



AGENDA

RETIREMENT BOARD MEETING

REGULAR MEETING
December 11, 2024
9:00 a.m.

Board Conference Room
1200 Concord Avenue, Suite 350
Concord, California

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

1. Pledge of Allegiance.
2. Public Comment (3 minutes/speaker).

CONSENT ITEMS

- 3.A All Consent Items are to be approved by one action unless a Board Member requests separate action on a specific item. (Action Item)
- I. Approve minutes from the November 20, 2024 meeting.
 - II. Authorize Vice-Chair MacDonald to attend the scheduled SACRS Board of Directors and Program Committee Meetings, January 13-14, 2025, Orange County, CA.
 - III. Approve the following routine items:
 - a. Certifications of membership.
 - b. Service and disability allowances.
 - c. Death benefits.
 - d. Investment liquidity report.
 - IV. Accept the following routine items:
 - a. Disability applications and authorize subpoenas as required.
 - b. Investment asset allocation report.
 - V. Receive the 2025 Compliance Activity Plan as presented to the Audit Committee at the November 20, 2024 meeting.

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.

- VI. Receive the Contra Costa County employer audit report on county-wide processes as presented to the Audit Committee at the November 20, 2024 meeting.
- VII. Consider and take possible action to amend the Internal Audit Charter, as recommended by the Audit Committee.
- VIII. Consider and take possible action to approve the 2025 Internal Audit Plan, as recommended by the Audit Committee.
- IX. Consider and take possible action to amend the Retirement Board Regulations.
- X. Consider and take possible action on the 2025 Board meeting schedule.
- 3.B Consider and take possible action on Consent Items previously removed, if any. (Action Item)

DISCUSSION ITEMS

- 4. Review of report on growth sub-portfolio. (Presentation Item)
- 5. Private Equity Review. (Presentation item)
 - a. Presentation from staff
 - b. Presentation from StepStone
- 6. Legislative update. (Presentation Item)
- 7. Consider and take possible action to authorize the CEO to extend the agreement with Segal Consulting for actuarial services. (Action Item)
- 8. Consider and take possible action to authorize the CEO to extend the agreement with Segal Consulting for pension administration system consulting services. (Action Item)
- 9. Report from Audit Committee Chair on the November 20, 2024 Audit Committee meeting. (Presentation Item)
- 10. Report from Investment Committee Chair on the November 20, 2024 Investment Committee meeting. (Presentation Item)
- 11. Consider authorizing the attendance of Board: (Action Item)
 - a. Pension Bridge Private Credit 2025, February 11-12, 2025, Carlsbad, CA.
 - b. Torchlight Investors Annual Investment Summit, February 25-26, 2025, Nashville, TN. (Note: Conflict with Board Meeting)
 - c. NASP 2025 “Day of Education in Private Equity – A Forum for Trustees and Staff”, March 20, 2025, Marina Del Rey, CA.

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.

12. Reports. (Presentation item)
 - a. Trustee reports on meetings, seminars and conferences.
 - b. Staff reports

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
November 20, 2024
9:00 a.m.

Board Conference Room
1200 Concord Avenue, Suite 350
Concord, California

Present: Candace Andersen, Dennis Chebotarev, Donald Finley, Scott Gordon, Jerry Holcombe, Louie Kroll, Jay Kwon, David MacDonald, Dan M. Mierzwa, John Phillips, Mike Sloan, and Samson Wong

Absent: None

Staff: Christina Dunn, Chief Executive Officer; Colin Bishop, Deputy Chief Executive Officer; Karen Levy, General Counsel; Tim Price, Chief Investment Officer; and Henry Gudino, Accounting Manager

Outside Professional Support:
Danny Sullivan
Scott Whalen

Representing:
Verus Investments
Verus Investments

1. Pledge of Allegiance

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

2. Accept comments from the public

No member of the public offered comment.

3. Recognition of Jasmine Lee for 5 years of service

Gordon recognized Jasmine Lee for 5 years of service.

Mierzwa was present for subsequent discussion and voting.

4A. Consider and take possible action on Consent Items

Consent Item 4.A. VI. was removed from the consent items for separate discussion.

It was **M/S/C** to approve the consent items of the September 25, 2024, meeting. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).

4B. Consider and take possible action on Consent Items previously removed, if any

It was **M/S/C** to change the meeting dates on the 2025 Board Calendar to the 1st and 3rd Wednesday of the month. A new calendar will be presented at the next meeting. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).

CLOSED SESSION

The Board moved into Closed Session pursuant to Govt. Code Section 54957 to consider recommendations from the medical advisor and/or staff regarding disability retirement applications.

The Board moved into open session and reported the following:

5. Disability Applications:

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

- a. Alexei Shabanoff – Service Connected (Yes: Andersen, Chebotarev, Finley, Kroll, MacDonald, Mierzwa, and Phillips. No: Gordon and Holcombe).
- b. Steven Tyser – Serviced Connected (Yes: Anderson, Chebotarev, Finley, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, and Phillips).

McDonald recused himself from Item 6 and was not present for subsequent discussion and voting.

6. The Board will continue in closed session pursuant to Govt. Code Section 549569(d)(1) to confer with legal counsel regarding pending litigation:

- a. *Stewart v. CCCERA Board of Retirement, et al.*, Contra Costa County Superior Court, Case No. N-23-2108 and C24-02944.

It was **M/S/C** to appoint Ashley Dunning, Nossaman, LLP as defense counsel in this matter. (Yes: Anderson, Chebotarev, Finley, Gordon, Holcombe, Kroll, Mierzwa, Phillips and Wong).

MacDonald was present for subsequent discussion and voting.

7. Presentation of alternative investment fees and expense report

Price, Brian Long and Greg Ter-Zakhariants presented the alternative investment fees and expense report.

8. Consider and take possible action to adopt the 2025 CCCERA budget

It was **M/S/C** to adopt the 2025 CCCERA budget. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).

9. Review of total portfolio performance for period ending September 30, 2024

- a. Sullivan and Whalen reviewed the total portfolio performance for period ending September 30, 2024.
- b. Price reviewed the total portfolio performance for period ending September 30, 2024.

10. Consider and take possible action to amend the Compensation Earnable Policy

It was **M/S/C** to amend the Compensation Earnable Policy. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).

11. Consider authorizing the attendance of Board:

- a. It was **M/S/C** to authorize the attendance of 1 Board member at the NAPO 36th Annual Pension and Benefits Seminar, February 2-4, 2025, Las Vegas, NV. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).
- b. It was **M/S/C** to authorize the attendance of 12 Board members at the CALAPRS General Assembly, March 2-5, 2025, Napa, CA. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).
- c. It was **M/S/C** to authorize the attendance of 1 Board member at the NIRS 16th Annual Retirement Policy Conference, March 3-4, 2025, Washington, DC. (Yes: Andersen, Chebotarev, Gordon, Holcombe, Kroll, MacDonald, Mierzwa, Phillips, and Wong).

12. Miscellaneous

- a. Staff Report – Dunn noted the updated agenda layout approved by the Board will be reflected in the December meeting agenda. She went on to inform the Board of the departure of Susan Kunz, project manager for Sagitec. Manoj Punwani, who was the original project manager, will assume this role.
- b. Outside Professionals' Report – None
- c. Trustees' Comments – Phillips attended the Nossaman, 2024 Pension Forum and the 2024 Fall SACRS conference and reported on some highlights from both conferences. Holcombe also attended the 2024 Fall SACRS conference and found the sessions very interesting and informative.

MacDonald attended the 21st Annual Global ARC and the NCPERS Public Safety Conference in October and found them both to be informative.

Gordon reported on the Invesco Real Estate Global Client Conference, noting there was some information regarding artificial intelligence that was interesting.

Sloan reported on the CRCEA conference and thanked the CCCERA Board and staff for their attendance and support.

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

Scott W. Gordon, Chairperson

Jerry R. Holcombe, Secretary

CERTIFICATION OF MEMBERSHIPS

<u>Name</u>	<u>Employee Number</u>	<u>Tier</u>	<u>Membership Date</u>	<u>Employer</u>
Abera, Zelalem	94764	P5.2	10/01/24	Contra Costa County
Allen, Elizabeth	95739	P5.2	10/01/24	Contra Costa County
Amin, Omar	95511	P5.2	10/01/24	Contra Costa County
Anderson, Loran	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Aragones, Christina	94979	P5.2	10/01/24	Contra Costa County
Arteaga-Largent, Yvette	D7830	P4.3	10/01/24	San Ramon Valley Fire Protection District
Barton, Violet	51087	P5.2	10/01/24	Contra Costa County
Bey, Najeeb	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Bisenius, Veronica	95703	P5.2	10/01/24	Contra Costa County
Bracamontes Olivarez, Maria	95656	P5.2	10/01/24	Contra Costa County
Carter, Steven	94299	P5.2	10/01/24	Contra Costa County
Chatman, Rasha	95692	P5.2	10/01/24	Contra Costa County
Chau, Claudia	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Clemente, Muriel	95442	III	10/01/24	Contra Costa County
Cook, Christopher	94885	P5.2	10/01/24	Contra Costa County
Culberson, David	95674	P5.2	10/01/24	Contra Costa County
Dawson, Tiffani	95728	P5.2	10/01/24	Contra Costa County
Dietzel, Kathleen	88902	P5.2	10/01/24	Contra Costa County
Dowdell, Kaliz	95763	P5.2	10/01/24	Contra Costa County
Downs, Markeia	D4980	P4.3	10/01/24	Contra Costa County Employees' Retirement Association
Ehrlich, Jordan	95713	P5.2	10/01/24	Contra Costa County
Esquivel Flores, Guadalupe	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Fisher, Rose	D3406	P4.3	10/01/24	Central Contra Costa Sanitary District
Fisher-Post, Charles	95506	P5.2	10/01/24	Contra Costa County
Flores, Jorge	80297	P5.2	10/01/24	Contra Costa County
Gabriel, Erica	95688	P5.2	10/01/24	Contra Costa County
Galloway, Ivy	95658	P5.2	10/01/24	Contra Costa County
Gracias, Adelina	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Gragg, Denise	95701	P5.2	10/01/24	Contra Costa County
Gray, Miles	95782	P5.2	10/01/24	Contra Costa County
Halili, Adriana	95687	P5.2	10/01/24	Contra Costa County
Hidalgo, Stephanna	79112	P5.2	10/01/24	Contra Costa County
Hoang, Jimmy	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Howay, Charlize	95695	P5.2	10/01/24	Contra Costa County

Key:

I = Tier I	P4.2 = PEPR Tier 4 (2% COLA)	S/A = Safety Tier A
II = Tier II	P4.3 = PEPR Tier 4 (3% COLA)	S/C = Safety Tier C
III = Tier III	P5.2 = PEPR Tier 5 (2% COLA)	S/D = Safety Tier D
	P5.3 = PEPR Tier 5 (3% COLA)	S/E = Safety Tier E

CERTIFICATION OF MEMBERSHIPS

<u>Name</u>	<u>Employee Number</u>	<u>Tier</u>	<u>Membership Date</u>	<u>Employer</u>
Hurtado, Jacquelyn	95689	P5.2	10/01/24	Contra Costa County
Jaramillo, Luz	95730	P5.2	10/01/24	Contra Costa County
Jefferson, Alvin	95781	P5.2	10/01/24	Contra Costa County
Johnson, Alicia	95698	P5.2	10/01/24	Contra Costa County
Khan, Omar	95681	P5.2	10/01/24	Contra Costa County
Kim, Elissa	95766	P5.2	10/01/24	Contra Costa County
Kong, James	D3406	I	10/01/24	Central Contra Costa Sanitary District
Larsh, Briana	95652	P5.2	10/01/24	Contra Costa County
Lazaro, Larissa	95549	P5.2	10/01/24	Contra Costa County
Lemus Monterroza, Karen	91575	P5.2	10/01/24	Contra Costa County
Leung, Tiffany	95682	P5.2	10/01/24	Contra Costa County
Lightner, Andrea	95086	P5.2	10/01/24	Contra Costa County
Lopez, Florita	94365	P5.2	10/01/24	Contra Costa County
Lopez, Monica	92870	P5.2	10/01/24	Contra Costa County
Mahmood, Farida	94930	P5.2	10/01/24	Contra Costa County
Mandap, Kenon Mari	95559	P5.2	10/01/24	Contra Costa County
Martin, Georgina	95717	P5.2	10/01/24	Contra Costa County
Mendez Jr, Martin	95723	P5.2	10/01/24	Contra Costa County
Middleton, Iyeesha	94832	P5.2	10/01/24	Contra Costa County
Millan, Leonor	93539	P5.2	10/01/24	Contra Costa County
Moody, Jordyn	D7830	P4.3	10/01/24	San Ramon Valley Fire Protection District
Mosley, Achae	86417	P5.2	10/01/24	Contra Costa County
Nguyen, Stephanie	95653	P5.2	10/01/24	Contra Costa County
Nwenwe, Roseline	93388	P5.2	10/01/24	Contra Costa County
Orillos, Maria Ysabelle	95664	P5.2	10/01/24	Contra Costa County
Palma, Miguel	95726	P5.2	10/01/24	Contra Costa County
Parthasarathy, Padmini	57226	III	10/01/24	Contra Costa County
Pennington, Kaylin	95697	P5.2	10/01/24	Contra Costa County
Perea, Taylor	94630	P5.2	10/01/24	Contra Costa County
Peregrino, Alondra	95655	P5.2	10/01/24	Contra Costa County
Pratt, Haley	D9500	P5.3	10/01/24	Contra Costa County Superior Court
Randhawa, Anmol	95732	P5.2	10/01/24	Contra Costa County
Sakhrani, Mohan	95699	P5.2	10/01/24	Contra Costa County

Key:

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II = Tier II	P4.3 = PEPR Tier 4 (3% COLA)	S/C = Safety Tier C
III = Tier III	P5.2 = PEPR Tier 5 (2% COLA)	S/D = Safety Tier D
	P5.3 = PEPR Tier 5 (3% COLA)	S/E = Safety Tier E

CERTIFICATION OF MEMBERSHIPS

<u>Name</u>	<u>Employee Number</u>	<u>Tier</u>	<u>Membership Date</u>	<u>Employer</u>
Salas, Shaun	95654	P5.2	10/01/24	Contra Costa County
Salazar, Leslie	95659	P5.2	10/01/24	Contra Costa County
Salazar, Tanika	95558	P5.2	10/01/24	Contra Costa County
Santos, Shanna Joie	95702	P5.2	10/01/24	Contra Costa County
Shelly, Kanika	95777	P5.2	10/01/24	Contra Costa County
Shields, Aileen	95661	P5.2	10/01/24	Contra Costa County
Steyer, Michael	94439	S/E	10/01/24	Contra Costa County
Sunga, Kiana Taylor	95716	P5.2	10/01/24	Contra Costa County
Tasev, Hrisiyan	93445	P5.2	10/01/24	Contra Costa County
Thirunavukkarasu, Hema	95676	P5.2	10/01/24	Contra Costa County
Tiku, Beltha	95665	P5.2	10/01/24	Contra Costa County
Ullah, Reshma	92600	P5.2	10/01/24	Contra Costa County
Velasquez Villatoro, Osmin	95710	P5.2	10/01/24	Contra Costa County
Verma, Diya	95560	P5.2	10/01/24	Contra Costa County
Villa, Adam	95685	P5.2	10/01/24	Contra Costa County
Villa, Jacqueline	95764	P5.2	10/01/24	Contra Costa County
Wellsfry, Chase	95531	P5.2	10/01/24	Contra Costa County
White, Ricki	95799	P5.2	10/01/24	Contra Costa County

Key:

I = Tier I	P4.2 = PEPR Tier 4 (2% COLA)	S/A = Safety Tier A
II = Tier II	P4.3 = PEPR Tier 4 (3% COLA)	S/C = Safety Tier C
III = Tier III	P5.2 = PEPR Tier 5 (2% COLA)	S/D = Safety Tier D
	P5.3 = PEPR Tier 5 (3% COLA)	S/E = Safety Tier E

SERVICE & DISABILITY RETIREMENT ALLOWANCES

<u>Name</u>	<u>Number</u>	<u>Effective Date</u>	<u>Option Type</u>	<u>Tier</u>	<u>Selected</u>
Albert, Christopher	62889	10/03/24	SR	Safety A	Unmodified
Ballenger, Heather	40404	09/14/24	SR	II and III	Unmodified
Bogert, Sandra	67504	09/28/24	SR	III	Unmodified
Claiborne, Veronica	56021AP	10/30/24	SR	Safety A	Unmodified
Cruz, Angelica	51284	10/02/24	SR	II	Unmodified
Kersevan, Steve	37566	08/31/24	SR	II and III	Unmodified
Lackey, Kristen	60406	09/24/24	SR	III	Unmodified
Larson, Judith	51819	09/04/24	SR	III	Unmodified
Lee, Frances	43261	10/30/24	SR	II and III	Unmodified
Lopez, Kimberly	46780	08/02/24	SR	II and III	Unmodified
Matteo, Jennifer	D9500	09/07/24	SR	III	Unmodified
Miller, Thomas	68137	10/09/24	SCD	III	Unmodified
Nguyen, Kenneth	56340	10/17/24	SR	II and III	Unmodified
Pate, Leslie	63983	09/14/24	SR	Safety A	Unmodified
Pierce, Darrell	48495	01/02/24	SR	II and III	Unmodified
Siegel, Alan	57066	08/22/24	SR	III	Unmodified
Stanton, Tamara	55011	09/06/24	SR	II and III	Unmodified
Stepp, Denise	56519	10/09/24	SR	II and III	Unmodified
Zabkiewicz, Denise	87334	09/06/24	SR	PEPRA 5.2	Unmodified

<u>Option Type</u>	<u>Tier</u>
NSP = Non-Specified	I = Tier I
SCD = Service Connected Disability	II = Tier II
SR = Service Retirement	III = Tier III
NSCD = Non-Service Connected Disability	S/A = Safety Tier A
* = County Advance Selected w/option	S/C = safety Tier C
	Pepara 4.2 = Pepara Tier 4 (2% COLA)
	Pepara 4.3 = Pepara Tier 4 (3% COLA)
	Pepara 5.2 = Pepara Tier 5 (2% COLA)
	Pepara 5.3 = Pepara Tier 5 (3% COLA)
	S/D = Pepara Safety Tier D
	S/E = Pepara Safety Tier E

DEATHS

<u>Name</u>	<u>Date of Death</u>	<u>Employer as of Date of Death</u>
Al-Salahuddin, Faye L.	10/16/24	Contra Costa County
Anaya, Steven	11/14/24	Moraga-Orinda Fire Protection District
Battles, Linda	12/04/21	Contra Costa County
Beckford, Leon	10/21/24	City of Pittsburg
Bogdan, Lori	10/18/24	Superior Courts of California, County of Contra Costa
Brown, Bobby	12/16/22	Contra Costa County
Coggan, Thomas	11/11/24	Contra Costa County
Crowe, Donald	10/26/24	Contra Costa County
Dold, Loretta	11/08/24	Contra Costa County
Heuer, Edward	10/14/24	Central Contra Costa Sanitary District
Ho, David	07/02/23	Delta Diablo Sanitation District
Hobbs, Darren	11/15/24	Contra Costa County
Hoffman, Ruth	11/30/23	Contra Costa County
Iversen, Charles	09/21/22	Contra Costa County
McClatchy, Marleen	05/14/22	Contra Costa County
Molander, Kevin	10/23/24	Contra Costa County Employees' Retirement Association
Read, Laurence	01/11/23	Contra Costa County
Scott, Bonnie	09/30/24	Contra Costa County
Shaw, Gary	11/14/24	Central Contra Costa Sanitary District
Sperry, Wilma	11/08/24	Contra Costa County



Meeting Date
12/11/2024
Agenda Item
#3.A-IIIId.

Contra Costa County Employees' Retirement Association
Liquidity Report – October 2024

October 2024 Performance

	Cash Flow	Coverage Ratio
Benefit Cash Flow Projected by Model	\$53,500,000	
Liquidity Sub-Portfolio Cash Flow	\$53,500,000	100%
Actual Benefits Paid	\$52,540,249	101.8%
<i>Next Month's Projected Benefit Payment</i>	<i>\$53,500,000</i>	

Monthly Manager Positioning – October 2024

	Beginning Market Value	Liquidity Program Cash Flow	Market Value Change/Other Activity	Ending Market Value
DFA	\$424,432,380	(\$11,750,000)	\$1,497,240	\$414,179,619
Insight	\$707,127,703	(\$20,000,000)	(\$1,506,948)	\$685,620,755
Sit	\$749,733,267	(\$21,750,000)	(\$8,693,168)	\$719,290,099
Liquidity	\$1,881,293,350	(\$53,500,000)	(\$8,702,876)	\$1,819,090,474
Cash	\$463,763,278	\$959,751	\$247,049,970	\$711,772,999
Liquidity + Cash	\$2,345,056,627	(\$52,540,249)	\$238,347,094	\$2,530,863,472

Functional Roles

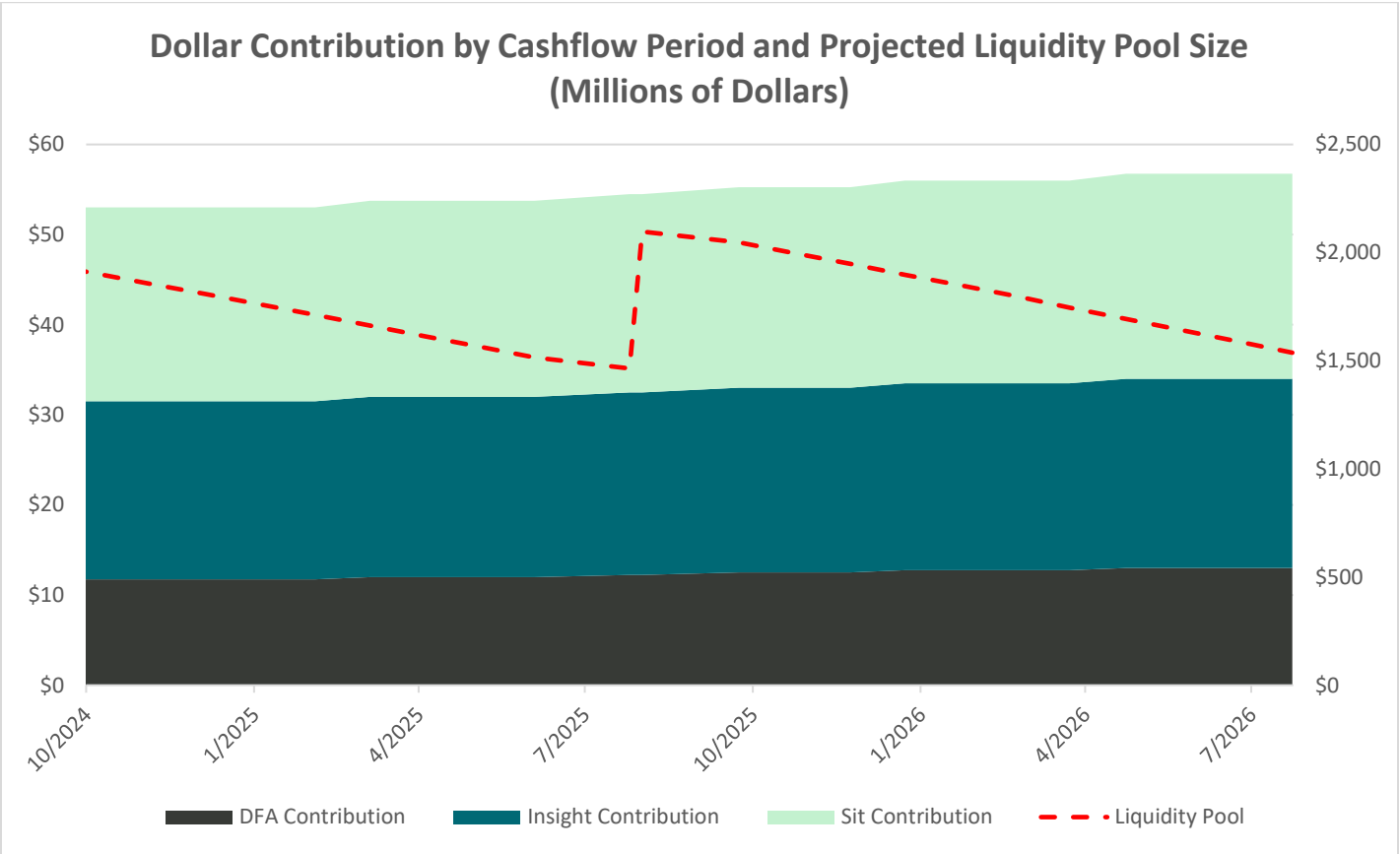
Manager	Portfolio Characteristics	Liquidity Contribution
Sit	High quality portfolio of small balance, government guaranteed mortgages with higher yields.	Pays out net income on monthly basis.
DFA	High quality, short duration portfolio of liquid, low volatility characteristics.	Pays out a pre-determined 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 tenth cash flow for 2024 from the liquidity program was completed on October 23rd. The actuarial model cash flow was higher than actual experience, producing \$959 thousand more 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 July as part of the Annual Funding Plan.



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>
Bourque, Matthew	79989	10/22/24	SCD
Thomas, Charles	46906	11/01/24	SCD
Ceelen, Michelle	56063	11/04/24	SCD
Mayette, Matthew	70092	11/21/24	SCD

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	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
Asset Allocation as of October 31, 2024

Meeting Date
12/11/2024
Agenda Item
#3.A-IVb.

	Market Value	Percentage of Total Fund	Current Target* Percentage	Current Target Over/(Under)	Long Term Target	Long Term Over/(Under)
Liquidity						
Dimensional Fund Advisors	414,179,619	3.5%	4.0%	-0.5%		
Insight	685,620,755	5.8%	6.5%	-0.7%		
Sit	719,290,099	6.1%	6.5%	-0.4%		
Total Liquidity	1,819,090,474	15.4%	17.0%	-1.6%	14.0%	1.4%
		Range 11-22%				
Growth						
Domestic Equity						
Boston Partners	453,018,466	3.8%	3.0%	0.8%		
BlackRock Index Fund	1,250,357,165	10.6%	10.0%	0.6%		
Emerald Advisers	235,756,860	2.0%	1.5%	0.5%		
Ceredex	213,902,209	1.8%	1.5%	0.3%		
Total Domestic Equity	2,153,034,700	18.2%	16.0%	2.2%	11.0%	7.2%
Global & International Equity						
Pyrford (Columbia)	446,364,809	3.8%	3.5%	0.3%		
William Blair	429,772,709	3.6%	3.5%	0.1%		
First Eagle	653,992,669	5.5%	5.5%	0.0%		
Artisan Global Opportunities	649,416,478	5.5%	5.5%	-0.0%		
PIMCO/RAE Emerging Markets	250,899,582	2.1%	2.0%	0.1%		
TT Emerging Markets	251,216,367	2.1%	2.0%	0.1%		
Total Global & International Equity	2,681,662,615	22.7%	22.0%	0.7%	17.0%	5.7%
Private Equity	1,120,499,953	9.5%	10.0%	1.3%	15.0%	-5.5%
Real Assets/Infrastructure	211,213,503	1.8%	2.0%		3.0%	-1.2%
Private Credit	1,204,830,744	10.2%	10.0%	0.2%	13.0%	-2.8%
Real Estate - Value Add	267,681,711	2.3%	2.3%	-0.0%	3.0%	-0.7%
Real Estate - Opportunistic & Distressed	316,606,073	2.7%	2.7%	-0.0%	4.0%	-1.3%
Real Estate - REIT			2.0%	0.0%	0.0%	2.0%
Adelante	110,489,658	0.9%				
Invesco	128,668,356	1.1%				
Real Estate Debt					3.0%	
High Yield	167,103,500	1.4%	3.0%	-1.6%	0.0%	1.4%
Multi-Asset Credit		0.0%		0.0%	4.0%	-4.0%
Risk Parity			0.0%	0.1%	0.0%	0.1%
AQR GRP EL	3,809,190	0.0%				
PanAgora	8,894,820	0.1%				
Total Other Growth Assets	3,539,797,507	30.0%	32.0%	-2.0%	45.0%	-15.0%
Total Growth Assets	8,374,494,822	70.9%	70.0%	0.9%	73.0%	-2.1%
		Range 65-85%				
Risk Diversifying						
AFL-CIO	222,795,626	1.9%	2.5%	-0.6%	2.5%	-0.6%
BH-DG Systematic	169,073,308	1.4%	2.0%		2.5%	
Sit LLCAR	386,962,064	3.3%	3.5%	-0.2%	2.0%	1.3%
Total Risk Diversifying	778,830,997	6.6%	8.0%	-1.4%	10.0%	-3.4%
		Range 0% - 10%				
Cash and Overlay						
Overlay (Parametric)	132,930,858	1.1%		1.1%		
Cash	711,772,999	6.0%	5.0%	1.0%		
Total Cash and Overlay	844,703,857	7.1%	5.0%	2.1%	3.0%	4.1%

Contra Costa County Employees' Retirement Association
Asset Allocation as of October 31, 2024

Total Fund	11,817,120,149	100%	100%		100%	
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*Current targets and ranges reflect asset allocation targets accepted by the Board on April 24, 2024 (BOR Resolution 2024-3).

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

Private Market Investments
As of October 31, 2024

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
Blackstone Strategic Partners Real Estate VIII	11/18/22	11/18/32				80,000,000	20,631,152	0.17%	63,136,759
EQT Exeter Industrial Value Fund VI	06/02/23	06/02/31				60,000,000	14,004,887	0.12%	45,000,000
Invesco IREF IV	12/01/14	12/01/21				35,000,000	102,165	0.00%	4,453,599
Invesco IREF V	09/11/18	09/11/25				75,000,000	57,133,237	0.48%	6,581,100
Invesco IREF VI	09/21/21	09/22/29				100,000,000	52,536,431	0.44%	38,275,303
Jadian Real Estate Fund II, LP	08/29/24	08/29/34				60,000,000	3,018,593	0.03%	56,981,407
Long Wharf FREG IV	08/14/13	09/30/21				25,000,000	103,662	0.00%	
Long Wharf FREG V	10/31/16	09/30/24				50,000,000	23,828,409	0.20%	
Long Wharf LREP VI	02/05/20	02/05/28				50,000,000	33,100,414	0.28%	361,552
Long Wharf LREP VII	05/15/23	03/31/32				50,000,000	20,403,156	0.17%	29,151,170
LaSalle Income & Growth Fund VI	01/31/12	01/31/19				75,000,000	8,384,738	0.07%	3,946,000
LaSalle Income & Growth Fund VII	10/31/16	09/30/24				75,000,000	21,200,995	0.18%	87,245
Stockbridge Value Fund V	04/19/24	04/19/34				60,000,000	13,233,872	0.11%	45,554,302
						1,040,000,000	267,681,711	2.27%	293,528,437
Outstanding Commitments						293,528,437			
Total						561,210,148			

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
ARES US REAL ESTATE OPPORTUNITY FUND IV,L.P.	11/06/23	11/06/33	in full liq.			60,000,000	5,963,314	0.05%	48,073,372
Blackstone BREP X	06/30/22	06/30/32				100,000,000	24,525,453	0.21%	76,537,795
Cross Lake Real Estate Fund IV	04/11/23	04/11/33				60,000,000	3,016,691	0.03%	56,010,952
DLJ Real Estate Capital Partners, L.P. III	06/30/05	06/30/14				75,000,000	10,846,364	0.09%	4,031,338
DLJ Real Estate Capital Partners, L.P. IV	12/31/07	09/30/18				100,000,000	32,528,308	0.28%	0
DLJ Real Estate Capital Partners, L.P. V	07/31/13	12/31/22				75,000,000	6,689,849	0.06%	502,777
DLJ Real Estate Capital Partners, L.P. VI	02/28/19	01/31/29				50,000,000	17,856,759	0.15%	4,421,590
KSL Capital VI	10/24/23	10/24/33				50,000,000	9,980,307	0.08%	39,309,459
Oaktree Real Estate Opportunities Fund V	02/01/11	02/01/21				50,000,000	307,098	0.00%	25,750,000
Oaktree Real Estate Opportunities Fund VI	09/30/13	09/30/20				80,000,000	16,756,778	0.14%	18,400,000
Oaktree Real Estate Opportunities Fund VII	02/28/15	02/28/23				65,000,000	37,717,749	0.32%	16,120,000
PCCP Equity IX	04/11/22	04/01/30				75,000,000	70,588,854	0.60%	13,781,770
Siguler Guff Distressed Real Estate Opp. Fund	07/30/11	07/30/22				75,000,000	9,830,941	0.08%	5,625,000
Siguler Guff Distressed Real Estate Opp. Fund II	08/31/13	08/31/25				70,000,000	24,232,347	0.21%	8,015,000
Siguler Guff Distressed Real Estate Opp. II Co-Inv	01/31/16	10/31/25				25,000,000	10,859,044	0.09%	3,722,138
Paulson Real Estate Fund II	11/10/13	11/10/20				20,000,000	12,591,188	0.11%	654,377
Angelo Gordon Realty Fund VIII	12/31/11	12/31/18				80,000,000	7,864,795	0.07%	12,334,302
Angelo Gordon Realty Fund IX	10/10/14	10/10/22				65,000,000	14,450,234	0.12%	7,572,500
						1,175,000,000	316,606,073	2.68%	340,862,370
Outstanding Commitments						340,862,370			
Total						657,468,443			

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 IV	08/01/12	08/30/20				60,000,000	2,551,960	0.02%	0
Torchlight Debt Opportunity Fund V	12/31/14	09/17/22				75,000,000	7,592,449	0.06%	15,000,000
Angelo Gordon Energy Credit Opportunities	09/10/15	09/10/20				16,500,000	396,825	0.00%	2,319,783
CCCERA StepStone	12/01/17	11/30/27				1,170,000,000	1,194,289,510	10.11%	259,588,449

Private Market Investments
As of October 31, 2024

Outstanding Commitments
Total

276,908,232
1,481,738,976

PRIVATE EQUITY	Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
Adams Street Partners	12/22/95	12/22/25				269,565,614	94,697,409	0.80%	16,200,628
Adams Street Secondary II	12/31/08	12/31/20				30,000,000	3,173,859	0.03%	1,635,000
Adams Street Secondary V	10/31/12	10/31/22				40,000,000	8,577,325	0.07%	9,154,125
Adams Street Venture Innovation Fund	03/09/16	03/09/28				75,000,000	150,301,073	1.27%	5,719,749
AE Industrial Partners Fund II	05/18/18	05/18/28				35,000,000	36,072,521	0.31%	7,831,761
Altaris Health Partners VI	07/28/23	07/28/33				50,000,000	0	0.00%	50,000,000
Arbor Investments VI	07/01/24	07/01/34				50,000,000	0	0.00%	50,000,000
Bay Area Equity Fund	06/14/04	12/31/14	2nd 2 YR	LP	12/31/2017	10,000,000	0	0.00%	0
Bay Area Equity Fund II	2/29/09	12/31/19				10,000,000	13,162,301	0.11%	0
Carpenter Community BancFund	10/31/09	10/31/19				30,000,000	0	0.00%	0
EQT X	11/17/22	11/17/32				100,000,000	13,816,483	0.12%	83,603,094
Genstar Capital Partners IX	02/18/19	02/18/29				50,000,000	69,005,307	0.58%	7,053,371
Genstar Capital Partners X	04/01/21	04/01/31				42,500,000	45,252,749	0.38%	866,706
Genstar Capital Partners XI	04/26/23	04/26/33				75,000,000	2,634,188	0.02%	73,155,769
GTCR XIII	10/27/20	12/31/36				50,000,000	46,294,978	0.39%	9,642,247
GTCR XIV	01/12/23	01/12/33				100,000,000	10,178,373	0.09%	89,520,000
Hellman & Friedman Capital Partners X	05/10/21	05/10/31				75,000,000	64,315,186	0.54%	20,888,862
Hellman & Friedman Capital Partners XI	12/16/22	12/16/32				100,000,000	0	0.00%	100,000,000
Leonard Green - Green Equity Investors IX	03/01/22	02/28/32				60,000,000	20,074,144	0.17%	42,773,807
Leonard Green - Jade Equity Investors II	03/01/22	02/28/32				15,000,000	118,935	0.00%	14,857,368
Oaktree Private Investment Fund 2009	02/28/10	12/15/19				40,000,000	295,431	0.00%	6,308,961
Ocean Avenue Fund II	05/07/14	05/07/24				30,000,000	13,666,166	0.12%	3,000,000
Ocean Avenue Fund III	12/09/15	12/09/25				50,000,000	52,095,492	0.44%	3,500,000
Paladin III	08/15/08	08/15/18				25,000,000	4,708,555	0.04%	387,482
Pathway	11/09/98	05/31/21				125,000,000	1,432,551	0.01%	10,511,475
Pathway 2008	12/26/08	12/26/23				30,000,000	8,845,476	0.07%	2,557,597
Pathway 6	05/24/11	05/24/26				40,000,000	20,977,044	0.18%	3,642,788
Pathway 7	02/07/13	02/07/23				70,000,000	51,919,664	0.44%	5,445,918
Pathway 8	11/23/15	11/23/25				50,000,000	60,110,197	0.51%	3,049,307
Siguler Guff CCCERA Opportunities	06/03/14	05/31/25				200,000,000	71,278,664	0.60%	28,597,500
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	43,095,784	0.36%	3,319,545
Symphony Technology Group VII	12/21/22	12/21/32				50,000,000	4,556,503	0.04%	43,931,601
TA XIV	05/27/21	05/27/31				50,000,000	46,724,255	0.40%	3,750,000
TA XV	03/30/23	03/31/33				90,000,000	0	0.00%	90,000,000
TPG Healthcare Partners, L.P.	06/27/19	06/27/29				24,000,000	25,527,403	0.22%	3,039,448
TPG Healthcare Partners II	06/30/22	06/30/32				60,000,000	19,580,967	0.17%	41,657,960
TPG Partners IX	06/30/22	06/30/32				65,000,000	30,071,062	0.25%	36,545,937
Trident VIII, L.P.	05/24/19	05/24/29				40,000,000	50,088,595	0.42%	4,821,427
Trident IX, L.P.	09/17/21	09/17/31				50,000,000	37,851,311	0.32%	17,380,918
Total: Private Equity						2,486,065,614	1,120,499,953	9.48%	894,350,352

Real Assets/Infrastructure

Inception Date	Target Termination	# of Extension	Discretion by GP/LP	New Target Termination	Funding Commitment	Market Value	% of Total Asset	Outstanding Commitment
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Private Market Investments
As of October 31, 2024

Aether III & III Surplus	11/30/13	11/30/20				75,000,000	50,772,811	0.43%	1,125,374
Aether IV	01/01/16	01/01/28				50,000,000	47,403,697	0.40%	5,367,254
Commonfund Capital Natural Resources IX	06/30/13	06/30/20				50,000,000	31,312,231	0.26%	2,250,007
EIF USPF II	06/15/05	06/15/15	3rd 1 YR	LP	06/15/18	50,000,000	14,312	0.00%	0
EIF USPF III	02/28/07	02/28/17	1st 1 YR	LP	02/28/18	65,000,000	3,137,120	0.03%	0
EIF USPF IV	06/28/10	06/28/20				50,000,000	16,969,778	0.14%	4
Ares EIF V	09/09/15	11/19/25				50,000,000	35,564,375	0.30%	3,888,697
EQT Infrastructure	11/15/23	11/15/35				125,000,000	24,988,184	0.21%	94,733,672
Wastewater Opportunity Fund	12/31/15	11/30/22				25,000,000	1,050,996	0.01%	521,541
Total: Real Assets/Infrastructure						540,000,000	211,213,503	1.79%	107,886,549
Total: Private Equity and Real Assets/Infrastructure						3,026,065,614	1,331,713,456	11.27%	1,002,236,901
Outstanding Commitments						1,002,236,901			
Total						2,333,950,357			

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.



2025 Compliance Activity Plan

Wrally Dutkiewicz
Compliance Officer

Contents

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Introduction

The Compliance Officer is authorized to engage in designing internal compliance plans and controls, developing compliance procedures, monitoring operational compliance, and conducting risk assessments to support the retirement system's activities. Also, CCCERA Compliance coordinates its activities with auditors and legal to ensure compliance with CERL, PEPR, Board of Retirement (BOR) Regulations, Internal Revenue Code, IRC, and other government statutes.

Compliance monitoring and reporting will be the principal tools for the Compliance Department. These tools are used to evaluate the efficacy of CCCERA's operational compliance and risk management going forward through the 2025 Compliance Activity Plan calendar and beyond.

Scope & Mission

The CERL, PEPR, and CCCERA policies and Board Regulation, along with the standards published by the Society of Corporate Compliance and Ethics (SCCE) and The Institute of Internal Auditors (IIA) provide the framework within which the Compliance Officer performs compliance activities to support, manage, and test CCCERA's Compliance Program and to determine the priorities for compliance activities. Additionally, internal control frameworks as adopted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), National Institute of Standards and Technology (NIST), and the International Organization for Standardization (ISO), will be mapped and implemented within CCCERA compliance frameworks and operational workflows. The Compliance Officer prepares an annual Compliance Activity Plan (CAP) to help identify, measure, and prioritize potential issues related to compliance around business activities and the level of risk that may exist if those activities were to become impaired or rendered ineffective. The purpose of the annual CAP is to outline the work to be performed and is designed to cover high risk activities while limiting the scope of work to what can realistically be accomplished during the upcoming fiscal year.

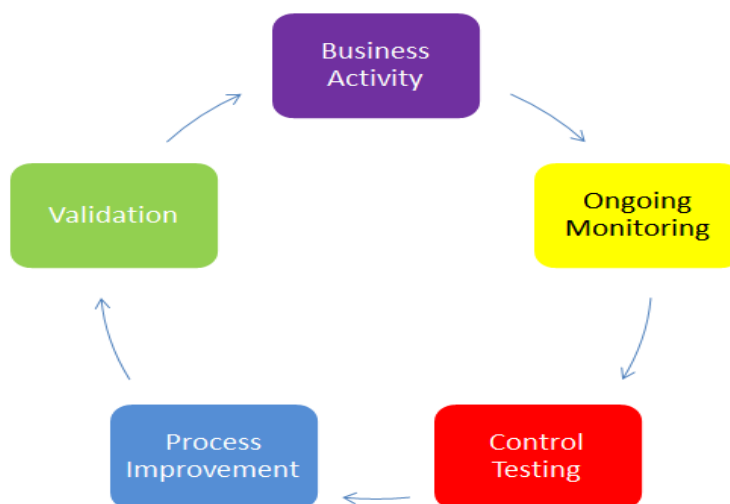
Compliance Monitoring and Review Process

The development and implementation of updated department procedures is an ongoing goal and CCCERA Compliance will work with each of the department managers and advise on matters concerning workflow, technical applications of government code and BOR policy, and supervisory tools and structures. Compliance will continue to develop processes to minimize errors.

The Compliance Officer will obtain a sufficiently detailed explanation of the business process from CCCERA staff. This process will be documented in the working paper files. Such

documentation may take the form of a narrative description, a flowchart depiction, or a combination of both when appropriate.

The goal is to create a continually validating compliance program that is integrated into business processes:



The annual compliance planning process includes the following major planning activities:

- Defining the Compliance Universe
- Conducting a Risk Assessment
- Preparing the Compliance Activity Plan
- Presenting the Compliance Activity Plan

The Compliance Program encompasses the following five stages:

1. Planning
2. Review & Testing
3. Quality Assessment
4. Reporting
5. Follow-up

Risk Assessment

The Risk Assessment for compliance activity planning is the process of systematically scoring (or rating) the relative impact of a variety of “risk factors.” A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the outcome of a

business activity. Various risk factors will be used to measure risks (such as the complexity of operations or regulations) or organizational vulnerability (such as weak internal controls).

A questionnaire is completed for each business process activity to score the level of risk for each of the risk factors identified. Also, weights are assigned to each risk factor based on relative importance as determined by input from management. The final step to complete the Risk Assessment is to calculate the total risk score for each business process activity in order from highest risk score to the lowest by tabulating the information gathered from the questionnaires and applying the weights assigned to the risk factors.

The Compliance Department prepares a Risk Assessment Worksheet that provides a weighted risk assessment score for each business activity component under review. If a business activity is comprised of several functional parts, the overall risk assessment will be the average of the sum of the risk assessment scores for its component parts.

The Risk Assessment Worksheet takes into consideration the following six risk factors:

Incapacitation: Significance of an impairment event on the ability to meet strategic and/or organizational goals and objectives. The amount of impact the business activity process has on the retirement system's constituents.
External Influence: Concern about adverse publicity; laws and regulations; customer demands; and political exposure.
Internal Controls: <ul style="list-style-type: none">• The internal control structure takes into consideration the adequacy of written procedures and whether or not controls have been previously tested.• Degree of segregation of duties and responsibilities, supervision and training, planning for business resumption and contingency, and reconciliation controls, make exposures for this audit.
Complexity: <ul style="list-style-type: none">• Business processes have many steps and several control points. May include both manual and system-based steps.• Complexity can increase both the probability of error, and the effort required to monitor the business activity process. Includes complexity of federal and state laws, rules and regulations governing a particular program.
Information Technology Controls: <ul style="list-style-type: none">• Computer applications affect the accuracy and timeliness of completed tasks, as well as the productivity of the staff. Information systems should process information in a secure, reliable and accurate manner.• Age, condition, extent of manual user intervention, efficiency and effectiveness of the data processing system specific to this business activity, and the perceived impact of general information technology controls related to: consistent use of an acceptable systems development methodology (including programmer and user documentation and testing procedures), consistent

<p>use of an acceptable project management system, effective computer maintenance change controls (to assure application program changes are properly authorized, managed, and recorded), and effective logical access security to guard against unwarranted access and unauthorized changes to computer programs and/or data.</p>
<p>Change:</p> <ul style="list-style-type: none"> • Changes in operation to meet statutory, regulatory, and legal requirements, and/or to address organizational restructuring including modifications to manual or automated procedures such as increased use of technology. • Changes in operations can impact the efficiency and effectiveness of the retirement system's performance. Criteria include changes in staff size, processing changes (manual to computerized), systems (input and/or output), as well as staff turnover. This area includes concerns of rapid growth, which includes rapid growth of personnel size and of additional programs added to an operational area.

Risk Assessment Scoring assigns a weighting to each of the six risk assessment factors to generate an Overall Assessment Score. This scoring is used to create a risk-based map of CCCERA’s operations over time to aid in its governance, risk, and compliance (GRC) strategic planning.

A “risk assignment” refers to the subjective classification of risk based on judgment rather than observation. A “risk assessment” refers to the assignment of risk based on observable facts, activities, identified threats, and empirical analysis.

The focus of the “risk assignment” review is to prioritize business activities that CCCERA’s compliance department will review in connection with its Compliance Activity Plan. The following criteria are used during the “risk assignment” review:

- Financial Exposure
- Compliance – Laws and Regulations
- Complexity of Operations
- Public Exposure

2024 Compliance Activity Recap

2024 Compliance Activity Completed Projects:

Projects

1. Updated Investment and Accounting procedures to reflect updated workflow requirements and implement audit recommendations made by the Internal Auditor.
2. Worked up updates to CCCERA Compliance frameworks to focus on trending, monitoring, and reporting on CCCERA operations.
3. Compliance Staff collaborated with the Administrative Department to map organizational records into CCCERA's *Records Retention Policy*.
4. Completed review of CCCERA's internal control framework and collaborated with CCCERA's IT Department to draft updated Information Technology Standards.
5. Enhanced compliance training and engagement through monthly communications focusing on themes of ethics, compliance with policies, and CCCERA's core values of Trust, Innovation, and Accountability.
6. Implemented a Reporting Portal for members to submit ethics and fraud reports.

Compliance Activity Planned for 2025

Sources of Areas Selected for Compliance Review

Areas selected for compliance review can come from a variety of sources. These include risk assessment, management and employee requests, Internal Audit, and tips received through the reporting portal.

Risk must be one of the primary factors in selecting areas for compliance review. The risk for some aspects of CCCERA operations is higher than others for many reasons. This includes the type of activities, financial and operational impact on CCCERA and its members if something went wrong. Those areas of CCCERA which are at high risk should receive more attention than those of lower risk. It should be noted, however, that areas of lower risk should not be ignored; rather, they should be done with less frequency than the higher risk areas.

2025 Compliance Activity Projects:

1. Procedure Reviews and Updates:
 - a. Information Technology Department - Focus on implementing NIST and ISO standards within IT procedures.
 - b. Prepare clear and concise procedures for monitoring compliance with the new requirements outlined in AB 2474 regarding retirees returning to work after retirement.
 - c. Organization Wide Reporting: Continue to map required reporting on CCCERA operational activities including the following elements:
 - i. BOR level reports supporting workflows and procedures.
 - ii. Executive Level Reports.
 - iii. Department Level Management and Activity Reports
2. Review the following processes within the new pension administration system to ensure compliance with CERL and Board Regulations and policies:
 - a. Employer contribution reporting
 - b. Retirement benefit calculations including pay codes, final average salary and service credit components

- c. Document imaging
- 3. Continued focus on trending, monitoring, and reporting on CCCERA operations and developing internal tools as well as sourcing solutions to support compliance and risk management activities.
- 4. Continued development of compliance and risk management metrics to aid in allocating compliance and risk management resources efficiently and effectively.
- 5. Develop further refinements to compliance metrics to support accessible, actionable, and timely reporting (ATA).



MEMORANDUM

Date: November 4, 2024

To: Monica Nino, Contra Costa County Administrator

CC: Robert Campbell, Contra Costa County Auditor-Controller
Ann Elliott, Contra Costa County Human Resources Director
Adam Nguyen, Contra Costa County Finance Director
Marc Shorr, Contra Costa County Chief Information Officer
Christina Dunn, Chief Executive Officer, CCCERA
Colin Bishop, Deputy Chief Executive Officer, CCCERA
Wrally Dutkiewicz, Compliance Officer, CCCERA
Jasmine Lee, Member Services Manager, CCCERA

From: Cherry Chang, CCCERA Internal Auditor

Subject: Audit Report – *CCCERA Employer Audit of Contra Costa County – County-Wide Processes*

Enclosed is the employer audit report of Contra Costa County – County-Wide Processes for the period of January 2021 through March 2024, conducted pursuant to Government Code Section 31543. This report will be presented to the CCCERA Board of Retirement Audit Committee at its November 20, 2024 meeting.

I would like to thank the County and the staff at the Auditor-Controller's Office, Human Resources Department, Department of Information Technology (DoIT) and County Administrator's Office. Everyone involved was helpful and willing to provide the information needed to conduct the audit. Their valuable time and efforts spent on this audit are greatly appreciated.



Contra Costa County Employees'
Retirement Association

EMPLOYER AUDIT REPORT

November 4, 2024

EMPLOYER AUDIT

**Contra Costa County
County-Wide Processes**

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I. EXECUTIVE SUMMARY

PURPOSE

The purpose of the audit was to provide an independent review of the County's compliance with applicable retirement rules including accuracy and completeness of the demographic and contribution data, timeliness of contribution payments, compensation limits, retirees reemployment restrictions, and felony conviction notification. In the past, CCCERA has conducted employer audits of County departments to review processes handled by departments. This was the first County-wide employer audit focusing on centralized County processes.

RESULTS

Overall, the County has procedures in place to ensure the demographic and contribution data reported to CCCERA is accurate and contribution payments are made timely. All members' base compensation were within compensation limits for all three years in the audit scope. PEPRAs' base compensation were within public salary schedule range. Only eligible employees were enrolled into CCCERA membership.

However, the audit noted gaps in the County's payroll adjustment process, retirees reemployment monitoring and demographic data reporting. Specifically, the audit identified five observations to improve processes with recommendations listed below.

RECOMMENDATIONS

- The Auditor-Controller's Office should work with CCCERA Member Services to develop a process to:
 - Report prior year compensation adjustments to CCCERA; and
 - Refund retirement contributions associated with prior year overpayment to the members.
- The County should:
 - Complete Form Certification for Post-Retirement Employment (Form 213) for identified retirees who are without Form 213 and still employed with the County; and
 - Develop a system to better monitor reemployment of retirees, ensuring compliance with *Government Code sections 7522.56 & 31680.9* and completion of Form 213.
- The Department of Information Technology should work with CCCERA Member Services to:
 - Develop a process to report future gender and birthdate changes.

FOLLOW-UP

CCCERA Internal Auditor will follow up at the next employer audit to determine the status of the audit recommendations.

II. BACKGROUND & APPROACH

BACKGROUND

Contra Costa County is CCCERA's largest employer with approximately 85% of total active membership.

	CY2021	CY2022	CY2023
County General Members	7,627	7,667	7,855
County Safety Members	906	880	895
Total County Members	8,533	8,547	8,750
Total CCCERA Active Members	10,005	10,082	10,349
% of Totals	85.3%	84.8%	84.8%

The County is governed by a five-member Board of Supervisors. Each Supervisor is elected to a four-year term. A County Administrative Officer is appointed by the Board and runs the day-to-day business of the County. The County provides the full-range of services contemplated by statute. Those services include public protection, highways and street maintenance, sanitation, health and social services, planning and zoning, and general administrative services. The County provides human resources and payroll services to the following special districts that are also CCCERA's participating employers: Contra Costa County Fire Protection District, First 5—Contra Costa Children & Families Commission, In-Home Supportive Services Authority (IHSS), Local Agency Formation Commission (LAFCO), and Rodeo-Hercules Fire Protection District. This audit excluded these five employers.

The County and its employees contributed approximately \$356.5 million and \$382.8 million to CCCERA for the years ended December 2022 and December 2023, respectively. The County's Human Resources Department is responsible for the I-29 demographic report and the Auditor-Controller's Office is responsible for the I-30 contribution report. The Department of Information Technology (DoIT) works closely with the Human Resources Department and the Auditor-Controller's Office to build the I-29 and I-30 program based on CCCERA specifications.

AUDIT SCOPE & METHODOLOGY

The 2013 pension reform legislation granted CCCERA the authority under Government Code Section 31543 to conduct audits of employers to ensure that employee and payroll information used in the calculation of retiree pension benefits is correct and verifiable. CCCERA Internal Audit reviewed the County's records during the period of January 2021 through March 2024. The audit excluded enrollment packets processing and retirement benefit calculations.

The audit evaluated the County's compliance with Board of Retirement Regulations, County Employees Retirement Law of 1937 (CERL), California Public Employees' Pension Reform Act of 2013 (PEPRA), and the County's agreement regarding Contribution and Reporting Deadlines. Audit methodology included:

- Interviewed County staff responsible for processing employees' jobs and payroll data, transmitting files to CCCERA, and handling other retirement matters
- Reviewed the Memoranda of Understandings (MOUs) and published salary schedules

- Evaluated compliance with membership enrollment and exclusion of membership
- Evaluated accuracy of members demographic data
- Verified that base pay reported by the County in the March 2024 contribution report matched with County Human Resource records
- Evaluated compliance with pensionable compensation
- Focused testing of longevity pay items and vacation sales
- Focused testing of earning adjustments for accuracy and completeness
- Evaluated compliance with compensation limits
- Reviewed employer certification of contribution and demographic files
- Evaluated compliance with retirees returned to work restrictions
- Evaluated Internal Revenue Code 415 compliance
- Reviewed required notice regarding employees convicted of certain felonies

The audit did not evaluate compliance with membership enrollment and exclusion of membership for independent contractors due to data limitations. The County does not maintain a centralized database of independent contractors as they are managed by County departments.

This audit was planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. CCCERA Internal Audit believes the evidence obtained provides a reasonable basis for the findings and recommendations.

INHERENT LIMITATIONS

It should be recognized that internal controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that actions are performed in accordance with management's intentions. Further, the projection of any evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate due to changes in conditions, and that the degree of compliance with the procedures may deteriorate.

III. OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION 1: Payroll adjustments inadvertently included as base pay
RISK:
MED

Payroll adjustments were inadvertently included as base pay for some members in the County's contribution reports submitted to CCCERA. These payroll adjustments represented members' retroactive pay in prior periods and should have been reported separately under the pay code ADJ. This error occurred for high earners in the month of December when compensation limits reset. By including these adjustments in the member's base pay, the member's compensation in December was overstated, thus potentially overstating the member's final average salary.

The same observation was previously identified in the departmental audit of Contra Costa County Counsel in 2023. This audit identified an additional eight members with the same error totaling \$22,127 in adjustments. The table below summarized these adjustments by year:

	Total Members	Adjustment Amount
CY 2020	1	\$11,891
CY 2021	3	\$3,906
CY 2022	2	\$2,930
CY 2023	2	\$3,400
Total	8	\$22,127

For legacy members, "compensation earnable" means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in *Section 31460*, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid. (*Gov. Code Section 31461(a)*)

CCCERA's *Compensation Earnable Policy* sets forth the definition of Compensation Earnable as well as exclusions from Compensation Earnable. Thus, "compensation earnable" ordinarily includes regular salary, service and skill-based differentials (e.g. POST, CPA, bilingual pay), holiday pay, allowances (e.g. uniform, automobile).

For PEPRA members, "pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid. (*Gov. Code Section 7522.34(a) and (b)*)

CCCERA's *Pensionable Compensation Policy* states that the CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with *Govt. Code Sections 7522.34(c)(11) and (12)*. Pensionable compensation (*GC 31461 and 7522.34*) is to be reported to the retirement system and the corresponding contributions are to be reported to the retirement system.

It is the employer's responsibility to ensure each payroll and pension contribution report submitted to CCCERA include or be accompanied by a certification, under penalty of perjury, as to its accuracy. (*Board of Retirement Regulations Section IV, 4. Employer Certification; Agreement Regarding Contributions and Reporting Deadlines.*) The employer should report all earnings/pay codes separately on the contribution report.

The Auditor-Controller's Office and DoIT have since worked closely to remediate this issue by:

- Conducting an analysis to determine additional members impacted by this error since 2019;
- Submitting revised contribution report to CCCERA to correct impacted members' compensation using appropriate pay codes; and
- Correcting the I-30 program used to generate the contribution report so that this error does not occur in the future.

Recommendation 1:

None – The County has no outstanding follow-up items resulting from this observation.

OBSERVATION 2: Prior year adjustments for overpayments omitted in reports

RISK:

MED

The County's prior year adjustment process to correct overpayments is not handled correctly from a retirement perspective. When a member has a prior year overpayment that needs to be adjusted, the County does not include the adjustment in the monthly contribution data. Instead, the adjustment is omitted in the contribution data, thus potentially overstating the member's compensation or the member's final average salary used to calculate a retirement benefit. When the member's compensation is overstated, the member's prior year retirement contribution needs to be refunded.

According to the County, these prior year repayments occur as after-tax deductions due to Internal Revenue Service regulations that do not allow employers to impact the current tax year with prior year overpaid items. Therefore, the County is not able to correct the wages and associated retirement contributions in the current year or as before-tax corrections. Since these do not go through normal payroll cycle for correction, there is no ability to correct retirement compensable earnings or contributions accumulated in the system. The County does not have a mechanism available to report data to CCCERA outside of the payroll system for these prior year overpayment corrections.

As noted in Observation 1, pursuant to *Board of Retirement Regulations Section IV and Agreement Regarding Contributions and Reporting Deadlines*: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately.

The audit found one legacy member with longevity overpayment in 2023 in the amount of \$86. Under the current process, the County is unable to correct the member's I-30 contribution report or refund the member overpaid contribution associated with the \$86.

At this time, the County is unable to provide an analysis on how many members are impacted by this error. According to CCCERA Management, other employers manually create I-30 adjustment files for prior year adjustments.

Recommendation 2:

The Auditor-Controller's Office should work with CCCERA Member Services to develop a process to:

- Report prior year compensation adjustments to CCCERA; and
- Refund retirement contributions associated with prior year overpayments to the members, including the one legacy member identified by this audit.

OBSERVATION 3: Retirees exceeding 960-hour restrictions

RISK:

MED

The County had 211 and 195 retirees reemployed during FY2022-23 and FY2023-24, respectively. The audit noted all retirees complied with the 180-day waiting period and 90-day bona fide separation from service where applicable. However, the audit identified 11 retirees exceeding 960 hours in FY2022-23 and/or FY2023-24. Additionally, the County did not submit a Certification for Post-Retirement Employment (Form 213) to CCCERA for many of these employees. CCCERA requires employers to submit Form 213 for retirees reemployed to assist in the determination of whether a retiree is eligible to return to work without reinstatement to CCCERA. The audit identified 54 retirees reemployed after 2021 without Form 213 on file.

It is the employer's responsibility to ensure the retiree does not work more than 960 hours per fiscal year and have a system in place to suspend the retiree from work when the limit is reached in accordance with the *Government Code Section 7522.56(d)*, as shown below:

Appointments of the person authorized under this section shall not exceed a total for all employers in that public retirement system of 960 hours or other equivalent limit, in a calendar or fiscal year, depending on the administrator of the system. The rate of pay for the employment shall not be less than the minimum, nor exceed the maximum, paid by the employer to other employees performing comparable duties, divided by 173.333 to equal an hourly rate. A retired person whose employment without reinstatement is authorized by this section shall acquire no service credit or retirement rights under this section with respect to the employment unless he or she reinstates from retirement.

Effective January 1, 2025, *Government Code Section 31680.9* will impose penalties for non-compliance with the retiree rehire restrictions found in *Government Code section 7522.56*.

Recommendation 3:

The County should:

- Complete Form 213 for identified retirees who are without Form 213 and still employed with the County; and
- Develop a system to better monitor reemployment of retirees, ensuring compliance with *Government Code sections 7522.56 & 31680.9* and completion of Form 213.

OBSERVATION 4: Demographic data discrepancies

RISK

Low

The audit compared the County’s census data to CCCERA’s pension administration system for March 2024 pay period and noted over 99% of the members data was accurate. However, the audit found discrepancies with 20 members:

Attribute	No. of Members	Financial Impact
Gender	2	Not assessed by the audit
Birthdate	6	\$19,869
Job Code/ Position	12	Not assessed by the audit
Total	20	\$19,869

CCCERA relies on accurate member demographic data to determine service retirement eligibility, benefit formula, pension benefits, death benefits and the plan’s overall liability. The audit did not assess actuarial impact associated with these discrepancies. The County has submitted a standalone demographic report to correct the discrepancies associated with the 20 members. One legacy member had an incorrect birth year and therefore resulted in a different age of entry that required adjustment on retirement contributions. The County has worked with CCCERA staff to issue the member a \$19,869 refund of member contributions on the September 2024 paycheck.

Birthdate discrepancies occur because the County’s current hiring process does not verify the employee’s birthdate and relies on the employee to input the correct birthdate on the job application. CCCERA’s pension administration system may potentially establish the employee’s membership with an incorrect birthdate and age of entry for legacy members. When the County later submits a demographic report with the correct birthdate, CCCERA’s pension administration system does not automatically update the member’s record with the correct birthdate because birthdate is not one of the fields that CCCERA allows employers to update once established. Although rare, an incorrect birthdate or age could impact the member’s eligibility for retirement and pension calculation. CCCERA verifies the member’s birthdate with legal document when the member files for retirement.

Job code discrepancies can occur when the County makes job code changes in a form of “data change” instead of “job info update.” The County’s I-29 program correctly captures allowed job info update for its monthly demographic report, but the program is not designed to capture data changes since there are a variety of data changes (most are not in scope for demographic reporting). DoIT has since modified the I-29 program to capture job code changes made in a form of data change.

As noted in Observation 1, pursuant to *Board of Retirement Regulations Section IV*: Employer pensionable payroll and corresponding pension contributions are to be reported to the retirement system timely and accurately.

Recommendation 4:

DoIT should work with CCCERA Member Services to:

- Develop a process to report future gender and birthdate changes.



OBSERVATION 5: CCCERA not advised of new classifications

RISK

Low

CCCERA was not advised of new job classifications since January 2021. In the past, the County notified CCCERA of new classifications and CCCERA advised on whether the new classification is in general or safety membership. During the audit, CCCERA Management reviewed the list of new classifications since 2021 and determined that these classifications were correctly placed into the general tier and there was no need for membership changes.

The *Employer Handbook* states the following:

New Occupational Classification

At the earliest time, the employer should forward the adopted and ratified job description, copy of the memorandum of understanding, employment agreement, and copies of the personnel policy, salary regulations, resolution or other administrative guides related to the salary and benefits of the newly created occupational classification prior to the effective date of the classification. In addition, the employer should also provide a copy of the memorandum of understanding, employment agreement, and copies of the personnel policy, salary regulations, resolution or other administrative guides related to the salary and benefits of the newly created occupational classification.

This might have occurred because of staffing changes during COVID-19. The County was made aware of this observation and has worked with staff to begin sending new classifications to CCCERA.

Recommendation 5:

None – The County has no outstanding follow-up items resulting from this observation.

IV. OTHER MATTERS

This section contains observations that were noted in prior County departmental audits and have since been remediated.

Employer Certification

Employer certification of the accuracy of each report, under penalty of perjury, is required. (*Regulations, Section IV.4.*) The earlier employer audit of County departments noted a defect with CCCERA's employer certification in which the certification box did not appear every time when files were submitted to CCCERA. This has been remediated starting with the County's May 2023 reports where the employer certification was added to the file transmission confirmation that both the employer and CCCERA receives. Since April 2024, CCCERA Management re-implemented the certification box as the preferred method of employer certification and retained employer certifications date/timestamp. This is an improvement from the earlier certification process where employer certification was not maintained.

Employer Reporting by Due Dates

Employer reports must be submitted timely. (*Regulations, Section IV.2; Agreement Regarding Contributions and Reporting Deadlines.*) The earlier employer audit of County departments noted late report submissions during 2021 and 2022. Reports in 2023 and 2024 have been submitted timely except for two. One of these instances was caused by a miscommunication between County departments. With CCCERA's new pension administration system, the County expects to submit employer reports timely.

Felony Forfeiture Monitoring and Notification

The County is required to provide CCCERA with notification of a felony conviction (as defined) of a current or former employee within 90 days of the conviction. (*Government Code sections 7522.72 and 7522.74.*) The earlier employer audit of County departments noted two former County employees who had job related felony convictions during 2021-2024. The County provided notification to CCCERA of their felony convictions; however, the notification was not timely on one of the two convictions. During the audit, the County has developed written procedures to report future job-related felony convictions to CCCERA in accordance with the law.

V. FINDING'S RISK RATINGS

CCCERA Internal Audit evaluates each finding to determine its significance. The risk rating outlined in the table below is based on financial, strategic, operational, or compliance impact that the finding could have on CCCERA. This rating scale can serve as a tool to assist management with prioritizing its action plans.

Rating	Examples of Impact
High	<ul style="list-style-type: none"> • Significant financial impact to CCCERA or its members • Actions not aligned with fiduciary responsibilities • Major impact on operations with damage to CCCERA's ability to operate • Missing or inadequate key internal controls • Noncompliance with applicable laws or CCCERA policies
Medium	<ul style="list-style-type: none"> • Moderate financial impact to CCCERA or its members • Actions could be better aligned with fiduciary responsibilities • Some impact on operations or hinder CCCERA's ability to operate • Partial key internal controls • Inconsistent compliance with applicable laws or CCCERA policies
Low	<ul style="list-style-type: none"> • Low financial impact to CCCERA or its members • Unlikely to result in operational losses • Controls in place but not consistently applied • Additional controls or enhancing controls could prevent future problems • General compliance with applicable laws or CCCERA policies with some minor discrepancies

VI. EMPLOYER REPLY

CCCERA received the following reply from Contra Costa County:

Robert R. Campbell
Auditor-Controller

625 Court Street
Martinez, California 94553-1282
Phone (925) 608-9300
Fax (925) 608-9395

Office of the Auditor-Controller
Contra Costa County



Harjit S. Nahal
Assistant Auditor-Controller

Joanne M. Bohren
Assistant Auditor-Controller

October 25, 2024

Cherry Chang, CCCERA Internal Auditor
Contra Costa County Employees Retirement Association (CCCERA)
1200 Concord Ave. Ste. 300
Concord CA 94520

Re: Response to CCCERA Employer Audit Report of Contra Costa County - Countywide

Dear Ms. Chang,

The County Administrators Office has requested we respond directly to you regarding Observation 1 and Observation 2 of the Countywide CCCERA Employer Audit Report.

OBSERVATION 1: Payroll adjustments inadvertently included as base pay:
As indicated in the Audit Report this item was resolved and there are no outstanding follow-up items resulting from this Observation.

OBSERVATION 2: Prior year adjustments for overpayments omitted in reports:

The Office of the Auditor-Controller Payroll Divisions personnel will work with CCCERA Member Services regarding this Observation. We would request CCCERA staff provide additional information regarding the manually created I-30 adjustment process discussed during the Audit meetings. It would also be helpful to review the types of corrections CCCERA currently receives from other agencies.

As indicated during our discussions, the County is unable to adjust an employee's prior year taxable earnings in due to IRS regulations. Additionally, our understanding until an employee repays the County for an overpayment issue we would be unable to process a correction. We will further discuss with CCCERA Member Services as needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harjit S. Nahal", with a long horizontal line extending to the right.

Harjit S. Nahal
Assistant Auditor-Controller

County Administrator

County Administration Building
1025 Escobar Street, 4th Floor
Martinez, California 94553-1229
(925) 655-2075

Monica Nino
County Administrator

**Contra
Costa
County**



Board of Supervisors

John M. Gioia
1st District

Candace Andersen
2nd District

Diane Burgis
3rd District

Ken Carlson
4th District

Federal D. Glover
5th District

November 1, 2024

Cherry Chang, CIA, CISA, CFE
Internal Auditor
Contra Costa County Employees' Retirement Association
1200 Concord Avenue, Suite 300
Concord, CA 94520

RE: Response to 2024 CCCERA Countywide Employer Audit Draft Report

Dear Ms. Chang,

Please allow this to serve as the response to the 2024 CCCERA
Countywide Employer Audit Draft Report, Observation 3.

OBSERVATION 3: Retirees exceeding 960-hour restrictions

The County should:

- Complete Form 213 for identified retirees who are without Form 213 and still employed with the County; and
- Develop a system to better monitor reemployment of retirees, ensuring compliance with Government Code sections 7522.56 & 31680.9 and completion of Form 213.

For Observation 3, the County Administrator's Office requested each department to follow the process enumerated below moving forward:

1. Human Resources will ensure that Form 213 is collected and submitted to CCCERA for each annuitant returning to service
2. Auditor-Controller Payroll Division will monitor the cumulative hours of annuitants each payroll period and alert the respective departments for individuals approaching the 960 hour limit

3. County Administrator's Office will also monitor the hours worked by annuitants and follow up as needed to ensure the 960 hour limit is not exceeded.

Thank you for the professional, efficient, and courteous manner of the audit. We thank you for your time and effort to ensure that County employees are appropriately served.

Sincerely,

T. Adam Nguyen

Adam Nguyen
County Finance Director

cc: M. Nino, County Administrator

Contra
Costa
County



**Human Resources
Department**

Administration Building
1025 Escobar Street, 2nd Floor
Martinez, CA 94553

October 29, 2024

Cherry Chang, Internal Auditor
Contra Costa County Employees' Retirement Association
1200 Concord Ave. #300
Concord, CA 94520

RE: Response to 2024 CCCERA Countywide Employer Audit Draft Report

Dear Ms. Chang,

Contra Costa County Human Resources Department received and reviewed the 2024 CCCERA Countywide Employer Audit Draft Report. This memo is responsive to Recommendations 4 & 5.

Observation 4: Demographic data discrepancies

Recommendation 4:

DolT should work with CCCERA Member Services to:

- Modify the I-29 program to capture job code changes made in a form of data change; and
- Develop a process to report future gender and birthdate changes

HR Response:

- HR collaborated with DolT and CCCERA staff to modify the 1-29 file to transmit job code changes as a form of data change. The solution was tested and confirmed effective.
- HR collaborated with DolT and CCCERA staff to develop a process to transmit gender and birthdate changes. The solution was tested and confirmed effective.

Observation 5: CCCERA not advised of new classifications

Recommendation 5: The County has no outstanding follow-up items resulting from this observation.

HR Response: HR was able to reinstate the past process of sending notifications to CCCERA when new job classifications are created. This was demonstrated successfully during the audit.

We enjoyed working with you during the audit process and look forward to our ongoing partnership with CCCERA.

Sincerely,

Ann Elliott

Ann Elliott
Director of Human Resources



MEMORANDUM

Date: December 11, 2024

To: CCCERA Board of Retirement

From: John Phillips, Audit Committee Chair

Subject: Consider and take possible action to amend the Internal Audit Charter, as recommended by the Audit Committee.

Background

The Board of Retirement adopted the Internal Audit Charter on December 13, 2023. The Global Internal Audit Standards require a periodic review of the Internal Audit Charter to ensure it is aligned with industry standards and organizational changes. Staff recommends a few proposed changes based on the new Global Internal Audit Standards released in January 2024. A summary of the substantive changes include:

- Added references to the new Standards;
- Replaced the word consulting with advisory and added the definitions of assurance services and advisory services; and
- Added a provision for coordinating with other assurance providers.

Recommendation

Consider and take possible action to amend the Internal Audit Charter, as recommended by the Audit Committee.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

INTERNAL AUDIT CHARTER

I. PURPOSE AND MISSION

The purpose of CCCERA's Internal Audit function (Internal Audit) is to provide independent, objective assurance and advisory services designed to add value and improve CCCERA's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Assurance services are an objective examination of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the organization. Advisory services, the nature and scope of which are agreed upon with management, are services that provide advice to management without providing assurance or taking on management responsibilities. Internal Audit helps CCCERA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

II. AUDITING STANDARDS

Internal Audit will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards (Standards) and Topical Requirements. Internal Audit will conform with the Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality. The Internal Auditor will report periodically to management and the Audit Committee regarding Internal Audit's conformance with the Standards.

III. AUTHORITY

The Board of Retirement Audit Committee (Audit Committee) oversees the work of the Internal Auditor. The Internal Auditor reports functionally to the Audit Committee and administratively to the Chief Executive Officer.

The Audit Committee authorizes Internal Audit to:

1. Except where prohibited by law, have unrestricted access to CCCERA's records, personnel, and facilities pertinent to carrying out its mission, while maintaining strict adherence to confidentiality and safeguarding of records and information.
2. Have unrestricted access to, and communicate and interact directly with, the Audit Committee, subject to the requirements of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
3. Review any matter within the scope of the Internal Auditor's responsibilities.

4. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
5. Obtain the necessary assistance of personnel in units of the organization where audits are being performed, as well as other specialized services from within or outside the organization.

The Internal Auditor will inform the Audit Committee whenever significant barriers, or resistance to access to, personnel or information occurs.

IV. INDEPENDENCE AND OBJECTIVITY

The Internal Auditor will ensure that the Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Internal Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details of impairment will be disclosed to the Audit Committee and appropriate parties.

The Internal Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

1. Performing any operational duties for CCCERA or its affiliates.
2. Initiating or approving transactions external to the Internal Audit.
3. Directing the activities of any CCCERA's employee not reporting to Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Audit.

Where Internal Auditor has, or is expected to have, roles and/or responsibilities that fall outside of Internal Audit, safeguards will be established to limit impairments to independence or objectivity. The Internal Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit.

The Internal Auditor will be diligent in monitoring its own potential conflicts of interest in performing its mission. Where a conflict is identified, the Audit Committee will be advised, and a determination will be made by the Audit Committee as to whether to proceed and procure an independent outside auditor. The Audit Committee's determination will further be considered for approval by the Board of Retirement at a scheduled and properly noticed Board of Retirement meeting.

V. RESPONSIBILITIES AND DUTIES

Under the direction of the Audit Committee, the Internal Auditor:

1. Develops a flexible annual audit plan using appropriate risk-based methodology, including any risks or controls concerns identified by management, and submits to the Audit Committee for review and approval.
2. Reviews CCCERA's governing laws and established policies and procedures and evaluates compliance with same during the performance of audits.
3. Reviews the adequacy, efficiency, and effectiveness of CCCERA's internal control structure and reports discovered significant deficiencies and/or material weaknesses to the Audit Committee and management.
4. Conducts audits in support of the plan and writes and presents audit reports to the Audit Committee for its review and acceptance.
5. Establishes a follow-up process to monitor and ensures that appropriate management actions have been taken in response to audit findings and recommendations.
6. Assists the Audit Committee in its evaluation and recommendation to the Board for the selection of the external financial audit firm.
7. Coordinates activities and considers relying upon the work of other assurance providers, if applicable.
8. Performs investigations of alleged fraud or fraudulent actions that come to the attention of management or the Board.
9. Performs advisory and related client service activities to assist management in meeting objectives. The nature and scope of which will be agreed with the client, provided the Internal Auditor does not assume management responsibility.
10. Performs other duties as directed by the Audit Committee in accordance with the Audit Committee Charter.
11. Establishes and ensures adherence to policies and procedures designed to guide the Internal Audit.
12. Reports periodically to the Audit Committee on the status and results of Internal Audit's activities, significant revisions to the audit plan, the sufficiency of resources, significant risk exposures and control issues, and other matters requiring the attention of, or requested by, the Audit Committee.
13. Maintains a quality assurance and improvement program (QAIP) that covers all aspects of the Internal Audit. The QAIP will include an evaluation of conformance with the Standards. The program will also assess the efficiency and effectiveness of the Internal Audit and identify opportunities for improvement.

14. Communicates to the Audit Committee and management on the Internal Audit's QAIP, including results of internal assessments annually and external assessments conducted at least once every five years by a qualified, independent assessor.

VI. CHARTER REVIEW

The Board of Retirement shall review this Charter periodically to ensure it remains relevant and appropriate.

VII. HISTORY

Adopted: December 13, 2023

Amended: December XX, 2024

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT

INTERNAL AUDIT CHARTER

I. PURPOSE AND MISSION

The purpose of CCCERA's Internal Audit function (Internal Audit) is to provide independent, objective assurance and ~~consulting~~advisory services designed to add value and improve CCCERA's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Assurance services are an objective examination of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the organization. Advisory services, the nature and scope of which are agreed upon with management, are services that provide advice to management without providing assurance or taking on management responsibilities. Internal Audit helps CCCERA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

II. AUDITING STANDARDS

Internal Audit will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, ~~including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing~~which are the Global Internal Audit Standards (Standards) and Topical Requirements. Internal Audit will conform with the Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality. The Internal Auditor will report periodically to management and the Audit Committee regarding Internal Audit's conformance ~~to~~with the ~~Code of Ethics and the~~ Standards.

III. AUTHORITY

The Board of Retirement Audit Committee ("~~Audit Committee~~") oversees the work of the Internal Auditor. The Internal Auditor reports functionally to the Audit Committee and administratively to the Chief Executive Officer.

The Audit Committee authorizes Internal Audit to:

1. Except where prohibited by law, have unrestricted access to CCCERA's records, personnel, and facilities pertinent to carrying out its mission, while maintaining strict adherence to confidentiality and safeguarding of records and information~~7.~~
2. Have unrestricted access to, and communicate and interact directly with, the Audit Committee, subject to the requirements of the Ralph M. Brown Act (Government Code Section 54950, et seq.).~~5~~

3. Review any matter within the scope of the Internal Auditor's responsibilities.
4. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
5. Obtain the necessary assistance of personnel in units of the organization where audits are being performed, as well as other specialized services from within or outside the organization.

The Internal Auditor will inform the Audit Committee whenever significant barriers, or resistance to access to, personnel or information occurs.

IV. INDEPENDENCE AND OBJECTIVITY

The Internal Auditor will ensure that the Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Internal Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details of impairment will be disclosed to the Audit Committee and appropriate parties.

The Internal Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

1. Performing any operational duties for CCCERA or its affiliates.
2. Initiating or approving transactions external to the Internal Audit.
3. Directing the activities of any CCCERA's employee not reporting to Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Audit.

Where Internal Auditor has, or is expected to have, roles and/or responsibilities that fall outside of Internal Audit, safeguards will be established to limit impairments to independence or objectivity. The Internal Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit.

The Internal Auditor will be diligent in monitoring its own potential conflicts of interest in performing its mission. Where a conflict is identified, the Audit Committee will be advised, and a determination will be made by the Audit Committee as to whether to proceed and procure an independent outside auditor. The Audit Committee's determination will further be considered for approval by the Board of Retirement at a scheduled and properly noticed Board of Retirement meeting.

V. RESPONSIBILITIES AND DUTIES

Under the direction of the Audit Committee, the Internal Auditor:

1. Develops a flexible annual audit plan using appropriate risk-based methodology, including any risks or controls concerns identified by management, and submits to the Audit Committee for review and approval.
2. Reviews CCCERA's governing laws and established policies and procedures and evaluates compliance with same during the performance of audits.
3. Reviews the adequacy, efficiency, and effectiveness of CCCERA's internal control structure and reports discovered significant deficiencies and/or material weaknesses to the Audit Committee and management.
4. Conducts audits in support of the plan and writes and presents audit reports to the Audit Committee for its review and acceptance.
5. Establishes a follow-up process to monitor and ensure that appropriate management actions have been taken in response to audit findings and recommendations.
6. Assists the Audit Committee in its evaluation and recommendation to the Board for the selection of the external financial audit firm.
7. Coordinates activities and considers relying upon the work of other assurance providers, if applicable.
- 7.8. Performs investigations of alleged fraud or fraudulent actions that come to the attention of management or the Board.
- 8.9. Performs consulting advisory and related client service activities to assist management in meeting objectives. The nature and scope of which will be agreed with the client, provided the Internal Auditor does not assume management responsibility.
- 9.10. Performs other duties as directed by the Audit Committee in accordance with the Audit Committee Charter.
- 10.11. Establishes and ensures adherence to policies and procedures designed to guide the Internal Audit.
- 11.12. Reports periodically to the Audit Committee on the status and results of Internal Audit's activities, significant revisions to the audit plan, the sufficiency of resources, significant risk exposures and control issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- 12.13. Maintains a quality assurance and improvement program (QAIP) that covers all aspects of the Internal Audit. The QAIP will include an evaluation of conformance with the Standards. The program will also assess the efficiency and effectiveness of the Internal Audit and identify opportunities for improvement.

~~13.14.~~ Communicates to the Audit Committee and ~~senior~~ management on the Internal Audit's QAIP, including results of internal assessments annually and external assessments conducted at least once every five years by a qualified, independent assessor.

VI. CHARTER REVIEW

The Board of Retirement shall review this Charter periodically to ensure it remains relevant and appropriate.

VII. HISTORY

Adopted: December 13, 2023

Amended: December XX, 2024



MEMORANDUM

Date: December 11, 2024
To: CCCERA Board of Retirement
From: John Phillips, Audit Committee Chair
Subject: 2025 Internal Audit Plan

Executive Summary

To assist the Audit Committee and the Board of Retirement in fulfilling its oversight responsibilities for CCCERA, the Internal Auditor presents the attached 2025 Internal Audit Plan, which outlines and prioritizes internal audit activities for the 2025 year. The proposed Internal Audit Plan is designed to cover high-risk activities or areas where the Internal Auditor could have the greatest impact, while limiting the scope of work to what can realistically be accomplished during 2025. The Internal Audit Plan is ready for the Audit Committee and the Board's review and approval.

Risk Assessment and Audit Plan Development

The Institute of Internal Auditors' Standards (Global Internal Audit Standards) require the Internal Auditor to establish a risk-based approach to determine the priorities for internal audit activities. The Internal Audit Plan reflects the results of a risk assessment process gathered from various sources including, but not limited to, management questionnaires and interviews, results of previous reviews/ consulting engagements and data analytics. Additionally, selection of activities for the Internal Audit Plan includes examining various factors such as: time of last review, relevant or current events (including pension administration system project), areas where the Internal Auditor can have the greatest impact, requests by management or the Audit Committee, the resource limitations that may exist, and if out-sourcing or co-sourcing arrangements are available to supplement the Internal Audit Plan. This can result in the Internal Auditor selecting activities for inclusion in the Internal Audit Plan that may not have the highest risk scores.

2025 Internal Audit Plan

The proposed Internal Audit Plan in Attachment A has 3 components: (a) audits of internal operations, (b) employer audits, and (c) other activities. In addition to the proposed audits,

Internal Auditor continues with the Global Internal Audit Standards implementation and may respond to ad-hoc management requests and/or hotline investigations.

The 2025 Internal Audit Plan seeks to align limited audit resources with risk throughout the organization while considering prior audit effort and other factors, as identified in Attachment A. Internal Audit will continue to refine the risk assessment to include emerging events and trends. Internal Audit will also continue to assess the risk ratings to best reflect the risk profile of the organization and to allow the greatest coverage in the annual audit planning process.

Recommendation

Consider and take possible action to approve the 2025 Internal Audit Plan, as recommended by the Audit Committee.

ATTACHMENT A: 2025 Internal Audit Plan

Audit Activity	Department	Description	Timeline*
Audits of Internal Operations			
Employer Payroll Processing	Member Services	Assess whether the employer payroll transmittal process is effective to ensure data uploaded to the new Pension Administration System (PAS) is valid and accurate.	2025 Q3
Cybersecurity	IT	Design a scope of work and procure an audit consultant to evaluate CCCERA’s cybersecurity program against industry standards.	2025 Q4
Employer Audits			
Superior Court of California - Contra Costa County		Evaluate compliance with the Board regulations, County Employees Retirement Law (CERL) and the employer’s agreement with CCCERA.	2025
San Ramon Valley Fire Protection District			2025
Contra Costa County	Health Services		2025
Other Activities			
Auditing Standards Implementation		Continue to develop Audit Manual and related processes, including audit workpapers system, quality assurance & improvement program, and performance measurements for Internal Audit.	2025
Ad-Hoc Requests		Respond to ad-hoc management requests and/or hotline investigations as needed.	2025

*Tentative timelines depending on department workloads and priorities



Meeting Date
12/11/2024
Agenda Item
#3.A-IX

MEMORANDUM

Date: December 11, 2024
To: CCCERA Board of Retirement
From: Karen Levy, General Counsel
Subject: Consider and Take Possible Action to Amend the Retirement Board's Regulations

Background

The following amendment to the Board of Retirement's Regulations is proposed for the Board's consideration:

Sec. II. Meetings

Per trustee request, and as approved by the Board, change the regular Board meetings to the first and third Wednesdays of the month. The proposed amended language is:

Regular meetings are held on the first and third Wednesday of each month at 9:00 a.m. as determined by the Board, in the Board Room of the Contra Costa County Employees' Retirement Association, 1200 Concord Avenue, Suite 350, Concord, California 94520, unless changed by the Board.

Process For Amending Board Regulations

Amendments to the Board Regulations require at least six affirmative votes of the Board of Retirement, as well as approval by the Board of Supervisors in order to become effective. (Regs. Section IX; Gov't Code Section 31525.)

Recommendation

Consider and take possible action to amend the Board Regulations as set forth above and request the approval of the County Board of Supervisors for the amendment.



Meeting Date
12/11/2024
Agenda Item
#3.A-X

MEMORANDUM

Date: December 11, 2024
To: CCCERA Board of Retirement
From: Christina Dunn, Chief Executive Officer
Subject: Consider and Take Possible Action On the 2025 Board Meeting schedule

Background

Per trustee request, and as approved by the Board, the regular Board meetings were changed from the second and fourth Wednesdays of the month to the first and third Wednesdays of the month, effective January 1, 2025.

Recommendation

Consider and take possible action on the attached 2025 Board meeting schedule.

BOARD MEETINGS 2025

JANUARY						
Su	Mo	Tu	We	Th	Fr	Sa
			H	2	3	4
5	6	7	8	9	10	11
12	13	14	B	16	17	18
19	H	21	22	23	24	25
26	27	28	29	30	31	

1 - New Year's Day

20 - Martin Luther King Jr. Day

FEBRUARY						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	B	6	7	8
9	10	11	12	13	14	15
16	H	18	19	20	21	22
23	24	25	B	27	28	

17 - Presidents' Day

MARCH						
Su	Mo	Tu	We	Th	Fr	Sa
						1
C	C	C	C	6	7	8
9	10	11	12	13	14	15
16	17	18	B	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
Su	Mo	Tu	We	Th	Fr	Sa
		1	B	3	4	5
6	7	8	9	10	11	12
13	14	15	B	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	B	8	9	10
11	12	S	S	S	S	17
18	19	20	B	22	23	24
25	H	27	28	29	30	31

26 - Memorial Day

JUNE						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	B	5	6	7
8	9	10	11	12	13	14
15	16	17	18	H	20	21
22	23	24	B	26	27	28
29	30					

19 - Juneteenth

JULY						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	H	5
6	7	8	9	10	11	12
13	14	15	B	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

4 - Independence Day

AUGUST						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	B	7	8	9
10	11	12	13	14	15	16
17	18	19	B	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
	H	2	B	4	5	6
7	8	9	10	11	12	13
14	15	16	B	18	19	20
21	22	23	24	25	26	27
28	29	30				

1 - Labor Day

OCTOBER						
Su	Mo	Tu	We	Th	Fr	Sa
			B	2	3	4
5	6	7	8	9	10	11
12	13	14	B	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	B	6	7	8
9	10	S	S	S	S	15
16	17	18	B	20	21	22
23	24	25	26	H	H	29
30						

11 - Veterans Day

27 and 28 - Thanksgiving

DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	B	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	H	26	27
28	29	30	31			

25 - Christmas Day

B Board Meeting

S SACRS

C CALAPRS - General Assembly



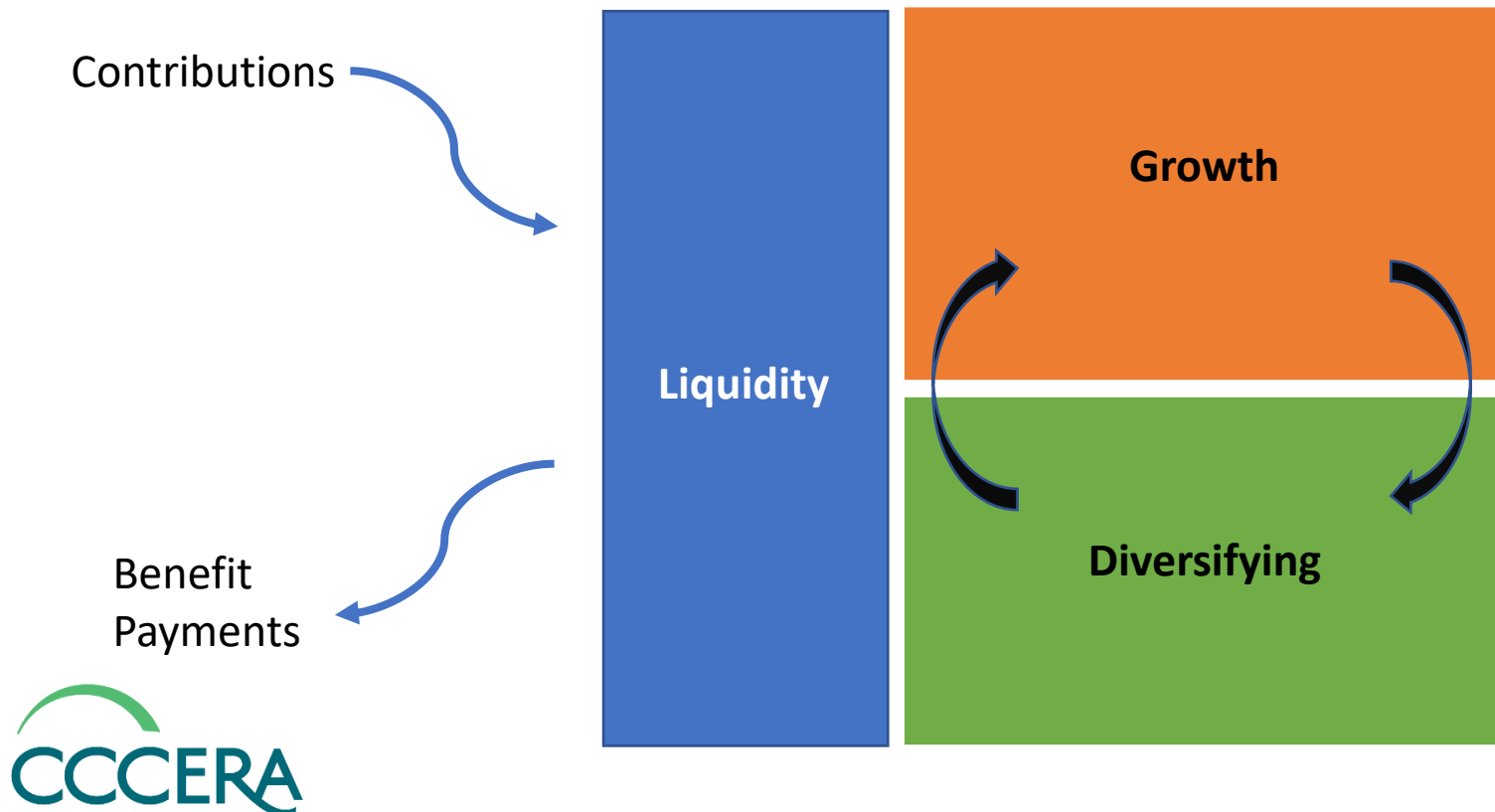
Timothy Price, CFA
Chief Investment Officer
Mitchell Taylor, CFA
Investment Officer

Growth Public Markets Sub-Portfolio Review

December 11, 2024

Role of Growth in CCCERA Portfolio

- Expected to be the dominant engine to fund future benefit payments
- Provides long-term capital appreciation



Agenda

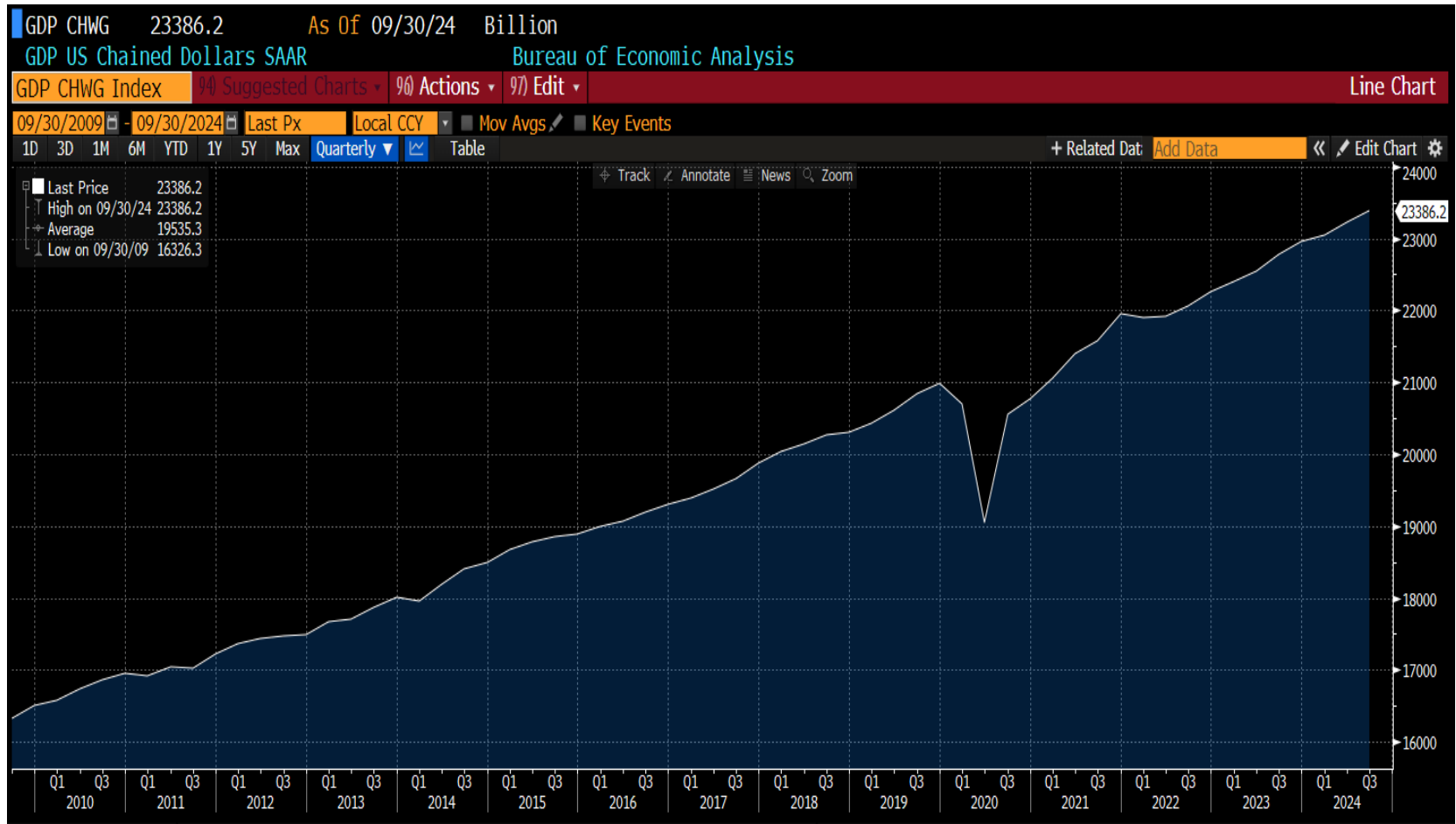
- Macro Overview: Normalization
- Growth Outlook. Potential outcomes recession, inflation and consensus forecasts
- Review of 2024 Growth Portfolio
 - Asset Allocation
 - CCCERA Performance 2024 vs 2023
 - Risk/Return vs Benchmarks and Forecasts
- 2025 Projects

Macro Overview

Review Economic Indicators
Current State: Normalization

GDP: Growth Back to Trend

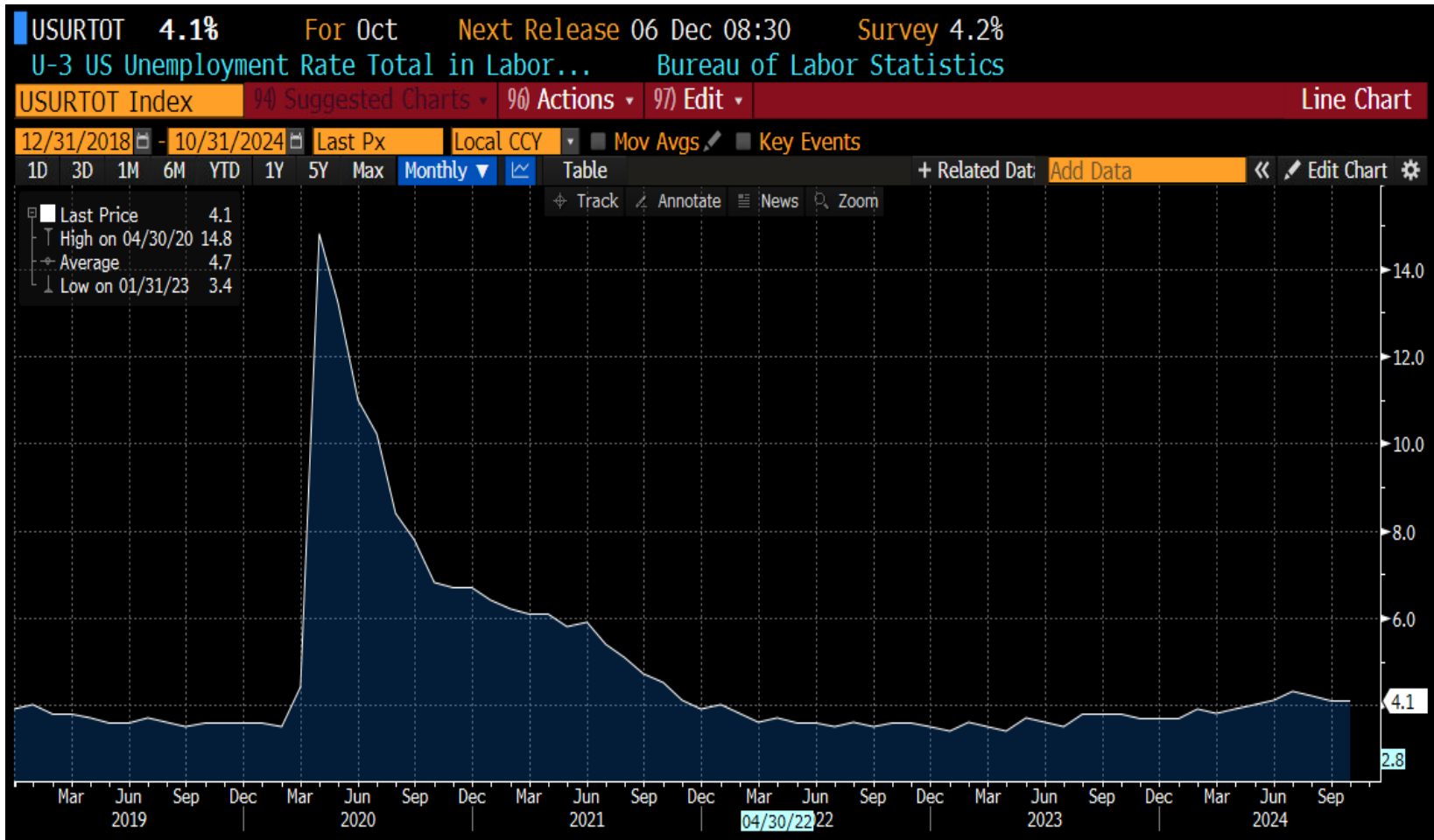
2024 estimated at 2.7%, above pre-pandemic levels



Source: Bloomberg

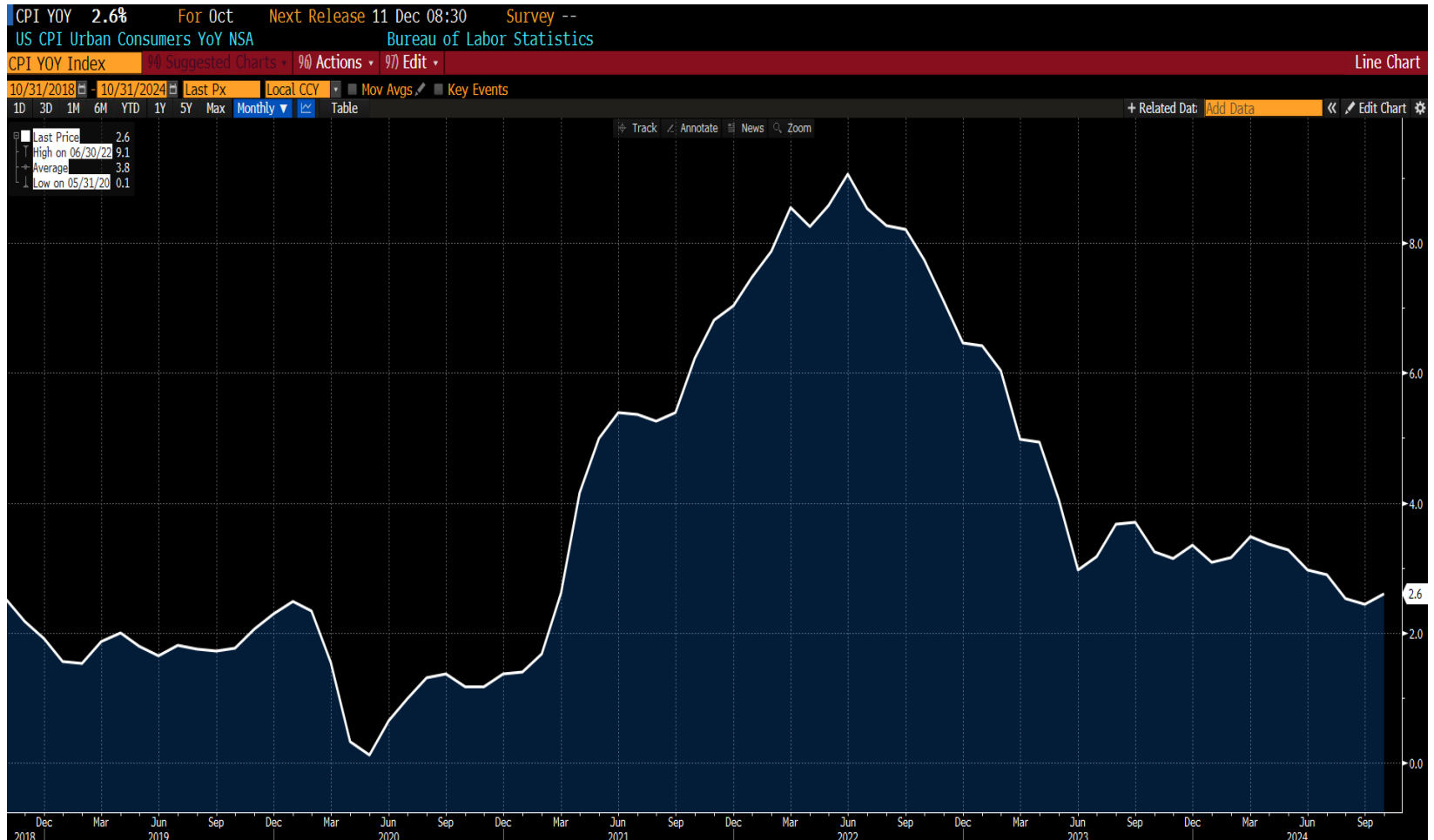
Unemployment

At 4.1%, close to pre-pandemic levels

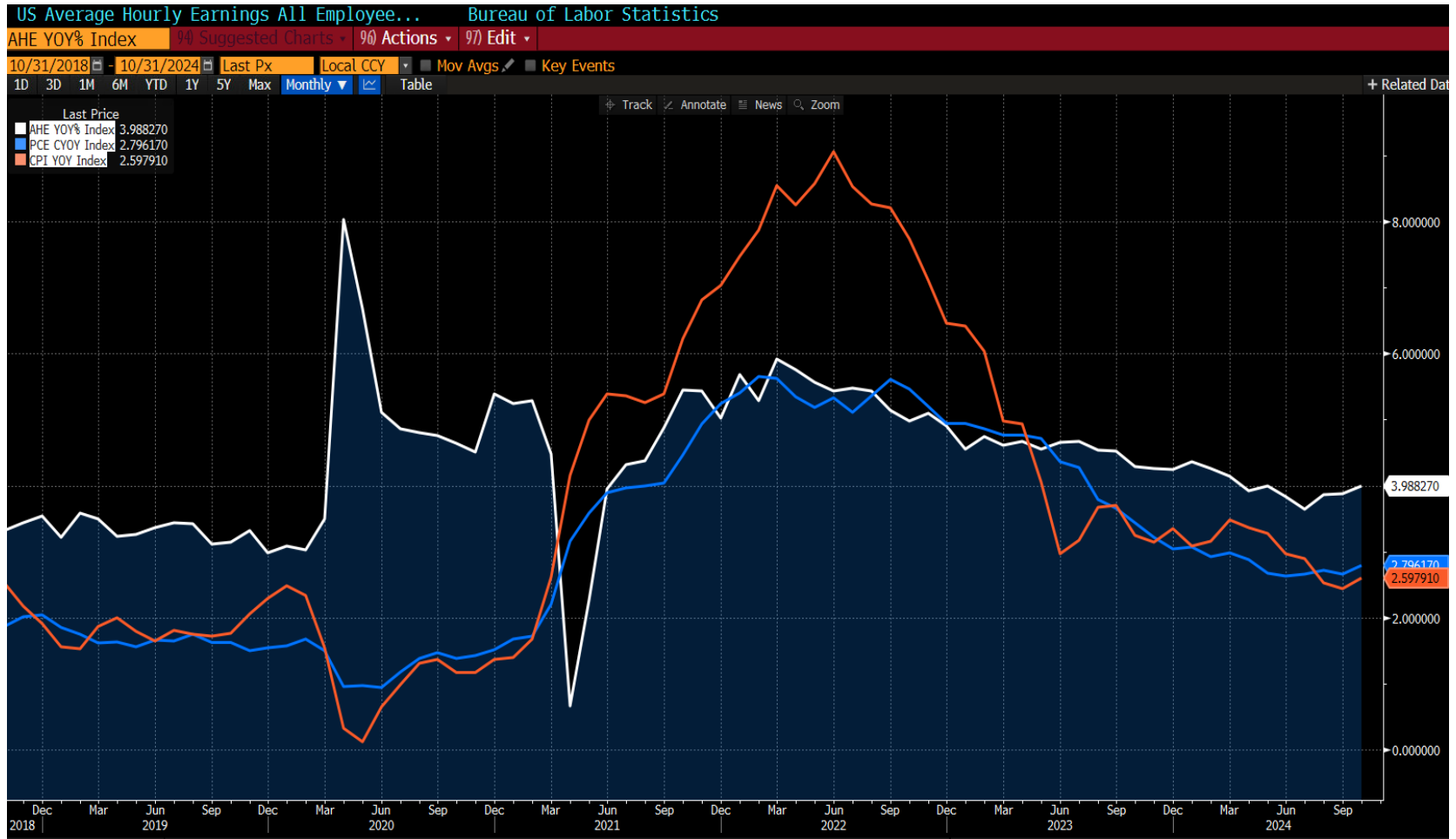


Inflation

Headline CPI declines from 3.7% to 2.6%

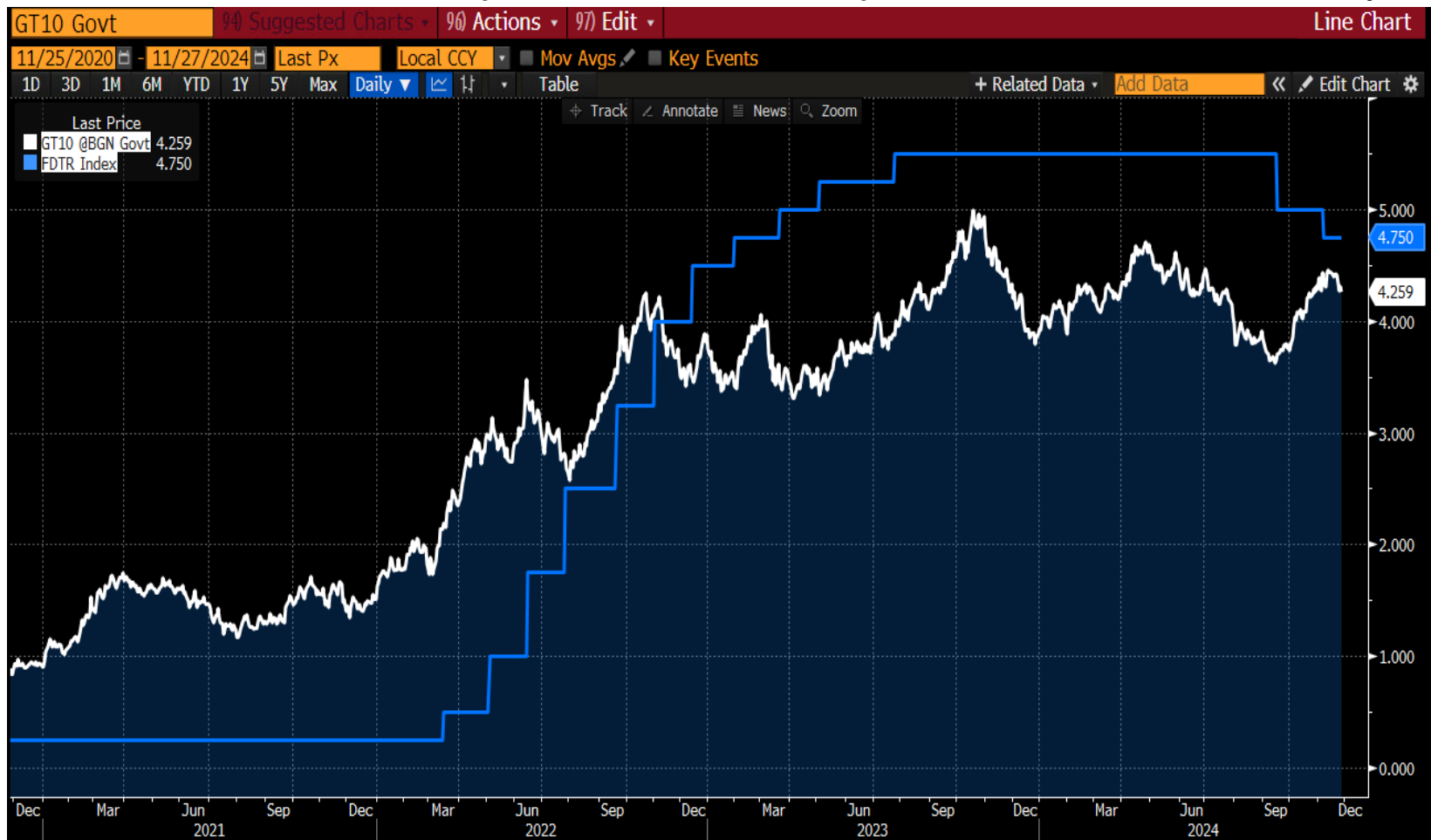


Hourly Earnings (white) PCE (blue) CPI (Red)



Source: Bloomberg

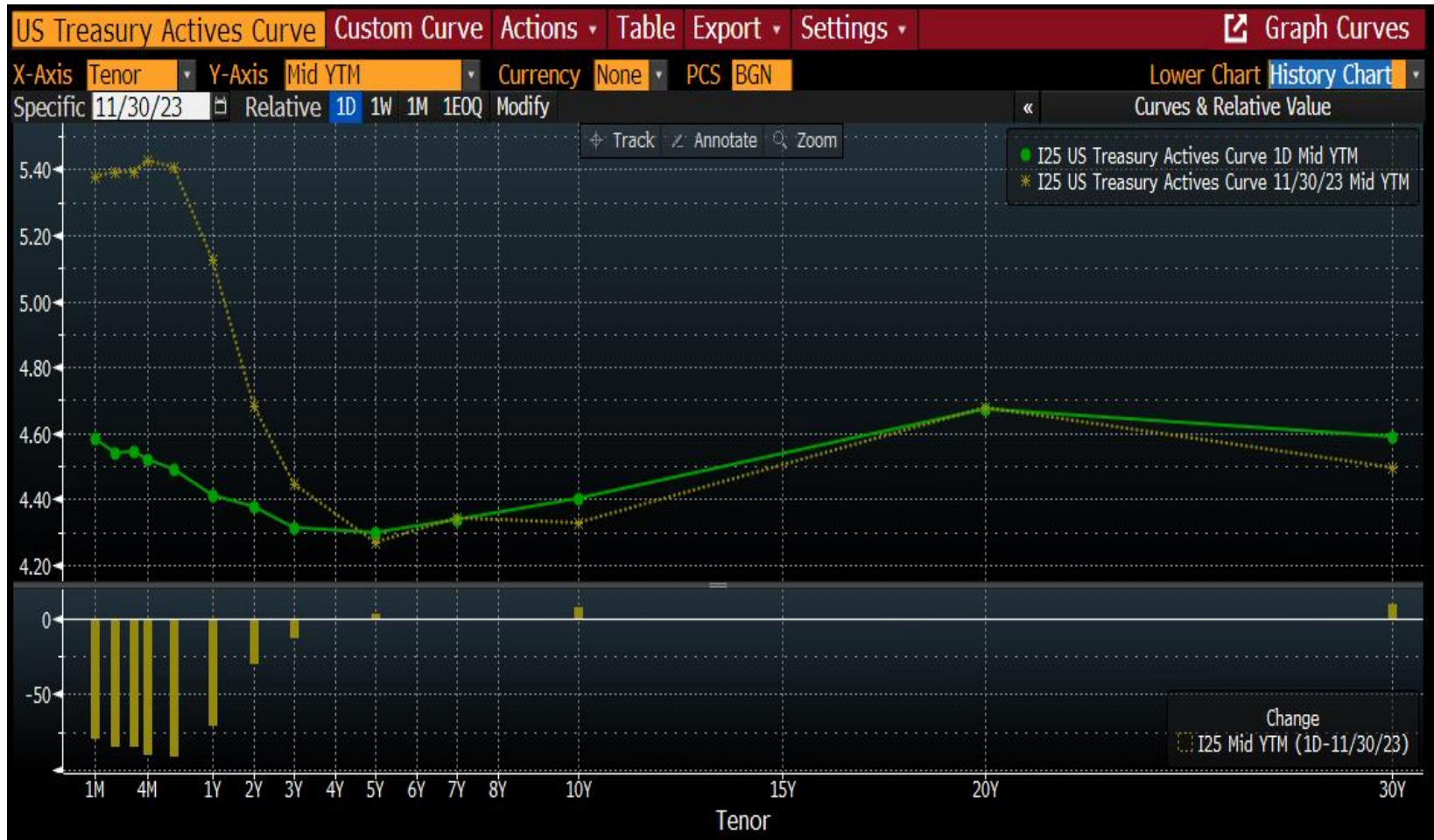
Monetary Policy: Fed Funds (blue) in 75bps US 10-Year Treasury (white) in 74bps to 3.78% (9-30-24)



Source: Bloomberg

US Treasury Curve Close to Flat

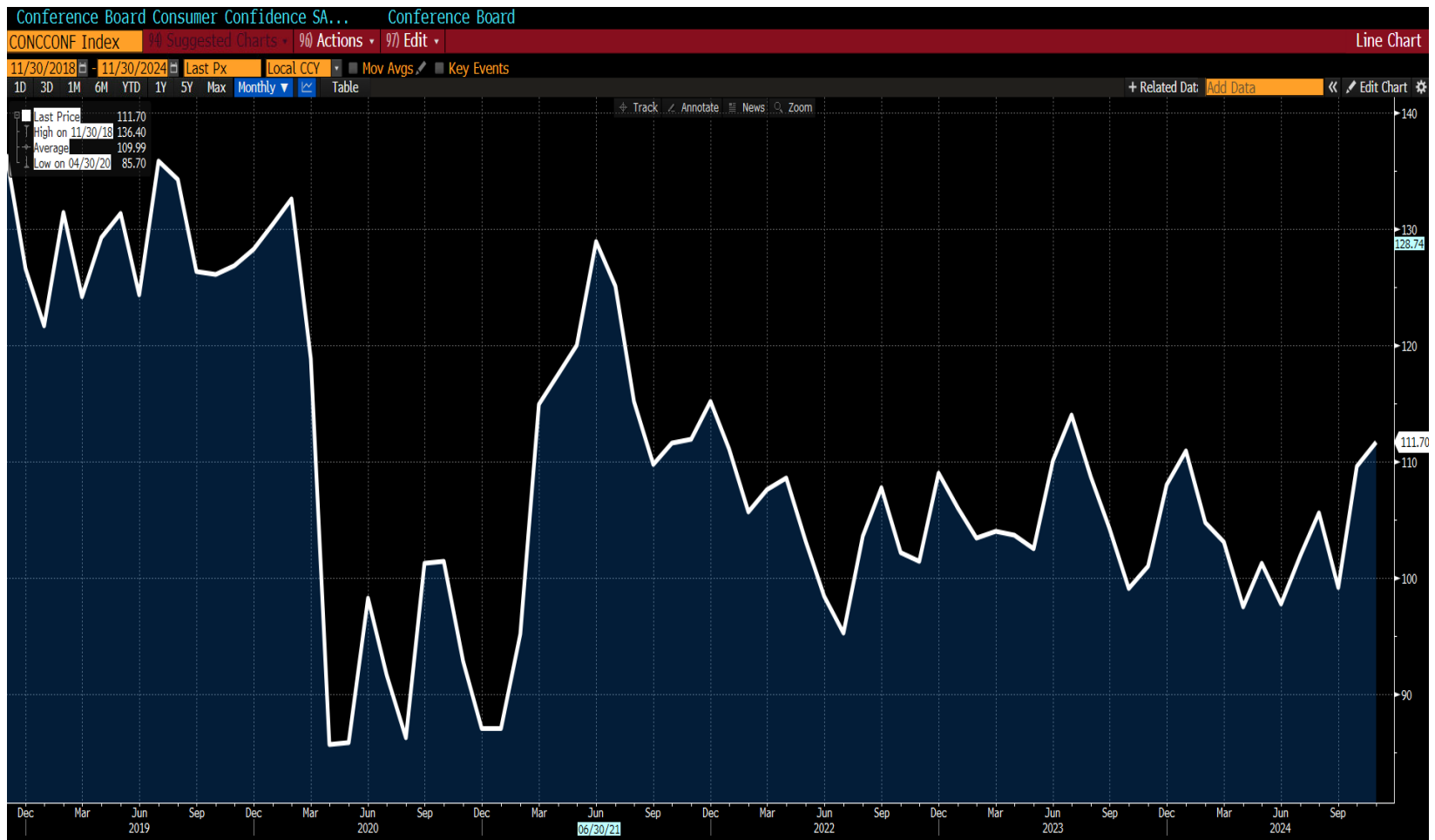
10s less 2s: 4.40% less 4.38%, or +0.02%



Source: Bloomberg

Consumer Confidence

1985 = 100



Source: Bloomberg

Valuations: S&P 500 (SPX white) vs SPW (blue)

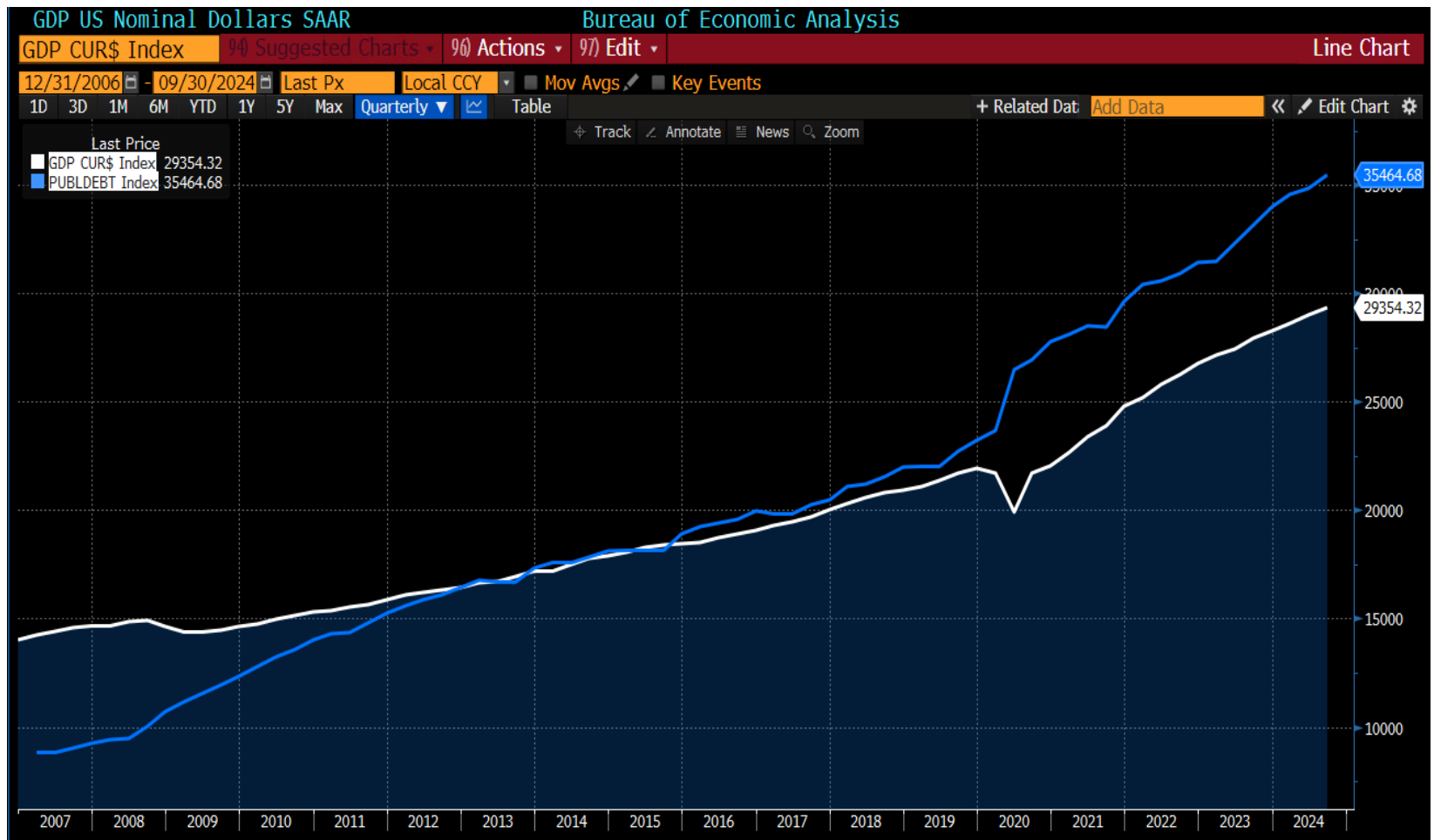
SPW is equal weighted, removes Mag 7 skew



Source: Bloomberg

US GDP (white line) vs US Debt (blue line)

Fiscal Regime dominates Monetary Regime

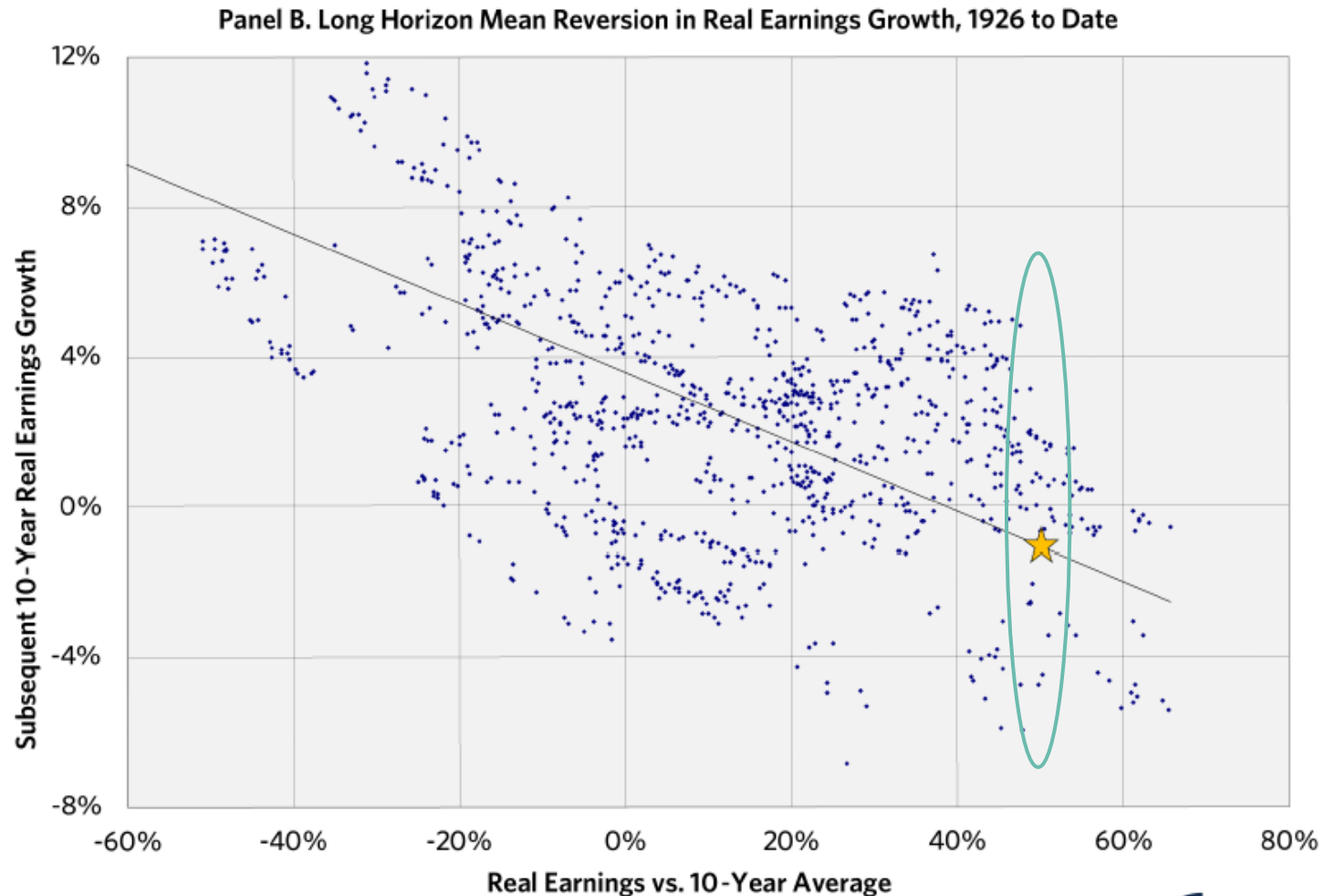


Source: Bloomberg

Earnings Growth and 10-Yr Subsequent Returns

Correlation -0.55; EPS today is 50% above 10-yr average (gold star)

Prior 10-Year Real Stock Market Returns



Source: Research Affiliates, based on data from Bloomberg, Shiller, Ibbotson, and McQuarrie.

Growth Outlook

- Path of Growth, Inflation and Rates less uncertain

What has Changed Year over Year?

Normalization of Growth, Employment, Inflation and Rates

Index	09/2022	09/2023	09/2024	YoY 23/22	YoY 24/23
Valuations					
MSCI World (global developed)	2,378.7	2,853.2	3,723.0	20.0%	30.5%
S&P 500	3,586	4,288	5,762	19.6%	34.4%
S&P 500 P/E	16.2	19.5	24.7	20.5%	26.5%
S&P 500 Earnings	222	220	234	-0.8%	6.20%
Inflation					
CPI Headline	8.20	3.70	2.40	-4.50	-1.30
PCE Core Y/Y	5.61	3.66	2.65	-1.95	-1.01
10-Year Breakeven (traded Inflation)	2.15	2.34	2.19	0.19	-0.15
5-Year 5-Year Forward Breakeven	2.12	2.43	2.27	0.31	-0.16
U of Michigan 1 YR Inflation Expectations	4.70	3.20	2.70	-1.50	-0.50
U of Michigan 5-10 YR Inflation Expectations	2.70	2.80	3.10	0.10	0.30
Rates					
10-Year UST	3.83	4.57	3.78	0.74	-0.79
1-Year UST	3.99	5.46	4.01	1.47	-1.45
10-Year TIPS (Real Rate)	1.68	2.23	1.60	0.56	-0.64
Recession Indicators					
Yield Curve Inversion (10s minus 2s)	-0.45	-0.48	0.14	-0.02	0.61
Conference Board Leading Economic Indicators	-2.10	-8.10	-4.60	-6.00	3.50
US Unemployment	3.50	3.80	4.10	0.30	0.30
US Consumer Sentiment	107.80	104.30	99.20	-3.50	-0.05
US Personal Disposable Income	18,987	20,757	21,856	8.0%	5.3%

Source: Bloomberg

Global Markets: 2022-2024 Returns

Index	09/2021	09/2022	09/2023	09/2024	YoY 22/21	YoY 23/22	YoY 24/23
MSCI World (global developed)	3,007	2,379	2,853	3,661	-20.9%	20.0%	28.3%
S&P 500	4,308	3,586	4,288	5,648	-16.8%	19.6%	31.7%
S&P Value	7,575	6,846	8,365	10,844	-9.6%	22.2%	29.6%
S&P Growth	7,772	6,132	7,347	10,080	-21.1%	19.8%	37.2%
NASDAQ	14,449	10,576	13,219	17,714	-26.8%	25.0%	34.0%
Euro Stoxx	4,048	3,318	4,175	4,958	-18.0%	25.8%	18.8%
Japan Nikkei	29,453	25,937	31,858	38,648	-11.9%	22.8%	21.3%
Hang Seng (China, Hong Kong)	24,576	17,223	17,810	17,989	-29.9%	3.4%	1.0%
CSI 300 (China, Shanghai)	4,866	3,805	3,690	3,321	-21.8%	-3.0%	-10.0%
Emerging Markets	1,253	876	953	1,100	-30.1%	8.8%	15.4%
Risk Parity 10% Volatility	6,873	5,736	6,268	7,307	-16.5%	9.3%	16.6%
Real Estate (NCREIF)	4,371	5,074	4,648	4,452	16.1%	-8.4%	-4.2%
Commodities	558	608	610	537	9.0%	0.3%	-12.0%
US Treasuries	2,496	2,173	2,155	2,336	-12.9%	-0.8%	8.4%

Source: Bloomberg



Economic Forecast – No Landing

- **No-Landing.** Inflation continues to decline; growth slows but healthy
- **US GDP.** GDP came in higher than survey in 2023 (2.9% vs 2.2%); looks to end 2024 at 2.7% vs 2.2% forecast. The consensus slowdown never arrived, and 2025/2026 forecasts are on solid footing in 2% plus range.
- **Inflation.** For 2023, Core PCE print was 4.2% in line with forecast, 2024 forecast at 2.7% slightly below the 2.9% current run rate.
- **Unemployment Rate.** Unemployment stayed lower longer, 3.6% in 2023 in line with 3.7% forecast; expectations of an increase to 4.3% in 2024 just a bit high vs run rate at 4.1%.
- **US 10-Year.** The 10-yr US treasury higher for longer, peaked at 5.0% in October 2023; ended 2023 at 3.9%, well inside the 4.5% forecast, run rate puts year-end 2024 at 4.3%, or outside the 3.9% forecast.

Economic Data						Forecast		
	2019	2020	2021	2022	2023	2024	2025	2026
GDP	2.5%	-2.2%	6.1%	2.5%	2.9%	2.7%	2.1%	2.0%
CPI, headline	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%	2.3%	2.5%
PCE, core	1.7%	1.3%	3.6%	5.4%	4.2%	2.8%	2.3%	2.2%
Unemployment	3.7%	8.1%	5.4%	3.6%	3.6%	4.1%	4.3%	4.2%
US 10-Year	1.9%	0.9%	1.5%	3.9%	3.9%	4.3%	4.1%	4.0%

CCCERA Performance

- Asset Allocation
- CCCERA Performance 2024 vs 2023
- Risk/Return vs. Benchmarks and Forecasts

CCCERA Growth Asset Allocation

Asset Class	Allocation as of 9/30/24	Current Target Allocation	Delta Allocation vs. Current Target	Long Term Target
Domestic Equity	18.2%	16.0%	2.2%	11.0%
International Equity	8.3%	7.0%	1.3%	5.0%
Global Equity	10.0%	11.0%	-1.0%	10.0%
Emerging Markets Equity	4.2%	4.0%	0.2%	2.0%
Private Equity	12.4%	10.0%	2.4%	15.0%
Real Assets	1.7%	2.0%	-0.3%	3.0%
Private Credit	10.3%	10.0%	0.3%	13.0%
Private Real Estate	4.8%	5.0%	-0.2%	7.0%
Real Estate Credit	0.0%	0.0%	0.0%	3.0%
Real Estate REIT	2.0%	2.0%	0.0%	0.0%
High Yield	1.4%	3.0%	-1.6%	0.0%
Multi-Asset Credit	0.0%	0.0%	0.0%	4.0%

Source: CCCERA Investment Office



CCCERA Growth: Rolling Returns

1-Year and 5-Year, CCCERA vs MSCI ACWI

CCCERA Growth Sub-Portfolio and MSCI ACWI 2024							
Period ended Sept. 2024	2018	2019	2020	2021	2022	2023	2024
One-year returns							
CCCERA Growth							
Return	8.5%	3.7%	6.2%	27.4%	-12.5%	8.9%	17.7%
Standard Deviation	6.0%	10.7%	12.8%	8.5%	11.1%	8.9%	6.8%
Sharpe Ratio	1.2	0.1	0.4	3.2	-1.2	0.5	1.8
MSCI							
Return	9.8%	1.4%	10.4%	27.4%	-20.7%	20.8%	31.8%
Standard Deviation	8.6%	17.4%	22.9%	14.2%	19.1%	15.6%	11.7%
Sharpe Ratio	1.0	-0.1	0.4	1.9	-1.1	1.0	2.2
Five-year Rolling Returns							
CCCERA Growth							
Return	9.0%	7.6%	8.4%	11.7%	5.9%	6.0%	8.7%
Standard Deviation	5.4%	6.7%	8.4%	8.9%	10.4%	10.7%	10.2%
Sharpe Ratio	1.6	1.0	0.9	1.2	0.5	0.4	0.6
MSCI							
Return	8.7%	6.7%	10.3%	13.2%	4.4%	6.5%	12.2%
Standard Deviation	9.8%	11.7%	14.4%	14.7%	17.2%	18.1%	17.4%
Sharpe Ratio	0.8	0.5	0.6	0.8	0.2	0.3	0.6

Source: Northern Trust and eVestment.



CCCERA Growth: Public and Private

CCCERA Growth returns by Asset Class, ended 9/30/2024				
Asset Class	1 Year	3 Years	5 Years	10 Years
Growth	17.6%	4.0%	8.7%	8.0%
Domestic Equity	32.0%	7.9%	13.1%	11.5%
International Equity	24.0%	2.2%	8.2%	6.3%
Global Equity	29.7%	5.3%	11.1%	9.7%
Emerging Markets	27.8%	2.6%	7.8%	5.0%
Private Equity	2.0%	2.6%	12.2%	12.0%
Private Credit	11.5%	10.6%	8.9%	8.5%
Real Estate	-8.3%	-5.1%	-2.1%	1.1%
Risk Parity	16.2%	-2.8%	1.7%	--
High Yield	13.7%	2.3%	3.7%	3.8%

Source: Northern Trust. Data unavailable for some periods given inception dates.

Actual Returns vs Forecast (Verus CMAs)

8.9% vs 8.8%

CCCERA 10-Year Results vs. Verus 2015 10-year Forecast									
Actual Returns, SD, and Sharpe, 9 years ended September 2024				2015 10-Year Forecast			Delta		
Asset Class	Returns	Standard Deviation	Sharpe Ratio	Returns	Standard Deviation	Sharpe Ratio	Returns	Standard Deviation	Sharpe Ratio
Growth	8.9%	8.9%	0.79	8.8%	15.0%	0.51	0.1%	-6.1%	0.28
MSCI ACWI	11.3%	15.1%	0.63	7.4%	16.5%	0.32	3.9%	-1.4%	0.31
Domestic Equity	12.5%	16.5%	0.65	5.7%	14.7%	0.25	6.8%	1.8%	0.40
International Equity	7.6%	14.0%	0.41	9.5%	18.2%	0.41	-1.9%	-4.2%	0.00
Global Equity	11.0%	13.6%	0.67	7.4%	16.5%	0.32	3.6%	-2.9%	0.35
Emerging Markets	5.7%	18.3%	0.19	11.5%	23.7%	0.40	-5.8%	-5.4%	-0.21
Private Equity	11.3%	7.6%	1.24	7.7%	23.7%	0.24	3.6%	-16.1%	1.00
Private Credit	8.6%	4.5%	1.51	7.8%	10.5%	0.55	0.8%	-6.0%	0.96
Real Estate	2.7%	5.4%	0.15	5.1%	13.2%	0.23	-2.4%	-7.8%	-0.08
Risk Parity	4.0%	11.1%	0.14	7.1%	10.0%	0.50	-3.1%	1.1%	-0.36
High Yield	4.9%	7.3%	0.42	5.2%	10.5%	0.30	-0.3%	-3.2%	0.12

Source: Northern Trust and Verus.

Emerging Markets and Risk Parity data is since inception in CCCERA's plan because their track record is less than 9 years.

2024/2025 Return Drivers Headwinds

- **Global Fiscal Activism/Policy.** Lower taxes, deficit spending and easing regulatory environment are stimulative and inflationary. All else equal, higher growth and inflation lead to higher base rates.
- **Rates.** Higher base interest rates increase returns to fixed income, and all else equal, lower returns to equities and real assets, and as a result, returns to asset classes converge.
- **Valuation: S&P 500 multiple expansion.** S&P P/Es increased from 19.5 to 24.7 year-over year, suggesting returns are dependent on earnings growth. Potential offset is broader market participation beyond the Mag 7. The equally weighted S&P 500 trades at a 19.2.
- **High Expected Earnings Growth.** Forecasts growth rates at 9.6% vs. 6.3% 10-year average may not materialize.

2024/2025 Return Drivers Tailwinds

- **Room to Cut.** Current growth and inflation levels suggests the Fed has room to cut 75-100bps and remain neutral
- **Earnings Growth.** Macro and regulatory conditions support earnings growth for the Mag 7
- **Equity Risk Premium (ERP).** Damodaran models ERP at 4.1% versus a 10-year average of 5.3% due to higher expected growth rates and current Treasury yields. Expected returns are 8.3% (ERP + 10-year UST) v. 10-yr average at 7.7%.
- **Initial Valuations/ERP and Future Returns.** Valuation explains less than 50% of future 10-yr returns; adding growth and inflation trends substantially improves forecasts.
- **AI/GLP-1.** The benefits of AI and GLP-1s accrue to the wider economy, boosting productivity and corporate profits

Growth Portfolio Projects

Build out Private Market Allocation

Build out Multi-Asset Credit (2Q2025)

Public Debt Research (3Q2025)

Portfolio Management and Risk Platform
(Burgiss Caissa)

Meeting Date
12/11/2024
Agenda Item
#5a.



Brian Long, CFA
Senior Investment Officer

Private Equity Review

December 11, 2024

Overview

- CCCERA Private Equity Program
- CCCERA Private Equity Strategy
- Key Takeaways

CCCERA Private Equity Program

Role of Private Equity in CCCERA Portfolio

CCCERA Long-Term Asset Allocation Targets (Adopted July 24, 2024)

**Growth
(73%)**

Range = 60-80%

Public Equity (28%)

Private Equity (15%)

Private Credit (13%)

Real Estate (7%)

Multi-sector Credit (4%)

Real Estate Debt (3%)

Infrastructure (3%)

**Liquidity
(17%)**

Range = 10-20%

Public Debt (17%)

Cash (3%)

**Risk Diversifying
(10%)**

Range = 0-12%

**Low Beta Strategies
(10%)**



CCCERA Private Equity Program – Key Participants

CCCERA

Manages the Private Equity Program – top-down strategy selection, bottom-up investment manager evaluation, and monitoring of investment managers

Managers (General Partners)

Source, evaluate, execute, and manage private equity investments primarily within commingled drawdown funds

Stepstone

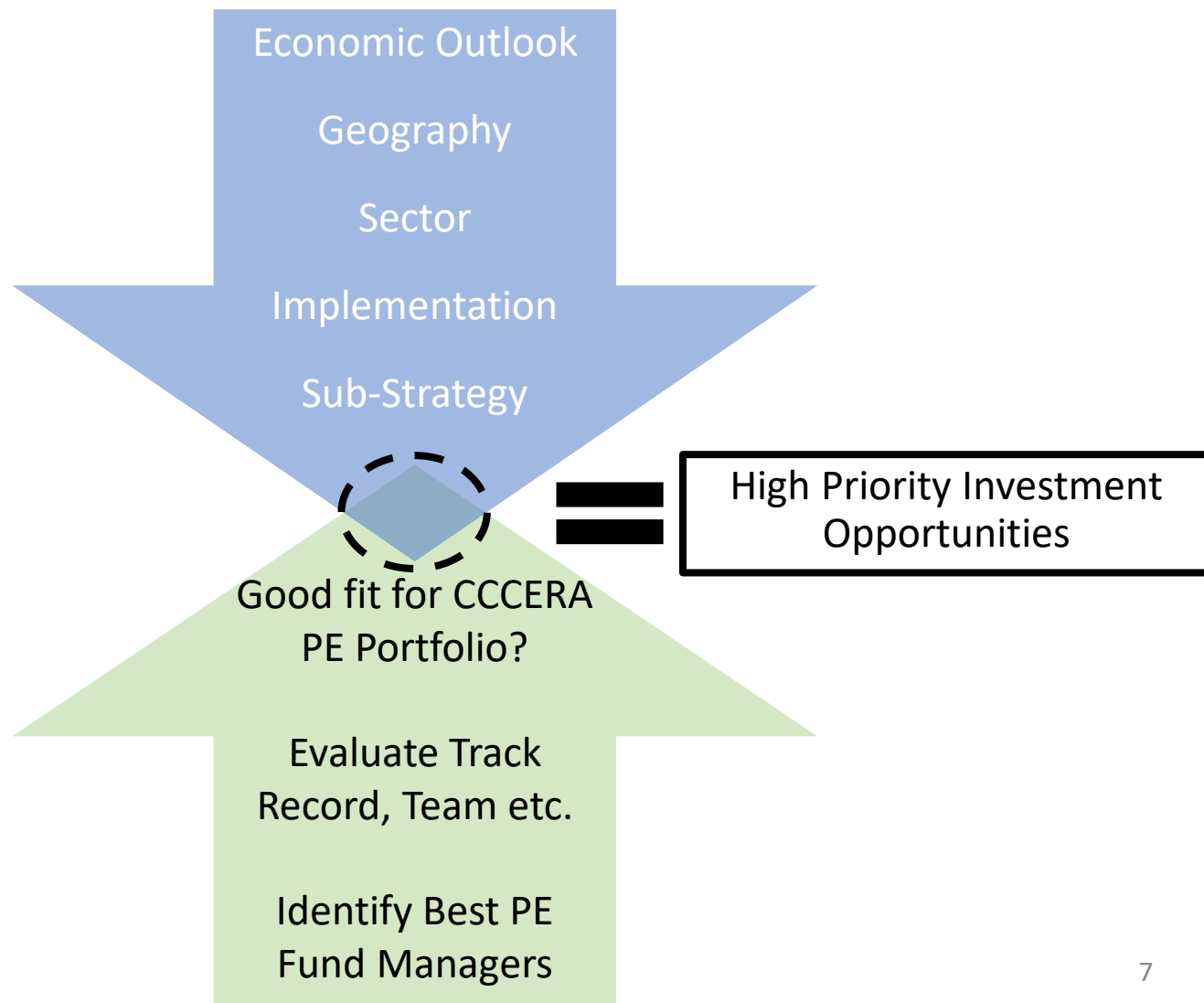
Provides advice and resources to CCCERA on Private Equity - responsible for pacing analysis, portfolio monitoring, and reporting



CCCERA Private Equity Strategy

CCCERA Approach to Private Equity Investing

Investment Pacing Plan



Opportunity Set

Geography	North America	Europe	Asia	Rest of World
Sector	IT	Healthcare	Financial Services	
	Industrials	Business Services	Consumer etc.	
Implementation	Fund of Funds	Primary Funds	Secondaries	
	Co-investments	Direct Investments		
Sub-Strategy	Buyouts	Growth Equity	Venture	Other

2024 Activity – Fund of Funds Review

1. Jan-Feb 2024: virtual calls
 - Investments update, cash flow projections
2. Apr-Aug 2024: in-person, on-site visits
 - Business, teams, Investments, operations, cash flows

YTD 2024 Distributions through 9/30/24	
Adams Street	\$ 23,723,139
<u>Aether</u>	6,121,565
<u>Commonfund</u>	7,142,348
Ocean Avenue	7,301,505
Pathway	21,520,325
<u>Siguler Guff</u>	44,013,312
Total	\$ 109,822,193

**Approximate NAV as of 06/2024: \$722 million.*

2024 Activity – Commitments

<u>Closed Funds (in millions)*:</u>		
Arbor Investments VI	\$	50
Altor ACT I	€	65
Blackfin Financial Svcs IV	€	50
Castik EPIC III	€	50
Total Closed		~\$230 million
<u>Current Active Diligence:</u>		
1 Fund Under Review		
Fund A	\$	75
Potential Total		\$75 million
Total 2024 Commitments (Projected)		~\$305 million

**October 31, 2024 EUR closed at \$1.0886*

2025 Projected

- Re-Up Activity
 - Anticipate ~1-2 of our existing General Partners will launch their next Fund
- Continued Sourcing of New Relationships/GP's
 - Potentially 2-3 new relationships
- Projected Pacing Commitment
 - PE: \$340-\$510 million
 - Infrastructure: \$60-\$90 million

Key Takeaways

- Consistent and disciplined PE investment strategy
- Proactive, multi-year approach to relationship-building and sourcing



Meeting Date
12/11/2024
Agenda Item
#5b.

CCCERA Board Presentation

Private Equity Update

December 2024

NOTES

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Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

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Data as of June 30, 2024, unless otherwise noted.

Biographies



TOM KECK, PARTNER, HEAD OF RESEARCH, LA JOLLA

Mr. Keck leads StepStone's global research activities and the development of SPI. He is also involved in the Firm's ESG and risk management initiatives.

Prior to co-founding StepStone, Mr. Keck was a managing director at Pacific Corporate Group, a private equity investment firm that oversaw over US\$15 billion of private equity commitments for institutional investors. Before that he was a principal with Blue Capital, a middle-market buyout firm.

Mr. Keck graduated cum laude with a BA from the George Washington University and received his MBA with high honors from the University of Chicago Booth School of Business. He served in the US Navy as a Naval Flight Officer, receiving numerous decorations flying EA-6Bs off the USS Nimitz (CVN-68).



JOSE FERNANDEZ, PARTNER, CO-COO, LA JOLLA

Mr. Fernandez is the Co-COO of StepStone Group and a member of the private equity team where he focuses on US-based small-market managers and Latin American investments. He is also involved in the Firm's ESG and diversity initiatives, as well as various investment activities.

Prior to co-founding StepStone, Mr. Fernandez was a managing director of Pacific Corporate Group, a private equity investment firm for institutional investors. Mr. Fernandez previously worked with Latham and Watkins LLP's private equity/investment fund group, a practice focused on joint ventures and the structuring, negotiation and operation of pooled investment vehicles such as private equity funds.

Mr. Fernandez received his BA from the University of Michigan, Ann Arbor and JD from Stanford Law School.



NATALIE WALKER, PARTNER, LA JOLLA

Ms. Walker is a member of the private equity team, focusing on US-based small-market managers and secondary investments.

Prior to StepStone, Ms. Walker was a research analyst at Oppenheimer & Co., a leading national investment bank and full-service investment firm offering investment banking, financial advisory services, capital markets services, asset management, wealth management, and related products and services worldwide. Ms. Walker was a member of Oppenheimer's private equity team, where she conducted due diligence and research on private equity funds, secondary investments and co-investments. Before that she worked for a private equity backed start-up and Women-owned Business Enterprise, Sundance Energy.

Ms. Walker received her BA from Georgetown University McDonough School of Business.

Agenda

- I. Market Update
- II. Pacing Analysis
- III. Portfolio Performance



Market Update

The private equity landscape

1

Distributions remain depressed, but improved credit conditions allowed GPs to refinance and protect capital structures

Private equity distributions as % of prior year NAV remains at ~9% (annualized from Sept 2024 YTD results) in 2024, vs historical averages of ~20% and prior peak of 28% in 2021¹. Venture distributions are in the 5% range, which is similar to the period post dot com bubble. Despite weaker distributions, we continue to see private equity owners take advantage of the credit markets to extend maturities. We anticipate further interest rate cuts from central banks should lead to more exit activity.

We find that buyers and sellers are closer on price than in 2023, driven in part by improved lending conditions. However, there continues to be meaningful processes that end up broken, especially in businesses exposed to more cyclical industries.

2

Attractive investment opportunity in small market buyouts (SBO)

In a tepid M&A environment, distributions from smaller funds (\$2b and below) have been stronger than the market. Since 2Q21, 37% of realized small market deals have generated a gross TVM of >3.0x versus 24% in the upper end of market, with fewer losses². This is attributed to a growing base of sponsor buyers, as well as steady stream of corporate buyers wanting to do add-ons.

Smaller market companies experience more price inefficiencies, operational inefficiencies, and less access to capital. Smaller market managers also tend to have better alignment with LPs. But volatility of returns in the smaller end the market warrants careful selection. For more details, please read our [SBO whitepaper](#) from earlier this year.

3

More LPs are starting to strategically use co-investments to complement their PE portfolio

LPs have been using co-investments to complement their PE fund portfolios in order to reduce fee burden and/or add alpha. Increasingly, this has become a common allocation. In the last 2 years, increasing financing costs, persistently high equity contributions, and slow GP fundraising has led to more co-invest availability. In our recent [co-investment whitepaper](#), StepStone shares takeaways from a recent GP survey on how GPs view co-investment partnerships with LPs (spoiler alert: primary commitment, ability to move quickly, and transaction certainty are most important!)

While the absence of fees is an attractive feature, direct co-investing often requires in-house staff or third-party resources to execute it well. In our own experience, 61% of PE co-investments outperformed their parent funds on TVPI and 75% outperformed on loss ratio³.

1. SPAR Universe Benchmark. Full dataset and average annual distributions calculation covers from Q4 1999 to September 2024. Data set includes 3,369 Global Private Equity funds.

2. SPI by StepStone, June 2024. Note: Reflects percent of deals by count.

3. StepStone co-investment survey, as of September 30, 2023. Includes buyout co-investments from 2010-2021 for which StepStone tracks parent fund performance and excludes co-investments held less than two years as performance is not considered meaningful.

Note: Past performance is not 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. All information provided is at an industry level, no StepStone investments are included in any of the above metrics. All information provided here is based on research related to third party managers.

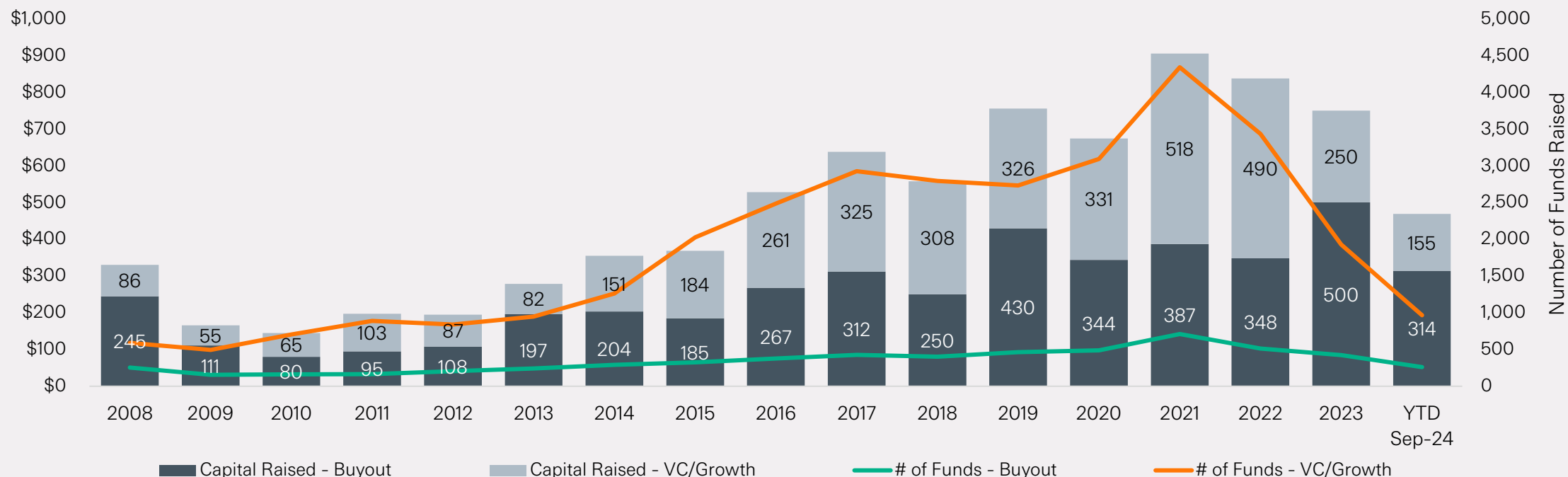
Fundraising improving (modestly) YTD 2024

Buyout fundraising is improving through Q3 2024, especially for GPs who exhibited strong performance and delivered exits.

VC/Growth equity fundraising continues to suffer from overallocation, valuation resets, and lack of distribution.

Private equity fundraising

\$ in billions



Source: Preqin, as of September 2024. Preqin data is continuously updated, and historical values are subject to change. Represents closed private equity buyout and VC/Growth funds in all geographies.

STEPSTONE GROUP

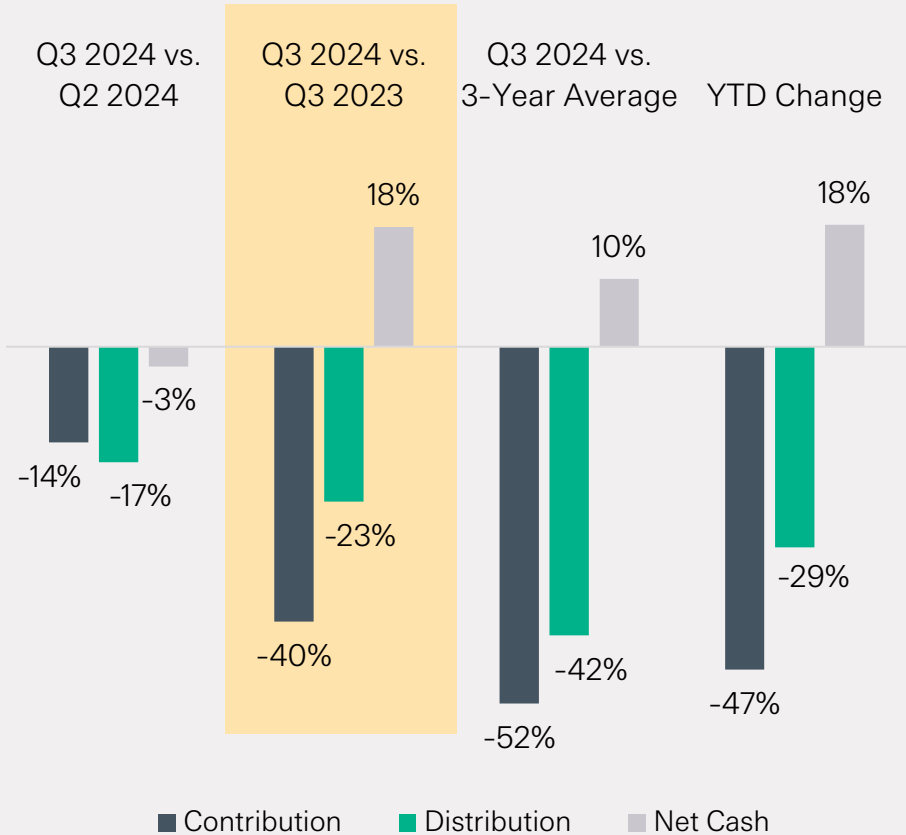
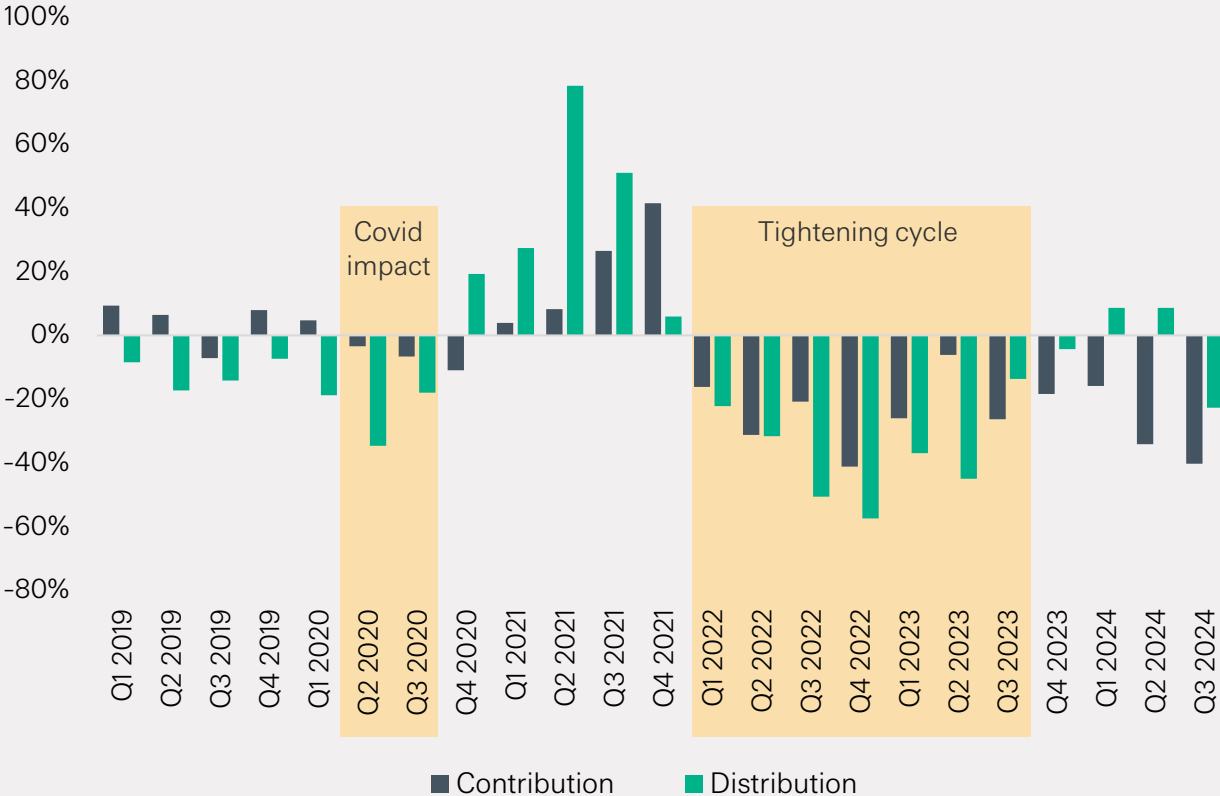
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Private equity cashflow trends

Q3 2024 distribution activity **decreased 23% YoY** relative to Q3 2023, while contribution activity has **decreased 40%** over the same period.

% change in YoY cashflow activity



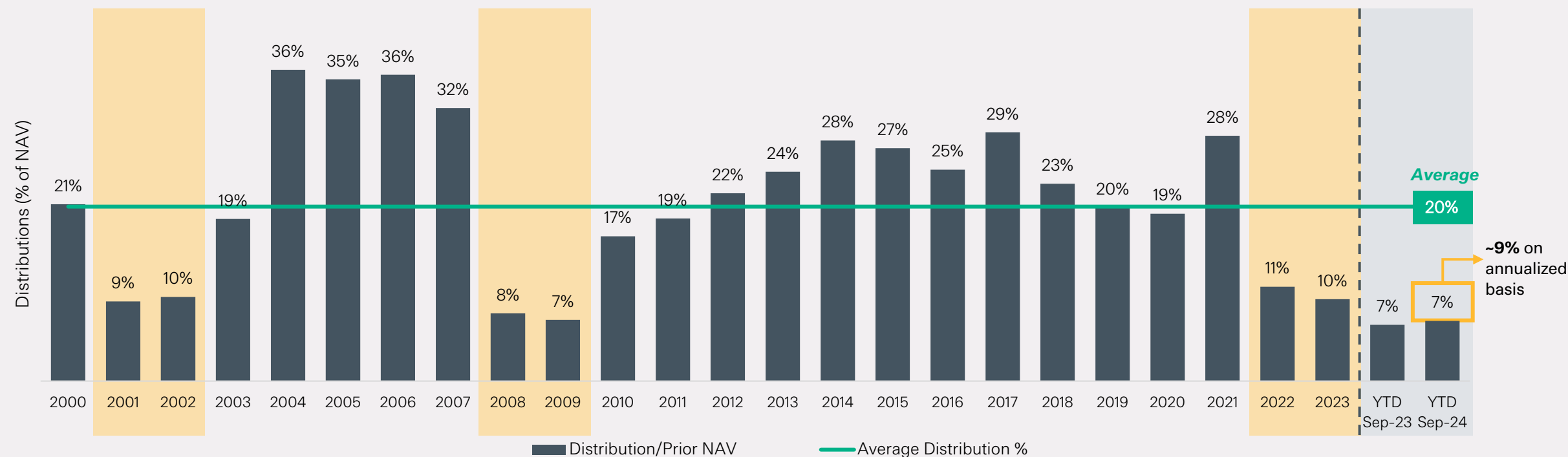
Past performance is not indicative of future results. Actual performance may vary.

Source: StepStone Portfolio Analytics & Reporting; SPAR data is updated continuously; values are subject to change. SPI Reporting is StepStone's proprietary portfolio monitoring dashboard. Market capture measures the relative performance of an investment manager or managers relative to an index.

Private equity distributions over time

Meaningful decline in investment activity between 2022 and Q3 2024, reducing distributions consistent with prior bear markets. Global PE distributions were **7% of NAV** through September 2024, continuing to track to a light year in line with YTD Sep-23.

Private equity distributions since 2000
2000–Sep 2024

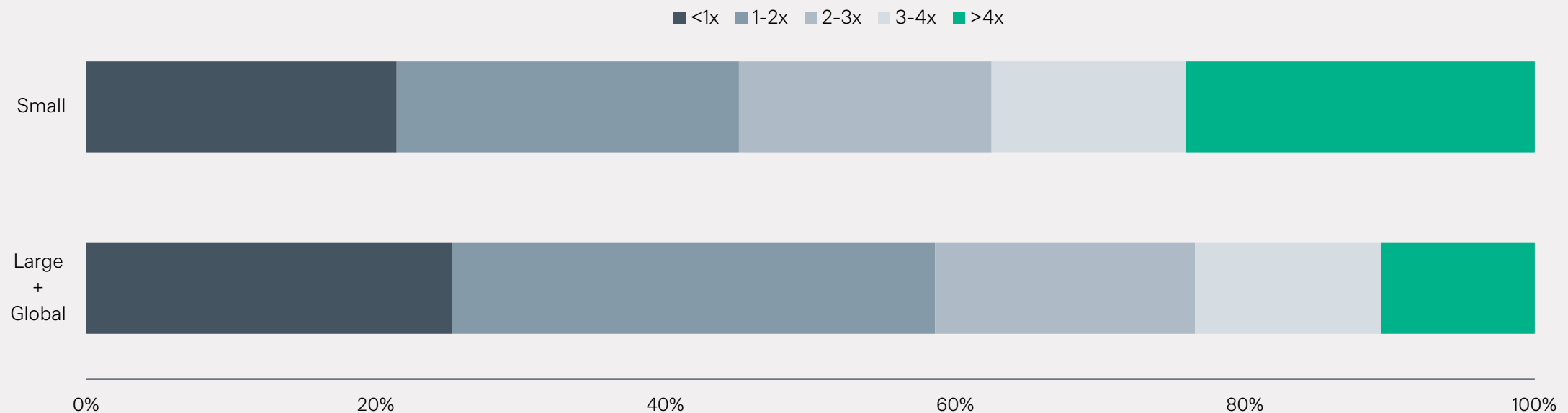


SPAR Universe Benchmark. Full dataset and average annual distributions calculation covers from Q4 1999 to September 2024. Data set includes 3,369 Global Private Equity funds.
Note: Distributions % of NAV calculated as annual global private equity distributions as a percentage of total NAV from the prior year. YTD distributions are divided by the NAV at the end of the prior year.

North America small market exit activity continues to impress

In a tepid M&A environment, exits from SBO funds remain consistent and strong. Since 2Q21, **37%** of realized SBO deals have generated a gross TVM of >3.0x versus **24%** in the upper end of market

TVM distribution of realized deals by deal count (2Q21-2Q24)¹



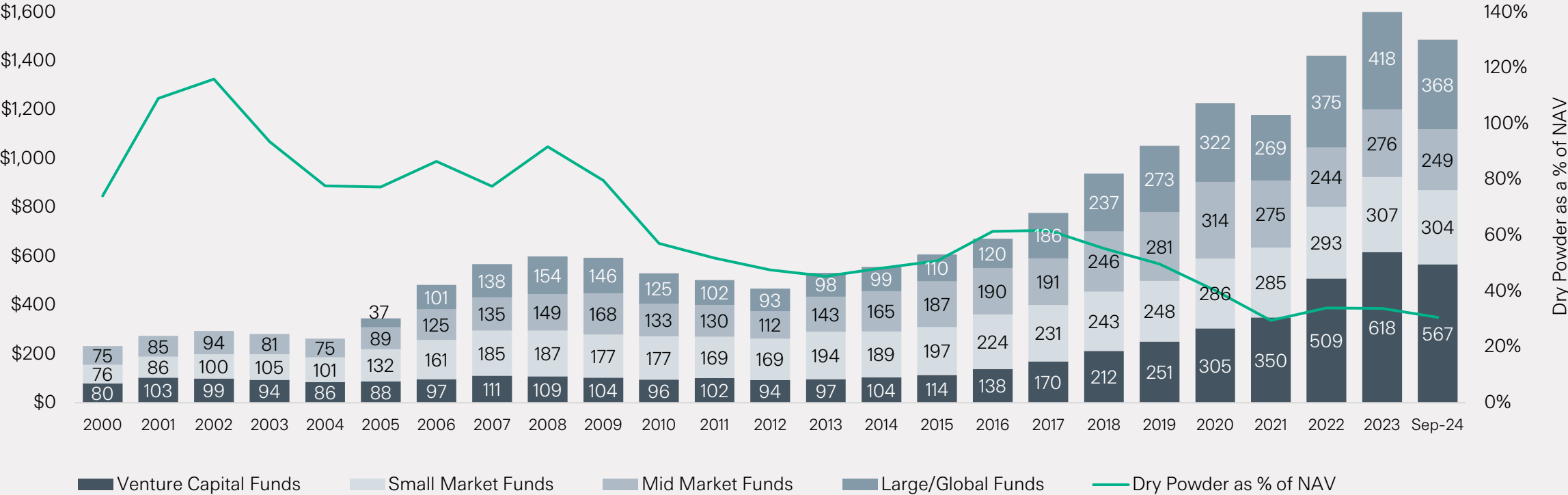
1. Source: SPI by StepStone, June 2024. Note: Reflects percent of deals by count. StepStone defines small-market funds as \$2 billion or less; middle-market funds as \$2B–7B; large-market funds as \$7B–12B; and global funds as greater than \$12B. **Past performance is not indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses.** For illustrative purposes only. All information provided is at an industry level, no StepStone investments are included in any of the above metrics. All information provided here is based on research related to third party managers.

Dry powder leveling off, but remaining at record levels

Total dry powder as of September 2024 was **down 8%** since year end 2023, but near its peak on an absolute basis.

Private equity dry powder

\$ in billions



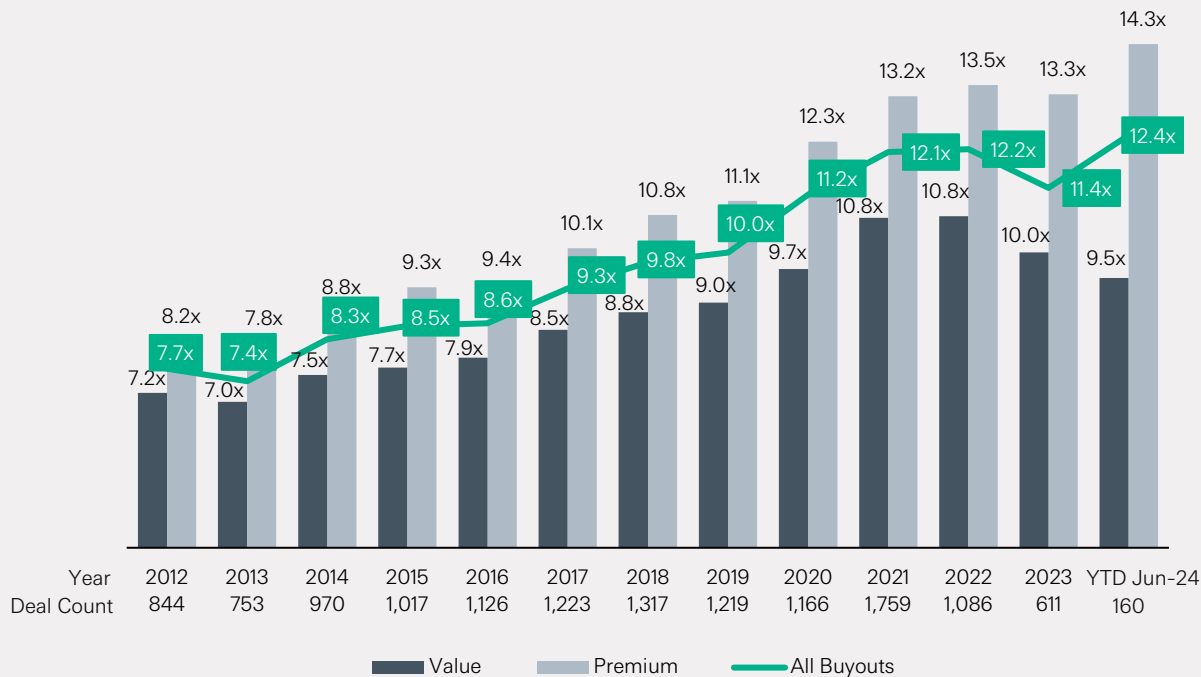
Source: Preqin, as of September 2024. Preqin data is continuously updated, and historical values are subject to change. Dry Powder as % of NAV. Small Market comprises funds with commitments less than US\$2.0B; Mid Market comprises funds between \$2.0B-\$7.0B; Large/Global Funds comprises funds greater than \$7.0B.

Buyout valuation environment

PE purchase price multiples have **increased 9%** YTD June 2024, driven by larger market deals in more cycle resistant companies. PE purchase prices for more cyclical assets continue to trend down.

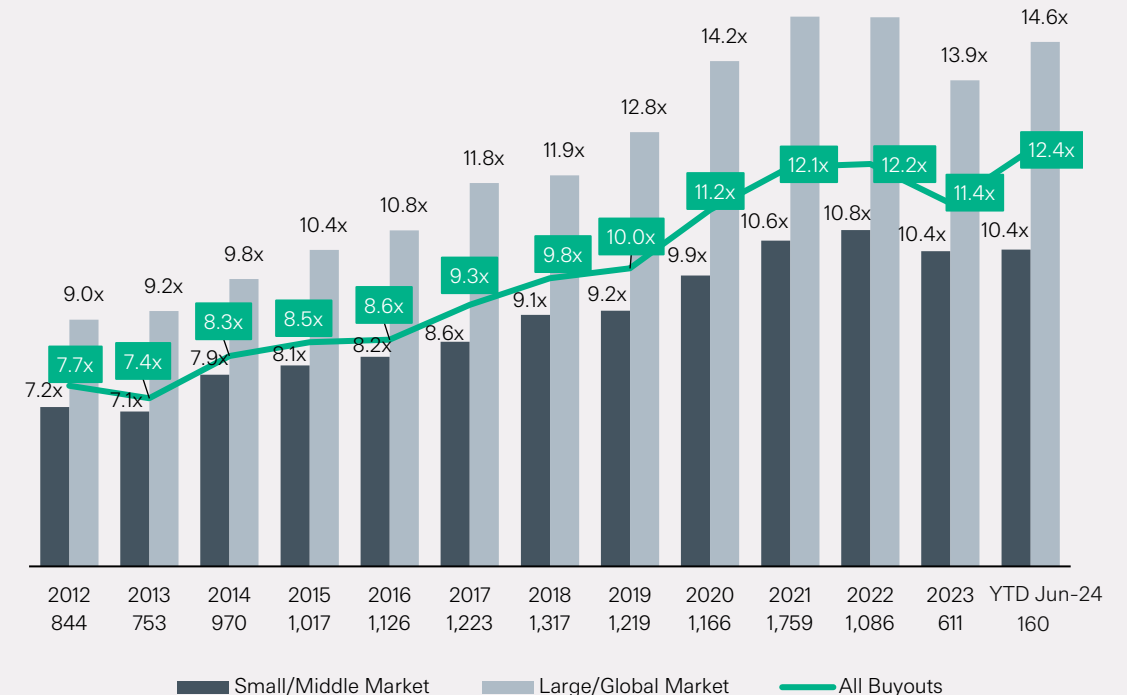
Purchase multiples – value vs. premium industry buyouts¹

2012–June 2024



Purchase multiples – small/mid vs. large/global buyouts²

2012–June 2024



1. SPI by StepStone, as of June 30, 2024. Includes 5,482 Value Industry Buyout investments (Consumer Staples, Energy, Materials, Industrials, Utilities, and Communication Services) and 6,990 Premium Industry Buyout investments (Consumer Discretionary, Financials, Healthcare, and Information Technology) made between 2012 and 2024. StepStone acquires proprietary operating metrics through investment due diligence and portfolio monitoring.

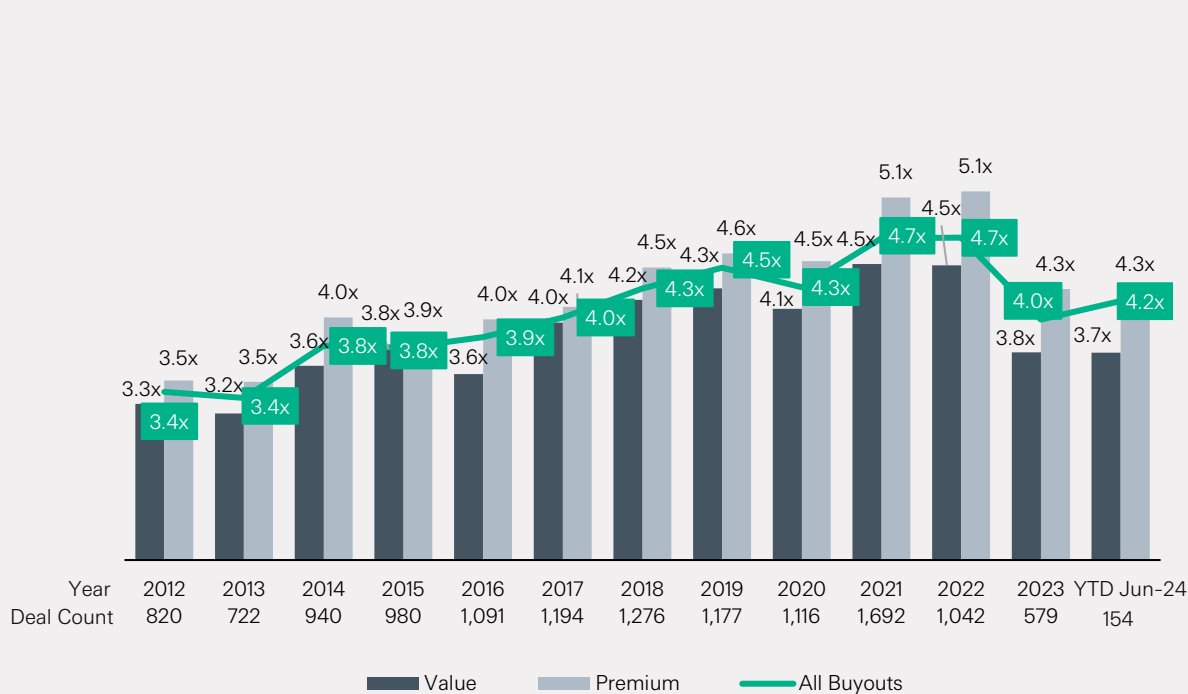
2. SPI by StepStone, as of June 30, 2024. Includes 9,318 Small & Middle Market Buyout investments (less than US\$500 million of TEV) and 3,507 Large & Global Market Buyout investments (at least US\$500 million of TEV) made between 2012 and 2024. StepStone acquires proprietary operating metrics through investment due diligence and portfolio monitoring.

Buyout leverage multiples beginning to rise

Sponsors remain cautious in their use of leverage, but we are seeing an increase in larger, more cycle-resilient deals.

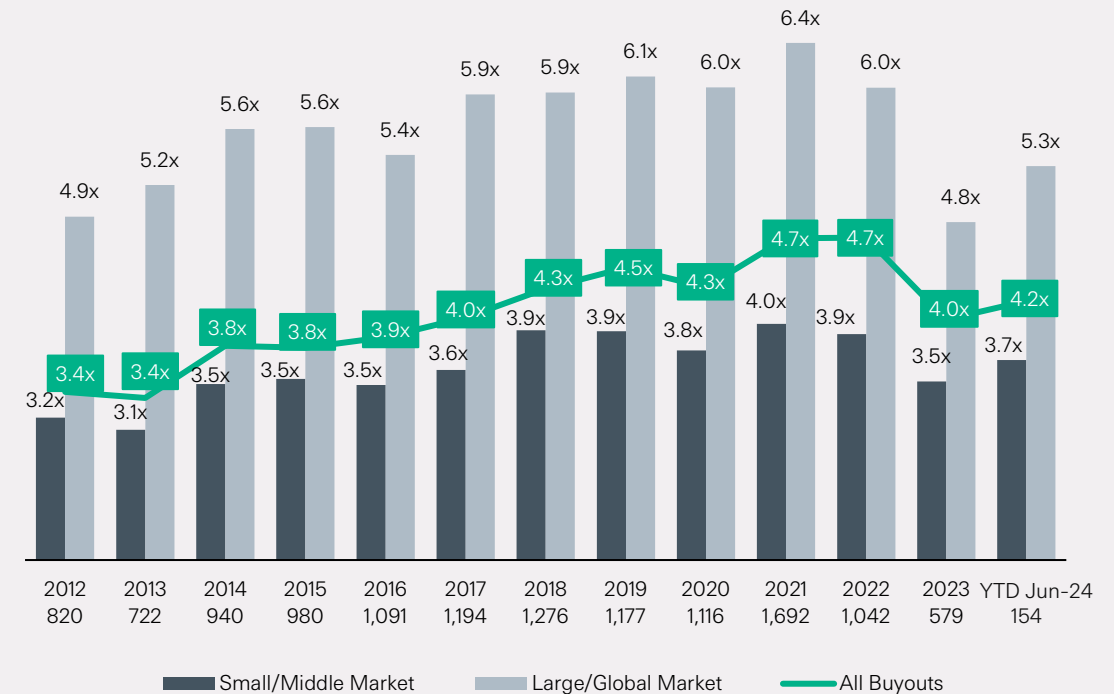
Leverage multiples – value vs. premium industry buyouts¹

2012–June 2024



Leverage multiples – small/mid vs. large/global buyouts²

2012–June 2024



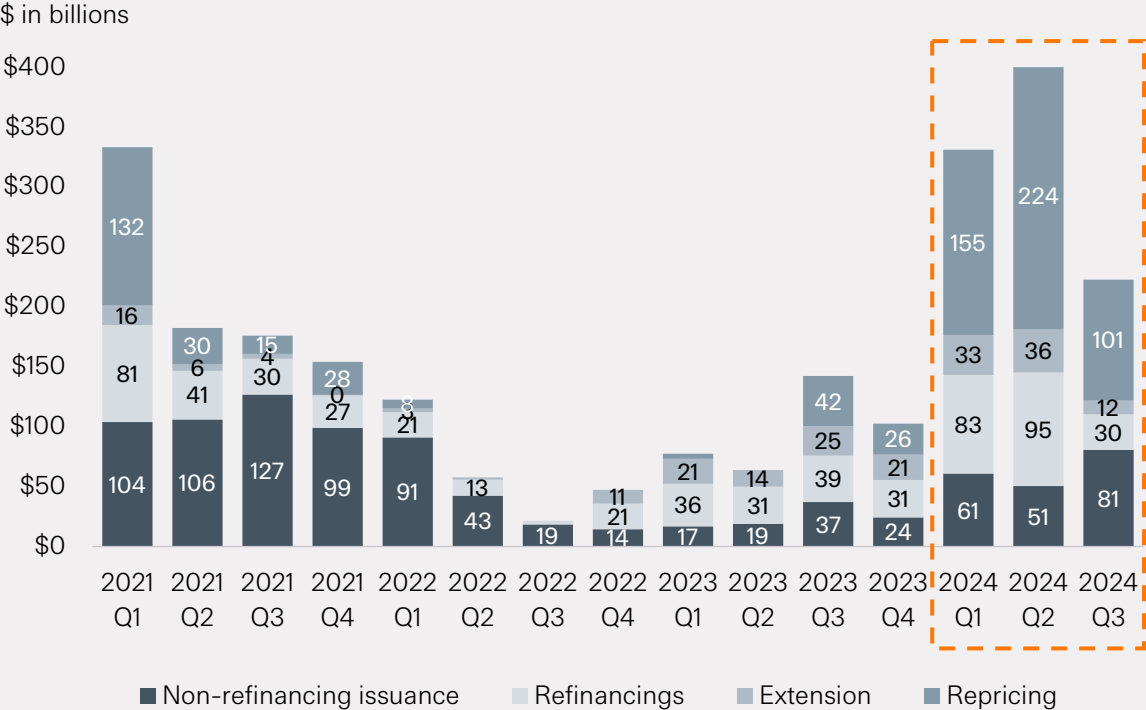
1. SPI by StepStone, as of June 30, 2024. Includes 4,916 Value Industry Buyout investments (Consumer Staples, Energy, Materials, Industrials, Utilities, and Communication Services) and 6,069 Premium Industry Buyout investments (Consumer Discretionary, Financials, Healthcare, and Information Technology) made between 2012 and 2024. StepStone acquires proprietary operating metrics through investment due diligence and portfolio monitoring.

2. SPI by StepStone, as of June 30, 2024. Includes 7,970 Small & Middle Market Buyout investments (less than US\$500 million of TEV) and 3,313 Large & Global Market Buyout investments (at least US\$500 million of TEV) made between 2012 and 2024. StepStone acquires proprietary operating metrics through investment due diligence and portfolio monitoring.

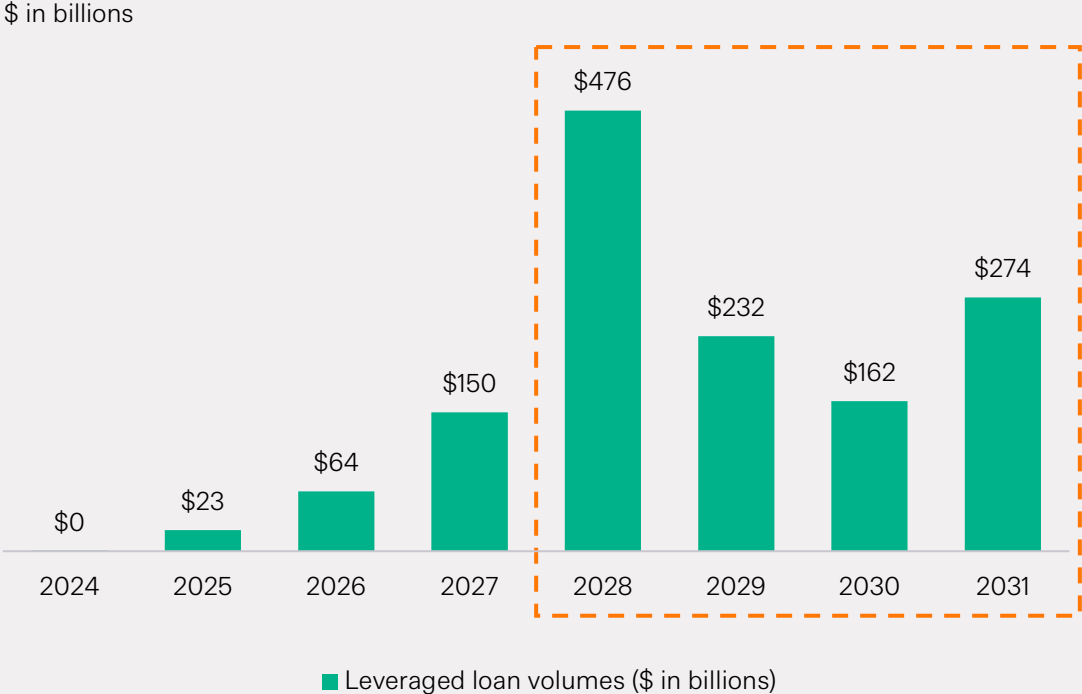
Credit markets have opened up since beginning of 2024

Loan volumes have been exceptionally high in 2024 and have allowed PE owners to take advantage of declining spreads to extend maturities. Most of the activity through 2024 YTD came from opportunistically refinancing/repricing existing deals, rather than supporting new deals.

Lending activity¹



Leveraged loan maturity profile²

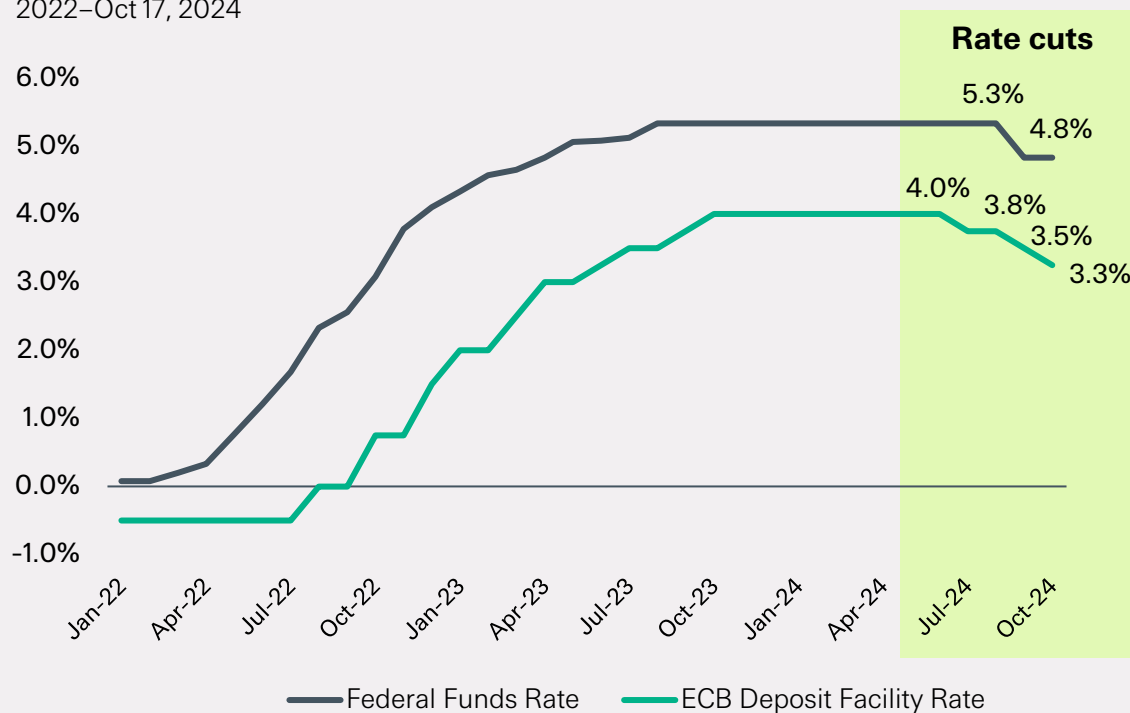


1. Source: LCD, Pitchbook, Bloomberg. Data through September 30, 2024
2. Source: LCD, Pitchbook, Morningstar LSTA US Leverage Loan Index. Data through October 11, 2024

Central banks are starting to cut rates

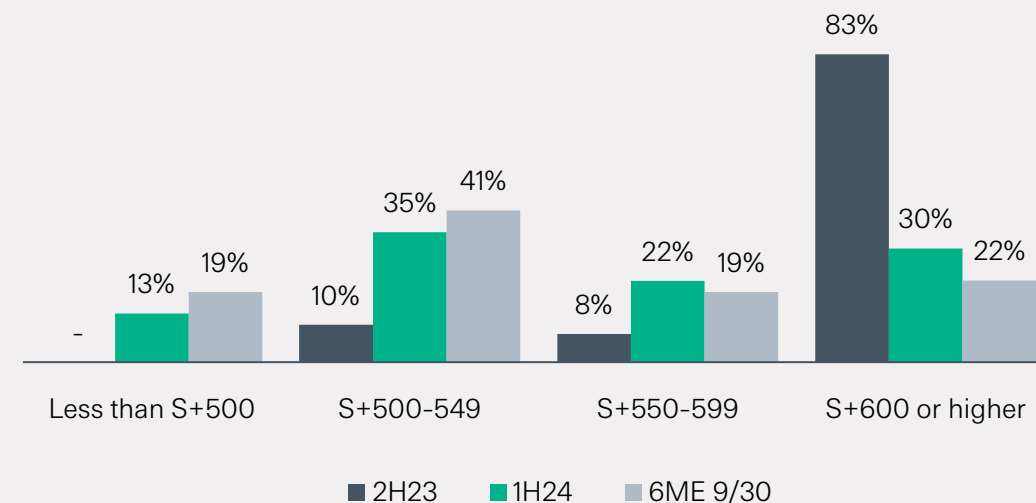
Central bank rates

2022–Oct 17, 2024



Distribution of spreads

New-issue sponsored direct lending



Base rates (i.e., SOFR) have yet to materially tighten

Syndicated loan is market open

Private credit market is competitive

Term loan B spreads declined over 100 bps since mid-2023

PE investors lowered cost of debt and extended maturities

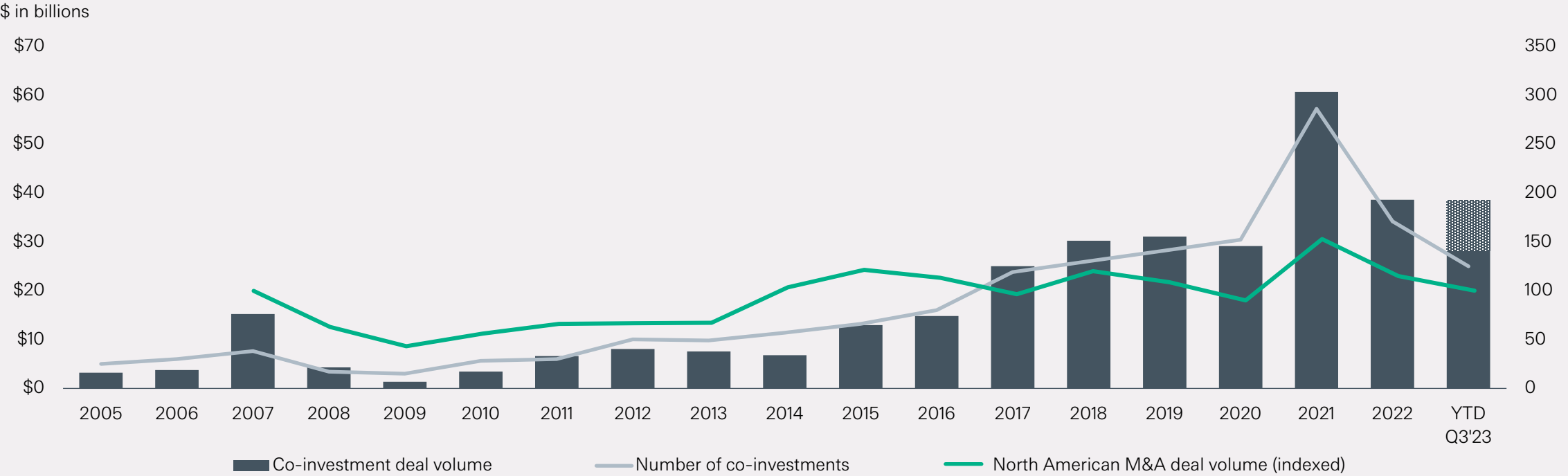
1. Source: FRED Economic Data. Data through October 17, 2024.

2. Source: LCD, Pitchbook, Bloomberg. Data through September 30, 2024

More LPs want co-invest

Co-invest deal volume has outpaced M&A markets. Deal volume peaked in 2021 and despite slower M&A activity, co-investment deal volume increased 30%+ from pre- to post- peak

Co-investment deal volume vs. number of co-investments



Source: StepStone co-investment survey, as of September 30, 2023. Includes buyout co-investments from 2005-2023.
The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

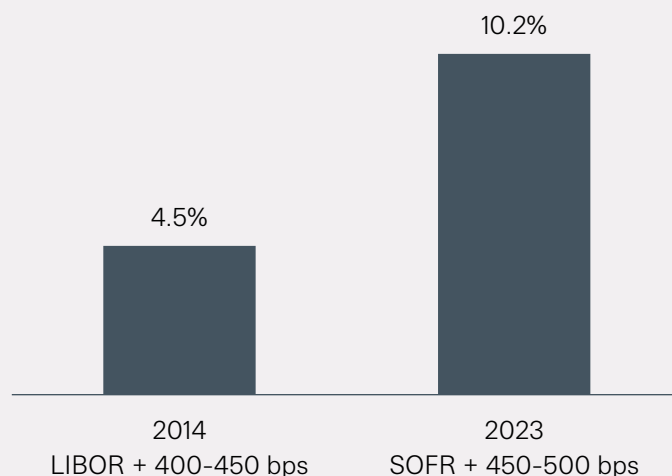
STEPSTONE GROUP 16

What has been driving co-invest growth recently?

Increased financing costs

While spreads for levered buyouts have contracted in recent months, the all-in cost of capital effectively doubled due to interest rate hikes

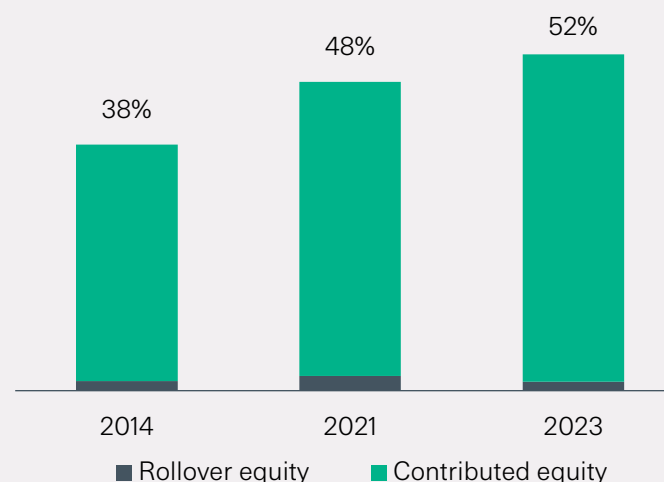
All-in cost of capital⁽¹⁾



High equity contributions

Equity contributions increased in 2023 above highs that were last seen in 2009 post-GFC as sponsors looked to over-equitize investments in a tightening credit market

Average equity contributions to leveraged buyouts⁽²⁾

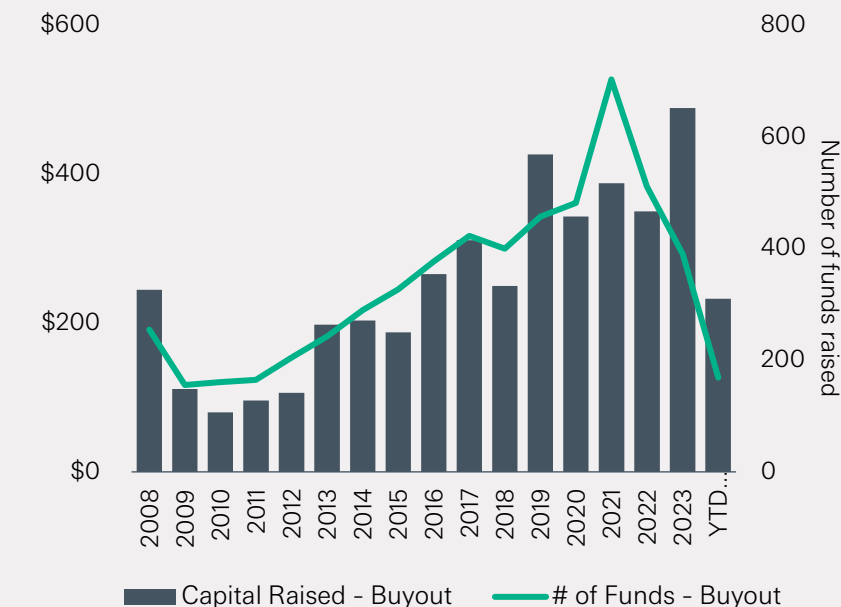


Fundraising dynamics

Fundraising activity has slowed, although it remains healthy. Co-investment offers ability to prolong time-to-market, seed portfolios, or incentivize LPs to commit

Private equity fundraising⁽³⁾

\$ in billions



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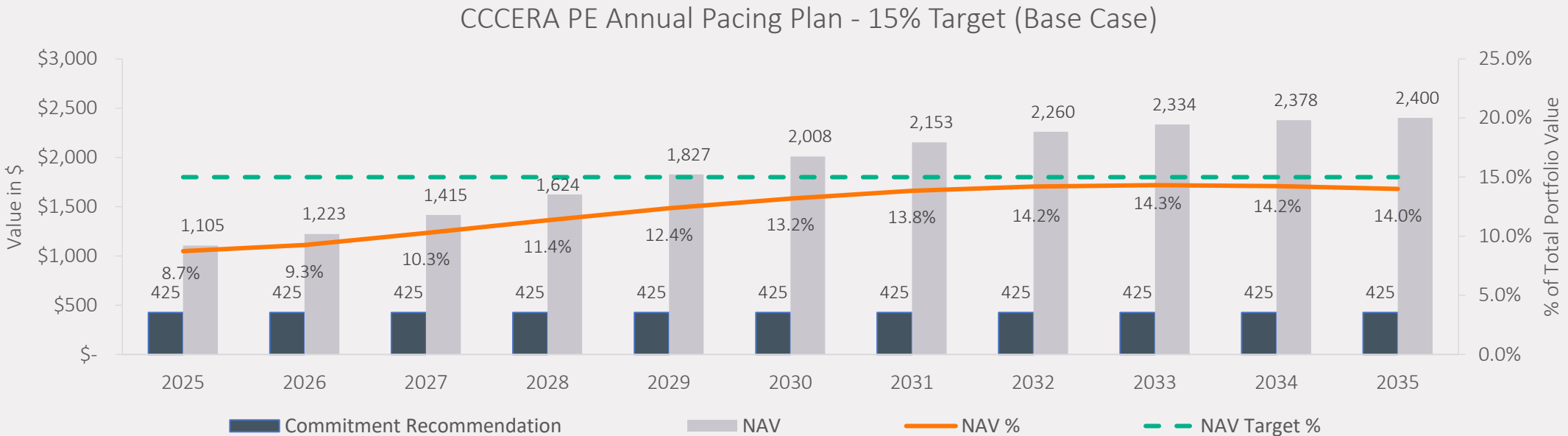
Source: (1) Federal Reserve Bank of New York, as of June 2024. (2) Preqin, as of December 2023. Preqin data is continuously updated, and historical values are subject to change. StepStone's SPI database, as of July 2024. Small Buyout <\$2B; Middle/Large Buyout \$2B-12B; Global Buyout >\$12B. (3) Preqin, as of June 2024. Preqin data is continuously updated, and historical values are subject to change. Represents closed private equity buyout in all geographies.



Pacing Analysis

Private Equity Pacing Analysis

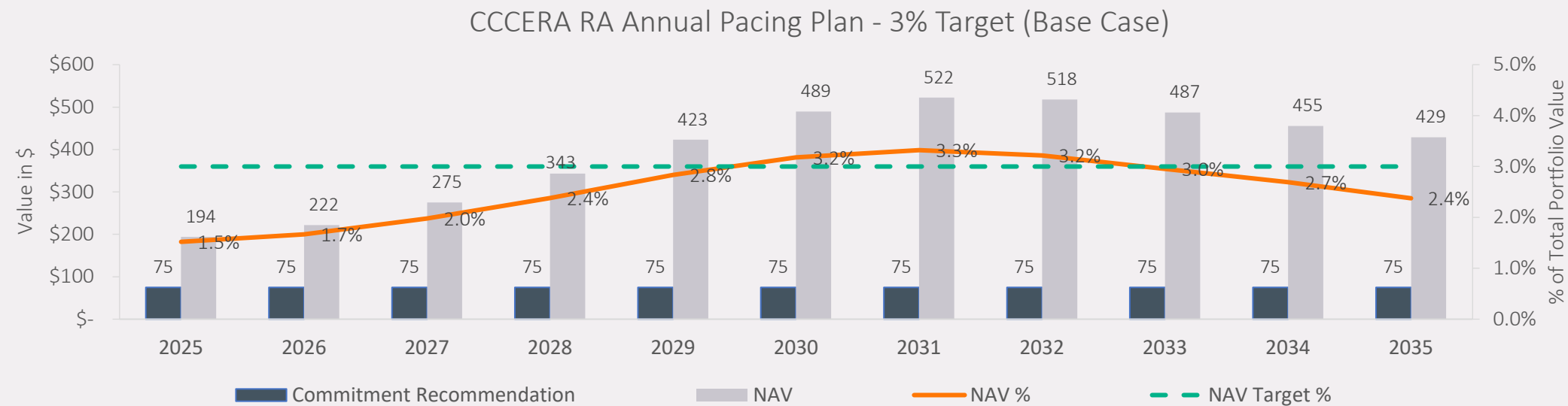
- StepStone updated its pacing analysis for CCCERA’s private equity portfolio based on a starting total portfolio FMV of \$12.0 billion and a private equity FMV of \$1.1 billion, as of September 30, 2024.¹
- CCCERA increased its target private equity allocation from 11.0% to 15.0% in 2021.
 - To achieve a target allocation of 15.0% over 10 years, StepStone recommends committing \$425 million (+/- 20%) per annum based on market opportunities and conditions.



1. Private equity FMV reflects June 30, 2024 valuations cash flow adjusted for contributions and distributions through September 30, 2024. While Stepstone currently believes that the assumptions on which the analysis are based are reasonable under the circumstances, there is no guarantee that the conditions on which such assumptions are based will materialize or otherwise be applicable. Plan level projections provided by CCCERA. 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 net 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 net IRR calculations is available upon request.

Real Assets Pacing Analysis

- StepStone updated its pacing analysis for CCCERA's Real Assets portfolio based on a starting total portfolio FMV of \$12.0 billion and a Real Assets FMV of \$0.2 billion, as of September 30, 2024.¹
- CCCERA set the Real Assets allocation at 3%.
 - To achieve a target allocation of 3% over 10 years, StepStone recommends committing \$75 million (+/- 20%) per annum based on market opportunities and conditions.



1. Real Assets FMV reflects June 30, 2024 valuations cash flow adjusted for contributions and distributions through September 30, 2024. While Stepstone currently believes that the assumptions on which the analysis are based are reasonable under the circumstances, there is no guarantee that the conditions on which such assumptions are based will materialize or otherwise be applicable. Plan level projections provided by CCCERA. 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 net 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 net IRR calculations is available upon request.



Portfolio Performance

Private Equity Performance Summary

- CCCERA private equity portfolio (the “PE Portfolio”) includes \$2.5 billion in commitments to 66 primary and fund-of-funds investments
 - The market value of the PE Portfolio was \$1.1 billion as of June 30, 2024.
- Over the twelve-month period ended June 30, 2024, the PE Portfolio drew \$140.4 million and received \$144.7 million in distributions.
- The PE Portfolio generated a net gain of \$25.8 million year-over-year, leading to a 1-year IRR of 2.4%.
- The PE Portfolio generated a since-inception¹ IRR of 12.3% as of June 30, 2023.

	INCEPTION TO JUNE 30, 2024	INCEPTION TO MARCH 31, 2024	INCEPTION TO JUNE 30, 2023	QUARTERLY CHANGE	ANNUAL CHANGE
Number of Managers	23	21	20	2	3
Number of Investments	66	64	63	2	3
Committed Capital	\$2,513.4	\$2,406.1	\$2,331.1	\$107.3	\$182.3
Contributed Capital ²	1,585.9	1,562.1	1,445.6	23.8	140.4
Distributed Capital	1,674.8	1,636.7	1,530.1	38.2	144.7
Market Value	1,119.7	1,133.1	1,098.2	(13.4)	21.5
Total Value	\$2,794.5	\$2,769.8	\$2,628.4	\$24.8	\$166.2
Total Gain/(Loss)	1,208.6	1,207.7	1,182.8	0.9	25.8
Unfunded Commitment	993.8	909.8	939.8	84.0	54.1
Total Exposure	2,113.5	2,042.9	2,038.0	70.6	75.6
DPI ³	1.06x	1.05x	1.06x	0.01x	(0.00)x
TVPI ⁴	1.76x	1.77x	1.82x	(0.01)x	(0.06)x
Net IRR ⁵	12.3%	12.4%	12.7%	-13 bps	-45 bps

1. Inception represents date of first capital call on 3/18/1996.

2. Total Gross Contributed represents total contributions to underlying investments including capitalized legal and other transaction fees and expenses.

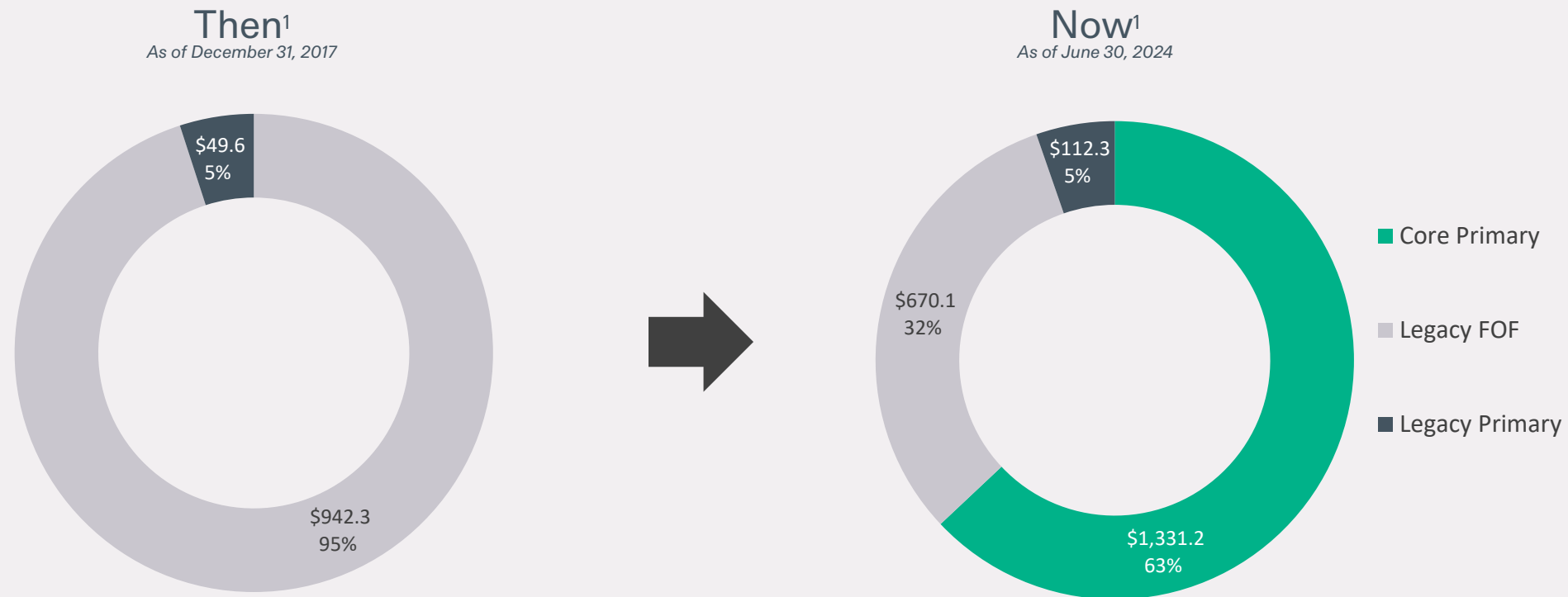
3. Distributions to Paid-in Capital (DPI) represents total gross distributions received by the Fund from underlying investments (including distributions used to offset drawdowns for investments) divided by total gross contributions.

4. Total Value to Paid in Multiple (TVPI) is net of management fees and expenses related to the underlying investments and represent the aggregate net asset value of underlying investments plus gross distributions received by the Fund from those investments, divided by total gross contributions.

5. Internal Rate of Return (IRR) is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of manager's fees, expenses and carried interest, but not net of StepStone Advisory fees. IRR and TVPI for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

Private Equity Exposure by Sub-Portfolio

- Since 2017, CCCERA has pursued direct primary commitments to private equity funds (the “Core Primary Fund Portfolio”).
- Historical private equity investments include legacy fund-of-funds (the “Legacy FOF Portfolio”) and legacy primary funds (the “Legacy Primary Fund Portfolio”).



1. Breakdown based on exposure, calculated as market value plus unfunded commitment.

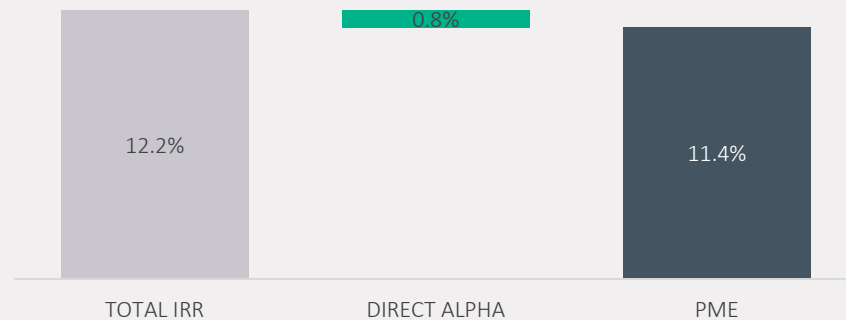
Private Equity Performance by Sub-Portfolio

- Although early in the Core Primary Fund Portfolio development, performance has been strong, generating a since-inception¹ IRR of 15.4%⁵. Over time, anticipate the Total Value to Paid in Multiple ("TVPI") and the Distributions to Paid-In Capital ("DPI") to increase as portfolio value is created.
- As the size of the Core Primary Fund Portfolio increases, the Legacy FOF and Legacy Primary Fund Portfolios should be less meaningful drivers of CCCERA's total PE Portfolio performance.

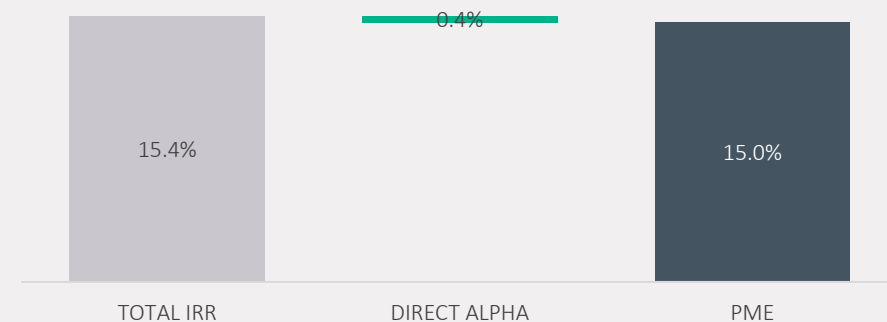
As of June 30, 2024 (US\$ in millions)

	NO. OF FUNDS	COMMITTED CAPITAL	CONTRIBUTED CAPITAL	DISTRIBUTED CAPITAL	UNFUNDED COMMITMENT	MARKET VALUE	TOTAL VALUE	TVPI	DPI	NET IRR	PME
CCCERA PE Portfolio											
Legacy Portfolio	45	1,259.6	1,196.1	1,618.7	108.3	674.1	2,292.8	1.92x	1.35x	12.2%	11.4%
Core Primary Fund Portfolio	21	1,253.8	389.9	56.2	885.5	445.6	501.8	1.29x	0.14x	15.4%	15.0%
Total	66	2,513.4	1,585.9	1,674.8	993.8	1,119.7	2,794.5	1.76x	1.06x	12.3%	11.6%

LEGACY PORTFOLIO PME BRIDGE



CORE PRIMARY PORTFOLIO PME BRIDGE



- Inception represents date of first capital call on 2/21/2019.
- Total Gross Contributed represents total contributions to underlying investments including capitalized legal and other transaction fees and expenses.
- Distributions to Paid-in Capital (DPI) represents total gross distributions received by the Fund from underlying investments (including distributions used to offset drawdowns for investments) divided by total gross contributions.
- Total Value to Paid in Multiple (TVPI) is net of management fees and expenses related to the underlying investments, and represent the aggregate net asset value of underlying investments plus gross distributions received by the Fund from those investments, divided by total gross contributions.
- Internal Rate of Return (IRR) is calculated based on the Portfolio's daily cash flows and market value as of quarter-end. IRR is net of manager's fees, expenses and carried interest, but not net of StepStone Advisory fees. IRR and TVPI for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.
- Legacy Portfolio combines the Legacy FOF and Legacy Primary funds.
- PME based on Kaplan & Schoar PME analysis relative to the S&P 500 (TR)

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

Private Equity Performance by Vintage Year

As of June 30, 2024 (US\$ in millions)

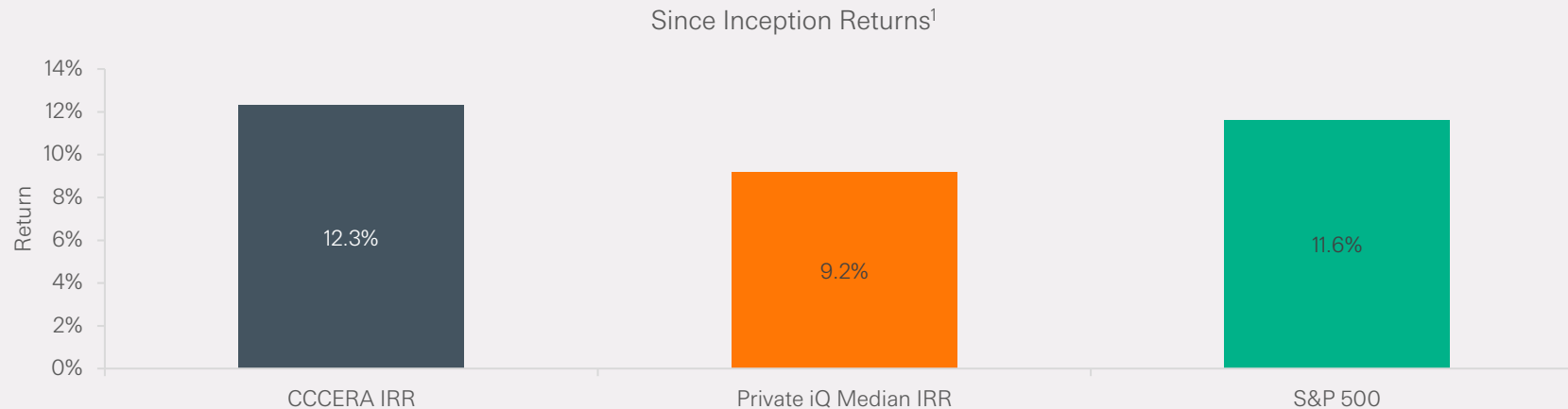
VINTAGE YEAR	COMMIT	CONT	DIST	NAV	TOTAL VALUE	UNFUNDED	DPI	TVPI	IRR	PME
1996	11.9	11.5	21.1	0.0	21.1	0.4	1.8x	1.8x	15.4%	9.7%
1997	3.3	3.3	13.5	0.0	13.5	0.0	4.1x	4.1x	71.6%	20.4%
1998	7.4	7.4	11.3	0.0	11.3	0.0	1.5x	1.5x	7.6%	1.2%
1999	131.7	133.0	199.1	1.5	200.6	10.8	1.5x	1.5x	8.0%	7.7%
2000	5.3	5.0	7.8	0.0	7.8	0.3	1.5x	1.5x	7.1%	2.8%
2001	20.9	23.7	23.0	0.1	23.0	0.3	1.0x	1.0x	-0.6%	6.6%
2002	8.0	7.7	14.3	0.1	14.4	0.3	1.8x	1.9x	13.1%	8.1%
2003	7.3	6.9	12.2	0.1	12.3	0.4	1.8x	1.8x	12.1%	6.7%
2004	28.8	27.8	65.2	0.3	65.5	0.9	2.3x	2.4x	14.9%	7.1%
2005	15.0	14.2	21.5	0.3	21.7	0.8	1.5x	1.5x	6.3%	8.5%
2007	40.0	38.2	69.3	4.4	73.7	1.8	1.8x	1.9x	10.6%	11.4%
2008	55.0	64.4	121.2	4.7	125.9	0.4	1.9x	2.0x	10.5%	13.3%
2009	160.0	149.3	229.3	46.6	275.9	14.8	1.5x	1.8x	11.2%	13.6%
2011	40.0	39.7	58.6	23.6	82.1	3.7	1.5x	2.1x	13.7%	13.1%
2012	80.0	68.0	80.4	38.6	119.1	12.0	1.2x	1.8x	10.3%	12.7%
2013	100.0	96.9	144.5	69.4	213.9	8.4	1.5x	2.2x	15.9%	13.5%
2014	250.0	221.3	309.4	130.1	439.5	32.4	1.4x	2.0x	15.3%	13.8%
2015	50.0	49.5	47.1	62.8	109.9	3.2	1.0x	2.2x	17.9%	14.3%
2016	100.0	76.5	100.5	52.4	152.9	3.5	1.3x	2.0x	28.9%	15.7%
2017	75.0	69.3	41.6	154.7	196.3	5.7	0.6x	2.8x	26.7%	15.4%
2018	70.0	75.4	28.2	84.4	112.6	8.4	0.4x	1.5x	15.3%	12.4%
2019	74.0	72.8	34.3	100.3	134.6	10.3	0.5x	1.9x	26.3%	11.3%
2020	90.0	71.3	11.3	88.5	99.7	22.1	0.2x	1.4x	15.2%	8.7%
2021	217.5	170.4	7.1	181.5	188.6	52.9	0.0x	1.1x	1.1%	6.4%
2022	350.0	74.8	3.1	75.3	78.4	278.2	0.0x	1.0x	NM	NM
2023	415.0	0.6	0.3	0.5	0.8	414.7	NM	NM	NM	NM
2024	107.3	0.0	0.0	-0.4	-0.4	107.3	NM	NM	NM	NM
Total	\$2,513.4	\$1,585.9	\$1,674.8	\$1,119.7	\$2,794.5	\$993.8	1.1x	1.8x	12.3%	11.6%

1. Total Gross Contributed represents total contributions to underlying investments including capitalized legal and other transaction fees and expenses.
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5. PME based on Kaplan & Schoar PME analysis relative to the S&P 500 (TR)
6. Total contributions include \$6.9 million from Brinson Aggregate Fee Vehicle.

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

Private Equity Performance vs. Benchmarks

- PE Portfolio performance is measured against two benchmarks: (i) Burgiss Private iQ and (ii) the S&P 500 index.
- The PE Portfolio's overall since inception IRR of 12.3% outperformed the median private market benchmark and the S&P 500 index by 309 bps and 69 bps, respectively.



<i>Period ending June 30, 2024</i>	QTD	1-Year	3-Year	5-Year	10-Year	Since Inception
CCCERA PE Portfolio IRR²	0.1%	2.3%	2.7%	16.2%	14.0%	12.3%
Private iQ Median IRR Benchmark^{1,3}	0.0%	0.5%	2.7%	8.1%	8.8%	9.2%
S&P 500 Index⁴	4.2%	23.9%	9.5%	15.6%	13.0%	11.6%

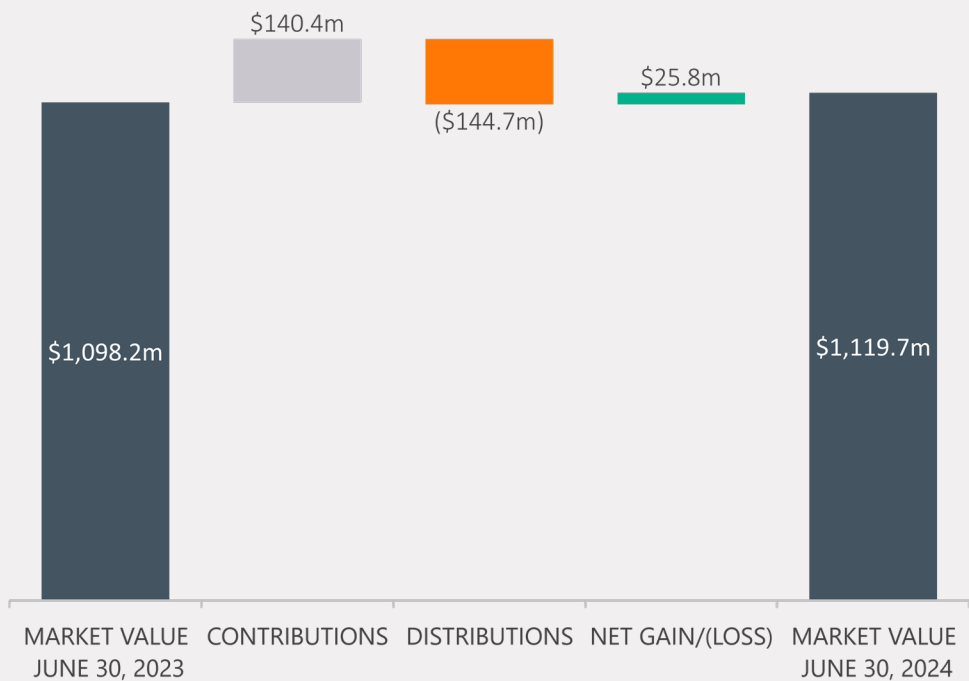
1. Primary fund benchmark data includes CCCERA specific vintage years and strategies. Please note that CCCERA's Fund-of-Funds include a double layer of fees and compose a majority of commitments CCCERA has made to date.
2. IRR Performance is net of underlying partnership fees but not net of StepStone Advisory fees. IRR and TVPI for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.
3. Published by Burgiss Private iQ, All Private Equity Median IRRs, for Vintages 1996 - 2005, 2007- 2009, & 2011-2024, as of June 30, 2024. This benchmark data is continuously updated and therefore subject to change.
4. S&P 500 Total Return (TR) index 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. QTD includes +100 bps premium (400 bps / 4).

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.

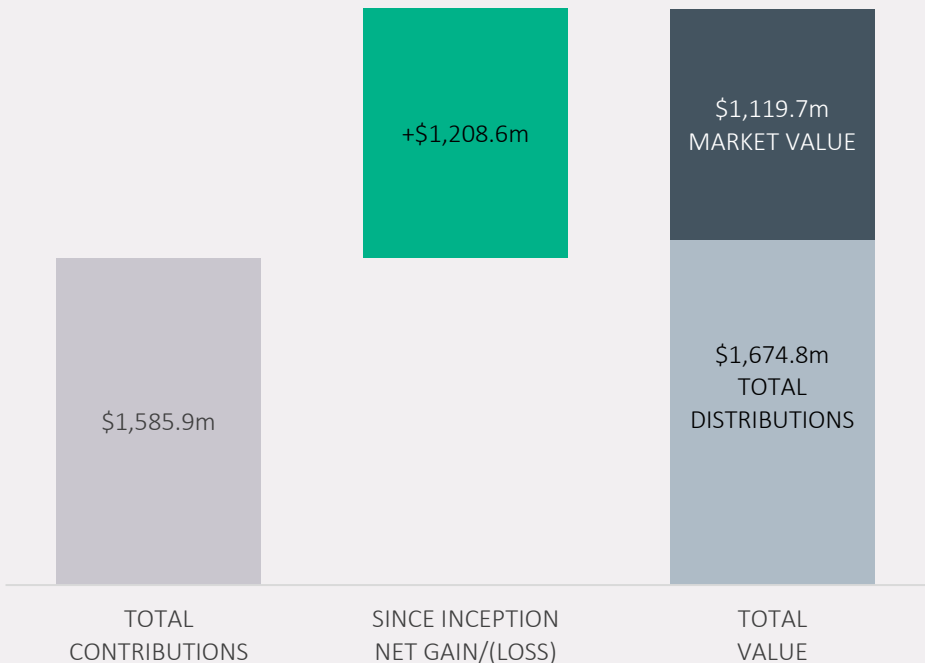
Private Equity Valuation Bridge

- For the twelve months ended June 30, 2024, the PE Portfolio recorded a gain of \$25.8 million.
- Since-inception net gain through June 30, 2024, was \$1.2 billion.

ANNUAL CHANGE IN MARKET VALUE



TOTAL FUNDED TO TOTAL VALUE



1. Primary fund benchmark data includes CCCERA specific vintage years and strategies. Please note that CCCERA's Fund-of-Funds include a double layer of fees and compose a majority of commitments CCCERA has made to date.

2. IRR Performance is net of underlying partnership fees but not net of StepStone Advisory fees. IRR and TVPI for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

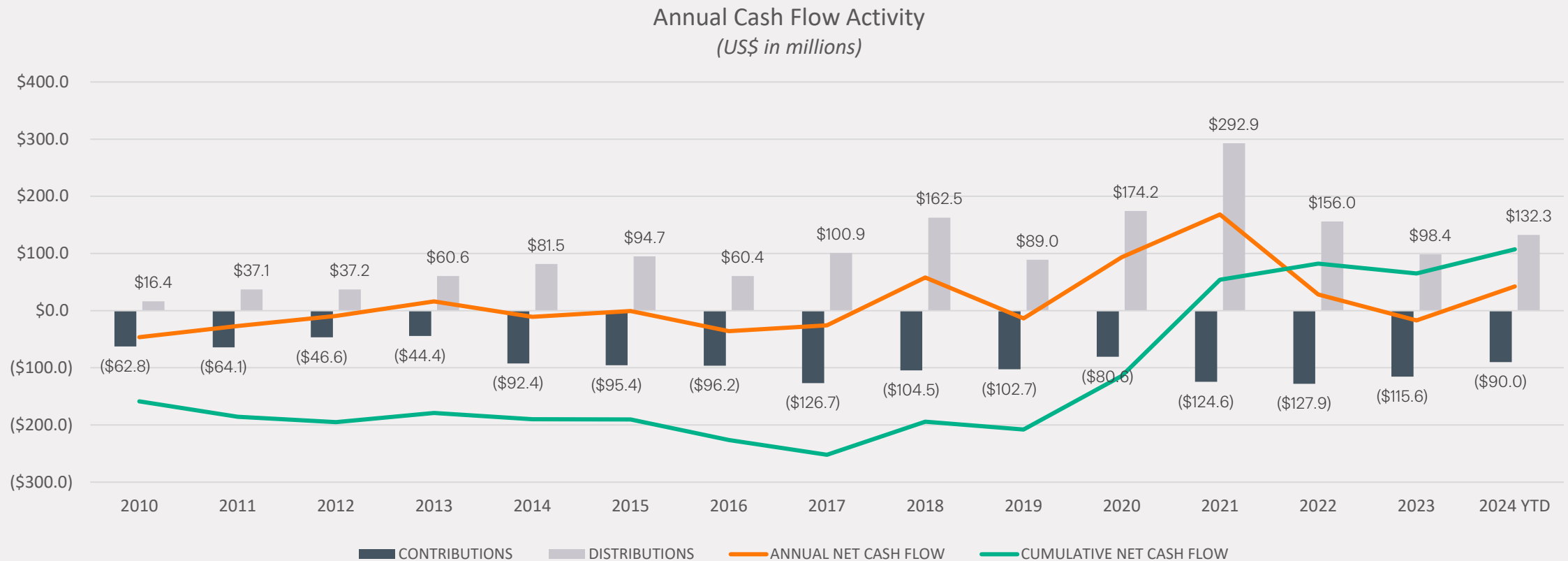
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Private Equity Cash Flow Analysis

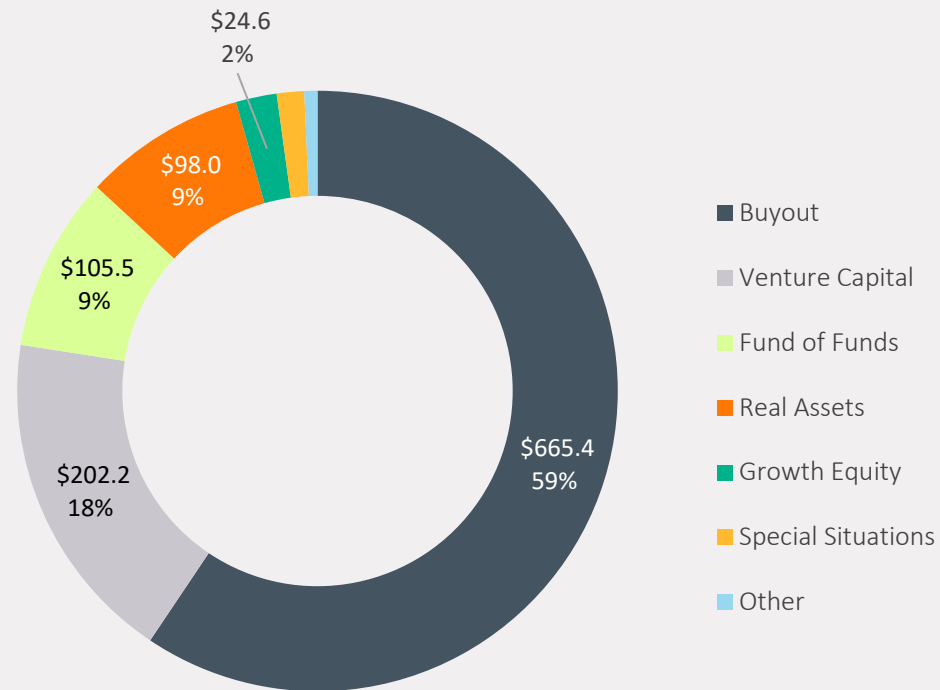
- Year-to-date, the PE portfolio has received \$132.3 million in distributions compared to \$90.0 million in contributions as of September 30, 2024.
- The PE Portfolio received record annual net cash inflows in 2021. Net cash flows YTD 2024 are positive.



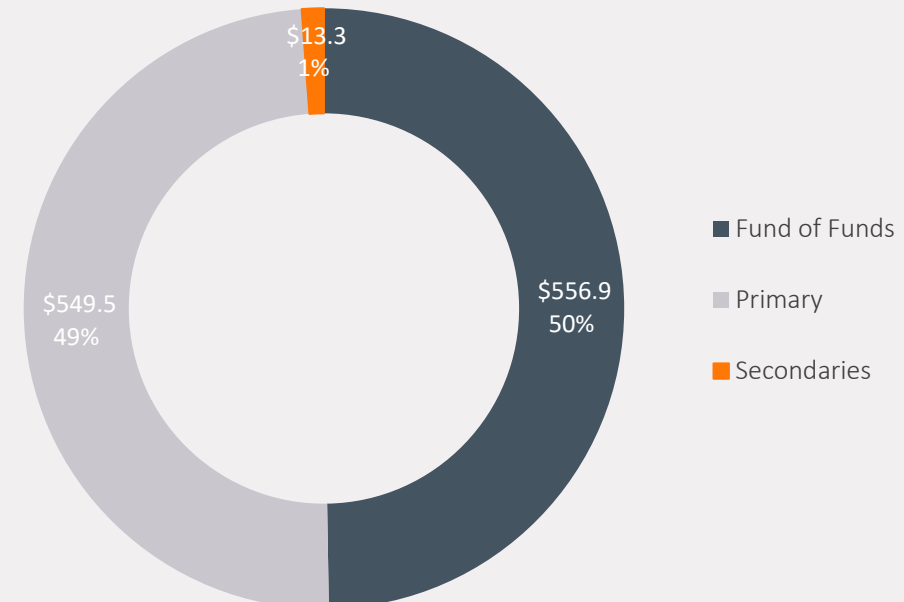
Private Equity Diversification¹

- The PE portfolio has broad exposure by strategy with the largest exposures to Buyout (59%) and Venture Capital (18%).
- The PE Portfolio is highly concentrated in fund-of-funds but is expected to be weighted towards primary commitments on a go-forward basis.

By Strategy²



By Fund Type



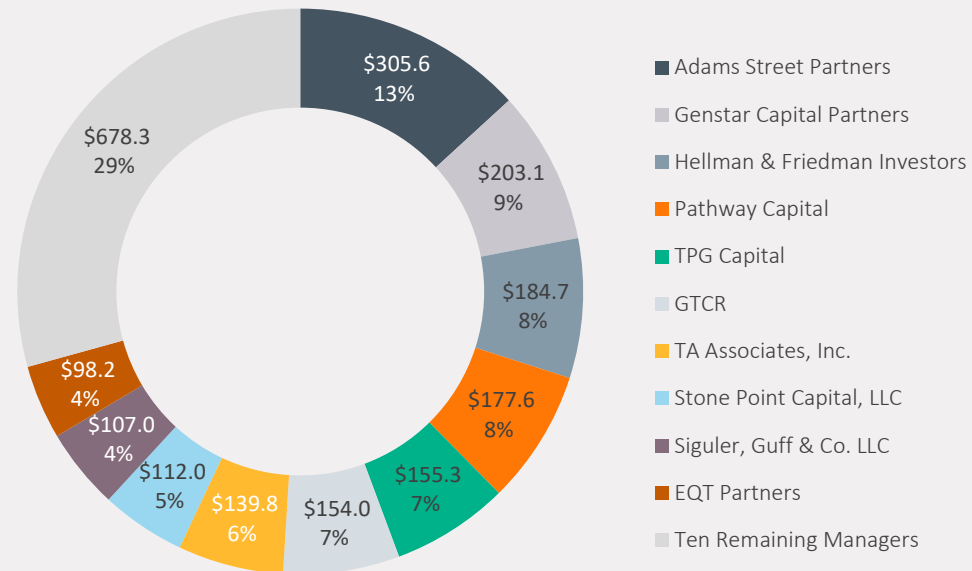
1. Breakdown calculated off market value.

2. Strategy includes look through of Fund of Funds to underlying strategies. Other includes Co-investment, Private Debt and Real Estate strategies.

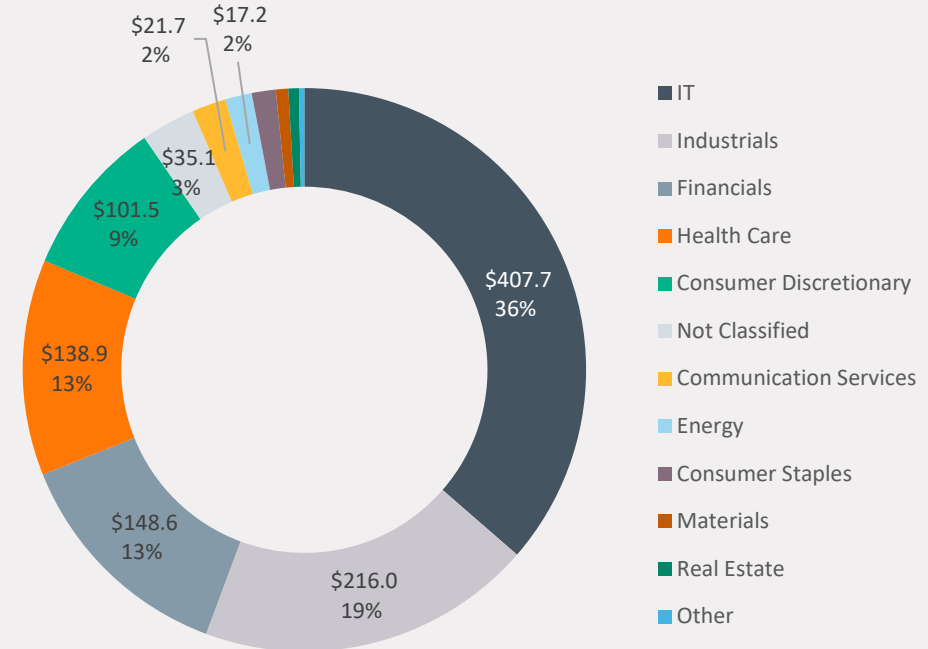
Private Equity Diversification (cont.)

- By Investment Manager, over 25% of the PE Portfolio's exposure resides with three legacy fund-of-funds managers.
- By Industry, the PE Portfolio is balanced with the largest exposures to IT (36%), Industrials (19%) and Financials (13%).

By Investment Manager¹



By Industry^{2,3}



1. Breakdown based on exposure, calculated as market value plus unfunded commitment.

2. Not Classified includes Siguler Guff CCCERA Opportunities Fund and Siguler Guff Secondary Opportunities Fund. Other includes undisclosed industry designation by the managers.

3. Industry graph represents CCCERA's exposed market value to underlying asset level holdings.

Real Assets Performance Summary

- CCCERA's real assets portfolio ("RA Portfolio") includes \$654.8 million in commitments to 13 primary and fund-of-funds investments.
 - The market value of CCCERA's RA Portfolio was \$212.4 million as of June 30, 2024.
- Over the twelve-month period ended June 30, 2024, the RA Portfolio drew \$29.9 million and received \$21.7 million in distributions.
- The RA Portfolio generated a net loss of \$4.1 million year-over-year, leading to a 1-year IRR of -1.97%.
- The RA Portfolio generated a since-inception¹ IRR of 4.4% as of June 30, 2024.

US\$ in millions

	INCEPTION TO JUNE 30, 2024	INCEPTION TO MARCH 31, 2024	INCEPTION TO JUNE 30, 2023	QUARTERLY CHANGE	ANNUAL CHANGE
Number of Managers	7	6	5	1	2
Number of Investments	13	12	11	1	2
Committed Capital	\$654.8	\$585.0	\$460.0	\$69.8	\$194.8
Contributed Capital ²	563.0	544.5	533.1	18.5	29.9
Distributed Capital	475.9	468.6	454.2	7.3	21.7
Market Value	212.4	196.0	208.4	16.4	4.1
Total Value	\$688.3	\$664.6	\$662.6	\$23.7	\$25.8
Total Gain/(Loss)	125.3	120.1	129.4	5.2	(4.1)
Unfunded Commitment	183.4	132.0	15.4	51.4	168.0
Total Exposure	395.8	328.0	223.7	67.9	172.1
DPI ³	0.85x	0.86x	0.85x	(0.02)x	(0.01)x
TVPI ⁴	1.22x	1.22x	1.24x	0.00x	(0.02)x
Net IRR ⁵	4.4%	4.4%	4.8%	+8 bps	-34 bps

1. Inception represents date of first capital call on 1/25/1996.

2. Total Gross Contributed represents total contributions to underlying investments including capitalized legal and other transaction fees and expenses.

3. Distributions to Paid-in Capital (DPI) represents total gross distributions received by the Fund from underlying investments (including distributions used to offset drawdowns for investments) divided by total gross contributions.

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

RISKS AND OTHER CONSIDERATIONS

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.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

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.

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.

ESG Integration. While StepStone seeks to integrate certain ESG factors into its investment process and firm operations, there is no guarantee that StepStone's ESG strategy will be successfully implemented or that any investments or operations will have a positive ESG impact. Applying ESG factors to investment decisions involves qualitative and subjective decisions and there is no guarantee the criteria used by StepStone to formulate decisions regarding ESG, or StepStone's judgment regarding the same, will be reflected in the beliefs or values of any particular client or investor. There are significant differences in interpretation of what constitutes positive ESG impact and those interpretations are rapidly changing. The description of ESG integration herein is provided to illustrate StepStone's intended approach to investing and firm operations; however, there is no guarantee that the processes will be followed in every circumstance or at all.

Performance Information. No investment decisions may be made in reliance on this document. In considering performance information herein, readers should bear in mind that past performance is not necessarily indicative of future results and that actual results may vary. There can be no assurance that any StepStone fund will be able to successfully implement its investment strategy or avoid losses. Performance shown herein may include investments across different StepStone funds. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received such aggregate returns as the investments were made across multiple funds and accounts over multiple years.



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MEMORANDUM

Date: December 11, 2024
To: CCCERA Board of Retirement
From: Karen Levy, General Counsel
Subject: Legislation Update

Background

The California Legislature has adjourned its 2023-2024 legislative session. The last day for the Governor to sign or veto bills passed by the Legislature was September 30, 2024. Below is a summary of enacted legislation that may be of interest to CCCERA. Legislation that was enacted in 2024 generally becomes effective on January 1, 2025, unless it is urgency legislation.

AB 2284 County employees' retirement: compensation Introduced by Assembly Member Grayson

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions to provide pension benefits to their employees. CERL vests the management of each retirement system in a board of retirement. CERL defines "compensation earnable" by a member, for the purpose of calculating benefits, to mean the average compensation, as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and the same rate of pay, subject to certain exceptions. This bill amended CERL Government Code section 31461 to authorize a retirement system, to the extent it has not defined "grade" in the above-described circumstances, to define "grade" to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related group or class, as specified. A single employee shall not constitute a group or class. The bill specifies that these provisions shall not become operative in a county until the board of supervisors of that county, by resolution adopted by majority vote, makes the provisions applicable in that county.

Status: Enacted. Effective 1/1/2025.

AB 2474 Retirement: County Employees Retirement Law of 1937: benefit payments and overpayments.

Introduced by Assembly Member Lackey

1. **Payments to trust accounts.** Under CERL, the board of retirement is required to comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member, as described, authorizing the treasurer or other entity authorized by the board to deliver the monthly warrant, check, or electronic fund transfer for the retirement allowance or benefit to any specified bank, savings and loan institution, or credit union to be credited to the account of the retired member or survivor of a deceased retired member. This bill defines “account of the retired member or survivor of a deceased retired member” to include an account held in a living trust or an income-only trust, as specified.

2. **Overpayments of benefits.** Under the California Public Employees’ Pension Reform Act of 2013 (PEPRA), Government Code section 7522.56, a retired person is prohibited from serving, or being employed by, as specified, a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement, unless an exception applies. (See also CERL sections 31680.2, 31680.3 and 31680.6.) Under PEPRA, one of those exceptions authorizes a retired person to serve without reinstatement if appointed by the appointing power of a public employer during an emergency to prevent stoppage of public business or because the retired person has skills needed to perform work of limited duration. That law limits those appointments to 960 hours in a year. The rate of pay for the employment shall not be less than the minimum, nor exceed the maximum, paid by the employer to other employees performing comparable duties, divided by 173.333 to equal an hourly rate. A retired person whose employment without reinstatement is authorized shall acquire no service credit or retirement rights with respect to the employment unless he or she reinstates from retirement.

This bill requires a retired member employed in violation of specified provisions of CERL and PEPRA to reimburse the retirement system for any allowance received during the period in violation and to pay other related amounts, as specified.

The bill also requires a public employer that employs a retired member in violation of CERL or PEPRA, if the retired member is reinstated, to pay the retirement system an amount of money equal to the employer contributions that would otherwise have been paid, plus interest, for the period of time that the member was employed in violation of these provisions, and to contribute toward reimbursement for reasonable administrative expenses of the system. The bill further authorizes the board of a retirement system under CERL to:

1. Assess a fee of \$200 per retired member per month until the retiree is enrolled upon an employer that fails to enroll a retired member without reinstatement, subject to certain procedural and notice requirements.
2. Provide that if an employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity, without reinstatement, within 30 days following the last day of the pay period in which the retired member worked, the retirement board may assess the employer a fee of \$200 per retired member per month until the information is reported.

3. Provide that the employer shall not pass on to an employee any fees assessed on the employer for violation of these post-retirement employment restrictions.

Status: Enacted. Effective 1/1/2025.

AB 2715 Ralph M. Brown Act: closed sessions

Introduced by Assembly Member Boerner

Existing law, the Ralph M. Brown Act, generally requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Existing law authorizes a legislative body to hold a closed session with specified individuals on, among other things, matters posing a threat to the security of essential public services, as specified.

This bill additionally authorizes a legislative body to:

- Hold a closed session with other law enforcement or security personnel; and
- Hold a closed on a threat to critical infrastructure controls or critical infrastructure information, as defined, relating to cybersecurity.

For purposes of this law, the following definitions would apply:

(A) "Critical infrastructure controls" means networks and systems controlling assets so vital to the local agency that the incapacity or destruction of those networks, systems, or assets would have a debilitating impact on public health, safety, economic security, or any combination thereof.

(B) "Critical infrastructure information" means information not customarily in the public domain pertaining to any of the following:

- (i) Actual, potential, or threatened interference with, or an attack on, compromise of, or incapacitation of critical infrastructure controls by either physical or computer-based attack or other similar conduct, including, but not limited to, the misuse of, or unauthorized access to, all types of communications and data transmission systems, that violates federal, state, or local law or harms public health, safety, or economic security, or any combination thereof.
- (ii) The ability of critical infrastructure controls to resist any interference, compromise, or incapacitation, including, but not limited to, any planned or past assessment or estimate of the vulnerability of critical infrastructure.
- (iii) Any planned or past operational problem or solution regarding critical infrastructure controls, including, but not limited to, repair, recovery, reconstruction, insurance, or continuity, to the extent it is related to interference, compromise, or incapacitation of critical infrastructure controls.

Status: Enacted. Effective 1/1/2025.

AB 2770 Public employees' retirement

Introduced by Committee on Public Employment and Retirement (Assembly Members McKinnor (Chair), Boerner, Hart, Stephanie Nguyen, and Luz Rivas)

PTSD disability presumption: CERL provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of

their employment. Last year, AB 1020 added various disability presumptions to CERL, including for post-traumatic stress disorder (PTSD). It created a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including PTSD, as defined, arose out of, or in the course of, the member's employment. Existing law authorizes the presumption relating to these injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. Existing law repeals the provisions related to PTSD on January 1, 2025. This bill changed the repeal date to January 1, 2029, by amending CERL Government Code section 31720.91.

Status: Enacted. Effective 1/1/2025.

**AB 3025 County employees' retirement: disallowed compensation: benefit adjustments
Introduced by Assembly Member Valencia**

This bill requires a retirement system established under CERL, upon determining that the compensation reported for a member is disallowed compensation, to require the employer, as defined, to discontinue reporting the disallowed compensation. The bill added section 31541.2 to the Government Code, providing that:

- For an **active member**, the bill requires the retirement system to credit all employer contributions made on the disallowed compensation against future contributions to the benefit of the employer that reported the disallowed compensation, and return any member contribution paid by, or on behalf of, that member, to the member directly or indirectly through the employer that reported the disallowed compensation, except in certain circumstances in which a system has already initiated a process, as defined, to recalculate compensation.
- "**Initiated a process**" means a system has formally adopted a resolution or made an administrative determination for a correction process on identified disallowed compensation that has required or will require collecting any portion of an overpayment from, or refunding member contributions to, any affected active member, retired member, survivor, or beneficiary, or adjusting the retirement allowance of any affected retired member, survivor, or beneficiary due to the determination of disallowed compensation by the system, including a determination by the system that is consistent with PEPR, the holding in Alameda, and other provisions of this part.
- For a **retired member**, survivor, or beneficiary whose final compensation was predicated upon the disallowed compensation, the bill requires the retirement system to credit the employer contributions made on the disallowed compensation against future contributions, to the benefit of the employer that reported the disallowed compensation, to return any member contributions paid by, or on behalf of, that member, to the member directly, and to permanently adjust the benefit of the affected retired member, survivor, or beneficiary to reflect the exclusion of the disallowed compensation. The bill established other conditions required to be satisfied with respect to a retired member, survivor, or beneficiary when final compensation was predicated

upon disallowed compensation, including, among others, requiring a specified payment to be made by the employer that reported contributions on the disallowed compensation to the retired member, survivor, or beneficiary, as appropriate.

- Specifically, the bill requires the **employer** to pay to the affected retired member, survivor or beneficiary, an amount that is 20 percent of the amount calculated by the system representing the actuarial equivalent present value of the difference between the monthly allowance that was predicated on the disallowed compensation and the adjusted monthly allowance for the duration the system projects to pay that allowance to the retired member, survivor, or beneficiary. The bill requires that the employer begin payment within six months of notice from the system, and that the employer may have up to four years to complete the payment. The system may charge the employer the actual costs of actuarial services provided under this paragraph.
- The bill authorizes a retirement system that has initiated a process or made a determination prior to January 1, 2024 regarding benefits or contributions related to the exclusion of the disallowed compensation to use that process or give effect to that determination in lieu of the specified provisions of this bill.
- The bill also requires certain information regarding the relevant retired member, survivor, or beneficiary needed for purposes of these provisions to be kept confidential by the recipient.
- This bill additionally authorizes an employer to submit to a retirement system for review a compensation item proposed to be included in an agreement, as specified, on and after January 1, 2025, that is intended to form the basis of a pension benefit calculation and would require the system to provide guidance on the matter.
- The bill specifies that it does not affect or otherwise alter a party's right to appeal any determination regarding disallowed compensation made by the system after July 30, 2020.

Status: Enacted. Effective 1/1/2025.

SB 1379 Public Employees' Retirement Law: reinstatement: County of Solano.

Introduced by Senator Dodd

The California Public Employees' Pension Reform Act of 2013 (PEPRA) prescribes limitations on the activities of retired members of public retirement systems. Under PEPRA, a person who retires from a public employer may serve without reinstatement from retirement or loss or interruption of benefits provided by the retirement system upon appointment by the appointing power of a public employer either:

1. During an emergency to prevent stoppage of public business; or
2. Because the retired person has skills needed to perform work of limited duration.

A retired member is generally subject to a limit of 960 hours of employment within a calendar or fiscal year, depending on the administrator of the system, for specified employers without reinstating in the system. (Government Code Section 7522.56.) The rate of pay for the employment shall not be less than the minimum, nor exceed the maximum, paid by the employer to other employees performing comparable duties, divided by 173.333 to equal an

hourly rate. A retired person whose employment without reinstatement is authorized by PEPPRA shall acquire no service credit or retirement rights with respect to the employment unless the retired person reinstates from retirement.

This bill created an exception from the above-described limit for hours worked by a retired person for the Solano County Sheriff's Department to perform a function or functions regularly performed by a deputy sheriff, evidence technician, or communications operator, subject to meeting certain requirements. The bill would repeal these provisions on January 1, 2027. In order to be eligible for this exception, the following conditions would have to be met:

1. The retired person has undergone and passed a preemployment background investigation.
2. The retired person is not subject to decertification or under investigation for decertification by the Commission on Peace Officer Standards and Training.
3. The County of Solano has posted the position for recruitment of an active member for not less than six continuous months prior to appointing a retired person to the position and no reasonable applicant applied to the position and was available for hire.
4. The rate of pay for the retired person shall not exceed the average rate of pay of all positions in the same class of the position as filled by active members.
5. The rate of pay upon appointment of a retired person shall not exceed the higher of either the retired person's last rate of pay as an active member or the rate of pay of the entry step on the salary schedule for the class. However, the retired person shall be eligible for reasonable and regular adjustments to the rate of pay that apply generally to positions in the same class.

Status: Enacted. Effective 1/1/2025.

Recommendation

Receive and file.



MEMORANDUM

Date: December 11, 2024

To: CCCERA Board of Retirement

From: Christina Dunn, Chief Executive Officer

Subject: Consider and take possible action to authorize the CEO to extend the agreement with Segal for actuarial services.

Background

In 2018, Segal Consulting (Segal) was selected as one of the finalists as the result of the issuance of an RFP and evaluation of proposals received. They have offered actuarial services since 1954 and work with a number of California county retirement systems. On November 28, 2018, the Board approved Segal for actuarial consulting services for the actuarial valuation years 2019-2021, and subsequently in 2021 the Board approved a three-year contract extension.

With the upcoming pension administration system conversion and an actuarial experience study to be completed in 2025, the institutional knowledge possessed by Segal is valuable to CCCERA. Therefore, staff recommends that CCCERA continue to have Segal provide actuarial services. These services would include the preparation of annual actuarial valuations, necessary actuarial consulting, and an anticipated experience study in early 2025. Todd Tauzer would serve as principal and lead actuary and Andy Yeung would continue to serve as the supervising actuary.

Here are the anticipated costs for the next three-year period, compared to the current year:

Segal Consulting Service Costs	Current: 2024	2025	2026	2027
Actuarial Valuation (includes one meeting)	\$112,500	\$115,000	\$118,000	\$121,000
GASB Statement 67 Valuation	\$12,500	\$13,000	\$13,500	\$14,000
GASB Statement 68 Valuation	\$33,000	\$34,000	\$35,000	\$36,000

Segal Consulting Service Costs	Current: 2024	2025	2026	2027
Actuarial Experience Study (includes one meeting)	\$60,000 (For Study Completed in 2022)	\$69,000	N/A	N/A
Routine Projects Following Completion of Valuation*	\$32,600	\$33,500	\$34,500	\$35,500
General Consulting Services (per year)	\$16,000	\$16,000	\$16,000	\$16,000
Total Fixed Fees	\$266,600 (including 2022 Experience Study)	\$280,500 (including 2025 Experience Study)	\$217,000	\$222,500

* These routine projects are the following: post-valuation letters (reserve true-up, 5-year rate projection, employer UAAL & rate reconciliation, and average retiree benefit payment information), contribution rate packet, breakdown of payroll and count for monitoring under the CCCERA Declining Employer Payroll Actuarial Funding Policy, terminated employers bookkeeping assets update, and update of previous year's contribution rate projection but with the actual investment return for the year.

Hourly Rate for Additional Services

Class of Personnel	Current: 2024	Hourly Rate		
		2025	2026	2027
Principal and Lead Actuary	\$570	\$590	\$600	\$610
Supervising Actuary	\$530	\$540	\$550	\$560
Reviewing Actuary	\$500	\$510	\$520	\$530
Senior Actuarial Analysts	\$400-\$490	\$410-\$500	\$420-\$510	\$430-\$520
Actuarial Analysts	\$260-390	\$270-\$400	\$280-\$410	\$290-\$420
Compliance Consultant	\$530	\$540	\$550	\$560

Recommendation

Consider and take possible action to authorize the CEO to extend the agreement for three years with Segal for actuarial services.



MEMORANDUM

Date: December 11, 2024

To: CCCERA Board of Retirement

From: Christina Dunn, Chief Executive Officer

Subject: Consider and take possible action to authorize the CEO to execute an amendment to the pension administration system consulting agreement with Segal Consulting.

Summary

On October 23, 2019, the Board of Retirement approved contracting with an oversight project manager to assist with the implementation of a new pension administration system. The oversight project manager's role is to coordinate with the two external vendors and CCCERA staff to complete necessary tasks on the project, as well as advise management on the best practices on projects of this kind and any developing trends within the industry. The total approved cost for the oversight of the implementation of the new pension administration system from 2019 through 2024 is currently \$2,154,000, with an anticipated end date of February 2025.

After reviewing the data in the new pension administration system, the decision was made to postpone the go-live of the new system until the data meets the quality requirements of CCCERA. With this extended go-live date we would like to also extend the services of the oversight project manager, Segal Consulting. The work that Segal Consulting performs assists staff by coordinating the pension system project while staff can focus on the day-to-day tasks to serve our members. Additionally, Segal Consulting provides highly specialized expertise in project management and quality assurance for pension software projects, which is a role that is otherwise difficult to replicate. By amending the consulting agreement with Segal Consulting by \$400,000, the oversight project manager services will be continued through the go-live of the system and the completion of the member self-service portal.

Recommendation

Consider and take possible action to authorize the CEO to execute an amendment to the pension administration system consulting agreement with Segal Consulting for an additional up to and not to exceed amount of \$400,000.

Pension Bridge Private Credit

February 11-12, Carlsbad

Agenda

with.
Intelligence

Day One

12:00 **Networking Lunch & Registration**

1:00 **Welcome Remarks**

1:05 **Opening Keynote Talk**

1:25 **Private Credit: The End of the Honeymoon?**

The often touted “Golden Age” of private credit is showing cracks. With strong competition to refinance debt and to fund limited new deals, its outlook may no longer awe allocators. Compounded by a dramatic growth in public leveraged-loan markets, which firms are using to refinance punchy private debt, all is not rosy in the asset class. Is momentum behind allocation powerful enough to weather these storms? And how do allocators view the contrarian argument to private credit?

2:00 **Headline Presentation**

2:25 **Coffee & Refreshment Break**

2:55 **Middle Market Lending: Can You Still Beat the Crowd?**

After decades of build up in private credit, middle market lending has become a crowded space. The result? Lower yields are pushing dealmaking to the upper market, where the syndicated loan lenders like to play, or the lower market, where risk abounds. Why, then, wouldn't LPs turn their attention to high yield public markets and forego the illiquidity risks? Proponents argue that the middle market, representing two thirds of the economy, still has plenty of space to grow. To what degree is this true?

- With a lack of deal activity and an abundance of dry powder, how are LPs finding value in the middle market?
- To what degree is the middle market overly saturated?
- If the market is oversaturated, how can LPs identify managers with the requisite expertise?
- Should LPs pursue a specialist sectoral approach to investing in the middle market?

3:30 **Pension Bridge Debates: Sponsored vs Non-Sponsored Credit**

As competition in the direct lending market heats up, credit funds are eyeing up non-sponsored deals to distinguish themselves. Returns can be higher. Covenants tighter. Yet evidence points to higher default rates among non-sponsored firms. How should LPs approach the split between sponsored and non-sponsored lending? Should they actively build out a non-sponsored strategy? And which side does the audience represent?

4:05 **Is Now the Time to Start Taking Distressed Seriously?**

Distress. Opportunistic. Special situations. Whatever the term, long-awaited and long-predicted opportunities have failed to materialize, so relentless has America's economy been. The year 2025 offers hope for more risk-taking LPs. The reasons? Jittery public markets and enormous refinancing requirements of firms struggling in a high-rate environment.

- How would private credit fare in a recession?
- What are the due diligence idiosyncrasies in distressed manager selection?
- What novel liability management exercises are evolving for managers to exploit?
- How will upcoming maturity walls affect distressed opportunities?

4:40 The Empire Strikes Back: How Will Private Credit Respond to the Return of the Banks?

In 2023 non-bank lenders funded a seismic 86% of leveraged loans. Private credit funds have been taking market share from banks for well over a decade, carving out one of the most attractive-to-LP industries since the birth of private equity. They may have won the battle, but banks are determined not to lose the war.

- To what degree does private credit represent another step change in banking, like that of the 1973-74 inflation crisis that led to the rise of borrowing from the market via commercial paper and bonds?
- Should banks claw back share, how likely is it that the market has reached peak private credit?
- Is sustained bank disintermediation inevitable?
- How can regional banks revitalize the rates of interest on their assets and liabilities? And what are the implications on private credit players in the market?
- How will the “Basel Endgame” affect both banks and private credit players?
- To what extent will partnerships with banks displace the more adversarial reputation among private credit players?
- To what extent does the flood of capital flowing into private credit deem regulations such as Dodd Frank and Basel irrelevant?

5:15 Cocktail Reception

Cap off the first day of the conference with great conversation over food and drinks during our Tuesday night cocktail reception. Enjoy cutting-edge cuisine and drinks while catching up with colleagues, peers and friends.

Day Two

7:45

Registration & Breakfast for All Attendees

LP-Only Breakfast

Designed and closed exclusively for limited partners, the LP-Only Breakfast is a safe space for allocators to discuss the issues and challenges facing their business.

8:45 **Welcome Remarks**

8:50 **Is Asset-Based Lending Really “The Next Big Thing”?**

LPs are flocking to allocate to asset-based lending, developing specialist inhouse teams dedicated to more niche areas of private credit as they do so. Yet asset-based lending comes with higher interest. And higher interest can put the squeeze on borrowers, particularly in times of recession. Are LPs at risk of following the crowd in investing in asset-based lending at the wrong time of the cycle?

- How can LPs mitigate against the risk of the value of collateralized assets declining?
- To what degree would a recession affect default rates in asset-based lending?
- How can GPs manage the assets they accrue in times of default?
- In which areas of asset-based lending should LPs be most secure?
- Not all assets are the same: Assessing risk in each subsector

9:25 **Headline Presentation**

9:45 **NAV Lending: The Jekyll and Hyde of Allocation**

Few things are more conflicting for allocators than NAV lending. As the lender they get preferential treatment in being first in line for distributions. On the receiving end, they are displaced in distributions. Transparency and leverage levels also make the risk mitigation process more difficult.

- How should allocators view NAV lending from a whole-portfolio perspective?
- To what extent do GPs use NAV lending to leverage poorer performing firms to fuel growth for trophy assets?
- Is NAV lending the most recent fad for GPs to source capital for “liquidity solutions”?
- To what degree is the use of leverage at the portco level and the fund level merely “leverage on leverage”?
- Does NAV lending give managers the ability to aid failing companies which in reality should be left to fail?
- To what extent does NAV lending increase financial risk?

10:20 **Coffee & Refreshment Break**

10:50 **Alpha in Private Credit is Fleeting. So What’s The Point of Manager Selection?**

In the opening talk of 2024’s event, it was argued that there is no alpha in private credit. Most managers boasts of similar credentials: an exemplary approach to underwriting, unique origination capabilities and a capital base that matches their opportunity set. How are LPs to proceed?

- How has a less benign economic climate changed the way LPs select their managers?
- Go big or go home: Are LPs more secure in mega funds with ability to scale?
- Should they go big instead of going home, might LPs miss out on more niche or emerging opportunities?
- How can LPs assess which niche or emerging opportunities are a safe bet, in lieu of track record?
- Many new and exciting funds with more “interesting” opportunities are spinouts. Can LPs trust the person over the previous firm’s investment infrastructure?
- What approaches can LPs take with changes at the top of their favourite funds?

11:25 **Headline Presentation**

11:45 Will Private Credit Secondaries Ever Truly Take Off?

Liquidity, of course, is driving the growth in private credit secondaries. Diversification helps too. Yet the craze needs to be scrutinized. Some market participants argue that, due to shorter durations, the market will never be as large in proportion as in private equity. And, should liquidity issues eventually be eased, what role would secondaries play in portfolio construction?

- Undercapitalized or inherently limited? What is the answer?
- How can LPs ensure that their allocations to GP-led secondaries are with managers which understand the idiosyncratic differences between credit and equity?
- How much leverage is too much leverage when continuation vehicles are looking to boost returns?

12:20 Lunch

1:20 Allocator Fireside Chat with Eunice McHugh

Keynote

Eunice McHugh, Director, Private Credit, San Francisco Employees' Retirement System

1:40 Breakout Sessions

Real Estate Credit: Taking the Plunge

The year 2025 will see an avalanche of real estate loan maturations in the US and around the world. Breakneck rate increases have made it harder for borrowers to refinance, causing distress in sectors vulnerable to structural changes like commercial real estate. Is this new risk profile at odds with LP objectives? And how should they change the way the way the asset class serves the portfolio?

- How can LPs take a longer-term look on economies that will shape their real estate debt strategies?
- How can LPs develop a special situations strategy with regard to commercial real estate?
- Has logistics peaked?
- Cutting hype from reality: Is the growth in investment in data centres born out of fact or folly?

Infrastructure Credit: Illiquidity Premium or Illiquidity Problem?

That there is significant demand for infrastructure debt allocations, driven by digitalization and decarbonization, is irrefutable. Strong yields due to high rates play well with such sectoral changes. Patient allocators can seize illiquidity premiums for long duration assets, too. Yet therein lies the rub. In a world where liquidity is scarce, should allocators lock in infrastructure debt? How can LPs take a longer-term look on economies that will shape their real estate debt strategies?

- What explains the disconnect between the positive rhetoric of managers and the lacklustre fundraising environment in the current market?
- How does infrastructure credit contrast to volatility in equity?
- Where in the credit stack should LPs be looking to deploy?
- Given the extreme rhetoric, should investors be concerned that a regime change will see the dismantling of the IRA?
- To what extent is the sluggish outlook for infrastructure M&A depressing deal flow?

2:20 Breakout Sessions

How to Avoid Going All In with Co-Investments

Allocators across North America are ramping up their co-investment capabilities with GPs. Deals allow them to understand different sectors more deeply, to get to know potential long-term partners and, with no-fee-no-carry, to minimise costs. Yet GPs are asking their LP partners to cough up for more equity in wake of higher-for-longer rates, raising risk for the latter. How should allocators proceed in such a time?

Royalties: Tapping Esoteric Growth

Investment in royalties, from pharma to music, are on the rise. LPs can tap a stable and fairly low-risk and diversifying investment. Yet, especially as in the case of pharma, drugs can fail in the approval case, and music is faddish. How can LPs identify the best GPs with significant track record in understanding the idiosyncrasies of such a niche area of private credit?

3:00 Breakout Sessions

Is Now Really the Time to be Rushing into Private Credit CLOs?

CLOs enable middle market buyout funds to finance their balance sheet, fuelling potential for deals. Yet the risks are well known: Higher credit risk, born out of lending to non-IG borrower equivalents. How should LPs approach this emerging asset class, especially given a recession in the US looks increasingly likely?

Energy Transition: The Golden Goose?

That the energy transition will require tens of trillions of dollars to fully execute is well known. The sheer size of the capital required presents opportunities for LPs to tap the megatrend. But nascent technologies such as hydrogen, those related to grid transition, offshore wind and more are in the early stages of development, thus increasing risk. How can LPs allocate to the megatrend while ensuring their risk-adjusted returns are met?

3:35 Coffee & Refreshment Break

4:05 Far from the Madding Crowd: Lower Middle Market

Covenant-heavy. Higher coupon rates. Less crowded space. What's not to love about the lower middle market? The reality is that small-cap businesses do carry more risk than their mid- to large-cap counterparts. Yet managers are increasingly seeing the space as the new sweet spot of private credit. But are they right?

- Where in the capital stack should LPs be comfortable in investing in, in the lower middle market?
- To what degree are GPs specialized enough to understand the nuances of the lower middle market, and how can LPs determine this?
- How could the supply and demand characteristics of the lower middle market be defined in the current environment?

4:40 Private Credit in 2030: A Strategic View

Throughout Pension Bridge Private Credit 2025 LPs and GPs alike will have argued for and against issues ranging from NAV Lending, asset-based financing and director lending across the credit spectrum. That private credit is a mainstay of most allocator portfolios is undeniable. Yet how will the allocation strategies of some of the largest allocators in North America in relation to the asset class change by 2030? To what extent as a proportion of the portfolio will it grow? Which other assets will lose out to private credit's growth? And what are the key risks affecting momentum that LPs must be aware of?

5:15 Cocktail Reception

Save the Date!

 **TORCHLIGHT**
INVESTORS

Annual Investment Summit 2025

Summit and Limited Partner Advisory Committee Meetings

February 25 - 26, 2025 | **The Hermitage Hotel**
Nashville, TN

We do hope you can join us at this historic hotel and national landmark.

Details to follow.



Our Annual Summit will include a **property tour** of our Nashville multifamily investment.

hkaufman@torchlight.com
+1-212-883-2822
www.torchlight.com

Our 2025 Summit will include our signature fireside chat with Founding Partner, Dan Heflin, on the first night followed by a reception and dinner. Then, day two will feature discussions on our firm's perspectives on the latest developments in real estate debt followed by a property tour and, of course, another wonderful dinner and event.

We will hold our Summit at The Hermitage Hotel:

The Hermitage Hotel

- A national landmark built in 1910
- 2 restaurants by Jean-Georges
- 2023 Hotel of the Year by Preferred Hotels & Resorts
- Awarded 2 Michelin Keys for guest experience
- <https://thehermitagehotel.com/>

Please use the below link for Summit registration and our room block at The Hermitage Hotel:

[Summit Registration and Hermitage Room Block Information](#)

Dear Trustees and Staff,

On behalf of the Board of Directors of **NASP-Southern California**, I am pleased to extend a personal invitation to you for our upcoming **2025 “Day of Education in Private Equity - A Forum for Trustees and Staff”** Conference. This event will take place on **Thursday, March 20, 2025**, at the Ritz-Carlton Hotel in Marina Del Rey, CA, from 8:00 am to 5:00 pm.

The Day of Education is designed to address the ongoing informational needs surrounding critical investment issues related to private equity for institutional investors, endowments, foundation trustees, and their staff.

Each year, we gather distinguished participants, including leading institutional investors, plan sponsors, investment consultants, fund-of-fund managers, private equity fund managers, and attorneys with expertise in this field.

Additionally, we invite you to join us for a special “Pre-Conference” Dinner on Wednesday, March 19, 2025, from 5:00 pm to 9:00 pm. This event will feature a sumptuous meal at the Ritz-Carlton and provide an excellent opportunity to network with colleagues and managers nationwide. The cost for the dinner is \$95.

For more information or to register, please visit our website at <https://book.passkey.com/go/naspconference2025>. A detailed agenda will be posted soon, so we encourage you to check back for updates.

We look forward to seeing you at the conference and encourage you to share this invitation with other members of your network.

Warmest regards,



Norice R. Rice, President
NASP-Southern California



NASP SOUTHERN CALIFORNIA
2025 ANNUAL DAY OF EDUCATION IN PRIVATE EQUITY
FOR TRUSTEES AND STAFF CONFERENCE
Thursday, March 20, 2025
Ritz-Carlton Hotel ~ Marina Del Rey, California

About NASP-Southern California

NASP-Southern California is one of several NASP National Chapters located across the country. The founding members of the Southern California Chapter recognize and are committed to expanding the mission of the NASP organization by supporting education in the various communities it serves. NASP is the premier organization that also assists people of color, women, and other minorities to achieve inclusion in the financial services industry.

The organization supports equitable participation and equal opportunity in all business dealings and fosters the growth and development of women and minorities. Against this backdrop, the chapter has undertaken its 15th Annual Day of Education in Private Equity for the institutional investor community. A meaningful portion of the net proceeds from this event will go to Southern California's Fast-Track Program, which targets underserved students. More specifically, this year we will, once again, direct these proceeds to provide college scholarship awards to students who have matriculated to college and to those selected high school students who are college-bound. NASP-SoCal is committed to supporting these students throughout their college studies with continued scholarship awards and ongoing mentoring. We thank you in advance for being part of their success.

Our Definition of Private Equity

Private Equity encompasses several investment strategies, including leveraged buyouts, growth equity, venture capital, mezzanine, distressed debt, opportunistic securities, and secondaries.

Presentations will be made, and discussions led by experienced private equity market leaders and decision-makers. There will be something for everyone, no matter the level of knowledge and experience in the asset class. All sessions are designed to promote discussion and encourage a detailed level of understanding as it relates to key market issues in private equity. To this end, our discussions include institutional investors comprised of trustees, staff members, general partners, consultants, and service providers.



NASP SOUTHERN CALIFORNIA
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2025 ANNUAL DAY OF EDUCATION IN PRIVATE EQUITY
FOR TRUSTEES AND STAFF CONFERENCE

WHAT IS IT?	A day-long educational conference designed to address the ongoing informational needs of pension fund, endowment, foundation trustees, and staff
WHEN IS IT?	Thursday, March 20, 2025 8:00 am – 6:00 pm
WHERE IS IT?	Ritz-Carlton Hotel – Marina Del Rey 4375 Admiralty Way, Marina Del Rey, CA 90292
WHO'S COMING?	<ul style="list-style-type: none">• Institutional investors• Private equity consultants• General pension consultants• Private equity fund managers• In-house counsels• Fund formation attorneys• Outside counsel to institutional investors
WHAT WILL HAPPEN?	<ul style="list-style-type: none">• Private equity expert presentations• Interactive panel discussions• Roundtable discussions• Keynote fireside chat
WHY ATTEND?	<ul style="list-style-type: none">• Hear from top industry experts.• Expand your understanding of today's issues.• Stay abreast of opportunities in private equity.• Gain tangible take-a-ways that can be applied to your investment decision-making processes.• Interface with peers!



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Representative Institutional Investors

Below is a *partial* list of limited partners, fund-of-funds managers, consulting firms, and family offices that have attended our prior events and/or who are planning to attend this year.

- Aksia LLC
- Alameda County Employees Retirement Association
- Baltimore Employees Retirement System
- California Public Employees Retirement System (CalPERS)
- California State Teachers Retirement System (CalSTRS)
- California Institute of Technology
- Cambridge Associates
- Contra Costa County Employees' Retirement Association
- Cliffwater LLC
- Employees' Retirement Fund of the City of Dallas
- Fireman's Annuity & Benefit Fund of Chicago
- Grosvenor Customized Fund Investment Group
- Hamilton Lane
- Houston Municipal Employees Pension System
- Howard University
- Kaiser Permanente
- LA84 Foundation
- Los Angeles City Employees' Retirement System (LACERS)
- Los Angeles County Employees Retirement Association (LACERA)
- Los Angeles County Treasury
- Los Angeles Fire and Police Pensions
- Meketa Investment Group
- New Mexico Public Employees Retirement Association (NM PERA)
- North Carolina Department of State Treasurer
- Oregon State Treasury
- Pennsylvania State Employees Retirement System
- SAG-Producers Pension Plan
- San Bernadino County Employees Retirement Association
- San Diego County Treasurer
- San Francisco Employees Retirement System (SFERS)
- Santa Barbara County Employees Retirement System
- Service Employees International Union (SEIU)
- Stanford Management Company (SMC)
- State University of Illinois Retirement System
- The California Endowment
- Top Tier Capital Partners
- UCLA Investment Company
- USC Investment Office
- Washington State Investment Board
- Wilshire Private Markets Group



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Sponsor Opportunities and Benefits

Sponsorship opportunities are available to fit a variety of conference budgets. Many of the moderator and panelist slots will be filled on a first come, first served basis, based on the date of their paid sponsorship. Therefore, please consider your options early. **The deadline for the sponsorship payment is March 6, 2025**

NASP-Southern California is a 501(c)(3) Organization.

PREMIER Sponsor \$30,000 (3 Opportunities)

- Program Participation as a Keynote Speaker – Fireside Chat
- Participation in Fast-Track Scholarship Luncheon Presentation
- Exclusive Company Signage at Pre-Conference Dinner and Conference
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Speaker Bio on Mobile App
- Access to Final Attendee List – Two (2) Weeks Prior to Conference
- Reserved VIP Seating for Conference and Dinner
- Four (4) Conference and Pre-Conference Dinner Admissions (Keynote Speaker plus three additional attendees.)

Sponsorship payment deadline: February 22, 2025*

* For planning purposes, we need payments secured earlier for sponsorship levels that have Keynote Speakers and participants in the Pre-Conference Dinner and Luncheon.



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TITLE Sponsor \$25,000 (2 Opportunities)

- Includes Exclusive Speaking Opportunity at Pre-Conference Dinner
- Participation in Fast-Track Scholarship Luncheon Presentation
- Exclusive Company Signage at Pre-Conference Dinner
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Speaker Bio on Mobile App
- Access to Final Attendee List – Two (2) Weeks Prior to Conference
- Reserved VIP Seating for Conference and Dinner
- Three (3) Conference and Pre-Conference Dinner Admissions (Speaker plus two additional attendees.)

Sponsorship payment deadline: February 22, 2025*

LUNCHEON Sponsor \$25,000 (1 Opportunity)

- Opportunity for a Brief Motivational Talk to Guide and Energize Fast-Track Students
- Participation in Fast-Track Scholarship Luncheon Presentation
- Exclusive Company Signage during the Luncheon
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Speaker Bio on Mobile App
- Access to Final Attendee List – Two (2) Weeks Prior to Conference
- Reserved VIP Seating for Conference and Dinner
- Three (3) Conference and Pre-Conference Dinner Admissions (Speaker plus two additional attendees.)

Sponsorship payment deadline: February 22, 2025*

* For planning purposes, we need payments secured earlier for sponsorship levels that have Keynote Speakers and participants in the Pre-Conference Dinner and Luncheon.



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FELLOW Sponsor \$20,000 (Unlimited)

- Participation as a Conference Moderator/Panelist (Based on registration date and availability.)
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Moderator/Panelist Bio on Mobile App
- Access to Final Attendee List – Two (2) Weeks Prior to Conference
- Three (3) Conference and Pre-Conference Dinner Admissions (Moderator or panelist plus two additional attendees.)

Sponsorship payment deadline: March 6, 2025

NETWORKING Sponsor \$15,000 (3 Opportunities)

- Participation as a Conference Moderator/Panelist (Based on registration date and availability.)
- Display Company Logo, Company Video, or PowerPoint Slides (15 min. max) during Networking Break (Company to provide Camera-Ready Presentation)
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Moderator/Panelist Bio on Mobile App
- Access to Final Attendee List – Two (2) Weeks Prior to Conference
- Two (2) Conference and Pre-Conference Dinner Admissions (Moderator or panelist plus one additional attendee.)

Sponsorship payment deadline: March 6, 2025



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DOCTORATE Sponsor \$12,000 (Unlimited)

- Participation as a Conference Moderator/Panelist (Based on registration date and availability.)
- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Brief Company Profile and Moderator/Panelist Bio on Mobile App
- Access to Final Attendee List – One (1) Week Prior to Conference
- Two (2) Conference and Pre-Conference Dinner Admissions (Moderator or panelist plus one additional attendee.)

Sponsorship payment deadline: March 6, 2025

MASTERS Sponsor \$6,000 (Unlimited)

- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Opportunity to Sit on a Conference Panel (Based on registration date and availability. Brief Panelist Bio on Mobile App.)
- Access to Attendee List – One (1) Week Prior to Conference
- One (1) Conference and Pre-Conference Dinner Admission (Panelist is considered an attendee.)

Sponsorship payment deadline: March 6, 2025

BACHELORS Sponsor \$3,500 (Unlimited)

- Company Brand or Name Recognition on Banners, Welcome Screen, Mobile App, and NASP SoCal Website
- Access to Attendee List – One (1) Week Prior to Conference
- One (1) Conference and Pre-Conference Dinner Admission

Sponsorship payment deadline: March 6, 2025



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2025 Payment Instructions

Pay by Check

Mail to:

Tanya Victor, Treasurer
NASP-Southern California
6129 Cottontail Cove Street
Las Vegas, Nevada 89130

Pay by Credit Card on Website

Visit our website: www.naspsocal.org

Click on **“Make Payments”** in the menu bar to make sponsorship payments & other conference fees through the NASP-SoCal website.



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Contact Us

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SPONSORSHIP BRAND LIAISON

Point of contact for sharing logos, bios, headshots, and profiles.

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Multimedia Designer / Conference Administrator

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Memorandum

Date: December 11, 2024

To: CCCERA Board of Retirement Trustees

From: Timothy Price, Chief Investment Officer

Subject: Annual Rebalancing

Overview

Every year, CCCERA receives the bulk of annual employer contributions in late July as employers take advantage of the CCCERA pre-payment discount policy. This creates a large influx of cash that is incorporated into our annual rebalancing, which both refreshes the Liquidity sub-portfolio with the next tranche of benefit payments and provides an opportunity to rebalance the Growth and Diversifying sub-portfolios. This year, we also extended the repositioning into the fourth quarter to account for new asset allocation targets approved by the Board on August 28, 2024 (BOR Resolution 2024-4).

CCCERA received annual pre-payments of employer contributions in late July of approximately \$330 million and used these proceeds in conjunction with several withdrawals from investment managers to rebalance the portfolio and begin the implementation of the new asset allocation targets.

The following tables show the rebalancing trades which occurred between the July and November, 2024. Funds were raised from the following sources:

Employer Pre-Payments	\$330	million
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Manager Withdrawals

BlackRock	\$100	million
Pyrford	\$75	million
Wm Blair	\$50	million
PIMCO	\$25	million
TT	\$20	million
AQR	\$186	million
PanAgora	\$169	million
Total Cash Raised	\$955	million

Proceeds were invested with the following investment managers:

DFA	\$85	million
Insight	\$150	million
Sit	\$160	million
AFL-CIO	\$50	million
BH-DG	\$50	million
Sit LLCAR	\$75	million
Cash	\$385	million
Total Invested	\$955	million

*The cash position is overlaid with futures to replicate the overall asset allocation mix.
The post-rebalancing allocations are shown on the following page.

CCCERA Asset Allocation as of November 29, 2024

	Market Value	Percentage of Total Fund	Current Target* Percentage	Current Target Over/(Under)	Long Term Target	Long Term Over/(Under)
Liquidity						
Dimensional Fund Advisors	404,170,673	3.4%	4.0%	-0.6%		
Insight	668,313,116	5.6%	6.5%	-0.9%		
Sit	703,182,894	5.9%	6.5%	-0.6%		
Total Liquidity	1,775,666,683	14.8%	17.0%	-2.2%	14.0%	0.8%
		Range				
		10-20%				
Growth						
Domestic Equity						
Boston Partners	482,407,312	4.0%	3.0%	1.0%		
BlackRock Index Fund	1,330,825,539	11.1%	10.0%	1.1%		
Emerald Advisers	262,873,330	2.2%	1.5%	0.7%		
Ceredex	232,039,616	1.9%	1.5%	0.4%		
Total Domestic Equity	2,308,145,798	19.2%	16.0%	3.2%	11.0%	8.2%
Global & International Equity						
Pyrford (Columbia)	440,513,371	3.7%	3.5%	0.2%		
William Blair	430,382,959	3.6%	3.5%	0.1%		
First Eagle	657,443,616	5.5%	5.5%	-0.0%		
Artisan Global Opportunities	649,416,478	5.4%	5.5%	-0.1%		
PIMCO/RAE Emerging Markets	250,899,582	2.1%	2.0%	0.1%		
TT Emerging Markets	251,216,367	2.1%	2.0%	0.1%		
Total Global & International Equity	2,679,872,373	22.3%	22.0%	0.3%	17.0%	5.3%
Private Equity						
Real Assets/Infrastructure	1,133,409,893	9.4%	10.0%	1.2%	15.0%	-5.6%
	210,020,842	1.7%	2.0%		3.0%	-1.3%
Total Equity		52.7%	50.0%	2.7%		
Total Equity Range		40-60%				
Private Credit	1,172,373,006	9.8%	10.0%	-0.2%	13.0%	-3.2%
High Yield	168,939,851	1.4%	3.0%	-1.6%	0.0%	1.4%
Total Credit		11.2%	13.0%	-1.8%		
Total Credit Range		8-16%				
Real Estate - Value Add	273,434,725	2.3%	2.3%	-0.0%	3.0%	-0.7%
Real Estate - Opportunistic & Distressed	308,110,384	2.6%	2.7%	-0.1%	4.0%	-1.4%
Real Estate - REIT			2.0%	0.1%	0.0%	2.1%
Adelante	116,210,851	1.0%				
Invesco	132,837,286	1.1%				
Real Estate Debt					3.0%	
Total Real Estate		6.9%	7.0%	-0.1%		
Total Real Estate Range		5-10%				
Multi-Asset Credit		0.0%		0.0%	4.0%	-4.0%
Risk Parity			0.0%	0.1%	0.0%	0.1%
AQR GRP EL	3,809,190	0.0%				
PanAgora	8,894,820	0.1%				
Total Other Growth Assets	3,528,040,848	29.4%	32.0%	-2.6%	45.0%	-15.6%
Total Growth Assets	8,516,059,019	70.8%	70.0%	0.9%	73.0%	-2.2%
		Range				
		60-80%				
Risk Diversifying						
AFL-CIO	324,159,572	2.7%	2.5%	0.2%	2.5%	0.2%
BH-DG Systematic	219,073,308	1.8%	2.0%		2.5%	
Sit LLCAR	468,861,366	3.9%	3.5%	0.4%	2.0%	1.9%
Total Risk Diversifying	1,012,094,247	8.4%	8.0%	0.4%	10.0%	-1.6%
		Range				
		0% - 12%				
Cash and Overlay						
Overlay (Parametric)	144,692,980	1.2%		1.2%		
Cash	566,225,158	4.7%	5.0%	-0.3%		
Total Cash and Overlay	710,918,138	5.9%	5.0%	0.9%	3.0%	2.9%
Total Cash Range		0-6%				
Total Fund	12,014,738,088	100%	100%		100%	

*Current targets and ranges reflect asset allocation targets accepted by the Board on August 28, 2024 (BOR Resolution 2024-4).