sophie Aslan<br>Director, London         |
| Bryan O'Dowd<br>Director, Dublin             | Fabian Körzendörfer<br>Director, Zurich        | Mark Tsang<br>Director, London          | Jovan Samardzic<br>Director, Zurich      |
| Edward Panarese*<br>Vice President, New York | Barry Trueick<br>Vice President, Dublin        | David Han<br>Vice President, New York   | Samar Abbas*<br>Vice President, New York |
| Kenneth McLaughlin<br>Sr. Associate, Dublin  | Jared Root<br>Vice President, New York         | Gary Gipkhin<br>Sr. Associate, New York | Tamara Milosevic<br>Associate, Zurich    |
| Brian Delpit*<br>Sr. Associate, La Jolla     | Kristjan De Lucca<br>Associate, Zurich         | Alice Song*<br>Associate, New York      | Brendan McDonnell<br>Analyst, Dublin     |
| Martin Progin<br>Sr. Analyst, Zurich         | Sebastian Dobson<br>Sr. Analyst, London        | Marc Oetiker<br>Analyst, Zurich         | Niklas Floersch<br>Analyst, London       |
| Frederik Hädicke<br>Analyst, Zurich          | Kinson Cheung<br>Analyst, New York             |   |  |

## +8 DEDICATED PRODUCT SPECIALISTS

|  |  |
|--|--|
| Stephan Tscheulin<br>Managing Director, Zurich | Marc Lickes<br>Director, Zurich          |
| Selin Pinarci<br>Vice President, Zurich        | Paula Hartnett<br>Vice President, Dublin |
| Deborah Egglar<br>Vice President, Zurich       | Luca Hänni<br>Senior Associate, Zurich   |
| Michael Wator<br>Senior Associate, Zurich      | Björn Frei<br>Senior Analyst, Zurich     |

+11 INFRASTRUCTURE & REAL ASSETS

+ 13 REAL ESTATE

+ 46 RESOURCES DEDICATED TO PRIVATE DEBT<sup>1</sup>

GLOBAL INTEGRATED PLATFORM  
OVER 160 PROFESSIONALS

MONITORING & REPORTING

COMPLIANCE, TAX & LEGAL

MARKETING & CLIENT SERVICES

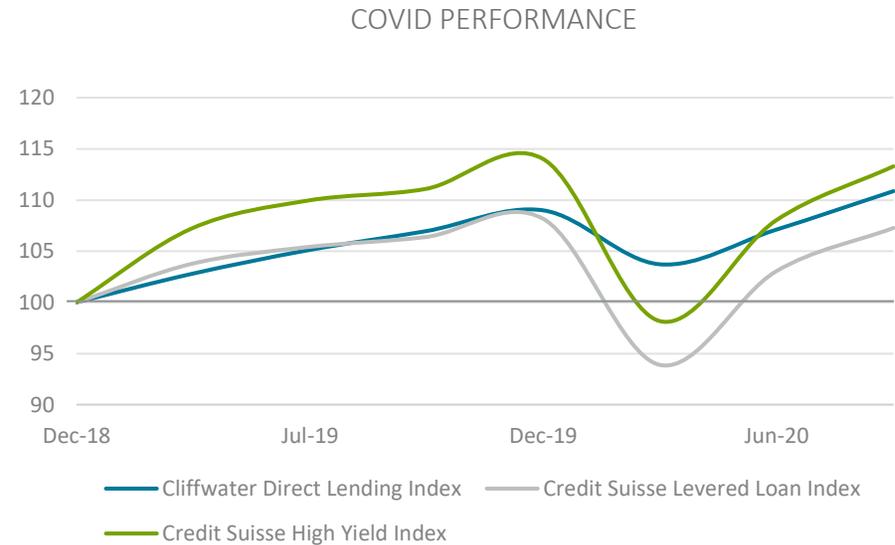
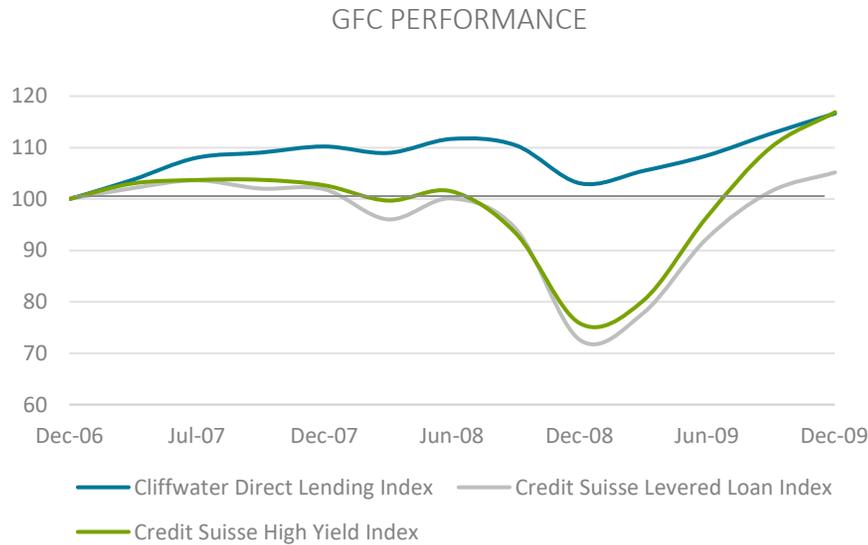
FINANCE & ADMINISTRATION

## II. MARKET OBSERVATIONS

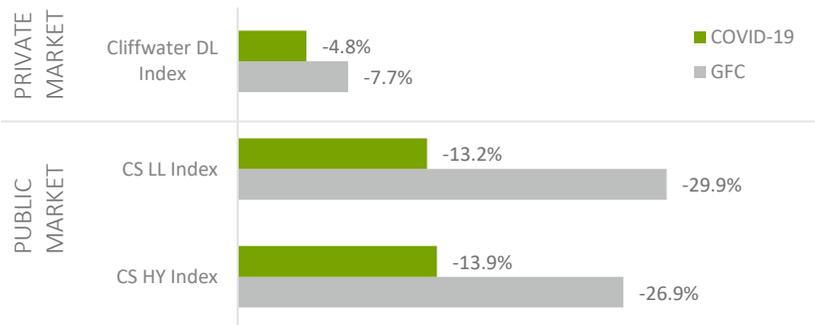
*MARKET DYNAMICS THROUGH COVID*

# Resilience of Private Debt through Crisis

## PRIVATE DEBT MARKET RESILIENCY



## MAXIMUM DRAWDOWN

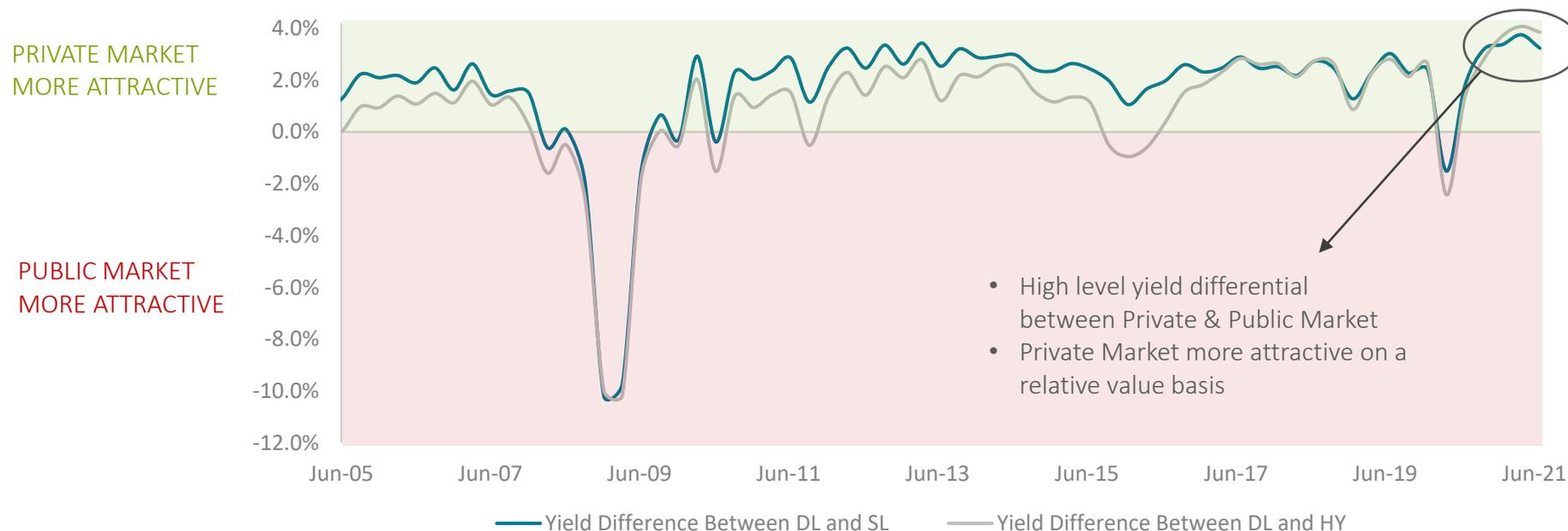


## OBSERVATIONS

- Direct lending exhibited robust performance in both the GFC and COVID environment
- In both periods, private debt experienced significantly lower drawdowns relative to the traded public markets
- Even in periods of stress, private debt provided relatively smooth returns without creating excessive volatility

# Private Markets Attractive on a Relative Value Basis

## DIRECT LENDING REMAINS ATTRACTIVE – YIELD PREMIUM PRIVATE VS. PUBLIC MARKET



| ASSET CLASS                   | ENTRY YIELD | DIFFERENCE VS DL |
|-------------------------------|-------------|------------------|
| Direct Lending <sup>1</sup>   | 8.0%        | n/a              |
| Syndicated Loans <sup>2</sup> | 4.8%        | 3.2%             |
| High Yield <sup>2</sup>       | 4.2%        | 3.8%             |

### OBSERVATIONS

- Public markets are relatively expensive due to unprecedented monetary and fiscal stimulus activity
- On a relative value basis, private markets reached historical highs versus public markets

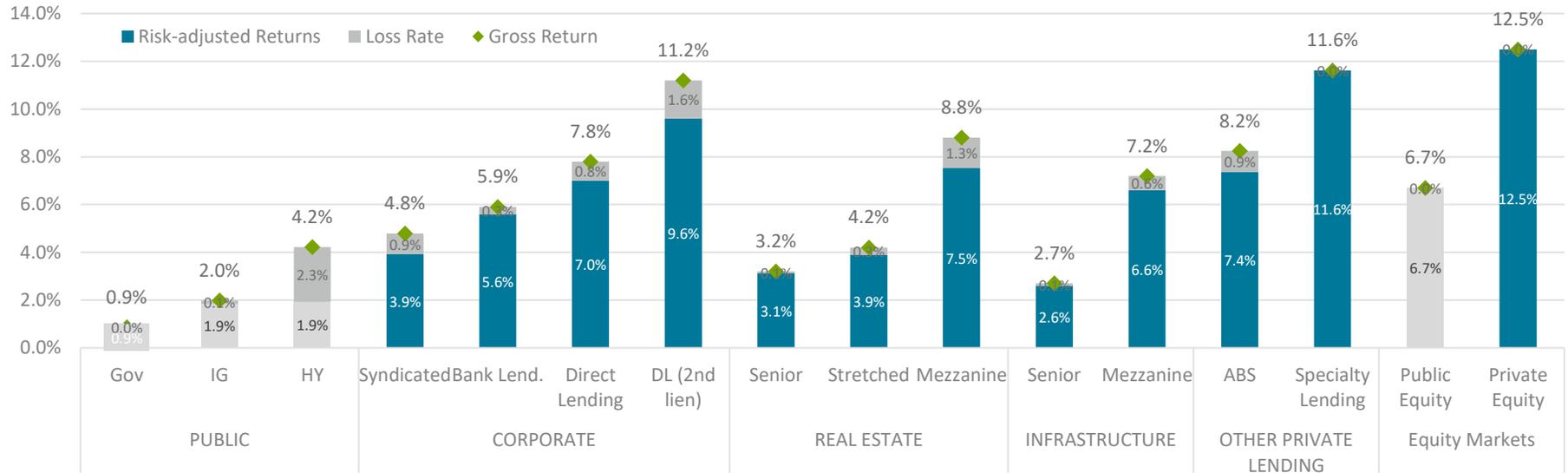
Source: Data as of Q2 2021. Historical yields are based on StepStone internal database for direct lending and on Credit Suisse Leveraged Loan Index and on Credit Suisse High Yield Index for Syndicated Loans and High Yield Bonds, respectively

1 Direct Lending yields are the weighted average yield of the deals which were originated in Q2 2021 and in which StepStone has invested

2 For syndicated loans and HY bonds, traded yields are presented as the investors would enter the market at those yields

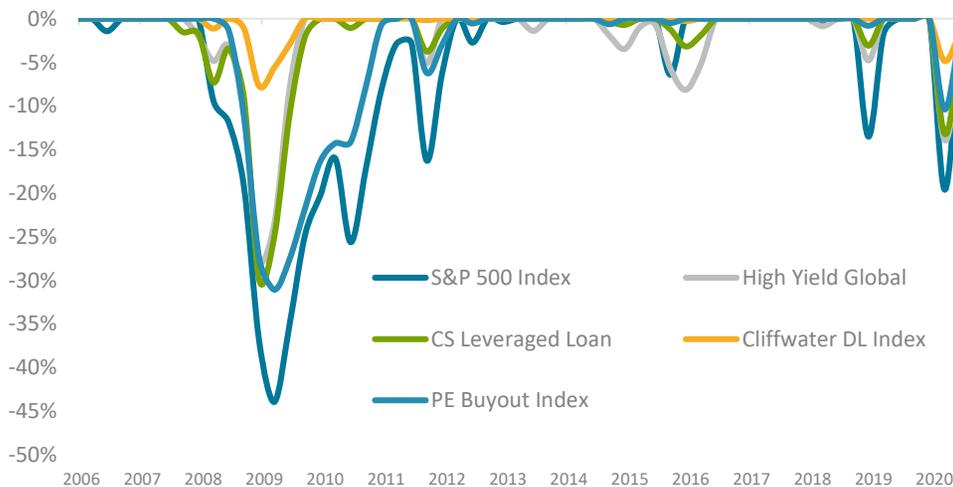
# Increased Attractiveness vs. Public Markets across all PD Asset Classes

## RISK ADJUSTED YIELD PICK UP VIA ILLIQUIDITY PREMIUM

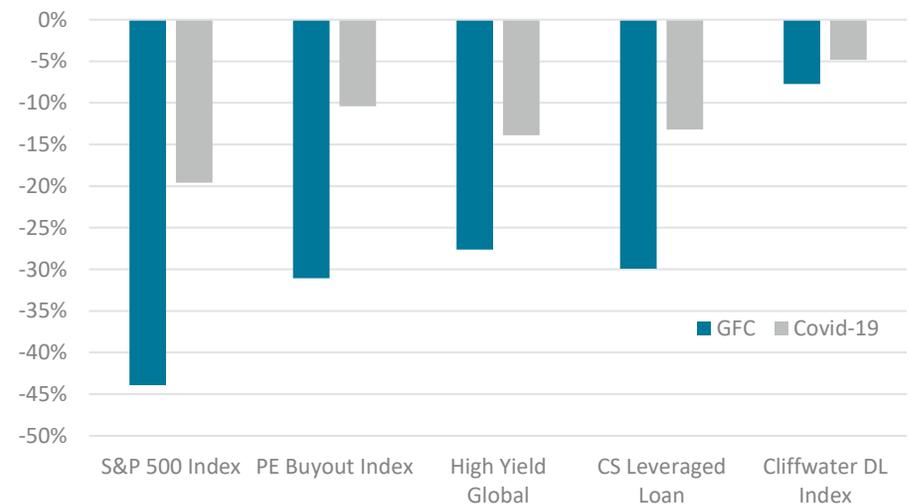


## STABILITY OF RETURNS & LOW VOLATILITY : LOWER DRAWDOWNS AND SHORTER RECOVERY

### UNDERWATER CHART

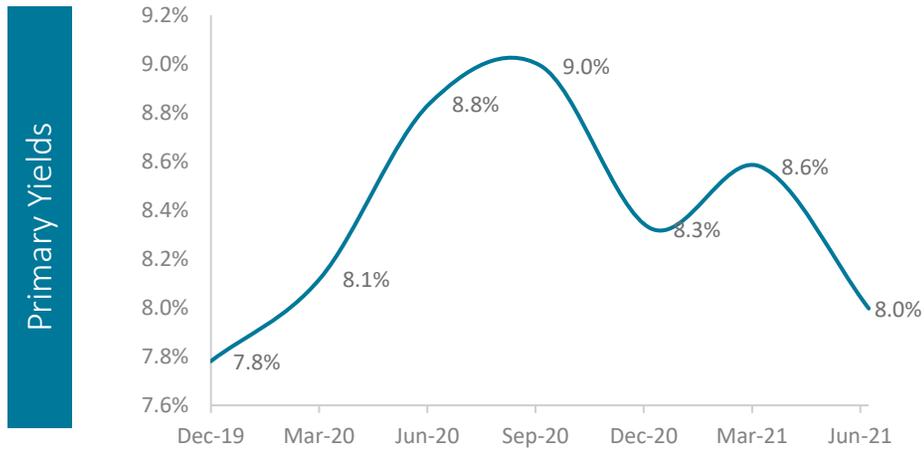


### DRAWDOWNS (UNREALIZED)



# Yields and Risk Parameters through COVID-19

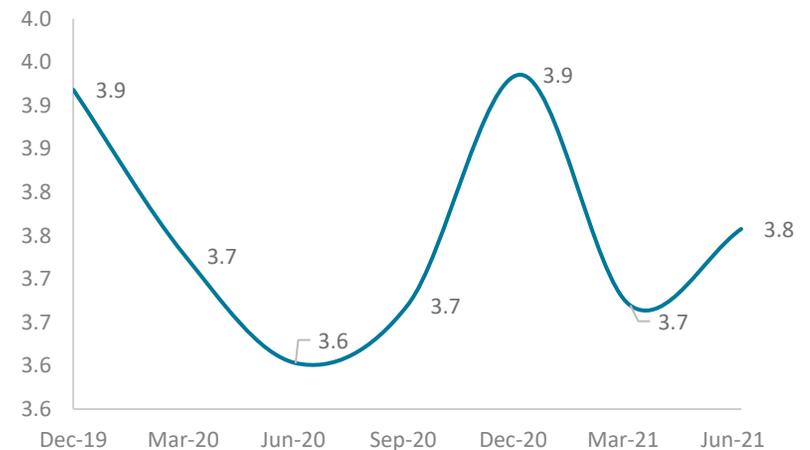
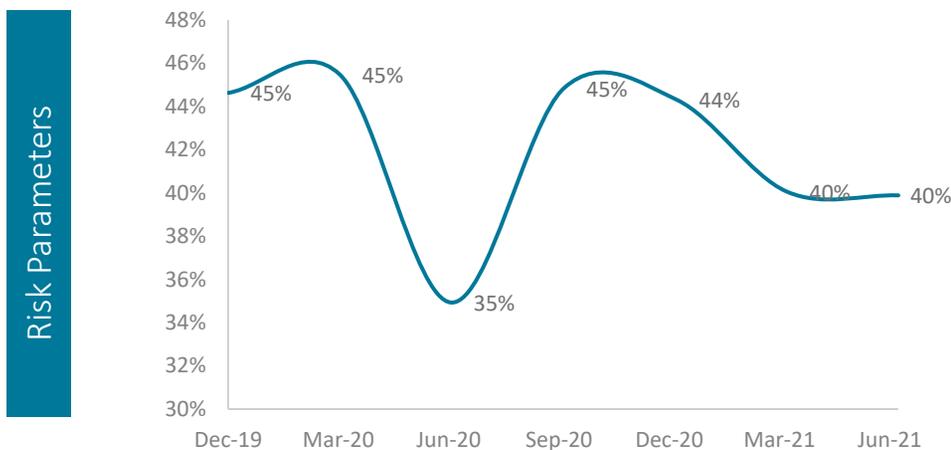
## PRIMARY MARKET YIELDS – SPIKE CONTAINED BY SEARCH FOR YIELD



### OBSERVATIONS

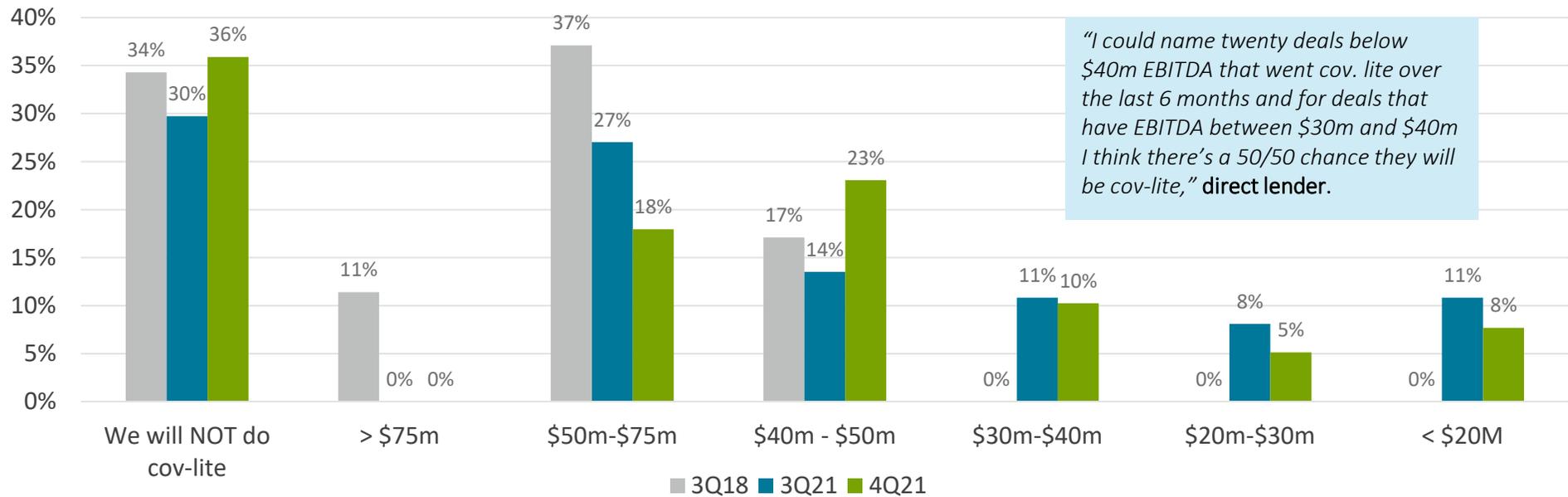
- Basis for analysis is newly originated first lien secured transactions
- Mainly no- to -low impacted borrowers and industries, i.e., no hard to finance transactions
- Overall clear trend towards pre-crisis levels
- Included # of transactions in the observation:
  - Pre-2020: 289 (US)
  - 2020: 192 (US) & 2021: 174 (US)

## LTV & LEVERAGE – COVID-19 PROVIDED LENDER WITH STRONGER NEGOTIATION POWER FOR A SHORT WHILE

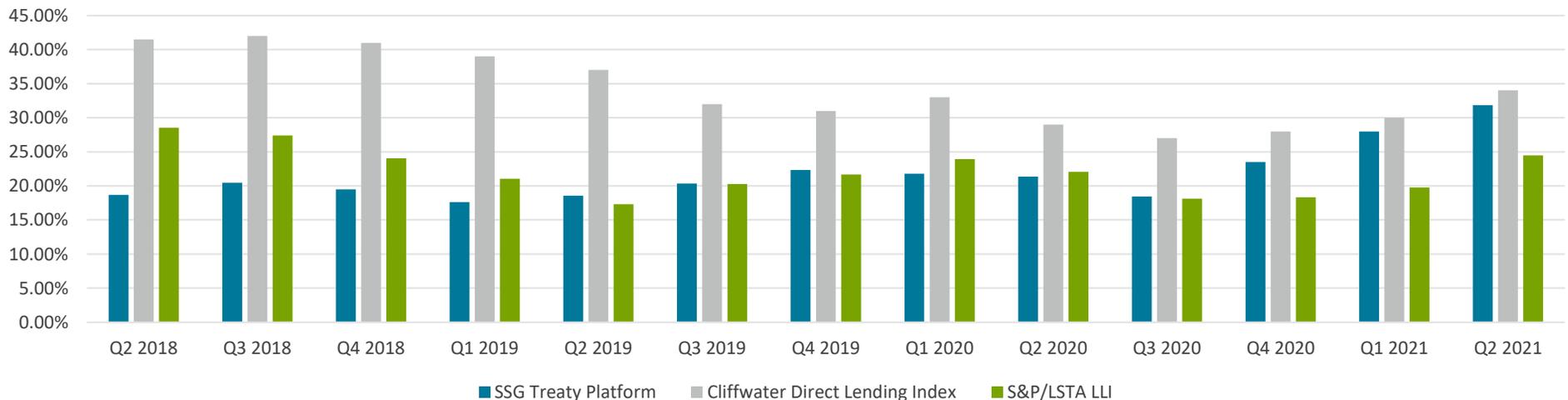


# Additional Challenges – Covenant-lite and Refinancings

## WHAT IS YOUR MINIMUM EBITDA THRESHOLD FOR DOING COVENANT LITE TRANSACTIONS? (% OF RESPONDENTS)



## REPAYMENTS



Source: Refinitiv LPC's Middle Market Connect, Q4 2021 Lender Outlook Survey. Repayments as of Q2 2021. The senior leverage for the SSG Treaty Platform is based on the weighted average senior leverage (at origination) for all currently outstanding loans on the SSG Treaty Platform. The vintage is based on the launch date of a given transaction. Source: StepStone Platform, Cliffwater Index, S&P500

# The Good, the continued Challenges & our Solution

THE GOOD – the Direct Lending Market proved its Resilience

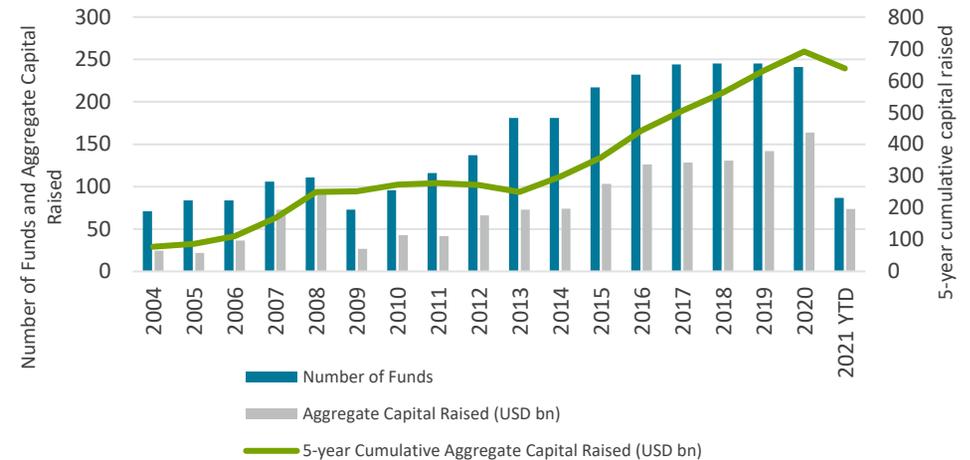


## *NEW MARKET TRENDS*

## ATTRACTIVE MARKET DYNAMICS

- 3,000+ and 500+ primary transactions in the US and Europe per annum
- The number of private debt funds and the amount of capital raised has multiplied since 2009
- Despite COVID-19, record 2H'2020 deployment continuing into 2021

## HISTORICAL PRIVATE DEBT FUNDRAISING BY YEAR



## BENEFITS

### LP

- ✓ Stable and diversified returns
- ✓ Typically sourced on a no fee / no carry basis
- ✓ Accelerated capital deployment
- ✓ Greater control of portfolio

### GP

- ✓ Avoid syndicating to competitors
- ✓ Enhance/develop relationships with existing/potential LPs/advisors

## CHALLENGES

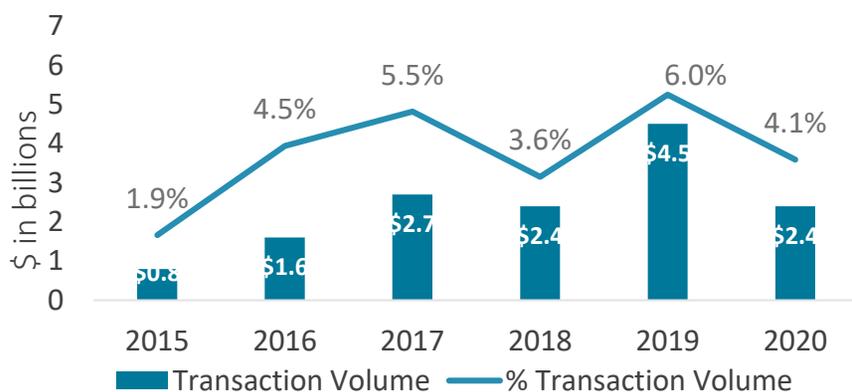
- Tight timelines
- Participant versus lender of record conundrum

# Secondary Market Dynamics

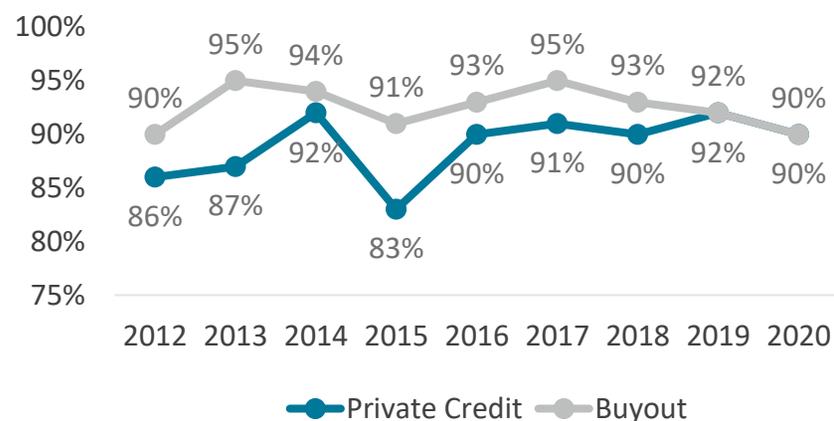
## ATTRACTIVE MARKET DYNAMICS

- Private debt secondary volume small portion of overall secondary market (4.1% in 2020)...but growing
- Debt secondary ≠ PE secondary

## TRANSACTION VOLUME



## AVERAGE PRICING



## BENEFITS

### LP

- ✓ Reduced deployment duration and faster turnaround on distributions
- ✓ Ability to buy at a discount to the Net Asset Value

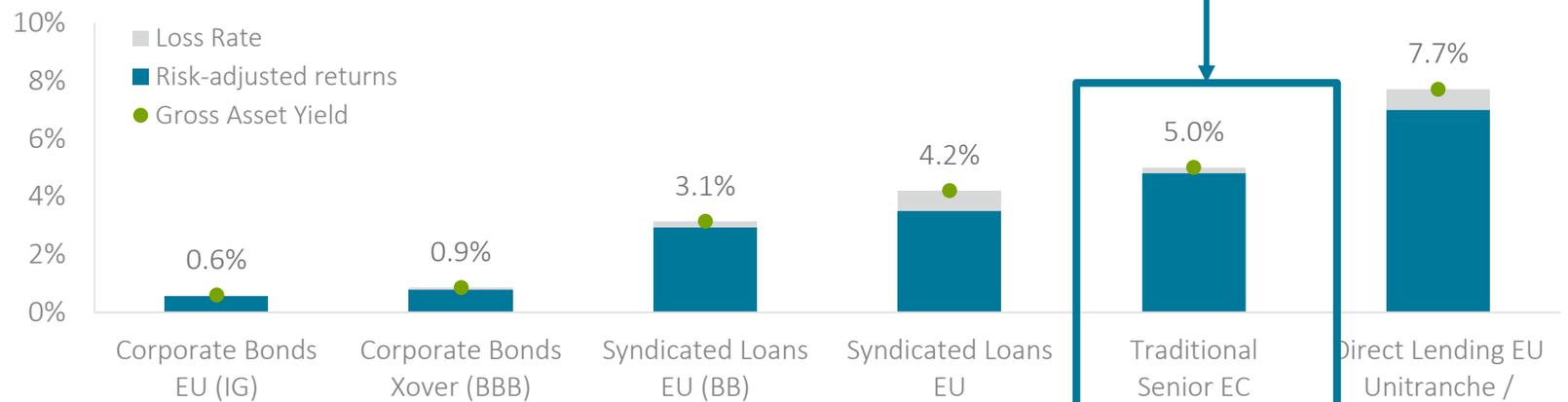
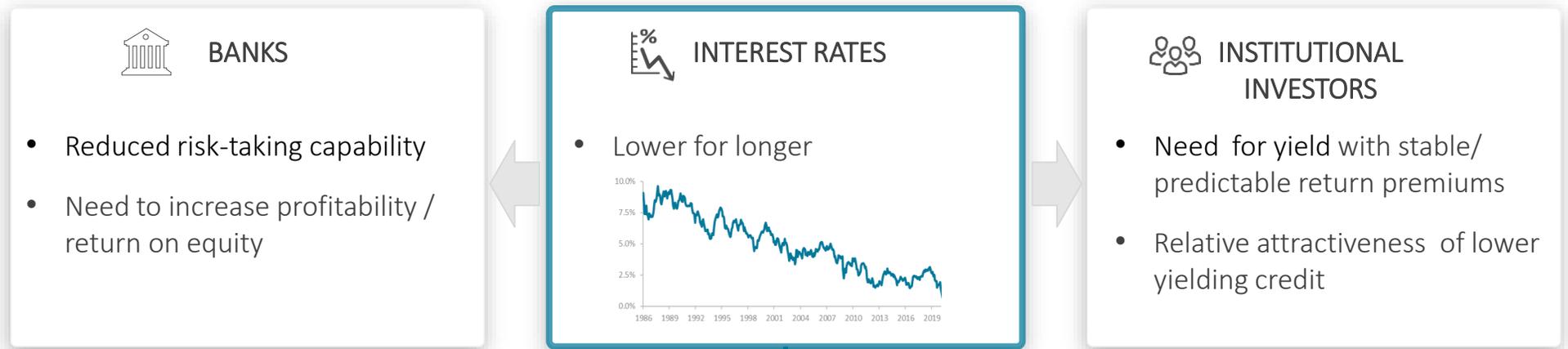
### GP

- ✓ Enhance/develop relationships with existing/potential LPs/advisors
- ✓ Free up capital for new investments / reduce individual position concentrations in the case of GP-led secondaries

## CHALLENGES

- Tight timelines

# Relative Attractiveness – Lower Yielding EC Senior



|  |              |                        |                       |                       |                             |                                   |
|--|--------------|------------------------|-----------------------|-----------------------|-----------------------------|-----------------------------------|
| MAX DRAWDOWN (2020)  | 5-6%         | 7-8%                   | 9-11%                 | 10-15%                | 1-2%                        | 4-5%                              |
| REALIZED LOSS RATES:<br>(i) AVERAGE /EXPECTED<br>(ii) STRESSED | Assumed zero | (i) 0.07%<br>(ii) 0.3% | (i) 0.2%<br>(ii) 1.5% | (i) 0.8%<br>(ii) 5.4% | (i) 0.25%<br>(ii) 1 – 1.25% | (i) 0.6 – 0.9%<br>(ii) 3.6 – 5.4% |

Source: "Corporate Bonds EU" Data based on average of FTSE EU Broad IG Corporate Index. "Corporate Bonds Xover (BBB)" Data based on iTraxx Xover EU BBB Index. Xover Bond loss rates are calculated by assuming 70% recovery rates and taking the annualized BBB default rate from the Moody's Annual Default Study 2020. "Syndicated Loans EU" based on CS Western European Leverage Loan Index. "Syndicated Loans EU BB" based on CS Western European Leverage Loan BB Index. "Traditional Senior / Stretched Senior" based on StepStone database and estimates. "Direct Lending EU Unitranche" based on SSG EU Platform/database average of Lower, Middle and Upper Market. Loss rates based on SSG calculations and assumptions. Data as of March 2021.

# Other Lending Strategies...

## ... between Two Established Markets



 Market sizes represent private debt fund capacity estimated by StepStone

## *SUMMARY*

# Private Debt — Investment Implications

## 1 INVESTMENT ENVIRONMENT

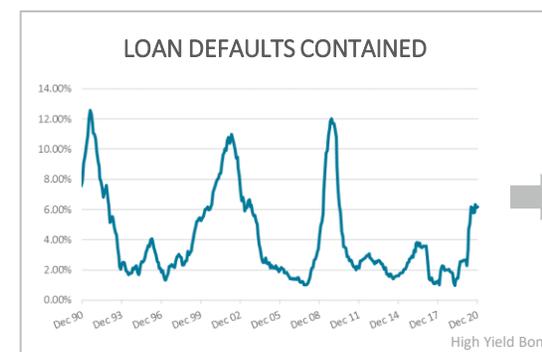
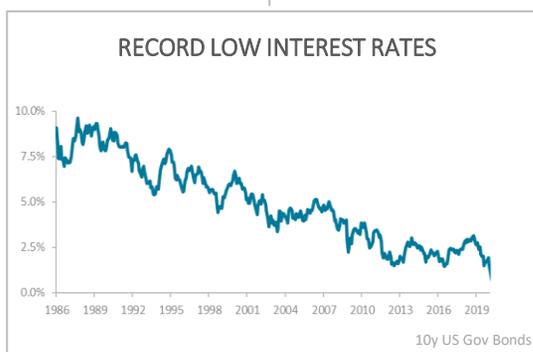
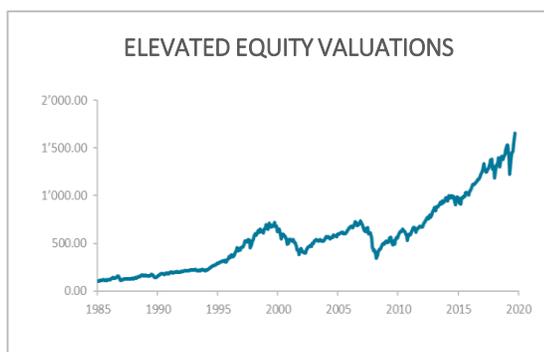


EXTENSION & ACCELERATION OF LONG-TERM TRENDS

MONETARY INTERVENTIONS



FISCAL STIMULUS



## 2 PRIVATE DEBT MARKET

CONSEQUENCES FOR PRIVATE DEBT MARKETS

GPs / SUPPLY

- Acceleration of bank **disintermediation**
- **New investment opportunities** for alternative lenders
- Industry consolidation and institutionalization (larger funds / lower returns?)
- Sourcing / fee pressure
- Replacement of Public Markets

LPs / DEMAND

- **Long-term liability funding gap** - continues to drive search for yields
- **High valuations / low yields in public markets** → alternative income sources
- Increase in private debt allocations / systematic integration into SAA / risk management / M&R
- Openness for new investment concepts

- Decrease in absolute return levels
- Increase in relative attractiveness of Private vs Public Markets
- **New** and attractive deployment alternatives

### III. REVIEW OF PRIVATE DEBT PROGRAM

## WHAT HAS BEEN DONE SO FAR

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- In **April 2017** the CCCERA Board **approved a Private Debt mandate** and selected **StepStone** as implementation partner
- StepStone and CCCERA management **worked closely to establish investment guidelines**, the implementation of the mandate **started in H2 2017**, and the first separately managed account started investing in Q2 2018
- During bi-weekly calls and regular in-person meetings, investment opportunities are discussed, and an exchange of observations and market information is facilitated
- As of March 31, 2021, the portfolio has committed a total of \$995m in line with the agreed upon investment guidelines: **\$700m has been committed to Core managers, \$195m has been committed to Satellite funds and \$100m cumulatively has been funded to co-investments including recycled capital**
- StepStone regularly provides detailed insights and proposals to topics such as **regulatory capital, specialty finance, real estate credit, opportunistic and distressed debt** and other opportunities

## OUTLOOK H2 2021 - 2022

---

- We continue the implementation as defined in close coordination with the CIO and the investment team
- StepStone established a new \$150m SMA in Q3 2021
- StepStone is targeting two additional \$40m - \$50m Fund investments for H2 2021 – 2022
- StepStone will continue to recycle capital for co-investments as investments are repaid

# Private Debt Investment Objectives



## CCCERA INVESTMENT STRATEGY

Support CCCERA in building a top performing global private debt portfolio by leveraging StepStone's research-intensive approach to invest opportunistically in high quality managers with long-term view of earning a 10% yield on investments over a cycle

### CONTRA COSTA COUNTY ERA'S (CCCERA) INVESTMENT OBJECTIVES

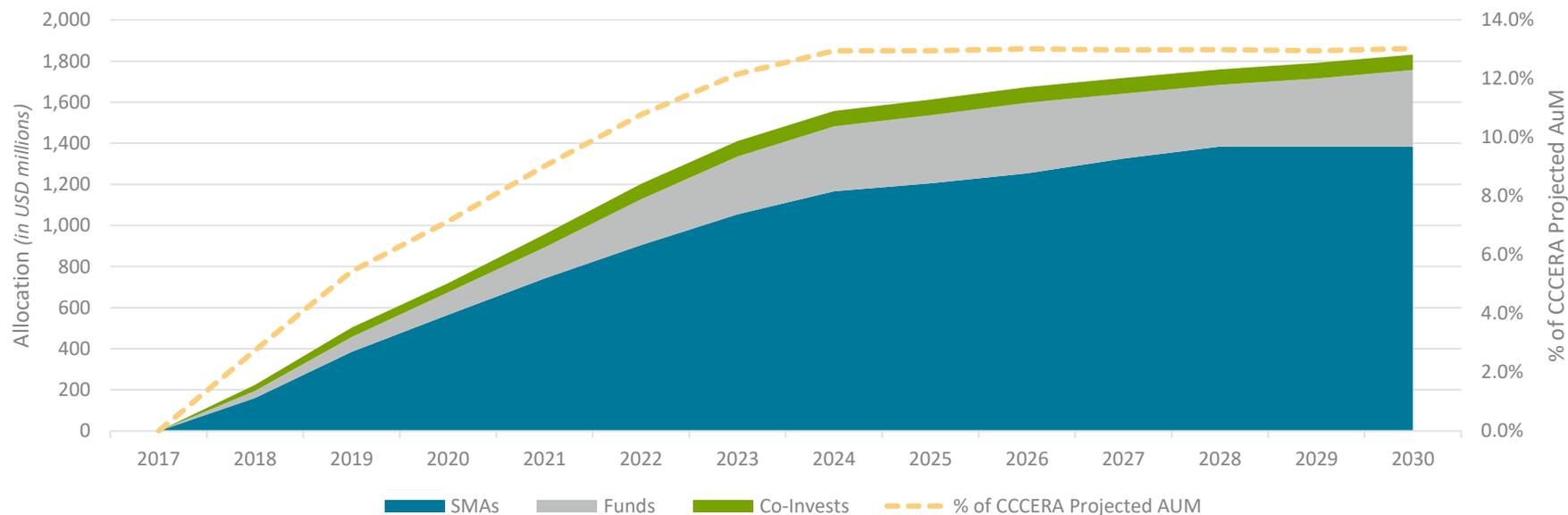
|                           |   |
|---------------------------|---|
| TARGET ASSET ALLOCATION   | Up to 13% of CCCERA's total AUM   |
| ELIGIBLE ASSET CLASSES    | Mainly corporate debt but other asset classes such as real estate debt are not excluded               |
| SUB ASSET CLASSES         | Non-first lien debt: Max US\$300m<br>Non-corporate debt: Max US\$300m                                 |
| RETURN OBJECTIVES         | Target net IRR of approximately 10% over a cycle  |
| CASH YIELD / DISTRIBUTION | Not primary focus, but welcomed   |
| GEOGRAPHIC PREFERENCE     | Global (weighted towards North America)   |
| IMPLEMENTATION            | SMA's, primaries, co-investment and secondaries   |
| FLEXIBILITY               | Retain flexibility to control and steer allocations over time, especially through or post down cycles |

Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target IRRs will be achieved or that the fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target net IRR calculation is available upon request.

# CCCERA Pacing Analysis

- StepStone notes that CCCERA is on track to achieve its target asset allocation of 13%<sup>(1)</sup> by 2024

## Investment Pacing



## H2 2021 - 2022 Priorities

- Established a new \$150m SMA
- StepStone is targeting two additional \$40m - \$50m Fund investments for H2 2021 – 2022
- Continue to recycle capital for co-investments as investments are repaid

(1) As a percentage of CCCERA's total AUM. The target allocation increased from 12.0% to 13.0% in December 2020. For illustrative purposes only.

Cash Flow Models are provided solely for illustrative purposes only. There can be no assurance that actual cash flows will be similar to the model set forth on this slide or that the investment will achieve its investment objectives or avoid substantial losses. Cash flow patterns will vary depending on the activities of the underlying investment. This is a simplified example and may not represent the actual performance the investment. Please let us know if you want to see a cash flow analysis based on assumptions other than those we have used for this analysis.

Close coordination has been achieved over the last twelve months through:

- 26 bi-weekly progress and coordination calls
- A virtual meeting with CCCERA discussing portfolio construction and planning for 2021
- Various ad-hoc discussions on specific topics

| Core  | Satellite  | Co-invest / Secondaries  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Arranged and co-hosted virtual due diligence meetings with pre-selected GPs</li> <li>• Established a new \$150m SMA</li> </ul> | <ul style="list-style-type: none"> <li>• Reviewed 15 different opportunities across seven different strategies</li> <li>• Arranged and co-hosted various due diligence meetings for CCCERA team members</li> <li>• Completed a \$50m investment in a new primary fund</li> <li>• Currently discussing several opportunities</li> </ul> | <ul style="list-style-type: none"> <li>• Reviewed 172 single co-investment opportunities</li> <li>• Invested in 12 new co-investment transactions as of August 31, 2021<sup>(1)</sup></li> </ul> |

Note: All figures LTM as of August 31, 2021

(1) Includes add-on transactions

## IV. PRIVATE DEBT PORTFOLIO PERFORMANCE

# Private Debt Performance Summary



- As of March 31<sup>st</sup>, 2021, CCCERA's private debt portfolio comprised \$995m in commitments to the following 20 investments: 3 SMAs, 5 Primary Funds and 12 Co-Investments
- The portfolio is performing in line with expectations, generating a Gross IRR and Net IRR of 10.0% and 9.3% since inception, respectively

| US\$ in millions                                | March 31, 2021 | March 31, 2020 | December 31, 2020 |
|---|----------------|----------------|-------------------|
| <b>Performance Statistics</b>                   |                |                |                   |
| Number of Managers                              | 20             | 18             | 20                |
| Number of Borrowers <sup>(1)</sup>              | 280            | 234            | 275               |
| Committed Capital                               | \$995          | \$827          | \$991             |
| NAV   | \$750          | \$519          | \$721             |
| Target Gross IRR                                | >10%           | >10%           | >10%              |
| Gross IRR <sup>(2)</sup>                        | 10.0%          | 4.1%           | 9.5%              |
| Net IRR <sup>(3)</sup>                          | 9.3%           | 3.0%           | 8.6%              |
| <b>Portfolio Statistics<sup>(1)</sup></b>       |                |                |                   |
| Average Leverage Through Tranche                | 4.7x           | 4.6x           | 4.7x              |
| Median EBITDA                                   | \$31m          | \$46m          | \$32m             |
| Traditional 1 <sup>st</sup> Lien and Unitranche | 99.2%          | 99.7%          | 99.3%             |
| % of closed deals w/ one or more Covenants      | 100.0%         | 97.2%          | 100.0%            |

1. Data excludes investments in Real Estate Credit and Regulatory Capital. Co-investment portfolio data only includes current active investments.

2. Net of GP fees but not StepStone's fees.

3. Net of GP fees and StepStone's fees.

Source: StepStone Research

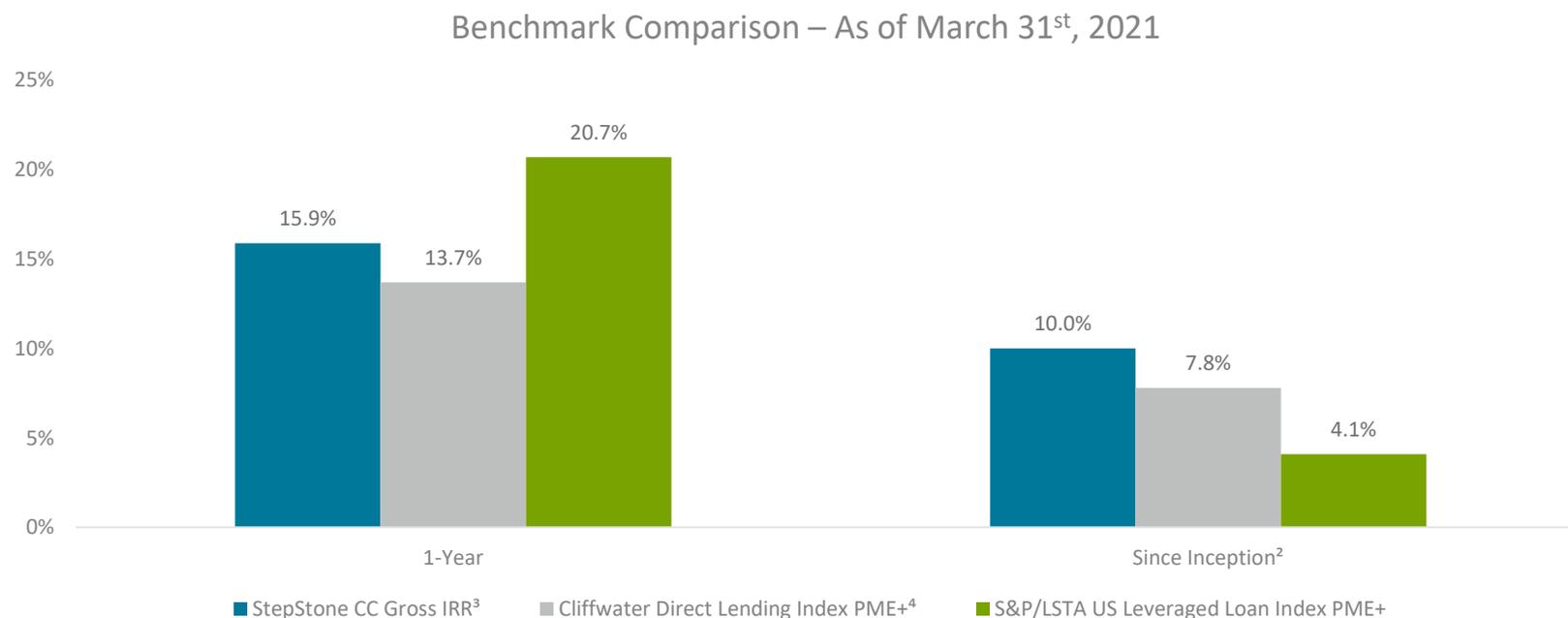
Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target IRRs will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target IRR calculations is available upon request. Gross IRR will ultimately be reduced by management fees, carried interest, taxes, and other fees and expenses.

Past performance is not necessarily indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses.

For illustrative purposes only

# Performance versus Benchmarks

- StepStone CC portfolio has outperformed the benchmarks through March 31<sup>st</sup>, 2021



1. QTD IRR is not annualized.

2. Inception represents date of first capital call on February 12<sup>th</sup>, 2018.

3. StepStone CC IRR is net of underlying fund and investment fees, but not net of StepStone Advisory fees.

4. Cliffwater Direct Lending Index Total Return (TR) PME+ starts with the Long Nickels calculations and represents the opportunity cost comparison of how funds would have performed had they been invested in the public index using a coefficient to scale the fund's distributions so that the public market theoretical valuation remains positive.

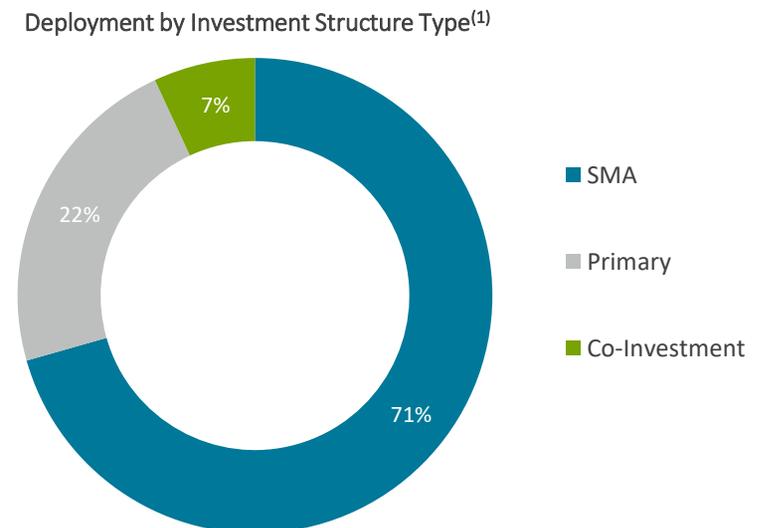
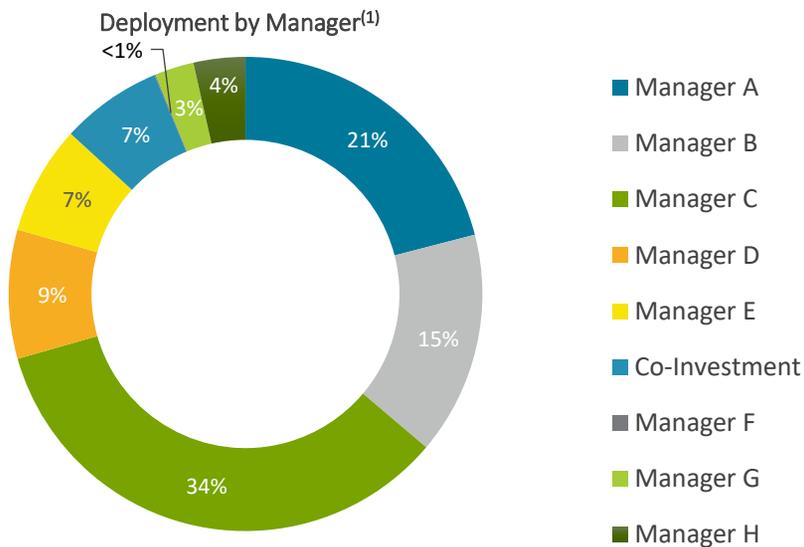
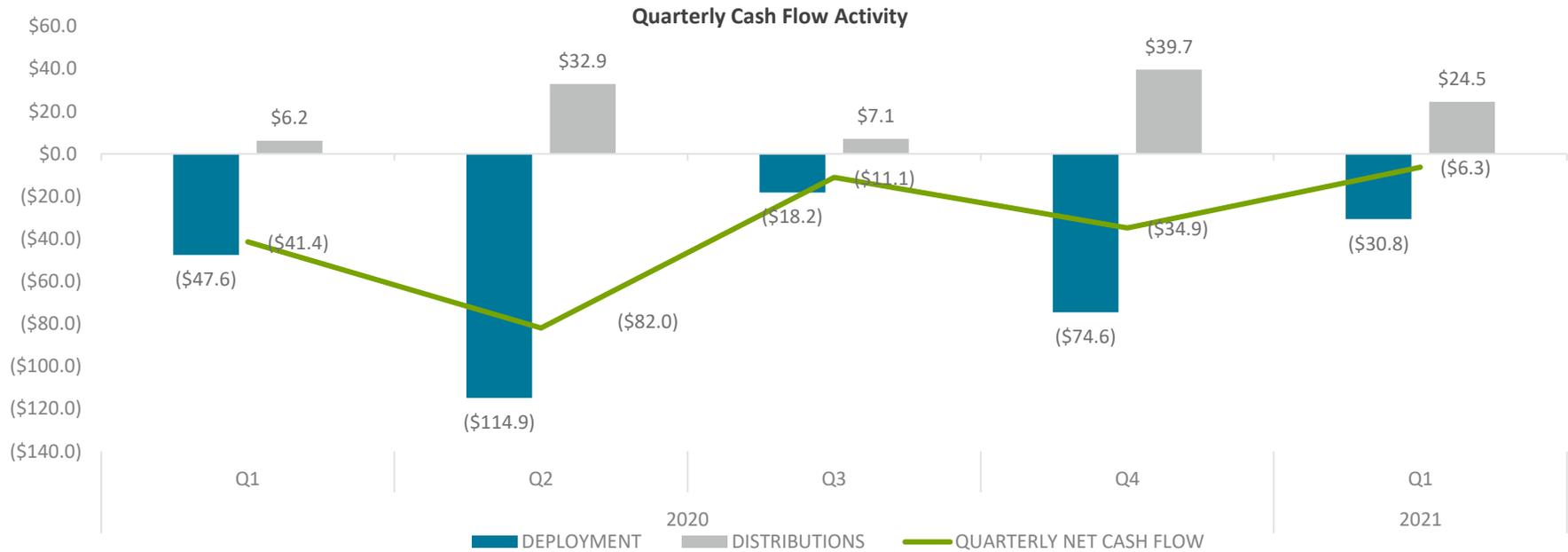
Notes: The indices is shown for general market comparison and is not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. Returns under one year are unannualized.

Source: StepStone Research

**Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses.**

# Cash Flow Analysis – Fund Level

- From March 31, 2020 to March 31, 2021, the Fund deployed \$286.1 m to underlying investments

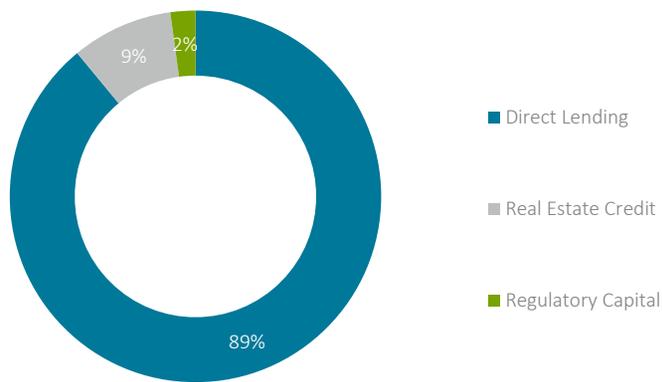


1. Represents data from March 31<sup>st</sup>, 2020 through March 31<sup>st</sup>, 2021.

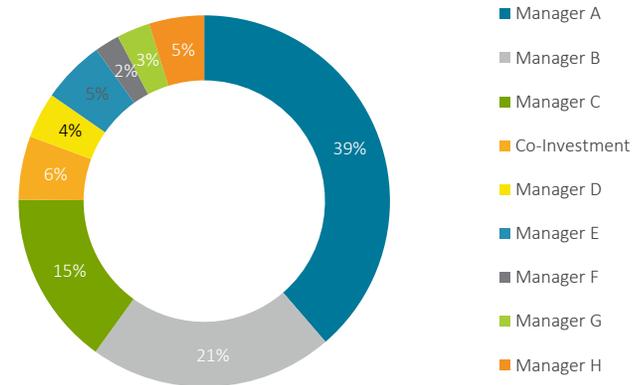
# Portfolio Exposure<sup>(1)</sup>

## Fund Level Exposure

By Strategy

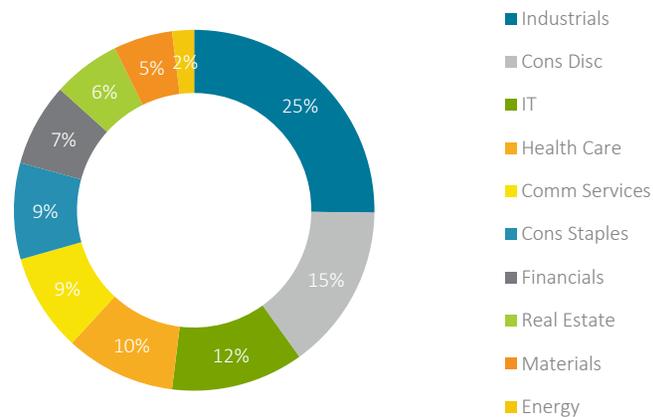


By Manager <sup>(2)</sup>

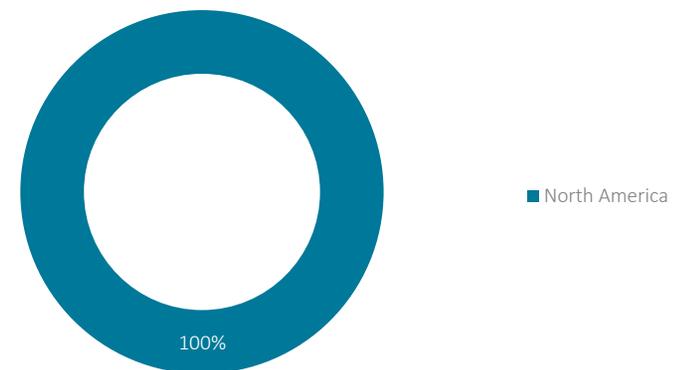


## Underlying Look-Through Exposure <sup>(3)</sup>

By Sector



By Geography



Data as of March 31<sup>st</sup>, 2021.

1. Exposure represents the sum of the (i) unfunded balance and the (ii) fair market value as provided by the general partner.
2. Managers represented for co-investments have brought their respective deals forward.
3. Diversified/Not Specified consists of Other and Diversified assets not specified by the underlying managers.

**Risks Associated with Investments.** Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

**Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered.** The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

**Reliance on Third Parties.** StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

**Reliance on Managers.** The investment will be highly dependent on the capabilities of the managers.

**Risk Associated with Portfolio Companies.** The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

**Uncertainty Due to Public Health Crisis.** A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

**Taxation.** An investment involves numerous tax risks. Please consult with your independent tax advisor.

**Conflicts of Interest.** Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

**Allocation of Investment Opportunities.** StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

**Existing Relationships.** StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

**Carried Interest.** In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

## Risks and Other Considerations (cont.)



**Other Activities.** Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

**Material, Non-Public Information.** From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.

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77 St George's Terrace  
Perth, WA 6000, Australia

## SYDNEY

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One Farrer Place  
Sydney NSW 2000 Australia

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## LONDON

2 St James's Market  
London SW1Y 4AH

## SAN FRANCISCO

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San Francisco, CA 94111

## TORONTO

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10 Gukjegeumyung-ro  
Yeoungdeungpo-gu,  
Seoul 07326 Korea

*Meeting Date*  
**10/27/2021**  
*Agenda Item*  
**#8**



Timothy Price, CFA  
Chief Investment Officer

# Risk Diversifying Sub-Portfolio Review

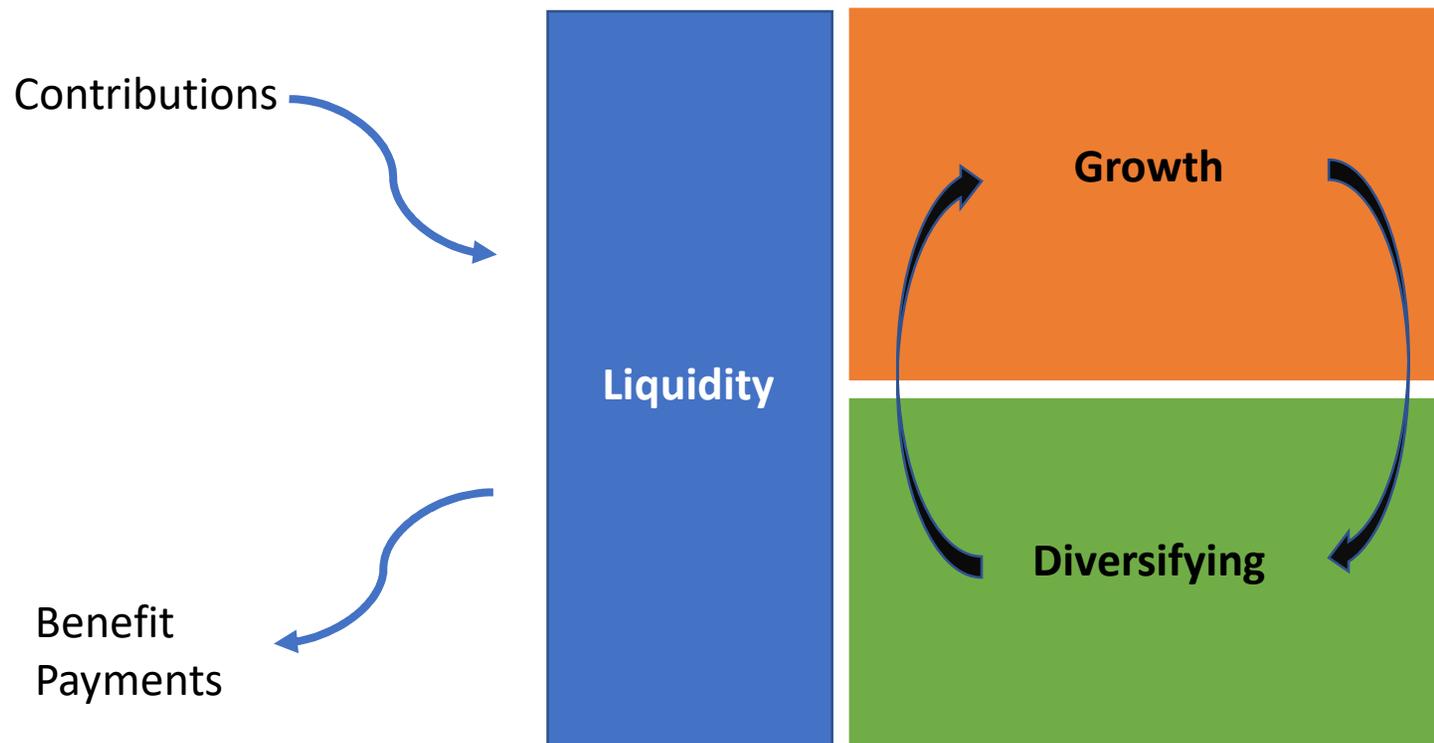
October 27, 2021

# Review of Risk Diversifying Sub-Portfolio

1. Role of Risk Diversifying in CCCERA portfolio
2. Characteristics of diversifying assets
3. Structure of Risk Diversifying allocation
4. CCCERA performance
5. Potential programmatic enhancements

# Role of Risk Diversifying in CCCERA Portfolio

- Downside protection to diversify the growth allocation
- Liquid pool of capital to capture stressed growth opportunities



# Characteristics of Risk Diversifying Strategies

| Quality   | Rationale   |
|---|---|
| Low to negative correlation with growth assets        | Act as diversifying offset to CCCERA's large growth (equity) allocation with positive returns in downturns.   |
| High liquidity during periods of equity market stress | Must be able to redeploy these assets to capture opportunities in stressed environment.                       |
| Positive expected real return                         | We want strategies that can be held on a permanent basis without acting as a drag on overall expected returns |

# Risk Diversifying Universe

- **Two camps.** explicit and implicit market hedges
- **We focus on implicit hedges.**
- Trade-offs between hedge efficiency, reliability and cost
  - Explicit hedges are contractual; implicit hedges rely on the persistence of past correlation of returns.
  - Bond/Equity correlations positive in stagflation.

| Hedge Type | Example                                     | Efficiency of Hedge   | Opportunity Cost  |
|------------|---|---|---|
| Explicit   | Tail risk hedge (buying equity put options) | High, creates an explicit positive payoff when equity market conditions deteriorate | High, essentially an insurance premium is paid every month that the puts expire worthless |
| Implicit   | US government guaranteed debt               | Medium, not an explicit negative correlation, typically an uncorrelated return      | Medium-low. Should have an economic rationale for a positive expected return              |

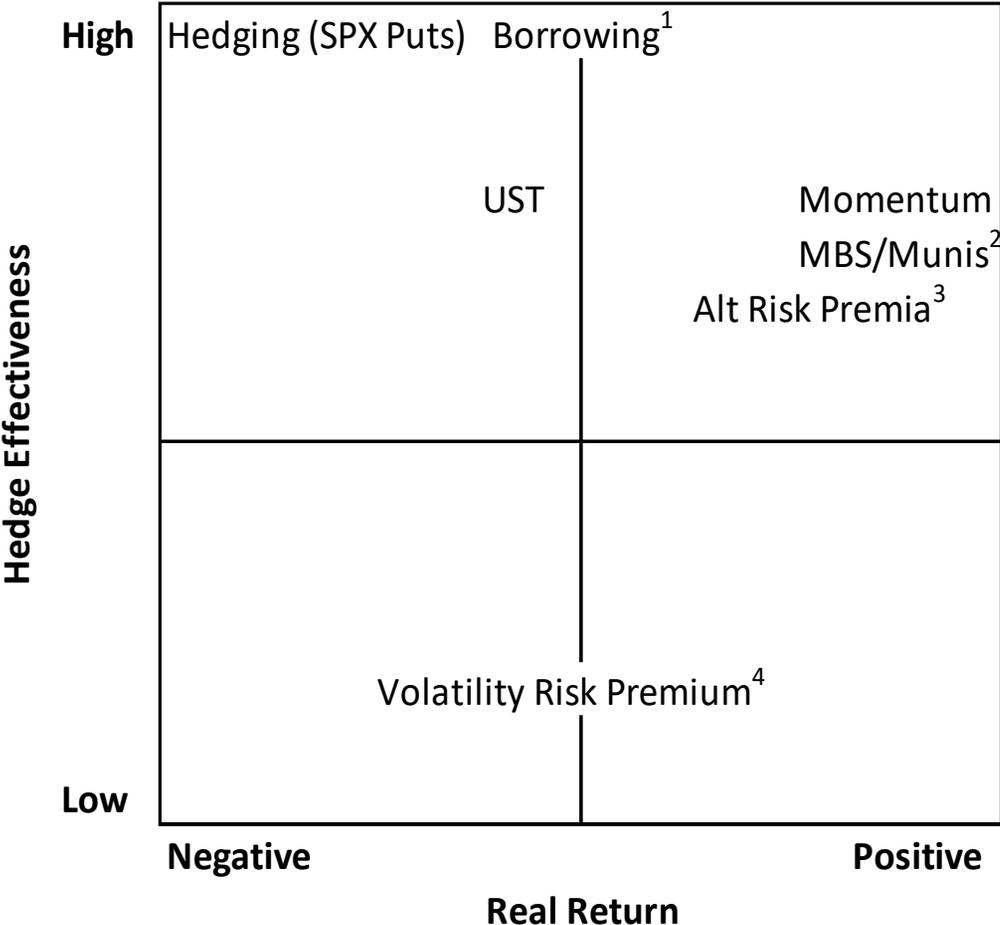
# Dimensioning Risk Diversifying Strategies

| Strategies                                   | CCCERA     | Cost     | Liquidity | Most Effective Markets      | Correlation | Alpha    |
|--|------------|----------|-----------|-----------------------------|-------------|----------|
| <b>Borrowing</b>                             |            |          |           |                             |             |          |
| Revolver                                     | No         | Very Low | High      | Sharp & Sustained Drawdowns | NM*         | NM       |
| <b>Hedging</b>                               |            |          |           |                             |             |          |
| Long SPX Puts                                | No         | High     | High      | Sharp Drawdowns             | NM*         | High**   |
| Long SPX/Short SPX Calls                     | No         | High     | High      | Sharp Drawdowns             | NM*         | High**   |
| <b>Fixed Income</b>                          |            |          |           |                             |             |          |
| US Treasuries                                | No         | Very Low | High      | Sharp Drawdowns             | Negative    | Moderate |
| MBS  | AFL-CIO    | Low      | High      | Sustained Drawdowns         | Negative    | Moderate |
| Muni Bonds                                   | Sit LLCAR  | Low      | High      | Sustained Drawdowns         | Negative    | Moderate |
| <b>Alternative Risk Premium</b>              |            |          |           |                             |             |          |
| Systematic Multi Asset Macro Managed Futures | Acadian    | Low      | High      | Sharp Drawdowns             | Negative    | Low      |
| Volatility Risk Premia                       | Parametric | Low      | High      | Non-Trending                | Positive    | Negative |
| Systematic Momentum/Trend                    | No         | Low      | High      | Sustained Drawdowns         | Negative    | Low      |

NM\* These strategies are contractual and therefore effectiveness is not based on correlation of returns.

\*\* Put gain is perfect offset to underlying index loss

# Dimensioning Risk Diversifying Strategies



1 Committed line of credit utilized in drawdowns cost p.a. ~10bps  
 2 AFL-CIO and Sit LLCAR  
 3 Acadian  
 4 Parametric Volatility Risk Premium

# Risk Diversifying Markets

- AFL-CIO/Sit LLCAR are discretionary with respect to timing and asset mix. Acadian is systematic, multi asset, relative value and long/short
- Parametric sells SPX calls and puts (lottery tickets and insurance)
- Multi Asset. Managers chose specific assets e.g., long oil/short aluminum

| Index                                     | 9/30/2020 | 9/30/2021 | Year/Year |
|---|-----------|-----------|-----------|
| MSCI World (global developed)             | 2,367.3   | 3,006.6   | 27.0%     |
| Taxable Municipals                        | 245.5     | 250.3     | 1.9%      |
| Mortgage Backed Securities (MBS)          | 2,317.8   | 2,307.8   | -0.4%     |
| Parametric Volatility Risk Premium        | 105.5     | 115.2     | 9.3%      |
| US 10-Year TIPS                           | (1.0)     | (0.9)     | -6.3%     |
| Bloomberg Momentum                        | 1,015.6   | 987.9     | -2.7%     |
| Loomis Sayles Multi Asset Managed Futures | 113.4     | 112.5     | -0.8%     |

## **Multi Asset components below**

|                         |       |       |        |
|-------------------------|-------|-------|--------|
| MSCI ACWI (all country) | 565.2 | 709.5 | 25.5%  |
| Volatility (US SPX)     | 26.4  | 23.1  | -12.2% |
| Global Sovereigns       | 244.2 | 237.7 | -2.7%  |
| US Dollar               | 93.9  | 94.2  | 0.4%   |
| Commodities             | 350.2 | 557.7 | 59.3%  |

# Equity Drawdowns

- **Drawdowns are unique in depth and length.** In general can be sharp or sustained. Depth and length are correlated.
- **Average depth and length.** Since the Great Depression, recessions have, on average, contracted real GDP by 4.8% and taken 15 months to reestablish the prior real level of GDP.
- **Range.** GDP declines of 0.4% to 26.3% lasting from 4 to 63 months.
- **COVID.** GDP declined by 3.4% lasting about 9 months.

# Sharp Downturn. Fixed Income Indices

- Bond/Equity negative return correlation
- MBS (AFL-CIO) & Taxable Munis (Sit LLCAR) vs ACWI
- COVID. 2/19/20 to 4/3/20: ACWI -26.6%, MBS +1.8%, Munis -3.1%



# Sustained Downturn. Fixed Income Indices

- Bond/Equity negative return correlation
- MBS (AFL-CIO) & Taxable Munis (Sit LLCAR) vs ACWI
- GFC. ACWI -57.8%, MBS +6.5% & Taxable Munis +9.2%



# Sharp Downturn. Alternative Risk Premia

- Momentum (trend) vs SPX
- COVID. From 2/20 to 4/20, the Momentum index returned 1.5% and the SPX was down 26.5%



# Sustained Downturn. Alternative Risk Premia

- Momentum (trend) vs SPX
- GFC. The Momentum index returned 7.4%, SPX was down 55.8% (10/1/07 to trough on 3/6/2009).



# Sharp Downturn. Alternative Risk Premia

- Multi Asset vs SPX
- From 2/20 to 4/20, the Loomis Sayles Multi Asset index returned +4.1%, SPX was down 26.5%

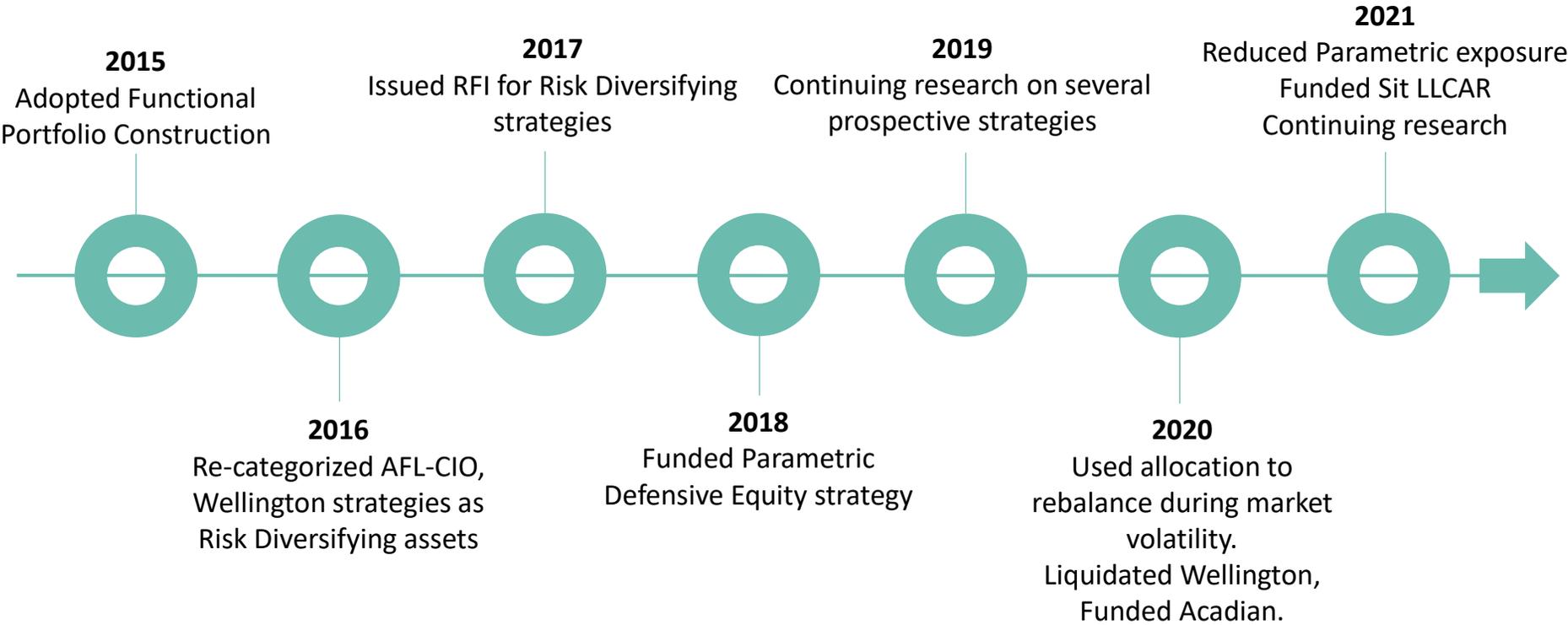


# Sustained Downturn. Alternative Risk Premia

- Multi Asset vs SPX
- GFC, the Multi Asset index returned +0.4%, SPX was down 55.8% (10/1/07 to trough on 3/6/2009).



# Evolution of Risk Diversifying Allocation



# Asset Allocation

- Risk Diversifying Portfolio – Closer to 7.0% target allocation, increased y/y from 5.8% to 6.7%
- Returns with low or negative correlation to equity

| Risk Diversifying Portfolio Allocation Year over Year |                           |               |                           |               |
|---|---------------------------|---------------|---------------------------|---------------|
| Investment Manager                                    | \$ in MMs as of 8/31/2020 | % of RDP      | \$ in MMs as of 8/31/2021 | % of RDP      |
| AFL-CIO   | 273.3                     | 49.5%         | 266.4                     | 34.5%         |
| Parametric Volatility Risk Premium                    | 179.5                     | 32.5%         | 114.5                     | 14.8%         |
| Acadian   | 99.8                      | 18.1%         | 182.0                     | 23.6%         |
| Sit LLCAR   | -                         | 0.0%          | 208.5                     | 27.0%         |
| <b>Total Risk Diversifying</b>                        | <b>552.6</b>              | <b>100.0%</b> | <b>771.4</b>              | <b>100.0%</b> |
| Total CCCERA  | 9,552.1                   | 5.8%          | 11,471.7                  | 6.7%          |

# RDP Portfolio Actions: 2020 and 2021

## 2020 Stress

- Raised Cash
  - Wellington liquidated 1Q
  - AFL-CIO \$75MM cash out 2Q
- Redeployed Cash
  - Credit: Sit Short Duration
  - Global Equity: Artisan and First Eagle
- Rebalancing & Funding
  - Acadian: Initial \$100MM 2Q
  - Acadian: Added \$25MM 3Q

## 2021 Recovery

- Rebalancing & Funding
  - Sit LLCAR: \$150MM initial funding 2Q
  - Acadian: Added \$50MM 3Q
  - Sit LLCAR: Added \$50MM 3Q
  - Year-over-year, RDP as a percentage of CCCERAs total portfolio increased from 5.8% to 6.7%
  - RDP target allocation decreased from 10% to 7%

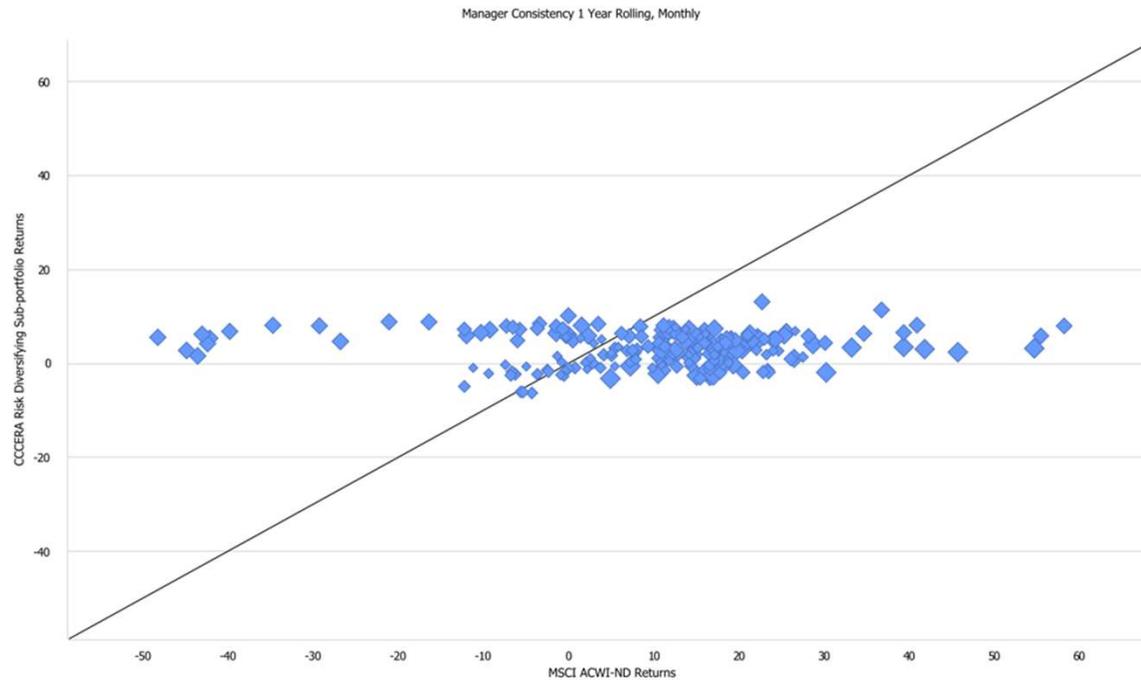
# CCCERA Performance

- **Improving performance.** Correlations have improved y/y from 0.7 to 0.5. The trailing five-year real returns have increased from -1.4% to -1.2%. Trailing one-year correlation and returns are 0.3 and -1.2%, respectively.
- **September 2021.** For the month, SPX declined 4.8%, RDP declined 0.48%.
- **Short track record.** Initial RDP strategies were presented by Verus in 2Q2017.
- **Evolution.** Identified and funded strategies are diversified that function across drawdown and market scenarios.
- **Pro forma performance.** Pro forma current asset allocation, trailing 5-year correlations and real returns 0.4 and -0.6%.

As of August 31, 2021

| Objective                             | Measurement  | Current Period Data                | Status               |
|---------------------------------------|--|------------------------------------|----------------------|
| Offset Volatility in Growth Portfolio | Correlation  | 0.5 over trailing 5 years; TTM 0.3 | Below Expectations   |
| Positive Real Returns                 | Returns  | Trailing 5 year real return -1.2%  | Below Expectations   |
| High Liquidity                        | % of Portfolio that can be liquidated within 90 days | 100%                               | Meeting Expectations |

# Risk Diversifying vs. MSCI ACWI



Risk Diversifying trailing one-year performance vs. MSCI ACWI (global equity) index.

Demonstrates low correlation and modest positive performance historically.

As Of: August 31, 2021

|                | # of Observations | # OutPerform Benchmark | % OutPerform Benchmark |
|----------------|-------------------|------------------------|------------------------|
| ◆ CCCERA       | 202               | 51                     | 25.25%                 |
| — MSCI ACWI-ND | ---               | ---                    | ---                    |

Results displayed in USD using Spot Rate (SR).

MSCI ACWI-ND

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# Returns

As of August 31, 2021

| Returns, net of fees                      | 3 Mos.      | YTD   | 1 Yr.        | 3 Yrs        | 5 Yrs       | ITD   | Inception  |
|---|-------------|-------|--------------|--------------|-------------|-------|------------|
| <b>Risk Diversifying Portfolio</b>        | 2.3%        | 2.4%  | 4.1%         | <b>2.2%</b>  | <b>1.3%</b> | 3.1%  | 3/31/2017  |
| CPI                                       | 1.6%        | 5.0%  | 5.3%         | <b>2.8%</b>  | <b>2.6%</b> | 2.2%  |            |
| <b>AFL-CIO</b>                            | 1.0%        | -0.4% | <b>0.2%</b>  | 5.1%         | <b>2.8%</b> | 5.7%  | 08/31/1991 |
| BBG US Aggregate                          | 1.6%        | -0.7% | <b>-0.1%</b> | 5.4%         | <b>3.1%</b> | 5.6%  |            |
| <b>Parametric Volatility Risk Premium</b> | 1.6%        | 5.5%  | 8.9%         | <b>-1.2%</b> | NA          | -1.0% | 06/30/2018 |
| 91 Day T-Bill + 4%                        | 1.0%        | 2.7%  | 4.1%         | <b>5.3%</b>  | NA          | 5.3%  |            |
| <b>Acadian Multi Asset</b>                | 3.8%        | 3.2%  | <b>5.5%</b>  | NA           | NA          | 4.9%  | 07/31/2020 |
| 91 Day T-Bill + 5%                        | 1.2%        | 3.3%  | <b>5.1%</b>  | NA           | NA          | 5.1%  |            |
| <b>Sit LLCAR</b>                          | <b>3.6%</b> | 5.6%  | NA           | NA           | NA          | 5.6%  | 03/31/2021 |
| BB Barclays US Agg + 1%                   | <b>1.9%</b> | 3.2%  | NA           | NA           | NA          | 3.2%  |            |

# Future Enhancements



Identifying complementary strategies is a priority for the CCCERA investment team. Develop battle plan for specific drawdown depths and lengths.



Currently researching three types strategies for potential inclusion:

Multi-asset absolute return strategies

Trend following

Alternative risk premia



Reduce Parametric exposure in SH2021 and fund the additional strategy in 2022

# Investment Manager Discussion

- Investment manager discussion
  - Sit Investment Associates, Inc.
- Agenda
  - Overview of team, strategy, and role at CCCERA.
  - Discussion of Sit LLCAR and current investing landscape.
  - Q&A from Trustees.

Meeting Date  
**10/27/2021**  
Agenda Item  
**#9**



## INVESTMENT PRESENTATION



**OCTOBER 27, 2021**

Bryce Doty CFA, Senior Vice President and Senior Portfolio Manager – Fixed Income

 Sit Investment Associates

Sit Investment Associates, Inc.  
80 South Eighth Street, Suite 3300  
Minneapolis, MN 55402-2211  
612.332.3223  
[www.sitinvest.com](http://www.sitinvest.com)

## PRESENTATION OUTLINE

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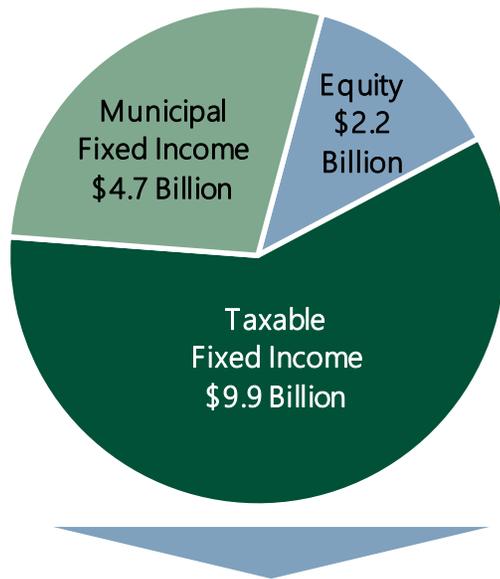
- I. Introduction
- II. Risk-Diversifying Strategy
- III. Taxable Municipal Strategy
- IV. Closed-End Mutual Funds
- V. Miscellaneous

# INTRODUCTION

## SIT INVESTMENT ASSOCIATES : FIRM OVERVIEW



**\$16.8B Total Gross AUM**  
as of September 30, 2021



72%: Separately Managed Accounts

13%: Private Investment Funds

15%: Mutual Funds

### Independent & Employee-owned Firm

- Founded in 1981 by Eugene Sit
- Independent: Sit family and employee ownership
- One of the largest minority-owned advisory firms in the U.S.

### Seasoned Team, Aligned With Our Investors

- Experienced investment team with long Sit tenure
- Focus on investment results, controlled AUM growth
- Significant internal investment in Sit strategies

### Consistent Process & Compelling Track Record

- Value-added, active management philosophy
- Time-tested and consistent investment process
- Unique traditional and alternative strategies complement portfolios

# LEADING FIXED INCOME TRACK RECORD & DIFFERENTIATED APPROACH

## Sit Fixed Income: Investment Philosophy

Consistently achieve superior risk-adjusted returns using a conservative investment approach emphasizing:

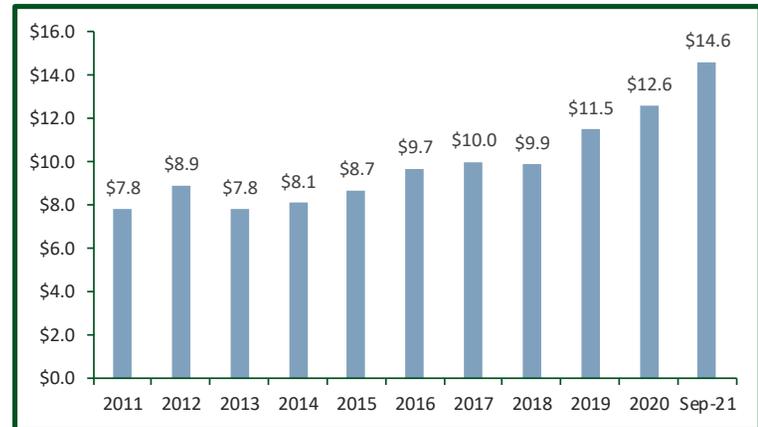
- Investment grade securities
- Income component of total return
- Active management and building portfolios distinctly different from benchmark indices

## Sit Fixed Income: Our Advantage

- Focus on select, high relative value areas of the market where we have recognized expertise
- Consistent and repeatable approach has produced top quartile performance across strategies
- Strong, differentiated commitment to client service, which includes:
  - Direct access to portfolio managers and monthly commentary letter
  - Assistance in crafting investment guidelines and responsiveness to changing needs
  - Invitation to Sit's Annual Client Workshop, a unique educational event

**Sit Fixed Income**  
Controlled AUM Growth Driven by  
Strong Investment Performance &  
Committed Client Service

**Sit Fixed Income: Annual AUM**  
2010-21 (in \$B)



# TRADITIONAL & ALTERNATIVE STRATEGIES TO COMPLEMENT PORTFOLIOS

|   | Taxable Fixed Income   | Tax-Free Municipal Fixed Income   | Growth Equity  |
|---|--|---|--|
| Traditional Strategies                          | <ul style="list-style-type: none"> <li>Total Return</li> <li>Intermediate Duration</li> <li>Short Duration</li> <li>Quality Income</li> <li>Long Duration Quality Income</li> <li>Taxable Municipal</li> </ul> | <ul style="list-style-type: none"> <li>Total Return</li> <li>Intermediate Duration</li> <li>Short Duration</li> </ul>   | <p><u>US Focus</u></p> <ul style="list-style-type: none"> <li>Large Cap</li> <li>Mid/Small Cap</li> <li>Small Cap</li> <li>Dividend Growth</li> <li>Small Cap Dividend Growth</li> <li>Balanced</li> </ul> |
| Alternative Strategies: <u>Closed-End Funds</u> | <ul style="list-style-type: none"> <li>Return Plus (Investment Grade)</li> <li>HY Return Plus (HY/Bank Loans)</li> <li>Targeted Opportunity (Event)</li> <li>Energy/MLP (Infrastructure)</li> </ul>            | <ul style="list-style-type: none"> <li>Municipal Return Plus (Municipal Fixed Income)</li> </ul>  | <p><u>Global &amp; International Focus</u></p> <ul style="list-style-type: none"> <li>Global</li> <li>ESG Growth</li> <li>EAFE+</li> <li>Pacific Basin</li> <li>Developing Markets</li> </ul>              |
| Alternative Strategies: <u>Custom Alpha</u>     | <ul style="list-style-type: none"> <li>Alpha Bond</li> <li>Rising Rates</li> <li>S&amp;P 500</li> <li>EAFE</li> <li>5-Year Treasury</li> <li>30-Year Treasury</li> </ul>                                       | <p>Short Duration</p> <p><i>The Custom Alpha Series employs the <u>Taxable Short Duration</u> strategy, duration hedged and levered. This return stream can be ported on to a range of beta exposures</i></p> |  |

**Available Investment Structures:** Separately Managed Accounts, Private Investment Funds, Collective Investment Trusts, Mutual Funds *(select strategies)*

## SIT PERFORMANCE STATISTICS

|   | As of 6/30/21        |             |                     |             |                    |             |
|---|----------------------|-------------|---------------------|-------------|--------------------|-------------|
| <b>TAXABLE:</b>   | <b>10 Yr Ann Rtn</b> | <b>Rank</b> | <b>10 Yr Sharpe</b> | <b>Rank</b> | <b>10 Yr Alpha</b> | <b>Rank</b> |
| <b>Sit Total Return</b>                                     | <b>4.73%</b>         |             | <b>1.41</b>         |             | <b>1.63</b>        |             |
| Bloomberg Aggregate   | <u>3.39</u>          | <b>6</b>    | <u>0.93</u>         | <b>2</b>    | <u>0.00</u>        | <b>4</b>    |
| Incremental Return  | 1.34                 |             | 0.48                |             | 1.63               |             |
| <b>Sit Intermediate Govt/Corp</b>                           | <b>3.74%</b>         |             | <b>1.62</b>         |             | <b>1.29</b>        |             |
| Bloomberg Intermediate Govt/Credit                          | <u>2.76</u>          | <b>11</b>   | <u>1.00</u>         | <b>1</b>    | <u>0.00</u>        | <b>2</b>    |
| Incremental Return  | 0.98                 |             | 0.62                |             | 1.29               |             |
| <b>Sit Short Duration</b>                                   | <b>2.89%</b>         |             | <b>1.46</b>         |             | <b>1.36</b>        |             |
| Bloomberg 1-3 Year Government                               | <u>1.23</u>          | <b>1</b>    | <u>0.72</u>         | <b>9</b>    | <u>0.00</u>        | <b>1</b>    |
| Incremental Return  | 1.66                 |             | 0.74                |             | 1.36               |             |
| <b>Sit Closed-End Funds</b>                                 | <b>7.19%</b>         |             | <b>1.11</b>         |             | <b>3.90</b>        |             |
| Bloomberg Aggregate   | <u>3.39</u>          | <b>1</b>    | <u>0.93</u>         | <b>57</b>   | <u>0.00</u>        | <b>1</b>    |
| Incremental Return  | 3.80                 |             | 0.18                |             | 3.90               |             |
| <b>Sit Targeted Opportunity (Since Inception 3/31/13)</b>   | <b>12.51%</b>        |             | <b>1.21</b>         |             | <b>7.95</b>        |             |
| 8% Hurdle   | <u>8.00</u>          | <b>1</b>    | <u>n/a</u>          | <b>11</b>   | <u>0.00</u>        | <b>1</b>    |
| Incremental Return  | 4.51                 |             | n/a                 |             | 7.95               |             |
| <b>Sit Return Plus High Yield (Since Inception 3/31/13)</b> | <b>11.16%</b>        |             | <b>0.88</b>         |             | <b>2.12</b>        |             |
| BofA ML US High Yield                                       | <u>6.12</u>          | <b>1</b>    | <u>0.77</u>         | <b>93</b>   | <u>0.00</u>        | <b>51</b>   |
| Incremental Return  | 5.04                 |             | 0.11                |             | 2.12               |             |
| <b>Sit Taxable Municipal</b>                                | <b>6.64%</b>         |             | <b>1.62</b>         |             | <b>2.91</b>        |             |
| Bloomberg Aggregate   | <u>3.39</u>          | <b>1</b>    | <u>0.93</u>         | <b>1</b>    | <u>0.00</u>        | <b>1</b>    |
| Incremental Return  | 3.25                 |             | 0.69                |             | 2.91               |             |
| <b>Custom Alpha Bond Portfolio</b>                          | <b>5.18%</b>         |             | <b>1.36</b>         |             | <b>4.16</b>        |             |
| Merrill Lynch 3-Month Libor                                 | <u>0.90</u>          | <b>1</b>    | <u>1.17</u>         | <b>25</b>   | <u>0.00</u>        | <b>1</b>    |
| Incremental Return  | 4.28                 |             | 0.19                |             | 4.16               |             |

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Past performance is not indicative of future performance. Returns are gross of fees and calculated on a time-weighted total return basis. The information above is supplemental to and complements the composite presentation at the end of the disclosure section. The account information set forth above is for the representative portfolio, is provided for illustrative purposes only, and reflects one account within the composite. Please refer to the disclosure section for performance information and the composite presentation.

## SIT INVESTMENT ASSOCIATES PROFESSIONALS

### GLOBAL EQUITY

|                           | Years of Investment Experience | Years with SIA |
|---------------------------|--------------------------------|----------------|
| Roger J. Sit              | 31                             | 23             |
| Kent L. Johnson, CFA      | 28                             | 32             |
| Ronald D. Sit, CFA        | 37                             | 37             |
| David A. Brown, CFA       | 26                             | 24             |
| Denise A. Anderson, Ph.D. | 23                             | 12             |
| Joseph R. Eshoo           | 26                             | 13             |
| Michael T. Manns          | 34                             | 7              |
| Michael C. Marzolf        | 23                             | 5              |
| Mark A. Pepper            | 22                             | 18             |
| Raymond E. Sit            | 30                             | 30             |
| Robert W. Sit, CFA        | 30                             | 30             |
| Stacey M. Curme           | 24                             | 28             |
| Ningning Tang, CFA        | 17                             | 13             |
| Bradley W. Meyer          | 18                             | 20             |
| Lee J. Feltman, CFA       | 14                             | 14             |
| Eric M. Manthe            | 10                             | 16             |
| Nicholas D. Tich          | 13                             | 16             |
| Samuel K. V. Krawczyk     | 7                              | 7              |
| Michael J. Sit            | 7                              | 1              |

**Total Investment Experience: 420 Years**  
**Average Investment Experience: 22.1 Years**

### FIXED INCOME

|                               | Years of Investment Experience | Years with SIA |
|-------------------------------|--------------------------------|----------------|
| Roger J. Sit                  | 31                             | 23             |
| Bryce A. Doty, CFA            | 31                             | 25             |
| Paul J. Jungquist, CFA, CPA   | 27                             | 27             |
| Mark H. Book, CFA, CMA        | 35                             | 21             |
| Kurt van Kuller, CFA          | 41                             | 3              |
| Christopher M. Rasmussen, CFA | 21                             | 22             |
| Todd S. Emerson, CFA          | 26                             | 15             |
| Kevin P. O'Brien, CFA         | 18                             | 20             |
| Michael J. Reich, CFA         | 16                             | 17             |
| Michael C. Hubbard, CFA       | 15                             | 10             |
| Jessica A. Ersfeld, CFA       | 14                             | 14             |
| Jason B. Miller, CFA          | 14                             | 7              |
| Andrew J. Tich, CFA           | 14                             | 15             |
| Nick F. Ochsner, CFA          | 9                              | 3              |
| Joseph H. Lepinski, CFA       | 15                             | 14             |
| Michael J. Book               | 6                              | 2              |
| Marci A. Lorge                | 37                             | 33             |
| Brian R. Gilbert              | 27                             | 27             |

**Total Investment Experience: 366 Years**  
**Average Investment Experience: 21.5 Years**

# RISK-DIVERSIFYING STRATEGY

## **Sit Risk-Diversifying Strategy Objective**

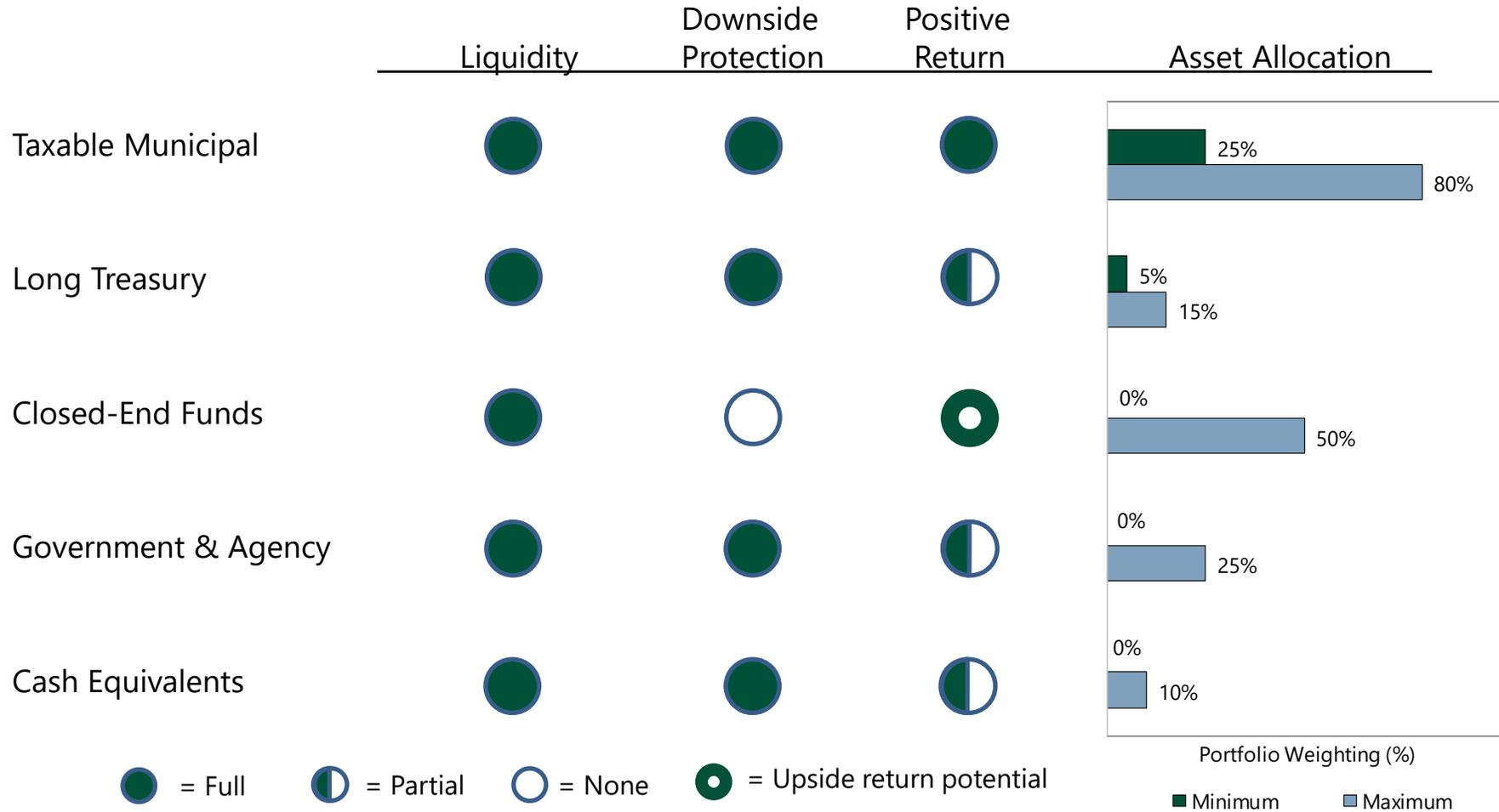
The Sit Risk-Diversifying strategy objective is three-fold:

1. Positive expected returns in normal market environments
2. High degree of liquidity in periods of market stress
3. Low to negative correlation to the broad equity market

## SIT RISK-DIVERSIFYING STRATEGY

### Dynamic Asset Allocation to Meet Client Objectives

Portfolio allocations will vary based on the investment team's assessment of the optimal mix to achieve the client's strategic objectives.



## CORRELATION: S&P 500 VERSUS TREASURY BONDS

---

Treasury bonds are negatively correlated to stocks.

|                             | 3 Year | 5 Year | 7 Year | 10 Year |
|-----------------------------|--------|--------|--------|---------|
| S&P 500                     | 100%   | 100%   | 100%   | 100%    |
| Bloomberg Treasury          | -0.63  | -0.53  | -0.50  | -0.50   |
| Bloomberg 30-Year Treasury* | -0.60  | -0.50  | -0.45  | -0.48   |

\* Over the past 25 years, the 30-Year Treasury and S&P 500 returns have only been negative in the same quarter 7% of the time and in the same month 13% of the time.

## SIT RISK DIVERSIFYING STRATEGY – INVESTMENT PROCESS

---

### Process Summary

Sit will be blending asset classes with low correlations to each other, which will serve to diversify the portfolio, protect against downside risk, and generate consistent return.

Due to their negative beta to equities, taxable municipal bonds and, to a much smaller degree, long duration treasuries will be core holdings in the portfolio. Closed-end funds will be purchased if they are considered to have significant upside potential. Short and intermediate agency mortgage securities may be used to supplement the yield of the portfolio, manage portfolio duration, and/or lessen the downside risk to equities.

### Investment Components

- Taxable municipal bonds will focus on high quality investment grade currently callable and intermediate duration securities.
- Long duration Treasuries have a very significant negative beta to equities because a flight to quality generally pushes stock prices down and Treasury bond prices up and vice versa. However, to balance this protection against falling equity prices and the risk from rising interest rates, the overall portfolio duration will be capped at a maximum of seven years.
- Closed-end funds rarely have market prices equal to their Net Asset Value (NAV); often they trade below NAV, and this provides an opportunity. Active allocation to CEFs will be determined by the funds' 12-month forward return potential.

## SIT RISK DIVERSIFYING STRATEGY – INVESTMENT PROCESS

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### Asset Allocation

#### Dynamic Asset Allocation

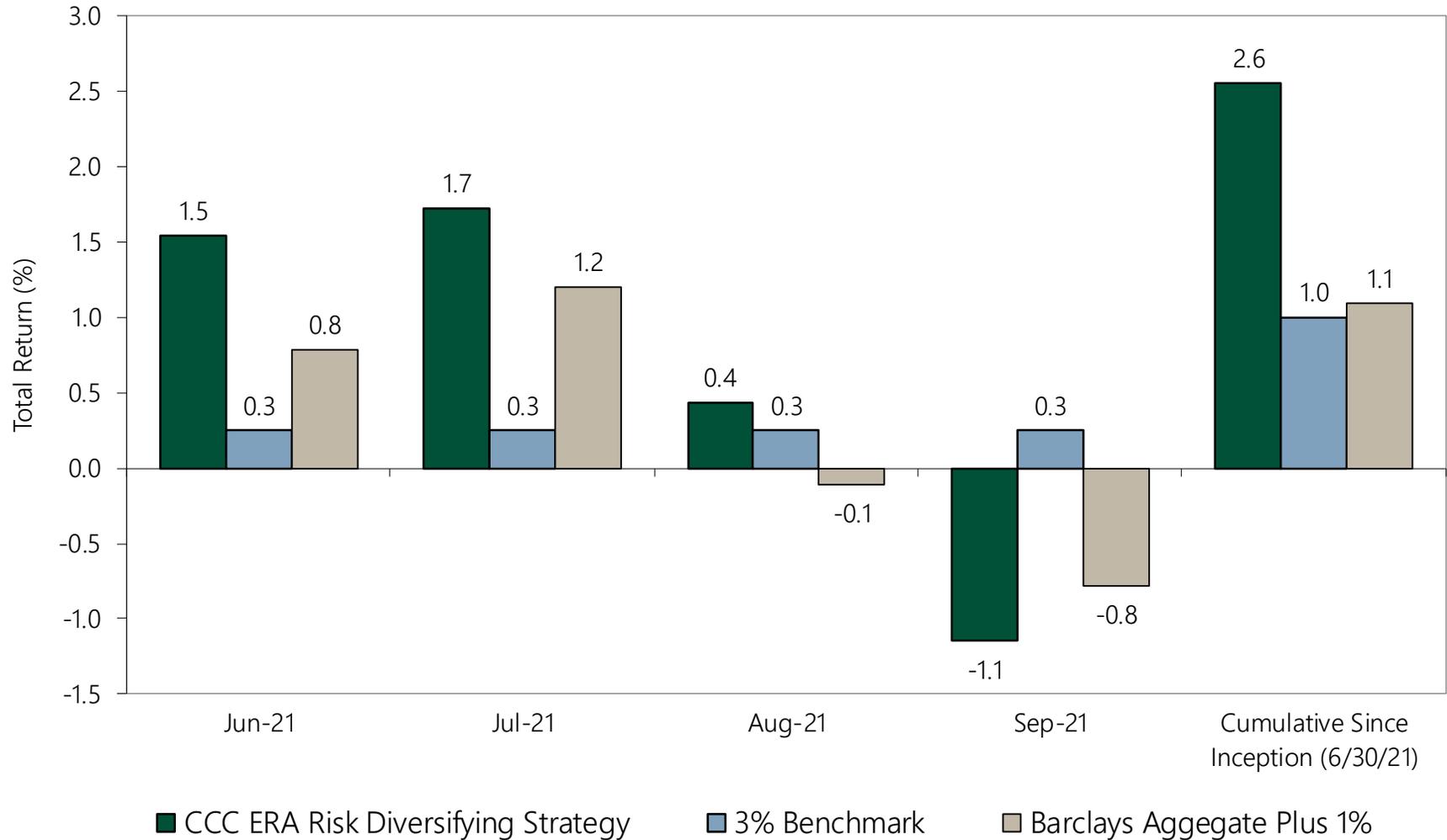
Portfolio allocations will vary based on the investment team's assessment of the optimal mix to achieve the strategy's objectives.

|                         |            |
|-------------------------|------------|
| Taxable Municipal Bonds | 25% to 80% |
| Long Treasuries         | 5% to 15%  |
| Closed-End Funds        | 0% to 50%  |
| Gov't Agency Bonds      | 0% to 25%  |
| Cash Equivalents        | 0% to 10%  |

### Active Management

- Minimizing downside volatility and downside risk is the primary focus.
- The strategy will maintain a negative correlation to equity markets while still capturing some of the upside potential by managing allocations across the portfolio segments listed above.
- Sit will invest in taxable closed-end bond funds that reach a relative discount/premium level consistent with a 12-month forward return potential that is in the top third of all historical observations.
- Closed-end equity and tax-exempt municipal bond funds will be included if they reach relative value levels in the top 20%.

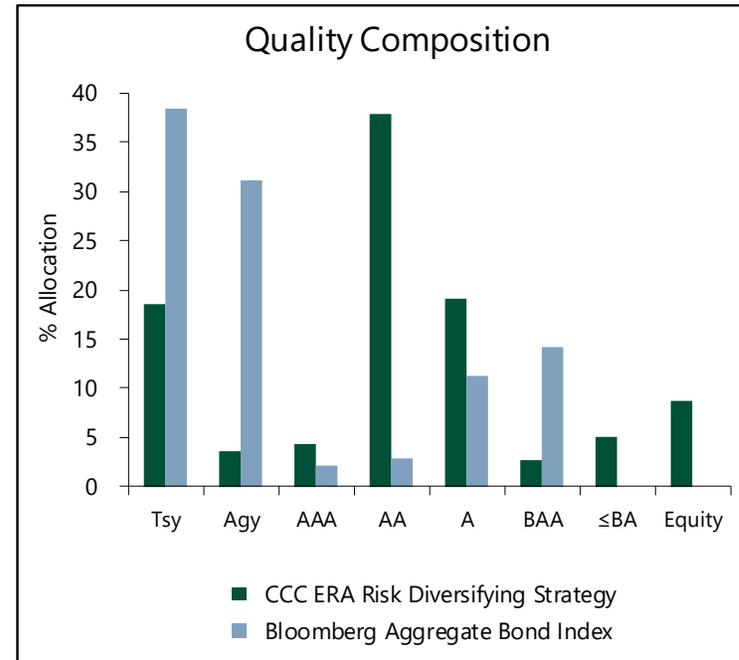
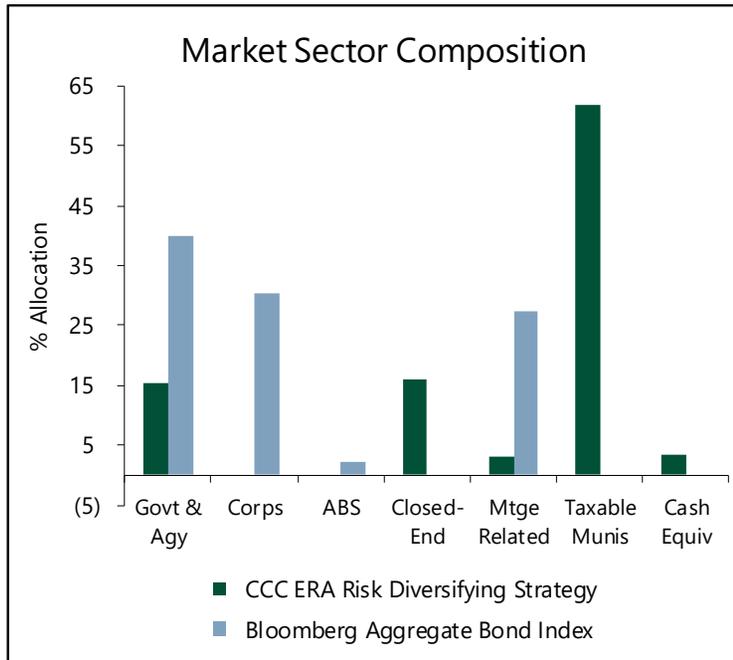
## CONTRA COSTA COUNTY ERA RISK DIVERSIFYING STRATEGY RETURNS



# CONTRA COSTA COUNTY ERA RISK DIVERSIFYING STRATEGY

## Fixed Income Portfolio Characteristics

As of September 30, 2021



### Weighted-Average Summary Characteristics

|                       | <u>CCC ERA Risk Diversifying Strategy</u> | <u>Bloomberg Aggregate Bond Index</u> |
|-----------------------|---|---------------------------------------|
| Yield to Average Life | 3.0%                                      | 1.6%                                  |
| Quality               | AA / AA                                   | AAA / AAA                             |
| Duration              | 6.8 Yrs                                   | 6.7 Yrs                               |

## CCC ERA RISK DIVERSIFYING STRATEGY – QUALITY, DURATION & YIELD

| <b>Contra Costa County ERA Risk Diversifying Strategy</b> |              |              |              |              | Bloomberg<br>Aggregate |
|---|--------------|--------------|--------------|--------------|------------------------|
| <b>Quality</b>  | <u>06/21</u> | <u>07/21</u> | <u>08/21</u> | <u>09/21</u> | <u>09/21</u>           |
| GOV'T & AGY   | 26 %         | 24 %         | 18 %         | 22 %         | 67 %                   |
| AAA   | 3            | 3            | 4            | 4            | 4                      |
| AA  | 36           | 35           | 39           | 38           | 4                      |
| A   | 15           | 13           | 19           | 19           | 11                     |
| BBB   | 4            | 4            | 3            | 3            | 14                     |
| BB & Below  | 5            | 4            | 4            | 5            | 0                      |
| Equity Funds  | 11           | 17           | 13           | 9            | 0                      |
| Average   | AA / AA*     | AA / AA*     | AA / AA*     | AA / AA*     | AAA / AAA              |
| Total   | 100 %        | 100 %        | 100 %        | 100 %        | 100 %                  |
| <i>* Excludes Equity Funds</i>                            |              |              |              |              |                        |
| <b>Duration (yrs)</b>                                     | 5.9          | 5.8          | 6.6          | 6.8          | 6.7                    |
| <b>Yield (%)</b>  | 3.6 %        | 3.7 %        | 3.2 %        | 3.0 %        | 1.6 %                  |

## CCC ERA RISK DIVERSIFYING STRATEGY – SECTOR WEIGHTING

---

| <u>Contra Costa County ERA Risk Diversifying Strategy</u> | <u>Jun-21</u> | <u>Jul-21</u> | <u>Aug-21</u> | <u>Sep-21</u> |
|---|---------------|---------------|---------------|---------------|
| Government & Agency                                       | 14 %          | 14 %          | 14 %          | 15 %          |
| Corporates  | 0             | 0             | 0             | 0             |
| Asset-Backed Securities                                   | 0             | 0             | 0             | 0             |
| Closed-End Funds  | 22            | 25            | 19            | 16            |
| Taxable Municipals  | 52            | 51            | 63            | 62            |
| Mortgage Related  | 4             | 4             | 3             | 3             |
| Cash Equivalents  | 8             | 6             | 1             | 4             |
|   | 100 %         | 100 %         | 100 %         | 100 %         |

# TAXABLE MUNICIPAL BONDS

---

| Strategy                | Duration (years) |           | Yield (9/30/2021) |           | Benchmark   |
|-------------------------|------------------|-----------|-------------------|-----------|---|
|                         | Range            | 9/30/2021 | Sit               | Benchmark |   |
| Taxable Municipal Bonds | 4 - 8            | 6.3       | 2.78%             | 1.37%     | Bloomberg Taxable Municipal Intermediate Bond Index |

# TAXABLE MUNICIPAL BOND STRATEGY

---

## Investment Opportunity

- Taxable municipals often offer yields in excess of similarly rated corporate bonds.
- Taxable municipal bonds are higher rated on average than corporate bonds, have much lower default rates, have generally less volatile ratings, and more conservative ratings.
  - The intermediate taxable municipal marketplace allows Sit to be defensive while capturing significantly more yield than the Barclays Aggregate Bond Index.
  - Taxable municipal bonds are a valuable diversification tool as an alternative asset class to corporate bonds, mortgage-backed securities, and U.S. Agency bonds.
- Taxable municipal bonds often finance U.S. infrastructure and as such are compatible with Sustainable Investing goals and often meet requirements of Sustainability mandates.
  - Further, many taxable municipal bonds qualify for preferential regulatory classification. European regulatory bodies now provide significantly lower capital charges for investment grade infrastructure project bonds with certain attributes, under the “Qualifying Infrastructure Investment” provision.

# TAXABLE MUNICIPALS HAVE FAR LOWER DEFAULT RATES THAN CORPORATE BONDS

---

## Cumulative Default Rates of Moody's Rated Debt by Year 10, 1970-2020

| <u>Rating</u>  | <u>Municipal</u> | <u>Corporate</u> |
|----------------|------------------|------------------|
| Aaa            | 0.0%             | 0.4%             |
| Aa             | 0.0%             | 0.8%             |
| A              | 0.1%             | 2.0%             |
| Baa            | 1.1%             | 3.6%             |
| All Inv Grade  | 0.1%             | 2.2%             |
| All Spec Grade | 7.1%             | 29.7%            |
| All Rated      | 0.2%             | 10.6%            |

- The default rate by year 10 (most cited) ratio between Investment Grade corporates and municipals is over 22:1.
- The default rate by year 5 ratio between Investment Grade corporates and municipals is very similar at 21.5:1.
- The default rate by year 20 (longest in study) ratio between Investment Grade corporates and municipals is 30:1.
- The default rate by year 10 between corporate bonds of all ratings and municipals of all ratings is 66:1.
- The default rate of Investment Grade General Government and Municipal Utilities is half that of all municipals.

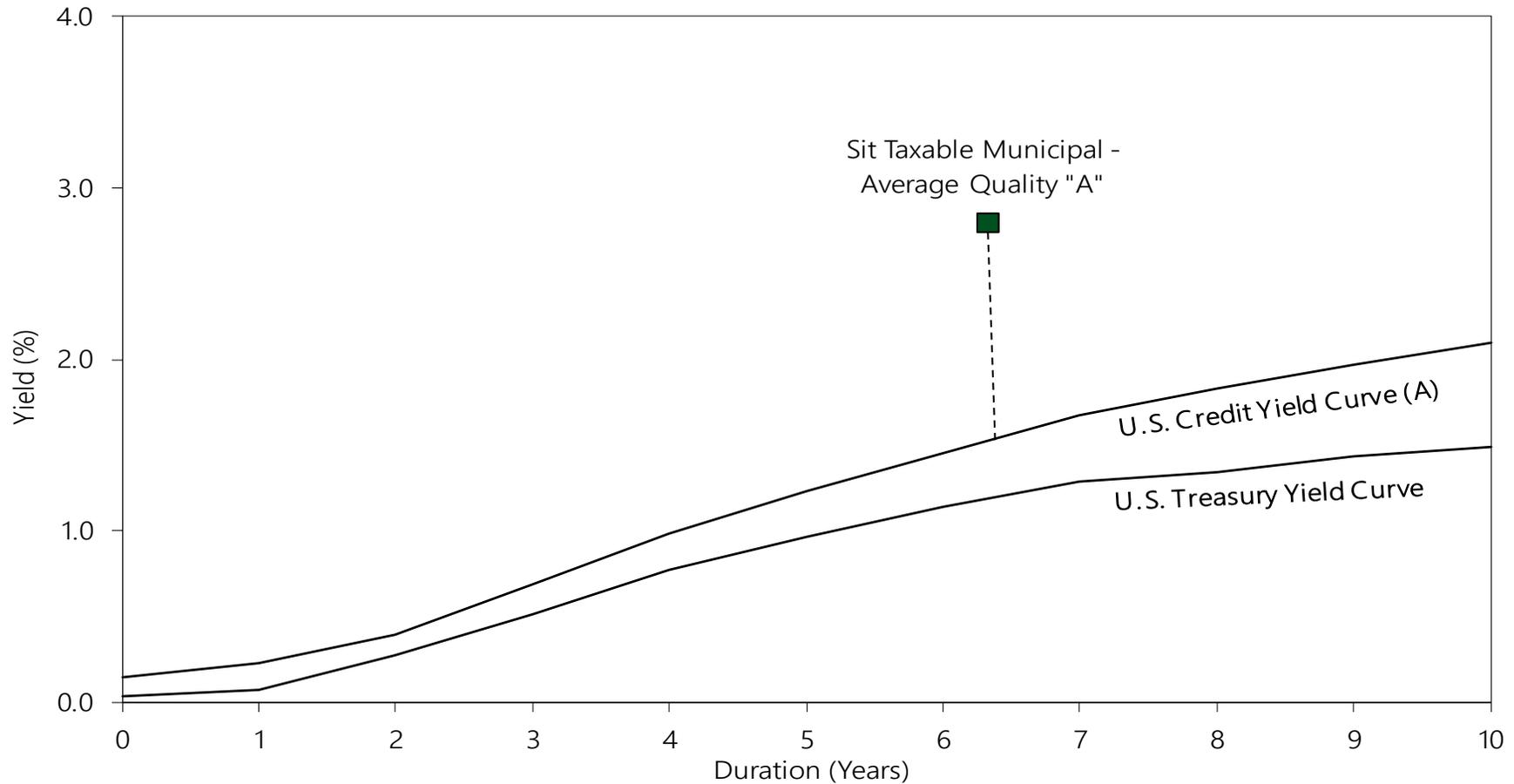
*Source: Moody's Investors Service: "U.S. Municipal Bond Defaults and Recoveries 1970-2020", July 2021*

## TAXABLE MUNIS HAVE LESS DOWNSIDE RISK THAN CORPORATE BONDS

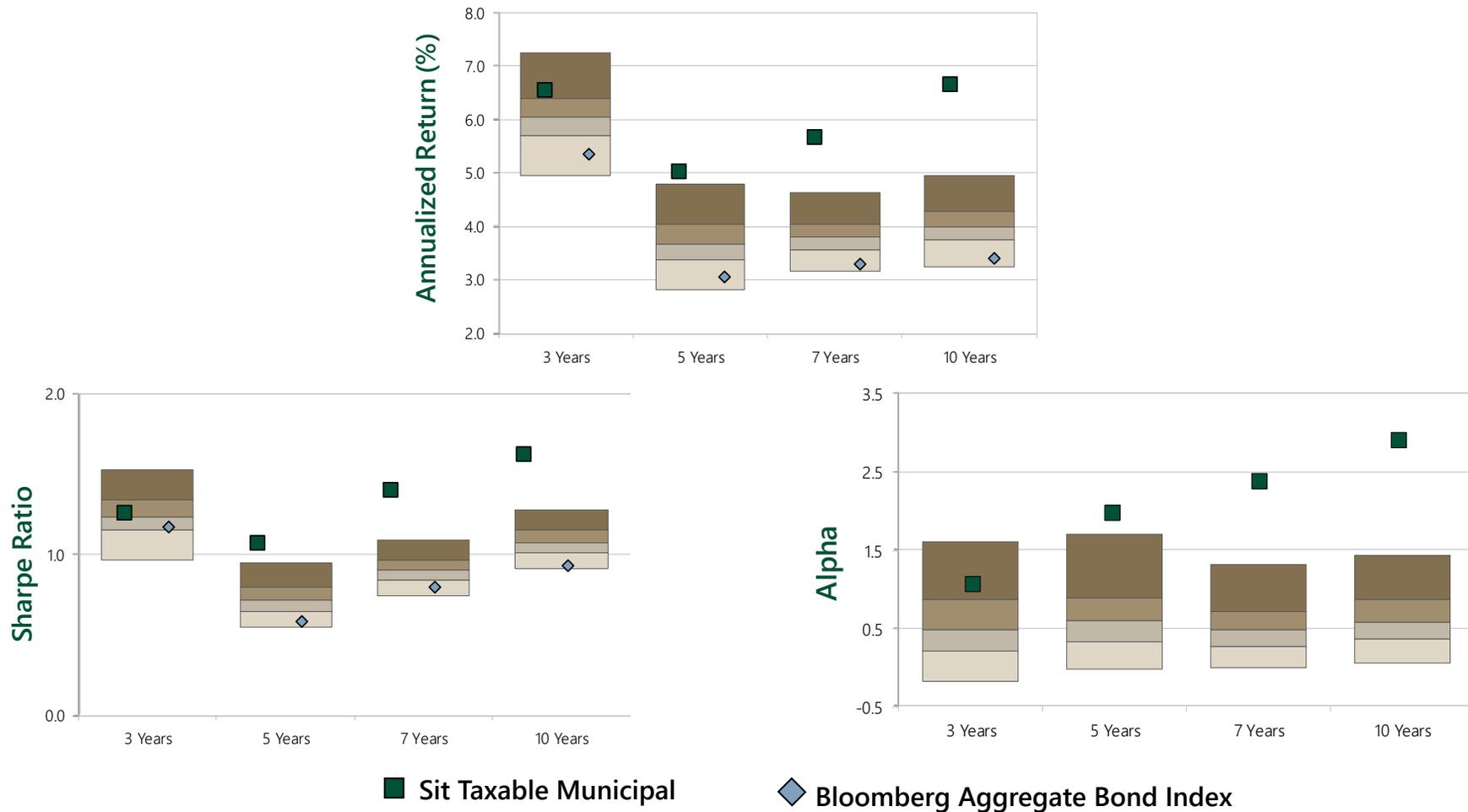
|                                 | 2008        |                       | 2015        |                       | 2018        |                       | 1Q-2020     |                       |
|---------------------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|
|                                 | Return (%)  | Corp. Spread Widening |
| Bloomberg Corp. Inv. Grade      | -4.94       | 357 bp                | -0.68       | 34 bp                 | -2.51       | 60 bp                 | -3.63       | 179 bp                |
| ICE BofAML High Yield           | -26.39      | 1093 bp               | -4.64       | 177 bp                | -2.26       | 183 bp                | -13.12      | 503 bp                |
| S&P 500                         | -37.00      |                       | 1.38        |                       | -4.38       |                       | -16.60      |                       |
| <b>Sit Taxable Municipals</b>   | <b>2.89</b> |                       | <b>2.60</b> |                       | <b>3.44</b> |                       | <b>1.82</b> |                       |
| Bloomberg Taxable Muni          | -4.15       |                       | 1.03        |                       | 0.62        |                       | 1.17        |                       |
| Bloomberg Tax Muni Intermediate | 1.49        |                       | 2.07        |                       | 2.35        |                       | 1.82        |                       |

# YIELD CURVE POSITIONING – SIT TAXABLE MUNICIPAL

As of September 30, 2021



# SIT TAXABLE MUNICIPAL STRATEGY VS. THE UNIVERSE – AS OF 6/30/21



Universe: eVestment US Core Fixed Income. (Observations on 7/26/2021: 3yr=275; 5yr=256; 7yr=239; 10yr=215). eVestment Alliance and its affiliated entities (collectively, "eVestment") collect information directly from investment management firms and other sources believed to be reliable; however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on eVestment's systems and other important considerations such as fees that may be applicable. All categories not necessarily included, and totals may not equal 100%. Copyright: 2012-2021 eVestment Alliance, L.L.C. All Rights Reserved.



Past performance is not indicative of future performance. Returns are gross of fees and calculated on a time-weighted total return basis. The information above is supplemental to and complements the composite presentation at the end of the disclosure section. The account information set forth above is for the composite, and is provided for illustrative purposes only. Please refer to the disclosure section for performance information and the composite presentation including net of fees results.

# CLOSED-END MUTUAL FUNDS

# TAXABLE BOND STRATEGY FOR ENHANCED TOTAL RETURN

## Strategy

### Closed-End Investment Grade Bond Funds

The objective of the closed-end investment grade bond strategy is to opportunistically take advantage of inefficiencies in the closed-end investment grade taxable bond fund universe while providing diversification to a traditional fixed income portfolio. Relative incremental value is achieved with significant investments in perpetual and term closed-end bond mutual funds. The strategy utilizes perpetual funds which offer high levels of income and quality are typically purchased at prices which are 5-10% below the fund's Net Asset Value (NAV) per share. The strategy also invests opportunistically in funds where structural changes are occurring, often enhancing their value to full NAV. The strategy may invest in other sectors of the fixed income market in order to achieve its objective.

## Market

As of September 30, 2021, there are 153 taxable closed-end bond funds with a total market value of \$76 billion.

Sit actively focuses on 39 taxable investment grade funds with a total market value of \$18 billion.

### Primary Differences Between Open-End and Closed-End Funds

#### Open-End Funds

Transactions determined by NAV

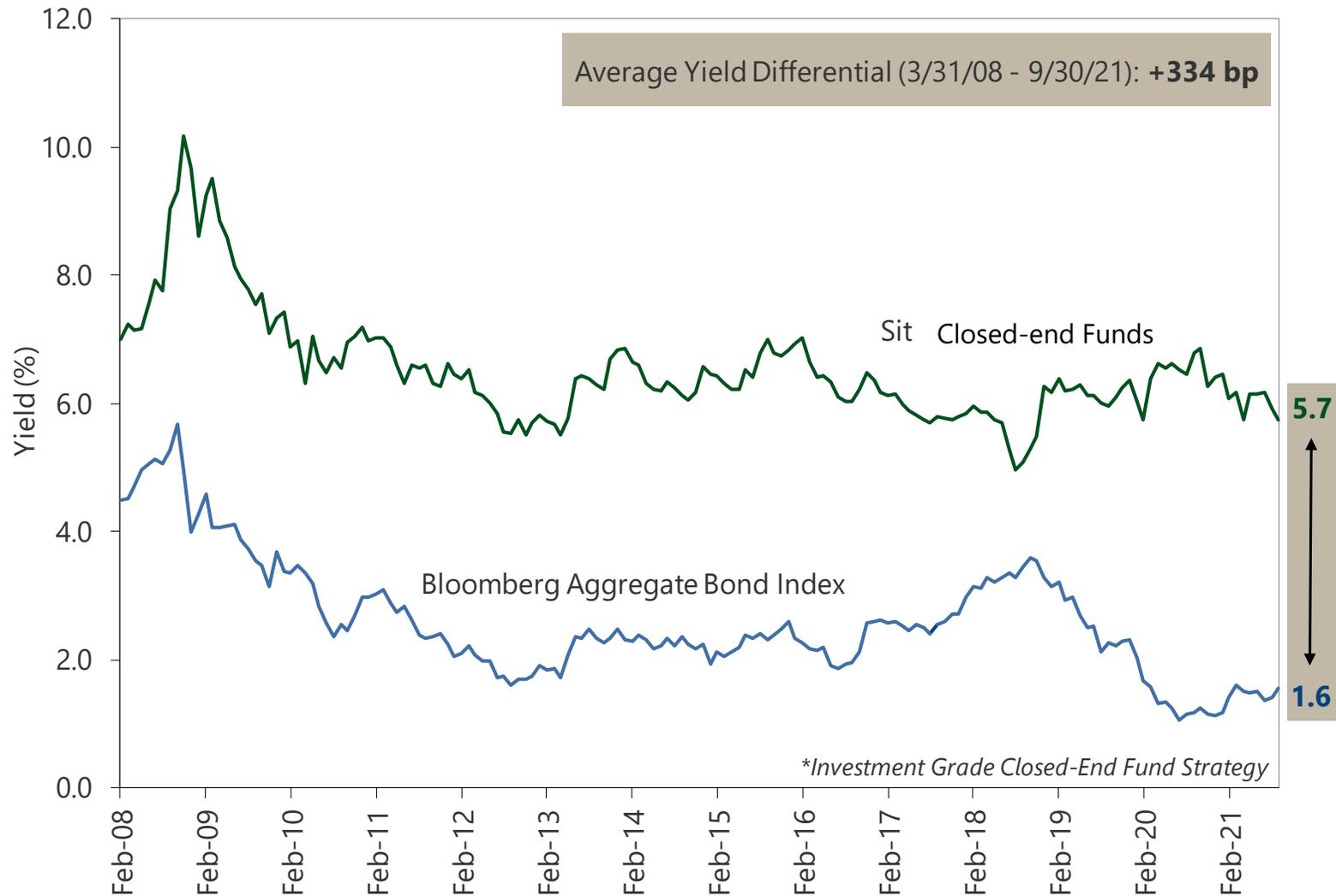
Leverage not employed

#### Closed-End Funds

Transactions based on the auction market (NYSE)

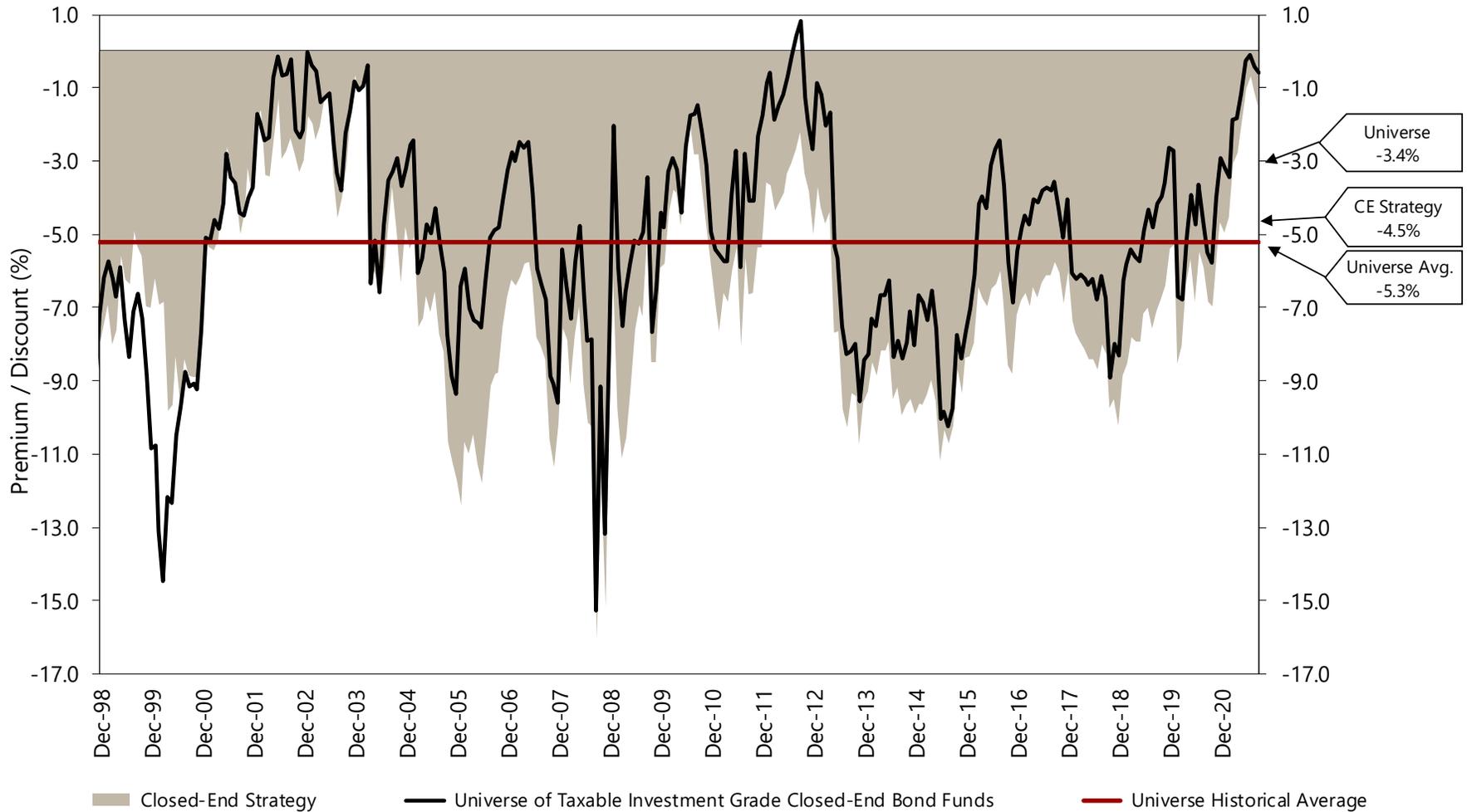
Funds may leverage by 25% - 50% to enhance yield

## SIT CLOSED-END FUNDS YIELD ADVANTAGE



# CLOSED-END BOND FUND DISCOUNT HISTORY

As of September 30, 2021



## ABSOLUTE RETURN STRATEGY FOR ENHANCED TOTAL RETURN

| Strategy                                      |
|---|
| Targeted Opportunity: Closed-End Mutual Funds |

A targeted strategy that seeks to benefit from structural changes in closed-end mutual funds. The strategy seeks to achieve strong absolute returns. The objective of the strategy is to identify and invest in closed-end mutual funds that the advisor believes exhibit a minimum annualized return potential of 10%.

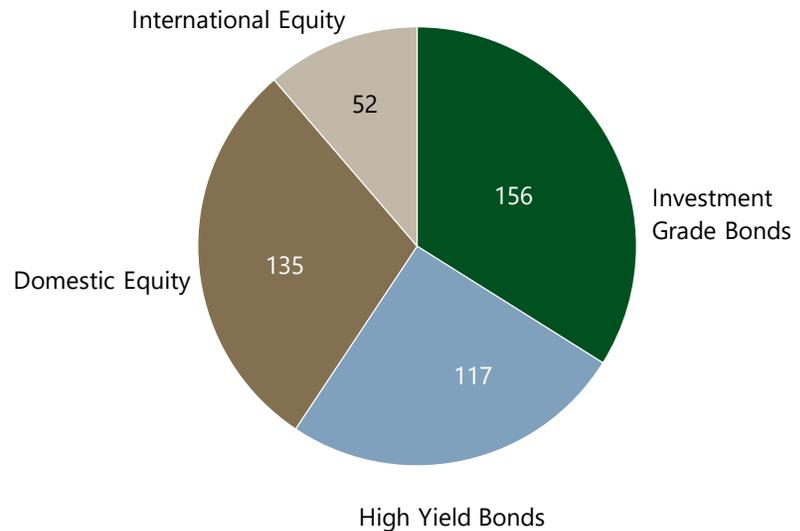
### Strategy Highlights:

- 1.) Total Return Expectation: 8-12% per year
- 2.) Annualized Return Threshold for Investment: 10%
- 3.) Average Estimated Holding Period: 1-10 months
- 4.) Ability to manage underlying market exposure

### Opportunities Include:

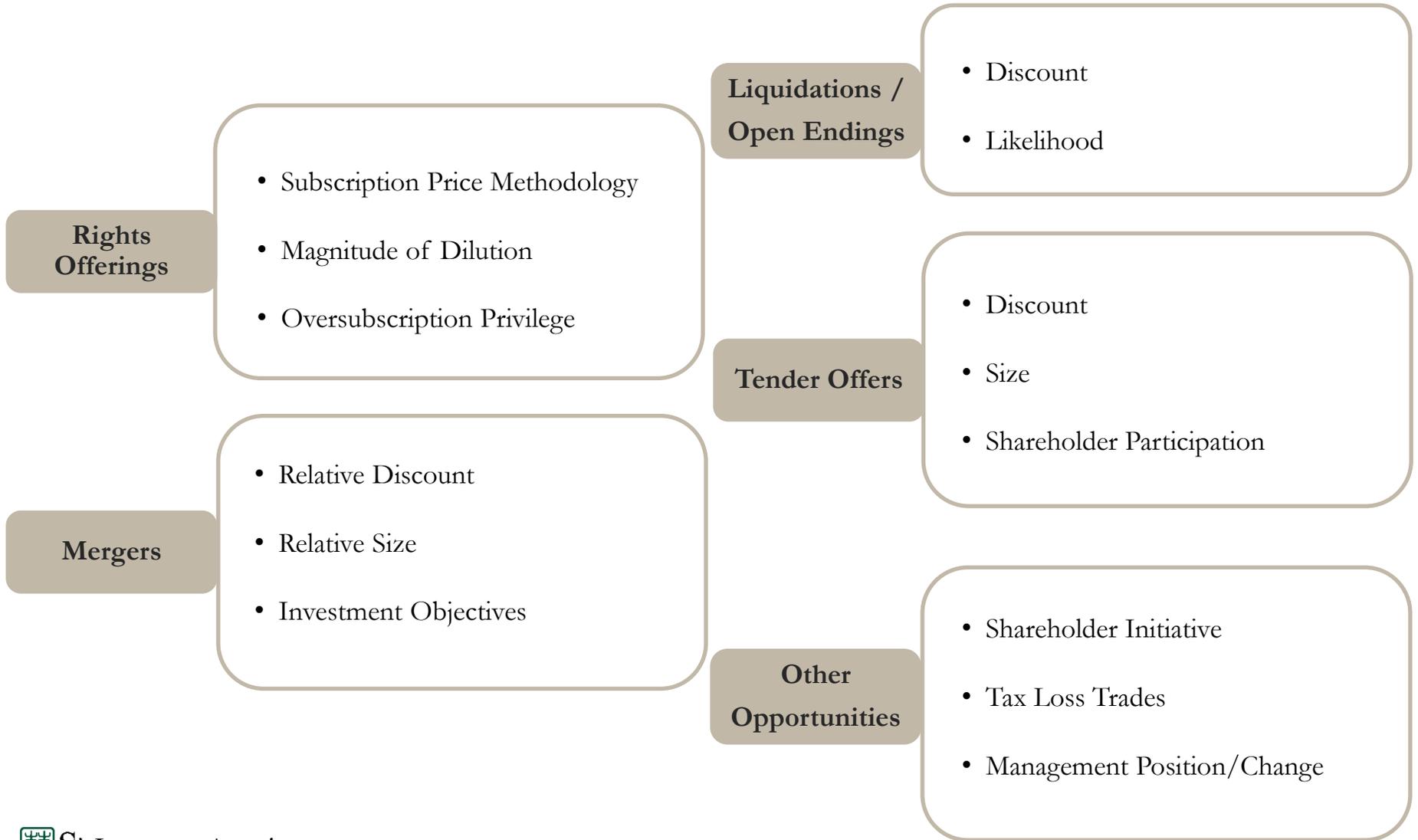
- 1.) Rights Offerings
- 2.) Mergers
- 3.) Liquidations / Open-Endings
- 4.) Tender Offers
- 5.) Other situations with exploitable inefficiencies

Closed-End Mutual Fund Universe Totals 460 Funds  
As of 9/30/21



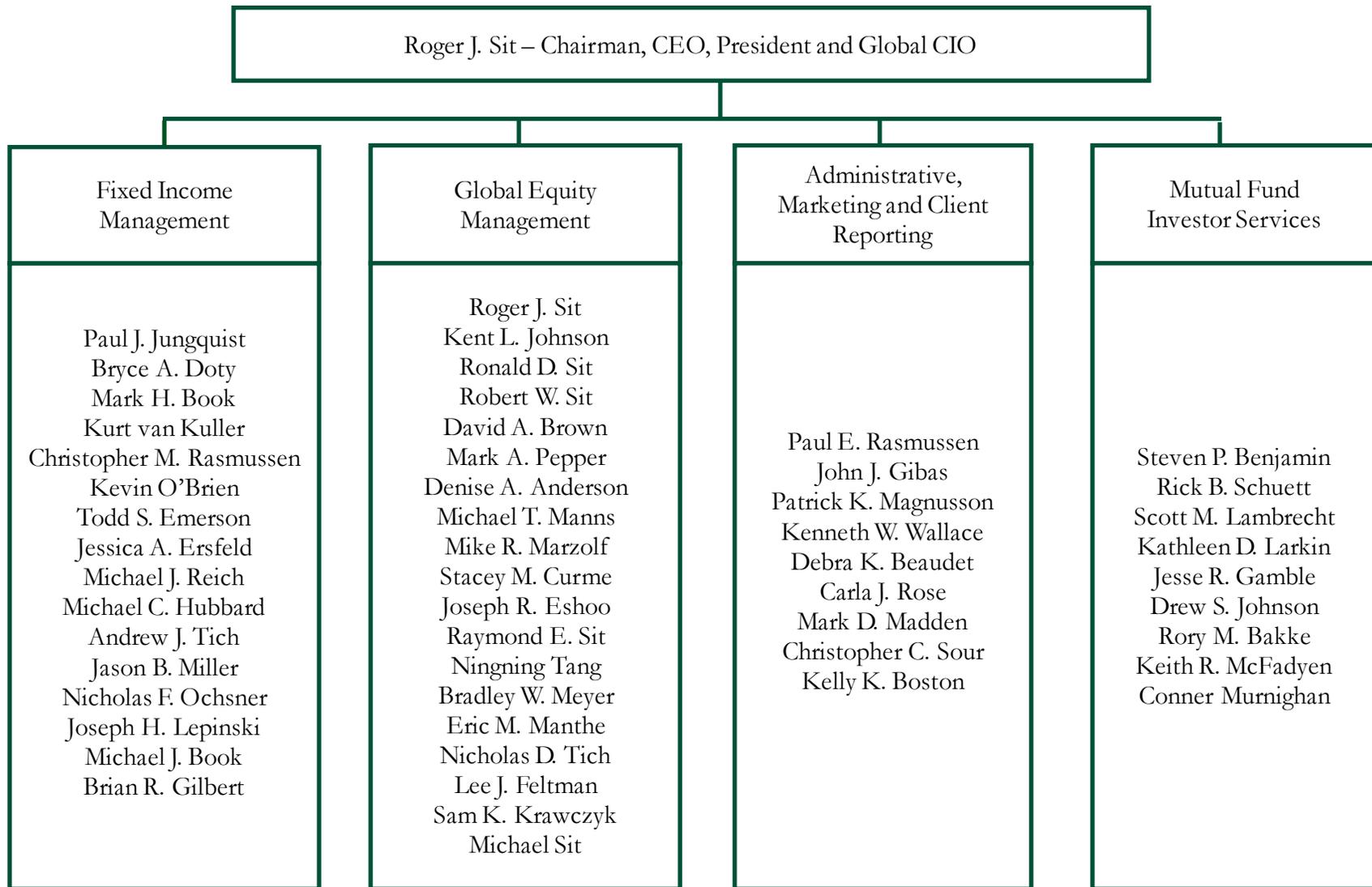
# KEY FACTORS

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# MISCELLANEOUS

## INVESTMENT PROFESSIONALS ORGANIZATION CHART



## BIOGRAPHIES



**Roger J. Sit**  
CEO and Global Chief Investment Officer  
31 years investment experience

1998 - Present Sit Investment Associates, Inc.  
1991 - 1998 Goldman Sachs & Co., Vice President  
1984 - 1990 Captain, United States Air Force

Harvard Business School, MBA (1991)  
University of Southern California, MS (1987)  
United States Air Force Academy, BS (1984)

[rjs@sitinvest.com](mailto:rjs@sitinvest.com)



**Paul J. Jungquist, CFA, CGMA, CPA**  
Senior Vice President, Senior Portfolio Manager  
27 years investment experience

1994 - Present Sit Investment Associates, Inc.  
1990 - 1994 Twin Cities Testing, Assistant Controller  
1984 - 1990 Grant Thornton, Auditor

University of Minnesota, MBA (1993)  
University of Notre Dame, BBA (1984)

[pjj@sitinvest.com](mailto:pjj@sitinvest.com)



**Bryce A. Doty, CFA**  
Senior Vice President, Senior Portfolio Manager  
31 years investment experience

1995 - Present Sit Investment Associates, Inc.  
1988 - 1995 Minnesota Mutual Life Insurance Company,  
Investment Analyst

University of Minnesota, MBA (1992)  
Hamline University, BA (1988)

[bad@sitinvest.com](mailto:bad@sitinvest.com)



**Kurt van Kuller, CFA**  
Vice President, Portfolio Manager  
41 years investment experience

2018 - Present Sit Investment Associates, Inc.  
2010 - 2018 MUFG Union Bank, Managing Director  
2009 - 2010 Northeast Securities, Inc., Director Inst Sales  
2007 - 2009 1861 Capital Management, Asst. Portfolio Mgr.  
1991 - 2007 Merrill Lynch, Sr. Director & Manager  
1987 - 1991 Lebenthal & Co., Inc., Managing Director  
1984 - 1987 Mosely Securities Corp., Research Director  
1980 - 1984 Standard & Poor's, Rating Officer

SUNY Albany, MBA (1980)  
SUNY Albany, BA (1977)

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**Mark H. Book, CFA, CMA**  
Vice President, Portfolio Manager  
35 years investment experience

2000 - Present Sit Investment Associates, Inc.  
1998 - 2000 US Bancorp Piper Jaffray, Corp., VP, Strategist  
1997 Norwest Investment Mgmt., Portfolio Manager  
1991 - 1996 Insight Investment Mgmt., Portfolio Manager  
1986 - 1991 Reliastar Financial Corp., Security Trader

University of Minnesota, MBA (1992)  
University of Minnesota, BA (1986)

[mhb@sitinvest.com](mailto:mhb@sitinvest.com)



**Christopher M. Rasmussen, CFA**  
Vice President, Portfolio Manager  
21 years of investment experience

1999 - Present Sit Investment Associates, Inc.

University of Minnesota, MBA (2004)  
University of Minnesota, BSB (2001)

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## FIXED INCOME BIOGRAPHIES



### **Todd S. Emerson, CFA**

**Vice President**

**26 years investment experience**

2006 - Present Sit Investment Associates, Inc.  
2002 - 2006 Thomson West, Finance Manager  
1998 - 2001 U.S. Bank, Senior Financial Analyst  
1994 - 1998 RBC Dain Rauscher, Public Finance Associate  
1991 - 1993 Avco Financial Services, Assistant Manager

University of Minnesota, MBA (1994)  
University of Wisconsin - Eau Claire, BBA (1991)

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### **Jessica A. Ersfeld, CFA**

**Vice President**

**14 years of investment experience**

2007 - Present Sit Investment Associates, Inc.  
2002 - 2007 Wells Fargo Bank, Relationship Specialist II

University of Minnesota, MBA (2006)  
University of St. Thomas, BA (2000)

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### **Michael J. Reich, CFA**

**Vice President, Portfolio Manager**

**16 years investment experience**

2004 - Present Sit Investment Associates, Inc.

University of Minnesota, MBA (2009)  
University of St. Thomas, BA (2005)

[mjr@sitinvest.com](mailto:mjr@sitinvest.com)



### **Michael C. Hubbard, CFA**

**Vice President**

**15 years investment experience**

2011 - Present Sit Investment Associates, Inc.  
2008 - 2011 State Street Investment Analytics, Consultant  
2005 - 2008 Adviser Investments, Analyst

Boston College, BS (2001)

[mch@sitinvest.com](mailto:mch@sitinvest.com)



### **Kevin P. O'Brien, CFA**

**Vice President**

**18 years investment experience**

2008 - Present Sit Investment Associates, Inc.  
2005 - 2008 Minnesota Army National Guard  
1997 - 2005 Sit Investment Associates, Inc.

United States Army War College, MSS (2020)  
University of Maryland University College, MS (2015)  
University of St. Thomas, BA (1997)

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### **Andrew J. Tich, CFA**

**Vice President**

**14 years investment experience**

2006 - Present Sit Investment Associates, Inc.

University of Minnesota, MBA (2016)  
University of St. Thomas, BS (2009)

[ajt@sitinvest.com](mailto:ajt@sitinvest.com)

## FIXED INCOME BIOGRAPHIES



**Jason B. Miller, CFA**  
Municipal Credit Analyst  
14 years investment experience

2013 - Present Sit Investment Associates, Inc.  
2011 - 2013 Alerus Financial, Investment Research Analyst  
2007 - 2011 Edward Jones, Investment Advisor

Minnesota State University, BS (2007)

[jbm@sitinvest.com](mailto:jbm@sitinvest.com)



**Nicholas F. Ochsner, CFA**  
Taxable Credit Analyst  
9 years investment experience

2017 - Present Sit Investment Associates, Inc.  
2015 - 2017 Health Care Service Corporation, Analyst  
2012 - 2015 Blue Rock Advisors, Analyst

University of Minnesota, MBA (2020)  
University of Minnesota, BS (2011)

[nfo@sitinvest.com](mailto:nfo@sitinvest.com)



**Joseph H. Lepinski, CFA**  
Municipal Credit Assistant  
15 years investment experience

2007 - Present Sit Investment Associates, Inc.  
2005 - 2007 Raymond James, Financial Advisor

University of St. Thomas, MBA (2015)  
University of St. Thomas, BA (2005)

[jhl@sitinvest.com](mailto:jhl@sitinvest.com)



**Michael J. Book**  
Municipal Credit Associate  
6 years investment experience

2019 - Present Sit Investment Associates, Inc.  
2015 - 2019 Piper Jaffray

University of Wisconsin-Eau Claire, BA (2015)

[mjb@sitinvest.com](mailto:mjb@sitinvest.com)



**Brian R. Gilbert**  
Decision Support Systems  
27 years investment experience

1994 - Present Sit Investment Associates, Inc.  
1992 - 1994 Norwest Mortgage, Inc.,  
Conventional Post-Closing Coordinator  
1990 - 1992 Carlson Companies, T5 Project Coordinator

Northwestern College, BA and BS (1990)

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**John J. Gibas**  
Vice President - Institutional Marketing

2012 - Present Sit Investment Associates, Inc.  
2010 - 2012 RBC Global Asset Management,  
Institutional Marketing  
2008 - 2010 Piper Jaffray Investment Management,  
Institutional Marketing  
1998 - 2008 USBancorp, FAF Advisors,  
Institutional Marketing

1979 - 1998 Piper Jaffray, Institutional  
University of Minnesota, MBA (1981), BS (1977)

[jjg@sitinvest.com](mailto:jjg@sitinvest.com)

# IMPORTANT DISCLOSURES

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## **Performance Results – Gross of Fees**

Gross returns were calculated on a time-weighted total return basis, including all dividends and interest, accrued income, realized and unrealized gains or losses. Returns for periods greater than one year are annualized. Gross of fees performance is presented net of brokerage commissions and execution costs, but does not reflect deduction for custodial and investment advisory fees, or the impact of income taxes. These expenses will reduce a client's return. For example, a \$5 million portfolio earning a 10% annualized return over 5 years would be valued at \$8.1 million. The same portfolio with an annual fee of 0.75% would be valued at \$7.8 million net of investment management fees. Advisory fees are described in Form ADV part 2. Please see the composite presentation including net of fees results at the end of the disclosure section.

The composite presentation includes a description of the securities held in the composite portfolio.

Index returns are presented as total returns, reflecting both price performance and income from dividend payments. The indexes are unmanaged and reflect no fees or expenses.

Past performance is not indicative of future performance. Investment return and principal value of an investment will fluctuate so that the value of an account may be worth more or less than the original invested cost.

**This gross performance presentation is intended for use in meetings with certain investors, or to be provided to consultants who are instructed to provide this information only on a one-on-one basis with qualified clients with the above disclosures.**

## **Supplemental Information**

Portfolio characteristic information is supplemental to and complements the composite presentation at the end of the disclosure section. The account characteristic information presented is for the composite and is provided for illustrative purposes only. Characteristics of the composite may differ from other accounts in the composite. Allocations and security selection are subject to change. There is no assurance that any security discussed herein will remain in an account's portfolio.

The information provided in this report should not be considered a recommendation of any particular security or strategy.

## **eVestment Alliance Peer Ranks**

Peer rankings represent percentile rankings which are based on monthly gross of fee returns and reflect where the Sit Investment composite returns fall within the indicated eVestment Alliance, LLC ("eVestment") universe. eVestment provides the institutional investment database which consists of institutional managers, investment consultants, plan sponsors and other similar financial institutions reporting on investment products. Performance figures are provided to eVestment by individual investment management firms for informational purposes only. eVestment does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Additional information regarding eVestment rankings is available on eVestment's website. This presentation is intended for institutional investor use only.

# ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) PRACTICES

---

## PHILOSOPHY AND INTEGRATION



### Firm Perspective:



- Sit Investment Associates (Sit) strives to improve people’s standard of living by achieving our clients’ investment goals. Sit manages portfolios to provide long-term reward commensurate with acceptable risk. Sit believes that Integrating ESG principles into the investment process results in better long-term investment returns for our clients.
- Sit also strive to incorporate ESG principles into our own organization. Sit Investment Associates is a minority-owned business enterprise, and diversity and inclusion are an integral part of Sit’s culture and history.
- Sit investment decisions are based on fundamental analysis and research. Our analysis of the suitability of an investment for a client’s portfolio includes a variety of Tangible and Intangible factors:
  - **Tangible investment factors:** Those including financial information, valuation, and macroeconomic indicators
  - **Intangible investment factors:** Those related to the environment, society, and corporate governance (ESG). Identifying the potential impact of ESG factors is generally a more subjective process than traditional financial analysis. The evaluation of ESG factors is dependent on the industry, company, and management, and therefore will vary with each investment.
- Sit Investment Associates has applied to be a Signatory to the UN PRI standards and anticipates approval in 2021. Sit will incorporate current ESG standards expressed by UN PRI and respond to future enhancements.

## ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) PRACTICES

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### Sit Fixed Income ESG Process:

- Within Sit fixed income strategies, our objective is to achieve the highest level of portfolio income with the least amount of risk. Corporate bonds whose issuers have higher than average ESG risks will thus have a higher relative value threshold (i.e., they will need to yield significantly more than a comparably rated security with lower ESG risks).
- Sit does not exclude sectors with more ESG risk, unless instructed by client guidelines, but higher ESG risk sectors will only have significant weight in our portfolios when they become attractive from a relative-value perspective.
- Sit fixed income corporate credit approach considers ESG-related risks as a single component of our bottom-up fundamental analysis. We do not restrict our corporate bond holdings to corporate issuers that score highly on ESG related-factors.
- Sit Fixed Income strategies are relative-value driven. We view corporate and credit bonds with ESG issues as riskier, and these securities will have a higher relative value threshold.

## SIT INVESTMENT ASSOCIATES - MINORITY OWNERSHIP

---

**Sit is an independent, employee-owned investment firm and one of the largest minority-owned firms in the industry:**

- Total employees: 71
- Employees with ownership: 35
- Minority employee ownership: 81.6%
- Employee ownership: 88.8%

## THE SIT FIXED INCOME ADVANTAGE

---

- Disciplined investment philosophy
- Enthusiastic client base
- Comprehensive monthly reporting
- Strong commitment to client service
- Demonstrated track record
- Compelling risk-adjusted returns
- Highly motivated investment team
- Independently owned — Financially sound
- Strategies tailored to client needs
- Consistent return



## MEMORANDUM

Date: October 27, 2021  
To: CCCERA Board of Retirement  
From: Timothy Price, Chief Investment Officer  
Subject: Update on Private Equity and Real Estate Commitments

---

### Overview

CCCERA recently made commitments to one private equity fund and one value add real estate fund using the delegated authority granted in the Investment Policy Statement. All commitments noted below are for the 2021 vintage year. A brief description of each fund is included below. This memo is for informational purposes only and no action is required from the Board at this time.

### Investment Policy Statement

The CCCERA Investment Policy Statement adopted by the Board on September 28, 2016 (amended on April 24, 2019 and May 26, 2021) outlines the hiring process for new investment mandates. Commitments up to a \$150 million per fund may be approved via a staff review process, while mandates above this threshold require approval by the Board.

### Trident Fund IX

Trident Fund IX is managed Stone Point Capital, based in Greenwich, CT. Trident IX is an upper middle market private equity fund focused on the financial services sector. Trident targets control investments in buyouts, growth-oriented recapitalizations, and de novo investment opportunities. CCCERA committed \$50 mm to Trident Fund IX. CCCERA previously committed to \$40 mm to Trident VIII.

### INVESCO Fund VI

INVESCO Fund VI is managed by INVESCO Real Estate based in Dallas, TX. This is the successor fund to the value-added real estate series of funds that CCCERA has participated in for over a decade. Fund VI is the latest offering, targeted at \$1.3 billion investing in the domestic sectors of Industrial, Multifamily, Office, Retail, Self-Storage, and Data Center. CCCERA committed \$100 mm to Fund VI.



Meeting Date  
**10/27/2021**  
Agenda Item  
**#11**

## MEMORANDUM

Date: October 27, 2021  
To: CCCERA Board of Retirement  
From: Gail Strohl, Chief Executive Officer  
Subject: Pension administration system project update

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### Background

CCCERA's mission is to effectively and accurately administer pension benefits earned by our members and to be prudent stewards of plan assets. A critical piece of providing those benefits is an effective comprehensive pension administration system. The transition to a new pension administration system requires a great deal of work and commitment from all parties involved. There will be many benefits from the new system, including member and employer portals, internal workflow efficiencies, and an increased ability to serve members.

On April 14, 2021, the Board authorized the Chief Executive Officer to execute an agreement with Sagitec Solutions, LLC to provide administration system software, implementation, hosting and support services in an amount not to exceed \$13,000,000. Currently, the project end dates and budget are on target. There will be a project update from:

- Jasmine Lee, CCCERA's project manager/member services manager
- The Segal Group, Inc., Oversight Project Manager
- Sagitec, PAS vendor

This is the first of several updates the Board will be receiving through the course of this project.

### Recommendation

This is informational only. No action is necessary.

CCCERA Pension Administration System (PAS)  
Modernization Project

# Segal's Board Update

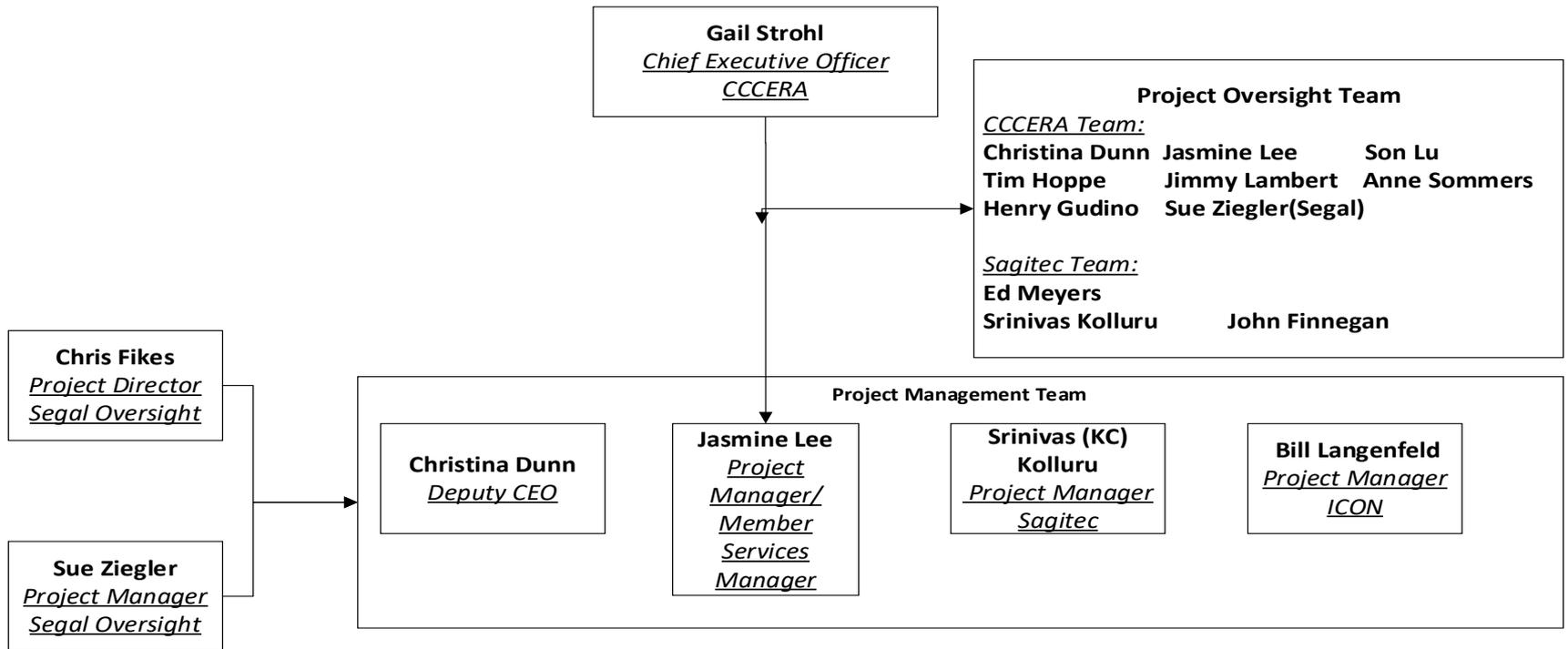
October 27, 2021



# Agenda

- Project Management Team Structure
- High Level Project Scope
- Key Milestones Completed Since Project Start
- Key Milestones for Next 90 Days
- High Level Project Schedule
- Comparison of Project Schedule in the Contract to Current Sagitec Schedule
- Questions

# Project Management Team Structure



# High Level Project Scope

- New Pension Administration System (PAS) Implementation (CCCERA / Sagitec)
  - Browser-based PAS functionality for Business Users
  - Member Self-Service Portal
  - Employer Self-Service Portal
  - Imaging Integration with Pension Administration System
- Data Cleansing and Conversion (CCCERA / Sagitec / ICON)
  - Identification of all CPAS data that does not conform to current business rules
  - Cleansing of CPAS data
  - Mapping of CPAS data to new PAS
  - Conversion of data from legacy CPAS database to new PAS database (NeoSpin)

# Key Milestones Completed:

## Since Project Start – 4/26/2021

- Project start-up activities complete
- Hosting Environment set-up complete
- Data Conversion Plan approved by all parties
- Requirements Confirmation Sessions complete
- Employer Meeting held to announce the project
- Confirmation received from Pilot Employers

# Key Milestones Completed:

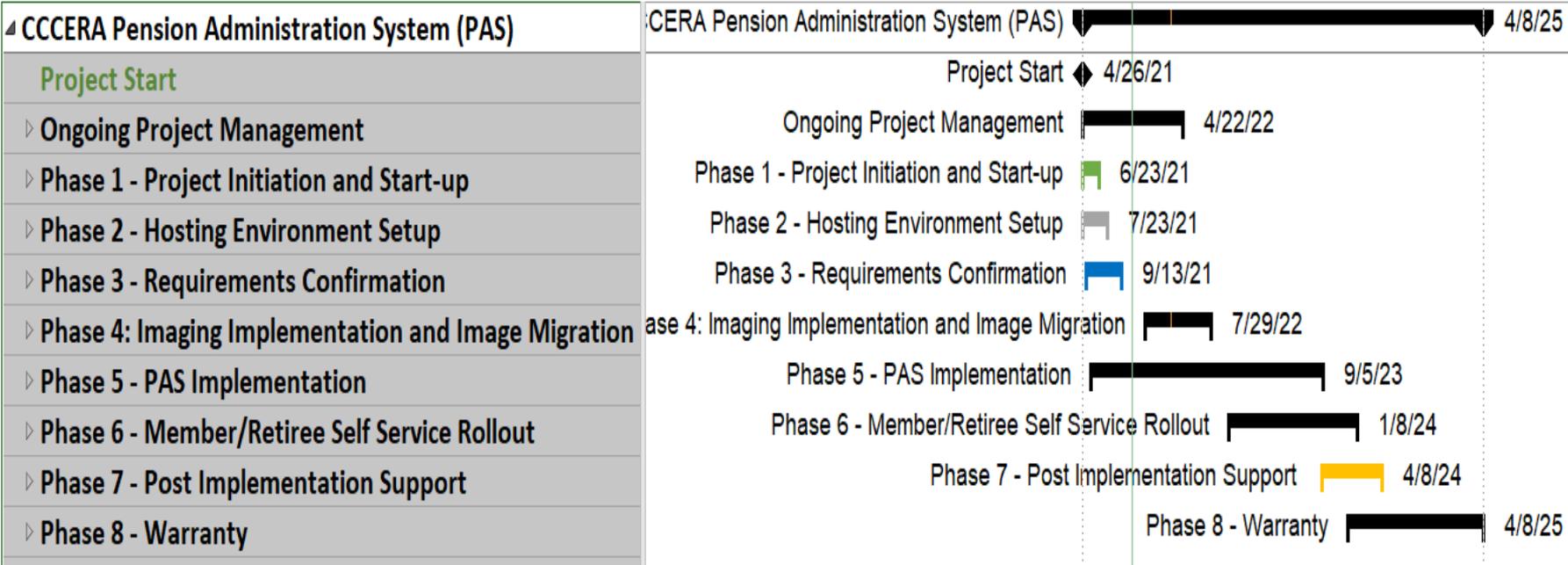
## Since Project Start – 4/26/2021

- Data cleansing by CCCERA staff has begun
- Re-baselined project schedule approved
- Branding / Style Guides approved for LOB, Employer & Member Portals
- ICON continued data profiling activities and began the Project Management of Data Cleansing effort
- ICON/Sagitec began data mapping/conversion activities
- Began design review and approval for Pilot 1.

# Key Milestones: Next 90 Days

- Continue with progress on the design approval(s) for Pilot 1
- Continue with progress on data profiling activities by ICON
- Continue with progress on data cleansing by CCCERA staff
- Provide project status / updates to CCCERA Employers
- Start development activities for Pilot 1 by Sagitec
- Continue data conversion activities for Pilot 1 by Sagitec /  
ICON

# High Level Project Schedule – As of 9/1/21



# Comparison of Contract Schedule Dates to Current Schedule Dates

| <b>Project Phase</b>                    | <b>Contract Schedule Finish Date</b> | <b>Current Schedule Finish Date</b> |
|---|--------------------------------------|-------------------------------------|
| Phase 1 Project Initiation and Start-Up | 7/22/21                              | 6/23/21                             |
| Phase 2 Hosting Environment Setup       | 7/13/21                              | 7/23/21                             |
| Phase 3 Requirements Confirmation       | 9/15/21                              | 9/13/21                             |
| Phase 4 Imaging Implementation          | 5/5/22                               | 7/29/22                             |
| Phase 5 PAS Implementation              | 9/5/23                               | 9/5/23                              |
| Phase 6 Member/Retiree Self Service     | 1/8/24                               | 1/8/24                              |
| Phase 7 Post Implementation Support     | 4/7/24                               | 4/8/24                              |
| Phase 8 Warranty                        | 4/7/25                               | 4/8/25                              |

Questions...?



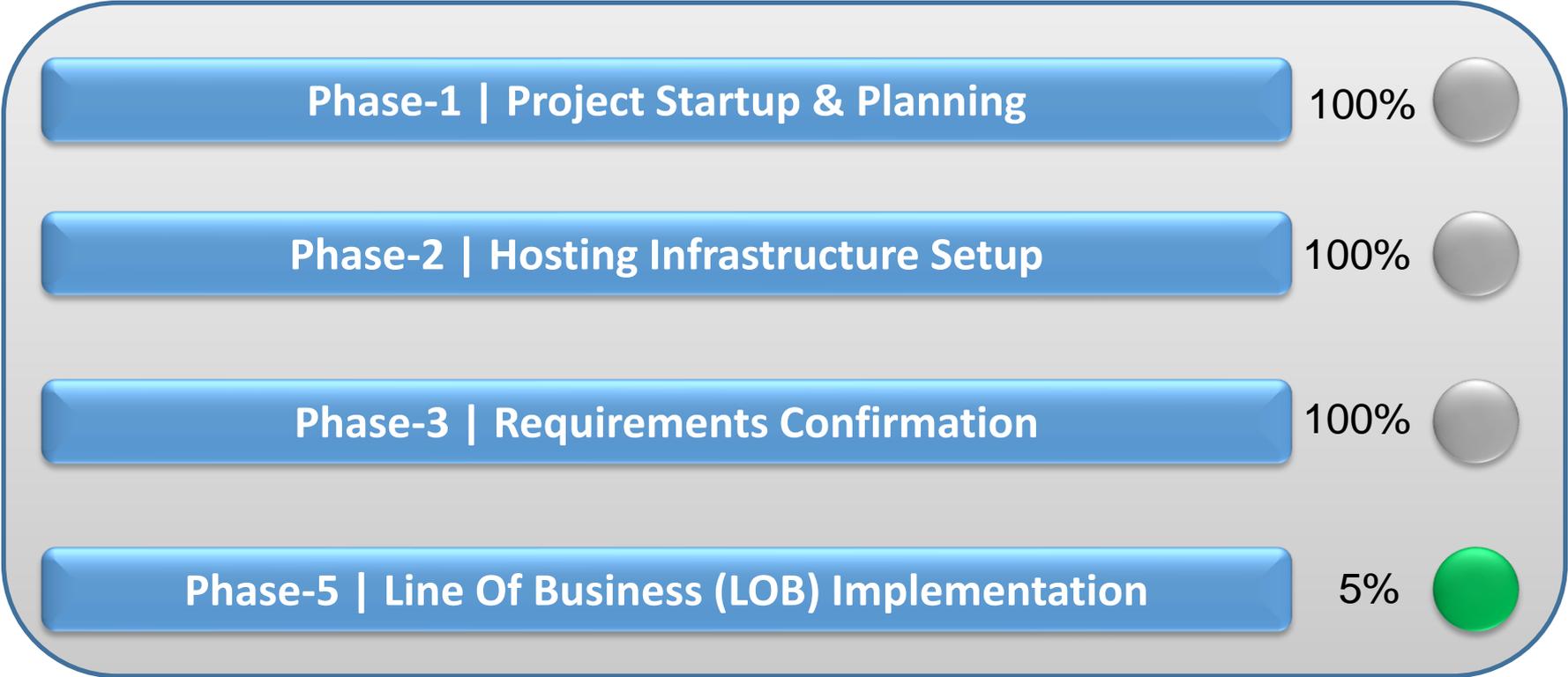


# CCCERA Online Retirement System Project Implementation Progress

October 27, 2021

- Project Overall Performance
- Deliverables/Accomplishments
  - Phase 1 – Project Initiation and Startup
  - Phase 2 – Hosting Infrastructure Setup
  - Phase 3 – Requirements Confirmation
  - Phase 5 – PAS Implementation
- Data Conversion
- PAS Implementation: Planned Milestones/Deliverables – Next Quarter.

# Project Overall Performance



# Deliverables/Accomplishments (Current Period)

## Phase 1 – Project Initiation & Startup

- 13 Project Management Plans reviewed and approved.
- CCCERA Project Sharepoint site layout reviewed and approved.
- Product implementation and delivery methodology approved.
- CCCERA Project Progress reporting methodology approved.

## Phase 2 – Project Initiation & Startup

- NeoTrack™ environment Setup completed with the application setup.
- Initial environments (Development, Testing and Conversion) set up in MS Azure cloud.
- UAT, Training and Production environments planned before system go live.

## Phase 3 – Requirements Confirmation

- Legacy Application, Processes and Data reviewed.
- NeoTrack™ (Sagitec's design tool) training provided to CCCERA.
- Requirements Traceability Matrix discussed and approved.
- Re-baselined Project workplan is approved.

## Phase 5 – PAS Implementation

- Solution Branding (look/feel) approved for Line of Business and Employer Self Service.
- PAS Implementation Testing Plan and Software Release Management plans approved.
- Elaboration and Design for three foundational modules approved
  - Neobase
  - Person Demographics
  - Organization Demographics
- Solution configuration work is kicked off for NeoBase module.

# Data Conversion

- Data Conversion Plan is reviewed and approved.
- Legacy Data Review (LDR) completed and LDR document is shared with CCCERA.
- Data movement path of Legacy data being converted is finalized and approved.
- Initial data analysis commenced facilitating high-level data mapping.
- Two cycles of the Legacy Data base has been shared by ICON with Sagitec.
- High level data mapping for data conversion is 85% completed.

# PAS Implementation: Planned Milestones/Deliverables – Next Quarter

- Elaboration and Design completion for 5 functional modules in Pilot 1.
- Completion of High-Level Data Mapping for the Data Conversion for Pilot 1.
- Completion of trial data conversion of foundation modules – Person and Organization.
- Configuration of foundational modules – NeoBase, Person and Organization.
- Starting of Unit and System testing for the foundation modules.
- Plan and Kick-Off Enterprise Content Management (ECM) Implementation.



Thank You



Meeting Date  
**10/27/2021**  
Agenda Item  
**#12**

## MEMORANDUM

Date: October 27, 2021  
To: CCCERA Board of Retirement  
From: Karen Levy, General Counsel  
Subject: Resolution 2021-6 authorizing the Board to conduct teleconference meetings under Government Code section 54953 (e)

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### Background

On March 4, 2020, the Governor of the State of California proclaimed a state of emergency to exist in California as a result of the COVID-19 pandemic. The Governor issued an executive order that allowed local agencies to hold public meetings remotely without complying with all teleconferencing requirements of the Brown Act. Specifically, boards were not required to list each teleconference location on the agenda, make each teleconference location physically accessible to the public during the meeting, and give the public an opportunity to comment at each teleconference location. Since March 2020, the Board of Retirement and its Audit Committee have held public meetings virtually, as authorized by Executive Orders N-29-20, N-35-20, N-08-21 and N-15-21. The Executive Order authorization to conduct public meetings virtually expired September 30, 2021. To allow the continuation of virtual meetings, the legislature passed, and the Governor signed into law, Assembly Bill 361. AB 361 allows state and local boards the flexibility to conduct virtual (rather than in-person) public meetings during a proclaimed state of emergency. The new law was enacted as an urgency measure in September 2021 and became effective immediately.

Under the new law, California Government Code section 54953, subsection (e) authorizes local agencies to use special teleconferencing rules during a state of emergency declared by the state and either:

- A. State or local health officials have imposed or recommended measures to promote social distancing; or
- B. The legislative body is meeting to determine whether, or has determined, by majority vote, that meeting in person would present imminent risks to the health or safety of meeting attendees.

When a legislative body uses the teleconferencing provisions under section 54953 (e), the following rules apply:

- The agency must provide notice of the meeting and post an agenda as required by the Brown Act, but the agenda does not need to list each teleconference location or be physically posted at each teleconference location.
- The agenda must state how members of the public can access the meeting and provide public comment.
- The agenda must include an option for all persons to attend via a call-in or internet-based service option.
- The legislative body must conduct the meeting in a manner that protects the constitutional and statutory rights of the public.
- If there is a disruption in the public broadcast of the meeting or of the call-in or internet-based meeting service, the legislative body must stop the meeting and take no further action on agenda items until public access and ability to comment is restored.
- The agency may not require public comments to be submitted in advance of the meeting and must allow virtual comments to be submitted in real time.
- The legislative body must allow a reasonable amount of time per agenda item to permit members of the public to comment, including time to register or otherwise be recognized for the purposes of comment.
- If the body provides a timed period for all public comment on an item, it may not close that period before the time has elapsed.
- The body must reconsider the circumstances of the state of emergency and the findings in support of emergency teleconference meetings every 30 days.

### **Proclaimed State of Emergency and Health and Safety Guidance**

Currently, the COVID-19 state of emergency proclaimed by the Governor is in effect. (See Attachment A.) The Contra Costa County Health Officer has issued recommendations for safely holding public meetings that include recommended measures to promote social distancing. (See Attachment B.) The County Health Officer's recommendations state: "On-line meetings (teleconferencing meetings) are strongly recommended as those meetings present the lowest risk of transmission of SARS-CoV-2, the virus that causes COVID-19." The Center for Disease Control (CDC) also recommends physical distancing to slow the spread of COVID-19. (See Attachment C.)

**Resolution 2021-6**

The enclosed Resolution 2021-6 would authorize teleconferencing under section 54953 (e) for the next 30 days. It would determine that the State of California has declared a state of emergency related to COVID-19. The Resolution would further find that social distancing recommendations are in place and that there is an imminent risk of harm to members of the public, CCCERA staff and outside consultants, and trustees if in-person meetings open to the general public are conducted. If adopted, Resolution 2021-6 would authorize the Board and its subcommittee(s) to hold teleconference meetings consistent with the above described rules for the next 30 days.

If the Board wishes to continue teleconferencing under section 54953 (e), every 30 days after adopting resolution 2021-6 the Board must reconsider the circumstances of the state of emergency and find that one or both of the following circumstances exists:

- The state declared emergency continues to directly impact the ability to safely meet in person; or
- State or local officials continue to impose or recommend measures to promote social distancing.

Resolution 2021-6 would direct staff to return no later than 30 days after the resolution is adopted with an item for the Board to consider whether to continue meeting under the provisions of Government Code section 54953 (e).

If the state declared emergency no longer exists, or if the Board does not make these findings by majority vote, then it and its committee(s) will no longer be exempt from the Brown Act's non-emergency teleconferencing rules.

**Recommendation**

Consider and take possible action to adopt Resolution 2021-6 authorizing the Board and its subcommittee(s) to conduct teleconference meetings for the next 30 days under Government Code section 54953 (e) and make related findings.

# *Attachment*

**A**

**EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA**

**PROCLAMATION OF A STATE OF EMERGENCY**

**WHEREAS** in December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19), was first identified in Wuhan City, Hubei Province, China, and has spread outside of China, impacting more than 75 countries, including the United States; and

**WHEREAS** the State of California has been working in close collaboration with the national Centers for Disease Control and Prevention (CDC), with the United States Health and Human Services Agency, and with local health departments since December 2019 to monitor and plan for the potential spread of COVID-19 to the United States; and

**WHEREAS** on January 23, 2020, the CDC activated its Emergency Response System to provide ongoing support for the response to COVID-19 across the country; and

**WHEREAS** on January 24, 2020, the California Department of Public Health activated its Medical and Health Coordination Center and on March 2, 2020, the Office of Emergency Services activated the State Operations Center to support and guide state and local actions to preserve public health; and

**WHEREAS** the California Department of Public Health has been in regular communication with hospitals, clinics and other health providers and has provided guidance to health facilities and providers regarding COVID-19; and

**WHEREAS** as of March 4, 2020, across the globe, there are more than 94,000 confirmed cases of COVID-19, tragically resulting in more than 3,000 deaths worldwide; and

**WHEREAS** as of March 4, 2020, there are 129 confirmed cases of COVID-19 in the United States, including 53 in California, and more than 9,400 Californians across 49 counties are in home monitoring based on possible travel-based exposure to the virus, and officials expect the number of cases in California, the United States, and worldwide to increase; and

**WHEREAS** for more than a decade California has had a robust pandemic influenza plan, supported local governments in the development of local plans, and required that state and local plans be regularly updated and exercised; and

**WHEREAS** California has a strong federal, state and local public health and health care delivery system that has effectively responded to prior events including the H1N1 influenza virus in 2009, and most recently Ebola; and

**WHEREAS** experts anticipate that while a high percentage of individuals affected by COVID-19 will experience mild flu-like symptoms, some will have more serious symptoms and require hospitalization, particularly individuals who are elderly or already have underlying chronic health conditions; and

**WHEREAS** it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases in California, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

**WHEREAS** if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the people of California, and limits the spread of infection in our communities and within the healthcare delivery system; and

**WHEREAS** personal protective equipment (PPE) is not necessary for use by the general population but appropriate PPE is one of the most effective ways to preserve and protect California's healthcare workforce at this critical time and to prevent the spread of COVID-19 broadly; and

**WHEREAS** state and local health departments must use all available preventative measures to combat the spread of COVID-19, which will require access to services, personnel, equipment, facilities, and other resources, potentially including resources beyond those currently available, to prepare for and respond to any potential cases and the spread of the virus; and

**WHEREAS** I find that conditions of Government Code section 8558(b), relating to the declaration of a State of Emergency, have been met; and

**WHEREAS** I find that the conditions caused by COVID-19 are likely to require the combined forces of a mutual aid region or regions to appropriately respond; and

**WHEREAS** under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the threat posed by COVID-19; and

**WHEREAS** under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19.

**NOW, THEREFORE, I, GAVIN NEWSOM**, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.

**IT IS HEREBY ORDERED THAT:**

1. In preparing for and responding to COVID-19, all agencies of the state government use and employ state personnel, equipment, and facilities or perform any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan, as well as the California Department of Public Health and the Emergency Medical Services Authority. Also, all residents are to heed the advice of emergency officials with regard to this emergency in order to protect their safety.
2. As necessary to assist local governments and for the protection of public health, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services needed to assist in preparing for, containing, responding to, mitigating the effects of, and recovering from the spread of COVID-19. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of COVID-19.
3. Any out-of-state personnel, including, but not limited to, medical personnel, entering California to assist in preparing for, responding to, mitigating the effects of, and recovering from COVID-19 shall be permitted to provide services in the same manner as prescribed in Government Code section 179.5, with respect to licensing and certification. Permission for any such individual rendering service is subject to the approval of the Director of the Emergency Medical Services Authority for medical personnel and the Director of the Office of Emergency Services for non-medical personnel and shall be in effect for a period of time not to exceed the duration of this emergency.
4. The time limitation set forth in Penal Code section 396, subdivision (b), prohibiting price gouging in time of emergency is hereby waived as it relates to emergency supplies and medical supplies. These price gouging protections shall be in effect through September 4, 2020.
5. Any state-owned properties that the Office of Emergency Services determines are suitable for use to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services for this purpose, notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.
6. Any fairgrounds that the Office of Emergency Services determines are suitable to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and can immediately use the fairgrounds without the fairground board of directors' approval, and

notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

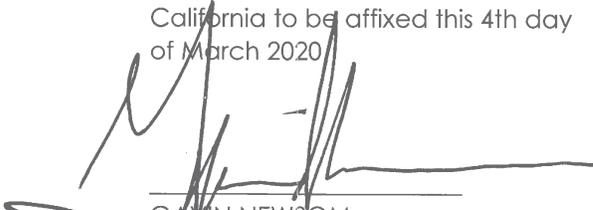
7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates its respective local health emergency.
8. The 60-day time period in Government Code section 8630, within which local government authorities must renew a local emergency, is hereby waived for the duration of this statewide emergency. Any local emergency proclaimed will remain in effect until each local governing authority terminates its respective local emergency.
9. The Office of Emergency Services shall provide assistance to local governments that have demonstrated extraordinary or disproportionate impacts from COVID-19, if appropriate and necessary, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.
10. To ensure hospitals and other health facilities are able to adequately treat patients legally isolated as a result of COVID-19, the Director of the California Department of Public Health may waive any of the licensing requirements of Chapter 2 of Division 2 of the Health and Safety Code and accompanying regulations with respect to any hospital or health facility identified in Health and Safety Code section 1250. Any waiver shall include alternative measures that, under the circumstances, will allow the facilities to treat legally isolated patients while protecting public health and safety. Any facilities being granted a waiver shall be established and operated in accordance with the facility's required disaster and mass casualty plan. Any waivers granted pursuant to this paragraph shall be posted on the Department's website.
11. To support consistent practices across California, state departments, in coordination with the Office of Emergency Services, shall provide updated and specific guidance relating to preventing and mitigating COVID-19 to schools, employers, employees, first responders and community care facilities by no later than March 10, 2020.
12. To promptly respond for the protection of public health, state entities are, notwithstanding any other state or local law, authorized to share relevant medical information, limited to the patient's underlying health conditions, age, current condition, date of exposure, and possible contact tracing, as necessary to address the effect of the COVID-19 outbreak with state, local, federal, and nongovernmental partners, with such information to be used for the limited purposes of monitoring, investigation and control, and treatment and coordination of care. The

notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

13. Notwithstanding Health and Safety Code sections 1797.52 and 1797.218, during the course of this emergency, any EMT-P licensees shall have the authority to transport patients to medical facilities other than acute care hospitals when approved by the California EMS Authority. In order to carry out this order, to the extent that the provisions of Health and Safety Code sections 1797.52 and 1797.218 may prohibit EMT-P licensees from transporting patients to facilities other than acute care hospitals, those statutes are hereby suspended until the termination of this State of Emergency.
14. The Department of Social Services may, to the extent the Department deems necessary to respond to the threat of COVID-19, waive any provisions of the Health and Safety Code or Welfare and Institutions Code, and accompanying regulations, interim licensing standards, or other written policies or procedures with respect to the use, licensing, or approval of facilities or homes within the Department's jurisdiction set forth in the California Community Care Facilities Act (Health and Safety Code section 1500 et seq.), the California Child Day Care Facilities Act (Health and Safety Code section 1596.70 et seq.), and the California Residential Care Facilities for the Elderly Act (Health and Safety Code section 1569 et seq.). Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

**I FURTHER DIRECT** that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 4th day of March 2020



\_\_\_\_\_  
GAVIN NEWSOM  
Governor of California

**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State

*Attachment*

*B*



## RECOMMENDATIONS FOR SAFELY HOLDING PUBLIC MEETINGS

Each local government agency is authorized to determine whether to hold public meetings in person, online (teleconferencing only), or via a combination of methods. The following are recommendations from Contra Costa County Health Services to minimize the risk of COVID-19 transmission during a public meeting:

1. Online meetings (teleconferencing meetings) are strongly recommended as those meetings present the lowest risk of transmission of SARS-CoV-2, the virus that causes COVID-19.
2. If a local agency determines to hold in-person meetings, offering the public the opportunity to attend via a call-in option or an internet-based service option is recommended, when possible, to give those at higher risk of and/or higher concern about COVID-19 an alternative to participating in person.
3. A written safety protocol should be developed and followed. It is recommended that the protocol require social distancing – i.e., six feet of separation between attendees – and face masking of all attendees.
4. Seating arrangements should allow for staff and members of the public to easily maintain at least six-foot distance from one another at all practicable times.
5. Consider holding public meetings outdoors. Increasing scientific consensus is that outdoor airflow reduces the risk of COVID-19 transmission compared to indoor spaces. Hosting events outdoors also may make it easier to space staff and members of the public at least six feet apart.
6. Current evidence is unclear as to the added benefit of temperature checks in addition to symptom checks. We encourage focus on symptom checks as they may screen out individuals with symptoms but no fever and help reinforce the message to not go out in public if you are not feeling well.
7. Consider a voluntary attendance sheet with names and contact information to assist in contact tracing of any cases linked to a public meeting.

Chris Farnitano, MD  
Health Officer, Contra Costa County  
*Revised 9.20.2021*



*Attachment*

*C*

# How to Protect Yourself and Others

Accessible version: <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html>

## Know how it spreads



- **The best way to prevent COVID-19 is to avoid being exposed to this virus.**
- The virus is thought to spread mainly from person-to-person.
  - » Between people who are in close contact with one another (within about 6 feet).
  - » Through respiratory droplets produced when an infected person coughs, sneezes or talks.
  - » These droplets can land in the mouths or noses of people who are nearby or possibly be inhaled into the lungs.
  - » COVID-19 may be spread by people who are not showing symptoms.

## Everyone should

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### Clean your hands often



- **Wash your hands** often with soap and water for at least 20 seconds especially after you have been in a public place, or after blowing your nose, coughing, or sneezing.
- If soap and water are not readily available, **use a hand sanitizer that contains at least 60% alcohol**. Cover all surfaces of your hands and rub them together until they feel dry.
- **Avoid touching your eyes, nose, and mouth** with unwashed hands.

### Avoid close contact

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- **Limit contact with people who don't live in your household as much as possible.**
- **Avoid close contact** with people who are sick.
- **Put distance between yourself and other people.**
  - » Remember that some people without symptoms may be able to spread virus.
  - » This is especially important for **people who are at increased risk for severe illness**. <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/index.html>.



[cdc.gov/coronavirus](https://www.cdc.gov/coronavirus)

## Cover your mouth and nose with a mask when around others

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- **You could spread COVID-19 to others** even if you do not feel sick.
- **Everyone should wear a mask in public settings** and when around people not living in their household, especially when social distancing is difficult to maintain.
  - » Masks should not be placed on young children under age 2, anyone who has trouble breathing, or is unconscious, incapacitated or otherwise unable to remove the mask without assistance.
- **A mask helps prevent a person who is sick** from spreading the virus to others, and offers some protection to the wearer as well.
- Do **NOT** use a facemask meant for a healthcare worker.
- Continue to **keep at least 6 feet between yourself and others**. The mask is not a substitute for social distancing.

## Cover coughs and sneezes

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- **Always cover your mouth and nose** with a tissue when you cough or sneeze or use the inside of your elbow.
- **Throw used tissues** in the trash.
- Immediately **wash your hands** with soap and water for at least 20 seconds. If soap and water are not readily available, clean your hands with a hand sanitizer that contains at least 60% alcohol.

## Clean and disinfect

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- **Clean AND disinfect frequently touched surfaces** daily. This includes tables, doorknobs, light switches, countertops, handles, desks, phones, keyboards, toilets, faucets, and sinks. [www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/disinfecting-your-home.html](https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/disinfecting-your-home.html)
- **If surfaces are dirty, clean them:** Use detergent or soap and water prior to disinfection.
- **Then, use a household disinfectant.** You can see a list of [EPA-registered household disinfectants here](#).

**RESOLUTION OF THE BOARD OF RETIREMENT  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**AUTHORIZING TELECONFERENCE MEETINGS  
UNDER GOVERNMENT CODE SECTION 54953(e)**

**Recitals**

All meetings of the Board of Retirement are open to the general public, as required by the Ralph M. Brown Act (California Government Code sections 54950 *et seq.*)

On March 4, 2020, Governor Gavin Newsom proclaimed the existence of a state of emergency in California under the California Emergency Services Act, California Government Code Section 8550 *et seq.*

On March 10, 2020, the Contra Costa County Board of Supervisors found that due to the introduction of COVID-19 in the County, conditions of disaster or extreme peril to the safety of persons and property had arisen, commencing on March 3, 2020. Based on these conditions, pursuant to Government Code section 8630, the Board of Supervisors adopted Resolution No. 2020/92, proclaiming the existence of a local emergency throughout the County.

On March 17 and 21, 2020, Governor Newsom issued Executive Orders N-29-20 and N 35-20, which suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code section 54950 *et seq.* (the Brown Act), provided certain requirements were met and followed.

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which clarified the suspension of the teleconferencing rules set forth in the Brown Act and further provided that those provisions would remain suspended through September 30, 2021.

On September 16, 2021, Governor Newsom signed Assembly Bill 361, which provides that under Government Code section 54953(e), a legislative body subject to the Brown Act may continue to meet using teleconferencing without complying with the non-emergency teleconferencing rules in Government Code section 54953(b)(3) if a state declared state of emergency exists and either state or local officials have imposed or recommended measures to promote social distancing or meeting in person would present imminent risks to health and safety of meeting attendees. Assembly Bill 361 was passed as an urgency bill and became effective on October 1, 2021 pursuant to Executive Order N-15-21.

On September 20, 2021, the Contra Costa County Health Officer issued recommendations for safely holding public meetings that include recommended measures to promote social distancing. Among the Health Officer's recommendations: "on-line meetings (teleconferencing meetings) are strongly recommended as those meetings present the lowest risk of transmission of SARS-CoV-2, the virus that causes COVID-19."

As of October 19, 2021, the community transmission level in Contra Costa County was ranked as “Substantial (Since 9/26).”

The California Department of Public Health (CDPH) and the federal Centers for Disease Control and Prevention (CDC) caution that the Delta variant of COVID-19, currently the dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations.

In the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Board of Retirement intends to follow the provisions of Government Code section 54953 (e), added by Assembly Bill 361, related to teleconferencing.

### **RESOLUTION**

**NOW THEREFORE, BE IT RESOLVED** that:

1. The Board of Retirement finds that the state of emergency proclaimed by Governor Newsom on March 4, 2020 remains in place.
2. The Board of Retirement finds that the Contra Costa County Health Officer has strongly recommended that public meetings be held by teleconferencing as those meetings present the lowest risk of transmission of SARS-CoV-2, the virus that causes COVID-19.
3. The Board of Retirement finds that in person meetings of the Board of Retirement are open to the general public and would present imminent risks to the health or safety of the public, staff, outside consultants and trustees attending public meetings, in light of the high case rate of COVID-19 infections in the County.
4. As authorized by Assembly Bill 361, effective immediately and for the next 30 days the Board of Retirement and its committee(s) will use teleconferencing for meetings in accordance with the provisions of Government Code section 54953(e).
5. These findings apply to all committees established by the Board.
6. Effective immediately, and for the next 30 days, the Board of Retirement and its committee(s) shall use teleconferencing for meetings in accordance with the provisions of Government Code section 54953 (e).
7. Staff is authorized and directed to take all actions necessary to implement the intent and purpose of this resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and all other applicable provisions of the Brown Act.
8. Staff is directed to return to the Board, no later than 30 days after this resolution is adopted, with an item to reconsider the state of emergency and whether to continue meeting virtually under the provisions of Government Code section 54953 (e) and to make required findings.

THIS RESOLUTION WAS ADOPTED BY THE AFFIRMATIVE VOTE OF THE BOARD OF RETIREMENT OF THE CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THIS TWENTY SEVENTH DAY OF OCTOBER 2021.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Scott W. Gordon  
Chairperson of the Board of Retirement

Attest:

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Jerry R. Holcombe  
Secretary of the Board of Retirement



Meeting Date  
**10/27/2021**  
Agenda Item  
**#13**

## MEMORANDUM

Date: October 27, 2021  
To: CCCERA Board of Retirement  
From: Karen Levy, General Counsel  
Subject: State Association of County Retirement Systems 2022 Legislative Proposal

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### Background

The State Association of County Retirement Systems (SACRS) Legislative Committee is recommending a legislative proposal for SACRS sponsorship for 2022. The proposal will be voted on by the SACRS member systems at the Business Meeting of the SACRS Fall Conference, Friday, November 12, 2021. SACRS member systems may vote to support, oppose, or take no position on the legislative proposal. A copy of the Summary Matrix and the 2022 CERL Clean-Up Bill is enclosed.

### Recommendation

Consider and take possible action to direct the CCCERA Board voting delegate to vote to support the 2022 SACRS legislative proposal at the November 2021 SACRS Conference.

## 2022 CERL Clean-Up Bill

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

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

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

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*Issue 1: 31452.7 – Beneficiaries Designating Estate*

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

Section 31452.7 of the Government Code is amended to read:

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

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

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

*Issue 2: 31525 – BOR Regulations*

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

Section 31525 of the Government Code is amended to read:

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

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

*Issue 3: 31641.4 -- Prior Military Reserve Service*

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

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

Section 31641.4 of the Government Code is amended to read:

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

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

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

Section 31646 of the Government Code is amended to read:

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

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

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

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

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

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

*Issue 5: 31646.XX – Furloughs*

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

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

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

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

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

*Issue 6: 31680.20 – Postretirement Employment*

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

Section 31680.20 of the Government Code is added to read:

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

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

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

Section 31725.7 of the Government Code is amended to read:

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

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

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

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

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

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

Section 31760 of the Government Code is amended to read:

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

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

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

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

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

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

Section 31726 of the Government Code is amended to read:

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

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

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

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

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

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

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

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

Section 31726.5 of the Government Code is amended to read:

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

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

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

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

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

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

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

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

*Issue 9: 31730 – Disability Reinstatement*

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

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

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

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

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

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

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

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

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

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

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

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

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*Issue 11: 31781 – Death Benefit; Elements*

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

Section 31781 of the Government Code is amended to read:

The death benefit shall consist of:

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

*Issue 12: 31838.5 – Concurrent Retirement; Disability*

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

Section 31838.5 of the Government Code is amended to read:

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

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

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



## MEMORANDUM

Date: October 27, 2021  
To: CCCERA Board of Retirement  
From: Henry Gudino, Accounting Manager  
Subject: Review of 2021 CCCERA budget versus actual expenses 3<sup>rd</sup> quarter report

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### ***Background***

Enclosed please find a 3rd quarter budget versus actuals expense update report for the 2021 fiscal year from January 1 through September 30, 2021. The 2021 budget is presented as a total annual amount in order to compare with actual expenses through the 3rd quarter year-end. The remaining budget dollars and percentages of budget remaining allows the reader to compare and monitor how much is left for the remaining fiscal year. The update is divided into four sections including: Total CCCERA departments combining Administrative and Non-Administrative expenses (p.1), followed with separate sections for Administrative and Non-Administrative expenses (p.3-4), and concluding with a Capital Budget update (p.4).

Administrative departmental expenses include Executive, Compliance, Administrative/ HR, Accounting, Information Technology, Retirement Services, and Member Services. Non-Administrative expenses include Investments and Legal, along with any other departmental legal fees, and Disaster Recovery program costs.

The Capital Budget describes annual and accumulated costs for assets that are depreciated annually over their useful life beginning at purchase date or when the asset is completed. The Pension Administration System project is an asset in progress to be depreciated at completion. Other office assets such as furniture, IT hardware equipment, and leasehold improvements, are assets being depreciated in the operating budget.

For the 3rd quarter year-end status ended September 30, 2021, total CCCERA expenses amounted to \$11,788,434 of which \$8,411,524, or 71%, was Administrative and \$3,376,910, or 29%, was Non-Administrative. Administrative expenses when compared to the 2021 approved Administrative budget of \$12,504,200 results in a remaining budget of \$4,092,677, or 33% left at the 75% 3rd quarter year-end point.

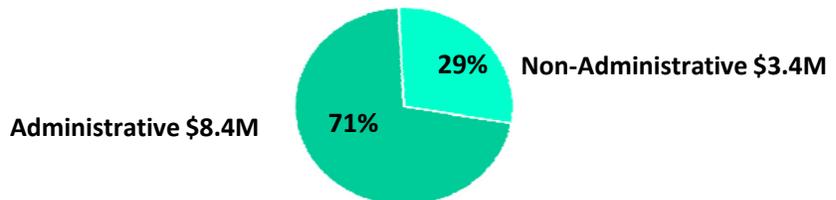
Section 31580.2 of the California Government Code sets a statutory limit for administrative expenses to be capped at 0.21% of the most current Actuarial Accrued Liability (AAL). Last measured as of December 31, 2020, the AAL is \$10.5 billion which results in a statutory limit of approximately \$22.1 million. The 2021 Administrative expenses are trending at \$11.3 million for December 2021 year-end which is 0.113% of the AAL and well under the limit amount.

***Recommendation***

This memo is for informational purposes only, and no action is required.

**Contra Costa County Employees' Retirement Association  
 FY2021 Budget vs 3rd Quarter Actual Expenses  
 Including Administrative & Non-Administrative Departments**

|                                      | 2021<br>Budget       | 2021<br>Q3 Actuals   | \$ (over)<br>under  | % (over)<br>under |
|--------------------------------------|----------------------|----------------------|---------------------|-------------------|
| <b>Personnel Services:</b>           |                      |                      |                     |                   |
| Salaries and Wages                   | \$ 7,269,800         | \$ 5,263,752         | \$ 2,006,048        | 28%               |
| Employee Benefits and Retirement     | 5,245,400            | 3,298,251            | 1,947,149           | 37%               |
| <b>Total Personnel Services</b>      | <b>12,515,200</b>    | <b>8,562,003</b>     | <b>3,953,197</b>    | <b>32%</b>        |
| <b>Operational Expenses:</b>         |                      |                      |                     |                   |
| Professional Services                |                      |                      |                     |                   |
| Investment Consulting                | 931,600              | 704,309              | 227,291             | 24%               |
| Actuarial Services                   | 215,000              | 118,513              | 96,487              | 45%               |
| Outside Legal Counsel Services       | 495,000              | 280,843              | 214,157             | 43%               |
| Audit Services                       | 55,000               | 45,531               | 9,469               | 17%               |
| Actuary - Benefit Statements         | 80,000               | 71,567               | 8,433               | 11%               |
| Disability Hearing/ Medical Reviews  | 171,200              | 97,071               | 74,129              | 43%               |
| Other Professional Services          | 23,700               | 5,485                | 18,215              | 77%               |
| <b>Total Professional Services</b>   | <b>1,971,500</b>     | <b>1,323,320</b>     | <b>648,180</b>      | <b>33%</b>        |
| Office Expenses:                     |                      |                      |                     |                   |
| Office Lease                         | 559,700              | 435,903              | 123,797             | 22%               |
| Telephone & Internet Services        | 64,600               | 67,723               | (3,123)             | (5%)              |
| Equipment Lease & Maintenance        | 27,400               | 11,837               | 15,563              | 57%               |
| Furniture & Equipment                | 12,000               | 33                   | 11,967              | 100%              |
| Office Supplies & Maintenance        | 157,400              | 47,798               | 109,602             | 70%               |
| Printing & Postage                   | 143,100              | 71,364               | 71,736              | 50%               |
| Training & Education                 | 163,800              | 35,877               | 127,923             | 78%               |
| Travel & Transportation              | 192,900              | 616                  | 192,284             | 100%              |
| Insurance                            | 304,900              | 232,444              | 72,456              | 24%               |
| <b>Total Office Expenses</b>         | <b>1,625,800</b>     | <b>903,595</b>       | <b>722,205</b>      | <b>44%</b>        |
| Information Technology Systems:      |                      |                      |                     |                   |
| Support Service & Software Contracts | 639,900              | 506,697              | 133,203             | 21%               |
| Hardware & Equipment Maintenance     | 54,400               | 17,475               | 36,925              | 68%               |
| Project Consulting                   | 525,000              | 248,140              | 276,860             | 53%               |
| <b>Total IT Systems</b>              | <b>1,219,300</b>     | <b>772,312</b>       | <b>446,988</b>      | <b>37%</b>        |
| Assets Depreciation                  | 289,100              | 227,204              | 61,896              | 21%               |
| <b>Total CCCERA Expenses</b>         | <b>\$ 17,620,900</b> | <b>\$ 11,788,434</b> | <b>\$ 5,832,466</b> | <b>33%</b>        |



**CCCERA Administrative  
FY2021 Budget vs 3rd Quarter Actual Expenses**

|                                      | 2021<br>Budget       | 2021<br>Q3 Actuals  | \$ (over)<br>under  | % (over)<br>under |
|--------------------------------------|----------------------|---------------------|---------------------|-------------------|
| <b>Personnel Services:</b>           |                      |                     |                     |                   |
| Salaries and Wages                   | \$ 5,429,600         | \$ 3,920,946        | \$ 1,508,654        | 28%               |
| Employee Benefits and Retirement     | 4,212,400            | 2,647,637           | 1,564,763           | 37%               |
| <b>Total Personnel Services</b>      | <b>9,642,000</b>     | <b>6,568,584</b>    | <b>3,073,416</b>    | <b>32%</b>        |
| <b>Operational Expenses:</b>         |                      |                     |                     |                   |
| Professional Services                |                      |                     |                     |                   |
| Audit Services                       | 55,000               | 45,531              | 9,469               | 17%               |
| Actuary - Benefit Statements         | 80,000               | 71,567              | 8,433               | 11%               |
| Disability Hearing/ Medical Reviews  | 171,200              | 97,071              | 74,129              | 43%               |
| Other Professional Services          | 22,700               | 5,485               | 17,215              | 76%               |
| <b>Total Professional Services</b>   | <b>328,900</b>       | <b>219,654</b>      | <b>109,246</b>      | <b>33%</b>        |
| Office Expenses:                     |                      |                     |                     |                   |
| Office Lease                         | 486,900              | 388,642             | 98,258              | 20%               |
| Telephone & Internet Services        | 52,600               | 58,202              | (5,602)             | (11%)             |
| Equipment Lease & Maintenance        | 17,400               | 11,837              | 5,563               | 32%               |
| Furniture & Equipment                | 12,000               | 33                  | 11,967              | 100%              |
| Office Supplies & Maintenance        | 146,400              | 44,902              | 101,498             | 69%               |
| Printing & Postage                   | 141,900              | 71,118              | 70,782              | 50%               |
| Training & Education                 | 138,300              | 27,798              | 110,502             | 80%               |
| Travel & Transportation              | 94,000               | 616                 | 93,384              | 99%               |
| Insurance                            | 304,900              | 232,444             | 72,456              | 24%               |
| <b>Total Office Expenses</b>         | <b>1,394,400</b>     | <b>835,592</b>      | <b>558,808</b>      | <b>40%</b>        |
| Information Technology Systems:      |                      |                     |                     |                   |
| Support Service & Software Contracts | 337,000              | 331,701             | 5,299               | 2%                |
| Hardware & Equipment Maintenance     | 36,400               | 16,237              | 20,163              | 55%               |
| Project Consulting                   | 520,000              | 248,140             | 271,860             | 52%               |
| <b>Total IT Systems</b>              | <b>893,400</b>       | <b>596,079</b>      | <b>297,322</b>      | <b>33%</b>        |
| Assets Depreciation                  | 245,500              | 191,615             | 53,885              | 22%               |
| <b>Total Administrative Expenses</b> | <b>\$ 12,504,200</b> | <b>\$ 8,411,524</b> | <b>\$ 4,092,677</b> | <b>33%</b>        |

**CCCERA Non-Administrative  
FY2021 Budget vs 3rd Quarter Actual Expenses**

|  | 2021<br>Budget      | 2021<br>Q3 Actuals  | \$ (over)<br>under  | % (over)<br>under |
|--|---------------------|---------------------|---------------------|-------------------|
| <b>Personnel Services:</b>               |                     |                     |                     |                   |
| Salaries and Wages                       | \$ 1,840,200        | \$ 1,342,806        | \$ 497,394          | 27%               |
| Employee Benefits and Retirement         | 1,033,000           | 650,613             | 382,387             | 37%               |
| <b>Total Personnel Services</b>          | <b>2,873,200</b>    | <b>1,993,420</b>    | <b>879,781</b>      | <b>31%</b>        |
| <b>Operational Expenses:</b>             |                     |                     |                     |                   |
| Professional Services                    |                     |                     |                     |                   |
| Investment Consulting                    | 931,600             | 704,309             | 227,291             | 24%               |
| Actuarial Services                       | 215,000             | 118,513             | 96,487              | 45%               |
| General & Fiduciary Legal Counsel        | 320,000             | 210,544             | 109,456             | 34%               |
| Investment Legal Counsel                 | 115,000             | 40,177              | 74,823              | 65%               |
| Disability Legal Services                | 60,000              | 30,122              | 29,878              | 50%               |
| Other Professional Services              | 1,000               | -                   | 1,000               | 100%              |
| <b>Total Professional Services</b>       | <b>1,642,600</b>    | <b>1,103,665</b>    | <b>538,935</b>      | <b>33%</b>        |
| Office Expenses:                         |                     |                     |                     |                   |
| Office Lease                             | 72,800              | 47,261              | 25,539              | 35%               |
| Telephone & Internet Services            | 12,000              | 9,521               | 2,479               | 21%               |
| Equipment Lease & Maintenance            | 10,000              | -                   | 10,000              | 100%              |
| Office Supplies & Maintenance            | 11,000              | 2,896               | 8,104               | 74%               |
| Printing & Postage                       | 1,200               | 246                 | 954                 | 80%               |
| Training & Education                     | 25,500              | 8,079               | 17,421              | 68%               |
| Travel & Transportation                  | 98,900              | -                   | 98,900              | 100%              |
| <b>Total Office Expenses</b>             | <b>231,400</b>      | <b>68,003</b>       | <b>163,397</b>      | <b>71%</b>        |
| Information Technology Systems:          |                     |                     |                     |                   |
| Support Service & Software Contracts     | 302,900             | 174,996             | 127,904             | 42%               |
| Hardware & Equipment Maintenance         | 18,000              | 1,237               | 16,763              | 93%               |
| Project Consulting                       | 5,000               | -                   | 5,000               | 100%              |
| <b>Total IT Systems</b>                  | <b>325,900</b>      | <b>176,233</b>      | <b>149,667</b>      | <b>46%</b>        |
| Assets Depreciation                      | 43,600              | 35,589              | 8,011               | 18%               |
| <b>Total Non-Administrative Expenses</b> | <b>\$ 5,116,700</b> | <b>\$ 3,376,910</b> | <b>\$ 1,739,790</b> | <b>34%</b>        |

**CCCERA  
2021 Capital Budget**

|   | Contract      | Capital Budget | Q3 Progress To<br>Date Actuals* |
|---|---------------|----------------|---------------------------------|
| <b><u>Pension Administration System (PAS)</u></b> |               |                |                                 |
| Data Conditioning Project                         | \$ 2,115,000  | \$ 846,000     | \$ 355,053                      |
| Pension Administration System                     | 13,000,000    | 4,350,000      | 1,502,695                       |
| Total Project Costs                               | \$ 15,115,000 | \$ 5,196,000   | \$ 1,857,748                    |

\*PAS costs accumulate while in-progress. Depreciation begins at Project completion over 10-year useful life.

|                                       | Contract     | Operating Budget | Expensed   |
|---------------------------------------|--------------|------------------|------------|
| <b><u>PAS Consulting Fees</u></b>     |              |                  |            |
| Through 3rd Quarter 2021 Budget       | \$ 1,697,280 | \$ 500,000       | \$ 239,850 |
| Prior Years Operating Budgets 2019-20 | -            | 300,000          | 309,855    |
| Total PAS Consulting                  | \$ 1,697,280 | \$ 800,000       | \$ 549,705 |

|   | Original<br>Asset Cost | Operating Budget | Q3 Depreciation |
|---|------------------------|------------------|-----------------|
| <b><u>Other Capital Assets &amp; Depreciation</u></b> |                        |                  |                 |
| Leasehold Improvements                                | \$ 139,938             | \$ 14,000        | \$ 10,495       |
| Office Furniture/ Workstations                        | 537,822                | 107,600          | 68,559          |
| Communication & Network Equipment                     | 107,918                | 18,000           | 16,188          |
| Audio Visual Equipment                                | 184,270                | 37,800           | 27,641          |
| Security Equipment                                    | 101,947                | 20,400           | 15,292          |
| IT Hardware & Software                                | 485,305                | 91,300           | 104,321         |
| Total Assets & Depreciation                           | \$ 1,557,199           | \$ 289,100       | \$ 227,204      |